

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

AMERICAN DENTAL PARTNERS INC

CIK: **1028087** | IRS No.: **043297858** | State of Incorporation: **DE** | Fiscal Year End: **1231**
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Mailing Address
201 EDGEWATER DRIVE
SUITE 285
WAKEFIELD MA 01880

Business Address
201 EDGEWATER DRIVE
SUITE 285
WAKEFIELD MA 01880-1249
781-224-0880

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 2005

Commission File Number: 0-23363

AMERICAN DENTAL PARTNERS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

04-3297858
(I.R.S. Employer
Identification No.)

American Dental Partners, Inc.
201 Edgewater Drive, Suite 285
Wakefield, Massachusetts 01880
(Address of principal executive offices, including zip code)

(781) 224-0880
(781) 224-4216 (fax)
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - Pre-commencement communications pursuant to Rule 132-4(c) under the Exchange Act
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ITEM 1.01 Entry into a Material Definitive Agreement

On April 26, 2005, the Board of Directors of American Dental Partners, Inc. established revised cash compensation for directors of the Company. Non-employee directors will be paid a quarterly retainer of \$5,000 and a fee of \$2,000 for each board meeting attended (other than telephonic meetings). The Chairman of the Audit Committee of the Board of Directors will be paid an annual retainer of \$10,000. The Chairman of the Compensation Committee of the Board of Directors will be paid an annual retainer of \$5,000. The non-employee directors who are members of the Audit Committee or the Compensation Committee will each be paid a fee of \$1,000 for each committee meeting attended (other than telephonic meetings), and the non-employee directors who are members of the Nominating Committee will be paid a fee of \$500 for each committee meeting attended (other than telephonic meetings). Non-employee directors will continue to be reimbursed for all reasonable out-of-pocket expenses incurred in attending board or board committee meetings.

On April 26, 2005, the shareholders of the Company approved the adoption of the 2005 Equity Incentive Plan and reservation of 450,000 shares of common stock for issuance under such plan, on the terms described in the Company's proxy statement. The table below indicates the votes for, votes against, votes abstained and broker non-votes on this proposal:

Votes for	5,875,633
Votes against	970,424
Abstain	50
Broker non-vote	737,553

On April 26, 2005, the shareholders of the Company approved the adoption of the 2005 Directors Stock Option Plan and reservation of 150,000 shares of common stock for issuance under such plan, on the terms described in the Company's proxy statement. The table below indicates the votes for, votes against, votes abstained and broker non-votes on this proposal:

Votes for	5,927,001
Votes against	914,906
Abstain	4,200
Broker non-vote	737,553

ITEM 2.02 Results of Operations and Financial Condition

On April 27, 2005, the Company issued a press release regarding results for the first quarter of 2005. A copy of the press release is attached hereto as Exhibit 99.1.

ITEM 9.01 Financial Statements and Exhibits

(c) Exhibits

10.1 American Dental Partners, Inc. 2005 Equity Incentive Plan

10.2 American Dental Partners, Inc. 2005 Directors Stock Option Plan

99.1 Press release dated April 27, 2005 regarding results for the first quarter of fiscal 2005 and information regarding PDG, P.A..

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN DENTAL PARTNERS, INC.

May 2, 2005

/s/ Breht T. Feigh

Breht T. Feigh
Executive Vice President,
Chief Financial Officer and Treasurer
(principal financial officer)

AMERICAN DENTAL PARTNERS, INC.

2005 EQUITY INCENTIVE PLANSection 1. Purpose of Plan.

The purpose of this 2005 Equity Incentive Plan (the “Plan”) of American Dental Partners, Inc., a Delaware corporation (the “Company”), is to advance the interests of the Company and its stockholders by providing a means of attracting and retaining key employees for the Company and its subsidiaries. In furtherance of this purpose, the Plan encourages and enables key employees to participate in the Company’s future prosperity and growth by providing them with incentives and compensation based on the Company’s performance, development, and financial success. These objectives may be promoted by granting to key employees equity-based awards in the form of one or more of the following: (a) incentive stock options (“ISOs”), which are intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”); (b) non-qualified stock options which are not intended to qualify as ISOs (“NQSOs”) (ISOs and NQSOs are hereinafter referred to generally as “Stock Options”); (c) shares of common stock, par value \$.01 a share, of the Company (“Shares”), which will be subject to a vesting schedule based on the recipient’s continued employment (“Restricted Shares”); (d) Shares which will be subject to a vesting schedule based on certain performance objectives (“Performance Shares”); and (e) the right to receive Shares at the end of a specified deferral period (“Deferred Shares”). (The Stock Options, Restricted Shares, Performance Shares, and Deferred Shares are referred to generally hereinafter as the “Awards”.)

Section 2. Administration of Plan.

The Plan shall be administered by the Compensation Committee of the Company’s Board of Directors (the “Board”), or such other committee of at least two directors as the Board may designate (the “Committee”); provided that members of the Committee shall be (a) “non-employee directors” within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the “1934 Act”), (b) “outside directors” within the meaning of Section 162(m) of the Code, and (c) “independent directors” under the rules of The Nasdaq Stock Market, Inc., or of such other stock exchange on which the Shares may be traded from time to time. The members of the Committee shall serve at the pleasure of the Board, which may remove members from the Committee or appoint new members to the Committee from time to time, and members of the Committee may resign by written notice to the Chairman of the Board or the Secretary of the Company. The Committee shall have the power and authority to: (i) determine or approve the Eligible Employees (as defined in Section 3, below) to be recipients of Awards (such recipients, “Participants”); (ii) grant Stock Options, Restricted Shares, Performance Shares, or Deferred Shares, or any combination thereof; (iii) determine the number and type of Awards to be granted; (iv) determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award, including without limitation time and performance restrictions; (v) adopt, alter, and repeal such administrative rules, guidelines, and practices governing the Plan as it shall, from time to time, deem advisable; (vi) interpret the terms and provisions of the Plan and any Award and any agreements relating thereto; and (vii) take any other actions the Committee

considers appropriate in connection with, and otherwise supervise the administration of, the Plan. All decisions made by the Committee pursuant to the provisions of the Plan, including without limitation decisions with respect to Eligible Employees to be granted Awards and the number and type of Awards, shall be made in the Committee's sole discretion and shall be final and binding on all persons.

The Committee may designate individual Committee members or persons other than its members to carry out its responsibilities under such conditions and limitations as it may set, except to the extent that such delegation is prohibited by law or would cause an Award intended to be exempt from the limitation on deductibility under Section 162(m) of the Code, or from the short-swing profit recovery rules of Section 16(b) of the 1934 Act, to fail to be so exempt.

Section 3. Participants In Plan.

The persons eligible to receive Awards under the Plan ("Eligible Employees") shall include officers who are employees, and other key employees, of the Company or one or more of its subsidiaries. As used in the Plan, the term "subsidiary" shall mean (a) any subsidiary corporation of the Company as defined in Section 424(f) of the Code and the Treasury Regulations promulgated thereunder (the "Regulations"), (b) any limited liability company in which the Company or any of its subsidiaries is the sole member, and (c) any limited partnership (i) in which the Company or one of its subsidiaries owns 50 percent or more of the combined voting power of all classes of equity, and (ii) which has elected to be taxed as a corporation for federal income tax purposes; provided that for purposes of the application of the Plan to grants of ISOs, the term subsidiary shall include only those subsidiaries defined in Section 424(f) of the Code and the Regulations thereunder.

Section 4. Shares Subject To Plan.

The maximum aggregate number of Shares which may be issued under the Plan shall be 450,000 (the "Available Shares"). The Available Shares may be authorized but unissued Shares or issued Shares reacquired by the Company, including without limitation Shares purchased on the open market, and held as treasury shares. Any Shares related to Awards that, in whole or in part, expire or are unexercised, forfeited, terminated, surrendered, cancelled, or settled in such a manner that all or some of the Shares covered by an Award are not issued to or do not vest in a Participant, or are returned to the Company in payment of the exercise price or tax withholding obligations in connection with outstanding Awards, shall again become Available Shares. Any Shares delivered upon the assumption of or in substitution for outstanding grants made by a company or division acquired by the Company shall not decrease the number of Available Shares, except to the extent otherwise provided by applicable law or regulation. Notwithstanding the foregoing, the maximum aggregate number of Shares with respect to which ISOs may be granted under the Plan shall be 150,000, and the maximum aggregate number of Shares with respect to which Stock Options may be granted, or Restricted Shares, Performance Shares, or Deferred Shares awarded, to any single Participant under the Plan during any single calendar year shall be 100,000.

Section 5. Grant of Awards.

ISOs, NQSOs, Restricted Shares, Performance Shares, and Deferred Shares may be granted alone or in addition to other Awards granted under the Plan. Any Awards granted under the Plan shall be in such form as the Committee may from time to time approve, consistent with the Plan, and the provisions of Awards need not be the same with respect to each Participant. Each Award granted under the Plan shall be authorized by the Committee and shall be evidenced by a written Stock Option Agreement, Restricted Share Agreement, Performance Share Agreement, or Deferred Share Agreement, as the case may be (collectively, "Award Agreements"), each in the form approved by the Committee from time to time, which shall be dated as of the date approved by the Committee in connection with the grant, signed by an officer of the Company authorized by the Committee, and signed by the Participant, and which shall describe the Award and state that the Award is subject to all the terms and provisions of the Plan and such other terms and provisions, not inconsistent with the Plan, as the Committee may approve. The date on which the Committee approves the granting of an Award shall be deemed to be the date on which the Award is granted for all purposes, unless the Committee otherwise specifies in its approval. The granting of an Award under the Plan, however, shall be effective only if and when a written Award Agreement is duly executed and delivered by or on behalf of the Company and the Participant.

Section 6. Stock Options.

Stock Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions not inconsistent with the terms of the Plan as the Committee deems appropriate:

(a) Exercise Price.

The exercise price per Share issuable upon exercise of a Stock Option shall be no less than the fair market value per Share on the date the Stock Option is granted; provided that, if the Participant at the time an ISO is granted owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any subsidiary, the exercise price per Share shall be at least 110% of the fair market value of the Shares subject to the ISO on the date of grant. For purposes of the Plan, the fair market value of the Shares shall mean, as of any given date, the (i) last reported sale price on the New York Stock Exchange on the most recent previous trading day, (ii) last reported sale price on the NASDAQ National Market System on the most recent previous trading day, (iii) mean between the high and low bid and ask prices, as reported by the National Association of Securities Dealers, Inc. on the most recent previous trading day, or (iv) last reported sale price on any other stock exchange on which the Shares are listed on the most recent previous trading day, whichever is applicable; provided that if none of the foregoing is applicable, then the fair market value of the Shares shall be the value determined in good faith by the Committee, in its sole discretion.

(b) Vesting and Exercise of Options.

A Stock Option shall be exercisable only with respect to the Shares which have become vested pursuant to the terms of that Stock Option. Each Stock Option shall become vested with respect to Shares subject to that Stock Option on such date or dates and on the basis of such other criteria, including without limitation the performance of the Company, as the Committee may determine, in its sole discretion, and as shall be specified in the applicable Stock Option Agreement. The Committee shall have the authority, in its sole discretion, to accelerate the time at which a Stock Option shall be exercisable whenever it may determine that such action is appropriate by reason of changes in applicable tax or other law or other changes in circumstances occurring after the grant of such Stock Option.

(c) Term.

Each Stock Option Agreement shall set forth the period for which such Stock Option shall be exercisable from the date on which that Stock Option is granted. In no event, however, shall a Stock Option be exercisable after the expiration of 10 years from the date on which that Stock Option is granted. In addition, with respect to ISOs, if the Participant at the time the ISO is granted owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any subsidiary, the ISO shall not be exercisable after the expiration of five years from the date on which the ISO is granted.

(d) Method of Exercise.

To the extent the right to purchase Shares under a Stock Option is in effect, the Stock Option may be exercised, in whole or in part, by giving written notice to the Company stating the number of Shares (which must be a whole number) to be purchased. Upon receipt of payment of the full purchase price for such Shares by certified or bank cashier's check or other form of payment acceptable to the Company, or, if approved by the Committee, in its sole discretion, by (i) delivery of unrestricted Shares having a fair market value on the date of such delivery equal to the total exercise price, (ii) surrender of Shares subject to the Stock Option which have a fair market value equal to the total exercise price at the time of exercise, or (iii) a combination of the preceding methods, and subject to compliance with all other terms and conditions of the Plan and the Stock Option Agreement relating to that Stock Option, the Company shall issue, as soon as reasonably practicable after receipt of such payment, such Shares to the person entitled to receive such Shares, or such person's designated representative. Such Shares may be issued in the form of a certificate, by book entry, or otherwise, in the Company's sole discretion.

(e) Restrictions on Shares Subject to Stock Options.

Shares issued upon the exercise of any Stock Option may be made subject to such disposition, transferability or other restrictions or conditions as the Committee may determine, in its sole discretion, and as shall be set forth in the applicable Stock Option Agreement.

(f) Transferability.

Except as provided in this paragraph, Stock Options shall not be transferable, and any attempted transfer (other than as provided in this paragraph) shall be null and void. Except for Stock Options transferred as provided in this paragraph, all Stock Options shall be exercisable during a Participant's lifetime only by the Participant or the Participant's legal representative. Without limiting the generality of the foregoing: (i) ISOs may be transferred only upon the Participant's death and only by will or the laws of descent and distribution and, in the case of such a transfer, shall be exercisable only by the transferee or such transferee's legal representative; (ii) NQSOs may be transferred by will or the laws of descent and distribution and, in the case of such a transfer, shall be exercisable only by the transferee or such transferee's legal representative; and (iii) the Committee may, in its sole discretion and in the manner established by the Committee, provide for the irrevocable transfer, without payment of consideration, of any NQSO by a Participant during the Participant's lifetime to such Participant's parents, spouse, children, grandchildren, nieces, nephews, to the trustee of a trust for the principal benefit of one or more such persons, or to a partnership whose only partners are one or more such persons, and, in the case of such transfer, such NQSO shall be exercisable only by the transferee or such transferee's legal representative.

(g) Termination of Employment by Reason of Death or Disability.

If a Participant's employment with the Company and its subsidiaries terminates by reason of the Participant's death or disability (as defined in Section 22(e)(3) of the Code, or with respect to NQSOs, as may otherwise be defined by the Committee, in its sole discretion, at or before grant and set forth in the Stock Option Agreement), then (i) unless otherwise determined by the Committee, in its sole discretion, at or before grant (and set forth in the Stock Option Agreement), to the extent a Stock Option held by such Participant is not vested as of the date of death or disability, such Stock Option shall automatically terminate on such date, and (ii) to the extent a Stock Option held by such Participant is vested as of the date of death or disability, such Stock Option may thereafter be exercised by the Participant, the legal representative of the Participant's estate, the legatee of the Participant under the will of the Participant, or the distributee of the Participant's estate, whichever is applicable, for a period of one year from the date of death or disability (or, with respect to NQSOs, such other period as the Committee may specify, in its sole discretion, at or before grant and set forth in the Stock Option Agreement), or until the expiration of the stated term of such Stock Option, whichever period is shorter.

(h) Other Termination of Employment.

If a Participant's employment with the Company and its subsidiaries terminates for any reason other than death or disability, then (i) unless otherwise determined by the

Committee, in its sole discretion, at or before grant (and set forth in the Stock Option Agreement), to the extent any Stock Option held by such Participant is not vested as of the date of such termination, such Stock Option shall automatically terminate on such date; and (ii) to the extent any Stock Option held by such Participant is vested as of the date of such termination, such Stock Option may thereafter be exercised for a period of 90 days from the date of such termination (or, with respect to NQSOs, such other period as the Committee may specify, in its sole discretion, at or before grant and set forth in the Stock Option Agreement), or until the expiration of the stated term of such Stock Option, whichever period is shorter; provided that, upon the termination of the Participant's employment by the Company or its subsidiaries for Cause (as defined by the Committee from time to time, in its sole discretion, and included in the applicable Stock Option Agreement), any and all unexercised Stock Options granted to such Participant shall immediately lapse and be of no further force or effect. For purposes of the Plan, whether a definition of Cause is included in the Stock Option Agreement, and whether termination of a Participant's employment by the Company and its subsidiaries is for Cause, shall be determined by the Committee, in its sole discretion.

(i) Effect of Termination of Participant's Employment on Transferee.

No Stock Option held by a transferee of a Participant pursuant to Section 6(f), above, shall remain exercisable for any period of time longer than would otherwise be permitted under Sections 6(g) and (h).

(j) ISO Limitations and Savings Clause.

The aggregate fair market value (determined as of the time of grant) of the Shares with respect to which ISOs are exercisable for the first time by the Participant during any calendar year under the Plan and any other stock option plan of the Company and its affiliates shall not exceed \$100,000 unless otherwise permitted by Code Section 422 as an unused limit carryover to such year. Any Stock Options which were intended to be ISOs that exceed this limitation shall be deemed to be NQSOs.

Any provision of the Plan to the contrary notwithstanding, no provision of the Plan relating to ISOs shall be interpreted, amended, or altered, nor shall any discretion or authority granted under the Plan be so exercised, so as to disqualify the Plan under Section 422 of the Code or so as to disqualify any ISO under such Code Section 422.

Section 7. Restricted Shares.

Restricted Shares awarded under the Plan shall be subject to the following terms and conditions and such additional terms and conditions not inconsistent with the terms of the Plan as the Committee deems appropriate:

(a) Price.

The purchase price for Restricted Shares shall be any price set by the Committee and may be zero. Payment in full of the purchase price, if any, shall be made by certified or bank cashier's check or other form of payment acceptable to the Company, or, if approved by the Committee, in its sole discretion, by (i) delivery of unrestricted Shares having a fair market value on the date of such delivery equal to the total purchase price, or (ii) a combination of the preceding methods.

(b) Acceptance of Restricted Shares.

Awards of Restricted Shares must be accepted by the Participant within 30 days (or such other period as the Committee may specify at or before grant) after the grant date by executing the Restricted Share Agreement. The Participant shall not have any rights with respect to the grant of Restricted Shares unless and until the Participant has executed the Restricted Share Agreement, delivered a fully executed copy thereof to the Company, and otherwise complied with the applicable terms and conditions of the Award.

(c) Share Restrictions.

Subject to the provisions of the Plan and the applicable Restricted Share Agreement, during such period as may be set by the Committee, in its sole discretion, and as shall be set forth in the applicable Restricted Share Agreement (the "Restriction Period"), the Participant shall not be permitted to sell, transfer, pledge, assign, or otherwise encumber the Restricted Shares. The Committee may, in its sole discretion, provide for the lapse of restrictions in installments during the Restriction Period or on such other basis as may be determined by the Committee, in its sole discretion, and the Committee shall have the authority, in its sole discretion, to accelerate the time at which any or all of the restrictions shall lapse with respect to any Restricted Shares.

(d) Stock Issuances and Restrictive Legends.

Upon execution and delivery of the Restricted Share Agreement as described above and receipt of payment of the full purchase price, if any, for the Restricted Shares subject to such Restricted Share Agreement, the Company shall, as soon as reasonably practicable thereafter, issue the Restricted Shares. Restricted Shares may be issued, whenever issued, in the form of a certificate, by book entry, or otherwise, in the Company's sole discretion, and shall bear an appropriate restrictive legend. Notwithstanding the foregoing to the contrary, the Committee may, in its sole discretion, require that Restricted Shares be held by the Company or a trustee of a trust set up by the Committee, consistent with the terms and conditions of the Plan, to hold such Restricted Shares until the restrictions thereon have lapsed (in full or in part, in the Committee's sole discretion), and the Committee may require that, as a condition of any Restricted Share Award, the Participant shall have delivered to the Company or such trustee, as appropriate, a stock power, endorsed in blank, relating to the Restricted Shares covered by the Award.

(e) Expiration of Restriction Period.

Upon the expiration of the Restriction Period without prior forfeiture of the Restricted Shares (or rights thereto) subject to such Restriction Period, unrestricted Shares shall be delivered to the Participant.

(f) Shareholder Rights.

Except as otherwise provided in the Plan or the applicable Restricted Share Agreement, each Participant shall have, with respect to the Restricted Shares covered by any Award to that Participant, all of the rights of a shareholder of the Company, including without limitation the right to vote the Restricted Shares and the right to receive any dividends or other distributions with respect to the Restricted Shares; provided that if any Restricted Shares are forfeited as provided in the Plan or the applicable Restricted Share Agreement, then such rights shall terminate automatically at that time with respect to those Restricted Shares.

(g) Termination of Employment.

If a Participant's employment by the Company and its subsidiaries terminates before the end of any Restriction Period with the consent of the Committee, in its sole discretion, or upon the Participant's death or disability (as defined in Section 22(e)(3) of the Code, or as otherwise defined by the Committee, in its sole discretion, at or before grant and set forth in the Restricted Share Agreement), the Committee may, in its sole discretion, authorize the retention by such Participant (or his legal representative or successor in interest) of all or a portion of the Restricted Shares which would have been retained by him had his employment continued to the end of the Restriction Period. Otherwise, all Restricted Shares awarded to such Participant that are still subject to restriction at the time of any such termination shall be forfeited. If the Participant's employment by the Company and its subsidiaries terminates before the end of any Restriction Period for any other reason, all Restricted Shares awarded to such Participant and still subject to restriction shall be forfeited.

Section 8. Performance Shares.

Performance Shares awarded under the Plan shall be subject to the following terms and conditions and such additional terms and conditions not inconsistent with the terms of the Plan as the Committee deems appropriate:

(a) Performance Periods and Goals.

(i) The performance period for each Award of Performance Shares shall be of such duration as the Committee shall establish at the time of the Award (the "Performance Period"). There may be more than one Award in existence at any one time, and Performance Periods may differ.

(ii) At the time of each Award of Performance Shares, the Committee shall establish one or more performance goals (the “Performance Goals”) to be achieved during the Performance Period. The Performance Goals shall be determined by the Committee using such measures of the performance over the Performance Period as the Committee shall select from one or any combination of the following: revenue, earnings or earnings per share, earnings from operations, cash flow, return on capital, shareholder return measured in terms of stock price appreciation, total shareholder return measured in terms of stock price appreciation and/or dividend growth, achievement of cost control, or stock price of the Company. Such Performance Goals may also be based upon attaining specified levels of Company performance under one or more of the measures described above relative to the performance of other companies. The Performance Goals may be established on a Company-wide basis or established with respect to one or more subsidiaries, operating units, divisions or ventures of the Company. The Performance Goals are intended to qualify under Section 162(m)(4)(c) of the Code and shall be set by the Committee within the time period prescribed by Section 162(m) of the Code and related Regulations.

(iii) Performance Shares awarded to Participants shall be earned as determined by the Committee with respect to the attainment of the Performance Goals set for the applicable Performance Period. Attainment of the highest Performance Goal for the Performance Period shall earn 100% of the Performance Shares awarded for the Performance Period. Failure to attain the lowest Performance Goal for the Performance Period shall earn none of the Performance Shares awarded for the Performance Period. After the applicable Performance Period shall have ended, the Committee shall certify in writing the extent to which the established Performance Goals have been achieved and the number of Performance Shares earned.

(iv) Attainment of the Performance Goals shall be determined by the Committee. If Performance Goals are based on the financial performance of the Company, attainment of the Performance Goals shall be determined from the consolidated financial statements of the Company, as applicable, but shall generally exclude (A) the effects of changes in federal income tax rates, (B) the effects of unusual, non-recurring, and extraordinary items as defined by Generally Accepted Accounting Principles (“GAAP”), and (C) the cumulative effect of changes in accounting principles in accordance with GAAP. The Performance Goals may vary for different Performance Periods and need not be the same for each Participant receiving an Award for a Performance Period. The Committee may, in its sole discretion, subject to the limitations of Section 17, vary the terms and conditions of any Performance Share Award, including without limitation the Performance Period and Performance Goals, without shareholder approval, as applied to any recipient who is not a “covered employee” with respect to the Company as defined in Section 162(m) of the Code.

(b) Price.

The purchase price for Performance Shares shall be any price set by the Committee and may be zero. Payment in full of the purchase price, if any, shall be made by certified or bank cashier's check or other form of payment acceptable to the Company, or, if approved by the Committee, in its sole discretion, by (i) delivery of unrestricted Shares having a fair market value on the date of such delivery equal to the total purchase price, or (ii) a combination of the preceding methods.

(c) Acceptance of Performance Shares.

Awards of Performance Shares must be accepted by the Participant within 30 days (or such other period as the Committee may specify at or before grant) after the grant date by executing the Performance Share Agreement. The Participant shall not have any rights with respect to the grant of Performance Shares unless and until the Participant has executed the Performance Share Agreement, delivered a fully executed copy thereof to the Company, and otherwise complied with the applicable terms and conditions of the Award.

(d) Share Restrictions.

At the time of the Performance Share Award, the Committee may determine that such Shares shall, after vesting pursuant to the Performance Period and Performance Goal provisions described above, be further restricted as to transferability or be subject to repurchase by the Company or forfeiture upon the occurrence of certain events determined by the Committee, in its sole discretion, and set forth in the Performance Share Agreement. Subject to the provisions of the Plan and the applicable Performance Share Agreement, during the Performance Period and any such additional restriction period, the Participant shall not be permitted to sell, transfer, pledge, assign, or otherwise encumber the Performance Shares. The Committee shall have the authority, in its sole discretion, to accelerate the time at which any or all of the restrictions shall lapse with respect to any Performance Shares.

(e) Stock Issuances and Restrictive Legends.

Upon execution and delivery of the Performance Share Agreement as described above and receipt of payment of the full purchase price, if any, for the Performance Shares subject to such Performance Share Agreement, the Company shall, as soon as reasonably practicable thereafter, issue the Performance Shares. Performance Shares may be issued, whenever issued, in the form of a certificate, by book entry, or otherwise, in the Company's sole discretion, and shall bear an appropriate restrictive legend. Notwithstanding the foregoing to the contrary, the Committee may, in its sole discretion, require that the Performance Shares be held by the Company or a trustee of a trust set up by the Committee, consistent with the terms and conditions of the Plan, to hold such Performance Shares until the restrictions on such Performance Shares have lapsed (in full or in part, in the Committee's sole discretion), and the Committee may require that, as a

condition of any Performance Share Award, the Participant shall have delivered to the Company or such trustee a stock power, endorsed in blank, relating to the Performance Shares covered by the Award.

(f) Expiration of Restricted Period.

Subject to fulfillment of the terms and conditions of the applicable Performance Share Agreement and any other vesting requirements related to the applicable Performance Period or Performance Goals, and upon the expiration of any additional period of restriction as described in Section 8(d), if any, without prior forfeiture of the Performance Shares (or rights thereto) subject to such Restriction Period, unrestricted Shares shall be delivered to the Participant.

(g) Shareholder Rights.

Except as otherwise provided in the Plan or the applicable Performance Share Agreement, each Participant shall have, with respect to the Performance Shares covered by any Award to that Participant, all of the rights of a shareholder of the Company, including without limitation the right to vote the Performance Shares and the right to receive any dividends or other distributions with respect to the Performance Shares; provided that if any Performance Shares are forfeited as provided in the Plan or the applicable Performance Share Agreement, then such rights shall terminate automatically at that time with respect to those Performance Shares.

(h) Termination of Employment.

If a Participant's employment by the Company and its subsidiaries terminates before the end of any Performance Period, or the expiration of any additional period of restriction as described in Section 8(d), with the consent of the Committee, in its sole discretion, or upon the Participant's death or disability (as defined in Section 22(e)(3) of the Code, or as otherwise defined by the Committee, in its sole discretion, at or before the time of grant and set forth in the Performance Share Agreement), the Committee, taking into consideration the performance of such Participant and the performance of the Company over the Performance Period, may authorize the retention by such Participant (or his legal representative or other successor in interest) of all or a portion of the Performance Shares which would have been retained by him had his employment continued to the end of the Performance Period and the expiration of any such additional period of restriction. Otherwise, all Performance Shares awarded to such Participant that are still subject to restriction at the time of any such termination of employment shall be forfeited. If the Participant's employment by the Company and its subsidiaries terminates before the end of any Performance Period or any additional period of restriction established as described in Section 8(d) for any other reason, all such Performance Shares awarded to such Participant and still subject to restriction shall be forfeited.

Section 9. Deferred Shares.

Deferred Shares awarded under the Plan shall be subject to the following terms and conditions and such additional terms and conditions not inconsistent with the terms of the Plan as the Committee deems appropriate:

(a) Deferral Period.

At the time of awarding Deferred Shares, the Committee shall, in its sole discretion, establish the duration of the period (the "Deferral Period") during which, and the conditions under which, receipt of the Deferred Shares shall be deferred; provided that the Deferral Period shall be not less than six months and one day. The Committee may, in its sole discretion, at the time of the award of Deferred Shares determine that the Deferred Shares shall be issued after the Deferral Period either in a lump sum or any such periodic installments as the Committee may determine, in its sole discretion (all as shall be set forth in the Deferred Share Agreement).

(b) Price.

The purchase price for Deferred Shares shall be any price set by the Committee and may be zero. Payment in full of the purchase price, if any, shall be made by certified or bank cashier's check or other form of payment acceptable to the Company, or, if approved by the Committee, in its sole discretion, by (i) delivery of unrestricted Shares having a fair market value on the date of such delivery equal to the total purchase price, or (ii) a combination of the preceding methods.

(c) Acceptance of Deferred Share Award.

Awards of Deferred Shares must be accepted by the Participant within 30 days (or such other period as the Committee may specify at or before grant) after the grant date by executing the Deferred Share Agreement. The Participant shall not have any rights with respect to the grant of Deferred Shares unless and until the Participant has executed the Deferred Share Agreement, delivered a fully executed copy thereof to the Company, and otherwise complied with the applicable terms and conditions of the Award.

(d) Share Restrictions.

During the Deferral Period, the Participant shall not be permitted to sell, transfer, pledge, assign, or encumber any rights with respect to the Deferred Shares.

(e) Stock Issuances.

Upon expiration of the Deferral Period and satisfaction of all other conditions to issuance of the Deferred Shares under the applicable Deferred Share Agreement, the Company shall, as soon as reasonably practicable thereafter, issue the Shares covered by the Deferred Share Award. Such Shares may be issued, whenever issued, in the form of a certificate, by book entry, or otherwise, in the Company's sole discretion.

(f) Dividend Equivalents.

Deferred Shares shall be credited with an amount equivalent to the dividends, if any, paid by the Company during the Deferral Period on an equal number of outstanding Shares (the “Dividend Equivalents”). Dividend Equivalents shall be credited as of the payment date of such dividends in the manner set forth in the following paragraph of this subsection. Deferred Shares held pending distribution after the expiration of the applicable Deferral Period (including without limitation any Deferred Shares to be issued in periodic installments after the Deferral Period) shall continue to be credited with Dividend Equivalents until issued.

Dividend Equivalents so credited shall be converted into an additional number of Deferred Shares as of the payment date of the dividend (based on the Fair Market Value of a Share on such payment date). Such Deferred Shares shall thereafter be treated in the same manner as the Deferred Shares with respect to which the Dividend Equivalents are so credited. Dividend Equivalents resulting in fractional shares shall be held for the credit of the Participant until the final distribution of the Participant’s Deferred Shares that are subject to the same Deferred Share Agreement. At that time, any remaining fractional share of a Dividend Equivalent shall be paid to the Participant in cash.

(g) Shareholder Rights.

No Participant shall have any rights of a shareholder in the Company with respect to Deferred Shares covered by an Award unless and until the Deferred Shares have been duly issued and delivered to that Participant under the Plan.

Section 10. Restriction on Exercise After Termination.

Notwithstanding any provision of this Plan to the contrary, no unexercised right created under this Plan (an “Unexercised Right”) and held by a Participant on the date of termination of such Participant’s employment with the Company and its subsidiaries for any reason (including without limitation the right to receive any unissued Deferred Shares) shall be exercisable after such termination if, prior to such exercise, the Participant (a) violates any non-competition, confidentiality, conflict of interest, or similar provision set forth in the Award Agreement pursuant to which such Unexercised Right was awarded, or (b) otherwise conducts himself in a manner adversely affecting the Company, in each case as determined by the Committee, in its sole discretion.

Section 11. Withholding Tax.

The Company, at its option, shall have the right to require the Participant or any other person receiving Shares (including without limitation upon the exercise of any Stock Option), Restricted Shares, Performance Shares, or Deferred Shares to pay the Company the amount of

any taxes which the Company is required to withhold with respect to such Shares (including without limitation upon the exercise of any Stock Option), Restricted Shares, Performance Shares, or Deferred Shares, or, at the Company's option, in lieu of such payment, to retain or sell without notice a number of such Shares sufficient to cover the amount required to be so withheld. The Company, at its option, shall have the right to deduct from all dividends or other amounts paid with respect to Shares, Restricted Shares, Performance Shares, and Deferred Shares the amount of any taxes which the Company is required to withhold with respect to such dividends or other amounts. The obligations of the Company under the Plan shall be conditional on such payment or other arrangements acceptable to the Company, in its sole discretion.

Section 12. Securities Law Restrictions.

No right under the Plan shall be exercisable and no Shares or other securities shall be delivered under the Plan except in compliance with all applicable federal and state securities laws and regulations. The Company shall not be required to deliver any Shares or other securities under the Plan prior to such registration or other qualification of such Shares or other securities under any state or federal law, rule, or regulation as the Committee shall determine to be necessary or advisable, in its sole discretion.

The Committee may require each person acquiring Shares under the Plan to make such representations, warranties, and agreements with respect to the investment intent of such person or persons as the Committee may reasonably request. Any certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All Shares or other securities delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable, in its sole discretion, under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon or market in which the Shares are then listed or traded, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any certificates evidencing such Shares to make appropriate reference to such restrictions.

Section 13. Change in Control.

(a) Accelerated Vesting and Company Purchase Option.

Notwithstanding any provision of this Plan or any Award Agreement to the contrary (unless such Award Agreement contains a provision referring specifically to this Section 13 and stating that this Section 13 shall not be applicable to the Award evidenced by such Award Agreement), if a Change in Control (as defined below) occurs, then:

(i) Any and all Stock Options theretofore granted and not fully vested shall thereupon become vested and exercisable in full and shall remain so exercisable in accordance with their terms, and the restrictions applicable to any or all Restricted Shares and Performance Shares shall lapse and such Shares and Awards shall be fully vested; provided that no Stock Option or other Award which has previously been exercised or otherwise terminated shall become exercisable; and

(ii) The Company may, at its option, terminate any or all unexercised Stock Options and portions thereof not more than 30 days after such Change in Control; provided that the Company shall, upon such termination and with respect to each Stock Option so terminated, pay to the Participant (or such Participant's transferee, if applicable) theretofore holding such Stock Option cash in an amount equal to the difference between the fair market value (as defined in Section 6(a), above) of the Shares subject to the Stock Option at the time the Company exercises its option under this Section 13(a)(ii) and the exercise price of the Stock Option; and provided further that if such fair market value is less than such exercise price, then the Committee may, in its sole discretion, terminate such Stock Option without any payment.

(b) Definition of Change in Control.

For purposes of the Plan, a "Change in Control" shall mean the happening of either of the following:

(i) The direct or indirect acquisition by any "person" as defined in §3(a)(9) of the 1934 Act and as used in §§13(d) and 14(d) thereof, including a "group" within the meaning of §13(d) of the 1934 Act (hereinafter, simply a "Person"), of "beneficial ownership" (within the meaning of Rule 13d-3 under the 1934 Act) of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors of the Company (the "Company Voting Securities"); provided that: (A) for purposes of this subsection (i), the term "Person" shall not include the Company, any subsidiary of the Company, or any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of such plan acting as trustee); and (B) the provisions of this subsection (i) shall not apply to (1) any acquisition of securities from the Company or any of its subsidiaries, or (2) any acquisition of securities pursuant to a Business Combination (as defined below) which satisfies clauses (A) and (B) of subsection (iii) of this Section 13(b);

(ii) When, during any period of 24 consecutive months during the existence of the Plan, the individuals who, at the beginning of such period constitute the Board (the "Incumbent Directors") cease for any reason other than death to constitute at least a majority of the Board; provided, however, that a director who was not a director at the beginning of such 24-month period shall be deemed to have satisfied such 24-month requirement (and be an Incumbent Director) if such director was elected by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually (because they were directors at the beginning of such 24-month period) or by prior operation of this Section 13(b)(ii); or

(iii) Approval by the stockholders of the Company of a reorganization, merger, consolidation, or recapitalization of the Company, or a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of the assets of another corporation or other entity (any such transaction, a "Business Combination"), or the consummation of a Business Combination for which stockholder approval is not obtained, unless, in any such case, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners of the Company Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, immediately following such Business Combination, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or their equivalent) of the corporation or other entity resulting from such Business Combination in substantially the same proportions as their ownership of the Company Voting Securities immediately prior to such Business Combination, and (B) at least a majority of the members of the board of directors (or its equivalent) of the corporation or other entity resulting from such Business Combination were Incumbent Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(c) No Application To Deferred Shares.

The preceding provisions of this Section 13 shall not apply to any Deferred Shares. Deferred Shares shall be subject only to such change in control or similar provisions as are established by the Committee, in its sole discretion, at or before grant and set forth in the applicable Deferred Share Agreement.

Section 14. Changes in Capital Structure.

In the event the Company changes its outstanding Shares by reason of stock splits, stock dividends, or any other increase or reduction of the number of outstanding Shares without receiving consideration in the form of money, services, or property deemed appropriate by the Board, in its sole discretion, the aggregate number of Shares subject to the Plan, the limitation on the number of Shares subject to ISOs and the limitation on the number of Shares subject to Stock Options, Restricted Shares, Performance Shares, and Deferred Shares granted to any single Participant shall be proportionately adjusted or substituted and the number of Shares, and the exercise price for each Share subject to the unexercised portion of any then-outstanding Award shall be proportionately adjusted, with the objective that the Participant's proportionate interest in the Company shall reflect equitably the effects of such changes as applicable to the unexercised portion of any then-outstanding Awards, all as determined by the Committee, in its sole discretion.

In the event of any other recapitalization, corporate separation or division, or any merger, consolidation, or other reorganization of the Company, the Committee shall make such adjustment, if any, as it may deem appropriate to accurately reflect the number and kind of shares deliverable, and the exercise prices payable, upon subsequent exercise of any then-outstanding Awards, as determined by the Committee, in its sole discretion.

The Committee's determination of the adjustments appropriate to be made under this Section 14 shall be conclusive upon all Participants under the Plan.

Section 15. No Enlargement of Employee Rights.

The adoption of this Plan and the grant of one or more Awards to an employee of the Company or any of its subsidiaries shall not confer any right to the employee to continue in the employ of the Company or any such subsidiary and shall not restrict or interfere in any way with the right of his employer to terminate his employment at any time, with or without cause.

Section 16. Rights as a Shareholder.

No Participant or his executor or administrator or other transferee shall have any rights of a shareholder in the Company with respect to the Shares covered by an Award unless and until such Shares have been duly issued to him under the Plan.

Section 17. Acceleration of Rights.

Except with respect to Deferred Shares, the Committee shall have the authority, in its sole discretion, to accelerate the time at which a Stock Option or other Award right shall be exercisable whenever it may determine that such action is appropriate by reason of changes in applicable tax or other laws or other changes in circumstances occurring after the grant of the Award.

Section 18. Interpretation, Amendment, or Termination of the Plan.

The interpretation by the Committee of any provision of the Plan or of any Award Agreement executed pursuant to the grant of an Award under the Plan shall be final and conclusive upon all Participants or transferees under the Plan. The Board, without further action on the part of the stockholders of the Company, may from time to time alter, amend, or suspend the Plan or may at any time terminate the Plan, provided that: (a) no such action shall materially and adversely affect any outstanding Award under the Plan without the consent of the holder of such Award; and (b) except for the adjustments provided for in Section 14, above, no amendment may be made by Board action without shareholder approval if the amendment would require shareholder approval under applicable law or regulation. Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in applicable tax and securities laws and accounting rules, stock exchange or market rules, as well as other developments.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively; provided, no such amendment shall impair the rights of any Participant without the Participant's consent, unless it is made to cause the Plan or such Award to comply with applicable law, stock exchange or market rules or accounting rules.

Section 19. Unfunded Status of the Plan.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments or deliveries of Shares not yet made by the Company to a Participant or transferee nothing contained herein shall give any such Participant or transferee any rights that are greater than those of a general creditor of the Company. The Committee may authorize the creation of trusts or other arrangements to meet obligations created under the Plan to deliver Shares or payments hereunder consistent with the foregoing.

Section 20. Protection of Board and Committee.

No member of the Board or the Committee shall have any liability for any determination or other action made or taken in good faith with respect to the Plan or any Award granted under the Plan.

Section 21. Government Regulations.

Notwithstanding any provision of the Plan or any Award Agreement executed pursuant to the Plan, the Company's obligations under the Plan and such Award Agreement shall be subject to all applicable laws, rules, and regulations and to such approvals as may be required by any governmental or regulatory agencies, including without limitation any stock exchange or market on which the Company's Shares may then be listed or traded.

Section 22. Governing Law.

The Plan shall be construed under and governed by the laws of the State of Delaware.

Section 23. Genders and Numbers.

When permitted by the context, each pronoun used in the Plan shall include the same pronoun in other genders and numbers.

Section 24. Captions.

The captions of the various sections of the Plan are not part of the context of the Plan, but are only labels to assist in locating those sections, and shall be ignored in construing the Plan.

Section 25. Effective Date.

The Plan shall be effective April 26, 2005 (the "Effective Date"); provided that if the Plan is not approved by the Company's stockholders at the annual meeting of the stockholders held on the Effective Date, or at any adjournment of that meeting, then the Plan shall automatically become null and void and have no further force or effect.

Section 26. Term of Plan.

No Award shall be granted pursuant to the Plan on or after the 10th anniversary of the Effective Date, but Awards granted prior to such tenth anniversary may extend beyond that date.

Section 27. Savings Clause.

In case any one or more of the provisions of this Plan or any Award shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal, or unenforceable provision shall be deemed null and void. However, to the extent permissible under applicable law, any provision which could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit the Plan or such Award, as applicable, to be construed so as to foster the intent of this Plan. This Plan and all Awards are intended to comply in all respects with applicable law and regulation, including, as applicable, Section 422 of the Code, Rule 16b-3 under the 1934 Act (with respect to persons subject to Section 16 of the 1934 Act ("Reporting Persons")), and Section 162(m) of the Code (with respect to covered employees as defined under Section 162(m) of the Code ("Covered Employees")). In case any one or more of the provisions of this Plan or any Award shall be held to violate or be unenforceable in any respect under Code Section 422, if applicable, Rule 16b-3, or Code Section 162(m), then, to the extent permissible under applicable law, any provision which could be deemed to violate or be unenforceable under Code Section 422, Rule 16b-3, or Code Section 162(m) shall first be construed, interpreted, or revised retroactively to permit the Plan or such Award, as applicable, to be in compliance with Code Section 422, Rule 16b-3, and Code Section 162(m). Notwithstanding anything in this Plan to the contrary, the Committee, in its sole discretion, may bifurcate the Plan so as to restrict, limit, or condition the use of any provision of this Plan to Participants who are Reporting Persons or Covered Employees without so restricting, limiting, or conditioning this Plan with respect to other Participants.

To the extent that any Award under the Plan is or may be considered to involve a nonqualified deferred compensation plan or deferral subject to Section 409A of the Code, the terms and administration of such Award shall comply with the provisions of such section, applicable IRS guidance and good faith reasonable interpretations thereof, and to the extent necessary, shall be modified, replaced, or terminated in the discretion of the Committee.

The Committee may modify the terms of any Award under the Plan granted to a Participant who, at the time of grant or during the term of the Award, is resident or employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order to accommodate differences in local law, regulation, tax policy or custom, or

so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad, will be comparable to the value of such Award to a Participant who is resident or employed in the United States. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose, provided that no such supplements, amendments, restatements or alternative versions shall include any provisions that are inconsistent with the terms of the Plan, as then in effect, unless this Plan could have been amended to eliminate such inconsistency without further approval of stockholders of the Company.

AMERICAN DENTAL PARTNERS, INC.

2005 DIRECTORS STOCK OPTION PLANSection 1. Purpose of Plan.

The purpose of this 2005 Directors Stock Option Plan (the “Plan”) of American Dental Partners, Inc., a Delaware corporation (the “Company”), is to advance the interests of the Company and its stockholders by providing Eligible Directors (as defined in Section 3, below) with an opportunity to participate in the Company’s future prosperity and growth and an incentive to increase the value of the Company based on the Company’s performance, development, and financial success. These objectives will be promoted by granting to Eligible Directors options (the “Options”), which are not intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”), to purchase shares of the Company’s common stock, \$.01 par value (the “Shares”).

Section 2. Administration of Plan.

The Plan shall be administered by a committee (the “Committee”) of one or more directors. The member or members of the Committee shall serve at the pleasure of the Company’s board of directors (the “Board”), which may remove members from the Committee or appoint new members to the Committee from time to time, and members of the Committee may resign by written notice to the Chairman of the Board or the Secretary of the Company. The Committee shall have the power and authority to: (a) approve the grant of Options to Eligible Directors (such Eligible Directors, “Participants”); (b) approve the terms and conditions, not inconsistent with the terms hereof, of any Option, including without limitation time and performance restrictions, and approve the form of Stock Option Agreement (as defined in Section 5, below); (c) adopt, alter, and repeal such administrative rules, guidelines, and practices governing the Plan as it shall, from time to time, deem advisable; (d) interpret the terms and provisions of the Plan and any Option granted and any agreements relating thereto; and (e) take any other actions the Committee considers appropriate in connection with, and otherwise supervise the administration of, the Plan, all in a manner consistent with the other provisions of the Plan. All decisions made by the Committee pursuant to the provisions hereof shall be made in the Committee’s sole discretion and shall be final and binding on all persons.

Section 3. Participants in Plan.

The persons eligible to receive Options under the Plan shall be those directors of the Company who are not employees or officers of the Company or any subsidiary of the Company (“Eligible Directors”).

Section 4. Shares Subject to Plan.

The maximum aggregate number of Shares which may be issued under the Plan shall be 150,000 Shares. The Shares that may be issued under the Plan may be authorized but unissued Shares or issued Shares reacquired by the Company, including without limitation Shares purchased on the open market, and held as treasury shares.

If any Shares that have previously been the subject of an Option cease to be the subject of an Option (other than by reason of exercise), or if any Shares previously distributed under the Plan are returned to the Company in connection with the exercise of an Option (including without limitation in payment of the exercise price or tax withholding), such Shares shall again be available for distribution in connection with future grants under the Plan.

Section 5. Grant of Options.

Each Option granted under the Plan shall be authorized by the Committee and shall be evidenced by a written agreement (the "Stock Option Agreement") in form approved by the Committee from time to time, which shall be dated as of the date on which the Option is granted, signed by an officer of the Company authorized by the Committee, and signed by the Participant, and which shall describe the Option and state that the Option is subject to all the terms and provisions of the Plan and such other terms and provisions, not inconsistent with the Plan, as the Committee may approve. The date on which the Committee approves the granting of an Option shall be deemed to be the date on which the Option is granted for all purposes, unless the Committee otherwise specifies in its approval. However, the granting of an Option under the Plan shall be effective only if a written Stock Option Agreement is duly executed and delivered by or on behalf of the Company and the Participant.

In addition to the foregoing, all Stock Option Agreements shall include without limitation the following provisions:

(a) Vesting.

Each Option shall be exercisable only with respect to the Shares which have become vested pursuant to the terms of that Option. Each Option shall become vested with respect to Shares subject to that Option on such date or dates and on the basis of such other criteria, including without limitation performance of the Company, as the Committee may determine, in its sole discretion, and shall be specified in the applicable Stock Option Agreement. The Committee shall have the authority, in its sole discretion, to accelerate the time at which an Option shall be exercisable whenever it may determine that such action is appropriate by reason of changes in applicable tax or other laws or other changes in circumstances occurring after the grant of such Option.

(b) Exercise Price.

The exercise price per Share issuable upon exercise of an Option shall be determined by the Committee at the time of grant and set forth in the applicable Stock Option Agreement; provided that such exercise price shall not be less than the fair market value per Share on date the Option is granted. For purposes of the Plan, the fair market value of the Shares shall mean, as of any given date, the (i) last reported sale price on the New York Stock Exchange on the most recent previous trading day, (ii) last reported sale price on the NASDAQ National Market System on the most recent previous trading day, (iii) mean between the high and low bid and ask prices, as reported by the National Association of Securities Dealers, Inc. on the most recent previous trading day, or (iv)

last reported sale price on any other stock exchange on which the Shares are listed on the most recent previous trading day, whichever is applicable; provided that if none of the foregoing is applicable, then the fair market value of the Shares shall be the value determined by the Committee, in its sole discretion.

(c) Term.

No Option shall be exercisable after the expiration of 10 years from the date on which that Option is granted.

(d) Method of Exercise.

An Option may be exercised, in whole or in part, by giving written notice to the Company stating the number of Shares (which must be a whole number) to be purchased. Upon receipt of payment of the full purchase price for such Shares, plus applicable withholding taxes, by certified or bank cashier's check or other form of payment acceptable to the Company, or, if approved by the Committee, in its sole discretion, by (i) delivery of unrestricted Shares having a fair market value on the date of such delivery equal to the total exercise price, (ii) surrender of Shares subject to the Option which have a fair market value equal to the total exercise price at the time of exercise, or (iii) a combination of the preceding methods, and subject to compliance with all other terms and conditions of the Plan and the Stock Option Agreement relating to such Option, the Company shall issue, as soon as reasonably practicable after receipt of such payment, such Shares to the person entitled to receive such Shares, or such person's designated representative. Such Shares may be issued in the form of a certificate, by book entry, or otherwise, in the Company's sole discretion.

(e) Restrictions on Shares Subject to Options.

Shares issued upon the exercise of any Option may be made subject to such transferability or other restrictions or conditions as the Committee may determine, in its sole discretion, and as shall be set forth in the applicable Stock Option Agreement.

(f) Transferability.

Options shall not be transferable. Any attempted transfer shall be null and void. All Options shall be exercisable during a Participant's lifetime only by the Participant or the Participant's legal representative. Notwithstanding the foregoing to the contrary: (i) Options may be transferred by a Participant by will or the laws of descent and distribution; and (ii) the Committee may, in its sole discretion and in the manner established by the Committee, provide for the irrevocable transfer, without payment of consideration, of any Option by a Participant to such Participant's spouse, children, grandchildren, nieces, or nephews, to the trustee of any trust for the principal benefit of one or more such persons, or to a partnership whose only partners are one or more such persons. In the case of such a permitted transfer, the Option shall be exercisable only by the transferee or such transferee's legal representative.

(g) Termination of Status as an Eligible Director by Reason of Death or Disability.

If a Participant's status as an Eligible Director terminates by reason of the Participant's death or disability (as defined in Section 22(e)(3) of the Code, or as may otherwise be defined by the Committee from time to time, in its sole discretion, at or before grant and included in the applicable Stock Option Agreement), then (i) unless otherwise determined by the Committee, in its sole discretion, at or before grant (and set forth in the Stock Option Agreement), to the extent an Option held by such Participant is not vested as of the date of such termination, such Option shall automatically terminate on such date; and (ii) to the extent an Option held by such Participant is vested as of the date of such termination, such Option may thereafter be exercised by the Participant, the legal representative of the Participant's estate, the legatee of the Participant under the will of the Participant, the distributee of the Participant's estate, or the Participant's other successor in interest, whichever is applicable, for a period of one year from the date of death or disability, or, if sooner, until the expiration of the stated term of the Option.

(h) Other Termination of Status as an Eligible Director.

If a Participant's status as an Eligible Director terminates for any reason other than death or disability, then (i) to the extent any Option held by such Participant is not vested as of the date of termination, such Option shall automatically terminate on such date; and (ii) unless otherwise determined by the Committee, in its sole discretion, at or before grant (and set forth in the Stock Option Agreement), to the extent any Option held by such Participant is vested as of the date of such termination, such Option may thereafter be exercised for a period of 90 days from the date of termination or, if sooner, until the expiration of the stated term of the Option; provided that, if the Participant's status as an Eligible Director is terminated for Cause (as defined by the Committee, in its sole discretion, from time to time, and included in the applicable Stock Option Agreement), any and all unexercised Options held by such Participant shall immediately lapse and be of no further force or effect. For purposes of the Plan, whether termination of a Participant's status as an Eligible Director is for "Cause" shall be determined by the Committee, in its sole discretion.

(i) Effect of Termination of Participant's Status as an Eligible Director on Transferee.

No Option held by a transferee of a Participant pursuant to Section 5(f), above, shall remain exercisable for any period of time longer than would otherwise be permitted under Section 5(g) and 5(h).

Section 6. Restriction On Exercise After Termination.

Notwithstanding any provision of this Plan to the contrary, no unexercised right created under this Plan (an "Unexercised Right") shall be exercisable if, prior to such exercise, the Participant violates any non-competition, confidentiality, conflict of interest, or similar provision set forth in the Stock Option Agreement pursuant to which such Unexercised Right was awarded or otherwise conducts himself in a manner adversely affecting the Company or any subsidiary of the Company, as determined by the Committee, in its sole discretion.

Section 7. Withholding Tax.

The Company, at its option, shall have the right to require the Participant or any other person receiving Shares under the Plan to pay the Company the amount of any taxes which the Company is required to withhold with respect to such Shares or, in lieu of such payment, to retain or sell without notice a number of such Shares sufficient to cover the amount required to be so withheld. The Company, at its option, shall have the right to deduct from all dividends paid with respect to Shares the amount of any taxes which the Company is required to withhold with respect to such dividend payments. The obligations of the Company under the Plan shall be conditional on such payment or other arrangements acceptable to the Company.

Section 8. Securities Law Restrictions.

No right under the Plan shall be exercisable and no Share shall be delivered under the Plan except in compliance with all applicable federal and state securities laws and regulations. The Company shall not be required to deliver any Shares or other securities under the Plan prior to such registration or other qualification of such Shares or other securities under any state or federal law, rule, or regulation as the Committee shall determine to be necessary or advisable, in its sole discretion.

The Committee may require each person acquiring Shares under the Plan to make such representations, warranties, and agreements with respect to the investment intent of such person or persons as the Committee may reasonably request. Any certificates for such Shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All Shares or other securities delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable, in its sole discretion, under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any certificates evidencing such Shares to make appropriate reference to such restrictions.

Section 9. Change in Capital Structure.

In the event the Company changes its outstanding Shares by reason of stock splits, stock dividends, or any other increase or reduction of the number of outstanding Shares without receiving consideration in the form of money, services, or property deemed appropriate by the Board, in its sole discretion, the aggregate number of Shares subject to the Plan shall be proportionately adjusted and the number of Shares and the exercise price for each Share subject to the unexercised portion of any then-outstanding Option shall be proportionately adjusted with the objective that the Participant's proportionate interest in the Company shall remain the same as before the change without any change in the total exercise price applicable to the unexercised portion of any then-outstanding Options, all as determined by the Committee, in its sole discretion.

In the event of any other recapitalization or any merger, consolidation, or other reorganization of the Company, the Committee shall make such adjustment, if any, as it may deem appropriate to accurately reflect the number and kind of Shares deliverable, and the exercise prices payable, upon subsequent exercise of any then-outstanding Options, as determined by the Committee, in its sole discretion.

The Committee's determination of the adjustments appropriate to be made under this Section 9 shall be conclusive upon all Participants under the Plan.

Section 10. Change in Control.

(a) Accelerated Vesting and Company Purchase Option.

Notwithstanding any provision of this Plan or any Stock Option Agreement to the contrary (unless such Stock Option Agreement contains a provision referring specifically to this Section 10 and stating that this Section 10 shall not be applicable to the Option evidenced by such Stock Option Agreement), if a Change in Control (as defined below) occurs, then:

- (i) Any and all Options theretofore granted and not fully vested shall thereupon become vested and exercisable in full and shall remain so exercisable in accordance with their terms; provided that no Option which has previously been exercised or otherwise terminated shall become exercisable; and
- (ii) The Company may, at its option, terminate any or all unexercised Options and portions thereof not more than 30 days after such Change in Control; provided that the Company shall, upon such termination and with respect to each Option so terminated, pay to the Participant (or such Participant's transferee, if applicable) theretofore holding such Option cash in an amount equal to the difference between the fair market value (as defined in Section 5(a), above) of the Shares subject to the Option at the time the Company exercises its option under this Section 10(a)(ii) and the exercise price of the Option, less applicable withholding taxes; and provided further that if such fair market value is less than such exercise price, then the Committee may, in its sole discretion, terminate such Option without any payment.

(b) Definition of Change in Control.

For purposes of the Plan, a “Change in Control” means the happening of any of the following:

- (i) The direct or indirect acquisition by any “person” as defined in §3(a)(9) of the Securities Exchange Act of 1934, as amended (the “1934 Act”), and as used in §§13(d) and 14(d) thereof, including a “group” within the meaning of §13(d) of the 1934 Act (hereinafter, simply a “Person”), of “beneficial ownership” (within the meaning of Rule 13d-3 under the 1934 Act) of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding voting securities entitled to vote generally in the election of directors of the Company (the “Company Voting Securities”); provided that: (A) for purposes of this subsection (i), the term “Person” shall not include the Company, any subsidiary of the Company, or any employee benefit plan sponsored or maintained by the Company or any subsidiary of the Company (including any trustee of such plan acting as trustee); and (B) the provisions of this subsection (i) shall not apply to (1) any acquisition of securities from the Company or any of its subsidiaries, or (2) any acquisition of securities pursuant to a Business Combination (as defined below) which satisfies clauses (A) and (B) of subsection (iii) of this §10(b);
- (ii) When, during any period of 24 consecutive months during the existence of the Plan, the individuals who, at the beginning of such period constitute the Board (the “Incumbent Directors”) cease for any reason other than death to constitute at least a majority of the Board; provided, however, that a director who was not a director at the beginning of such 24-month period shall be deemed to have satisfied such 24-month requirement (and be an Incumbent Director) if such director was elected by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually (because they were directors at the beginning of such 24-month period) or by prior operation of this §10 (b)(ii); or
- (iii) Approval by the stockholders of the Company of a reorganization, merger, consolidation, or recapitalization of the Company, or a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of the assets of another corporation or other entity (any such transaction, a “Business Combination”), or the consummation of a Business Combination for which stockholder approval is not obtained, unless, in any such case, following such Business Combination: (A) all or substantially all of the individuals and entities who were the beneficial owners of the Company Voting Securities outstanding immediately prior to such Business Combination beneficially own, directly or indirectly, immediately following such Business Combination, more than 50% of the

combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or their equivalent) of the corporation or other entity resulting from such Business Combination in substantially the same proportions as their ownership of the Company Voting Securities immediately prior to such Business Combination, and (B) at least a majority of the members of the board of directors (or its equivalent) of the corporation or other entity resulting from such Business Combination were Incumbent Directors at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

- (iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Section 11. Six-Month Holding Period.

If an exemption from Section 16(b) of the 1934 Act is not otherwise available under 1934 Act Rule 16b-3(d)(1) or (2), then Shares purchased upon exercise of an Option may not be sold before at least six months have elapsed from the date the Option was granted.

Section 12. No Enlargement of Rights.

The adoption of this Plan and the grant of one or more Options to an Eligible Director shall not confer any right to the Eligible Director to continue in the status of Eligible Director and shall not restrict or interfere in any way with the right of the Company to terminate such Eligible Director's status as such at any time, with or without cause.

Section 13. Rights as Stockholder.

No Participant or his executor or administrator or other transferee shall have any rights of a stockholder in the Company with respect to the Shares covered by an Option unless and until a certificate representing such Shares has been duly issued and delivered to him under the Plan.

Section 14. Acceleration of Rights.

The Committee shall have the authority, in its sole discretion, to accelerate the time at which an Option shall be exercisable whenever it may determine that such action is appropriate by reason of changes in applicable tax or other laws or other changes in circumstances occurring after the award of such Option.

Section 15. Definition of Subsidiary.

The term "subsidiary," when used in the Plan or any Stock Option Agreement made pursuant to the Plan, shall mean (a) any subsidiary corporation of the Company as defined in Section 424(f) of the Code and the Treasury Regulations promulgated thereunder (the "Regulations"), (b) any limited liability company in which the Company or any of its subsidiaries is the sole member, and (c) any limited partnership (i) in which the Company or one of its subsidiaries owns 50 percent or more of the combined voting power of all classes of equity, and (ii) which has elected to be taxed as a corporation for federal income tax purposes.

Section 16. Interpretation, Amendment or Termination of Plan.

The interpretation by the Committee of any provision of the Plan or of any Stock Option Agreement executed pursuant to the grant of an Option under the Plan shall be final and conclusive upon all Participants or transferees under the Plan. The Board, without further action on the part of the stockholders of the Company, may from time to time alter, amend, or suspend the Plan or may at any time terminate the Plan; provided that: (a) no such action shall adversely affect any Participant' s rights with respect to outstanding Options then held by such Participant without such Participant' s consent; and (b) except for the adjustments provided for in Section 9, above, no amendment may be made by Board action without stockholder approval if the amendment would require stockholder approval under applicable law or regulation. Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in applicable tax and securities laws and accounting rules, stock exchange or market rules, as well as other developments.

The Committee may amend the terms of any Option theretofore granted, prospectively or retroactively; provided, no such amendment shall impair the rights of any Participant without the Participant' s consent, unless it is made to cause the Plan or such Option to comply with applicable law, stock exchange or market rules or accounting rules.

Section 17. Protection of Board and Committee.

No member of the Board or the Committee shall have any liability for any determination or other action made or taken in good faith with respect to the Plan or any Option granted under the Plan.

Section 18. Government Regulations.

Notwithstanding any provision of the Plan or any Stock Option Agreement executed pursuant to the Plan, the Company' s obligations under the Plan and such Agreement shall be subject to all applicable laws, rules, and regulations and to such approvals as may be required by any governmental or regulatory agencies, including without limitation any stock exchange on which the Shares may then be listed.

Section 19. Governing Law.

The Plan shall be construed and governed by the laws of the State of Delaware.

Section 20. Genders and Numbers.

When permitted by the context, each pronoun used in the Plan shall include the same pronoun in other genders and numbers.

Section 21. Captions.

The captions of the various sections of the Plan are not part of the context of the Plan, but are only labels to assist in locating those sections, and shall be ignored in construing the Plan.

Section 22. Effective Date.

The Plan shall be effective April 26, 2005 (the “Effective Date”); provided that if the Plan is not approved by the Company’s stockholders at the annual meeting of the stockholders to be held on the Effective Date, or at any adjournment of that meeting, then the Plan shall automatically become null and void and have no further force or effect.

Section 23. Term of Plan.

No Option shall be granted pursuant to the Plan on or after the 10th anniversary of the Effective Date, but Options granted prior to such tenth anniversary may extend beyond that date.

Section 24. Savings Clause.

In case any one or more of the provisions of this Plan shall be held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal, or unenforceable provision shall be deemed null and void; however, to the extent permissible by law, any provision which could be deemed null and void shall first be construed, interpreted, or revised retroactively to permit this Plan to be construed so as to foster the intent of this Plan. This Plan and all transactions pursuant to this Plan are intended to comply in all respects with applicable law and regulation, including, with respect to persons subject to Section 16 of the 1934 Act (“Reporting Persons”), Rule 16b-3 under the 1934 Act. In case any one or more of the provisions of this Plan or any transaction pursuant to this Plan shall be held to violate or be unenforceable in any respect under Rule 16b-3, then, to the extent permissible by law, any provision which could be deemed to violate or be unenforceable under Rule 16b-3 shall first be construed, interpreted, or revised retroactively to permit the Plan or transaction to be in compliance with Rule 16b-3.

American Dental Partners Reports First Quarter 2005 Financial Results

Wednesday April 27, 6:09 pm ET

WAKEFIELD, Mass.-(BUSINESS WIRE)-April 27, 2005-American Dental Partners, Inc. (NASDAQ:ADPI) announced financial results today for the first quarter ended March 31, 2005.

Comparing the first quarter of 2005 with the first quarter of 2004:

Net revenue was \$48,145,000 as compared to \$44,064,000, an increase of 9%.

Earnings from operations were \$4,585,000 as compared to \$3,863,000, an increase of 19%.

Net earnings were \$2,509,000 as compared to \$2,064,000, an increase of 22%.

Diluted net earnings per share were \$0.30, as compared to \$0.26, an increase of 15%.

Diluted cash net earnings per share were \$0.39 as compared to \$0.35, an increase of 11%.

Patient revenue of the Company's affiliated dental group practices, which is not consolidated with the Company's financial results and is a non-GAAP financial measure, was \$73,542,000 for the quarter as compared to \$67,348,000 for the prior year's same quarter, an increase of 9%. Same market revenue growth for the Company's affiliated dental group practices as measured by patient revenue was 7% for the quarter.

For the quarter, cash flow from operations was \$4,441,000, capital expenditures were \$1,670,000 and amounts paid for acquisitions and affiliations were \$3,968,000. The Company opened one de novo practice location and completed one practice affiliation which was combined with its existing affiliated dental group practice in Minnesota. The Company also completed one platform affiliation with Premier Dental Partners in February 2005.

The Company's Massachusetts and Vermont affiliated dental group practices merged to form First Advantage Dental - New England. The merger is expected to allow the combined group to better leverage clinical leadership and allow the Company to invest in and better leverage managerial resources.

The Company also noted that it has been made aware that certain members of PDG, P.A., the affiliated dental group practice of Park Dental, its Minnesota affiliate, have contacted one or more of the Company's institutional shareholders expressing their concerns related to organizational issues and the fact that Park Dental's 2005 operating plan, principally the funding of additional PDG, P.A. expenses, is not yet finalized. The Company is having ongoing discussions with these representatives and is working diligently to address these matters.

Riverside Dental Group and Cumberland Dental achieved accreditation status with the Accreditation Association for Ambulatory Health Care ("AAAHC") during the quarter. With these accreditations, nine of the Company's 19 affiliated dental groups are accredited by the AAAHC including the 127 practice locations therein.

Cash net earnings per share, patient revenue, total revenue and same market revenue growth are non-GAAP financial measures. In accordance with the requirement of SEC Regulation G, please see the attached financial tables for a presentation of the most comparable GAAP measures and the reconciliation to the nearest GAAP measures and all additional reconciliations required by Regulation G.

For further discussion of these events and a comprehensive review of the first quarter ended March 31, 2005, the Company will host its previously announced conference call on Thursday, April 28, 2005 at 10:00 a.m. EST, which will be broadcast live over the Internet at www.amdpi.com. The call will be hosted by Gregory A. Serrao, Chairman, President and Chief Executive Officer. To access the webcast, participants should visit the Investor Relations section of the website at least fifteen minutes prior to the start of the conference call to download and install any necessary audio software. A replay of the webcast will be available at www.amdpi.com and www.streetevents.com approximately two hours after the call through 6:00 p.m. EST Thursday, May 12, 2005.

American Dental Partners is one of the nation's leading business partners to dental group practices. The Company is affiliated with 19 dental group practices which have 181 dental facilities with approximately 1,632 operatories located in 18 states.

Note: Some of the information in this press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "project," and similar expressions, among others, identify forward-looking statements. Forward-looking statements speak only as of the date the statement was made. Such forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied. Certain factors that might cause such a difference include, among others, the Company's risks associated with overall or regional economic conditions, contracts its affiliated dental group practices have with third party payors and the impact of any terminations or potential terminations of such contracts, the cost of and access to capital, fluctuations in labor markets, the Company's acquisition and affiliation strategy, management of rapid growth, dependence upon affiliated dental group practices, dependence upon service agreements and government regulation of the dental industry. Additional risks, uncertainties and other factors are set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations - "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

FINANCIAL HIGHLIGHTS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	March 31,	
	2005	2004
Net revenue	\$48,145	\$44,064
Operating expenses:		
Salaries and benefits	20,382	19,273
Lab fees and dental supplies	7,634	7,155
Office occupancy expenses	5,530	5,164
Other operating expenses	4,562	4,159
General corporate expenses	2,598	1,932
Depreciation expense	1,645	1,436
Amortization of intangible assets	1,209	1,082
Total operating expenses	43,560	40,201
Earnings from operations	4,585	3,863
Interest expense, net	430	465
Earnings before income taxes	4,155	3,398

Income taxes	1,646	1,334
Net earnings	\$2,509	\$2,064
Net earnings per common share:		
Basic	\$0.32	\$0.28
Diluted	\$0.30	\$0.26
Weighted average common shares outstanding:		
Basic	7,913	7,391
Diluted	8,356	7,858

AMERICAN DENTAL PARTNERS, INC.

FINANCIAL HIGHLIGHTS

(in thousands)

(unaudited)

	March 31, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,535	\$ 1,378
Receivables due from affiliated dental group practices	16,165	13,539
Other current assets	5,949	6,657
Total current assets	24,649	21,574
Property and equipment, net	39,357	39,252
Other non-current assets:		
Goodwill	5,095	5,095
Intangible assets, net	90,952	87,425
Other assets	855	801
Total non-current assets	96,902	93,321
Total assets	\$160,908	\$ 154,147

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued expenses	\$23,670	\$23,353
Current maturities of debt	141	527
Total current liabilities	23,811	23,880
Non-current liabilities:		
Long-term debt and other long-term liabilities	30,454	28,220
Other liabilities	15,945	14,840
Total non-current liabilities	46,399	43,060
Total liabilities	70,210	66,940
Commitments and contingencies		
Stockholders' equity	90,698	87,207
Total liabilities and stockholders' equity	\$160,908	\$154,147

AMERICAN DENTAL PARTNERS, INC.
Supplemental Operating Data
(in thousands)

Comparable GAAP Presentation and
Reconciliation of Non-GAAP
Financial Measures

	Three Months Ended		%	
	March 31,			
	2005	2004	Growth	
Reconciliation of total revenue to net revenue and patient revenue same market growth : (1)				
Patient revenue				
Dental group practices affiliated with the Company in both periods of comparison (2)	\$72,059	\$67,348	7	%
Dental group practices that completed affiliations with the Company during periods of comparison	1,483	-	-	
Total	73,542	67,348	9	%
Other revenue				
	1,230	1,295	-5	%
Total revenue	74,772	68,643	9	%
Amounts retained by affiliated dental group practices				
	26,627	24,579	8	%
Net revenue	\$48,145	\$44,064	9	%

	Three Months Ended			Three Months Ended		
	March 31, 2005			March 31, 2004		
		% of	% of		% of	% of
	Amount	Net Revenue (1)	Total Revenue (1)	Amount	Net Revenue (1)	Total Revenue (1)
Reconciliation of expense trends to net revenue and total revenue:						
Patient Revenue	\$73,542	98.4 %		\$67,348	98.1 %	
Other revenue	1,230		1.6	1,295		1.9
Total revenue	74,772		100.0	68,643		100.0
Amounts retained by affiliated dental group practices	26,627		35.6	24,579		35.8
Net revenue	48,145	100.0 %	64.4	44,064	100.0 %	64.2
Salaries and benefits	20,382	42.3	27.3	19,273	43.7	28.1
Lab fees and dental supplies	7,634	15.9	10.2	7,155	16.2	10.4
Office occupancy expenses	5,530	11.5	7.4	5,164	11.7	7.5
Other operating expenses	4,562	9.5	6.1	4,159	9.4	6.1
General corporate expenses	2,598	5.4	3.5	1,932	4.4	2.8
Depreciation expense	1,645	3.4	2.2	1,436	3.3	2.1
Amortization of intangible assets	1,209	2.5	1.6	1,082	2.5	1.6
Total operating expenses	43,560	90.5	58.3	40,201	91.2	58.6

Earnings from operations	4,585	9.5	6.1	3,863	8.8	5.6
Interest expense, net	430	0.9	0.6	465	1.1	0.7
Earnings before income taxes	4,155	8.6	5.6	3,398	7.7	5.0
Income taxes	1,646	3.4	2.2	1,334	3.0	1.9
Net earnings	\$2,509	5.2 %	3.4 %	\$2,064	4.7 %	3.0 %

AMERICAN DENTAL PARTNERS, INC.
 Supplemental Operating Data
 (in thousands, except per share amounts)

Comparable GAAP Presentation and
 Reconciliation of Non-GAAP
 Financial Measures (Continued)

	Three Months Ended	
	March 31,	
	2005	2004
Reconciliation of net earnings, as reported, to cash net earnings: (3)		
Net earnings (as reported)	\$2,509	\$2,064
Add: Amortization of intangible assets, net of tax	730	655
Cash net earnings	3,239	2,719
Weighted average common shares outstanding	8,356	7,858
Diluted net earnings per share	\$0.30	\$0.26
Diluted cash net earnings per share (3)	\$0.39	\$0.35

- (1) Patient and total revenue are not measures of financial performance under GAAP. Total revenue includes patient revenue of the Company's affiliated dental group practices, for which their results of operations are not consolidated with the Company's financial statements. The Company uses these and other non-GAAP financial measures to analyze operating trends and to help manage its business. The Company believes that total revenue and patient revenue and the expense ratios derived from total revenue are useful measures to analyze operating trends.
- (2) Same market revenue excludes affiliations in new markets that occurred during the periods of comparison. Same market patient revenue is comprised of revenue of the Company's affiliated dental group practices which are not consolidated into the Company's financial statements. The Company believes that same market patient revenue growth is important for understanding its financial performance.
- (3) Diluted cash net earnings and diluted cash net earnings per share are not measures of financial performance under GAAP. Diluted cash net earnings excludes amortization expense related to intangible assets, net of tax. The Company incurs significant amortization expense related to its service agreements while many companies, both in the same industry and other industries, no longer amortize a significant portion of their intangible assets pursuant to Statement of Financial Accounting Standards No. 142 - Goodwill and Other Intangible

Assets. The Company believes that diluted cash net earnings and diluted cash net earnings per share are important financial measures for understanding its relative financial performance.