CONSOLIDATED FINANCIAL STATEMENTS

Gordon E. and Betty I. Moore Foundation
Years Ended December 31, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Gordon E. and Betty I. Moore Foundation

Consolidated Financial Statements

Years Ended December 31, 2012 and 2011

Contents

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Report of Independent Auditors

The Board of Trustees
Gordon E. and Betty I. Moore Foundation and Subsidiary

We have audited the accompanying consolidated financial statements of Gordon E. and Betty I. Moore Foundation and subsidiary (the Foundation), which comprise the consolidated statements of financial position as of December 31, 2012 and 2011, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gordon E. and Betty I. Moore Foundation and subsidiary at December 31, 2012 and 2011, and the consolidated changes in the net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

June 18, 2013

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Financial Position

	December 31	
	2012	**2011**
Assets		
Cash and cash equivalents	**$ 88,981,933**	$ 37,427,398
Dividends and interest receivable	**317,181**	1,580,024
Investments, at fair value	**5,501,118,672**	5,170,716,210
Investment redemption receivables	**61,956,777**	109,980,248
Program-related investment	**131,619**	128,644
Property and equipment, net of accumulated depreciation	**44,154,173**	45,340,042
Prepaid federal excise tax	**135,092**	1,130,552
Prepaid expenses and other assets	**462,579**	369,390
Total assets	**$ 5,697,258,026**	$ 5,366,672,508
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 9,069,295**	$ 9,578,413
Grants payable	**38,074,715**	48,376,915
Deferred federal excise tax	**5,093,458**	3,636,760
Total liabilities	**52,237,468**	61,592,088
Net assets, unrestricted	**5,645,020,558**	5,305,080,420
Total liabilities and net assets	**$ 5,697,258,026**	$ 5,366,672,508

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended December 31	
	2012	**2011**
Investment income:		
Dividends	**$ 11,033,443**	$ 13,082,108
Interest	**285,356**	4,663,735
Partnership distributions	**155,719,349**	92,905,154
Realized gains on sale of investments	**178,256,374**	117,979,468
Net unrealized gain (loss) on investments	**270,542,553**	(164,985,071)
Total investment income	**615,837,075**	63,645,394
Investment expenses	**15,107,213**	16,083,802
Taxes	**10,750,347**	(3,421,354)
Net investment income	**589,979,515**	50,982,946
Expenses:		
Grants	**222,338,888**	222,719,483
Supporting expenses	**27,700,489**	25,723,675
Total expenses	**250,039,377**	248,443,158
Increase (decrease) in net assets	**339,940,138**	(197,460,212)
Unrestricted net assets, beginning of year	**5,305,080,420**	5,502,540,632
Unrestricted net assets, end of year	**$ 5,645,020,558**	$ 5,305,080,420

See accompanying notes.

Gordon E. and Betty I. Moore Foundation

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2012	**2011**
Cash flows from operating activities		
Interest, dividends, and partnership distributions received	**$ 168,300,991**	$ 110,789,109
Tax payments	**(8,298,189)**	(1,127,411)
Cash paid to investment managers, suppliers, and employees	**(41,672,072)**	(38,025,265)
Grants paid	**(232,641,088)**	(240,307,350)
Net cash used in operating activities	**(114,310,358)**	(168,670,917)
Cash flows from investing activities		
Purchases of investments	**(5,312,778,006)**	(2,560,466,594)
Proceeds from sale of investments	**5,479,194,967**	2,702,334,028
Purchases of property and equipment	**(552,068)**	(406,511)
Net cash provided by investing activities	**165,864,893**	141,460,923
Net increase (decrease) in cash and cash equivalents	**51,554,535**	(27,209,994)
Cash and cash equivalents, beginning of year	**37,427,398**	64,637,392
Cash and cash equivalents, end of year	**$ 88,981,933**	$ 37,427,398
Increase (decrease) in net assets	**$ 339,940,138**	$ (197,460,212)
Adjustments to reconcile increase (decrease) in net assets		
to net cash used in operating activities:		
Depreciation and amortization	**1,737,937**	3,479,396
Deferred federal excise tax	**1,456,698**	(2,148,754)
Net realized and unrealized (gain) loss on investments	**(448,798,927)**	47,005,601
Changes in operating assets and liabilities:		
Dividends and interest receivable	**1,262,843**	138,114
Prepaid expenses and other assets	**(93,189)**	452,779
Accounts payable and accrued liabilities	**(509,118)**	(149,963)
Grants payable	**(10,302,200)**	(17,587,867)
Federal excise tax payable currently	**995,460**	(2,400,011)
Net cash used in operating activities	**$ (114,310,358)**	$ (168,670,917)
Supplemental data for non-cash activities		
Investment redemption receivable	**$ 61,956,777**	$ 109,980,248

See accompanying notes.

1. The Organization

The Gordon E. and Betty I. Moore Foundation (the "Foundation") is a tax-exempt private foundation established by Gordon and Betty Moore in September 2000. The Foundation works to find and support the bold ideas that will create an enduring impact in environmental conservation, patient care and science. For more information, visit the Foundation's Web site at www.moore.org.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements and accompanying notes are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and short-term investment funds maintained at commercial banks and are held for operating purposes. The Foundation considers all highly liquid instruments with maturities of three months or less at the time of purchase to be cash equivalents.

Investments

Investments are carried at fair value. Stocks and bonds that are listed on national securities exchanges, quoted on NASDAQ, or on the over-the-counter market are valued at the last reported sale price, or in the absence of a recorded sale, at the most recent bid price at the reporting date. Futures, forwards, and options that are traded on exchanges are valued at the last reported sale price or, if they are traded over-the-counter, at the most recent bid price.

Commingled funds are valued at amounts reported by the investment manager, which are generally based on the last reported sale price of the securities held by such funds.

Since there is no readily available market for investments in limited partnerships and limited liability companies (LLCs), such investments are stated at fair value as estimated in an inactive market. These investments include securities of companies that may not be immediately liquid,

2. Summary of Significant Accounting Policies (continued)

such as private debt and equity securities, or real estate or other assets. The December 31 valuations of these investments are based upon year-end values provided by the investment managers, based on guidelines established by those investment managers, and consideration of other factors related to the Foundation's interests in these investments. The Foundation obtains and considers the audited financial statements of such investments when evaluating the overall reasonableness of carrying value. The Foundation believes this method provides a reasonable estimate of fair value. However, the recorded value may differ from market value had a readily available market existed for such investments, and those differences could be material.

Investment transactions are recorded on the trade date. Realized gains or losses are recognized in the period sales or other transactions occur and are computed using the specific identification method. Dividend and interest income are accrued when earned. Gains from private equity funds, which may be received in cash or securities, are reflected in investment income as partnership distributions.

Assets and liabilities denominated in foreign currencies at year end are translated into U.S. dollars based upon exchange rates as of December 31, with any resulting adjustment included in net unrealized gains and losses in investments. Transactions in foreign currencies during the year are translated into U.S. dollars at the exchange rate prevailing on the transaction date and recorded as realized gains on sale of investments.

Property and Equipment

Property and equipment is stated at cost and depreciated using the straight-line method over estimated useful lives of 3 to 39 years. Leasehold improvements for the Foundation's Palo Alto premises are depreciated using the straight-line method over the remaining lease term of approximately 28 years.

Grants

Grants are recognized as expense when the unconditional promise to give is approved. Conditional promises to give are recognized as grant expense in the period in which the recipient meets the terms of the condition. The Foundation ordinarily makes grants to organizations that qualify as public charities under the Internal Revenue Code. When distributions are made to non-qualifying organizations, the Foundation assumes the responsibility for ultimate charitable use.

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, interest and dividends receivable, investment redemption receivables, accounts payable and accrued liabilities approximate fair value because of the short maturity of these items. The carrying value of grants payable approximates fair value since they are carried at their expected payment amounts discounted to present value. The program-related investment is carried at cost, which approximates fair value.

Principles of Consolidation

The Foundation's consolidated financial statements include the accounts of GBMF International, Ltd., a wholly owned investment holding company. All inter-company accounts and transactions have been eliminated in consolidation.

Taxes

The Foundation qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. However, because the Foundation is classified as a private foundation, it is subject to a federal excise tax on net investment income (its principal source of revenue), and investments in some limited partnerships give rise to taxable federal and state unrelated business income. The Foundation provides for deferred federal excise tax at an estimate of the effective rate expected to be paid.

Use of Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses and disclosure of commitments. Actual results and outcomes may differ from management's estimates and assumptions, and such differences could be material.

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU 2011-04 clarifies existing fair value guidance and amends Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*. Changes to U.S. GAAP in ASU 2011-04 which impact the Foundation include exempting private entities from disclosing transfers in and out of Level 1 and Level 2, disallowing the use of blockage discounts in measuring fair value, and for Level 3 fair value measurements, requiring additional quantitative disclosure about significant unobservable inputs used to arrive at the measurement and a description of the reporting entity's valuation process. ASU 2011-04 was effective for annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material impact on the Foundation's financial position, results of operations, or cash flows.

3. Investments

The investment goal of the Foundation is to maintain or grow its spending power in real (inflation adjusted) terms with risk at a level appropriate to the Foundation's programmatic spending and objectives. The Foundation diversifies its investments among various financial instruments and asset categories, and uses multiple investment strategies. The financial assets of the Foundation are managed by a select group of external investment management firms and held in custody by a major commercial bank, except for assets invested with partnerships, LLCs and commingled funds, which have separate arrangements appropriate to their legal structure.

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and bonds. The Foundation maintains its cash and cash equivalents with high quality financial institutions and such amounts may exceed Federal Deposit Insurance Corporation limits. The Foundation's investments in corporate and government bonds are exposed to issuer credit risk until these bonds are sold or mature.

3. Investments (continued)

The Foundation's investment portfolio consists of the following:

	December 31			
	2012		2011	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Public equity investments with managers	**$ 1,127,731,509**	**$ 1,688,800,025**	$ 1,188,797,081	$ 1,550,076,763
Fixed income investments with managers	**555,829,559**	**569,663,075**	522,481,540	534,087,927
Hedge and private equity funds	**2,418,607,732**	**3,049,783,161**	2,386,029,256	2,948,639,640
Registered investment companies	**52,906,090**	**55,240,033**	55,873,062	57,642,725
Cash pending investment	**5,000,000**	**5,000,000**	–	–
Cash with investment managers	**132,918,938**	**132,632,378**	79,952,980	80,269,155
Total	**$ 4,292,993,828**	**$ 5,501,118,672**	$ 4,233,133,919	$ 5,170,716,210

Cash pending investment represents funds committed to investments with fund closings in January of the following year. As of December 31, 2012 and 2011, the Foundation is committed to make additional investments of approximately $564 million and $559 million, respectively, to hedge and private equity funds in future years.

Individual investment holdings that represent greater than 5% of the total fair value of investments consist of the following:

	December 31			
	2012		2011	
	Cost	**Fair Value**	**Cost**	**Fair Value**
State Street U.S. Treasury 1–3 Year Index Commingled Fund	**$ 530,285,414**	**$ 544,166,207**	$ 500,386,866	$ 512,099,706

Some investment managers retained by the Foundation have been authorized to use financial derivative instruments in a manner set forth by the Foundation's written investment policy and specific manager guidelines. Accordingly, the investments of the Foundation include financial instruments involving contractual commitments for future settlements, such as futures and options. Futures and options trading are confined exclusively to recognized futures and options exchanges. Accordingly, the exchange clearinghouse acts as counterparty to the trade, reducing the counterparty credit risk. Investment managers, acting on behalf of the Foundation, both purchase and write options. To minimize the risk of loss associated with options trading, the Foundation requires investment managers to employ strategies consistent with prudent investment management.

3. Investments (continued)

The Foundation records its financial derivative instruments on a fair value basis with changes in value reflected in the accompanying consolidated statements of activities and changes in net assets. The fair values of such positions represent net unrealized gains and losses, and consequently, net receivables and payables at December 31, 2012 and 2011, and are included within investments in the consolidated statements of financial position. Additionally, the Foundation has investments in commingled funds, limited partnerships and LLCs which invest in a variety of derivative contracts. As a result of active trading and a changing investment environment, the use, type, and amount of derivative instruments held by these investments may vary substantially from period to period.

The net fair value of the Foundation's derivative holdings at December 31, 2012, was $0.4 million, in which $1.1 million was in derivative assets and $0.7 million was in derivative liabilities, which are reflected within the consolidated statements of financial position under *Investments, at fair value*. The primary types of derivative risk exposures are foreign exchange, commodity, equity, and other contracts. The total notional amounts related to these derivatives were $55.9 million, which are not material to the Foundation's overall investments at December 31, 2012.

In the opinion of the Foundation's management, the use of financial derivative instruments in its investment program is appropriate and customary for the investment strategies employed. Using those instruments reduces certain investment risks and may add value to the portfolio. The instruments themselves, however, do involve investment and counterparty risk in amounts greater than what are reflected in the Foundation's consolidated financial statements. Management expects that losses from such investments, if any, would not materially affect the consolidated financial position of the Foundation.

At December 31, 2012 and 2011, approximately 81% and 80%, respectively, of the Foundation's investment assets were invested in limited partnerships, commingled funds and LLCs. Such investments generally have limited liquidity due to the structure, term, and investment strategy of the funds.

4. Fair Value

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value disclosure framework which prioritizes and ranks the level of observable inputs used in measuring investments at fair value.

4. Fair Value (continued)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs based on quoted prices for identical assets or liabilities in an active market that the Foundation can access. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market usually provides the most reliable evidence of fair value and is generally used without adjustment if available.

Level 2 – Inputs that are observable either directly or indirectly but are not Level 1 inputs. Level 2 inputs include quoted prices for similar instruments, broker quotes, or observable inputs that directly impact value such as interest rates, prepayment speeds and credit risk. Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, and fair value is determined through the use of models or other valuation methodologies. For investments in funds where there is an ability to redeem such investments at the net asset value per share (or its equivalent) at the measurement date or in the near term, the fair value of the investment is generally categorized as Level 2.

Level 3 – Pricing inputs that are unobservable. Level 3 inputs are generally used in situations where there is little, if any, market activity for the investment. These inputs into the determination of fair value require significant management judgment or estimation. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited partnership interests, where there is an inability to redeem such investments at the net asset value per share (or its equivalent) at the measurement date or in the near term.

4. Fair Value (continued)

The following table presents the investments carried on the consolidated statements of financial position by level within the valuation hierarchy as of December 31, 2012 and 2011, respectively:

December 31, 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Public equity investments with managers	**$ 305,593,945**	**$ 611,382,982**	**$ 771,823,098**	**$1,688,800,025**
Fixed income investments with managers	**–**	**569,663,075**	**–**	**569,663,075**
Hedge and private equity funds	**–**	**1,098,657,408**	**1,951,125,753**	**3,049,783,161**
Registered investment companies	**55,240,033**	**–**	**–**	**55,240,033**
Cash pending investment	**5,000,000**	**–**	**–**	**5,000,000**
Cash with investment managers	**132,632,157**	**221**	**–**	**132,632,378**
Total as of December 31, 2011	**$ 498,466,135**	**$2,279,703,686**	**$2,722,948,851**	**$5,501,118,672**

December 31, 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Public equity investments with managers	$ 368,326,077	$ 484,336,523	$ 697,414,163	$1,550,076,763
Fixed income investments with managers	71,404	534,016,523	–	534,087,927
Hedge and private equity funds	–	1,161,352,359	1,787,287,281	2,948,639,640
Registered investment companies	57,642,725	–	–	57,642,725
Cash with investment managers	80,268,942	213	–	80,269,155
Total as of December 31, 2011	$ 506,309,148	$ 2,179,705,618	$2,484,701,444	$5,170,716,210

The following table includes a rollforward of the amounts for the years ended December 31, 2012 and 2011, for investments classified within Level 3:

Balance at December 31, 2010	$ 2,492,738,275
Purchase of portfolio investments	366,827,251
Proceeds from sale or distribution of investments	(354,265,109)
Net realized gain on investments	100,116,411
Net change in unrealized gain on investments	8,989,412
Transfers out of Level 3	(129,704,796)
Balance at December 31, 2011	2,484,701,444
Purchase of portfolio investments	**331,669,287**
Proceeds from sale or distribution of investments	**(422,057,281)**
Net realized gain on investments	**197,686,862**
Net change in unrealized gain on investments	**130,948,539**
Balance at December 31, 2012	**$ 2,722,948,851**

4. Fair Value (continued)

	Year Ended December 31 2012	2011
Net unrealized gain included in earnings for Level 3 investments held	**$ 130,948,539**	$ 8,989,412

There were no transfers out of Level 3 in 2012. Transfers out of Level 3 in 2011 were due to changes in redemption provisions and determined at the beginning of the period. Net realized and unrealized gain (loss) are included in the consolidated statements of activities and changes in net assets.

As discussed in Note 1, the Foundation values substantially all of its investments (including all Level 2 and Level 3 investments) at amounts reported by the investment manager and as validated through consideration of the audited financial statements of such investments. Accordingly, the Foundation does not use separate quantitative information to value such investments.

The Foundation invests in alternative investments, which are structured as partnerships, limited liability companies, and offshore investment funds. The following table summarizes the investment strategy types of the alternative investments as of December 31, 2012:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Public equity investments with managers (a)	$ 771,823,098	$ –	Quarterly, Annually	30-90 days
Hedge funds (b)	1,625,246,665	26,360,005	Quarterly, Semi-Annually, Annually, None	30-180 days
Private equity funds and Real Assets (c)	1,424,536,496	537,834,702	None	N/A
Total	$ 3,821,606,259	$ 564,194,707		

(a) This category includes public equity funds that are structured as limited partnership or limited liability companies. These funds invest primarily in public equity investments in the U.S., developed, and emerging markets. Management of the public equity funds has the ability to invest in growth and/or value styles and across capitalizations. Four managers in this investment category maintain an ability to make private investments. There are no significant restrictions on the Foundation's ability to redeem or liquidate these investments.

4. Fair Value (continued)

(b) This category includes hedge funds that invest using different strategies, such as long/short equity, credit focused, multi-strategy event, arbitrage and other means. The nature of investments for approximately 5% of the value of the investments in this category provides distributions that are only received through the liquidation of the underlying assets of the fund, either by the design of the fund or because the fund itself is in a liquidation mode; while the timing of such liquidation is uncertain, it is estimated that the underlying assets of the fund would be fully liquidated over 2 to 7 years. In addition, approximately 23% of the value of the investments in this category are subject to multiyear restrictions on withdrawal, with such restrictions ranging from 2 to 5 years.

(c) This category includes private funds that invest in U.S. oil and gas assets, global commercial real estate, and funds that invest globally across industries in public and private companies. Substantially all of the value of the investments in this category can never be redeemed with the funds. Instead, due to the nature of these investments, distributions are received through the liquidation of the underlying assets of the funds. It is estimated that the underlying assets will be liquidated over the next 3 to 10 years.

5. Investment Redemption Receivables

Investment redemption receivables represent deemed withdrawals from investment managers for which the cash has not yet been received.

6. Program-Related Investment

In July 2008, the Foundation made an interest-free Canadian dollar (CAD) 720,689 program-related investment to Middle Bay Sustainable Aquaculture Institute as bridge financing for the construction phase of its close containment aquaculture trial, of which CAD 131,210 remains outstanding.

7. Property and Equipment

Property and equipment consisted of the following:

	December 31 2012	December 31 2011
Buildings	**$ 33,803,007**	$ 33,803,007
Leasehold improvements	**22,900,224**	22,613,381
Furniture, fixtures, and equipment	**7,917,210**	7,651,985
	64,620,441	64,068,373
Less accumulated depreciation and amortization	**20,466,268**	18,728,331
Property and equipment, net	**$ 44,154,173**	$ 45,340,042

8. Short Term Borrowings

The Foundation maintains a $150 million uncommitted line of credit (the "Line") from a major commercial bank. Future borrowings under the Line, if any, will be free of fees, unsecured, and bear interest at rates selected by the Foundation based on Prime, LIBOR, or a Bank Offered Rate, all as defined. The Line expires on October 31, 2013, but is renewable annually. The Line also contains covenants over financial reporting, liquidity, and other standard and customary corporate governance matters. There were no borrowings or amounts outstanding on the Line or interest expense incurred for the years ended December 31, 2012 and 2011, respectively.

9. Taxes and Payout Requirement

Because the Foundation is classified as a private foundation, it is subject to a federal excise tax of 1% or 2% on net investment income (its principal source of revenue). For the years ended December 31, 2012 and 2011, the Foundation's investment income was taxed at the 2% tax rate based on the distribution requirements of Section 4940(e) of the Internal Revenue Code. The Foundation also provides for deferred federal excise tax on unrealized gains on investments at a rate of 2%, which is an estimate of the effective rate expected to be paid. In addition, the Foundation's investments in some limited partnerships give rise to taxable federal and state unrelated business income.

9. Taxes and Payout Requirement (continued)

The components of tax expense are as follows:

	Year Ended December 31 2012	2011
Current federal excise tax	**$ 9,785,795**	$ (681,654)
Deferred federal excise tax	**1,456,698**	(2,148,754)
Unrelated business income tax	**(492,146)**	(590,946)
	$ 10,750,347	$ (3,421,354)

The Internal Revenue Code requires private foundations to annually disburse approximately five percent of the market value of investment assets, less the federal excise tax. This payout requirement may be satisfied by payments for grants, program-related investments, direct conduct of charitable activities and certain administrative expenses. The Foundation had qualifying distributions of $260 million and $262 million in fiscal 2012 and 2011, respectively.

The Foundation is expected to meet the payout requirements after application of historical excess distributions carryforward of approximately $9 million in 2012, and met the payout requirement after application of historical excess distributions carryforward of $11 million in 2011. At December 31, 2012, the Foundation's remaining excess distribution carryforwards are approximately $22 million which, if not utilized, will expire beginning in 2013. Amounts for 2012 are estimated pending finalization of the Foundation's annual tax return on Form 990-PF, with the differences, if any, not expected to be material.

The Foundation believes it has appropriate support for the excise tax and unrelated business income tax positions taken, as well as foreign investment tax positions, and, as such, does not have any uncertain tax positions that result in a material impact on the Foundation's consolidated statements of financial position or consolidated statements of activities and changes in net assets.

10. Related Parties

Certain trustees of the Foundation are also trustees, directors, or officers of other Section 501(c)(3) organizations to which the Foundation has awarded grants and may award grants in the future. In these circumstances, the Foundation awards grants pursuant to the Foundation's conflict of interest policy.

11. Retirement Plan

The Foundation sponsors a defined contribution plan (the “Plan”) under Internal Revenue Code Section 401(k). The Plan covers all employees who meet eligibility requirements. Contributions to the 401(k) Plan are made by the Foundation semimonthly and vest immediately. Total expenses related to such plan for 2012 and 2011 were approximately $1.2 million and $1.1 million, respectively.

12. Commitments

In November 2007, the Foundation approved an additional commitment of $200 million to a total of $250 million over a period of ten years to support further development and construction of the Thirty Meter Telescope (TMT) project. Funding under this commitment will be allocated equally between the California Institute of Technology (Caltech) and the University of California, who are working in partnership on the TMT project. The continuation of this commitment beyond 2013 is conditioned on the satisfaction of certain fundraising and other requirements. As of December 31, 2012, $125 million in grants had been awarded under this commitment.

The Foundation is also committed to make payments on multi-year grants. Future payments on such awarded but unpaid grants are as follows:

	Unconditional	Conditional
Year ending December 31:		
2013	$ 10,440,781	$ 111,468,094
2014	11,139,273	43,216,727
2015	9,393,699	8,991,029
2016	7,411,676	2,353,229
	38,385,429	$ 166,029,079
Less: Discount to present value	310,714	
	$ 38,074,715	

Unconditional promises to give are discounted to a net present value using risk-free interest rates ranging from 0.26% to 0.53% and were recognized as grant expense in the period in which they were approved. Conditional promises to give will be recognized as grant expense in the period in which the recipient meets the terms of the condition.

12. Commitments (continued)

The Foundation also has operating leases for its San Francisco and Palo Alto offices, other facilities, and certain furniture and equipment. Rent expense, net of sublease income, for the years ended December 31, 2012 and 2011, was $246,000 and $500,000, respectively.

Future minimum lease payments under operating leases at December 31, 2012, are as follows:

Year ending December 31:	
2013	$ 1,033,000
2014	1,024,000
2015	1,011,000
2016	761,000
2017 and thereafter (estimated annual amount)	760,000

13. Indemnifications

The Foundation often enters into contracts with consultants whereby the Foundation agrees to indemnify such consultants from liabilities incurred in the course of performing their contracted work, excluding any liabilities incurred by the consultant's own negligence or willful misconduct. The Foundation's maximum exposure under these agreements is unknown; however, the Foundation has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

14. Subsequent Events

The Foundation has evaluated subsequent events through June 18, 2013, which represents the date the consolidated financial statements are available to be issued.

Other Financial Information

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Report of Independent Auditors on Supplementary Information

To the Board of Trustees
Gordon E. and Betty I. Moore Foundation and Subsidiary

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 21 to 26 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

June 18, 2013

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed

December 31, 2012

Grantees	Remaining Commitment
Project Title	
Alameda County Medical Center	$ 100,926
Alaska Conservation Foundation	302,500
Amazon Conservation Association	499,997
American Association of Colleges of Nursing	121,000
Associação de Defesa Etnoambiental Kanindé	321,531
Bank Information Center	200,000
Battelle Memorial Institute	260,347
BC Spaces for Nature Society	196,819
Bigelow Laboratory for Ocean Sciences	250,356
California Institute of Technology, Division of Biology	1,333,332
California Institute of Technology, Division of Geology and Planetary Sciences	261,225
California Institute of Technology, Division of Geology and Planetary Sciences	1,000,000
Canadian Parks and Wilderness Society, British Columbia Chapter	355,263
Cape Cod Commercial Hook Fishermen's Association	310,652
Carnegie Institution of Washington	373,914
Catholic Healthcare West	800,000
Center for American Progress	220,100
Center for International Environmental Law	400,000
Center for Quality Systems Improvement	396,720
Chemical Heritage Foundation	113,000
Climate Focus	64,000
Coastal First Nations - Great Bear Initiative	157,236
Cold Spring Harbor Laboratory, Office of Sponsored Programs	999,999
Conservation Fund	245,000
Conservation International	500,000
Conservation International	1,000,000
Conservation International	13,381,350
Conservation Law Foundation	290,039
Conservation Strategy Fund	268,849
David Suzuki Foundation	298,110
Duke University, Department of Biology	999,999
Duke University, Department of Biology	1,333,332
Duraspace	414,000
Earth Economics	155,556
El Camino Hospital Foundation	215,984
Environmental Defense Fund	33,750
Environmental Defense Fund	619,735

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

December 31, 2012

Grantees	**Remaining Commitment**
Environmental Defense Fund	$ 1,699,705
Equipe de Conservação da Amazônia	866,755
Exploratorium	2,575,000
Field Museum	1,036,588
Fondo Mexicano Para La Conservacion De La Naturaleza	118,315
Forest Ethics	100,198
Forever Costa Rica Association	50,000
Fundação Bioma	37,939
Fundacao Vitoria Amazonica	213,829
FundAmazonia	152,750
Girls Incorporated of Alameda County	20,000
Green Technology Leadership Group	275,000
Gulf of Maine Research Institute	100,000
Hartley Bay Village Council	151,661
Harvard University, Department of Earth and Planetary Sciences	231,552
Iepé - Instituto de Pesquisa e Formação Indigena	900,000
Indiana University, Department of Biology	999,999
Instituto Centro de Vida	883,044
Instituto de Hidrologia, Meteorologia y Estudios Ambientales	1,190,650
Instituto de Pesquisa Ambiental da Amazônia	1,414,034
Instituto del Bien Comun	1,436,000
Instituto do Homem e Meio Ambiente da Amazonia	224,511
Instituto do Homem e Meio Ambiente da Amazonia	459,305
Instituto Internacional de Educação do Brasil	907,199
Instituto Socioambiental	1,010,122
Integrated Care Leadership Network	225,100
International Conservation Caucus Foundation	125,000
International Society for the Protection of Mustangs & Burros	5,000
Island Institute	323,713
Iwokrama International Centre for Rain Forest Conservation and Development	284,643
J. Craig Venter Institute	187,000
J. David Gladstone Institutes	756,676
Johns Hopkins University, Armstrong Institute	5,330,828
Kaiser Foundation Hospitals, Kaiser Foundation Research Institute	187,024
Kitasoo-Xaixais Band Council	104,790
LDOS Media Lab	300,000
Life Sciences Research Foundation	285,000
Living Oceans Society	416,169

Grantees	Remaining Commitment
Manta Consulting	$ 11,000
Marine Biological Laboratory	1,436,704
Massachusetts Institute of Technology, Department of Physics	600,000
Massachusetts Institute of Technology, Office of Sponsored Programs	684,076
Max Planck Society, Max Planck Institute of Quantum Optics	345,277
Meridian Institute	1,000,000
Michigan State University, MSU-DOE Plant Research Laboratory	999,999
Mills-Peninsula Hospital Foundation	250,000
Ministerio del Ambiente	356,969
Monterey Bay Aquarium Research Institute	1,390,000
Mozilla Foundation	40,000
MRAG Americas, Inc.	2,097,308
National Aeronautics and Space Administration	436,195
National Audubon Society, Alaska State Office	187,553
Nature and Culture International	1,734,316
Net Impact	83,236
Northwest Institute for Bioregional Research Society	174,681
Nunamta Aulukestai	387,723
Ocean Conservancy	1,253,336
Oregon Health & Science University	349,089
Oregon State University, Office of Sponsored Programs	382,979
Pacific Environment	396,016
Pacific Salmon Foundation	166,188
Parkland Health and Hospital System	20,000
Parques Nacionales Naturales de Colombia	540,675
Patrimonio Natural Fondo para la Biodiversidad y Areas Protegidas	282,514
Pew Charitable Trusts	500,000
Research Foundation of State University of New York	139,268
Resources for the Future	51,501
Resources Legacy Fund	750,000
Resources Legacy Fund Foundation	3,000,000
Rutgers University, Institute of Marine and Coastal Sciences	370,000
Salk Institute for Biological Studies, Development Office	999,999
San Diego Zoo	97,890
San Francisco Parks Alliance	75,000
Secretaria de Estado do Meio Ambiente e Desenvolvimento Sustentável	112,950
Simon Fraser University	301,302
Skeena Watershed Conservation Coalition	378,200

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

December 31, 2012

Grantees	**Remaining Commitment**
Skeena Wild Conservation Trust	$ 521,699
Sociedad Peruana de Derecho Ambiental	100,000
Sonoma Land Trust	600,000
St. Rose Hospital Foundation	178,077
Stanford University, Department of Applied Physics	539,000
Stanford University, Department of Biology	999,999
Stanford University, Department of Physics	449,875
Stanford University, Geballe Laboratory for Advanced Materials	1,000,000
Stanford University, School of Medicine	280,635
Stanford University, School of Medicine	301,424
Stanford University, Woods Institute for the Environment	99,558
Surfrider Foundation	371,131
Sustainable Fisheries Partnership	127,498
Sustainable Northwest	179,806
Sutter Health Systems	244,905
Sutter Health Systems	900,000
Tech Museum of Innovation	800,000
The Freshwater Trust	2,000,000
The Nature Conservancy	387,500
The Nature Conservancy	919,294
The Nature Conservancy - Alaska	640,790
The Nature Conservancy - Alaska	1,029,050
The Peregrine Fund	20,000
Third Sector New England	610,455
Tides Canada Foundation	100,750
Tides Canada Foundation	101,470
Tides Canada Foundation	219,500
Tides Canada Foundation	243,337
Tides Canada Foundation	881,296
Tides Canada Foundation	1,527,570
Tides Canada Initiatives	264,138
Trout Unlimited	500,000
Trout Unlimited	527,458
Trust for Conservation Innovation	300,000
Udall Foundation, U.S. Institute for Environmental Conflict Resolution	176,970
United Nations Educational, Scientific and Cultural Organization, Intergovernmental Oceanographic Commission	93,295
United States Geological Survey	394,406
Universidade Federal de Vicosa	853,200

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

December 31, 2012

Grantees	**Remaining Commitment**
University of Arizona, Sponsored Projects Services	$ 109,171
University of British Columbia, Botany Department	730,786
University of California Berkeley Foundation	10,000
University of California Museum of Paleontology	354,300
University of California, Berkeley Department of Earth and Planetary Science	1,045,000
University of California, Berkeley Department of Environmental Science, Policy, and Management	161,220
University of California, Berkeley Department of Physics	800,000
University of California, Berkeley Department of Plant and Microbial Biology	999,999
University of California, Berkeley Lawrence Hall of Science	496,981
University of California, Berkeley Sponsored Projects Office	4,200,000
University of California, Davis Department of Plant Sciences	999,999
University of California, Davis Health System	23,083,704
University of California, Davis Medical Center	150,000
University of California, Irvine Department of Earth System Science	900,000
University of California, Riverside Botany and Plant Sciences Department	999,999
University of California, San Diego California Institute for Telecommunications and Information Technology	350,000
University of California, San Diego Division of Biological Sciences	999,999
University of California, San Diego Scripps Institution of Oceanography	279,599
University of California, San Diego Scripps Institution of Oceanography	620,000
University of California, San Francisco Center for the Health Professions	525,762
University of California, San Francisco Office of Sponsored Research	1,058,000
University of California, San Francisco Student Academic Affairs	1,154,937
University of California, Santa Barbara Kavli Institute for Theoretical Physics	500,000
University of California, Santa Barbara National Center for Ecological Analysis and Synthesis	1,000,000
University of California, Santa Barbara, Marine Science Institute	2,236,608
University of California, Santa Cruz Department of Ocean Sciences, School of Earth & Marine Science	457,876
University of Chicago, Computation Institute	181,592
University of Chicago, Department of Geophysical Sciences	1,226,560
University of Colorado Foundation	200,000
University of East Anglia	813,883
University of Guelph	227,250
University of Minnesota, Institute on the Environment	800,000
University of North Carolina at Chapel Hill, Department of Biology	999,999
University of Oregon, Department of Planning, Public Policy and Management	190,147
University of Southern California, Department of Biological Sciences	563,545

Gordon E. and Betty I. Moore Foundation

Schedule of Conditional Grants Committed (continued)

December 31, 2012

Grantees	**Remaining Commitment**
University of Victoria, POLIS Project on Ecological Governance	$ 176,938
University of Washington, Department of Biology	999,999
University of Washington, Department of Earth and Space Sciences	850,000
University of Wisconsin-Madison, The Nelson Institute	390,002
Valley Medical Center Foundation	250,241
Veterans Affairs Palo Alto Health Care System	100,000
Wageningen University, Department of Environmental Sciences	200,000
Westcoast Aquatic Management Association	637,526
Wild Salmon Center	697,094
Wild Salmon Center	1,088,000
Wildlife Conservation Society	258,044
Wildlife Conservation Society	291,020
Wildlife Conservation Society	445,495
Wildlife Conservation Society	3,200,000
Woods Hole Oceanographic Institution	537,792
Woods Hole Oceanographic Institution	770,431
Woods Hole Oceanographic Institution	1,043,115
Woods Hole Oceanographic Institution	1,190,087
World Ocean Council	623,625
World Wildlife Fund	295,000
World Wildlife Fund	401,312
World Wildlife Fund	1,305,735
World Wildlife Fund	2,990,918
World Wildlife Fund Canada	1,414,078
Yale University, School of Forestry & Environmental Studies	199,961
Conditional Grants	$ 166,029,079

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