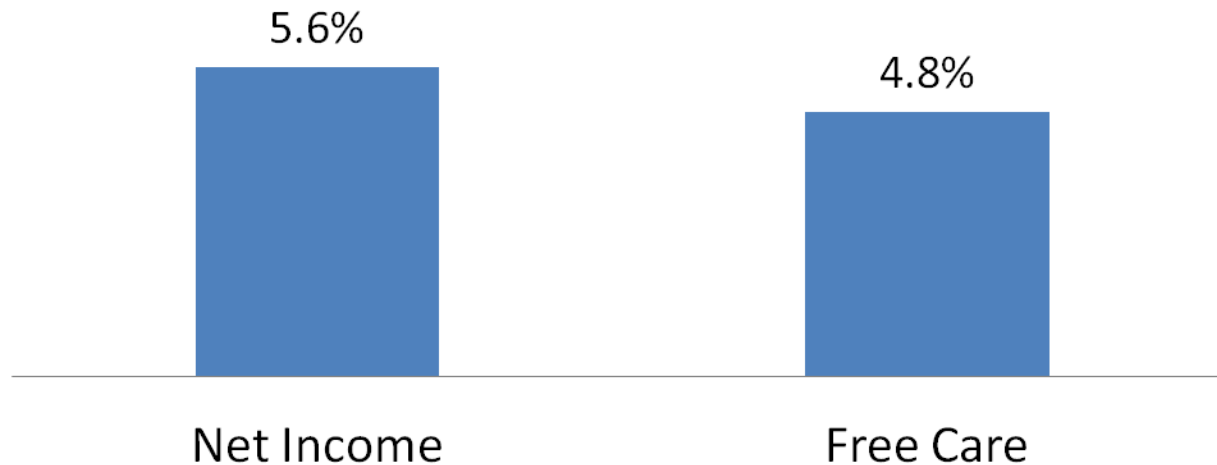


Kool Smiles

Facts & Background

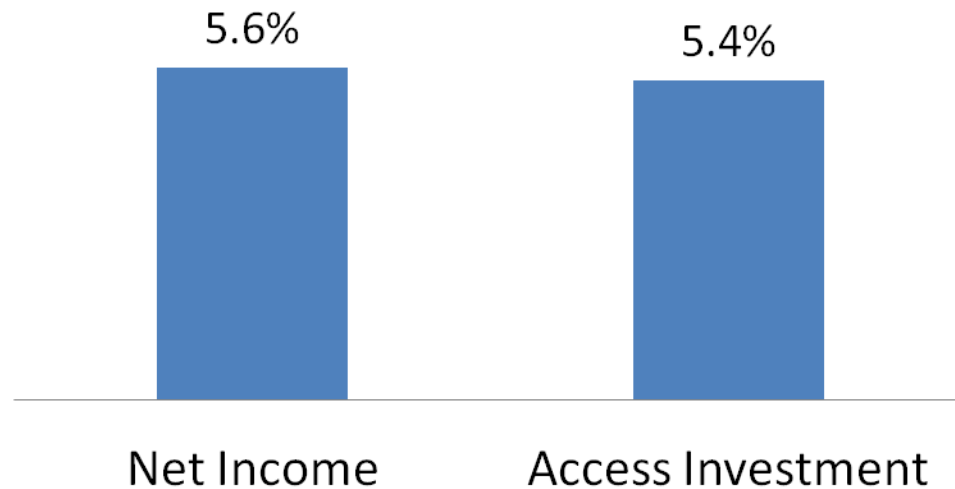
Kool Smiles Provides Almost As Much In Free Care As It Made In Net Income.



Source: 2011 financials. Audit pending finalization. Independent accountants are in the process of reviewing these calculations and expect to be complete with their review by Thursday, May 24, 2012. A copy of the review report can be provided at the request of Frontline. Both figures expressed as a percent of Net Revenue.

Free care is defined as charges for procedures Kool Smiles performed during the year ended December 31, 2011 but did not bill to insurance companies and/or patients. Such charges were reduced by 40% for estimated differences between Kool Smiles charge rate and customary insurance payer reimbursement rates. Kool Smiles also excluded certain procedures from its definition of free care as certain insurance payers do not provide reimbursement for those procedures. Note this is not bad debt.

Kool Smiles, In Its Commitment To Expand Oral Health Access To Underserved Communities, Invested Almost All Of Our 2011 Net Income In Building New Offices.



"Access Investment" is 2011 capital expenditures for new offices opened in 2011 or opening in 2012 only, does not include operating expenses or operating losses, such as the hiring and training of staff, including pre-opening losses, which would increase the investment.

Independent accountants are in the process of reviewing these calculations and expect to be complete with their review by Thursday, May 24, 2012. A copy of the review report can be provided at the request of Frontline.

Both figures expressed as a percent of Net Revenue from 2011 financials.

The Business Services NCDR Provides
To Kool Smiles Are Commonplace In
Many Professions
Including Almost All Hospitals and
Medical Environments.

There are “templates for success” for this model
from whom Kool Smiles has developed its
operating model and partnership with NCDR.

Kool Smiles Dentists Specifically Agree To Use Their Own Professional Discretion.

Job Duties

You will be expected to provide general dentistry services to children and adults. As an employee Associate Dentist, we expect the following from you under the overall supervision of Kool Smiles:

- 1) Provide dental services in strict compliance with federal, state and local law, rules and regulations, including the State Dental Practice Act and the rules and regulations of the State Dental Board, the applicable guidelines of the American Academy of Pediatric Dentistry (AAPD) and American Dental Association (ADA), the prevailing standards of care in the community where you practice, and Kool Smiles policies and procedures.
- 2) Supervise and educate Dental Assistants and Hygienists assisting you during the provision of clinical services.
- 3) Conduct necessary record keeping and charting, in an accurate and timely manner, specific to your patients as outlined by the Kool Smiles training manual and in keeping with acceptable standards of a licensed dentist. We expect that all charts must be signed on the day of service.
- 4) Review patient treatment plans with parents or guardians to secure informed consent for required procedures and instill confidence in the clinical care provided at Kool Smiles.
- 5) Share in the treatment of emergency cases and “on call” duties with other Kool Smiles dentists.

General Duties

During your employment you agree to conduct business in a manner that serves the best interests of Kool Smiles and to positively promote Kool Smiles with our patients, patients' families and the community. In addition, you acknowledge that ADA, AAPD and Kool Smiles guidelines are shared best practices and that individual clinical judgment will be used in treating every patient. In addition, you will be responsible for the result and treatment outcome of your patients and will not hold Kool Smiles or the clinical leadership at Kool Smiles responsible for the treatment that you provide.

Excerpt from dentist offer letter – full text provided as attachment.

Kool Smiles Offers Base Salaries. Dentists Qualify For A Conservative Variable Component Of 25% Of Operatory Work Above Base Pay Only If Compliance Goals Are Met And Quality Audits Are Passed.

	Kool Smiles	Group Practice A	Group Practice B	ADA Survey
Compliance Qualifier	Yes	?	?	No
Clinical Audit Qualifier	Yes	?	?	No
Additional Comp For Xrays?	No	?	?	Yes
Variable Comp Percentage	25%	35%	30%	38%
Base Salary	\$120,000	\$0	\$75,000	\$0

Reference: Kool Smiles Doctor Bonus Agreement and ADA.org: 2010 Survey Of Dental Practice – Pediatric Dentists In Private Practice (page 23, Gross Billings – Expenses = Total Compensation % (may include deferred income, etc)).

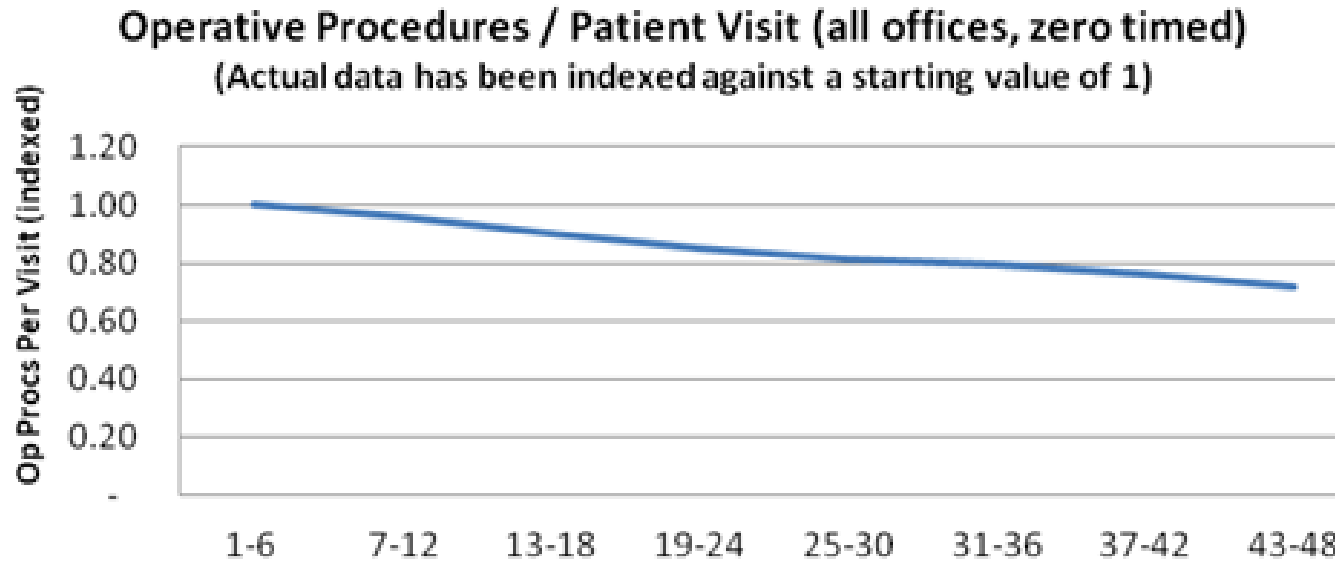
Dentists Do Not Receive Revenue, Patient
or Procedure Targets Or Scorecards.

Returning Patients Is A Leading Indicator
Of The Level Of Patient Satisfaction.
We Are Proud That 74% Of Our Patients So
Far This Year Are Returning Patients.
That Is Why We Set Goals For Non-Clinical
Staff: We Want Them To Provide Great
Service That Leads To Returning Patients
And Give High Performing Support Staff
Incentive To Stay With Us For Their Career.

Reference: 3rd party survey as part of “Project Discovery” In March, 2012
commissioned by Kool Smiles to survey patient base about what drives patient
satisfaction. Proprietary data, findings can be confirmed by independent 3rd party.

YTD Patient Data 5/15/2012.

Over A 4 Year Period, Kool Smiles Patient Operative Needs Decrease By 28% - A Firm Indicator Of Improved Oral Health.



Kool Smiles is helping to improve the oral health of the communities we serve. We can see that the amount of operative care required steadily decreases the longer we are in a community. In fact, our data shows that the number of operative procedures per patient visit decreased by 28% over 48 months. Using an indexed starting point of 1, operative procedures per patient visit dropped from 1.00 during the first 6 months of operation down to only 0.72 in months 43-48. This data represents over 120 offices/neighborhoods and millions of patient visits.

With decreased restorative needs for our patients, it is important that we continue to grow our preventative care practice. Without sustained growth in hygiene visits, which are driven by good customer service (prior ref), the Kool Smiles model would not succeed. This is the behavior and growth we target for our non-clinical staff and what we believe is healthy for everyone.

A Growing Practice Indicates Great Customer Service. A Growing Preventative Practice Indicates Improved Oral Health.

Only if compliance goals are met, office managers receive a bonus based on their attainment of customer satisfaction scores, and achievement of patient and revenue targets. Hygienists do not receive bonuses.

Target	Reasoning
Compliance	All care must be offered in a safe, healthy environment for patients and providers. No bonus paid if this is not achieved.
Patient Satisfaction	Great patient satisfaction is a requirement for an office manager to receive a bonus. 30 random patients are surveyed each month.
Patients	A growing practice indicates we are achieving our mission and creating more dental homes.
Revenue	We want to assure every patient has appropriate opportunity to meet with and receive treatment from the dentist. In addition, as our offices operate on thin margins with fixed costs, it incents staff to stay focused on patients vs. other, less valuable, activities.

Isolated Cases and Single Anecdotes Do
Not Tell Our Story.

The GA DCH Claims Proved To Be Unsubstantiated and Shows 90% Of Findings Were Administrative - Consistent With Other Providers In Govt's Own Study.

Kool Smiles March 2007 DCH Audit Summary.

Executed on January 18, 2008

Closed the books on the audit initiated by DCH in March of 2007 for services during the time period October 1, 2005 - September 30, 2006.

- The audit included the services provided by 18 different dentists for which Kool Smiles was the payee. The agreement included all 18 dentists, none of whom lost their Medicaid ID.
- Kool Smiles maintains all services were properly performed, billed and delivered at an acceptable quality of care.
- DCH maintained that certain services had documentation, billing and other errors for which reimbursements to the Medicaid program were due.
- Kool Smiles agreed not to seek administrative review and provided reimbursement in order to avoid the time and expense of litigation.
- DCH agreed to no further audits of Kool Smiles for this time period and no referral of this audit to any other agency.

No Kool Smiles Dentist In GA Has Ever
Lost His Or Her Medicaid ID Or Ability To
Serve Medicaid Patients.
WellCare And Avesis Terminations Were
Not For Cause And Subsequent Audits
From WellCare's Auditor,
Doral/DentaQuest Had No Findings.

Reference attachments: Avesis Letter 072707.pdf, AvesisTerminationNotice-062907.pdf.,
WellCare Doral 072507.pdf. Kool Smiles Forest Park GA.PDF and Kool Smiles of Smyrna 1-09.pdf.

DCH Audit Finding Summary

Findings for Kool Smiles providers can be grouped into five categories. A total of \$193k was reimbursed, this was 1.27% of the reimbursements received for the audit period. It is also important to note that these findings were made prior to our implementation of electronic health records in Georgia – which basically has eliminated the administrative findings from any current audits and is a collective point of pride in our organizations:

Administrative Documentation Issue: Signature (34.4%, \$66k) – *Billings denied for provider signature not being in expected location in the patient record for the date of service*

Administrative Documentation Issue: Interface (28.5%, \$55k) – *Billed under incorrect provider number. The correct rendering provider was indicated on the patient record and by name in the electronic billing file. The wrong provider number was reflected in the electronic billing file causing this interface error. This issue has been completely corrected.*

Administrative Documentation Issue: Incomplete Documentation (23.1%, \$45k) – *Billings denied for documentation that is missing or not adequately supportive of services provided*

Difference of professional opinion, consistent with HHS/OIG study (10.3%, \$20k) – *Billings denied where auditors disagreed with care provided (would have been defended if not for situation in state).*

X-Ray or Billing Code (3.7%, \$7k) – *Billings denied for missing x-rays or billing code errors*

The Massachusetts Auditors Report Confirms Our Diligence To Attain Full Compliance With Regulations.

“We believe this audit report shows the administrative burden and difficulty for dentists who are willing to provide for this at-risk population. As the audit indicates, Kool Smiles proactively sought guidance from regulators to assure our billing procedures were in compliance with applicable state laws. We are proud that this audit specifically documents that Kool Smiles works hard to partner with regulators to attain full compliance.”

-Dr. Paul O. Walker, DDS, Vice President Clinical Quality for Kool Smiles and Board Certified Pediatric Dentist. Former member of the Board of Trustees for the American Academy of Pediatric Dentistry and President and Director/Examiner for the American Board of Pediatric Dentistry.

No Specific Claims Were Made About Kool Smiles “Treating To The Benefit” In The Auditors Report.

We believe the x-ray bundling results clearly document that Kool Smiles has been a good citizen, proactively attempting to clarify regulations to assure compliance.

For Periapicals, we do not, and have never had, any protocol to “treat to the benefit” as the audit alludes is the case for “many providers.” Our clinical guidelines, as provided by clinical leadership, is the exact standard set by the ADA and AAPD and can be found in the following slides. Kool Smiles dentists are not compensated by providing these x-rays, so their only incentive is to provide patients with the correct and appropriate treatment.

- Please note the quote made in the auditor’s report is unsubstantiated and should be supported by the claimant.
- Our clinicians believe these x-rays are completed in the best interest of the child and we generally provide these x-rays, even where no specific reimbursement exists. In fact, in 2011, Kool Smiles provided nearly \$2M of these specific x-rays, digitally, for free because it was the right thing to do for the patient and supported with ADA and AAPD clinical guidelines.
- Massachusetts has a unique regulation which states this diagnostic x-ray may only be taken if a condition exists – a condition that only the x-ray can uncover. Clearly this puts providers and children in a difficult position.

Kool Smiles X-Ray Guidelines Are Identical To Those Outlined By The ADA and AAPD.

From: American Dental Association, U.S. Food & Drug Administration. The Selection of Patients For Dental Radiograph Examinations. Available on www.ada.org

GUIDELINES FOR PRESCRIBING DENTAL RADIOGRAPHS

The recommendations in this chart are subject to clinical judgment and may not apply to every patient. They are to be used by dentists only after reviewing the patient's health history and completing a clinical examination. Because every precaution should be taken to minimize radiation exposure, protective thyroid collars and aprons should be used whenever possible. This practice is strongly recommended for children, women of childbearing age and pregnant women.

TYPE OF ENCOUNTER	PATIENT AGE AND DENTAL DEVELOPMENTAL STAGE				
	Child with Primary Dentition (prior to eruption of first permanent tooth)	Child with Transitional Dentition (after eruption of first permanent tooth)	Adolescent with Permanent Dentition (prior to eruption of third molars)	Adult, Dentate or Partially Edentulous	Adult, Edentulous
New patient* being evaluated for dental diseases and dental development	Individualized radiographic exam consisting of selected periapical/occlusal views and/or posterior bitewings if proximal surfaces cannot be visualized or probed. Patients without evidence of disease and with open proximal contacts may not require a radiographic exam at this time.	Individualized radiographic exam consisting of posterior bitewings with panoramic exam or posterior bitewings and selected periapical images.	Individualized radiographic exam consisting of posterior bitewings with panoramic exam or posterior bitewings and selected periapical images. A full mouth intraoral radiographic exam is preferred when the patient has clinical evidence of generalized dental disease or a history of extensive dental treatment.		Individualized radiographic exam, based on clinical signs and symptoms.
Recall patient* with clinical caries or at increased risk for caries**	Posterior bitewing exam at 6-12 month intervals if proximal surfaces cannot be examined visually or with a probe			Posterior bitewing exam at 6-18 month intervals	Not applicable
Recall patient* with no clinical caries and not at increased risk for caries**	Posterior bitewing exam at 12-24 month intervals if proximal surfaces cannot be examined visually or with a probe		Posterior bitewing exam at 18-36 month intervals	Posterior bitewing exam at 24-36 month intervals	Not applicable

Reference: Kool Smile X-Ray Protocols, page 1 of 3

Kool Smiles X-Ray Guidelines Are Identical To Those Outlined By The ADA and AAPD.

From: American Dental Association, U.S. Food & Drug Administration. The Selection of Patients For Dental Radiograph Examinations. Available on www.ada.org

GUIDELINES FOR PRESCRIBING DENTAL RADIOGRAPHS, cont'd.

TYPE OF ENCOUNTER	PATIENT AGE AND DENTAL DEVELOPMENTAL STAGE				
	Child with Primary Dentition (prior to eruption of first permanent tooth)	Child with Transitional Dentition (after eruption of first permanent tooth)	Adolescent with Permanent Dentition (prior to eruption of third molars)	Adult Dentate and Partially Edentulous	Adult Edentulous
Recall patient* with periodontal disease	Clinical judgment as to the need for and type of radiographic images for the evaluation of periodontal disease. Imaging may consist of, but is not limited to, selected bitewing and/or periapical images of areas where periodontal disease (other than nonspecific gingivitis) can be identified clinically.				Not applicable
Patient for monitoring of growth and development	Clinical judgment as to need for and type of radiographic images for evaluation and/or monitoring of dentofacial growth and development		Clinical judgment as to need for and type of radiographic images for evaluation and/or monitoring of dentofacial growth and development. Panoramic or periapical exam to assess developing third molars	Usually not indicated	
Patient with other circumstances including, but not limited to, proposed or existing implants, pathology, restorative/endodontic needs, treated periodontal disease and caries remineralization	Clinical judgment as to need for and type of radiographic images for evaluation and/or monitoring in these circumstances.				

Reference: Kool Smile X-Ray Protocols, page 2 of 3

Kool Smiles X-Ray Guidelines Are Identical To Those Outlined By The ADA and AAPD.

5. Remineralization monitoring
6. Presence of implants or evaluation for implant placement

B. Positive Clinical Signs/Symptoms

1. Clinical evidence of periodontal disease
2. Large or deep restorations
3. Deep carious lesions
4. Malposed or clinically impacted teeth
5. Swelling
6. Evidence of dental/facial trauma
7. Mobility of teeth
8. Sinus tract (“fistula”)
9. Clinically suspected sinus pathology
10. Growth abnormalities
11. Oral involvement in known or suspected systemic disease
12. Positive neurologic findings in the head and neck
13. Evidence of foreign objects
14. Pain and/or dysfunction of the temporomandibular joint
15. Facial asymmetry
16. Abutment teeth for fixed or removable partial prosthesis
17. Unexplained bleeding
18. Unexplained sensitivity of teeth
19. Unusual eruption, spacing or migration of teeth
20. Unusual tooth morphology, calcification or color
21. Unexplained absence of teeth
22. Clinical erosion

**** Factors increasing risk for caries may include but are not limited to:**

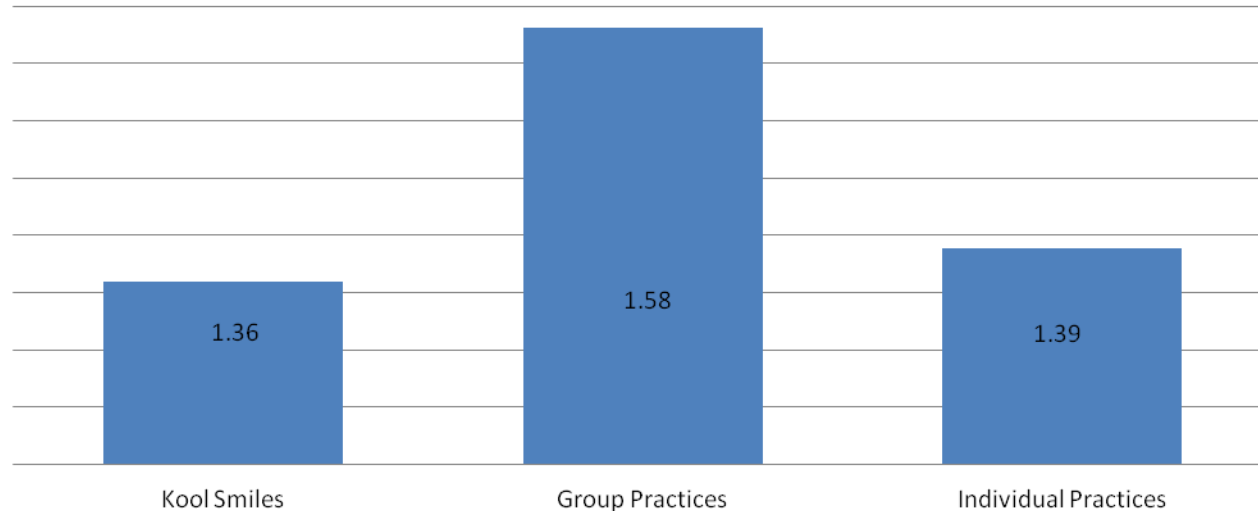
1. High level of caries experience or demineralization
2. History of recurrent caries
3. High titers of cariogenic bacteria
4. Existing restoration(s) of poor quality
5. Poor oral hygiene
6. Inadequate fluoride exposure
7. Prolonged nursing (bottle or breast)
8. Frequent high sucrose content in diet
9. Poor family dental health
10. Developmental or acquired enamel defects

Reference: Kool Smile X-Ray
Protocols, page 3 of 3

Using The Texas Reimbursement Data, We Can Confirm Our X-Rays Are Consistent With Individual Practices

When Compared To Other Children's Medicaid Providers, Kool Smiles Diagnostic X-Rays Are Consistent With Individual Providers.

X-Rays Per Patient



Data Source: Texas Medicaid FY 2011 Claims Paid Data

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.

Analysis (56MB file) can be provided or independently confirmed.

The Mares Case Is An Unusual Case And Not Representative Of Our Patient Population nor Treatment Experience.

“Kool Smiles’ licensed dentists performed a comprehensive assessment of the patient’s extensive dental needs, which included visible decay noted by her mother as “rotting front teeth” on the patient’s intake form. Ultimately the dentist determined 10 of her 20 teeth had decay, and developed a medically appropriate treatment plan in full cooperation with the patient’s mother, which included written consent. An external dental expert has determined that the treatment plan, as revised and consented by the parent, and care provided, was appropriate and in compliance with established professional guidelines.

The care was provided at the request of the mother. The patient and parent were ultimately referred to another dental care provider following threatening behavior by the patient’s mother which led to concerns for safety of doctors, staff and the patients. Patient termination has occurred in less than 1 in every 225,000 cases and only out of safety concerns. We believe this case to be exceptionally rare and not reflective of our patient population nor treatment experience.”

Dr. Paul O. Walker, DDS, Vice President Clinical Quality for Kool Smiles and Board Certified Pediatric Dentist.

The Mares Case Represents The Extremes That Kool Smiles Dentists Face – Even Threats Of Physical Violence.

- The change in treatment plan from a composite filling to a crown was approved in writing by the mother, and has been determined appropriate by multiple dental auditors.
- The mother requested additional work to be done on the same day, but the dentist asked to limit the amount of work to be completed so that the child wouldn't become uncomfortable.
- The mother approved of the limited treatment plan for the day, accepting nu-smiles white esthetic crowns at no additional cost to her, which our dentist offered.
- The dentist completed the first two crowns without issue and had difficulty seating the third crown.
- The dentist offered to refer the patient to a pediatric specialist to complete the remaining procedures outlined in the treatment plan.
- The mother became irate and began shouting profanities and interfered with the treatment after the dentist provided the child with additional anesthesia.
- The mother chased the dentist through the office after the dentist was forced to leave due to concerns for her safety and was not able to complete the procedure because of the parent's interference.
- Ultimately staff members had to intervene after the parent threatened to strike the dentist and continued to curse at her.
- Our dentist correctly requested that another dentist complete the procedure.
- The case was immediately escalated to the Regional Dental Director for Kool Smiles for internal investigation.
- During the investigation, the patient was contacted by the Regional Dental Director who noted inconsistencies with the parent's claims.
- The parent called the Regional Dental Director over 10 times in a single day and had four conversations with the Dental Director. The parent also called the office several times during the same day.
- Contrary to the claims made from the patient, both David Lowe and Dr. Dale Mayfield deny having any conversations with this parent.
- Out of concern for the safety of our doctors, staff and patients, the patient relationship was terminated.

In CT, Our Compliance Program And Oversight Was Able To Identify The Problems And Correct Them. The Quality Issues Involved A Small Number of Doctors For A Short Period Of Time. We Have Enhanced Our Compliance Program Nationwide and Currently Enjoy A Good Working Relationship With The State of CT.

“We currently enjoy a close working relationship with the state of Connecticut and are proud of the results when regulators partner with us to assure continued patient access to quality dental care.”

Dr. Paul O. Walker, DDS, Vice President Clinical Quality and Board Certified Pediatric Dentist.

We Adhered To Clinical Guidelines Even When Higher Financial Incentives Were Available.

We believe the situation in CT, where we have provided detailed information, provides some critical insight into our adherence to the guidelines set by the AAPD and ADA. Consistent with AAPD and ADA standards of care (see letter on why audits may differ), Kool Smiles dentists have consistently opted for the clinical standard of care in the best interest of the patient and not taken what would generate the largest reimbursement.

Kool Smiles dentists remained consistent with the appropriate clinical protocol and referred out the patients with crowns in their treatment plans. This forfeited both the revenue as well as in many cases losing the patient to the dentist to whom the patient was referred. This holds if you compare before and after pre-authorization requirements as well as if you compare when we were allowed to perform crowns and when we were not. Treatment planning stayed consistent with ADA and AAPD guidelines and provided for the best interest of the child.

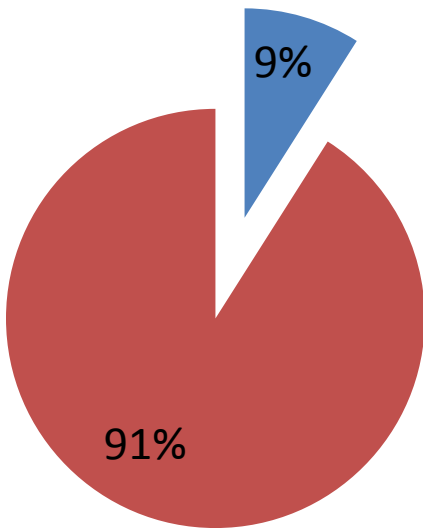
Public Data and Audits Confirm Kool
Smiles Is A Quality, Conservative Provider.

Summary of Texas And Virginia 2011
Medicaid Reimbursement Data

In TX Kool Smiles Makes Up 9% Of The Patient Base, But Only 5% Of the Cost. Reimbursements Per Patient Are Lower Than Average For Kool Smiles vs Others.

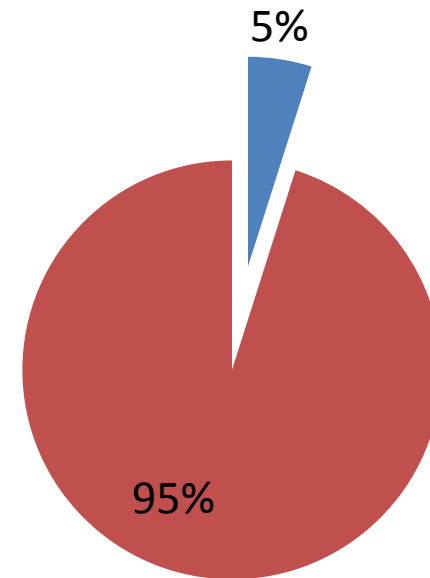
By Patients

■ Kool Smiles ■ Rest of State



By Payments

■ Kool Smiles ■ Rest of State

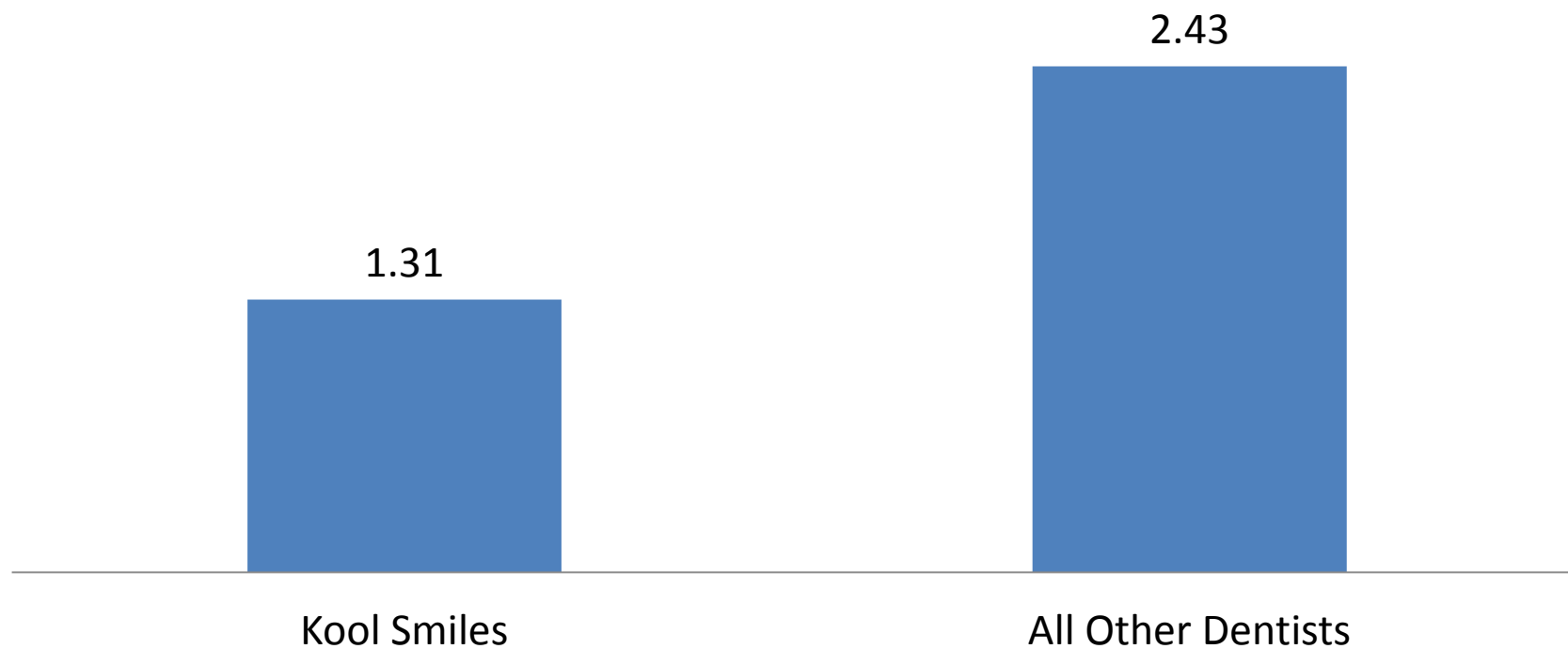


Source: Texas Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophy D1110 + D1120 codes

Payments based on total provider payments for all services

In TX, Kool Smiles Completes 46% Fewer Restorations Per Patient Than Other Dentists.

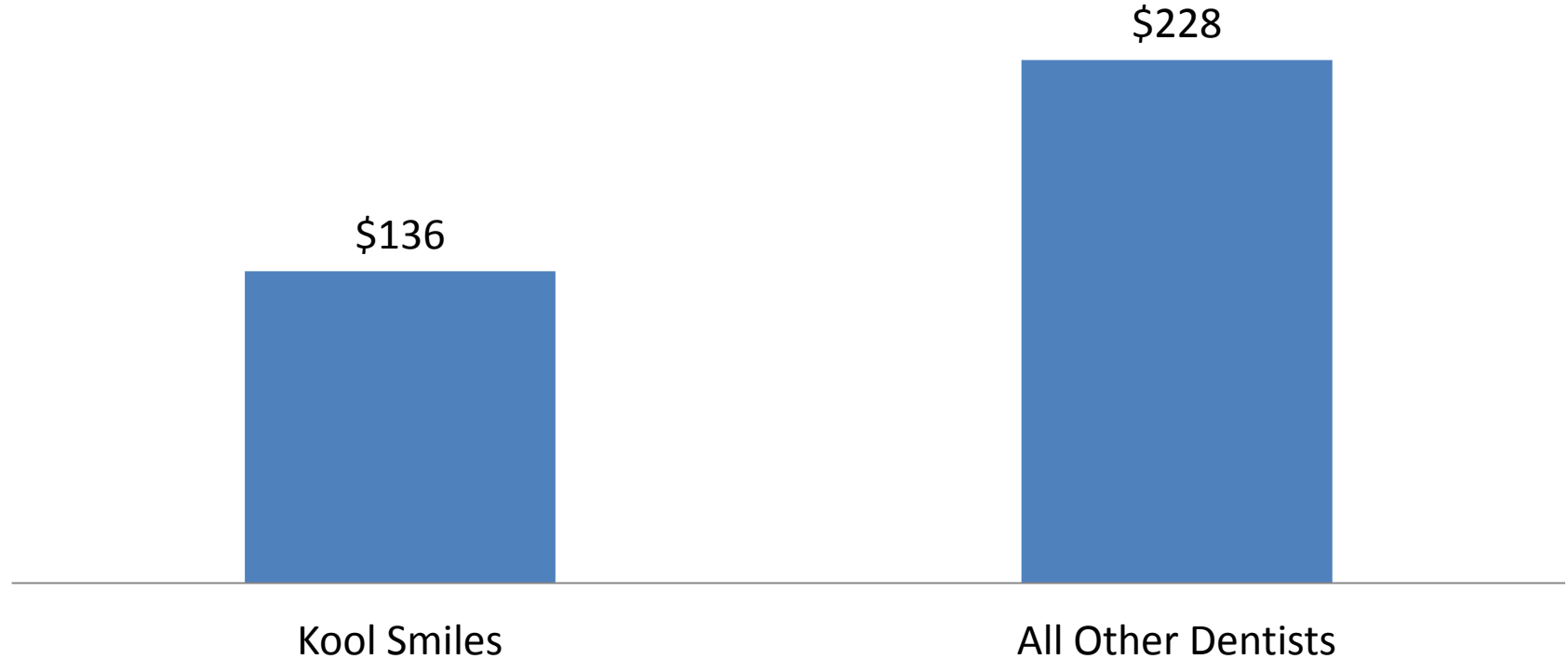


Source: Texas Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophy D1110 + D1120 codes

Restorations based on D2140 D2150 D2160 D2330 D2391 D2392 D2393 D2930 D2934

Kool Smiles Restorative Cost Per Patient In TX Is 40% Lower Than Other Dentists.

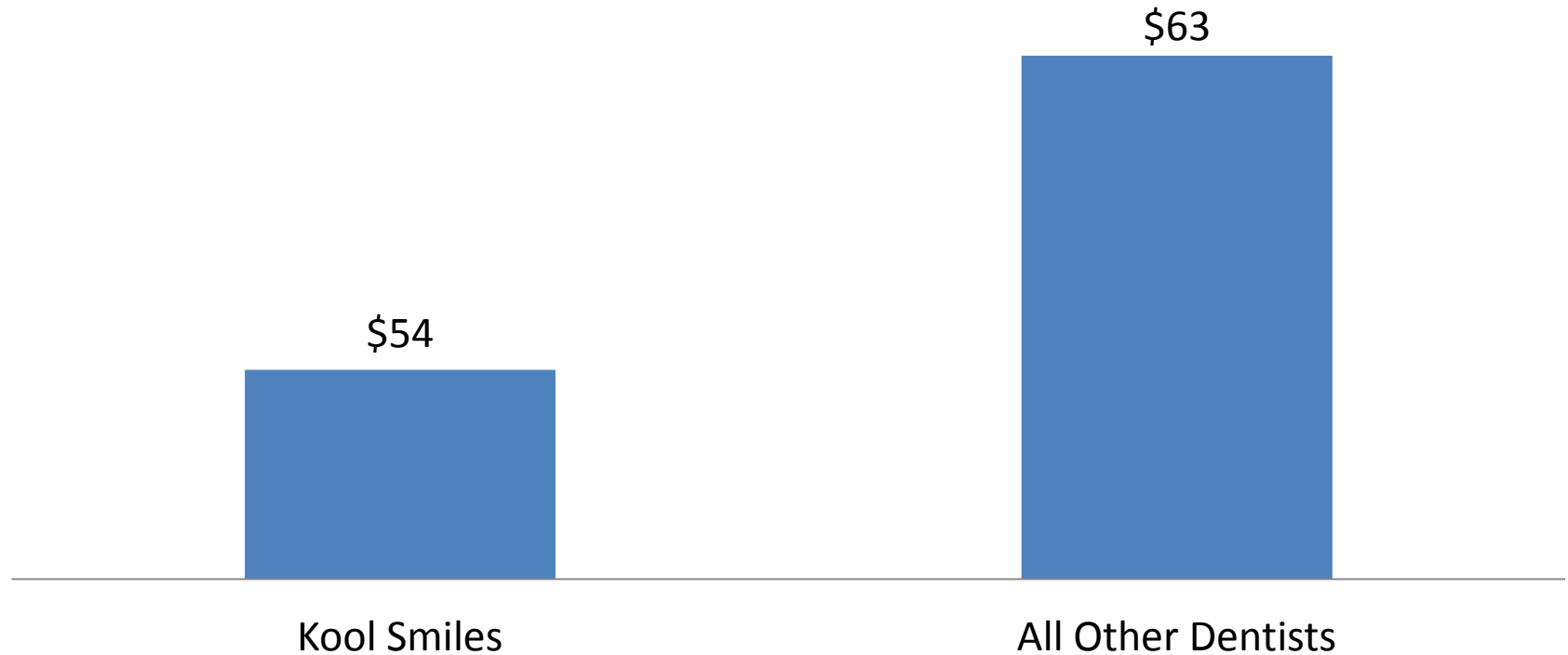


Source: Texas Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophylaxis D1110 + D1120 codes

Restorations based on D2391 D2140 D2330 D2392 D2150 D2393 D2160 D2930 D2934

Kool Smiles X-Ray Reimbursements Are 15% Lower Than All Other TX Dentists.

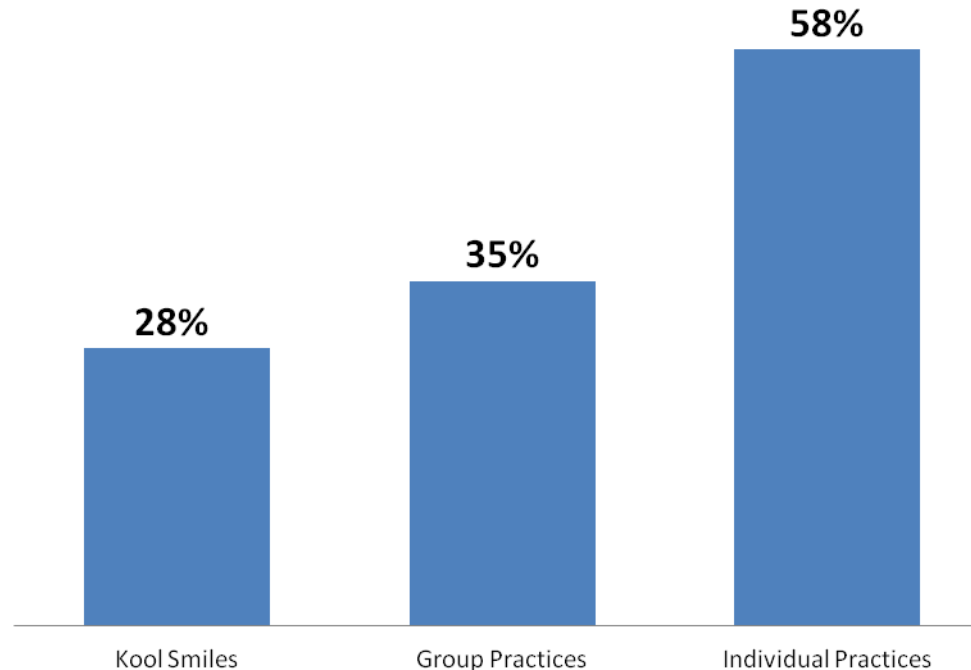


Source: Texas Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophylaxis D1110 + D1120 codes

Radiographs based on D0210 D0220 D0230 D0240 D0250 D0260 D0270 D0272 D0274 D0330

Kool Smiles Dentists Treatment Plan Crowns Less Frequently Than Comparable TX Dentists. (crowns/prophy)



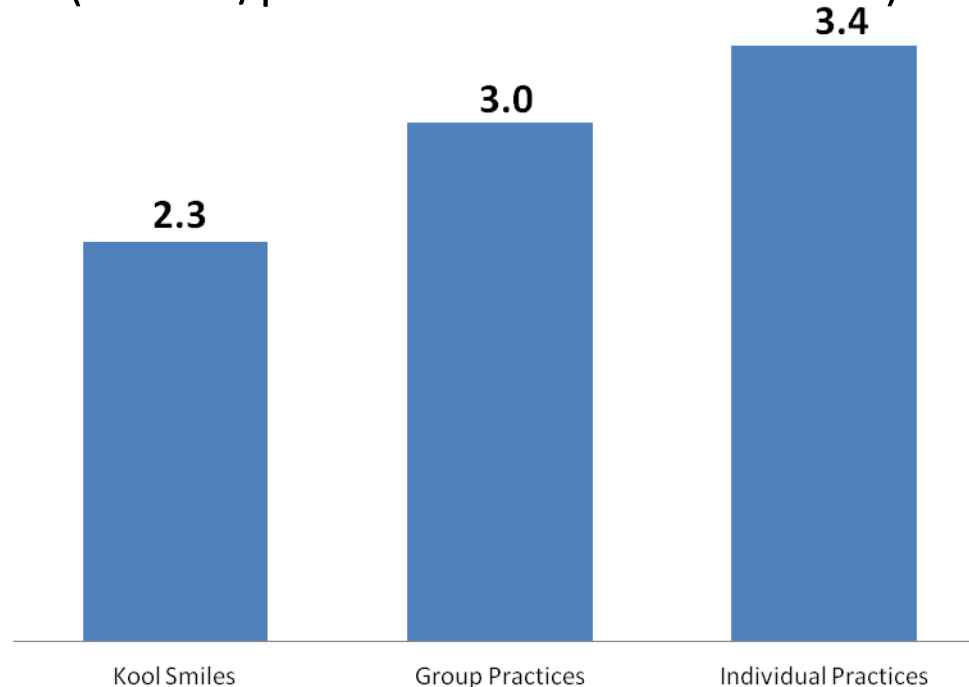
Data Source: Texas Medicaid FY 2011 Claims Paid Data

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.

Analysis (56MB file) can be provided or independently confirmed.

And When Crowns Are Treatment Planned...Kool Smiles Provides 22-33% Fewer Crowns Than Comparable Group Or Individual Practices In TX.

(crowns/patient who received crowns)



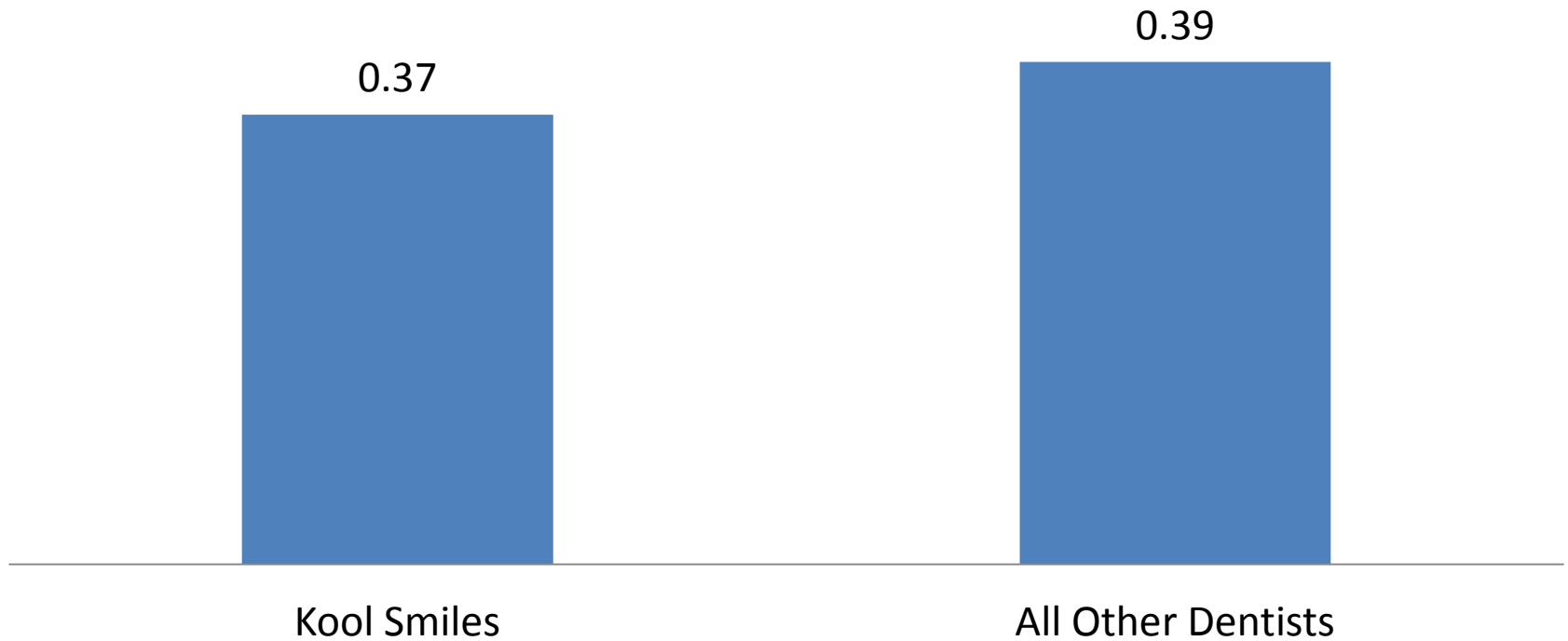
Data Source: Texas Medicaid FY 2011 Claims Paid Data

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.

Analysis (56MB file) can be provided or independently confirmed.

Even When Viewed In Aggregate Vs. Non Child Specific Providers In TX, Kool Smiles Provides Fewer Crowns Per Patient

(crowns / prophylaxis)

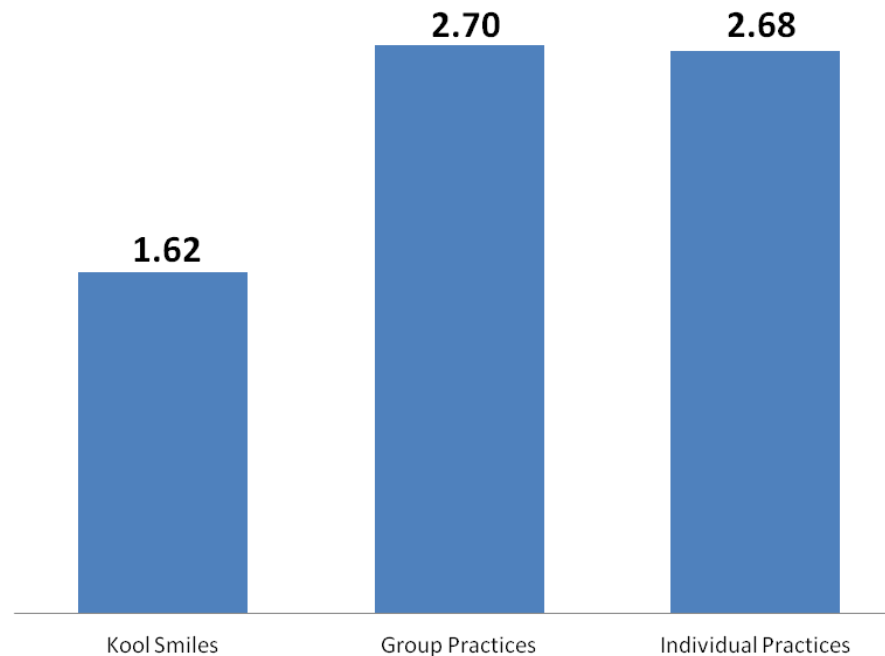


Source: Texas Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophylaxis D1110 + D1120 codes

Crowns based on D2930 + D2934 codes

Kool Smiles Completes 40% Fewer Pulpotomies Per Patient Than Comparables In TX.



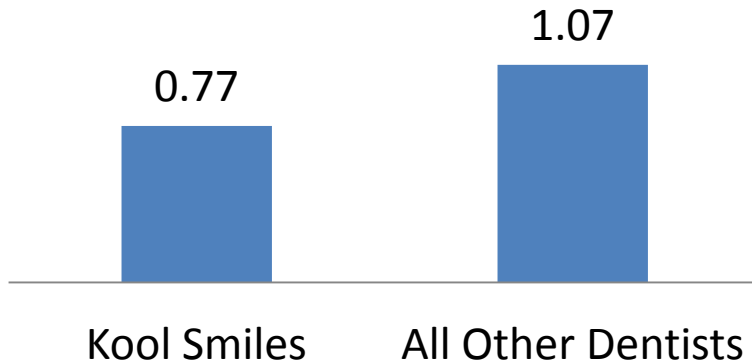
Data Source: Texas Medicaid FY 2011 Claims Paid Data

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.

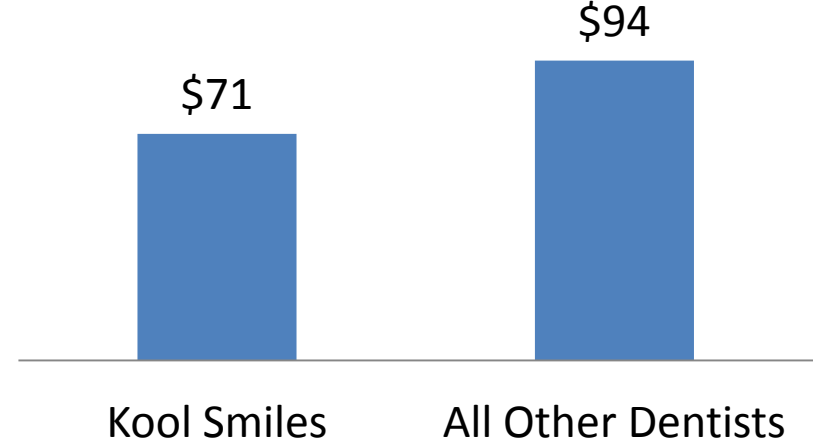
Analysis (56MB file) can be provided or independently confirmed.

And These Trends Hold in Virginia...

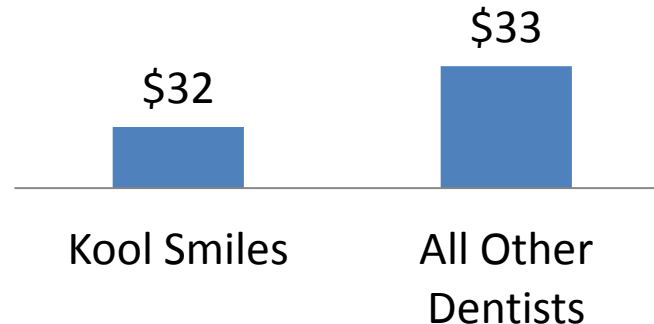
Restorations Per Patient



Restoration Cost Per Patient



X-ray Cost Per Patient



Source: Virginia Medicaid FY 2011 Claims Paid Data

Unique patient numbers calculated based on prophy D1110 + D1120 codes

Restorations based on D2140 D2150 D2160 D2330 D2391 D2392 D2393 D2930 D2934

Radiographs based on D0210 D0220 D0230 D0240 D0250 D0260 D0270 D0272 D0274 D0330

“Kool Smiles/NCDR has the most comprehensive compliance program the firm has encountered in dentistry to date.”

-Duane Tinker and Dental Compliance Specialists

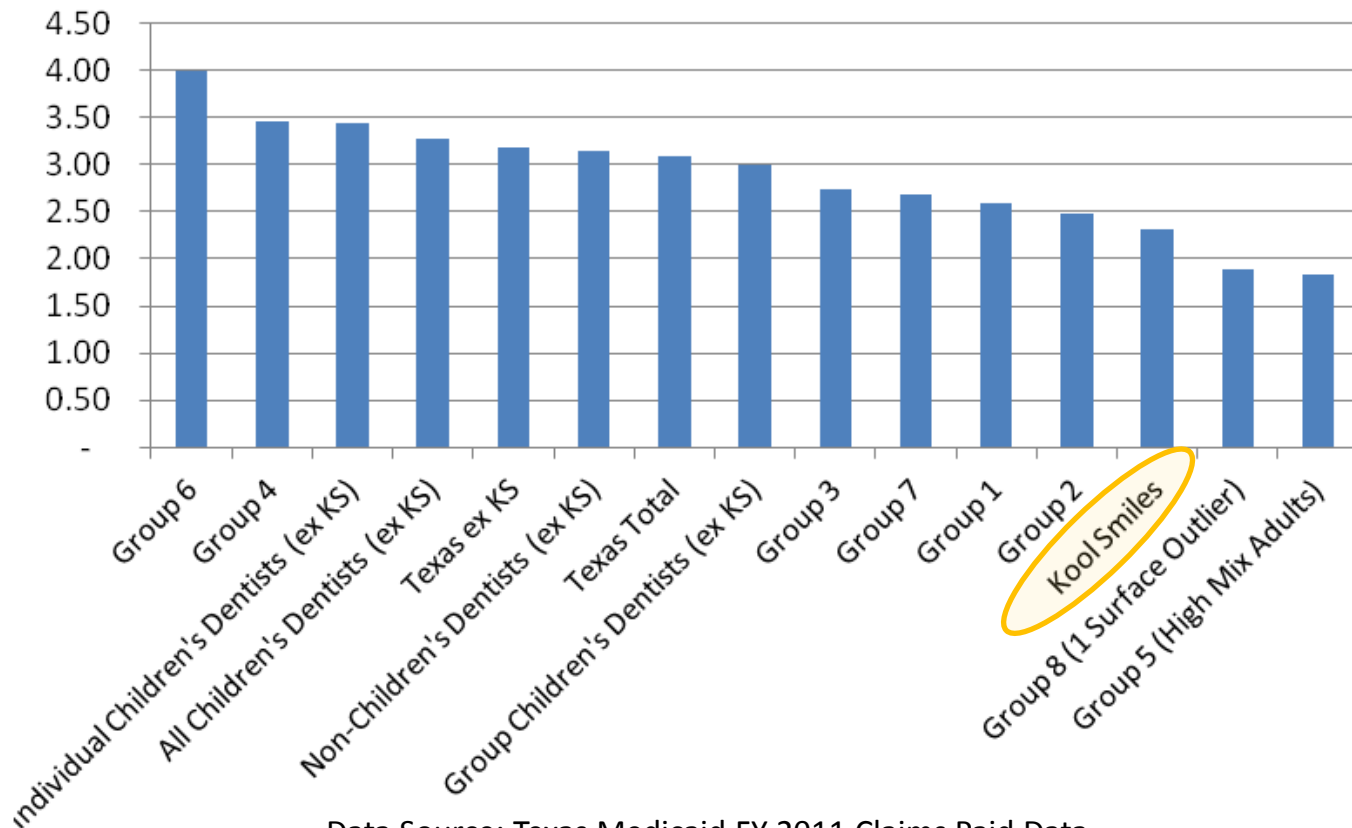
- As part of the continuous improvement process of the compliance program, Kool Smiles/NCDR engaged Dental Compliance Specialists, a leading dental compliance consultant to audit specific offices and provide a complete review of Kool Smiles office compliance program.
- This review concluded that Kool Smiles' Compliance Program is currently effective at preventing and reducing improper conduct which is a primary goal of any compliance program.
- Further the review concluded that Kool Smiles/NCDR has the most comprehensive compliance program the firm has encountered in dentistry to date.
- Kool Smiles/NCDR is finalizing a subsequent engagement with Dental Compliance Specialists which allows the firm to audit any office at any time without prior notification.

About Duane Tinker and Dental Compliance Specialists: Duane Tinker is a former Compliance Investigator for the Texas State Board of Dental Examiners. He has a background in law enforcement and healthcare. He is well-versed in State Board Rules and other state and Federal requirements. His team uses medical model compliance programs and best practices to build programs that work for the unique aspects of each client's business model. Dental Compliance Specialists develops compliance programs and training using the OIG model, The Federal Sentencing Guidelines, Medicaid Rules, each state's Dental Practice Act.

We Recognize That There Are Dentists
Who Are Treating Outside Of Recognized
Industry Norms.
Kool Smiles Is Not One Of Them.

We Are One Of The Most Conservative Dentists When Comparing Crowns Per Patient Among Comparables.

Crowns / Patient



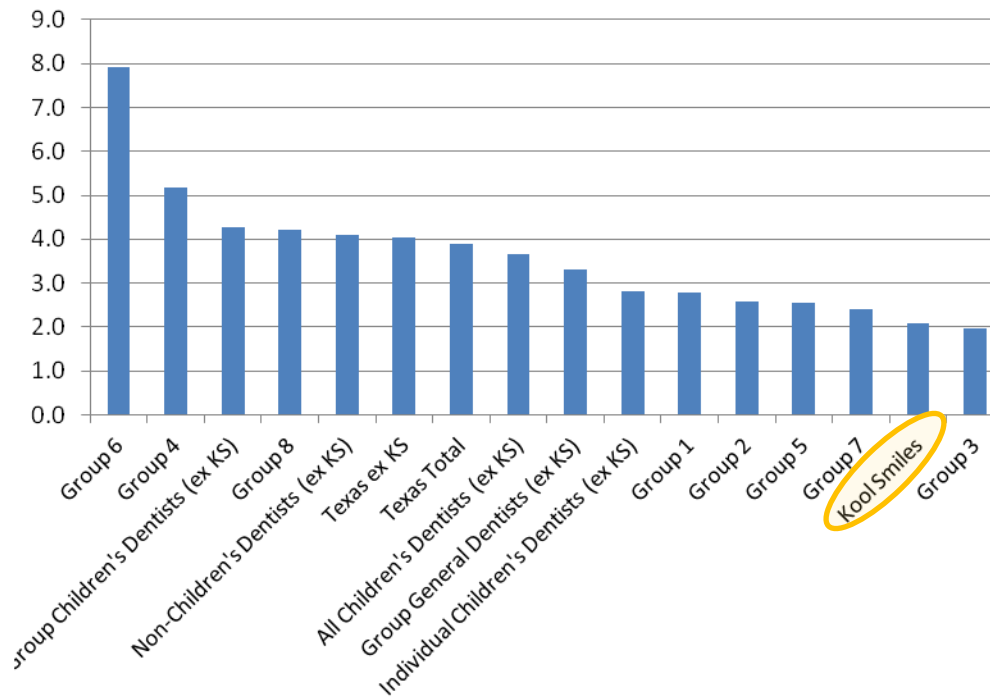
Data Source: Texas Medicaid FY 2011 Claims Paid Data.

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.

Analysis (56MB file) can be provided or independently confirmed.

There Are Examples Of Dentists Who Bill Multiple One-Surface Restorations

Bundling of restorations has become a hot topic with the new Texas Managed Care organizations.



Data Source: Texas Medicaid FY 2011 Claims Paid Data.

Methodology: Children's Dentist identified using the following keywords in provider name: 1) pediatric, 2) kids, 3) children. Kool Smiles identified using TPI's Group providers identified by searching name in provider field. Patients = "clients" in the data set Procedures per patient = count of services/count of clients.
Analysis (56MB file) can be provided or independently confirmed.

Our only statement on background:

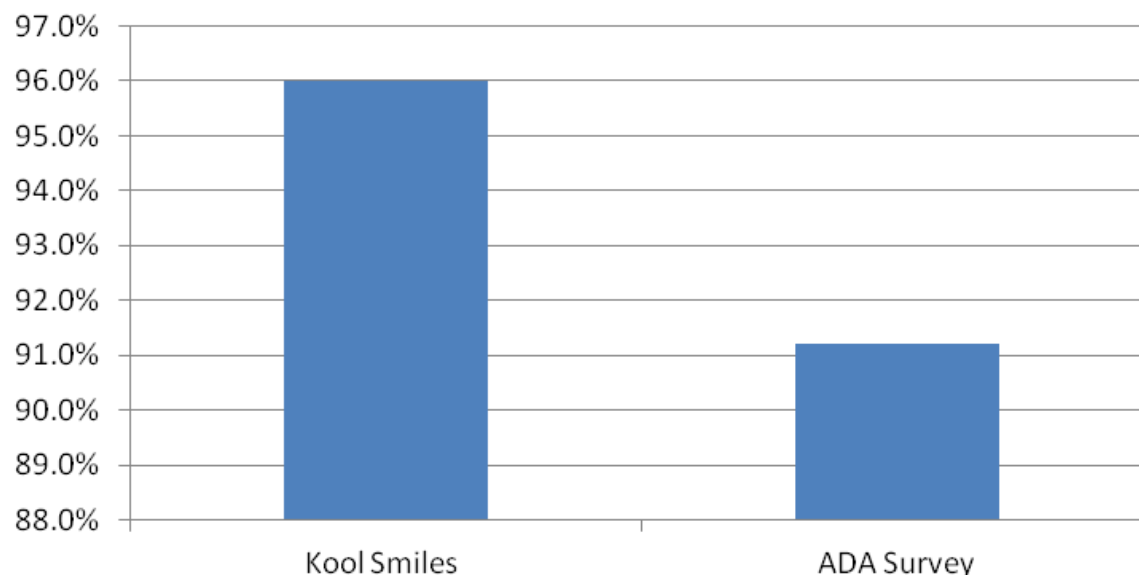
Our dentists often see dental work completed by other dental providers that must be redone or repaired. We often fix these issues free of charge because service limits have been met.

We believe a random sample of dental care among any set of hundreds of dentists could yield isolated cases of inadequate treatment. However the overwhelming majority of patients would receive excellent care, including across our own dentist population. Quality of care concerns should be addressed by the dental board and the dentist.

So, How Does Kool Smiles Succeed Where
Others Say They Would Fail?

Our EHR And Billing Processes Keep Cash Collection 4.8% Better Than The Industry. This Helps Drive Over 90% Of Our Net Income.

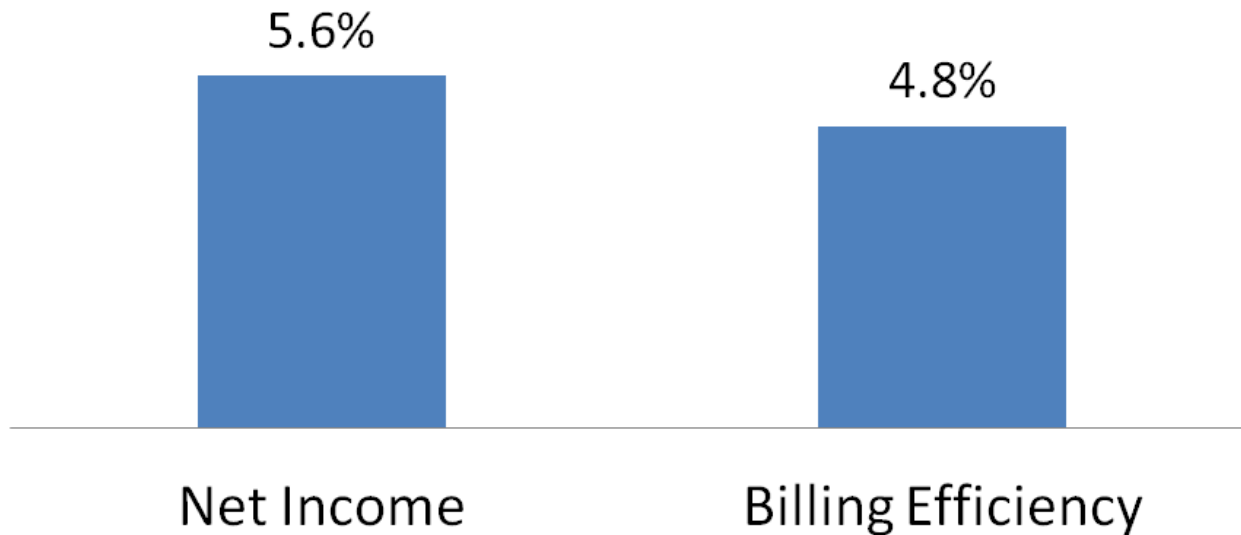
Collection Rate



References: Kool Smiles 2011 Collection Rate (Independent accountants are in the process of reviewing these calculations and expect to be complete with their review by Thursday, May 24, 2012. A copy of the review report can be provided at the request of Frontline), ADA.org: 2010 Survey Of Dental Practice – Pediatric Dentists In Private Practice (page 41, All Independent Nonsolo, Mean). Kool Smiles received national recognition as one of InfoWorld's Top 100 IT Projects of 2009 for its "Thin-Client EHR Initiative,"

<http://www.prnewswire.com/news-releases/kool-smiles-named-among-2009-infoworld-100-78172517.html>

Fact: Our Profit Margins Are Slim And If Our Collections Were At Industry Averages, We Would Barely Break Even.



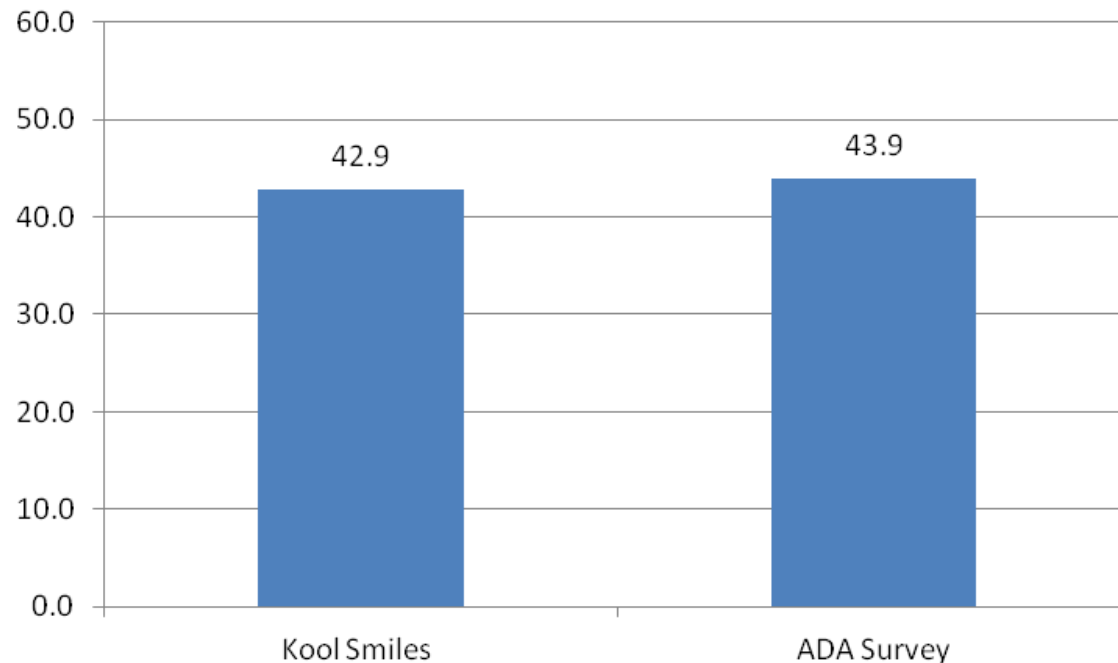
Billing efficiency = Kool Smiles 2011 collection rate (Independent accountants are in the process of reviewing these calculations and expect to be complete with their review by Thursday, May 24, 2012. A copy of the review report can be provided at the request of Frontline.) less the ADA reported 2009 collection rate (ADA.org: 2010 Survey of Dental Practice-Pediatric Dentists in Private Practice, page 41, All Independent Nonsolo, Mean)

Kool Smiles Doctors Spend As Much Time In The Office As ADA Survey Reports For Other Dentists



References: Kool Smiles Doctor Offer Letter, ADA.org: 2010 Survey Of Dental Practice – Characteristics of Private Practice and Their Patients (page 20, all general practitioners).

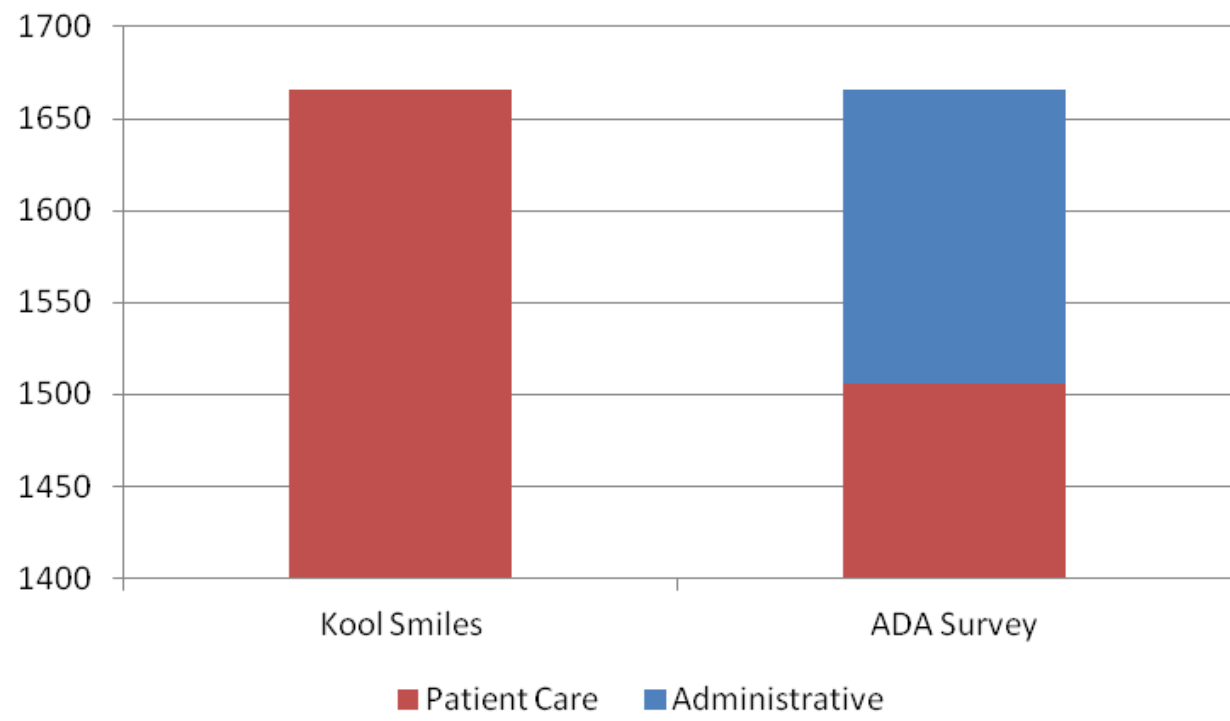
Kool Smiles Dentists Spend A Comparable Amount Of Time Per Patient As Reported By The ADA



References: Kool Smiles Cycle Time YTD 2012 of 48.6 minutes, Less Kool Smiles Wait Time March 2012 of 5.72 minutes, ADA.org: 2010 Survey Of Dental Practice – Characteristics of Private Practice and Their Patients (page 34, all specialists – best comparison as this population primarily serves pediatric patients with fewer teeth).

However, Kool Smiles Dentists Spend Close To 100% Of Their Time On Patient Care vs. The Average of 90%.

Kool Smiles Dentists Can Treat 11% More Patients Than Comparables, With No Sacrifice In Appointment Time For Any Patient, Due To Operational Support.



References: Kool Smiles Doctor Offer Letter, ADA.org: 2010 Survey Of Dental Practice – Characteristics of Private Practice and Their Patients (page 20, all general practitioners).

The only way to create a sustainable dental home is to focus on quality care while remaining financially healthy.

Simply, a practice that is not financially viable cannot be a long term dental home.

We believe every person deserves a
dentist.