



# ALLIANT ENERGY SHAREOWNER EDUCATION TOOLKIT

What Shareowners Need to Know



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# INTRODUCTION

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# Shareowner Education: Navigating the Evolving Securities Environment

Congratulations – you’re a shareowner! But what does that really mean?

Whether you’re a new shareowner, or have been investing in Alliant Energy for years, we thank you for putting your trust in Alliant Energy and for your investment in our future.

Our Alliant Energy team is committed to delivering on our financial and operational goals, while continuing to make customers the heart of our vision.

This toolkit is being provided to help strengthen your knowledge and understanding of the responsibilities of being a shareowner.

The realm of securities transactions and management continues to increase in complexity due to technological advances and regulatory changes. Shareowners and issuers both play important roles in ownership, but their responsibilities differ. Many shareowners do not know their rights and responsibilities or what it means to be a shareowner.

Being a shareowner comes with advantages, but you also have responsibilities to protect your investment by maximizing the benefits of the programs available through your transfer agent. For example, you have the option to reinvest dividends and purchase stock directly through your transfer agent. Shareowners should also be aware of the importance of logging into their account annually, the importance of cashing dividend checks regardless of the amount, keeping their address current, and maintaining proof of ownership by saving statements in a safe place. These are just a few of the key informational and transactional items relevant to shareowners.

Ensuring that the shareowners we serve have the right information is of paramount importance to Alliant Energy Corporation and its transfer agent, EQ Shareowner Services. We are providing the following materials to help our shareowners manage their accounts, understand some of the acronyms and terminology of stock ownership, as well as the responsibilities and requirements of being a shareowner. The guide provides basic information on common terms, while detailing how shareowners can transact, inquire, and manage their accounts. This document is subject to change and is intended for informational purposes only. The information contained in this document is not intended to provide legal, investment, financial or other advice. For specific questions please contact your financial advisor or legal counsel.

Please note, these materials were developed by the Executive Advisory Council sponsored by AST Financial and were revised and updated for applicability for Alliant Energy Corporation and its shareowners.



# What Does It Mean To Be a Shareowner?

A registered shareowner owns stock directly with a company. This is different from holding shares with a broker. You may have become an owner by simply investing in a company of your choice, receiving the stock as a gift, or inheriting it.

By owning stock directly, you are engaged in a financial relationship between yourself and the company in which you hold shares, known as the issuer. As in any financial relationship, there are responsibilities on both sides to protect you against theft, provide for accurate withholdings for annual tax filings, smooth transitions of ownership or address, prompt payment of annual taxes and dividends (if applicable), and preservation of your investment from inadvertent escheatment (capture) by a state government. You also have the right to make an impact on the direction of the company in which you own shares through your proxy vote and to receive cash or stock dividends.

Shareowner responsibilities include:

- Setting up and logging into their online accounts at least annually to maintain contact with the company and its transfer agent (see Escheatment section for further details)
- Cashing dividend checks and sale proceeds checks in a timely fashion regardless of the dollar amount
- Maintaining a current address on their account(s)
- Maintaining proof of ownership (such as a stock certificate or account statement) in a safe place
- Monitoring any corporate action such as a merger or acquisition that may affect their ownership to see if any action is required on their part
- Voting their proxies on an annual basis
- Maintaining accurate records of all purchases or sales for cost basis purposes
- Completing a W-9/W-8 tax certification to prevent tax withholding on dividends and sale proceeds, and
- Responding to letters and calls from the company/its transfer agent/third party vendors to verify contact or prevent the escheatment of shares and/or dividends to the applicable state under abandoned property statutes.

These are just a few of the key responsibilities of being a shareowner.

## Registered Versus Beneficial Ownership

A **registered** shareowner owns stock directly with a company and appears on the books and records of the company's transfer agent. Registered holders receive all communications (dividend checks, account statements, tax forms, and proxy materials) directly from the company and its transfer agent. The company's transfer agent is responsible for the administration of a registered shareowner's account. Proxy votes from registered shareowners are sent directly to the tabulator for recording.

A **beneficial** shareowner (commonly referred to as a "street name" holder) holds shares through a broker and appears on the books and records of that financial institution. All shareowner communications are received directly from the broker. The broker or other financial institution is responsible for the administration of your account. Proxy votes from beneficial owners are sent back to the respective broker, and then the total vote is submitted by the broker to the tabulator. Beneficial owners can be "non-objecting" (NOBO) or "objecting" (OBO), depending upon whether they wish the company to know their identity.

The decision to be a registered holder or beneficial holder is an individual one, depending on the shareowner's preference. A registered holder can become a beneficial holder and vice versa.

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# SHAREOWNER ACCOUNT INFORMATION

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# Shareowner Account Information

## Online Account Access at EQ Shareowner Services for Registered Shareowners

The EQ Shareowner portal was designed to provide strong data security for shareowners. If you are a first-time user, you can set up online access by logging into the following website: <https://shareowneronline.com> Click “Register” at the top right-hand side of the page and follow the prompts to create your profile and Unique ID and password. If you have already registered and know your Unique ID and password, click “Login”.

You will be able to monitor the status of your account, review your transactions, change your address, add bank account information for direct deposit of dividends or sale proceeds, submit certain types of stock transfers, purchase additional shares, request a sale of shares, or enroll in electronic delivery to name a few. In addition, logging into your online account at least annually is one of the best methods to maintain appropriate contact and avoid escheatment of your stock and/or dividends as unclaimed property.

## Account Address

It is of utmost importance to always maintain a current address with your transfer agent. EQ conducts various mailings on behalf of Alliant Energy and it is the most common way we communicate with our shareowners. Financial regulations require that certain types of notices always be sent to a physical address. Failure to maintain an active address may result in mailings being returned to us, missing scheduled dividend payments, and overlooking important information related to your holdings. In some cases, your account may become dormant due to inactivity, resulting in your assets being turned over to the state in accordance with abandoned property laws.

If you do not have online access, you can submit a change of address in writing to the following address:

EQ Shareowner Services  
PO Box 64856  
St Paul MN 55164-9442

Shareowners can also request an address change by calling EQ Shareowner Services customer care at 800-356-5343. You will need to provide your social security number and account number.

If you maintain multiple addresses during the year, contact EQ Shareowner Services by one of the above methods to request an address update before and after you travel to be certain your mail is delivered to the appropriate location.





## **Direct Deposit of Dividends/Sale Proceeds**

A shareowner can advise in writing and provide the full address if they would like their dividends mailed directly to another financial institution. Shareowners can also enroll in direct deposit on the EQ Shareowner portal.

## **What should I do if I forget my Unique ID or password?**

Navigate to <https://shareowneronline.com>, click on “Login” and then click on “Having trouble logging in?” Select the appropriate assistance and proceed through prompts. If you answer the security questions you set up during your registration process correctly, your Unique ID or password will be reset. If not, contact the EQ Shareowner Services customer care desk at 800-356-5343 for assistance.

Please note that Unique IDs cannot be changed. To change your password, login to your account at the above link and navigate to the My Profile tab which contains password change instructions.

## **How can I safeguard my password?**

Make passwords long, strong and a minimum of eight (8) characters. Please note, your password cannot contain anything similar to your previous assigned 12 passwords and it cannot be your Unique ID, your first name, or last name.

- Your password should be a mix of upper and lowercase letters, numbers and symbols
- Don't share your password
- Your password(s) should be unique and not something that can easily be guessed
- Choose a different password for each online account
- Write down your password and store it in a safe place or you may make use of an electronic password tracking app on your mobile device

## **Why am I not able to register my account?**

There are several reasons an account cannot be registered for online access:

- The social security number / tax ID number entered does not match our records
- The account number you entered is invalid
- Certain classifications of ownership do not have online access to account information: individual IRAs, corporate entities, non-resident US citizens and resident aliens

## **What should I do if I am locked out of my account?**

To protect shareowner accounts, users can be locked out after multiple failed login attempts.

# Transfer of Shares

## What is a transfer?

An exchange of ownership of property from one party to another. Some transactions, like a name change or custodian change may also be considered a transfer. Visit EQ Shareowner Services' website for transfer forms and instructions:

<https://shareowneronline.com> in the Download Forms tile click on "Stock Power and Transfer Instructions"

## How do I transfer shares?

In order to transfer shares, certain documents are required depending on the current registration at the transfer agent. Typically, a transfer of ownership or stock power form with a Form W-9 must be completed and include a Medallion Signature Guarantee (see below). If the current account holds physical stock certificates, they must be submitted with the transfer documents. If the stock certificates have been lost or destroyed, the shares represented by those certificates must be replaced in electronic form before they can be transferred into a new registration. See "What should I do if I lose my certificate" below. A description of the registration types and requirements can be found in the Stock Power Transfer Instructions packet.

## What happens to my shares when I die?

Upon the death of an owner, if you leave a will, your beneficiaries will have to wait until your estate is probated to inherit your stocks or as dictated by other governing laws in the state in which the shareowner was domiciled. If the registration on the transfer agent's records reflects a beneficiary ownership such as a transfer on death or TOD (payable on death or trust) the assets can be transferred to the beneficiary listed with certain transfer documents.

## What is a Medallion Signature Guarantee?

A Medallion Signature Guarantee verifies the authenticity of a signature and helps to confirm that a transfer of securities is authentic. This is done through a stamp and signature combination. A Medallion Signature Guarantee is required when securities need to be transferred from one party to another or for any transaction that is considered a transfer.

## Where can I obtain a Medallion Signature Guarantee?

You can obtain a Medallion Signature Guarantee from a bank, savings and loan association, brokerage firm or credit union. Go to <http://www.msglookup.com/search.html> to find a guarantor. The guarantor generally requires the customer to have an active account and will typically ask for the following:

- Documentation showing the exact and complete ownership of the security
- Documentation showing the value of the transaction
- Documentation showing your legal authority (if you are signing on behalf of another individual)
- Photo identification
- Proof of name change as a result of marriage, divorce or legal name change

### **How do you make sure your signature is acceptable?**

The presenter of the transfer documents must sign in their legal capacity according to the existing registration on record at the transfer agent and not the new registration. For example, if the existing registration is John Doe and Jane Doe Joint Tenant, it needs to be signed by both John and Jane. If the shareowner is deceased, the transfer forms must be signed by the executor/administrator of the estate of the decedent. If the shareowner is not deceased, but is deemed incompetent or unable to sign, documentary evidence must be submitted to the transfer agent supporting their role/relationship to the shareowner. Any document requiring the affixation of a Medallion Signature Guarantee must be done in the presence of the guarantor of the Medallion Signature Guarantee. It is important to note that a power of attorney becomes null and void once the maker is deceased.

### **Why is a W-9 or W-8 required?**

This is required to certify your tax ID (US holders) or verify your country of residence (non-US holders) and avoid backup withholding upon the liquidation of your assets. Please refer to the tax certification section for further details.

### **Reinvest Dividends (if applicable, for DRIP shares only):**

When a transfer includes Dividend Reinvestment Plan (DRIP) shares, if the new owner would like to keep the shares enrolled in the company's reinvestment program, they can check the box next to YES on their transfer package in order to reinvest their dividends. Users can also enroll online.

### **How can I transfer and sell my shares?**

If the company has a Direct Stock Sale Plan, you can sell the shares through the company appointed transfer agent. You will need to include a signed letter of instruction with your transfer request and provide the name of the security, account number and the number of shares you would like to sell.

## What is a stock certificate?

A stock certificate is documentation of a shareowner's ownership in a corporation. It indicates the number of shares owned by an individual, the par value (if any), the class of stock and date of issuance. Alliant Energy Corporation by default will issue stock in electronic format only, unless a written request is submitted to the transfer agent for a hard copy certificate. Original stock certificate(s) must be presented to the transfer agent to effectuate a transfer of ownership. Existing stock certificates that have been issued previously are still valid and should be retained or ideally, deposited into a shareowner's EQ account for safekeeping.

## Transfer Types and Security Registrations

### Common transfer types include:

- Transfer from individual or joint owner
- Transfer due to name change
- Transfer due to deceased owner
- Custodial transfer (i.e., the minor child has reached the age of majority or the custodian on the account must be changed)

### Examples of security registrations:

- **Joint Tenancy:** Form of ownership where two or more individuals hold shares as joint tenants with rights of survivorship. When one tenant dies, the entire tenancy transfers to the surviving tenants EX: JOHN BROWN & MARY BROWN JT TEN
- **Tenants by Entirety:** Joint ownership permits spouses to mutually own property as a single legal entity, with the survivor becoming the sole owner. EX: JOHN BROWN & MARY BROWN TEN ENT
- **Tenants in Common:** Form of ownership where each tenant owns undivided interest. When one tenant dies, their interest passes to the estate. EX: JOHN BROWN & MARY BROWN TEN COM
- **Community Property:** Form of ownership required by states that have adopted community property laws for shares owned by husband and wife. EX: JOHN BROWN & MARY BROWN COMMUNITY PROPERTY
- **Transfer on Death:** Form of ownership where stock is 100 percent property of primary owner. When the primary owner dies, 100 percent ownership is transferred to the beneficiary listed. EX: JOHN BROWN TOD MARY BROWN
- **Custodial:** Form of ownership set up for the benefit of a beneficiary and administered by a legal guardian or custodian who has a fiduciary obligation to the beneficiary. EX: JOHN BROWN CUST MARY BROWN UNDER UNIF GIFT TO MINORS ACT CA or ABC BANK AGENT FOR MARY BROWN UA DTD 9-20-80. (When the minor reaches the age of majority, the custodianship ends and the adult child can legally claim the account.)
- **Trust:** A legal entity in which one person or institution (trustee) holds the right to manage a property or asset(s) for the benefit of someone else (trust beneficiary). The creator of the trust is known as a guarantor or settlor. EX: JOHN BROWN, TRUSTEE THE MARY BROWN REV LVG TR UA STD 2/3/91

## **What are book-entry shares?**

Investments such as stocks and bonds whose ownership is recorded electronically are referred to as book-entry shares. Several terms are often used interchangeably with “book-entry” shares including “paperless shares”, “electronic shares”, “DRS shares”, “digital stock certificates”, and “uncertificated shares”.

## **What should I do if I lose my stock certificate?**

If your stock certificate is lost, accidentally destroyed, or stolen, you should immediately contact EQ Shareowner Services and request a “stop transfer” to prevent ownership of the securities from being transferred from your name. EQ will send the shareowner an Affidavit of Loss to replace the shares. The charge for replacement is 5% of the current market value in addition to a processing fee for purchase of the required Lost Securities Bond. Certain registrations will require legal paperwork to authenticate the authority to transact. It is in the best interest of shareowners to safeguard their stock certificates against loss, destruction, or theft.

## **How do I keep my shares safe?**

We recommend the following:

- 1) Set up an online account at EQ (or with your broker) and periodically review your ownership
- 2) Physical stock certificates should be held in a safety deposit box with a financial institution or deposited electronically with EQ for safekeeping
- 3) Notify EQ or your broker if you are moving – always maintain a current address
- 4) Notify your next of kin of your stock ownership or make provisions in your Will regarding your beneficiaries
- 5) When mailing stock certificates to EQ for transfer, safekeeping, or sale, we recommend you insure your package for 3% of the current market value of the shares. If the certificate(s) are lost by the USPS, the shares will need to be replaced.

## **What is an Inheritance Tax Waiver and how can I determine if one is needed?**

An inheritance tax waiver is an authorization by the tax department of a deceased’s estate to transfer the securities of the deceased without charging any taxes. Most states do not require an inheritance tax waiver. However, if the deceased resided in Puerto Rico or any states listed below, you must submit the inheritance tax waiver to EQ when transferring those shares.

- Alabama
- Hawaii
- Illinois
- Indiana
- Missouri
- Montana
- New Jersey

- New York
- North Dakota
- Ohio
- Oklahoma
- Pennsylvania
- Rhode Island
- Tennessee

To determine the specific inheritance tax waiver requirements for the states listed above, please contact the appropriate tax authority, such as the Department of Revenue, Tax Commission, Department of Treasury, etc.

## Dividend Distribution

When a company declares a dividend, this sends a strong signal about its solid performance and financial well-being. Companies often provide shareowners with easy options for reinvestment to grow their investment in the company. EQ works closely with companies to create direct stock purchase plans and dividend reinvestment strategies.

### What is a dividend?

A dividend is money or stock that is paid to shareowners, normally out of the corporation's current earnings or accumulated profits. It is a distribution (usually quarterly) of a portion of the company's earnings, decided by the board of directors to a class of its shareowners.

### How is a cash dividend paid?

When a company declares a cash dividend, they notify the transfer agent of the board of directors' decision. The notice contains the record date, payable date, and dividend rate to pay shareowners with holdings of company shares as of the record date. The transfer agent will then send a funding letter to the company to verify and confirm the number of shares held as of the record date and the amount due from the company to pay the dividend. When this is verified, the company sends the funds to its transfer agent for distribution to shareowners on the payable date.

### How are funds distributed?

When the payable date arrives, the funds can be distributed in one of four ways:

- 1) The shareowner can have a physical check sent to the current name and address on file
- 2) A direct deposit ACH can be sent to the bank account on file (if allowed by the company paying the dividend)
- 3) Where permitted, a fee-based wire transaction
- 4) If a company permits and a shareowner elects dividend reinvestment, the funds can be reinvested into additional shares of company stock within a shareowner's account



# Escheatment

## What is escheatment?

Escheatment is the act of reporting unclaimed property, as required under state statutes, to the individual's last known address. Unclaimed property (sometimes referred to as abandoned property) refers to assets held in accounts by financial institutions and companies in which the rightful owner has had no activity, made no claim, engaged in no transaction or given no instruction for a time period meeting the dormancy determined by each state. Property that qualifies for the escheatment process includes uncashed company-issued checks and abandoned stock.

Common forms of unclaimed property include stocks, checking or savings accounts, uncashed dividends or payroll checks, refunds, traveler's checks, trust distributions, unredeemed money orders or gift certificates, insurance payments or refunds, life insurance policies, annuities, certificates of deposit, customer overpayments, utility security deposits and contents of safe deposit boxes.

## How can you avoid escheatment and keep your property?

- Vote your proxy every year
- Cash all checks no matter how small. In some states, the existence of uncashed checks in an account may cause the property in that account to be considered unclaimed.
- Notify EQ and any other financial institutions of any changes to your contact information, including email and any changes of address. It's important to do this even if you primarily view your account information online.
- Take action if you receive calls or notices asking you to update your mailing address, email address or other contact information. To guard against identity theft, contact the institution directly to verify that it requested the information.
- Consider consolidating small accounts to reduce management tasks and limit the risk of forgetting an account.
- Contact EQ and other financial institutions at least once a year by phone, email, in person, or by logging into your account online.

## Respond to mailings from the transfer agent:

Be attentive to mailings and respond to them promptly. Transfer agents mail several types of letters during the year to the last known address, as required by law. If you receive one of these mailings, please sign it and return it as soon as possible in the envelope provided. If you receive a mailing from a third party and are unsure of its legitimacy, contact EQ directly.

## How do I reclaim property that has been escheated?

Once your property has been turned over to the state, you can recover it by contacting the appropriate state. A list of contact addresses and phone numbers can be found at: <https://www.missingmoney.com/Main/StateSites.cfm>



**Links to important industry sites:**

State contact information: <https://www.missingmoney.com/Main/StateSites.cfm>

Shareholder Services Association (SSA): <https://www.shareholderservices.org/>

Securities Transfer Association (STA): <http://www.stai.org/>

National Association of Unclaimed Property Administrators (NAUPA):  
<https://unclaimed.org/>

MissingMoney.com: <https://www.missingmoney.com/en/>



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# CORPORATE ACTIONS

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# Corporate Actions

## What is a corporate action?

A corporate action is an event initiated by a company that will bring a change to the securities equity or debt issued by the company. The event can be a merger, reorganization or exchange, which require intense planning, strategy and attention to detail. Corporate actions are typically agreed upon by a company's board of directors and authorized by its shareowners.

## What is an acquisition?

An acquisition is a corporate action in which a company buys most, if not all, of the target company's ownership stakes to assume control of the firm. Acquisitions are often made as part of a company's growth strategy when it is more beneficial to take over an existing firm's operations rather than expand its own niche. Acquisitions are often paid in cash, the acquiring company's stock or a combination of both cash and stock. To obtain information on an acquisition, you can visit the company's website or contact the information agent or the transfer agent.

A voluntary corporate action is an action where the shareowners elect to participate. In order to participate in a voluntary offer, you must submit both a letter of transmittal and your certificates to the depository agent prior to the expiration. It is recommended to send certificates via overnight mail or certified return receipt insured at the market value of the shares. If your certificates are lost, you need to contact the transfer agent to have them replaced to participate in the offer.

## What is a merger?

A merger is similar to an acquisition, but it refers to the combining of two or more companies into a stronger single company to increase shareowner value. Generally, one company offers shareowners securities in the acquiring company in exchange for the surrender of their stock. The target company ceases to trade once the merger is effective. The merger can be in the form of cash, stock or a combination of cash and stock. When the merger is effective the target shareowner is entitled to the merger consideration.

In order to receive your merger consideration, you must submit a letter of transmittal and your certificates to the exchange agent. It is recommended to send certificates via overnight mail or certified return receipt insured at the market value of the shares. If your certificates are lost, you need to contact the transfer agent to have them replaced to receive your merger consideration.

**What should I do if there is a corporate action?**

Go to the company's website, contact the Investor Relations department via their toll-free number or if you know who the transfer agent is, contact them for further direction. With an acquisition or merger, you should receive a mailing with materials pertaining to the corporate action.

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# TAX ID CERTIFICATION

## W-9 / W-8 FORMS

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## Tax Certification

All US shareowners are required to submit a Form W-9 to certify their Tax Identification Number (TIN). A “TIN” is either a social security number (SSN) for individuals, or an employer identification number (EIN) for entities. EQ Shareowner Services is required to impose backup withholding (currently 24%) on payments to uncertified US shareowners, and to deposit those tax amounts with the IRS in a timely manner.

### IRS Form W-9

The W-9 form is a request for taxpayer identification number and certification. EQ Shareowner Services, as a reporting/paying agent, is required by the IRS to collect a Form W-9 or Form W-8 from each shareowner.

### IRS Form W-8

The IRS issued several versions of Form W-8 to be used by foreign shareowners for tax certification. The specific form submitted depends on the type of shareowner.

Form W-8 BEN is used by individuals and is valid starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. Form W-8 BEN: <https://www.irs.gov/pub/irs-pdf/fw8ben.pdf>

Form W-8 BEN-E is used by entities and is valid for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect. Form W-8 BEN-E: <https://www.irs.gov/pub/irs-pdf/fw8bene.pdf>

If an account is held by a non-resident alien or a foreign entity, EQ must have a W-8 on file for the account. This information is required for US tax withholding purposes on income earned in your EQ account. Any uncertified shareowner is subject to backup withholding.

Backup withholding is the method used by the IRS to make sure it collects taxes on shareowners' income.

**Important:** The IRS requires those who are not defined as US citizens or *resident aliens* to use the appropriate Form W-8 in place of a Form W-9.

## W-9 vs. W-8 Summary

W-9 Form	W-8 Form
Filed by US persons	Certifies the individual is the beneficial owner of the account
Provides withholding agent with SSN/TIN for reporting purposes	Certifies that the individual is a non-US person
Does not expire unless individual has a change in circumstance	Expires on the last day of the third succeeding calendar year after it is signed.  Ex: Form W-8 BEN signed on September 30, 2019 remains valid through December 31, 2022

### **Voluntary withholding on dividends and gross proceeds from registered shares:**

US shareowners can request that EQ Shareowner Services withhold tax from their payments, although they are properly certified and not subject to withholding. The following conditions must be met for voluntary withholding to occur:

- EQ Shareowner Services must receive a written request from the shareowner to withhold their dividend payments. This request can either be a signed letter that is mailed to EQ or it can be an email from the shareowner to the transfer agent.
- The voluntary withholding request must state the percentage that the shareowner wants withheld from their dividend payments.
- This request will remain in effect until the shareowner submits a written request to stop the voluntary withholding.
- The transfer agent will deposit all voluntary withholding amounts with the IRS in a timely manner.

### **What are long-term gains or losses?**

A long-term capital gain or loss results from the sale of shares that have been owned for longer than 12 months at the time of sale. The long-term capital gain or loss amount is determined by the difference in value between the purchase price and sale price. Long-term capital gains often receive more favorable tax treatment than short-term gains.

### **What are short-term gains or losses?**

A short-term capital gain or loss results from the sale of shares that you have owned for less than 12 months. Short-term capital gains or losses are determined by the net profit or loss when the shares are sold.

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# Cost Basis

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# Cost Basis

## What is cost basis reporting and when was it implemented?

The term cost basis refers to the original value of an asset for tax purposes (usually the purchase price), adjusted for events such as wash sales, stock splits, dividends and return of capital distributions. This value is used to determine the capital gain or loss when an asset is disposed of. On October 3, 2008, legislation was passed under the Emergency Economic Stabilization Act of 2008 that had a substantial impact on many areas of the financial services industry.

As part of the legislation there are more stringent requirements on financial intermediaries such as issuers, transfer agents, brokers, banks and mutual funds, to report customers' cost basis in securities transactions to both their customers and the IRS. Recognizing financial institutions' need to adapt their systems and processes to comply with the new rules, the law takes a phased approach, requiring the to report cost basis for:

- Stock acquired on or after January 1, 2011
- Regulated investment companies (RIC) and dividend reinvestment plans (DRIP) shares acquired on or after January 1, 2012
- Financial instruments such as debt securities and options acquired on or after January 1, 2014

## What is a covered security?

A covered security is a specified security acquired for cash on or after the applicable effective date as per IRS Code §1.6045 (g)(3)(A).

## Why can't I obtain my cost basis?

The Emergency Economics Act of 2008 came into effect on January 1, 2011, it mandated brokers and transfer agents to maintain cost basis of shares. Shares acquired prior to that date are considered non-covered, because record of cost basis was not maintained. In addition, shares acquired via employee restricted plans are defined by the IRS as non-covered. There is no exchange of cash for the restricted award, therefore cost basis may not be maintained for shares acquired via vesting of restricted awards/units.

## Can EQ Shareowner Services provide historical cost basis information?

EQ can provide cost basis information for covered securities starting January 1, 2011. EQ will not provide historical cost basis information prior to this date. However, Alliant Energy Corporation can provide, in most cases, a full account history report that can be used to determine cost basis for a nominal fee.



**Does EQ utilize the DTCC CBRS services to transfer cost basis information?**

Yes, EQ is a DTCC limited participant and utilizes DTCC CBRS for transferring cost basis information to and from participating brokers. For more information on DTCC CBRS, [click here](#).

**What is a wash sale?**

A wash sale occurs when you sell stock or securities at a loss and then replace the stock or security within 30 days. You cannot deduct losses from sales of stock or securities in a wash sale under IRS rules. For more information on wash sales, please refer to the final IRS regulations and IRS Publication 550 – Investment Income and Expenses.

**What is lot relief and what methods does EQ support?**

Lot relief is a method of computing the cost basis of an asset that is sold in a taxable transaction. EQ supports FIFO (first-in-first-out) and specific lot identification.

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# Lost Certificates and Replacement Checks

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# Lost Certificates and Replacement Checks

## What is a stock certificate?

Documentation of a shareowner's ownership in a corporation. Certificates indicate the number of shares owned by an individual, their par value (if any), the class of stock and date of issuance.

## What should I do if I lose my certificate(s)?

If your stock certificate is lost, accidentally destroyed, or stolen, you should immediately contact EQ and request a stop transfer to prevent ownership of the securities from being transferred from your name to another's. EQ may send affidavits to replace the shares which requires the purchase of a Lost Securities Bond from an insurance company.

## What is a surety bond?

A bond that guarantees payment if the second party fails to meet the terms of a contract. The surety bond protects the first party against any losses that result from the second party's failure to meet the obligation. There are three parties involved:

- **The Principal:** the business or individual who will be performing a contractual obligation
- **The Obligee:** the party who receives the obligation, which is normally a government agency
- **The Surety:** who guarantees the principal's obligations will be performed

## What is a surety premium?

A surety premium is a fee paid by a shareowner to cover insurance for replacing lost securities or by an estate of a deceased shareowner who transfers shares without probate.

## How do I replace my lost certificate with EQ?

Contact EQ Shareowner Services by calling toll-free 800-356-5343 to speak with a customer service representative to report a certificate as lost, stolen or destroyed, and they will assist you in obtaining a surety bond. Once they obtain some information from you, they will be able to instruct you on the replacement cost and on any additional steps you may need to take. There is a fee to replace lost or stolen securities. You may also send notification in writing to EQ Shareowner Services, Attn: Lost Securities, P.O. Box 64854, St Paul, MN 55164-0854.

## What is a replacement check?

When a check is created and sent to a shareowner it can sometimes be lost, misplaced or damaged. In such an event, the shareowner can request a replacement check for the funds.



## **How to I obtain a replacement check with EQ?**

There are several ways in which a shareowner can request a replacement check. The shareowner can go online to [www.shareowneronline.com](http://www.shareowneronline.com) or contact EQ's Shareowner Services department at 800-356-5343. Once the notification is made a request is sent to the check replacement department for processing. When it reaches the department, the proper banks and departments are notified so no excess funds are distributed. The request can take up to 48 hours to be processed. Once completed and the new check is created it is mailed via the US Postal Service.

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# Direct Registration System (DRS)

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# Book-Entry Share Ownership Through a Direct Registration System

## What is a Direct Registration System (DRS)?

A DRS records shares of stock in book-entry (electronic) form. Book-entry means the issuer's transfer agent maintains your shares without the need for a physical stock certificate. Shares held in uncertificated book-entry form have the same rights and privileges as shares held in certificate form.

## What are the benefits of DRS?

Holding shares in book-entry form through DRS has many benefits. DRS helps reduce the risks and costs associated with storing stock certificate(s) and replacing lost or stolen certificate(s). It also enables electronic share transactions between the broker/dealer and transfer agent. DRS reduces overall administrative costs to the issuer and its shareowners.

## What documents will I receive showing my shares held through DRS?

You will receive a DRS transaction advice form following each transaction involving your shares.

## How do I transfer shares to or from my brokerage account or sell shares?

If you wish to transfer your shares at EQ to your brokerage account, contact your broker and provide them with your DRS account information (which appears on the transaction advice form you receive when you become a participant in DRS). Your broker will then electronically initiate the transfer of your book-entry shares based on your instructions. If you wish to transfer shares held in a brokerage account to EQ, instruct your broker that you wish to convert your beneficial holdings to a "registered" account at EQ.

## How do I transfer shares held through DRS to a new owner?

You may transfer shares to a new owner by contacting EQ. The instructions to transfer must include a medallion signature guarantee. Please see the section on transferring shares in this guide. You can also visit EQ's website for transfer forms and instructions: [EQ Shareowner Online transfer form and instructions](#)

## What will it cost me to hold my shares through DRS?

You will not be charged a fee for holding your shares through DRS. You should contact your brokerage firm to determine its fees if you transfer your shares to or sell you shares through a brokerage account.

## **How do I know my book-entry shares are safe and can't be transferred without my consent?**

Your written consent with a medallion signature guarantee is required by the company appointed transfer agent to transfer shares to any third party other than your broker. If you choose to supply a broker with your DRS account information, your broker is responsible for obtaining instructions and documentation for any transfer or sale.

## **What is a medallion signature guarantee and how do I obtain one?**

A medallion signature guarantee is a statement (stamp and signature) given by a financial institution such as a commercial bank, credit union, brokerage firm, etc., that is a member of the Securities Transfer Association Medallion Program (STAMP), New York Stock Exchange Program or Stock Exchange Medallion Program (SEMP, MSP). The medallion program is not a notarization. To obtain a medallion signature guarantee visit a financial institution that participates in the medallion program. Most financial institutions require the shareowner requesting the medallion signature guarantee to have an account at the institution.

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# Glossary

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# Common Financial Acronyms & Abbreviations

## **ACH**

Automatic clearing house: the way in which electronic transfer of funds takes place

## **ADP**

Automatic data processing

## **AMEX**

American Stock Exchange

## **CTA**

Co-transfer agent

## **CUSIP**

Committee on Uniform Securities Identification Procedure. CUSIP # is a nine-digit, alphanumeric number that identifies securities

## **DPP or DSPP**

Direct (Stock) Purchase Plan

## **DR**

Dividend reinvestment

## **DPP or DRIP**

Dividend Reinvestment Plan

## **DRS**

Direct Registration System

## **DTCC**

The Depository Trust & Clearing Corporation

## **EFT**

Electronic funds transfer

## **ESOP**

Employee stock option plan

## **ESPP**

Employee stock purchase plan

## **IPO**

Initial Public Offering: when a company first becomes a stock company publicly trading on the market

## **IR**

Investor Relations

## **IRA**

Individual retirement account

## **IVR / AVR**

Interactive voice response / automated voice response: a telephony system that interacts with callers, gathers information and routes calls to the appropriate department or recipient

## **JT TEN**

Joint Tenants: a type of ownership where two or more people own property together, each with equal rights and obligations. Upon an owner's death, that owner's interest in the property is transferred to the survivors without the property having to go through probate.

## **LLC**

Limited liability company: a type of legal entity where risks to owners are limited by law

## **LP**

Limited partnership

## **LT**

Letter of transmittal

## **NASDAQ**

National Association of Securities Dealers Automated Quotation System

## **NYSE**

New York Stock Exchange

## **OTC**

Over the counter: stock that is purchased without a broker

## **PTA**

Prior transfer agent

## **RPO**

Returned by the Post Office

# Glossary of Investors Terms

## **1042S**

A tax form provided to foreign owners of American securities to report the dividend or interest earnings for the calendar year

## **1099**

A series of tax forms provided to taxpayers by financial institutions to report income to the Internal Revenue Service. There are four common types of 1099 forms:

- 1099-B – reports the proceeds from the sale or exchange of securities
- 1099-DIV – reports dividend income
- 1099-INT – reports interest income
- 1099-MISC – reports miscellaneous income

## **Abandoned Property**

Also called unclaimed property, abandoned property is stocks, bonds or any other holdings or payments for which the registered owner has not demonstrated ownership, interest or awareness during a set length of time (determined by the state of residence)

## **Account Balance**

Net of debits and credits at the end of a reporting period. This term applies to a variety of account relationships. For our purposes, it is the balance/number of shares that currently appears on our system.

## **Accrued Dividend**

Any dividend that has been declared and paid by the corporation, but has not been received by the shareowner

## **Acquisition**

When a company takes over controlling interest in another company

## **Administrator**

An individual named in a court appointment to manage or distribute a decedent's estate when there is no will

## **Affidavit of Domicile**

A notarized written document that states the legal residence of a decedent. This is also known as an Affidavit of Residence.

## **Affidavit of Loss**

A sworn statement describing the details and circumstances of the lost securities that attests to the fact that a shareowner is not in possession of his/her certificate. The affidavit of loss must be notarized and be completed in duplicate. This affidavit is required before a bond of indemnity can be issued and the securities replaced.

## **Affidavit of Non-Receipt**

A notarized form affirming that the shareowner never received the securities mailed by the transfer agent.

## **Age of Majority**

The age when a minor legally becomes an adult and can control their assets. The age of majority is not the same for all states; it is determined by state statutes.

## **American Depositary Receipt or ADR**

Also known as an ADR or GDR. A depositary receipt is a negotiable certificate that usually represents a foreign company's publicly traded equity or debt. When a broker purchases the company's shares on the home stock market and delivers them to the depositary's local custodian bank, which then instructs the depositary bank to issue Depositary Receipts. Depositary Receipts may trade freely, just like any other security, either on an exchange or in the over-the-counter market. Also known as GDRs (Global Depositary Receipts).

## **Assignment**

The transfer of ownership from one party (the assignor) to another (assignee), generally relating to a document with the

authorization and instructions pertaining to the transfer of the ownership of property. On stocks and bonds, the assignment is executed by completing an irrevocable stock or bond power.

### **Attorney In Fact**

An individual who has been authorized to transact business for another person

### **Beneficial Owner**

The person or company who is the actual owner of securities that are registered in the name of a bank or broker. The entity who receives all the benefits of ownership, including cash flow, even though title to a security may be in another name. Title is frequently held in a name other than that of the beneficial owner for safety or convenience of transfer.

### **Beneficiary**

A person to whom an inheritance passes as a result of being named in a will, or the person, company or organization for which a trust exists

### **Bond of Indemnity**

A bond of indemnity protects corporations, transfer agents and their clients from any liabilities incurred if the original certificate(s) is/are presented for value in the future. A bond of indemnity can also be obtained independently from your own insurance provider or an insurance company of your choice.

### **Book-Entry (Book Shares)**

A method of transferring securities through computerized entries, which may eliminate the need for physical securities

### **Broker**

A person who negotiates the exchange (buying or selling) of securities and receives a commission or fee. Brokers are required to be licensed and their

activities are regulated by the Securities and Exchange Commission.

### **Broker Dealer**

An entity engaged in buying and selling securities both for its own account and for the accounts of others

### **Capital Gain/Loss**

The difference between an asset's purchase price and selling price. It is a gain when the difference is positive and it is a loss when the difference is negative

### **Cash Acquisition**

A cash acquisition is a mutually-agreed upon merger of two companies in which the stockholders or the company being acquired receive cash for their shares

### **Cash-In-Lieu**

Payment for a fractional share. The calculations of some exchanges result in fractional shares, and since a certificate is rarely issued for less than one share, a check is generally issued to the shareowner, reflecting the share price multiplied by the fraction of a share owned.

### **Certificate**

An instrument that evidences ownership in a corporation or debt of the issuer. The printed document issued by a corporation as evidence of ownership to its holder; each certificate represents a specific principal/share amount. NYSE and AMEX listed corporations must have their certificates steel engraved on special paper to thwart counterfeiters. Many companies no longer issue physical certificates.

### **Certificate of Appointment/Court Appointment**

A legal document evidencing a person's present possession of an office or position (e.g., executor, administrator, personal representative or trustee). A dated document issued by the court naming an individual to act on behalf of

an estate. These are also known as Letters of Testamentary.

### **Certified Copy**

A statement by court or authorized party that the copy is a true and correct copy and is still in full force and in effect. In other words, a transfer agent or issuer is safe in acting on the document when it is presented in support of a request to transfer securities.

### **Closed End Fund**

A type of mutual fund that raises money only once and offers a fixed number of shares that are traded on an exchange. Closed-end funds fluctuate in response to investor demand as well as to changes in the value of the fund's holdings.

### **Co-Transfer Agent**

A co-agent acts as an alternate agent and can transfer securities. The co-agent delivers the records of all transfers to the principal transfer agent via electronic tape.

### **Common Stock**

Common stock is a security issued by a corporation representing an ownership in the corporation. Common stockholders have the lowest priority claim to assets in case of bankruptcy but can receive a dividend and usually have voting rights. The price of common stock varies with the supply and demand for the stock. The dividend per share varies with the corporation's profitability.

### **Conservator**

A person who is named by the court to be legally responsible for the welfare and property of another individual.

### **Consolidation**

Two or more accounts belonging to one shareowner that are to be combined into a single account. Also,

the process of combining two or more security holder accounts that may have been created by variances in registration or address.

### **Conversion**

The cancellation of preferred stock, convertible bonds or debentures or an acquired company's stock in exchange for another kind of security. The exchange rate may change from time to time, either by prearrangement or because of subsequent stock splits or stock dividends. The movement of a corporation's security holder records from one transfer agent to another.

### **Convertible Stock**

Convertible stock, generally a preferred issue, is exchangeable for a set number of another type of security, often common stock.

### **Corporate Resolution**

A legal document bearing the seal of the corporation from the state in which it is incorporated. The corporate resolution contains the names and signatures of company officers who have the authority to sign for financial transactions on behalf of the firm.

### **Cost Basis**

The price at which the investor purchased his/her securities. The cost basis is required to calculate capital gain or loss after the securities are sold.

### **Court Appointment**

A written document issued by the court that officially names the individual(s) or institution that can transact business for the beneficiary. A dated document issued by the court naming an individual to act on behalf of an estate. Generally, this document which names the executor, administrator or personal representative. Also known as Letters of Testamentary.

**Court Order**

A direction of the court on some other matter incidental to the main proceeding which adjudicates a preliminary point or directs some step in the proceedings.

**CUSIP**

A nine-digit number used to facilitate transactions of the securities industries. The first six digits identify the company, the following two digits represent the issue, and the final digit is a control number to ensure the accuracy of the other eight numbers. The word CUSIP stands for the Committee on Uniform Securities Identification Procedures.

**Custodian**

A person or institution legally charged with the responsibility of safeguarding the property of another.

**Custodian for Minor**

A trustee under the Uniform Gifts to Minors Act, which set up rules for the distribution of assets held in the name of the child. The act provides for a so-called custodian of assets. A supervisor of property belonging to or held in the interest of another. Often supervision is for minors or persons unable to handle their own affairs.

**Cut Off Date**

The date assigned in the unclaimed property law in most states for determining the items of property that must be turned over to the state. (Uniform Act Sec 11(d))

**Decedent**

A person who has died

**Declaration Date**

The date on which the board of directors declares an annual meeting record and meeting date, or a dividend record and payable date.

**Declared Dividends**

Dividends approved to be paid at a future date by a corporation's board of directors.

**Deposit/Withdrawal at Custodian (DWAC)**

DWAC processing through the Depository Trust Company allows a DTC participant to transfer shares into and out of the DTC position through the transfer agent. The DWAC process is handled by our DTC unit and initiated by the broker.

**The Depository Trust & Clearing Corporation (DTCC)**

DTCC is a securities depository which accepts deposits of eligible securities for custody, executes book-entry deliveries and records book-entry pledges of securities in its custody, and provides for withdrawals of securities from its custody. A large clearing house for banks, brokers and institutions which allows participants to keep their holdings of eligible securities on deposit in computerized book-entry accounts. DTCC holds the underlying securities in its own vault, or that of a qualified transfer agent, in its nominee name of Cede & Co. DTCC and other securities depositories facilitate the settlement of securities trades at the end of each day without physical movement and reissuance of stock certificates.

**Direct Registration System (DRS)**

The DRS records shares of stock in book-entry form. Book-entry means the issuer's transfer agent maintains your shares without the need for a physical stock certificate. Shares held in uncertificated book-entry form have the same rights and privileges as shares held in certificate form.

**Direct Stock Purchase Plan (DSPP)**

A DSPP enables interested first time individual investors to purchase a company's stock directly from the

company or without direct intervention of a broker. EQ has the ability to administer such plans. They are handled by the Dividend Reinvestment department. The administrator of the plan also ensures safekeeping of the shares by registering them directly on the books of the company making it possible for shareowners not to hold physical stock certificates.

### **Dividend**

A proportion of net earnings paid periodically by the corporation to its shareowners as a return on investment. Not all corporations pay dividends to their holders; most corporations that pay dividends do so quarterly.

### **Dividend Rate**

The rate per share declared by a corporation's board of directors that all registered holders are entitled to receive as a dividend payment.

### **Dividend Reinvestment**

A plan set up by a company that allows its shareholders to automatically use their dividends to purchase additional shares of the company's stock. Dividend reinvestment plans vary from company to company and may include such features as optional cash payments (sending additional funds to purchase shares); partial investment (reinvesting a portion of the dividend and receiving cash for the balance); and safekeeping (depositing certificate shares with the agent). Many dividend reinvestment plans charge nominal fees for the purchase or sale of shares.

### **Divorce Decree**

The formal court document that dissolves a marriage and lists the distribution of marital assets.

### **Domicile**

Legal home or residence.

### **Due Diligence Letter**

A letter sent as a final attempt to locate a shareowner before property held (unclaimed or abandoned) is transferred to the original issuer or to the state of the last known address. A due diligence letter is required by some states prior to escheatment (the process of turning over unclaimed funds to the issuer or state).

### **Effective Date**

The section of a fact sheet that refers to the start date of a particular reorganization appointment.

### **Electronic Funds Transfer (EFT)**

Also known as ACH, EFT refers to the automatic electronic deposit or withdrawal of funds from an account. Many shareowners have their dividend payments made through EFT directly into their personal accounts.

### **Employee Stock Option Plan (ESOP)**

A plan under which employees of a company are issued stock options – the right to purchase shares of the company's stock at a set price. Option plans vary widely; some are offered only to the officers of a company; some are offered to all employees (broad-based plans); some plans vest (the options become exercisable by the employees) based on the stock reaching a certain share price; others vest after a certain period of time has elapsed.

### **Employee Stock Purchase Plan (ESPP)**

Employees of a company offering an ESPP are permitted to purchase shares of the company's stock directly through the company, often by payroll deductions. Plans that qualify under Section 423(b) of the IRS tax code can make purchases through payroll deduction and may receive a discount of up to 15% from the Fair Market Value. Non-qualified ESPPs have fewer restrictions, but do not come

with the tax advantages of qualified plans.

### **Endorsement**

Writing on an instrument by which all rights, title and interest in such instrument is assigned and transferred by a registered owner or its authorized agent.

### **Equity**

A shareowner's ownership of a company.

### **Erasure Guarantee**

A guarantee by an accredited guarantor organization of any erasure or alternation in a transfer instrument (such as a stock power or the back of a certificate) to ensure its integrity.

### **Escheatment**

The process of turning abandoned or unclaimed properties over to the state or original issuer. The time that property must be unclaimed or abandoned varies from state to state, as does whether the property will revert to the state of the last known address or to the original issuer.

### **Estate**

All of the property, money, securities and debts of a person at the time of death.

### **Executor or Executrix**

An individual or trust institution nominated in a will and appointed by a court to settle the estate of a deceased person. Also known as an executrix if the individual is female.

### **Fiduciary**

A person or company who holds in trust the property of another person or company, or who holds a special relationship of trust with regard to the company. For example, a company director as fiduciary has an obligation and responsibility to manage the

assets of the company. An individual or trust company charged with the duty of acting for the benefit of another party, within the scope of the relationship between them. Fiduciary registrations will have such words as Executor (EX), Administrator (ADM), Trustee (TR) and Guardian (GDN).

### **Final Order of Distribution**

The appointment and division, under authority of the court, of the remainder of the estate of an intestate, after payment of the debts and charges, among those who are legally entitled to share in the same.

### **Fractional Shares**

Less than a full share of stock. Fractional shares generally result from either a purchase within dividend reinvestment accounts or from calculations from transactions such as exchanges and tenders. Fractional shares can be maintained in book-entry accounts, but if the holder wants to have their shares certificated, the issuer will generally issue a cash-in-lieu check for the value of the fractional share.

### **Guaranteed Signature**

Provided by a financial institution; a signature guarantee signifies that the person signing the document is who they claim to be, and that the financial institution backs the guarantee by a bond it has posted as a guarantor.

### **Individual Retirement Account (IRA)**

An IRA allows a person to save money for retirement in a tax-advantaged way.

### **Inheritance Tax Waiver**

Authorization by the tax department of a decedent's state to transfer the securities of a decedent without imposing any taxes. We are required by some states to collect an inheritance tax waiver from the estate representative before transferring securities.

## **Initial Public Offering (IPO)**

A privately held company converts to a public company by holding an initial public offering of shares, generally offered by one or more underwriters (depending on the size of the offering). There are significant regulatory and disclosure documents that a company must file prior to going public.

## **Joint Tenancy**

A form of ownership by two or more persons concurrently, whereby upon the death of any tenant the title remains with the surviving tenant(s), and ultimately with the last survivor. Also referred to Joint Tenancy with Right of Survivorship (Jt Ten WROS).

## **Legal Opinion**

(1) Statement as to legality, written by an authorized official such as a city attorney or an attorney general. (2) Statement as to the legality of a municipal bond issue, usually written by a law firm specializing in public borrowings. It is part of the official statement, the municipal equivalent of a prospectus. Unless the legality of an issue is established, an investor's contract is invalid at the time of issue and he cannot sue under it. The legal opinion is therefore required by a syndicate manager and customarily accompanies the transfer of municipal securities as long as they are outstanding.

## **Letter of Administration**

A certificate issued by the court showing the appointment of the administrator of an estate. Also known as Letters of Testamentary.

## **Letters of Testamentary**

A certificate issued by the court confirming the appointment of an executor of an estate.

## **Letter of Transmittal**

The letter of transmittal is a letter sent to the shareowners of a company that is going through a spin-off, merger, or exchange which explains what the shareowners need to do to participate. It includes a form that shareowners must complete and return with the securities in order to receive cash-in-lieu payment or exchanged securities. The Letter of Transmittal (LT) includes a Form W-9 and an Affidavit of Loss (to expedite processing if the shareowner has lost the securities).

## **Limited Partnership**

Two or more partners who conduct business jointly, and in which one or more of the partners is liable only to extent of the amount of money that partner has invested. Limited partners do not receive dividends but have access to income flow and expenses.

## **Market Value**

The current price of a security as indicated by the latest trade recorded.

## **Medallion Guarantee**

The type of signature guarantee required for the transfer of securities. The guarantor (who must belong to a medallion program), by affixing a medallion seal, certifies that (a) the signature was genuine; (b) that the signer was the appropriate person to make the endorsement; and (c) that the signer had the legal capacity to sign. The guarantor assumes financial responsibility should the endorsement turn out to be fraudulent. Medallion program members include most large US financial institutions, such as banks, brokerages and credit unions.

## **Merger**

A combination of two or more companies. Merging companies appoint an exchange agent to exchange all outstanding shares of one or both companies for shares in



the newly formed company or for cash.

### **Minor**

An individual who is not of legal age. Legal age varies from state to state. In most states, the legal age is 18. In others it is 21.

### **Net Asset Value (NAV)**

For a mutual fund, it is computed by dividing the assets in the fund by the number of outstanding shares.

### **Non-Probated Estate**

An estate that has not been administered in a probate court.

### **Notary Seal**

Provided by a notary public; a notary seal signifies that the party signing the document has sworn the contents of the document to be truthful and accurate.

### **Notice of Meeting**

A legal one-page notice to security holders stating details of the shareowner meeting – the date, time and place. This page is normally included on the front of the proxy statement.

### **Odd Lot**

An amount of stock less than a normal trading unit (which is 100 shares).

### **Optional Cash Payments**

Additional funds sent in by an individual in a dividend reinvestment plan account, used to purchase additional shares.

### **Partnership**

Two or more persons (or organizations) who join their resources in business, sharing both rights and obligations.

### **Payable Date**

The date on which a corporation makes dividend payments or interest payments to a holder. Dividend payments are generally mailed one or

two days prior to the payable date.

### **Paying Agent**

Receives funds from the issuer and pays dividends or interest to the entitled stock or bond holders.

### **Personal Representative**

An individual appointed by the court to distribute the assets of an estate.

### **Power of Attorney (POA)**

Instrument authorizing a person to act legally for another either generally or in a specified manner.

### **Probate**

A court procedure where a will is determined to be valid or invalid; probate also refers to the administration of the estate of a decedent, supervised by a probate court.

### **Proxy**

The authority or instrument that permits a shareowner's voting right to be granted to an agent of the shareowner.

- a) A proxy card is the voting instrument created by the issuer and sent to the shareowners for the purpose of casting their votes at the shareowner meeting. This card is used by the transfer agent for tallying votes on directors, auditors and other management and shareowner proposals. This card also assigns the right to vote the shares by the proxy committee for other matters that may be voted upon at the shareowner meeting. For brokers and intermediaries (like ADP) it is the card or form which is sent to beneficial or street name owners.
- b) Legal proxy is a power of attorney executed by a broker, nominee or individual empowering another party (usually an individual) to vote shares at a shareowner meeting.
- c) A person who is properly authorized to cast a vote.

## **Proxy Statement**

A booklet containing, among other disclosures, the description of the proposals to be voted upon at a shareowner meeting, the names and brief biographies of nominees for directorships and a summary of their salaries and benefits. The content of the proxy statement is prescribed by SEC rules and regulations.

## **Proxy Solicitor**

A specialist firm hired to gather proxy votes. A proxy solicitor can be extremely helpful when non-discretionary proposals are on the proxy card.

## **Rate**

The per-share cash amount declared by the corporation and paid to shareowners as of a designated record date. Also, an exchange ratio used when converting one security into another.

## **Record Date**

The date on which an investor must be a registered owner of a company's stock to be entitled to the dividend. The record date is generally 15-20 days prior to the payable date. The board of directors announces the record and payable dates and the dividend rate on the declaration date.

## **Registered Owner**

The individual or organization who owns the securities. The name in which a security is registered as stated on the certificate itself or on the books of the paying agent. All principal and interest payments are made to the registered holder regardless of beneficial ownership on the record date.

## **Registration**

The format or legal title showing a security's ownership.

## **Restricted Stock**

Shares of stock in a corporation that are not freely transferable. See also Stock Legend.

## **Reverse ACH**

Also known as reverse EFT. Reverse ACH allows shareowners enrolled in dividend reinvestment to make automatic purchases by deducting a set amount directly from their checking or savings account.

## **Reverse Stock Split**

A decrease in the corporation's total number of outstanding shares accompanied by a proportionate increase in the value per share. Shareowners must surrender their certificates in a reverse split, and new ones will be issued to them. (Example: A one for two reverse stock split – if the holder owned 10 shares valued at \$25 per share, after the split they will own 5 shares valued at \$50 per share).

## **Safekeeping**

Providing basic secure storage for securities, deeds and contracts. These documents are accepted for deposit and receipts are issued. Documents are delivered back to the depositor on demand. The storage and protection of customers' securities provided as a service by a bank or institution acting as agent for the customer.

## **Securities Act of 1933**

The truth in securities act requires the filing of a statement and the use of a prospectus.

## **Securities Act of 1934**

Regulates national securities, listing securities, purchase and sale of securities via an exchange and the creation of the SEC.

## **Securities and Exchange Commission (SEC)**

The SEC regulates the activities of



securities traders. The SEC ensures that investors are fully informed about securities being offered for sale and prevents misrepresentations and other types of fraud involved with securities transactions.

### **Shareowner / Shareholder**

A person owning shares of stock in a company.

### **Small Estate Affidavit**

A notarized document which states the value of the estate and the individual who can distribute the proceeds from the estate.

### **Spin-Off**

The restructuring of a company that occurs when part of the corporation is severed for the purpose of creating a separate operating company and shares in the new company are distributed to shareowners of the parent.

### **Stock Dividend**

Distribution of profit to shareowners in the form of additional shares of stock, proportionate to the shareowner's holdings.

### **Stock Split**

An increase in the corporation's total number of outstanding shares accompanied by a proportionate decrease in the value per share. Example: in a two for one stock split, the shareowner receives an additional share for every share they owned on the split's record date. If the holder owned 10 shares valued at \$100 per share, after a two for one split they will own 20 shares valued at \$50 per share.

### **Stock/Bond Power**

A form that when properly filled out will provide the necessary information for the transfer of stock.

### **Stop Transfer Notation**

A block placed against a security reported as a non-receipt or lost, stolen, destroyed or misplaced, so it cannot be transferred. There are also temporary stop notations as well that are placed against a security for a variety of reasons, e.g., documents were mailed under separate cover or special mailing instructions.

### **Street Name**

Also known as nominee name. A type of account maintained by large institutions to safe keep the securities of individual investors. A brokerage, for example, will maintain all of the holdings of its individual client investors in one large street name account so that they can make trades and transfers quickly and easily. Also known as nominee name.

### **Successor Trustee**

A trustee who follows or succeeds an earlier trustee and who generally has all the powers of the earlier trustee. Trust instruments generally make provisions for the appointment of successor trustees.

### **Survivor**

The living owner named in the registration of securities.

### **T+2**

Trade +2 days. A rule that requires all purchases and sales of securities to be settled by the second business day following the trade.

### **Taxpayer Identification Number (TIN)**

A nine-digit number under which American citizens and institutions report income for taxation purposes. For individuals, it is their social security number. Legal entities such as corporations and trusts are assigned a TIN for tax reporting.

### **Tenancy by the Entirety**

Joint ownership of real property by a husband and wife, with the survivor

becoming the sole owner.

### **Tenancy in Common**

Shared ownership of property by two or more persons with the interest of each tenant passing on to his/her heirs upon his/her death.

### **Transfer on Death (TOD)**

A form of registration that allows the registered owner to designate a beneficiary.

### **Trade Date**

The date that the purchase or sale of securities is made.

### **Transfer**

The conveyance of right, title and/or interest in property from one person to another.

### **Transfer Agent**

A transfer agent is appointed by a company to maintain records of its stock and bond holders, to cancel and issue certificates and resolve problems arising from lost, stolen or destroyed certificates, and disburse dividends for dividend-paying companies. A transfer agent is often a commercial bank or trust company, although some large corporations act as their own agent.

### **Trustee**

A person or organization appointed to manage the property of a trust. An agent appointed to administer and keep the records of an employee stock plan or a publicly traded bond issue or similar kind of investment.

### **Uniform Gift to Minors Act (UGMA)**

A statute adopted by most states to govern ownership and determine transferability of a gift of securities to a minor.

### **Form W-8**

This form, which is similar to a W-9, is used as a written declaration by a shareowner that is not a citizen of the

United States of America and not subject to taxation here. In a reorganization foreign holders are required to complete this form to receive full compensation on a merger, redemption, or recapitalization plan. If they do not complete this form to identify themselves as not subject to US tax laws, the IRS requires that taxes be withheld.

### **Form W-9**

This is a form used by the IRS as a result of TEFRA (Taxpayer Equity and Fiscal Responsibility Act) passed by Congress in 1984. Under this legislation, the taxpayer must supply the correct TIN to financial institutions who report income from stock, bonds and other securities to the IRS. Every eligible taxpayer is supplied with a Form W-9, which must be filled out with the correct TIN information, signed and returned. Taxpayers who fail to supply EQ with the TIN numbers are subject to a withholding penalty of 31% of the proceeds of their reportable transactions.

### **Waiver of Probate**

A notarized form that contains most of the same information contained in the small estate affidavit. In addition, the form states an insurance bond premium amount (two percent of the value of the stock) which is required to transfer the stock. The premium is calculated in the same way that we calculate a lost security bond. The bond is a protection for the transfer agent in case other heirs or creditors try to make claim on the stock after it has been transferred. We will send waivers whenever the estate is not probated.

### **Withholding**

Monies that payers are required to withhold from dividends, interest payments or sales. A paying agent will withhold for several reasons, including failure of a security holder to certify their

TIN or if they are instructed to do so by the IRS. The withholding rate for an uncertified TIN is 31%. All withheld funds are turned over to the IRS.

**Year to Date (YTD)**

The time span from the beginning of the calendar year through the present day. Fiscal YTD would apply to a company's fiscal year.