

**Proposed Amendments to Bylaws  
of Washington Dental Service**

- I. **Amendments to Article IV, Section 1.B:** Section 1.B of Article IV of the Bylaws shall be amended in its entirety to read as follows:

**B. Size, Composition, Qualifications, Terms, Nomination and Election.**

(1) **Size and Composition.** The Board of Directors shall consist of at least nine (9) but no more than thirteen (13) Directors. The number of Directors may at any time be increased or decreased within this range by the Board of Directors, but no decrease shall have the effect of shortening the term of any incumbent director. Independent Directors shall at all times after January 1, 2012 comprise a majority of incumbent Directors.

(2) **Qualifications.** The Board of Directors shall comprise three different categories of Directors, with the following qualifications:

(a) **Independent Directors.** Each Independent Director must, when elected and during his or her term of office: (i) satisfy the definition for an "independent" member of a governing body set forth in the instructions to Internal Revenue Service Form 990 (as it may be amended from time to time) or such other IRS definition of independence as Delta Dental Plans Association may from time to time reference in connection with its membership standards; (ii) not be the President and CFO or otherwise an employee of the corporation; (iii) not be a member of the corporation, nor an individual with a D.D.S. or D.M.D. degree; and (iv) not have a financial interest in any dental care organization.

(b) **Member Directors.** Each Member Director must, when elected and during his or her term of office, be a member of the corporation; and shall forfeit his or her office as a Director upon loss of his or her membership in the corporation under Section 3 of Article I of these Bylaws.

(c) **Ex Officio Director.** The President and CEO shall, by virtue of holding such office, automatically be a member of the Board of Directors for the period that he or she holds such office.

**(3) Terms, Classifications, Term Limits.**

(a) **Standard Terms.** Except in situations where shorter terms are expressly permitted under these Bylaws, each Independent Director and Member Director shall be elected to serve a term of three (3) years commencing at the next meeting of the Board of Directors following his or her election.

(b) **Classified Director Terms; Transitional Terms.** Independent Directors and Member Directors shall, as a group, be divided into three (3) classes and, after January 1, 2012, each such class shall be as equal in number to the others as possible. The Directors within each such class shall all serve terms that expire in the same year, and the expiration of the terms of Directors in the three (3) different classes shall occur in three (3) successive years. A Director elected to fill the seat of a Director whose term has expired or whose seat has become vacant for any reason shall be elected to the same class of Directors to which the predecessor belonged. The Board of Directors shall have

authority to designate the members of such classes and their respective terms, and may from time to time prescribe terms of less than three (3) years for particular Independent Directors or Member Director nominees to the extent it considers such shortened terms to be reasonably necessary to achieve or maintain the required balance of classified terms among the Directors; **provided, that no action by the Board of Directors under this Section 1.B.3.b shall have the effect of shortening the term of any previously elected Independent Director or Member Director.**

(c) **Term Limits.** Each Independent Director and Member Director ordinarily may serve no more than three (3) full terms consecutively, exclusive of time served to complete the term of a previous Director. However, a Director may be nominated and elected to an additional term of one, two or three years following the Director's completion of three (3) consecutive full terms **if the Governance and Nominating Committee and the Board of Directors determine that such is necessary to assure continuity on the Board of Directors.**

#### (4) **Nomination and Election of Directors.**

(a) **Independent Directors.** The Independent Directors shall be nominated by a majority of the Independent Directors who are members of the Governance and Nominating Committee, and a nomination by such majority shall be deemed to be a nomination by such committee. The Governance and Nominating Committee shall submit its recommended slate of such nominees to the Board of Directors at least sixty (60) days prior to the Board of Directors' annual meeting preceding the end of the term of the incumbent Independent Director(s). The Board of Directors shall at such meeting, by a majority vote of those Independent Directors whose terms are not expiring, elect at least one nominee from the Governance and Nominating Committee's slate for the seat of each Independent Director whose term is then expiring (unless the Board of Directors has resolved to reduce the overall size of the Board of Directors under Section 1.B.1 of this Article IV).

(b) **Member Directors.** The Member Directors shall be nominated by the Governance and Nominating Committee, which shall submit its recommended slate of such nominees to the Board of Directors at least sixty (60) days prior to the Board of Directors' annual meeting preceding the end of the term of the incumbent Member Director(s). The Board of Directors shall at such meeting select at least one nominee from the Governance and Nominating Committee's slate for the seat of each Member Director whose term is then expiring (unless the Board of Directors has resolved to reduce the overall size of the Board of Directors under Section 1.B.1 of this Article IV), and shall then direct the Secretary of the corporation to submit such nominees to the members for election pursuant to Section 3 of Article II of these Bylaws.

(c) **President and CEO.** The President and CEO shall automatically be a member of the Board of Directors, and is not required to be elected or re-elected.

II. **Amendments to Article V, Sections 2 and 3:** Sections 2 and 3 of Article V of the Bylaws shall be amended in their entirety to read as follows:

#### **SECTION 2. TERMS AND ELECTION.**

The Chair of the Board, Vice Chair, Secretary and Treasurer shall be elected by the Board of Directors from among the Directors then in office at the annual meeting of the Board. The intent is that the Chair of the Board will serve up to two one-year terms, although a third term may be added upon a determination

by the Governance and Nominating Committee and by the Board of Directors that such is necessary to assure continuity or address other extraordinary circumstances. The intent is further that the Vice Chair shall succeed to the office of Chair of the Board at completion of the term(s) of the current Chair, or when that post becomes vacant by resignation or other reason. The term of each office shall be until the next annual meeting of the Board of Directors and the election and qualification of successor. If any office becomes vacant for any reason, the Board of Directors shall, by majority vote, elect a successor who shall hold office for the unexpired term. Any officer may be removed during the term of his/her office by a vote of two-thirds (2/3) of the Board of Directors.

### **SECTION 3. DUTIES OF OFFICERS.**

**A. Chair of the Board.** The Chair of the Board shall preside at all meetings of the membership and at all meetings of the Board of Directors. He/she shall be subject to the control and direction of the Board of Directors. The Chair of the Board shall be an ex-officio member of all standing and special committees except the Audit Committee and the Provider Compensation Committee. The Chair of the Board shall have such other and further powers and duties as may be prescribed for him/her by the Board of Directors or these Bylaws.

The Chair of the Board shall have responsibility for liaison with staff officers between meetings of the Board to insure Board policies are carried out.

**B. Vice Chair.** In the absence or disability of the Chair of the Board, the Vice Chair shall perform the duties of the Chair of the Board and all the responsibilities of the Chair of the Board. In addition, the Board of Directors may fix and assign such duties for the office of Vice Chair as in its discretion it deems advisable, and the Chair of the Board may sub-delegate to the Vice Chair such of his/her authority as he/she believes is in the best interest of continuity of the office. The Vice Chair shall be an ex-officio member of all standing and special committees except the Provider Compensation Committee. The Vice Chair shall have such other and further powers and duties as may be prescribed for him/her by the Board of Directors or these Bylaws.

**III. Amendments to Conform Terminology.** All references in any other Articles, Sections or provisions of the Bylaws to the terms "Public Director", "Public Directors" or "Public Directors (other than the President and CEO)" shall be amended and replaced with the appropriate singular or plural form of the term "Independent Directors".

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