



The Story Behind the Smile
2009 ANNUAL REPORT

Executive notes

2009 was a year of extremes for our enterprise... extreme pride as we posted record growth despite the recession... extreme challenge as bankruptcies in the domestic auto industry affected our Michigan affiliate in an unexpected way.

Over the past year, our affiliation also grew from being an island in the middle of the country to a region that stretches from the Canadian border to the top of the deep South to the Rocky Mountains. We've forged ahead with the process of bringing parts together to create a stronger whole which benefits our stakeholders in many ways that you'll read about in these pages.

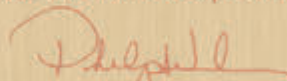
Strength, stability and a sense of humor have helped us bring together business, science and strong leadership on the part of all the affiliated boards

while allowing each of us to remain independent, as well as true to our core stakeholders. As a group of companies, we are working toward a similar view of the future and developing together the mix of skills, products and "must haves" necessary to be successful in a post health care reform world.

Even with the changes that the federal government is making to our industry, we have a lot to smile about. We are bigger, stronger, more stable, more protective of our policy holders, and continue to enjoy an unparalleled reputation with the profession of dentistry.

One thing we continue to do is smile a lot. We hope we bring you a smile as you read this report and find out where some of those smiles come from. Read on. Enjoy. Just remember that Delta

Dental helped build and maintain some of those smiles (maybe with a little assistance from a whoopee cushion).

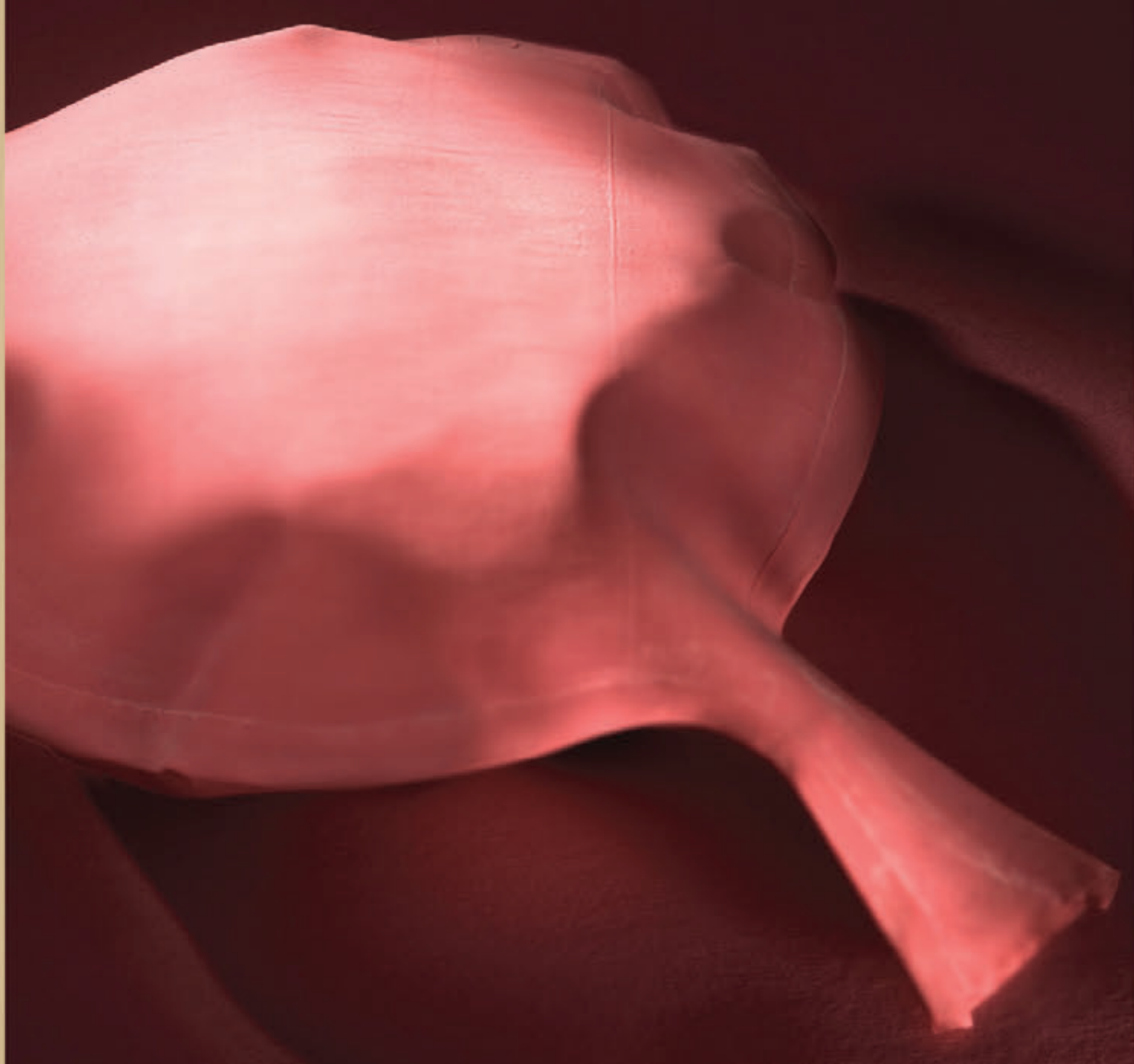


Philip A. Wenk, D.D.S.
President & Chief Executive Officer



John Collier
Board Chair





Whoopee Cushion

Who would have ever thought creating an inflatable rubber cushion that makes embarrassing noises would become such a celebrated icon for merriment?

The Whoopee Cushion blasted its way onto the scene in the early 1950s, thanks to a couple of Jem Company employees who decided to goof around with scrap pieces of rubber sheeting in this Canadian rubber factory.

Sam Adams, of the famous S.S. Adams Novelty Company, passed on the item thinking it too vulgar. But others saw the promise of this "Poo Poo" Cushion, and it went on to become a prankster's perennial favorite.

Today, in addition to the original rubber version, there are an assortment of electronic Whoopee Cushion devices that can be triggered from a distance by remote control, all of which are guaranteed to solicit smiles...even if some are out of embarrassment.

Table of contents

02-Executive notes
04-Mission statement
06-Research

08-Customer service
08-Community
10-Plans

12-Strength
14-Financials
16-Board

The mission behind the smiles

The mission of Delta Dental of Tennessee is to be the dental benefits company of choice in the markets we serve. We aim to provide the highest

quality service to our customers at the most affordable rates. We strive to enhance the ongoing service to our customers. We are committed to close

relationships with our clients, our participating dentists, and to being a responsible corporate citizen in the State of Tennessee.



Stand-Up Comedy

How many cavemen does it take to screw in a light bulb? Just one, but he has to wait 2.5 million years for it to be invented.

While we don't know exactly when comedy was born, the idea of stand-up comedy took shape in the Middle Ages with the court jesters, whose floppy three-pointed hats represented a donkey's ears and tail.

Often regarded as pets, jesters served not only to amuse with music, juggling or clowning, but would also playfully criticize their masters and guests, sometimes at the risk of being whipped or beaten if it was thought they had taken their act too far.

Kings would often trust the counsel of their jesters on political matters as they had no vested interest in any region, estate or church, which may be why the joker has no fixed place in the hierarchy of king, queen and jack in a deck of cards.

No matter what hand life deals us, there will always be people who know how to look at it all in a way that makes us laugh.

The research behind the smiles

Good oral health is an important part of overall health and quality of life. Daily brushing and flossing, along with regular visits to your dentist, will help keep your mouth healthy.

Scientific research has identified that good oral health is also important in keeping your entire body healthy. Delta Dental closely

monitors oral health-related studies and technology through our Research and Data Institute. We use this information to enhance our plan designs in ways that improve health and save money.

Delta Dental annually reviews claims data to help our clients determine if their employees are taking advantage

of the preventive care provided through their dental benefits. In addition, these report cards reveal the groups' network utilization, savings, and more.

Through these efforts we will continue to deliver unmatched quality and value in our programs and services.



Fun House

The fun started on Coney Island in the early 1900s, where the first American fun house was unveiled. Unlike the other thrill rides, this was a more participatory attraction wherein patrons would encounter a variety of whimsical experiences.

Some were designed to throw off your sense of balance, such as the revolving barrel, shifting floor boards, or rooms built at severe angles that had you clutching onto side rails to make it through.

Others were designed to appeal to your sense of humor, such as mirrors that would distort your body into twisted shapes, jets of air that sprang from the floor, or a room built entirely upside down.

The first fun houses, which were larger and less structured, gave way to more self-contained walk-thru units in order to get patrons in and out more quickly and onto other park attractions. There are still a few traditional fun houses operating in Europe and Australia.

The service behind the smiles

Over the years we have set a very high bar for service excellence, and we continue to live up to those expectations. Timely and accurate claims processing is the first step in providing great service.

During 2009, our claims department processed 99.82% of claims received in 15 days with a financial accuracy of 99.69%. But if a member or dentist did have a question, our customer service representatives answered calls within 20 seconds on average, with an abandonment

rate of only 1.5% during the same period. In our annual satisfaction surveys, our groups reported 98.98% overall satisfaction and our members ranked us highly as well, with 96.99% overall satisfaction. These are just a few of the statistics behind our customer smiles.

The commitment behind the smiles

We are committed to doing everything we can to improve the quality of life of our fellow Tennesseans, starting with oral health.

Today, with funding provided by Delta Dental, both of our state's dental schools have installed the most advanced digital imaging equipment available. This technology enables the students to learn using the latest tools, and also benefits their patients who are often from underserved communities.

In 2009, we continued our mouth guard education outreach to young athletes across the state and have expanded that program to reach football players. To-date, we have distributed more than 21,000 mouth guards through the support of the Nashville Predators, the Music City Bowl Youth Football Program, and the Vol Network.

Though oral health is our primary mission, we also feel being a good corporate citizen is an important part of our role. This year we supported organizations across the state,

including the American Cancer Society, Boy Scouts, Girl Scouts, Governor's Books from Birth Foundation, Humane Society, Monroe Carrell, Jr. Children's Hospital at Vanderbilt, St. Jude's Children's Research Hospital, and United Way, among many others.

Giving back to the community is more than a corporate commitment; it's a part of our culture. Delta Dental's employees donated nearly \$15,000 and countless items to clothing and back-to-school drives, and gave more than 1,000 hours to various causes throughout the state.



Puppetry

Like many forms of art and entertainment, puppetry can be traced back to ancient times. It may even pre-date theater actors, but with the same goal in mind—to tell a story.

Egyptians manipulated wooden figures with string, and articulated puppets fashioned from clay and ivory have been found in Egyptian tombs and were perhaps even used in religious ceremonies.

Asian excavations dating back to 2500 B.C. have uncovered terracotta dolls and animals with detachable heads that were manipulated by string.

The Greeks, who were also in on the fun, likely used the word "neurospasta," (from "nervus," meaning tendon, muscle, string, or wire) which literally means "string-pulling."

Modern puppetry offers a variety of forms, including oversize puppet costumes, shadow puppets, ornate rod puppets, black light puppetry, marionettes, ventriloquists and, of course, one of the simplest—the sock puppet.

The plans behind the smiles

Why are more Tennesseans smiling than ever before? Could very well be that Delta Dental of Tennessee covers more families in the Volunteer State than any other carrier, thanks to our comprehensive network of dentists, a variety of network options, and cost-efficient plans tailored to each client's individual needs.

DELTA DENTAL PREMIERSM—

Provides the maximum flexibility of coverage for those who prefer the freedom to go anywhere they choose. Receive services from any dentist, though this program has

the largest network of dentists in the nation—approximately 220,000 dentist locations (some dentists have more than one office). Dentists under this plan agree not to balance bill our members and will file all claim forms.

DELTA DENTAL PPOSM—The ultimate balance of cost and flexibility. Perfect for those who are comfortable with the many skilled providers who comprise the largest dental PPO network in the nation. Members in this popular plan enjoy up to 25% savings with approximately 138,900 dentist locations nationwide.

DELTA DENTAL PPO PLUS PREMIERSM—

We are the only carrier in the nation that can offer two extensive provider networks simultaneously: the Premier and PPO networks. We have combined these two networks into our dual network advantage, Delta Dental PPO Plus Premier. For large employers, we can design programs with a choice of benefit levels and network fee schedules, both in and out of network, to meet specific cost and provider network needs.



Clowns

They trip over their own big feet, take pies in the face, pull rubber chickens out of their pants, and exit a tiny car in numbers that defy physics. All this clowning around can be traced back to Egypt's Fifth Dynasty when the first known clown presided over the court of Pharaoh Dedkeni-Assi.

Early clown ancestors were also found in ancient Greece, sporting bald heads and padded clothing that made them appear larger than life. Similar style clowns were found in the Roman pantomime, wearing pointed hats and colorful patchwork robes.

The traditional whiteface clown is believed to have been introduced by the character of Pierrot, a French clown who stumbled onto stage in the 17th century.

Today, clowning takes many forms, from colorful circus clowns, tramps or hobos, to rodeo clowns. Whatever type of clown you see, there is no doubt that with a squeak of their red nose or squirt of their lapel flower, the smiles are usually not too far behind.

The strength behind the smiles

Delta Dental of Tennessee is affiliated in the holding company that includes Delta Dentals of Indiana, Kentucky, Michigan, Ohio, and New Mexico. The combined organization represents nearly 7 million members and exceeds \$2 billion in dental claims annually.

This partnership continues to help us leverage the collective strength of the larger organization, while maintaining our independence and our focus on Tennessee. This affiliation provides us the opportunity to operate on

greater economies of scale as well as provides access to greater information and technology resources.



Funny Pages

The use of sequential pictures to tell a story has existed throughout history, with some of the first humorous narrative drawings introduced in 18th-century England. In the Middle Ages, the *Biblia Pauperum* (poopers' bible) often depicted biblical events with words spoken by miniature figures on scrolls coming out of their mouths, making them ancestors of the modern cartoon strips.

It wasn't until the late 19th century that the first comic strips hit American newspapers. "Mutt and Jeff" was the first successful daily strip, and also introduced such conventional comic strip devices as the "word balloon" for speech, the "hat flying off head" to indicate surprise, and using specific typographical symbols to represent cursing.

It used to be that the Sunday paper's comics would have strips that filled entire pages, but over the years the cost became too prohibitive and strips went to half page and now most comics are, at most, two panels wide.

Financials

Delta Dental of Tennessee

Financial Results¹ as of December 31

	2009 Tennessee	2009 Combined
Total Assets (000s omitted)	\$46,870	\$672,361
Capital and general reserves:	\$35,065	\$448,900
Total revenues:	\$241,552	\$2,247,217
Total benefits and expenses:	\$239,607	\$2,265,503
Contribution to general reserves:	\$1,945	(\$18,286)

Cost Management Results²

Submitted charges:	\$454.6 million	\$3.50 billion
Paid charges:	\$215.3 million	\$1.75 billion
Total cost management savings:	\$239.4 million	\$1.78 billion
The Delta Dental Difference SM :	\$57.0 million	\$445 million
Other savings:	\$182.4 million	\$1.49 billion

Key business accomplishments³

Total new business:	\$26.2 million
Total covered people:	949,179
Business renewal rate:	97.0%

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 of Tennessee, Inc., and Subsidiaries; Delta Dental Plan of Kentucky, Inc., and Subsidiaries; Delta Dental Plan of New Mexico, 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 2009 include claims processed for Delta Dental of Michigan, Ohio, Indiana, and Tennessee members. An additional 3.01 million claims were processed for other Delta Dental member companies in 2009, bringing the total number processed to 15.71 million. Cost management data is for Delta Dental of Michigan, Ohio, Indiana, and Tennessee.

3. Statistics are for Delta Dental of Tennessee.



Vaudeville

Musicians. Dancers. Trained animals. Acrobats. Comedians. Magicians. Short plays. Jugglers. While all these varied forms of entertainment were not new to America in the 1800s, the idea to package these different acts on one stage for a mixed-gender audience was new, and it was called vaudeville.

The term "vaudeville" came into common usage after 1871 with the formation of Sargent's Great Vaudeville Company of Louisville, Kentucky. As it caught on, acts became much more refined in order to offer the growing middle class a more "respectable" form of entertainment than was typical of the concert saloons, dime museums and burlesque houses.

Vaudeville went on to become the "heart of American show business" with many vaudeville houses barring liquor and even offering up gifts of coal and ham to the audience members.

It remained one of the most popular types of entertainment for several decades, until finally giving way to the rise of the motion picture, finding many vaudeville stars making the transition from stage to the silver screen.

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Joy Buzzer

While the custom of shaking hands can be traced back to 2nd century B.C., the ability to startle someone with a buzzing jolt to their palm did not take place until the 1930s. This is, of course, when Sam Adams unveiled his company's first Joy Buzzer to the world.

A coiled spring inside the device is activated when the wearer shakes hands with another person. When the two hands meet, a button releases the spring which, in turn, rapidly unwinds creating a powerful vibration that feels like an electric shock, although no actual electrical current is released.

The Joy Buzzer was an instant hit, allowing Adams to move to larger quarters and expand his novelties to include such smile-making classics as the bug in ice cube, snakes in a can, and fake doggy doo.

In 1987, Adams' son, Joseph, redesigned the mechanism for greater durability and a louder buzz, calling the new and improved novelty the Super Joy Buzzer.



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