OUR MISSION:

to improve the oral health

OF THE COMMUNITIES WE SERVE
In 2011 our leadership team set out on a journey to define value for Delta Dental of Missouri, internally and externally. We sought an understanding of what distinguishes a values-based company from others. This search resulted in a year of serious introspection, while at the same time conducting an extensive study of our external customers. During the past twelve months, major research initiatives have helped us understand the driving factors that engage our key stakeholders. Though our client, producer and provider partners each have their distinct objectives, all share common ground with Delta Dental as we work to improve oral and overall health for our members and the communities we serve.
We have identified critical pathways within our culture and operations where our decision-making considers six core values. Developed in an environment that supports our mission to improve oral health, these six core values reflect the essence of our organization. They do not change from situation to situation or person to person, but rather they create a consistent foundation that guides our strategy and drives our actions as we balance the diverse needs of our key stakeholders.

Many people have told us that they believe Delta Dental of Missouri is a very special place to work and a unique organization with which to do business. That is in large part because of these values, which are truly the soul of our company.

The results for 2011 support this journey. We increased the number of groups we serve by more than 12 percent. We welcomed the University of Missouri, Carpenters’ Health and Welfare Trust Fund of St. Louis and Cooperating School Districts in the St. Louis area, along with South Carolina Bank and Trust and Nelson Mullins in South Carolina. Combined with the retention of 98.5 percent of our existing business, we increased the number of covered lives by 10 percent, with nearly 132,000 newly enrolled members.

DeltaVision®, our group vision benefits product, now boasts more than 5,000 members, confirming that our clients are seeking additional valued benefits from a trusted partner. Second-year growth in our individual and family product exceeded projections to reach 3,600 members in Missouri who purchased dental coverage from Delta Dental directly.

We completed the integration of our for-profit subsidiaries under the Advantica banner this year and took steps to strengthen our presence outside of Missouri. This growing brand provides access to dental and vision benefits through employer groups and health plans, including Medicare and Medicaid populations, in 29 states, focusing on markets from Illinois to the southeastern coast. Cross-selling opportunities to add vision benefits to our dental clients and vice versa helped Advantica grow to a total membership of 1,512,582 members in 2,419 groups in 2011.

This rewarding year ended in revenue of $534,774,327 for Delta Dental of Missouri.

As a 501(c)4 nonprofit organization, Delta Dental of Missouri supports our social mission in the community. Our commitment runs much deeper than a financial responsibility. From corporate support of highly-rated programs and sponsorships to individual employees’ giving of time and resources, our actions demonstrate our passion. Whether we are educating early elementary students with our Land of Smiles® program, supporting access to dental care through Give Kids A Smile and Missions of Mercy, or engaging community leaders in innovative ideas at futureFOCUS, our company is leading the way to improved oral and overall health.

We look forward to continuing this journey through 2012, as we increase our efforts to improve oral and overall health in our communities through our products, services and resources. It is our business successes that allow us to support the charitable initiatives that are making a difference. As we seek to increase the overall value we deliver, we pledge to remain unwaveringly committed to the core values that make Delta Dental of Missouri strong.

Richard J. Haffner, DDS
David W. Haynes

Advantica, Bridgeport Dental Services, DeniServ and Advantica EyeCare trade names and marks are owned by Delta Dental of Missouri and are not sponsored or endorsed by the Delta Dental Plans Association. Delta Dental is a registered trademark of the Delta Dental Plans Association.
Delta Dental’s unique business model presents the ongoing challenge of balancing the diverse needs of our key stakeholders. As we strive to achieve our mission to improve oral health, we also recognize that our valued client, producer and provider partners have real, and sometimes conflicting, objectives.

As the nation’s leading dental benefits company, we focus on that elusive point of value that allows us to collaborate successfully with our partners to achieve our shared objective, the improved oral health of our members and community.

We have identified critical pathways through cultural and operational imperatives that allow us to base our decisions on six sustainable core values. In an environment that supports our mission and respects our employees and business partners, these core values reflect the essence of our organization and form the foundation for all we do. The clarity they provide allows us to operate effectively within a customer-centric framework in a highly competitive marketplace.
Excellence.
This starts deep within an organization. The internal fixation on excellence at Delta Dental of Missouri transforms our daily activities into services and experiences that exceed customer expectations. Even so, we know that expectations change, and we took dramatic steps this year toward understanding how to improve what was already good.

First, we asked ourselves some tough questions in the pursuit of excellence.

“How do we substantially improve a 99.2 percent satisfaction rating with our customer service?”

“How do we make a difference when our timely claims processing already registers at 99 percent?”

“How do we move our customers from 99.2 percent satisfied to ‘100 percent Wow!’?”

Then we asked our stakeholders the same questions. The research findings revealed that our customers value the same attributes that we champion. Several suggestions emerged, including steps to realign our priorities more clearly with those of our customers. Our customers told us that they value excellence in claims processing, in the strength of our dental networks and in the personal service they receive from Delta Dental.

Integrity.
Our customers tell us if we are doing the right things for the right reasons. The knowledge gained from our research provides the basis to clarify our operational priorities with sound rationale and accountability. Our members expect us to act with integrity. Our successes indicate that we do.

We are delighted to welcome new clients and take care to enroll new members accurately and quickly. Our retention rate of 98.5 percent best demonstrates that we are delivering on our promises to our clients year after year.

In 2011, we processed 99.1 percent of received claims in 14 days with 99.8 percent accuracy. We guarantee 90 percent with 99.5 percent accuracy. Of 866,000 calls to customer service, 99.99 percent of inquiries were resolved on the first call, and 99.2 percent of the callers were satisfied with the quality of service they received. Our mission is to improve oral health, and when 75 percent of the 6,425,260 covered services are for diagnostic and preventive services, we celebrate.

We don’t stop with what is expected of the leading dental benefits company. We deliver what we know is the right thing to do.
Respect and Trust.
This value takes center stage in the challenge to balance the needs of providers with those of employers in a business model that faces a challenging future. We are committed to long-term relationships that are based on respect and trust. We listen. We act honorably. We are transparent.

Our provider partners shape the size and nature of our dental networks. In turn, our network relationships correspond to access to care and the pricing of premiums for our members. As we work together on a platform of respect and trust, we provide cost-effective oral healthcare for our shared members.

Today, the Delta Dental Premier® Network is the largest dental network in Missouri, South Carolina and across the nation. In Missouri, 2,504 dentists participate with Delta Dental. Half of those dentists also participate in the Delta Dental PPO℠ Network, allowing us to offer deeper discounts to our client partners, and providing out-of-pocket savings to our members. We are building strong provider relationships in South Carolina, as well, increasing the number of participating dentists across the state to nearly 1,200.

Stewardship.
We have an obligation to be responsible stewards of the healthcare dollars we collect and to return value to all our stakeholders, including our community.

In a culture that nurtures collaboration, our employees challenge each other to improve efficiencies and leverage volumes of data to make the best business decisions for clients, providers, producers and members.

We added depth to our actuarial and underwriting team this year, and the team automated experience reports and rolled out new, easier-to-use rating models. Our information technology team further advanced our disaster recovery and security levels to ensure a safer, uninterrupted environment for our clients’ interactions.

We were proud to receive national recognition for social responsibility from The Communitas Awards, a program of the Association of Marketing and Communication Professionals. We set high standards for this value, and we work hard to achieve them.

Vicki Moeller, Customer Service, handles client issues with confidentiality and respect.

Julie Partney, Professional Relations, builds lasting relationships with our participating dentists.

Delta Dental of Missouri received the Communitas Award for corporate social responsibility.

Cipriano Mascote and Maureen O’Neill, Actuarial Services, work with other departments to increase efficiencies.
Innovation.

Innovation moves us to take a new look at our mission. At Delta Dental of Missouri, we are actively expanding our focus to encompass the real and relevant links between oral and systemic health. futureFOCUS2011 featured Michael Roizen, MD, whose thought leadership took our commitment to oral and systemic health to a new level. Enhanced reporting and access to wellness educational materials will continue to move our services and our clients’ programs forward.

New products saw strong growth this year. In its first year in the market, DeltaVision® delivered quality vision benefits to clients who sought to expand benefits with a proven partner. Individuals and families without group dental benefits purchased Delta Dental coverage through SmileChoiceSM. With online access to shop and purchase, this product continued to exceed projections in its second year.

Through continuous advancements in technology, we are able to improve the delivery of our services and achieve greater consistency. Technology has become the entry point for many relationships and is a critical factor in simplifying access. It distributes our educational information, allows members to access personal data, increases efficiencies and streamlines complex processes. Our IT team stays ahead of the curve, always balancing the latest possibilities with the realities of capabilities and value.

Celebration.

We use celebrations to help create a great place to work. Our colleagues at Delta Dental of Missouri live our core values and translate them into daily successes, which are widely celebrated. Twice a year, one employee earns the coveted designation of Always Committed to Excellence (ACE) for his or her commitment to the goals of Delta Dental. Fifteen of our employees continued their educational pursuits in undergraduate or graduate programs with the assistance of our education reimbursement policy. Four employees completed a degree this year.

Through our ongoing commitment to United Way, we celebrate our community, and our employees continue to be generous supporters.

We have a robust employee reward program that offers immediate recognition for a job well done, or an effort beyond the expected. A new relationship with the Cleveland Clinic Wellness Institute will help us celebrate our employees’ wellness through a series of programs and initiatives.
As a 501(c)4 nonprofit organization with a social mission, we have an obligation to return excess profits to the community. At Delta Dental, that sense of duty runs deep through the very core of our culture – not as an obligation, but as a privilege. Our corporate values spring to life in our sponsorships, contributions and volunteerism in the community. Our commitment to improving oral health drives us to do more each year in our quest to eradicate chronic oral disease.

This passion drives us to be better in all we do, because the more successful we are in our business endeavors, the more we are able to contribute to the welfare of our communities. We share a mission and a commitment with several charitable organizations that serve the oral healthcare needs of children and adults across our state.

Contributions to community benefits in Missouri and South Carolina exceeded $1,830,000 in 2011.
Delta Dental’s
Land of Smiles

The Land of Smiles® took to its tenth year on the road. This highly rated, educational program continued to engage students in a fun, interactive show that teaches kindergarten through third-graders the value of good oral health. During the 2011 tour, the program reached nearly 70,000 children in 300 schools across 89 of Missouri’s 114 counties.

As Tooth Wizard and his pal Panda wage battle with PlaqueMan, children learn behaviors that have life-changing significance, not only in oral health, but in overall health as well. To reinforce these valuable messages in the classroom, school nurses receive a Land of Smiles curriculum kit containing a mouth model and large toothbrush, four children’s books, a sing-a-long CD and a Land of Smiles DVD.

Each child is also sent home with a “smile bag” from Delta Dental’s Tooth Wizard packed with a toothbrush, toothpaste, floss, an educational coloring sheet and a mirror decal reminding them to brush twice each day. Nurses, teachers and parents rave about the students’ positive reactions to the program.

Delta Dental Health Theatre

The Theatre completed extensive renovation and program expansion this year through funding provided by Delta Dental of Missouri, the Theatre’s primary, permanent sponsor. Delta Dental Health Theatre increased its capacity and enhanced its interactive exhibits to teach children why they need to care for their teeth and make better health choices. During the months of renovation, the staff took its program out to local schools and other venues. They also hosted special events in the adjacent space until its grand reopening in August.

More than 11,000 children participated in activities. Events such as the second annual Great Candy Exchange and a Knight of Smiles Gala raised awareness of the work that Delta Dental Health Theatre does to influence children with lessons that last a lifetime.

The newly renovated Delta Dental Health Theatre offers expanded programming.
Give Kids A Smile

Give Kids A Smile celebrated its tenth year of consecutive clinics where children are treated with respect and receive quality care. With Delta Dental of Missouri’s continued commitment, 1,142 volunteer professionals and lay persons provided 1,295 children with $796,510 of comprehensive dental care at clinics in February and October. Delta Dental’s steadfast support of this organization helps assure that these children receive needed care that would not otherwise be possible for them. Delta Dental’s Tooth Wizard and Tooth Fairy comfort and entertain the children, assuring they end their visit to the dentist with a fun experience.

Missouri Mission of Mercy

Missions of Mercy made its debut in our state this year. The first event in Missouri opened its doors in Springfield to lines of people waiting in the pre-dawn hours. More than 1,850 adults and children received $1,108,994 in free care from 1,046 volunteers. In addition to several volunteers who worked throughout the two-day clinic, Delta Dental contributed nearly $60,000.

Dental Lifeline Network

This organization provides access to comprehensive dental services for people with disabilities or who are elderly or medically at-risk through a network of volunteer dentists and labs. Delta Dental of Missouri donated $25,000 to its Donated Dental Services program to help deliver services to patients who have slipped through the cracks of Medicaid and Medicare programs with nowhere else to turn.

University of South Carolina

The University turned to Delta Dental for oral health support. We collaborated with the University to provide thousands of mouth guards to protect the teeth of young athletes. We also worked with the University’s Department of Sports Medicine to provide training for the athletic trainers in the treatment of oral injuries.
Delta Dental took to the big diamond in 2011 to raise money for children’s charities as it delivered messages of the importance of good oral health and active lifestyles among high school students. In conjunction with the St. Louis Cardinals, thirty-two senior baseball stars from St. Louis city and county public schools played under the lights of Busch Stadium in the first-ever Delta Dental SmilesLEAGUE High School Seniors All-Star Game. It was a home run of smiles.

When the St. Louis Blues hockey team took to the ice, Delta Dental followed with a program to provide 2,000 mouth guards to youth hockey players to protect their young smiles.

In the future, the SmilesLEAGUE program will include a tobacco-free campaign for high school students to further promote our commitment to improving oral and overall health.

Each year, teams of our employees hit the streets to support the work of Old Newsboys, Susan G. Komen Foundation and the March of Dimes. Many worked tirelessly all year to fundraise for United Way. We proudly supported organizations such as the St. Louis Crisis Nursery, the Make-A-Wish Foundation and the Cystic Fibrosis Foundation, which are improving the health and well being of children in our communities.

In addition, our colleagues adopted families for the holidays, collected food and clothing for Missouri tornado victims and supported local food drives. Others generously gave of their personal time and resources to support charities of their choice. These personal commitments demonstrate once again that caring runs through the fabric of our company.
### Consolidated Statement of Financial Position

#### assets

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<tr>
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<th>2011</th>
<th>2010</th>
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<tbody>
<tr>
<td>Cash and investments</td>
<td>$73,539,662</td>
<td>$64,362,355</td>
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<tr>
<td>Accounts receivable</td>
<td>26,077,789</td>
<td>23,688,530</td>
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<td>Property and equipment, net and other assets</td>
<td>22,696,486</td>
<td>24,099,130</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$122,313,937</strong></td>
<td><strong>$112,150,015</strong></td>
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#### liabilities

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<tr>
<th></th>
<th>2011</th>
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<tr>
<td>Claims liabilities</td>
<td>$29,337,290</td>
<td>$29,274,496</td>
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<tr>
<td>Advance premium</td>
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<td>3,358,606</td>
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<td>Accounts payable and accrued liabilities</td>
<td>15,155,711</td>
<td>11,836,338</td>
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<tr>
<td>Notes payable</td>
<td>3,734,739</td>
<td>4,404,392</td>
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<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td><strong>$51,574,868</strong></td>
<td><strong>$48,873,832</strong></td>
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<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$122,313,937</strong></td>
<td><strong>$112,150,015</strong></td>
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#### changes in net assets

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<th>2010</th>
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<tr>
<td>Net assets, beginning of year, originally reported</td>
<td>$63,276,183</td>
<td>$62,555,060</td>
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<td>Cumulative effect of change in accounting principle for ASU 2010-28</td>
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<tr>
<td>Net assets, beginning of year, as restated</td>
<td>$62,559,043</td>
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<tr>
<td>Increase in net assets</td>
<td>$8,180,026</td>
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<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td><strong>$70,739,069</strong></td>
<td><strong>$63,276,183</strong></td>
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### Delta Dental Cost Management

- 35% Patient Coinsurance
- 26% Network Savings
- 8% Non-Covered Services
- 6% Deductible Applied
- 6% Over Maximums
- 5% Duplicate Claims
- 4% Eligibility Verification
- 3% Non-Network Savings
- 3% Coordination of Benefits
- 2% Optional Services
- 1% Professional Review
- 1% Non-Billable Services

**$371,446,244 saved for clients**

### Consolidated Revenue

- 2007: $366,509,105
- 2008: $405,617,144
- 2009: $437,432,644
- 2010: $489,930,306
- 2011: $534,774,327

### Delta Dental Membership

- 2007: 1,249,157
- 2008: 1,320,560
- 2009: 1,362,794
- 2010: 1,311,916
- 2011: 1,443,628

### Delta Dental Employees

- 2007: 109
- 2008: 116
- 2009: 118
- 2010: 113
- 2011: 119

*The Consolidated Statement of Financial Position includes the accounts and results of operations of Delta Dental of Missouri and its Advantica Holding Company, Inc. subsidiaries.*
2011 Board of Directors

1. Richard J. Haffner, DDS
   St. Louis, Missouri
2. Guy P. Bates, Jr., DDS
   Springfield, Missouri
3. Melvin M. Bloom, CPA
   Retired, Senior Partner
   Hochschild, Bloom & Company
   Chesterfield, Missouri
4. Richard W. Braun
   Retired, partner,
   Ernst & Young LLP
   St. Louis, Missouri
5. Ollie C. Fisher, DMD
   St. Louis, Missouri
6. David W. Haynes
   President and CEO
   Delta Dental of Missouri
   St. Louis, Missouri
7. Dee A. Joyner
   Senior Vice President
   Commerce Bank
   Clayton, Missouri
8. Shanon T. Kirchhoff, DDS
   Cape Girardeau, Missouri
9. H.R. (Mick) Redohl
   President Emeritus
   AAIM Management Association
   St. Louis, Missouri
10. Edward C. Robison, DDS
    Warrensburg, Missouri
11. Robert M. Tait, DDS
    Grandview, Missouri
    Retired, Senior Partner, Boyden
    Chesterfield, Missouri

   (not pictured)
   Brian Berglund
   Partner, Bryan Cave, LLP
   St. Louis, Missouri

   Board Officers

1. Richard J. Haffner, DDS
   Chairman of the Board
2. Guy P. Bates, Jr., DDS
   First Vice Chairman
3. Shanon T. Kirchhoff, DDS
   Second Vice Chairman
4. Dee A. Joyner
   Treasurer
5. William Tunney, Jr.
   Secretary

It is with sorrow that we note the loss of N. Carl Wessinger, DDS, board member of Delta Dental in South Carolina. His long-time support and dedication to Delta Dental will be missed.
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David W. Haynes
President and CEO

Barbara C. Bentrup
Chief Financial Officer,
Assistant Treasurer

E. B. Rob Goren
Vice President Actuarial
and Underwriting

Richard W. Klassen
Chief Marketing
and Sales Officer

Janice M. Lees
Vice President, Board
Relations, Assistant Secretary

Pamela A. Martin
Senior Vice President,
Chief Operating Officer

Alcides O. Martinez
Vice President, Government
and Dental Affairs

Karl A. Mudra
Chief Information Officer