

**SCOTTRADE INC**  
 PO BOX 31759  
 ST. LOUIS, MO 63131-0759

**Tax Information**  
**Account 72628598**

ANDREW SHARP  
 212 THOMPSON SQ  
 MOUNTAIN VIEW, CA 94043-4219

**Statement Date: 02/15/2013**

**2012**

PAYER'S Federal ID No: 86-0381976

RECIPIENT'S ID No: XXX-XX-1490

**Dividends and Distributions**

**2012 1099-DIV\***  
 OMB No. 1545-0110

- 1a- Total ordinary dividends (includes line 1b) 64.61
- 1b- Qualified dividends 64.61
- 2a- Total capital gain distributions (includes lines 2b, 2c, 2d) 0.00
- 2b- Unrecaptured section 1250 gain 0.00
- 2c- Section 1202 gain 0.00
- 2d- Collectibles (28%) gain 0.00
- 3- Nondividend distributions 0.00
- 4- Federal income tax withheld 0.00**
- 5- Investment expenses 0.00
- 6- Foreign tax paid 0.00
- 7- Foreign country or US possession 0.00
- 8- Cash liquidation distributions 0.00
- 9- Noncash liquidation distributions 0.00
- 10- Exempt-interest dividends (includes line 11) 0.00
- 11- Specified private activity bond interest dividends (AMT) 0.00
- 12- State: 13- State ID number: 0.00
- 14- State tax withheld 0.00

**Regulated Futures Contracts**

**2012 1099-B\***  
 OMB No. 1545-0715

- 9- Profit (loss) realized in 2012-closed contracts 0.00
- 10- Unrealized profit (loss)-open contracts 12/31/2011 0.00
- 11- Unrealized profit (loss)-open contracts 12/31/2012 0.00
- 12- Aggregate profit (loss) on contracts 0.00

**Interest Income**

**2012 1099-INT\***  
 OMB No. 1545-0112

- 1- Interest income (not included in line 3) 0.49
- 2- Early withdrawal penalty 0.00
- 3- Interest on US Savings Bonds & 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 US possession 0.00
- 8- Tax-exempt interest (includes line 9) 0.00
- 9- Specified private activity bond interest (AMT) 0.00
- 10- Tax-exempt bond CUSIP number (see instructions) 0.00
- 11- State: 12- State ID number: 0.00
- 13- State tax withheld 0.00

**Miscellaneous Income**

**2012 1099-MISC\***  
 OMB No. 1545-0115

- 2- Royalties 0.00
- 3- Other income 0.00
- 4- Federal income tax withheld 0.00**
- 8- Substitute payments in lieu of dividends or interest 0.00
- 16- State tax withheld 0.00
- 17- State: Payer's state ID number: 0.00
- 18- State income 0.00

\* 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.

**SUMMARY OF GROSS PROCEEDS AND ORIGINAL ISSUE DISCOUNT**

Do not report the informational fields shown below on your tax return. Use details from the Forms 1099-B and 1099-OID on the following pages to determine reportable amounts.

**Gross Proceeds Summary**

Gross proceeds less commissions 26,280.62  
 Federal income tax withheld 0.00

**Original Issue Discount Summary**

Original issue discount for 2012 0.00  
 Other periodic interest 0.00  
 Federal income tax withheld 0.00  
 Original issue Discount on US Treasury Obligations 0.00  
 Investment expenses 0.00

Changes to dividend tax classifications processed after your original tax form is issued for 2012 may require an amended form 1099.



Supplemental Information

2012

**SUMMARY OF GAINS AND LOSSES**

*These amounts are for informational purposes. Cost basis totals include only amounts that were available to us. Any amounts shown with an undetermined term must be reviewed to establish whether the gains/losses are short-term or long-term. Refer to the appropriate detail schedule on the following pages to ensure that you consider all relevant items and to determine if the cost basis figures are correct for your tax return.*

Term	Category	Detail Schedule	Proceeds	Cost Basis	Wash Sale Loss Disallowed	Net Capital Gain/Loss
Short	A (basis reported to the IRS)	Form 1099-B	26,280.62	23,835.23	0.00	2,445.39

SCOTTRADE INC

Proceeds from Broker and Barter Exchange Transactions

Account 72628598

OMB No. 1545-0715

2012 1099-B\*

**1c - SHORT-TERM TRANSACTIONS 6 - COVERED tax lot for which cost basis is reported to the IRS\*\***

Report on Form 8949, Part I, with Box A checked

These columns are not reported to the IRS

8 - Description / CUSIP / 1d - Symbol or exchange	1e - Quantity	2a - Proceeds of # stocks, bonds, etc.	1b - Date of acquisition	3 - Cost or other basis	Gain or loss	Additional Information	Notes
GOOGLE INC / CUSIP: 38259P508 / Symbol: GOOG 04/13/12	19,000	12,275.27	01/23/12	11,136.63	1,138.64	Sale	
2 tax lots for 08/14/12. Total proceeds (and cost when required) reported to the IRS.							
	20,000	13,338.43	04/19/12	12,120.80	1,217.63	Sale	
	1,000	666.92	06/01/12	577.80	89.12	Sale	
08/14/12	21,000	14,005.35	VARIOUS	12,698.60	1,306.75	Total of 2 lots	
Security total:		26,280.62		23,835.23	2,445.39		
<b>Totals:</b>		<b>26,280.62</b>		<b>23,835.23</b>	<b>2,445.39</b>		



\* 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. Remember, taxpayers are ultimately responsible for the accuracy of their tax returns.  
 \*\*For NONCOVERED lots, values for Date of acquisition, Cost or other basis and Wash sale loss disallowed are provided for your reference and are NOT reported to the IRS.  
 # Less commissions.

Detail for Dividends and Distributions

2012

Security Description	CUSIP and/or Symbol	State	Date	Amount	Transaction Type	Country	Notes
FORD MTR CO	345370860 F		09/04/12	1.60	Qualified dividend		
			12/03/12	34.10	Qualified dividend		
<b>Dividends and Distributions:</b>				<b>35.70</b>			
SPDR DOW JONES INDL AVRG ETF	78467X109 DIA		06/11/12	5.11	Qualified dividend		03
			07/16/12	2.64	Qualified dividend		03
			08/13/12	2.52	Qualified dividend		03
UT SER 1 UT SER			09/17/12	4.19	Qualified dividend		03
			10/15/12	3.38	Qualified dividend		03
			11/13/12	2.25	Qualified dividend		03
			12/17/12	3.87	Qualified dividend		03
			01/14/13	4.95	Qualified dividend		03
<b>Dividends and Distributions:</b>				<b>28.91</b>			
<b>Total Dividends and Distributions:</b>				<b>64.61</b>			

2012

Detail for Interest Income

Security Description	CUSIP and/or Symbol	Date	Amount	Transaction Type	Country	Notes
FDIC INSD DEP INT		01/31/12	0.24	Credit interest		
FDIC INSD DEP INT		02/29/12	0.02	Credit interest		
FDIC INSD DEP INT		03/31/12	0.02	Credit interest		
FDIC INSD DEP INT		04/30/12	0.04	Credit interest		
FDIC INSD DEP INT		05/31/12	0.01	Credit interest		
FDIC INSD DEP INT		08/31/12	0.06	Credit interest		
FDIC INSD DEP INT		09/30/12	0.08	Credit interest		
FDIC INSD DEP INT		10/31/12	0.01	Credit interest		
FDIC INSD DEP INT		11/30/12	0.01	Credit interest		
<b>Interest Income:</b>			<b>0.49</b>			
<b>Total Interest Income:</b>			<b>0.49</b>			



03 Transaction has been adjusted for income reallocations.

**Recipient's identification number**

For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN). However, the issuer has reported your complete identification number to the IRS and, where applicable, to state and/or local governments.

**Account number**

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

**Nominees**

If this form includes amounts belonging to another person, you are considered a nominee recipient. You must file Forms 1099-DIV, 1099-B, 1099-INT and/or 1099-OID, as appropriate with the IRS for each of the other owners to show their share of the income, and you must furnish the appropriate Form 1099 to each owner. 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 the new Form 1099 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. See the 2012 General Instructions for Certain Information Returns.

**Form 1099-OID.** 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.

**1099-DIV Instructions for Recipient**

**Line 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 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.

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

**Line 2a.** Shows total capital gain distributions from a regulated investment company or real estate investment trust. Report the amounts shown on line 2a on Schedule D (Form 1040), line 13. But, if no amount is shown on lines 2c-2d and your only capital gains and losses are capital gain distributions, you may be able to report the amounts shown on line 2a on line 13 of Form 1040 (line 10 of Form 1040A) rather than Schedule D. See the Form 1040/1040A instructions.

**Line 2b.** Shows the portion of the amount on line 2a that is unrecovered section 1250 gain from certain depreciated real property. Report this amount on the Unrecaptured Section 1250 Gain Worksheet-Line 19 in the Schedule D instructions (Form 1040).

**Line 2c.** Shows the portion of the amount on line 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 (Form 1040) instructions.

**Line 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).

**Line 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.

**Line 4.** See "Backup Withholding" section.

**Line 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 on line 1a.

**Line 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.

**Line 7.** This line should be left blank if a regulated investment company reported the foreign tax shown on line 6.

**Lines 8 and 9.** Shows cash and noncash liquidation distributions.

**Line 10.** Shows exempt-interest dividends from a mutual fund or other regulated investment company paid to you during the calendar year. Include this amount on line 8b of Form 1040 or 1040A as tax-exempt interest. This amount may be subject to backup withholding. See line 4.

**Line 11.** Shows exempt-interest dividends subject to the alternative minimum tax. This amount is included in line 10. See the instructions for Form 6251.

**Lines 12-14.** State income tax withheld reporting lines.

**1099-INT Instructions for Recipient**

**Line 1.** Shows taxable interest paid to you during the calendar year by the payer. This does not include interest shown on line 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, Midwestern tax credit bonds, qualified school construction bonds, and build America bonds that must be included in your interest income. These amounts were treated as paid to you during 2012 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.

**Line 2.** Shows interest or principal forfeited because of early withdrawal of time savings. 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.

**Line 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 on line 1.

**Line 4.** See "Backup Withholding" section.

**Line 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 on line 1.

**Line 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.

**Line 8.** Shows tax-exempt interest 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 line 4.

**Line 9.** Shows tax-exempt interest subject to the alternative minimum tax. This amount is included on line 8. See the instructions for Form 6251.

**Line 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 on line 8. If blank, no CUSIP number was issued for the bond(s).

**Lines 11-13.** State tax withheld reporting lines.

**1099-OID Instructions for Recipient**

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 1 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.

**Line 1.** Shows the OID on the obligation for the part of the year you owned it. Report the amount on line 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.

**Line 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 on both lines 2 and 6, the amount on line 2 is interest on a U.S. Treasury obligation and is exempt from state and local income taxes.

**Line 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.

**Line 4.** See "Backup Withholding" section.

**Line 5.** Shows the identification number (CUSIP number) or description of the obligation (may include the stock exchange, issuer, coupon rate, and year of maturity).

**Line 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 on line 1.

**Line 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 on line 2.

**Lines 8-10.** State income tax withheld reporting.

#### 1099-B Instructions for Recipient

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 column 8.

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

**Column 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 on line 9 through 12, no entry will be present.

**Column 1b.** This column may be blank if line 6 states noncovered 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.

**Column 2a.** 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 column 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 on Form 8949 as explained in the instructions for Schedule D (Form 1040).

**Line 2b.** If checked, you cannot take a loss on your tax return based on gross proceeds from a reportable change in control or capital structure reported on line 2a. Do not report this loss on Form 8949 or Schedule D. The broker should advise you of any losses on a separate statement.

**Column 3.** Shows the cost or other basis of securities sold. If line 6 states noncovered, column 3 may be blank. See the Schedule D (Form 1040) instructions or Pub. 550 for details about basis.

**Line 4.** See "Backup Withholding" section.

**Line 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.

**Line 6.** If noncovered, the securities sold were noncovered securities and columns 1b, 3, and lines 1c and 5 may be blank. Generally a noncovered security means: a security other than stock; stock purchased before 2011; stock in most mutual funds and other regulated investment companies purchased before 2012; and stock purchased in or transferred to a dividend reinvestment plan before 2012.

**Line 8.** Shows a brief description of the item or service for which the proceeds is being reported. For regulated futures contracts and forward contracts, "RFC" or other appropriate description must be shown. For a corporation that had a reportable change in control or capital structure, this may show the class of stock as C (common), P (preferred), or O (other).

#### Regulated Futures Contracts (Lines 9 Through 12) :

**Line 9.** Shows the profit or (loss) realized on regulated futures or foreign currency contracts closed during 2012.

**Line 10.** Shows any year-end adjustment to the profit or (loss) shown on line 9 due to open contracts on December 31, 2011.

**Line 11.** Shows the unrealized profit or (loss) on open contracts held in your account on December 31, 2012. These are considered sold as of that date. This will become an adjustment reported on line 10 in 2013.

**Line 12.** Lines 9, 10 and 11 are all used to figure the aggregate profit or (loss) on regulated futures or foreign currency contracts for the year. Include this amount on your 2012 Form 6781.

**Lines 13-15.** Shows state income tax withheld.



**1099-MISC Instructions for Recipient**

**Form 1099-MISC incorrect?** If this form is incorrect or has been issued in error, contact the payer. If you cannot get this form corrected, attach an explanation to your tax return and report your income correctly.

**Lines 1 and 2.** Report rents from real estate on Schedule E (Form 1040). However, report rents on Schedule C (Form 1040) if you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business. Report royalties from oil, gas, or mineral properties, copyrights, and patents on Schedule E (Form 1040). However, report payments for a working interest as explained in the line 7 instructions. For royalties on timber, coal, and iron ore, see Pub. 544.

**Line 3.** Generally, report this amount on the "Other income" line of Form 1040 (or Form 1042NR) and identify the payment. The amount shown may be payments received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income. See Pub. 525. If it is trade or business income, report this amount on Schedule C or F (Form 1040).

**Line 4.** See "Backup Withholding" section.  
**Line 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.

**Lines 16-18.** Shows state or local income tax withheld from the payments.

**Backup Withholding**

**Line/Column 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 for information on backup withholding. Include this amount on your income tax return as tax withheld.



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\*\*\* End of Statement \*\*\*

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# Understanding Your 1099-B

The layout of your Form 1099-B will help simplify your tax preparation. Short-term holdings are separated from your long-term holdings, which are generally taxed at a different rate, and we're grouping your transactions so it's clear what information Scottrade is reporting to the IRS.

The cost basis tax reporting legislation went into effect on Jan. 1, 2011, that impacted the information Scottrade tracks for you and provides to the IRS. We have organized the Form 1099-B for you as efficiently as possible to correspond with the layout of the IRS tax forms.

## How Transactions Are Organized

Here are the categories Scottrade is using to group your transactions:

### Holding Period Categories

Term	What it Means
Long-Term	You have held the tax lot more than one year
Short-Term	You have held the tax lot one year or less
Undetermined	Scottrade does not have cost basis information

### Cost Basis Categories

Category	Covered/ Non-Covered	What it Means
A	Covered	Cost basis is reported to the IRS
B	Non-covered	Cost basis is not reported to the IRS
C	Supplemental	Proceeds not reported to the IRS

Each closing event may fall into one or more cost basis reporting categories and one or more holding period categories. The particular tax lot's characteristics determine where you will see it on your 1099-B.

## How Transactions Appear on Your 1099-B

Let's look at an example of how this appears on your 1099-B, with plain-English descriptions of the information included.

8 - LONG-TERM GAINS AND LOSSES - Category B (Cost basis is NOT reported to the IRS.)				6 - Tax lots: NONCOVERED**		
9 - Description / CUSIP / Symbol						
1a - Date of sale or exchange	Quantity	2 - Proceeds of stock, bonds, etc. <sup>1</sup>	Date of acquisition	These columns are not reported to the IRS for category B		
			Cost or other basis	Gain or loss	Additional information	
XYZ COMPANY / CUSIP: 123456789						
7/31/12	10.000	10,000.00	03/15/10	8,000.00	2,000.00	Sale

**Description/CUSIP/Symbol** – The company or fund's name, identification number and/or trading symbol. In this example, it's fictional XYZ Company.

**Date of Sale or Exchange** – The date you sold stock XYZ or closed the position. This will be the date you see just below the company name. In this case, it was July 31, 2012. For Short positions, transactions are listed based on settlement date.

**Quantity** – The number of shares that are included in this transaction. Using the multi-location example above, even if you actually sold 30 shares on 7/31/12, you will still see only 10 here because these are the 10 shares that were acquired on 3/15/10 and fall into the Long-Term Category B group.

**Proceeds of Stock, Bonds, etc.** – The amount for which you sold these shares, excluding commissions. If only 10 of your shares of XYZ are shown in this section, the proceeds listed will be for those 10 shares only, not for all 30 you sold.

### Single Location Example

Some transactions will only appear in one place on your 1099-B. If you bought 10 shares of stock XYZ on March 15, 2010, and sold them on July 31, 2011, it would be a **Long-Term Category B** transaction. Long-term because you held it for more than one year, and Category B because a purchase in March 2010 is a non-covered tax lot.

### Multi-Location Example

It's possible that a single closing event falls into more than one category. Say you bought 10 shares of XYZ on March 15, 2010, and then you bought 10 more on May 29, 2012. You also had 10 shares of XYZ that you transferred to Scottrade from another brokerage a few years ago and the cost basis was not updated in the Gain/Loss & Tax Center. You sold all 30 on July 31, 2012.

Your single sale of XYZ will appear in multiple places on your 1099-B. The 10 shares you bought in March 2010 are **Long-Term Category B**. The 10 shares purchased in May 2012 are **Short-Term Category A** because you held them for one year or less, and because they were purchased after Jan. 1, 2012, these are covered shares. The 10 shares you transferred from another brokerage are **Undetermined Category B** because Scottrade does not have the cost basis information.

**Date of Acquisition** – The date you acquired the shares listed for holding period purposes.

**Cost or Other Basis** – The cost basis is the value of an asset used to calculate capital gain or loss for tax purposes. For most positions, cost basis is purchase price plus commissions, adjusted for wash sales, corporate actions and/or return of capital during the time you hold it.

**Gain or Loss** – Proceeds minus Cost Basis. Scottrade will calculate how much you gained or lost on this transaction using the tax strategy you specified in your account.

**Additional Information** – In this example, it is noted that the gain or loss came from a sale of stock. In other cases, you might see a corporate action noted, like a merger, or another type of closing transaction.

**Any columns with a white header are reported to the IRS, anything with a gray header is not reported by Scottrade to the IRS and is for your information only.**

## Tax Guide for Brokerage Accounts, cont.

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**Substitute Payments In-Lieu of Dividends:** Payments received in-lieu of dividends (substitute payments) on loaned-out margin shares are not qualified dividends. Such cash payments lose the tax characteristics of the dividend and are reportable in Box 8 on a 1099-MISC.

**Certificates of Deposit (CDs) on a 1099-B:** Scottrade offers certificates of deposit (CDs) that may be traded on a secondary market (brokered CDs). Sales are reported on a 1099-B, as are CDs upon redemption if they matured more than one year after issuance. The redemption of CDs that mature one year or less from issue is not a reportable event.

**Canadian Mutual Fund Trusts & Return of Capital:** Canadian mutual fund trusts often publish information detailing the reallocation of the year's dividends into return of capital. This reallocation information is usually for Canadian investors only. If the trust does not specifically issue return of capital information explicitly for U.S. investors, the income will be reportable as a dividend. Reallocation information for U.S. investors is usually not available until mid- to late March of the following year. If income is reallocated for U.S. investors, Scottrade will issue a revised 1099.

**Original Issue Discount (OID):** A long-term debt instrument generally has original issue discount (OID) when it is issued for a price less than its stated redemption price at maturity. Scottrade is required to report an investor's full OID amount on a 1099-OID; however, a debt instrument purchased at another firm may have an acquisition premium or market discount. If so, the OID reported to you on Form 1099-OID may have to be adjusted. For additional information, consult your outside tax advisor or IRS Publication 1212: Guide to Original Issue Discount (OID Instruments).

### **Who Do I Contact With 1099 Questions or Requests?**

Please contact your local Scottrade team for further assistance. Your local branch phone number is conveniently located on the first page of your 1099. Please keep in mind that Scottrade does not provide tax advice; consult your professional tax advisor for assistance, or visit [www.irs.gov](http://www.irs.gov).

***Learn more at [www.scottrade.com/costbasis](http://www.scottrade.com/costbasis),  
or contact your local Scottrade team at 800-619-SAVE.***

# Scottrade Tax Guide for Brokerage Accounts

This annual guide discusses general topics regarding Scottrade's completion of Internal Revenue Service (IRS) tax forms for clients. Scottrade does not provide tax, legal or investment advice. Customers should consult their tax or legal advisor(s) for questions regarding specific tax issues.

Forms and Notices	Postmark Date
1099 Composite	February 15
WHFIT	March 15
1042S	March 15
2439	90 days after the close of the RIC or REIT tax year
Fall B-Notice	November

**Please Note:** If these dates fall on a Saturday, Sunday or legal holiday, the postmark date will be the next business day.

**Electronic Delivery:** Go Green. You may now elect to receive your tax statement online. To make this election, log into your account and go to the My Accounts tab, click My Information and Preferences from the left navigation, then select Account Preferences.

**Non-Reportable Transactions:** For your convenience, the details are listed under the supplemental portion of the 1099 statement. Non-reportable transactions will not generate a tax statement; please refer to your monthly statements.

- **Options:** Option (call/put) transactions are not 1099-reportable until tax year 2014,
- **Dividend Claims:** Dividend claims are non-reportable;
- **MLP Income:** Income from a Master Limited Partnership is reported on a K-1. The sales proceeds will report on the 1099-B.

**Non-Mortgage Widely Held Fixed Investment Trust (NMWHFIT):** Securities such as grantor trust-type unit investment trusts (UITs), royalty trusts and commodity trusts will receive supplemental written tax information on the Composite 1099 by March 15 in accordance with IRS regulations concerning WHFIT reporting. Please refer to page three of the 2012 IRS General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G for further information.

**Widely Held Mortgage Trust (WHMT) Securities:** In accordance with IRS regulations concerning WHFIT reporting, securities such as mortgage pools, multi-class mortgage backed security (MBS) pass-through trusts and real estate mortgage investment conduits (REMICs) will receive a separate Widely Held Mortgage Trust (WHMT) statement by March 15. Holders of these securities will be sent a composite tax statement by Feb. 15, which includes a disclaimer that the subsequent March 15 document will follow. Please consider this fact before filing your individual tax return prior to March 15.

**Non-Dividend Distributions (Return of Capital):** Per IRS Form 1099-DIV, Instructions for Recipients: Box 3 shows the portion of the distribution that is non-taxable, because it is a return of your cost (or other basis). See Pub. 550, Investment Income and Expenses.

**Optional Dividends:** The full cash dividend amount paid must be reported on a 1099-DIV; any subsequent stock purchase activity as a result of an optional dividend does not affect the amount required to be reported. Much like a dividend reinvestment, the IRS requires that the full cash dividend initially paid to the account, prior to any stock adjustment, be reported.

**Revised 1099s:** Please consider the following facts before filing your return early. It is common for some securities, such as mutual funds and REITs, to report final tax information well after the IRS Feb. 15 mail date. This is because such entities are not required to determine final taxability of distributions until sixty days after the end of their fiscal year, which may be later than Feb. 15. When updated tax information becomes available from the fund, Scottrade is required to send affected customers a revised 1099. The activity detail portion of the revised document will denote with a C any change(s) to taxability. Another common reason for a revised 1099 is a wash sale completed with a trade after Jan. 15.

**Spillover Dividends:** For Regulated Investment Company (RIC) and Real Estate Investment Trust (REIT) dividends that declared with a record date in October, November or December of the prior year but not payable until January of the current year, Scottrade is required by law to report the dividend the year it goes record. Refer to the 2012 IRS Instructions for Form 1099-DIV for more detail.

**American Depositary Receipt (ADR):** American Depositary Receipts represent ownership of underlying foreign stock. The agent sells the ineligible rights on a "best-effort" basis and distributes the sales proceeds to ADR holders. The distributions paid to your Scottrade account will represent the sale of rights proceeds on foreign rights offerings not open to U.S. investors. These proceeds are reportable as a sale on a 1099-B.

**Corporation Accounts:** The IRS requires the reporting on aggregate substitute payments in-lieu of dividends of \$10.00 or more paid to corporations classified as a C-Corp. The income is reported in Box 8 on a 1099-MISC. Otherwise, the firm is not required to issue composite 1099s for C-Corps; they are exempt from 1099 reporting. Please refer to your monthly and/or annual statement (mailed approximately the second week of January).

**Master Limited Partnership (MLP) Income:** Investors can expect to receive K-1 information from the general partnership at any time, depending on when the partnership finalizes its tax return. Scottrade has no control over the timing/content of K-1 forms.

**Short Sales:** Short sale activity is reportable in the year the short sale is closed. Therefore, if your short sale is not closed as of Dec. 31, 2011, it will not be reported on your 2011 1099-B.

## Additional Information

### Covered vs. Non-Covered

To read your 1099-B effectively, it's important to understand the difference between covered and non-covered positions. This is a distinction that brokerages began using when new tax reporting legislation went into effect on Jan. 1, 2011.

The main difference is that Scottrade is responsible for reporting cost basis information to the IRS on certain positions.

**Covered** positions are Scottrade's reporting responsibility. These include equities as well as mutual funds and most exchange-traded funds (ETFs) acquired on or after Jan. 1 2012.

For **non-covered** positions, Scottrade will not be reporting cost basis to the IRS. These include all positions established before Jan. 1, 2011. For this tax year, non-covered positions also include options, fixed income (bonds) and other securities.

Options fall into Category C, which is supplemental information that is supplied to clients when available, but is not reported to the IRS.

### When Coverage Starts

Jan. 1, 2011 - Equities, REITs and American Depositary Receipts

Jan. 1, 2012 - Mutual funds and most ETFs

Jan. 1, 2014 - Options, fixed income and other securities

Scottrade will report to the IRS all positions in the above investment types that are acquired on or after the date listed

A **tax lot** is a record of an opening transaction (e.g., purchase or short sale) in your portfolio. If an order is filled in multiple pieces, called partial fills, the prices will be averaged and will be represented by a single tax lot number. You can have multiple tax lots within a security's overall position. Tax lots are used to facilitate the calculation of gains and losses for tax reporting purposes.

### Wash Sale Adjustments

When an investor sells shares at a loss and then repurchases substantially identical shares within a 61-day window (30 days before and/or after the date of the sale), it is called a wash sale. Losses from wash sales are disallowed by the IRS, and the amount of the loss is added to the cost basis of the repurchased shares on a per-share basis. The holding period is also adjusted to include the days the security was held before the original sale.

If you had any wash sales in your account, you will notice on your 1099-B that Scottrade has tracked those sales and made the adjustments required by the IRS. To learn more about wash sales, visit the Knowledge Center at [www.scottrade.com/education](http://www.scottrade.com/education).

**Cost basis** is the value of an asset used to calculate capital gain or loss for tax purposes. For most positions, cost basis is purchase price plus commissions, adjusted for wash sales, corporate actions and/or return of capital during the time you hold it.

### Federal and State Withholding

For individuals subject to backup withholding, the tax withholding appears separately from income on your 1099-B because income and withholding are reported separately for some transactions. For example, on a short sale, income is reported when the short position is closed, while withholding is reported when the short position is established. This only applies to individuals subject to backup withholding.

Federal and state withholding are listed together under the heading Income Tax Withheld. Some states require withholding, and some do not, so that information will be provided only when it applies. You will need state withholding information for your state tax return.

**Learn more at [www.scottrade.com/costbasis](http://www.scottrade.com/costbasis),  
or contact your local Scottrade team at 800-619-SAVE.**