

Grayscale Bitcoin Trust (BTC)
F/K/A Bitcoin Investment Trust
2018 Grantor Trust Tax Information Statement
EIN: 46-7019388

The following information is being provided to assist Shareholders of Grayscale Bitcoin Trust (BTC) (the "Trust") with reporting of their taxable income and expenses for the period January 1, 2018 through December 31, 2018.

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. federal 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 shares of the Trust.

The Trust holds only bitcoins and, accordingly, received no income during the year.

The Trust paid expenses monthly, as shown in the attached 2018 Expense File. An example illustrating the computation of a Shareholder's share of expenses is provided. The calculation period is monthly.

Because the Trust paid out only a *de minimus* amount of bitcoins 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 2018 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 monthly Trust expenses per share in USD (page 2)

Gross Proceeds File – Summary of daily value per share (in bitcoin), amount of bitcoin paid to cover trust expenses (in bitcoin), and per share proceeds from bitcoin 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) 2018 EXPENSE FILE

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

Date	Expenses Per Share (USD)	Amount of Bitcoin Per Share
January*	0.01919700	0.00000166
February	0.01683215	0.00000153
March	0.01384654	0.00000168
April	0.01415669	0.00000164
May	0.01351178	0.00000169
June	0.01029652	0.00000163
July	0.01271852	0.00000168
August	0.01187300	0.00000169
September	0.01092246	0.00000162
October	0.01058940	0.00000168
November	0.00697795	0.00000163
December	0.00616930	0.00000168
Total for year	0.14709131	0.00001981

*The Trust underwent a 91:1 stock split on January 26, 2018. For purposes of this letter, Shareholders should utilize their post-split number of shares when factoring expense and bitcoin sold per share.

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 2018 Grayscale Bitcoin Trust (BTC) Investment Expenses

Assume that a Shareholder purchased 20,000 shares on February 15, 2018 and sold them on October 15, 2018. For the month of February, Shareholder's expenses are \$0.01683215 (See Summary Table above – February Factor) x (14/28) = \$0.00841608 per share. For the months of March through September, the expenses per share are as shown in the summary table above. For the month of October, Shareholder's expenses are \$0.01058940 (See Summary Table above – October Factor) x (15/31) = \$0.00512390. The total expenses for Shareholder are therefore \$0.10086549 per share (sum of all factors from February 15th through October 15th) multiplied by the number of shares held (20,000), or \$2017.31.

Total Expenses per Share	\$ 0.10086549
Total Shares	20,000
Total Expense	<u>\$2,017.31</u>
(Please consult your tax advisor as to reporting)	

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
1/1/2018*	0.00100887		
1/2/2018*	0.00100882		
1/3/2018*	0.00100876		
1/4/2018*	0.00100871	0.00000022	0.00329242
1/5/2018*	0.00100865		
1/6/2018*	0.00100860		
1/7/2018*	0.00100854		
1/8/2018*	0.00100849		
1/9/2018*	0.00100843		
1/10/2018*	0.00100837		
1/11/2018*	0.00100832		
1/12/2018*	0.00100826		
1/13/2018*	0.00100821		
1/14/2018*	0.00100815		
1/15/2018*	0.00100810		
1/16/2018*	0.00100804		
1/17/2018*	0.00100799		
1/18/2018*	0.00100793		
1/19/2018*	0.00100788		
1/20/2018*	0.00100782		
1/21/2018*	0.00100777		
1/22/2018*	0.00100771		
1/23/2018*	0.00100766		
1/24/2018*	0.00100760		
1/25/2018*	0.00100755		
1/26/2018*	0.00100749		
1/27/2018	0.00100744		
1/28/2018	0.00100738		
1/29/2018	0.00100733		
1/30/2018	0.00100727		
1/31/2018	0.00100721		

*All amounts presented in this file are calculated using post-split share totals. For purposes of this letter, Shareholders should utilize their post-split number of shares when factoring expense and bitcoin sold per share.

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
2/1/2018	0.00100716		
2/2/2018	0.00100710		
2/3/2018	0.00100705		
2/4/2018	0.00100699		
2/5/2018	0.00100694		
2/6/2018	0.00100688		
2/7/2018	0.00100683		
2/8/2018	0.00100677		
2/9/2018	0.00100672		
2/10/2018	0.00100666		
2/11/2018	0.00100661		
2/12/2018	0.00100655		
2/13/2018	0.00100650		
2/14/2018	0.00100644		
2/15/2018	0.00100639		
2/16/2018	0.00100633		
2/17/2018	0.00100628		
2/18/2018	0.00100622		
2/19/2018	0.00100617		
2/20/2018	0.00100611		
2/21/2018	0.00100606		
2/22/2018	0.00100600		
2/23/2018	0.00100595		
2/24/2018	0.00100589		
2/25/2018	0.00100584		
2/26/2018	0.00100578		
2/27/2018	0.00100573		
2/28/2018	0.00100567		

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
3/1/2018	0.00100562	0.00000297	0.03273673
3/2/2018	0.00100556		
3/3/2018	0.00100551		
3/4/2018	0.00100545		
3/5/2018	0.00100540		
3/6/2018	0.00100534		
3/7/2018	0.00100529		
3/8/2018	0.00100523		
3/9/2018	0.00100517		
3/10/2018	0.00100512		
3/11/2018	0.00100506		
3/12/2018	0.00100501		
3/13/2018	0.00100495		
3/14/2018	0.00100490		
3/15/2018	0.00100484		
3/16/2018	0.00100479		
3/17/2018	0.00100473		
3/18/2018	0.00100468		
3/19/2018	0.00100462		
3/20/2018	0.00100457		
3/21/2018	0.00100451		
3/22/2018	0.00100446		
3/23/2018	0.00100440		
3/24/2018	0.00100435		
3/25/2018	0.00100429		
3/26/2018	0.00100424		
3/27/2018	0.00100418		
3/28/2018	0.00100413		
3/29/2018	0.00100407		
3/30/2018	0.00100402		
3/31/2018	0.00100396		

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
4/1/2018	0.00100391		
4/2/2018	0.00100385		
4/3/2018	0.00100380		
4/4/2018	0.00100374		
4/5/2018	0.00100369		
4/6/2018	0.00100363		
4/7/2018	0.00100358		
4/8/2018	0.00100352		
4/9/2018	0.00100347		
4/10/2018	0.00100341		
4/11/2018	0.00100336		
4/12/2018	0.00100330		
4/13/2018	0.00100325		
4/14/2018	0.00100319		
4/15/2018	0.00100314		
4/16/2018	0.00100308		
4/17/2018	0.00100303		
4/18/2018	0.00100297		
4/19/2018	0.00100292	0.00000272	0.02240287
4/20/2018	0.00100286		
4/21/2018	0.00100281		
4/22/2018	0.00100275		
4/23/2018	0.00100270		
4/24/2018	0.00100264		
4/25/2018	0.00100259		
4/26/2018	0.00100253		
4/27/2018	0.00100248	0.00000038	0.00348714
4/28/2018	0.00100242		
4/29/2018	0.00100237		
4/30/2018	0.00100231		

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
5/1/2018	0.00100226		
5/2/2018	0.00100221		
5/3/2018	0.00100215		
5/4/2018	0.00100210	0.00000038	0.00370147
5/5/2018	0.00100204		
5/6/2018	0.00100199		
5/7/2018	0.00100193		
5/8/2018	0.00100188		
5/9/2018	0.00100182	0.00000027	0.00254595
5/10/2018	0.00100177		
5/11/2018	0.00100171		
5/12/2018	0.00100166		
5/13/2018	0.00100160		
5/14/2018	0.00100155		
5/15/2018	0.00100149		
5/16/2018	0.00100144		
5/17/2018	0.00100138		
5/18/2018	0.00100133		
5/19/2018	0.00100127		
5/20/2018	0.00100122		
5/21/2018	0.00100116		
5/22/2018	0.00100111		
5/23/2018	0.00100105		
5/24/2018	0.00100100		
5/25/2018	0.00100094		
5/26/2018	0.00100089		
5/27/2018	0.00100083		
5/28/2018	0.00100078		
5/29/2018	0.00100072		
5/30/2018	0.00100067		
5/31/2018	0.00100061		

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
6/1/2018	0.00100056	0.00000126	0.00937758
6/2/2018	0.00100050		
6/3/2018	0.00100045		
6/4/2018	0.00100039		
6/5/2018	0.00100034		
6/6/2018	0.00100028		
6/7/2018	0.00100023		
6/8/2018	0.00100018		
6/9/2018	0.00100012		
6/10/2018	0.00100007		
6/11/2018	0.00100001		
6/12/2018	0.00099996		
6/13/2018	0.00099990		
6/14/2018	0.00099985		
6/15/2018	0.00099979		
6/16/2018	0.00099974		
6/17/2018	0.00099968		
6/18/2018	0.00099963		
6/19/2018	0.00099957		
6/20/2018	0.00099952		
6/21/2018	0.00099946		
6/22/2018	0.00099941		
6/23/2018	0.00099935		
6/24/2018	0.00099930		
6/25/2018	0.00099924		
6/26/2018	0.00099919		
6/27/2018	0.00099913		
6/28/2018	0.00099908		
6/29/2018	0.00099902		
6/30/2018	0.00099897	0.00000163	0.01029652

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
7/1/2018	0.00099892		
7/2/2018	0.00099886		
7/3/2018	0.00099881		
7/4/2018	0.00099875		
7/5/2018	0.00099870		
7/6/2018	0.00099864		
7/7/2018	0.00099859		
7/8/2018	0.00099853		
7/9/2018	0.00099848		
7/10/2018	0.00099842		
7/11/2018	0.00099837		
7/12/2018	0.00099831		
7/13/2018	0.00099826		
7/14/2018	0.00099820		
7/15/2018	0.00099815		
7/16/2018	0.00099809		
7/17/2018	0.00099804		
7/18/2018	0.00099799		
7/19/2018	0.00099793		
7/20/2018	0.00099788	0.00000108	0.00791165
7/21/2018	0.00099782		
7/22/2018	0.00099777		
7/23/2018	0.00099771		
7/24/2018	0.00099766		
7/25/2018	0.00099760		
7/26/2018	0.00099755		
7/27/2018	0.00099749	0.00000033	0.00268902
7/28/2018	0.00099744		
7/29/2018	0.00099738		
7/30/2018	0.00099733		
7/31/2018	0.00099727	0.00000027	0.00211785

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
8/1/2018	0.00099722		
8/2/2018	0.00099717		
8/3/2018	0.00099711		
8/4/2018	0.00099706		
8/5/2018	0.00099700		
8/6/2018	0.00099695		
8/7/2018	0.00099689		
8/8/2018	0.00099684		
8/9/2018	0.00099678		
8/10/2018	0.00099673		
8/11/2018	0.00099667		
8/12/2018	0.00099662		
8/13/2018	0.00099656		
8/14/2018	0.00099651		
8/15/2018	0.00099646		
8/16/2018	0.00099640		
8/17/2018	0.00099635		
8/18/2018	0.00099629		
8/19/2018	0.00099624		
8/20/2018	0.00099618		
8/21/2018	0.00099613		
8/22/2018	0.00099607		
8/23/2018	0.00099602		
8/24/2018	0.00099596		
8/25/2018	0.00099591		
8/26/2018	0.00099585		
8/27/2018	0.00099580		
8/28/2018	0.00099575		
8/29/2018	0.00099569		
8/30/2018	0.00099564		
8/31/2018	0.00099558	0.00000169	0.01187300

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
9/1/2018	0.00099553		
9/2/2018	0.00099547		
9/3/2018	0.00099542		
9/4/2018	0.00099536		
9/5/2018	0.00099531		
9/6/2018	0.00099525		
9/7/2018	0.00099520		
9/8/2018	0.00099515		
9/9/2018	0.00099509		
9/10/2018	0.00099504		
9/11/2018	0.00099498		
9/12/2018	0.00099493		
9/13/2018	0.00099488		
9/14/2018	0.00099482		
9/15/2018	0.00099477		
9/16/2018	0.00099471		
9/17/2018	0.00099466		
9/18/2018	0.00099461		
9/19/2018	0.00099455		
9/20/2018	0.00099450		
9/21/2018	0.00099444	0.00000108	0.00730280
9/22/2018	0.00099439		
9/23/2018	0.00099433		
9/24/2018	0.00099428		
9/25/2018	0.00099422		
9/26/2018	0.00099417		
9/27/2018	0.00099412		
9/28/2018	0.00099406	0.00000038	0.00254313
9/29/2018	0.00099401		
9/30/2018	0.00099395	0.00000016	0.00107653

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
10/1/2018	0.00099390		
10/2/2018	0.00099384		
10/3/2018	0.00099379		
10/4/2018	0.00099373		
10/5/2018	0.00099368		
10/6/2018	0.00099362		
10/7/2018	0.00099357		
10/8/2018	0.00099352		
10/9/2018	0.00099346		
10/10/2018	0.00099341		
10/11/2018	0.00099335		
10/12/2018	0.00099330		
10/13/2018	0.00099324		
10/14/2018	0.00099319		
10/15/2018	0.00099314		
10/16/2018	0.00099308		
10/17/2018	0.00099303		
10/18/2018	0.00099297		
10/19/2018	0.00099292		
10/20/2018	0.00099286		
10/21/2018	0.00099281		
10/22/2018	0.00099275		
10/23/2018	0.00099270		
10/24/2018	0.00099265		
10/25/2018	0.00099259		
10/26/2018	0.00099254		
10/27/2018	0.00099248		
10/28/2018	0.00099243		
10/29/2018	0.00099237		
10/30/2018	0.00099232		
10/31/2018	0.00099226	0.00000168	0.01058940

GRAYSCALE BITCOIN TRUST (BTC) 2018 GROSS PROCEEDS FILE

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
11/1/2018	0.00099221		
11/2/2018	0.00099216		
11/3/2018	0.00099210		
11/4/2018	0.00099205		
11/5/2018	0.00099199		
11/6/2018	0.00099194		
11/7/2018	0.00099188		
11/8/2018	0.00099183		
11/9/2018	0.00099178		
11/10/2018	0.00099172		
11/11/2018	0.00099167		
11/12/2018	0.00099161		
11/13/2018	0.00099156		
11/14/2018	0.00099150		
11/15/2018	0.00099145		
11/16/2018	0.00099140		
11/17/2018	0.00099134		
11/18/2018	0.00099129		
11/19/2018	0.00099123		
11/20/2018	0.00099118		
11/21/2018	0.00099112		
11/22/2018	0.00099107		
11/23/2018	0.00099101		
11/24/2018	0.00099096		
11/25/2018	0.00099091		
11/26/2018	0.00099085		
11/27/2018	0.00099080		
11/28/2018	0.00099074	0.00000152	0.00654829
11/29/2018	0.00099069		
11/30/2018	0.00099064	0.00000011	0.00042966

Date	Bitcoin Per Share	Number of Bitcoin Used to Cover Trust Expenses Per Share (in Bitcoin)	Proceeds from Payout of Bitcoin to Cover Trust Expenses Per Share (in USD)
12/1/2018	0.00099058		
12/2/2018	0.00099053		
12/3/2018	0.00099047		
12/4/2018	0.00099042		
12/5/2018	0.00099036		
12/6/2018	0.00099031		
12/7/2018	0.00099026		
12/8/2018	0.00099020		
12/9/2018	0.00099015		
12/10/2018	0.00099009		
12/11/2018	0.00099004		
12/12/2018	0.00098998		
12/13/2018	0.00098993		
12/14/2018	0.00098988		
12/15/2018	0.00098982		
12/16/2018	0.00098977		
12/17/2018	0.00098971		
12/18/2018	0.00098966		
12/19/2018	0.00098960		
12/20/2018	0.00098955		
12/21/2018	0.00098950		
12/22/2018	0.00098944		
12/23/2018	0.00098939		
12/24/2018	0.00098933		
12/25/2018	0.00098928		
12/26/2018	0.00098922		
12/27/2018	0.00098917		
12/28/2018	0.00098912		
12/29/2018	0.00098906		
12/30/2018	0.00098901		
12/31/2018	0.00098895	0.00000168	0.00616930
TOTAL		0.00001981	0.14709131

Grayscale Bitcoin Trust (BTC) Gross Proceeds and Expense Files show bitcoin per share owned in the Trust, as well as bitcoins 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 bitcoins to pay such expenses.

The Trust holds no assets other than bitcoins. Accordingly, when expenses are incurred, Trust assets (i.e., bitcoins) 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 much bitcoin they own). In Step 2 we discuss how much of his or her stake is sold throughout the year to cover expenses (and how much bitcoin they still own). In Step 3 we determine the Shareholder's basis in the bitcoin(s) 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 bitcoin at the end of the year and his or her new cost basis in those bitcoin.

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 2/10/2018 at a price of \$8.25 per share for a total purchase price of \$165,000. Shareholder XYZ had no other purchases or sales of Trust shares during 2018 and held the shares for the remainder of 2018.

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

Locate the Bitcoin Per Share amount on Shareholder XYZ's purchase date of 2/10/2018 in the gross proceeds file. In this example the number is 0.00100666. This represents the number of bitcoin per share on that date.

For Shareholder XYZ, the total amount of bitcoins owned for its 2/10/2018 purchase is 20.13320000 (0.00100666 per share multiplied by 20,000 shares purchased on 2/10/2018.) Note: This step should be completed for each date on which Trust shares were purchased.

Step 2: Calculate the bitcoins paid out from Shareholder XYZ's account during 2018 to pay expenses

The bitcoins paid out per share during 2018 includes the cumulative amounts of all bitcoin payouts for the period which includes the day after the purchase date of 2/10/2018 through the day before payout date.

During 2018 the amount of bitcoins paid out after the 2/10/2018 purchase date is 0.00001760 per share. This is determined by taking the total amount of bitcoins per share paid out in 2018 (0.00001981) and subtracting the amount of bitcoin paid out prior to the purchase (0.00000166 from January plus (10/28 multiplied by 0.00000153) from February, totaling 0.00000221). Then multiply this number (0.00001760) by the number of shares owned (20,000) for a total of 0.35207143 bitcoins paid to cover trust expenses.

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

Total bitcoin payout (Step 2)	0.35207143		
	-----	X	\$ 165,000
Bitcoin acquired (Step1)	20.1332000		
Cost basis of bitcoin payout	\$2,885.37		

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 2/10/2018 purchase date. During 2018, monthly payouts for the period 2/11/2018 through 12/31/2018 generated proceeds per share of \$0.12188283 (total proceeds of payout of bitcoin for the year, 0.14709131, less 0.02520848, which is the proceeds of payouts made prior to purchase (0.01919700 from January plus 0.00601148 from the first ten days in February)). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.12188283 per share X 20,000 shares	\$	2,437.66
Less: Total cost basis of bitcoin payout (Step 3)		<u>(2,885.37)</u>
Total Reportable Gain/(Loss)	\$	<u>(447.72)</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 2/10/2018 purchase date. During 2018, the expenses were paid throughout the year and for the period of 2/11/2018 through 12/31/2018 amounted to \$0.12188283 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses per Share	\$	0.12188283
Total Shares		<u>20,000</u>
Total Expense	\$	<u>2,437.66</u>

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

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

Bitcoins Purchased on 2/10/2018 (Step 1)	20.13320000
Less: bitcoins payout during 2018 (Step 2)	<u>0.35207143</u>
Adjusted Shareholder's bitcoins at 12/31/2018	<u>19.78112857</u>
Original Purchase Cost on 2/10/2018	\$ 165,000.00
Less: Cost of bitcoin payout during 2018 (Step3)	<u>2,885.37</u>
Adjusted Shareholder's basis at 12/31/2018	<u>\$ 162,114.63</u>

Shareholder's adjusted bitcoins and adjusted cost calculated in Step 6 are his/her adjusted bitcoins and adjusted basis for the 2/10/2018 purchase at the end of 12/31/2018.

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 2018 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 12/31/2017 should be used as the beginning cost for 2018 instead of the original purchase cost. Shareholders with an additional purchase in 2018 will have two cost lots to account for in 2018. The calculation of gains and losses will be affected by the cost basis method used to account for the sales.

Items of Consideration

Shareholders should note that on January 26, 2018, Grayscale Bitcoin Trust (BTC) underwent a 91:1 stock split. As a result of this split, any shares owned prior to the stock split date are multiplied by a factor of 91. This split will affect the cost basis per share of any shares purchased prior to the split date. Please note that all bitcoin and expense per share figures presented in this letter are expressed in terms of post-split share amounts.

Grayscale Investments, LLC,
As Agent on Behalf of Shareholders of Record of Grayscale Bitcoin Trust (BTC)
as of December 4, 2017
2018 Tax Information Statement

Glossary of Terms

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

Expense and Proceeds File – Summary of Trust expenses and proceeds relating to bitcoin forks per share in USD (below)

Sponsor – Grayscale Investments, LLC

Agent – Grayscale Investments, LLC

Shareholders of Record – Shareholders of Grayscale Bitcoin Trust (BTC) on the record date of December 4, 2017, the date of distribution of Incidental Rights to the Agent.

Incidental Rights - The rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Trust's ownership of Bitcoins and arise without any action of the Trust, or of the Sponsor or Trustee on behalf of the Trust.

Bitcoin Gold Fork

During 2017, Bitcoin underwent a hard fork, thereby creating a new blockchain now called Bitcoin Gold ("BTG"). As a result of this fork, the Trust incurred several expenses including consultations with the Trust's professional advisors and third-party service providers to determine an appropriate approach to handling the fork assets that would maximize shareholder value while ensuring the Trust's continued treatment as a grantor trust for U.S. federal income tax purposes. These expenses are divisible to the grantors on a per share basis. These expenses, and the resulting gains from the distribution of tokens to pay these expenses, were reported on a per share basis to the Shareholders on the 2017 tax information letter.

On the record date, the Trust distributed the Incidental Rights to the BTG tokens to the Shareholders of Record and transferred those Incidental Rights BTG tokens to Grayscale acting as Agent on behalf of the Shareholders of Record in the sale of the tokens. The BTG tokens were then sold by Grayscale acting as Agent for the Shareholders of Record, and the proceeds were distributed to the Shareholders. (See below for more information on allocating the proceeds of the sale of BTG).

How to Calculate Additional Shareholder Expenses

There were no additional expenses incurred in 2018 relating to the sale and distribution of the BTG tokens.

How to Calculate Additional Shareholder Gain or Loss Related to Bitcoin Gold Fork

There were no further payments to Grayscale relating to fork expenses in 2018.

How to Calculate Gain or Loss on the Sale of BTG by Grayscale Investments

As stated above, the BTG tokens were transferred to Grayscale Investments as Agent on behalf of the Shareholders of Record in the sale of those tokens. Between March 16, 2018 and March 29, 2018 Grayscale sold all of the BTG tokens and generated a total proceeds of \$9,604,206.05. This amounts to \$5.13951199 per share*.

As a Shareholder of Record on the distribution date, Shareholder XYZ should multiply his 20,000 shares by the proceeds per share for a total proceeds of \$102,790.24. These proceeds should be reduced by the Shareholder's cost basis in the BTG, which we have determined to be zero.

This determination of zero basis is based on the principal market value of the coins on those dates. However, it is possible that you, your tax advisor, or the IRS may disagree with this assessment. We urge all shareholders to consult with their advisors to determine the appropriate course of action for them.

Since the holding period of the BTG tokens was less than one year, this gain can be considered short-term in character. Following this characterization, the gain should be reported on the Shareholder's 1040, Schedule D.

Please consult your tax preparer for further instruction on the treatment of this gain.

*Share refers to shares held on the record date of December 4, 2017. For purposes of this letter, Shareholders should use their actual amount of shares owned on the record date, and not the amount of shares owned after the stock split on January 26, 2018, for calculating the proceeds from the distribution.