



BILL & MELINDA GATES FOUNDATION TRUST

Financial Statements

December 31, 2011 and 2010

(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, 2011 and 2010, 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, 2011 and 2010, 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

June 11, 2012

BILL & MELINDA GATES FOUNDATION TRUST

Statements of Financial Position

December 31, 2011 and 2010

(In thousands)

Assets	2011	2010
Cash	\$ 546,039	215,710
Investments (note 3)	33,133,559	36,479,855
Investments loaned under secured lending transactions (notes 3 and 4)	159,455	329,882
Investment sales receivable	326,171	151,217
Interest and dividends receivable	73,832	89,278
Federal current excise tax receivable	11,999	—
Total assets	<u>\$ 34,251,055</u>	<u>37,265,942</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and other accrued liabilities	\$ 1,437	2,696
Payable under investment loan agreements (note 4)	162,679	335,119
Investment purchases payable	279,072	157,568
Federal deferred excise tax payable	28,870	50,350
Total liabilities	<u>472,058</u>	<u>545,733</u>
Net assets – unrestricted	<u>33,778,997</u>	<u>36,720,209</u>
Total liabilities and net assets	<u>\$ 34,251,055</u>	<u>37,265,942</u>

See accompanying notes to financial statements.

BILL & MELINDA GATES FOUNDATION TRUST

Statements of Activities

Years ended December 31, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Change in net assets:		
Revenues and gains:		
Contributions	\$ 1,918,923	2,007,803
Investment (loss) income, net	(893,256)	4,486,493
Total revenues and gains	<u>1,025,667</u>	<u>6,494,296</u>
Expenses:		
Grants to the Bill & Melinda Gates Foundation (note 8)	3,961,860	3,161,730
Federal excise and other taxes expense, net (note 6)	5,019	52,154
Total expenses, net	<u>3,966,879</u>	<u>3,213,884</u>
Change in net assets	(2,941,212)	3,280,412
Unrestricted net assets, beginning of year	<u>36,720,209</u>	<u>33,439,797</u>
Unrestricted net assets, end of year	<u>\$ 33,778,997</u>	<u>36,720,209</u>

See accompanying notes to financial statements.

BILL & MELINDA GATES FOUNDATION TRUST

Statements of Cash Flows

Years ended December 31, 2011 and 2010

(In thousands)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,941,212)	3,280,412
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Stock and non-cash contributions	(1,497,459)	(1,615,657)
Net realized and unrealized losses (gains) on investments	1,184,288	(4,203,029)
Net accretion and amortization	(25,955)	(27,487)
Changes in operating assets and liabilities:		
Interest and dividends receivable	15,446	22,052
Federal current excise tax receivable	(11,999)	—
Accounts payable and other accrued liabilities	(1,259)	1,230
Federal current and deferred excise tax payable	(21,480)	29,860
Net cash used in operating activities	<u>(3,299,630)</u>	<u>(2,512,619)</u>
Cash flows from investing activities:		
Purchases of investments	(68,259,913)	(78,624,068)
Proceeds from sales of investments	71,889,872	81,096,771
Net cash provided by investing activities	<u>3,629,959</u>	<u>2,472,703</u>
Net increase (decrease) in cash and cash equivalents	330,329	(39,916)
Cash, beginning of year	<u>215,710</u>	<u>255,626</u>
Cash, end of year	<u>\$ 546,039</u>	<u>215,710</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for excise taxes	\$ 38,500	22,023

See accompanying notes to financial statements.

BILL & MELINDA GATES FOUNDATION TRUST

Notes to Financial Statements

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(In thousands)

(1) Organization

The Bill & Melinda Gates Foundation Trust (the Trust) is a tax-exempt private foundation that holds the donated investment assets from Bill and Melinda Gates, and 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 the proceeds to the Bill & Melinda Gates Foundation (the Foundation) as necessary to achieve the Foundation's charitable goals (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, 2011 and 2010, all activities of the Trust were classified as unrestricted due to the lack of donor-imposed restrictions.

(b) *Cash and Cash Equivalents*

Cash consists of U.S. and foreign currencies. Highly liquid interest-earning investments and time deposits with an original maturity of less than three months are classified as cash equivalents.

(c) *Fair Value of Financial Instruments*

In determining the fair value of investments, 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: Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.
- Level 3 Inputs: Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

ASC Subtopic 820-10, *Fair Value Measurements*, 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 Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV

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December 31, 2011 and 2010

(In thousands)

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.

(d) *Investments*

Investments are stated at fair value with unrealized gains and losses on investments resulting from fair value fluctuations recorded in the statement of activities in the period that such fluctuations occur. Investment sales and purchases are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Amortization and accretion of premiums and discounts is recorded using the effective interest method.

(e) *Contributed Services*

Contributed services are recognized if the services received either create or enhance long-lived assets or 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 \$404,299 and \$386,508 for the years ended December 31, 2011 and 2010, respectively. Contributed investment management services included third-party management fees of \$50,598 and \$44,758 in 2011 and 2010, respectively. Contributed investment management services 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.

(h) *Contributions Received*

The Trust accepts contributions from related and unrelated parties and bequests from unrelated parties. Related-party contributions in 2011 and 2010 were received from Warren Buffett and Bill

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(In thousands)

Gates. Warren Buffett contributed Berkshire Hathaway “B” shares valued at \$1,497,459 and \$1,604,577 in 2011 and 2010, respectively. Bill Gates made cash and noncash contributions of \$16,045 in 2011 and \$16,061 in 2010. In addition, Bill Gates contributed third-party management fees 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.

(i) *Revisions and Reclassifications*

During 2011, the Trust determined a revision was necessary to the statement of cash flows for 2010 related to purchases of investments and proceeds from sale of investments for notional and collateral amounts related to derivative contracts. This revision decreased both purchases of investments and proceeds from sale of investments by \$136,603,304.

Certain reclassifications have been made to the 2010 balances to conform to the 2011 presentation of investment assets and income. These reclassifications had no effect on the change in net assets in 2010 or total net assets at December 31, 2010.

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Notes to Financial Statements

December 31, 2011 and 2010

(In thousands)

(3) Investments

At December 31, 2011 and 2010, the Trust's investments consist of the following:

	<u>2011</u>	<u>2010</u>
Cash equivalents	\$ 21,981	391,083
Equities:		
Berkshire Hathaway "B" Shares	6,958,871	7,158,594
Consumer goods	6,076,453	5,905,043
Energy	1,116,252	1,090,391
Financials	990,242	1,309,154
Healthcare	332,866	430,007
Industrials	3,843,392	4,169,937
Information technology	876,610	874,687
Materials	1,223,100	1,175,529
Telecommunications and utilities	592,022	621,259
Other	35,307	34,118
Debt:		
U.S. government securities	4,989,116	6,389,565
U.S. municipals	27,453	7,930
Foreign government securities	1,831,317	2,096,887
Corporate debt securities	2,104,310	2,117,353
Mortgage-backed securities	519,040	673,509
Other debt securities	277,795	411,083
Commingled	239,916	280,338
Derivative contracts	(163,331)	291,350
Private investments	1,400,302	1,381,920
	<u>33,293,014</u>	<u>36,809,737</u>
Less investments loaned under secured lending transactions	<u>(159,455)</u>	<u>(329,882)</u>
Total investments	<u>\$ 33,133,559</u>	<u>36,479,855</u>

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Notes to Financial Statements

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(In thousands)

Investment income comprises the following for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Interest and dividend income	\$ 640,580	661,976
Net realized and unrealized (losses) gains on investments	(1,184,288)	4,203,029
Other investment income	77,537	27,487
Investment expenses:		
Investment management expenses	(406,669)	(388,118)
Third-party investment management and custodian fees and other expenses	<u>(20,416)</u>	<u>(17,881)</u>
Investment (loss) income, net	<u>\$ (893,256)</u>	<u>4,486,493</u>

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Notes to Financial Statements

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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, 2011 and 2010:

	December 31, 2011	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents	\$ 21,981	1,123	20,858	—
Equities:				
Berkshire Hathaway “B”				
Shares	6,958,871	6,958,871	—	—
Consumer goods	6,076,453	6,074,621	1,832	—
Energy	1,116,252	1,116,252	—	—
Financials	990,242	990,222	20	—
Healthcare	332,866	332,866	—	—
Industrials	3,843,392	3,843,322	7	63
Information technology	876,610	876,610	—	—
Materials	1,223,100	1,223,100	—	—
Telecommunications and utilities	592,022	592,022	—	—
Other	35,307	20,235	1,652	13,420
Debt:				
U.S. government securities	4,829,661	4,637,715	191,946	—
U.S. municipals	27,453	—	27,453	—
Foreign government securities	1,831,317	—	1,831,317	—
Corporate debt securities	2,104,310	—	2,099,762	4,548
Mortgage-backed securities	519,040	—	518,890	150
Other debt securities	277,795	—	277,379	416
Commingled	239,916	207,787	32,129	—
Derivative contracts	(163,331)	—	(163,331)	—
Private investments	1,400,302	—	418,943	981,359
	<u>\$ 33,133,559</u>	<u>26,874,746</u>	<u>5,258,857</u>	<u>999,956</u>

U.S. government securities in the above table is net of investments loaned under secured lending transactions of \$159,455, of which all are related to Level 1 assets.

Given the longer term nature of private investments, many of the holdings represented here could not be liquidated immediately in the unlikely event that such a need were to arise for the Trust. The majority of the private investments held on December 31, 2011 and December 31, 2010 require general partner or managing member approval for an early redemption or transfer of ownership; a 10-90 day waiting period to liquidate the investment; and certain holdings require that membership not exceed a certain number of

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(In thousands)

owners, which could also delay the Trust's ability to transfer its ownership. The decision to invest in private investments includes consideration of the liquidation limitations as well as expected long-term funding requirements of the Foundation.

	<u>December 31, 2010</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Cash equivalents	\$ 391,083	307,346	83,737	—
Equities:				
Berkshire Hathaway "B"				
Shares	7,158,594	7,158,594	—	—
Consumer goods	5,905,043	5,904,762	—	281
Energy	1,090,391	1,090,391	—	—
Financials	1,309,154	1,309,154	—	—
Healthcare	430,007	430,007	—	—
Industrials	4,169,937	4,169,874	—	63
Information technology	874,687	874,687	—	—
Materials	1,175,529	1,175,529	—	—
Telecommunications and utilities	621,259	621,259	—	—
Other	34,118	20,075	2,003	12,040
Debt:				
U.S. government securities	6,059,683	5,914,326	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
Commingled	280,338	252,731	27,607	—
Derivative contracts	291,350	(573)	291,921	2
Private investments	1,381,920	—	433,401	948,519
	<u>\$ 36,479,855</u>	<u>31,325,049</u>	<u>4,175,465</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.

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Notes to Financial Statements

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(In thousands)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value for 2011 and 2010 respectively:

	<u>Balance as of December 31, 2010</u>	<u>Total realized and unrealized gains (losses)</u>	<u>Purchases</u>	<u>Settlements</u>	<u>Net transfers out</u>	<u>Balance as of December 31, 2011</u>
Equities:						
Consumer goods	\$ 281	(281)	—	—	—	—
Industrials	63	—	—	—	—	63
Other	12,040	(4,585)	11,881	(4,663)	(1,253)	13,420
Debt:						
Corporate debt securities	7,517	11,719	2,128	(16,816)	—	4,548
Mortgage-backed securities	9,468	(2,478)	—	(6,255)	(585)	150
Other debt securities	1,451	271	—	(245)	(1,061)	416
Derivatives contracts	2	—	—	(2)	—	—
Private investments	948,519	(20,654)	108,288	(54,794)	—	981,359
	<u>\$ 979,341</u>	<u>(16,008)</u>	<u>122,297</u>	<u>(82,775)</u>	<u>(2,899)</u>	<u>999,956</u>

The Trust records transfers to or from Level 3 as of December 31, the end of the reporting period. Unrealized losses included in investment loss related to Level 3 assets held as of December 31, 2011 totaled \$15,037.

	<u>Balance as of December 31, 2009</u>	<u>Total realized and unrealized gains (losses)</u>	<u>Purchases and (settlements)</u>	<u>Net transfers out</u>	<u>Balance as of December 31, 2010</u>
Equities:					
Consumer goods	\$ —	(1,472)	1,753	—	281
Energy	654	43	—	(697)	—
Financials	—	(141)	141	—	—
Industrials	4	63	(4)	—	63
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	(529)	7,517
Mortgage-backed securities	7,705	(402)	3,239	(1,074)	9,468
Other debt securities	47,556	(655)	(25,953)	(19,497)	1,451
Derivatives contracts	—	—	2	—	2
Private investments	799,789	60,352	88,378	—	948,519
	<u>\$ 875,011</u>	<u>41,085</u>	<u>87,430</u>	<u>(24,185)</u>	<u>979,341</u>

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, 2011 and 2010

(In thousands)

(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, 2011, amounts received as collateral and reinvested in other investments decreased \$12,183 as a result of unrealized losses due to market declines, bringing the fair value to \$150,496. Investments loaned under secured lending transactions totaled \$159,455 and \$329,882 as of December 31, 2011 and 2010, respectively.

Amounts received as collateral totaled \$162,679 and \$335,119 as of December 31, 2011 and 2010, respectively. Amounts received as collateral are included in investments and as a payable under investment loan agreements in the accompanying statements of financial position.

(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 included within investments on the accompanying statement of financial position at fair value with realized gains and losses as well as changes in fair value included as a component of investment income.

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The fair values of forward contracts, futures, options, and swaps as of December 31, 2011 and 2010 are as follows:

	2011	2010
Forward contracts	\$ (150,067)	233,611
Futures	—	—
Options	—	68,120
Swaps	(13,264)	(10,381)
	\$ (163,331)	291,350

Average notional purchases and sales were as follows:

	2011		2010	
	Purchases	Sales	Purchases	Sales
Forward contracts	\$ 4,822,735	4,879,146	6,061,806	7,107,412
Futures	1,538,905	1,554,022	1,194,206	1,543,013
Options	1,032	46,006	251,170	7,814
Swaps	50,761	52,136	45,048	45,542

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.

(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, 2011 and 2010. The current portion of excise tax expense is \$24,543 and \$18,851 for the years ended December 31, 2011 and 2010, respectively.

The Trust made provisions for deferred excise taxes, which were recorded at the 1% excise tax rate in 2011 and 2010. Deferred excise tax (benefit) expense was \$(19,522) and \$33,410 for the years ended December 31, 2011 and 2010, respectively, resulting from net unrealized (losses) gains on investments.

(7) Commitments and Contingencies

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.

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(In thousands)

(8) Related Parties

The Trust holds and invests assets to fund a related party, 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 2011 and 2010, the Trust made grants to the Foundation totaling \$3,961,860 and \$3,161,730, 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 (five hundred million split-adjusted*) of Berkshire Hathaway "B" shares. The shares will be transferred in annual gifts of 5% of the remaining balance of the earmarked shares. Contributions from Mr. Buffett in 2011 and in prior years are as follows:

Berkshire Hathaway "B" shares contributed*		
Date	Shares	Value
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
July 1, 2011	19,344	1,497,459
Total to date*	132,454	\$ 9,516,582

* 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.

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.

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(In thousands)

(10) Subsequent Events

The Trust evaluated subsequent events from December 31, 2011 through June 11, 2012, the date on which the financial statements were available to be issued.