

**GRAYSCALE ETHEREUM TRUST (ETH)**  
2021 Grantor Trust Tax Information  
EIN: 82-6677805

The following information is being provided to assist Shareholders of the Grayscale Ethereum Trust (ETH) (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 Ethereum ("ETH") 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 ETH tokens 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 Ethereum Trust (ETH) - (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 ETH), amount of ETH paid to cover trust expenses (in ETH), and per share proceeds from ETH 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 ETHEREUM TRUST (ETH) 2021 EXPENSE FILE

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

Date	Expenses Per Share (USD)	Amount of ETH Per Share
January	0.02713399	0.00002184
February	0.03274286	0.00001963
March	0.03843549	0.00002175
April	0.05051897	0.00002100
May	0.06972245	0.00002165
June	0.04761803	0.00002092
July	0.04737926	0.00002157
August	0.06860098	0.00002152
September	0.06615081	0.00002078
October	0.08368858	0.00002143
November	0.09211594	0.00002070
December	0.08366866	0.00002134
<b>Total for year</b>	<b>0.70777602</b>	<b>0.00025413</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 Ethereum Trust (ETH) 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 \$0.03274286 (See Summary Table above – February Factor) x (13/28) = \$ 0.01520204 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 \$ 0.06615081 (See Summary Table above – September Factor) x (15/30) = \$ 0.03307541. The total expenses for Shareholder are therefore \$ 0.37055263 per share (sum of all factors from February 15th through September 15th) multiplied by the number of shares held (20,000), or \$7,411.05.

Total Expenses Per Share	\$0.37055263
Total Shares	<u>20,000</u>
<b>Total Expense</b>	<b><u>\$ 7,411.05</u></b>

(Please consult your tax advisor as to reporting).

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
1/1/2021	0.01029526		
1/2/2021	0.01029455		
1/3/2021	0.01029384		
1/4/2021	0.01029314		
1/5/2021	0.01029243		
1/6/2021	0.01029173		
1/7/2021	0.01029102		
<b>1/8/2021</b>	<b>0.01029032</b>	<b>0.00000494</b>	<b>0.00566209</b>
1/9/2021	0.01028962		
1/10/2021	0.01028891		
1/11/2021	0.01028821		
1/12/2021	0.01028750		
<b>1/13/2021</b>	<b>0.01028680</b>	<b>0.00000352</b>	<b>0.00391925</b>
1/14/2021	0.01028609		
1/15/2021	0.01028539		
1/16/2021	0.01028468		
1/17/2021	0.01028398		
1/18/2021	0.01028327		
1/19/2021	0.01028257		
<b>1/20/2021</b>	<b>0.01028187</b>	<b>0.00000493</b>	<b>0.00657305</b>
1/21/2021	0.01028116		
1/22/2021	0.01028046		
1/23/2021	0.01027975		
1/24/2021	0.01027905		
1/25/2021	0.01027834		
1/26/2021	0.01027764		
<b>1/27/2021</b>	<b>0.01027694</b>	<b>0.00000493</b>	<b>0.00636455</b>
1/28/2021	0.01027623		
1/29/2021	0.01027553		
1/30/2021	0.01027483		
<b>1/31/2021</b>	<b>0.01027412</b>	<b>0.00000352</b>	<b>0.00461505</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
2/1/2021	0.01027342		
2/2/2021	0.01027271		
<b>2/3/2021</b>	<b>0.01027201</b>	<b>0.00000140</b>	<b>0.00229504</b>
2/4/2021	0.01027131		
2/5/2021	0.01027060		
2/6/2021	0.01026990		
2/7/2021	0.01026920		
2/8/2021	0.01026849		
2/9/2021	0.01026779		
<b>2/10/2021</b>	<b>0.01026709</b>	<b>0.00000489</b>	<b>0.00838390</b>
2/11/2021	0.01026638		
2/12/2021	0.01026568		
2/13/2021	0.01026498		
2/14/2021	0.01026427		
2/15/2021	0.01026357		
2/16/2021	0.01026287		
<b>2/17/2021</b>	<b>0.01026216</b>	<b>0.00000491</b>	<b>0.00898611</b>
2/18/2021	0.01026146		
2/19/2021	0.01026076		
2/20/2021	0.01026006		
2/21/2021	0.01025935		
2/22/2021	0.01025865		
2/23/2021	0.01025795		
<b>2/24/2021</b>	<b>0.01025725</b>	<b>0.00000492</b>	<b>0.00789260</b>
<b>2/25/2021</b>	<b>0.01025654</b>	<b>0.00000141</b>	<b>0.00221326</b>
2/26/2021	0.01025584		
2/27/2021	0.01025514		
<b>2/28/2021</b>	<b>0.01025444</b>	<b>0.00000210</b>	<b>0.00297195</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
3/1/2021	0.01025373		
3/2/2021	0.01025303		
3/3/2021	0.01025233		
3/4/2021	0.01025163		
<b>3/5/2021</b>	<b>0.01025092</b>	<b>0.00000281</b>	<b>0.00431336</b>
3/6/2021	0.01025022		
3/7/2021	0.01024952		
3/8/2021	0.01024882		
3/9/2021	0.01024812		
<b>3/10/2021</b>	<b>0.01024741</b>	<b>0.00000351</b>	<b>0.00633174</b>
3/11/2021	0.01024671		
3/12/2021	0.01024601		
3/13/2021	0.01024531		
3/14/2021	0.01024461		
3/15/2021	0.01024391		
3/16/2021	0.01024320		
<b>3/17/2021</b>	<b>0.01024250</b>	<b>0.00000561</b>	<b>0.01025736</b>
3/18/2021	0.01024180		
3/19/2021	0.01024110		
3/20/2021	0.01024040		
3/21/2021	0.01023970		
3/22/2021	0.01023900		
3/23/2021	0.01023829		
<b>3/24/2021</b>	<b>0.01023759</b>	<b>0.00000421</b>	<b>0.00687665</b>
3/25/2021	0.01023689		
3/26/2021	0.01023619		
3/27/2021	0.01023549		
3/28/2021	0.01023479		
3/29/2021	0.01023409		
3/30/2021	0.01023339		
<b>3/31/2021</b>	<b>0.01023269</b>	<b>0.00000561</b>	<b>0.01065638</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
4/1/2021	0.01023198		
4/2/2021	0.01023128		
4/3/2021	0.01023058		
4/4/2021	0.01022988		
4/5/2021	0.01022918		
4/6/2021	0.01022848		
4/7/2021	0.01022778		
<b>4/8/2021</b>	<b>0.01022708</b>	<b>0.00000420</b>	<b>0.00865180</b>
4/9/2021	0.01022638		
4/10/2021	0.01022568		
4/11/2021	0.01022498		
<b>4/12/2021</b>	<b>0.01022428</b>	<b>0.00000420</b>	<b>0.00899480</b>
4/13/2021	0.01022358		
4/14/2021	0.01022288		
4/15/2021	0.01022218		
4/16/2021	0.01022148		
4/17/2021	0.01022078		
4/18/2021	0.01022008		
4/19/2021	0.01021938		
<b>4/20/2021</b>	<b>0.01021868</b>	<b>0.00000490</b>	<b>0.01141135</b>
4/21/2021	0.01021798		
4/22/2021	0.01021728		
4/23/2021	0.01021658		
4/24/2021	0.01021588		
4/25/2021	0.01021518		
4/26/2021	0.01021448		
4/27/2021	0.01021378		
4/28/2021	0.01021308		
4/29/2021	0.01021238		
<b>4/30/2021</b>	<b>0.01021168</b>	<b>0.00000770</b>	<b>0.02146102</b>

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<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
5/1/2021	0.01021098		
5/2/2021	0.01021028		
5/3/2021	0.01020958		
5/4/2021	0.01020888		
<b>5/5/2021</b>	<b>0.01020818</b>	<b>0.00000350</b>	<b>0.01218803</b>
5/6/2021	0.01020748		
5/7/2021	0.01020678		
5/8/2021	0.01020609		
5/9/2021	0.01020539		
5/10/2021	0.01020469		
5/11/2021	0.01020399		
<b>5/12/2021</b>	<b>0.01020329</b>	<b>0.00000419</b>	<b>0.01715486</b>
5/13/2021	0.01020259		
5/14/2021	0.01020189		
5/15/2021	0.01020119		
5/16/2021	0.01020049		
5/17/2021	0.01019980		
<b>5/18/2021</b>	<b>0.01019910</b>	<b>0.00000419</b>	<b>0.01428521</b>
5/19/2021	0.01019840		
5/20/2021	0.01019770		
5/21/2021	0.01019700		
5/22/2021	0.01019630		
5/23/2021	0.01019561		
<b>5/24/2021</b>	<b>0.01019491</b>	<b>0.00000489</b>	<b>0.01297192</b>
5/25/2021	0.01019421		
5/26/2021	0.01019351		
<b>5/27/2021</b>	<b>0.01019281</b>	<b>0.00000209</b>	<b>0.00578475</b>
5/28/2021	0.01019211		
5/29/2021	0.01019142		
5/30/2021	0.01019072		
<b>5/31/2021</b>	<b>0.01019002</b>	<b>0.00000279</b>	<b>0.00733768</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
6/1/2021	0.01018932		
6/2/2021	0.01018862		
6/3/2021	0.01018793		
<b>6/4/2021</b>	<b>0.01018723</b>	<b>0.00000279</b>	<b>0.00749202</b>
6/5/2021	0.01018653		
6/6/2021	0.01018583		
6/7/2021	0.01018514		
6/8/2021	0.01018444		
6/9/2021	0.01018374		
<b>6/10/2021</b>	<b>0.01018304</b>	<b>0.00000419</b>	<b>0.01029489</b>
6/11/2021	0.01018235		
6/12/2021	0.01018165		
6/13/2021	0.01018095		
6/14/2021	0.01018025		
6/15/2021	0.01017956		
6/16/2021	0.01017886		
6/17/2021	0.01017816		
<b>6/18/2021</b>	<b>0.01017746</b>	<b>0.00000349</b>	<b>0.00751189</b>
6/19/2021	0.01017677		
6/20/2021	0.01017607		
6/21/2021	0.01017537		
6/22/2021	0.01017468		
6/23/2021	0.01017398		
<b>6/24/2021</b>	<b>0.01017328</b>	<b>0.00000488</b>	<b>0.00981167</b>
6/25/2021	0.01017259		
6/26/2021	0.01017189		
6/27/2021	0.01017119		
6/28/2021	0.01017050		
6/29/2021	0.01016980		
<b>6/30/2021</b>	<b>0.01016910</b>	<b>0.00000557</b>	<b>0.01250756</b>



**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
7/1/2021	0.01016841		
7/2/2021	0.01016771		
7/3/2021	0.01016701		
7/4/2021	0.01016632		
7/5/2021	0.01016562		
7/6/2021	0.01016492		
<b>7/7/2021</b>	<b>0.01016423</b>	<b>0.00000418</b>	<b>0.00988974</b>
7/8/2021	0.01016353		
7/9/2021	0.01016284		
7/10/2021	0.01016214		
7/11/2021	0.01016144		
7/12/2021	0.01016075		
7/13/2021	0.01016005		
<b>7/14/2021</b>	<b>0.01015936</b>	<b>0.00000487</b>	<b>0.00964642</b>
7/15/2021	0.01015866		
7/16/2021	0.01015796		
7/17/2021	0.01015727		
7/18/2021	0.01015657		
7/19/2021	0.01015588		
7/20/2021	0.01015518		
<b>7/21/2021</b>	<b>0.01015449</b>	<b>0.00000487</b>	<b>0.00943339</b>
7/22/2021	0.01015379		
7/23/2021	0.01015309		
7/24/2021	0.01015240		
7/25/2021	0.01015170		
<b>7/26/2021</b>	<b>0.01015101</b>	<b>0.00000417</b>	<b>0.00986401</b>
7/27/2021	0.01015031		
7/28/2021	0.01014962		
7/29/2021	0.01014892		
7/30/2021	0.01014823		
<b>7/31/2021</b>	<b>0.01014753</b>	<b>0.00000348</b>	<b>0.00854570</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
8/1/2021	0.01014684		
8/2/2021	0.01014614		
8/3/2021	0.01014545		
8/4/2021	0.01014475		
<b>8/5/2021</b>	<b>0.01014406</b>	<b>0.00000208</b>	<b>0.00583369</b>
8/6/2021	0.01014336		
8/7/2021	0.01014267		
8/8/2021	0.01014197		
8/9/2021	0.01014128		
8/10/2021	0.01014058		
<b>8/11/2021</b>	<b>0.01013989</b>	<b>0.00000486</b>	<b>0.01581302</b>
8/12/2021	0.01013920		
8/13/2021	0.01013850		
8/14/2021	0.01013781		
8/15/2021	0.01013711		
8/16/2021	0.01013642		
8/17/2021	0.01013572		
<b>8/18/2021</b>	<b>0.01013503</b>	<b>0.00000486</b>	<b>0.01473847</b>
8/19/2021	0.01013433		
8/20/2021	0.01013364		
8/21/2021	0.01013295		
8/22/2021	0.01013225		
8/23/2021	0.01013156		
8/24/2021	0.01013086		
<b>8/25/2021</b>	<b>0.01013017</b>	<b>0.00000486</b>	<b>0.01562485</b>
8/26/2021	0.01012948		
8/27/2021	0.01012878		
8/28/2021	0.01012809		
8/29/2021	0.01012740		
8/30/2021	0.01012670		
<b>8/31/2021</b>	<b>0.01012601</b>	<b>0.00000486</b>	<b>0.01659095</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
9/1/2021	0.01012531		
9/2/2021	0.01012462		
9/3/2021	0.01012393		
9/4/2021	0.01012323		
9/5/2021	0.01012254		
9/6/2021	0.01012185		
<b>9/7/2021</b>	<b>0.01012115</b>	<b>0.00000485</b>	<b>0.01657542</b>
9/8/2021	0.01012046		
9/9/2021	0.01011977		
9/10/2021	0.01011907		
9/11/2021	0.01011838		
9/12/2021	0.01011769		
9/13/2021	0.01011700		
<b>9/14/2021</b>	<b>0.01011630</b>	<b>0.00000485</b>	<b>0.01625537</b>
9/15/2021	0.01011561		
9/16/2021	0.01011492		
9/17/2021	0.01011422		
9/18/2021	0.01011353		
9/19/2021	0.01011284		
9/20/2021	0.01011215		
9/21/2021	0.01011145		
<b>9/22/2021</b>	<b>0.01011076</b>	<b>0.00000485</b>	<b>0.01467336</b>
9/23/2021	0.01011007		
9/24/2021	0.01010938		
9/25/2021	0.01010868		
9/26/2021	0.01010799		
9/27/2021	0.01010730		
9/28/2021	0.01010661		
9/29/2021	0.01010591		
<b>9/30/2021</b>	<b>0.01010522</b>	<b>0.00000623</b>	<b>0.01864666</b>

GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE

Date	ETH Per Share	Number of ETH Used to Cover Trust Expenses Per Share (in ETH)	Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)
10/1/2021	0.01010453		
10/2/2021	0.01010384		
10/3/2021	0.01010315		
10/4/2021	0.01010245		
10/5/2021	0.01010176		
10/6/2021	0.01010107		
<b>10/7/2021</b>	<b>0.01010038</b>	<b>0.00000346</b>	<b>0.01248063</b>
10/8/2021	0.01009969		
10/9/2021	0.01009899		
10/10/2021	0.01009830		
10/11/2021	0.01009761		
10/12/2021	0.01009692		
10/13/2021	0.01009623		
<b>10/14/2021</b>	<b>0.01009554</b>	<b>0.00000484</b>	<b>0.01836840</b>
10/15/2021	0.01009485		
10/16/2021	0.01009415		
10/17/2021	0.01009346		
10/18/2021	0.01009277		
<b>10/19/2021</b>	<b>0.01009208</b>	<b>0.00000484</b>	<b>0.01847944</b>
10/20/2021	0.01009139		
10/21/2021	0.01009070		
10/22/2021	0.01009001		
10/23/2021	0.01008931		
10/24/2021	0.01008862		
10/25/2021	0.01008793		
10/26/2021	0.01008724		
<b>10/27/2021</b>	<b>0.01008655</b>	<b>0.00000484</b>	<b>0.01935481</b>
10/28/2021	0.01008586		
<b>10/29/2021</b>	<b>0.01008517</b>	<b>0.00000207</b>	<b>0.00913216</b>
10/30/2021	0.01008448		
<b>10/31/2021</b>	<b>0.01008379</b>	<b>0.00000138</b>	<b>0.00587314</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
11/1/2021	0.01008310		
11/2/2021	0.01008241		
11/3/2021	0.01008172		
11/4/2021	0.01008103		
<b>11/5/2021</b>	<b>0.01008034</b>	<b>0.00000276</b>	<b>0.01243347</b>
11/6/2021	0.01007964		
11/7/2021	0.01007895		
11/8/2021	0.01007826		
11/9/2021	0.01007757		
<b>11/10/2021</b>	<b>0.01007688</b>	<b>0.00000345</b>	<b>0.01601486</b>
11/11/2021	0.01007619		
11/12/2021	0.01007550		
11/13/2021	0.01007481		
11/14/2021	0.01007412		
11/15/2021	0.01007343		
11/16/2021	0.01007274		
<b>11/17/2021</b>	<b>0.01007205</b>	<b>0.00000483</b>	<b>0.02058399</b>
11/18/2021	0.01007136		
11/19/2021	0.01007067		
11/20/2021	0.01006998		
11/21/2021	0.01006929		
11/22/2021	0.01006860		
11/23/2021	0.01006791		
<b>11/24/2021</b>	<b>0.01006722</b>	<b>0.00000483</b>	<b>0.02064066</b>
11/25/2021	0.01006654		
11/26/2021	0.01006585		
11/27/2021	0.01006516		
11/28/2021	0.01006447		
11/29/2021	0.01006378		
<b>11/30/2021</b>	<b>0.01006309</b>	<b>0.00000483</b>	<b>0.02244296</b>

**GRAYSCALE ETHEREUM TRUST (ETH) 2021 GROSS PROCEEDS FILE**

<b>Date</b>	<b>ETH Per Share</b>	<b>Number of ETH Used to Cover Trust Expenses Per Share (in ETH)</b>	<b>Proceeds from Payout of ETH to Cover Trust Expenses Per Share (in USD)</b>
12/1/2021	0.01006240		
12/2/2021	0.01006171		
12/3/2021	0.01006102		
12/4/2021	0.01006033		
12/5/2021	0.01005964		
12/6/2021	0.01005895		
12/7/2021	0.01005826		
12/8/2021	0.01005758		
<b>12/9/2021</b>	<b>0.01005689</b>	<b>0.00000482</b>	<b>0.01989818</b>
12/10/2021	0.01005620		
12/11/2021	0.01005551		
12/12/2021	0.01005482		
12/13/2021	0.01005413		
12/14/2021	0.01005344		
12/15/2021	0.01005275		
<b>12/16/2021</b>	<b>0.01005207</b>	<b>0.00000482</b>	<b>0.01938118</b>
12/17/2021	0.01005138		
12/18/2021	0.01005069		
12/19/2021	0.01005000		
12/20/2021	0.01004931		
12/21/2021	0.01004862		
<b>12/22/2021</b>	<b>0.01004794</b>	<b>0.00000482</b>	<b>0.01931160</b>
12/23/2021	0.01004725		
12/24/2021	0.01004656		
12/25/2021	0.01004587		
12/26/2021	0.01004518		
12/27/2021	0.01004450		
12/28/2021	0.01004381		
12/29/2021	0.01004312		
12/30/2021	0.01004243		
<b>12/31/2021</b>	<b>0.01004174</b>	<b>0.00000688</b>	<b>0.02507770</b>
<b>TOTAL</b>		<b>0.00025413</b>	<b>0.70777602</b>

Grayscale Ethereum Trust (ETH) Gross Proceeds and Expense Files show ETH tokens per share owned in the Trust, as well as ETH 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 ETH tokens to pay such expenses.

The Trust holds no assets other than ETH tokens. Accordingly, when expenses are incurred, Trust assets (i.e., ETH 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 ETH 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 ETH tokens they still own). In Step 3, we determine the Shareholder's basis in the ETH 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 ETH tokens at the end of the year and his or her new cost basis in those ETH 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 \$18.12 per share for a total purchase price of \$362,400. 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 Ethereum**

Locate the Ethereum Per Share amount on Shareholder XYZ's purchase date of 2/10/2021 in the gross proceeds file. In this example the number is 0.01026709. This represents the number of ETH tokens per share on that date.

For Shareholder XYZ, the total amount of ETH tokens owned for its 2/10/2021 purchase is 205.34180000 (0.01026709 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 Ethereum paid out from Shareholder XYZ's account during 2021 to pay expenses**

The ETH tokens paid out per share during 2021 includes the cumulative amounts of all ETH 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 amount of ETH tokens paid out after the 2/10/2021 purchase date is 0.00022528 per share. This is determined by taking the total amount of ETH tokens per share paid out in 2021 (0.00025413) and subtracting the amount of ETH tokens paid out prior to the purchase (0.00002184 from January plus 0.00000701 (10/28 multiplied by 0.00001963 from February)). Then multiply this number (0.00022528) by the number of shares owned (20,000) for a total of 4.50558571 ETH tokens paid to cover trust expenses.

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

Total ETH tokens payout (Step 2)	4.50558571		
	-----	X	<b>\$362,400</b>
ETH tokens acquired (Step 1)	205.34180000		
Cost Basis of ETH token payout	\$7,951.74		

**Step 4: Calculate Shareholder's gain or loss on Ethereum 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 \$0.66894815 (total proceeds of payout of ETH tokens for the year, \$0.70777602, less \$0.03882787, which is the proceeds of payouts made prior to purchase [\$0.02713399 from January] plus \$0.01169388 from the first ten days in February). Therefore, Shareholder XYZ's gain or loss is determined as follows:

Total Proceeds: \$0.66894815 per share X 20,000 shares	\$	13,378.96
Less: Total cost basis of ETH tokens payout (Step 3)		<u>7,951.74</u>
Total Reportable Gain/(Loss)	\$	<u>5,427.22</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 \$0.66894815 per share. Therefore, Shareholder XYZ's expenses are as follows:

Total Expenses Per Share (Step 4)	\$	0.66894815
Total Shares		<u>20,000</u>
Total Expense	\$	<u>13,378.96</u>

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

ETH tokens Purchased in 2/10/2021 (Step 1)	205.34180000
Less: ETH token payout during 2021 (Step 2)	<u>4.50558571</u>
Adjusted Shareholder's ETH tokens at 12/31/2021	<u>200.83621429</u>
Original Purchase Cost on 2/10/2021	\$ 362,400.00
Less: Cost of ETH token payout during 2021 (Step 3)	<u>7,951.74</u>
Adjusted Shareholder's basis at 12/31/2021	<u>\$ 354,448.26</u>



Shareholder's adjusted ETH tokens and adjusted cost calculated in Step 6 are his/her adjusted ETH 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.