

2011 TAX INFORMATION GUIDE

DISCLAIMER

Please retain this booklet with your 2011 tax records. If you use the services of a tax advisor, please furnish this booklet to him or her. This Tax Information Guide is provided for your general guidance, and is based on IRS Form 1040 specifications. The applicability of specific situations should be determined through additional consultation with your tax advisor. This guide is not intended to be, nor should it be construed as, the basis of tax advice. Since tax laws can be very complex and subject to various interpretations and frequent changes, you should consult a tax advisor. If you have questions about the Tax Information Guide or your Forms 1099, please contact your Financial Advisor or Consultant.

To Our Clients:

FIRST CLEARING, LLC ("FCC") is the entity through which your firm clears transactions, and is the "Payer" responsible to the Internal Revenue Service ("IRS") for reporting your federal income and any tax withholding that appears on your Form 1099. When reporting information on your tax return (such as on Schedule B of Form 1040), be sure to use FCC's name and Employer Identification Number instead of the name of your brokerage firm.

Only the information that is part of the official IRS Form 1099 is provided to the IRS. Please note that none of the following information is reported to the IRS: partnership distributions, transaction details for Forms 1099-DIV or 1099-INT, account fees or other monthly statement activity. Federal tax reporting requirements and additional post year-end information from various issuers will frequently result in amounts shown on a Form 1099 being different from what appeared on your monthly statements. If you received an IRS Form 1099, you must include that information on your tax return. However, the instructions for various return schedules explain how to adjust that information on your return. If you received an "Annual Summary" statement instead of an official IRS Form 1099, none of the information in that package is provided to the IRS.

We hope this guide will be helpful in assisting you with your IRS tax reporting requirements. The forms and publications that are mentioned in this guide may be obtained from the IRS via the Internet (www.irs.gov), or by phone (1-800-829-3676).

AMENDED FORMS 1099 – RECEIPT OF LATE INCOME RECLASSIFICATION INFORMATION

Amounts shown on your Forms 1099 (particularly, the Form 1099-DIV and Form 1099-B) are based on the best information that is available to us from the issuing company or trustee at the time your Forms 1099 were sent to our printer. The IRS mandated postmark deadline is February 15, and like many payers we request a 30-day extension from the IRS to mail these forms.

Delayed Reporting Message: Many companies do not provide their income allocation information to us until AFTER your original Forms 1099 are printed and mailed. In particular, if you have an investment in (a) a mutual fund that includes REITs, foreign securities or municipal bonds that might be subject to alternative minimum tax ("AMT"), (b) a real estate investment trust ("REIT"), (c) a unit investment trust ("UIT"), (d) a security organized as a grantor trust, (e) a foreign company, or (f) a U.S. company that has a fiscal year ending after December 31, you can expect to receive one or more amended tax forms. Foreign securities (and closed-end funds with such securities in their portfolio), as well as REIT issuers, frequently provide information as late as March or early April. If we are aware of this, we have included a "delayed reporting message" on the original statement.

The "as of" date shown on an amended form is the date through which information was received, and not the mailing date. The recap of monthly statement information that is provided as part of an "Enhanced 1099" package is not included with amended Forms 1099.

FCC is not responsible for any costs incurred for your filing an amended tax return as a result of a late reclassification of any income by the issuer. You should consult with your tax advisor regarding the impacts of any amended Form 1099 information received by you after you have filed your return.

NOTICE OF CHANGES AND REMINDERS FOR 2011:

Cost Basis Reporting – New: The Emergency Economic Stabilization Act (“EESA”) that was enacted in October 2008 included provisions to begin a phase-in of cost basis tracking and reporting, starting with corporate stock you purchased in your securities account on or after January 1, 2011. Cost basis reporting for other types of securities, such as shares issued by a mutual fund or debt obligations, will be required in later years. Therefore, it is very important for you to notice that cost basis information is provided to the IRS only for “covered securities.” For all other securities, it is not provided to the IRS even though it appears in your tax statement as courtesy information. You should review all information with your tax advisor before completing your tax return (for example, the new Form 8949 and revised Schedule D of IRS Form 1040).

Postmark Due Date – Reminder: As a result of the increasing complexity of Form 1099 reporting requirements, Congress and the IRS moved the postmark date for Form 1099-B reporting to February 15, starting with Tax Year 2008. If a “composite statement” is provided where multiple types of Form 1099 information are included with the Form 1099-B, this new postmark date applies to all forms. FCC provides a “composite statement.” Most issuers of Form 1099 now request a 30-day extension to mail Form 1099 information as well in order to have additional time to capture as much information as possible, and eliminate some amended forms.

Delayed Reporting – Reminder: If you invested in any of these types of securities, you will receive additional supplementary information that is not due until March 15: (1) a **Widely Held Mortgage Trust (“WHMT”)** – such as pass-through mortgage backed pools issued by FNMA (“Fannie Mae”), FHLMC (“Freddie Mac”) and GNMA (“Ginnie Mae”); or (2) a **Real Estate Mortgage Investment Conduit (“REMIC”)**. These types of securities have a delayed reporting date because of the fact payments in December, January and February impact the Form 1099 information we must provide. In addition, they can provide supplementary information and factors that need to be included with our reporting, but cannot be calculated by them until January or February.

YOUR FORMS 1099

The Forms 1099 package issued by FCC provides you with comprehensive year-end information. In addition, REMIC, CDO and WHMT information is provided later (by March 15th), if you hold those types of securities.

You are required to report on your tax return the amount shown on a Form 1099, although you have the right to include adjusting entries based on your individual elections, nominee reporting, etc. Please consult with your tax advisor about items eligible for adjustment based on your particular situation.

When preparing your tax return, use the information provided on your Forms 1099 rather than your monthly statements. Because of IRS requirements, amounts shown on your Forms 1099 often do not correspond to what appears on your account statements. If you have securities registered in your name, you will receive a Form 1099 directly from those companies.

The tax package also includes information that we do not report to the IRS, but might be needed for a state and local tax return, or as adjustments to your cost basis or actual income.

COST BASIS AND GAIN/LOSS INFORMATION IS PROVIDED TO THE IRS ONLY FOR “COVERED SECURITIES,” AS DEFINED IN THE FEDERAL TAX CODE AND REGULATIONS. FOR TAX YEAR 2011 REPORTING, THE TERM “COVERED SECURITIES” INCLUDES ONLY SHARES OF STOCK IN A

CORPORATION ACQUIRED BY YOU ON OR AFTER 1/1/2011 AND SOLD THEREAFTER. SHARES IN REGULATED INVESTMENT COMPANIES (“RICS”) AND DIVIDEND REINVESTMENT PLANS ELIGIBLE FOR THE AVERAGE COST BASIS ELECTION ARE “COVERED” STARTING WITH ACQUISITIONS ON OR AFTER 1/1/2012. DEBT OBLIGATIONS AND OTHER TYPES OF SECURITIES ARE “NONCOVERED” UNTIL TAX YEAR 2013 OR LATER.

The following pages provide a brief description of what information is included in each section and how and where that information should be reported on a tax return. Most of this information is also provided in the instructions found on the reverse side of the mailing address page in your tax package.

On all Forms 1099, Box 4 (Federal Income Tax Withheld) shows the Federal income tax withheld on reportable amounts (as applicable) if you did not furnish a valid Form W-9 or Form W-8 at the time of the payment, if you were subject to backup withholding for either a mismatched name and taxpayer identification number (“B-Notice”), or the IRS has determined you have underreported income (“C-Notice”). Include this amount on your 1040, 1040A, or 1040NR as Federal income tax withheld. Make sure that you report the withholding on the tax return that corresponds to the TIN that appears on the Form 1099 in order for the IRS to credit this correctly.

<i>IRS Box</i>	<i>Amount</i>
1a Total Ordinary Dividends	20,144.23
1b Qualified Dividends	7,548.19
2a Total Capital Gain Distributions	112.44
2b Unrecaptured Sec. 1250 Gain	112.44
2c Section 1202 Gain	0.00
2d Collectibles (28%) Gain	0.00
3 Nondividend Distributions	36.24
4 Federal Income Tax Withheld	0.00
5 Investment Expenses	0.00
6 Foreign Tax Paid	0.00
7 Foreign Country or U.S. Possession	See Detail Section
8 Cash Liquidation Distributions	0.00
9 Noncash Liquidation Distributions	0.00

Box 1a (Total Ordinary Dividends): This box reflects total ordinary dividends, including those from money market funds and net short-term capital gain distributions from mutual funds. It also includes distributions of stock where you elected to receive stock instead of cash. Box 1a also includes the investment expense amount reported in Box 5. The cash value of reinvested dividends is also included. Include this amount on Line 9a of Form 1040 or 1040A.

If your total ordinary dividends exceed \$1,500, you must complete Schedule B of IRS Form 1040, or Schedule 1 of IRS Form 1040A. You are not eligible to use Form 1040EZ if you have dividend income.

Box 1b (Qualified Dividends): This box shows the portion of the amount in Box 1a that may be eligible for the capital gains rate of 15% for persons in an income tax bracket above 15%. Include this amount on line 9b, Form 1040 or 1040A. See the instructions for Form 1040/1040A for more information on how to report these dividends and ordinary dividends (shown in Box 1a). Foreign corporations can distribute "qualified dividends," but only if they meet the requirements announced in various IRS notices discussed in the IRS "Instructions for Form 1099-DIV."

Box 2a (Total Capital Gain Distributions – Includes amounts in Boxes 2b – 2d): This box shows the total capital gain distributions (long-term) from a regulated investment company (mutual fund) or real estate investment trust (REIT). Report the amounts shown in Box 2a on Schedule D (Form 1040), line 13. But, if no amount is shown in Boxes 2c – 2d and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown in Boxes 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than on Schedule D. Please refer to the IRS instructions for all of these forms and schedules.

Box 2b (Unrecaptured Section 1250 Gain): This box shows the portion of the amount in Box 2a that is unrecaptured section 1250 gain from certain depreciable real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet in the Schedule D instructions (Form 1040). Please see "Unrecaptured Section 1250 Gain Worksheet—Line 19" in the *2011 Instructions for Schedule D (and Form 8949)*.

Box 2c (Section 1202 Gain): This box shows the portion of the amount in Box 2a that is section 1202 gain from certain small business stock that may be subject to a 50% exclusion. Please see the information under "Exclusion of Gain on Qualified Small Business (QSB) Stock" in the *2011 Instructions for Schedule D (and Form 8949)*. Mutual funds or REITs inform us whether your long-term capital gain distribution is a result of this type of holding.

Box 2d (Collectibles (28%) Gain): This box shows 28% rate gain from sales or exchanges of collectibles. If required, use this amount when completing the "28% Rate Gain Worksheet—Line 18" in the *2011 Instructions for Schedule D (and Form 8949)*. Mutual funds or REITs inform us whether your long-term capital gain distribution is a result of this type of transaction.

Box 3 (Nondividend Distributions): Box 3 reflects distributions which are nontaxable as long as they are a return of your cost. Your cost basis can be reduced by amounts in this box until the basis of your stock has been reduced to zero. Once the basis of your stock has been reduced to zero, this amount becomes reportable as capital gains on Schedule D (Form 1040). Please see *IRS Publication 550*.

Box 5 (Investment Expenses): This amount is your share of expenses of a non-publicly offered regulated investment company. This is also included as dividend income in Box 1. See Form 1040, Schedule A (line 23) and instructions to determine if deductions are applicable.

Box 6 (Foreign Tax Paid): The amount of tax withheld by a foreign payor (not FCC) from foreign corporate dividend distributions. For more details, see the "Foreign Dividends and Interest" topic in this guide.

Box 7 (Foreign country or U.S. possession): As noted in the IRS instructions, mutual fund companies are no longer required to provide country-specific information.

Boxes 8 and 9 (Cash and Noncash Liquidation Distributions): Distributions received during a partial or complete liquidation of a corporation (including Real Estate Investment Trusts). These amounts are not

taxable to you until you have recovered the basis of your stock. After the basis has been reduced to zero, you must report the liquidation distribution as capital gain.

“RICS” Payments: Dividends paid by a RIC or REIT having record dates in October, November, or December and paid prior to February 1 of the following year are reportable and taxable in the year of the record date. These dividends will be identified on your 2011 Form 1099-DIV with a symbol and a footnote and will not be reported on your 2012 Form 1099-DIV.

Optional stock dividends: Companies sometimes offer shareholders the option of receiving a dividend in either cash or additional stock. If an optional stock dividend or spin-off distribution increases your proportionate interest in the corporation’s assets or earnings and profits, or provides the option to take cash or other property, it is taxable and reported on your Form 1099-DIV in the same manner as regular cash payments.

Undistributed Capital Gains – Form 2439: Some mutual funds (RICs) and REITs keep their long-term capital gains and pay taxes on those amounts. You must report as long-term capital gains any amounts that the

mutual fund allocated to you as capital gain distributions, even when you did not actually receive them. No later than April 1, we will send you (if applicable) a Form 2439 showing the amount of the undistributed capital gains and the tax paid. Box 1a reflects the total undistributed long-term capital gain, including the amounts in Boxes 1b, 1c and 1d. Box 1b reflects the Section 1250 unrecaptured gain; Box 1c reflects Section 1202 gain; and Box 1d reflects the collectibles (28%) gain.

If the fund has paid a tax on the capital gains (Box 2, Form 2439), you are allowed a credit for the tax as it is considered paid by you. Take this credit by entering on line 71, Form 1040 the amount of tax shown on Form 2439 (Box 2). Attach Copy B of Form 2439 to your return. Decrease your basis in the stock by the difference between the amount of undistributed capital gains that you report and the amount of tax paid for you by the fund (generally 65% of the amount reported in Box 1a). Keep Copy C of Form 2439 with your records to confirm decreases in the basis of the mutual fund or REIT. The undistributed capital gains reported on Form 2439 should be reported in addition to any capital gains reported on Form 1099-DIV. Refer to IRS Publication 564.

1099-INT Interest Income for 2011

OMB No. 1545-0112

<i>IRS Box</i>	<i>Amount</i>
1 Interest Income	4,717.39
3 Interest on U.S. Savings Bonds and Treasury Obligations	0.00
4 Federal Income Tax Withheld	0.00
5 Investment Expenses	0.00
6 Foreign Tax Paid	0.00
7 Foreign Country or U.S. Possession	See Detail Section
8 Tax-Exempt Interest	2,500.00
9 Specified Private Activity Bond Interest	0.00
10 Tax-exempt Bond Cusip No.	See Detail Section

Box 1 (Interest Income not Included in Box 3): The amount of interest (not including U.S. Treasury Interest) credited to your account during 2011. Interest payments or tax credits received for a tax credit bond (for example, a “Build America Bond”) are also reportable in this box. Box 1 also includes credit interest, accrued interest (except accrued interest on U.S. Treasury obligations) on bonds sold between interest dates and original issue discount on most short-term obligations (which is reportable as interest income if held to maturity). See the “Short Term OID” topic in this guide. Furthermore, Box 1 reports your proportionate share of expenses paid by trustees of grantor trust securities. Since these expense items were deducted prior to being paid to you, the total interest income reportable to you may not match the interest actually credited to your account for these securities during 2011.

Box 3 (Interest on U.S. Treasury Obligations): The amount of interest income (including accrued interest) you received from U.S. Savings Bonds, Treasury Bills, Treasury Notes, and Treasury Bonds. While taxable by the Federal government, interest reflected in Box 3 is exempt from any state or local tax. However, payments

made by various agencies “backed” by the U.S. government (such as the Tennessee Valley Authority (TVA), FHA, FNMA, GNMA) are not direct obligations of the U.S. Treasury and may be subject to state taxes. Therefore, payments by those agencies are not included.

Box 5 (Investment Expenses): This amount is your share of investment expenses of a single-class REMIC. If you file Form 1040, you may deduct these expenses on the “Other expenses” line of Schedule A (Form 1040) subject to the 2% of AGI limit (3% if your AGI exceeds a certain amount depending on your filing status). This amount is also included as part of your interest income in Box 1.

Box 6 (Foreign Tax Paid): The amount of foreign tax withheld by the foreign payer (not FCC) and paid to a foreign government. For more details, see the “Foreign Dividends and Interest” topic in this guide.

Box 8 (Tax-Exempt Interest): Shows tax-exempt interest amounts, including tax-exempt dividend distributions from a mutual fund or RIC, paid to you during the year. Report this amount on your Form 1040 or Form 1040A.

Box 9 (Specified Private Activity Bond Interest):

Shows tax-exempt income that may be subject to the alternative minimum tax, assuming your adjusted gross income exceeds the applicable exemption. This amount is included in Box 8. See the Instructions for Form 6251, Alternative Minimum Tax – Individuals.

Bonds Sold and Purchased Between Interest Payment Dates:

When bonds are sold between interest payment dates, part of the sales price includes accrued interest from the date of the last interest payment date. For taxable bonds, we must report this amount as taxable interest income. If you bought a bond between interest payment dates, that amount is found in the "Federal Nonreportable" section because you can make elections as to how to treat it.

Payments in Kind: The issuers of some corporate bonds may distribute additional bonds in lieu of cash interest payments. These "payments in kind" are reportable as interest, using the fair market value of the bonds on the date of distribution. The amount is included either as interest on Form 1099-INT or as original issue discount on Form 1099-OID.

Your total taxable interest income from FCC includes the total of Boxes 1 and 3 of your 1099-INT and Boxes 1, 2, and 6 of your 1099-OID. If your total amount of taxable interest income from all sources exceeds \$1,500, list it on Schedule B of Form 1040 (or Schedule 1 of Form 1040A). Show FCC as the "Payer" on Schedule B for any amounts reported on your Form 1099-INT or Form 1099-OID in this package.

1099-OID Summary of Original Issue Discount for 2011

<i>IRS Box</i>		<i>Amount</i>
1	Original Issue Discount for 2011	5,118.55
2	Other Periodic Interest	1,203.00
4	Federal Income Tax Withheld	0.00
5	Description	See Detail Section
6	Original Issue Discount on U.S. Treasury Obligations	0.00
7	Investment Expenses	0.00

The amounts in IRS Boxes 1 and 6 are composed of the item(s) reported on the FORM 1099-OID on a later page in this package. Each item is reported to the Internal Revenue Service individually.

Box 1 (Original Issue Discount for 2011):

Generally, the difference between the issue price of the certificate and its maturity value attributable to your ownership of the certificate in 2011; however, accrual amounts may also be reportable for investments in contingent payment debt instruments and fixed income securities that have deferred payments. If you hold tax-exempt bonds or notes subject to the original issue discount rules, that information is not reportable on a Form 1099 under current federal tax regulations. Instead, you will find it in the Miscellaneous Activity section of your statement.

Box 2 (Other Periodic Interest): Interest credited to your account during the calendar year on an original issue discount security. This will generally be for securities where the issuer did not provide accrual rates, so we had to report the cash interest paid.

Box 6 (Original Issue Discount on U.S. Treasury Obligations):

OID on a U.S. Treasury Obligation for the part of the year that you owned it. Although this OID is exempt from state and local income taxes and not included in Box 1, it is reportable on your Federal tax return.

1099-OID Original Issue Discount for 2011*

Description (Box 5)	CUSIP	Transaction Description	Notes	OMB NO. 1545-0117		Supplemental Information		
				OID Amount	IRS Box	Bond Premium	Market Discount	OID Adjustment
JP MORGAN 0% 12/31/15	48123YCT1	LONG TERM OID		510.86	1			
LASALLE 2.0% 12/02/13	51803TYF9	LONG TERM OID		4,607.69	1			
TOTAL ORIGINAL ISSUE DISCOUNT				5,118.55	1			
LASALLE 2.0% 12/02/13	51803TYF9	INTEREST		1,203.00	2			
TOTAL OTHER PERIODIC INTEREST				1,203.00	2			

Short-term OID: Bonds with a maturity date of one year or less are called "short-term OID bonds." If your short-term OID security was held until maturity, your redemption proceeds will not be reported on Form 1099-B. Instead, we are required to report interest income based on the difference between the purchase amount and the redemption proceeds. If FCC does not have record of your purchase amount, the reportable interest is calculated by using the original issue price, found in *IRS Publication 1212*. The actual redemption proceeds of the bond are not reportable and will not appear on your Forms 1099. However, if you sold your short-term OID obligation before its maturity date, the gross proceeds from the sale will be reflected on Form 1099-B.

accrues) is reported on Form 1099-OID. The accrual rates and OID are calculated using information in *IRS Publication 1212*. Outside resources are used to provide the most comprehensive reporting available. You may be able to adjust the amount reported to you if you did not acquire the obligation on the original issue date (see below). If long-term OID on any of your securities qualifies as "de minimus," it is below the reporting threshold and is not included on your Forms 1099. See *IRS Publication 1212* for a complete definition of *de minimus* OID.

OID Adjustments: Assuming your firm cleared through FCC at the time, starting with any US Treasury STRIP purchased in 2003 and thereafter, your original issue discount accrual has been calculated to provide you with the actual OID based on your purchase price.

Long-term OID: If a security issued at a discount has a maturity of more than one year, the discount (as it

In all other cases, your OID is reported as if you had purchased the security at its original issue price, as required by IRS guidance in its Publication 1212. If you did not purchase the security at original issue, you may be allowed an adjustment for acquisition or bond premium. If we had your purchase information and your secondary market conditions included market discount or acquisition premium, we now provide that information to you. Enter the full amount of OID shown on your Form 1099-OID on line 1, Part 1 of Schedule B (Form 1040). Below the subtotal of all interest income listed, write "OID Adjustment" and enter the difference between the full amount of OID shown on Form 1099-OID and the amount of OID that you are required to report. If the amount of OID you are required to report is less than the amount listed on your Form 1099,

subtract the difference from your subtotal. If the amount of OID you are required to report is more than the amount listed on your Form 1099-OID, add the difference to your subtotal. Report the result on line 2, Part 1 of Schedule B (Form 1040) and on Form 1040, line 8a.

Many preferred securities and contingent payment debt instruments are not eligible for OID reporting adjustments, as the adjusted basis will determine the gain or loss realized upon disposition of the security. Also, gain or loss on a contingent payment debt instrument must generally be recognized as ordinary income or loss. You should refer to "How to Report OID" in IRS Publication 1212 and consult with your tax advisor.

1099-B Summary of Proceeds from Broker and Barter Exchange for 2011

<i>IRS Box</i>	<i>Amount</i>
2 Gross Proceeds Less Commissions and Option Premiums	29,167.38
4 Federal Income Tax Withheld	1,622.29

The amount in IRS Box 2 is composed of the item(s) reported on the FORM 1099-B on a later page in this package. Each item is reported to the Internal Revenue Service individually.

NOTE: The Form 1099-B reporting is undergoing extensive changes starting with Tax Year 2011 because of the phase-in of cost basis reporting requirements and new IRS requirements about how this information must be presented to you on a substitute form. The information on the Form 1099-B will impact your new Form 8949 and Schedule D reporting requirements. You must be very careful to complete the Form 8949 and Schedule D based on whether or not cost basis information was provided to the IRS for particular securities.

If we have indicated that this is a covered security and we are sending the cost basis information to the IRS, then you must complete a Form 8949 and check Box A in Part I or Part II, as applicable. If you sold a noncovered security and the cost basis is not being provided to the IRS, then you must complete a separate Form 8949 and check Box B in Part I or Part II, as applicable.

You are responsible for ensuring the cost basis information provided to the IRS on the Form 8949 is accurate. Based on various individual elections and tax positions of which we are not aware and cannot take into consideration, you may be able to adjust your basis. Columns (b) and (g) are included on the IRS Form 8949 for you to do that adjustment and explain the reason to the IRS. The "2011 Instructions for Schedule D (and Form 8949)" provide the codes you would use in column (b) of the Form 8949. A new Form 1099-B does not need to be issued for you to make these adjustments when completing IRS Form 8949. The IRS is aware that our Form 1099 reporting requirements are not always consistent with what you may report when completing

your tax return. However, you must always provide the IRS with the amount reported on the Form 1099, the adjustment amount, and the reason for the adjustment.

Cost Basis Information – Applies to "Covered Securities" Only: The cost basis reporting requirements are being phased in on the dates below for each type of specified security. Based on each of their effective dates, the type of securities will be considered "covered."

- Shares issued by an entity organized or taxable as a corporation that are acquired by you on or after January 1, 2011;
- Shares issued by a regulated investment company (RIC) or pursuant to a qualified dividend reinvestment plan (DRP), provided they are eligible for the average cost basis election, acquired by you on or after January 1, 2012; and
- Other securities (such as debt instruments, rights, warrants and options related to securities subject to cost basis reporting) acquired by you on or after January 1, 2013.

For each type of security purchased prior its effective date, it is defined as "noncovered" and not subject to cost basis reporting to you or the IRS. In addition, if you transferred shares into your account, those shares are considered "noncovered" if your previous broker either (a) provided a transfer statement with cost basis information but indicated the shares were noncovered while held there, or (b) provided a transfer statement indicating the shares were covered but it was incomplete because all of the required information was not included, or (c) provided no transfer statement because none was currently required.

FEDERAL INCOME TAX WITHHELD (Box 4):

1,622.29

STATE TAX WITHHELD:

405.58

STATE PAYER NUMBER

CA-81379638

SHORT TERM GAINS OR LOSSES (Box 8)

1099-B Proceeds from Broker and Barter Exchange Transactions for 2011

OMB NO. 1545-0715

SUPPLEMENTAL INFORMATION

Description (Box 9)	Non-Covered (Box 6)**	Share Quantity	Sale Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Proceeds (Box 2)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
APPLIED MICRO CIRCUITS CORP CUSIP 03822W406		300.00000 640.00000	10.65000 10.20000	02/23/11 VARIOUS	03/15/11 05/27/11	3,194.94 6,527.87	2,955.00 6,358.40	239.94 169.47	SALE SALE
DOUBLE EAGLE PETROLEUM CO CUSIP 258570209		120.00000	11.15000	02/08/11	02/23/11	1,337.97	1,044.00	293.97	SALE
LSI CORP CUSIP 502161102		368.00000	7.50000	05/20/11	08/03/11	2,759.95	2,745.28	14.67	SALE
MAINSTAY FD HIGH YIELD CORPORATE BD FD CL I CUSIP 56062X708	X	500.46500	5.74000	05/10/11	09/22/11	2,872.67	3,012.80	-138.02	SALE
			Wash Sale Loss Disallowed (Box 5):			-2.11			

Box 1a (Date of Sale or Exchange): This is the trade date (not the settlement date) for your sale or exchange of securities. For short sales, it is the date shares were delivered to close the short sale.

Box 1b (Date of Acquisition): This is the date you acquired a covered security. If you sold multiple lots of a covered security, the date may be blank or state "VARIOUS." If the security you sold is noncovered (either because of the date it was acquired or security type), this box may be left blank. For short sales, it is the date you acquired the security that was delivered to close the short sale. However, be sure to consult with your tax advisor regarding the holding period rules for a "short against the box" situation.

Box 2 (Gross Proceeds Less Commissions on Stocks, Bonds, etc.): This is your gross proceeds resulting from the sale of securities, redemptions, maturities, tender offers, taxable exchanges and mergers, or cash received in lieu of fractional shares. Federal tax regulations require the reporting of the disposition of all debt obligations, including municipal bond sales and redemptions even though their distributions were tax-exempt. Bonds purchased after 4/30/93 (including tax-exempt bonds) at a discount on the secondary market can have ordinary income implications if sold above the original or adjusted basis or upon maturity if recognition of market discount has been deferred. Principal payments you received for a WHFIT security are also reportable, even though it may not be the final redemption payment that closes the tax lot. **You must reconcile and report each transaction shown on Form 1099-B with the Form 8949 and Schedule D of your Form 1040. If you fail to do this, the IRS will assume your basis was \$0 and the entire gross proceeds amount represents a gain.**

Box 3 (Cost or Other Basis): This will be your original or adjusted basis (if applicable) for a covered security as defined above. The term "other basis" means the amount reported here for an organizational action where you cannot recognize a loss (a "gain but no loss merger") may not be either your original or your adjusted basis. In this case, it will be an amount that reflects "the net reduction in basis between stock exchanged and stock received when reporting the payment of cash as part of a corporate merger,

reorganization, or similar event that is taxable only to the extent that cash or property other than stock or securities is received and for which no loss can be recognized." (This language is directly from the IRS instructions for the Form 1099-B.) For short sales, it will be the adjusted basis of the shares delivered to close the short sale.

Box 5 (Wash Sale Loss Disallowed): If you sold shares for a loss and acquired the same or identical shares in the same account within a period of 30 days, that loss cannot currently be recognized. The information reported here may not reflect your complete reporting requirement regarding wash sales. Consult with your tax advisor, or review IRS Publication 550 and the IRS instructions for the Form 1099-B for more information about the wash sale rule.

Box 6 (Check if a Noncovered Security): An 'X' will indicate those transactions that are noncovered. While cost basis reporting is not required, we will still report this information to you. However, we will not report the acquisition date, cost or other basis, or whether the gain or loss is short or long term to the IRS.

Box 8 (Type of Gain or Loss): This is applicable only to covered securities, and is determined by your holding period for a particular tax lot. If you held it for one year or less, it is reportable by FCC as a "short term" gain or loss. If you held it for more than one year, it is reportable as a "long term" gain or loss. However, you are required to consider other positions that could impact that holding period calculation. Consult with your tax advisor, or review IRS Publication 550 and the IRS instructions for the Form 1099-B for more information about the wash sale rule.

Box 10 - Box 13 (Regulated Futures Contracts): The aggregate amount reported in Box 11 is based on this formula found in the Federal tax regulations: Box 8 + Box 10 - Box 9. See IRC section 1256 about the recognition of the reported gain or (loss) for a regulated futures contract.

Commissions: See the IRS Instructions for Schedule D of Form 1040 for information regarding basis adjustments related to commissions.

Stock Options: Generally, when you exercise your option to buy stock through an employee stock purchase offer, you do not have a taxable event. Your taxable event occurs when you sell the shares of stock purchased through the option. You will receive Form 1099-B reflecting the proceeds from the sale of the stock. Depending on when you sold the shares purchased through the option, you also may receive Form W-2 from your employer. If your employer reports the gain as income on your W-2, you can simply use that to adjust your cost basis on Schedule D and report no gain for the sale of the shares being reported on your Form 1099-B. Brokers are not required to adjust basis for the income amount reported on your Form W-2. Brokers are only required to use as your basis the cash exercise price you paid. Restricted stock

awards for which no cash was paid are not a "covered security" subject to cost basis reporting and tracking by a broker. For more information, refer to *IRS Publication 525* or consult your tax advisor.

Structured Products -- Implicit Redemption or Remarketing of Note, Bond, or CD: Be aware that for some hybrid or structured products that include a note, bond or CD, the redemption by the issuer of all or part of this component may occur outside your account. Generally, those proceeds are used by the issuer to purchase the shares you received, or to purchase a new debt obligation that will mature just prior the exchange date. That is an event reportable on the Form 1099-B even though you may never receive the proceeds.

1099-MISC Miscellaneous Income for 2011		OMB No. 1545-0115
<i>IRS Box</i>		<i>Amount</i>
1	Rents	0.00
2	Royalties	1,057.61
3	Other Income	0.00
4	Federal Income Tax Withheld	0.00
7	Nonemployee Compensation	0.00
8	Substitute Payments in Lieu of Dividends or Interest	0.00

Box 1 (Rents) and 2 (Royalties): Generally, this is based on information provided by a royalty trust. You generally report royalties on Part 1, Schedule E (Form 1040). If you hold a royalty trust that has announced part of the distribution was Section 1231 gain, you need to report that type of gain on IRS Form 4979, Part I, Line 2, columns (d) and (g) and on Schedule D of Form 1040.

indenture). You generally report this amount on line 21 of Form 1040.

Box 3 (Other Income): Includes payments received for any forward contracts that are part of various structured products, any "gross up payment" of a substitute payment reported in the prior tax year, as well as consent payments (income received for consenting to a change in a security's original

Box 8 (Substitute Payments): Includes substitute payments in lieu of dividends or interest based on a random lottery to select shares that were loaned to others from your margin account (pursuant to your Customer Agreement) over a dividend payment record date. In addition, if you had a "short sale against the box" or other hedged position, any tax-favored payments received while that condition existed should be reported as a "substitute payment," for example, a "qualified dividend" reported by FCC your Form 1099-DIV.

1099-C Cancellation of Debt for 2011
(Not Shown)

Box 2 (Amount of Debt Cancelled): Shows the amount of debt cancelled or forgiven if the amount was \$600 or more.

REMIC and WHMT Information
(Not Shown)

This section of the tax package lists Real Estate Mortgage Conduits ("REMICs") and Widely Held Mortgage Trusts ("WHMTs") that you owned during 2011. It describes, briefly, the reporting requirements and when you can expect your additional information if you owned this type of security. If you see this message, you should delay filing your tax return until you receive this additional information around March 15th. While FCC is not required to report the information in the sections identified below to the IRS or to you, the following information is provided for courtesy purposes only, since it may be useful when completing some parts of your federal, state and local tax returns.

Annual Statement Information

If you were eligible, you will receive an "Enhanced 1099" package that includes a recap of the monthly statements you received for the prior calendar year. Please note that amendments will not contain this information. Be sure to separate and retain this information for future use

Miscellaneous Activity Summary

Line Ref	Type	Amount
1	Margin Debit Interest*	0.00
2	Municipal Bonds - OID Not Subject to AMT	0.00
3	Municipal Bonds - OID Subject to AMT	0.00
4	Expenses Subject to 2% of Adjusted Gross Income	0.00
5	Expenses Not Subject to 2% Adjusted Gross Income	104.56
6	Widely Held Fixed Investment Trusts - Other Items	See Detail
7	Master Limited Partnership Distributions	6,711.75
8	Investment Expense Withheld from Tax-Exempt Income	0.00
9	Federally Non-reportable Dividends and Interest	0.00
10	Accrued Interest on Purchases	0.00
11	Federal Tax Exempt Accrued Interest on Purchases	483.33
12	Other Supplementary Information	0.00
13	Option Premiums	0.00
14	Advisory Fees	0.00
15	American Depository Receipt (ADR) Fees	0.00

*This figure is the full amount charged. Only Margin Debit Interest paid is deductible.

Margin Debit Interest. – See IRS Form 4952 and its instructions as to the deductibility of interest charges on margin accounts.

Municipal Bonds – Original Issue Discount (OID) and “Subject to AMT” Information. Tax-exempt interest and dividend cash distributions are reported in Boxes 8 and 9 of Form 1099-INT pursuant to IRS regulations. Since tax-exempt OID accruals are not reportable on the Form 1099-INT, that information is provided here. Whether or not it might be subject to the AMT is based on whether or not it is a passive activity bond and your adjusted gross income. The bond issuer does not provide a percentage breakdown of the AMT portion.

Widely Held Fixed Investment Trusts: Expenses Subject and not Subject to 2% of Adjusted Gross Income Threshold and Other Items – This supplementary information is provided based on information we received from the Trustee for securities that are a grantor trust and pass through income and expenses to unit or certificate holders in the same nature they were received or paid by the trust. In many cases, an expense item found here reflects all or part of the grossed up amount included in your gross proceeds, dividend or interest amount reported on Forms 1099-B, 1099-DIV or 1099-INT, respectively. These payments were not included with those forms because the IRS instructions regarding the reporting of “investment expenses” do not include these types of securities.

Master Limited Partnerships (“MLP”) and S Corporations – If you have invested in either a master limited partnership or S Corporation that issues a Schedule K-1 (Form 1065), the distributions you received are reported here. These amounts do not reflect what you should report on your tax return. The Schedule K-1 issued by the partnership is the governing document for both income reporting and cost basis information. The partnership is not required to provide this information to you until April 15. If you do not receive your K-1, or if you have further questions about it, you must contact the partnership directly. For more information, please see *IRS Publication 541*.

Investment Expense on Tax Exempt Income – These expenses are identified separately because of the limitations related to expenses and tax-exempt income.

Accrued Interest on Purchases – This shows the accrued interest you paid when you purchased a bond between interest payment dates. Since how you apply this is based on your individual election (adjusting reportable income or cost basis), this is the most appropriate place to provide this information. When the interest for the entire period is paid to you and reported on Form 1099-INT, you can reduce your reportable interest by this amount as explained in the instructions for Schedule B (Form 1040); or you can adjust your basis downward for this return of your initial capital investment. To offset your interest income upon receipt on the next bond payment period, you may elect to show this amount separately below a subtotal of all interest income listed. Identify amounts as “Accrued Interest Paid,” and subtract it from the interest income subtotal. Report the result on line 2, Part 1 of Schedule B (Form 1040) and on Form 1040, line 8a. If the accrued interest is on a tax-exempt bond, please consult with your tax advisor.

Option Premiums – These amounts reflect payments you would have received for a structured or hybrid security (referred to in the Federal tax code and regulations as “investment units”) where part of the coupon payment was for the put option contract component. These amounts are not reportable on a Form 1099. You should refer to the prospectus or contact the issuer for more information, but these payments generally require you to either adjust the basis downward for any shares received or recognize the payments as gain if you received cash rather than shares on the maturity/exchange date.

Advisory Fees – Fees paid for managed accounts.

American Depository Receipt (“ADR”) Fees – These are fees deducted by the depository bank – not FCC – from your distribution for an American Depository Receipt security.

Options Activity Detail – No options activity is reported on your Form 1099-B, pursuant to federal tax laws and regulations. However, if you sold or purchased stock pursuant to an option contract, either the proceeds or cost basis may need to be adjusted based on the premium you paid or received for that option contract. Please consult with your tax advisor or IRS Publication 550 about these requirements.

Realized Gain/Loss

Long Term								
Description	Noncovered	Share Quantity	Adjusted Price/ Original Price	Date of Acquisition	Date of Sale or Exchange	Proceeds	Adjusted Cost/ Original Cost	Gain or Loss Amount
ALABAMA PWR 5.875% SR NT XL INS DUE 03/15/46 CALL STARTING 03/15/2011	X	400.00000	25.0000	03/09/06	06/20/11	10,000.00	10,000.00	0.00
	X	400.00000	24.4000	01/06/09	06/20/11	10,000.00	9,990.07	9.93
Subtotal		800.00000				20,000.00	19,990.07	9.93
BLACKROCK MUNIASSETS FUND INC	X	0.61057	12.5686	03/10/05	03/01/11	6.99	3.31	3.68
BRE PROPERTIES 6.75% CUM PFD PERPETUAL/ REIT CALLABLE 3/15/09	X	400.00000	25.0000	02/24/04	06/13/11	10,000.00	10,000.00	0.00
RBS CAPITAL FUNDING PFD TRUST VII GTD TR SEC 6.08%	X	600.00000	25.0000	02/11/04	06/23/11	8,504.70	15,000.00	-6,495.30
USB CAPITAL VII 5.875% DUE 8/15/2035 CALL STARTING 8/15/2010	X	400.00000	25.0000	08/04/05	09/08/11	10,000.00	10,000.00	0.00
TOTAL LONG TERM GAINS OR LOSSES FOR COVERED SECURITIES						\$0.00	\$0.00	\$0.00
TOTAL LONG TERM GAINS OR LOSSES FOR NONCOVERED SECURITIES						\$48,511.69	\$54,993.38	-\$6,481.69

Realized Gain/Loss Statement

Your package will include realized gain/loss information only for tax lots closed because of a sale, exchange, maturity or other disposition while your account was with us. Some debt obligations are eligible for adjustments based on your individual elections related to market discount or bond premium. In addition, cost basis information may not reflect all return of principal or return of capital distributions. Foreign companies that undergo mergers or other corporate actions seldom provide adequate information, or utilize U.S. tax laws, that allow us to report cost basis accurately. The amount reported will not be accurate if a security was transferred in and we did not have complete purchase or sales price information. Therefore, you must carefully review this information before including it with your tax return. Taxpayers are ultimately responsible for the accuracy of their tax returns.

The Realized Gain/Loss section closely aligns with the new Form 8949 necessary to complete IRS Schedule D of your tax return. Please note that the Realized Gain/Loss information is segregated into Short Term and Long Term is marked either covered or noncovered. It is important that these transactions are input onto separate Form(s) 8949.

MISCELLANEOUS INFORMATION

Widely Held Fixed Investment Trusts ("WHFITs")

These special reporting requirements for these securities will create significant differences between the amounts reported on tax forms compared to what appeared in your monthly statements. The primary reasons for that are as follows: (a) the income must be reported in the gross amount, including any fees or expenses that were deducted by the Trustee prior the distribution, and (b) the income must be reported be based on the tax year and date it was received by the Trustee (the "record date") rather than when it was paid to you (the "payment date"). These securities include royalty trusts, commodity trusts, mortgage pools, HOLDRS trusts, many unit investment trusts (UITs) and some exchange traded funds (ETFs).

Royalty Trusts – A Type of "WHFIT"

Royalties from copyrights, patents, and oil, gas, and mineral properties are taxable as ordinary income. If

The Realized Gain/Loss section has been designed to allow easy reconciliation to the 1099-B. Both are sorted in the same way and follow the same format. However, it is important to note a few key differences. The Realized Gain/Loss provides the lot level detail needed to complete your tax return.

1. When a security is sold through an option assignment or exercise, the proceeds of the security sold is adjusted to include the option premium paid or received. The 1099-B will reflect only proceeds of the sale, and not the option premium. Only the proceeds amount is reportable to the IRS by FCC.
2. When a 'no loss' corporate action occurs, the proceeds on 1099-B will only include the cash portion. However, the Realized Gain/Loss Summary will include both the cash proceeds and the fair market value of any stock received.

Both of these reporting inconsistencies are due to IRS differences in how particular transactions should be reported to you and how you should report them to the IRS.

Option activity included in the Realized Gain/Loss summary is not reported to the IRS.

you own units in a U.S. royalty trust, the royalty and other income generated from these instruments will be reflected on Form 1099-MISC. In late March or early April, you will receive a booklet from the royalty trust that details tax consequences and provides information on how to determine your pro rata share of income and deductions attributable to your investment in the royalty trust security. You should follow the instructions in that booklet, as it is the primary source of information needed to complete your tax return. Most booklets explain how to reconcile the information we reported on a Form 1099 to the information they provide, often by deleting all or part of the amount on Schedule B of your tax return. Canadian Royalty Trusts are typically not considered Royalty Trusts for U.S. Tax Purposes See **IRS Publication 525**.

Commodity Trusts – A Type of “WHFIT”

These trusts frequently do not make any cash distributions to investors, but simply hold gold or silver. However, if the trustee sells part of that commodity to pay expenses, that results in Form 1099-B reporting to you to account for the sale and an offsetting expense amount that you will find in the “Federal Nonreportable” section of your statement. Examples include iShares COMEX Gold (IAU), iShares Silver (SLV) and SPDR Gold ETF (GLD).

Money Market Funds – Administrative Fees

In some instances, an administrative service (“sweep”) fee is charged on balances in money market funds available for cash sweeps. This fee is deducted automatically from monthly income in the form of a reduction in the dividends you receive. The dividends that appear on your monthly statement are net of this fee. However, federal tax laws and regulations require that we report the gross dividend that was distributed, regardless of any fee deducted. For this reason, the aggregate service fee for the year is added back to your net dividends, and the total is reported to the IRS as dividends received on your Form 1099-DIV. Refer to IRS Publication 529 and consult with your tax advisor to see if you are eligible to include this fee as a “miscellaneous itemized deduction.”

Fixed Rate Capital Securities

Fixed Rate Capital Securities are a class of fixed-income preferred securities, such as Monthly Income Preferred Securities (MIPS), Monthly Income Debt Securities (MIDS), Quarterly Income Capital Securities (QUICS), Quarterly Income Preferred Securities (QUIPS), Quarterly Income Debt Securities (QUIDS), Canadian Original Preferred Securities (COPRS), and Trust Originated Preferred Securities (TOPRS). Most Fixed Rate Capital Securities are structured as debt securities and therefore income from these securities is reportable as interest or OID.

Most MIPS are structured as partnerships for Federal income tax purposes. You will receive tax-reporting information directly from the issuer via Schedule K-1.

The amount of original issue discount that is reported on the 1099-OID may not equal the amount of income you actually received. Since the issuers have the option of

extending the payment period, holders must recognize interest income under a constant yield basis over the life of the security, regardless of the receipt of cash. This difference should only occur during years that the security was acquired or disposed of, or if the company elects to defer payment. If the company elects to defer payments, the holders of the security will continue to accrue income (OID) for tax purposes, even though payments are not being made. Unlike other OID securities, you do not need to make an OID adjustment if the security was bought on the secondary market, regardless of purchase price. The purchase price will determine the capital gain or loss realized upon disposition of the security.

Foreign Dividends and Interest

If you owned shares of any foreign security in your account that paid dividends (or interest), you may be entitled to a foreign tax credit or deduction on Form 1040 (line 47) or Schedule A (line 8) if you are taking it as an itemized deduction. The Form 1099-DIV (Box 1) will reflect the gross dividend distributed by the company and from which foreign tax was withheld (if the foreign entity paid interest, the gross amount of interest will be reflected in Box 1 of Form 1099-INT).

The total amount of foreign tax paid will be shown with an activity description of “Foreign Tax Withheld” in Box 6 of either your Form 1099-DIV or Form 1099-INT. For most foreign stock positions, the foreign country or U.S. possession where the tax was withheld (country of origin) is indicated by the 2-letter code under the “Country” column for these items. If no country is indicated, this is because a mutual fund portfolio holds numerous foreign securities so multiple country amounts apply. Except for any foreign tax amount that can be reclaimed from the foreign government, the IRS allows taxpayers to take a foreign tax credit without filing Form 1116 if their total foreign taxes are \$300 or less (\$600 or less on a joint return). Only if you are filing Form 1116 to claim a foreign tax credit do you need each country name, amount of the dividend received from that country and the tax withheld for that country. To determine if you are eligible to claim a foreign tax credit and how to file, please refer to the following: *IRS Publication 514; 2011 Instructions for Form 1116; 2011 1040 Instructions for Line 47; and the 2011 Instructions for Schedule A.*

USEFUL PUBLICATIONS AVAILABLE FROM THE IRS WEB SITE (www.irs.gov)

17	<i>Your Federal Income Tax</i>	550	<i>Investment Income and Expenses</i>
54	<i>Tax Guide for U.S. Citizens and Resident Aliens Abroad</i>	575	<i>Pension and Annuity Income</i>
514	<i>Foreign Tax Credit for Individuals</i>	590	<i>Individual Retirement Arrangements (IRAs) – (Including Roth IRAs)</i>
525	<i>Taxable and Nontaxable Income</i>	950	<i>Introduction to Estate and Gift Taxes</i>
529	<i>Miscellaneous Deductions</i>	970	<i>Tax Benefits for Education (Including Coverdell Education Savings Accounts)</i>
544	<i>Sales and Other Dispositions of Assets</i>	1212	<i>List of Original Issue Discount Instruments</i>

IRS DEADLINES* AND PUBLICATIONS

***NOTE: The federal mailing and filing deadlines below are the next business day if that deadline falls on a Saturday, Sunday or federal holiday. For more in depth answers to your Federal tax questions, call the IRS Taxpayer Assistance line at 1-800-829-1040. If you have not received a prompt resolution to a question, call the Taxpayer Advocate's Help line at 1-877-777-4778.**

January 2012	
1/31/12	The postmark deadline for issuing Form 1099-R reporting IRA distributions and federal or state tax withheld (if any). The postmark deadline for issuing Form 1099-Q for tuition distributions from a Coverdell ESA plan, or for a qualified state tuition plan sponsor to issue the same form.
February 2012	
2/15/12	The postmark deadline for issuing Composite Form 1099 statements reflecting reportable brokerage account activity and backup withholding (if any) during 2011. <ul style="list-style-type: none"> NOTE: Holders of mutual funds, REITs, UITs, foreign securities, or corporate stock for a company that has a fiscal year ending after December 31, can expect to receive one or more amended forms when those issuers provide dividend allocation information after these original forms are printed. Holders of REMIC, CDO and WHMT securities should note the due date below for supplementary tax information statements.
March 2012	
3/15/12	The postmark deadline for issuing IRS Form 1099-OID for REMIC and CDO investments, as well as the Tax Information Statement for Widely Held Mortgage Trusts (WHMTs). <i>This is additional – not corrected – information you will need to complete your tax returns if you held these types of securities.</i>
3/30/12	Postmark deadline for issuing Forms 2439 reflecting any undistributed capital gains declared by RICs and REITs whose tax year ended on December 31. Nominees have 90 days from the end of the RIC's or REIT's tax year to issue this form. If fund or REIT had a tax year that ended prior to 12/31, you may receive a Form 2439 earlier.
April 2012	
4/15/12	This is the standard postmark deadline to file a personal income tax return with the IRS, unless an extension is filed. Prior year contributions to Traditional and Roth IRAs are based on this filing date as well. However, this date is moved to the next business day if it falls on a weekend or federal holiday. Since Monday, April 16, is "Emancipation Day" in Washington, DC, the filing and postmark deadlines are as shown below.
4/17/12	Postmark deadline for a master limited partnership to issue Form 1065 (Schedule K-1) to limited partners. This is not issued by FCC. Deadline for filing Traditional and ROTH Individual Retirement Arrangement (IRA) documents to establish an account and make contributions for the 2009 tax year. (See specific requirements in <i>IRS Publication 590</i> .) Always document in writing on your contribution form, check or wire transfer request if it is a prior year contribution; otherwise, FCC must legally assume the contribution is for the current year. A SEP can be set up for a year as late as the due date (including extensions) of the business's income tax return for that year. However, the <i>employee</i> only has until this date to make a contribution for the prior tax year because extensions do not apply to the contribution deadline. <i>Employers</i> may make SEP contributions designated as 2011 contributions until their tax filing deadline (including extensions) in 2012; however, the only type of employer contributions included in 2011 reporting (Forms 5498) will be those made during the 2011 <i>calendar</i> year. Employer contributions made after December 31, 2011 will be reflected on 2012 Forms 5498. For SIMPLE IRA account establishment and contribution regulations, contact your Financial Advisor or Consultant. Postmark deadline for a filing a Form 990-T to report and pay unrelated business and trade income ("UBTI") tax due from an IRA account with an MLP investment. If the MLP or IRA participant does not provide Schedule K-1 information in a timely manner, FCC will request a 90-day extension, but late payment penalties and interest could ensue.
4/30/12	The postmark deadline for issuing the 2011 Form 5498-ESA, reporting contributions and rollovers for Coverdell ESA plans.
May 2012	
5/31/12	Postmark deadline for issuing 2011 Form 5498 (reporting contributions, rollovers, and fair market value) to holders of traditional, ROTH, SEP, and SIMPLE Individual Retirement Arrangements (IRAs).

FREQUENTLY ASKED QUESTIONS

CORRECTION REQUESTS

Q1. What should I do if a correction is necessary?

A1. Please review your Forms 1099 and contact your Financial Advisor or Consultant as soon as possible. Generally, the first cycle of amended tax forms starts in early March because we receive a large volume of reclassification information in the last two weeks of February and first week of March (see the reclassification warning above). We send our original file of information to the IRS in late April, with several additional files throughout the summer.

AMENDED TAX FORMS - LATE ANNOUNCEMENTS

Q2. Last year, after I received my original Forms 1099, I received an amended form changing the reporting of my dividend distributions. Will this happen again this year? If so, which of my holdings are most susceptible to late tax announcements?

A2. A security issuer may send us information after your tax form is prepared that changes the tax nature of some dividends and capital gain distributions. If any late tax announcements are received after our print vendor deadline for producing the original tax form, we will subsequently send you an amended Form 1099. In most instances where the change resulted in a dividend reclassification, the change will be noted with an "X" next to the box amount being amended. The holdings most frequently resulting in an amended Form 1099 are referenced in the warning notice on the first page of this guide.

MUTUAL FUND/REIT DIVIDENDS

Q3. Why are dividends that were paid in January 2012 reported on my 2011 Form 1099-DIV?

A3. Since the Tax Reform Act of 1986, federal tax laws require payers to report as prior year income any dividends you received prior to February 1 in the current year from a regulated investment company (i.e., a "RIC" or mutual fund) or real estate investment trust (REIT) that had a record date in October, November, or December of the prior year. These dividends are identified with an ampersand ("&") on your 2011 Form 1099-DIV and will not be included on your 2012 Form 1099-DIV. In addition, distributions made by a grantor trust security that represents income held by the trust in the prior tax year is reportable for that year instead of the year in which you received it. Some grantor trust distributions could be made as late as March in the current year and still be reportable on the prior year's tax forms.

Q4. Why does my Form 1099-DIV show only some of my mutual fund distributions for 2011?

A4. If the broker/dealer or reporting status on your mutual fund was changed during 2011, you may receive a Form 1099 from both the fund and from FCC. If the broker/dealer status was changed from a mutual fund to FCC, the Form 1099 from the fund will report distributions paid to you prior to the broker/dealer

change. The distributions paid to you by FCC after the broker/dealer change will be included on the enclosed Forms 1099. If the broker/dealer status was changed from FCC to a mutual fund, your Forms 1099 will report distributions paid to you prior to the change. In addition, you should receive a Form 1099 from the mutual fund reporting information after the broker/dealer change.

Q5. Why are the income amounts and description for some of my mutual funds, REITs and grantor trust securities different from what was reflected on my monthly statement?

A5. Mutual funds and REITs often determine after year-end that distributions are not reportable for tax purposes as they were initially distributed during the year. Portions of distributions initially paid as a "dividend" may later be reclassified to return of capital, short-term capital gain, long-term capital gain, and so on. In addition, mutual funds and grantor trust securities often distribute cash to their investors after various expenses, fees and foreign taxes have been deducted. Federal tax regulations require us to "gross up" that amount to account for those expenses and report the income based on how it was received by the trust or fund, rather than how it was distributed to you. More information is provided throughout this Guide.

REINVESTED DIVIDENDS

Q6. Why are my reinvested dividends reported on my Form 1099-DIV and what is my cost basis for the reinvested shares?

A6. Dividends are reportable whether received in cash or reinvested to purchase additional shares. Your monthly statement shows the cost basis for each tax lot, including reinvestments. See *IRS Publication 564, "Mutual Fund Distributions,"* for more details.

ALTERNATIVE MINIMUM TAX (AMT)

Q7. What is AMT, and how does it apply to me?

A7. In 1996, Congress enacted the alternative minimum tax (AMT) when they learned some wealthy taxpayers were able to avoid any federal tax liability through tax shelters, preferential tax treatment for certain investments and various tax credits. Higher income taxpayers and those who itemize deductions are the primary targets of AMT. In arriving at the tentative AMT, an individual begins with taxable income, modifies it with various adjustments and preferences, and then subtracts an exemption amount (which phases out at higher income levels). If the mutual fund issuer has provided us with supplementary AMT information, we have included that for your convenience as the part of the distribution that may be subject to AMTI inclusion if you fall under the AMT reporting requirements. Most municipal bond distributions are not broken down pro-rata between what is subject AMT and what is not because that information is not provided to us by the bond issuer. For interest and dividend distributions from funds, this information is provided in Box 9 of the Form 1099-INT, which amount is also included in Box 8. If the tax-exempt bond was subject to original issue discount reporting, that information is found in the

"Federal Non-Reportable" section of your year-end package. For more information about AMT, please see **IRS Publication 17 and IRS Form 6251** or consult a tax advisor.

ORIGINAL ISSUE DISCOUNT ("OID") REPORTING

Q8. Why did you report OID income on my security (a) when I received nothing, or (b) in lieu of the interest payments I received?

A8. In most instances, original issue discount ("OID") is the difference between the original issue price of a certificate and its final redemption amount payable at maturity. These are generally "zero coupon" bonds, municipal bonds and US Treasury STRIP investments. In addition, some debt obligations sold at par require OID accrual reporting because they can defer payments (such as "fixed rate capital securities") or have a projected payment linked to a market index (such as "contingent payment debt instruments"). The OID reporting requirement is disclosed and explained in the prospectus for these types of instruments.

Q9. In past years, I have had to recalculate my OID. Will this be necessary again for 2011 reporting?

A9. With the exception of Treasury STRIPs, federal tax laws and regulations require us to report OID based on the issue price announced in IRS Publication 1212 rather than your actual purchase price. Your purchase conditions may permit you to make an adjustment to the OID amount reported to you, as well as other adjustments to your income and cost basis for these types of securities. Assuming your firm cleared through FCC at the time of purchase and it was made during 2003 and thereafter, we now provide supplementary information which you may wish to use after consultation with your tax advisor about the impact of making those elections related to bond and acquisition premium amortization or market discount accretion.

Only your tax advisor can provide you with accurate guidance about the appropriate elections to make when completing your tax return, particularly for these securities subject to OID reporting. In addition, you may want to review IRS Publication 550 and IRS Publication 1212, which are available on the IRS web site at www.irs.gov under the "Forms and Publications" link. We do not provide cost basis information to the IRS for these types of securities because they will not be "covered" until Tax Year 2013 or later. Any courtesy cost basis information we provide may not be accurate because it is impacted by your elections related to your recognition of premium or discount when completing your tax return.

LIMITED PARTNERSHIPS (AND K-1 INFORMATION)

Q10. I own a limited partnership. How and when do I receive reporting information on it?

A10. Tax reporting information for limited partnerships and securities structured as partnerships (such as Monthly Income Preferred Securities) is sent to you

directly from the general partner via Schedule K-1. The IRS deadline for issuing K-1s is April 15, 2012. Please direct all questions about your K-1 to the partnership. The Schedule K-1 is the governing document regarding what you should report on your tax return. The K-1 also shows your correct cost basis in the partnership, which is reflected in the capital account balance maintained by the general partner.

UNIT INVESTMENT TRUST ("UIT") REPORTING

Q11. Why is the total income reported for my UIT different from the amount of cash that I received during the year?

A11. As a "unit holder" of a UIT that is structured as a grantor trust, you are required to pay taxes on income during the year in which it is earned by the trust even if the trust did not distribute that income to you in the same year. This is often referred to as "undistributed income." The differences from year to year generally net out over time. For example, if your UIT borrowed money to meet a declared income payment, or to pay trust expenses, the cash balance at year-end could be negative. This negative amount is then divided by the number of year-end units outstanding. This negative amount reduces the reportable income. (In fact, if you close a position without receiving any distributions you could actually have negative income. Since a total income amount that is negative cannot be reported on an IRS form, you should carefully review your monthly statement.) If your 2011 income total has been increased to include income earned by the trust but not distributed to you, an adjustment will be made to lower your 2012 income by a similar amount. If your 2011 income is being decreased, an adjustment will be made to increase your 2012 income by a similar amount. (If you owned the security during 2010, year-end allocations from 2010 could affect your 2011 income in the same way. If you sold the UIT in early 2011 before a distribution was made that included the undistributed income, you could see a "negative income" amount in the detailed section for your Form 1099-INT or Form 1099-DIV that you may want to review with your tax advisor.

Expenses: Expenses incurred by a grantor trust UIT are paid out of income earned by the trust and cause a reduction in income distributed to unit holders during the year. If this occurs, your share of the expense amount must be added to the net income distributed to you to arrive at the gross amount of reportable income. Expense amounts will be reflected on your Forms 1099 as either "Investment Expenses" or some other type of expense reported in the "Federal Non-Reportable" section of your statement. Please note that these investment expenses may or may not be deductible if you itemize your deductions on Schedule A (Form 1040). The information we provide is based on what we have received from the Trustee, and we cannot verify its accuracy. Please review these expense amounts with your tax advisor for proper reporting.

REMIC SECURITIES

Q12. What is a REMIC?

A12. REMIC is an acronym for Real Estate Mortgage Investment Conduit. Special tax regulations apply to REMIC securities and other Collateralized Debt Obligations (CDOs) issued after 1986. A REMIC represents a bundle of mortgage loans that are divided into various “tranches” based on maturity dates, prepayment priorities, etc.

Q13. Why is the interest that I received during the year on the REMICs that I own not showing on my Form 1099-INT?

A13. The cash interest you received from a REMIC will not be reported on your original Form 1099-INT, because REMIC investors are required to recognize income on an accrual basis. We expect to receive that accrual information by late February to report income on a supplementary Form 1099-OID. If the REMIC issuer does not provide OID accrual rates, we will report the cash interest payments in Box 2 of the supplementary Form 1099-OID. This additional REMIC information will be issued to you in a separate REMIC 1099 package no later than March 15, 2012.

SHORT SALES

Q14. I sold a security short during 2011 and have not yet closed the position. Why didn't FCC report the proceeds from this short sale on my 2011 Form 1099-B as it has in previous tax years?

A14. This reporting change is the result of a change in federal tax law effective as of 1/1/2011. We will now report the short sale for the tax year when you deliver the shares to close the transaction. The applicable sale date and acquisition date are determined in accordance with the revised IRS instructions for the Form 1099-B, but it is important to note that the sale date in Box 1a of the Form 1099-B is now the date the closing position shares are delivered into your account and not the date you sold the short position.

WORTHLESS SECURITIES

Q15. How can I claim a loss on worthless securities in my account?

A15. You should report worthless securities on Schedule D of Form 1040 in the taxable year for which you deem them worthless within the meaning of IRC section 165(g) and Treasury Regulation section 1.165-5. Unlike in prior years, the IRS did not provide instructions or guidance for this situation as it applies to the new Form 8949 and revised Schedules D. Following the guidance from prior years, it appears you would write “WORTHLESS” in column (d) for the date sold and in column (e) for the sales price of the Form 8949. Enter the amount of your loss in parentheses in column (g) of the Form 8949, use adjustment code M in column (b) and attach an explanation. Remember that you would have to check the appropriate box A, B or C depending on whether or not there was any Form 1099-B information provided to the IRS. If you fail to claim a loss on your original tax return for the year it became worthless, you can file a claim for a credit or refund due to the loss. To do so, you must file an amended return (for the year of the original return) within 7 years from

the date your original return for that year was due, or 2 years from the date you paid the tax, whichever is later. For more information on worthless securities, see **IRS Publication 550**.

WASH SALE RULE

Q16. You reported in Box 5 of the Form 1099-B that all or part of a loss was disallowed. What types of activities qualify as “wash sales”?

A16. A sale or disposition of stock or securities may qualify as a wash sale under the following circumstances: 1) a loss occurs, and 2) within 30 days before or after the sale or disposition of stock or securities you purchase substantially identical stock or securities, acquire substantially identical stock or securities in a fully taxable trade, or enter into a contract or option to acquire substantially identical stock or securities. FCC is required to track and report this information only for covered securities with the same CUSIP number in the same account. However, taxpayers must account for all of their positions in all accounts they control. Therefore, the reporting for wash sales by FCC may include only some of your total wash sale situations. For more detailed information on wash sales and their reporting requirements, please refer to the **IRS 2011 Instructions for Schedule D (and Form 8949)** and **IRS Publication 550**.

PRINCIPAL PAYMENTS

Q17. Why are periodic principal payments reported on the Form 1099-B when only the final payment has been reported in the past?

A17. IRS regulations regarding widely held fixed investment trusts (WHFITs) which became effective on January 1, 2007 eliminated our ability to defer this reporting until the final payment was made that closed the tax lot. Therefore, we began reporting all return of principal payments on Form 1099-B in 2007. This will create a discrepancy between proceeds amount reported on the Form 1099-B and the realized gain/loss statement, because the latter statement includes only tax lots that have closed because they were sold or exchanged. For non-prorata principal payments you received for a WHFIT security, the Trustee may have given us a basis allocation factor you can use to determine the portion of your adjusted basis amount as of the record date for that principal payment. For principal payments you received for a Widely Held Mortgage Trust (“WHMT”), we will include factors – if they are provided by the WHMT Trustee – to help you determine your basis amount. If no factor is provided, the assumption is that the basis amount and principal amount were the same.

OTHER INFORMATION

Q18. I received a dividend payment directly from the issuer of my stock, but it was later claimed through my account at FCC. Why did the company send me a 1099 including this amount?

A18. If an amount is paid in error and later claimed through another company, it must be reported by the paying agent. Report the amount as income on Schedule

B of Form 1040 but subtract the claimed income from your dividend or interest subtotal on this form.

Q19. Do the Forms 1099 contain any supplemental state or local tax information?

A19. If FCC was required to apply state backup withholding, we have provided that information to you so that you can take a credit for that withholding on your state income tax return. The supplemental state or federal information available for fund distributions is not provided with the tax statements because that information is generally not available until after we have mailed the Forms 1099. If it is available, it can be provided to your Financial Advisor or Consultant upon request. You can generally find this information posted on the mutual fund company's web site.

Q20. I have stock certificates that are registered in my name but are held at FCC. Will FCC issue 1099 information on these certificates?

A20. Even though FCC is holding the securities for you, the securities are registered in your name with the issuing company; therefore, any distributions for these shares will be reported by the issuing company, or its agent. However, if you sold the certificates through FCC, the gross proceeds from that sale will be included with the Form 1099-B information provided by FCC.

Q21. Do you provide additional information to my state for state tax reporting purposes?

A21. No, because most states obtain Form 1099 information directly from the IRS. However, FCC is required to provide additional information if your mailing address was in the following states as of December 31: California, Connecticut, Minnesota, Montana, New York and Oklahoma. Generally, this information is related to payments you received from municipal bonds or funds.

Q22. Does FCC provide the ability to download tax forms data into personal tax preparation software, such as TurboTax®

A22. Yes, if you have an online brokerage account and have signed up for electronic statements, you can download Forms 1099 data into these software programs. Please be aware, however, that the downloading process does not support all tax forms and information. That information must be entered manually. You should always compare the downloaded information to your official IRS Form 1099 information, as the latter information is what is sent to the IRS.

Q23. How are "dividend charges" reflected on my Form 1099-DIV?

A23. The term "dividend charge" can have various meanings requiring different Form 1099 reporting (or none at all) by FCC, so you should consult with your tax advisor about how to include these on your tax return. For example, some people refer to a "dividend charge" that occurs when, as part of a short sale transaction, they borrowed shares from a stock lender over a

dividend record date, and were charged an amount to pay back the person from whom the shares were loaned. You can deduct these charges as a miscellaneous itemized deduction (Schedule A of Form 1040), provided you held the short sale position open for at least 46 days (more than 1 year in the case of an extraordinary dividend). If you closed the short sale on or before the 45th day after the date of the short sale (1 year or less in the case of an extraordinary dividend), you must increase the basis of the stock used to close the short sale by that amount. Another example of a "dividend charge" occurs when you received a dividend payment from the issuer based on dates during which you had transferred the shares to "street name" to be sold through FCC. Once that company determines you were not entitled to the dividend payment, it will contact FCC to reclaim the dividend from your account. In those instances, a "dividend charge" has been applied by FCC, even though the dividend payment was made and reported by the company and not FCC. This type of "dividend charge" allows you to reduce the amount of dividend income you need to include on your tax return. Service charges deducted from a dividend distribution – such as for an administrative service fee for overnight sweep funds or a dividend reinvestment plan – must be reported to the IRS as part of your gross dividend income even though it was subtracted before being credited to your account. Similarly, "ADR fees" charged by the transfer bank for an American Depository Receipt security is reportable as part of your gross dividend income. As explained in IRS Publication 550 for dividend reinvestment plan fees, these types of service fees may be deductible as a miscellaneous itemized deduction. Finally, the "undistributed income" tax reporting requirements for some unit investment trusts can result in a negative dividend amount in some years. In all cases where the total "dividend charges" or "undistributed income" might result in a negative dividend amount for the year, please be advised that the IRS does not permit FCC to report amounts less than \$0 on any Form 1099. Therefore, you should refer to your Forms 1099-DIV and 1099-INT transaction details, as well as your monthly statements, to ensure you have captured all the information you need to complete your tax return. *Refer to IRS Publication 529 for more complete information.*

Q24. What do I do if my Form 1099 included income that needs to be reported by someone else?

A24. Pursuant to federal tax regulations, FCC is required to report all income on a jointly owned account under only one taxpayer identification number, which is why you were requested to designate a "primary owner" when the account was opened. If you received income reporting as a "Nominee" for another person on a Form 1099, the "Recipient Instructions" on the reverse side of your mailing page explain what you need to do. For example, if you received a Form 1099-DIV that includes dividend payments reported to you that should be included as income by another joint owner of that account, you would obtain a blank Form 1099-DIV from a local IRS office and complete that form showing the amount reportable to that person. Give that person Copy B of the Form 1099-DIV, and then mail Copy A to

the IRS along with the IRS Transmittal Form 1096. Then, on Schedule B of your Form 1040, include on line 5 all the dividends you received, including as a Nominee, and enter a subtotal. Below the subtotal, write "Nominee Distribution," and show the amounts received as Nominee. Subtract those distributions from the subtotal and enter the result on line 6. See *the IRS Instructions for Schedule B for more detailed information*.

"KIDDIE" TAX

Q25. What is the "kiddie tax" for 2011?

A25. The amount of net unearned income (for example, interest, dividends and other passive investment income) of a child that exceeds an annual inflation-adjusted amount generally is taxed at the parents' highest marginal rate. Effective since January 1, 2008, this "kiddie tax" rule applies to children under age 19, or under age 24 if the child is a full-time student. For Tax Year 2011, the threshold is \$1,900. Generally, the first \$950 is not taxable because it is equal to the standard deduction for dependents, the next \$950 is taxed at the child's tax rate, and anything greater than \$1,900 is taxed at the parent's highest marginal tax rate. See IRC §1(g)(4)(A)(ii)(I) and §1(g)(7). See Rev. Proc. 2010-40 for the applicable amount for Tax Year 2011