OUR PURPOSE as the dental-benefits leader is to earn and keep the respect of our publics. We do this through innovation and a deep commitment to quality. With pride, we work to ensure long-lasting relationships with our customers. With confidence, we pledge to surpass customer expectations of service, product, and value. In doing so, we strive to foster a higher level of dental health for everyone.
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Executive Summary

Service
Network
Giving Back
From the President
From the Chairman
Financial Summary

By all measures, 2011 was a very successful year for Delta Dental of Wisconsin. As a brief recap:

Subscribers, revenue, premium, and general reserves grew by healthy amounts. Obviously the larger we become the harder it is for us to post double-digit increases in these key measurements, but we came very close in 2011.

We made significant inroads into the key schools market, increasing our market share by 29 percent and positioning ourselves to continue to gain even more fully insured business from this vital segment.

We continued to forge strategic partnerships and grow our business in the crucial individual sector. Through our Encara subsidiary, we are marketing individual dental coverage in six states, with more states ready to come on board. Individual dental shapes up as a growth segment in 2012 and beyond.

We began to prepare for the significant changes that will come with healthcare reform. Individual dental is just one of our responses to the changes that will be precipitated by the Affordable Care Act. We continue to monitor the changing landscape and investigate means by which we not only maintain our business base but grow our overall market share.

Technology continued to be an area of special emphasis. Redevelopment work began on our core website, with more to come. It is our goal to be accessible to people however they choose to access us – over the phone, on the internet, or via a mobile device.

We continued to grow our workforce, providing financial strength and stability to the Stevens Point area. Delta Dental of Wisconsin is a growing company. As we grow and enlarge our workforce, we help grow the local economy and strengthen the community. We take seriously our responsibility to the community, to support it economically and philanthropically. We are proud to be a part of Stevens Point.

We approach our 50th year of operation stronger than we have ever been. We face the challenges of a recovering economy and healthcare reform the same way we have faced every challenge thrown our way in the last-half century: with the resolve to be the best, and an acknowledgement of our responsibility to give back.
The concept of “continuous improvement” isn’t new. It’s been the story of Delta Dental service for the last 50 years.

As far back as 1993 Delta Dental was guaranteeing great customer service – and promising to pay financial penalties if Delta Dental didn’t live up to its high standards.

Ever since customer-service stats have been kept, Delta Dental has resolved more than 98 percent of inquiries on the first call.

Between 2002 and 2003, systems and process improvements helped Delta Dental cut its average connection and claim-turnaround times in half.

Delta Dental service is special. It starts with an intense dedication to training. As we noted in the 1999 Annual Report, Benefit Center personnel receive four weeks of training before they’re allowed to take calls, though “an experienced benefits advisor’s learning never ends.”

The report went on to say, “It requires a specially designed computer system with easy yet secure accessibility, operated by extensively trained individuals who genuinely care about helping people. The combination of those factors is something that no other dental benefits provider does as well as Delta Dental.”

Delta Dental service was recognized as world-class when the organization received the first of five consecutive Benchmark-Portal certifications in 2008.

Long ago Delta Dental recognized the components of good service. New technologies only reinforce those core concepts.

Delta Dental’s web-redesign project, on target to be completed in 2012, will extend the core concepts of Delta Dental service to the company’s internet presence.

Of all the changes the future promises, from healthcare reform to scientific breakthroughs, one constant will remain: In a service-driven business, Delta Dental will continue to deliver difference-making service.
Delta Dental has steadily grown the number of network dentists since 1997, with the most dramatic growth since 2003:

Delta Dental has been aggressive in soliciting and recruiting new PPO dentists, and has done an excellent job retaining PPO dentists. More dental offices are being bought by larger multi-location clinics that embrace the PPO model. And more dentists are accustomed to the PPO concept.
Delta Dental first reported on its giving in 1991, listing numerous projects and organizations that received Delta Dental funding, including Smile Day (Milwaukee) and the Wisconsin Dental Association Foundation – Delta Dental’s first significant oral-health-related recipient organizations.

Delta Dental has vastly expanded its charitable giving in the years since, growing the number of organizations it supports but focusing on those that share Delta Dental’s mission of improving access to quality oral healthcare for all Wisconsin residents.

Across the state you see evidence of how Delta Dental’s mission of giving has made a difference. It’s in the smiles of schoolchildren and in the ongoing dialogue between doctors and dentists.

In 2011 Delta Dental supported:
- Ronald McDonald Care Mobile, south-central Wisconsin
- Seal-A-Smile, statewide
- Marshfield Clinic Research Foundation (recipients of $2.1 million from Delta Dental of Wisconsin to establish the Delta Dental Oral-Health Research Initiative)
- Marquette University School of Dentistry (grants to expand the campus, provide scholarships to dental students and fund the Rural Oral Health Fellowship program)
- Ministry Dental Clinic, Stevens Point
- Mission of Mercy
- Tri-County Community Dental Clinic, Appleton
- Brown County Oral Health Partnership, Green Bay
- St. Elizabeth Ann Seton Dental Clinic, Milwaukee
- HealthNet, Janesville
- Healthy Teeth, Healthy Communities of Manitowoc County, Manitowoc
- Door County Medical Center Foundation, Sturgeon Bay
- Special Olympics of Wisconsin, Healthy Smiles program
- AIDS Resource Center of Wisconsin, Milwaukee and Green Bay
- Access Community Health Centers, Sun Prairie

Delta Dental has established a tradition of giving back to the communities it serves. It’s part of the organization’s culture, and it makes the future an inspiring place to be.
Fifty years. We must be doing something right to exist as an organization for a half-century. Having been with Delta Dental since 1973, I have my own theory: It’s not one thing; it’s many things.

Back in our 1994 annual report we said, “When all is said and done, our service is our product.” If that’s the case — and I think it is — Delta Dental products have been exceptional for some time. We have an organization-wide commitment to service, and even though new people join Delta Dental all the time the service never wavers. If anything, it keeps getting better.

In 2011, we laid the groundwork for new benefit initiatives that have the potential to significantly increase our share of three markets that are crucial to our continued success — small-group, voluntary, and individual. We have invested in these products and thoroughly researched these markets.

In the evolution of our products I see more sophistication in plan design and delivery, more science-based plans, more plans designed to save members money, and plans meant to create healthier people. These are the plans we’ve wanted to create all along; now the technology and science are in place to begin to make them happen.

We donated more than ever in 2011, and we continue to fulfill our mission of improving access to quality oral healthcare for all Wisconsin residents. We have always wanted to be a good corporate citizen, and we’ve always tried to the extent we were able. Now that we’re more able, we give more. This is at the core of who we are as an organization. It will never change.

And so here we are, 50 years into a journey. We have come a long way as an organization, from a part-time venture with uncertain prospects to a statewide force for oral wellness. We owe our success in part to agents, employer groups, subscribers, and dentists, but ultimately none of this would have been possible without the hard, diligent work of Delta Dental employees. We thank them for that work; now we’d like to focus on the next 50 years. That’s the exciting part.

Dennis Brown
President and CEO
When we considered how Delta Dental should commemorate its 50th year of operation, the consensus was clear: We don’t want to look back. We want to look ahead.

Delta Dental will be commemorating our 50th anniversary internally throughout 2012, and looking back at some of the highlights of that half-century. But for the rest of our audiences, Delta Dental thought it best to look ahead – to the next 50 years of dental benefits, and where this organization fits in that picture.

Certainly the next five to 10 years will provide plenty of challenges. Healthcare reform, whatever its final shape, will change the employee-benefits landscape. We feel we are as well-positioned as we can be to take advantage of healthcare reform’s opportunities, but we know healthcare reform is a work in progress, and the final product will scarcely resemble what we anticipate.

Along with the sea change of healthcare reform, our agent community is transforming itself from sellers of benefits to advisors and platform providers. We value our relationship with the agent community and acknowledge their role in our success, but we realize we need to work with them in different ways, to show our value so they can show theirs.

As oral healthcare improves, the need grows to reach people who don’t have access to quality oral healthcare. Delta Dental continues to support clinics and programs statewide that reach out to at-risk populations, but the need is great.

Looking into the future, Delta Dental has identified four defining areas for the brand and the organization: service, product, giving back, and wellness. We’ve set lofty goals in these areas, but we’ll continue to push ahead. The organization will be better for it, and Wisconsin will be healthier.

It’s going to be a breathtaking half-century. Delta Dental is up for the challenges it presents.

Chuck Nason
Chairman of the Board
## Executive Summary

## Service

## Network

## Giving Back

## From the President

## From the Chairman

### Financial Summary

#### 2010 | 2011 | Percent Change
--- | --- | ---
**Primary Subscribers**
As of 12/31 | 622,611 | 673,763 | ▲ 8.2%

**Payments to Subscribers**
Incurred Claims | $394,906,557 | $432,224,325 | ▲ 9.4%

**Revenues**
Earned Premium + Administrative Income | $438,569,498 | $481,604,103 | ▲ 9.8%

**General Reserves**
Plan Equity | $120,609,772 | $128,926,553 | ▲ 6.9%

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### Chart

- **General Reserves**
- **Total Revenues**

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### Consolidated Results of Operations

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium and administrative income (after reinsurance)</td>
<td>$432,570,827</td>
<td>$475,106,388</td>
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<tr>
<td>Claims incurred (after reinsurance)</td>
<td>$390,045,013</td>
<td>$427,038,205</td>
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<tr>
<td>Investments and other income</td>
<td>$4,501,015</td>
<td>$3,164,568</td>
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<tr>
<td>Public benefit funding</td>
<td>$1,940,679</td>
<td>$5,531,435</td>
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</tbody>
</table>

### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
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<tr>
<td>Cash, cash equivalents, and invested assets</td>
<td>$127,245,353</td>
<td>$140,792,363</td>
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<td>Other assets</td>
<td>$17,846,051</td>
<td>$16,784,247</td>
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<tr>
<td>Total assets</td>
<td>$145,091,404</td>
<td>$157,576,610</td>
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<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Claims and claim-adjustment expenses unpaid</td>
<td>$6,948,375</td>
<td>$6,826,443</td>
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<tr>
<td>Other liabilities</td>
<td>$17,533,257</td>
<td>$21,823,614</td>
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<td>Total liabilities</td>
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<td>$28,650,057</td>
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<tr>
<td>Plan Equity</td>
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</tr>
<tr>
<td>Total plan equity</td>
<td>$120,609,772</td>
<td>$128,926,553</td>
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<tr>
<td>Total liability and plan equity</td>
<td>$145,091,404</td>
<td>$157,576,610</td>
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</tbody>
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