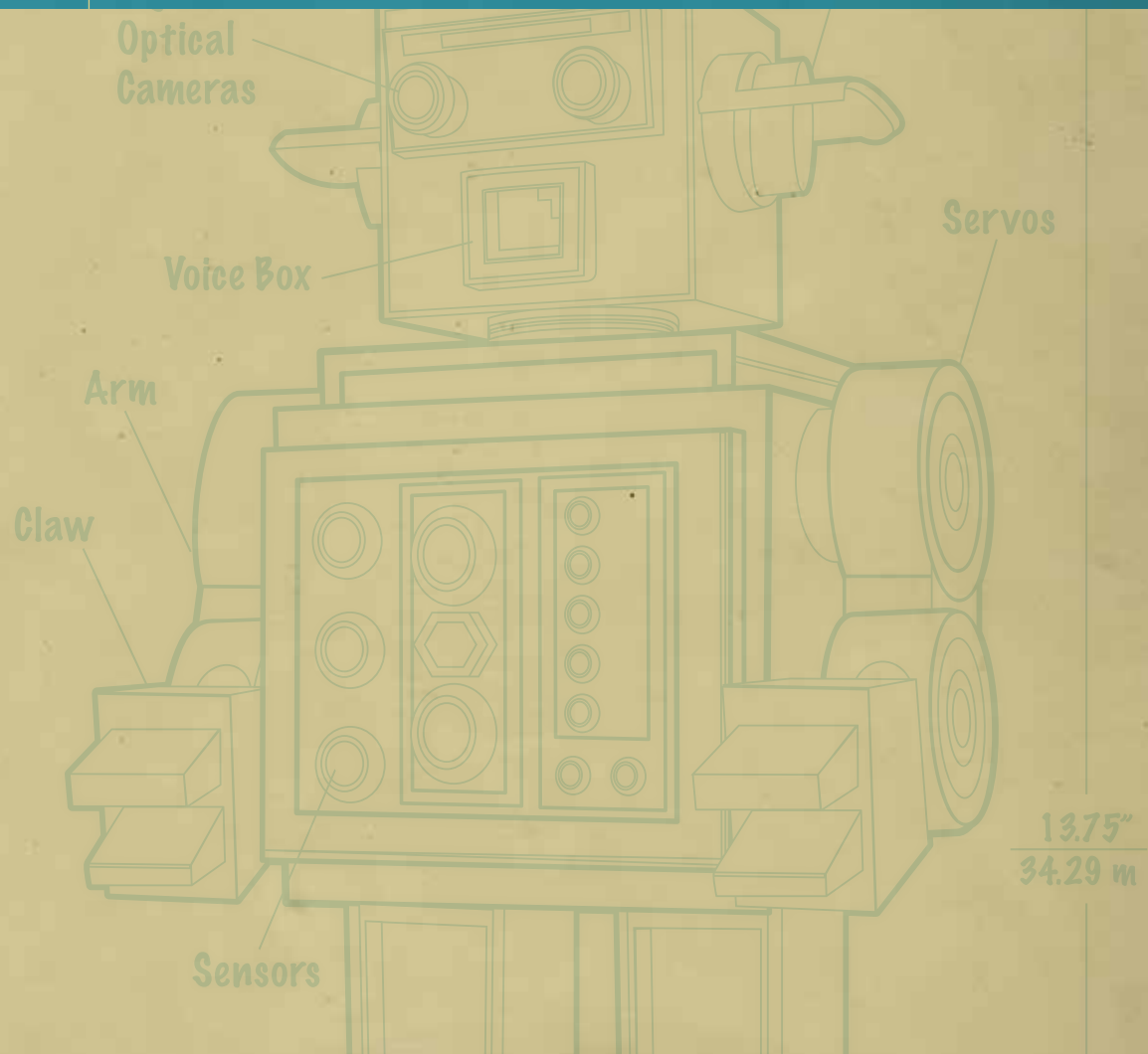


THE FUTURE OF DENTISTRY

A VIEW OF THE MARVELS THAT AWAIT US IN THE DISTANT YEAR OF 2011



BACK TO THE FUTURE

By any measure, 2010 was an exceptional year for the organization.

Thanks to aggressive action to offset a loss of subscribers stemming from the bankruptcies in the domestic auto industry in 2009, new business gains and renewals were significant in 2010, the financial loss of the prior year was more than offset, and capital and general reserves grew substantially. That these accomplishments occurred against the backdrop of continuing weakness in the economy made the results even more impressive.

In addition to strong business growth, we are pleased to report growth in our family of companies. In late 2010, Delta Dental of North Carolina affiliated with our family of companies established in 2005 under a common parent organization. In doing so, they joined the Delta Dental companies in Indiana, Kentucky, Michigan, New Mexico, Ohio, and Tennessee as part of an enterprise dedicated to providing the best in dental plans and service today, while working together to build a successful future.

Collectively, this enterprise is one of the largest and oldest group dental benefits providers in the nation, covering nearly 8 million people as of the end of 2010. In addition, in 2010, more than \$2 billion was paid for dental treatment received by those we cover, a statistic underscoring the tremendous role we play in improving oral health.

There are many reasons for this continued growth, among them: a dedication to quality, a motivated and expert staff, the best in technology and service, and a commitment to achieving our corporate mission: to being the dental benefits company of choice in the markets we serve.

No doubt, the marketplace will continue to present challenges—it always does. In addition to normal market dynamics, a new variable is the health care reform law passed by the Congress in 2010. As enacted, among other things, this law will make dental coverage mandatory for children in 2014, and it will establish new health care exchanges where individuals and small businesses can purchase benefits if desired. While the full impact of the law remains unclear and official challenges have been mounted, we are taking steps to be prepared, as well as working to ensure consumers will have quality choices and cost transparency in their dental plan options.

There is no question that our solid foundation puts us in a position to thrive despite a changing business environment. The achievements in 2010 speak for themselves, and we also invite you to learn more about how we are continuing to build for the future in the pages that follow.

Speaking of the future, it is also the theme for this year's report—but with a slight twist. The photos and captions within take us back for a whimsical look at how people of the 1950s possibly imagined the future of dentistry...a look that we believe will make you smile.



Terence R. Comar, D.D.S., M.S.
Chairperson of the Board of Directors



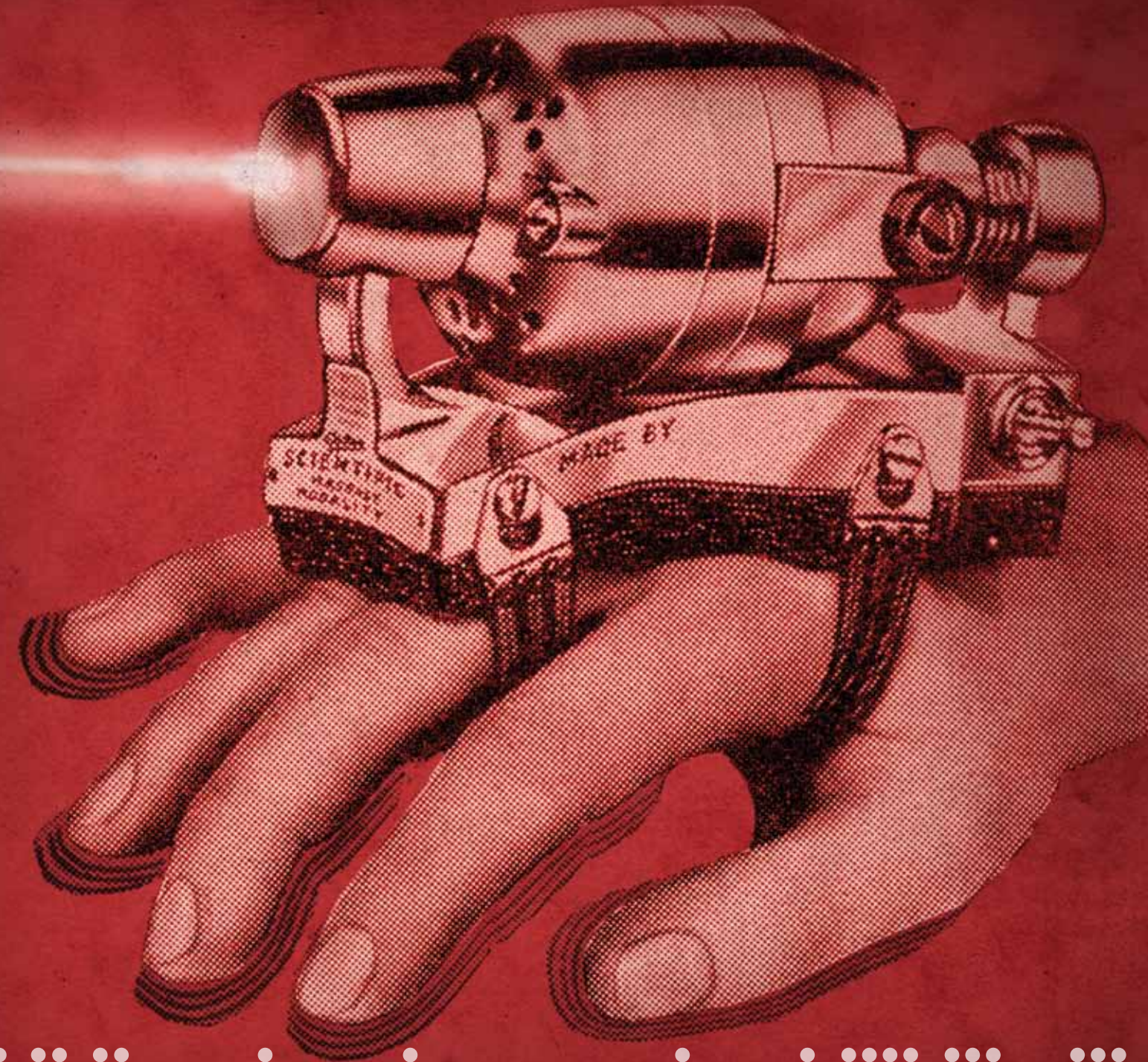
Thomas J. Fleszar, D.D.S., M.S.
President and Chief Executive Officer



Dr. Comar and Dr. Fleszar

THROW AWAY YOUR TOOTHBRUSH & FLOSS...

because in 2011, they'll use LASERS to keep your teeth clean. That's right, in the future, scientists will use the power of concentrated light beams to make sure you're always flashing the brightest smile possible.





OVER THE TEETH AND THROUGH THE GUMS.

Look out future, here we come. Grab a glass of water, and pop a Plaque Prevention Pill containing special enzymes that instantly remove any traces of plaque build-up from your teeth...and anywhere else in your body. This little wonder is just one of the many dental hygiene innovations the future will bring, thanks to the miracle of modern science.

OUR FUTURE VISION

OUR MISSION

To be the dental benefits company of choice in the markets we serve

OUR QUALITY POLICY

Bringing Quality to All We Do

OUR CORE VALUES

DiverSity
Community CoMmitment
Innovation
BalLance
IntEgrity

The Delta Dental companies in Indiana, Kentucky, Michigan, New Mexico, North Carolina, Ohio, and Tennessee are part of a family of companies organized under a non-profit parent organization. In coming together, we found many areas in which we were the same and many in which we were different. In 2010, leaders of all the affiliated companies joined together to develop a common mission, quality policy and core values. This common mission helps drive us into the future while our core values define how we operate.

AN EYE TO THE FUTURE

Our Research and Data Institute brings together the groundbreaking work being done by our Informatics department, Research Committee, and world-renowned consultants to use data to drive innovation, improve service, and improve health. Through the Institute, our experts analyze and interpret our collection of dental claims data, which is the most extensive in the world, to find valuable insights into oral health and identify ways to improve our offerings in ways that will reduce costs while still covering the treatment our subscribers need to stay healthy.

We also support projects in conjunction with major universities and other leading research organizations that are designed to advance scientific knowledge and improve health. Among the projects recently supported are: a study on the potential for dentists to play a greater role in the detection of health conditions such as diabetes; the cost impact of oral cancer; the application of salivary diagnostics to dentistry; and the development of biotechnology to advance health.

Our dedication to research reflects our commitment to advancing the science of dentistry to benefit the health of future generations.

THE FUTURE IS NOW

At Delta Dental, operational excellence is a priority. That is why we developed our industry-leading technology platform (known as the Enterprise Technology System or ETS) in 2008. Several years in development, this highly advanced data processing system has been internationally recognized and provides the ultimate in fast, flexible, service, including online, real-time claims processing. In addition, the new data center at our Okemos, Michigan facility is one of only a few in the world to have earned a Tier III rating for design from the Uptime Institute. This resilient facility was designed to incorporate many ecologically advanced practices and to reduce energy consumption.

We also understand the importance of great customer service. Our online toolkits for subscribers, dental office staff members, and customers are state-of-the-art, easy-to-use ways to obtain information at any time. In addition, we maintain an expert customer service staff as well as an automated phone line for inquiries.

Not only that, but we test ourselves regularly to confirm that we are delivering on our promise of quality. In addition to monitoring performance against internal benchmarks, we ask objective, qualified third parties to validate our operation. We are proud that ISO 9001 quality certification has been maintained since 2002 and, in addition, our customer service call center has maintained Benchmark Portal's Center of Excellence certification since 2003.

As you can see, we have the technology, the systems and the people in place to ensure we are always one step ahead of what's coming next.

CHEW ON THIS. Imagine a world where every type of food you eat is genetically engineered to resemble a cube of cheese that perfectly matches the formation of your teeth, reducing any unnecessary wear and tear on your molars. A few gentle chewing motions will provide all the delicious taste of the toughest skirt steak or the stickiest peanut brittle without any risk of dislocating your jaw or chipping a tooth. It's just one more luxury we can all look forward to in the year 2011.





DANGER!! DANGER!!

What's that? You forgot to laser your teeth clean this morning? No problem... DENTAL-BOT is here to help. Equipped with arms that wield lasers, floss, water-picks and fluoride rinse, these automatons will serve as our future sentinels of hygiene, on call to assist citizens with all dental-health related needs.

INVESTING IN OUR FUTURE

We are committed to doing all we can to improve the quality of life in our communities, with a priority on oral health. In 2010, we provided grants totaling nearly \$1 million for dental and community relations projects.

Major projects included support for:

- Seal Indiana, sealant program for children at high risk for dental disease, which is operated by the Indiana University School of Dentistry
- Ohio State University College of Dentistry's mobile dental clinic, which provides dental services to children in Columbus who lack access to care
- Water fluoridation equipment for communities in Michigan in conjunction with the Michigan Department of Community Health

We also continued our partnership with the Michigan Department of Community Health on the Healthy Kids Dental program, which improves access to care for more than 300,000 Medicaid-eligible children in 61 counties in the state. Established in 2000, this program has been recognized as a national model for improving increasing access to care for at-risk children.

A BRIGHTER FUTURE

Our family of companies posted record growth in 2010, adding \$384.7 million in new business—up from \$176.5 million in 2009. In addition, the number of people we cover grew from 6.6 million in 2009 to 7.9 million in 2010.

While there are many reasons for this tremendous growth, the products we sell are the core of our success. We market a full range of products nationwide, including group and individual dental plans encompassing fee-for-service, preferred provider organization, and dental health maintenance organization (DHMO)-type programs. We also market discount cards to help consumers save money on a variety of health care services.

Here's a brief overview.

Delta Dental Premier®:

This plan provides access to the largest network of participating dentists in the nation, including approximately three out of four dentists in the United States practicing in more than 236,500 locations. Individuals who go to participating dentists realize cost savings by doing so.

Delta Dental PPO™:

This plan provides covered individuals with deeper cost savings through its nationwide network of participating PPO dentists. This plan has approximately 155,500 dentist locations nationwide.

DeltaCare®

(Dental health maintenance organization or DHMO):


People covered by this plan receive dental services from a smaller network of dentists (29,400 nationwide) but pay significantly less.

Discount cards:

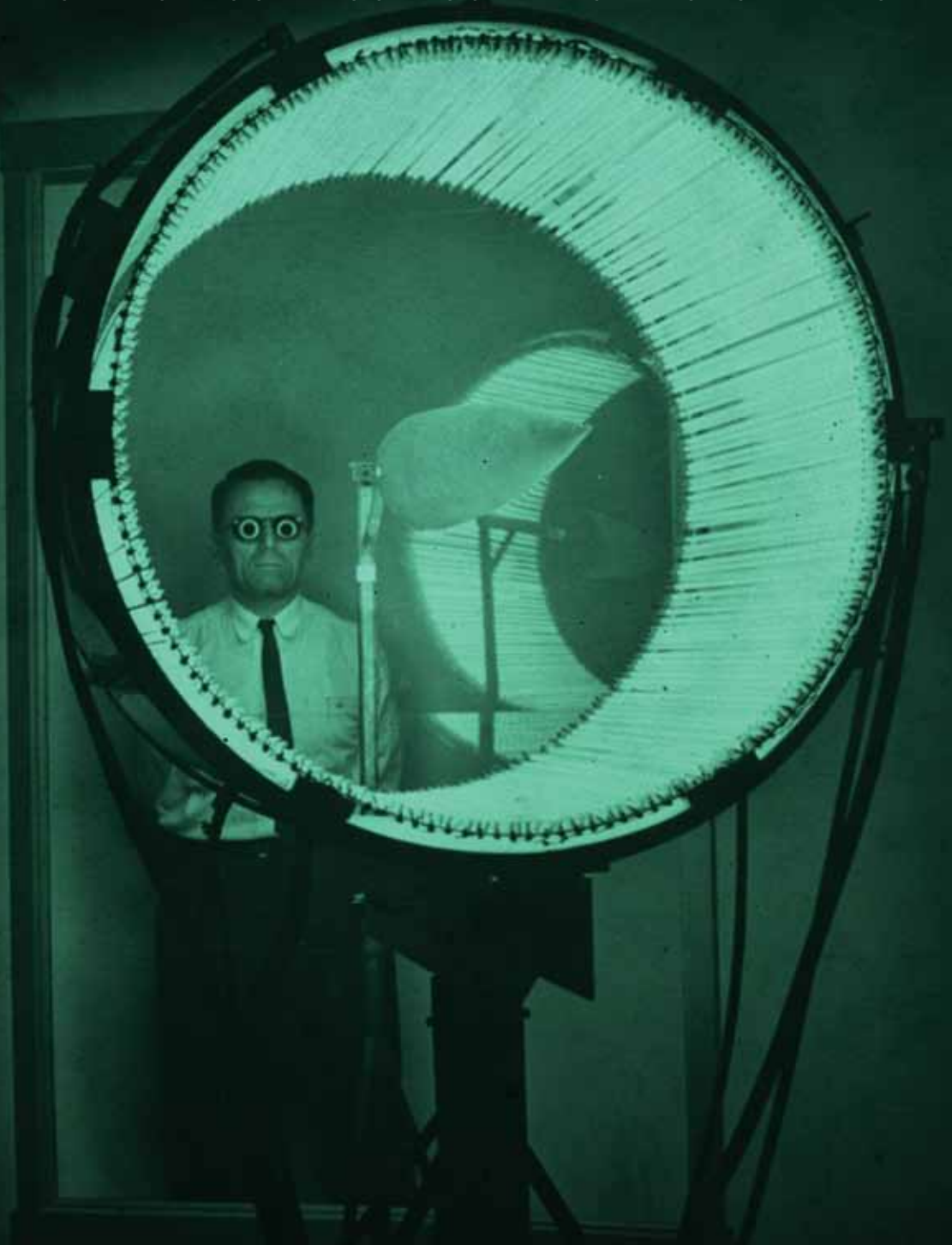
We also market discount cards that provide reduced fees on vision, dental, hearing and pharmaceutical products.

Unique individual dental plan

While dental coverage traditionally has been purchased through groups, to build effectively for the future, we realized the importance of offering individual plans as well. We are at the leading edge in offering these plans, whose potential became clear in 2009 as an alternative for retirees and those who lost group coverage in cutbacks prompted by the recession. Today, nearly 100,000 people are covered, and the enterprise is well positioned for the health insurance exchanges being created by 2014 for individuals and small businesses.



OPEN WIDE. The ability to shrink people to one-tenth their size will allow dentists of the future to get up close and personal with their patients. Not only will this technology permit a direct hands-on inspection of a patient's teeth like never before, it will also give a more optimistic meaning to the expression "being down in the mouth."



CAVITIES WILL BE A THING OF THE PAST, and we mean that literally, thanks to the CAVITRON 2000. This mechanized wonder will isolate your cavity and then blast it with a powerful stream of fluorescent electrons creating a warp-vortex that will send your cavity back in time, or to another dimension—to be honest, we're not quite sure where the cavity goes, but we're sure they'll have it all figured out by the year 2011.

FINANCIALS

Combined Financial Results¹ as of December 31

	2010 (000s omitted)	2009 (000s omitted)
Total assets	\$ 740,463	\$672,361
Capital and general reserves	513,422	448,900
Total revenues	2,341,239	2,247,217
Total benefits and expenses	2,287,157	2,265,503
Contribution (reduction) to general reserves	54,082	(18,286)

Operational Results²

Claims processed	15.1 million	12.7 million
Claims processed within 10 working days	91.29%	95.15%

Cost Management Results²

Submitted charges	\$3.1 billion	\$3.5 billion
Paid charges	\$1.5 billion	\$1.7 billion
Total cost management savings	\$1.6 billion	\$1.7 billion
The Delta Dental Difference®	\$435 million	\$445 million
Other savings	\$1.1 billion	\$1.4 billion

Enterprise Coverage Results¹ as of December 31, 2010

Total new business	\$384.7 million
Total covered people	7.9 million

Service Accomplishments³

Call Center Results	
Average speed of answer	16 seconds
Inquiries resolved on first contact	99.85%

Implementation Grade Point Average	4.0 on a 4.0 scale
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Business Renewal	96%
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Enrollee Satisfaction with Delta Dental Program	96.2%
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1. Combined financial and coverage results are for Renaissance Health Service Corporation and Affiliates, which include Renaissance Health Service Corporation and Subsidiaries; Delta Dental Plan of Michigan, Inc.; and Subsidiaries; Delta Dental Plan of Ohio, Inc.; Delta Dental Plan of Indiana, Inc.; Delta Dental Plan of Tennessee, Inc.; and Subsidiaries; Delta Dental Plan of Kentucky, Inc.; and Subsidiaries; Delta Dental Plan of New Mexico, Inc.; Delta Dental of North Carolina, Inc.; and Delta Dental Fund. Delta Dental is a registered trademark of the Delta Dental Plans Association. The Renaissance trade name and marks are owned by Renaissance Health Service Corporation and are not sponsored or endorsed by the Delta Dental Plans Association.

2. Operational results for 2010 include claims processed for Delta Dental of Indiana, Michigan, New Mexico, Ohio, and Tennessee members. Cost management data is for Delta Dental of Indiana, Michigan, Ohio, and Tennessee.

3. Statistics are for Delta Dental of Indiana, Michigan, and Ohio.

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