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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****, 2010, and ending****, 20****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

BLUECROSS BLUESHIELD OF SOUTH CAROLINA FOUNDATION

A Employer identification number

22-3847938

Number and street (or P O box number if mail is not delivered to street address)

Room/suite

B Telephone number (see page 10 of the instructions)

I-20 AT ALPINE ROAD

803/788-0222

City or town, state, and ZIP code

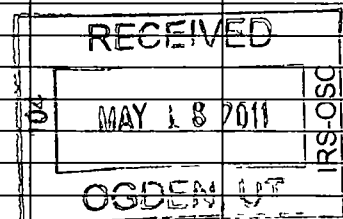
COLUMBIA SC 29219

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation**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 ☐**E** If private foundation status was terminated under section 507(b)(1)(A), check here ☐**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐**I** Fair market value of all assets at end of year (from Part II, col. (c), line 16) **\$** 89,139,315
J Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) _____
(Part I, column (d) must be on cash basis)**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) (see page 11 of the instructions))

(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)	6,000,000		
2 Check ☐ if the foundation is not required to attach Sch. B			
3 Interest on savings and temporary cash investments	18,890	18,890	
4 Dividends and interest from securities	1,746,946	1,746,946	
5a Gross rents			
b Net rental income or (loss)			
6a Net gain or (loss) from sale of assets not on line 10	6,433,726		
b Gross sales price for all assets on line 6a			
7 Capital gain net income (from Part IV, line 2)		4,223,509	
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) (attach schedule)	0		
11 Other income (attach schedule)			
12 Total. Add lines 1 through 11	14,199,562	5,989,345	0
13 Compensation of officers, directors, trustees, etc.			
14 Other employee salaries and wages			
15 Pension plans, employee benefits			
16a Legal fees (attach schedule)			
b Accounting fees (attach schedule)			
c Other professional fees (attach schedule)			
17 Interest			
18 Taxes (attach schedule) (see page 14 of the instructions)	58,847		
19 Depreciation (attach schedule) and depletion			
20 Occupancy			
21 Travel, conferences, and meetings			
22 Printing and publications	104,677	104,677	
23 Other expenses (attach schedule) Admin.exp.	38,762		
24 Total operating and administrative expenses. Add lines 13 through 23	202,286	104,677	0
25 Contributions, gifts, grants paid	4,995,087		4,995,087
26 Total expenses and disbursements. Add lines 24 and 25	5,197,373	104,677	0
27 Subtract line 26 from line 12:			
a Excess of revenue over expenses and disbursements	9,002,189		
b Net investment income (if negative, enter -0-)		5,884,668	
c Adjusted net income (if negative, enter -0-)		0	

Revenue

Operating and Administrative Expenses



For Paperwork Reduction Act Notice, see page 30 of the instructions.

Form **990-PF** (2010)

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	1,014,551	6,858,397	6,858,397
	2 Savings and temporary cash investments	8,103,839	2,124,547	2,124,547
	3 Accounts receivable ▶ Less: allowance for doubtful accounts ▶	251,612	269,568	269,568
	4 Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ 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 (attach schedule)	8,451,793	5,294,507	5,294,507
	b Investments—corporate stock (attach schedule)	56,684,076	68,344,995	68,344,995
	c Investments—corporate bonds (attach schedule)	5,607,061	6,247,301	6,247,301
	11 Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	80,112,932	89,139,315	89,139,315
Liabilities	17 Accounts payable and accrued expenses	15,264	39,459	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	15,264	39,459	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	80,097,668	89,099,856	
	25 Temporarily restricted			
	26 Permanently restricted			
	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 (see page 17 of the instructions)	80,097,668	89,099,856	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	80,112,932	89,139,315	

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	80,097,668
2 Enter amount from Part I, line 27a	2	9,002,189
3 Other increases not included in line 2 (itemize) ▶ <u>rounding</u>	3	(1)
4 Add lines 1, 2, and 3	4	89,099,856
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	89,099,856

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 Various stocks and bonds	P	Various	2010
b Various stocks and bonds	D	Various	2010
c			
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 57,874,241		53,896,546	3,977,695
b 1,476,506		1,230,692	245,814
c			
d			
e			

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

(i) FMV 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			
b			
c			
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	4,223,509
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) (see pages 13 and 17 of the instructions). If (loss), enter -0- in Part I, line 8	3	

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 page 18 of the 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	7,502,005	67,702,789	0.1108
2008	4,845,114	76,292,805	0.0635
2007	2,893,115	85,889,839	0.0337
2006	2,726,335	46,538,751	0.0586
2005	1,367,482	41,127,122	0.0333

2 Total of line 1, column (d)	2	0.2999
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	0.0600
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	76,273,530
5 Multiply line 4 by line 3	5	4,576,412
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	58,847
7 Add lines 5 and 6	7	4,635,259
8 Enter qualifying distributions from Part XII, line 4 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 on page 18.	8	4,995,087

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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 ☒ and enter 1% of Part I, line 27b	1	58,847	
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		
3	Add lines 1 and 2	3	58,847	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	58,847	
6	Credits/Payments:			
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	30,000	
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	30,000	
8	Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	28,847	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	0	
11	Enter the amount of line 10 to be. Credited to 2011 estimated tax Refunded	11	0	

Part VII-A Statements Regarding Activities

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?	Yes	No
1a			x
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?		x
	<i>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.</i>		
c	Did the foundation file Form 1120-POL for this year?		x
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year. (1) On the foundation. ▶ \$ (2) On foundation managers ▶ \$		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>	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? <i>If "Yes," attach a conformed copy of the changes.</i>	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?	4b	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>	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? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	7	x
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ SOUTH CAROLINA		
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? <i>If "No," attach explanation</i>	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 on page 27)? <i>If "Yes," complete Part XIV</i>	9	x
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	10	x

Part VII-A Statements Regarding Activities (continued)

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 page 20 of the 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? Website address ► <u>www.bcbsscfoundation.org</u>	13	X	
14	The books are in care of ► <u>ROBERT A. LEICHTLE</u> Telephone no ► <u>803/788-0222</u> Located at ► <u>I-20 AT ALPINE ROAD, COLUMBIA, SC</u> ZIP+4 ► <u>29219</u>			
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			
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? 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 ►	16	Yes	No X

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)? Organizations relying on a current notice regarding disaster assistance check here ► ☐	1b	
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 ► 20____, 20____, 20____, 20____		
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 page 22 of the instructions)	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 ► 20____, 20____, 20____, 20____		
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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010.</i>)	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

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)? (see page 22 of the instructions)	☐ 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 page 22 of the instructions)?	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?	☐ 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		
	If "Yes" to 6b, file Form 8870.	x		
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?	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 (see page 22 of the instructions).**

(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 Statement 1				

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the instructions). 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 ▶

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)***3 Five highest-paid independent contractors for professional services** (see page 23 of the instructions). 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 ▶

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 None	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 None	
2	
All other program-related investments. See page 24 of the instructions	
3	
Total. Add lines 1 through 3 ▶	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	74,157,678
b	Average of monthly cash balances	1b	3,277,378
c	Fair market value of all other assets (see page 25 of the instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	77,435,056
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	77,435,056
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	1,161,526
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	76,273,530
6	Minimum investment return. Enter 5% of line 5	6	3,813,677

Part XI Distributable Amount (see page 25 of the 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	3,813,677
2a	Tax on investment income for 2010 from Part VI, line 5	2a	58,847
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	58,847
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	3,754,830
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	3,754,830
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	3,754,830

Part XII Qualifying Distributions (see page 25 of the 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	4,995,087
b	Program-related investments—total from Part IX-B	1b	
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	4,995,087
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 (see page 26 of the instructions)	5	58,847
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	4,936,240

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 page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				3,754,830
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only			0	
b Total for prior years: 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009			3,133,030	
f Total of lines 3a through e	3,133,030			
4 Qualifying distributions for 2010 from Part XII, line 4: ► \$ 4,995,087				
a Applied to 2009, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)	0			
d Applied to 2010 distributable amount				3,754,830
e Remaining amount distributed out of corpus	1,240,257			
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	4,373,287			
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				
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2009. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	4,373,287			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009			3,133,030	
e Excess from 2010			1,240,257	

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

N/A

1a 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)

2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years			(e) Total
(a) 2010	(b) 2009	(c) 2008	(d) 2007	
				0
b 85% of line 2a	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed				0
d Amounts included in line 2c not used directly for active conduct of exempt activities				0
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon:				
a "Assets" alternative test—enter:				
(1) Value of all assets				0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)				0
b "Endowment" alternative test—enter ² / ₃ of minimum investment return shown in Part X, line 6 for each year listed				0
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)				0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				0
(3) Largest amount of support from an exempt organization				0
(4) Gross investment income				0

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 page 28 of 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).)

None

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 page 28 of the 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:

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

c Any submission deadlines:

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

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 2				4,995,087
Total			3a	4,995,087
b Approved for future payment				
Total			3b	0

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 28 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount		
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	18,890		
4 Dividends and interest from securities			14	1,746,946		
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			18	6,433,726		
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		8,199,562		0
13 Total. Add line 12, columns (b), (d), and (e)				13		8,199,562

(See worksheet in line 13 instructions on page 29 to verify calculations.)

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

[illegible]

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

- | 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? | | Yes | No |
|---|---|--------------|----|
| 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 | | |

[illegible]

- 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

**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

Date _____

TREASURER

Title

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ►

Phone no

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**

BLUECROSS BLUESHIELD OF SOUTH CAROLINA FOUNDATION

Employer identification number

22-3847938

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

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundationCheck 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**

- ☒
- 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).

For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

BLUECROSS BLUESHIELD OF SOUTH CAROLINA FOUNDATION

Employer identification number

22-3847938

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	PGBA, LLC I-20 AT ALPINE ROAD COLUMBIA SC 29219	\$ 6,000,000	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)
			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)

BLUECROSS BLUESHIELD OF SOUTH CAROLINA FOUNDATION
COLUMBIA, SC 29219
TAX YEAR ENDED DECEMBER 31, 2010

FORM 990-PF
STATEMENT 1
FEI# 22-3847938

PART VIII, SECTION 1 INFORMATION ABOUT OFFICERS, DIRECTORS, TRUSTEES, FOUNDATION
MANAGERS AND THEIR COMPENSATION

<u>(a) Name and address</u>	<u>(b) Title</u>	<u>(c) Compensation</u>	<u>(d) Contributions to empl benefit plans and def comp</u>	<u>(e) Expense account, other allowances</u>
M Edward Sellers I-20 at Alpine Road Columbia, SC 29219	Chairman/Pres/Director	- 0 -	- 0 -	- 0 -
Harvey L Galloway Jr I-20 at Alpine Road Columbia, SC 29219	Executive Director/Director	- 0 -	- 0 -	- 0 -
Robert A Leichtle I-20 at Alpine Road Columbia, SC 29219	Treasurer/Director	- 0 -	- 0 -	- 0 -
Judith M Davis I-20 at Alpine Road Columbia, SC 29219	Secretary/Director	- 0 -	- 0 -	- 0 -
Joseph F Sullivan I-20 at Alpine Road Columbia, SC 29219	Director	- 0 -	- 0 -	- 0 -
Minor M. Shaw I-20 at Alpine Road Columbia, SC 29219	Director	- 0 -	- 0 -	- 0 -
Billy L Amick I-20 at Alpine Road Columbia, SC 29219	Director	- 0 -	- 0 -	- 0 -

PART XV, SECTION 3

GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

<u>Name and address</u>	<u>Recipient Relationship, if any</u>	<u>Purpose of grant or contribution</u>	<u>Amount</u>
Anderson Free Clinic 414 North Fant St , Anderson, SC 29621	n/a	Free medical clinic	36,400
American Heart Association-Mid Atlantic Affiliate 4201 Park Place court, Glen Allen, VA 23059	n/a	Community health	50,000
Beaufort Women's Center 25B Marshellen Drive, Beaufort, SC 29901	n/a	Free medical clinic	43,000
Carolina Youth Development Center 5055 Lackawanna Blvd, North Charleston, SC 29405	n/a	Childhood health	26,000
Children in Crisis 303 East Richardson Avenue, Summerville, SC 29183	n/a	Childhood health	77,000
Children's Trust Fund of SC P O Box 11644, Columbia, SC 29211	n/a	Childhood health	809,675
Community Medical Clinic of Kershaw County 110 E Dekalb, Suite 1B, Camden, SC 29020	n/a	Free medical clinic	37,500
Dream Center Clinic 5505 North Rhett Avenue, North Charleston, SC 29406	n/a 3	Free medical clinic	24,000
Florence Crittenton Programs of SC 19 St Margaret St, Charleston, SC 29403	n/a	Free medical clinic	15,000
Crisis Ministries 575 Meeting St , Charleston, SC	n/a	Free medical clinic	50,000
Dee Norton Lowcountry Children's Center 1061 King Street, Charleston, South Carolina 29403	n/a	Childhood health	50,000
Free Medical Clinic of Aiken County PO Box 1294, Aiken, SC 29802	n/a	Free medical clinic	50,000
Free Medical Clinic of Newberry County P O Box 783, Newberry, SC 29108	n/a	Free medical clinic	50,000
Girl Scouts of Eastern SC 2412 Pisgah Road, Florence, SC 29505	n/a	Childhood health	22,839
Good Neighbor Free Medical Clinic of Beaufort 80 Eve Creek, Beaufort, SC 29906	n/a	Free medical clinic	50,000
Good Samaritan Clinic 7915 Old Percival Road, Columbia, SC 29223	n/a	Free medical clinic	35,500
Good Samaritan Medical Clinic 583 Saluda Street, Chester, SC 29706	n/a	Free medical clinic	15,000
Good Sheppard Free Medical Clinic of Laurens County 245 Human Services Road, Clinton, SC	n/a	Free medical clinic	15,000
Healthy Learners 2711 Middleburg Drive, Columbia, SC 29204	n/a	Children's medical services	100,000
Helping Hands Free Medical Clinic P O Box 1150, Marion, SC 29571	n/a	Free medical clinic	75,000
Joseph F Sullivan Center Clemson University, 116 Edwards Hall, Clemson, SC	n/a	Rural health delivery	60,000
Mission of Hope - Medmission PO Box 1661, Lexington, SC 29071	n/a	Free medical clinic	85,360
Orangeburg-Calhoun Free Medical Clinic PO Box 505, Orangeburg, SC 29116	n/a	Free medical clinic	50,000
Our Lady of Mercy Community Outreach Services P O Box 607, Johns Island, SC 29457	n/a	Free medical clinic	50,000
Palmetto Volunteers in Medicine Clinic 235 South Herlong Ave , Rock Hill, SC 29732	n/a	Free medical clinic	35,000
Pregnancy Center and Clinic of the Low Country 1 Cardinal Road, STE 1&2, Hilton Head Island, SC 29526	n/a	Free medical clinic	50,000

PART XV, SECTION 3

GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

<u>Name and address</u>	<u>Recipient Relationship, if any</u>	<u>Purpose of grant or contribution</u>	<u>Amount</u>
Rural Area Leadership Institute - Dillon County 627 Ellen Lane, Dillon, SC 29536	n/a	Free medical clinic	50,000
SC Asthma Alliance 100-3 Forum Drive STE 115, Columbia, SC 29229	n/a	Childhood health	79,500
SC Campaign to Prevent Teen Pregnancy 1331 Elmwood Avenue, Suite 140, Columbia, SC 29201	n/a	Childhood health	173,536
SC Eat Smart Move More Coalition PO Box 3007, Irmo, SC 29063	n/a	Obesity prevention	266,022
SC Free Clinic Association 525 N Trenholm Road, Columbia, SC 29206	n/a	Free medical clinic	75,000
SC Nurses Foundation, Inc 1821 Gadsden Street, Columbia, SC 29201	n/a	Nursing issues	500,000
SC Office of Rural Health 107 Saluda Pointe Drive, Lexington, SC 29072	n/a	Community health	1,253,216
Sistercare, Inc PO Box 1029, Columbia, SC 29202	n/a	Mental Health	50,000
Smith Medical Clinic P O Box 1740 Pawley's Island, SC 29585	n/a	Free medical clinic	35,000
Sumter Free Health Clinic PO Box 340, St Stephan, SC 29479,	n/a	Free medical clinic	50,000
USC School of Medicine Byrnes Building, 901 Sumter St, Room 512, Columbia, SC 29208	n/a	Obesity prevention	58,676
Wallace Elementary and Middle Schools 3463 Highway 9 West, Wallace, SC 29596	n/a	Obesity prevention	104,978
Bamberg School District One	n/a	School-based mental health program	27,686
Clarendon School District Two	n/a	School-based mental health program	27,685
Colleton County School District	n/a	School-based mental health program	27,685
Darlington County School District	n/a	School-based mental health program	39,834
Fairfield County School District	n/a	School-based mental health program	27,685
Hampton County School District Two	n/a	School-based mental health program	27,684
Jasper County School District	n/a	School-based mental health program	27,684
Marion School District One	n/a	School-based mental health program	27,685
Marlboro County School District	n/a	School-based mental health program	27,685
Orangeburg County School District 3	n/a	School-based mental health program	23,944
Orangeburg County School District 5	n/a	School-based mental health program	23,944
Williamsburg School District	n/a	School-based mental health program	27,684
			<u>4,995,087</u>

**BYLAWS
OF
BLUECROSS BLUESHIELD OF SOUTH CAROLINA FOUNDATION,
a South Carolina nonprofit public benefit corporation
As of May 26, 2010**

ARTICLE I

PURPOSE, OFFICES AND REGISTERED AGENT

Section 1.01. Purpose. The purpose of the Corporation is exclusively charitable, scientific, literary, and educational within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") with particular concern for the quality of health and healthcare and well-being of the people of the State of South Carolina. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributed to its members, trustees, directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. No substantial part of the activities of the Corporation shall be the carrying on of propaganda and the Corporation shall not otherwise attempt to influence legislation. The Corporation shall not participate in, or intervene in, political campaigns on behalf of any candidate for public office. The Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code, or corresponding section of any future federal tax code. The Corporation shall make donations only to governmental entities or to entities which are exempt from federal income tax under Section 501(c)(3) of the Code, or corresponding section of any future federal tax code.

Section 1.02. Principal Office. The Corporation shall maintain its Principal Office as required by the South Carolina Nonprofit Corporation Act of 1994, as amended (the "Act"), in the County of Richland, State of South Carolina or such other place as designed from time to time by the Board of Directors for the principal executive offices of the Corporation (the "Principal Office").

Section 1.03. Registered Office. The Corporation shall maintain a Registered Office as required by the Act at a location in the State of South Carolina designated by the Board of Directors from time to time (the "Registered Office"). In the absence of a contrary designation by the Board of Directors, the Registered Office of the Corporation shall be located at its Principal Office.

Section 1.04. Other Offices. The Corporation may have such other offices within and without the State of South Carolina as the business of the Corporation may require from time to time. The authority to establish or close such other offices may be delegated by the Board of Directors to one or more of the Corporation's Officers.

Section 1.05. Registered Agent. The Corporation shall maintain a Registered Agent as required by the Act who shall have a business office at the Corporation's Registered Office. The Registered Agent shall be designated by the Board of Directors from time to time to serve at its pleasure. In the absence of such designation the Registered Agent shall be as set forth in the Articles of Incorporation.

Section 1.06. Filings. In the absence of directions from the Board of Directors to the contrary, the Secretary of the Corporation shall cause the Corporation to maintain currently all filings in respect of the Principal Office, Registered Office and Registered Agent with all governmental officials as required by the Act or otherwise by law.

ARTICLE II MEMBERS

Section 2.01. The Member. The sole member (the "Member") is Blue Cross and Blue Shield of South Carolina. The Member shall be represented by the Chairman of the Board of Directors or Chief Executive Officer of Blue Cross and Blue Shield of South Carolina.

ARTICLE III DIRECTORS

Section 3.01. Authority. The Board of Directors shall have ultimate authority over the conduct and management of the business and affairs of the Corporation.

Section 3.02. Qualification. All Directors shall be natural persons.

Section 3.03. Number. The Corporation shall have not fewer than seven (7) and not more than eleven (11) Directors. The number of Directors may be increased or decreased from time to time by the Board of Directors; provided, however, the number of Directors shall not be less than three (3); and provided further, however no reduction in the number of Directors shall have the effect of shortening the term of any incumbent Director.

Section 3.04. Elected and Appointed Directors and Tenure. The Member shall appoint Directors to serve two year terms, with initial appointments to be staggered for one year and two year intervals, as appropriate. The Chief Financial Officer of Blue Cross and Blue Shield of South Carolina shall be appointed by the Member as a Director and shall serve as Treasurer of the Corporation. The Directors shall hold office from the date of each such Director's appointment until each such term has ended or the successor shall have been duly elected and qualified, or until each such Director's earlier removal, resignation, death, or incapacity. The Directors in office shall elect a Chairman at the annual meeting of the Board of Directors

Section 3.05. Resignation of Directors. A director may resign at any time by delivering written notice to the Board of Directors, its presiding officer, the President, or the Secretary. A resignation is effective when the notice is effective unless the notice specifies a later date. If the resignation is made effective at a later date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date.

Section 3.06. Removal. Any Director may be removed from office without cause by the Member or a two-thirds (2/3) vote of the Directors then in office.

Section 3.07. Vacancies. The Board of Directors may by majority vote of the Directors then in office, regardless of whether such Directors constitute a quorum, elect a new Director to fill a vacancy on the Board of Directors; provided, however, that no person may be elected to fill a vacancy created by such person's removal from office pursuant to these Bylaws. If a vacant office was held by an appointed director, only the person who appointed the Director may fill the vacancy.

Section 3.08. Annual and Regular Meetings. An annual meeting of the Board of Directors shall be called and held for the purpose of annual organization, changes in the established number of Directors, if any, appointment of Officers and committees, and transaction of any other business. The

annual meeting of the Board of Directors shall be held at such time and place as may be specified in notice of the meeting by any means of communication acceptable under the Act not less than thirty (30) days prior thereto. The Board of Directors may by resolution provide for the holding of additional regular meetings without notice other than such resolution; provided, however, the resolution shall fix the dates, times, and places for these regular meetings. Except as otherwise provided by law, any business may be transacted at any annual or regular meeting of the Board of Directors. Meetings of the Board of Directors may be anywhere within or without the State of the Corporation's Principal Office.

Section 3.09. Special Meetings; Notice of Special Meeting. Special meetings of the Board of Directors may be called for any lawful purpose or purposes by the Member, the President, or the presiding officer of the Board of Directors. The person calling a special meeting shall give, or cause to be given, to each Director at his business address, notice of the date, time and place of the meeting by any means of communication acceptable under the Act not less than two (2) days prior thereto. An oral notice is permissible if reasonable under the circumstances and is effective when communicated in a comprehensible manner. Written notice, if in comprehensible form, is effective at the earliest of the following:

- A. When received;
- B. Five (5) days after its deposit in the United States mail, if mailed correctly addressed with first class postage affixed;
- C. On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or
- D. Fifteen (15) days after its deposit in the United States mail, if mailed correctly addressed and with other than first class, registered, or certified postage affixed.

Written notice is correctly addressed to a Director if addressed to the Director's business address shown in the Corporation's current records. If notice is given by telegram, the notice shall be deemed delivered when the telegram is delivered to the telegraph company and the transmission fee therefor is paid. If notice is given by telecopier facsimile transmission, the notice shall be deemed delivered when the facsimile of the notice is transmitted to a telecopier facsimile receipt number designated by the receiving Director, if any, so long as such Director transmits to the sender an acknowledgment of receipt. The notice of a special meeting shall describe the purpose of such special meeting. Any time or place fixed for a special meeting must permit participation in the meeting by means of telecommunications as authorized below.

Section 3.10. Waiver of Notice of Meetings. Notice of a meeting need not be given to any Director who signs a waiver of notice either before or after the meeting. To be effective the waiver shall contain recitals sufficient to identify beyond reasonable doubt the meeting to which it applies. The recitals may, but need not necessarily, include reference to the date and purpose of the meeting and the business transacted thereat. Recital of the proper date of a meeting shall be conclusive identification of the meeting to which a waiver of notice applies unless the waiver contains additional recitals creating a patent ambiguity as to its proper application. The attendance of a Director at a Director's meeting shall constitute a waiver of notice of that meeting, except where the Director upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with the Act, these Bylaws, or the Articles, objects to lack of notice and does not thereafter vote or assent to the objected action.

Section 3.11. Participation by Telecommunications. Any Director may participate in, and be regarded as present at, any meeting of the Board of Directors by means of conference telephone or any other means of communication by which all persons participating in the meeting can hear each other at the same time.

Section 3.12. Quorum. A majority of the Directors in office immediately before the meeting shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. If the number of Directors is reduced from seven (7), the Board of Directors shall also at the same time reconsider the number of Directors that shall constitute a quorum, provided that the number of Members of the Directors that shall constitute a Quorum shall never be fewer than two (2).

Section 3.13. Action. The Board of Directors shall take action pursuant to resolutions adopted by the affirmative vote of a majority of the Directors participating in a meeting at which a quorum is present, or the affirmative vote of a greater number of Directors where required by the Articles, these Bylaws, the Act, or otherwise by law.

Section 3.14. Action Without Meeting. To the fullest extent permitted by the Act, the Board of Directors may take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act. Unless otherwise permitted by the Act, such written consent must be signed by all Directors and included in the minutes filed with the corporate records reflecting the action taken.

Section 3.15. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) such Director objects at the beginning of the meeting, or promptly upon arrival, to holding the meeting or transacting business at the meeting, (ii) the Director votes against the action and the vote is entered in the minutes of the meeting, (iii) the Director's dissent or abstention for the action taken is entered in the minutes of the meeting, or (iv) the Director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.16. Committees. The Board of Directors may from time to time by resolution, adopted in accordance with the Act, designate and delegate authority to one or more committees. Any such committee may be designated as a standing committee appointed annually or as a special committee for specific circumstances or transactions with a limited duration. Each committee shall be composed of two or more Directors, who shall serve at the pleasure of the Board of Directors. Only members of the Board of Directors shall serve as members of such committees. The duties, constitution, and procedures of any committee shall be prescribed by the Board of Directors. The Board of Directors shall designate one member of each committee as its chairman. A committee may not authorize distributions; approve or recommend to members dissolution, merger, or the sale, pledge, or transfer of all or substantially all the Corporation's assets; elect, appoint, or remove Directors or fill vacancies on the board or on any committee; or adopt, repeal, or amend the Articles or these Bylaws.

Section 3.17. Committee Meetings. A majority of each committee's voting members shall constitute a quorum for the transaction of business by the committee, and each committee shall take action pursuant to resolutions adopted by a majority of the committee's voting members participating

in a meeting at which a quorum of the committee is present. Each committee may also take action without a meeting by written consent as to such matters and in accordance with such requirements and procedures authorized by the Act for Director action. Unless otherwise permitted by the Act for Director action, such written consent must be signed by all of the committee's voting members. Special meetings of any committee may be called at any time by any Director who is a member of the committee or by any person entitled to call a special meeting of the full Board of Directors. Except as otherwise provided in this section, the conduct of all meetings of any committee, including notice thereof, and the taking of any action by such committee, shall be governed by this Article.

Section 3.18. Compensation. Directors shall not receive compensation for serving as a member of the Corporation's Board of Directors.

Section 3.19. Order of Business. Unless otherwise determined by the President, the order of business at the annual meeting, and so far as practicable at all other meetings of the Board of Directors, shall be as follows:

1. Determination of a quorum and proof of notice of meeting or waiver of notice
2. Reading and disposal of all unapproved minutes
3. Reports of Officers and committees, if applicable
4. Change in established number of Directors, if applicable — — — — —
5. Appointment of Officers and committees, if applicable
6. Unfinished business, if applicable
7. New business
8. Adjournment

Unless, and to the extent, determined by the Board of Directors or the chairman of the meeting, or unless required by a specific rule to the contrary in these Bylaws, the Articles, or the Act, meetings of the Board of Directors shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV OFFICERS

Section 4.01. In General. The Officers of the Corporation shall consist of a President, Secretary, and a Treasurer, and may also include one or more Vice Presidents, and such additional vice presidents, assistant secretaries, assistant treasurers and other officers and agents as the Board of Directors deems advisable from time to time. The President shall be the Chairman of the Board of Directors of Blue Cross and Blue Shield of South Carolina or the Chief Executive Officer of Blue Cross and Blue Shield of South Carolina. All other Officers shall be appointed by the President and approved by the Board of Directors to serve at the pleasure of the Board. Except as may otherwise be provided by Act or in the Articles, any Officer may be removed by the Board of Directors at any time, with or without cause. Any vacancy, however occurring, in any office may be filled by the Board of Directors for the unexpired term. One person may hold two or more offices. Each Officer shall exercise the authority and perform the duties as may be set forth in these Bylaws and any additional authority and duties as the Board of Directors shall determine from time to time.

Section 4.02. President. The President shall be the chief executive officer of the Corporation and shall manage the business and affairs of the Corporation. The President shall see that the resolutions of the Board of Directors and authorized committees thereof are put into effect. Except as otherwise provided herein and as may be specifically limited by resolution of the Board of Directors or an authorized committee thereof, the President shall have full authority to execute on the

Corporation's behalf any and all contracts, agreements, notes, bonds, deeds, mortgages, certificates, instruments, and other documents. The President shall also perform such other duties and may exercise such other powers as are incident to the office of president and as are from time to time assigned to him by the Act, these Bylaws, the Board of Directors, or an authorized committee thereof.

Section 4.03. Vice Presidents. Except as otherwise determined by the Board of Directors, each Vice President shall serve under the direction of the President. Except as otherwise provided herein, each Vice President shall perform such duties and may exercise such powers as are incident to the office of vice president and as are from time to time assigned to him by the Act, these Bylaws, the Board of Directors, an authorized committee thereof, or the President. In the absence, incapacity, or inability or refusal of the President to act, the most senior Vice President shall assume the authority and perform the duties of the President as set forth in this Article IV. If the Board of Directors appoints more than one Vice President, the seniority of the Vice Presidents shall be determined from their dates of appointment unless the Board of Directors shall otherwise specify. Designation of a "Senior" or "Executive" vice president by the Board of Directors, shall be an indication of seniority.

Section 4.04. Secretary. Except as otherwise provided by these Bylaws or determined by the Board of Directors, the Secretary shall serve under the direction of the President. The Secretary shall whenever possible attend all meetings of the Board of Directors, and whenever the Secretary cannot attend such meetings, such duty shall be delegated by the presiding officer for such meeting to a duly authorized assistant secretary. The Secretary shall record or cause to be recorded under the Secretary's general supervision the proceedings of all such meetings and any other actions taken by the members or the Board of Directors (or by any committee of the Board in place of the Board) in a book or books (or similar collection) to be kept for such purpose. The Secretary shall upon proper request give, or cause to be given, all notices in connection with such meetings. The Secretary shall be the custodian of the Corporate seal and affix the seal to any document requiring it, and to attest thereto by signature. The Secretary may delegate the Secretary's authority to affix the Corporation's seal and attest thereto by signature to any Assistant Secretary. The Board of Directors may give general authority to any other officer or specified agent to affix the Corporation's seal and to attest thereto by signature. Unless otherwise required by law, the affixing of the Corporation's seal shall not be required to bind the Corporation under any documents duly executed by the Corporation and the use of the seal shall be precatory in the discretion of the Corporation's duly authorized signing officers. The Secretary shall properly keep and file, or cause to be properly kept and filed under the Secretary's supervision, all books, reports, statements, notices, waivers, proxies, tabulations, minutes, certificates, documents, records, lists, and instruments required by the Act or these Bylaws to be kept or filed, as the case may be. The Secretary may when requested, and shall when required, authenticate any records of the Corporation. Except to the extent otherwise required by the Act, the Secretary may maintain, or cause to be maintained, such items within or without the State of South Carolina at any reasonable place. In the event the Board of Directors designates and engages a transfer agent, as permitted by these Bylaws, such duties of keeping such member records and the like accepted by such transfer agent shall be deemed delegated from the Secretary to such transfer agent, but such transfer agent shall be subject to supervision of the Secretary. The Secretary shall perform such other duties and may exercise such other powers as are incident to the office of secretary and as are from time to time assigned to such office by the Act, these Bylaws, the Board of Directors, an authorized committee thereof, or the President.

Section 4.05. Treasurer. Except as otherwise provided by these Bylaws or determined by the Board of Directors, the Treasurer shall serve under the direction of the President. The Treasurer shall, under the direction of the President, provide for the safe custody of the Corporation's funds and securities, maintain and give complete and accurate books, records, and statements of account, give and receive receipts for moneys, and make deposits of the Corporation's funds, or cause the same to be done under the Treasurer's supervision. The Treasurer shall upon request report to the Board of Directors or members on the financial condition of the Corporation. The Treasurer may be required by the Board of Directors at any time and from time to time to give such bond as the Board may determine. The Treasurer shall perform such other duties and may exercise such other powers as are incident to the office of treasurer and as are from time to time assigned to such office by the Act, these Bylaws, the Board of Directors, an authorized committee thereof, or the President.

Section 4.06. Assistant Officers. Except as otherwise provided by these Bylaws or determined by the Board of Directors, the Assistant Secretaries and Assistant Treasurers, if any, shall serve under the immediate direction of the Secretary and the Treasurer, respectively, and under the ultimate direction of the President. The Assistant Officers shall assume the authority and perform the duties of their respective immediate superior officer as may be necessary at the direction of such immediately superior officer, or in the absence, incapacity, inability, or refusal of such immediate superior officer to act. The seniority of Assistant Officers shall be determined from their dates of appointment unless the Board of Directors shall otherwise specify.

Section 4.07. Salaries. The salaries and other compensation of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving a salary or other compensation by reason of the fact that such officer is also a Director of the Corporation.

ARTICLE V INDEMNIFICATION

Section 5.01. Scope. The Corporation shall indemnify, defend and hold harmless the Corporation's Officers, Directors and employees to the fullest extent permitted by, and in accordance with the Act. This plan of indemnification shall constitute a binding agreement of the Corporation for the benefit of the Officers and Directors as consideration for their services to the Corporation, and may be modified or terminated by the Board of Directors only prospectively. Such right of indemnification shall not be exclusive of any other right which such Directors, Officers, or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any bylaw, agreement, vote of members, insurance, provision of law, or otherwise, as well as their rights under this Article V.

Section 5.02. Indemnification Plan. The Board of Directors may from time to time adopt an Indemnification Plan implementing the rights granted in Section 5.01. This Indemnification Plan shall set forth in detail the mechanics of how the indemnification rights granted in Section 5.01 shall be exercised, provided, that the Indemnification Plan shall include that the Directors shall not be indemnified until twenty (20) days after effective written notice is given to the South Carolina Attorney General, as set forth in Section 33-31-855(d) of the Act.

Section 5.03. Insurance. The Board of Directors may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a Director or Officer of another corporation, or as its representative in a partnership, joint venture, trust, or other enterprise, against

any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

ARTICLE VI TRANSACTIONS

Section 6.01. Contracts. The Board of Directors may authorize any Officer or Officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 6.02. Loans. The Board of Directors may authorize any Officer or Officers, or agent or agents, to contract any indebtedness and grant evidence of indebtedness and collateral therefor in the name of an on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 6.03. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice-President of the Corporation.

Section 6.04. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

Section 6.05. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation.

Section 6.06. Voting of Shares in Other Corporations Owned By The Corporation. Subject always to the specific directions of the Board of Directors, any share or shares of stock or membership interest issued by any other corporation and owned or controlled by the Corporation may be voted at any shareholders' or members' meeting of the other corporation by the President of the Corporation if he is present, or in his absence by any Vice-President of the Corporation who may be present or by any other Officer specifically designated by the Board of Directors. Whenever, in the judgment of the President, or in such officer's absence, of any Vice-President or other designated Officer, it is desirable for the Corporation to execute a proxy or give a shareholders' or members' consent in respect to any share or shares of stock or membership interest issued by any other corporation and owned or controlled by the Corporation, the proxy or consent shall be executed in the name of the Corporation by the President, or one of the Vice-Presidents of the Corporation without necessity of any authorization by the Board of Directors. Any person or persons designated in the manner above stated as the proxy or proxies of the Corporation shall have full right, power and authority to vote such share or shares of stock or membership interest issued by the other corporation.

ARTICLE VII RECORDS

Section 7.01. Forms of Records. When consistent with good business practices, any records of the Corporation may be maintained in other than written form if such other form is capable of reasonable preservation and conversion into written form within a reasonable time.

Section 7.02. Corporate Records. The Corporation shall keep as permanent written records a copy of the minutes of all meetings of its members and Board of Directors, a record of all actions taken by the members or Directors without a meeting, and a record of all actions taken by committees of the Board of Directors. The Corporation shall maintain appropriate accounting records. The Corporation shall keep a copy of the following records at its Principal Office:

- A. its articles or restated articles of incorporation and all amendments thereto currently in effect;
- B. its bylaws or restated bylaws and all amendments thereto currently in effect;
- C. resolutions adopted by its Board of Directors relating to the characteristics, qualifications, rights, limitations, and obligations of the members or any class or category of members;
- D. the minutes of all meetings of the Board of Directors and records of all actions approved by the Board of Directors for the past three (3) years;
- E. all written communications to Directors generally within the past three (3) years, including financial statements furnished for the past three (3) years;
- F. a list of the names and business or home address of its current Directors and Officers; and
- G. the Corporation's most recent report of each type required to be filed by the Corporation with the South Carolina Secretary of State.

Section 7.03. Inspection Rights. The Member shall have the right to inspect records of this Corporation to the fullest extent.

Section 7.04 Financial Statements. The corporation upon request from the Member shall furnish to the Member the Corporation's latest annual financial statements, which may be consolidated or combined statements of the Corporation and one or more of its subsidiaries or affiliates. Such statements shall include a balance sheet as of the end of the fiscal year and statement of operations for that year. If financial statements are prepared for the Corporation on the basis of generally accepted accounting principles, the annual financial statements also must be prepared on that basis. If the annual financial statements are reported upon by a public accountant, the accountant's statement must accompany them. If not, the statements must be accompanied by the statement of the President or person responsible for the Corporation's financial accounting records (1) stating whether or not to the President or such person's reasonable belief the financial statements were prepared on the basis of generally accepted accounting principles, and if not, describing the basis of preparation, and (2) describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year.

ARTICLE VIII MISCELLANEOUS

Section 8.01. Fiscal Year. The fiscal year of the Corporation shall be established, and may be altered, by resolution of the Board of Directors from time to time as the Board deems advisable. Until altered, the fiscal year shall be a calendar year.

Section 8.02. Seal. The seal of the Corporation shall be circular in form and shall have inscribed thereon the name of the Corporation, the year and state of its organization, and the word "Seal," or similar..

Section 8.03. Amendments to Bylaws. Subject to the Act and the Articles, these Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a majority vote of the Board of Directors, subject to the following: (a) the right of the Member to alter, adopt, amend, or repeal Bylaws as provided in the Act; and (b) action of the Member in adopting, amending, or repealing a particular Bylaw wherein the Board of Directors is expressly prohibited by such member action from amending or repealing the particular Bylaw acted upon by the Member. The Member may amend or repeal any or all of these Bylaws even though these Bylaws may also be amended or repealed by the Board of Directors. Any amendment to the Articles and Bylaws shall require the written consent of the Member.

Section 8.04. Amendment of Articles. Subject to the Act and the Articles, the Articles may be altered, amended, or repealed and new Articles may be adopted by the Member and, except for amendments which relate to the number of directors, the composition of the board, the term of office of directors or the method or way in which directors are elected or selected, upon the approval of a majority of the Directors then in office; provided however, that the Board of Directors may adopt one or more amendments to the Corporation's Articles as provided in Section 33-31-1002 of the Act. Any amendment to the Articles shall require the written consent of the Member. Any notice of a meeting at which Articles are to be adopted, amended, or repealed shall state that the purpose, or one of the purposes, of the meeting is to consider the adoption, amendment, or repeal of Articles and contain or be accompanied by a copy or summary of the proposal. Such notice shall be effective in accordance with Section 3.09 hereof.

Section 8.05. Severability. If any provision of these Bylaws or the application thereof to any person or circumstances shall be held invalid or unenforceable to any extent by a court of competent jurisdiction, such provision shall be complied with or enforced to the greatest extent permitted by law as determined by such court, and the remainder of these Bylaws and the application of such provision to other persons or circumstances shall not be affected thereby and shall continue to be complied with and enforced to the greatest extent permitted by law.

Section 8.06. Usage. In construing these Bylaws, feminine or neuter pronouns shall be substituted for masculine forms and vice versa, and plural terms shall be substituted for singular forms and vice versa, in any place in which the context so requires. The section and paragraph headings contained in these Bylaws are for reference purposes only and shall not affect in any way the meaning or interpretation of these Bylaws. Terms such as "hereof", "hereunder", "hereto", and words of similar import shall refer to these Bylaws in the entirety and all references to "Articles", "Paragraphs", "Sections", and similar cross references shall refer to specified portions of these Bylaws, unless the context clearly requires otherwise. Terms used herein which are not otherwise defined shall have the meanings ascribed to them in the Act. All references to statutory provisions shall be deemed to include corresponding sections of succeeding law.

Section 8.07. Conflict Between Bylaws, Articles and the Act. The Articles and the Act (as either may be amended from time to time) are incorporated herein by reference. Any conflict between the terms of these Bylaws, the Articles, or the Act shall be resolved in the following order: (1) the Act; (2) the Articles; and (3) these Bylaws.

Section 8.08. Conflicts of Interest. The Board shall establish a procedure to safeguard the corporation, its officers, directors, and accountable employees from conflicts of interest, and

the Board shall require all such officers, directors, and employees to abide by such safeguarding procedure.

The foregoing are certified to be the true and complete Bylaws of the Corporation as adopted by the single Member and amended as of May 26, 2010.


Secretary
Date of Certification May 26, 2010
(Corporate Seal)