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June 26, 2006

Mr. and Mrs. William H. Gates III  
Bill and Melinda Gates Foundation

Dear Bill and Melinda:

I greatly admire what the Bill & Melinda Gates Foundation (“BMG”) is accomplishing and want to materially expand its future capabilities. Accordingly, by this letter, I am irrevocably committing to make annual gifts of Berkshire Hathaway “B” shares throughout my lifetime for the benefit of BMG. The first year’s gift will permit an increase in BMG’s annual giving of about \$1.5 billion. In the future, I expect the value of my annual gifts to trend higher in an irregular but eventually substantial manner.

Here are the mechanics: Ten million B shares will be earmarked by me for BMG contributions. (I currently own only A shares but will soon convert a number of these to B.) In July of every year, or such later date as you elect, 5% of the balance of the earmarked shares will be contributed either directly to BMG or to a charitable intermediary that will hold the earmarked shares for the benefit of BMG. To illustrate, in 2006, 500,000 shares will be contributed. In 2007, 475,000 shares (5% of the 9,500,000 remaining after the 2006 contribution) will be contributed and thereafter 5% fewer shares will be contributed each year.

There are three conditions to this lifetime pledge. First, at least one of you must remain alive and active in the policy-setting and administration of BMG. Second, BMG (or any intermediary) must continue to satisfy legal requirements qualifying my gifts as charitable and not subject to gift or other taxes. And, finally, the value of my annual gift must be fully additive to the spending of at least 5% of the Foundation’s net assets. I expect there to be a ramp-up period of two years during which this condition will not apply. But beginning in calendar 2009, BMG’s annual giving must be at least equal to the value of my previous year’s gift plus 5% of BMG’s net assets. If this amount is exceeded in any year, however, the excess can be carried forward and be offset against a shortfall in subsequent years. Similarly a shortfall in a given year can be made up in the following year.

The value of Berkshire shares will, of course, vary from year to year. And, as noted, the number of shares distributed will diminish by 5% per year. Nevertheless, I believe that you can reasonably expect the value of Berkshire shares to increase, in an irregular manner, by an amount that more than compensates for the decline in the number of shares that will be distributed.

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BMG can rely on this pledge to immediately and permanently expand its activities. My doctor tells me that I am in excellent health, and I certainly feel that I am. If I should become incapacitated, however, and be unable to administer my affairs, I direct whoever is in charge of my affairs to honor the commitment I am making in this letter. Additionally, I will soon write a new will that will provide for a continuance of this commitment – by distribution of the remaining earmarked shares or in some other manner – after my death.

I regard Berkshire as an ideal asset to underpin the long-term well-being of a foundation. The company has a multitude of diversified and powerful streams of earnings, Gibraltar-like financial strength, and a deeply-imbedded culture of acting in the best interests of shareholders. Outstanding managers are available to succeed me. I expect Berkshire to become ever-stronger and more profitable as it makes new acquisitions and expands present businesses.

I hope that the expansion of BMG's giving is one of depth, rather than breadth. You have committed yourselves to a few extraordinarily important but underfunded issues, a policy that I believe offers the highest probability of your achieving goals of great consequence. The doubling of BMG's present spending can increase the Foundation's already impressive effectiveness in addressing the societal problems upon which it now focuses.

Working through the Foundation, both of you have applied truly unusual intelligence, energy and heart to improving the lives of millions of fellow humans who have not been as lucky as the three of us. You have done this without regard to color, gender, religion or geography. I am delighted to add to the resources with which you carry on this work.

Sincerely,

Warren E. Buffett

WEB/db