

**Figure S0: Schematic illustration of the annotation of loci derived via retrotransposition.** Loci are identified as having arisen via retrotransposition primarily by identifying changes to their gene structure relative to closely related paralogous loci, specifically, loss of exon-intron structure as a result of the removal of introns in the 'parental' transcript via splicing. Following its creation by insertion of a spliced transcript into the genome, the locus is subject to one of four possible broad fates which is reflected in the way it is represented in the Gencode geneset. Where a locus gains a mutation likely to be disabling it is annotated as either a processed pseudogene (1) or, where locus specific transcriptional evidence can be identified, as a transcribed processed pseudogene (2). Where a locus does not gain a disabling mutation and there is no evidence of locus specific transcriptional evidence it is annotated as a processed\_pseudogene (3); where locus-specific transcriptional evidence is present and the CDS does not contain a disabling mutation, the locus is annotated as protein\_coding (4).



Figure S1: Difficulties in pseudogene annotation. Case study - pseudogene resurrection. (A) MST1P9 locus as viewed in the Zmap manual annotation interface. UTR exons and splice variants with no annotated CDS are shown in red, coding exons are shown in green and the CDS portion of models annotated as NMD are shown in purple. The upper boxed section shows the novel 5' end and the lower boxed section highlights the part of the model critical to the coding potential of the locus while the red bar highlights the position of the exon whose incorporation introduces the disablement that pseudogenises the locus. The alignment of protein sequences (pale blue boxes) from orthologous and paralogous loci can be clearly seen to incorporate this exon (indicated by black arrow). Locus-specific transcript evidence is shown to the right of the figure; EST evidence is represented as purple boxes and mRNA evidence in brown. The red arrow highlights the alternative structure of the full-length mRNA (AY192149), which supports the annotation of a coding gene model with a full-length CDS. (B) Schematic of the proposed origin of the MST1P9 locus. MST1P9 is derived from the MST1 almost certainly via the intermediate locus (MST1P2) but it is 5' truncated relative to both paralogous loci. MST1P9 has acquired a novel TSS and 5' exons leading to translation initiation at a different AUG (1) and two internal changes (2,3) required to allow the translation of a complete CDS. (C) Details of the internal changes. Transcripts from the MST1P9 locus utilize a downstream splice donor which is never used by transcripts from the MST1 locus, and this shifted splice junction, in combination with the skipping of the adjacent downstream exon is sufficient to restore a full-length CDS at the MST1P9 locus.



**Figure S2:** Pseudogenes overlapping with protein coding genes. (a) Part of the pseudogene sequence is used to create a new alternatively spliced internal exon in the protein-coding gene. (b) The pseudogene sequence contributes the 5' terminal exon of the protein-coding gene. (c) The pseudogene sequence contributes the 3' terminal exon of the protein-coding gene.



**Figure S3(A): Examples of pseudogenes overlapping with protein-coding genes.** Unprocessed pseudogene and protein-coding annotation overlap on same strand. Solute Carrier Family 19, member 3 (SLC19A3) pseudogene (AC064853.3) ends at end of first coding exon on coding transcript.



**Figure S3(B): Examples of pseudogenes overlapping with protein coding genes.** Pseudogene and protein coding annotation overlap on different strands. Novel Pseudogene - RP11-29H23.5-001 overlaps the coding part of the final exon of YY1AP on the same strand and the 3' UTR of MSTO1 on the opposite strand.







**FIGURE S6:** Variant densities in transcribed and non-transcribed pseudogenes. Densities of SNP, indel and SV in transcribed and non-transcribed pseudogene sequences are compared. Means and standard errors of densities are indicated. The transcribed pseudogenes have significantly lower SNP, indel and SV densities than non-transcribed pseudogenes with pvalues are  $\leq 2.2x10-16$ , 1.59x10-8 and  $\leq 2.2x10-16$ , respectively. However, no significant differences were found in the DAF spectra (Fig. 7). To obtain better statistical power, we have repeated the analyses using a draft version of 1000 Genomes Phase I data which is derived from ~1000 individuals and much larger than the pilot data (1000 genomes.org). We found similar results in DAF spectra for the two groups of pseudogenes.



**Figure S7**: TFBS in upstream of pseudogene. Distribution of pseudogenes with different numbers of TFBS in their upstream sequences. Profiles from transcribed pseudogenes and non-transcribed pseudogene were compared for different cell lines.





**Table S0**: Simple matrix to describe gene annotation of loci derived via retrotransposition. The presence/absence of disabling mutations is reflected on one axis and the presence/absence of locus-specific on the other. Combinations that would be annotated as processed\_pseudogene are highlighted in green, transcribed\_processed\_pseudogene in orange and protein-coding loci in yellow.





Table S1: Segway segmentation labels.



Table S2: Transcription factors enriched in the upstream regions of transcribed pseudogenes in different cell lines.



\*  $FDR = 0.01$ 

**Table S3**: Partially spliced pseudogenes.

