



Building your future

August 7, 2009

California Physicians' Service Fdn
(dba Blue Shield of California Fdn)
50 Beale Street, Fourteenth Floor
San Francisco, CA 94105
Attention: Brittany Imwalle

Dear Brittany:

Enclosed are the original and one copy of the 2008 Exempt Organization returns, as follows...

2008 FORM 990-PF

2008 CALIFORNIA FORM 199

2008 CALIFORNIA FORM RRF-1

Filing instructions are attached to the duplicate copies, which are for your files. Please review all returns and schedules before signing the returns. File the original tax forms after you sign and date them.

We recommend that you use certified mail with post marked receipt for proof of timely filing.

We have enclosed mailing envelopes for your convenience in filing the return.

We sincerely appreciate the opportunity to serve you. Please contact us if you have any questions concerning the tax return.

Very truly yours,

Carolyn R. Amster

Form **990-W**

**Estimated Tax on Unrelated Business Taxable
Income for Tax-Exempt Organizations**

OMB No. 1545-0976

(WORKSHEET)
Department of the Treasury
Internal Revenue Service

(and on Investment Income for Private Foundations) FORM 990-PF

2009

(Keep for your records. Do not send to the Internal Revenue Service.)

1	Unrelated business taxable income expected in the tax year	1	
2	Tax on the amount on line 1. See instructions for tax computation	2	
3	Alternative minimum tax (see instructions)	3	
4	Total. Add lines 2 and 3	4	
5	Estimated tax credits (see instructions)	5	
6	Balance. Subtract line 5 from line 4	6	
7	Other taxes (see instructions)	7	
8	Total. Add lines 6 and 7	8	
9	Credit for federal tax paid on fuels (see instructions)	9	
10a	Subtract line 9 from line 8. Note. If less than \$500, the organization is not required to make estimated tax payments. Private foundations, see instructions	10a	100,000.
b	Enter the tax shown on the 2008 return (see instructions). Caution. If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 10a on line 10c	10b	
c	2009 Estimated Tax. Enter the smaller of line 10a or line 10b. If the organization is required to skip line 10b, enter the amount from line 10a on line 10c	10c	100,000.

		(a)	(b)	(c)	(d)	
11	Installment due dates (see instructions)	11	05/15/09	06/15/09	09/15/09	12/15/09
12	Required installments. Enter 25% of line 10c in columns (a) through (d) unless the organization uses the annualized income installment method, the adjusted seasonal installment method, or is a "large organization" (see instructions)	12	25,000.	25,000.	25,000.	25,000.
13	2008 Overpayment (see instructions)	13	25,000.	25,000.	25,000.	25,000.
14	Payment due. (Subtract line 13 from line 12.)	14				

LHA For Paperwork Reduction Act Notice, see instructions.

Form **990-W** (2009)

ESTIMATED TAX 100,000.
OVERPAYMENT APPLIED 100,000.
AMOUNT DUE 0.

TAX RETURN FILING INSTRUCTIONS

FORM 990-PF

FOR THE YEAR ENDING

December 31, 2008

Prepared for	California Physicians' Service Fdn (dba Blue Shield of California Fdn) 50 Beale Street, Fourteenth Floor San Francisco, CA 94105
Prepared by	Burr, Pilger & Mayer, LLP 3000 El Camino Real, Bldg 2, Ste 250 Palo Alto, CA 94306
Amount due or refund	Overpayment of \$171,590 with \$100,000 applied to the estimated tax payments and the balance of \$71,590 refunded
Make check payable to	No amount is due.
Mail tax return and check (if applicable) to	Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0027
Return must be mailed on or before	August 17, 2009
Special Instructions	The return should be signed and dated.

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

2008

Department of the Treasury
Internal Revenue Service

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

For calendar year **2008**, or tax year beginning _____, and ending _____

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	A Employer identification number 94-2822302
	Number and street (or P.O. box number if mail is not delivered to street address) Room/suite 50 BEALE STREET, FOURTEENTH FLOOR	B Telephone number (415) 229-5785
	City or town, state, and ZIP code SAN FRANCISCO, CA 94105	C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 68,216,618.	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)</small>				
Revenue				
1 Contributions, gifts, grants, etc., received	30,640,644.			STATEMENT 6
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	1,311,483.	1,311,483.		STATEMENT 1
4 Dividends and interest from securities				
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	-94,722.			
b Gross sales price for all assets on line 6a	29,928,987.			
7 Capital gain net income (from Part IV, line 2)		8,120,165.		
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				
12 Total. Add lines 1 through 11	31,857,405.	9,431,648.	0.	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc.	50,000.	0.	0.	50,000.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees STMT 2	27,820.	0.	0.	27,820.
c Other professional fees STMT 3	4,065,540.	14,659.	0.	3,981,007.
17 Interest				
18 Taxes STMT 4	80,235.	0.	0.	235.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	340,148.	0.	0.	333,152.
22 Printing and publications	129,602.	0.	0.	117,833.
23 Other expenses STMT 5	820,275.	0.	0.	830,027.
24 Total operating and administrative expenses. Add lines 13 through 23	5,513,620.	14,659.	0.	5,340,074.
25 Contributions, gifts, grants paid	36,899,161.			29,741,075.
26 Total expenses and disbursements. Add lines 24 and 25	42,412,781.	14,659.	0.	35,081,149.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-10,555,376.			
b Net investment income (if negative, enter -0-)		9,416,989.		
c Adjusted net income (if negative, enter -0-)			0.	

CALIFORNIA PHYSICIANS' SERVICE FDN
(DBA BLUE SHIELD OF CALIFORNIA FDN)

Form 990-PF (2008)

94-2822302 Page 2

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only.		Beginning of year	End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing		60,159,178.	58,064,624.	58,064,624.
	2	Savings and temporary cash investments				
	3	Accounts receivable ▶ 151,628.				
		Less: allowance for doubtful accounts ▶			151,628.	151,628.
	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				
	c	Investments - corporate bonds				
	11	Investments - land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other STMT 9			12,600,694.	9,955,356.	9,955,356.
14	Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
15	Other assets (describe ▶ STATEMENT 10)			129,454.	45,010.	45,010.
16	Total assets (to be completed by all filers)			72,889,326.	68,216,618.	68,216,618.
Liabilities	17	Accounts payable and accrued expenses		64,254.	1,802,296.	
	18	Grants payable		11,296,279.	18,454,366.	
	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)			74,825.	27,299.
23	Total liabilities (add lines 17 through 22)			11,435,358.	20,283,961.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted		61,453,968.	47,932,657.	
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> 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			61,453,968.	47,932,657.	
31	Total liabilities and net assets/fund balances			72,889,326.	68,216,618.	

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	61,453,968.
2	Enter amount from Part I, line 27a	2	-10,555,376.
3	Other increases not included in line 2 (itemize) ▶ SEE STATMENT 6 AND 7, PAGE 20	3	2,067,502.
4	Add lines 1, 2, and 3	4	52,966,094.
5	Decreases not included in line 2 (itemize) ▶ SEE STATMENT 6 AND 8, PAGE 20	5	5,033,437.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	47,932,657.

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 SEE ATTACHMENT D	D	VARIOUS	VARIOUS
b MFB NTGI S&P 500 INDEX (POOL #1) - CAPITAL			
c LOSS	P	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 29,928,987.		20,618,626.	9,310,361.
b			
c		1,190,196.	-1,190,196.
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(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	
a			9,310,361.
b			
c			-1,190,196.
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	8,120,165.
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))
2007	34,119,855.	51,493,578.	.662604
2006	25,326,819.	48,742,986.	.519599
2005	22,657,753.	45,778,405.	.494944
2004	14,535,907.	29,546,362.	.491969
2003			

2 Total of line 1, column (d)	2	2.169116
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	.542279
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	58,021,425.
5 Multiply line 4 by line 3	5	31,463,800.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	94,170.
7 Add lines 5 and 6	7	31,557,970.
8 Enter qualifying distributions from Part XII, line 4	8	35,081,149.

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.

CALIFORNIA PHYSICIANS' SERVICE FDN
(DBA BLUE SHIELD OF CALIFORNIA FDN)

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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 <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	94,170.
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	94,170.
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	94,170.
6 Credits/Payments:			
a 2008 estimated tax payments and 2007 overpayment credited to 2008	6a	265,760.	
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	265,760.	
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> 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		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	171,590.	
11 Enter the amount of line 10 to be: Credited to 2009 estimated tax <input checked="" type="checkbox"/> 100,000. Refunded <input checked="" type="checkbox"/>	11	71,590.	

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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <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>		X
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. <input checked="" type="checkbox"/> \$ 0. (2) On foundation managers. <input checked="" type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input checked="" type="checkbox"/> \$ 0.		
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?		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? <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 instructions) <input checked="" type="checkbox"/> CA		
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 2008 or the taxable year beginning in 2008 (see instructions for Part XIV)? <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

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**CALIFORNIA PHYSICIANS' SERVICE FDN
(DBA BLUE SHIELD OF CALIFORNIA FDN)**

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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 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.BLUESHIELDCAFOUNDATION.ORG</u>	13	X	
14	The books are in care of ► <u>CALIFORNIA PHYSICIANS' SRVC FDN</u> Telephone no. ► <u>415-229-5785</u> Located at ► <u>50 BEALE STREET, FOURTEENTH FLOOR, SAN FRANCISCO,</u> ZIP+4 ► <u>94105</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year	15		N/A

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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
1b	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 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		X
1c	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 2008?		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 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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		
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► <u>N/A</u> , <u>N/A</u> , <u>N/A</u> , <u>N/A</u>		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2008 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 2008.</i>) N/A		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		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 2008?		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 propoganda, 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)? **5b** X
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? **SEE STATEMENT 13** 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** X
If you answered "Yes" to 6b, also 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? **7b** N/A

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 STATEMENT 12		50,000.	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				
SEE STATEMENT 6				

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
SPHERION CORPORATION FILE 56737, LOS ANGELES, CA 90074-6737	CONTRACT EMPLOYEE AGENCY	518,761.
THE BRIDGESPAN GROUP 465 CALIFORNIA ST, 11TH FLOOR, SAN FRANCISCO, CA 94118	PROGRAM CONSULTANT	552,541.
UNIVERSITY OF CALIFORNIA, SAN FRANCISCO 3333 CALIFORNIA ST., STE. 430, S. F., CA 94118	PROGRAM CONSULTANT	298,401.
BUTLER SHINE, STERN AND PARTNERS, LLC 20 LIBERTY SHIP WAY, SAUSALITO, CA 94965	COMMUNICATIONS	801,218.
ISIS, INC 2727 ENTERPRISE PKWY, #100, RICHMOND, VA 23294	COMMUNICATIONS	446,189.
Total number of others receiving over \$50,000 for professional services		22

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 SEE STATEMENT 14	2,235,647.
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	
3 All other program-related investments. See instructions.	
Total. Add lines 1 through 3	0.

**CALIFORNIA PHYSICIANS' SERVICE FDN
(DBA BLUE SHIELD OF CALIFORNIA FDN)**

Form 990-PF (2008)

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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	11,648,879.
b	Average of monthly cash balances	1b	47,256,121.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	58,905,000.
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	58,905,000.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	883,575.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	58,021,425.
6	Minimum investment return. Enter 5% of line 5	6	2,901,071.

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	2,901,071.
2a	Tax on investment income for 2008 from Part VI, line 5	2a	94,170.
b	Income tax for 2008. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	94,170.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2,806,901.
4	Recoveries of amounts treated as qualifying distributions	4	90,700.
5	Add lines 3 and 4	5	2,897,601.
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	2,897,601.

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	35,081,149.
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	35,081,149.
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	94,170.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	34,986,979.

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.

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Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				2,897,601.
2 Undistributed income, if any, as of the end of 2007:				
a Enter amount for 2007 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2008:				
a From 2003				
b From 2004	13,070,936.			
c From 2005	21,154,767.			
d From 2006	23,314,965.			
e From 2007	31,936,235.			
f Total of lines 3a through e	89,476,903.			
4 Qualifying distributions for 2008 from Part XII, line 4: ▶ \$ 35,081,149.				
a Applied to 2007, but not more than line 2a ..			0.	
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 2008 distributable amount				2,897,601.
e Remaining amount distributed out of corpus	32,183,548.			
5 Excess distributions carryover applied to 2008 (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	121,660,451.			
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 2007. Subtract line 4a from line 2a. Taxable amount - see instr. ...			0.	
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				0.
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 2003 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	121,660,451.			
10 Analysis of line 9:				
a Excess from 2004 ..	13,070,936.			
b Excess from 2005 ..	21,154,767.			
c Excess from 2006 ..	23,314,965.			
d Excess from 2007 ..	31,936,235.			
e Excess from 2008 ...	32,183,548.			

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 2008, 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	(e) Total
	(a) 2008	(b) 2007	(c) 2006	(d) 2005		
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).)

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 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:

SEE STATEMENT 15

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

SEE STATEMENT 15

c Any submission deadlines:

SEE STATEMENT 15

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

SEE STATEMENT 15

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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 ATTACHMENT A, PAGE 29 OF 29		SEE ATTACHMENT A AND STMT 15		29741075.
Total				▶ 3a 29741075.
b Approved for future payment				
SEE ATTACHMENT B, PAGE 16 OF 16		SEE ATTACHMENT B AND STMT 15		19069737.
Total				▶ 3b 19069737.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclu- sion 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	1,311,483.	
4 Dividends and interest from securities					
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	-94,722.	
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.		1,216,761.	0.
13 Total. Add line 12, columns (b), (d), and (e)			13	1,216,761.	

(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).
	N/A

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		X
	(2) Other assets		X
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization		X
	(2) Purchases of assets from a noncharitable exempt organization		X
	(3) Rental of facilities, equipment, or other assets		X
	(4) Reimbursement arrangements		X
	(5) Loans or loan guarantees		X
	(6) Performance of services or membership or fundraising solicitations		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees		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		

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.

Sign Here	Signature of officer or trustee		Date	PRESIDENT AND CEO		Title	
	Paid Preparer's Use Only	Preparer's signature	CAROLYN R. AMSTER		Date	Check if self-employed <input type="checkbox"/>	Preparer's identifying number
		Firm's name (or yours if self-employed), address, and ZIP code	Burr, Pilger & Mayer, LLP 3000 EL CAMINO REAL, BLDG 2, STE 250 PALO ALTO, CA 94306		EIN	Phone no. (650) 855-6800	

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, and 990-PF.

OMB No. 1545-0047

2008

Name of the organization CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	Employer identification number 94-2822302
--	---

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 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

For organizations 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 Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/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 Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests 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 Form 990-EZ, that received from any one contributor, during the year, some 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. Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** answer "No" on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. These instructions will be issued separately.

Schedule B (Form 990, 990-EZ, or 990-PF) (2008)

Name of organization CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	Employer identification number 94-2822302
--	---

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	CALIFORNIA PHYSICIANS' SERVICE <hr/> 50 BEALE STREET <hr/> SAN FRANCISCO, CA 94105	\$ 30,023,708.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	CALIFORNIA PHYSICIANS' SERVICE <hr/> 50 BEALE STREET <hr/> SAN FRANCISCO, CA 94105	\$ 616,936.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	Employer identification number 94-2822302
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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
1	STOCK PORTFOLIO SEE ATTACHMENT C	\$ 30,023,704.	12/18/08
	_____ _____ _____ _____	\$ _____	_____
	_____ _____ _____ _____	\$ _____	_____
	_____ _____ _____ _____	\$ _____	_____
	_____ _____ _____ _____	\$ _____	_____
	_____ _____ _____ _____	\$ _____	_____
	_____ _____ _____ _____	\$ _____	_____

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

SOURCE	AMOUNT
INTEREST INCOME	1,311,483.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	1,311,483.

FORM 990-PF ACCOUNTING FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
AUDIT AND TAX SERVICES	27,820.	0.	0.	27,820.
TO FORM 990-PF, PG 1, LN 16B	27,820.	0.	0.	27,820.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
COMMUNICATIONS	1,724,813.	0.	0.	1,724,813.
PROGRAM ADMINISTRATION	1,350,794.	0.	0.	1,280,920.
SOFTWARE	40,000.	0.	0.	40,000.
OTHER PROFESSIONAL	630,181.	0.	0.	630,181.
FINANCIAL & MANAGEMENT	26,888.	0.	0.	26,888.
FACILITATION	9,000.	0.	0.	9,000.
RECRUITMENT	10,417.	0.	0.	10,417.
PROGRAM EVALUATION	258,788.	0.	0.	258,788.
INVESTMENT CUSTODY AND MANAGEMENT FEES	14,659.	14,659.	0.	0.
TO FORM 990-PF, PG 1, LN 16C	4,065,540.	14,659.	0.	3,981,007.

FORM 990-PF	TAXES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
EXCISE TAX	80,000.	0.	0.	0.	
TAXES OTHER	235.	0.	0.	235.	
TO FORM 990-PF, PG 1, LN 18	80,235.	0.	0.	235.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
EMPLOYEE TRAINING	9,734.	0.	0.	9,734.	
CONTRACTED SERVICES	734,835.	0.	0.	745,232.	
MISCELLANEOUS	3,826.	0.	0.	3,826.	
OFFICE SUPPLIES	14,175.	0.	0.	14,431.	
BOARD EXPENSE	57,705.	0.	0.	56,804.	
TO FORM 990-PF, PG 1, LN 23	820,275.	0.	0.	830,027.	

FOOTNOTES				STATEMENT	6
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FORM 990-PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS, ETC.,
RECEIVED

CONTRIBUTION OF STOCK (SEE SCHEDULE B)	30,023,708.
CONTRIBUTIONS - OTHER	616,936.
TOTAL	30,640,644.

FORM 990-PF, PART III - OTHER INCREASES AND DECREASES IN
NET ASSETS OR FUND BALANCES

CALIFORNIA PHYSICIANS' SERVICE (DBA BLUE SHIELD OF CALIFORNIA, INC.), A SUBSTANTIAL CONTRIBUTOR, PAID THE FOUNDATION'S STAFFING COST AND MUCH OF ITS ADMINISTRATIVE COSTS. CALIFORNIA PHYSICIANS' SERVICE (DBA BLUE SHIELD OF CALIFORNIA, INC.) RECEIVED NO REIMBURSEMENT OR COMPENSATION FOR THESE COSTS, WHICH WERE RECORDED AS AN IN-KIND GIFT BY THE FOUNDATION. THE ESTIMATED VALUE OF THE ADMINISTRATIVE COSTS AND PERSONNEL PROVIDED TO THE FOUNDATION WAS APPROXIMATELY
(SEE STATEMENT 8)

2,067,502.

FORM 990-PF OTHER INCREASES IN NET ASSETS OR FUND BALANCES STATEMENT 7

DESCRIPTION	AMOUNT
IN-KIND GIFT OF STAFFING AND ADMINISTRATIVE COSTS	2,067,502.
TOTAL TO FORM 990-PF, PART III, LINE 3	2,067,502.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 8

DESCRIPTION	AMOUNT
UNREALIZED GAIN/LOSS ON INVESTMENTS	2,965,935.
IN-KIND GIFT OF STAFFING AND ADMINISTRATIVE COSTS	2,067,502.
TOTAL TO FORM 990-PF, PART III, LINE 5	5,033,437.

FORM 990-PF OTHER INVESTMENTS STATEMENT 9

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MFB NTGI - S&P 500 INDEX FD NON-LENDING	FMV	5,452,839.	5,452,839.
MFB NTGI - MBS INDEX FUND NON-LENDING	FMV	457,128.	457,128.
MFB NTGI - COMM DAILY ST GOV'T BOND INDEX FUND LENDING	FMV	4,045,389.	4,045,389.
TOTAL TO FORM 990-PF, PART II, LINE 13		9,955,356.	9,955,356.

FORM 990-PF OTHER ASSETS STATEMENT 10

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
ACCRUED INVESTMENT INCOME	129,454.	45,010.	45,010.
TO FORM 990-PF, PART II, LINE 15	129,454.	45,010.	45,010.

FORM 990-PF	OTHER LIABILITIES	STATEMENT	11
DESCRIPTION		BOY AMOUNT	EOY AMOUNT
EXCISE TAX PAYABLE		74,825.	0.
ACCRUED EXPENSES		0.	27,299.
TOTAL TO FORM 990-PF, PART II, LINE 22		74,825.	27,299.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 12

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
CRYSTAL HAYLING C/O BLUE SHIELD OF CA FOUNDATION 50 BEALE STREET, FOURTEENTH FLOOR SAN FRANCISCO, CA 94105	PRESIDENT AND CEO 40.00	0.	0.	0.
EZRA DAVIDSON, JR., M.D. C/O BLUE SHIELD OF CA FOUNDATION 50 BEALE STREET, FOURTEENTH FLOOR SAN FRANCISCO, CA 94105	CHAIRMAN/TRUSTEE 1.00	11,000.	0.	0.
TOM EPSTEIN C/O BLUE SHIELD OF CA FOUNDATION 50 BEALE STREET, FOURTEENTH FLOOR SAN FRANCISCO, CA 94105	SECRETARY/TRUSTEE 1.00	0.	0.	0.
ESTA SOLER C/O BLUE SHIELD OF CA FOUNDATION 50 BEALE STREET, FOURTEENTH FLOOR SAN FRANCISCO, CA 94105	VICE-CHAIR/TRUSTEE 1.00	9,500.	0.	0.
ALIZA LIFSHITZ, M.D. C/O BLUE SHIELD OF CA FOUNDATION 50 BEALE STREET, FOURTEENTH FLOOR SAN FRANCISCO, CA 94105	TRUSTEE 1.00	9,000.	0.	0.
HEIDI KUNZ C/O BLUE SHIELD OF CA FOUNDATION 50 BEALE STREET, FOURTEENTH FLOOR SAN FRANCISCO, CA 94105	TRUSTEE 1.00	0.	0.	0.

<u>BELVA DAVIS</u>				
	TRUSTEE			
C/O BLUE SHIELD OF CA FOUNDATION				
50 BEALE STREET, FOURTEENTH FLOOR	1.00	8,000.	0.	0.
SAN FRANCISCO, CA 94105				
 DAVE KEARS				
	TRUSTEE			
C/O BLUE SHIELD OF CA FOUNDATION				
50 BEALE STREET, FOURTEENTH FLOOR	1.00	6,500.	0.	0.
SAN FRANCISCO, CA 94105				
 BILL HAUCK				
	TRUSTEE			
C/O BLUE SHIELD OF CA FOUNDATION				
50 BEALE STREET, FOURTEENTH FLOOR	1.00	6,000.	0.	0.
SAN FRANCISCO, CA 94105				
 TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII				
		<u>50,000.</u>	<u>0.</u>	<u>0.</u>

FORM 990-PF

EXPENDITURE RESPONSIBILITY STATEMENT
PART VII-B, LINE 5C

STATEMENT 13

GRANTEE'S NAME

SEE ATTACHMENT E, PAGES 1 THROUGH 8

GRANTEE'S ADDRESS

GRANT AMOUNT

DATE OF GRANT

AMOUNT EXPENDED

PURPOSE OF GRANT

FORM 990-PF

SUMMARY OF DIRECT CHARITABLE ACTIVITIES

STATEMENT 14

ACTIVITY ONE

IN 2008, BLUE SHIELD OF CALIFORNIA FOUNDATION MADE SIGNIFICANT INVESTMENTS IN DIRECT CHARITABLE PROGRAMS INCLUDING: 'BOSS OF ME', A NEW MEDIA CAMPAIGN DESIGNED TO ADDRESS THE ISSUE OF DATING VIOLENCE AMONG CALIFORNIA TEENS, CLINIC LEADERSHIP INSTITUTE, A TRAINING PROGRAM FOR EMERGING LEADERS WITHIN CALIFORNIA'S COMMUNITY CLINICS, CALIFORNIA TECHNOLOGY ASSESSMENT FORUM (CTAF), AN EXPERT PANEL REVIEWING THE EVIDENCE BASE AND EFFECTIVENESS OF MEDICAL TECHNOLOGIES, AND THE BLUE SHIELD AGAINST VIOLENCE WORKPLACE TRAINING PROGRAM, OFFERING TRAINING ON APPROPRIATE RESPONSES TO DOMESTIC VIOLENCE ISSUES WITHIN BUSINESSES ACROSS THE STATE.

EXPENSES

TO FORM 990-PF, PART IX-A, LINE 1

2,235,647.

FORM 990-PF

GRANT APPLICATION SUBMISSION INFORMATION
PART XV, LINES 2A THROUGH 2D

STATEMENT 15

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

BLUE SHIELD OF CALIFORNIA FOUNDATION
50 BEALE STREET, FOURTEENTH FLOOR
SAN FRANCISCO, CA 94105

TELEPHONE NUMBER

415-229-5785

FORM AND CONTENT OF APPLICATIONS

GO TO OUR WEBSITE: WWW.BLUESHIELDCAFUNDATION.ORG/GRANT-CENTER/

ANY SUBMISSION DEADLINES

SEE WEBSITE FOR CURRENT DEADLINES.

RESTRICTIONS AND LIMITATIONS ON AWARDS

THE BLUE SHIELD OF CALIFORNIA FOUNDATION IS COMMITTED TO MAKING HEALTH CARE EFFECTIVE, SAFE AND ACCESSIBLE FOR ALL CALIFORNIANS, PARTICULARLY UNDERSERVED PEOPLE, AND TO ENDING DOMESTIC VIOLENCE. WE PROVIDE GRANT AWARDS TO ORGANIZATIONS WHO SERVE CALIFORNIANS, AND ARE PURSUING ACTIVITIES DIRECTLY RELATED TO ONE OF OUR THREE PROGRAM AREAS OF FUNDING: 1) HEALTH CARE AND COVERAGE 2) HEALTH AND TECHNOLOGY 3) BLUE SHIELD AGAINST VIOLENCE

Underpayment of Estimated Tax by Corporations

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to the corporation's tax return.

FORM 990-PF

2008

Name CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	Employer identification number 94-2822302
--	---

Note: Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment			
1 Total tax (see instructions)		1	94,170.
2 a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a		
	2b		
	2c		
d Total. Add lines 2a through 2c		2d	
3 Subtract line 2d from line 1. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty		3	94,170.
4 Enter the tax shown on the corporation's 2007 income tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5		4	265,757.
5 Required annual payment. Enter the smaller of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3		5	94,170.

Part II Reasons for Filing - Check the boxes below that apply. If any boxes are checked, the corporation **must** file Form 2220 even if it does not owe a penalty (see instructions).

6 The corporation is using the adjusted seasonal installment method.

7 The corporation is using the annualized income installment method.

8 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment					
		(a)	(b)	(c)	(d)
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	05/15/08	06/15/08	09/15/08	12/15/08
10 Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Sch A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column.	10	23,543.	23,542.	23,543.	23,542.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	11	109,107.		15,238.	141,415.
Complete lines 12 through 18 of one column before going to the next column.					
12 Enter amount, if any, from line 18 of the preceding column	12		85,564.	62,022.	53,717.
13 Add lines 11 and 12	13		85,564.	77,260.	195,132.
14 Add amounts on lines 16 and 17 of the preceding column	14				
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	109,107.	85,564.	77,260.	195,132.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		0.	0.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17				
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18	85,564.	62,022.	53,717.	

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17 - no penalty is owed.

Part IV Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	19			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20			
21 Number of days on line 20 after 4/15/2008 and before 7/1/2008	21			
22 Underpayment on line 17 x $\frac{\text{Number of days on line 21} \times 6\%}{366}$	22	\$	\$	\$
23 Number of days on line 20 after 06/30/2008 and before 10/1/2008	23			
24 Underpayment on line 17 x $\frac{\text{Number of days on line 23} \times 5\%}{366}$	24	\$	\$	\$
25 Number of days on line 20 after 9/30/2008 and before 1/1/2009	25			
26 Underpayment on line 17 x $\frac{\text{Number of days on line 25} \times 6\%}{366}$	26	\$	\$	\$
27 Number of days on line 20 after 12/31/2008 and before 4/1/2009	27			
28 Underpayment on line 17 x $\frac{\text{Number of days on line 27} \times 5\%}{365}$	28	\$	\$	\$
29 Number of days on line 20 after 3/31/2009 and before 7/1/2009	29			
30 Underpayment on line 17 x $\frac{\text{Number of days on line 29} \times \%}{365}$	30	\$	\$	\$
31 Number of days on line 20 after 6/30/2009 and before 10/01/2009	31			
32 Underpayment on line 17 x $\frac{\text{Number of days on line 31} \times \%}{365}$	32	\$	\$	\$
33 Number of days on line 20 after 9/30/2009 and before 1/1/2010	33			
34 Underpayment on line 17 x $\frac{\text{Number of days on line 33} \times \%}{365}$	34	\$	\$	\$
35 Number of days on line 20 after 12/31/2009 and before 2/16/2010	35			
36 Underpayment on line 17 x $\frac{\text{Number of days on line 35} \times \%}{365}$	36	\$	\$	\$
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37	\$	\$	\$
38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120; line 33; or the comparable line for other income tax returns	38	\$		0.

* Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at www.irs.gov. You can also call 1-800-829-4933 to get interest rate information.

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Type or print	Name of Exempt Organization CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	Employer identification number 94-2822302
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 50 BEALE STREET, FOURTEENTH FLOOR	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. SAN FRANCISCO, CA 94105	

Check type of return to be filed (file a separate application for each return):

- | | | |
|---|---|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

**CALIFORNIA PHYSICIANS' SRVC FDN - 50 BEALE STREET,
 FOURTEENTH FLOOR - SAN FRANCISCO, CA 94105**

• The books are in the care of ▶ **415-229-5785** Telephone No. ▶ **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 will cover.

1 I request an automatic 3-month (6-months for a corporation required to file Form 990-T) extension of time until **AUGUST 15, 2009**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year **2008** or
 ▶ tax year beginning _____, and ending _____.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a 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.	3a	\$	94,170.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	265,760.
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM 199

FOR THE YEAR ENDING

December 31, 2008

Prepared for	California Physicians' Service Fdn (dba Blue Shield of California Fdn) 50 Beale Street, Fourteenth Floor San Francisco, CA 94105
Prepared by	Burr, Pilger & Mayer, LLP 3000 El Camino Real, Bldg 2, Ste 250 Palo Alto, CA 94306
Amount due or refund	Balance due of \$10
Make check payable to	Franchise Tax Board
Mail tax return and check (if applicable) to	Franchise Tax Board P.O. Box 942857 Sacramento, CA 94257-0701
Return must be mailed on or before	December 15, 2009
Special Instructions	The return should be signed and dated by an authorized individual. Include the organization's California corporation/organization number and "2008 Form 199" on the remittance.

TAXABLE YEAR
2008

California Exempt Organization Annual Information Return

828941 12-10-08
FORM

199

Calendar Year 2008 or fiscal year beginning month _____ day _____ year _____, and ending month _____ day _____ year _____.

A First Return Filed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	B Type of organization Exempt under Section 23701 <u>d</u> (insert letter) IRC Section 4947(a)(1) trust <input type="checkbox"/>	CORP # 1091748
--	--	--------------------------

Corporation/Organization Name CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)	FEIN 94-2822302
--	---------------------------

Address
50 BEALE STREET, FOURTEENTH FLOOR

City SAN FRANCISCO	State CA	ZIP Code 94105
------------------------------	--------------------	--------------------------

<p>C Amended Return? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>D Are you a subordinate/affiliate in a group exemption? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(a) Is this a group filing for affiliates? See General Instruction L <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(b) If "Yes," enter the number of affiliates _____</p> <p>(c) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No," attach a list. See instructions.)</p> <p>(d) Is this a separate return filed by an organization covered by a group ruling? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(e) Federal Group Exemption Number _____</p> <p>(f) Is a roster of subordinates attached? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>E Final return? <input type="checkbox"/> Dissolved <input type="checkbox"/> Surrendered (Withdrawn) <input type="checkbox"/> Merged/Reorganized (attach explanation) If a box is checked, enter date _____</p> <p>F Check the box if the organization filed: (1) <input type="checkbox"/> 990T (2) <input checked="" type="checkbox"/> 990PF (3) <input type="checkbox"/> 990H</p> <p>G If organization is exempt under R&TC Section 23701d and is exclusively religious, educational, or charitable, and is supported primarily (50% or more) by public contributions, check box. See General Instruction F. No filing fee is required. <input type="checkbox"/></p>	<p>H Accounting method used (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other</p> <p>I If exempt under R&TC Section 23701d, has the organization during the year: (1) participated in any political campaign or (2) attempted to influence legislation or any ballot measure, or (3) made an election under R&TC Section 23704.5 (relating to lobbying by public charities)? If "Yes," complete and attach form FTB 3509, Political or Legislative Activities by Section 23701d Organizations <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>J Did the organization have any changes in its activities, governing instrument, articles of incorporation, or bylaws that have not been reported to the Franchise Tax Board? If "Yes," complete an explanation and attach copies of revised documents <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>K Is the organization exempt under R&TC Section 23701g? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," enter amount of gross receipts from nonmember sources \$ _____</p> <p>L Is the organization under audit by the IRS or has the IRS audited in a prior year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>M Is the organization a Limited Liability Corporation? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>N Did the organization file Form 100 or Form 109 to report taxable income? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
--	---

Part I Complete Part I unless not required to file this form. See General Instructions B and C.

Receipts and Revenues	1	Gross sales or receipts from other sources. From Side 2, Part II, line 8	● 1	31,240,470.00
	2	Gross dues and assessments from members and affiliates	● 2	00
	3	Gross contributions, gifts, grants, and similar amounts received STMT 1	● 3	30,640,644.00
	4	Total gross receipts for filing requirement test. Add line 1 through line 3. STMT 2 This line must be completed. If the result is less than \$25,000, see General Instruction C	● 4	61,881,114.00
	5	Cost of goods sold	● 5	00
	6	Cost or other basis, and sales expenses of assets sold	● 6	32,989,644.00
	7	Total costs. Add line 5 and line 6	7	32,989,644.00
	8	Total gross income. Subtract line 7 from line 4	● 8	28,891,470.00
Expenses	9	Total expenses and disbursements. From Side 2, Part II, line 18	● 9	42,412,781.00
	10	Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	● 10	-13521311.00
Filing Fee	11	Filing fee \$10 or \$25. See General Instruction F	11	10.00
	12	Total payments	12	00
	13	Penalties and Interest. See General Instruction J	13	00
	14	Use tax. See General Instruction K	● 14	00
	15	Balance due. Add line 11, line 13, and line 14. Then subtract line 12 from the result	15	10.00

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) is based on all information of which preparer has any knowledge.

Signature of officer	Title PRESIDENT AND	Date	<input type="checkbox"/> Telephone <input checked="" type="checkbox"/> Preparer's SSN/PTIN P00189994 <input type="checkbox"/> FEIN 94-3381220 <input type="checkbox"/> Telephone (650) 855-6800
Preparer's signature CAROLYN R. AMSTER	Date	Check if self-employed <input type="checkbox"/>	
Firm's name (or yours, if self-employed) and address BURR, PILGER & MAYER, LLP 3000 EL CAMINO REAL, BLDG 2, STE 250 PALO ALTO, CA 94306			

May the FTB discuss this return with the preparer shown above? See instructions Yes No

Part II Organizations with gross receipts of more than \$25,000 and private foundations regardless of amount of gross receipts - complete Part II or furnish substitute information. See Specific Line Instructions. **SEE PART II SUBSTITUTE ATTACHMENT** 828951 12-05-08

Receipts from Other Sources	1	Gross sales or receipts from all business activities. See instructions	• 1	00	
	2	Interest	• 2	00	
	3	Dividends	• 3	00	
	4	Gross rents	• 4	00	
	5	Gross royalties	• 5	00	
	6	Gross amount received from sale of assets (See instructions)	• 6	00	
	7	Other income	• 7	00	
	8	Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	8	00	
	9	Contributions, gifts, grants, and similar amounts paid	• 9	00	
	10	Disbursements to or for members	• 10	00	
	11	Compensation of officers, directors, and trustees	• 11	00	
	Expenses and Disbursements	12	Other salaries and wages	• 12	00
		13	Interest	• 13	00
		14	Taxes	• 14	00
		15	Rents	• 15	00
		16	Depreciation and depletion (See instructions)	• 16	00
		17	Other	• 17	00
		18	Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	18	00

Schedule L Balance Sheets	Beginning of taxable year			End of taxable year
	(a)	(b)	(c)	(d)
Assets				
1 Cash				•
2 Net accounts receivable				•
3 Net notes receivable				•
4 Inventories				•
5 Federal and state government obligations				•
6 Investments in other bonds				•
7 Investments in stock				•
8 Mortgage loans (number of loans _____)				•
9 Other investments				•
10 a Depreciable assets				
b Less accumulated depreciation	()		()	
11 Land				•
12 Other assets				•
13 Total assets				
Liabilities and net worth				
14 Accounts payable				•
15 Contributions, gifts, or grants payable				•
16 Bonds and notes payable				•
17 Mortgages payable				•
18 Other liabilities				
19 Capital stock or principle fund				•
20 Paid-in or capital surplus. Attach reconciliation				•
21 Retained earnings or income fund				•
22 Total liabilities and net worth				

Schedule M-1 Reconciliation of income per books with income per return			
Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$25,000			
1 Net income per books	•		
2 Federal income tax	•		
3 Excess of capital losses over capital gains	•		
4 Income not recorded on books this year	•		
5 Expenses recorded on books this year not deducted in this return	•		
6 Total. Add line 1 through line 5			
7 Income recorded on books this year not included in this return	•		
8 Deductions in this return not charged against book income this year	•		
9 Total. Add line 7 and line 8			
10 Net income per return. Subtract line 9 from line 6			

FORM 199

CASH CONTRIBUTIONS OF \$5000 OR MORE
INCLUDED ON PART I, LINE 3

STATEMENT 1

CONTRIBUTOR'S NAME	CONTRIBUTOR'S ADDRESS	DATE OF GIFT	AMOUNT
CALIFORNIA PHYSICIANS' SERVICE	50 BEALE STREET SAN FRANCISCO, CA 94105		616,936.
TOTAL INCLUDED ON LINE 3			616,936.

FORM 199	NONCASH CONTRIBUTIONS OF \$5000 OR MORE INCLUDED ON PART I, LINE 3	STATEMENT 2
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CONTRIBUTOR'S NAME

CONTRIBUTOR'S ADDRESS

CALIFORNIA PHYSICIANS' SERVICE

50 BEALE STREET SAN FRANCISCO, CA 94105

PROPERTY DESCRIPTION

STOCK PORTFOLIO
SEE ATTACHMENT C

DATE OF GIFT

FMV OF GIFT

AMOUNT OF GIFT

12/18/08

30,023,704.

30,023,708.

TOTAL INCLUDED ON LINE 3

30,023,708.

TAX RETURN FILING INSTRUCTIONS

CALIFORNIA FORM RRF-1

FOR THE YEAR ENDING

December 31, 2008

Prepared for	California Physicians' Service Fdn (dba Blue Shield of California Fdn) 50 Beale Street, Fourteenth Floor San Francisco, CA 94105
Prepared by	Burr, Pilger & Mayer, LLP 3000 El Camino Real, Bldg 2, Ste 250 Palo Alto, CA 94306
Mail tax return to	Registry of Charitable Trusts P.O. Box 903447 Sacramento, CA 94203-4470
Return must be mailed on or before	August 17, 2009
Special Instructions	<p>The return should be signed and dated by an authorized individual.</p> <p>Enclose a check for \$225 made payable to Attorney General's Registry of Charitable Trusts. Include "Form RRF-1," the report year and the organization's state charity registration number and/or organization number on the remittance.</p>

MAIL TO:
 Registry of Charitable Trusts
 P.O. Box 903447
 Sacramento, CA 94203-4470
 Telephone: (916) 445-2021

WEB SITE ADDRESS:
<http://ag.ca.gov/charities/>

**ANNUAL
 REGISTRATION RENEWAL FEE REPORT
 TO ATTORNEY GENERAL OF CALIFORNIA**

Sections 12586 and 12587, California Government Code
 11 Cal. Code Regs. sections 301-307, 311 and 312

Failure to submit this report annually no later than four months and fifteen days after the end of the organization's accounting period may result in the loss of tax exemption and the assessment of a minimum tax of \$800, plus interest, and/or fines or filing penalties as defined in Government Code section 12586.1. IRS extensions will be honored.

State Charity Registration Number: <u>CT 46394</u> CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN) <small>Name of Organization</small> <u>50 BEALE STREET, FOURTEENTH FLOOR</u> <small>Address (Number and Street)</small> <u>SAN FRANCISCO, CA 94105</u> <small>City or Town, State and ZIP Code</small>	Check if: <input type="checkbox"/> Change of address <input type="checkbox"/> Amended report Corporate or Organization No. <u>1091748</u> Federal Employer I.D. No. <u>94-2822302</u>
---	--

ANNUAL REGISTRATION RENEWAL FEE SCHEDULE (11 Cal. Code Regs. sections 301-307, 311 and 312)
Make Check Payable to Attorney General's Registry of Charitable Trusts

Gross Annual Revenue	Fee	Gross Annual Revenue	Fee	Gross Annual Revenue	Fee
Less than \$25,000	0	Between \$100,001 and \$250,000	\$50	Between \$1,000,001 and \$10 million	\$150
Between \$25,000 and \$100,000	\$25	Between \$250,001 and \$1 million	\$75	Between \$10,000,001 and \$50 million	\$225
				Greater than \$50 million	\$300

PART A - ACTIVITIES

For your most recent full accounting period (beginning 01/01/2008 ending 12/31/2008) list:
 Gross annual revenue \$ 31,857,405. Total assets \$ 68,216,618.

PART B - STATEMENTS REGARDING ORGANIZATION DURING THE PERIOD OF THIS REPORT

Note: If you answer "yes" to any of the questions below, you must attach a separate sheet providing an explanation and details for each "yes" response. Please review RRF-1 instructions for information required.

	Yes	No
1. During this reporting period, were there any contracts, loans, leases or other financial transactions between the organization and any officer, director or trustee thereof either directly or with an entity in which any such officer, director or trustee had any financial interest? <p align="right">SEE STATEMENT 3</p>	X	
2. During this reporting period, was there any theft, embezzlement, diversion or misuse of the organization's charitable property or funds?		X
3. During this reporting period, did non-program expenditures exceed 50% of gross revenues?		X
4. During this reporting period, were any organization funds used to pay any penalty, fine or judgment? If you filed a Form 4720 with the Internal Revenue Service, attach a copy.		X
5. During this reporting period, were the services of a commercial fundraiser or fundraising counsel for charitable purposes used? If "yes," provide an attachment listing the name, address, and telephone number of the service provider.		X
6. During this reporting period, did the organization receive any governmental funding? If so, provide an attachment listing the name of the agency, mailing address, contact person, and telephone number.		X
7. During this reporting period, did the organization hold a raffle for charitable purposes? If "yes," provide an attachment indicating the number of raffles and the date(s) they occurred.		X
8. Does the organization conduct a vehicle donation program? If "yes," provide an attachment indicating whether the program is operated by the charity or whether the organization contracts with a commercial fundraiser for charitable purposes.		X
9. Did your organization have prepared an audited financial statement in accordance with generally accepted accounting principles for this reporting period?	X	

Organization's area code and telephone number (415) 229-5785

Organization's e-mail address BSCF@BLUESHIELDCAFOUNDATION.ORG

I declare under penalty of perjury that I have examined this report, including accompanying documents, and to the best of my knowledge and belief, it is true, correct and complete.

PRESIDENT AND CEO

Signature of authorized officer	Printed Name	Title	Date
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FORM RRF-1

EXPLANATION OF FINANCIAL TRANSACTIONS
PART B, LINE 1

STATEMENT 3

CALIFORNIA PHYSICIANS' SERVICE FDN (DBA BLUE SHIELD OF CALIFORNIA FDN)
COMPENSATES THEIR BOARD OF TRUSTEES FOR BOARD MEETINGS AND EXPENSES.