



**BILL & MELINDA GATES FOUNDATION TRUST**

Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)



**KPMG LLP**  
Suite 900  
801 Second Avenue  
Seattle, WA 98104

## **Independent Auditors' Report**

The Trustees  
Bill & Melinda Gates Foundation Trust:

We have audited the accompanying statements of financial position of the Bill & Melinda Gates Foundation Trust (the Trust) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bill & Melinda Gates Foundation Trust as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

**KPMG LLP**

May 26, 2011

**BILL & MELINDA GATES FOUNDATION TRUST**

Statements of Financial Position

December 31, 2010 and 2009

(In thousands)

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Cash	\$ 215,710	255,626
Investments	36,479,855	33,136,308
Investments loaned under secured lending transactions	329,882	497,166
Investment sales receivable	151,217	87,836
Interest and dividends receivable	89,278	111,330
Total assets	<u>\$ 37,265,942</u>	<u>34,088,266</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and other accrued liabilities	\$ 2,696	1,466
Payable under investment loan agreements	335,119	507,849
Investment purchases payable	157,568	118,664
Federal current and deferred excise tax payable	50,350	20,490
Total liabilities	545,733	648,469
Net assets – unrestricted	<u>36,720,209</u>	<u>33,439,797</u>
Total liabilities and net assets	<u>\$ 37,265,942</u>	<u>34,088,266</u>

See accompanying notes to financial statements.

**BILL & MELINDA GATES FOUNDATION TRUST**

Statements of Activities

Years ended December 31, 2010 and 2009

(In thousands)

	<u>2010</u>	<u>2009</u>
Change in net assets:		
Revenues and gains:		
Contributions	\$ 2,007,803	1,752,905
Investment income, net	4,486,493	5,809,084
Total revenues and gains	<u>6,494,296</u>	<u>7,561,989</u>
Expenses:		
Grants to the Bill & Melinda Gates Foundation	3,161,730	3,626,100
Federal excise and other taxes expense	52,154	70,578
Total expenses, net	<u>3,213,884</u>	<u>3,696,678</u>
Change in net assets	3,280,412	3,865,311
Unrestricted net assets, beginning of year	<u>33,439,797</u>	<u>29,574,486</u>
Unrestricted net assets, end of year	<u>\$ 36,720,209</u>	<u>33,439,797</u>

See accompanying notes to financial statements.

**BILL & MELINDA GATES FOUNDATION TRUST**

Statements of Cash Flows

Years ended December 31, 2010 and 2009

(In thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,280,412	3,865,311
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Stock and non-cash contributions	(1,615,657)	(1,598,771)
Net realized and unrealized gains on investments	(4,230,516)	(5,268,724)
Changes in operating assets and liabilities:		
Interest and dividends receivable	22,052	30,583
Federal current and deferred excise tax receivable	—	44,119
Accounts payable and other accrued liabilities	1,230	967
Federal current and deferred excise tax payable	29,860	20,490
Net cash used in operating activities	<u>(2,512,619)</u>	<u>(2,906,025)</u>
Cash flows from investing activities:		
Purchases of investments	(215,227,372)	(211,743,762)
Proceeds from sales of investments	217,700,075	214,600,229
Net cash provided by investing activities	<u>2,472,703</u>	<u>2,856,467</u>
Net decrease in cash and cash equivalents	(39,916)	(49,558)
Cash, beginning of year	<u>255,626</u>	<u>305,184</u>
Cash, end of year	<u>\$ 215,710</u>	<u>255,626</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for excise taxes	\$ 22,023	5,975

See accompanying notes to financial statements.

## **BILL & MELINDA GATES FOUNDATION TRUST**

Notes to Financial Statements

December 31, 2010 and 2009

(In thousands)

### **(1) Organization**

The Bill & Melinda Gates Foundation Trust (the Trust) is a charitable trust that holds the donated investment assets from Bill and Melinda Gates, and receives contributions from Warren Buffett. The Trust operates its main office in Seattle, Washington. Bill and Melinda Gates are its Trustees. The primary role of the Trust is to manage the investment assets and transfer proceeds to the Bill & Melinda Gates Foundation (the Foundation) as necessary to achieve the Foundation's charitable goals (see note 8 Related Parties).

### **(2) Summary of Significant Accounting Policies**

#### **(a) Basis of Financial Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

The Trust recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions, net assets, and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. For the years ended December 31, 2010 and 2009, all activities of the Trust were classified as unrestricted due to the lack of donor-imposed restrictions.

#### **(b) Cash**

Cash consists of U.S. and foreign currencies.

#### **(c) Investments**

Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices, except for alternative investments for which quoted market prices are not available. Alternative investments include private equity interests, commingled funds, nonreadily marketable bonds and notes, and other investments. The estimated fair value of certain alternative investments, such as private equity interests, is based on valuations provided by the general partner. The Trust reviews and evaluates the values provided by the general partner and assesses the valuation methods and assumptions used in determining the fair value of private equity investments. Other alternative investments are valued in a variety of ways including broker quotations and pricing models. Alternative investments make up less than 5% of total investments. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities in the period that such fluctuations occur. There have been no changes to the valuation policy during the year ended December 31, 2010.

Investment sales and purchases are recorded on a trade-date basis, which results in both investment receivables and payables on unsettled investment trades. Dividend income is recorded based upon the ex-dividend date, and interest income is recorded as earned on an accrual basis. Futures, forwards, and options contracts are marked to market with the change reflected in investment income.

## BILL & MELINDA GATES FOUNDATION TRUST

Notes to Financial Statements

December 31, 2010 and 2009

(In thousands)

### (d) *Fair Value of Financial Instruments*

The Trust utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Trust determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

### (e) *Contributed Services*

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of contributed services recorded in the accompanying statement of activities, consisting primarily of investment management services donated by Bill Gates, totaled \$386,508 and \$154,134 for the years ended December 31, 2010 and 2009, respectively. Investment management services contributed are reflected as contributions revenue, and as investment management services expense, which is netted against investment income.

### (f) *Tax-Exempt Status*

The Trust is exempt from federal income taxes under Section 501(c)(3) and is classified as a private foundation under Section 509(a) of the Internal Revenue Code. The Trust is subject to federal excise taxes as well as federal and state unrelated business income tax. In addition, some investments in foreign countries are subject to foreign income tax.

### (g) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BILL & MELINDA GATES FOUNDATION TRUST**

Notes to Financial Statements

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(In thousands)

**(h) Contributions Received**

The Trust receives contributions from related and unrelated parties. Related-party contributions in 2010 and 2009 were received from Warren Buffett and Bill Gates. Warren Buffett contributed Berkshire Hathaway “B” shares valued at \$1,604,577 and \$1,248,770 in 2010 and 2009, respectively. Bill Gates made cash and non-cash contributions of \$16,061 in 2010 and \$350,001 in 2009. In addition, Bill Gates contributed third-party management fees totaling \$44,758 and \$34,533 in 2010 and 2009, respectively, which are a part of the contributed investment management services as described in note 2(e). Contributions from unrelated parties are only accepted by the Trust if they are unrestricted. From time to time, the Trust is notified that it has been named as the beneficiary in the estate of certain individuals under revocable agreements. Such amounts are recorded as contributions upon the passing of the donor and the amounts become irrevocable.

**(3) Investments**

At December 31, 2010 and 2009, the Trust’s investments consist of the following:

	<u>2010</u>	<u>2009</u>
Cash equivalents	\$ 391,083	303,538
Equities:		
Berkshire Hathaway “B” Shares	7,158,594	5,191,676
Consumer goods	4,924,662	3,367,368
Energy	702,546	567,689
Financials	1,126,816	928,972
Healthcare	360,431	243,167
Industrials	3,972,304	2,577,722
Information technology	812,628	501,593
Materials	1,075,261	396,501
Telecommunications and utilities	452,405	426,437
Commingled and other	874,726	686,290
Debt:		
U.S. government securities	7,978,249	10,724,735
U.S. municipals	7,930	4,214
Foreign government securities	2,096,887	2,530,136
Corporate debt securities	2,117,353	2,718,079
Mortgage-backed securities	673,509	710,899
Other debt securities	411,083	474,936
Derivative contracts	291,350	104,894
Private investments	1,381,920	1,174,628
	<u>36,809,737</u>	<u>33,633,474</u>
Less investments loaned under secured lending transactions	<u>(329,882)</u>	<u>(497,166)</u>
Total investments	<u>\$ 36,479,855</u>	<u>33,136,308</u>

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ASC Subtopic 820-10 allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Trust to value private investments is the NAV per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Valuations provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The Trust reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

Investment income comprises the following for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 661,976	714,757
Net realized and unrealized gains on investments	4,230,516	5,268,724
Investment expenses:		
Investment management expenses	(388,118)	(154,134)
Third-party investment management and custodian fees and other expenses	<u>(17,881)</u>	<u>(20,263)</u>
Investment income, net	<u>\$ 4,486,493</u>	<u>5,809,084</u>

**BILL & MELINDA GATES FOUNDATION TRUST**

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(In thousands)

The following tables present the placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis at December 31, 2010 and 2009:

	<b>December 31, 2010</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Cash equivalents	\$ 391,083	391,083	—	—
Equities:				
Berkshire Hathaway “B”				
Shares	7,158,594	7,158,594	—	—
Consumer goods	4,924,662	4,924,381	—	281
Energy	702,546	702,546	—	—
Financials	1,126,816	1,126,816	—	—
Healthcare	360,431	360,431	—	—
Industrials	3,972,304	3,972,241	—	63
Information technology	812,628	812,628	—	—
Materials	1,075,261	1,075,261	—	—
Telecommunications and utilities	452,405	452,405	—	—
Commingled and other	874,726	833,076	29,610	12,040
Debt:				
U.S. government securities	7,648,367	7,503,010	145,357	—
U.S. municipals	7,930	—	7,930	—
Foreign government securities	2,096,887	2,096,887	—	—
Corporate debt securities	2,117,353	—	2,109,836	7,517
Mortgage-backed securities	673,509	—	664,041	9,468
Other debt securities	411,083	—	409,632	1,451
Derivative contracts	291,350	(573)	291,921	2
Private investments	1,381,920	—	433,401	948,519
	<u>\$ 36,479,855</u>	<u>31,408,786</u>	<u>4,091,728</u>	<u>979,341</u>

U.S. government securities in the above table is net of investments loaned under secured lending transactions of \$329,882, of which all are related to level 1 assets.

Given the nature of private investments, some of the holdings represented here cannot be liquidated immediately were such a need to arise. Many of the private investments held on December 31, 2009 and December 31, 2010 require general partner or managing member approval, and a 10-90 day waiting period to liquidate the investment. Additionally, some holdings require that membership not exceed a certain number of owners.

**BILL & MELINDA GATES FOUNDATION TRUST**

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(In thousands)

	<b>December 31, 2009</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Cash equivalents	\$ 303,538	303,538	—	—
Equities:				
Berkshire Hathaway Class B	5,191,676	5,191,676		
Consumer goods	3,367,368	3,367,368	—	—
Energy	567,689	567,035	—	654
Financials	928,972	928,972	—	—
Healthcare	243,167	243,167	—	—
Industrials	2,577,722	2,577,718	—	4
Information technology	501,593	501,593	—	—
Materials	396,501	396,501	—	—
Telecommunications and utilities	426,437	426,437	—	—
Commingled and other	686,290	594,757	82,150	9,383
Debt:				
U.S. government securities	10,227,569	9,393,588	830,935	3,046
U.S. municipals	4,214	—	4,214	—
Foreign government securities	2,530,136	—	2,530,136	—
Corporate debt securities	2,718,079	—	2,711,205	6,874
Mortgage-backed securities	710,899	—	703,194	7,705
Other debt securities	474,936	—	427,380	47,556
Derivative contracts	104,894	(653)	105,547	—
Private investments	1,174,628	—	374,839	799,789
	<u>\$ 33,136,308</u>	<u>24,491,697</u>	<u>7,769,600</u>	<u>875,011</u>

U.S. government securities in the above table is net of investments loaned under secured lending transactions of \$497,166, of which \$487,414 related to level 1 assets, and \$9,752 related to level 2 assets.

**BILL & MELINDA GATES FOUNDATION TRUST**

Notes to Financial Statements

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(In thousands)

The following is a summary of 2010 significant transfers into and out of Level 1 and Level 2 fair value measurements.

	Level 1		Level 2	
	transfers in	transfers out	transfer in	transfers out
Equities:				
Commingled and other	\$ 71,585	—	—	71,585
Debt:				
U.S. government securities	35,015	—	—	35,015
Foreign government securities	720,808	—	—	720,808
	<u>\$ 827,408</u>	<u>—</u>	<u>—</u>	<u>827,408</u>

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value for 2010 and 2009 respectively:

	Balance as of December 31, 2009	Total realized and unrealized gains (losses)	Purchases and (settlements)	Net transfers out	Balance as of December 31, 2010
Equities:					
Consumer goods	\$ —	(1,472)	1,753	—	281
Energy	654	43	—	(697)	—
Financials	—	(141)	141	—	—
Industrials	4	63	(4)	—	63
Commingled and other	9,383	(4,426)	7,217	(134)	12,040
Debt:					
U.S. government securities	3,046	(769)	(23)	(2,254)	—
Corporate debt securities	6,874	(11,508)	12,680	(530)	7,516
Mortgage-backed securities	7,705	(403)	3,239	(1,074)	9,467
Other debt securities	47,556	(655)	(25,952)	(19,496)	1,453
Derivatives Contracts	—	—	2	—	2
Private investments	799,789	60,352	88,378	—	948,519
	<u>\$ 875,011</u>	<u>41,084</u>	<u>87,431</u>	<u>(24,185)</u>	<u>979,341</u>

The Trust records net transfers in (out) of Level 3 as of December 31. Unrealized gains included in investment income related to Level 3 assets held as of December 31, 2010 totaled \$41,653.

**BILL & MELINDA GATES FOUNDATION TRUST**

Notes to Financial Statements

December 31, 2010 and 2009

(In thousands)

	<u>Balance as of December 31, 2008</u>	<u>Total realized and unrealized gains (losses)</u>	<u>Purchases and (settlements)</u>	<u>Net transfers in</u>	<u>Balance as of December 31, 2009</u>
Equities:					
Consumer goods	\$ —	(438)	(546)	984	—
Energy	—	(9,154)	9,808	—	654
Financials	516	(220)	(296)	—	—
Industrials	—	—	4	—	4
Materials	328	(328)	—	—	—
Commingled and other	119,489	4,697	(114,892)	89	9,383
Debt:					
U.S. government securities	2,842	204	—	—	3,046
U.S. municipals	5,000	(3)	(4,997)	—	—
Corporate debt securities	33,091	2,715	(17,504)	(11,428)	6,874
Mortgage-backed securities	1,373	2,401	4,490	(559)	7,705
Other debt securities	1,020	(4,587)	50,076	1,047	47,556
Private investments	744,026	(8,612)	5,222	59,153	799,789
	<u>\$ 907,685</u>	<u>(13,325)</u>	<u>(68,635)</u>	<u>49,286</u>	<u>875,011</u>

Unrealized losses included in investment income related to Level 3 assets held as of December 31, 2009 totaled \$12,856.

**(4) Securities Lending**

The Trust participates in securities lending transactions with a third-party investment company whereby the Trust lends certain investments in exchange for a premium. Under the terms of its securities lending agreement, the Trust requires collateral of a value at least equal to 102% of the fair value of loaned domestic investments and accrued interest, if any. Collateral of a value at least equal to 105% of the fair value and accrued interest, if any, is required on loaned international investments. The Trust maintains effective control of the loaned investments during the term of the agreement, in that they may be redeemed prior to the agreement's maturity. Upon the maturity of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed. The principal risks to the Trust of securities lending are that the yield earned on the collateral is insufficient to cover the rebate owed to the borrower, and that an investment purchased via the collateral reinvestment process becomes impaired. As of December 31, 2010, amounts received as collateral and reinvested in other investments decreased \$14,245 as a result of unrealized losses due to market declines, bringing the total value to \$320,874. Investments loaned under secured lending transactions totaled \$329,882 and \$497,166 as of December 31, 2010 and 2009, respectively.

Amounts received as collateral totaled \$335,119 and \$507,849 as of December 31, 2010 and 2009, respectively. Amounts received as collateral are included in investments and as a payable under investment loan agreements in the accompanying statements of financial position.

## BILL & MELINDA GATES FOUNDATION TRUST

Notes to Financial Statements

December 31, 2010 and 2009

(In thousands)

### (5) Derivative Financial Instruments

In the normal course of business, the Trust uses various financial instruments, including derivative financial instruments, in an effort to manage exposure on long-term investments.

In order to manage price and interest rate risk associated with investing activities, the Trust primarily uses a combination of forward contracts and futures. Under these instruments, the Trust agrees to the future delivery of a currency or security, on an agreed-upon date, and at an agreed-upon price. These contracts are entered into with the intent of minimizing the Trust's economic exposure to adverse fluctuations in financial or currency markets and to reduce interest rate risk.

The Trust also enters into derivative instruments for speculative and other purposes, including income enhancement and as an alternative to ownership of the underlying asset. Specifically, written options and forward contracts are used for enhancing returns on other investments and as an alternative to ownership.

All of the Trust's derivative instrument positions are marked to current value as a component of investment income.

The fair values of forward contracts, futures, options, and swaps as of December 31, 2010 and 2009 are as follows:

	<u>2010 fair value</u>	<u>2009 fair value</u>
Forward contracts	\$ 233,611	(11,348)
Futures	—	—
Options	68,120	133,467
Swaps	<u>(10,381)</u>	<u>(17,225)</u>
	<u>\$ 291,350</u>	<u>104,894</u>

Average notional purchases were \$6,061,806 in forward contracts, \$82 in futures, \$484,095 in options, and \$45,048 in swaps. Average notional sales were \$7,107,412 in forward contracts, \$51 in futures, \$4 in options, and \$45,542 in swaps. Amounts due to the Trust of \$81,126, as well as payable by the Trust of \$43,963 for open futures contracts are included in investment sales receivable and investment purchases payable, respectively, within the statement of financial position as of December 31, 2010.

The Trust's derivative instruments involve varying degrees of risk of loss in excess of the amount recognized in the statement of financial position, arising either from potential changes in market prices or the possible inability of counterparties to meet the terms of their contracts. The Trust monitors the financial condition of the firms used for these contracts in order to minimize the risk of loss. Management believes the Trust's use of derivatives does not result in credit or market risk that would materially affect the Trust's financial statements.

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**(6) Federal Excise Taxes**

The Trust is subject to federal excise taxes imposed on private foundations at 2%, or at 1% if certain conditions are met. The excise tax is imposed on net investment income, as defined under federal law, which includes interest, dividends, and net realized gains on the sale of investments. The Trust qualified for a 1% excise tax rate for the years ended December 31, 2010 and 2009. The current portion of excise tax expense is \$18,851 and \$26,424 for the years ended December 31, 2010 and 2009, respectively.

The Trust made provisions for deferred excise taxes, which were recorded at the 1% excise tax rate in 2010 and 2009. Deferred excise tax expense was \$33,410 and \$44,160 for the years ended December 31, 2010 and 2009, respectively, resulting from net unrealized gains on investments.

**(7) Commitments and Contingencies**

*Legal Matters*

In the ordinary course of business, the Trust is subject to certain legal actions. In the opinion of management, such matters will not have a material effect on the financial position of the Trust.

**(8) Related Parties**

The Trust holds and invests assets to fund a related party, the Bill & Melinda Gates Foundation (the Foundation). The Trust makes annual grants to the Foundation as necessary to carry out the Foundation's charitable goals. Neither entity controls the other; however, they share two trustees in common. In 2010 and 2009, the Trust made grants to the Foundation totaling \$3,161,730 and \$3,626,100, respectively.

**(9) Conditional Pledge Receivable**

The Trust recognizes conditional promises to give as revenues when the conditions are met. On June 26, 2006, Warren Buffett, a Trustee of the Foundation, pledged to the Trust ten million shares of Berkshire Hathaway "B" shares. The shares will be transferred in annual gifts of 5% of the balance of the earmarked shares. Contributions from Mr. Buffett in 2010 and in prior years are as follows:

<b>Berkshire Hathaway "B" shares contributed *</b>		
<b>Date</b>	<b>Shares</b>	<b>Value</b>
August 24, 2006 – July 1, 2008	71,313	\$ 5,165,776
July 1, 2009	21,434	1,248,770
July 1, 2010	20,363	1,604,577
Total to date *	113,110	\$ 8,019,123

\* On January 21, 2010, Berkshire Hathaway "B" shares split 50:1. All shares received prior to this date and the total shares received to date have been converted to reflect this split.

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Although Mr. Buffett did not designate any significant restrictions on the use of the contributions, he did place three conditions on his remaining pledge:

- (1) At least one of Bill or Melinda Gates must remain alive and active in the policy-setting and administration of the Foundation.
- (2) The Trust must continue to satisfy legal requirements qualifying his gift as charitable and not subject to gift or other taxes.
- (3) The value of his annual gift must be fully additive to the spending required by the Internal Revenue Service Code (i.e., approximately 5% of the Trust's net assets). The additional spending required as a condition of the gift will be based on the prior year's contribution.

As this gift is conditional and the conditions cannot be satisfied in advance of each year's installment of the gift, a receivable for the remaining contribution has not been reflected in the financial statements. Rather, future contribution income will be recognized in annual installments as the conditions of the gift are met.

### **(10) Subsequent Events**

The Trust evaluated subsequent events from December 31, 2010 through May 26, 2011, the date on which the financial statements were available to be issued.