

September 27, 2011

A Message to Our Members:

Enclosed is a Notice of Special Meeting of Members of Washington Dental Service, announcing a gathering to be held on Friday, November 11. As WDS's Board Chair and Chief Executive Officer, we thought a couple of background comments might help set expectations for this meeting.

The Petition for a Special Meeting: As most of you know, this Special Meeting is being held in response to a petition signed by a number of our Members. In reviewing their signed petitions, we noted that signatures were solicited on the basis of several misleading assertions that could have given WDS a basis to challenge the petition's legitimacy. However, our Board of Directors considers it much more important to acknowledge that a number of you have clearly expressed a desire for an in-person meeting, and to create a forum where our Members and the Board can hear one another out. So, in addition to voting on the two Bylaws amendment proposals that were attached to the petition, we have broadened the purposes of the meeting to include other topics of discussion that Members might consider relevant, such as the reasons for and resulting effects of our recent reimbursement reductions.

The Proposed Bylaws Amendments: The proposed Bylaws amendments that were attached to the petition (now attached as Exhibits A and B to the notice) raise a number of sensitive legal issues. Both Exhibits propose Bylaws changes that would affect the carefully designed governance structures approved by our Members twenty years ago in 1991. Those historical changes were adopted in the context of antitrust litigation that was widespread in the 1980's, in which federal and state antitrust regulators as well as private plaintiffs asserted there were anti-competitive effects resulting from "provider control" over the pricing decisions of healthcare plans. Rate-setting structures similar to our Provider Compensation Committee had previously been blessed by the State Attorney General in litigation settlements with several Washington healthcare benefit plans.

We don't intend in this letter (or, for that matter, at the Special Meeting) to drill down into the technical legal arguments over what kinds of antitrust protections are appropriate for a company like WDS. But we do think you should be aware, in advance of the meeting, that some of the changes that are proposed in Exhibits A and B bear the potential to return our provider-Members to a position where they could control or affect the independence of the corporation's price-setting functions. Some of the proposed changes could also adversely affect our status as a member-plan in the Delta Dental association, and as a tax-exempt organization. Because of these potential impacts, WDS's Independent Directors will have to consider some very fundamental questions in deciding whether to give their consent to any proposed amendments that the Members approve at the meeting. A "fair warning" on this point seems appropriate, since we are not at all confident that either of the proposed amendments will ultimately be approved by WDS's Independent Directors; and absent such approval, the vote by Members at the meeting could wind up being merely advisory in nature.

A Note on Governance Improvements: Despite suggestions to the contrary in the petition, our Board is deeply committed to good corporate governance, and has demonstrated that commitment by sponsoring several Bylaws amendments in recent years that have implemented recognized "best practices." These Board-sponsored amendments have included provisions which improved our Members' ability to participate meaningfully in the election of directors. Exhibits A and B were drafted by the petition organizers without any consultation with our Board. Regardless of the ultimate fate of those two proposals, our Board remains committed to good corporate governance and open to dialogue with Members on this subject.

Special Meeting Logistics: The room we have reserved at the DoubleTree / Sea-Tac will have seating for about 750 Members, but standing room will be limited. We do need to be able to document that quorum and vote requirements for Bylaws amendments have been satisfied, so we will be using written ballots. Your picture ID will

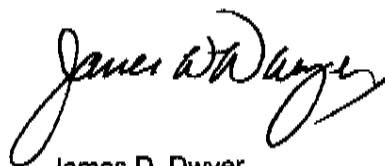
be required in order to gain admission to the meeting room and receive an official ballot. The process of credentialing a large number of Members and issuing official ballots will likely take quite a while, so we suggest that you all try to arrive at least 45 minutes before the scheduled 2:00 p.m. start time. Beverages and snacks will be available for those of you who are able to attend.

Even though we have met in person with many of you over the past couple of months, we will look forward to seeing you again at the November 11 meeting. We expect to have as many members of our Board of Directors in attendance as possible, to hear and contribute to the discussions.

Sincerely,



David W. Branch, DDS
Chairman of the Board



James D. Dwyer
President and Chief Executive Officer

**NOTICE OF SPECIAL MEETING OF MEMBERS
OF
WASHINGTON DENTAL SERVICE**

NOTICE IS HEREBY GIVEN that a special meeting of the members of Washington Dental Service ("WDS") will be held at 2:00 p.m. on Friday, November 11, 2011, in the Grand 2-3 conference room at the DoubleTree by Hilton Hotel / Seattle-Airport, located at 18740 International Boulevard, Seattle, Washington 98188. This notice is given pursuant to Art. II, Sec. 2 of the bylaws of WDS (the "Bylaws"). The purposes for which the special meeting is called are as follows:

1. To consider and vote upon adoption of the proposed amendments to the Bylaws set forth in Exhibit A attached to this notice (subject to any additional approval by Independent Directors that may be required under Art. X, Sec. 1 of the Bylaws).
2. To consider and vote upon adoption of the proposed amendments to the Bylaws set forth in Exhibit B attached to this notice (subject to any additional approval by Independent Directors that may be required under Art. X, Sec. 1 of the Bylaws), as an alternative in the event the proposed amendments to the Bylaws set forth in Exhibit A either are not duly approved by members at the meeting, or are duly approved by the members at the meeting but do not thereafter receive any required approval by Independent Directors under Art. X, Sec. 1 of the Bylaws.
3. To discuss (but not vote or take any action upon) such other matters relating to the business, competitive circumstances, compensation practices and governance of WDS as may be useful to consider in connection with the foregoing items of business.

A meeting room accommodating approximately 750 attendees has been reserved for approximately two hours for these purposes. Members in good standing will be asked to show photo identification in order to be admitted to the meeting and receive a ballot for voting on the proposed Bylaws amendments.

Date of Notice: September 27, 2011

By order of the Board of Directors,



Jack E. Neal, DDS, Secretary

Attachments:
Exhibit A
Exhibit B