



Advantage Dental & DentaQuest

April 20, 2016

Experience you can count on.



DentaQuest®

Introductions

- **DentaQuest**

- Todd R. Cruse, President, DentaQuest Care Group
- James P. Hawkins, Vice President & Deputy General Counsel

- **Advantage Dental**

- R. Mike Shirtcliff, DMD, President & Founder
- Thomas S. Tucker, DMD, CEO



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Advantage Mission Statement

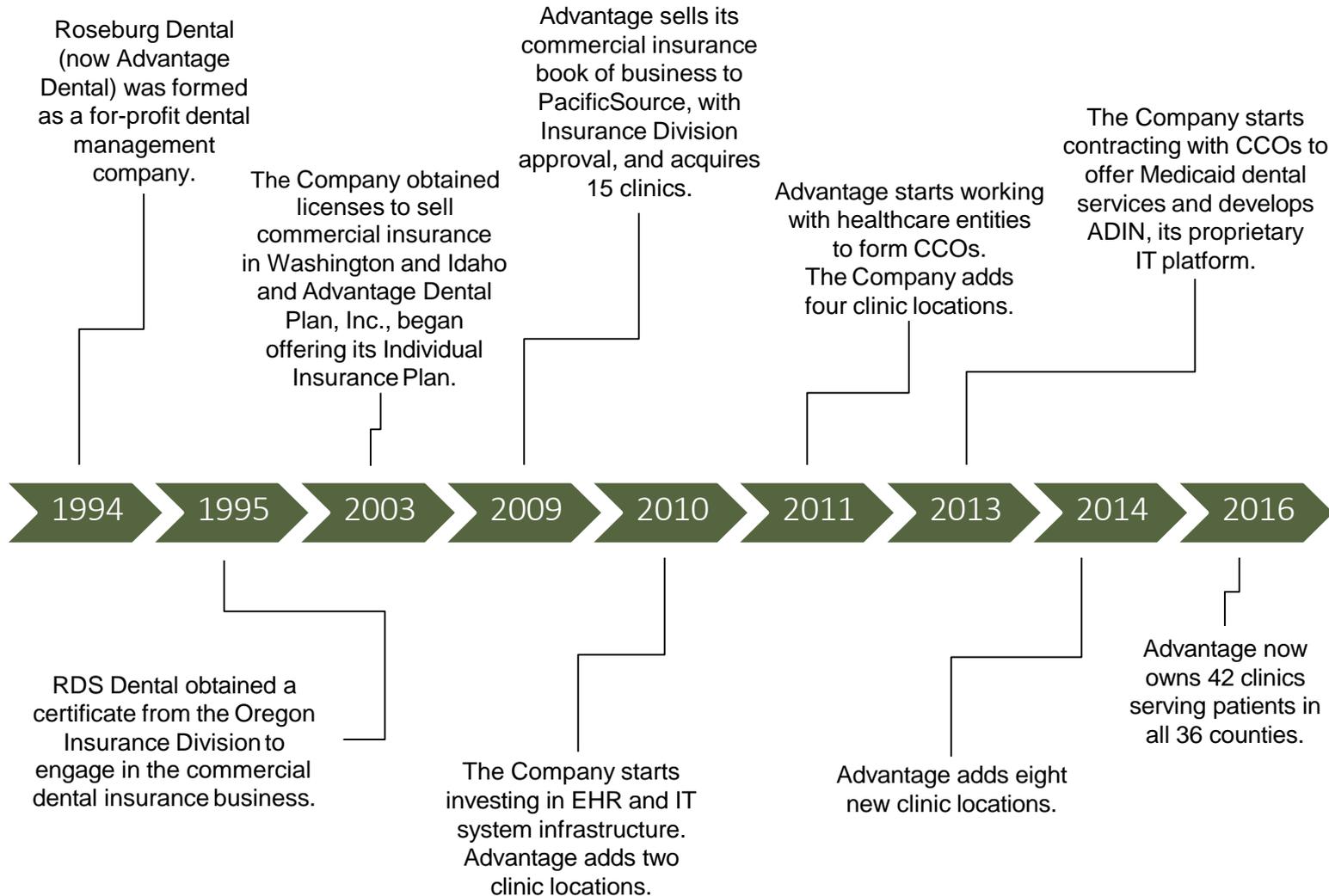
- *“To provide service, leadership, and access to dental care in our communities in a sustainable, entrepreneurial, and professional manner.”*

**ADVANTAGE DENTAL IS A
DENTAL SERVICES
COMPANY OWNED BY
DENTISTS.**





ADVANTAGE COMPANY TIMELINE





ADVANTAGE OVERVIEW

The Advantage brand is synonymous with quality care and customer service to dental patients.

Dental Insurance Business

Exclusive

Exclusive Dental Provider Network for PacificSource Health Plan in Oregon, Idaho and Washington.

1,150

Contracted dental providers across Oregon, Idaho and Washington.

Commercial Dental Insurance:

- Licensed insurer in Oregon, Idaho and Washington.
- Serves as dental network for PacificSource Health Plans since 2009.

Dental Services Business

- Advantage owns and operates 42 dental clinics throughout Oregon.



Facility Overview

- 42 Company-owned clinics
- Headquarters in Redmond, Oregon

Employee Overview

- 67 Dentists
- 297 Clinic staff
- 106 Administrative



ADVANTAGE OUTREACH PROGRAMS

Oral Care Education Outreach Program

- Available to children and parents in the classroom setting and community organizations throughout the state
- More than 7,700 children received a dental hygiene exam in one year

"Everybody Brush" Project

- Community-wide toothpaste distribution campaign
- Toothbrush and fluoridated toothpaste distribution to approximately 23,000 families in three counties

Advantage Smiles for Kids (ASK)

- Non-profit created in 2003 to improve the quality of life for low-income, at-risk children by providing orthodontic services to children in Oregon, Idaho and Washington
- 60 Oregon orthodontists partner with ASK

Who is DentaQuest?

- 2nd Largest Oral Health Company in United States and the largest in the Medicaid space
- Massachusetts non profit at the top of organization – Dental Service of Massachusetts, Inc. (DSM), chartered in 1966
- Our business is driven by our Mission – “*Improve the Oral Health of All*”

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Our Unique Structure



DentaQuest

DentaQuest Care Group

Mission: Improve the Oral Health of All

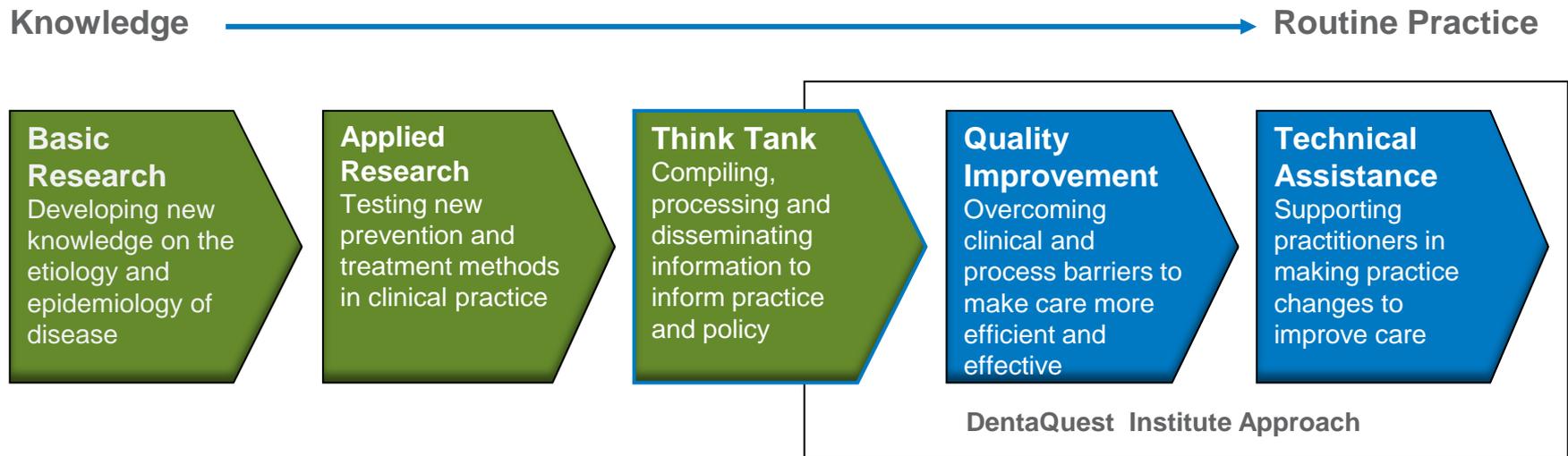
- The DQCG Objective: To develop, manage and improve systems for the delivery of quality health care to underserved communities.
- Manages and operates 23 facilities in Alabama, Kentucky and Texas providing quality dental and vision services primarily to Medicaid members.
- Believes the integration of care and financing is the future of oral health, particularly in government sponsored health programs

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DentaQuest Institute (DQI)

Mission: Improve the Oral Health of All

DQI Objective: Promote optimal oral health through efficient and effective care and prevention



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DentaQuest Foundation (DQF)

Mission: Improve the Oral Health of All

- Largest oral health foundation in the country
- Invested nearly \$17M this year
- National network reaching all 50 states
- Grantees in 30+ states
(<http://dentaquestfoundation.org/impact/search>)
- Strategic goals oriented around Oral Health 2020 national initiative

DentaQuest Financial Strength

- **DentaQuest is very strong financially**
 - As of 12/31/15, DSM's annual statement showed assets of \$533M, with \$408M in admitted assets, \$352M of total adjusted capital and an RBC ratio of 648%
 - DSM's consolidated 2015 GAAP financials will show revenue of \$1.825B and net income of \$42.5M
 - DentaQuest is putting an expanded \$400M credit facility in place and projects the outstanding balance to be ~\$140M post-closing
- **DentaQuest has the financial wherewithal to support any business expansion opportunities or other capital requirements of the Advantage companies**

Other Financial Considerations

- Advantage Dental Plan, Inc. has more than adequate capital and reserves for the small amount of business on its books
- There are no current plans to expand the use of Advantage Dental Plan's insurance license in Oregon or either of the other states in which it is licensed

Major Transaction Components

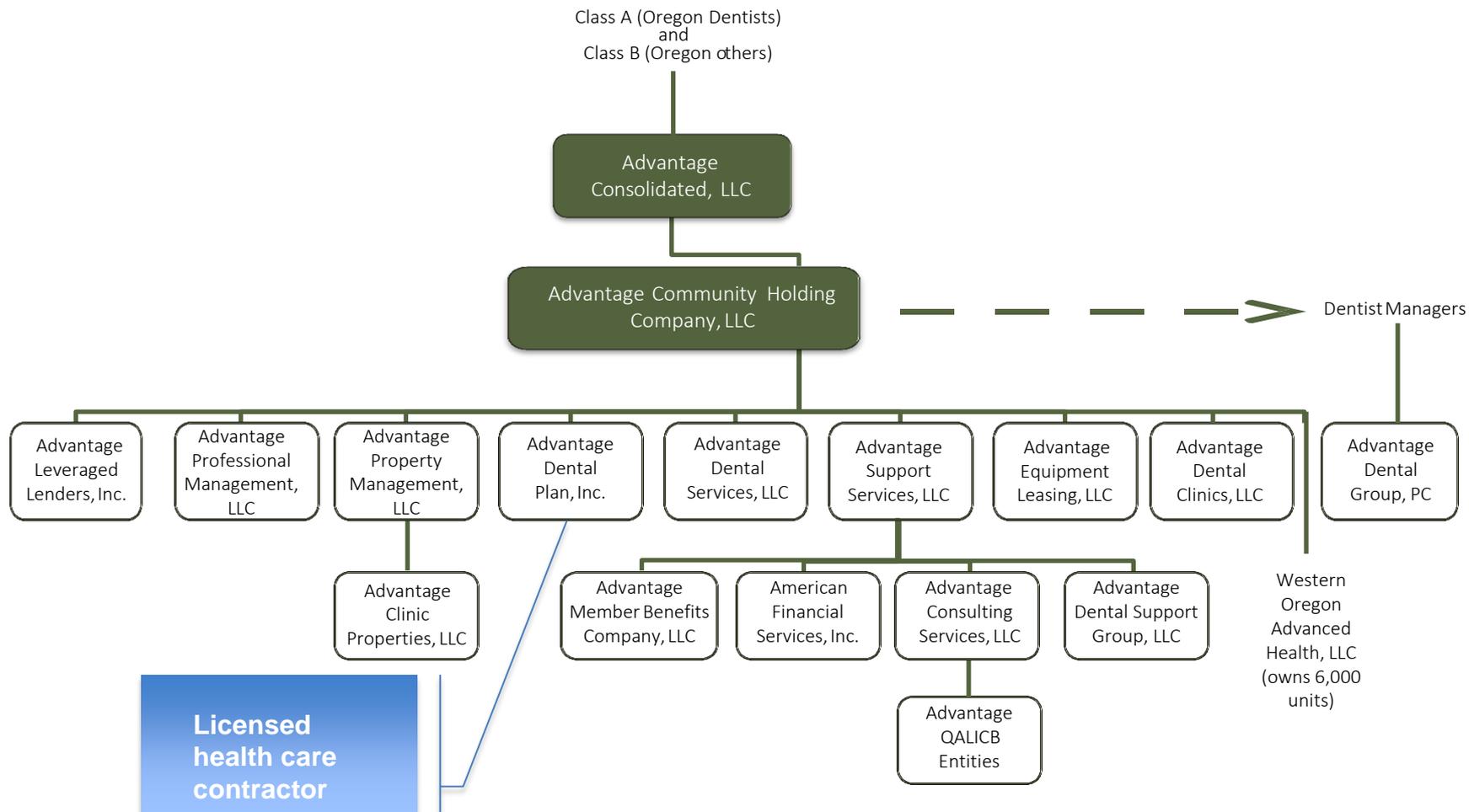
- **DentaQuest will acquire an 80% interest in Advantage Community Holding, LLC (“Holding”)**
- **The remaining 20% will continue to be held by Advantage Consolidated, LLC (“Consolidated”), which is owned by ~300 Oregon dentists.**
- **Purchase Price eliminates all debt of the Advantage companies and returns equity to investors**

Other Transaction Details

- **The purchase price and other financial terms of the transaction are confidential.**
 - The nominal purchase price will be paid in cash at closing
 - Additional “earn out” payments may be made based on certain earnings measures during the first 3 years



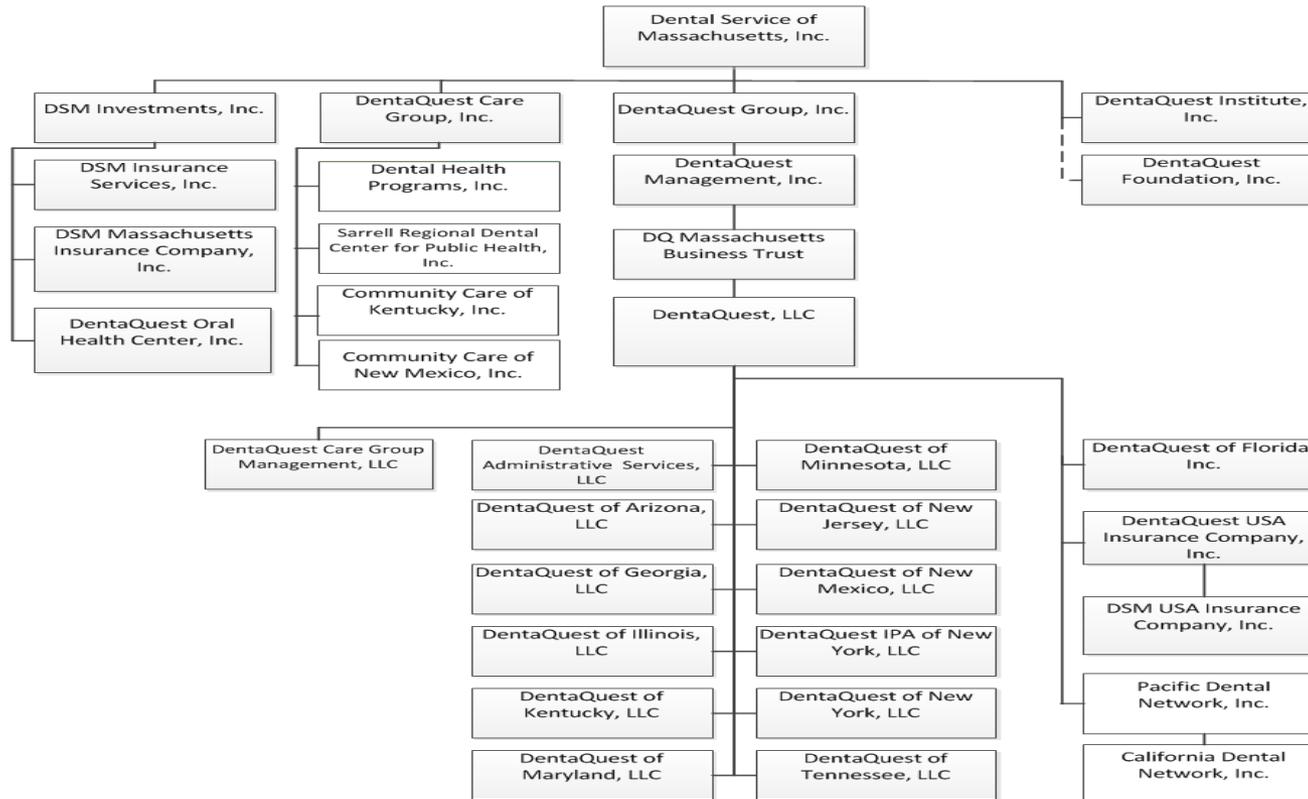
ADVANTAGE CURRENT ORGANIZATION STRUCTURE



DentaQuest Organization Structure

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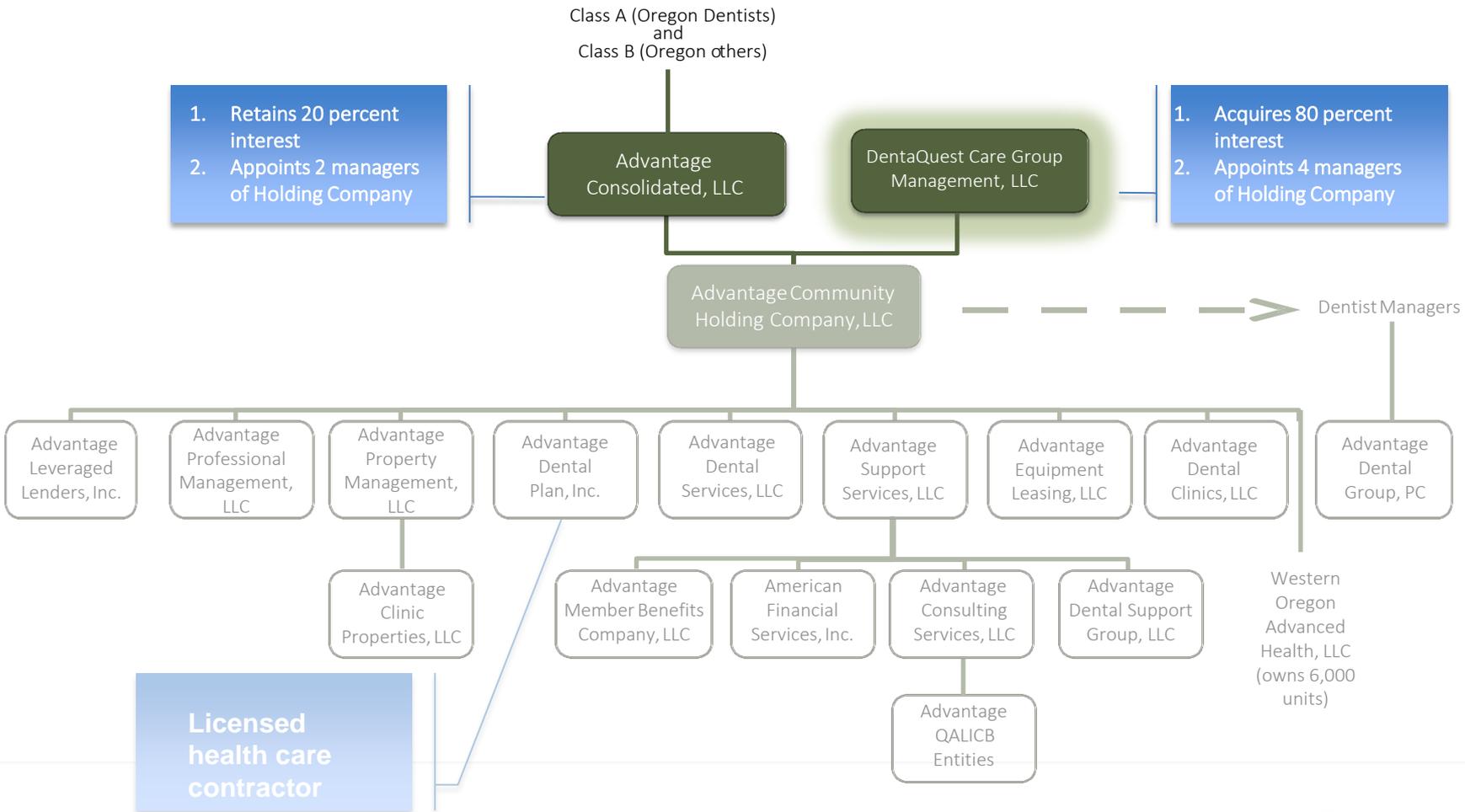
CORPORATE ORGANIZATIONAL CHART



Last Updated: 1/13/16

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Post-Closing Organization Structure



GOVERNANCE

- The Board of Directors of Holding will consist of 4 DentaQuest representatives, holding 80% of the voting power, and 2 Consolidated representatives, with 20% of the voting power.
- The directors and officers of Advantage Dental Plan, Inc. will consist of 3 DentaQuest representatives:
 - Todd R. Cruse – Director and President
 - James Hawkins – Director and Secretary
 - James Collins – Director and Treasurer
- **The management team at Advantage will remain consistent and will continue to run the business, including the operations of the insurance company.**

Impact of Advantage Transaction

- **In Oregon:**
 - No change anticipated in outreach programs
 - No change anticipated in Oregon patient services
 - No change in Advantage Dental Plan, Inc., as Oregon licensed Health Care Services Contractor
- **Outside Oregon:**
 - Expand overall model into other state markets leveraging the strengths of Advantage and DentaQuest