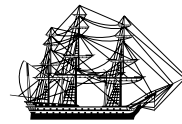


2011 Tax Information Statement reference guide



Vanguard[®]

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What's new for 2011

Form 1099-B

Vanguard is required to report cost basis information to the IRS on Form 1099-B for shares acquired on or after the dates listed below (covered shares). Shares which aren't covered (noncovered shares) may also have cost basis information, but we won't report this information to the IRS.

Effective dates for covered shares

Shares acquired beginning January 1, 2011:

- Stocks*
- ETFs organized as unit investment trusts (UITs)*

Shares acquired beginning January 1, 2012:

- Mutual funds**
- ETFs organized as regulated investment companies, other than UITs
- Stocks acquired through a dividend reinvestment plan (DRIP)

Shares acquired beginning January 1, 2013:

- Bonds, debentures, other evidence of indebtedness
- Options

New boxes

1b, 3, 5, 6, and 8 have been added to Form 1099-B to report cost information for securities covered under recent legislation.

- Box 1b—Date of acquisition
- Box 3—Cost or other basis
- Box 5—Wash sale loss disallowed
- Box 6—Noncovered security
- Box 8—Type of gain or loss

Other boxes have been renumbered.

Brokers must complete boxes 1b, 3, 5, and 8 when reporting sales of securities unless box 6 is checked.

Foreign Tax Paid Statement

This is a new statement to assist shareholders who invest in a Vanguard mutual fund or ETF that has elected to pass through to its shareholders the ability to take a credit or deduction for taxes paid by the fund to foreign countries, subject to certain requirements.

Reporting of short sales

Vanguard Brokerage Services® is required to report the gross proceeds from a short sale entered into on or after January 1, 2011, in the year a security is delivered to satisfy the short position, rather than the year the sale occurred.

*If your stock or ETF organized as a UIT is part of a dividend reinvestment plan (DRIP), it is not considered covered until January 1, 2012.

**Excluding money market funds.

General information about your Tax Information Statement

Masking of certain taxpayer identification numbers (TINs)

Vanguard Brokerage Services is masking Social Security numbers (SSNs) and individual taxpayer identification numbers (ITINs) on IRS Forms 1099 and 5498. Note that employer identification numbers (EINs) won't be masked in accordance with IRS guidance. We're making this change to minimize the risk that these identifying numbers could be misappropriated from a tax form and used to facilitate identity theft.

Multiple accounts

You'll receive a separate Tax Information Statement for each brokerage account you hold with reportable activity, as well as for your Vanguard mutual fund holdings that have reportable activity. Note that some Tax Information Statements have later mailing dates than others, so you may receive your Tax Information Statements from Vanguard at different times. For the schedule of mailing dates, please go to vanguard.com/taxschedule.

Transferred accounts

If your account was transferred to or from Vanguard Brokerage during 2011, your statement will only include activity (including income accruals) from the time you conducted business with our firm. Your former firm should provide IRS Form 1099 for activity that occurred before your account was transferred.

IRS publications and additional information

IRS publications are available by calling the IRS Forms Distribution Center at 800-TAX-FORM or visiting the IRS website at irs.gov. Additionally, the Tax Center area of vanguard.com provides helpful guidance.

Corrections

If you believe information on your statement is incorrect, contact Vanguard Brokerage at 800-992-8327. If necessary, we'll correct the information and mail you a revised statement.

Duplicate Tax Information Statements

If you request duplicate statements, we'll mail copies to the address of record for your account.

Exempt accounts

If your account is established as a corporation, unincorporated exempt organization, broker-dealer, bank nominee, retirement trust or plan, endowment, school district, municipality, or hospital, you may be exempt from Form 1099 reporting and backup withholding requirements. If you believe that your account is exempt and you received a Tax Information Statement, contact Vanguard Brokerage at 800-992-8327. Note that Vanguard Brokerage provides clients with a courtesy Form 1099 Consolidated for information purposes only, which includes information for securities held in a tax-exempt coded account. To identify whether a statement is a courtesy Form 1099 Consolidated, refer to the disclosure statement at the bottom of the tax form, which states that this information won't be reported to the IRS.

Federal income tax withheld (backup withholding)

If your account is subject to backup withholding, federal law requires us to withhold from reportable dividends, interest, and gross proceeds paid to certain U.S. persons. However, if you're an exempt recipient, you may be exempt from backup withholding and should consider providing us with an IRS Form W-9 indicating the

exemption. Foreign persons may also be exempt from backup withholding if they provide a completed withholding certificate such as IRS Form W-8BEN or W-8IMY; however, they may be subject to 30% NRA withholding, or a reduced rate if they're eligible for and claim treaty benefits.

IRS Forms 1099-B, 1099-DIV, 1099-INT, and 1099-OID report federal income tax withheld separately. However, when completing your tax return, you should aggregate these amounts on IRS Form 1040, line 62.

Nominee recipients

If your Vanguard Brokerage Tax Information Statement includes amounts belonging to another person, you may be a nominee recipient. Nominee recipients must file Form 1099 with the IRS for each of the other owners of income to show their share of the income, and you must furnish a Form 1099 to each. A husband and wife who file a joint return aren't required to file a nominee return to show amounts owned by the other. For additional information, see IRS 2011 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G.

Payer

For all nonretirement brokerage accounts, Vanguard Marketing Corporation (taxpayer identification number 23-2019846) is the payer for all transactions on your Tax Information Statement (see next section) or Form 1099-MISC. For brokerage IRAs, Vanguard Fiduciary Trust Company (taxpayer identification number 23-2869268) serves as trustee for all contributions (reported on Form 5498), and as trustee and payer for all distributions (reported on Form 1099-R).

Revised Tax Information Statements

If Vanguard Brokerage receives any corrected or updated information, we'll report it to you and the IRS, if required, in a revised statement.

Differences between your Tax Information Statement and brokerage account statements

Special reporting rules may result in a difference between your Tax Information Statement and your brokerage account statements. For example, we're required to report, on your 2011 Tax Information Statement, any Form 1099-DIV mutual fund distributions that were declared in October, November, or December of 2011 but not paid until January 2012.

Read before you file

If you held a real estate investment trust (REIT), widely held fixed investment trust (WHFIT), widely held mortgage trust (WHMT), or unit investment trust (UIT) in 2011, we may send you a revised Tax Information Statement. Please be aware that some issuers don't make their final distribution information available until after January.

This tax guide is intended for use by individual U.S. taxpayers, not traders or dealers in securities. While it generally describes how to read your Tax Information Statement and where to report certain transactions on your federal income tax return, this guide is provided for informational purposes only and isn't intended to provide tax advice. Consult your tax professional to discuss the appropriate federal, foreign, state, and local tax treatment of your transactions. All amounts and transactions displayed in this guide are for illustration only and don't represent actual transactions.

Form 1099 Consolidated overview

Your consolidated Tax Information Statement provides, in one document, the items of income that would otherwise be reported to you on Forms 1099-B, -DIV, -INT, and -OID.

Section 1 displays your name and masked taxpayer identification number (TIN).

Section 2 displays Form 1099-DIV dividends and distributions from stocks and other investments. Elsewhere in the document, we provide the individual dividend payments.

Section 3 displays Form 1099-INT interest income paid to you during 2011. Elsewhere in the document, we provide the individual interest payments and accruals.

Section 4 displays a summary of proceeds from broker and barter exchange transactions. Amounts shown in this section include gross

proceeds (less commissions) from the sale or redemption of securities. We're required to report sales transactions to you and the IRS separately, as detailed in the next section, "Form 1099-B: Proceeds From Broker and Barter Exchange Transactions"; however, we provide this summary for your convenience.

Section 5 displays a summary of original issue discount, or OID—a form of interest. The IRS requires us to report to you separately for each security with OID, as detailed in the section, "2011 Original Issue Discount"; however, we provide this summary for your convenience.

Section 6: Whenever this footnote appears, information included on that page is generally being reported to the IRS.

Sample statement

IMPORTANT TAX DOCUMENT																																																				
Account number: 55555555	RECIPIENT'S identification number: XXX-XX-8888	Vanguard Brokerage Services Contact Info: 800-992-8327																																																		
JANE DOE 60 MOREHALL ROAD MALVERN PA 19126-0000	2011 TAX INFORMATION STATEMENT Copy B For Recipient	PAYER: Vanguard Marketing Corporation P.O. Box 1170 Valley Forge, PA 19482 PAYER'S federal identification number: 23-2019846																																																		
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Form 1099-DIV 2011 Dividends and Distributions OMB No. 1545-0110	Form 1099-INT 2011 Interest Income OMB No. 1545-0112																																																			
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<p>Summary of 2011 Proceeds From Broker and Barter Exchange Transactions</p> <p>*Gross Proceeds from each of your 2011 securities trades are individually reported to the IRS. Refer to the 2011 Proceeds From Broker and Barter Exchange Transactions section of this statement. **Box 3 and Box 5 contain amounts for covered securities only.</p>																																																				
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<p>This is important tax information and is being furnished to the Internal Revenue Service if you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.</p>																																																				
6																																																				

Form 1099-B: Proceeds From Broker and Barter Exchange Transactions

Your Tax Information Statement reflects gross proceeds net of transaction costs, such as commissions and fees.

Each transaction in this section is reported separately in up to five separate sections on Form 1099-B.

Sample statement Form 1099-B

Account number: 55555555 RECIPIENT'S identification number: XXX-XX-8888 **Vanguard Brokerage Services**

2011
TAX INFORMATION STATEMENT
Copy B For Recipient

Form 1099-B 2011 PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS OMB No. 1545-0715

Short-Term Transactions for Which Basis Was Reported to the IRS: Report on Form 8949, Part I, with Box A checked.

Description (Box 9)	Quantity	Date of sale or exchange (Box 1a)	Date of acquisition (Box 1b)	Sales price of stocks, bonds, etc., less commissions and option premiums (Box 2)	Cost or other basis (Box 3)	Type of gain or loss (Box 8)	Non covered security (Box 6)	Wash sale loss disallowed (Box 5)	Federal income tax withheld (Box 4)
INTL BUSINESS MACHS CORP CUSIP: 459200101	200.00000	11/01/2011		36,270.00	32,424.00	Short-Term			
Total				36,270.00	32,424.00				0.00

Sample tax form Form 8949

Form 8949 Sales and Other Dispositions of Capital Assets OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99) **2011** Attachment Sequence No. 12A

Name(s) shown on return Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Note: You must check one of the boxes below. Complete a separate Form 8949, page 1, for each box that is checked.
***Caution.** Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.

(A) Short-term transactions reported on Form 1099-B with basis reported to the IRS (B) Short-term transactions reported on Form 1099-B but basis not reported to the IRS (C) Short-term transactions for which you cannot check box A or B

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Code, if any, for column (g)	(c) Date acquired (Mo., day, yr.)	(d) Date sold (Mo., day, yr.)	(e) Sales price (see instructions)	(f) Cost or other basis (see instructions)	(g) Adjustments to gain or loss, if any*
200 sh. IBM Corp.		Various	11/01/2011	36,270.00	32,424.00	
2 Totals. Add the amounts in columns (e) and (f). Also, combine the amounts in column (g). Enter here and include on Schedule D, line 1 (if box A above is checked), line 2 (if box B above is checked), or line 3 (if box C above is checked).				2 36,270.00	32,424.00	

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 37768Z Form 8949 (2011)

Sample tax form Form 1040, Schedule D

SCHEDULE D (Form 1040) Capital Gains and Losses OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99) **2011** Attachment Sequence No. 12

Name(s) shown on return Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Complete Form 8949 before completing line 1, 2, or 3. This form may be easier to complete if you round off cents to whole dollars.

	(e) Sales price from Form(s) 8949, line 2, column (e)	(f) Cost or other basis from Form(s) 8949, line 2, column (f)	(g) Adjustments to gain or loss from Form(s) 8949, line 2, column (g)	(h) Gain or (loss) Combine columns (e), (f), and (g)
1 Short-term totals from all Forms 8949 with box A checked in Part I	36,270.00	(32,424.00)		3,846.00

Transactions reported on IRS Form 1099-B

The four transactions commonly reported in this section of your statement are equity sales, Treasury bill sales, sales of notes and bonds, and short sales.

- **Equity sales**
Proceeds from the sale of equities are reported on a trade-date basis, net of commissions or option premiums.
- **Treasury bill sales**
To properly report any proceeds from these sales, you should determine which portion is capital gain or loss and which is ordinary income or loss. Your statement reports the discount on Treasury bill maturities in the 1099-INT section as part of Interest on U.S. savings bond and Treasury obligations (Box 3). Refer to examples later in this document for additional information.
- **Sales of notes and bonds**
The principal portion of the proceeds from these sales is reported in this section. Accrued interest on federally taxable notes and bonds sold between interest payment dates or on a payment date is reported on Form 1099-INT based on the settlement date.
- **Short sales**
Short sales of specified securities effected on or after January 1, 2011, are reported in the year a security is delivered to close the short position. If you sold securities short, be aware of the constructive sales rules. If your short sale was a constructive sale, the gain is taxable in the year of the short sale (but the loss isn't recognized). Otherwise, the gain or loss is generally recognized in the year the short sale is covered. The basis Vanguard reports for covered shares is determined without regard to constructive sales and may require adjustment on Form 8949 and Form 1040, Schedule D. Consult a tax professional for additional information on constructive sales. Short sales are identified with a footnote on Form 1099-B.

Trade date versus settlement date

We report sales of publicly traded securities to the IRS on a trade-date basis on IRS Form 1099-B. You should report these transactions accordingly.

New cost basis reporting requirements

Vanguard is required to report cost basis information to the IRS on Form 1099-B for shares acquired on or after the dates listed in the table below (covered shares). Shares that aren't covered (noncovered shares) may also contain cost basis information, but we won't report this information to the IRS.

Effective dates for covered shares

Shares acquired beginning January 1, 2011:

- Stocks*
- ETFs organized as UITs*

Shares acquired beginning January 1, 2012:

- Mutual funds**
- ETFs organized as regulated investment companies, other than UITs
- Stocks acquired through a dividend reinvestment plan (DRIP)

Shares acquired beginning January 1, 2013:

- Bonds, debentures, other evidence of indebtedness
- Options

*If your stock or ETF organized as a UIT is part of a dividend reinvestment plan (DRIP), it's not considered covered until January 1, 2012.

**Excluding money market funds.

New boxes

Boxes 1b, 3, 5, 6, and 8 have been added to Form 1099-B to report cost information for securities covered under recent legislation.

(Box 1b) Date of acquisition

The box will be blank if the securities sold were acquired on a variety of dates, or if box 6 is checked. For a short sale, we'll report the acquisition date of the security delivered to close the short sale.

(Box 3) Cost or other basis

Shows the adjusted basis of a security when available.

(Box 5) Wash sale loss disallowed

Shows the amount of nondeductible loss in a wash sale transaction. A wash sale occurs when you sell a security at a loss and within 30 days before or after the sale you acquire a substantially identical security (see Cost basis adjustments on page 10).

(Box 6) Noncovered security

If this box is checked, boxes 1b, 3, 5, and 8 may be blank.

(Box 8) Type of gain or loss

Provides the holding period of the security sold. Long-term capital gains are derived from the sale of assets held for more than one year, while short-term gains are derived from the sale of assets held for one year or less, excluding the day you acquired the investment but including the day of the sale.

New layout

In addition to the new boxes, Form 1099-B will now have up to five separate sections to clearly identify whether the basis is reported to you and the IRS, reported only to you, or isn't available. These separate sections are created based on the activity in your account and will make it easier for you to complete the new Form 8949, Sales and Other Dispositions of Capital Assets.

Section 1: Short-term transactions for which basis is reported to the IRS

Report on Form 8949, Part I, with Box A checked.

Section 2: Short-term transactions for which basis isn't reported to the IRS

Report on Form 8949, Part I, with Box B checked. The information in boxes 1b, 3, 5, and 8 reflects Vanguard's records and won't be reported to the IRS. You're solely responsible for the recordkeeping and accuracy of this information.

Section 3: Long-term transactions for which basis is reported to the IRS

Report on Form 8949, Part II, with Box A checked.

Section 4: Long-term transactions for which basis isn't reported to the IRS

Report on Form 8949, Part II, with Box B checked. The information in boxes 1b, 3, 5, and 8 reflects Vanguard's records and won't be reported to the IRS. You're solely responsible for the recordkeeping and accuracy of this information.

Section 5: Transactions for which basis isn't reported to the IRS, and for which short- or long-term determination is unknown (to Vanguard).

Report on Form 8949, with Box B checked, in either Part I or Part II, as appropriate.

Sample section 1

Form 1099-B
Short-term covered shares

Account number: 55555555 RECIPIENT'S identification number: XXX-XX-9999 **Vanguard Brokerage Services**

2011
TAX INFORMATION STATEMENT
Copy B For Recipient

Form 1099-B **2011 PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS** OMB No. 1545-0715

Short-Term Transactions for Which Basis Was Reported to the IRS; Report on Form 8949, Part I, with Box A checked.

Description (Box 9)	Quantity	Date of sale or exchange (Box 1a)	Date of acquisition (Box 1b)	Sales price of stocks, bonds, etc. less commissions and option premiums (Box 2)	Cost or other basis (Box 3)	Type of gain or loss (Box 8)	Non covered security (Box 6)	Wash sale loss disallowed (Box 5)	Federal income tax withheld (Box 4)
INTL BUSINESS MACHS CORP CUSIP: 459200101	200.00000	11/01/2011		36,270.00	32,424.00	Short-Term			

Form 8949,
Part I

Form 8949 **Sales and Other Dispositions of Capital Assets** OMB No. 1545-0074

▶ See Instructions for Schedule D (Form 1040).
▶ For more information about Form 8949, see www.irs.gov/form8949
▶ Attach to Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10.

2011
Attachment Sequence No. **12A**

Name(s) shown on return _____ Your social security number _____

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Note: You must check one of the boxes below. Complete a separate Form 8949, page 1, for each box that is checked.
***Caution.** Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.

(A) Short-term transactions reported on Form 1099-B with basis reported to the IRS (B) Short-term transactions reported on Form 1099-B but basis not reported to the IRS (C) Short-term transactions for which you cannot check box A or B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Code, if any, for column (g) ¹	(c) Date acquired (Mo., day, yr.)	(d) Date sold (Mo., day, yr.)	(e) Sales price (see instructions)	(f) Cost or other basis (see instructions)	(g) Adjustments to gain or loss, if any ²
1	200 sh. IBM Corp.		Various	11/01/2011	36,270.00	32,424.00	

Sample section 2

Form 1099-B
Short-term noncovered shares

Form 1099-B **2011 PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS** OMB No. 1545-0715

Short-Term Transactions for Which Basis Not Reported to the IRS; Report on Form 8949, Part I, with Box B checked. The information in boxes 1b, 3, 5, and 8 reflect Vanguard's records and will not be reported to the IRS. You are solely responsible for the record-keeping and accuracy of this information.

Description (Box 9)	Quantity	Date of sale or exchange (Box 1a)	Date of acquisition (Box 1b)	Sales price of stocks, bonds, etc. less commissions and option premiums (Box 2)	Cost or other basis (Box 3)	Type of gain or loss (Box 8)	Non covered security (Box 6)	Wash sale loss disallowed (Box 5)	Federal income tax withheld (Box 4)
INTL BUSINESS MACHS CORP CUSIP: 459200101	100.00000	11/01/2011	12/01/2010	18,135.00	14,441.00	Short-Term	X #		

If this box is checked, boxes 1b, 3, 5, and 8 are not reported to the IRS and may be blank.
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
(Keep for your records)

Form 8949,
Part I

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Note: You must check one of the boxes below. Complete a separate Form 8949, page 1, for each box that is checked.
***Caution.** Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.

(A) Short-term transactions reported on Form 1099-B with basis reported to the IRS (B) Short-term transactions reported on Form 1099-B but basis not reported to the IRS (C) Short-term transactions for which you cannot check box A or B

1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Code, if any, for column (g) ¹	(c) Date acquired (Mo., day, yr.)	(d) Date sold (Mo., day, yr.)	(e) Sales price (see instructions)	(f) Cost or other basis (see instructions)	(g) Adjustments to gain or loss, if any ²
1	100 sh. IBM Corp.		12/01/2010	11/01/2011	18,135.00	14,441.00	

After completing Form 8949, Part I (above), and Part II (facing page, top), transfer the totals from columns E, F, and G to the corresponding columns in Part I and Part II of Form 1040, Schedule D (Capital Gains and Losses). Refer to page 5 for a sample image of the Schedule D.

Sample section 4

Form 1099-B
Long-term noncovered shares

Form 1099-B		2011 PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS				OMB No. 1545-0715			
<p>Long-Term Transactions for Which Basis Not Reported to the IRS: Report on Form 8949, Part II, with Box B checked. The information in boxes 1b, 3, 5, and 8 reflect Vanguard's records and will not be reported to the IRS. You are solely responsible for the record-keeping and accuracy of this information.</p>									
Description (Box 9)	Quantity	Date of sale or exchange (Box 1a)	Date of acquisition (Box 1b)	Sales price of stocks, bonds, etc. less commissions and option premiums (Box 2)	Cost or other basis (Box 3)	Type of gain or loss (Box 8)	Non covered security (Box 6)	Wash sale loss disallowed (Box 5)	Federal income tax withheld (Box 4)
INTL BUSINESS MACHS CORP CUSIP: 459200101	300.00000	11/01/2011	01/02/2009	54,405.00	26,211.00	Long-Term	<input checked="" type="checkbox"/> X		

If this box is checked, boxes 1b, 3, 5, and 8 are not reported to the IRS and may be blank.
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
 (keep for your records)

Form 8949, Part II

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year							
<p>Note: You must check one of the boxes below. Complete a separate Form 8949, page 2, for each box that is checked. *Caution. Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.</p>							
<input type="checkbox"/> (A) Long-term transactions reported on Form 1099-B with basis reported to the IRS		<input checked="" type="checkbox"/> (B) Long-term transactions reported on Form 1099-B but basis not reported to the IRS		<input type="checkbox"/> (C) Long-term transactions for which you cannot check box A or B			
3	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Code, if any, for column (g)*	(c) Date acquired (Mo., day, yr.)	(d) Date sold (Mo., day, yr.)	(e) Sales price (see instructions)	(f) Cost or other basis (see instructions)	(g) Adjustments to gain or loss, if any*
	300 sh. IBM Corp.		01/02/2009	11/01/2011	54,405.00	26,211.00	

Example of new transactional reporting

If you had four purchases of 600 shares of an individual security over time, and sell all 600 shares in one transaction, the trade may no longer be reported to you as one sale but instead it must be separated into the applicable sections on the 1099-B. You'll then need to report it in the correct sections of Form 8949, and also check the correct box.* After you've completed Form 8949, you'll need to transfer the totals from columns E, F, and G to the corresponding columns on Form 1040, Schedule D.

Example 1

Transaction	Quantity	Date	Holding period	Covered/noncovered	Form 1099-B reporting	Form 8949 reporting
Buy	300	1/2/2009	long-term	noncovered	Section 4	Reported in Part II, with Box B checked.
Buy	100	3/1/2011	short-term	covered	Section 1	Reported in Part 1, with Box A checked.
Buy	100	4/1/2011				
Buy	100	12/1/2010	short-term	noncovered	Section 2	Reported in Part 1, with Box B checked.
Sell	600	11/1/2011				

*A sale that represents multiple acquisition dates will display as blank in Box 1b on Form 1099-B and various on Form 8949.

Default methods

Vanguard applies default cost basis accounting methods unless you've selected a specific method. We use average cost for mutual funds, and first in, first out (FIFO) for other holdings. You may wish to consult a tax advisor to determine the most appropriate method for you to use.

Cost basis adjustments

Vanguard is required to make certain adjustments to the initial cost basis of covered securities acquired in the account. We'll adjust the basis of securities for commissions and transfer taxes related to the acquisition of the security. We'll also adjust the basis for any organizational actions reported by the issuer. However, we generally won't make adjustments for transactions, elections, or other events occurring outside the account.

Wash sales. Under tax rules, the deduction for a loss realized on the sale of a security is disallowed if, within 30 days before or after the sale, a substantially identical security is acquired. Any loss that's disallowed is added to the basis of the newly acquired shares. Vanguard will adjust the basis of securities held in the account for losses that are disallowed due to a wash sale, but only if the wash sale is as a result of an identical security (a security with the same CUSIP) purchased in the same account. You must make adjustments to the basis of a security if a wash sale occurs as a result of:

- the purchase of a substantially identical security that isn't an identical security.
- a purchase that occurs in a different account than the sale.

Other adjustments we'll make. Vanguard will adjust the basis of a covered security issued by a regulated investment company or real estate investment trust which has undistributed long-term capital gains during the year.

Adjustments we won't make. Vanguard doesn't consider constructive sales or mark-to-market adjustments in determining the holding period of securities sold for a gain or loss.

Cost basis adjustment factor

For certain investments that are classified as WHFITs, we're required to provide your proportional interest in the cost basis associated with transactions by the trust. You're required to report this information on Schedule D of Form 1040. We provide the basis for these transactions in the form of a cost basis adjustment factor. Your basis can be determined by taking the product of this factor and your cost basis for your interest in the trust.

Regulated futures contracts

Although you're only required to report the aggregate profit or loss from these contracts on Form 6781, Gains and Losses From Section 1256 Contracts and Straddles, we must report this information on Form 1099-B as follows:

(Box 10) Profit or (loss) realized in 2011 on closed contracts

The profit or loss realized on closed regulated futures contracts in 2011.

(Box 11) Unrealized profit or (loss) on open contracts—12/31/2010

This amount was previously reported to you on your 2010 Tax Information Statement, as the contracts were marked to their market value as of December 31, 2010. It's reported here as an adjustment to your 2010 aggregate profit or loss, since it should have been included in your income for 2010.

(Box 12) Unrealized profit or (loss) on open contracts—12/31/2011

The amount is based on the contract's year-end market value.

(Box 13) Aggregate profit or (loss) on contracts

The aggregate profit or loss of all your regulated futures contracts activity.

You can calculate this figure based on information from your statement, as in the following example:

$$(Box\ 10) - (Box\ 11) + (Box\ 12) = Box\ 13$$

$$(\$210.69) - \$70.56 + (\$500) = (\$781.25)$$

Report total aggregate profit or loss on IRS Form 6781, line 1; then transfer that figure to IRS Form 1040, Schedule D, according to the instructions for IRS Form 1040.

Sample statement

Account number: 55555555		RECIPIENT'S identification number: XXX-XX-8888			Vanguard Brokerage Services		
2011 TAX INFORMATION STATEMENT Copy B For Recipient							
Form 1099-B		2011 REGULATED FUTURES CONTRACTS				OMB No. 1545-0715	
Description (Box 9)	Trade date	Opening contract amount	Closing contract amount	Year end market value	Profit or (loss) realized in 2011 on closed contracts (Box 10)	Unrealized profit or (loss) on open contracts - 12/31/2010 (Box 11)	Unrealized profit or (loss) on open contracts - 12/31/2011 (Box 12)
PUT 100 S&P 500 IX EXP 9/16/2011	Quantity 10.00000	03/18/2011	1,210.69	1,000.00	(210.69)		
PUT 100 S&P 500 IX EXP 9/16/2011	Quantity 10.00000	12/31/2010	1,520.03	1,590.59		70.56	
PUT 100 S&P 500 IX EXP 2/17/2012	Quantity 10.00000	12/31/2011	1,520.00	1,020.00			(500.00)
Total					(210.69)	70.56	(500.00)
Aggregate profit or (loss) on contracts (Box 13)							(781.25)
Federal income tax withheld (Box 4)							0.00

Sample tax form

Form 6781		Gains and Losses From Section 1256 Contracts and Straddles		OMB No. 1545-0644	
Department of the Treasury Internal Revenue Service		▶ Attach to your tax return.		2011 Attachment Sequence No. 82	
Name(s) shown on tax return				Identifying number	
Check all applicable boxes (see instructions).		A <input type="checkbox"/> Mixed straddle election		C <input type="checkbox"/> Mixed straddle account election	
		B <input type="checkbox"/> Straddle-by-straddle identification election		D <input type="checkbox"/> Net section 1256 contracts loss election	
Part I Section 1256 Contracts Marked to Market					
(a) Identification of account			(b) (Loss)	(c) Gain	
1 Form 1099-B, Vanguard Marketing Corporation, 23-2019846			(781.25)		

Form 1099-DIV: Dividends and Distributions

Dividends and other distributions from corporations, mutual funds, unit investment trusts (UITs), and real estate investment trusts (REITs), as well as income derived from money market funds, are reported in this section of your Tax Information Statement (see example later in this section).

(Box 1a) Total ordinary dividends

Ordinary dividends paid by corporations, mutual funds, REITs, and certain UITs, including net short-term capital gains, are fully taxable. Include this amount on line 9a of Form 1040 or 1040A and attach Schedule B if required. Subtotals for both U.S. and foreign source ordinary dividends appear at the end of the detailed section.

(Box 1b) Qualified dividends

These are distributions paid to you by domestic and qualified foreign corporations for which you met certain minimum holding period requirements. They're taxed at a maximum rate of 15% (0% for individuals in the 10% or 15% tax bracket).

Note that some dividends reported to you in Box 1b may not be qualified dividends because you may not have met certain minimum holding period requirements:

- **General rule.** Must be held for more than 60 days during the 121-day period that begins 60 days before the ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the seller and not the buyer of a stock will receive the next dividend payment. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it.

- **Preferred stock.** Must be held for more than 90 days during the 181-day period that begins 90 days before the ex-dividend date if the dividends are due to periods totaling more than 366 days. If the periods total less than 367 days, the holding period in the general rule applies.

The following aren't qualified dividends:

- Capital gain distributions.
- Dividends paid from money market and bond funds.
- Dividends from tax-exempt corporations.
- Dividends paid on employer securities held in an employer stock option plan (ESOP).
- Dividends on any share of stock to the extent that you're under an obligation (including a short sale) to make related payments with respect to positions in substantially similar or related property.
- Payments received in lieu of dividends.

Dividends paid by foreign corporations generally aren't qualified unless the foreign corporation is (1) incorporated in a U.S. possession, (2) eligible for benefits under a comprehensive income tax treaty with the U.S. that the Treasury Department has determined is satisfactory for the purpose of determining qualified dividend status, or (3) readily tradable on an established securities market within the U.S. (Note: Dividends paid by passive foreign investment companies [PFICs] aren't qualified.)

For more information, see IRS Publication 550, *Investment Income and Expenses*, and the instructions for Form 1040.

(Boxes 2a, 2b, 2c, and 2d) Capital gains distributions

See the Capital gain distributions section of this guide for further information.

(Box 3) Nondividend distributions

These are distributions from a corporation to you that aren't paid out of earnings and profits, are treated as return of capital, and generally aren't taxable. They reduce the cost basis of your stock; however, the amount that exceeds your adjusted basis is reported as a long- or short-term capital gain on Schedule D, depending on your holding period.

(Box 4) Federal income tax withheld

This includes the amount of backup withholding remitted to the IRS on certain payments if you didn't provide a taxpayer identification number that matches government records or if we've been notified by the IRS that you've underreported your interest and dividends in a prior year. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on your IRS Form 1040, line 62, as tax withheld.

(Box 5) Investment expenses

These represent your portion of expenses from a nonpublicly offered, regulated investment company, such as a mutual fund. You may deduct them on the "Other expenses" line of Schedule A (Form 1040), subject to the 2% limit. This amount is also included in Box 1a, Total ordinary dividends.

(Box 6) Foreign tax paid

This is the total foreign tax withheld by the source country from dividends paid by foreign securities or passed through certain investments, such as a mutual fund, during 2011. Only foreign taxes withheld at source according to a country's treaty may be used as a foreign tax credit. Refer to "Foreign tax paid" section of this guide for additional information.

Total ordinary dividends are reported on IRS Form 1040, Schedule B, line 5; and Form 1040, line 9a. Qualified dividends are reported on IRS Form 1040, line 9b. (See the illustration below.)

Sample statement

IMPORTANT TAX DOCUMENT		
Account number: 23754255		RECIPIENT'S identification number: xxx-xx-8888
		Vanguard Brokerage Services Contact Info: 800-992-8327
Form 1099-DIV	2011 Dividends and Distributions	OMB No. 1545-0110
Box		Amount
1a Total ordinary dividends		577.76
1b Qualified dividends		406.00
2a Total capital gain distr.		312.50
2b Unrecap. Sec. 1250 gain		87.50
2c Section 1202 gain		175.00
2d Collectibles (28%) gain		0.00
3 Nondividend distributions		58.00
4 Federal income tax withheld		31.50
5 Investment expenses		0.00
6 Foreign tax paid		61.93
7 Foreign country or U.S. possession		N/A
8 Cash liquidation distributions		547.00
9 Noncash liquidation distributions		0.00
Form 1099-INT	2011 Interest Income	OMB No. 1545-0112
Box		Amount
1 Interest income		2,402.51
2 Early withdrawal penalty		0.00
3 Interest on U.S. Savings Bonds and Treas. obligations		3,821.22
4 Federal income tax withheld		0.00
5 Investment expenses		0.00
6 Foreign tax paid		0.00
7 Foreign country or U.S. possession		N/A
8 Tax-exempt interest		737.50
9 Specified private activity bond interest		297.50
10 Tax-exempt bond CUSIP no. (see instructions)		various

Sample tax form

SCHEDULE B (Form 1040A or 1040)		Interest and Ordinary Dividends		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040A or 1040.		▶ See instructions on back.	
Name(s) shown on return				Your social security number	
				2011 Attachment Sequence No. 08	
Part I		1		Amount	
List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ▶		Vanguard Marketing Corporation, 23-2019846		3,821 22	
		Vanguard Marketing Corporation, 23-2019846		2,402 51	
		Less: OID Adjustment		(241 35)	
		Vanguard Marketing Corporation, 23-2019846		68 98	
		Vanguard Marketing Corporation, 23-2019846		121 90	
		Vanguard Marketing Corporation, 23-2019846		10 15	
		Less: OID Adjustment		(62 50)	
		Vanguard Marketing Corporation, 23-2019846		375 00	
		Vanguard Marketing Corporation, 23-2019846		10 15	
		Vanguard Marketing Corporation, 23-2019846		337 50	
Part II		5			
List name of payer ▶		Vanguard Marketing Corporation, 23-2019846		577 76	

Sample tax form

Form 1040		Department of the Treasury—Internal Revenue Service (99)		2011		OMB No. 1545-0074		IRS Use Only—Do not write or staple in this space.	
For the year Jan. 1–Dec. 31, 2011, or other tax year beginning		, 2011, ending		, 20				See separate instructions.	
Your first name and initial		Last name						Your social security number	
If a joint return, spouse's first name and initial		Last name						Spouse's social security number	
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.						▲ Make sure the SSN(s) above and on line 6c are correct.	
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions)								Presidential Election Campaign	
Income		7		7					
Wages, salaries, tips, etc. Attach Form(s) W-2									
8a Taxable interest. Attach Schedule B if required				8a					
b Tax-exempt interest. Do not include on line 8a		8b		810 32					
9a Ordinary dividends. Attach Schedule B if required				9a		577 76			
b Qualified dividends		9b		406 00					
10 Taxable refunds, credits, or offsets of state and local income taxes				10					
11 Alimony received				11					
12 Business income or (loss). Attach Schedule C or C-EZ				12					
13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>				13		35,737 72			
14 Other gains or (losses). Attach Form 4797				14					
15a IRA distributions		15a		50,000 00		15b		50,000 00	
						b Taxable amount			
16a Pensions and annuities		16a				16b			
						b Taxable amount			
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E				17					
18 Farm income or (loss). Attach Schedule F				18					
19 Unemployment compensation				19					
20a Social security benefits		20a				20b			
						b Taxable amount			
21 Other income. List type and amount				21		825 00			

Sample tax form

Form **1040** Department of the Treasury—Internal Revenue Service (99) **2011** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2011, or other tax year beginning _____, 2011, ending _____, 20____

Your first name and initial _____ Last name _____ See separate instructions.
Your social security number _____

If a joint return, spouse's first name and initial _____ Last name _____ Spouse's social security number _____

Home address (number and street), if you have a P.O. box, see instructions. _____ Apt. no. _____ ▲ Make sure the SSN(s) above and on line 6c are correct.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions). _____ Presidential Election Campaign _____

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7		
	8a	Taxable interest. Attach Schedule B if required	8a		
	b	Tax-exempt interest. Do not include on line 8a	8b	810	32
	9a	Ordinary dividends. Attach Schedule B if required	9a	577	76
	b	Qualified dividends	9b	406	00
	10	Taxable refunds, credits, or offsets of state and local income taxes	10		
11	Alimony received	11			
12	Business income or (loss). Attach Schedule C or C-EZ	12			

Sample tax form

2011 Form 1040 — Line 44

Qualified Dividends and Capital Gain Tax Worksheet—Line 44 *Keep for Your Records*

Before you begin:

- ✓ See the earlier instructions for line 44 to see if you can use this worksheet to figure your tax.
- ✓ If you do not have to file Schedule D and you received capital gain distributions, be sure you checked the box on line 13 of Form 1040.

1. Enter the amount from Form 1040, line 43. However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter the amount from line 3 of the Foreign Earned Income Tax Worksheet 1. _____

2. Enter the amount from Form 1040, line 9b* 2. **406.00**

3. Are you filing Schedule D?*

Yes. Enter the smaller of line 15 or 16 of Schedule D. If either line 15 or line 16 is blank or a loss, enter -0- 3. _____

No. Enter the amount from Form 1040, line 13 4. _____

4. Add lines 2 and 3 4. _____

5. If filing Form 4952 (used to figure investment interest expense deduction), enter any amount from line 4g of that form. Otherwise, enter -0- 5. _____

Sample tax form

Schedule D Tax Worksheet *Keep for Your Records*

Complete this worksheet only if line 18 or line 19 of Schedule D is more than zero. Otherwise, complete the Qualified Dividends and Capital Gain Tax Worksheet in the Instructions for Form 1040, line 44 (or in the Instructions for Form 1040NR, line 42) to figure your tax.

Exception: Do not use the Qualified Dividends and Capital Gain Tax Worksheet or this worksheet to figure your tax if:

- Line 15 or line 16 of Schedule D is zero or less and you have no qualified dividends on Form 1040, line 9b (or Form 1040NR, line 10b); or
- Form 1040, line 43 (or Form 1040NR, line 41) is zero or less.

Instead, see the instructions for Form 1040, line 44 (or Form 1040NR, line 42).

1. Enter your taxable income from Form 1040, line 43 (or Form 1040NR, line 41). (However, if you are filing Form 2555 or 2555-EZ (relating to foreign earned income), enter instead the amount from line 3 of the Foreign Earned Income Tax Worksheet in the Instructions for Form 1040, line 44) 1. _____

2. Enter your qualified dividends from Form 1040, line 9b (or Form 1040NR, line 10b) 2. **406.00**

3. Enter the amount from Form 4952 (used to figure investment interest expense deduction), line 4g 3. _____

4. Enter the amount from Form 4952, line 4e* 4. _____

If you have qualified dividends, you should enter them on line 2 of either the Qualified Dividends and Capital Gain Tax Worksheet (see the 2011 Instructions to IRS Form

1040) or the Schedule D Tax Worksheet (see the 2011 Instructions for Schedule D). The instructions will help you determine which one to use (also see examples above).

Special rules for owners of mutual funds, REITs, and UITs

Since these investments generally pass through certain beneficial tax attributes of their distributions to their shareholders, they must first obtain tax information from their holdings before they can determine such benefits. As a result, information on these benefits is often not available when we send your initial Tax Information Statement. If it becomes available later, we'll send you a revised statement.

The income classification reported on your statement may not agree with the amount of distributions you received during the year for the following reasons:

- Dividends declared by mutual funds and REITs in October, November, and December but not paid until the following January are considered received by shareholders on December 31.

- Income from UITs is reported on the Tax Information Statement in the year it's earned by the UIT, which may not coincide with its distribution. Separate entries show income received in cash and income accrued. Income earned by the UIT but not yet distributed is shown as a separate entry labeled "Accrued income." UITs that don't have accrued income may be reported with a single entry for cash. Income from taxable UITs may be reported on Form 1099-DIV, INT, or OID of your statement, depending on the nature of the income.

(Box 8) Cash liquidation distributions and (Box 9) Noncash liquidation distributions

Generally, liquidation distributions are treated as amounts received from the sale or exchange of a capital asset and should be reported on IRS Form 1040, Schedule D (Capital Gains and Losses).

Capital gain distributions

(Box 2a) Total capital gain distributions

Total capital gain distributions from a mutual fund or REIT are included in this section and are always long-term. Report them on Form 1040, Schedule D, line 13, as shown below, regardless of how long you held the investment. If your capital gain distribution contains additional classifications, your statement will include a separate section titled "Capital Gain Distributions" and will include the following information:

- (Box 2b) Unrecaptured Section 1250 gain—The amount in Box 2a that is an unrecaptured section 1250 gain from certain depreciable real property.
- (Box 2c) Section 1202 gain—The amount in Box 2a that is a section 1202 gain from certain small business stock.
- (Box 2d) Collectibles (28%) gain—The amount in Box 2a from the sale or exchange of collectibles that are capital assets.

If your statement contains amounts in any of these sections, refer to the instructions for IRS Form 1040, Schedule D (Capital Gains and Losses), for information on how to report this income.

OR

If your only capital gains and losses are capital gain distributions reported in Box 2a and no amounts are reported in Box 2b, 2c, or 2d, you may be able to avoid filing Schedule D by reporting these distributions directly on IRS Form 1040, line 13. See the instructions for IRS Form 1040 for more information.

Sample statement

Form 1099-DIV 2011 Dividends and Distributions OMB No. 1545-0110			Form 1099-INT 2011 Interest Income OMB No. 1545-0112		
Box	Amount		Box	Amount	
1a Total ordinary dividends.....	577.76		1 Interest income.....	2,402.51	
1b Qualified dividends.....	406.00		2 Early withdrawal penalty.....	0.00	
2a Total capital gain distr.....	312.50		3 Interest on U.S. Savings Bonds and Treas. obligations.....	3,821.22	
2b Unrecap. Sec. 1250 gain.....	87.50		4 Federal income tax withheld.....	0.00	
2c Section 1202 gain.....	175.00		5 Investment expenses.....	0.00	
2d Collectibles (28%) gain.....	0.00		6 Foreign tax paid.....	0.00	
3 Nondividend distributions.....	58.00		7 Foreign country or U.S. possession.....	N/A	
4 Federal income tax withheld.....	31.50		8 Tax-exempt interest.....	737.50	
5 Investment expenses.....	0.00		9 Specified private activity bond interest.....	297.50	
6 Foreign tax paid.....	61.93		10 Tax-exempt bond CUSIP no. (see instructions).....	various	
7 Foreign country or U.S. possession.....	N/A				
8 Cash liquidation distributions.....	547.00				
9 Noncash liquidation distributions.....	0.00				

Sample tax form

SCHEDULE D (Form 1040) Capital Gains and Losses		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99) Name(s) shown on return		2011 Attachment Sequence No. 12
▶ Attach to Form 1040 or Form 1040NR. ▶ See Instructions for Schedule D (Form 1040). ▶ Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.		Your social security number
11	Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	3.72
12	Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	
13	Capital gain distributions. See the instructions	312.50
14	Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions	()
15	Net long-term capital gain or (loss). Combine lines 8 through 14 in column (h). Then go to Part III on the back	28,194.00
For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 11338H Schedule D (Form 1040) 2011		

Form 1099-INT: Interest Income

This portion of your Tax Information Statement reflects interest credited to your account from interest income, U.S. savings bonds and Treasury obligations, tax-exempt bonds, and specified private activity bonds. When completing your tax return, be sure to report interest from each security separately.

(Box 1) Interest income

This represents taxable interest paid by corporations and government agencies. Additional information is provided in this supplemental column. Report this income on IRS Form 1040, Schedule B, line 1.

(Box 3) Interest on U.S. savings bonds and Treasury obligations

This shows reportable interest paid on U.S. obligations, which may or may not be taxable. Report this figure on IRS Form 1040, Schedule B, line 1.

(Box 5) Investment expenses

These represent your share of investment expenses of a single-class REMIC. You may be able to claim them as miscellaneous itemized deductions on Form 1040, Schedule A, if they exceed 2% of your adjusted gross income. This amount is included in Box 1.

(Box 6) Foreign tax paid

This represents taxes paid to foreign governments on interest from foreign sources. You can choose to take the amount of any qualified foreign taxes paid or accrued during the year as a foreign tax credit or as an itemized deduction. Refer to the "Foreign tax paid" section of this guide for additional information.

(Box 8) Tax-exempt interest

This is the interest income paid on bonds issued by a state, the District of Columbia, a U.S. possession, an Indian tribal government, or a political subdivision. It also includes any accrued interest on these bonds sold between interest dates and any exempt interest dividends from a regulated investment company (RIC). The total reported in this column is also reported in the Summary section of your statement as tax-exempt interest income. Report this figure on IRS Form 1040, line 8b.

(Box 9) Specified private activity bond interest

This is the amount of interest from specified private activity bonds. It also includes exempt interest dividends paid by a RIC on specified private activity bonds minus an allocable share of the expenses.

This figure is subject to alternative minimum tax and is included in Tax-exempt interest (Box 8). If applicable, you may need to report it on IRS Form 6251, Alternative Minimum Tax—Individuals.

(Box 10) Tax-exempt bond CUSIP number

Vanguard Brokerage will enter the CUSIP number of the tax-exempt bond for which tax-exempt interest is reported in Box 8. If a CUSIP number wasn't issued for the tax-exempt bond, this box will be left blank. If more than one bond reported tax-exempt interest, Vanguard will enter "Various" instead of the CUSIP numbers of the bonds.

Accrued interest received/purchased

The Form 1099-INT section of your Tax Information Statement contains accrued interest received on notes and bonds sold between interest payment dates. See "Information Vanguard Brokerage isn't required to report to you or the IRS" for additional information.

Unit investment trusts

If your UIT is organized as a grantor trust and earned interest income, your share is reported in this section. See "Special rules for owners of mutual funds, REITs, and UITs" for more information.

Sample statement (assumes securities are held in a taxable account)

IMPORTANT TAX DOCUMENT										
Account number: 55555555	RECIPIENT'S identification number: xxx-xx-8888	Vanguard Brokerage Services Contact Info: 800-992-8327								
Form 1099-INT	2011 Interest Income	OMB No. 1545-0112								
Box		Amount								
1 Interest income.....		2,402.51								
2 Early withdrawal penalty.....		0.00								
3 Interest on U.S. Savings Bonds and Treas. obligations.....		3,821.22								
4 Federal income tax withheld		0.00								
5 Investment expenses.....		0.00								
6 Foreign tax paid.....		0.00								
7 Foreign country or U.S. possession.....		N/A								
8 Tax-exempt interest.....		737.50								
9 Specified private activity bond interest.....		297.50								
10 Tax-exempt bond CUSIP no. (see instructions).....		various								
SCHEDULE B (Form 1040A or 1040)										
Interest and Ordinary Dividends		OMB No. 1545-0074								
Department of the Treasury Internal Revenue Service (99)		2011								
Name(s) shown on return		Attachment Sequence No. 08								
<p>► Attach to Form 1040A or 1040. ► See instructions on back.</p>		Security number								
Part I Interest	<p>1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see instructions on back and list this interest first. Also, show that buyer's social security number and address ►</p> <p>Vanguard Marketing Corporation, 23-2019846</p> <p>Vanguard Marketing Corporation, 23-2019846</p> <p>Less: OID Adjustment</p>	<table border="1"> <thead> <tr> <th colspan="2">Amount</th> </tr> </thead> <tbody> <tr> <td>3,821</td> <td>22</td> </tr> <tr> <td>2,402</td> <td>51</td> </tr> <tr> <td>(241)</td> <td>(35)</td> </tr> </tbody> </table>	Amount		3,821	22	2,402	51	(241)	(35)
Amount										
3,821	22									
2,402	51									
(241)	(35)									

Sample tax form

Form 1099-OID: Original Issue Discount

IRS Form 1099-OID, Schedule B (Interest and Ordinary Dividends)

A debt instrument typically has OID when it's issued for a price that is less than its stated redemption price at maturity. Generally, you must include an amount of OID in your gross income as interest each year that you hold such an obligation, which may be in the form of a bond, debenture, note, certificate, or other evidence of indebtedness having a term of more than one year.

Tax return reporting instructions

Income reported individually

We must issue a separate Form 1099-OID for each discount obligation. These amounts are identified on your Vanguard Brokerage Tax Information Statement and should be reported separately on your tax return.

OID adjustments

If you transferred a security with OID to Vanguard Brokerage, we may have used IRS Publication 1212, *Guide to Original Issue Discount (OID) Instruments*, to calculate your OID. As such, you may have to recalculate and adjust the amount reported on your statement and list it separately on your tax return. This may also be required if you paid an acquisition premium.

Stripped U.S. government debt obligations (STRIPs)

In most cases, if you held a STRIP during 2011, we calculated your cost basis and OID using the first in, first out (FIFO) method. If you elect to use the specific identification method, you may need to recalculate the amount of the OID.

Information reported on Form 1099-OID

Accrual begin/entry date

In addition to reporting OID annually as required by the IRS, we report income to you for each accrual period. The date we began accruing income is shown in this column.

Daily OID rate per \$1,000

This is the daily accrual rate of OID based on IRS Publication 1212 or from an independent third party. However, if the rate pertains to a STRIP purchased through our firm after 1991, we calculated and used an actual rate (see "Stripped U.S. government debt obligations").

(Box 1) Original issue discount

This column shows the OID on each obligation (not including U.S. Treasury obligations) for the part of the year in which it was owned. Report the amount for each security separately on IRS Form 1040, Schedule B, line 1.

(Box 2) Other periodic interest

This column shows any (non-OID) stated interest paid or credited on an obligation with an OID component during the year, as well as any accrued interest earned on a real estate mortgage investment conduit (REMIC) issued with an OID of \$10 or more. As required by the IRS, we report other periodic interest separately for each OID obligation that you held in your account.

Sample statement

Form 1099-OID										2011 ORIGINAL ISSUE DISCOUNT		OMB No. 1545-0117		
Description (Box 5)	Lot no.	Lot quantity	Accrual begin/entry date	Days held	Daily OID rate per \$1,000	Original issue discount for 2011 (Box 1)	Other periodic interest (Box 2)	Federal income tax withheld (Box 4)	Original issue discount on U.S. Treasury obligations* (Box 6)	Investment expenses (Box 7)				
INTEL CORP 2.95 121535 CUSIP: 458140AD2	1	4,000	01/01/2011	145	.1277391	68.98								
N Y CMNTY CP TR V CNV 6% CUSIP: 64944P307	1	3,000	01/01/2011	365	.1113287				121.90					
3M CO LIQ YLD 0.0 112132 CUSIP: 88579YAB7	1	1,000	01/01/2011	230	.1658941	10.15								

Sample tax form

SCHEDULE B (Form 1040A or 1040)		Interest and Ordinary Dividends				OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		▶ Attach to Form 1040A or 1040.		▶ See instructions on back.		2011 Attachment Sequence No. 08	
Name(s) shown on return		Vanguard Marketing Corporation, 23-2019846		1		68 98	
Form 1040A, or Form 1040, line 8a.)		Vanguard Marketing Corporation, 23-2019846		1		121 90	
		Vanguard Marketing Corporation, 23-2019846				10 15	
		Less: OID Adjustment				(62 50)	

(Box 6) OID on U.S. Treasury obligations

This amount is the OID for the part of the year you owned the obligation. It should be reported as interest income on your federal income tax return. See IRS Publication 1212 to determine if any adjustments need to be made. This OID is exempt from state and local income taxes and isn't included in Box 1.

Negative amounts reported in Original issue discount on U.S. Treasury obligations, Box 6, represent deflation adjustments and aren't reported to the IRS. These amounts are generally reportable on Form 1040, Schedule B, in the same manner as other adjustments to OID.

(Box 7) Investment expenses

Any amount shown is your share of investment expenses of a single-class REMIC. If you file Form 1040, you may deduct these expenses on the "Other expenses" line of Form 1040, Schedule A, subject to the 2% limit. This amount is included in Box 2.

OID terms and example

Due to your individual circumstances, the amount shown on your Tax Information Statement may not be the amount on which you should pay tax. Therefore, take a moment to review the illustration above and the terms and examples provided below to better familiarize yourself with OID.

Acquisition premium

This is the excess of a debt instrument's adjusted basis immediately after purchase, including purchase at original issue, over the instrument's adjusted issue price at that time. A portion of this premium may sometimes be offset against OID.

Adjusted issue price

The adjusted issue price of a debt instrument at the beginning of an accrual period is used to figure the OID allocable to that period. In general, the adjusted issue price at the beginning of the debt instrument's first accrual period is its issue price. The adjusted issue price at the beginning of any subsequent

accrual period is the sum of the issue price and all the OID includable in income before that accrual period, minus any payment previously made on the debt instrument, other than a payment of qualified stated interest.

Unit investment trusts

If you held a UIT in your account, your statement may reflect the accrual of OID. See previous sections for more information on how income from UITs is reported.

Sample calculation of an OID adjustment:
Assume XYZ Company issued an eight-year bond on January 1, 2007. Its initial issue price was \$6,000, its maturity value was \$10,000, and it currently pays no interest. Accordingly, it was issued with \$4,000 of OID (\$10,000 less \$6,000). Assume that the OID accrues on a straight-line basis (in many cases, however, it accrues on a constant-yield basis). On January 1, 2011, you purchased the bond for \$8,500 and then held it in your account for the entire year. We report \$500 of OID in 2011 with respect to this security (see below for further explanation). Use the following steps to determine how to report the OID adjustment on your tax return:

Step 1: If you don't have an acquisition premium with respect to the XYZ bond (see Step 2), simply report the amount indicated on your Tax Information Statement on IRS Form 1040, Schedule B, as interest income. If you do have an acquisition premium, you should use a portion of it to offset the OID we reported to you.

Step 2: Calculate your acquisition premium—the difference between the bond's adjusted issue price on the date of purchase and the amount you paid for it. In this case, the calculated adjusted issue price on January 1, 2011, was \$8,000. Since you paid \$8,500, you acquired it with an acquisition premium of \$500. When you perform your actual calculation, you may need to contact the issuer to determine what the bond's adjusted issue price was on the date of purchase.

Step 3: Determine what portion of your acquisition premium may be used to offset the OID reported on your statement. In general, the OID should be reduced by a fraction determined as follows:

The numerator is the cost of the debt instrument less its adjusted issue price on the date of purchase. The denominator is the maturity value less the adjusted issue price on the date of purchase. In this example, the fraction would be computed as follows:

$$\begin{aligned} (\$8,500 - \$8,000) &= \frac{\$500}{(\$10,000 - \$8,000)} = 25\% \end{aligned}$$

The owner of this bond should report a total OID of \$500 less 25%, or \$375, on which to pay tax. The owner should report the gross amount of \$500 and the OID adjustment of \$125, because the IRS will attempt to match the \$500 we report on the Tax Information Statement to the amount reported on the tax return. If you only report the net amount (in this case, \$375), the IRS may not be able to make a match and may contact you about the discrepancy.

Other items Vanguard Brokerage must report to the IRS

Form 1099-MISC: Miscellaneous Income

This portion of your Tax Information Statement is provided if you receive miscellaneous income during the tax year. Sources of miscellaneous income commonly include substitute payments in lieu of dividends or interest, royalty payments, and Section 1231 gains.

(Box 1) Rents

This box shows rental income earned from royalty trusts and real estate activities. Report this amount on IRS Form 1040, Schedule E.

(Box 2) Royalties

This box includes Section 1231 gains and gross royalties. Report this amount on IRS Form 1040, Schedule E.

(Box 3) Other income

This box shows other income of \$600 or more required to be reported on Form 1099-MISC that isn't reportable in one of the other boxes on the form. Report this amount on IRS Form 1040 as "other income."

(Box 4) Federal income tax withheld

This includes the amount of backup withholding remitted to the IRS on certain payments if you didn't provide a taxpayer identification number that matches government records, or if we've been notified by the IRS that you've underreported your interest and dividends in a prior year. See Form W-9, Request for Taxpayer Identification Number and Certification, for information on backup withholding. Include this amount on IRS Form 1040, line 62, as tax withheld.

(Box 8) Substitute payments in lieu of dividends or interest

This amount represents payments made to you in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report the total amount on IRS Form 1040 as "other income."

For more information, see the instructions for IRS Form 1040.

Sample statement

FORM 1099-MISC		2011 Miscellaneous Income		OMB No. 1545-0115
Box				Amount
1	Rents			
2	Royalties			
3	Other income			
4	Federal income tax withheld			825.00
8	Substitute payments in lieu of dividends or interest			

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Note: Box 2 includes Section 1231 gains.

Sample tax form

Form 1040		U.S. Individual Income Tax Return		2011	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2011, or other tax year beginning		Last name		, 2011, ending	, 20	See separate instructions.
Your first name and initial		Last name				Your social security number
If a joint return, spouse's first name and initial		Last name				Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.				Apt. no.		▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).						
Enclose, but do not attach, any payment. Also, please use Form 1040-V.		17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17		
		18	Farm income or (loss). Attach Schedule F	18		
		19	Unemployment compensation	19		
		20a	Social security benefits	20a		
			b Taxable amount	20b		
		21	Other income. List type and amount	21		825.00
		22	Combine the amounts in the far right column for lines 7 through 21. This is your total income	22		
Adjusted		23	Educator expenses	23		

Form 2439: Notice to Shareholder of Undistributed Long-Term Capital Gains

Some mutual funds and REITs choose to retain their long-term capital gains and pay tax on them. Since these gains aren't distributed, they aren't included on Form 1099-DIV and instead are reported to you on Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains. You must treat your share of these gains as distributions, even though you didn't actually receive them. Report this amount as long-term gains on Form 1040, Schedule D, line 11. However, you can take credit for the tax paid by the mutual fund or REIT by including it on Form 1040, line 71, and checking Box a on that line. Attach Copy B of Form 2439 to your return, and keep Copy C for your records.

Note: We won't send you Form 2439 for a fund or REIT held in your IRA, as the gains will remain tax-deferred until distribution.

Sample tax form

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	
Name, address, and ZIP code of RIC or REIT Nominee: Vanguard Marketing Corporation P.O. Box 1170 Valley Forge, PA 19482 RIC or REIT: MASSMUTUAL CORPORATE	OMB No. 1545-0145 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2011</div> Form 2439 <div style="text-align: center;"> Notice to Shareholder of Undistributed Long-Term Capital Gains For calendar year 2011, or other tax year of the regulated investment company (RIC) or the real estate investment trust (REIT) beginning January 1, 2011, and ending December 31, 2011 </div>
Identification number of RIC or REIT RIC or REIT: 04-2483041 Nominee: 23-2019846	1a Total undistributed long-term capital gains 3.72
Shareholder's identifying number 888-88-8888	1b Unrecaptured section 1250 gain
Shareholder's name, address, and ZIP code JANE DOE 3210 NORTHGATE LN CARSON CITY NV 89706-0970	1c Section 1202 gain 1d Collectibles (28%) gain
	2 Tax paid by the RIC or REIT on the box 1a gains 1.30
Form 2439 A/C: 22222222 Department of the Treasury - Internal Revenue Service	

Sample tax form

SCHEDULE D (Form 1040) Department of the Treasury Internal Revenue Service (99)	Capital Gains and Losses ► Attach to Form 1040 or Form 1040NR. ► See Instructions for Schedule D (Form 1040). ► Use Form 8949 to list your transactions for lines 1, 2, 3, 8, 9, and 10.	OMB No. 1545-0074 <div style="text-align: center; font-size: 24pt; font-weight: bold;">2011</div> Attachment Sequence No. 12
Name(s) shown on return		Your social security number
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11	3.72
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12	
13 Capital gain distributions. See the instructions	13	312.50
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet in the instructions	14	()
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (h). Then go to Part III on the back	15	28,194.00
For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 11338H Schedule D (Form 1040) 2011		

Information Vanguard Brokerage isn't required to report to you or the IRS

Partnership cash distributions

You don't need to report these distributions on your tax return; however, this information is useful for determining your tax basis in the partnership. Although Vanguard Brokerage doesn't report this information to the IRS, the partnership will have filed a copy with the IRS. Accounts that held interests will receive their tax information directly from the partnership on IRS Form 1065, Schedule K-1 (Partner's Share of Income Deductions, Credits, and Other Items). Contact the partnership directly if you don't receive this form.

Return of principal distributions

When you receive a return of principal distribution, you must reduce your basis in the asset by this amount. Once your adjusted basis is zero, report principal returns as a capital gain. We report a bond's final principal distribution in the 1099-B section of your Tax Information Statement and also to the IRS.

Equity options transactions

If you traded or held equity options during 2011 in your brokerage account, we report certain activities (for instance, purchases, exercises, expirations, and assignments) in this section. We don't report this information to the IRS. Report on Schedule D gain or loss from the closing or expiration of an option that isn't a section 1256 contract but is a capital asset in your hands. The tax rules governing equity options are complex. We suggest you carefully review them with your tax professional.

Securities purchased

Although we don't report it to the IRS, you may find this information useful when calculating gain or loss upon disposition of the securities. Note the following:

- **Net cost.** In general, the cost or other basis is the cost of the property. If you inherited the property, got it as a gift, or received it in a tax-free exchange, involuntary conversion, or "wash sale"

of stock, you may not be able to use the purchase price as the basis. If this is the case, the IRS requires that you include an explanation of your basis. If the security is a debt instrument, the net cost doesn't include accrued interest purchased (reported separately in this section of your statement). The cost of securities purchased during 2011 should be reported on your tax return in the year they're sold on IRS Form 1040, Schedule D (Capital Gains and Losses).

- **Securities.** Various types of securities purchased, such as stocks and debt instruments, are included in this section.
- **Trade date.** We report the securities you purchased on a trade-date basis.
- **Accrued interest purchased.** Your Tax Information Statement includes details of accrued interest purchased for various categories of notes and bonds purchased between interest payment dates. We don't report this to the IRS. When that interest is paid to you, treat it as a return of your capital investment rather than interest income by reducing your basis in the bond. The statement includes accrued interest purchased with respect to all 2011 note and bond purchases on a settlement-date basis. If you purchased a note or bond with accrued interest in 2011 and we reported its initial interest payment in 2011, you should adjust your 2011 interest income by the accrued interest purchased as reported on your 2011 brokerage confirmation or 2011 Tax Information Statement. Include the full amount shown as interest on the Form 1099-INT on Schedule B (Form 1040), Part 1, line 1. Then, below a subtotal of all interest income listed, enter "Accrued interest" and the amount of accrued interest that you paid to the seller. The amount is taxable to the seller, not you. Subtract that amount from the interest income subtotal. Enter the result on line 2 and also on Form 1040, line 8a. The nontaxable amounts should reduce the appropriate nontaxable income categories.

Municipal original issue discount and tax-exempt interest

Each year you should consider whether you'll have to pay the alternative minimum tax (AMT). When computing your potential liability, you should include municipal OID subject to AMT as well as tax-exempt interest from specified private activity bonds reported in Box 9 of Form 1099-INT. Any tax-exempt interest, such as from municipal bonds (Form 1099-INT, Box 8), should also be recorded in total on line 8b of Form 1040, as shown on the next page.

See the example on the next page for additional guidance on how this information is reported on your Tax Information Statement.

This section displays OID earned on municipal bonds. The separate totals allow you to

determine how much of this OID is subject to the AMT. We report amounts based on the bond's original issue price. Adjustments to the indicated amounts will have to be calculated based on your actual purchase price and date. The recalculated amount will increase the tax basis of your bond, resulting in a smaller gain or larger loss upon its ultimate disposition.

- The total amount of the tax-exempt interest income and the municipal OID subject to AMT should be reported on IRS Form 6251, Alternative Minimum Tax—Individuals, line 13 (see example below).
- The total amount of municipal interest income and municipal OID should be reported on IRS Form 1040, U.S. Individual Income Tax Return, line 8b.

Municipal tax-exempt interest and municipal original issue discount

Sample summary	Tax-exempt interest income		Municipal OID		Totals
Specified private activity bond interest	\$297.50	+	\$10.99	=	\$308.49
Tax-exempt interest	\$737.50	+	\$72.82	=	\$810.32
Total tax-exempt interest income and OID					\$1,118.81

Sample tax form

Form 6251	Alternative Minimum Tax—Individuals	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)	▶ See separate instructions. ▶ Attach to Form 1040 or Form 1040NR.	2011 Attachment Sequence No. 32
Name(s) shown on Form 1040 or Form 1040NR		Your social security number

Part I Alternative Minimum Taxable Income (See instructions for how to complete each line.)		
7	Tax refund from Form 1040, line 10 or line 21	()
8	Investment interest expense (difference between regular tax and AMT)	
9	Depletion (difference between regular tax and AMT)	
10	Net operating loss deduction from Form 1040, line 21. Enter as a positive amount	
11	Alternative tax net operating loss deduction	()
12	Interest from specified private activity bonds exempt from the regular tax	308 49
13	Qualified small business stock (7% of gain excluded under section 1202)	
14	Exercise of incentive stock options (excess of AMT income over regular tax income)	
15	Estates and trusts (amount from Schedule K-1 (Form 1041), box 12, code A)	
16	Electing large partnerships (amount from Schedule K-1 (Form 1065-B), box 6)	
17	Disposition of property (difference between AMT and regular tax gain or loss)	

Sample tax form

Form 1040	Department of the Treasury—Internal Revenue Service (99)	2011	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.
For the year Jan. 1–Dec. 31, 2011, or other tax year beginning		, 2011, ending	, 20	See separate instructions.
Your first name and initial	Last name			Your social security number
If a joint return, spouse's first name and initial	Last name			Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions.			Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).				
Presidential Election Campaign				

Income		7	8a	9a	10	11	12	13	14	15a	15b	16a	16b	17
	7 Wages, salaries, tips, etc. Attach Form(s) W-2													
	8a Taxable interest. Attach Schedule B if required													
	b Tax-exempt interest. Do not include on line 8a		810	32										
	9a Ordinary dividends. Attach Schedule B if required			577	76									
	b Qualified dividends		406	00										
	10 Taxable refunds, credits, or offsets of state and local income taxes													
	11 Alimony received													
	12 Business income or (loss). Attach Schedule C or C-EZ													
	13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ <input type="checkbox"/>				35,737	72								
	14 Other gains or (losses). Attach Form 4797													
	15a IRA distributions	15a	50,000	00							50,000	00		
	16a Pensions and annuities	16a												
	17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E													

Margin interest expense

Total margin interest expense charged to your account during 2011 is reported in the Summary of Transactions. We don't report information from this section of your statement to the IRS.

Margin interest expense may be characterized as investment interest expense, the deduction of which is limited to net investment income. This limitation is calculated on IRS Form 4952, Investment

Interest Expense Deduction. Margin interest expense must be paid in the year in which it's deducted. If your investment interest expense is deductible, report this as an itemized deduction on IRS Form 1040, Schedule A, line 14.

The amounts shown in the example below assume no carryover of investment expense from 2010, no disallowed investment interest expense during 2010, and a hypothetical \$350 of net investment income.

Sample statement

Account number: 55555555	RECIPIENT'S identification number: xxx-xx-8888	Vanguard Brokerage Services
2011 TAX INFORMATION STATEMENT		
TRANSACTIONS NOT REPORTED TO THE IRS		
Margin Interest Charged to Your Account		331.25

Sample tax form

Form 4952	Investment Interest Expense Deduction	OMB No. 1545-0191
Department of the Treasury Internal Revenue Service (99)	▶ Attach to your tax return.	2011 Attachment Sequence No. 51
Name(s) shown on return	Identifying number	
Part I Total Investment Interest Expense		
1 Investment interest expense paid or accrued in 2011 (see instructions)	1	331 25
2 Disallowed investment interest expense from 2010 Form 4952, line 7	2	
3 Total investment interest expense. Add lines 1 and 2	3	331 25
Part II Net Investment Income		
4a Gross income from property held for investment (excluding any net gain from the disposition of property held for investment)	4a	350 00
b Qualified dividends included on line 4a	4b	
c Subtract line 4b from line 4a	4c	350 00
d Net gain from the disposition of property held for investment	4d	
e Enter the smaller of line 4d or your net capital gain from the disposition of property held for investment (see instructions)	4e	
f Subtract line 4e from line 4d	4f	
g Enter the amount from lines 4b and 4e that you elect to include in investment income (see instructions)	4g	
h Investment income. Add lines 4c, 4f, and 4g	4h	350 00
5 Investment expenses (see instructions)	5	
6 Net investment income. Subtract line 5 from line 4h. If zero or less, enter -0-	6	350 00
Part III Investment Interest Expense Deduction		
7 Disallowed investment interest expense to be carried forward to 2012. Subtract line 6 from line 3. If zero or less, enter -0-	7	
8 Investment interest expense deduction. Enter the smaller of line 3 or 6. See instructions	8	331 25

SCHEDULE A (Form 1040)	Itemized Deductions	OMB No. 1545-0074
Department of the Treasury Internal Revenue Service (99)	▶ Attach to Form 1040. ▶ See Instructions for Schedule A (Form 1040)	2011 Attachment Sequence No. 07
Name(s) shown on Form 1040	Your social security number	
Medical and Dental Expenses	Caution. Do not include expenses reimbursed or paid by others.	
1 Medical and dental expenses (see instructions)	1	
2 Enter amount from Form 1040, line 38 2 	2	
3 Multiply line 2 by 7.5% (.075)	3	
4 Subtract line 3	4	
11 interest deduction may be limited (see instructions).	11	
12 Points not reported to you on Form 1098. See instructions for special rules	12	
13 Mortgage insurance premiums (see instructions)	13	
14 Investment interest. Attach Form 4952 if required. (See instructions.)	14	331 25
15 Add lines 10 through 14	15	

Foreign tax paid statement

For shares of Vanguard mutual funds and ETFs only, we've calculated these adjustments for you and provided it on the Foreign Tax Paid Statement.

Foreign Tax Paid Statement

You can claim a foreign tax credit either on IRS Form 1116, Foreign Tax Credit, or, in some circumstances, by reporting it directly on IRS Form 1040, line 47. It may only be claimed if the tax was legally owed and not eligible for refund. You can claim a deduction on IRS Form 1040, Schedule A (Itemized Deductions), line 8.

If you have foreign source qualified dividends or foreign source capital gains or losses, you may be required to make adjustments to these amounts due to the foreign tax paid. You should refer to the instructions for IRS Forms 1040 and 1116 for more information about foreign tax credits and deductions and reporting qualified dividends when calculating your foreign tax credit.

Sample statement

Account number: 55555555	RECIPIENT'S identification number: XXX-XX-8888	Vanguard Brokerage Services		
2011				
TAX INFORMATION STATEMENT				
FOREIGN TAX PAID				
Description	Foreign tax paid (amount included in Form 1099-DIV Box 6)	Foreign income	QDI - Eligible foreign income	Foreign income after QDI adjustment
VNGRD FTSE ALL WORLD ETF CUSIP: 922042775	11.51	173.14	126.36	100.93
VNGRD FTSE SMALL CAP ETF CUSIP: 922042718	11.61	155.07	97.91	99.12
Total	23.12	328.21	224.27	200.05
<p>The information on this statement is for Vanguard mutual funds and ETFs only. (keep for your records) Page 10 of 12</p>				

Collateralized debt obligations (CDOs) and real estate mortgage investment conduits (REMICs)

Additional Written Statement for CDOs and REMICs

Vanguard Brokerage is required to provide you with an Additional Written Statement (Statement) by March 15, 2012, if you owned a CDO or REMIC. If your Tax Information Statement contains a list of securities that were identified as CDOs or REMICs, you'll receive this additional Statement and should consider waiting to file your income tax return until you've received this Statement.

The March 15 mailing will also include a Form 1099-OID. For information regarding this form, see the Form 1099-OID section of this guide.

The Statement provides the following important information for completing your tax return:

Note: The tax rules relating to CDOs and REMICs are complex. We suggest that you speak with a qualified tax advisor for assistance.

Lot number

Each executed purchase order made within your Vanguard Brokerage account creates a separate lot. We report the amounts for each security to the IRS and provide this supplemental information to you to help you prepare your tax return.

Accrual period begins

We report accrued income earned on a CDO to the IRS on an annual basis. For your convenience, we provide the accrual on the Statement separately for each month. The date displayed in this box represents the beginning of each accrual period by security.

Beginning adjusted issue price

This column will only have a dollar amount if the security was issued with OID. The amount shown equals the initial issue price plus all previously accrued OID on the security.

Daily accrued interest income

The holder of a REMIC is required to report accrued income (regardless of distribution) as interest income on his or her tax return. Vanguard Brokerage reports the daily portion of accrued interest income per \$1,000 of original principal.

Accrued interest income

This is the aggregate amount of accrued interest income earned from a REMIC and reported to the IRS. The amount is determined by multiplying the quantity, days held, and daily accrued interest income and then dividing the result by 1,000. This interest is reported to you and the IRS in Other periodic interest (Box 2) on the Form 1099-OID received with the Statement.

Actual interest paid (cash)

This is the amount of cash credited to your account as interest. If an amount is provided here, the interest income is reportable when received rather than when accrued for the investment.

Ending market discount fraction

If you purchased a REMIC or CDO security in the secondary market at a discount to the adjusted issue price, you may adjust the OID income or interest income reported by accruing market discount or amortizing acquisition premium over the remaining life of the bond. Because this requires you to make an election on your tax return, you may wish to consult your tax advisor about the impact of this election.

Widely held mortgage trusts (WHMTs)

Vanguard Brokerage is required to provide you with an Additional Written Statement (Statement) by March 15, 2012, if you owned a widely held fixed investment trust (WHFIT). While some WHFIT information is reported to you on your Form 1099 Consolidated, certain mortgage-backed WHFITs known as widely held mortgage trusts (WHMTs) will be provided on this Statement. If your Tax Information Statement contains a list of securities that were identified as WHMTs, you'll receive this Statement and should consider waiting to file your income tax return until after you've received this Statement.

The following items are included in the Statement:

Lot number. If you've purchased the same security on different dates, the lot number identifies each purchase separately. However, Vanguard Brokerage doesn't report this information to the IRS on a separate lot basis. The IRS receives your aggregate holdings for each security.

Gross proceeds. The proceeds reported on this Statement are related to principal payments from WHMTs. Proceeds from the sale of WHMT interests are reported on your consolidated Form 1099.

Interest income. This is your pro rata share of the taxable interest. This amount is grossed-up for expenses incurred by the trust.

Expenses. This is your pro rata share of the expenses incurred by the trust and may be deductible on Form 1040, Schedule A.

Market discount fraction. If you purchased a WHMT on the secondary market at a discount to the remaining pool principal, you may adjust the OID income or interest income reported by accruing market discount or amortizing acquisition premium over the remaining life of the WHMT. Because this requires you to make an election on your tax return, you may wish to consult your tax advisor about the impact of this election.

Unamortized premium or unaccreted discount. This represents the unamortized premium or unaccreted market discount remaining for the WHMT. The discounts are shown as positive figures, and premiums are shown as negatives. This information is only provided if we have your WHMT purchase price.

Income adjustment for discount or premium. This represents the amount of potential adjustment for premium or discount for the period as calculated by the product of the market discount fraction and the unamortized premium or unaccreted discount. Items of discount are shown as positive figures, and premiums are shown as negatives. This information is only provided if the original purchase price of the investment is known. Otherwise, if you elect to adjust your income for discount or premium, you must calculate the adjustment by multiplying the market discount fraction by the unamortized premium or unaccreted discount.

Adjusted basis percentage. This represents a ratio of the principal distributions for the period over the principal balance at the beginning of the period. If you haven't elected to amortize bond premium or market

discount, this ratio can be used to identify the portion of the adjusted basis associated with the principal payment and the calculation of the gain or loss.

Sample statement

IMPORTANT TAX DOCUMENT									
Account number: 55555555		RECIPIENT'S identification number: XXX-XX-8888			Vanguard Brokerage Services Contact Info: 800-992-8327				
JANE DOE 90 CARTER RD PRINCETON NJ 08540-2110		2011 ADDITIONAL WRITTEN TAX INFORMATION STATEMENT			PAYER: Vanguard Marketing Corporation P.O. Box 1170 Valley Forge, PA 19482 PAYER'S federal identification number: 23-2019846				
PASS THRU MORTGAGE BACKED SECURITIES (Widely Held Mortgage Trusts)									
The tax information statement set forth below is in addition to tax information that we have previously sent to you for the 2011 year. Please note that you will need to take into account the tax information set forth below in addition to the tax information we have previously sent to you in determining your 2011 tax liability.									
Description	Quantity	Date	Stocks, bonds, etc. Gross proceeds less commissions and option premiums (Box 2)*	Interest income (Box 1)**	Investment expenses (Box 5)**	Market discount/ premium fraction	(Unamortized premium) or unaccreted discount	Income adjustment for discount or (premium)	Adjusted basis fraction
GOVT NATL MTG ASSN POOL #030466 CPN 9.500% DUE 06/15/09 DTD 06/01/79 FC 07/15/79 CUSIP: 362059Z75									
	50,000	12/31/2011	2.97	0.08	0.01	0.000000	0.00	0.00	0.353054
	50,000	01/31/2011	0.00	0.07	0.03	0.096529	0.00	0.00	1.000000
Security Total			2.97	0.15	0.04			0.00	
<p>Box 2*, Box 1** and Box 5**: This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.</p> <p>* Form 1099-B, 2011 Proceeds from Broker and Barter Exchange Transactions OMB No. 1545-0715 ** Form 1099-INT, 2011 Interest Income OMB No. 1545-0112</p>									
(keep for your records)									
Page 1 of 4									

Form 990-T: Unrelated Business Taxable Income (UBTI)

Form 990-T is used to report unrelated business taxable income (UBTI) for tax-exempt organizations or retirement trusts. A 990-T is also used by an IRA custodian to request a refund from the IRS for taxes paid for undistributed long-term capital gains (ULTCG) by the regulated investment company (RIC) or real estate investment trust (REIT). You will not receive Form 2439 for your IRA or Roth IRA; Vanguard will file Form 990-T with the IRS to claim a refund of the tax paid by the mutual fund.

UBTI is income received from activities that aren't substantially related to the functions for which the IRA is allowed exemption from income tax, such as engaging in a business normally carried on for profit. When an IRA invests in a pass-through entity, such as a partnership, the IRS deems that the IRA is engaging in business activity as a partner and requires that the IRA pay the tax on the gross income from unrelated business activity to the extent that it exceeds \$1,000 or more.

Example: The general partner of a limited partnership issues to the IRA custodian, Form 1065, U.S. Return of Partnership Income, Schedule K-1, reporting the IRA's portion of the UBTI. If the UBTI for the IRA exceeds \$1,000, the IRA, rather than the IRA holder, is the partner and therefore must file IRS Form 990-T.

Note: Retail account holders receive their Schedule K-1 directly from the general partner and include the partnership items of income, deductions, and credits on their Form 1040.

Form 1099-R: Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

Information reported on Form 1099-R

If you took a reportable distribution from your IRA (traditional, Roth, or SEP-), you'll receive Form 1099-R.

The following example is provided for illustrative purposes only. For more information, refer to the IRS Form 1040 instructions and speak with your tax professional regarding your specific circumstances.

(Box 1) Gross distribution

This box shows the gross distribution received from your IRA, including a recharacterization or a Roth IRA conversion, if applicable. The amount entered in Box 15a of Form 1040 should be a total of all gross distributions from your IRAs. The amount entered in Box 16a of Form 1040 should be a total of all gross distributions from your pensions and annuities.

(Box 2a) Taxable amount

This box will generally contain the gross amount of your IRA distribution(s), while Box 2b will be checked. The amount entered in Box 15b and/or 16b of Form 1040 should be a total of the taxable amount of your distributions, as appropriate.

(Box 2b) Taxable amount not determined

Generally, this box will be populated with an X, per the IRS instructions. You should consult with a tax professional to determine the actual taxable amount of your distribution.

(Box 7) Distribution code(s)

These codes will identify the type of distribution you received. However, you may owe an additional 10% tax if you're under 59½ and no exceptions apply (such as a first-time home purchase or part of a series of substantially equal periodic payments). See IRS Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts, for the calculation of additional tax on early distributions. Your Form 1099-R may include more than one distribution code if the distribution applies to more than one tax situation; however, if two or more distribution codes aren't valid combinations, you'll receive a separate Form 1099-R for that situation.

(Box 4) Federal income tax withheld

Attach all Copies B of Forms 1099-R to your Form 1040 if federal income tax was withheld.

Sample statement

Account number: 33333333		RECIPIENT'S identification number: XXX-XX-8888		Vanguard Brokerage Services Contact Info: 800-992-8327	
2011 - Form 1099-R					
TAX INFORMATION STATEMENT					
<input type="checkbox"/> CORRECTED (if checked) Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.					
FORM 1099-R		2011 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.			OMB No. 1545-0119
Box	1	Gross distribution	50,000.00	Box	9a
					Your percentage of total distribution
<p>This is important tax information and is being furnished to the Internal Revenue Service. The above represents a summary of your retirement account distribution activity for Tax Year 2010. The Internal Revenue Service instructions are enclosed for your convenience. Copy B and Copy 2 are included for use in the preparation of your tax returns.</p> <p style="text-align: right;">Page 1 of 6</p>					

Sample tax form

get a W-2, see page 22.	15a	IRA distributions	15a	50,000	00	b	Taxable amount (see page 24)	15b	50,000	00
	16a	Pensions and annuities	16a			b	Taxable amount (see page 25)	16b		

Other Taxes	56	Self-employment tax. Attach Schedule SE	56		
	57	Unreported social security and Medicare tax from Form: a <input type="checkbox"/> 4137 b <input type="checkbox"/> 8919	57		
	58	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required	58	5,000	00
	59	Additional taxes: a <input type="checkbox"/> AEIC payments b <input type="checkbox"/> Household employment taxes. Attach Schedule H	59		
	60	Add lines 55 through 59. This is your total tax	60		

Form 5498: IRA Contribution Information

Information reported on Form 5498

If you made a contribution to a traditional, SEP-, SIMPLE, and/or Roth IRA, or completed a rollover, recharacterization, or conversion of assets held in an IRA, you'll receive Form 5498.

If you made a contribution or rollover contribution in 2011, you'll receive Form 5498 by May 31, 2012, and an indication of the fair market value (FMV) of your IRA on your yearend statement, which you'll receive no later than January 31. If you didn't make any contributions for 2011 you won't receive Form 5498, however, you'll still receive an indication of the FMV and RMD of your IRA on your yearend statement.

(Box 1) IRA contributions (other than rollover contributions, Roth IRA conversion amounts, and recharacterized contributions)

This shows the contributions you made in 2011 to a traditional IRA for 2011 through April 17, 2012. These contributions may be deductible on your Form 1040 or 1040A. However, if you or your spouse was an active participant in an employer's pension plan, these contributions may not be deductible. Box 1 doesn't include rollover contributions, Roth IRA conversion amounts, recharacterized contributions, or contributions to a SEP-, SIMPLE, or Roth IRA.

(Box 2) Rollover contributions

This shows rollover contributions made to an IRA during 2011. This amount includes direct rollovers to a traditional or Roth IRA and qualified rollover contributions (including a military death gratuity, Servicemembers' Group Life Insurance payment, qualified settlement income, or airline payments) to a Roth IRA.

(Box 3) Roth IRA conversion amount

This shows amounts you converted from a traditional, SEP-, or SIMPLE IRA to a Roth IRA in 2011. Roth IRA-to-Roth IRA rollovers are reported in Box 2. Use Form 8606, Nondeductible IRAs, to figure your taxable amounts.

(Box 4) Recharacterized contributions

This shows any amount recharacterized, including earnings from one type of IRA to another. For more information, refer to IRS Publication 590.

(Box 5) Fair market value of account

This shows the fair market value of all assets held in your IRA as of year-end 2011.

(Box 8) SEP-IRA contributions

This shows employer contributions made on your behalf to a SEP-IRA during 2011, including contributions made in 2011 for 2010. This includes contributions made by a self-employed person to his or her own account. Employee contributions to an IRA under a SEP-IRA are reported in Box 1.

(Box 9) SIMPLE contributions

This shows contributions, including deferrals, made to a SIMPLE IRA during 2011. A distribution from one SIMPLE IRA rolled over to another SIMPLE IRA is reported in Box 2.

(Box 10) Roth IRA contributions

This shows contributions to a Roth IRA during 2011 and through April 17, 2012, designated for 2011.

(Box 12b) RMD amount

This shows the amount of the RMD for 2011. If Box 11 is checked for a 2011 RMD, you must receive the amount or offer to calculate the amount in a separate statement by February 1, 2012.

Form 1099-Q: Payments From Qualified Education Programs (Under Sections 529 and 530)

Information reported on Form 1099-Q

If you took a reportable distribution from a Coverdell education savings account (ESA), you'll receive Form 1099-Q.

(Box 1) Gross distribution

Reports the gross distribution received from a Coverdell ESA held with Vanguard Brokerage Services, including amounts for a refund, a payment upon death or disability, or a withdrawal of excess contributions plus earnings.

(Box 2) Earnings

Reports the earnings on the amount reported in Box 1.

(Box 3) Basis

Reports the basis on the amount reported in Box 1, and equals Box 1 minus Box 2.

FMV

Reports the fair market value (FMV) of the account on December 31.

Distribution Code

These codes track the types of distributions taken, and help account beneficiaries to document different transactions for tax purposes.

(Box 4) Trustee to trustee transfer

This box is checked if the distribution was made directly from one Coverdell ESA to another, or to a qualified tuition program.

(Box 5) Check one: Qualified tuition program or Coverdell ESA

This box is checked to show whether the distribution was made from a qualified tuition program (private or state) or Coverdell ESA. Note: Only the Coverdell ESA box is applicable for accounts held with Vanguard Brokerage Services.

(Box 6)

This box is checked if the recipient isn't the designated beneficiary under a Coverdell ESA.

Frequently asked questions

Form 1099-B

Q: Can I use the proceeds and basis you reported to me to determine my gain or loss?

A: You're responsible for reporting the correct gain or loss to the IRS regardless of the information that we report to you. The adjustments that brokers are required to make to the basis of your securities are more limited than the adjustments you must make to your basis.

Q: What adjustments haven't been incorporated into my cost basis?

A: Brokers are only required to make some of the possible wash sale adjustments that must be considered in order to file your income tax return. We won't make wash sale adjustments when the purchases and sale occur in different accounts or where they're between substantially identical securities which have different CUSIPs. We also won't make the following adjustments:

- Constructive sales and mark-to-market adjustments.
- Regulated investment company and real estate investment trust adjustments with respect to certain short-term losses.
- Hedging transactions or offsetting positions. (See IRS Publication 550.)

Q: I track my own cost basis; do I have to use Vanguard's information?

A: For shares of noncovered securities which you may have sold, Vanguard will report the cost basis information to you on Form 1099-B. However, Vanguard won't report any cost basis information we have for noncovered shares to the IRS. For these shares, you must determine the cost basis information and you may use another cost basis method if you meet the requirements. For covered shares, you must use Vanguard's default

cost basis method unless you provided Vanguard with another method at the time of the sale. However, it's important to understand that what Vanguard is required to report to the IRS may be different from what you must report to the IRS, and you may need to make adjustments on IRS Form 8949. Having your own records will certainly help you make these adjustments, if any are needed.

Q: What's a wash sale?

A: When a security is sold for a loss and a "substantially identical" security is purchased up to 30 days before or 30 days after the date of the sale, the loss is disallowed and can't be deducted. The disallowed loss is added to the basis of the purchased security, thereby reducing future gains or increasing future losses. Vanguard will make some, but not all, of the adjustments for wash sales.

Qualified dividends

Q: What is a qualified dividend?

A: A qualified dividend is one that is taxed at the preferential federal tax rate established by the Jobs and Growth Tax Relief Reconciliation Act of 2004. Qualified dividends are generally subject to a maximum tax rate of 15% (or 0% for taxpayers in the 10% or 15% tax bracket).

Q: Why is it important to differentiate a dividend as qualified or nonqualified?

A: Qualified dividends are subject to a lower federal tax rate.

Q: How do I know if my dividends are qualified?

A: Examine your Tax Information Statement and Form 1099-DIV, Box 1b, to ensure that your specific circumstances (such as the holding period requirement—see below) allow the dividend to be reported as qualified.

Q: How are qualified dividends reported on my Tax Information Statement?

A: They're reported in the dividends and distributions section under the column, "Qualified dividends."

Q: Are the qualified dividends on my statement eligible for the reduced rate?

A: In order to treat the dividends on your Tax Information Statement as qualified on your tax return, you must meet certain requirements, such as the holding period. In addition, if you were short-against-the-box on the ex-dividend date, your dividend won't be considered as qualified even though we reported it to you as such.

Q: What is the holding period requirement?

A: You must hold the stock more than 60 days during the 121-day period that begins 60 days prior to a dividend's ex-dividend date. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of the stock isn't entitled to receive the next payment. Usually, this is two days before the record date, which is the date set by the company on which an individual must own shares in order to be eligible to receive a dividend or capital gain distribution. For mutual fund shares, the ex-dividend date is usually the reinvestment date. When counting the number of days you held the stock, include the day you disposed of the stock but not the day you acquired it. The number of days you're considered to hold the stock for this purpose is reduced for each day you diminish your risk of loss by entering into certain transactions, such as options or forward contracts and short-against-the-box transactions.

Q: Is there a different holding period for preferred stock?

A: Generally, the holding period is the same as stated above. However, if your dividend is attributable to a period greater than 366 days, you must hold the stock for at least

91 days during the 181-day period that begins 90 days before the ex-dividend date. These types of dividends occur rarely.

Q: How does the holding period apply if I hold mutual fund shares?

A: The requirement is the same period mentioned above. If you don't hold your shares more than 60 days, your mutual fund dividends will be nonqualified, even if we report them as qualified on your Tax Information Statement.

Q: What if I am short-against-the-box when I receive my dividend? Will it be considered qualified?

A: If you're both long and short on the same stock on the date the stock goes ex-dividend, the dividend you received on the long position won't be considered qualified. The Tax Code contains this rule presumably to prevent people from taking deductions on their short selling expenses at ordinary rates and then including the income at the preferential rate.

Q: Suppose I purchase an option to sell my security (a "put" option) and, as a result, diminish my risk of loss in the security that paid a dividend. Does this affect my holding period?

A: Your holding period could be reduced if you enter into a transaction that diminishes your risk of loss. This is a complicated aspect of the tax law, and you may need to consult with a tax professional.

Q: How do qualified dividends impact my deduction for margin interest?

A: For most taxpayers, margin interest expense is considered an investment expense and the deduction is limited to net investment income. In figuring your net investment income for this purpose, you would normally include your interest and dividends. Any dividend you include here won't be considered a qualified

dividend eligible for reduced federal tax rates. See IRS Form 4952 for more information.

Q: How do qualified dividends impact my foreign tax credit?

A: Your foreign tax credit is figured on IRS Form 1116. On this form, you're required to calculate your foreign tax credit limitation, which generally is:

Foreign income / total income x U.S. tax = maximum foreign tax credit allowed

You may need to adjust the amount of foreign qualified dividends used in this formula. See the instructions for IRS Form 1116 for more information.

Q: When are foreign dividends reported as qualified?

A: Generally, foreign dividends are considered qualified if the corporation meets any of the following conditions:

- It's incorporated in a U.S. possession.
- Its stock is readily tradable on an established market in the U.S. (such as the New York Stock Exchange or the NASDAQ stock market). Certain other markets, such as the Pink Sheets or the NASDAQ over-the-counter (OTC) Bulletin Board, aren't considered established markets for this purpose.
- The company is eligible for the benefits of a comprehensive income tax treaty with the U.S. that the Treasury Department determines is satisfactory for this purpose and that contains an exchange of information program.

Q: Can dividends from mutual funds, REITs, or UITs be considered qualified dividends or capital gain distributions?

A: The character of these dividends varies based on the activity of the underlying investments. Our reports are based on information the companies provide to us.

Q: Are dividends from money market or bond funds considered qualified?

A: No, these are nonqualified dividends.

Q: How do I report qualified dividends on my tax return?

A: Enter them on IRS Form 1040, line 9b, and figure your tax by completing the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040 or 1040A instructions or the Schedule D Tax Worksheet in the Schedule D instructions, whichever applies.

Q: Are dividends on preferred stock considered qualified?

A: There are generally no distinct rules for determining this; all of the guidelines referred to above apply. However:

- In rare circumstances, the holding period requirement is 91 days.
- Certain preferred securities pay interest, as opposed to dividends. Although these instruments may be labeled as stock, they're actually classified as debt for federal tax purposes. Their income won't qualify for the reduced rates and will be reported to you in the Form 1099-INT or Form 1099-OID section of your Tax Information Statement.

Q: Where can I get more information about qualified dividends?

A: IRS Publication 550, *Investment Income and Expenses*, is available at irs.gov.

Original issue discount

Q: Why is OID being reported? I didn't receive a cash payment from my debt instrument during 2011.

A: A debt instrument issued with OID is required to accrue a portion of OID each year that the obligation is included in your account regardless of whether or not you receive any payments. IRS Publications 550, *Investment Income and Expenses* and 1212, *Guide to Original Issue Discount (OID) Instruments*, contain more information.

Q: I owned a U.S. Treasury inflation-indexed security (TIP). Do these generate OID?

A: Payments on these debt instruments usually are adjusted for inflation and deflation. In general, you must report as OID any increase in the inflation-adjusted principal amount that occurs while you held the debt instrument during the tax year. You must include OID in gross income whether or not you hold the security as a capital asset. Your basis is increased by the OID you include in income.

REMICs Additional Written Statement

Q: Why is tax information from my CDO or REMIC missing from my Tax Information Statement?

A: Issuers of CDOs and REMICs aren't required to provide you with the necessary tax information until March 15, 2012. Your statement may contain the following message and a list of securities we've identified as CDOs, REMICs, or WHFITs: If you invested in a collateralized debt obligation (CDO), real estate mortgage investment conduit (REMIC) or widely held fixed investment trust (WHFIT) at any time during the year, please note that this statement is incomplete and an

additional written statement will be sent to you by March 15 that will contain information necessary to accurately file your federal income tax return.

Q: Why does certain information appear to be missing from my Additional Written Statement?

A: This statement provides customized information for each CDO investment you held. Not all sections may be pertinent to your investments. For instance, if your CDO was issued without an OID, there won't be information under the OID description headings.

Q: Why is the first interest accrual on my Additional Written Statement different from the interest received in cash for that period? Also, why is the last payment different?

A: Because REMIC interest income is calculated and reported to you on an accrual basis, it's reported when it's earned and not as cash paid. Accordingly, it may differ from the amount of cash you actually received.

UGMA

Q: I established a Uniform Gift to Minors Act account (UGMA) for my child, but my Tax Information Statement displays the last four digits of my taxpayer identification number. Is this correct?

A: A custodial account for a minor should be registered under the minor's Social Security number and never the custodian's. To avoid backup withholding, complete IRS Form W-9, with the name and taxpayer identification number of the minor, and mail it to:

Vanguard
P.O. Box 2600
Valley Forge, PA 19482
ATTN: Tax Reporting VM909

IRS Form 5498

Q: Why did I receive Form 5498?

A: The IRS requires Vanguard, as trustee of your IRA, to report information about your IRA on Form 5498 by May 31 each year. You'll receive a copy for your records. We report any rollovers, recharacterizations, or contributions made to your traditional, Roth, SEP-, or SIMPLE IRA. We report the fair market value of your IRA as of December 31 of the previous year.

Q: Do I need to file Form 5498 with the IRS? I already filed my income tax return.

A: The information sent to you on Form 5498 doesn't need to be filed with your personal income tax return. The copy you receive shows you the information we reported to the IRS about your IRA.

Q: I have a Vanguard IRA. Why didn't I receive Form 5498?

A: If there were no transactions reportable on IRS Form 5498, you won't receive the form. If you didn't make a contribution or complete a rollover, conversion, or recharacterization of IRA assets, you won't receive Form 5498.

Q: How can I obtain a duplicate copy of my Form 5498?

A: You may obtain duplicate copies of this form by visiting vanguard.com and accessing this information on your account.

Q: Why is "0" shown as the fair market value in Box 5? I contributed to my IRA this year.

A: Vanguard reports contributions to the IRS in the year they're made. Contributions for tax year 2011 that are made from January 1 through April 17, 2012, won't be reported on Form 5498 for 2011.



Vanguard Brokerage Services

P.O. Box 1170
Valley Forge, PA 19482-1170

Connect with Vanguard® > vanguard.com/brokerage > 800-992-8327