2014 was a year of tremendous opportunity and development for Delta Dental of Minnesota. We grew not only in number of customers and employees, but in products and services rendered. With the Affordable Care Act and the ever-changing and ever-more consumer focused health care landscape, we have continued to evolve our business to meet on-going demands.

As these changes have provided opportunities, our mission has stayed top of mind: to improve the health through oral health of Minnesotans and all of our members we serve throughout the country. Through strategic initiatives, innovative programs and a continued dedication to our community, we’re proud to say we fostered more healthy smiles than ever before.

We are aware that poor oral health has been associated with conditions such as stroke, heart disease and diabetes. With that, we remain committed to improving access to affordable oral health care and educating our community on the emerging awareness of the connectivity between oral health and overall health.

In 2014, we were pleased to have Dr. Sheila Strock, Vice President of Dental Services, join our team at Delta Dental of Minnesota. Dr. Strock brings a wealth of knowledge regarding systemic health that will influence our products and services as we continue to move forward.

As part of our on-going commitment to our community, Delta Dental of Minnesota Foundation and Community Affairs donated more than 4 million dollars in community contributions to support oral and overall health initiatives of organizations and programs. In addition, The Delta Dental of Minnesota Foundation launched the $2 million Dedicated to Minnesota Dentists (DMD) Program, a comprehensive dental education loan repayment for service program. Our DMD loan repayment program was developed specifically for qualifying dentists who will agree to practice in underserved areas of Minnesota.

I am happy to report that we not only strive to meet—and exceed—our customers requirements, we also strive to create a work environment that our team members value and enjoy. It is with pride that I share based on a comprehensive employee survey in 2014, Delta Dental of Minnesota was named a Top Workplace in Minnesota by the Star Tribune. Although there were several notable contributors to our Top Workplaces in Minnesota Award, our employee driven community giving, we call “Flash Philanthropy” stood out. Flash Philanthropy is our response to urgent causes that are identified by our employees which initiates an intense commitment of our team members time, efforts and financial resources to benefit those in need throughout the Twin Cities. These special causes have included diaper, clothing and toy drives, as well as serving meals at local homeless shelters.

2014 has been a momentous year for Delta Dental of Minnesota and we look forward to spreading The Power of Smile® in 2015.

Rodney Young
Chief Executive Officer and President
Delta Dental of Minnesota
SPREADING SMILES
BY THE NUMBERS

1,500 Minnesotan’s received free dental care this year

1,000
Mouthguards donated to youth sports teams

35,000
Toothbrushes distributed to underserved children

$3,709,750
Given to underserved populations in Minnesota through Grants

$2,000,000
Allocated to assist in dental student loan-repayment program

OUR MISSION
To be the recognized leader in providing access to quality, affordable dental, health and population management benefits to the communities we serve

RECOGNITION
Delta Dental of Minnesota was named a 2014 Top Workplace in Minnesota by the Star Tribune

OUR VISION
To improve health and oral health, access and strategic initiatives

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OUR VISION
To improve health and oral health, access and strategic initiatives
At Delta Dental of Minnesota, we are dedicated to improving health through oral health. We know great oral health is an essential part of a healthy lifestyle and we’re pleased to offer quality, affordable dental benefits that improve oral health, and in turn, overall health for those in our community.

Delta Dental of Minnesota is the leading dental benefits provider in the region, which allows us to utilize our strengths and stability to ensure we’re making a difference in the ever-changing, competitive marketplace both locally and nationally. We believe our unwavering commitment to our members, clients, consumers, provider partners and the many communities we serve creates “The Delta Dental Difference.”

- Extending oral health education and care to Minnesotans in underserved communities
- Supporting research that will improve oral health and overall wellness
- Offering national reach with a localized feel and hometown commitment
- Promoting the importance of prevention activities to increase long-term oral health

THE DELTA DENTAL DIFFERENCE
In 2014, we continued our focused advertising campaign, ThePowerOfSmile®, to consumers. Our ThePowerOfSmile® campaign included radio, TV, billboards and digital media which drove awareness of the importance of good oral health, as well as awareness of the various individual and family plans. In addition to online insurance plan enrollment, we licensed agents to answer any questions regarding selecting the correct plan.

Delta Dental of Minnesota believes everyone deserves a healthy smile

We keep smiles healthy by providing comprehensive, affordable dental plans for our members. With plans for individuals and families, large or small group employers, and public program participants, we provide the right dental coverage to fit specific needs and budgets.

Group Plans:
We offer plans to fit the needs of any group size, both fully-insured (risk) and self-insured (administrative only). Our ongoing, positive relationships and the respect we’ve earned over the years allow us to demonstrate Delta Dental’s overall value to group customers in a competitive market. Today we are proud to offer benefits to over 7,500 Minnesota-based purchasing groups.

Public Programs:
Delta Dental of Minnesota offers dental benefits to more than 450,000 public program enrollees for Minnesota and North Dakota. We aim to expand access to quality dental care by partnering with a wide network of dental providers.

Individual and Family Dental Plans:
Delta Dental offers a variety of affordable dental plans that fit the unique needs and budgets of individuals and their families that do not have an employer-sponsored dental plan option. We have plans available for purchase both on the state and federal exchanges, as well as plans that can be purchased online directly from Delta Dental of Minnesota. We now have a streamlined process, making it easy to purchase insurance.
At Delta Dental of Minnesota, we encourage members to use their benefits to get preventive care. We hold ourselves to exceptional service standards to assure the best customer experience for Delta Dental members, employers, providers and brokers.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total claims processed</td>
<td>6.49 Million</td>
</tr>
<tr>
<td>Average claims per day</td>
<td>25,650</td>
</tr>
<tr>
<td>Total dental claim dollars paid</td>
<td>1,071,416,314.37</td>
</tr>
<tr>
<td>Total calls answered</td>
<td>1.6 Million</td>
</tr>
<tr>
<td>Average calls per day</td>
<td>6,295</td>
</tr>
<tr>
<td>Average phone response time</td>
<td>27 Seconds</td>
</tr>
<tr>
<td>Inquiries resolved on first call</td>
<td>96.8%</td>
</tr>
<tr>
<td>Average claim turnaround</td>
<td>1.7 Days</td>
</tr>
<tr>
<td>Member satisfaction</td>
<td>97.7%</td>
</tr>
<tr>
<td>Financial accuracy</td>
<td>99.9%</td>
</tr>
<tr>
<td>Broker satisfaction rate</td>
<td>96.6%</td>
</tr>
<tr>
<td>MN based fortune 500 companies served</td>
<td>13 of 17</td>
</tr>
</tbody>
</table>

**Member Satisfaction**

- 97.7%

**Group Retention**

- 97.9%

**DELIVERING THE BEST SERVICE**
We’re proud to offer both Delta Dental Premier℠ and Delta Dental PPO® Networks.

The unique dual network offers customers the opportunity to choose from a broader selection of dentists. No other national dental carrier comes close to the size of our network, and accordingly, no other carrier can offer members the same amount of value and cost savings.

**Delta Dental Premier℠**
Delta Dental Premier is the largest dentist network in the country. In fact, more than four-out-of-five participating dentists in the nation accept Delta Dental’s fees for dental procedures.

**Delta Dental PPO®**
Delta Dental PPO gives members the lowest out-of-pocket costs. Participating dentists in the network accept lower fees for procedures, which provide our members greater discounts and cost savings.

“"No other carrier can offer members the same amount of value and cost savings.”"
As a non-profit, Delta Dental of Minnesota Foundation and Community Affairs strives to enhance the quality of life in our community. In 2014, Delta Dental of Minnesota Foundation and Community Affairs awarded over $4M dollars in community contributions to support our mission of improving health through oral health for Minnesotans.

We work to achieve our mission by investing in our community in the following ways:

- Oral health prevention & education
- Supporting leadership in oral health
- Improving access to quality, affordable oral care

Funding Access to Care
Delta Dental of Minnesota Foundation launched the Dedicated to Minnesota Dentists (DMD) program, the first statewide dental student loan repayment for service program. The Foundation committed $2 million for student loan repayment, for up to 10 qualifying dentists, in exchange for living and practicing dentistry for five years in underserved areas of the state.

In partnership with the Minnesota Dental Foundation, the Delta Dental of Minnesota Foundation sponsored Minnesota Mission of Mercy with a $150,000 grant. The event provides “no charge” care for children and adults in need of dental treatment. In 2014, more than 1,000 volunteers provided over $900,000 in free care to 1,500 patients in Mankato, Minnesota.

Delta Dental of Minnesota Foundation granted $1,430,000 to seven organizations committed to the complete health of a patient. The goal is for the clinics to connect patient dental and medical records, and offer dental services in medical clinic settings, especially for patients with chronic diseases.

Oral Health Prevention and Education
In partnership with the Minnesota Department of Health, Delta Dental of Minnesota Foundation implemented two programs dedicated to promoting oral health awareness, education and prevention activities throughout the state.

Delta Dental of Minnesota Foundation supported the launch of a new one-stop source for oral health data known as the Minnesota Oral Health Statistics System (MNOHSS). This information system allows dental providers, community leaders, and the public to easily access up-to-date oral health data, track disease trends and quantify dental service use enabling the ability to more readily identify health disparities.

Delta Dental of Minnesota Foundation also supported a total of seven dental clinic partners to implement the second year of Smiles@School. Smiles@School reaches children at-risk of oral decay in schools and community settings with preventive sealants and education. Dental sealants are a proven, cost effective way to help children avoid tooth decay and stay healthy without interruptions to schooling and daily activities.

Leadership
Delta Dental of Minnesota Foundation helps recognize and support leaders for their commitment to improving oral health in Minnesota.

This year, the Foundation funded the first Executive Director position of the Minnesota Oral Health Coalition. The Coalition is a public, statewide membership organization that heightens the understanding of the importance of oral health and the need to improve oral health conditions for Minnesotans.

The Foundation proudly announced a new leadership award to Colleen M. Brickle RDH, RF, EdD for her work that has led to significant advancements in the oral health profession and delivery of care. This inaugural award was made in honor of Ann K. Johnson, former Executive Director of Delta Dental of Minnesota Foundation.

Additionally, the Foundation awarded the National Children’s Oral Health Foundation $300,000 over three years to create a statewide initiative – Oral Health Zones Minnesota – that works with leaders from early childhood and after-school programs and health clinics to address the oral health needs of Minnesota’s children in a practical, cost-effective way.

OUR COMMITMENT TO THE COMMUNITY
Improving Access to Care

Delta Dental of Minnesota Foundation and Community Affairs works to improve access to dental care, which enables the underserved in both rural and urban areas to get the necessary oral health services they need. We fund events, pilot programs and non-profit community-based clinics throughout the state to ensure the availability of high-quality dental care.
We awarded over 4 Million dollars to 103 organizations to improve the oral and overall health of Minnesotans.

In 2014, our Responsive Grants program distributed 20 grants totaling $650,000 to support improving health through oral health in Minnesota. We also supported 50 organizations through various sponsorships such as walks, fundraisers and other charitable events and activities, totaling $400,000.

In addition to making grants and donations, our mission of improving the oral health of Minnesotans has been supported by the engagement and involvement of our employees. Our employees donated their time, goods, money, and talent to many flash philanthropy efforts throughout the year to support youth and families in need throughout the Twin Cities. We match employee contributions to many nonprofit organizations, doubling the impact, and further exemplifying our commitment to bettering the lives of Minnesotans.
## Combined Statements of Operations

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscription revenue, net</td>
<td>$1,164,928.00</td>
</tr>
<tr>
<td>Dental administrative revenue</td>
<td>$97,000</td>
</tr>
<tr>
<td>Investments and other income</td>
<td>$8,056</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$1,173,081</strong></td>
</tr>
<tr>
<td>Dental service claims</td>
<td>$1,075,033</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$94,892</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$1,169,925</strong></td>
</tr>
<tr>
<td>Revenue over expenses</td>
<td>$3,155</td>
</tr>
<tr>
<td>Other changes in revenue</td>
<td>$2,528</td>
</tr>
<tr>
<td>Reserve, beginning of year</td>
<td>$226,496</td>
</tr>
<tr>
<td>Reserve, end of year</td>
<td>$222,179</td>
</tr>
</tbody>
</table>

## Combined Balance Sheets

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$55,095</td>
</tr>
<tr>
<td>Investments</td>
<td>$224,601</td>
</tr>
<tr>
<td>Accounts and note receivable</td>
<td>$70,091</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>$4,465</td>
</tr>
<tr>
<td>Other assets</td>
<td>---------</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$354,252</strong></td>
</tr>
<tr>
<td>Dental service claims</td>
<td>$94,966</td>
</tr>
<tr>
<td>Payables</td>
<td>$11,092</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$1,347</td>
</tr>
<tr>
<td>Deferred revenue and group refunds</td>
<td>$5,662</td>
</tr>
<tr>
<td>Due to affiliates</td>
<td>$19,006</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>$122,177</strong></td>
</tr>
<tr>
<td>Fund balance and members equity</td>
<td>$218,893</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>$3,286</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td><strong>$222,179</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td><strong>$354,252</strong></td>
</tr>
</tbody>
</table>

*Years Ended December 31, Dollars in Thousands ($000)*
2014 BOARD OF DIRECTORS

Douglas A. Alger
Board Secretary
Sr. Vice President, Human Resources
American Express Financial Advisors, Inc. (Retired)

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Scottsdale, AZ

Susan C. Anderson, D.D.S.
St. Paul, MN

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President, Bluford Healthcare Institute President Emeritus,
Truman Medical Centers
Kansas City, Missouri

Bernard L. Brommer
President Emeritus Minnesota AFL-CIO

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Fairmont, MN

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Board Chair
M.W. Howe Consulting, LLC

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Kim M. Mageau
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Loris M. Martin
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James R. Swanstrom, D.D.S.
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R. Bruce Templeton, D.M.D.
Edina, MN

Rodney A. Young
Chief Executive Officer and President Delta Dental of Minnesota

Michael Zakula, D.D.S.
Edina, MN