Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Name of foundation: TENNESSEE HEALTH FOUNDATION, INC.

A Employer identification number: 20-0298456

Number and street (or P O box number if mail is not delivered to street address): 1 CAMERON HILL CIRCLE

Room/suite:

B Telephone number: (423) 535-7350

City or town, state, and ZIP code: CHATTANOOGA, TN 37402

C If exemption application is pending, check here ▶☐

D 1. Foreign organizations, check here ▶☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶☐

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶☐

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 117,726,732.

J Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶☐

EXTENDED

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received	10,000,000.		N/A	
	2 Check ▶☐ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	166,064.	166,092.		STATEMENT 1
	4 Dividends and interest from securities	1,084,034.	1,453,228.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-573,177.			
	b Gross sales price for all assets on line 6a 29,916,864.				
	7 Capital gain net income (from Part IV, line 2)		6,546,090.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income		66,667.		STATEMENT 3
	12 **Total.** Add lines 1 through 11	10,676,921.	8,232,077.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 4	17,300.	2,595.		14,705.
	c Other professional fees STMT 5	11,375.	11,375.		0.
	17 Interest				
	18 Taxes STMT 6	-3,898.	32,319.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 7	2,717.	0.		2,717.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	27,494.	46,289.		17,422.
	25 Contributions, gifts, grants paid	4,311,435.			4,311,435.
	26 **Total expenses and disbursements.** Add lines 24 and 25	4,338,929.	46,289.		4,328,857.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	6,337,992.			
	b **Net investment income** (if negative, enter -0-)		8,185,788.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing	16,914.	11,322.	11,322.
	2 Savings and temporary cash investments	3,549,540.	6,049,150.	6,049,150.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock STMT 9	99,746,776.	111,664,732.	111,664,732.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶ STATEMENT 10)	42,701.	1,528.	1,528.
	16 **Total assets** (to be completed by all filers)	103,355,931.	117,726,732.	117,726,732.
Liabilities	17 Accounts payable and accrued expenses	45,000.	7,300.	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶ STATEMENT 11)	0.	7,430.	
	23 **Total liabilities** (add lines 17 through 22)	45,000.	14,730.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here** ▶ [X] **and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted	103,310,931.	117,712,002.	
	25 Temporarily restricted	0.	0.	
	26 Permanently restricted	0.	0.	
	Foundations that do not follow SFAS 117, check here ▶ [ ] **and complete lines 27 through 31.**			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances**	103,310,931.	117,712,002.	
	31 **Total liabilities and net assets/fund balances**	103,355,931.	117,726,732.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	103,310,931.
2	Enter amount from Part I, line 27a	2	6,337,992.
3	Other increases not included in line 2 (itemize) ▶ UNREALIZED GAINS	3	8,063,079.
4	Add lines 1, 2, and 3	4	117,712,002.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	117,712,002.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	MARKETABLE SECURITIES	P	VARIOUS	VARIOUS
b	SILCHESTER K-1 CAP GAINS	P	VARIOUS	VARIOUS
c	MARKETABLE SECURITIES - DONATED	D	VARIOUS	VARIOUS
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				-573,177.
b				544,357.
c				6,574,910.
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				-573,177.
b				544,357.
c				6,574,910.
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 } **2** 6,546,090.

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):
If gain, also enter in Part I, line 8, column (c).
If (loss), enter -0- in Part I, line 8 **3** N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2009	4,194,354.	87,277,228.	.048058
2008	3,302,145.	88,399,801.	.037355
2007	2,427,801.	79,614,291.	.030495
2006	1,986,595.	56,386,305.	.035232
2005	1,086,500.	29,999,707.	.036217

2	**Total** of line 1, column (d)	2	.187357
3	Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	.037471
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	103,465,432.
5	Multiply line 4 by line 3	5	3,876,953.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	81,858.
7	Add lines 5 and 6	7	3,958,811.
8	Enter qualifying distributions from Part XII, line 4	8	4,328,857.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b			1	81,858.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			2	0.
3 Add lines 1 and 2			3	81,858.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			4	0.
5 **Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-			5	81,858.
6 Credits/Payments:				
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	11,449.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c			
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	11,449.
8 Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached			8	100.
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	70,509.
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	
11 Enter the amount of line 10 to be: **Credited to 2011 estimated tax** ▶	Refunded ▶		11	

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3	X	
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ TN			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities *(continued)*

		Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ WWW.BCBST.COM/ABOUT/COMMUNITY/TN-HEALTH-FOUNDATION/

14 The books are in care of ▶ DANA HULL Telephone no. ▶ (423) 535-7919

Located at ▶ 1 CAMERON HILL CIRCLE, CHATTANOOGA, TN ZIP+4 ▶ 37402

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

		Yes	No
16 At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	X	

See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶ SEE STATEMENT 12

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

			Yes	No
1a During the year did the foundation (either directly or indirectly):				
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☒ Yes ☐ No			
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?		1b		X
Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?		1c		X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):				
a At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010?	☐ Yes ☒ No			
If "Yes," list the years ▶ ____ , ____ , ____ , ____				
b Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.)	N/A	2b		
c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ____ , ____ , ____ , ____				
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b If "Yes," did it have excess business holdings in 2010 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010)*	N/A	3b		
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?		4b		X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A — 5b

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? — 6b — No: X

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A — 7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENTS 8 & 13		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over $50,000 ▶ 0

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	101,463,085.
b	Average of monthly cash balances	1b	3,577,963.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	105,041,048.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	105,041,048.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	1,575,616.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	103,465,432.
6	**Minimum investment return.** Enter 5% of line 5	6	5,173,272.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	5,173,272.
2a	Tax on investment income for 2010 from Part VI, line 5 — 2a: 81,858.		
b	Income tax for 2010. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	81,858.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	5,091,414.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	5,091,414.
6	Deduction from distributable amount (see instructions)	6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	5,091,414.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	4,328,857.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	4,328,857.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	81,858.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	4,246,999.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII **Undistributed Income** (see instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				5,091,414.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			4,308,478.	
b Total for prior years: ___ , ___ , ___		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f **Total** of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $ 4,328,857.				
a Applied to 2009, but not more than line 2a			4,308,478.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2010 distributable amount				20,379.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				5,071,035.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2005 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

023581 12-07-10

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year-see the instructions.)

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

SEE STATEMENT 8

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

KATHY BINGHAM, FOUNDATION MANAGER, 423-535-7163
1 CAMERON HILL CIRCLE, CHATTANOOGA, TN 37402

b The form in which applications should be submitted and information and materials they should include:

SEE ATTACHMENT 15

c Any submission deadlines:

SUBMISSIONS MUST BE WITHIN 3 CYCLES: JAN,MAY,SEP

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

SEE ATTACHMENT 15

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE STATEMENT 14				
Total			▶ 3a	4311435.
b Approved for future payment				
SEE ATTACHMENT 16 FOR COMMITMENTS APPROVED FOR FUTURE PAYMENTS				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	166,064.	
4 Dividends and interest from securities			14	1,084,034.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			14	-573,177.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		676,921.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 676,921.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
	NOT APPLICABLE

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee: [signature] Date: 9/28/11 Title: VP-TREASURER

Paid Preparer Use Only				
Print/Type preparer's name: PATRICIA K. COSGROVE	Preparer's signature: Patricia K Cosgrove	Date: 9/28/11	Check ☐ if self-employed	PTIN
Firm's name ▶ LATTIMORE BLACK MORGAN & CAIN, P.C.			Firm's EIN ▶	
Firm's address ▶ ONE UNION SQUARE, SUITE 700 CHATTANOOGA, TN 37402			Phone no. (423)756-6585	

Form 990-PF (2010)

023622 04-26-11

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2010

Name of the organization	Employer identification number
TENNESSEE HEALTH FOUNDATION, INC.	20-0298456

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	[X] 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

[X] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than $1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of $5,000 or more during the year. ▶ $ ____________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization	Employer identification number
TENNESSEE HEALTH FOUNDATION, INC.	20-0298456

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	BLUECROSS BLUESHIELD OF TENNESSEE, INC. 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402-2520	$ 9,679.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
2	BLUECROSS BLUESHIELD OF TENNESSEE, INC. 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402-2520	$ 9,990,321.	Person [ ] Payroll [ ] Noncash [X] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

Name of organization	Employer identification number
TENNESSEE HEALTH FOUNDATION, INC.	20-0298456

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
2	PUBLICLY TRADED SECURITIES	$ 9,990,321.	12/06/10
		$	
		$	
		$	
		$	
		$	

Name of organization	Employer identification number
TENNESSEE HEALTH FOUNDATION, INC.	20-0298456

Part III **Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than $1,000 for the year.** Complete columns **(a)** through **(e)** and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once See instructions.) ▶ $

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
INTEREST INCOME - MONEY MARKET FUND	166,064.
INTEREST INCOME - SILCHESTER K-1	0.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	166,064.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
BNY INVESTMENT INCOME	1,084,034.	0.	1,084,034.
DIV INC - SILCHESTER K-1	0.	0.	0.
TOTAL TO FM 990-PF, PART I, LN 4	1,084,034.	0.	1,084,034.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
OTHER INCOME FROM PASS THROUGH	0.	66,667.	
TOTAL TO FORM 990-PF, PART I, LINE 11	0.	66,667.	

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
AUDIT & TAX SERVICE EXP	17,300.	2,595.		14,705.
TO FORM 990-PF, PG 1, LN 16B	17,300.	2,595.		14,705.

FORM 990-PF . OTHER PROFESSIONAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MANAGEMENT FEES	11,375.	11,375.		0.
TO FORM 990-PF, PG 1, LN 16C	11,375.	11,375.		0.

FORM 990-PF TAXES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PRIOR YEAR TAX ASSESSMENT CORRECTION	-45,000.	0.		0.
FOREIGN TAXES FROM PASS THROUGH	0.	32,319.		0.
EXCISE TAX	41,102.	0.		0.
TO FORM 990-PF, PG 1, LN 18	-3,898.	32,319.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PUBLIC RELATIONS	2,717.	0.		2,717.
TO FORM 990-PF, PG 1, LN 23	2,717.	0.		2,717.

FOOTNOTES STATEMENT 8

FORM 990PF, PART XV
INFORMATION REGARDING FOUNDATION MANAGERS

THE DIRECTORS AND OFFICERS OF THE FOUNDATION ARE DIRECTORS OR OFFICERS OR EMPLOYEES OF BLUECROSS BLUESHIELD OF TENNESSEE, INC., WHICH IS THEIR PRIMARY SUPPORTER AND SUBSTANTIAL CONTRIBUTOR TO THE FOUNDATION. A LISTING OF THESE INDIVIDUALS IS CONTAINED IN STATEMENT 13 FOR FORM FORM 990-PF.

FORM 990-PF CORPORATE STOCK STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
PIMCO TOTAL RETURN FD-INST	36,567,193.	36,567,193.
ISHARES S&P 500 INDEX FUNDS	9,149,969.	9,149,969.
ISHARES S&P SMALLCAP 600	3,913,951.	3,913,951.
AURORA OFFSHORE FD LTD II CL A	22,362,237.	22,362,237.
SELECTINVEST MULTISTRATEGY LTD	2,791,378.	2,791,378.
ABS OFFSHORE SPC GLOBAL PORT	16,967,112.	16,967,112.
SILCHESTER INT'L EQUITY TRUST	11,972,892.	11,972,892.
INVESTMENT RECEIVABLE	7,940,000.	7,940,000.
TOTAL TO FORM 990-PF, PART II, LINE 10B	111,664,732.	111,664,732.

FORM 990-PF OTHER ASSETS STATEMENT 10

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
ACCRUED BOND INTEREST RECEIVABLE	13,529.	1,528.	1,528.
EXCISE TAX RECEIVABLE	29,172.	0.	0.
TO FORM 990-PF, PART II, LINE 15	42,701.	1,528.	1,528.

FORM 990-PF OTHER LIABILITIES STATEMENT 11

DESCRIPTION	BOY AMOUNT	EOY AMOUNT
FRANCHISE & EXCISE TAX PAYABLE	0.	7,430.
TOTAL TO FORM 990-PF, PART II, LINE 22	0.	7,430.

FORM 990-PF . NAME OF FOREIGN COUNTRY IN WHICH ORGANIZATION HAS FINANCIAL INTEREST STATEMENT 12

NAME OF COUNTRY
CANADA
CAYMAN ISLANDS
CANADA

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 13

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
LAMAR J PARTRIDGE 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	CHAIRPERSON 1.00	0.	0.	0.
BETTY DE VINNEY 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	VICE CHAIRPERSON 1.00	0.	0.	0.
VICKY B. GREGG 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	CEO/BOARD MEMBER 1.00	0.	0.	0.
SHEILA CLEMONS 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	SECRETARY 1.00	0.	0.	0.
JILL OAKS 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	ASSISTANT SECRETARY 1.00	0.	0.	0.
DANNY TIMBLIN 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	TREASURER 1.00	0.	0.	0.
ALAINE ZACHARY 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	ASSISTANT TREASURER 1.00	0.	0.	0.

JOHN GIBLIN 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	CFO 1.00	0.	0.	0.
DEWITT EZELL, JR. 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
GUS B. DENTON 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
HULET CHANEY 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
JOHN F. GERM 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
HERBERT H HILLIARD 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
GLORIA S. RAY 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
PAUL E STANTON 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
WILLIAM M GRACEY 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	PRESIDENT/COO 1.00	0.	0.	0.
SCOTT E. WALLACE 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
EMILY J. REYNOLDS 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
JAMES M. PHILLIPS 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	BOARD MEMBER 1.00	0.	0.	0.
CALVIN ANDERSON 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	EXECUTIVE DIRECTOR 1.00	0.	0.	0.

KATHY BINGHAM 1 CAMERON HILL CIRCLE CHATTANOOGA, TN 37402	MANAGER 1.00	0.	0.	0.
SEE STATEMENT 8	0.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		0.	0.	0.

FORM 990-PF — GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR — STATEMENT 14

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
AMERICAN RED CROSS 2201 CHARLOTTE AVE NASHVILLE, TN 37203	NONE DISASTER RELIEF FUNDS	509(A)(1)	500,000.
BLUECROSS BLUESHIELD ASSOCIATION 75 REMITTANCE DR, #3262 CHICAGO, IL 60675	NONE SUPPORT GOOD HEALTH CLUB	509(A)(1)	37,500.
CREATIVE DISCOVERY MUSEUM 321 CHESTNUT ST CHATTANOOGA, TN 37402	NONE GOOD FOR YOU TRAVELING EXHIBIT	509(A)(1)	40,000.
GOVERNOR'S BOOKS FROM BIRTH FOUNDATION 710 JAMES ROBERTSON PKWY 11TH FLOOR NASHVILLE, TN 37243	NONE GOVERNOR'S BOOKS FROM BIRTH	509(A)(1)	300,000.
KNOXVILLE ACADEMY OF MEDICINE FOUNDATION 115 SUBURBAN RD KNOXVILLE, TN 37923	NONE PROJECT ACCESS EMERGENCY DEPT. UTILIZATION INITIATIVE	509(A)(1)	100,000.
KNOXVILLE NEWS SENTINEL CHARITIES INC 2332 NEWS SENTINEL DR KNOXVILLE, TN 37921	NONE THF GRANT FREE FLU SHOTS	509(A)(1)	60,000.

MOUNTAIN STATES FOUNDATION 2335 KNOB CREEK RD #101 JOHNSON CITY, TN 37604	NONE GROWING HEALTHY PROGRAM	509(A)(1)	168,000.
TENNESSEE HOSPITAL EDUCATION AND RESEARCH FOUNDATION 500 INTERSTATE BOULEVARD SO NASHVILLE, TN 37210	NONE TENNESSEE PATIENT SAFETY PROGRAM	509(A)(2)	991,935.
TENNESSEE HOSPITAL EDUCATION AND RESEARCH FOUNDATION 500 INTERSTATE BOULEVARD SO NASHVILLE, TN 37210	NONE TENNESSEE SURGICAL QUALITY IMPROVEMENT PROJECT	509(A)(2)	980,000.
TENNESSEE SCORE 1207 18TH AVE SO, #326 NASHVILLE, TN 37212	NONE 2010 GRANT TN SCORE	509(A)(1)	200,000.
THE CHURCH HEALTH CENTER 1210 PEABODY AVE MEMPHIS, TN 38104	NONE 1ST OF 3 - DIABETIC OBESITY WEIGHT LOSS	509(A)(1)	90,000.
UNIVERSITY OF TENNESSEE 910 MADISON AVE, STE 827 MEMPHIS, TN 38163	NONE BLUE PROJECT PHASE III GRANT	509(A)(1)	422,000.
UNIVERSITY OF TENNESSEE 66 NORTH PAULINE, STE 633 MEMPHIS, TN 38163	NONE BLUE PROJECT PHASE III GRANT #2	509(A)(1)	422,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			4,311,435.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension, complete only Part II** and check this box ▶ [X]

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1).

Part II **Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

Type or print

File by the extended due date for filing your return See instructions

Name of exempt organization: TENNESSEE HEALTH FOUNDATION, INC.

Employer identification number: 20-0298456

Number, street, and room or suite no. If a P.O. box, see instructions.: 1 CAMERON HILL CIRCLE

City, town or post office, state, and ZIP code. For a foreign address, see instructions.: CHATTANOOGA, TN 37402

Enter the Return code for the return that this application is for (file a separate application for each return) 04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of ▶ DANA HULL 1 CAMERON HILL CIRCLE - CHATTANOOGA, TN 37402
  Telephone No. ▶ (423) 535-7919 FAX No. ▶
- If the organization does not have an office or place of business in the United States, check this box ▶ [ ]
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ______ . If this is for the whole group, check this box ▶ [ ] If it is for part of the group, check this box ▶ [ ] and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until NOVEMBER 15, 2011.

5 For calendar year 2010 , or other tax year beginning ______ , and ending ______.

6 If the tax year entered in line 5 is for less than 12 months, check reason: [ ] Initial return [ ] Final return [ ] Change in accounting period

7 State in detail why you need the extension
WE HAVE EXPERIENCED DELAYS FROM THIRD PARTIES WHO ARE TO REPORT OUR INVESTMENT ACTIVITY. THE ADDITIONAL TIME IS NEEDED TO ACCURATELY REPORT THE INVESTMENT ACTIVITY FOR THE PERIOD.

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	$ 0.
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	$ 0.
c	**Balance due.** Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	$ 0.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ▶ COPY Title ▶ Date ▶

023842
01-24-11

ATTACHMENT 15

BlueCross BlueShield
of Tennessee Health Foundation

Tennessee Health Foundation

Promoting healthy lifestyle choices

Helping control health care costs for all Tennesseans

Contents

BlueCross BlueShield of Tennessee Health Foundation, Inc.

The BlueCross BlueShield of Tennessee Health Foundation, Inc. (THF) was established in December 2003 as a 501(c)(3) foundation organized to promote the philanthropic mission of BlueCross BlueShield of Tennessee by awarding grants focused on high-impact initiatives across the state, which promote healthy lifestyle choices and help control health care costs for all Tennessee residents. THF, working with civic and economic partners, is dedicated to the support of research, innovative programs and creative approaches to improve the health and quality of life of Tennesseans for generations to come

Mission Statement

BlueCross BlueShield of Tennessee Health Foundation is dedicated to enhancing quality of life by awarding grants that improve health, public education and economic development for Tennesseans.

Goals & Objectives

- Support of effective multicultural approaches for developing healthy lifestyles
- Enhancement of collaborative community partnerships for broader access to health resources
- Exploration of innovative solutions aimed at breaking cycles of health neglect.
- Establishment of healthy initiatives aimed at prevention, intervention and education.

Foundation Charitable Guidelines

BlueCross BlueShield of Tennessee Health Foundation (THF) philanthropic contribution guidelines are written in agreement with and in support of the long-term charitable goals of BlueCross BlueShield of Tennessee.

Funding Priority

- Projects within Tennessee reflecting the mission of THF and emphasizing healthy living, health care access and quality of life
- Projects that are solution-oriented and can be closely tracked with quantitative impact
- Projects that are impact-focused with
  - **Strategic Philanthropic Approach**
    Geographically positioned for maximum philanthropic outreach across income, race and gender lines
  - **Maximized Community Impact**
    Capacity for obtaining high participant results and replication.
  - **Quantifiable Results**
    Designed to produce measurable time-specific results.
  - **Broad-Based Collaborative Support**
    Capacity for attracting diverse community partnerships

Funding Focus

THF funds projects which develop healthy living practices resulting in better health decisions, medical care and enhanced quality of life for generations to come.

Eligibility

To seek grant funding from THF, organizations must

- Be nondiscriminatory
- Serve communities within Tennessee
- Be a Section 501 (c)(3) qualified public charity and not a private foundation
- Comply with applicable laws regarding registration and financial reporting

Restrictions

Tennessee Health Foundation does not fund:

- Individuals
- Private clubs
- Private schools
- Organizations not eligible for tax deductible support
- Denominational or faith-based organizations for religious purposes
- Political caucuses, candidates or campaigns
- Special occasion or commemorative advertising, i e journals or dinner programs, unless these are part of an overall sponsorship effort
- Hospitals or hospital building funds
  (Exception: special projects that match one of our company's priorities, i e. children's hospitals)
- Sports facilities, sports teams
  (Exception: those involved in our health collaborative initiatives)
- Any activities deemed inappropriate by the foundation

Application Process

Organizations who comply with THF guideline criteria must submit grant information in the format and timeframe requested. Funding cycles are January, May and September.

Step One – Submit a Letter of Inquiry, with the enclosed Cover Sheet, using the format provided The Foundation will review your organizational information and project description to determine if it appropriately aligns with the mission, funding scope and objectives of THF. An invitation to submit a proposal packet will be extended, should your project mirror our criteria.

Step Two – A full proposal packet must be submitted within 30 days from receipt of invitation letter Please follow the designated format, submittal requirements and timeframe. A review of your proposal could take up to three months, due to site visits and interviews in an attempt to obtain more details about your organization and project.

Step Three – You will receive notification once the Grants Review Committee has made its funding decision. Should your proposal be designated for funding, you will receive an Awards letter and THF Grant Agreement, stipulating your project reporting requirements

If you are seeking funding for a sponsorship or community event, please view About Us / Community Relations / Community Trust at bcbst.com.

Letter of Inquiry Format

Letter of Inquiry must be on the applicant organization's letterhead and a maximum of two pages in length Address each item in the order listed.

1. **Project Title**
2. **Project Description**
   Describe your project and major objectives.
3. **Problem / Opportunity/ Need**
   Describe the need, problem or opportunity your project seeks to address.
4. **Target Population**
   Describe who will benefit from your project. Highlight any relevant characteristics (i e. gender, age groups, ethnic-racial composition, disability, socioeconomic status and/or income) that further identify your target group.
5. **Funding Request**
   State how the funds will be used and how your project aligns with THF's funding priority and mission
6. **Future Funding**
   Describe how your project will sustain itself after the grant period.
7. **Collaboration**
   Describe the collaborative efforts you seek to establish in the implementation of your project.
8. **Quantifiable Project Outcomes**
   Describe how you will evaluate, measure and track the project's outcomes.

Please mail your completed Letter of Inquiry and Cover Sheet to·

Kathy Bingham
Manager
BlueCross BlueShield of Tennessee Health Foundation
801 Pine Street
Chattanooga, Tennessee 37402-2555

Grant Proposal Narrative

Proposals will not be accepted unless THF has extended an affirmative response to your Letter of Inquiry.

The proposal should be submitted on the applicant organization's letterhead. It should be unbound and 6 to 12 pages in length, exclusive of attachments. Address each item of the grant proposal narrative in the order listed.

I. **Organization Information**
History and date of establishment
Mission and goals
Programs and activities, including service statistics and strengths or accomplishments

II. **Purpose of Grant**
Stated purpose
Anticipated outcome

III. **Needs Assessment**
Problem, opportunity or need your project addresses
How need was determined
Community to be served

IV. **Goals and Objectives**
State goals and objectives
Specific, measurable activities to accomplish objectives

V. **Project Impact**
Impact of project's activities within the community or population (include demographics)
Who will carry out those activities? (Include any collaborative partners.)
Timeline of activities with specific start and end date
Feasibility of project replication

VI. **Evaluation**
Describe your criteria for success
How will they be measured?
Describe your evaluation process, timeline and who will be involved
What will you do with evaluation results?

VII. **Funding**
Amount and purpose of funding
How will funding be sustained after the grant period?
List pending and committed funding sources for this project
Describe organization's short-term and long-range funding strategies

Attachments

- Current IRS letter confirming 501(c)(3) status
- IRS Form 990 (if budget is between $25,000-$100,000)
- Recent audited financial statement (if budget is greater than $100,000)
- Detailed budget showing expected expenses and income for the project
- List of pending or committed funding sources for this project
- Staff listing showing job titles with brief statement of duties. Include one paragraph description of key staff, including qualifications relevant to the project
- Current list of board members and their affiliations
- Three (3) letters of support or endorsement verifying organization's effectiveness and capacity for making a measurable impact on the issue to be addressed.
- Organization information (i.e newsletters, news articles, annual report or other relevant documents)

Proposal Packet Checklist

- ❑ Completed proposal cover sheet and narrative (6-12 pages)
- ❑ IRS 501(c)(3) confirmation letter
- ❑ IRS Form 990 or recent audited financial statement
- ❑ Detailed budget showing project expenses and income
- ❑ List of pending or committed project funding sources
- ❑ Staff listing with titles and job descriptions
- ❑ Current list of board members and their affiliations
- ❑ Three (3) letters of support or endorsement
- ❑ Organization information

Receipt of your proposal packet will be acknowledged within five to 10 business days by mail or e-mail.

Contact Information:

BlueCross BlueShield of Tennessee Health Foundation
Kathy Bingham, Manager
801 Pine Street
Chattanooga, Tennessee 37402-2555
Phone: 423.535 7163
Fax 423.535 7173
E-mail kathy_bingham@bcbst com

BlueCross BlueShield of Tennessee Health Foundation

801 Pine Street
Chattanooga, TN 37402

bcbst.com

08-107 (02/08)

Grantees	Relationship	Foundation Status	Project	2011	2012	2013
Church Health Center, 1210 Peabody Avenue Memphis TN 38104	NONE	509(A)(1)	Diabetes Obesity Weight Loss Pilot Program **Total Grant $238,000** (2010-2013)	$74,000	$74,000	
Creative Discovery Museum, 321 Chestnut Street Chattanooga TN 37402	NONE	509(A)(1)	Good for You traveling exhibit to Nashville, Memphis and Johnson City· **Total Grant $90,000** (2010-2013)	$25,000	$25,000	
Knoxville Academy of Medicine Foundation, 115 Suburban Road Knoxville TN 37923	NONE	509(A)(1)	*Project Access Emergency Dept Utilization Initiative* (2008-2011) **Total Grant $300,000**	$100,000		
Mountain States Foundation, 2335 Knob Creek Road #101 Johnson City TN 37604	NONE	509(A)(1)	*Growing Healthy Obesity program* **Total Grant $336,000** (2010-2011)	$168,000		
Tennessee Hospital Education & Research Fdn , 500 Interstate Boulevard South Nashville TN 37210	NONE	509(A)(1)	*Tennessee Patient Safety Program:* **Total Grant $2,991,660** (2010-2013)	$983,955	$507,885	$507,885
Tennessee SCORE, 1207 18th Ave South #326 Nashville TN 37212	NONE	509(A)(1)	*State Collaborative on Reforming Education (Statewide initiative)* **Total Grant $500,000** (2010-2012)	$200,000	$100,000	
University of Tennessee Research Foundation, Health Science Center, 62 South Dunlap, Memphis, TN 38163	NONE	509(A)(1)	*Teamwork-focused interdisciplinary simulations program* **Total Grant $2,912,751** (2011-2014)	$994,338	$944,993	$973,420
University of Tennessee Research Foundation, 910 Madison Ave Ste 827 Memphis TN 38163	NONE	509(A)(1)	*Blues Project, Phase III (Hamilton Co & Shelby Co)·* **Total Grant $1,688,000** (2010-2011)	$844,000		
Totals				**$3,389,293**	**$1,651,878**	**$1,481,305**

ATTACHMENT 17

AMENDED AND RESTATED BYLAWS OF TENNESSEE HEALTH FOUNDATION, INC. (THF)

AMENDED AND RESTATED BYLAWS
OF
TENNESSEE HEALTH FOUNDATION, INC.

ARTICLE I
NAME

The business of the Corporation shall be conducted using the name Tennessee Health Foundation, Inc. (hereinafter referred to as the "Corporation") or such other name or names as the Corporation's Board of Directors (the "Board") may authorize.

ARTICLE II
PRINCIPAL OFFICE, REGISTERED AGENT, AND LIMITATION OF POWERS

Section 1. Principal Office.

The Corporation's principal office shall be at such a place as the Board may specify. In the absence of action by the Board, that office shall be maintained at the address designated in the Charter. The Corporation may have other offices at such locations as may be required or convenient to conduct its business.

Section 2. Registered Agent.

The registered office of the corporation, required by the Tennessee Nonprofit Corporation Act (the "Act"), as the same exists or may hereafter be amended, to be maintained in the State of Tennessee may be, but need not be, identical with the principal office in the State of Tennessee, and the address of the registered office may be changed from time to time by the Board.

Section 3. Limitation of Powers.

The purposes of this corporation shall be as provided in its Charter. The aims of this Corporation are to be carried out through any and all lawful activities, including others not specifically stated in the Charter but incidental to the stated aims and purposes, both directly and through contributions to any other corporation, trust, fund, or foundation whose purposes religious, charitable, scientific, literary or educational, provided, that any such activity or contribution shall conform to any applicable restrictions or limitations set forth in the Corporation's Charter or which are imposed on corporations described in Section 501(c)(3) of the Internal Revenue Code and the regulations thereunder or on any corporation contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code as presently enacted, or as they may hereafter be amended or supplemented, or replaced by new sections or similar import, and to the final regulations thereunder.

Section 4. [THIS SECTION IS INTENTIONALLY LEFT BLANK].

ARTICLE III
MEMBERS

The Corporation shall have no members.

ARTICLE IV
[THIS ARTICLE IS INTENTIONALLY LEFT BLANK]

ARTICLE V
ROLE OF THE BCBST BOARD

The Corporation was created as a tax exempt, nonprofit part of the BlueCross BlueShield of Tennessee (BCBST) Enterprise. As part of the BCBST Enterprise and in order to further the charitable interest of the corporation, the BCBST Board and its standing Committees (see Article VIII, Section 2 of the BCBST Bylaws) shall have oversight of all wholly owned subsidiaries and affiliates, including the Corporation.

ARTICLE VI
BOARD OF DIRECTORS

Section 1. Oversight and Direction.

All corporate powers not expressly reserved by the BCBST Board shall be exercised by or under the authority of the Board (subject to BCBST oversight, as stated above). The business and affairs of the Corporation shall be conducted subject to the general direction and oversight of the Board, except as may be otherwise provided by applicable laws, the Charter or these Bylaws. Individuals do not need to be Tennessee residents to serve as Directors.

The Board shall not have the power or authority to: a) elect, appoint or remove Directors, or set the compensation of Directors; or b) approve a plan of merger, consolidation, conversion or dissolution; or c) approve a sale, pledge, or assignment of all or substantially all of the Corporation's assets; or d) take actions which would not be permitted by applicable laws. Such powers are reserved for action by the BCBST Board.

Section 2. Number, Election and Term of Office.

The number of Directors which shall constitute the whole Board shall be some number not less than 11 and not more than 17 members. Individuals do not need to be Tennessee residents to serve as Directors. Directors shall be appointed by the BCBST Board. Each Director shall be elected at BCBST's annual meeting and shall hold office for a term of one (1) year or until his or her successor is elected and qualified or until his or her earlier death, disability, resignation or removal. If more than the requisite number of individuals is nominated to serve, the Directors shall be elected by a plurality of the votes cast during the annual meeting. The BCBST Board shall elect Directors to fill vacancies or newly created positions on the Board.

Section 3. Removal, Resignation, or Retirement.

Any or all of the Directors may be removed at any time with or without cause, by a two-thirds (2/3) majority vote of the BCBST Board. A Director may resign at any time by tendering his or her resignation in writing to the Secretary of the Corporation. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of that resignation by the Secretary. The retirement age for Directors shall be 70 years of age, provided that a director reaching that age may complete the remainder of his or her term prior to retirement.

Section 4. Vacancy.

Vacancies on the Board caused by death, resignation, removal or any other cause shall be filled by a majority vote of the BCBST Board. Such vacancies may be filled at any regular or special meeting called for that purpose or by written consent or by written consent. Directors elected to fill vacancies shall continue in office for the unexpired portion of the term for which elected or their earlier death, removal, resignation, or retirement.

Section 5. Independence.

A majority of Directors must be independent under this definition. An "immediate family member" for purposes of this definition includes a person's spouse, parents, children and siblings.

For a director to be deemed "independent," the BCBST Board must affirmatively determine that the director has no material relationship with the company. A director is not independent if:

(1) The director is, or has been within the last three years, an employee of BCBST and/or its wholly owned subsidiaries and affiliates or an immediate family member is, or has been within the last three years, an executive officer of BCBST and/or its wholly owned subsidiaries and affiliates.

(2) The director has received, or has an immediate family member who received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from BCBST and/or its wholly owned subsidiaries and affiliates (other than (1) director and Committee fees, (2) pension or other forms of deferred compensation for prior service, provided such compensation is not contingent on future service, and (3) health plan benefit payments to the director or immediate family member). A member of the Audit Committee may not accept any consulting, advisory, or other compensatory fee.

(3) The director or an immediate family member is a current partner of BCBST's and/or its wholly owned subsidiaries and affiliates' external auditor.

(4) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of BCBST's and/or its wholly owned subsidiaries and affiliates' present executive officers at the same time serve or served on the Compensation Committee.

(5) The director is a current employee, or an immediate family member is a current executive officer, of another company that has made payments to, or received payments from, BCBST and/or its wholly owned subsidiaries and affiliates for

property or services in an amount that in any of the last three years exceeded the greater of $1 million or 2% of such other company's consolidated gross revenues.

Notwithstanding Item 5 above, the BCBST Board may determine that a director is independent notwithstanding the receipt of payments of amounts that account for more than $1 million or 2% of the recipient's consolidated gross revenues if the Board determines, based on the facts and circumstances, that the relationship is not material.

Section 6. Conflict of Interest.

Any transaction between the Corporation and a Director or officer or a member of his or her immediate family, or between the Corporation and any other entity in which a Director or officer or any member of his or her immediate family has an interest, shall not be voidable, and such transaction shall not be the basis for imposing liability on the Director or officer, if the interest is fully disclosed, the transaction is not unfair to the Corporation and it is authorized, approved or ratified by the affirmative vote of a majority of the members of the Board, or of a Board Committee, who have no direct or indirect interest in the transaction. A majority of the members of the Board who have no direct or indirect interest in the transaction shall constitute a quorum for the purpose of taking action under this Article. The Chief Compliance Officer of BCBST or his or her designee has oversight responsibility for Conflicts of Interest. Conflicts of Interest policy of BCBST shall reflect the process and procedures for consideration of potential director conflicts.

Section 7. Conflict of Interest Reports.

The Board has adopted a code of conduct providing general guidelines to help employees, officers and Directors to avoid any situation where a conflict of interest could exist or reasonably appear to exist. In accordance with that policy, Directors (members of the Board) shall annually prepare and file with the Secretary of the Corporation, disclosure statements in order to disclose any existing or potential conflict of interest or violation of the code of conduct. A "conflict of interest" shall include not only those things described by law, but may also include any situation wherein a Director of BCBST and/or its wholly owned subsidiaries and affiliates is a director, officer, or employee of any company or entity that contracts with the corporation or is in direct or indirect competition with the corporation. This annual disclosure statement shall be in such form as the Board shall prescribe. Additionally, if any existing or potential conflict of interest or existing or potential violation of the code of conduct damages or has the potential to damage the business or reputation of the Corporation, then any Director may be removed for such by the Board. The Conflict of Interest process shall reflect the process consideration of potential director conflicts (e.g., the director is excused from deliberations, abstains from voting and does not count towards quorum).

Section 8. Meetings of Directors.

(1) Participation, Quorum and Vote. A majority of the total number of Directors in office shall constitute a quorum for the transaction of business. The vote of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board unless applicable laws, the Charter or these Bylaws require a greater number of votes to take such action.

(2) Place of Meetings. Meetings of the Board shall be held at such place in or outside of the State as may be established by the Board or the Chairperson of the Board and stated in the notice of meeting.

(3) Annual Meeting. The annual meeting of the Board shall be held prior to the last day of April of each year. Ten (10) days' notice of the annual meeting shall be given by the Chairperson of the Board or the Secretary, at the Chairperson's direction, to each Director.

At the annual meeting each year, the Board shall elect the officers of the Corporation as described in Article X and transact all other business properly brought before the meeting. In addition, at such meeting the Board shall consider the report of the certified public accountant retained to audit the financial affairs of the Corporation at the close of the fiscal year. That auditor shall furnish a copy of the audit report for the preceding fiscal year to each member of the Board, prior to the annual meeting.

(4) Meetings of the Board. At least four (4) meetings of the Board shall be held during each calendar year.

(5) Special Meetings. Special meetings of the Board may be called at any time by the Chairperson, the CEO, or any two Directors, upon notice to all Directors given in accordance with T.C.A. 48-58-203.

(6) Executive Sessions of Board. Non-management Directors may hold Executive Sessions after each regularly scheduled Board meeting.

(7) Notice. Any notice to Directors shall be given in writing and delivered personally or by mail, telegram, telex, cable, telecopier, facsimile, email, or similar means to the Directors at their respective addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given when the notice is deposited in the United States mail, postage prepaid. Any notice required or permitted to be given by telegram, telex, cable, telecopier, facsimile, email, or similar means shall be deemed to be given at the time it is transmitted.

(8) Waiver of Notice. A Director may waive any notice required by applicable laws, the Charter, or these Bylaws, in writing, at any time. The Director's signed waiver of notice shall be filed with the minutes or the corporate records to which that waiver is applicable. Attendance at a meeting of the Board shall constitute waiver of any required notice of that meeting, unless the Director attends the meeting for the express purpose of objecting to the transaction of any business, at the beginning of the meeting, because

the meeting is not lawfully called or convened, provided that Director does not subsequently vote on any actions taken during that meeting.

(9) Telephone and Similar Meeting. Excluding the Board Retreat, Directors may participate in meetings by means of videoconference, conference telephone, or similar communications equipment by which all persons participating in the meeting can hear and respond to each other. Directors who participate in a meeting using such communications equipment will be considered to participate for purposes of establishing a quorum and transacting business during that meeting. Directors may not use such communications equipment for the sole purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(10) Consent of Directors in Lieu of Meeting. Any action that may be taken at a meeting of the Board may be taken without a meeting if all of the Directors consent, in writing, to taking that action without a meeting. If the Directors so consent, the affirmative vote of the number of Directors that would be required to take that action if a meeting had been conducted shall be the act of the Board. The written consent signed by each Director, in one or more counterparts, must describe the action taken and each Director's vote or abstention concerning that matter. The written consent shall be filed with the Corporation's minutes.

(11) Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless: (a) the Director objects to holding the meeting or transacting business at the meeting at the beginning of the meeting (or promptly upon his or her arrival); (b) the Director's dissent or abstention is entered in the minutes of the meeting; or (c) the Director delivers written notice of dissent or abstention to the person acting as the Secretary of the meeting before the adjournment thereof or forwards such dissent or abstention to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 9. Compensation.

The Board is authorized to reimburse the Directors for their expenses, if any, incurred in attending each meeting of the Board. In addition, the BCBST Board, by majority vote, is authorized to make provisions for reasonable compensation of the Board for their services as Directors and to fix the basis and conditions upon which this compensation may be paid. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing Committees may be allowed like compensation for attending Committee meetings. Said compensation for Committee meetings shall be set by the BCBST Board.

ARTICLE VII
RELIANCE UPON BOOKS AND RECORDS

In discharging his or her duties, a Director or Committee member is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

1. One (1) or more officers or employees of the Corporation whom the Director or Committee member reasonably believes to be reliable and competent in the matters presented;
2. Legal counsel, public accountants or other persons as to matters the Director or committee member reasonably believes are within the person's professional or expert competence; or
3. A committee of the Board of which the Director or Committee member is not a member, as to matters within its jurisdiction, if the Director reasonably believes the Committee merits confidence

A Director or Committee member is not acting in good faith if the Director or Committee member has knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted.

ARTICLE VIII
COMMITTEES OF BOARD OF DIRECTORS

Section 1. Role of the BCBST Board.

As stated in Article V, the Corporation was created as a tax exempt, nonprofit part of the BCBST Enterprise. As part of the BCBST Enterprise and in order to further the charitable interest of the corporation, the BCBST Board and its standing Committees (see Article VIII, Section 2 of the BCBST Bylaws) shall have oversight of all wholly owned subsidiaries and affiliates, including the Corporation.

Section 2. Board Committees.

The Board may create, from time to time, standing or special Committees, as it shall deem necessary or appropriate. A Committee member shall be considered independent in accordance with the terms and provisions of these Bylaws: Article VI, Section 5. The powers and responsibilities of each Committee shall be established by the Board, subject to the Corporation's Charter, these Bylaws, and applicable laws. Members of Committees may be Directors or other natural persons appointed in accordance with T.C.A. 48-58-206.

Section 3. Appointment of Committee Members and Chair.

The Board shall annually review the Board Committees and appoint the members and Chair of each Board Committee. The number of members of any Committee may be increased or decreased by the Board. Each Committee member shall hold office during the term established by the Board or until his or her earlier death, removal, resignation, or retirement.

Section 4. Removal, Resignation, or Retirement.

The Board may remove a Committee member at any time either with or without cause. A Committee member may resign at any time by tendering his or her resignation in writing to the Secretary of the Corporation. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of that resignation by the Secretary. Resignation or retirement from the Board constitutes the same from Committees. The retirement age for Directors shall be 70 years of age, provided that a director reaching that age may complete the remainder of his or her term prior to retirement.

Section 5. Operation of Committees.

Each Committee shall have a written Charter, defining its responsibilities and scope of authority. The Board will oversee the development and revisions of such Charters, reviewing them for consistency and completeness before submitting them for full Board approval.

Each Committee shall meet no less than three times per year, shall undertake periodic evaluations to assess Committee effectiveness, and shall develop and maintain regular minutes of its proceedings and records of any action taken by the Committee. All material actions by any Committee shall be reported to the Board at its next meeting following such meeting or action. Each Committee may retain and compensate outside advisors and make periodic evaluations. The Board may disapprove or modify the action of any Committee, provided that no vested rights of third persons shall be affected by any such disapproval or modification. Committees may meet and take actions in the same manner as the Board, in accordance with applicable laws, the Charter, and these Bylaws.

Section 6. Restrictions on Committees.

No Committee of the Board shall have the authority of the Board in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of any such Committee or any Director or any officer of the Corporation; amending the Charter; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking the proceedings therefore; adopting a plan for the distribution of the assets of the Corporation; or amending, altering or repealing any resolution of the Board, which by its terms provides that it shall not be amended, altered or repealed by such Committee.

Section 7. Quorum and Voting.

A majority of the members of any Committee of the Board shall constitute a quorum for the transaction of business at any meeting thereof. The action of the majority of those present in such meeting at which a quorum is present shall be deemed an action of the whole Committee.

Section 8. Notice and Waiver of Notice.

Notice and waiver of notice of any Committee meeting of the Board shall be provided in the same manner and method as provided for meetings of the Board.

Section 9. Executive Session.

Non-management directors may hold Executive Sessions after each regularly scheduled Committee meeting.

ARTICLE IX
CHAIRPERSON & VICE CHAIRPERSON

Section 1. Appointment and Term of Office.

A Chairperson and Vice Chairperson shall be nominated by the Governance and Nominating Committee and elected by the Board at the annual Board meeting and shall hold office for one (1) year or until his or her earlier death, removal, resignation, or retirement. Vacancies may be filled at any time by the Board.

Section 2. Term Limits.

Individuals serving in the Chairperson and Vice Chairperson capacity may serve up to four (4) consecutive one (1) year terms. Special circumstances may dictate that the timing of this transition may result in adverse harm to the company. If this should occur, the Chairperson's four (4) term limit may be extended for one (1) additional term. The one (1) term extension will require a two-thirds (2/3) majority vote for approval by the Board. Maximum time a Chairperson shall hold office is no more than five (5) consecutive one (1) year terms.

Prior to the Annual Board meeting at which the Chairperson or Vice Chairperson reach the four (4) term limit, the BCBST Governance and Nominating Committee shall implement a succession plan, as follows:

> The BCBST Governance and Nominating Committee shall review the Board composition and develop a slate of nominees for the office of Chairperson or Vice Chairperson. To qualify as a nominee, candidates must have served as a member of the Board for a minimum of five (5) years.
>
> The Chief Executive Officer (CEO) may not serve as the Chairperson nor may the Chairperson serve as the CEO, unless a crisis situation should occur where both the CEO and President become incapacitated or perish. In this crisis situation, the Chairperson may assume managerial control of the organization on an interim basis not to exceed 12 months, until the Board can appoint an interim or permanent CEO.
>
> Additional characteristics as defined in the Board Governance Policy should be considered.

The BCBST Governance and Nominating Committee shall report its findings at the next Board Meeting, and shall present a slate of nominees at the Annual Board of Directors Meeting for the appointment of Chairperson or Vice Chairperson.

Section 3. Chairperson and Vice Chairperson Duties.

(1) Chairperson. The Chairperson of the Board shall preside at all meetings of the Board and of the Executive Committee. Subject to the control of the Board, the Chairperson of the Board shall have general supervision of the business of the Corporation, shall review the activities of Committees of the Board, shall make a report to the Board at its annual meeting with respect to the activities of the Corporation, shall make recommendations for the Corporation's welfare and future operations and shall perform such other duties as may from time to time be prescribed by the Board.

(2) Vice Chairperson. The Vice Chairperson of the Board, in the absence of the Chairperson, shall perform the duties of the Chairperson, and shall perform such other duties as may be prescribed by the Board.

ARTICLE X
CORPORATE AND ADMINISTRATIVE OFFICERS

Section 1. Corporate Officers.

The officers of the Corporation shall be a CEO, a President, a Secretary and a Treasurer, and such other offices as are elected by the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary. The President and CEO may be one (1) person, and the Secretary and Treasurer may be one (1) person. The Board may appoint one or more assistant officers.

Section 2. Appointment and Term of Office.

The Corporation's officers shall be elected by the Board at the annual meeting and shall hold office for one (1) year or until their earlier death, removal, resignation, or retirement. Vacancies may be filled at any time by the Board.

Section 3. Removal.

Any corporate officer elected and appointed by the Board may be removed by the Board. Any administrative officer appointed by the CEO may be removed by the CEO or the Board. Such removals may be made with or without cause. The removal of a corporate officer or administrative officer shall not prejudice any contract rights of that person.

Section 4. CEO.

The CEO shall be responsible for the management and oversight of the Corporation's business and for implementing all Board policies and directives. The CEO is authorized to appoint, remove and establish the powers, duties and compensation of the Corporation's officers and employees, subject to the general oversight of the Board. Unless otherwise specified by the Board, the CEO shall have the power and authority to enter into, execute and deliver contracts, agreements, deeds, bonds, mortgages, tax returns and other instruments on behalf of the Corporation. The CEO may authorize other officers, employees or agents to execute such documents, subject to any limitations and restrictions upon the authority delegated to that individual. The Board may delegate other powers and duties to the CEO, subject to the requirements of applicable laws, the Charter and these Bylaws. The CEO shall be a member of the Board with voting privileges on the Board.

Section 5. [THIS SECTION IS INTENTIONALLY LEFT BLANK].

Section 6. President.

The President shall have general supervision of the affairs of the Corporation, subject to the direction of the Board and the CEO. In the absence of the CEO, the President shall perform the duties of the CEO, and shall perform such other duties as may be prescribed by the CEO or the Board. The President shall not be a member of the Board.

Section 7. Secretary and Assistant Secretary.

The Secretary shall attend all Board and Board Committee meetings. The Secretary shall record all votes, maintain minutes of all proceedings, keep appropriate records of all other actions, and prepare the annual reports of the Corporation. The books of the Corporation may be kept outside of the State of Tennessee, subject to applicable laws, the Charter and these Bylaws. The Secretary shall give, or cause to be given, required notices of the meetings of the Board and Committees. The Secretary shall also perform such other duties as may be prescribed by the Board; provided, however, that any of such duties may be delegated by the Board to an Assistant Secretary or other officer or employee of the Corporation.

Section 8. Treasurer and Assistant Treasurer.

The Treasurer shall be responsible for the care and custody of the Corporation's funds, securities, investments and other assets ("Assets"). The Treasurer shall keep full and accurate accounts of receipts and disbursements of corporate Assets. The Treasurer shall deposit all Assets in such depositories as may be designated by the Board in the name of and for the benefit of the Corporation. The Treasurer shall also perform such other duties as may be prescribed by the Board; provided, however, that any such duties may be delegated by the Board to an Assistant Treasurer or other officer or employee of the Corporation.

Section 9. Administrative Officers.

The Board may also at its discretion appoint administrative officers in addition to those set forth in Section One, upon the recommendation of the CEO. Such officers shall not be members of the Board, and serve at the pleasure of the CEO. In the absence of explicit instruction from the Board, compensation and duties for administrative officers other than the CEO shall be prescribed by the CEO.

Section 10. Compensation.

(1) No officer or other employee or any person shall receive any compensation or salary for services, except as may from time to time be authorized by the Directors. However, it is expressly understood that the authorization by the Directors may be by either formal or informal action, and the compensation for an officer shall be a valid and subsisting debt of the Corporation if at such time as the failure to record same in the minutes is called to the attention of the Directors and they file no written objection to the compensation within thirty (30) days thereafter. After the expiration of seventy-five (75) days past each fiscal year, it shall be presumed that all payments to officers and employees designated on the tax return as compensation or salary was duly authorized by the Board in the absence of any showing of fraud or other wrongdoing on the part of such officer or employee. If any officer or other person or employee of the Corporation uses or takes any property of the Corporation for his/her own personal use or for the personal use of a member of his/her family, the fair market value of such property or the use of such property, as the case may be, shall be deemed additional compensation from the Corporation to such person unless the Board of Directors within seventy-five (75) days from the date that such use was called to his or her attention, elects to either declare the fair market value of such property or the use of same to the officer or person or employee as a dividend or charge such person with repayment of the equivalent in cash to the Corporation. The fair market value of such property or the use of same, as the case may be, shall be treated as compensation to such officer as of the date such use is called to the attention of the Board, unless said Board by formal action elects to treat the same otherwise or charge such person with repayment.

No dividend shall be paid by the corporation except after formal action by the Board recorded in the minutes of the corporation.

(2) Any officer elected by the Directors or under contract to the Corporation shall be elected or appointed under such contract upon the implied condition that such officer for himself/herself, his/her legal representatives, heirs and assigns, shall be absolutely obligated to repay to the Corporation such amount or amounts paid to such officer as compensation pursuant to the provisions of Section 10 of this Article or other payments to him or her such as bonus, interest, rent or entertainment expense incurred by him or her which does not constitute a reasonable salary under the provisions of Section 162(a)(1) of the Internal Revenue Code and/or which shall be disallowed in whole or in part as a deductible expense. If a determination, as that term is defined in Section 1313 of the Internal Revenue Code of 1954, is made against the Corporation, disallowing any part of the Corporation's deduction of the officers' salary or compensation or the other above mentioned payments as a trade or business expense, then such amount shall be repaid to the Corporation by the employee or his/her estate receiving same. The repayment must be made within thirty (30) days from the date of such determination and shall bear interest at the rate of six percent (6%) per annum from the date that the employee received the payment from the Corporation to the date of repayment. The repayment may be made in the form of a promissory note payable on or before one year from the date thereof. It shall be the duty of the Directors, as a Board, to enforce the payment of each amount disallowed. In lieu of the payment by the officer, subject to the determination of the Directors, proportionate amounts may be withheld from his/her

future compensation payments until the amount owed to the Corporation has been recovered.

(3) If the services of an officer of the Corporation are duly terminated, the officer shall be entitled only to that salary or compensation which has accrued up to the date of such termination. It is expressly agreed and understood that after termination, the officer shall continue to be liable for any indebtedness to the Corporation, including that which may arise under the provisions of this Article.

ARTICLE XI
INDEMNIFICATION AND IMMUNITY

Section 1. Indemnification of Directors, Officers and Employees.

The Corporation shall indemnify any individual, or such individual's heirs, executors, administrators or legal representatives, who is made a party to any threatened, pending, or completed action, suit or proceeding whether civil, criminal, administrative, or investigative and whether formal or informal, because the individual is or was a Director, officer or employee of the Corporation, or who, while a Director, officer or employee is or was as a director, officer, partner, trustee, employee, or agent of another foreign or domestic for profit or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise at the Corporation's request; to the maximum extent permitted by applicable laws, as amended from time to time. Such indemnity shall include any expenses (including counsel fees), judgments, settlements, penalties, fines (including an excise tax assessed with respect to an employee benefit plan), and other liabilities actually incurred with respect to such an action, suit or proceeding. If applicable laws are amended to limit or restrict the indemnification rights permitted by law as of the effective date of these Bylaws, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Article which occur subsequent to the effective date of such amendment. The indemnification and advancement of expenses granted pursuant to this Article shall not be deemed to be exclusive of any other rights to which a Director, officer or employee seeking indemnification or advancement of expenses may be entitled pursuant to law.

Section 2. Expenses.

Expenses incurred by an individual in defending a civil or criminal action, suit or proceeding by reason of the fact that such individual is, or was, a Director, officer or employee of the Corporation (or who, while a Director, officer or employee is or was as a director, officer, partner, trustee, employee, or agent of another foreign or domestic for profit or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise at the Corporation's request) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding if: (a) the Director, officer or employee furnishes the Corporation a written affirmation of such Director's, officer's or employee's good faith belief that such Director, officer or employee has met the standard of conduct described in T.C.A. § 48-58-502; (b) the Director, officer or employee furnishes the Corporation a written undertaking, executed personally or on behalf of such Director, officer or employee, to repay any advances if it is ultimately determined that such Director, officer or employee is not entitled to indemnification; and (c) a determination is made that the facts then known to those making a determination would not preclude indemnification under the Tennessee Nonprofit Corporation Act.

ARTICLE XII
QUALIFICATIONS IN OTHER JURISDICTIONS

The Corporate and Administrative Officers may execute and file any documents that are required to authorize the Corporation to do business in other jurisdictions.

ARTICLE XIII
AMENDMENTS

These Bylaws may be altered, amended or repealed or new bylaws may be adopted by the Board as permitted under Tenn. Code Ann. § 48-60-201, 202, 203, 204, and 205. Upon Board approval of such alteration, amendment, or adoption of the bylaws, notice shall be given to the BCBST Board.

ARTICLE XIV
AMENDMENT AND RESTATEMENT

These Bylaws amend and restate in their entirety any and all previous bylaws, whenever enacted, of the Corporation.

ARTICLE XV
EMERGENCY BYLAWS

The Emergency Bylaws provided in this Article XV shall be operative during any emergency in the conduct of the business of the Corporation, notwithstanding any different provision in the preceding Articles of the Bylaws or in the Charter of the Corporation or in the Act. To the extent not inconsistent with the provisions of this Article, the Bylaws provided in the preceding Articles shall remain in effect during such emergency and upon its termination, the Emergency Bylaws shall cease to be operative.

During such emergency:

(1) A meeting of the Board may be called by any officer or director of the Corporation. Notice of the time and place of the meeting shall be given by the person calling the meeting to such of the Directors as it may be feasible to reach by any available means of communication. Such notice shall be given at such time in advance of the meeting as circumstances permit in the judgment of the person calling the meeting.

(2) At any such meeting of the Board, a quorum shall consist of a majority of the Directors who may be readily assembled.

(3) The Board, either before or during any such emergency, may, provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the Corporation shall for any reason be rendered incapable of discharging their duties.

(4) The Board, either before or during any such emergency, may, effective in the emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officer to do so.

Corporate action taken in good faith in accordance with the Emergency Bylaws binds the Corporation and may not be used to impose liability on a corporate director, officer, employee, or agent.

The Emergency Bylaws shall be subject to repeal or change by further action of the Board (or actions of the members), but no such repeal or change shall modify the provisions of the next preceding paragraph with regard to action taken prior to the time of such repeal or change. Any amendment of the Emergency Bylaws may make any further or different provision that may be practical and necessary for the circumstances of the emergency.

ARTICLE XVI
TENNESSEE NONPROFIT CORPORATION ACT

These Bylaws are intended to be in conformity with the requirements of the Tennessee Nonprofit Corporation Act. If the Tennessee Nonprofit Corporation Act does not allow certain provisions of these Bylaws to control in any given situation, then the applicable provision of said Act shall prevail.