

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

OMB No 1545-0052

2011

Department of the Treasury
Internal Revenue Service

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2011, or tax year beginning , 2011, and ending

PETER SATEGNA EDUCATIONAL FOUNDATION
39487 SAN ANTONIO AVENUE
HAYWARD, CA 94544A Employer identification number
26-1702354B Telephone number (see the instructions)
510 487-4774C If exemption application is pending, check here ☐D 1 Foreign organizations, check here ☐2 Foreign organizations meeting the 85% test, check here and attach computation ☐E If private foundation status was terminated under section 507(b)(1)(A), check here ☐F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐G Check all that apply: ☐ Initial return ☐ Initial Return of a former public charity
☐ Final return ☐ Amended return
☒ Address change ☐ Name changeH Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundationI Fair market value of all assets at end of year (from Part II, column (c), line 16)
\$ 902,438.
J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) _____
(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (att sch)				
2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments	16.	16.	16.	
4 Dividends and interest from securities	31,320.	31,320.	31,320.	
5a Gross rents				
b Net rental income or (loss)				
6a Net gain/(loss) from sale of assets not on line 10	-3,692.			
b Gross sales price for all assets on line 6a	268,043.			
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain			0.	
9 Income modifications				
10a Gross sales less returns and allowances				
b Less: Cost of goods sold				
c Gross profit/(loss) (att sch)				
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	27,644.	31,336.	31,336.	
13 Compensation of officers, directors, trustees, etc.	0.			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach sch)				
c Other prof fees (attach sch)	See St 1	10,870.	10,231.	10,231.
17 Interest				
18 Taxes (attach schedule) (see instr)	See Stm 2	1,956.	1,956.	
19 Depreciation (attach sch) and depletion				
20 Occupancy	1,800.			
21 Travel, conferences, and meetings	84.			
22 Printing and publications				
23 Other expenses (attach schedule)				
24 Total operating and administrative expenses. Add lines 13 through 23	1,826.			
25 Contributions, gifts, grants paid Part. XV	16,536.	12,187.	10,231.	
26 Total expenses and disbursements. Add lines 24 and 25	45,000.			45,000.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	61,536.	12,187.	10,231.	45,000.
b Net investment income (if negative, enter -0-)	-33,892.	19,149.		
c Adjusted net income (if negative, enter -0-)			21,105.	

BAA For Paperwork Reduction Act Notice, see instructions.

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1 Cash — non-interest-bearing			
	2 Savings and temporary cash investments	67,891.	115,174.	115,174.
	3 Accounts receivable.			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach sch) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments — U.S. and state government obligations (attach schedule)	79,120.	52,698.	53,832.
	b Investments — corporate stock (attach schedule)	206,111.	215,347.	253,672.
	c Investments — corporate bonds (attach schedule)	127,300.	100,705.	112,418.
	11 Investments — land, buildings, and equipment: basis			
Less: accumulated depreciation (attach schedule)				
12 Investments — mortgage loans				
13 Investments — other (attach schedule)	384,040.	346,646.	367,342.	
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation (attach schedule)				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers — see the instructions. Also, see page 1, item I)	864,462.	830,570.	902,438.	
LIABILITIES	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	864,462.	830,570.	
	30 Total net assets or fund balances (see instructions)	864,462.	830,570.	
	31 Total liabilities and net assets/fund balances (see instructions)	864,462.	830,570.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year — Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	864,462.
2 Enter amount from Part I, line 27a	2	-33,892.
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	830,570.
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30.	6	830,570.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a See Statement 4				
b				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss).	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div>		2	-3,692.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):	<div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 </div>		3	-946.

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2010	45,400.	900,964.	0.050390
2009	41,486.	837,156.	0.049556
2008	41,149.	826,385.	0.049794
2007			
2006			

2 Total of line 1, column (d)	2	0.149740
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.049913
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	929,499.
5 Multiply line 4 by line 3	5	46,394.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	191.
7 Add lines 5 and 6	7	46,585.
8 Enter qualifying distributions from Part XII, line 4	8	45,000.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VII Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instrs)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here. <input type="checkbox"/> and enter 1% of Part I, line 27b.		1	383.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2.		3	383.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0- .		5	383.
6 Credits/Payments:			
a 2011 estimated tax pmts and 2010 overpayment credited to 2011.	6a		
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7		0.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed See Statement 5.	9		395.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2012 estimated tax Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?		X
If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ 0. (2) On foundation managers \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If 'Yes,' attach a conformed copy of the changes		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If 'Yes,' attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XV	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) CA		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If 'No,' attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If 'Yes,' complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses.		X

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes', attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address ▶ N/A				
14	The books are in care of ▶ GARY SMITH Telephone no. ▶ 510 487-4774			
Located at ▶ 39487 SAN ANTONIO AVENUE HAYWARD CA ZIP + 4 ▶ 94544				
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here N/A ▶ <input type="checkbox"/>	15		N/A
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country ▶				

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	N/A
Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>		
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
If 'Yes,' list the years ▶ 20__ , 20__ , 20__ , 20__ .		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement - see instructions.)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20__ , 20__ , 20__ , 20__ .		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If 'Yes,' did it have excess business holdings in 2011 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2011.)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b	X

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Part VII B Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

Organizations relying on a current notice regarding disaster assistance check here ☐c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ Nob Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

If 'Yes' to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ Nob If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☒ No**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 6		0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1— see instructions). If none, enter 'NONE.'

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

Total number of other employees paid over \$50,000 ☐ 0

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
None		
Total number of others receiving over \$50,000 for professional services		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

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Part IX Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	854,085.
b	Average of monthly cash balances	1b	89,569.
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	943,654.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	943,654.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	14,155.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	929,499.
6	Minimum investment return. Enter 5% of line 5	6	46,475.

Part XII Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	46,475.
2a	Tax on investment income for 2011 from Part VI, line 5	2a	383.
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	383.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	46,092.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	46,092.
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	46,092.

Part XIII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1a	45,000.
b	Program-related investments — total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	45,000.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	45,000.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				46,092.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			38,972.	
b Total for prior years: 20__, 20__, 20__		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006				
b From 2007				
c From 2008				
d From 2009				
e From 2010				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$ 45,000.				
a Applied to 2010, but not more than line 2a.			38,972.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2011 distributable amount				6,028.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2011. (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount — see instructions		0.		
e Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount — see instructions			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012.				40,064.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2007				
b Excess from 2008				
c Excess from 2009				
d Excess from 2010				
e Excess from 2011				

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Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, enter the date of the ruling.

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year	Prior 3 years			(e) Total
(a) 2011	(b) 2010	(c) 2009	(d) 2008	
b 85% of line 2a				
c Qualifying distributions from Part XII, line 4 for each year listed				
d Amounts included in line 2c not used directly for active conduct of exempt activities				
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c				
3 Complete 3a, b, or c for the alternative test relied upon:				
a 'Assets' alternative test — enter:				
(1) Value of all assets				
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)				
b 'Endowment' alternative test — enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed				
c 'Support' alternative test — enter:				
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)				
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				
(3) Largest amount of support from an exempt organization				
(4) Gross investment income				

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year — see instructions.)**1 Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc, (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed:

b The form in which applications should be submitted and information and materials they should include:

c Any submission deadlines:

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part VII **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i> SCHOLARSHIPS, INC. 22100 PRINCETON STREET HAYWARD, CA 94541		ASSOC	SCHOLARSHIPS	25,000.
SAN JOSE STATE UNIVERSITY ONE WASHINGTON SQUARE SAN JOSE, CA 95192		501 (c) (3)	SCHOLARSHIPS	10,000.
LIGHTHOUSE COMMUNITY CHARTER HIGH SCHOOL 444 HEGENBERGER ROAD OAKLAND, CA 94621		501 (c) (3)	SCHOLARSHIPS	10,000.
Total			3 a	45,000.
<i>b Approved for future payment</i>				
Total			3 b	

Part XVI-A Analysis of Income-Producing Activities

· Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount		
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments					16.
4	Dividends and interest from securities					31,320.
5	Net rental income or (loss) from real estate:					
a	Debt-financed property					
b	Not debt-financed property.					
6	Net rental income or (loss) from personal property					
7	Other investment income					
8	Gain or (loss) from sales of assets other than inventory.					-3,692.
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue:					
a						
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)					27,644.
13	Total. Add line 12, columns (b), (d), and (e)					27,644.

(See worksheet in line 13 instructions to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

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Statement 1
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Advisory	\$ 865.	\$ 865.	\$ 865.	
Investment Management	9,366.	9,366.	9,366.	
Outside Services	639.			
Total	\$ 10,870.	\$ 10,231.	\$ 10,231.	\$ 0.

Statement 2
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Federal Tax	\$ 1,879.	\$ 1,879.		
Foreign Tax	42.	42.		
Franchise Tax	35.	35.		
Total	\$ 1,956.	\$ 1,956.	\$ 0.	\$ 0.

Statement 3
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Insurance	\$ 1,077.			
Registry of Charitable Trusts	50.			
Supplies	405.			
Telephone	294.			
Total	\$ 1,826.	\$ 0.	\$ 0.	\$ 0.

Statement 4
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	15 ADS	Purchased	8/11/2010	8/02/2011
2	75 BAC	Purchased	4/06/2011	10/06/2011
3	120 BK	Purchased	7/21/2010	4/06/2011
4	65 BBY	Purchased	7/29/2010	5/17/2011
5	5 BLK	Purchased	11/08/2010	4/06/2011
6	30 CVS	Purchased	2/11/2011	5/24/2011
7	.5 C	Purchased	4/06/2011	5/10/2011
8	70 C	Purchased	4/06/2011	11/07/2011

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Statement 4 (continued)
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
9	15 C	Purchased	5/17/2011	11/07/2011
10	2470 DDBIX	Purchased	4/12/2010	2/18/2011
11	35 GD	Purchased	12/21/2010	4/11/2011
12	442.39 HAINX	Purchased	10/12/2010	8/24/2011
13	25 HPQ	Purchased	11/11/2010	3/15/2011
14	20 LH	Purchased	1/04/2011	2/11/2011
15	951.63 LZEMX	Purchased	9/28/2010	8/24/2011
16	30 LBTYA	Purchased	12/21/2010	8/22/2011
17	30 LBTYA	Purchased	12/21/2010	11/04/2011
18	10 MCD	Purchased	4/11/2011	12/09/2011
19	55 MDT	Purchased	8/11/2010	4/11/2011
20	20 MDT	Purchased	8/24/2010	4/11/2011
21	40 NEE	Purchased	12/21/2010	1/21/2011
22	15 NKE	Purchased	10/04/2010	7/06/2011
23	70 NU	Purchased	10/04/2010	5/11/2011
24	15 SYK	Purchased	8/23/2010	3/11/2011
25	20 TWC	Purchased	6/17/2010	4/19/2011
26	15 VFC	Purchased	10/04/2010	8/22/2011
27	25 WAG	Purchased	5/12/2010	1/20/2011
28	105 WU	Purchased	7/29/2010	6/14/2011
29	30 WLL	Purchased	4/28/2011	9/29/2011
30	25 WLL	Purchased	6/14/2011	9/29/2011
31	20 ACN	Purchased	2/04/2009	5/24/2011
32	275 BAC	Purchased	7/21/2010	10/06/2011
33	35 CHKP	Purchased	1/22/2010	7/07/2011
34	25000 17275RAB8	Purchased	3/06/2009	2/22/2011
35	30 EQT	Purchased	7/21/2010	8/23/2011
36	714.96 SGOIX	Purchased	4/07/2010	11/23/2011
37	485.45 SGOIX	Purchased	7/15/2010	11/23/2011
38	5 GOOG	Purchased	9/26/2008	2/11/2011
39	75 HPQ	Purchased	4/06/2009	3/15/2011
40	5 IBM	Purchased	4/06/2009	5/02/2011
41	15 IBM	Purchased	11/03/2008	8/22/2011
42	1534.52 LZEMX	Purchased	4/07/2010	12/23/2011
43	404.48 LZEMX	Purchased	7/07/2010	12/23/2011
44	784.56 LZEMX	Purchased	9/28/2010	12/23/2011
45	90 NLC	Purchased	7/21/2010	10/04/2011
46	25 PEP	Purchased	11/08/2010	11/30/2011
47	15 TJX	Purchased	8/09/2010	9/29/2011
48	20 UNH	Purchased	6/05/2009	6/22/2011
49	25000 912828FNS	Purchased	5/28/2008	7/31/2011
50	8 VFC	Purchased	10/04/2010	10/10/2011
51	30 WAG	Purchased	5/12/2010	9/20/2011
52	10 IBM	Purchased	4/06/2009	8/22/2011

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i) - (j)	(l) Gain (Loss)
1	1,458.		884.	574.				\$ 574.
2	456.		1,048.	-592.				-592.
3	3,613.		3,067.	546.				546.
4	2,065.		2,258.	-193.				-193.
5	977.		867.	110.				110.
6	1,133.		991.	142.				142.
7	22.		23.	-1.				-1.

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	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Item	Gross Sales	Deprec. Allowed	Cost Basis	Gain (Loss)	FMV 12/31/69	Adj. Bas. 12/31/69	Excess (i) - (j)	Gain (Loss)
8	2,095.		3,246.	-1,151.				\$ -1,151.
9	449.		626.	-177.				-177.
10	35,920.		35,042.	878.				878.
11	2,567.		2,492.	75.				75.
12	24,459.		26,000.	-1,541.				-1,541.
13	1,016.		1,093.	-77.				-77.
14	1,720.		1,808.	-88.				-88.
15	18,264.		18,949.	-685.				-685.
16	1,086.		1,037.	49.				49.
17	1,224.		1,037.	187.				187.
18	969.		771.	198.				198.
19	2,201.		2,020.	181.				181.
20	800.		650.	150.				150.
21	2,148.		2,072.	76.				76.
22	1,376.		1,199.	177.				177.
23	2,479.		2,106.	373.				373.
24	925.		699.	226.				226.
25	1,427.		1,115.	312.				312.
26	1,578.		1,220.	358.				358.
27	1,022.		912.	110.				110.
28	2,090.		1,729.	361.				361.
29	1,086.		2,070.	-984.				-984.
30	905.		1,445.	-540.				-540.
31	1,116.		664.	452.				452.
32	1,672.		3,745.	-2,073.				-2,073.
33	2,022.		1,166.	856.				856.
34	25,000.		26,596.	-1,596.				-1,596.
35	1,555.		1,122.	433.				433.
36	15,215.		15,036.	179.				179.
37	10,330.		10,000.	330.				330.
38	3,048.		2,164.	884.				884.
39	3,047.		2,497.	550.				550.
40	853.		505.	348.				348.
41	2,366.		1,421.	945.				945.
42	27,593.		30,036.	-2,443.				-2,443.
43	7,273.		7,383.	-110.				-110.
44	14,108.		16,813.	-2,705.				-2,705.
45	3,109.		2,094.	1,015.				1,015.
46	1,589.		1,633.	-44.				-44.
47	846.		648.	198.				198.
48	1,039.		558.	481.				481.
49	25,000.		26,421.	-1,421.				-1,421.
50	1,047.		651.	396.				396.
51	1,108.		1,095.	13.				13.
52	1,577.		1,011.	566.				566.
							Total \$	-3,692.

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Statement 5
Form 990-PF, Part VI, Line 9
Tax Due

Tax Due.. .. .	\$	383.
.. .. .		10.
.. .. .		2.
Total	\$	<u>395.</u>

Statement 6
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen- sation	Contri- bution to EBP & DC	Expense Account/ Other
GARY SMITH 39487 SAN ANTONIO AVENUE HAYWARD, CA 94544	Chairman 3.00	\$ 0.	\$ 0.	\$ 0.
LEE STIMMEL 39487 SAN ANTONIO AVENUE HAYWARD, CA 94544	Co-chairman 1.00	0.	0.	0.
SHANNON SUCATO 39487 SAN ANTONIO AVENUE HAYWARD, CA 94544	Secretary 2.00	0.	0.	0.
PAUL ERLE 39487 SAN ANTONIO AVENUE HAYWARD, CA 94544	Treasurer 2.00	0.	0.	0.
DELMO DELLA-DORA 39487 SAN ANTONIO AVENUE HAYWARD, CA 94544	Director 1.00	0.	0.	0.
CHRIS SMITH 39487 SAN ANTONIO AVENUE HAYWARD, CA 94544	Director 1.00	0.	0.	0.
Total	\$	<u>0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

Investment Detail - Fixed Income

Accounting Method
Fixed Income: Tax Lot Optimizer™

	Par	Market Price	Market Value	Adjusted	% of	Unrealized	Estimated
	Units Purchased	Cost Per Unit	Cost Basis	Cost Basis	Account Assets	Gain or (Loss)	Annual Income
Government Obligations					Acquired		Yield to Maturity
FED HOME LN BK 5.25%14 (M)	25,000.0000	111.5308	27,882.70	25,639.18	3%	2,243.52 ^b	1,312.50
NOTES DUE 06/18/14	25,000.0000	105.8504	26,462.60	25,639.18	05/28/08	2,243.52 ^b	4.14%
CUSIP: 3133X7FK5							
MOODY'S: Aaa S&P: AA+							
						Accrued Interest: 47.40	
Total Government Obligations	25,000.0000		27,882.70	25,639.18	3%	2,243.52 ^b	1,312.50
			Total Cost Basis	26,462.60			

Total Accrued Interest for Government Obligations: 47.40

	Par	Market Price	Market Value	Adjusted	% of	Unrealized	Estimated
	Units Purchased	Cost Per Unit	Cost Basis	Cost Basis	Account Assets	Gain or (Loss)	Annual Income
Corporate Bonds					Acquired		Yield to Maturity
ABBOTT LABS 5.6%17 (M)	25,000.0000	119.5991	29,899.78	25,320.14	3%	4,579.64 ^b	1,400.00
BONDS DUE 11/30/17	25,000.0000	101.8830	25,470.75	25,320.14	05/28/08	4,579.64 ^b	5.34%
CALLABLE							
CUSIP: 002819AB6							
MOODY'S: A1 S&P: AA						Accrued Interest: 120.56	

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

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Investment Detail - Fixed Income (continued)

Accounting Method
Fixed Income: Tax Lot Optimizer™

	Par	Market Price	Market Value	Adjusted	% of	Unrealized	Estimated
	Units Purchased	Cost Per Unit	Cost Basis	Cost Basis	Account Assets	Gain or (Loss)	Annual Income
Corporate Bonds (continued)					Acquired		Yield to Maturity
NATL RURAL UTIL 4.75%14 (M)	25,000.0000	107.5357	26,883.93	25,088.75	3%	1,795.18 ^b	1,187.50
COLL TRUST DUE 03/01/14 CALLABLE CUSIP: 637432DC6 MOODY'S: A1 S&P: A+	25,000.0000	100.8650	25,216.25	25,088.75	05/28/08	1,795.18 ^b	4.57%
						Accrued Interest: 395.83	
ORACLE 5.25%16 (M)	25,000.0000	115.2103	28,802.58	25,041.38	3%	3,761.20 ^b	1,312.50
BONDS DUE 01/15/16 CALLABLE CUSIP: 68402LAC8 MOODY'S: A1 S&P: A	25,000.0000	100.2800	25,070.00	25,041.38	05/28/08	3,761.20 ^b	5.20%
						Accrued Interest: 605.21	
WACHOVIA BANK NA 5.6%16 (M)	25,000.0000	107.3268	26,831.70	24,947.50	3%	1,884.20	1,400.00
BONDS DUE 03/15/16 CUSIP: 92976GAE1 MOODY'S: A1 S&P: A+	25,000.0000	99.7900	24,947.50	24,947.50	05/28/08	1,884.20	5.63%
						Accrued Interest: 412.22	
Total Corporate Bonds	100,000.0000		112,417.99	100,397.77	12%	12,020.22^b	5,300.00
			Total Cost Basis:	100,704.50			

Total Accrued Interest for Corporate Bonds: 1,533.82

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

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Investment Detail - Fixed Income (continued)

Accounting Method
Fixed Income: Tax Lot Optimizer™

	Par	Market Price	Market Value	Adjusted	% of	Unrealized	Estimated
	Units Purchased	Cost Per Unit	Cost Basis	Cost Basis	Account Assets	Gain or (Loss)	Annual Income
Municipal Bonds					Acquired		Yield to Maturity
RENTON WASH WTR 4.4%15 ^(M)	25,000.0000	103.7960	25,949.00	25,311.49	3%	637.51 ^b	1,100.00
REV DUE 12/01/15 & SWR REV OID AGM PRE-REFUNDED 12/01/12 AT 100.00000 CUSIP: 760167RQ1 MOODY'S: Aa3 S&P: AA+	25,000.0000	104.9430	26,235.75	25,311.49	11/03/08	637.51 ^b	3.09%
						Accrued Interest: 91.67	
Total Municipal Bonds	25,000.0000		25,949.00	25,311.49	3%	637.51 ^b	1,100.00
Total Cost Basis:			26,235.75				
Total Accrued Interest for Municipal Bonds: 91.67							
Total Fixed Income	150,000.0000		166,249.69	151,343.44	16%	14,901.25 ^b	7,712.50
Total Cost Basis:			158,402.85				

Accrued Interest represents the interest that would be received if the fixed income investment was sold prior to the coupon payment.

Estimated Annual Income ("EAI") and Estimated Yield ("EY") calculations are for informational purposes only. The actual income and yield might be lower or higher than the estimated amounts. EY is based upon EAI and the current price of the security and will fluctuate. For certain types of securities, the calculations could include a return of principal or capital gains in which case EAI and EY would be overstated. EY and EAI are not promptly updated to reflect when an issuer has missed a regular payment or announced changes to future payments, in which case EAI and EY will continue to display at a prior rate.

Investment Detail - Equities

Accounting Method
Equities: Tax Lot Optimizer™

Equities	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
ABBOTT LABORATORIES (M)	60.0000	56.2300	3,373.80	<1%	(131.35)	3.41%	115.20
SYMBOL: ABT	55.0000	58.9685	3,243.27	08/11/08	(150.62)	1237	Long-Term
	5.0000	52.3760	261.88	08/11/10	19.27	507	Long-Term
<i>Cost Basis</i>			3,505.15				
ACCENTURE PLC CL A F (M)	55.0000	53.2300	2,927.65	<1%	695.33	2.53%	74.25
SYMBOL: ACN	30.0000	33.1816	995.45	02/04/09	601.45	1060	Long-Term
	25.0000	49.4748	1,236.87	12/29/10	93.88	367	Long-Term
<i>Cost Basis</i>			2,232.32				
AETNA INC NEW (M)	70.0000	42.1900	2,953.30	<1%	947.05	1.42%	42.00
SYMBOL: AET	70.0000	28.6607	2,006.25	08/11/10	947.05	507	Long-Term
ALLIANCE DATA SYSTEMS (M)	30.0000	103.8400	3,115.20	<1%	1,347.59	0.00%	0.00
SYMBOL: ADS	30.0000	58.9203	1,767.61	08/11/10	1,347.59	507	Long-Term
AMERISOURCEBERGEN CORP (M)	70.0000	37.1900	2,603.30	<1%	945.57	1.39%	36.40
SYMBOL: ABC	70.0000	23.6818	1,657.73 ^a	10/22/09	945.57	800	Long-Term
ANADARKO PETROLEUM CORP (M)	40.0000	76.3300	3,053.20	<1%	353.99	0.47%	14.40
SYMBOL: APC	25.0000	68.1208	1,703.02	12/21/10	205.23	375	Long-Term
	15.0000	66.4126	996.19	08/22/11	148.76	131	Short-Term
<i>Cost Basis</i>			2,699.21				
APACHE CORP (M)	50.0000	90.5800	4,529.00	<1%	36.42	0.66%	30.00
SYMBOL: APA	30.0000	90.5983	2,717.95	07/23/10	(0.55)	526	Long-Term
	10.0000	97.5740	975.74	08/23/11	(69.94)	130	Short-Term
	10.0000	79.8890	798.89	10/05/11	106.91	87	Short-Term
<i>Cost Basis</i>			4,492.58				

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Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

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Investment Detail - Equities (continued)

Accounting Method
Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
APPLE INC (M)	60.0000	405.0000	24,300.00	3%	14,225.14	0.00%	0.00
SYMBOL: AAPL	10.0000	108.7220	1,087.22	11/03/08	2,962.78	1153	Long-Term
	20.0000	166.9660	3,339.32	09/03/09	4,760.68	849	Long-Term
	15.0000	179.7733	2,696.60	09/16/09	3,378.40	836	Long-Term
	15.0000	196.7813	2,951.72	02/10/10	3,123.28	689	Long-Term
Cost Basis			10,074.86				
AUTO DATA PROCESSING (M)	100.0000	54.0100	5,401.00	<1%	1,250.00	2.92%	158.00
SYMBOL: ADP	100.0000	41.5100	4,151.00	07/29/10	1,250.00	520	Long-Term
B M C SOFTWARE INC (M)	65.0000	32.7800	2,130.70	<1%	(915.40)	0.00%	0.00
SYMBOL: BMC	40.0000	49.1432	1,965.73	12/17/10	(654.53)	379	Long-Term
	25.0000	43.2148	1,080.37	08/02/11	(260.87)	151	Short-Term
Cost Basis			3,046.10				
BANK OF AMERICA CORP (M)	315.0000	5.5600	1,751.40	<1%	(264.13)	0.71%	12.60
SYMBOL: BAC	315.0000	6.3985	2,015.53	11/07/11	(264.13)	54	Short-Term
BLACKROCK INC (M)	20.0000	178.2400	3,564.80	<1%	145.29	3.08%	110.00
SYMBOL: BLK	20.0000	170.9755	3,419.51	10/04/10	145.29	453	Long-Term
C V S CAREMARK CORP (M)	45.0000	40.7800	1,835.10	<1%	348.95	1.22%	22.50
SYMBOL: CVS	45.0000	33.0255	1,486.15	02/11/11	348.95	323	Short-Term
CISCO SYSTEMS INC (M)	265.0000	18.0800	4,791.20	<1%	(450.65)	1.32%	63.60
SYMBOL: CSCO	90.0000	24.0852	2,167.67	06/26/08	(540.47)	1283	Long-Term
	105.0000	17.3813	1,825.04	11/03/08	73.36	1153	Long-Term
	70.0000	17.8448	1,249.14	04/11/11	16.46	264	Short-Term
Cost Basis			5,241.85				

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Investment Detail - Equities (continued)

 Accounting Method
 Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
CITIGROUP INC NEW (M)	65.0000	26.3100	1,710.15	<1%	(293.80)	0.15%	2.60
SYMBOL: C	20.0000	41.7365	834.73	05/17/11	(308.53)	228	Short-Term
	45.0000	25.9826	1,169.22	10/06/11	14.73	86	Short-Term
Cost Basis			2,003.95				
CME GROUP INC CL A (M)	16.0000	243.6700	3,898.72	<1%	(466.95)	2.29%	89.60
CLASS A	6.0000	272.4866	1,634.92	08/09/10	(172.90)	509	Long-Term
SYMBOL: CME	5.0000	300.0680	1,500.34	05/02/11	(281.99)	243	Short-Term
	5.0000	246.0820	1,230.41	11/28/11	(12.06)	33	Short-Term
Cost Basis			4,365.67				
COMCAST CORP NEW CL A (M)	200.0000	23.7100	4,742.00	<1%	1,018.94	1.89%	90.00
SYMBOL: CMCSA	155.0000	18.1284	2,809.91	08/11/10	865.14	507	Long-Term
	45.0000	20.2922	913.15	08/22/11	153.80	131	Short-Term
Cost Basis			3,723.06				
CORRECTIONS CP AMER NEW (M)	45.0000	20.3700	916.65	<1%	(103.78)	0.00%	0.00
SYMBOL: CXW	45.0000	22.6762	1,020.43	10/14/11	(103.78)	78	Short-Term
COVIDIEN PLC NEW F (M)	80.0000	45.0100	3,600.80	<1%	(157.11)	1.99%	72.00
SYMBOL: COV	30.0000	49.7883	1,493.65	08/02/11	(143.35)	151	Short-Term
	25.0000	45.7920	1,144.80	11/02/11	(19.55)	59	Short-Term
	25.0000	44.7784	1,119.46	12/09/11	5.79	22	Short-Term
Cost Basis			3,757.91				
DANAHER CORP DEL (M)	70.0000	47.0400	3,292.80	<1%	443.83	0.21%	7.00
SYMBOL: DHR	45.0000	40.1653	1,807.44	10/04/10	309.36	453	Long-Term
	25.0000	41.6612	1,041.53	08/22/11	134.47	131	Short-Term
Cost Basis			2,848.97				
EQT CORP (M)	35.0000	54.7900	1,917.65	<1%	608.46	1.60%	30.80
SYMBOL: EQT	35.0000	37.4054	1,309.19	07/21/10	608.46	528	Long-Term

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Investment Detail - Equities (continued)

Accounting Method
Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
EXPRESS SCRIPTS INC (M)	90.0000	44.6900	4,022.10	<1%	798.69	0.00%	0.00
SYMBOL: ESRX	30.0000	24.8023	744.07	04/06/09	596.63	999	Long-Term
	30.0000	42.4163	1,272.49	09/20/11	68.21	102	Short-Term
	30.0000	40.2283	1,206.85	10/06/11	133.85	86	Short-Term
Cost Basis			3,223.41				
EXXON MOBIL CORPORATION (M)	40.0000	84.7600	3,390.40	<1%	875.73	2.21%	75.20
SYMBOL: XOM	40.0000	62.8667	2,514.67	10/01/10	875.73	456	Long-Term
FIDELITY NATL INFO SVCS (M)	100.0000	26.5900	2,659.00	<1%	(42.02)	0.75%	20.00
SYMBOL: FIS	100.0000	27.0102	2,701.02	10/05/10	(42.02)	452	Long-Term
FISERV INC (M)	55.0000	58.7400	3,230.70	<1%	263.15	0.00%	0.00
SYMBOL: FISV	55.0000	53.9554	2,967.55	10/04/10	263.15	453	Long-Term
FORD MOTOR COMPANY NEW (M)	220.0000	10.7600	2,367.20	<1%	(859.22)	0.00%	0.00
SYMBOL: F	140.0000	15.3174	2,144.44	05/11/11	(638.04)	234	Short-Term
	80.0000	13.5247	1,081.98	06/14/11	(221.18)	200	Short-Term
Cost Basis			3,226.42				
FREEPORT MCMORAN COPPER (M)	60.0000	36.7900	2,207.40	<1%	306.81	2.71%	60.00
SYMBOL: FCX	60.0000	31.6765	1,900.59	09/29/11	306.81	93	Short-Term
GENERAL ELECTRIC COMPANY (M)	290.0000	17.9100	5,193.90	<1%	571.79	3.79%	197.20
SYMBOL: GE	290.0000	15.9383	4,622.11	11/30/10	571.79	396	Long-Term
GOOGLE INC CLASS A (M)	8.0000	645.9000	5,167.20	<1%	1,797.72	0.00%	0.00
SYMBOL: GOOG	5.0000	358.4600	1,792.30	11/03/08	1,437.20	1153	Long-Term
	3.0000	525.7266	1,577.18	05/24/11	360.52	221	Short-Term
Cost Basis			3,369.48				
HEINZ H J CO (M)	100.0000	54.0400	5,404.00	<1%	562.04	3.55%	192.00
SYMBOL: HNZ	100.0000	48.4196	4,841.96	11/30/10	562.04	396	Long-Term

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Investment Detail - Equities (continued)

Accounting Method
Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
JPMORGAN CHASE & CO (M) SYMBOL: JPM	100.0000 100.0000	33.2500 39.0740	3,325.00 3,907.40	<1% 10/04/10	(582.40) (582.40)	3.00% 453	100.00 Long-Term
MC DONALDS CORP (M) SYMBOL: MCD	45.0000 25.0000 20.0000	100.3300 75.3532 77.0555	4,514.85 1,883.83 1,541.11	<1% 01/06/11 04/11/11	1,089.91 624.42 465.49	2.79% 359 264	126.00 Short-Term Short-Term
<i>Cost Basis</i>			3,424.94				
MEDCOHEALTH SOLUTIONS (M) SYMBOL: MHS	20.0000 20.0000	55.9000 53.7890	1,118.00 1,075.78	<1% 08/22/11	42.22 42.22	0.00% 131	0.00 Short-Term
MERCK & CO INC NEW (M) SYMBOL: MRK	100.0000 80.0000 20.0000	37.7000 35.1016 36.1870	3,770.00 2,808.13 723.74	<1% 08/11/10 08/23/10	238.13 207.87 30.26	4.45% 507 495	168.00 Long-Term Long-Term
<i>Cost Basis</i>			3,531.87				
MICROSOFT CORP (M) SYMBOL: MSFT	175.0000 120.0000 55.0000	25.9600 25.5549 24.2980	4,543.00 3,066.59 1,336.39	<1% 03/15/11 05/24/11	140.02 48.61 91.41	3.08% 291 221	140.00 Short-Term Short-Term
<i>Cost Basis</i>			4,402.98				
NETAPP INC (M) SYMBOL: NTAP	30.0000 30.0000	36.2700 36.3703	1,088.10 1,091.11	<1% 12/20/11	(3.01) (3.01)	0.00% 11	0.00 Short-Term
NIKE INC CLASS B (M) SYMBOL: NKE	20.0000 20.0000	96.3700 79.9185	1,927.40 1,598.37	<1% 10/04/10	329.03 329.03	1.49% 453	28.80 Long-Term
NORFOLK SOUTHERN CORP (M) SYMBOL: NSC	35.0000 35.0000	72.8600 58.7117	2,550.10 2,054.91	<1% 10/04/10	495.19 495.19	2.36% 453	60.20 Long-Term

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Investment Detail - Equities (continued)

Accounting Method
Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
ORACLE CORPORATION (M)	210.0000	25.6500	5,386.50	<1%	1,202.45	0.93%	50.40
SYMBOL: ORCL	170.0000	18.7081	3,180.39	01/06/09	1,180.11	1089	Long-Term
	40.0000	25.0915	1,003.66	08/22/11	22.34	131	Short-Term
Cost Basis			4,184.05				
P G & E CORP (M)	75.0000	41.2200	3,091.50	<1%	(246.37)	4.41%	136.50
SYMBOL: PCG	35.0000	45.6794	1,598.78	08/11/10	(156.08)	507	Long-Term
	40.0000	43.4772	1,739.09	06/01/11	(90.29)	213	Short-Term
Cost Basis			3,337.87				
PEPSICO INCORPORATED (M)	70.0000	66.3500	4,644.50	<1%	72.05	3.10%	144.20
SYMBOL: PEP	70.0000	65.3207	4,572.45	11/08/10	72.05	418	Long-Term
PRAXAIR INC (M)	40.0000	106.9000	4,276.00	<1%	783.82	1.87%	80.00
SYMBOL: PX	40.0000	87.3045	3,492.18	08/11/10	783.82	507	Long-Term
PROCTER & GAMBLE (M)	55.0000	66.7100	3,669.05	<1%	264.38	3.14%	115.50
SYMBOL: PG	55.0000	61.9030	3,404.67	11/30/10	264.38	396	Long-Term
QEP RESOURCES INC (M)	115.0000	29.3000	3,369.50	<1%	(859.16)	0.27%	9.20
SYMBOL: QEP	60.0000	37.1863	2,231.18	12/21/10	(473.18)	375	Long-Term
	25.0000	38.9148	972.87	04/19/11	(240.37)	256	Short-Term
	30.0000	34.1536	1,024.61	08/23/11	(145.61)	130	Short-Term
Cost Basis			4,228.66				
REPUBLIC SERVICES INC (M)	150.0000	27.5500	4,132.50	<1%	(56.86)	3.19%	132.00
SYMBOL: RSG	65.0000	28.9556	1,882.12	11/10/10	(91.37)	416	Long-Term
	45.0000	27.9631	1,258.34	11/01/11	(18.59)	60	Short-Term
	40.0000	26.2225	1,048.90	11/23/11	53.10	38	Short-Term
Cost Basis			4,189.36				
SPECTRA ENERGY CORP (M)	65.0000	30.7500	1,998.75	<1%	437.11	3.64%	72.80
SYMBOL: SE	65.0000	24.0252	1,561.64	11/30/10	437.11	396	Long-Term

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Investment Detail - Equities (continued)

Accounting Method
Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
STRYKER CORP (M)	70.0000	49.7100	3,479.70	<1%	103.03	1.70%	59.50
SYMBOL: SYK	50.0000	46.6288	2,331.44	08/23/10	154.06	495	Long-Term
	20.0000	52.2615	1,045.23	08/03/11	(51.03)	150	Short-Term
Cost Basis			3,376.67				
T J X COS INC (M)	65.0000	64.5500	4,195.75	<1%	1,181.63	1.17%	49.40
SYMBOL: TJX	25.0000	43.2188	1,080.47	08/09/10	533.28	509	Long-Term
	20.0000	44.5740	891.48	12/20/10	399.52	376	Long-Term
	20.0000	52.1085	1,042.17	04/11/11	248.83	264	Short-Term
Cost Basis			3,014.12				
TARGET CORPORATION (M)	110.0000	51.2200	5,634.20	<1%	(308.18)	2.34%	132.00
SYMBOL: TGT	65.0000	53.6036	3,484.24	10/04/10	(154.94)	453	Long-Term
	25.0000	55.9848	1,399.62	01/06/11	(119.12)	359	Short-Term
	20.0000	52.9260	1,058.52	03/11/11	(34.12)	295	Short-Term
Cost Basis			5,942.38				
TIME WARNER CABLE (M)	15.0000	63.5700	953.55	<1%	10.46	3.02%	28.80
SYMBOL: TWC	15.0000	62.8726	943.09	12/20/11	10.46	11	Short-Term
TORTOISE ENERGY CAPITAL (M)	1,250.0000	26.8300	33,537.50	4%	1,781.80	6.07%	2,037.50
SYMBOL: TYY	1,250.0000	25.4045	31,755.70	04/06/10	1,781.80	634	Long-Term
UNITED TECHNOLOGIES CORP (M)	50.0000	73.0900	3,654.50	<1%	913.73	2.62%	96.00
SYMBOL: UTX	50.0000	54.8154	2,740.77	11/03/08	913.73	1153	Long-Term
UNITEDHEALTH GROUP INC (M)	100.0000	50.6800	5,068.00	<1%	2,655.62	1.28%	65.00
SYMBOL: UNH	100.0000	24.1238	2,412.38 ^a	02/24/09	2,655.62	1040	Long-Term
V F CORPORATION (M)	12.0000	126.9900	1,523.88	<1%	547.60	2.26%	34.56
SYMBOL: VFC	12.0000	81.3566	976.28	10/04/10	547.60	453	Long-Term

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Investment Detail - Equities (continued)

Accounting Method
Equities: Tax Lot Optimizer™

Equities (continued)	Quantity Units Purchased	Market Price Cost Per Share	Market Value Cost Basis	% of Account Assets Acquired	Unrealized Gain or (Loss)	Estimated Yield Holding Days	Estimated Annual Income Holding Period
VALSPAR CORPORATION (M)	35.0000	38.9700	1,363.95	<1%	147.98	1.84%	25.20
SYMBOL: VAL	35.0000	34.7420	1,215.97	07/20/11	147.98	164	Short-Term
VISA INC CL A (M)	50.0000	101.5300	5,076.50	<1%	1,456.12	0.86%	44.00
CLASS A	20.0000	68.7300	1,374.60	12/20/10	656.00	376	Long-Term
SYMBOL: V	15.0000	72.7053	1,090.58	01/20/11	432.37	345	Short-Term
	15.0000	77.0133	1,155.20	04/19/11	367.75	256	Short-Term
Cost Basis			3,620.38				
WALGREEN COMPANY (M)	95.0000	33.0600	3,140.70	<1%	152.06	2.72%	85.50
SYMBOL: WAG	35.0000	36.4822	1,276.88	05/12/10	(119.78)	598	Long-Term
	60.0000	28.5293	1,711.76	07/29/10	271.84	520	Long-Term
Cost Basis			2,988.64				
WELLS FARGO & CO NEW (M)	175.0000	27.5600	4,823.00	<1%	171.85	1.74%	84.00
SYMBOL: WFC	140.0000	25.5700	3,579.81	10/04/10	278.59	453	Long-Term
	35.0000	30.6097	1,071.34	04/19/11	(106.74)	256	Short-Term
Cost Basis			4,651.15				
WESTERN UNION COMPANY (M)	145.0000	18.2600	2,647.70	<1%	259.59	1.75%	46.40
SYMBOL: WU	145.0000	16.4697	2,388.11	07/29/10	259.59	520	Long-Term
WILLIAMS COMPANIES (M)	155.0000	33.0200	5,118.10	<1%	2,047.68	3.02%	155.00
SYMBOL: WMB	155.0000	19.8091	3,070.42	07/27/10	2,047.68	522	Long-Term
Total Equities	6,351.0000		253,672.10	28%	33,325.56		5,821.81
			Total Cost Basis:		215,346.54		

Estimated Annual Income ("EAI") and Estimated Yield ("EY") calculations are for informational purposes only. The actual income and yield might be lower or higher than the estimated amounts. EY is based upon EAI and the current price of the security and will fluctuate. For certain types of securities, the calculations could include a return of principal or capital gains in which case EAI and EY would be overstated. EY and EAI are not promptly updated to reflect when an issuer has missed a regular payment or announced changes to future payments, in which case EAI and EY will continue to display at a prior rate.

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Investment Detail - Mutual Funds

Accounting Method
Mutual Funds: Average

Bond Funds	Quantity	Market Price	Market Value	% of Account Assets	Average Cost Basis	Cost Basis	Unrealized Gain or (Loss)
RIDGEWORTH SEIX FLOAT (M) RATE HIGH INC I SYMBOL: SAMBX	3,923.7670	8.6500	33,940.58	4%	8.92	35,000.00	(1,059.42)
Total Bond Funds	3,923.7670		33,940.58	4%		35,000.00	(1,059.42)
Equity Funds	Quantity	Market Price	Market Value	% of Account Assets	Average Cost Basis	Cost Basis	Unrealized Gain or (Loss)
ABSOLUTE STRATEGIES FUND (M) INSTL SHR SYMBOL: ASFIX	2,948.8420	11.0500	32,584.70	4%	10.51	31,000.00	1,584.70
ASTON TAMRO SMALL CAP FU (M) ND CL I SYMBOL: ATSIX	639.4910	18.6200	11,907.32	1%	18.76	12,000.00	(92.68)
DELAWARE U.S. GROWTH FD (M) INST CL SYMBOL: DEUIX	4,209.8910	16.0600	67,610.85	7%	12.35	52,000.00	15,610.85
LAZARD EMRG MKTS INST (M) SHARE SYMBOL: LZEMX	143.3460	16.8000	2,408.21	<1%	19.91	2,854.33	(446.12)
MATTHEWS PACIFIC TIGER (M) FUND SYMBOL: MAPTX	983.7680	20.3300	20,000.00	2%	20.33	20,000.00	0.00
NEUBERGER BERMAN EQTY (M) INCM FD INST CL SYMBOL: NBHIX	3,110.1470	11.0700	34,429.33	4%	11.25	35,000.00	(570.67)

Schwab has provided accurate gain and loss information wherever possible for most investments. Cost basis data may be incomplete or unavailable for some of your holdings. Please see "Endnotes for Your Account" section for an explanation of the endnote codes and symbols on this statement.

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Investment Detail - Mutual Funds (continued)

Accounting Method
Mutual Funds: Average

Equity Funds (continued)	Quantity	Market Price	Market Value	% of Account Assets	Average Cost Basis	Cost Basis	Unrealized Gain or (Loss)
PIMCO COMMODITY REAL ^(M) RETURN STRAT CL INSTL SYMBOL: PCRIX	5,051.3110	6.5400	33,035.57	4%	7.93	40,072.00	(7,036.43)
VIRTUS EMRG MKTS OPPTY ^(M) FD CL I SYMBOL: HIEMX	2,856.2930	8.7000	24,849.75	3%	8.75	25,000.00	(150.25)
Total Equity Funds	19,943.0890		226,825.73	25%		217,926.33	8,899.40
Total Mutual Funds	23,866.8560		260,766.31	29%		252,926.33	7,839.98

Investment Detail - Other Assets

Accounting Method
Other Assets: Tax Lot Optimizer™

Other Assets	Quantity	Market Price	Market Value	% of Account Assets	Unrealized Gain or (Loss)	Holding Days	Holding Period
	Units Purchased	Cost Per Share	Cost Basis	Acquired			
ISHARES TR RUSSELL 1000 ^(M) RUSSELL 1000 GROWTH INDEX FUND SYMBOL: IWF	475.0000	57.7900	27,450.25	3%	2,626.65		
	475.0000	52.2602	24,823.60	10/12/10	2,626.65	445	Long-Term
ISHARES TR S&P MIDCAP ^(M) S&P MIDCAP 400 INDEX FD SYMBOL: IJH	325.0000	87.6100	28,473.25	3%	2,231.13		
	325.0000	80.7449	26,242.12	10/12/10	2,231.13	445	Long-Term
ISHARES TR S&P SMALLCAP ^(M) S&P SMALLCAP 600 INDX FD SYMBOL: IJR	350.0000	68.3000	23,905.00	3%	8,116.65		
	350.0000	45.1095	15,788.35	05/08/09	8,116.65	967	Long-Term

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Investment Detail - Other Assets (continued)

Accounting Method
Other Assets: Tax Lot Optimizer™

Other Assets (continued)	Quantity	Market Price	Market Value	% of Account Assets	Unrealized Gain or (Loss)	Holding Days	Holding Period
	Units Purchased	Cost Per Share	Cost Basis	Acquired			
VANGUARD MSCI EMERGING (M)	700.0000	38.2100	26,747.00	3%	(119.27)		
MARKETS ETF SYMBOL: VWO	700.0000	38.3803	26,866.27	12/22/11	(119.27)	9	Short-Term
Total Other Assets	1,850.0000		106,575.50	12%	12,855.16		
		Total Cost Basis	93,720.34				

Total Investment Detail	901,629.04
Total Account Value	901,629.04
Total Cost Basis	715,396.06