

Tax Guide

Explaining Your 1099 Forms

Sample Consolidated Form 1099	2	Original Issue Discount (1099-OID)	7
Sample Form 1099 — Miscellaneous.	3	Miscellaneous Income (1099-MISC)	7
Key to Abbreviations	3	REMIC/CMO Information	7
Explanation of Illustrated 1099.	4	Other Types of 1099s & Reportable Income	8
Administrative Information	4	Corrected 1099s	8
Interest Income (1099-INT)	4	Not Reported on This 1099	8
Dividends & Distributions (1099-DIV)	5	Contact Information	8
Gross Proceeds (1099-B)	6		

As part of Bear Stearns® continuing effort to provide quality service, we have prepared this 2000 tax guide to answer frequently asked tax-reporting questions regarding the enclosed 2000 Consolidated Form 1099-INT-DIV-B-OID, detailed income statement, and separate Form 1099-MISC, if applicable.

The detailed income statement is a condensed summary of your 2000 Consolidated Form 1099 reportable and nonreportable investment activity. The statement includes aggregate totals for the various types of capital-gain distributions, interest, dividends, and substitute payments. Also shown are purchases and all option transactions, including those that will be settled after December 31, 2000, and the original issue discount (OID) for each applicable debt obligation held.

In accordance with IRS regulations, the Consolidated Form 1099 was prepared with detailed instructions on the back of each page, showing all tax information required to be sent to both you and the IRS. **Information reported in one category is not duplicated in another.**

Bear Stearns mails a Consolidated Form 1099 to the last known address for each account held in the client's name. Only one copy of each form is produced. You must submit a written request for additional copies. **RETAIN YOUR CONSOLIDATED FORM 1099, FORM 1099-MISC, AND THE DETAILED INCOME STATEMENT FOR YOUR TAX RECORDS.**

Please review all information on your 1099 forms and detailed income statement. While we verify the information reported, reclassification of income by an issuer or its paying agent may necessitate a corrected Consolidated Form 1099. If you have any questions relating to the information reported, or believe there is an error, immediately contact your account executive (AE). In addition, we urge you to consult with a qualified tax advisor to discuss your detailed tax reporting questions.

It is important that you understand all possible implications of the current tax laws. The penalties for incorrect reporting may greatly outweigh the cost of seeking professional advice.

THIS TAX GUIDE IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS TAX ADVICE.

2000 CONSOLIDATED FORM 1099

1 Payer's Name, Street Address, City, State, Zip Code and Telephone Number Page 1
BEAR STEARNS

INTRODUCING FIRM
XYZ CORPORATION

8

Telephone Number (212) 272-0495

Recipient's Name, Street Address, City, State and Zip Code

CUSTOMER NAME
ADDRESS
CITY, STATE, ZIP CODE

9

2 Original / / 01 3 2nd B Notice

PAYER'S FED ID NUMBER	ACCOUNT NUMBER	ACCOUNT EXECUTIVE	RECIPIENT'S FED ID NUMBER
4 00-0000000	5 000-00000	6 XXXXXXXXXXX	7

10 PLEASE READ THE ENCLOSED TAX GUIDE FOR A COMPLETE EXPLANATION OF THE TAX INFORMATION ON YOUR 2000 CONSOLIDATED FORM 1099. INCLUDED WITH THE CONSOLIDATED FORM 1099 IS A CONDENSED INCOME STATEMENT OF YOUR 1099 REPORTABLE AND NONREPORTABLE INVESTMENT ACTIVITY. ALL AMOUNTS ON THE CONSOLIDATED FORM 1099 WILL BE REPORTED TO THE IRS. KINDLY CONTACT YOUR ACCOUNT EXECUTIVE WITH QUESTIONS CONCERNING THE COST BASIS OR ANY OTHER INFORMATION.

11 2000 FORM 1099-INT: INTEREST INCOME (OMB NO. 1545-0112)

(BOX)	(AMOUNT)
1. Interest Income Not Included in Box 3	.00
2. Early Withdrawal Penalty	.00
3. Interest on U.S. Savings Bonds & Treas. Obligations	.00
4. Federal Income Tax Withheld	.00
5. Investment Expenses	.00
6. Foreign Tax Paid	.00

12 2000 FORM 1099-DIV: DIVIDENDS & DISTRIBUTIONS (OMB NO. 1545-0110)

(BOX)	(AMOUNT)
1. Ordinary Dividends	.00
2a. Total Capital Gain Distributions	.00
2b. 28% Rate Gain	.00
2c. Unrecap. Section 1250 Gain	.00
2d. Section 1202 Gain	.00
3. Nontaxable Distributions	.00
4. Federal Income Tax Withheld	.00
5. Investment Expenses	.00
6. Foreign Tax Paid	.00
8. Cash Liquidation Distributions	.00
9. Noncash Liquidation Distributions	.00

13 2000 FORM 1099-B: PROCEEDS FROM BROKER & BARTER EXCH. TRANS. (OMB NO. 1545-0715)

(1A) DATE OF SALE	(5) DESCRIPTION	(1B) CUSIP	(2) STOCKS, BONDS, ETC GROSS PROCEEDS	(4) FED TAX WITHHELD	
02/15	Federal Home Ln. Mtg. Corp. Quantity 0	3133T06K5	0.00	0.00	PRN PAYDOWN
03/16	CMS ENERGY CORP. Quantity 400	125896308	0.00	0.00	
04/16	Audio Book Club Inc. Quantity 1,000	05068R108	0.00	0.00	SHORT SALE
07/05	QWEST Communications Quantity 0	749121109	0.00	0.00	CASH-IN-LIEU
07/07	Medquist Inc. Quantity 647	584949101	0.00	0.00	TENDER
07/21	Arvin Industries Inc. Quantity 0	043339100	0.00	0.00	MERGER
09/01	Southern Calif. HSG Quantity 10,000	842440DQ9	0.00	0.00	REDEMPTION
7 Items Total				0.00	

14 2000 FORM 1099-OID: ORIGINAL ISSUE DISCOUNT (OMB NO. 1545-0117)

(BOX)	(AMOUNT)
1. Original Issue Discount for Tax Year 2000*	.00
5. Description: APP FINANCE VI MAURTITUS LTD Due 11/18/2012	
6. Original Issue Discount on U.S. Treasury Obligations*	.00
1. Original Issue Discount for Tax Year 2000*	.00
5. Description: STRIPS TINT- 08/15/2013 Due 08/15/2013	
6. Original Issue Discount on U.S. Treasury Obligations*	.00
2 Items Total	0.00

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

15 2000 FORM 1099-MISC: MISCELLANEOUS INCOME (OMB NO. 1545-0115)

NO REPORTABLE 2000 1099-MISC INCOME

16 REMICO/CMO TAX INFORMATION IS NOT INCLUDED ON THIS 1099 BUT WILL BE PROVIDED ON AN AMENDED 1099 BY MARCH 15, 2001.

END OF 2000 CONSOLIDATED FORM 1099

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 WILL BE IMPOSED ON YOU IF ANY OF THIS INCOME IS TAXABLE AND THE IRS DETERMINES THAT IT HAS NOT BEEN REPORTED.

2000 FORM 1099 MISC

1 Payer's Name, Street Address, City, State, Zip Code and Telephone Number Page 1
BEAR STEARNS

Telephone Number (212) 272-0495

INTRODUCING FIRM
XYZ CORPORATION

8

Recipient's Name, Street Address, City, State and Zip Code

CUSTOMER NAME
ADDRESS
CITY, STATE, ZIP CODE

9

2 Original / / 01 **3** 2nd B Notice

PAYER'S FED ID NUMBER	ACCOUNT NUMBER	ACCOUNT EXECUTIVE	RECIPIENT'S FED ID NUMBER
4 00-0000000	5 000-00000	6 XXXXXXXXXXX	7

2000 FORM 1099-MISC: MISCELLANEOUS INCOME

(OMB NO. 1545-0115)

(BOX)	(AMOUNT)
2. Royalties .....	.00
3. Other Income .....	.00
4. Federal Income Tax Withheld .....	.00
7. Nonemployee Compensation .....	.00
8. Substitute Payments in Lieu of Dividends or Interest .....	.00

END OF 2000 FORM 1099-MISC

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 WILL BE IMPOSED ON YOU IF ANY OF THIS INCOME IS TAXABLE AND THE IRS DETERMINES THAT IT HAS NOT BEEN REPORTED.

Key to Abbreviations

AE	Account Executive	MLP	Master Limited Partnership
CDO	Collateralized Debt Obligation	OID	Original Issue Discount
CUSIP	Committee on Uniform Security Identification Procedures	QUIDS	Quarterly Income Debt Securities
EIN	Employee Identification Number	REIT	Real Estate Investment Trust
FORM 1040	Federal Income Tax Return	REMIC	Real Estate Mortgage Investment Conduit
IRA	Individual Retirement Account	RIC	Regulated Investment Company
IRS	Internal Revenue Service	SSA	Social Security Administration
LLC	Limited Liability Company	SSN	Social Security Number
MIDS	Monthly Income Debt Securities	TEFRA	Tax Equity and Fiscal Responsibility Act
		YTD	Year to Date

2000 CONSOLIDATED FORM 1099

1 Payer's Name, Street Address, City, State, Zip Code and Telephone Number Page 1
 BEAR STEARNS

INTRODUCING FIRM
 XYZ CORPORATION 8

Telephone Number (212) 272-0495

Recipient's Name, Street Address, City, State and Zip Code
 CUSTOMER NAME
 ADDRESS
 CITY, STATE, ZIP CODE 9

2 Original / / 01 3 2nd B Notice

PAYER'S FED ID NUMBER	ACCOUNT NUMBER	ACCOUNT EXECUTIVE	RECIPIENT'S FED ID NUMBER
4 00-0000000	5 000-00000	6 XXXXXXXXXX	7

10 PLEASE READ THE ENCLOSED TAX GUIDE FOR A COMPLETE EXPLANATION OF THE TAX INFORMATION ON YOUR 2000 CONSOLIDATED FORM 1099. INCLUDED WITH THE CONSOLIDATED FORM 1099 IS A CONDENSED INCOME SUMMARY STATEMENT OF YOUR 1099 REPORTABLE AND NONREPORTABLE INVESTMENT ACTIVITY. ALL AMOUNTS ON THE CONSOLIDATED FORM 1099 WILL BE REPORTED TO THE IRS. KINDLY CONTACT YOUR ACCOUNT EXECUTIVE WITH QUESTIONS CONCERNING THE COST BASIS OR ANY OTHER INFORMATION.

- 1 Bear Stearns is the payer that clears and reports your transactions both to you and the IRS. The firm's name, address, and telephone number are provided for questions regarding this Consolidated Form 1099.
- 2 The original and/or corrected Consolidated Form 1099 will be dated.
- 3 2nd B Notice: This box will be checked on behalf of the IRS if Bear Stearns has notified you twice within the past three years that you have provided an incorrect tax identification number (TIN). To rectify this discrepancy, contact your local Social Security Administration (SSA) office and request a copy of Form SSA-7028, which will verify your Social Security number (SSN). To find the office nearest you, call Social Security's toll-free number, **800.772.1213**. If you have an employer identification number (EIN), verify this number by requesting Letter 147C from the IRS. The toll-free number for the IRS is **800.829.1040**. In accordance with IRS regulations, failure to correct a SSN or EIN results in a 31% backup withholding tax on all reportable transactions.
- 4 Tax identification number of Bear Stearns.
- 5 Account number at Bear Stearns.
- 6 Account executive's (AE) identification number. The name and number of your AE appear on your monthly statement. If you do not know the name of your AE, call Bear Stearns or the firm handling your transactions for assistance.
- 7 Social Security number or employer identification number. Please check to ensure that this number corresponds to the name in the recipient's name and address box. Advise your AE of any discrepancy.
- 8 Introducing firm that handles your transactions, if applicable, and its telephone number. This firm clears its transactions on a fully disclosed basis through Bear, Stearns Securities Corp. (BSSC), making Bear, Stearns Securities Corp. the payer and tax reporting agent.
- 9 Your name and address on file as of December 31, 2000.
- 10 Bear Stearns tax message.

11 Interest Income (1099-INT)

2000 FORM 1099-INT: INTEREST INCOME		(OMB NO. 1545-0112)
(BOX)		(AMOUNT)
1.	Interest Income Not Included in Box 3	.00
2.	Early Withdrawal Penalty	.00
3.	Interest on U.S. Savings Bonds & Treas. Obligations	.00
4.	Federal Income Tax Withheld	.00
5.	Investment Expenses	.00
6.	Foreign Tax Paid	.00

- Line 1. Includes all taxable interest except on U.S. savings bonds and Treasury obligations.
- 2. Interest or principal forfeited because of early withdrawal.
- 3. Includes the periodic interest earned on long-term (greater than one year) debt obligations, U.S. savings bonds, Treasury notes and Treasury bonds. Also includes short-term OID interest on U.S. Treasury bills. This interest is exempt from state and local income taxes. **This amount is not included on line 1.**
- 4. Federal income tax (TEFRA) withheld and remitted to the IRS either by IRS mandate or at the client's request.
- 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 on Schedule A (Form 1040), subject to the 2% limit. **This amount is included in box 1.**
- 6. All money withheld by foreign governments at the time of distribution. The gross amount of the distribution and the amount of the withholding is reflected on your monthly statement followed by the notation "**foreign taxes paid.**" You can determine the foreign country to which taxes were paid by referring to the prospectus for the specific security or by contacting your AE. You may or may not be eligible to take the entire amount shown in box 6 as a foreign tax credit.

What interest income is reported?

The interest income reported on Form 1099-INT includes interest paid from corporate bonds, federal agency bonds, credit balances, commercial paper, and taxable municipal bonds. Municipal bond interest may be taxable unless the interest relates to a debt obligation issued by the state or locality in which you reside; in any case, it must be reported on Form 1040. Municipal bonds issued after August 8, 1986, may be subject to the Alternative Minimum Tax in addition to full interest income disclosure. Interest received on tax-exempt obligations for 2000 is included on your December statement and the detailed income statement.

Bear Stearns tracks the purchase price of short-term (less than one year) instruments (on line 1) and U.S. Treasury bills (on line 3) and calculates the accurate short-term OID amount. However, if the securities are not redeemed from the account in which they were originally purchased, Bear Stearns defers to IRS Publication 1212. Therefore, the amount reported may need an adjustment when you prepare your tax return.

Why do the December statement and 1099-INT totals differ?

Interest relating to REMICs and CDOs is not included on the original Form 1099; instead it will be recalculated on an accrual basis and reported on a corrected Form 1099 no later than March 15, 2001. Interest income from these obligations is reported on Form 1099-OID and/or Form 1099-INT, line 1. These obligations are not treated as U.S. Treasuries for federal and state income tax purposes because the underlying obligations (i.e., mortgages) are not issued by the U.S. Government.

Some MIDS, QUIDS, etc. are subordinated debt securities paying deferrable interest on a monthly or quarterly basis, and are actually OID instruments. An interest payment previously shown on a monthly statement is recalculated on an accrual basis and reported on Form 1099-OID. The interest payment will continue to accrue income for U.S. federal income tax purposes even though interest may not be paid on a current basis.

How is accrued interest reported?

Accrued interest earned on the sale of bonds (except tax-exempt municipal bonds) is reported as interest income on the settlement date. Accrued interest paid by you on bond purchases is included on the detailed income statement, and is not deducted by Bear Stearns from the reportable interest income total. Accordingly, the investor should subtract the accrued interest paid on the purchase of a bond from the amount reported on Form 1099-INT. Both of these amounts should be listed separately on Form 1040, Schedule B.

If you did not receive reportable interest income in 2000, *NO REPORTABLE 2000 FORM 1099-INT INCOME*** will appear on your 1099.**

12 Dividends & Distributions (1099-DIV)

2000 FORM 1099-DIV: DIVIDENDS & DISTRIBUTIONS

(OMB NO. 1545-0110)

(BOX)	(AMOUNT)
1. Ordinary Dividends . . . . .	.00
2a. Total Capital Gain Distributions . . . . .	.00
2b. 28% Rate Gain . . . . .	.00
2c. Unrecap. Section 1250 Gain . . . . .	.00
2d. Section 1202 Gain . . . . .	.00
3. Nontaxable Distributions . . . . .	.00
4. Federal Income Tax Withheld . . . . .	.00
5. Investment Expenses . . . . .	.00
6. Foreign Tax Paid . . . . .	.00
8. Cash Liquidation Distributions . . . . .	.00
9. Noncash Liquidation Distributions . . . . .	.00

- Line 1.** Includes all taxable ordinary dividends and any short-term capital gains from mutual funds which are fully taxable.
- 2a.** Total capital gain distributions (long term) from a regulated investment company (RIC) or real estate investment trust (REIT). **Box 2a includes amounts in boxes 2b, 2c, and 2d.** Report the amount in box 2a on Part II, Schedule D (Form 1040). If amounts appear in boxes 2b-2d, you must report them on the proper lines of Schedule D (Form 1040).
- 2b.** 28% capital rate gain. Report this amount on Schedule D (Form 1040), Part II.
- 2c.** Unrecaptured section 1250 gain for certain qualified depreciable real property. Report this amount on line 11 of the Unrecaptured Section 1250 Gain Worksheet in the instructions for Schedule D (Form 1040).
- 2d.** Section 1202 gains from certain small business stock may be subject to a 50% exclusion. See Schedule D (Form 1040) instructions.
- 3.** The total amount of nontaxable distributions, if determinable. This includes return-of-capital payments that reduce your cost basis of the stock. This part of the distribution 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 calculating gain or loss when you sell your stock. But if you receive all your cost (or other basis), you must report future nontaxable distributions as capital gains, even though this form shows them as nontaxable. For more information, see Publication 550, Investment Income and Expenses..
- 4.** Federal income tax withheld (TEFRA) and remitted to the IRS either by IRS mandate or at the client's request.
- 5.** The stockholder's pro rata share of certain amounts deductible by a nonpublicly offered RIC (generally a nonpublicly offered mutual fund) in computing its taxable income. 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 1.
- 6.** All money withheld by foreign governments at the time of distribution. The gross amount of the distribution and the amount of the withholding is reflected on your monthly statement followed by the notation "**foreign taxes paid.**" You can determine the foreign country to which taxes were paid by referring to the prospectus for the specific security or by contacting your AE. You may or may not be eligible to take the entire amount shown in box 6 as a foreign tax credit.
- 8.** Cash amount distributed as a partial liquidating payment.
- 9.** The fair market value of stock on the date of the distribution.

What dividend income is reported?

The 1099-DIV section reports all ordinary dividend income, return-of-capital payments, capital-gain distributions, and partial liquidations, and includes short-term capital-gain distributions paid by tax-exempt mutual funds.

Why do the December statement and 1099-DIV totals differ?

There are three reasons why the total on your Form 1099-DIV may differ from your December statement totals. Any or all of the following may contribute to the discrepancy:

1. Certain dividend distributions made during the year may be considered nontaxable and are not recorded on the 1099, but are included by security on the detailed income statement.
2. Certain mutual funds and REITs may reclassify part or all of the distributions made. The reclassifications often occur after year end and are not recorded on the December statement.
3. Some mutual funds and REITs are considered constructive receipt payers. Their dividends can have a record date in 2000, but are payable in January 2001. Even though these dividends are not recorded on your December statement, they are reportable in 2000.

Where are capital-gain distributions reported?

The Taxpayer Relief Act of 1997 and the IRS Restructuring and Reform Act of 1998 have changed the capital-gain distribution rates and reporting method for recipients. Capital-gain distributions, other than 28%, should be reported on Schedule D (Form 1040), line 13, column (f). The 28% capital-gain distributions should be reported on line 13, column (g). The 25% unrecaptured section 1250 capital-gain distributions should be reported on Schedule D (Form 1040), Part IV, line 25. The detailed income statement provides the percentage or amount applicable to each security distribution.

If you did not receive reportable dividend income in 2000, *NO REPORTABLE 2000 FORM 1099-DIV INCOME*** will appear on your 1099.**

13 Gross Proceeds (1099-B)

2000 FORM 1099-B: PROCEEDS FROM BROKER & BARTER EXCH. TRANS.					(OMB NO. 1545-0715)	
(1A) DATE OF SALE	(5) DESCRIPTION	(1B) CUSIP	(2) STOCKS, BONDS, ETC GROSS PROCEEDS	(4) FED TAX WITHHELD		
02/15	Federal Home Ln. Mtg. Corp. Quantity 0	3133T06K5	0.00	0.00		PRN PAYDOWN
03/16	CMS ENERGY CORP Quantity 400	125896308	0.00	0.00		
04/16	Audio Book Club Inc. Quantity 1,000	05068R108	0.00	0.00		SHORT SALE
07/05	QWEST Communications Quantity 0	749121109	0.00	0.00		CASH-IN-LIEU
07/07	Medquist Inc. Quantity 647	584949101	0.00	0.00		TENDER
07/21	Arvin Industries Inc. Quantity 0	043339100	0.00	0.00		MERGER
09/01	Southern Calif. HSG Quantity 10,000	842440DQ9	0.00	0.00		REDEMPTION
	7 Items Total		0.00	0.00		

Form 1099-B reports gross proceeds, net of commissions, on a trade or effective-date basis. Each transaction listed on Form 1099-B includes the trade date, brief security description, CUSIP reference number, total amount of money received from the transaction, federal income tax (TEFRA) withheld, if applicable, and quantity. The column on the right of each transaction denotes the source of revenue as one of the following:

Adjustment	Foreign transactions converted to U.S. dollars, corrections of previous 1099-B entries	No Code	Sale
Cancel		PRN Paydown	Principal paydown
Cash-In-Lieu	Greater than \$20	Redemption	
Merger		Short Sale	
MTE	Exchanges involving MIDS, or mutual funds	Tender	For any stock or debt obligation

Any sale with a 2000 trade date settling in January 2001 will be recorded on the 2000 Form 1099-B. Proceeds from Treasury bills sold before redemption are reported on Form 1099-B. Exchanges involving MIDS, QUIDS, mutual funds, etc. are reported at fair market value on the date the new security commences trading. Consult your tax advisor to analyze the federal, state and local tax consequences on these securities.

Accrued interest earned as part of the gross proceeds on a bond sale is reported separately on Form 1099-INT based on settlement date. Principal payment for mortgage- and asset-backed securities is reported based on effective date.

Proceeds required to be reported on your Capital-Gain and Loss Schedule may be different than the amount Bear Stearns reported to you. For example, opening short sales listed on Form 1099-B portion may not be taxable this year. Also, the original cost basis for obligations receiving principal paydowns and reported in 2000 must be adjusted. You are required to reconcile and explain any differences to the IRS on Form 1040, Schedule D.

The detailed income statement provides investment activity transactions **not required** to be reported on Form 1099-B by broker-dealers. It includes 2000 purchases, principal accretions and dividend reinvestments. Details for option purchases, sales and expired option transactions will be listed separately. The detailed statement will include the trade date, description, type of transaction, price, CUSIP number, amount, comment, and quantity. The information for proceeds on sales will be listed only on the Consolidated Form 1099-B.

When a security is purchased or sold, you receive a trade confirmation and a monthly statement, both reflecting the cost basis. If you need a copy of your statement for transaction-specific information, please contact your AE at Bear Stearns or the introducing firm shown on the Consolidated Form 1099.

If you did not receive reportable gross proceeds income in 2000*NO REPORTABLE 2000 FORM 1099-B TRANSACTIONS*** will appear on your 1099.**

14 Original Issue Discount (1099-OID)

2000 FORM 1099-OID: ORIGINAL ISSUE DISCOUNT		(OMB NO. 1545-0117)
(BOX)		(AMOUNT)
1.	Original Issue Discount for Tax Year 2000*	0.00
5.	Description: APP FINANCE VI MAURTITUS LTD Due 11/18/2012	
6.	Original Issue Discount on U.S. Treasury Obligations*	0.00
1.	Original Issue Discount for Tax Year 2000*	0.00
5.	Description: STRIPS TINT- 08/15/2013 Due 08/15/2013	
6.	Original Issue Discount on U.S. Treasury Obligations*	0.00
2 Items Total		0.00

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

- Line 1.** OID calculation is based on the number of days the obligation is held (per IRS Publication 1212).
- 5.** Description and maturity date of an individual obligation.
- 6.** OID on a U.S. Treasury obligation. Report this amount on your federal income tax return; refer to IRS Publication 1212 for any adjustments to this amount. **This OID is exempt from state and local income taxes and is not included in line 1.**

The OID interest reported on Form 1099-OID is based on the assumption that the debt instrument was bought on the date it was originally offered to the public at the initial offering price. OID represents the difference between the stated redemption price at maturity and the original issue price of the bond, debenture, note or other debt instrument. OID is reported as it accrues whether or not any payments are received prior to maturity. OID is taxable over the life of the obligation and is calculated based upon the number of days during the year that you actually held the security.

If the debt instrument was not bought at original issue price, an adjustment to the amount reported on Form 1099-OID may be necessary when preparing your tax return. However, the amount reported on Form 1099-OID should be included on Schedule B of your federal income tax return and adjusted based on your cost. We recommend that you obtain a copy of IRS Publication 1212 and/or consult your tax advisor.

Details on OID for REMIC and CDO securities are not included on the original Consolidated Form 1099; instead they will be reported on a corrected Consolidated Form 1099, mailed and postmarked no later than March 15, 2001.

If you did not receive reportable original issue discount income in 2000, *NO REPORTABLE 2000 FORM 1099-OID INCOME*** will appear on your 1099.**

15 Miscellaneous Income (1099-MISC)

2000 FORM 1099-MISC: MISCELLANEOUS INCOME		(OMB NO. 1545-0115)
(BOX)		(AMOUNT)
2.	Royalties	0.00
3.	Other Income	0.00
4.	Federal Income Tax Withheld	0.00
7.	Nonemployee Compensation	0.00
8.	Substitute Payments in Lieu of Dividends or Interest	0.00

- Line 2.** Income from royalty trust payments has been reported if you own a certificate or unit of beneficial interest in a royalty trust and you have not been issued a Schedule K-1.
- 3.** Other income includes prizes, awards (not for services rendered), punitive and other taxable damages paid.
- 4.** Federal income tax withheld, either by IRS mandate or at the client's request.
- 7.** Includes fees, commissions, prizes and awards for services rendered.
- 8.** Payment in lieu of (a) tax-exempt interest to the extent that interest (including OID) has accrued while a short sale was open, and (b) a dividend, if the ex-dividend date is after the transfer of stock for use in a short sale, but before the closing of the short sale. 1099-MISC information is the only data required to be reported to the IRS for corporate accounts.

In accordance with IRS regulations, if you earned miscellaneous income, you will receive a separate Form 1099-MISC. If not, your Consolidated Form 1099 will indicate, *NO REPORTABLE 2000 FORM 1099-MISC INCOME***.**

16 REMIC/CMO Information

REMIC/CMO TAX INFORMATION IS NOT INCLUDED ON THIS 1099 BUT WILL BE PROVIDED ON AN AMENDED 1099 BY MARCH 15, 2001.

If you receive a Consolidated Form 1099 with this message, it means that you will receive a corrected Consolidated Form 1099 with complete REMIC/CDO information by March 15, 2001. Please refer to the INT and OID sections for detailed explanations.

Other Types of 1099s and Reportable Income

- If you had futures transactions, you will receive a separate Form 1099. Questions should be directed to Bear Stearns Futures Operations at **212.272.0542**.
- If you had IRA and Keogh accounts, Pension Plans, or Profit Sharing Trusts, with reportable transactions you will receive Form 1099-R. Please contact Bear Stearns IRA/Keogh Operations at **212.272.0595** with any questions.
- If you had foreign currency transactions (i.e., yen, pounds), your gross proceeds, dividends and interest will be converted to U.S. dollars on the trade or effective date. These transactions will be reported on your applicable Form 1099.
- If your primary address is in the state of Florida or Kentucky, Bear Stearns is required to file an intangible tax report of security positions held as of December 2000. For California, Connecticut and New York residents, municipal bond interest must be reported by Bear Stearns. Your December 2000 statement will correspond to the positions reported, and the detailed income statement will provide the municipal bond interest.

Corrected 1099s

You may receive an amended Consolidated Form 1099 for one or more of the following reasons:

- Your mutual funds and/or REITs reclassified all or part of their distributions after December 31, 2000. Since these reclassifications occurred after the original Consolidated Form 1099 was issued, a correction was necessary.
- The mutual funds and/or REITs you own declared a dividend in the last quarter of 2000 that was not payable until January 2001.
- Interest relating to REMICs and CDOs is reported on an accrual basis. In accordance with IRS regulations, this information will be sent to you by March 15, 2001.
- After verifying the reporting method and actual calculations from the issuing firm, Bear Stearns discovered a reporting error that made it necessary to issue a revised Consolidated Form 1099.
- A newly signed W-9 Form, changing the SSN or EIN reflected on the original 2000 Consolidated Form 1099, was received.

Not Reported on This 1099

- Income from municipal bond interest, dividend distributions on tax-exempt mutual funds, and gross proceeds on option contracts are provided on the detailed income statement, and are not included on the Consolidated Form 1099.
- Nonreportable items, including margin interest, short accrued interest, purchases and principal accretions (increase in your holding of a REMIC or CMO with a Z tranche), are listed on the applicable category of the detailed income statement.
- If you received distributions directly from a corporation because securities are registered in your name, then the corporation—not Bear Stearns—must provide you and the IRS with the applicable Form 1099.
- Master limited partnership (MLP) and limited liability company (LLC) distributions will be reported directly by the MLP/LLC on Schedule K-1.

Contact Information

This guide is intended to answer frequently asked questions regarding the enclosed tax forms. For your convenience, we have included the following telephone numbers and websites for your use in obtaining additional information:

Bear Stearns 1099 Tax Reporting	212.272.0495	Internal Revenue Service	800.829.1040
Bear Stearns Futures Operations	212.272.0542		www.irs.gov
Bear Stearns IRA/Keogh Operations	212.272.0595	Social Security Administration	800.772.1213
			www.ssa.gov

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