

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

2002

Department of the Treasury
Internal Revenue Service

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

calendar year 2002, or tax year beginning _____, and ending _____

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 organization: **Bill & Melinda Gates Foundation**

Number and street (or P.O. box number if mail is not delivered to street address): **1551 Eastlake Avenue East**

Room/suite: _____

City or town, state, and ZIP code: **Seattle, WA 98102**

A Employer identification number: **91-1663695**

B Telephone number: **(206) 709-3100**

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16): **\$ 24081369193.**

J Accounting method: Cash Accrual
 Other (specify) _____

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

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

| | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash basis only) |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------------|-------------------------|-------------------------------------------------------------|
| 1 Contributions, gifts, grants, etc., received Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B | | | N/A | |
| 2 Distributions from split-interest trusts | | | | |
| 3 Interest on savings and temporary cash investments | 1044104116. | 1044104116. | | Statement 1 |
| 4 Dividends and interest from securities | 39273435. | 45773258. | | Statement 2 |
| 5a Gross rents | | | | |
| b (Net rental income or (loss)) | | | | |
| 6a Net gain or (loss) from sale of assets not on line 10 | 331237965. | | | |
| b Gross sales price for all assets on line 6a | 37242747362. | | | |
| 7 Capital gain net income (from Part IV, line 2) | | 335606447. | | |
| 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 | 101177638. | 150973773. | | Statement 3, 25 |
| 12 Total. Add lines 1 through 11 | 1515793154. | 1576457594. | | |
| 13 Compensation of officers, directors, trustees, etc. | 706519. | 0. | | 706519. |
| 14 Other employee salaries and wages | 16188197. | 0. | | 15764526. |
| 15 Pension plans, employee benefits | 5017732. | 0. | | 6393289. |
| 16a Legal fees Stmt 4 | 526144. | 0. | | 608054. |
| b Accounting fees Stmt 5 | 183246. | 0. | | 182188. |
| c Other professional fees Stmt 6 | 45643974. | 18488115. | | 25545773. |
| 17 Interest | | 26520. | | |
| 18 Taxes Stmt 7 | 47018225. | 3136018. | | 0. |
| 19 Depreciation and depletion Stmt 19 | 6492767. | 0. | | |
| 20 Occupancy | 3503792. | 0. | | 3487508. |
| 21 Travel, conferences, and meetings | 6787376. | 0. | | 6619581. |
| 22 Printing and publications | 195850. | 0. | | 413411. |
| 23 Other expenses Stmt 8 | 16089646. | 7454570. | | 9381868. |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | 148353468. | 29105223. | | 69102717. |
| 25 Contributions, gifts, grants paid | 976737432. | | | 1158292441. |
| 26 Total expenses and disbursements. Add lines 24 and 25 | 1125090900. | 29105223. | | 1227395158. |
| Subtract line 26 from line 12: | | | | |
| a Excess of revenue over expenses and disbursements | 390702254. | | | |
| b Net investment income (if negative, enter -0-) | | 1547352371. | | |
| c Adjusted net income (if negative, enter -0-) | | | N/A | |

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 |
| Cash - non-interest-bearing | 612. | 612. | 612. |
| Savings and temporary cash investments | 270674705. | 674242738. | 674242738. |
| Accounts receivable ▶ 288238491. | | | |
| Less: allowance for doubtful accounts ▶ | 298016822. | 288238491. | 288238491. |
| 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 | 219318. | 581309. | 581309. |
| 10a Investments - U.S. and state government obligations Stmt 9 | 8074174924. | 559279184. | 559279184. |
| b Investments - corporate stock Stmt 10 | 727776139. | 2812695253. | 2812695253. |
| c Investments - corporate bonds Stmt 11 | 6890702925. | 5717768413. | 5717768413. |
| 11 Investments - land, buildings, and equipment: basis ▶ | | | |
| Less: accumulated depreciation ▶ | | | |
| 12 Investments - mortgage loans | | | |
| 13 Investments - other Stmt 12 | 6925971747. | 7475812834. | 7475812834. |
| 14 Land, buildings, and equipment: basis ▶ 40672824. | | | |
| Less: accumulated depreciation ▶ 13507533. | 26628688. | 27165291. | 27165291. |
| 15 Other assets (describe ▶ Statement 13) | 84579269. | 6525585068. | 6525585068. |
| 16 Total assets (to be completed by all filers) | 23298745149. | 24081369193. | 24081369193. |
| Accounts payable and accrued expenses | 11172316. | 12441696. | |
| Grants payable | 1675981663. | 1495255049. | |
| Deferred revenue | | | |
| Loans from officers, directors, trustees, and other disqualified persons | | | |
| 21 Mortgages and other notes payable | | | |
| 22 Other liabilities (describe ▶ Statement 14) | 0. | 12108918. | |
| 23 Total liabilities (add lines 17 through 22) | 1687153979. | 1519805663. | |
| Organizations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31. | | | |
| 24 Unrestricted | 21611591170. | 22561563530. | |
| 25 Temporarily restricted | | | |
| 26 Permanently restricted | | | |
| Organizations 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 | 21611591170. | 22561563530. | |
| 31 Total liabilities and net assets/fund balances | 23298745149. | 24081369193. | |

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 | 21611591170. |
| 2 Net change in net assets or fund balances during the year | 2 | 390702254. |
| Net increases not included in line 2 (itemize) ▶ See Statement 17 | 3 | 9699499345. |
| Net decreases not included in line 2 (itemize) ▶ See Statement 18 | 4 | 31701792769. |
| 3 Total net assets or fund balances at end of year (line 1 plus line 2 minus line 3 plus line 4) - Part II, column (b), line 30 | 5 | 9140229239. |
| | 6 | 22561563530. |

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.) |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------|----------------------------------|
| See Attached Statement | | | |
| c | | | |
| d | | | |
| e | | | |

| (e) Gross sales price | (f) Depreciation allowed (or allowable) | (g) Cost or other basis plus expense of sale | (h) Gain or (loss) (e) plus (f) minus (g) |
|-----------------------|--------------------------------------------|-------------------------------------------------|----------------------------------------------|
| a | | | |
| b | | | |
| c | | | |
| d | | | |
| e 37242747362. | | 36836111120. | 335606447. |

| Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69 | | | (l) 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 | | | |
| b | | | |
| c | | | |
| d | | | |
| e | | | 335606447. |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------------|
| 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 | 335606447. |
| 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). (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

(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 organization liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the organization 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)) |
|-------------------------------------------------------------------|---------------------------------------|-------------------------------------------|----------------------------------------------------------|
| 2001 | 1179539373. | 22337837124. | .0528045 |
| 2000 | 991553573. | 20261693232. | .0489373 |
| 1999 | 513922234. | 13579574683. | .0378452 |
| 1998 | 81413576. | 2055122996. | .0396149 |
| 1997 | 35999577. | 399816613. | .0900402 |

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------|
| 2 Total of line 1, column (d) | 2 | .2692421 |
| 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 | .0538484 |
| 4 Enter the net value of noncharitable-use assets for 2002 from Part X, line 5 | 4 | 23299692084. |
| 5 Multiply line 4 by line 3 | 5 | 1254651139. |
| 6 Enter 1% of net investment income (1% of Part I, line 27b) | 6 | 15473524. |
| 7 Add lines 5 and 6 | 7 | 1270124663. |
| 8 Enter qualifying distributions from Part XII, line 4 | 8 | 1238249533. |

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

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

Table with 11 rows for excise tax calculations. Includes fields for exempt operating foundations, domestic organizations, tax based on investment income, and credits/payments. Total amount owed is 6811832.

Part VII-A Statements Regarding Activities

Table with 11 rows for activity statements. Includes questions about political campaigns, unrelated business income, and foundation status. Includes Yes/No columns and a 'Refunded' field.

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 organization (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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (6) | Agree to pay money or property to a government official? (Exception. Check "No" if the organization 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 | | |
| b | If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 19 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/> | 1b | X |
| c | Did the organization 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 2002? <input type="checkbox"/> | 1c | X |
| 2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)): | | | |
| a | At the end of tax year 2002, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2002? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years <input type="checkbox"/> | | |
| b | Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A | 2b | |
| c | If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <input type="checkbox"/> | | |
| 3 | Did the organization 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 2002 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2002.) N/A | 3b | |
| 4a | Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? <input type="checkbox"/> | 4a | X |
| b | Did the organization 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 2002? <input type="checkbox"/> | 4b | X |
| 5a During the year did the organization pay or incur any amount to: | | | |
| (1) | Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (2) | Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| (3) | Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/> | 5b | X |
| c | If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? <u>Statement 22</u> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945-5(d). | | |
| 6a | Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered "Yes" to 6b, also file Form 8870. | 6b | X |

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 15 | | 706519. | 105880. | 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 |
|-----------------------------------------------------------------|----------------------------------------------------------|------------------|-----------------------------------------------------------------------|---------------------------------------|
| Richard D. Klausner, MD 1551 Eastlake Ave, Seattle, WA 98102 | Exec. Dir. Global Health 40 hrs/wk | 435887. | 36471. | 0. |
| Gordon Perkin, MD 1551 Eastlake Ave, Seattle, WA 98102 | Senior Fellow 40 hrs/wk | 267366. | 40036. | 0. |
| Thomas J. Vander Ark 1551 Eastlake Ave, Seattle, WA 98102 | Exec. Dir. Education 40 hrs/wk | 208927. | 41991. | 0. |
| Sally Stansfield, MD 1551 Eastlake Ave, Seattle, WA 98102 | Assoc Dir. Global Health 40 hrs/wk | 190912. | 38559. | 0. |
| Richard Akeroyd 1551 Eastlake Ave, Seattle, WA 98102 | Dir. Intl. Library 40 hrs/wk | 187265. | 37267. | 0. |
| Total number of other employees paid over \$50,000 | | | | 117 |

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 |
|---------------------------------------------------------------------------------|----------------------------------|------------------|
| Coalition of Essential Schools Northwest 1500 North Warner, Tacoma, WA 98416 | Technical assistance to grantees | 3118320. |
| Lante Corporation 2825 E. Cottonwood Pkwy, Salt Lake City, UT | Custom software development | 2963163. |
| Greer, Margolis, Mitchell 1010 Wisconsin Ave NW, Washington DC 20007 | Grantee and other communications | 1409531. |
| Shepardson, Stern & Kaminsky LLP PO Box 19609, Newark, NJ 07195-0609 | Grantee and other communications | 1303187. |
| McKinsey & Company - Mexico Arquimedes 130 - CP 11560 Mexico D.F. | Program strategy development | 1147498. |
| Total number of others receiving over \$50,000 for professional services | | 57 |

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 Provided computer installation services, training, and technical support to public libraries in 13 states (MO, PA, IL, ND, SD, WY, KS, WA, OR, NV, UT, NE, NJ) for public access to the Internet | 16051269. |
| 2 Provided tech. assistance to schools; convened educators to discuss best practices in secondary education and leadership; shared program evaluation information and lessons learned. | 12170725. |
| 3 Constructed an HIV/AIDS Working Group; worked with vaccine manufacturers to improve quality and production of childhood vaccines in developing countries. | 659586. |
| Promoted development of state-wide long-term programs for services to families in transitional housing; provided technical assistance to rural communities. | 315753. |

Part IX-B Summary of Program-Related Investments

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

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

| | | | |
|---|-------------------------------------------------------------------------------------------------------------|----|--------------|
| 1 | Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes: | | |
| a | Average monthly fair market value of securities | 1a | 22522156843. |
| b | Average of monthly cash balances | 1b | 1131812399. |
| c | Fair market value of all other assets | 1c | 540488. |
| d | Total (add lines 1a, b, and c) | 1d | 23654509730. |
| 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 | 23654509730. |
| 4 | Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) | 4 | 354817646. |
| 5 | Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4 | 5 | 23299692084. |
| 6 | Minimum investment return. Enter 5% of line 5 | 6 | 1164984604. |

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 | 1164984604. |
| 2a | Tax on investment income for 2002 from Part VI, line 5 | 2a | 30947047. | |
| b | Income tax for 2002. (This does not include the tax from Part VI.) | 2b | | |
| c | Add lines 2a and 2b | 2c | 30947047. | |
| 3 | Distributable amount before adjustments. Subtract line 2c from line 1 | 3 | 1134037557. | |
| 4a | Recoveries of amounts treated as qualifying distributions | 4a | 1192507. | |
| b | Income distributions from section 4947(a)(2) trusts | 4b | 0. | |
| c | Add lines 4a and 4b | 4c | 1192507. | |
| 5 | Add lines 3 and 4c | 5 | 1135230064. | |
| 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 | 1135230064. | |

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 | 1227395158. |
| 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 | 10854375. |
| 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 | 1238249533. |
| 5 | Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b | 5 | 0. |
| 6 | Adjusted qualifying distributions. Subtract line 5 from line 4 | 6 | 1238249533. |

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

Part XIII Undistributed Income (see instructions)

| | (a) Corpus | (b) Years prior to 2001 | (c) 2001 | (d) 2002 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------|-------------|-------------|
| Distributable amount for 2002 from Part XI, line 7 | | | | 1135230064. |
| 2 Undistributed income, if any, as of the end of 2001: | | | | |
| a Enter amount for 2001 only | | | 0. | |
| b Total for prior years: | | 0. | | |
| 3 Excess distributions carryover, if any, to 2002: | | | | |
| a From 1997 | 17182955. | | | |
| b From 1998 | 72267391. | | | |
| c From 1999 | 203473210. | | | |
| d From 2000 | 76942701. | | | |
| e From 2001 | 135729759. | | | |
| f Total of lines 3a through e | 505596016. | | | |
| 4 Qualifying distributions for 2002 from Part XII, line 4: ▶ \$ 1238249533. | | | | |
| a Applied to 2001, 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 2002 distributable amount | | | | 1135230064. |
| e Remaining amount distributed out of corpus | 103019469. | | | |
| 5 Excess distributions carryover applied to 2002 (If an amount appears in column (d), the same amount must be shown in column (a).) | 0. | | | 0. |
| Enter the net total of each column as indicated below: | | | | |
| a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5 | 608615485. | | | |
| 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 2001. Subtract line 4a from line 2a. Taxable amount - see instr. | | | 0. | |
| f Undistributed income for 2002. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2003 | | | | 0. |
| 7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) | 0. | | | |
| 8 Excess distributions carryover from 1997 not applied on line 5 or line 7 | 17182955. | | | |
| 9 Excess distributions carryover to 2003. Subtract lines 7 and 8 from line 6a | 591432530. | | | |
| 10 Analysis of line 9: | | | | |
| a Excess from 1998 | 72267391. | | | |
| b Excess from 1999 | 203473210. | | | |
| Excess from 2000 | 76942701. | | | |
| Excess from 2001 | 135729759. | | | |
| e Excess from 2002 | 103019469. | | | |

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 2002, enter the date of the ruling

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

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

| | Tax year | | | | (e) Total |
|---------|----------|----------|---------------|----------|-----------|
| | (a) 2002 | (b) 2001 | Prior 3 years | | |
| | | | (c) 2000 | (d) 1999 | |
| a | | | | | |
| b | | | | | |
| c | | | | | |
| d | | | | | |
| e | | | | | |
| 3 a (1) | | | | | |
| 3 a (2) | | | | | |
| 3 b | | | | | |
| 3 c (1) | | | | | |
| 3 c (2) | | | | | |
| 3 c (3) | | | | | |
| 3 c (4) | | | | | |

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year-see page 25 of the instructions.)

1 Information Regarding Foundation Managers:

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

William H. Gates

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 organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization 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:

Bill & Melinda Gates Foundation, Grant Inquiry Coordinator, P.O. Box 23350, Seattle, WA 98102

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

See Statement 16

c Any submission deadlines:

ne

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

See Statement 16

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 <i>Paid during the year</i> See Attached Statement 20 | See Attached Statement 20 | See Attached Statement 20 | See Attached Statement 20 | 1158292441 |
| Total | | | | ▶ 3a 1158292441 |
| b <i>Approved for future payment</i> See Attached Statement 21 | See Attached Statement 21 | See Attached Statement 21 | See Attached Statement 21 | 550447179. |
| Total | | | | ▶ 3b 550447179. |

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

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?

Transfers from the reporting organization to a noncharitable exempt organization of:

| | Yes | No |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|
| (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 organization. If the organization 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. | | X |

| (a) Line no. | (b) Amount involved | (c) Name of noncharitable exempt organization | (d) Description of transfers, transactions, and sharing arrangements |
|--------------|---------------------|--------------------------------------------------|----------------------------------------------------------------------|
| a1 | 159692. | Alaska Council of School Administrators | Leadership development for superintendents & principals |
| a1 | 1527134. | Alaska Council of School Administrators | Assistance for six rural, low income school districts |
| a1 | 200000. | Idaho Association of School Administrators, Inc. | Leadership development for superintendents & principals |
| a1 | 915844. | Minnesota Association of School Administrators | Leadership development for superintendents & principals |
| a1 | 5000. | Washington Association of School Administrators | Sponsor the WASA 2003 Fall Conference |

2a Is the organization 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. I am a preparer of this return and I am not a partner, officer, or director of the organization.

Signature of officer or trustee: _____ Date: _____ Title: **Trustee**

Sign Here

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____ Check if self-employed: Preparer's SSN or PTIN: _____

Firm's name (or yours if self-employed), address, and ZIP code: _____ EIN: _____ Phone no.: _____

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.)

| (a) | (b) | (c) | (d) |
|----------------------------------------|-----|---------|---------|
| Equities (Statement 27) | P | Various | Various |
| Fixed income (Statement 28) | P | Various | Various |
| Cash equivalents (Statement 29) | P | Various | Various |
| Options (Statement 30) | P | Various | Various |
| Futures (Statement 31) | P | Various | Various |
| Gain/loss from investment partnerships | P | Various | Various |
| | | | |
| | | | |
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| | | | |

| (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 471059755. | | 492820769. | <21761014.> |
| b 29663492524. | | 29236347362. | 384921932. |
| c 7078077313. | | 7075505284. | 2572029. |
| d 30117770. | | 31437705. | <2963192.> |
| e | | | <23734102.> |
| f | | | <3429206.> |
| g | | | |
| h | | | |
| i | | | |
| | | | |
| | | | |
| m | | | |
| n | | | |
| o | | | |

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

| (i) F.M.V. as of 12/31/69 | (j) Adjusted basis as of 12/31/69 | (k) Excess of col. (i) over col. (j), if any | (l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-") |
|---------------------------|--------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| a | | | <21761014.> |
| b | | | 384921932. |
| c | | | 2572029. |
| d | | | <2963192.> |
| e | | | <23734102.> |
| f | | | <3429206.> |
| g | | | |
| h | | | |
| i | | | |
| j | | | |
| k | | | |
| l | | | |
| m | | | |
| n | | | |
| o | | | |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|------------|
| 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 | 335606447. |
| Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8 | 3 | N/A |

Form 990-PF Interest on Savings and Temporary Cash Investments Statement 1

| Source | Amount |
|-------------------------------------------------------|--------------------|
| Amortization | <60566640.> |
| Interest income | 1104670756. |
| Total to Form 990-PF, Part I, line 3, Column A | 1044104116. |

Form 990-PF Dividends and Interest from Securities Statement 2

| Source | Gross Amount | Capital Gains Dividends | Column (A) Amount |
|-----------------------------------------|------------------|-------------------------|-------------------|
| Dividend income | 39273435. | 0. | 39273435. |
| Total to Fm 990-PF, Part I, ln 4 | 39273435. | 0. | 39273435. |

Form 990-PF Other Income Statement 3

| Description | Amount |
|--------------------------------------------------------|-------------------|
| Security lending income | 39358348. |
| Dividends received on currency gain | 112882. |
| Interest received on currency gain | 97804. |
| Securities settlements on currency gain | 3724849. |
| Foreign exchange contracts on currency loss | 22834543. |
| Spot FX on currency loss | <4905306.> |
| Mortgage-backed security paydown losses | <10524160.> |
| TIPs inflation adjustment income | 24847340. |
| Other revenue | 3708. |
| Currency disposal on currency loss | 12370767. |
| Tax refund received on currency gain | 8095. |
| Income from equity partnership investments | 1039330. |
| Institutional mutual funds - WAMCO TIPS | 12728780. |
| Program rental income | 164173. |
| Other investment (loss) | <683515.> |
| Total to Form 990-PF, Part I, line 11, Column A | 101177638. |

Form 990-PF

Legal Fees

Statement 4

| Description | (a) Expenses Per Books | (b) Net Invest- ment Income | (c) Adjusted Net Income | (d) Charitable Purposes |
|----------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| General legal fees | 526144. | 0. | | 608054. |
| To Fm 990-PF, Pg 1, ln 16a | 526144. | 0. | | 608054. |

Form 990-PF

Accounting Fees

Statement 5

| Description | (a) Expenses Per Books | (b) Net Invest- ment Income | (c) Adjusted Net Income | (d) Charitable Purposes |
|------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| Audit and tax services | 183246. | 0. | | 182188. |
| To Form 990-PF, Pg 1, ln 16b | 183246. | 0. | | 182188. |

Form 990-PF

Other Professional Fees

Statement 6

| Description | (a) Expenses Per Books | (b) Net Invest- ment Income | (c) Adjusted Net Income | (d) Charitable Purposes |
|-------------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| Money management fees | 18422028. | 18422028. | | 0. |
| Investment consulting fees | 66087. | 66087. | | 0. |
| Consultants | 8997197. | 0. | | 8482889. |
| Program evaluation | 7662273. | 0. | | 6907757. |
| Grantee communications | 3408981. | 0. | | 3308702. |
| Instructor/speaker expense | 38075. | 0. | | 40879. |
| Payroll fees | 19632. | 0. | | 21334. |
| Web & editorial development | 881930. | 0. | | 860837. |
| Photography expense | 146119. | 0. | | <78277.> |
| Security services | 259109. | 0. | | 259109. |
| Technical assistance to grantees | 5742543. | 0. | | 5742543. |
| To Form 990-PF, Pg 1, ln 16c | 45643974. | 18488115. | | 25545773. |

Form 990-PF Taxes Statement 7

| Description | (a) Expenses Per Books | (b) Net Invest- ment Income | (c) Adjusted Net Income | (d) Charitable Purposes |
|---------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| Foreign income taxes | 2844536. | 3136018. | | 0. |
| Current & deferred excise taxes | 44101172. | 0. | | 0. |
| Property taxes | 72517. | 0. | | 0. |
| To Form 990-PF, Pg 1, ln 18 | 47018225. | 3136018. | | 0. |

Form 990-PF Other Expenses Statement 8

| Description | (a) Expenses Per Books | (b) Net Invest- ment Income | (c) Adjusted Net Income | (d) Charitable Purposes |
|------------------------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| Repairs and maintenance | 153669. | 0. | | 170523. |
| Cell phone, data lines | 1606848. | 0. | | 1569683. |
| Supplies and equipment | 2215212. | 0. | | 2370473. |
| Dues and memberships | 63843. | 0. | | 63843. |
| Postage and delivery | 1785186. | 0. | | 1790547. |
| Postage services | 1403934. | 0. | | 1438353. |
| Temporary employment | 489599. | 0. | | 498854. |
| Training and recruitment | 1249679. | 0. | | 1260125. |
| Fees, licences and permits | 13133. | 0. | | 13133. |
| Insurance | 139367. | 0. | | 139367. |
| Storage and warehouse | 65931. | 0. | | 66967. |
| Investment expenses | 1001043. | 1001043. | | 0. |
| Book/tax difference on partnership investments | 551325. | 551325. | | 0. |
| Investment custodian expenses | 5902202. | 5902202. | | 0. |
| Book/tax difference on partnership investments | <551325.> | 0. | | 0. |
| To Form 990-PF, Pg 1, ln 23 | 16089646. | 7454570. | | 9381868. |

Form 990-PF U.S. and State/City Government Obligations Statement 9

| Description | U.S. Gov't | Other Gov't | Book Value | Fair Market Value |
|--------------------------------------------------|------------|-------------|------------|-------------------|
| US & state government obligations | X | | 559279184. | 559279184. |
| Total U.S. Government Obligations | | | 559279184. | 559279184. |
| Total State and Municipal Government Obligations | | | | |
| Total to Form 990-PF, Part II, line 10a | | | 559279184. | 559279184. |

Form 990-PF Corporate Stock Statement 10

| Description | Book Value | Fair Market Value |
|----------------------------------------------|-------------|-------------------|
| Corporate stocks (See Attached Statement 26) | 2812695253. | 2812695253. |
| Total to Form 990-PF, Part II, line 10b | 2812695253. | 2812695253. |

Form 990-PF Corporate Bonds Statement 11

| Description | Book Value | Fair Market Value |
|---------------------------------------------|-------------|-------------------|
| Corporate bonds (See Attached Statement 24) | 5717768413. | 5717768413. |
| Total to Form 990-PF, Part II, line 10c | 5717768413. | 5717768413. |

Form 990-PF Other Investments Statement 12

| Description | Book Value | Fair Market Value |
|-----------------------------------------------|-------------|-------------------|
| Investments other (See Attached Statement 23) | 7475812834. | 7475812834. |
| Total to Form 990-PF, Part II, line 13 | 7475812834. | 7475812834. |

Form 990-PF

Other Assets

Statement 13

| Description | Book Value | Fair Market Value |
|------------------------------------------------------------------|--------------------|--------------------|
| Refundable federal excise taxes | 7074234. | 7074234. |
| Investments loaned under secured lending transactions and PEAFFs | 6518475042. | 6518475042. |
| Credit card disputed charges receivable | 22629. | 22629. |
| Accounts receivable | 13163. | 13163. |
| Total to Form 990-PF, Part II, line 15 | 6525585068. | 6525585068. |

Form 990-PF

Other Liabilities

Statement 14

| Description | Amount |
|---------------------------------------------------------|------------------|
| Deferred excise tax payable | 12108918. |
| Total to Form 990-PF, Part II, line 22, Column B | 12108918. |

Form 990-PF Part VIII - List of Officers, Directors Trustees and Foundation Managers Statement 15

| Name and Address | Title and Avrg Hrs/Wk | Compen-sation | Employee Ben Plan Contrib | Expense Account |
|-------------------------------------------------------------------------|-----------------------------------------|---------------|---------------------------|-----------------|
| Patricia Stonesifer 1551 Eastlake Avenue East Seattle, WA 98102 | President and Co-Chair 40 hrs/wk | 0. | 8557. | 0. |
| William H. Gates, Sr. 1551 Eastlake Avenue East Seattle, WA 98102 | Co-Chair 20 hrs/wk | 163821. | 26217. | 0. |
| William H. Gates 1551 Eastlake Avenue East Seattle, WA 98102 | Trustee 8 hrs/wk | 0. | 0. | 0. |
| Melinda F. Gates 1551 Eastlake Avenue East Seattle, WA 98102 | Manager 8 hrs/wk | 0. | 0. | 0. |
| Sylvia Mathews 1551 Eastlake Avenue East Seattle, WA 98102 | COO and Executive Director 40 hrs/wk | 346167. | 34947. | 0. |
| A. Golston 1551 Eastlake Avenue East Seattle, WA 98102 | Chief Fin & Admin Officer 40 hrs/wk | 196531. | 36159. | 0. |
| Totals included on 990-PF, Page 6, Part VIII | | 706519. | 105880. | 0. |

Form 990-PF Part XV, Line 2b Application Requirements Statement 16

Description

Letters of inquiry are accepted in the Global Health, Pacific Northwest, and Public Access to Information program areas. See www.gatesfoundation.org for grant award criteria and guidance in preparing a letter of inquiry.

Explanation for Other Increases to Net Assets:

The adjustment on line 3 of Part III of \$9,699,499,345 includes two components as described below:

- 1) Adjustment of \$9,140,229,239 in 2002 (and \$9,452,719,830 in 2001) for liabilities owed under secured lending transactions and investment sales payables. A corresponding asset balance offsets these liabilities. Consistent with generally accepted accounting principles (GAAP), these liabilities and offsetting asset balances are accounted for on the audited financial statements of the Foundation. These liabilities are not disclosed on the balance sheet for tax reporting purposes because the offsetting asset balances are not disclosed. The corresponding adjustment to the assets is reported on Line 5 and disclosed in Statement 18.
- 2) Adjustment for unrealized gains of \$559,270,106 that are recognized on the book financial statements consistent with GAAP.

Explanation for Decreases to Net Assets:

The adjustment of \$9,140,229,239 in 2002 (and \$9,452,719,830 in 2001) on line 5 is for assets loaned under secured lending transactions and a related gross-up for investment sales receivables. A corresponding liability offsets these assets. Consistent with generally accepted accounting principles (GAAP), these assets and offsetting liabilities are accounted for on the audited financial statements of the Foundation. These assets are not disclosed on the balance sheet for tax reporting purposes as they do not reflect actual endowment assets available for use. The corresponding adjustment to the liabilities is reported on Line 3, and is disclosed in Statement 17.

| Asset Class | Est. Useful Life | 1998-2001 Additions | | | | Cost 1/1/2002 | 2002 | | Balance 12/31/2002 | 12/31/2001 | | | Accum. Depreciation 12/31/2002 |
|--------------------------------|------------------------|---------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-----------------------|---------------------------------------|----------------------|-------------------|--------------------------------------|
| | | 1998 Additions | 1999 Additions | 2000 Additions | 2001 Additions | | 2002 Additions | 2002 Deletions | | Accum. Depreciation Prior Years | 2002 Depreciation | 2002 Disposals | |
| Computers, printers & software | 3 | \$ 726,216 | \$ 2,483,794 | \$ 2,754,661 | \$ 4,084,369 | \$ 12,502,686 | 8,023,283 | \$ (234,527) | \$ 16,587,055 | \$ 4,852,146 | \$ 4,405,022 | \$ (214,667) | \$ 9,042,501 |
| Furniture & Fixtures | 10 | 173,738 | 2,002,021 | 820,755 | 498,756 | 4,779,451 | 536,234 | - | 5,278,207 | 579,958 | 416,634 | - | 996,592 |
| Telecommunications | 5 | - | 302,275 | 220,888 | 37,935 | 561,097 | 179,503 | - | 733,523 | 148,005 | - | - | 148,005 |
| Vehicles | 5 | - | - | - | 25,106 | 25,106 | - | - | 25,106 | 5,019 | 5,019 | - | 10,038 |
| Leaschold improvements | 10 | 16,893 | 5,745,168 | 1,175,098 | 2,055,318 | 15,993,613 | 2,115,355 | (3,833) | 18,048,931 | 1,648,137 | 1,666,093 | (3,833) | 3,310,397 |
| | | \$ 916,847 | \$ 10,533,258 | \$ 4,971,402 | \$ 6,701,485 | \$ 33,861,953 | 10,854,375 | \$ (238,360) | \$ 40,672,824 | \$ 3,877,421 | \$ 6,492,768 | \$ (218,500) | \$ 13,507,533 |

Note: Straightline method of depreciation is used for all asset classes.