

Understanding Your 2010 1099 Statement

Note: Subsequent and/or Amended Tax Forms Possible

If you hold investments in a mutual fund, regulated investment company (RIC), real estate investment trust (REIT), unit investment trust (UIT), foreign security or any other stock that makes a late dividend-change announcement, you may receive one or more amended tax form(s) to include information provided by these issuers after your original tax form was printed. In addition, information regarding whether or not a dividend paid by a foreign company is eligible for the “qualified dividend” tax rate is subject to change. Dividend amounts are based on the best information that is available to us from the various paying agents at the time your Forms 1099 are prepared for printing. Portions of distributions initially reported as ordinary dividends may later be reclassified by the issuer as qualified dividends, return of capital, or long-term capital-gain income. A corrected tax form will be issued to you reflecting any late reclassification information we receive from the companies or paying agents. Neither First Clearing, LLC (“First Clearing”/“FCLLC”) nor your brokerage firm will be

responsible for any costs related to your filing of an amended tax return as a result of FCLLC receiving reclassification information from the issuer after we have printed your original Forms 1099, or any subsequent revisions by the issuer of previously provided information.

Our original Forms 1099 will be mailed to clients between February 7 and approximately February 23.

If you have multiple brokerage accounts, you may receive some Forms 1099 in early February but may not receive Forms 1099 for all of your accounts until later in February. Please ensure that you have received the required tax forms for all accounts that may have taxable activity before beginning to complete your tax forms for the IRS.

Widely Held Fixed Investment Trusts (WHFITS)

If you have invested in a Widely Held Fixed Investment Trust security (often referred to as a “WHFIT”), you will likely notice income-reporting amounts that are different from what you received in cash. That is because securities which are established as a grantor trust require reporting based on how and when the income was received by the trust entity, rather than how and when it was paid out to you. In some cases, payments made as late as February 15 of the current year require us to report that income for the prior year. In addition, we are required to report on Form 1099-B the principal payments made by these trusts.

These securities include non-mortgage WHFITs such as unit investment trusts, royalty trusts, commodity trusts, HOLDRs trusts and Widely Held Mortgage Trusts (WHMTs), including mortgage-backed pass-through pools issued by FNMA, FHLMC and GNMA.

Our firms do not render legal or tax advice. While this information is not intended to replace your discussions with your tax advisor, it may help you to comprehend the tax implications of your investments and plan efficiently going forward.

Investment and Insurance Products: ▶ NOT FDIC Insured ▶ NO Bank Guarantee ▶ MAY Lose Value

Brokerage account(s) carried by First Clearing, LLC. First Clearing, LLC is a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

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An indispensable tax-planning tool organized in an easy-to-read format

This summary of your reportable and certain non-reportable information will be an indispensable tool when preparing your tax returns. Your Forms 1099 consist of two parts. Your Forms 1099 section reflects the sources and amounts of your income for the year. This information is reported to the IRS. You can easily determine what information is reported to the IRS by referring to the footer at the bottom of each page of the 1099. The second part is the Annual Statement Information which may display realized gain/loss information, that is not provided to the IRS. Amounts shown in this part of your statement are for informational purposes only but may be useful in addition to the information provided in your tax forms. Online tax documents are available; contact your financial professional for information about how you can enroll. Please note that information in the tax section of your Forms 1099 may not match the information in the Annual Statement Information section. If you have questions about this package, please contact your financial professional.

Your 1099 Forms

Important Messages

Please carefully read through the following information, continued on the back panel, as it might be helpful to you as you prepare your tax return.

How to Obtain a Detailed Tax Guide

You may obtain a more detailed 2010 Tax Information Guide from the website at firstclearingllc.com. This guide has been designed for your general guidance. It is not intended to be, nor should it be construed as, the basis of tax advice. Two IRS publications from the IRS Web site (IRS.gov) are particularly useful: Publication 17 (Your Federal Income Tax) and Publication 550 (Investment Income and Expenses).

Multiple Tax Forms

If you changed broker-dealers during the year or had an account that moved to or away from First Clearing, LLC ("FCLLC"), and had reportable activity while your account cleared through FCLLC or while at another clearing firm, you will receive separate tax forms from all clearing firms for that activity. Make sure you have all of your tax forms from all firms before completing your return.

Please read before you start completing your tax return

Continued on back panel

Summary of Reportable Tax Information

- Summary of dividends and distributions — Dividends and distributions from stocks and other investments are included in this section. This includes capital gains and return of capital.
- Summary of interest income — Amounts reported here include interest income paid to you during the year.
- Summary of original-issue discount (OID) — Any amounts reported here reflect a form of interest called original issue discount. OID is generally the difference between the stated redemption price at maturity and the issue price of a debt instrument.
- Summary of Proceeds from Broker and Barter Exchange Transactions — Amounts shown in this section include gross proceeds (less commissions) from sales or redemptions of securities and corporate actions (mergers, acquisitions, implicit redemptions, etc.).

Summary of Reportable Tax Information					
1099-DIV Dividends and Distributions for 2010		OMB No. 1545-0110	1099-INT Interest Income for 2010		OMB No. 1545-0112
IRS Box	Amount	Amount	IRS Box	Amount	Amount
1a	Total Ordinary Dividends	823.47	1	Interest Income	0.54
1b	Qualified Dividends	551.25	3	Interest on U.S. Savings Bonds and Treasury Obligations	473.36
2a	Total Capital Gain Distributions	0.00	4	Federal Income Tax Withheld	0.00
2b	Unrecaptured Sec. 1250 Gain	0.00	5	Investment Expenses	0.00
2c	Section 1202 Gain	0.00	6	Foreign Tax Paid	0.00
2d	Collectibles (20%) Gain	0.00	7	Foreign Country or U.S. Possession	See Detail Section
3	Nondividend Distributions	0.00	8	Tax-Exempt Interest	2,662.49
4	Federal Income Tax Withheld	0.00	9	Specified Private Activity Bond Interest	0.00
5	Investment Expenses	0.00	10	Tax-exempt Bond Cusip No.	See Detail Section
6	Foreign Tax Paid	0.00	1099-B Summary of Proceeds from Broker and Barter Exchange for 2010		
7	Foreign Country or U.S. Possession	See Detail Section	1a	Date of Sale or Exchange	See Detail Section
8	Cash Liquidation Distributions	0.00	1b	CUSIP Number	See Detail Section
9	Noncash Liquidation Distributions	0.00	2	Gross Proceeds Less Commissions and Option Premiums	196,305.34
1099-OID Summary of Original Issue Discount for 2010			4	Federal Income Tax Withheld	6.00
IRS Box	Amount	Amount	5	Number of Shares Exchanged	Not Applicable
1	Original Issue Discount for 2010	0.00	6	Classes of Stock Exchanged	Not Applicable
2	Other Periodic Interest	0.00	7	Description	See Detail Section
3	Federal Income Tax Withheld	0.00	12	Cancel Take Loss on Amount in Box 2 if Box is Checked	Not Applicable
4	Description	See Detail Section	The amount in IRS Box 2 is comprised of the amounts reported on the FORM 1099-B on a later page in this package. Each item is reported to the Internal Revenue Service industry.		
5	Original Issue Discount on U.S. Treasury Obligations	0.00			
6	Original Issue Discount on U.S. Treasury Obligations	0.00			
7	Investment Expenses	0.00			

Reportable Tax Information

These pages contain the actual information reported to the IRS for various types of activity.

- 1099-B — This section will detail any proceeds (less commissions) from broker or barter exchange transactions. The reportable amounts can also include return-of-principal payments made by a grantor trust security and short sales before the tax lot is closed, as well as reportable events resulting from corporate actions or implicit redemptions within a structured security.
- 1099-OID — Look here for detailed information regarding OID accruals. OID is considered a type of interest income.
- Your REMIC and CMO holdings are listed here. Please note that this income will be mailed to you by March 15, 2011 on a separate REMIC form.
- Your WHMT holdings are listed here. Please note that this income will be mailed to you by March 15, 2011 on a separate WHMT form.
- Some clients may receive a Form 1099-C or 1099-MISC. IRS regulations require that these forms be provided separately from your composite Forms 1099 information. Only the box (or line-total amount) is provided to the IRS for these forms. The transaction-detail information and any footnotes provided are for courtesy purposes only.
- 1099-B for Regulated Futures Contracts — If you own Index Options, you will have reporting on this special 1099-B showing realized and unrealized profit and loss on your investments. This information is reported to the IRS.

1099-B Proceeds from Broker and Barter Exchange Transactions for 2010										OMB No. 1545-0715
Description (Box 7)	Cusip (Box 1a)	Price	Quantity	Trade Date (Box 1a)	IRS Transaction	Amount	Box	Description	Reported On	Cost Basis Factor
ACCO BRANDS CORP	009511108	7.90340	126.00000	12/20/10	SALE	990.81	2	SALE	1099-B	
BLACKROCK SHORT TERM MUNICIPAL FUND	09253C819	10.19000	19.00000	02/22/2010	SALE	193.61	2	SALE	1099-B	
EVERGREEN EQUITY TR ASSET ALLOCATION FD CL C	30023C376	11.24000	9,538.00000	01/11/2010	SALE	107,207.12	2	SALE	1099-B	
INSTITUTIONAL CLASS	30023C376	10.96000	159.00000	01/22/2010	SALE	1,737.64	2	SALE	1099-B	
FORTUNE BRANDS INC	349631101	44.72700	537.00000	01/12/2010	SALE	24,013.09	2	SALE	1099-B	
TOTAL PROCEEDS FROM BROKER AND BARTER EXCHANGE						134,142.27	2			

1099-OID Original Issue Discount for 2010*				OMB No. 1545-0117		Supplemental Information	
Description (Box 5)	Transaction Description	Notes	OID Amount	IRS Box	Bond Premium	Market Discount	OID Adjustment
TSY INF 0.875% 4/15/10	LONG TERM OID		16.28	6			
912628C2							
UST 3.00% 7/15/12	LONG TERM OID		-11.42	6			
912628AF7							
TOTAL ORIGINAL ISSUE DISCOUNT ON U.S. TREASURY OBLIGATIONS			16.28	6			

Real Estate Mortgage Investment Conduits (REMIC) and Collateralized Mortgage Obligations (CMO) - Income generated by a REMIC will be reported on Form 1099-OID/REMIC which will be issued March 15, 2011. For CMOs, a statement of additional information which is helpful in determining the amortization of market discount, market premium or bond premium will be issued March 15, 2011. The information required for this special reporting will not be available from the issuer until late February.									
Description	Transaction Description	Type	Reported On						
GNR 03-26 MA 5.5% 3/20/33		REMIC	March 15, 2010						
FN 735505 6% 02/01/36		WHMT	March 15, 2010						
FN 742275 5% 02/01/36		REMIC	March 15, 2010						
FN 888093 5.5% 12/01/36		WHMT	March 15, 2010						
FN 888071 6% 05/01/38		WHMT	March 15, 2010						
FN 992144 6% 10/01/38		WHMT	March 15, 2010						
FN 995018 5.5% 05/01/38		WHMT	March 15, 2010						

Widely Held Mortgage Trusts (WHMT) - Income generated by a WHMT will be reported on Form 1099-INT/1099-B which will be issued March 15, 2011. The information required for this special reporting will not be available from the issuer until late February.									
Description	Transaction Description	Type	Reported On						
FN 735505 6% 02/01/36		WHMT	March 15, 2010						
FN 742275 5% 02/01/36		WHMT	March 15, 2010						
FN 888093 5.5% 12/01/36		WHMT	March 15, 2010						
FN 888071 6% 05/01/38		WHMT	March 15, 2010						
FN 992144 6% 10/01/38		WHMT	March 15, 2010						
FN 995018 5.5% 05/01/38		WHMT	March 15, 2010						

1099-C Cancellation of Debt for 2010		OMB No. 1545-1424	1099-MISC Miscellaneous Income for 2010		OMB No. 1545-0115
IRS Box	Amount	Amount	IRS Box	Amount	Amount
1	Date Canceled	03/01/2010	1	Rents	0.00
2	Amount of Debt Canceled	0.00	2	Royalties	0.00
3	Interest if Included in Box 2	0.00	3	Other Income	250.00
4	Debt Description	Cancellation of Investment Debt	4	Federal Income Tax Withheld	0.00
5	Was borrower personally liable for repayment of the debt	Yes	7	Nonemployee Compensation	0.00
			8	Substitute Payments in Lieu of Dividends or Interest	0.00

1099-B Summary of Proceeds from Broker and Barter Exchange for 2010 Regulated Futures Contracts		OMB No.
IRS Box	Amount	Amount
8	Profit or (loss) realized in 2010	+5,532.79
9	Unrealized profit or (loss) on open contracts-12/31/09	-2,374.40
10	Unrealized profit or (loss) on open contracts-12/31/10	2,213.90
11	Aggregate profit or loss	-1,944.49

Details of Reportable Tax Information

While only the Form 1099 box totals are reported to the IRS, the following specific transaction detail is being provided to you for courtesy purposes. The IRS box numbers referenced for individual items listed below comprise the totals which appear on the actual Forms 1099, shown on the first page of this package. Please consult with your Financial Advisor or tax advisor regarding specific questions.

Tax reporting requirements can create differences with the amounts previously reported in monthly client statements. If you have an investment in a mutual fund, regulated investment company (RIC), real estate investment trust (REIT), or unit investment trust (UIT), some of those issuers provide reclassification information after the original tax form is printed. We will issue an amended form for information received after your original tax forms are generated.

Description	Notes	Payment Date	# of Payments	Activity	Amount	IRS Box	Country
GABELLI UTILITIES FD-A		VARIOUS	3	DIVIDEND	166.30	1a	
GABELLI UTILITIES FD-A		10/01/2010	1	DIVIDEND ADJUSTMENT	-27.08	1a	
GEORGIA POWER 5% PFD		VARIOUS	1	QUALIFIED DIVIDEND	121.89	1a, 1b	
TOTAL ORDINARY DIVIDENDS (INCLUDING QUALIFIED DIVS AND SHORT TERM CAP GAINS)					260.11	1a	
TOTAL QUALIFIED DIVIDENDS					121.89	1b	

§ The company has not yet provided a final tax classification of the income paid by this security. FCCS will continue to track this security and provide updated information when it becomes available.

Description	Notes	Payment Date	# of Payments	Activity	Amount	IRS Box	Country	CUSIP (Box 10)
BANK DEPOSIT SWEEP		09/30/2010	1	INTEREST	0.08	1		09999052
TOTAL INTEREST INCOME NOT INCLUDED IN BOX 3					0.08	1		
ATLANTA 5.5% 01/01/2021		VARIOUS	2	FED TAX EXEMPT INT	1,237.50	8		04780MB00
FRANKLIN TAX FREE TR A		09/22/2010	1	FED TAX EXEMPT DIV	8.24	8		354723702
GEO L SMITH 5.5%7/1/2020		VARIOUS	2	EXEMPT INT - AMT	1,375.00	8,9		372480BE2
TOTAL FEDERALLY TAX EXEMPT INT @					2,620.74	8		
TOTAL SPECIFIED PRIVATE ACTIVITY BOND INTEREST					1,375.00	9		

Ⓜ If you are subject to alternative minimum tax reporting, consult with your tax advisor about this payment.

Description	Notes	Payment Date	# of Payments	Activity	Amount	IRS Box
MAXINE PETROLEUM TRUST		VARIOUS	3	ROYALTY PAYMENT	134.24	2
NO EUROPEAN OIL ROYALTY		VARIOUS	3	ROYALTY PAYMENT	755.08	2
TIDELANDS ROYALTY TR B		VARIOUS	2	ROYALTY PAYMENT	110.93	2
TOTAL ROYALTIES					1,000.25	2

Federal Non-Reportable Information

THE FOLLOWING INFORMATION IS NOT PROVIDED TO THE IRS. THIS IS SUPPLEMENTARY INFORMATION ONLY THAT MIGHT BE USEFUL IN THE PREPARATION OF YOUR FEDERAL, STATE OR LOCAL TAX RETURN. MUCH OF THIS INFORMATION IS BASED ON GENERAL INFORMATION THAT IS PROVIDED BY THE ISSUER. PLEASE REVIEW THIS INFORMATION WITH YOUR TAX ADVISOR.

Line Ref	Type	Amount
1	Margin Debt Interest	0.00
2	Municipal Bonds - OID Not Subject to AMT	994.90
3	Municipal Bonds - OID Subject to AMT	0.00
4	Expenses Subject to 2% of Adjusted Gross Income	0.00
5	Expenses Not Subject to 2% Adjusted Gross Income	0.00
6	Widely Held Fixed Investment Trusts - Other Items	See Detail
7	Master Limited Partnership Distributions	0.00
8	Investment Expense Withheld from Tax-Exempt Income	0.00
9	Federally Non-reportable Dividends and Interest	0.00
10	Accrued Interest on Purchases	174.58
11	Federal Tax Exempt Accrued Interest on Purchases	0.00
12	Other Supplementary Information	0.00
13	Option Premiums	0.00
14	Advisory Fees	0.00
15	American Depositary Receipt (ADR) Fees	0.00

Description	Notes	Payment Date	# of Payments	Activity	Amount	Line Ref
6-470 PUB CO 01/41/2012		12/11/2010	1	LONG TERM OID	694.90	2
TOTAL OID NOT SUBJECT TO ALTERNATIVE MINIMUM TAX					694.90	2
BOAM 05-5 1A1 5.5%05/25/33		03/25/2010	1	ACCRUED INT PAID	39.47	10
PHASI 03-8 5.5%10/25/33		06/25/2010	1	ACCRUED INT PAID	36.38	10
FHR 355 1B 5% 07/15/39		09/11/2010	1	ACCRUED INT PAID	20.83	10
FNW 10-7 4A 5% 05/25/39		01/25/2010	1	ACCRUED INT PAID	35.09	10
WFMS 03-5 5.45% 5/25/33		04/28/2010	1	ACCRUED INT PAID	43.00	10
TOTAL ACCRUED INTEREST ON PURCHASES					174.58	10

Important Realized Gain/Loss Information

This information is provided for courtesy purposes only. Each individual taxpayer should consult with a tax advisor as to any additional reporting requirements or adjustments. NO COST BASIS OR REALIZED GAIN/LOSS INFORMATION IS PROVIDED TO THE IRS, NOR IS THIS INFORMATION VERIFIED OR GUARANTEED BY FIRST CLEARING, LLC TO BE ACCURATE FOR EACH TAXPAYER'S UNIQUE REPORTING REQUIREMENTS. THEREFORE, YOU SHOULD NEVER ASSUME THIS STATEMENT IS ACCURATE IN LIEU OF COMPLETING SCHEDULE D OF YOUR TAX RETURN AND CONSULTING WITH YOUR TAX ADVISOR.

Federal tax reporting requirements will create differences between the information presented here and what appears on your Form 1099-B, including but not limited to the following situations:

- * Options activity is not reportable on the Form 1099-B, but is included in a separate section of the Realized Gain/Loss Statement. Since options activity may, in some circumstances, be reportable on some clients' tax returns, we have included that information below.
- * Cost basis for many fixed income tax lots has been amortized (for securities purchased at a premium) or accreted (for securities purchased at a discount), when possible, for applicable securities. For securities that were purchased at an original issue discount (OID), only those positions whose cost basis has been adjusted will reflect the impacts of the OID accruals on the original cost basis. The original issue discount amount reported on your Form 1099-OID is not adjusted for market discount, acquisition premium or bond premium. Therefore, the amortization and accretion adjustments used on this statement may not be consistent with the Form 1099-OID amount because the reporting requirements on the Form 1099-OID are different.
- * The Original Price represents the unadjusted price of the security. The Original Price can be used to calculate the original unadjusted cost of the security.
- * Short sales are reportable on Form 1099-B before the position is closed.
- * Long-term capital gains reported by a RIC or REIT appear on Form 1099-DIV only, as noted in the instructions for that form.
- * Lots closed due to transfers or journals will not be reflected in the Realized Gain/Loss Statement, or on the Form 1099-B.

Realized Gain/Loss Summary	THIS YEAR GAIN	THIS YEAR LOSS	THIS YEAR NET
Short term	105,000.23	-116,739.08	-11,737.85
Long term	0.00	0.00	0.00
Index options	299,583.14	-317,970.09	-18,386.95
Total - Realized Gain/Loss	\$404,583.37	-\$434,708.17	-\$30,124.80

Long Term	QUANTITY	ADJ PRICE/ ORIG PRICE	DATE ACQUIRED	CLOSE DATE	PROCEEDS	ADJ COST/ ORIG COST	GAIN/LOSS
DESCRIPTION EURO-PACIFIC GROWTH FUND CLASS A	24.5570	49.9200	01/11/09	01/05/10	957.66	1,225.88	-268.22
	2.5720	27.0100	12/24/09	01/05/10	100.30	69.46	30.84
	1.4410	27.0100	01/05/10	01/05/10	56.20	38.91	17.29
Subtotal	28.5700				1,114.16	1,334.25	-220.09

Option Activity Gain/Loss Detail for Year

Short Term	DESCRIPTION	QUANTITY	ADJ PRICE/ ORIG PRICE	DATE ACQUIRED	CLOSE DATE	PROCEEDS	ADJ COST/ ORIG COST	GAIN/LOSS
	CALL COCA-COLA COMPANY 57.50 EXP 02/20/10	-2.0000	1.8640	11/23/09	02/20/10	372.79	0.00	372.79
	CALL MERCK & CO INC 335 EXP 04/17/10	-2.0000	1.6700	10/16/09	04/15/10	333.59	232.00	101.59
	CALL SCHLUMBERGER LTD 570 EXP 05/22/10	-1.0000	4.8500	11/19/09	05/22/10	484.98	0.00	484.98
Total - Short Term						\$1,191.76	\$232.00	\$959.76

Details of Reportable Tax Information

This section provides the details for all taxable activity. You will see subsections for each category of taxable activity in this section. You should review this information carefully, as some entries may indicate reporting adjustments you will need to make on your tax return.

1. Detailed distribution and other information for the 1099-DIV Form is included in this section. There is also a detailed section for the 1099-INT Form.
2. The 1099-MISC will show substitute payments in lieu of dividends or interest if your account is subject to these. Also included are miscellaneous income such as royalty payments and consent fees.

Federal Non-Reportable Information

The Federal Non-Reportable section provides information that may prove useful in the preparation of your federal, state or local taxes.

1. The Miscellaneous Activity Summary and Miscellaneous Activity Detail sections provide information about items such as margin debit interest, expense items, accrued interest on purchases, tax exempt OID and option activity for the year.

Realized Gain/Loss Information

This information may not match the reportable tax information presented in the preceding pages that is subject to different reporting rules. This information is not reported to the IRS, but it will become required reporting to the IRS beginning with common stocks acquired after January 1, 2011, mutual funds acquired after January 1, 2012 and fixed-income securities acquired after January 1, 2013.

1. Your Realized Gain/Loss Summary will provide your total short- and long-term gains and losses for the year.
2. The detail section presents all your closed items for the year in alphabetical order, broken out by long-term, short-term, other-term and index options.
3. Option closing activity, should your account have any, is presented in a separate section for your convenience.

First Clearing, LLC as “Payer”

When you file your tax return, list First Clearing, LLC (“First Clearing” or “FCLLC”) as the payer on Schedule B of IRS Form 1040 for all dividends and interest received through your brokerage account. Do not list the name of the security issuer, your brokerage firm or any other entity.

Only Forms 1099 Information is Provided to the IRS

When preparing your tax return, use the information provided on your Forms 1099 — not your monthly or quarterly statements. Because of IRS requirements, amounts shown on your Forms 1099 may not always correspond to what appears on your monthly/quarterly account statements or trade confirmations. The information on your Forms 1099 is what is reported to the IRS. FCLLC reports only the line/box total amounts for Forms 1099-DIV, 1099-INT and 1099-MISC. You should consult with your tax advisor about any income-reporting adjustments that may be possible, based on your unique reporting situation.

For Mortgage-Backed Security Holders — Additional reporting in March

If you own any Widely Held Mortgage Trust (WHMT), Real Estate Mortgage Investment Conduit (REMIC) or certain Collateralized Mortgage Obligation (CMO) securities, all reporting information on these securities will be mailed to you no later than March 15, 2011. Your enclosed statement will contain a listing of the REMICs and/or CMOs that you own as well as a listing of the WHMTs that you own. This section will not contain any income information on these securities. **Do not file your tax return until you receive this additional information. You must use the REMIC and WHMT 1099 information in addition to the enclosed Forms 1099 when completing your return.**

“Substitute payments” reminder

Payments made while securities were loaned from an individual taxpayer’s margin account are subject to reporting as “substitute payments in lieu of dividends or interest” on Form 1099-MISC. For example, if you note a dividend amount in your December statement that is different from your Form 1099-DIV amount, that difference could be the result of a dividend payment being identified as a substitute payment and reported in Box 8 of Form 1099-MISC.

General Information

Correction Requests

You should review your Forms 1099 and immediately contact your financial professional if you think a correction is necessary.

Money Market Funds — Overnight Sweep Administrative Fee

An administrative service fee is charged on balances for some money market funds available for cash sweeps and is deducted automatically from monthly income in the form of a reduction in the dividends you receive. The yield quoted and the dividends that appear on your monthly statement are net of this fee. However, the IRS has determined that the gross dividends payable are taxable, regardless of any fee deducted. For this reason, the aggregate service fee for the year is added back to your net dividends, and the total is reported to the IRS as dividends received on your Form 1099-DIV. This fee may be tax deductible as a “miscellaneous itemized deduction,” if it exceeds 2% of your adjusted gross income. See a tax advisor concerning the deductibility of this fee.

Original-Issue-Discount Reporting on Form 1099-OID

While generally this income reporting applies to debt obligations sold at a discount, some investments require OID-accrual reporting in lieu of the interest payments you received. The accrual amounts are generally different from the cash payment. Please consult IRS Publication 1212 and your tax advisor about the reporting and adjustment elections for these types of securities.

IRS Form 1099-B transactions

Form 1099-B reports gross proceeds (on a trade-date basis, less commissions) received from the sale or exchange of securities, tender offers, cash received in lieu of a fractional share, various corporate actions, implicit redemptions, partial return of principal payments and the final redemption payment you received on all debt obligations (including municipal bonds and CDs). It is your responsibility to determine and report the applicable gain or loss by completing Schedule D of IRS Form

1040. Your tax advisor should be aware of which situations require adjustments to your cost basis and where the difference between your basis and proceeds may not qualify for capital gain or loss treatment and must be reported as ordinary income or loss. Pursuant to the IRS “Instructions for Form 1099-DIV,” any net short-term gains distributed by a mutual fund are reportable on IRS Form 1099-DIV as ordinary dividends instead of on Form 1099-B. Other types of capital gain distributions made by a mutual fund or REIT are also reported on the Form 1099-DIV instead of on the Form 1099-B or Realized Gain/Loss Statement in accordance with the IRS instructions.

A recent federal tax-regulation change requires us to report any partial return-of-principal payment made by a grantor trust security on the Form 1099-B. A payment before the final one does not close your tax lot, so you will not see a corresponding closed tax lot on any realized gain/loss statement included with your tax package. Your tax advisor can explain your options as to how to report these payments on Schedule D of your tax return.

Income reporting – Applicable dates

In accordance with IRS regulations, FCLLC reports income to you based on when it is “credited” or “set apart” in your account, so that it may be withdrawn at any time by you without any limitation. For example, if a bond pays interest in 2011 with a record or maturity date in 2010, the interest will not be reported to you until 2011. Sales are reportable based on the trade date rather than the settlement date because that is the first date it was entered on our books. Exceptions do apply, such as for “RICs” payments or implicit redemptions within a structured security.

Limited-partnership distributions (K-1)

If you owned units in a limited partnership during the year, you will receive a Schedule K-1 (Form 1065) directly from the partnership you own. General partners have until April 15 (or the next business day if April 15 falls on a weekend or holiday) to issue K-1s. If you do not receive your K-1, or you have further questions about it, you must contact the partnership directly. For additional information please refer to IRS Publication 541.

Worthless securities

For information on how to report worthless securities on your tax return, please refer to IRS Publication 550 (under the topic, “Worthless Securities”). You must take this loss by the end of the first tax year for which you determined the shares to be worthless, and no Form 1099-B is required to do this. You should report a security as worthless only if you are absolutely certain no more payments will be received.

529 plans

If you have invested in a 529 plan during 2010, you will receive all required reporting directly from the mutual fund company.

Federal income tax withheld

Clients who have not furnished a taxpayer identification number (TIN) (usually a Social Security number), or the proper certifications (see IRS Form W-9), to the payer of most types of investment income (for example, dividends, interest or gross proceeds) become subject to backup withholding at the applicable federal withholding rate. This amount is charged to your account and paid to the IRS as required by law. Backup withholding is also required if the IRS notifies us that a taxpayer has under-reported dividends or interest in the past, or if the TIN being used to report income does not match a name on the records with the Social Security Administration or the IRS. Federal tax laws prohibit refunds or reversals of prior-year — or properly applied — backup-withholding amounts. You must take this withholding as a credit when you file your tax return for the applicable year. You should also contact your financial professional immediately about how to correct your account and stop backup withholding. If you are subject to “C-notice” backup withholding because IRS records show you have not reported all of your income, you can contact the IRS Taxpayer Advocate Service at 877-777-4778 (TTY/TTD: 800-829-4059) to discuss the matter and obtain a “stop” letter.

IRS Taxpayer Assistance

For additional questions regarding how to complete your tax return, please consult with your tax advisor or call the IRS Taxpayer Assistance number at 800-829-1040. First Clearing, LLC, cannot provide tax advice.