

## **GRAYSCALE BITCOIN TRUST (BTC)**

2021 Grantor Trust Tax Information

EIN: 46-7019388

The following information is being provided to assist Shareholders of the Grayscale Bitcoin Trust (BTC) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2021 through December 31, 2021

### **TAXATION OF THE TRUST**

The Trust is a grantor trust for U.S. federal income tax purposes. As a result, the Trust itself is not subject to U.S. federal income tax. Instead, the Trust's income and expenses "flow through" to the Shareholders.

### **TAXATION OF US INDIVIDUAL SHAREHOLDERS**

Shareholders generally will be treated, for U.S. federal income tax purposes, as if they directly owned a pro rata share of the underlying assets held in the Trust. Shareholders also will be treated as if they directly received their respective pro rata shares of the Trust's income and proceeds, and directly incurred their pro rata share of the Trust's expenses. Most state and local tax authorities follow U.S. income tax rules in this regard. However, Shareholders should contact their own tax advisors as to the state and local tax consequences of ownership of the Trust.

The Trust holds only Bitcoin ("BTC") tokens and, accordingly, received no income during the year.

The Trust paid expenses periodically, as shown in the attached 2021 Gross Proceeds File. These expenses are allocated into monthly periods as shown in the 2021 Expense File. An example illustrating the computation of a Shareholder's share of expenses is provided.

Because the Trust paid out only a de minimis amount of BTC for payment of Trust expenses during the year and made no distributions of sale proceeds to its Shareholders, under Treas. Reg. Sec. 1.671- 5(c)(2)(iv)(B) neither the Trust nor brokers are required to report the gross proceeds of Trust sales to Shareholders on Form 1099B. In lieu of Form 1099B, this information is contained in the attached 2021 Gross Proceeds File together with an example illustrating how a Shareholder should calculate gain or loss.

### **GLOSSARY OF TERMS**

Grayscale Bitcoin Trust (BTC) - (the "Trust")

Expense File – Summary of allocated monthly Trust expenses per share in USD (page 2)

Gross Proceeds File – Summary of daily value per share (in BTC), amount of BTC paid to cover trust expenses (in BTC), and per share proceeds from BTC paid to cover trust expenses (in USD) - (pages 3 -14)

Pro-Rated Shares – All income and expenses are distributed pro rata based on the actual number of days in the calendar month (see example on page 2)

## GRAYSCALE BITCOIN TRUST (BTC) 2021 EXPENSE FILE

### Summary of Expenses by Month (Details on pages 3-14)

Date	Expenses Per Share (USD)	Amount of BTC Per Share
January	0.05629973	0.00000160
February	0.06899920	0.00000144
March	0.08996839	0.00000160
April	0.08959907	0.00000155
May	0.07308307	0.00000160
June	0.05501582	0.00000155
July	0.05671416	0.00000160
August	0.07371042	0.00000159
September	0.06969866	0.00000154
October	0.09466904	0.00000159
November	0.09215281	0.00000154
December	0.07512039	0.00000159
<b>Total for year</b>	<b>0.89503076</b>	<b>0.00001879</b>

### How to Calculate the Shareholder's Investment Expenses

Identify in the table above the months (full and partial) in which the Shareholder held shares in the Trust. The amount in the column labeled "Expenses Per Share," represents the amount of investment expense paid per share for a full month. For any month in which the shares were not held on each day in such month, the expenses should be pro-rated based on the number of days held (see attached details for each month pages 3-14).

### Example illustrating calculation of a Shareholder's 2021 Grayscale Bitcoin Trust (BTC) Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2021 and sold them on September 15, 2021. For the month of February, Shareholder's expenses are \$0.06899920 (See Summary Table above – February Factor) x (13/28) = \$0.03203534 per share. For the months of March through August, the expenses per share are as shown in the summary table above. For the month of September, Shareholder's expenses are \$0.06969866 (See Summary Table above – September Factor) x (15/30) = \$0.03484933. The total expenses for Shareholder are therefore \$0.50497560 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$10,099.51.

Total Expenses per Share	\$0.50497560
Number of Shares Held	20,000
<b>Total Expense</b>	<b>\$ 10,099.51</b>

(Please consult your tax advisor as to reporting)

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
1/1/2021	0.00095007		
1/2/2021	0.00095002		
1/3/2021	0.00094997		
1/4/2021	0.00094991		
1/5/2021	0.00094986		
1/6/2021	0.00094981		
1/7/2021	0.00094976		
<b>1/8/2021</b>	<b>0.00094971</b>	<b>0.00000036</b>	<b>0.01423716</b>
1/9/2021	0.00094965		
1/10/2021	0.00094960		
1/11/2021	0.00094955		
1/12/2021	0.00094950		
<b>1/13/2021</b>	<b>0.00094945</b>	<b>0.00000026</b>	<b>0.00943021</b>
1/14/2021	0.00094939		
1/15/2021	0.00094934		
1/16/2021	0.00094929		
1/17/2021	0.00094924		
1/18/2021	0.00094919		
1/19/2021	0.00094913		
<b>1/20/2021</b>	<b>0.00094908</b>	<b>0.00000036</b>	<b>0.01255402</b>
1/21/2021	0.00094903		
1/22/2021	0.00094898		
1/23/2021	0.00094893		
1/24/2021	0.00094887		
1/25/2021	0.00094882		
1/26/2021	0.00094877		
<b>1/27/2021</b>	<b>0.00094872</b>	<b>0.00000036</b>	<b>0.01153721</b>
1/28/2021	0.00094867		
1/29/2021	0.00094861		
1/30/2021	0.00094856		
<b>1/31/2021</b>	<b>0.00094851</b>	<b>0.00000026</b>	<b>0.00854113</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
2/1/2021	0.00094846		
2/2/2021	0.00094841		
<b>2/3/2021</b>	<b>0.00094835</b>	<b>0.00000010</b>	<b>0.00385991</b>
2/4/2021	0.00094830		
2/5/2021	0.00094825		
2/6/2021	0.00094820		
2/7/2021	0.00094815		
2/8/2021	0.00094809		
2/9/2021	0.00094804		
<b>2/10/2021</b>	<b>0.00094799</b>	<b>0.00000036</b>	<b>0.01619716</b>
2/11/2021	0.00094794		
2/12/2021	0.00094789		
2/13/2021	0.00094783		
2/14/2021	0.00094778		
2/15/2021	0.00094773		
2/16/2021	0.00094768		
<b>2/17/2021</b>	<b>0.00094763</b>	<b>0.00000036</b>	<b>0.01897717</b>
2/18/2021	0.00094757		
2/19/2021	0.00094752		
2/20/2021	0.00094747		
2/21/2021	0.00094742		
2/22/2021	0.00094737		
2/23/2021	0.00094732		
<b>2/24/2021</b>	<b>0.00094726</b>	<b>0.00000036</b>	<b>0.01786065</b>
<b>2/25/2021</b>	<b>0.00094721</b>	<b>0.00000010</b>	<b>0.00510409</b>
2/26/2021	0.00094716		
2/27/2021	0.00094711		
<b>2/28/2021</b>	<b>0.00094706</b>	<b>0.00000016</b>	<b>0.00700022</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
3/1/2021	0.00094700		
3/2/2021	0.00094695		
3/3/2021	0.00094690		
3/4/2021	0.00094685		
<b>3/5/2021</b>	<b>0.00094680</b>	<b>0.00000021</b>	<b>0.01021352</b>
3/6/2021	0.00094674		
3/7/2021	0.00094669		
3/8/2021	0.00094664		
3/9/2021	0.00094659		
<b>3/10/2021</b>	<b>0.00094654</b>	<b>0.00000026</b>	<b>0.01460090</b>
3/11/2021	0.00094648		
3/12/2021	0.00094643		
3/13/2021	0.00094638		
3/14/2021	0.00094633		
3/15/2021	0.00094628		
3/16/2021	0.00094623		
<b>3/17/2021</b>	<b>0.00094617</b>	<b>0.00000036</b>	<b>0.02101859</b>
3/18/2021	0.00094612		
3/19/2021	0.00094607		
3/20/2021	0.00094602		
3/21/2021	0.00094597		
3/22/2021	0.00094591		
3/23/2021	0.00094586		
<b>3/24/2021</b>	<b>0.00094581</b>	<b>0.00000036</b>	<b>0.01984250</b>
3/25/2021	0.00094576		
3/26/2021	0.00094571		
3/27/2021	0.00094566		
3/28/2021	0.00094560		
3/29/2021	0.00094555		
3/30/2021	0.00094550		
<b>3/31/2021</b>	<b>0.00094545</b>	<b>0.00000041</b>	<b>0.02429288</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
4/1/2021	0.00094540		
4/2/2021	0.00094534		
4/3/2021	0.00094529		
4/4/2021	0.00094524		
4/5/2021	0.00094519		
4/6/2021	0.00094514		
4/7/2021	0.00094509		
<b>4/8/2021</b>	<b>0.00094503</b>	<b>0.00000031</b>	<b>0.01794315</b>
4/9/2021	0.00094498		
4/10/2021	0.00094493		
4/11/2021	0.00094488		
<b>4/12/2021</b>	<b>0.00094483</b>	<b>0.00000031</b>	<b>0.01864770</b>
4/13/2021	0.00094478		
4/14/2021	0.00094472		
4/15/2021	0.00094467		
4/16/2021	0.00094462		
4/17/2021	0.00094457		
4/18/2021	0.00094452		
4/19/2021	0.00094446		
<b>4/20/2021</b>	<b>0.00094441</b>	<b>0.00000036</b>	<b>0.02052130</b>
4/21/2021	0.00094436		
4/22/2021	0.00094431		
4/23/2021	0.00094426		
4/24/2021	0.00094421		
4/25/2021	0.00094415		
4/26/2021	0.00094410		
4/27/2021	0.00094405		
4/28/2021	0.00094400		
4/29/2021	0.00094395		
<b>4/30/2021</b>	<b>0.00094390</b>	<b>0.00000057</b>	<b>0.03248692</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
5/1/2021	0.00094384		
5/2/2021	0.00094379		
5/3/2021	0.00094374		
5/4/2021	0.00094369		
<b>5/5/2021</b>	<b>0.00094364</b>	<b>0.00000026</b>	<b>0.01478822</b>
5/6/2021	0.00094359		
5/7/2021	0.00094353		
5/8/2021	0.00094348		
5/9/2021	0.00094343		
5/10/2021	0.00094338		
5/11/2021	0.00094333		
<b>5/12/2021</b>	<b>0.00094327</b>	<b>0.00000031</b>	<b>0.01689263</b>
5/13/2021	0.00094322		
5/14/2021	0.00094317		
5/15/2021	0.00094312		
5/16/2021	0.00094307		
5/17/2021	0.00094302		
<b>5/18/2021</b>	<b>0.00094296</b>	<b>0.00000031</b>	<b>0.01342969</b>
5/19/2021	0.00094291		
5/20/2021	0.00094286		
5/21/2021	0.00094281		
5/22/2021	0.00094276		
5/23/2021	0.00094271		
<b>5/24/2021</b>	<b>0.00094265</b>	<b>0.00000036</b>	<b>0.01433738</b>
5/25/2021	0.00094260		
5/26/2021	0.00094255		
<b>5/27/2021</b>	<b>0.00094250</b>	<b>0.00000015</b>	<b>0.00601580</b>
5/28/2021	0.00094245		
5/29/2021	0.00094240		
5/30/2021	0.00094234		
<b>5/31/2021</b>	<b>0.00094229</b>	<b>0.00000021</b>	<b>0.00761935</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
6/1/2021	0.00094224		
6/2/2021	0.00094219		
6/3/2021	0.00094214		
<b>6/4/2021</b>	<b>0.00094209</b>	<b>0.00000021</b>	<b>0.00760466</b>
6/5/2021	0.00094204		
6/6/2021	0.00094198		
6/7/2021	0.00094193		
6/8/2021	0.00094188		
6/9/2021	0.00094183		
<b>6/10/2021</b>	<b>0.00094178</b>	<b>0.00000031</b>	<b>0.01136471</b>
6/11/2021	0.00094173		
6/12/2021	0.00094167		
6/13/2021	0.00094162		
6/14/2021	0.00094157		
6/15/2021	0.00094152		
6/16/2021	0.00094147		
6/17/2021	0.00094142		
<b>6/18/2021</b>	<b>0.00094136</b>	<b>0.00000026</b>	<b>0.00911846</b>
6/19/2021	0.00094131		
6/20/2021	0.00094126		
6/21/2021	0.00094121		
6/22/2021	0.00094116		
6/23/2021	0.00094111		
<b>6/24/2021</b>	<b>0.00094105</b>	<b>0.00000036</b>	<b>0.01258809</b>
6/25/2021	0.00094100		
6/26/2021	0.00094095		
6/27/2021	0.00094090		
6/28/2021	0.00094085		
6/29/2021	0.00094080		
<b>6/30/2021</b>	<b>0.00094075</b>	<b>0.00000041</b>	<b>0.01433990</b>



## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
7/1/2021	0.00094069		
7/2/2021	0.00094064		
7/3/2021	0.00094059		
7/4/2021	0.00094054		
7/5/2021	0.00094049		
7/6/2021	0.00094044		
<b>7/7/2021</b>	<b>0.00094038</b>	<b>0.00000031</b>	<b>0.01071168</b>
7/8/2021	0.00094033		
7/9/2021	0.00094028		
7/10/2021	0.00094023		
7/11/2021	0.00094018		
7/12/2021	0.00094013		
7/13/2021	0.00094008		
<b>7/14/2021</b>	<b>0.00094002</b>	<b>0.00000036</b>	<b>0.01180241</b>
7/15/2021	0.00093997		
7/16/2021	0.00093992		
7/17/2021	0.00093987		
7/18/2021	0.00093982		
7/19/2021	0.00093977		
7/20/2021	0.00093972		
<b>7/21/2021</b>	<b>0.00093966</b>	<b>0.00000036</b>	<b>0.01140368</b>
7/22/2021	0.00093961		
7/23/2021	0.00093956		
7/24/2021	0.00093951		
7/25/2021	0.00093946		
<b>7/26/2021</b>	<b>0.00093941</b>	<b>0.00000031</b>	<b>0.01215912</b>
7/27/2021	0.00093935		
7/28/2021	0.00093930		
7/29/2021	0.00093925		
7/30/2021	0.00093920		
<b>7/31/2021</b>	<b>0.00093915</b>	<b>0.00000026</b>	<b>0.01063727</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
8/1/2021	0.00093910		
8/2/2021	0.00093905		
8/3/2021	0.00093899		
8/4/2021	0.00093894		
<b>8/5/2021</b>	<b>0.00093889</b>	<b>0.00000015</b>	<b>0.00628647</b>
8/6/2021	0.00093884		
8/7/2021	0.00093879		
8/8/2021	0.00093874		
8/9/2021	0.00093869		
8/10/2021	0.00093863		
<b>8/11/2021</b>	<b>0.00093858</b>	<b>0.00000036</b>	<b>0.01673219</b>
8/12/2021	0.00093853		
8/13/2021	0.00093848		
8/14/2021	0.00093843		
8/15/2021	0.00093838		
8/16/2021	0.00093833		
8/17/2021	0.00093827		
<b>8/18/2021</b>	<b>0.00093822</b>	<b>0.00000036</b>	<b>0.01617106</b>
8/19/2021	0.00093817		
8/20/2021	0.00093812		
8/21/2021	0.00093807		
8/22/2021	0.00093802		
8/23/2021	0.00093797		
8/24/2021	0.00093791		
<b>8/25/2021</b>	<b>0.00093786</b>	<b>0.00000036</b>	<b>0.01750901</b>
8/26/2021	0.00093781		
8/27/2021	0.00093776		
8/28/2021	0.00093771		
8/29/2021	0.00093766		
8/30/2021	0.00093761		
<b>8/31/2021</b>	<b>0.00093755</b>	<b>0.00000036</b>	<b>0.01701169</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
9/1/2021	0.00093750		
9/2/2021	0.00093745		
9/3/2021	0.00093740		
9/4/2021	0.00093735		
9/5/2021	0.00093730		
9/6/2021	0.00093725		
<b>9/7/2021</b>	<b>0.00093720</b>	<b>0.00000036</b>	<b>0.01679481</b>
9/8/2021	0.00093714		
9/9/2021	0.00093709		
9/10/2021	0.00093704		
9/11/2021	0.00093699		
9/12/2021	0.00093694		
9/13/2021	0.00093689		
<b>9/14/2021</b>	<b>0.00093684</b>	<b>0.00000036</b>	<b>0.01670803</b>
9/15/2021	0.00093678		
9/16/2021	0.00093673		
9/17/2021	0.00093668		
9/18/2021	0.00093663		
9/19/2021	0.00093658		
9/20/2021	0.00093653		
9/21/2021	0.00093648		
9/22/2021	0.00093643		
<b>9/23/2021</b>	<b>0.00093637</b>	<b>0.00000036</b>	<b>0.01609741</b>
9/24/2021	0.00093632		
9/25/2021	0.00093627		
9/26/2021	0.00093622		
9/27/2021	0.00093617		
9/28/2021	0.00093612		
9/29/2021	0.00093607		
<b>9/30/2021</b>	<b>0.00093602</b>	<b>0.00000046</b>	<b>0.02009841</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
10/1/2021	0.00093596		
10/2/2021	0.00093591		
10/3/2021	0.00093586		
10/4/2021	0.00093581		
10/5/2021	0.00093576		
10/6/2021	0.00093571		
<b>10/7/2021</b>	<b>0.00093566</b>	<b>0.00000026</b>	<b>0.01384155</b>
10/8/2021	0.00093560		
10/9/2021	0.00093555		
10/10/2021	0.00093550		
10/11/2021	0.00093545		
10/12/2021	0.00093540		
10/13/2021	0.00093535		
<b>10/14/2021</b>	<b>0.00093530</b>	<b>0.00000036</b>	<b>0.02076926</b>
10/15/2021	0.00093525		
10/16/2021	0.00093519		
10/17/2021	0.00093514		
10/18/2021	0.00093509		
<b>10/19/2021</b>	<b>0.00093504</b>	<b>0.00000036</b>	<b>0.02303041</b>
10/20/2021	0.00093499		
10/21/2021	0.00093494		
10/22/2021	0.00093489		
10/23/2021	0.00093484		
10/24/2021	0.00093478		
10/25/2021	0.00093473		
10/26/2021	0.00093468		
<b>10/27/2021</b>	<b>0.00093463</b>	<b>0.00000036</b>	<b>0.02119403</b>
10/28/2021	0.00093458		
<b>10/29/2021</b>	<b>0.00093453</b>	<b>0.00000015</b>	<b>0.00961144</b>
10/30/2021	0.00093448		
<b>10/31/2021</b>	<b>0.00093443</b>	<b>0.00000010</b>	<b>0.00622235</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
11/1/2021	0.00093438		
11/2/2021	0.00093432		
11/3/2021	0.00093427		
11/4/2021	0.00093422		
<b>11/5/2021</b>	<b>0.00093417</b>	<b>0.00000020</b>	<b>0.01252103</b>
11/6/2021	0.00093412		
11/7/2021	0.00093407		
11/8/2021	0.00093402		
11/9/2021	0.00093397		
<b>11/10/2021</b>	<b>0.00093391</b>	<b>0.00000026</b>	<b>0.01684870</b>
11/11/2021	0.00093386		
11/12/2021	0.00093381		
11/13/2021	0.00093376		
11/14/2021	0.00093371		
11/15/2021	0.00093366		
11/16/2021	0.00093361		
<b>11/17/2021</b>	<b>0.00093356</b>	<b>0.00000036</b>	<b>0.02164693</b>
11/18/2021	0.00093351		
11/19/2021	0.00093345		
11/20/2021	0.00093340		
11/21/2021	0.00093335		
11/22/2021	0.00093330		
11/23/2021	0.00093325		
<b>11/24/2021</b>	<b>0.00093320</b>	<b>0.00000036</b>	<b>0.02056724</b>
11/25/2021	0.00093315		
11/26/2021	0.00093310		
11/27/2021	0.00093304		
11/28/2021	0.00093299		
11/29/2021	0.00093294		
<b>11/30/2021</b>	<b>0.00093289</b>	<b>0.00000036</b>	<b>0.02056891</b>

## GRAYSCALE BITCOIN TRUST (BTC) 2021 GROSS PROCEEDS FILE

Date	BTC Per Share	Number of BTC Used to Cover Trust Expenses Per Share (in BTC)	Proceeds from Payout of BTC to Cover Trust Expenses Per Share (in USD)
12/1/2021	0.00093284		
12/2/2021	0.00093279		
12/3/2021	0.00093274		
12/4/2021	0.00093269		
12/5/2021	0.00093264		
12/6/2021	0.00093258		
12/7/2021	0.00093253		
12/8/2021	0.00093248		
<b>12/9/2021</b>	<b>0.00093243</b>	<b>0.00000036</b>	<b>0.01706121</b>
12/10/2021	0.00093238		
12/11/2021	0.00093233		
12/12/2021	0.00093228		
12/13/2021	0.00093223		
12/14/2021	0.00093218		
12/15/2021	0.00093213		
<b>12/16/2021</b>	<b>0.00093207</b>	<b>0.00000036</b>	<b>0.01713710</b>
12/17/2021	0.00093202		
12/18/2021	0.00093197		
12/19/2021	0.00093192		
12/20/2021	0.00093187		
12/21/2021	0.00093182		
<b>12/22/2021</b>	<b>0.00093177</b>	<b>0.00000036</b>	<b>0.01750839</b>
12/23/2021	0.00093172		
12/24/2021	0.00093167		
12/25/2021	0.00093161		
12/26/2021	0.00093156		
12/27/2021	0.00093151		
12/28/2021	0.00093146		
12/29/2021	0.00093141		
12/30/2021	0.00093136		
<b>12/31/2021</b>	<b>0.00093131</b>	<b>0.00000051</b>	<b>0.02341369</b>
<b>TOTAL</b>		<b>0.00001879</b>	<b>0.89503076</b>

Grayscale Bitcoin Trust (BTC) Gross Proceeds and Expense Files show BTC tokens per share owned in the Trust, as well as BTC tokens paid out, proceeds, and expenses per share in the Trust. You can use this information to calculate your share of Trust expenses, and your gain or loss on sale of BTC tokens to pay such expenses.

The Trust holds no assets other than BTC tokens. Accordingly, when expenses are incurred, Trust assets (i.e., BTC tokens) are sold to cover the expenses. The following example illustrates the tax consequences to the Shareholder. In Step 1, we discuss how a Shareholder would determine his or her stake in the Trust (i.e., how many BTC tokens they own). In Step 2, we discuss how much of his or her stake is sold throughout the year to cover expenses (and how many BTC tokens they still own). In Step 3, we determine the Shareholder's basis in the BTC tokens sold by the Trust. Gain or loss from this sale is determined in relation to the basis of the assets sold. In Step 4, we determine the gain or loss from the sale of the assets and where the gain or loss is reported on the Shareholder's tax return. In Step 5, we calculate the Shareholder's portion of the Trust's expenses. In Step 6, we determine the Shareholder's new balance of BTC tokens at the end of the year and his or her new cost basis in the BTC tokens.

The following example is for illustrative purposes only and is not intended to be construed as tax advice. Shareholders should consult a tax professional in the use of their information on their respective tax returns.

**Example: Shareholder XYZ purchases 20,000 Trust shares on 2/10/2021 at a price of \$43.38 per share for a total purchase price of \$867,600. Shareholder XYZ had no other purchases or sales of Trust shares during 2021 and held the shares for the remainder of 2021.**

**Step 1: Identify the shareholder's pro rata ownership of Bitcoin.**

Locate the Bitcoin Per Share amount on Shareholder XYZ's purchase date of 2/10/2021 in the gross proceeds file. In this example the number is 0.00094799. This represents the number of BTC tokens per share on that date.

For Shareholder XYZ, the total amount of BTC tokens owned for its 2/10/2021 purchase is 18.95980000 (0.00094799 per share multiplied by 20,000 shares purchased on 2/10/2021). Note: This step should be completed for each date on which Trust shares were purchased.

**Step 2: Calculate the Bitcoin paid out from Shareholder XYZ's account during 2021 to pay expenses**

The BTC tokens paid out per share during 2021 includes the cumulative amounts of all BTC token payouts for the period which includes the day after the purchase date of 2/10/2021 through the day before payout date.

During 2021, the total amount of BTC tokens paid out after the 2/10/2021 purchase date is 0.00001668 per share. This is determined by taking the total amount of BTC tokens per share paid out in 2021 (0.00001879) and subtracting the amount of BTC tokens paid out prior to the purchase (0.00000160 from January plus (10/28 multiplied 0.00000144 from February)). Then multiply this number (0.00001668) by the number of shares owned (20,000) for a total of 0.33351429 BTC tokens paid to cover trust expenses.

**Step 3: Calculate Shareholder's cost basis in Bitcoin paid out from Shareholder's account**

Total BTC token payout ( <i>Step 2</i> )	0.33351429		
	-----	x	\$867,600
BTC tokens acquired ( <i>Step 1</i> )	18.95980000		
Cost basis of BTC token payout	\$15,261.61		

**Step 4: Calculate Shareholder's gain or loss on Bitcoin payout for each lot purchased**

Identify all proceeds per share received by the Trust after Shareholder XYZ's 2/10/2021 purchase date. During 2021, periodic payouts for the period 2/11/2021 through 12/31/2021 generated proceeds per share of \$0.81408846 (total proceeds of payout of BTC tokens for the year, 0.89503076, less 0.08094230, which is the proceeds of payouts made prior to purchase [0.05629973 from January] plus 0.02464257 from the first 10 days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.81408846 per share X 20,000 shares	\$ 16,281.77
Less: Total cost basis of BTC token payout ( <i>Step 3</i> )	15,261.61
Total Reportable Gain/(Loss)	<u>\$ 1,020.16</u>

(To be reported on Shareholder's Form 1040 Schedule D)

**Step 5: Calculate Shareholder's investment expenses**

Identify all expenses per share paid by the Trust after Shareholder XYZ's 2/10/2021 purchase date. During 2021, the expenses were paid periodically and for the period of 2/11/2021 through 12/31/2021 amounted to \$0.81408846 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share ( <i>Step 4</i> )	\$ 0.81408846
Total Shares	<u>20,000</u>
Total Expense	<u>\$ 16,281.77</u>

**Step 6: Calculate Shareholder's Adjusted Bitcoin Held and Cost Basis**

BTC tokens Purchased on 2/10/2021 ( <i>Step 1</i> )	18.95980000
Less: BTC token payout during 2021 ( <i>Step 2</i> )	0.33351429
Adjusted Shareholder's BTC tokens at 12/31/2021	<u>18.62628571</u>
Original Purchase Cost on 2/10/2021	\$ 867,600.00
Less: Cost of BTC token payout during 2021 ( <i>Step 3</i> )	15,261.61
Adjusted Shareholder's basis at 12/31/2021	<u>\$ 852,338.39</u>



Shareholder's adjusted BTC tokens and adjusted cost calculated in Step 6 are his/her adjusted BTC tokens and adjusted basis for the 2/10/2021 purchase at the end of 12/31/2021.

Shareholders with several purchases should calculate gain, loss and adjusted basis separately for each purchased lot and then sum up the results of each lot to arrive at the net reportable gain or loss and the total investment expenses. Shareholders, who purchased their shares prior to 2021, and made no other purchases, should calculate their adjusted cost basis using the gross proceeds information for the relevant years by following the same steps as in the example above. The adjusted cost basis at 12/31/2020 should be used as the beginning cost for 2021 instead of the original purchase cost. Shareholders with an additional purchase in 2021 will have two cost lots to account for in 2021. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.