

## Schwab's Revised Form 1099 Composite

As a result of new tax reporting requirements, in 2012 Schwab will provide investors with updated year-end tax reports. The goal is to simplify tax preparation for you and your clients by providing all relevant information in one report delivered at one time.

Advisors who have synchronized their data with Schwab's may find they no longer need to send their own Realized Gain/Loss Reports for accounts held at Schwab, because the Form 1099 Composite will provide the information.

### Covered and Uncovered Securities

Although the IRS requires reporting only for covered securities, Schwab will report cost basis to clients for all securities. We are doing this for two reasons:

- Clients will need this information to file their taxes.
- Many advisors have requested that we combine gain/loss information along with 1099 information into one report.

### New Organization, New Data

The sample shows five new data fields now found on Form 1099-B:

- Date of acquisition
- Adjusted cost basis
- Disallowed wash sale losses
- Covered and uncovered securities
- Holding period

The new Year-End Summary replaces the Account Summary data in the previous Form 1099 Composite. The new summary includes:

- Information grouped by the various Form 1040 schedules
- Table of contents
- Realized gain/loss summary
- Summary of fees and expenses
- Amortization and accretion information

Now that the Year-End Summary will contain realized gain/loss information, the Year-End Gain/Loss Report has been retired for taxable accounts.

### Additional Resources

For additional information and resources related to the new legislation, visit our [cost basis website](#).

Date Prepared: January 11, 2012

## Recipient's Name and Address

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DANA JONES  
JOHN JONES  
C/O SAMPLE GLOBAL ENTERPRISE  
3RD FLOOR, SUITE 1800  
1234 MAIN STREET  
ANYTOWN, US 12345

## Your Schwab Consultant

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JOHN Q. ADVISOR  
VP-FINANCIAL CONSULTANT  
1 (907) 263-2345  
JOHN.ADVISOR@SCHWAB.COM

## Items for Attention

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- **PLEASE NOTE:** Some companies have not confirmed the final status of their distributions for tax reporting at this time. Revised Forms 1099 will be issued should Schwab receive updated information from these companies.
- Please refer to the enclosed insert(s) for additional information.

## Important Official IRS Form(s) 1099 Enclosed

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The report in this package contains your income tax return documents and year-end summary. Please retain this package for tax preparation purposes.

For tax advice, please consult with a qualified tax advisor, CPA, or financial planner.

### To contact Schwab:

If you have any questions or need additional information about your Form(s) 1099 or your year-end summary, please call 1-800-435-4000, 24 hours a day, 7 days a week. We're always here for you.

### To contact the IRS:

Tax questions for individuals: 1-800-829-1040  
Tax questions for businesses: 1-800-829-4933  
To order tax forms or publications: 1-800-829-3676  
To pay taxes by credit card: 1-888-272-9829  
For additional information and to print forms and publications, visit [www.irs.gov](http://www.irs.gov).

**Please note:** Any investment shown in this guide is hypothetical and not intended to reflect the share price of any existing company. Values and calculations on the report may not be an accurate reflection of the transactions and balances that appear on the report. All figures used are for illustration purposes only.

SAMPLE

**Recipient's Name and Address**

DANA JONES  
JOHN JONES  
C/O SAMPLE GLOBAL ENTERPRISE  
3RD FLOOR, SUITE 1800  
1234 MAIN STREET  
ANYTOWN, US 12345  
**Taxpayer ID Number:** \*\*\*-\*\*-0000  
**Account Number:** 1111-9999

**Payer's Name and Address**

CHARLES SCHWAB & CO., INC.  
211 MAIN STREET  
SAN FRANCISCO, CA 94105  
**Telephone No:** (800) 435-4000  
**Federal ID Number:** 94-1737782

Date Prepared: January 11, 2012

**Dividends and Distributions—2011**

**Form 1099-DIV**

Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0110)

Box	Description	Amount	Total
<b>1a</b>	Total Ordinary Dividends (Includes amount shown in box 1b)	\$	5,805.00
<b>1b</b>	Qualified Dividends	\$	2,380.00
<b>2a</b>	Total Capital Gain Distributions (Includes amounts shown in boxes 2b, 2c and 2d)	\$	1,575.00
<b>2b</b>	Unrecap. Sec. 1250 Gain	\$	400.00
<b>2c</b>	Section 1202 Gain	\$	325.00
<b>2d</b>	Collectibles (28%) Gain	\$	400.00
<b>3</b>	Nondividend Distributions	\$	933.00
<b>4</b>	<b>Federal Income Tax Withheld</b>	<b>\$</b>	<b>450.00</b>
<b>5</b>	Investment Expenses	\$	240.00
<b>6</b>	Foreign Tax Paid	\$	300.00
<b>7</b>	Foreign Country or U.S. Possession		Canada
<b>8</b>	Cash Liquidation Distributions	\$	950.00
<b>9</b>	Noncash Liquidation Distributions	\$	2,700.00

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

## INSTRUCTIONS FOR RECIPIENTS OF FORM 1099

We are required by the Internal Revenue Service (“IRS”) to furnish the appropriate **Forms 1099-DIV, 1099-INT, 1099-MISC, 1099-OID** and **1099-B** to you. The amounts listed on this composite form represent dividends, interest, and/or other reportable payments made or credited to you through your brokerage account during 2011. This information will be reported to the IRS.

### Account Number

May show an account or other unique number the payer assigned to distinguish your account.

## 1099-DIV: Dividends and Distributions

### Box 1a.

Shows total ordinary dividends that are taxable. Include this amount on line 9a of Form 1040 or 1040A. Also, report it on Schedule B (Form 1040) or Schedule 1 (Form 1040A), if required.

The amount shown may be dividends a corporation paid directly to you as a participant (or beneficiary of a participant) in an employee stock ownership plan (ESOP). Report it as a dividend on your Form 1040/1040A but treat it as a plan distribution, not as investment income, for any other purpose.

### Box 1b.

Shows the portion of the amount in box 1a that may be eligible for the 15% or zero capital gains rates. See the Form 1040/1040A instructions for how to determine this amount. Report the eligible amount on line 9b, Form 1040 or 1040A.

### Box 2a.

Shows total capital gain distributions from a regulated investment company or real estate investment trust. 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 box 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.

### Box 2b.

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—line 19 in the Schedule D instructions (Form 1040).

### Box 2c.

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 and certain empowerment zone business stock that may be subject to a 60% exclusion. See the Schedule D Nominees (Form 1040) instructions. required, use this amount when completing the 28% Rate If this form includes amounts belonging to another person, you are considered a Gain Worksheet—Line 18 in the instructions for Schedule D (Form 1040).

### Box 2d.

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 instructions for Schedule D (Form 1040).

### Box 3.

Shows the part of the distribution that is nontaxable because it is a return of your cost (or other basis). You must reduce your cost (or other basis) by this amount for figuring gain or loss when you sell your stock. But if you get back all your cost (or other basis), report future distributions as capital gains. See Pub. 550, Investment Income and Expenses.

### Box 4.

Shows backup withholding. A payer must backup withhold on certain payments if you did not give your taxpayer identification number to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

### Box 5.

Shows your share of expenses of a nonpublicly offered regulated investment company, generally a nonpublicly offered mutual fund. If you file Form 1040, you may deduct these expenses on the “Other expenses” line on Schedule A (Form 1040) subject to the 2% limit. This amount is included in box 1a.

### Box 6.

Shows the foreign tax that you may be able to claim as a deduction or a credit on Form 1040. See the Form 1040 instructions.

### Box 7.

This box should be left blank if a regulated investment company reported the foreign tax shown in box 6.

### Boxes 8 and 9.

Shows cash and noncash liquidation distributions.

### Nominees

If this form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A husband or wife is not required to file a nominee return to show amounts owned by the other. See the 2011 General Instructions for Certain Information Returns.

**Recipient's Name and Address**

DANA JONES  
JOHN JONES  
C/O SAMPLE GLOBAL ENTERPRISE  
3RD FLOOR, SUITE 1800  
1234 MAIN STREET  
ANYTOWN, US 12345  
**Taxpayer ID Number:** \*\*\*-\*\*-0000  
**Account Number:** 1111-9999

**Payer's Name and Address**

CHARLES SCHWAB & CO., INC.  
211 MAIN STREET  
SAN FRANCISCO, CA 94105  
**Telephone No:** (800) 435-4000  
**Federal ID Number:** 94-1737782

Date Prepared: January 11, 2012

**Interest Income—2011**

**Form 1099-INT**

Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0112)

Box	Description	Total
1	Interest Income	\$ 2,060.00
3	Interest on U.S. Savings Bonds and Treasury Obligations	\$ 700.00
4	<b>Federal Income Tax Withheld</b>	<b>\$ 65.00</b>
5	Investment Expenses	\$ 85.00
6	Foreign Tax Paid	\$ 100.00
7	Foreign Country or U.S. Possession	Canada
8	Tax-Exempt Interest	\$ 425.00
9	Specified Private Activity Bond Interest	\$ 225.00
10	Tax-Exempt Bond CUSIP No. (see instructions)	Various

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

## INSTRUCTIONS FOR RECIPIENTS OF FORM 1099

We are required by the Internal Revenue Service (“IRS”) to furnish the appropriate **Forms 1099-DIV, 1099-INT, 1099-MISC, 1099-OID and 1099-B** to you. The amounts listed on this composite form represent dividends, interest, and/or other reportable payments made or credited to you through your brokerage account during 2011. This information will be reported to the IRS.

### Account Number

May show an account or other unique number the payer assigned to distinguish your account.

### 1099-INT: Interest Income

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#### Box 1.

Shows taxable interest paid to you during the calendar year by the payer. This does not include interest shown in box 3. May also show the total amount of the credits from clean renewable energy bonds, Gulf tax credit bonds, qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, and Midwestern tax credit bonds that must be included in your interest income. These amounts were treated as paid to you during 2011 on the credit allowance dates (March 15, June 15, September 15, and December 15). For more information, see Form 8912, Credit to Holders of Tax Credit Bonds.

#### Box 3.

Shows interest on U.S. savings bonds, Treasury bills, Treasury bonds, and Treasury notes. This may or may not all be taxable. See Pub. 550. This interest is exempt from state and local income taxes. This interest is not included in box 1.

#### Box 4.

Shows backup withholding. Generally, a payer must backup withhold if you did not furnish your taxpayer identification number (TIN) or you did not furnish the correct TIN to the payer. See Form W-9. Include this amount on your income tax return as tax withheld.

#### Box 5.

Any amount shown 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% limit. This amount is included in box 1.

#### Box 6.

Shows foreign tax paid. You may be able to claim this tax as a deduction or a credit on your Form 1040. See your Form 1040 instructions.

#### Box 8.

Shows tax-exempt interest, including exempt-interest dividends from a mutual fund or other regulated investment company, paid to you during the calendar year by the payer. Report this amount on line 8b of Form 1040 or Form 1040A. This amount may be subject to backup withholding. See box 4.

#### Box 9.

Shows tax-exempt interest subject to the alternative minimum tax. This amount is included in box 8. See the Instructions for Form 6251.

#### Box 10.

Shows CUSIP number(s) for tax-exempt bond(s) on which tax-exempt interest was paid to you during the calendar year and reported in box 8. If blank, no CUSIP number was issued for the bond(s).

#### Nominees.

If this form includes amounts belonging to another person(s), you are considered a nominee recipient. Complete a Form 1099-INT for each of the other owners shown in income allocable to each. File Copy A of the form with the IRS. Furnish Copy B to each owner. List yourself as the “payer” and the other owner(s) as the “recipient.” File Form(s) 1099-INT with Form 1096 with the Internal Revenue Service Center for your area. On Form 1096 list yourself as the “filer.” A husband or wife is not required to file a nominee return to show amounts owned by the other.

**Recipient's Name and Address**

DANA JONES  
JOHN JONES  
C/O SAMPLE GLOBAL ENTERPRISE  
3RD FLOOR, SUITE 1800  
1234 MAIN STREET  
ANYTOWN, US 12345  
**Taxpayer ID Number:** \*\*\*-\*\*-0000  
**Account Number:** 1111-9999

**Payer's Name and Address**

CHARLES SCHWAB & CO., INC.  
211 MAIN STREET  
SAN FRANCISCO, CA 94105  
**Telephone No:** (800) 435-4000  
**Federal ID Number:** 94-1737782

Date Prepared: January 11, 2012

**Miscellaneous Income—2011**

**Form 1099-MISC**

Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0115)

Box	Description	Total
2	Royalties	\$ 1,155.00
4	<b>Federal Income Tax Withheld</b>	<b>\$ 15.00</b>
8	Substitute Payments in Lieu of Dividends or Interest	\$ 810.00

SAMPLE

## INSTRUCTIONS FOR RECIPIENTS OF FORM 1099

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### Account Number

May show an account or other unique number the payer assigned to distinguish your account.

### 1099-MISC: Miscellaneous Income

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#### Box 2.

Report royalties from oil, gas, or mineral properties, copyrights, and patents on Schedule E (Form 1040). For royalties on timber, coal, and iron ore, see Pub. 544.

#### Box 4.

Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold if you did not furnish your taxpayer identification number. See Form W-9 and Pub. 505 for more information. Report this amount on your income tax return as tax withheld.

#### Box 8.

Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report on the “Other income” line of Form 1040.

SAMPLE

**Recipient's Name and Address**

DANA JONES  
JOHN JONES  
C/O SAMPLE GLOBAL ENTERPRISE  
3RD FLOOR, SUITE 1800  
1234 MAIN STREET  
ANYTOWN, US 12345  
**Taxpayer ID Number:** \*\*\*-\*\*-0000  
**Account Number:** 1111-9999

**Payer's Name and Address**

CHARLES SCHWAB & CO., INC.  
211 MAIN STREET  
SAN FRANCISCO, CA 94105  
**Telephone No:** (800) 435-4000  
**Federal ID Number:** 94-1737782

Date Prepared: January 11, 2012

**Original Issue Discount—2011**

**Form 1099-OID**

Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0117)

5—Description	CUSIP Number	1—Original Issue Discount*	4—Federal Income Tax Withheld	6—Original Issue Discount on U.S. Treasury Obligations
123 ENERGY CAP 11.8%	69331XXXX	\$ 1333.33	\$ 100.00	
A FAKE CAP 11.6% PXXX	86794XXXX	\$ 499.00		
REMIC SEC A	70000XXXX			
REMIC SEC A	70000XXXX			
STRIP 0XXX	91283XXXX			\$ 5,555.00
STRIP 0%03	91283XXXX		\$ 100.00	\$ 8,888.00
STRIP 0%11	91283XXXX			\$ 3,232.62
<b>Total Original Issue Discount (Box 1)</b>		<b>\$ 1,832.33</b>		
<b>Total Federal Income Tax Withheld (Box 4)</b>			<b>\$ 200.00</b>	
<b>Total Original Issue Discount on U.S. Treasury Obligations (Box 6)</b>				<b>\$ 17,675.62</b>

Original Issue Discount from each of your securities is reported individually to the IRS.

Original Issue Discounts in aggregate are not reported to the IRS and should not be so reported on your tax return.

\*This may not be the correct figure to report on your income tax return. See instructions on the back.

## INSTRUCTIONS FOR RECIPIENTS OF FORM 1099

We are required by the Internal Revenue Service (“IRS”) to furnish the appropriate **Forms 1099-DIV, 1099-INT, 1099-MISC, 1099-OID** and **1099-B** to you. The amounts listed on this composite form represent dividends, interest, and/or other reportable payments made or credited to you through your brokerage account during 2011. This information will be reported to the IRS.

### Account Number

May show an account or other unique number the payer assigned to distinguish your account.

### 1099-OID: Original Issue Discount

Original issue discount (OID) is the excess of an obligation’s stated redemption price at maturity over its issue price (acquisition price for a stripped bond or coupon). OID is taxable as interest over the life of the obligation. If you are the holder of an OID obligation, generally you must include an amount of OID in your gross income each year you hold the obligation. Obligations that may have OID include a bond, debenture, note, certificate, or other evidence of indebtedness having a term of more than one year. For example, the OID rules may apply to certificates of deposit (CDs), time deposits, bonus savings plans, and other deposit arrangements, especially if the payment of interest is deferred until maturity. In addition, the OID rules apply to Treasury inflation-protected securities. See Pub. 550, Investment Income and Expenses, for more information.

If, as the record holder, you receive Form 1099-OID showing amounts belonging to another person, you are considered a nominee recipient. Complete a Form 1099-OID for each of the other owners showing the amounts allocable to each. File Copy A of the form with the IRS. Furnish Copy B to each owner. List yourself as the “payer” and the other owner as the “recipient.” File Form(s) 1099-OID with Form 1096, Annual Summary and Transmittal of U.S. Information Returns, with the Internal Revenue Service Center for your area. On Form 1096 list yourself as the “filer.” A husband or wife is not required to file a nominee return to show amounts owned by the other. If you bought or sold an obligation during the year and you are not a nominee, you are not required to issue or file Form 1099-OID showing the OID or stated interest allocable to the seller/buyer of the obligation.

#### Account number.

May show an account or other unique number the payer assigned to distinguish your account.

#### Box 1.

Shows the OID on the obligation for the part of the year you owned it. Report the amount in box 1 as interest income on your income tax return. However, depending on the type of debt instrument, the issue or acquisition date, and other factors (for example, if you paid acquisition or bond premium, or the obligation is a stripped bond or coupon), you may have to figure the correct amount of OID to report on your return. See Pub. 1212, Guide to Original Issue Discount (OID) Instruments, for details on how to figure the correct OID.

#### Box 2.

Shows other interest on this obligation for the year, which is an amount separate from the OID. If you held the obligation the entire year, report this amount as interest income on your tax return. If you disposed of the obligation or acquired it from another holder during the year, see Pub. 550 for reporting instructions. If there is an amount in both boxes 2 and 6, the amount in box 2 is interest on a U.S. Treasury obligation and is exempt from state and local income taxes.

#### Box 3.

Shows interest or principal forfeited if you withdrew the money before the maturity date of the obligation, such as from a CD. You may deduct this amount to figure your adjusted gross income on your income tax return. See the instructions for Form 1040 to see where to take the deduction.

#### Box 4.

Shows backup withholding. Generally, a payer must backup-withhold at a 28% rate if you did not furnish your taxpayer identification number (TIN) or you did not furnish the correct TIN to the payer. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your income tax return as tax withheld.

#### Box 5.

Shows the identification number (CUSIP number) or description of the obligation. The description may include the stock exchange, issuer, coupon rate, and year of maturity.

#### Box 6.

Shows OID on a U.S. Treasury obligation for the part of the year you owned it. Report this amount as interest income on your federal income tax return, and see Pub. 1212 to figure any appropriate adjustments to this amount. This OID is exempt from state and local income taxes and is not included in box 1.

#### Box 7.

Any amount shown 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% limit. This amount is included in box 2.

**Recipient's Name and Address**

DANA JONES  
JOHN JONES  
C/O SAMPLE GLOBAL ENTERPRISE  
3RD FLOOR, SUITE 1800  
1234 MAIN STREET  
ANYTOWN, US 12345  
**Taxpayer ID Number:** \*\*\*-\*\*-0000  
**Account Number:** 1111-9999

**Payer's Name and Address**

CHARLES SCHWAB & CO., INC.  
211 MAIN STREET  
SAN FRANCISCO, CA 94105  
**Telephone No:** (800) 435-4000  
**Federal ID Number:** 94-1737782

Date Prepared: January 11, 2012

**Proceeds From Broker Transactions—2011**

**Form 1099-B**

Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0715)

**COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)**

**8-Type of gain or loss: Short-term**

9-Description	CUSIP Number	Quantity **	1a-Date of sale or exchange	1b-Date of acquisition	2-Sales price of stocks, bonds, etc. (less commissions and options premiums)	3-Cost or other basis	6-If this box is checked, boxes 1b, 3, 5 and 8 may be blank	5-Wash sale loss disallowed	4-Federal income tax withheld
123 CORPORATION	00108XXXX	S	01/12/11	04/26/11	\$ 6,172.55	\$ 5,172.55		\$ 500.00 <sup>w</sup>	\$ 0.00
		100.00							
123 CORPORATION	00108XXXX	S	08/22/11	12/26/11	\$ 24,690.20	\$ 14,690.20		\$ 0.00	\$ 6,000.00
		400.00							
<b>Security Subtotal</b>					<b>\$ 30,862.75</b>	<b>\$ 19,862.75</b>		<b>\$ 0.00</b>	<b>\$ 6,000.00</b>
MORTGAGE BACKED SECURITY	90000XXXX	R	01/02/11	03/25/11	\$ 1,215.67	\$ 215.67	X	\$ 0.00	\$ 0.00
		40,000.00							
<b>Security Subtotal</b>					<b>\$ 1,215.67</b>	<b>\$ 215.67</b>		<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Total Short-Term Sales Price from Broker Transaction</b>					<b>\$ 30,078.42</b>	<b>\$ 20,079.42</b>			

Please refer to the "Endnotes for Your Form 1099-B section" for an explanation of the endnote codes and symbols on your Form 1099-B. Please see the "Notes for Your Form 1099-B" section for additional explanation of this Form 1099-B report.

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

## INSTRUCTIONS FOR RECIPIENTS OF FORM 1099

We are required by the Internal Revenue Service (“IRS”) to furnish the appropriate **Forms 1099-DIV, 1099-INT, 1099-MISC, 1099-OID and 1099-B** to you. The amounts listed on this composite form represent dividends, interest, and/or other reportable payments made or credited to you through your brokerage account during 2011. This information will be reported to the IRS.

### Account Number

May show an account or other unique number the payer assigned to distinguish your account.

### 1099-B: Proceeds from Broker Transactions

Brokers and barter exchanges must report proceeds from transactions to you and the IRS on Form 1099-B. Reporting is also required when your broker knows or has reason to know that a corporation in which you own stock has had a reportable change in control or capital structure. You may be required to recognize gain from the receipt of cash, stock, or other property that was exchanged for the corporation’s stock. If your broker reported this type of transaction to you, the corporation is identified in box 9.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

CUSIP number. For broker transactions, may show the CUSIP (Committee on Uniform Security Identification Procedures) number of the item reported.

#### Box 1a.

Shows the trade date of the sale or exchange. For short sales, the date shown is the date the security was delivered to close the short sale. For aggregate reporting in boxes 10 through 13, no entry will be present.

#### Box 1b.

This box may be blank if box 6 is checked or if the securities sold were acquired on a variety of dates. For short sales, the date shown is the date you acquired the security delivered to close the short sale.

#### Box 2.

Shows the aggregate cash proceeds from transactions involving stocks, bonds, other debt obligations, commodities, or forward contracts. May show the proceeds from the disposition of your interest(s) in a widely held fixed investment trust. May also show the aggregate amount of cash and the fair market value of any stock or other property received in a reportable change in control or capital structure arising from the corporate transfer of property to a foreign corporation. Losses on forward contracts are shown in parentheses. This box does not include proceeds from regulated futures contracts. The broker must indicate whether the sales price or the sales price less commissions (including transfer taxes) and option premiums was reported to the IRS. Report this amount as explained in the instructions for Schedule D (Form 1040).

#### Box 3.

Shows the cost or other basis of securities sold. If box 6 is checked, box 3 may be blank. See the Schedule D (Form 1040) instructions or Pub. 550 for details about basis.

#### Box 4.

Shows backup withholding. Generally, a payer must backup withhold if you did not furnish your taxpayer identification number to the payer. See Form W-9 for information on backup withholding. Include this amount on your income tax return as tax withheld.

#### Box 5.

Shows the amount of nondeductible loss in a wash sale transaction. For details on wash sales, see the Schedule D (Form 1040) instructions and Pub. 550.

#### Box 6.

If this box is checked, the securities sold were noncovered securities and boxes 1b, 3, 5, and 8 may be blank. Generally, a noncovered security is a security other than stock; stock purchased before 2011; stock in most mutual funds and other regulated investment companies; and stock held in a dividend reinvestment plan in 2011.

#### Box 8.

Shows type of gain or loss.

#### Box 9.

Shows a brief description of the item or service for which the proceeds or bartering income is being reported. For regulated futures contracts and forward contracts, “RFC” or other appropriate description may be shown. For a corporation that had a reportable change in control or capital structure, this box may show the class of stock as C (common), P (preferred), or O (other).

Taxpayer ID Number: \*\*\*-\*\*-0000

Date Prepared: January 11, 2012

Proceeds From Broker Transactions—2011 (continued)

Form 1099-B

Department of the Treasury—Internal Revenue Service Copy B for Recipient (OMB No. 1545-0715)

COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)

8-Type of gain or loss: Long-term

9-Description	CUSIP Number	Quantity **	1a-Date of sale or exchange	1b-Date of acquisition	2-Sales price of stocks, bonds, etc. (less commissions and options premiums)	3-Cost or other basis	6-If this box is checked, boxes 1b, 3, 5 and 8 may be blank	5-Wash sale loss disallowed	4-Federal income tax withheld
ANY MORTGAGE	12345XXXX	S	11/30/07	11/07/11	\$ 21,500.00	\$ 22,000.00	X	0.00	\$ 0.00
		24,000.00							
<b>Security Subtotal</b>					<b>\$ 21,500.00</b>	<b>\$ 22,000.00</b>		<b>0.00</b>	<b>\$ 0.00</b>
SAMPLE COMPANY	65332XXXX	M	--	08/31/08	\$ 338.52	Missing	X	--	\$ 0.00
		400.00							
<b>Security Subtotal</b>					<b>\$ 338.52</b>	<b>\$ 6,000.00</b>		<b>--</b>	<b>\$ 0.00</b>
SAMPLE MUT FUND	77000XXXX	S	11/31/09	12/31/11	\$ 1,200.00	\$ 1,000.00	X	0.00	\$ 0.00
		100.00							
<b>Security Subtotal</b>					<b>\$ 1,200.00</b>	<b>\$ 1,000.00</b>		<b>\$ 0.00</b>	<b>\$ 0.00</b>
<b>Total Long-Term Sales Price from Broker Transactions</b>					<b>\$ 23,038.52</b>	<b>\$ 29,000.00</b>			
<b>Total Sales Price from Broker Transactions</b>					<b>\$ 53,116.94</b>				
<b>Total Federal Income Tax Withheld</b>								<b>\$ 6,000.00</b>	

Please refer to the "Endnotes for Your Form 1099-B section" for an explanation of the endnote codes and symbols on your Form 1099-B. Please see the "Notes for Your Form 1099-B" section for additional explanation of this Form 1099-B report.

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

## Endnotes for Your Form 1099-B

Date Prepared: January 11, 2012

Symbol	Endnote Legend
<b>b</b>	Cost basis has been adjusted; amortized and accreted values used.
<b>i</b>	Value includes incomplete cost basis.
<b>w</b>	A loss has been disallowed because of application of the wash sale rules, and the basis of reacquired shares has been increased by the loss disallowed on the wash sale.

## Notes for your Form 1099-B:

For explanation of Cost Basis Method, please refer to Cost Basis Disclosure. See Terms and Conditions. Schwab has provided realized gain and loss information whenever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings.

When value for the report is unavailable, it is noted as followed: "Missing" or "--"

-- Schwab is not providing Cost Basis on this security type.

- Missing** Cost Basis may be missing due to one of the following reasons:
- Cost basis data may not be available for a number of reasons (for example, the security was purchased outside of Schwab and we did not receive cost basis from the transferring firm).
  - The security was purchased more than 10 years ago.

Symbol	Box (6) This box will only be checked if it is a Noncovered Security.
<b>Blank</b>	<b>Covered Security</b> —Specified securities acquired on or after the applicable date for when cost basis must be reported. <ul style="list-style-type: none"> <li>• January 1, 2011—for equities</li> <li>• January 1, 2012—for mutual funds and dividend reinvestment plans (DRIPS)</li> <li>• January 1, 2013—for all other securities (i.e., fixed income and options)</li> </ul>
<b>X</b>	<b>Noncovered Security</b> —If box 6 is checked, then the security is a noncovered security. The cost basis of these noncovered securities is not reported to the IRS because they were acquired before the IRS cost-basis legislation's effective date. However, cost basis is provided whenever available to help you with your tax preparation

Notes for your Form 1099-B (continued):

Date Prepared: January 11, 2012

Symbol    Box (8) Type of Gain or Loss

**Long-term**    **Long-Term Realized Gain or Loss** has a holding period greater than one year.

**Short-term**    **Short-Term Realized Gain or Loss** has a holding period of one year or less.

\*\*Activity Codes (Not reported to the IRS)

**C** = Cash in Lieu    **E** = Exchange    **P** = Principal    **S** = Sale    **T** = Tender  
**CV** = Conversion    **M** = Cash Merger    **MT** = Maturity    **R** = Redemption    **SS** = Short Sale

- **Total Reported Gain or Loss to the IRS only includes covered securities.**
- **The cost basis and basis adjustments for covered securities are reported to the IRS.**
- **Gross Proceeds from each of your security transactions are reported individually to the IRS.**
- **Gross Proceeds in aggregate are not reported to the IRS and should not be so reported on your tax return.**

SAMPLE

Date Prepared: January 11, 2012

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The details and specific transactions in this section and in all subsequent sections are provided to you as a courtesy, should you need additional information when completing your tax return. When relevant, IRS box numbers are referenced for individual items that comprise the totals that appear on the actual Form(s) 1099. Please note that only the information contained in boxes on Form(s) 1099 is reported to the IRS. Please consult with your tax advisor or financial advisor regarding specific questions.

**INTERESTS & DIVIDENDS**

Date Prepared: January 11, 2012

The information in the following sections may be helpful for, but not limited to, Schedule B. Please consult with your tax advisor or financial advisor regarding specific questions.

**Detail Information of Dividends and Distributions**

Description	CUSIP Number	Paid in 2011	Paid/Adjusted in 2012 for 2011	Amount
<b>Ordinary Dividends</b>				
<b>Non-Qualified Dividends</b>				
123 ASIA PACIFIC	90300XXXX	\$ 500.00	\$ (25.00)	\$ 475.00
ABC SECS DEFINED	18384XXXX	\$ 210.00	\$ (60.00)	\$ 150.00
EXAMPLE UNIT 999	30214XXXX	\$ 850.00	\$ (150.00)	\$ 700.00
FAKE FUND	47102XXXX	\$ 600.00	\$ 50.00	\$ 650.00
MONEY MARKET FUND	80851XXXX	\$ 800.00	\$ 0.00	\$ 800.00
<b>Total Non-Qualified Dividends (Included in Box 1a)</b>		<b>\$ 2,960.00</b>	<b>\$ (185.00)</b>	<b>\$ 2,775.00</b>
<b>Short-Term Capital Gains</b>				
MADE UP REAL ESTATE	19829XXXX	\$ 200.00	\$ 100.00	\$ 300.00
SAMPLE NATIONAL FD	78621XXXX	\$ 500.00	\$ (150.00)	\$ 350.00
XYZ INTL FD	87654XXXX	\$ 350.00	\$ 75.00	\$ 0.00
<b>Total Short-Term Capital Gains (Included in Box 1a)</b>		<b>\$ 1,050.00</b>	<b>\$ 25.00</b>	<b>\$ 650.00</b>
<b>Qualified Dividends</b>				
123 ASIA PACIFIC	90300XXXX	\$ 400.00	\$ 200.00	\$ 600.00
ABC FUND	41383XXXX	\$ 300.00	\$ 100.00	\$ 400.00
ABC INTL FUND	41382XXXX	\$ 500.00	\$ 100.00	\$ 600.00
EXAMPLE COMPANY	80852XXXX	\$ 300.00	\$ 80.00	\$ 380.00
FAKE TRUST STXX	93142XXXX	\$ 600.00	\$ (200.00)	\$ 400.00
<b>Total Qualified Dividends (Box 1b and included in Box 1a)</b>		<b>\$ 2,100.00</b>	<b>\$ 280.00</b>	<b>\$ 2,380.00</b>
<b>Total Ordinary Dividends (Box 1a)</b>		<b>\$ 6,110.00</b>	<b>\$ 120.00</b>	<b>\$ 5,805.00</b>
<b>(Total Non-Qualified Dividends, Short-Term Capital Gains and Qualified Dividends)</b>				

Date Prepared: January 11, 2012

**Detail Information of Dividends and Distributions (continued)**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
<b>Capital Gain Distributions</b>						
<b>15% Rate Gain</b>						
SAMPLE NATIONAL FD	78621XXXX	\$	0.00	\$	150.00	\$ 150.00
XYZ HEALTH CARE FD	92190XXXX	\$	100.00	\$	200.00	\$ 300.00
<b>Total 15% Rate Gain (Included in Box 2a)</b>		<b>\$</b>	<b>100.00</b>	<b>\$</b>	<b>350.00</b>	<b>\$ 450.00</b>
<b>Unrecap. Sec. 1250 Gain</b>						
123 RESDTL 7.23%G PFD	29476XXXX	\$	300.00	\$	(200.00)	\$ 100.00
FAKE BIOTECH FUND CO	19AB1XXXX	\$	200.00	\$	100.00	\$ 300.00
<b>Total Unrecap. Sec. 1250 Gain (Box 2b and included in Box 2a)</b>		<b>\$</b>	<b>500.00</b>	<b>\$</b>	<b>(100.00)</b>	<b>\$ 400.00</b>
<b>Section 1202 Gain</b>						
ABC INTL FUND	1AB19XXXX	\$	100.00	\$	150.00	\$ 250.00
FAKE BIOTECH FUND CO	87654XXXX	\$	0.00	\$	75.00	\$ 75.00
<b>Total Section 1202 Gain (Box 2c and included in Box 2a)</b>		<b>\$</b>	<b>100.00</b>	<b>\$</b>	<b>225.00</b>	<b>\$ 325.00</b>
<b>Collectibles (28%) Gain</b>						
SAMPLE INC	48374XXXX	\$	0.00	\$	150.00	\$ 150.00
ZZZ NATIONAL CORP	65748XXXX	\$	175.00	\$	75.00	\$ 250.00
<b>Total Collectibles (28%) Gain (Box 2d and included in Box 2a)</b>		<b>\$</b>	<b>175.00</b>	<b>\$</b>	<b>225.00</b>	<b>\$ 400.00</b>
<b>Total Capital Gain Distributions (Box 2a)</b>		<b>\$</b>	<b>875.00</b>	<b>\$</b>	<b>700.00</b>	<b>\$ 1,575.00</b>

Date Prepared: January 11, 2012

**Detail Information of Dividends and Distributions (continued)**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
<b>Nondividend Distributions (Return of Capital)</b>						
123 INDUSTRY FUND CO	38374XXXX	\$	0.00	\$	188.00	\$ 188.00
EXAMPLE COMPANY	22191XXXX	\$	0.00	\$	25.00	\$ 25.00
FAKE GOVT FUND SER I*	44890XXXX	\$	0.00	\$	220.00	\$ 220.00
MADE UP INVT TRUST	75321XXXX	\$	0.00	\$	300.00	\$ 300.00
XYZ INVT TR SR 12*	93142XXXX	\$	0.00	\$	200.00	\$ 200.00
<b>Total Nondividend Distributions (Box 3)</b>		<b>\$</b>	<b>0.00</b>	<b>\$</b>	<b>933.00</b>	<b>\$ 933.00</b>
<b>Federal Income Tax Withheld</b>						
SAMPLE NATL FD	78621XXXX	\$	(140.00)	\$	0.00	\$ (140.00)
XYZ INTL FD	87654XXXX	\$	(105.00)	\$	(5.00)	\$ (110.00)
ZZZ HEALTH CARE FD	92190XXXX	\$	(200.00)	\$	0.00	\$ (200.00)
<b>Total Federal Income Tax Withheld (Box 4)</b>		<b>\$</b>	<b>(445.00)</b>	<b>\$</b>	<b>(5.00)</b>	<b>\$ (450.00)</b>
<b>Investment Expenses</b>						
ABC SECS DEFINED	18384XXXX	\$	0.00	\$	(100.00)	\$ (100.00)
EXAMPLE UNIT 999	30214XXXX	\$	0.00	\$	(60.00)	\$ (60.00)
FAKE TRUST STXX	80852XXXX	\$	0.00	\$	(80.00)	\$ (80.00)
<b>Total Investment Expenses (Box 5)</b>		<b>\$</b>	<b>0.00</b>	<b>\$</b>	<b>(240.00)</b>	<b>\$ (240.00)</b>
<b>Foreign Tax Paid</b>						
		<b>Country</b>				
123 ASIA PACIFIC		Not Provided	90300XXXX	\$	(100.00)	\$ (125.00)
XYZ INTL FD		Canada	87654XXXX	\$	(100.00)	\$ (175.00)
<b>Total Foreign Tax Paid (Box 6)</b>				<b>\$</b>	<b>(200.00)</b>	<b>\$ (300.00)</b>

Date Prepared: January 11, 2012

**Detail Information of Dividends and Distributions (continued)**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
<b>Cash Liquidation Distributions</b>						
FAKE EQUITY CO	22545XXXX	\$	350.00	\$	0.00	\$ 350.00
SAMPLE EQUITY CO	98456XXXX	\$	600.00	\$	0.00	\$ 600.00
<b>Total Cash Liquidation Distributions (Box 8)</b>		<b>\$</b>	<b>950.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 950.00</b>
<b>Noncash Liquidation Distributions</b>						
FAKE EQUITY CO	22545XXXX	\$	1,200.00	\$	0.00	\$ 1,200.00
SAMPLE EQUITY CO	98456XXXX	\$	1,500.00	\$	0.00	\$ 1,500.00
<b>Total Noncash Liquidation Distributions (Box 9)</b>		<b>\$</b>	<b>2,700.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 2,700.00</b>

**Detail Information of Interest Income**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
<b>Interest Income</b>						
BANK INTEREST		\$	175.00	\$	0.00	\$ 175.00
FAKE MTG 6.25% 16	3133FXXXX	\$	300.00	\$	0.00	\$ 300.00
MADE UP CORP 8.75%12	12000XXXX	\$	850.00	\$	0.00	\$ 850.00
SAMPLE INTEREST		\$	75.00	\$	0.00	\$ 75.00
<b>Total Interest Income (Included in Box 1)</b>		<b>\$</b>	<b>1,400.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 1,400.00</b>
<b>Accrued Interest Income from Sale</b>						
EXAMPLE FIN CO 6.25%23	44181XXXX	\$	200.00	\$	0.00	\$ 200.00
ZZZ CORP 9.625%12	88160XXXX	\$	460.00	\$	0.00	\$ 460.00
<b>Total Accrued Interest Income from Sale (Included in Box 1)</b>		<b>\$</b>	<b>660.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 660.00</b>
<b>Total Interest Income (Box 1)</b>		<b>\$</b>	<b>2,060.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 2,060.00</b>

Date Prepared: January 11, 2012

**Detail Information of Interest Income (continued)**

Description	CUSIP Number	Paid in 2011	Paid/Adjusted in 2012 for 2011	Amount
<b>Interest on U.S. Savings Bonds and Treasury Obligations</b>				
US TREAS BOND 8.75%12	3257AXXX	\$ 100.00	\$ 0.00	\$ 100.00
US TREAS BOND 8.75%13	3257AXXX	\$ 240.00	\$ (30.00)	\$ 210.00
US TREAS BOND 8.75%14	3257AXXX	\$ 240.00	\$ 0.00	\$ 240.00
<b>Total U.S. Savings Bonds &amp; Treasury Obligations Interest (Included in Box 3)</b>		<b>\$ 580.00</b>	<b>\$ (30.00)</b>	<b>\$ 550.00</b>
<b>Accrued Interest from Sale of Treasury Obligations</b>				
US TREASURY NOTE 5%12	3257AXXX	\$ 50.00	\$ 0.00	\$ 50.00
US TREASURY NOTE 5%13	3257AXXX	\$ 100.00	\$ 0.00	\$ 100.00
<b>Total Accrued Interest from Sale of Treasury Obligations (Included in Box 3)</b>		<b>\$ 150.00</b>	<b>\$ 0.00</b>	<b>\$ 150.00</b>
<b>Total Interest on U.S. Savings Bonds and Treasury Obligations (Box 3)</b>		<b>\$ 730.00</b>	<b>\$ (30.00)</b>	<b>\$ 700.00</b>
<b>Federal Income Tax Withheld</b>				
SAMPLE INTEREST		\$ (65.00)	\$ 0.00	\$ (65.00)
<b>Total Federal Income Tax Withheld (Box 4)</b>		<b>\$ (65.00)</b>	<b>\$ 0.00</b>	<b>\$ (65.00)</b>
<b>Investment Expenses</b>				
MADE UP CORP 8.75%12	12000XXX	\$ (85.00)	\$ 0.00	\$ (85.00)
<b>Total Investment Expenses (Box 5)</b>		<b>\$ (85.00)</b>	<b>\$ 0.00</b>	<b>\$ (85.00)</b>
<b>Foreign Tax Paid</b>				
	<b>Country</b>			
MADE UP CORP 8.75%12	Canada	\$ (100.00)	\$ 0.00	\$ (100.00)
<b>Total Foreign Tax Paid (Box 6)</b>		<b>\$ (100.00)</b>	<b>\$ 0.00</b>	<b>\$ (100.00)</b>

Date Prepared: January 11, 2012

**Detail Information of Interest Income (continued)**

Description	CUSIP Number	Paid in 2011	Paid/Adjusted in 2012 for 2011	Amount
<b>Tax-Exempt Interest</b>				
ANY STATE REV BOND	12345678A	\$ 50.00	\$ 0.00	\$ 50.00
ANY TAX-EXEMPT BOND FUND	12345678B	\$ 75.00	\$ 0.00	\$ 75.00
<b>Total Tax-Exempt Interest (Included in Box 8)</b>		<b>\$ 125.00</b>	<b>\$ 0.00</b>	<b>\$ 125.00</b>
<b>Tax-Exempt Dividends</b>				
ZZZ CA QLTY INCM	67098XXXX	\$ 100.00	\$ 0.00	\$ 100.00
ZZZ NV QLTY INCM	28545XXXX	\$ 200.00	\$ 0.00	\$ 200.00
<b>Total Tax-Exempt Dividends (Included in Box 8)</b>		<b>\$ 300.00</b>	<b>\$ 0.00</b>	<b>\$ 300.00</b>
<b>Total Tax-Exempt Interest (Box 8) (Tax-Exempt Interest and Tax-Exempt Dividends)</b>		<b>\$ 425.00</b>	<b>\$ 0.00</b>	<b>\$ 425.00</b>
<b>Specified Private Activity Bond Interest (Amount subject to Alternative Minimum Tax already included in Box 8)</b>				
<b>Tax-Exempt Interest</b>				
ANY STATE REV BOND	12345678A	\$ 50.00	\$ 0.00	\$ 50.00
ANY TAX-EXEMPT BOND FUND	12345678B	\$ 75.00	\$ 0.00	\$ 75.00
<b>Total Tax-Exempt Interest (Box 9 and included in Box 8)</b>		<b>\$ 125.00</b>	<b>\$ 0.00</b>	<b>\$ 125.00</b>
<b>Tax-Exempt Dividends</b>				
ZZZ CA QLTY INCM	67098XXXX	\$ 50.00	\$ 0.00	\$ 50.00
ZZZ NV QLTY INCM	28545XXXX	\$ 50.00	\$ 0.00	\$ 50.00
<b>Total Tax-Exempt Dividends (Box 9 and included in Box 8)</b>		<b>\$ 100.00</b>	<b>\$ 0.00</b>	<b>\$ 100.00</b>
<b>Total Specified Private Activity Bond Interest (Box 9)</b>		<b>\$ 225.00</b>	<b>\$ 0.00</b>	<b>\$ 225.00</b>

**Accrued Interest Paid on Purchases**

Description	CUSIP Number	Paid in 2011	Paid/Adjusted in 2012 for 2011	Amount
A FALSE CORP 9.375%16	54215XXXX	\$ (250.00)	\$ 0.00	\$ (250.00)
<b>Total Accrued Interest Paid on Purchases</b>		<b>\$ (250.00)</b>	<b>\$ 0.00</b>	<b>\$ (250.00)</b>

**REALIZED GAIN OR (LOSS)**

Date Prepared: January 11, 2012

The information in the following sections include all your realized gain or (loss) transactions during the tax year. They may be helpful for, but not limited to, Schedule D. Please consult with your tax advisor or financial advisor regarding specific questions.

**Short-Term Realized Gain or (Loss)**

**COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)**

Description	CUSIP Number	Quantity/Par	Date of Acquisition	Date of Sale	Total Proceeds	Cost Basis	Wash Sale Loss Disallowed	Realized Gain or (Loss)
123 CORPORATION	00108XXXX	100.00	01/21/11	04/26/11	\$ 6,172.55	\$ 5,172.55	\$ 500.00 <sup>w</sup>	\$ 500.00
123 CORPORATION	00108XXXX	400.00	08/22/11	12/26/11	\$ 24,690.20	\$ 14,690.20	\$ 0.00	\$ 10,000.00
<b>Security Subtotal</b>					<b>\$ 30,862.75</b>	<b>\$ 19,862.75</b>	<b>\$ 0.00</b>	<b>\$ 10,500.00</b>
CALL ANY OLD CORP	XXXXXXXXXA	10.00	02/21/11	03/21/11	\$ 0.00	\$ 1,030.50	\$ 0.00	\$ (1,030.50)
<b>Security Subtotal</b>					<b>\$ 0.00</b>	<b>\$ 1,030.50</b>	<b>\$ 0.00</b>	<b>\$ (1,030.50)</b>
MORTGAGE BACKED SECURITY	90000XXXX	4000.00	01/02/11	03/25/11	\$ 1,215.67	\$ 215.67	\$ 0.00	\$ 1,000.00
<b>Security Subtotal</b>					<b>\$ 1,215.67</b>	<b>\$ 215.67</b>	<b>\$ 0.00</b>	<b>\$ 1,000.00</b>
<b>Total Short-Term</b>					<b>\$ 32,078.42</b>	<b>\$ 21,108.92</b>	<b>\$ 500.00</b>	<b>\$ 10,469.50</b>

**Long-Term Realized Gain or (Loss)**

**COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)**

Description	CUSIP Number	Quantity/Par	Date of Acquisition	Date of Sale	Total Proceeds	Cost Basis Adjusted	Wash Sale Loss Disallowed	Realized Gain or (Loss) Adjusted
ANY MORTGAGE	12345XXXX	240000.00	11/30/07	11/07/11	\$ 21,500.00	\$ 22,000.00	\$ 0.00	\$ (500.00)
						\$ 23,000.00		\$ (1,500.00) <sup>b</sup>
<b>Security Subtotal</b>					<b>\$ 21,500.00</b>	<b>\$ 22,000.00</b>	<b>\$ 0.00</b>	<b>\$ (500.00)</b>
						\$ 23,000.00		\$ (1,500.00) <sup>b</sup>
SAMPLE COMPANY	65332XXXX	400.00	--	08/17/11	\$ 338.52	Cost Basis is not provided		
<b>Security Subtotal</b>					<b>\$ 338.52</b>	<b>--</b>	<b>--</b>	<b>--</b>
SAMPLE NATIONAL	58064XXXX	50.00	06/30/08	06/09/11	\$ (0.03)	\$ 2,250.00	\$ 0.00	\$ (2,249.97)
<b>Security Subtotal</b>					<b>\$ (0.03)</b>	<b>\$ 2,250.00</b>	<b>\$ 0.00</b>	<b>\$ (2,249.97)</b>

Please see the "Endnotes for Your Realized Gain or (Loss)" for an explanation of the codes and symbols in this Realized Gain or (Loss) section.

Date Prepared: January 11, 2012

**Long-Term Realized Gain or (Loss) (continued)**

**COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)**

Description	CUSIP Number	Quantity/Par	Date of Acquisition	Date of Sale	Total Proceeds	Cost Basis Adjusted	Wash Sale Loss Disallowed	Realized Gain or (Loss) Adjusted
SAMPLE MUT FUND	77000XXXX	100.00	Multiple	12/31/11	\$ 1,200.00	\$ 1,000.00	\$ 0.00	\$ (200.00)
<b>Security Subtotal</b>					<b>\$ 1,200.00</b>	<b>\$ 1,000.00</b>	<b>\$ 0.00</b>	<b>\$ (200.00)</b>
XXX SECURITY XXX	91913XXXX	0.85	03/01/10	03/25/11	\$ 19.97	Missing	\$ 0.00	--
<b>Security Subtotal</b>					<b>\$ 19.97</b>	<b>--</b>	<b>\$ 0.00</b>	<b>--</b>
<b>Total Long-Term</b>					<b>\$ 23,058.46</b>	<b>\$ 25,250.00<sup>i</sup></b>	<b>\$ 0.00</b>	<b>\$ (2,949.97)<sup>i</sup></b>
						<b>\$ 26,250.00<sup>i</sup></b>	<b>\$ 0.00</b>	<b>\$ (3,949.97)<sup>bi</sup></b>

**Total Realized Gain or (Loss)**

**COST BASIS METHOD: Mutual Funds: Average; All Other Investments: First In First Out (FIFO)**

Description	Total Proceeds	Cost Basis Adjusted	Wash Sale Loss Disallowed	Realized Gain or (Loss) Adjusted
<b>Total Short-Term Realized Gain or (Loss)</b>	<b>\$ 32,078.42</b>	<b>\$ 21,108.92</b>	<b>\$ 500.00</b>	<b>\$ 10,469.50</b>
<b>Total Long-Term Realized Gain or (Loss)</b>	<b>\$ 23,058.46</b>	<b>\$ 25,250.00<sup>i</sup></b>	<b>\$ 0.00</b>	<b>\$ (2,949.97)</b>
		<b>\$ 26,250.00<sup>i</sup></b>		<b>\$ (3,949.97)<sup>bi</sup></b>
<b>Total Realized Gain or (Loss)</b>	<b>\$ 55,136.88</b>	<b>\$ 46,358.92<sup>i</sup></b>	<b>\$ 500.00</b>	<b>\$ 8,277.96<sup>i</sup></b>
		<b>\$ 47,358.92<sup>i</sup></b>		<b>\$ 7,277.96<sup>bi</sup></b>

Schwab has provided realized gain and loss information whenever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. For explanation of Cost Basis Method, please refer to Cost Basis Disclosure. See Terms and Conditions.

When value for the report is unavailable, it is noted as follows: "Missing" or "--"

-- Schwab is not providing Cost Basis on this security type.

**Missing** Cost Basis may be missing due to one of the following reasons:

- Cost basis data may not be available for a number of reasons (for example, the security was purchased outside of Schwab and we did not receive cost basis from the transferring firm).
- The security was purchased more than 10 years ago.

Please see the "Endnotes for Your Realized Gain or (Loss)" for an explanation of the codes and symbols in this Realized Gain or (Loss) section.

Date Prepared: January 11, 2012

## Endnotes for Your Realized Gain or (Loss)

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Symbol	Endnote Legend
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- |          |  |
|----------|--|
| <b>b</b> | When available, Adjusted Cost Basis values are used in Gain or (Loss) calculations.  |
| <b>i</b> | Value includes incomplete cost basis.  |
| <b>w</b> | A loss has been disallowed because of application of the wash sale rules, and the basis of reacquired shares has been increased by the loss disallowed on the wash sale. |

SAMPLE

**OPTIONS ACTIVITY**

Date Prepared: January 11, 2012

The information in the following sections may be helpful for, but not limited to, Schedule D. Please consult with your tax advisor or financial advisor regarding specific questions.

**Investment Activity for Options—2011**

Description	Activity	Quantity	Trade Date	Settle Date	Price	Net Amount
CALL ANY OLD CORP \$20 EXP 06/18/11	SALE	1.00	05/15/11	05/16/11	0.5000 \$	50.00
CALL ANY OLD CORP \$20 EXP 06/18/11	ASSIGNED	1.00	06/15/11		0.0000 \$	0.00
<b>Security Subtotal</b>						<b>\$ 50.00</b>
CALL ANY OLD CORP \$35 EXP 03/21/11	BUY	10.00	02/21/11	02/22/11	1.0500 \$	1,050.50
CALL ANY OLD CORP \$35 EXP 03/21/11	EXPIRED	10.00	03/21/11		0.0000 \$	0.00
<b>Security Subtotal</b>						<b>\$ 1,050.50</b>
<b>Total Purchases/Adjustments—Options</b>						<b>\$ 0.00</b>
<b>Total Proceeds/Adjustments—Options</b>						<b>\$ 1,050.50</b>

SAMPLE

## SUMMARY OF FEES & EXPENSES

Date Prepared: January 11, 2012

The information in the following sections may be helpful for, but not limited to, calculating your itemized deductions for Schedule A. Please consult with your tax advisor or financial advisor regarding specific questions.

### Fees—2011

Description	Amount
ADVISED FEES	\$ 5,940.48
ADVISOR FEES	\$ 1,500.00
<b>Total of Fees—2011</b>	<b>\$ 7,440.48</b>

### Margin Interest

Description	Amount
<b>Total Margin Interest Charged</b>	<b>\$ (515.00)</b>

### UIT Organizational Expense

Description	CUSIP Number	Amount
ABC SECS DEFINED	18384XXXX	\$ (15.00)
EXAMPLE UNIT 999	30214XXXX	\$ (25.00)
<b>Total UIT Organizational Expense</b>		<b>\$ (40.00)</b>

**WIDELY HELD FIXED INVESTMENT TRUSTS (WHFIT) REPORTING**

Date Prepared: January 11, 2012

**Unit Investment Trusts**

Description	CUSIP Number	Date	Cost Basis Factor
GOVERNMENT SEC 13	123456789	01/01/11	0.123456789
GOVERNMENT SEC 13	123456789	02/01/11	0.014734100
GOVERNMENT SEC 13	123456789	03/01/11	0.014734100
GOVERNMENT SEC 13	123456789	04/01/11	0.014734100
GOVERNMENT SEC 13	123456789	05/01/11	0.014734100
GOVERNMENT SEC 13	123456789	06/01/11	0.014734100
GOVERNMENT SEC 13	123456789	07/01/11	0.014734100
GOVERNMENT SEC 13	123456789	08/01/11	0.014734100
GOVERNMENT SEC 13	123456789	09/01/11	0.014734100
GOVERNMENT SEC 13	123456789	10/11/11	0.014734100
GOVERNMENT SEC 13	123456789	11/11/11	0.014734100
GOVERNMENT SEC 13	123456789	12/31/11	0.014734100
SCHWAB TEN TRUST	234567890	11/22/11	0.581234560

**Widely Held Mortgage Trusts**

Description	CUSIP Number	Quantity	Date	Principal Factor per \$1,000	Market Discount Factor
ABC MORTGAGE	123456XYZ	123,456,789.00	01/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	02/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	03/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	04/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	05/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	06/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	07/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	08/01/11	123456789.12345	0.01234567
ABC MORTGAGE	123456XYZ	123,456,789.00	09/01/11	123456789.12345	0.01234567

Date Prepared: January 11, 2012

### Non-Mortgage Widely Held Fixed Investment Trusts

Description	CUSIP Number	Quantity	Date	Principal Factor per \$1,000	Market Discount Factor
ABC COMPANY	123456XYA	123,456,789.00	11/01/11	123456789.12345	0.01234567
ABC COMPANY	123456XYA	123,456,789.00	12/01/11	123456789.12345	0.01234567
EFG COMPANY	223456XYA	123,456,789.00	11/01/11	123456789.12345	0.01234567
EFG COMPANY	223456XYA	123,456,789.00	12/01/11	123456789.12345	0.01234567

### Section 1231 Gain

Description	CUSIP Number	Amount
GOVERNMENT SEC 1	54515XXXX	\$ 3,189.42
GOVERNMENT SEC 2	61288XXXX	\$ 2,751.06
<b>Total Section 1231 Gain</b>		<b>\$ 5,940.48</b>

### Addition to Basis

Description	CUSIP Number	Amount
GOVERNMENT SEC 1	54515XXXX	\$ (3,189.42)
GOVERNMENT SEC 2	61288XXXX	\$ (2,751.06)
<b>Total Addition to Basis</b>		<b>\$ (40.00)</b>

### Reduction to Basis

Description	CUSIP Number	Amount
GOVERNMENT SEC 1	54515XXXX	\$ 3,189.42
GOVERNMENT SEC 2	61288XXXX	\$ 2,751.06
<b>Total Reduction to Basis</b>		<b>\$ 5,940.48</b>

Date Prepared: January 11, 2012

### Tax Exempt Interest Investment Expense

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Tax Exempt Interest Investment Expense</b>			<b>\$ (40.00)</b>

### Generic Expense (Subject to 2% AGI Limit)

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Generic Expense (Subject to 2% AGI Limit)</b>			<b>\$ (40.00)</b>

### Generic Expense (Not Subject to 2% AGI Limit)

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Generic Expense (Not Subject to 2% AGI Limit)</b>			<b>\$ (40.00)</b>

### Investment Interest Expense

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Investment Interest Expense</b>			<b>\$ (40.00)</b>

Date Prepared: January 11, 2012

### Gross Proceeds Investment Expense

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Gross Proceeds Investment Expense</b>			<b>\$ (40.00)</b>

### Severance Tax

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Severance Tax</b>			<b>\$ (40.00)</b>

### Administrative Expense

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	(15.00)
GOVERNMENT SEC 2	61288XXXX	\$	(25.00)
<b>Total Administrative Expense</b>			<b>\$ (40.00)</b>

### WHFIT Miscellaneous Income

Description	CUSIP Number		Amount
GOVERNMENT SEC 1	54515XXXX	\$	15.00
GOVERNMENT SEC 2	61288XXXX	\$	25.00
<b>Total WHFIT Miscellaneous Income</b>			<b>\$ 40.00</b>

**AMORTIZATION AND ACCRETION REPORTING FOR FIXED INCOME**

Date Prepared: January 11, 2012

**Amortization and Accretion**

Description	CUSIP Number	Quantity/Par	Acquired/Opened		Adjusted Cost Basis	Premium Amortization/ Discount Accretion Year to Date
<b>Corporate Notes and Bonds</b>						
FAKE CORPORATE NOTE 5.000% DUE 12/12	89233XXXX	350.00	12/31/04	\$	351,750.00	\$ (18.94)
FAKE CORPORATE BOND 5.000% DUE 12/13	93114XXXX	400,000.00	12/31/03	\$	456,000.00	\$ (4,446.97)
FAKE CORPORATE BOND 5.000% DUE 12/13	93114XXXX	1,250,000.00	12/31/04	\$	1,358,594.00	\$ (1,449.21)
<b>Total</b>						<b>\$ (5,915.12)</b>
<b>Corporate Variable Rate Notes and Bonds</b>						
FLOATER BOND DUE 11/21	02508XXXX	2,000,000.00	08/12/04	\$	1,992,500.00	--
VARIABLE BOND DUE 11/22	06605XXXX	1,500,000.00	06/14/07	\$	1,500,000.00	--
VARIABLE SENIOR NOTES DUE 11/12	94974XXXX	1,000,000.00	01/30/07	\$	992,500.00	--
<b>Total</b>						<b>--</b>
<b>Municipal Notes and Bonds</b>						
ANY STATE BOND DUE 12/22	02508XXXX	250,000.00	12/31/10	\$	241,800.00	\$ 229.03
ANY COUNTY NOTE DUE 11/13	79769XXXX	250,000.00	12/31/10	\$	235,925.00	\$ 1,049.97
<b>Total</b>						<b>\$ 1,279.00</b>
<b>U.S. Treasury Notes and Bonds</b>						
US TREASURY NOTE 8.000% DUE 02/20	91282XXXX	500,000.00	12/31/10	\$	577,500.00	\$ ( 7,713.41)
US TREASURY NOTE 8.000% DUE 02/20	91282XXXX	1,000,000.00	12/31/10	\$	1,147,500.00	\$ (14,693.27)
US TREASURY BOND 8.000% DUE 12/17	91281XXXX	750,000.00	12/31/10	\$	781,172.00	\$ ( 1,002.90)
US TREASURY BOND 8.000% DUE 12/17	91281XXXX	500,000.00	12/31/10	\$	520,781.00	\$ (668.60)
US TREASURY BOND 8.000% DUE 12/17	91281XXXX	250,000.00	12/31/10	\$	245,925.00	\$ 127.65
US TREASURY BOND 8.000% DUE 12/17	91281XXXX	250,000.00	01/05/11	\$	254,687.00	\$ (168.32)
<b>Total</b>						<b>\$ ( 24,118.85)</b>

**SUPPLEMENTAL INFORMATION**

Date Prepared: January 11, 2012

**Partnership Distributions**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
EXAMPLE LP	25865XXXX	\$	450.00	\$	150.00	\$ 600.00
XYZ PARTNERSHIP	45675XXXX	\$	250.00	\$	0.00	\$ 250.00
<b>Total Partnership Distributions</b>		<b>\$</b>	<b>700.00</b>	<b>\$</b>	<b>150.00</b>	<b>\$ 850.00</b>

**Principal Payments**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
SAMPLE INC 10%10"IN DEFAULT"DUE 02/15/10EFF	74437XXXX				\$	750.00
ZZZ FDG CO FLT 2011CO GUARANT DUE 12/17/10	58962XXXX				\$	150.00
<b>Total Principal Payments (not included in 1099-B)</b>					<b>\$</b>	<b>900.00</b>

**Detail Information of Miscellaneous Income**

Description	CUSIP Number	Paid in 2011		Paid/Adjusted in 2012 for 2011		Amount
<b>Royalties</b>						
FAKE ROYALTY TRUST	22757XXXX	\$	555.00	\$	0.00	\$ 555.00
SAMPLE ENERGY DEP UTS	80201XXXX	\$	600.00	\$	0.00	\$ 600.00
<b>Total Royalties (Box 2)</b>		<b>\$</b>	<b>1,155.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 1,155.00</b>
<b>Federal Income Tax Withheld</b>						
SAMPLE ENERGY DEP UTS	80201XXXX	\$	(15.00)	\$	0.00	(15.00)
<b>Total Federal Income Tax Withheld (Box 4)</b>		<b>\$</b>	<b>(15.00)</b>	<b>\$</b>	<b>0.00</b>	<b>(15.00)</b>
<b>Substitute Payments in Lieu of Dividends or Interest</b>						
123 LOW PRICED STOCK	19829XXXX	\$	540.00	\$	0.00	\$ 540.00
MADE UP REAL ESTATE	78090XXXX	\$	270.00	\$	0.00	\$ 270.00
<b>Total Substitute Payment in Lieu of Dividends or Interest (Box 8)</b>		<b>\$</b>	<b>810.00</b>	<b>\$</b>	<b>0.00</b>	<b>\$ 810.00</b>

Date Prepared: January 11, 2012

### Municipal Bond Original Issue Discount

Description	CUSIP Number	OID Subject to Alt. Minimum Tax	OID Not Subject to Alt. Minimum Tax	Amount
ANYWHERE CNTY CA 0%14	54515XXXX	\$ 3,189.42	\$	3,189.42
NO WHERE CALIF UN 0%16	61228XXXX		\$ 2,751.06	2,751.06
<b>Total Municipal Original Issue Discount</b>			<b>\$</b>	<b>5,940.48</b>

### Specified Private Activity Bond Interest

This section is provided to you as additional tax reporting information that may be useful in Alternative Minimum Tax Form 6251 Individuals and Form 1041 Schedule I Estates and Trusts.

Description	CUSIP Number	Amount
ANYWHERE CNTY CA 0%14	54515XXXX	\$ 3,189.42
<b>Total Specified Private Activity Bond Interest</b>		<b>\$ 3,189.42</b>

### Negative Original Issue Discount

Description	CUSIP Number	Amount
A FAKE CAP 11.6% PXXX	86794XXXX	\$ (15.00)
STRIP OXXX	91283XXXX	(25.00)
<b>Total Negative Original Issue Discount</b>		<b>\$ (40.00)</b>

Date Prepared: January 11, 2012

### Contract Fees

If applicable, a separate 1099-MISC Form will be mailed to you.

Description	CUSIP Number		Amount
ABC SECS DEFINED	18384XXXX	\$	60.00
EXAMPLE UNIT 999	30214XXXX	\$	150.00
<b>Total Contract Fees</b>		<b>\$</b>	<b>210.00</b>

### Option Premiums

Please note: Option premiums in this section cover equity units with option contracts. (They are not option premiums received on a regular option contract.)

Description	CUSIP Number		Amount
ABC SECS DEFINED	18384XXXX	\$	60.00
EXAMPLE UNIT 999	30214XXXX	\$	150.00
<b>Total Option Premiums</b>		<b>\$</b>	<b>210.00</b>

SAMPLE

## COST BASIS DISCLOSURE

Date Prepared: January 11, 2012

### Changes to Cost Basis Reporting Requirements

Starting with the 2011 tax year, Charles Schwab & Co. will be required to report adjusted cost basis and gain/loss details to you and the IRS on your Form 1099-B for covered securities in your taxable brokerage accounts that you sell and that are covered by the new Emergency Economic Stabilization Act regulations. In the event of transfers of securities, we are also required to report adjusted cost basis information to other custodians for covered securities transferred to them.

Schwab will treat securities as covered when they are acquired on or after the following effective dates:

- January 1, 2011 for stocks and other equities
- January 1, 2012 for mutual funds, ETFs, and Dividend Reinvestment Plan ("DRIP") shares
- January 1, 2013 for other securities (e.g, fixed income and options)

Because these new reporting requirements could impact the cost basis used to compute your taxable gains and losses, it's important to understand when and how they will apply to you. The information in this document is intended as informational only and is not individualized tax advice. Schwab does not provide tax advice and encourages you to consult with your tax professional to understand how the new reporting requirements will affect you and your tax situation.

### What Does This Mean for You

1. When you sell covered securities, as described above, Schwab will be required to report details about your gain or loss to you and the IRS on Form 1099-B. You will continue to be responsible for reporting all cost basis information for both covered and uncovered securities to the IRS on your tax returns.
2. Unless you've indicated otherwise, Schwab will calculate your gains and losses using the IRS default cost basis method of Average Cost for mutual funds and FIFO (First In, First Out) for all other securities. It is your responsibility to choose the cost basis method appropriate to your tax situation. See "Cost Basis Methods" for the methods offered by Schwab.
3. When you sell a security, the cost basis method used to calculate your gain or loss cannot be changed after your trade settles. So it's important to consider the tax implications at the time of trade.

### What is Cost Basis?

Cost basis is the original purchase price you paid for a security plus commissions and any fees. Adjusted cost basis includes any other adjustments to the price. Adjusted cost basis also includes any adjustments due to wash sales, amortization, accretion, and corporate actions.

Your realized gain/loss on a security is determined by subtracting the adjusted cost basis from the sales proceeds in an account less commissions and fees.

For covered securities that were not both purchased and sold at Schwab, Schwab calculates cost basis using data that you have provided to us or that we have obtained from third-party sources such as your prior custodian or another third-party source. Because the accuracy of cost basis data depends upon these third-party inputs, we are not able to guarantee the availability, accuracy, or completeness

of such cost basis data on transactions that did not occur at Schwab. If we are not provided with adequate information to report cost basis data for covered securities that were not both purchased and sold at Schwab, those securities will be considered uncovered and the cost basis will not be reported to the IRS even if acquired after the effective date.

### Cost Basis Methods

It is your responsibility to choose the cost basis method appropriate to your tax situation. Failure to select the proper cost basis method may cause you to pay more tax than necessary. Schwab does not provide tax advice and encourages you to consult with your tax professional regarding this decision.

To view and change your default cost basis method on your brokerage account, go to the Service tab on schwab.com, then the Cost Basis Method page in Account Settings. You can also make a change by calling 800-435-4000. If your account is managed by an investment advisor, please call your advisor to make a change

### Default Cost Basis Methods

We apply the IRS default method of Average Cost for your mutual funds and the default method of FIFO (First In, First Out) to all other securities unless you inform us of a preferred method.

FIFO	Shares you acquired first are sold first
Average Cost	Cost is derived by dividing the total dollar amount invested in a particular fund position by the number of shares held prior to the trade date. Shares are removed in FIFO order.

### Cost Basis Methods Offered by Schwab:

You may select a different cost basis method for your brokerage account other than the default methods described above. The following cost basis methods are offered by Schwab:

FIFO (First In, First Out)	Shares you acquired first are sold first
LIFO (Last In, First Out)	Shares you acquired last are sold first
HCOST (High Cost)	Shares with the highest cost are sold first
LCOST (Low Cost)	Shares with lowest cost are sold first

**Tax Lot Optimizer™:** Lots are selected and sold with the objective of taking losses first (short-term then long-term) and gains last (long-term then short-term). Lots are sold in this order:

Short Term Losses	Lots that reflect a short term loss are sold first, beginning with lots that generate the greatest short term loss down to the least short term loss
Long Term Losses	Lots that reflect a long term loss are sold, beginning with lots that generate the greatest long term loss down to the least long term loss
Short Term No Gains or Losses	Short term lots that reflect no gain or loss
Long Term No Gains or Losses	Long term lots that reflect no gain or loss

**COST BASIS DISCLOSURE (continued)**

Date Prepared: January 11, 2012

Long Term Gains	Lots that reflect a long term gain, beginning with lots that generate the least long term gain up to the greatest long term gain
Short Term Gains	Lots that reflect a short term gain, beginning with lots that generate the least short term gain up to the greatest short term gain
Average Cost (mutual funds only)	Cost is derived by dividing the total dollar amount invested in a particular fund position by the number of shares held prior to the trade date. Shares are removed in FIFO order.
Specific Identification	The IRS allows taxpayers to identify specific lots to be sold. Such identification must be made with the broker at the time of trade and no later than close of business on the day the trade settles.

The cost basis method used to determine the gain/loss of a trade cannot be changed after the trade settles. If Schwab does not receive a specific instruction by the end of settlement date, we will use the current cost basis method you have selected for your account or the default cost basis method if you have made no alternate selection to calculate the gain/loss that is reported to you and the IRS at the end of year.

The Internal Revenue Service does not recognize LIFO, HCOST, LCOST and Tax Lot Optimizer as accounting methods, but it does recognize standing instructions to sell lots as adequate identification for reporting gains/losses.

**Cost Basis Adjustments**

Cost basis is generally based on your purchase price plus commissions and any fees; however the original cost basis may be subject to adjustments that increase or decrease your basis.

Schwab will adjust the cost basis of securities in your brokerage account in the following circumstances:

**Wash Sales:** If you sell shares at a loss and buy additional shares in the same security 30 days before or after that date (61-day range), you may not claim the loss on your tax return until you sell the new shares. If a wash sale occurs, the loss is disallowed for federal income tax purposes but may be added to the cost basis of the purchased shares. Schwab will adjust the cost basis and holding period of shares when a wash sale occurs within an account as a result of a purchase of an identical security with the same CUSIP. It's important to note that the wash sale reporting requirements for you as a taxpayer are different and broader than the reporting requirements for Schwab. For more details on your wash sale reporting requirements, please see IRS publication 550 or speak with you tax professional.

**Corporate Actions:** In some instances corporate actions can affect cost basis of your securities. Regulations require issuers to provide statements describing the effects of a corporate action on the cost basis of a security. Schwab will adjust cost basis for corporate actions based on the information provided in the issuer statement.

**Return of Capital Payments:** Cost basis will be reduced for any return of capital (principal) distributions.

**Option Adjustments:** Schwab will adjust the cost basis or realized gain/loss (proceeds) of the underlying security for option assignments and exercises (by factoring the premium paid or received).

**Inheritance:** Schwab will adjust the cost basis of securities that have been inherited based on the fair market value on the date of death unless alternate instructions are received from an authorized representative of the estate.

**Gifts:** Shares will be gifted based on your default cost basis method unless otherwise specified with a given purchase date and cost prior to the gift transfer. Schwab will track the fair market value and gift date in addition to the donor's adjusted cost basis and will apply IRS gift rules at the time of sale to determine gain or loss.

You will still be required to track and make adjustments to your securities as it is possible that you could have other situations that require cost basis adjustments that Schwab is not required to report.

Please Note: This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. Where specific advice is necessary or appropriate, Schwab recommends consulting with a qualified tax advisor, CPA, financial planner or investment manager. Independent investment advisors are not owned by, affiliated with, or supervised by Schwab.

Foreign Investors should note that the information provided is from a U.S. tax perspective. The information provided may or may not have relevance in other jurisdictions.

**Contact Us**

If you have any questions or need more information about the cost basis methods or terminology in this Disclosure Statement, please call us at 1-800-435-4000. If your account is managed by an investment advisor, please call Schwab Alliance at 1-800-515-2157.

## TERMS AND CONDITIONS

Date Prepared: January 11, 2012

### GENERAL INFORMATION

#### Form 1099-Composite

For U.S. taxpayers, the information reported to you on Form 1099 is given to the Internal Revenue Service (IRS). Form 1099-Composite is comprised of the following substitute forms: 1099-DIV, 1099-INT, 1099-MISC, 1099-OID, and 1099-B. The form(s) you receive in Form 1099 Composite depends on the income reportable to the IRS.

#### Year-End Summary

The information in the Year-End Summary is provided to you as a courtesy, should you need additional information when completing your tax return. When relevant, IRS box numbers are referenced to indicate individual items that make up the totals appearing on your Form(s) 1099. With the exception of the IRS box numbers referenced, Charles Schwab does not provide the details of the Year-End Summary to the IRS.

We recommend that all customers consult their investment and tax advisors prior to using this information.

#### Corrected Form 1099 and Year-End Summary

We are required to send you a corrected form with the revisions clearly highlighted when we receive updates or revisions to information contained in the form. This generally occurs if one or more of the issuers of the securities in your account reallocated certain income distribution (e.g., dividends or capital gains) after we mailed your original Form 1099. As a result, the supplemental information in Year-End Summary may be updated.

Upon receiving the corrected form, you may want to consider filing an amended return based on the changes in your taxable income as reported on your corrected Form 1099. We suggest that you consult with a qualified tax advisor, CPA, financial planner, or investment manager before you proceed.

#### Duplicate Form 1099 and Year-End Summary

If you request a duplicate Form 1099, please be aware that Schwab uses the most up-to-date information available at the time of the production. Thus, your duplicate Form 1099 and Year-End Summary may have more up-to-date information than the original Form 1099—please note that information mandated by the IRS is not updated for the duplicate form.

#### Realized Gain or (Loss) in Year-End Summary

Realized Gain or (Loss) section provide information for all your realized gain or (loss) transactions during the tax year. It contains all transactions included in the Form 1099-B as well as transactions that are not reported on Form 1099B (for example: sales and expirations of option activities, cash in lieu under \$20, negative or zero proceed sales, bankruptcy, and worthless securities). This supplemental information is believed to be accurate as of the date the data was compiled but they may not be updated for any corrections after the data was initially compiled.

**IN CASE OF QUESTIONS:** If you have questions about this report or about specific Schwab accounts or Schwab One® transactions (other than wire transfers or check transactions), contact Schwab at 1-800-435-4000. If you have a complaint regarding your Schwab statement or our products or services, please write to the Client Advocacy Team at Charles Schwab & Co., Inc., Attention: Client Advocacy Team, 211 Main St., San Francisco, CA 94105. Outside of the U.S., call +1-415-667-5009.