



Vanguard REIT Index Fund

Important tax information for 2012

For 2012, Vanguard REIT Index Fund* may report the following distributions to investors (if generated by the fund during the year): ordinary dividends, nontaxable distributions (return of capital), long-term capital gain, and unrecaptured section 1250 gain.

How to report your distributions from Vanguard REIT Index Fund

Fund Name		PAYER'S federal identification number	Recipient Account number	OMB No. 1545-0110									
Total ordinary dividends (Box 1a)	Qualified dividends (Box 1b)	Total capital gain distr. (Box 2a)	Unrecap. Sec. 1250 gain (Box 2b)	Nondividend distributions (Box 3)	Federal income tax withheld (Box 4)	Foreign tax paid (Box 6)	Exempt-interest dividends (Box 10)	Specified private activity bond interest dividends (Box 11)	State (Box 12)	State identification no. (Box 13)	State tax withheld (Box 14)		
VINDSOR FUND INVESTOR	111.00	111.00	0.00	0.00	51-0082711 00000012344	0.00	0.00	0.00	0.00	0.00	0.00		
REIT INDEX FUND ADM	647.59	65.59	0.00	0.00	23-2834924 00000012344	0.00	0.00	0.00	0.00	0.00	0.00		

- A** Box 1a shows total ordinary dividends, which include qualified dividends, distributed to you by the fund in 2012. If the dividend total reported in Box 1a from all of the Forms 1099-DIV you receive is more than \$1,500, you must list each dividend by source on your Form 1040, Schedule B, Part II, Line 5. If the total from all sources is \$1,500 or less, you don't need to complete Schedule B; report the total on Form 1040, Line 9a.
- B** Box 1b shows the amount from Box 1a that is qualified dividend income (QDI) eligible to be taxed at 15% or 0%, depending on your ordinary income tax rate. You must enter your total QDI on Form 1040, Line 9b. Registered vanguard.com users can determine what portion of the QDI reported by a Vanguard fund is eligible for the lower tax rate by accessing our Qualified Dividend Income Tax Tool at vanguard.com.
- C** Box 2a shows total capital gains distributions in 2012. This amount includes long-term capital gains as well as any unrecaptured section 1250 gains (if distributed by the fund in 2012 and reported in Box 2b).
Report the amount in Box 2a on Form 1040, Schedule D, Line 13. However, you may report this amount directly on Line 13 of Form 1040 if the following two conditions apply: 1) the only amounts you have to report on Schedule D are long-term capital gains distributions; 2) none of the Forms 1099-DIV that you have received have an amount in Box 2b (Unrecaptured section 1250 gain), Box 2c (Section 1202 gain), or Box 2d (Collectibles [28%] gain).
- D** Box 2b shows the amount of any unrecaptured section 1250 gains distributed in 2012. If shown, these gains must be reported separately on Schedule D, Line 19. To determine the amount you should report on Line 19, complete the Unrecaptured Section 1250 Gain Worksheet in Schedule D Instructions (page D-12), entering the amount in Box 2b on Line 11 of the worksheet.
- E** Box 3 shows the fund's nondividend distributions, which represent a tax-free return of your investment. This amount is used to reduce your cost (or other) basis before calculating the gain or loss on any shares you sell. Nondividend distributions that exceed an investor's cost (or other) basis must be reported as capital gains (even though they are reported on Form 1099-DIV as nondividend distributions).

For more information on reporting your distributions, refer to Vanguard's tax update entitled *Reporting of 2012 Mutual Fund Dividends and Distributions* and to IRS Publication 550, *Investment Income and Expenses*.

*This information applies to all share classes of the fund.

2012 capital gain or loss from sale of fund shares as reported on Form 1099-B

In addition to the distributions Vanguard REIT Index Fund made to you in 2012, you may have realized a capital gain or loss from your sale of fund shares. If so, you must report this amount on IRS Form 8949 and on IRS Form 1040, Schedule D. Vanguard reports gross proceeds from these sales on Form 1099-B. You must also report your cost basis, holding period for the shares sold, and gain or loss.

Important note: No more Average Cost Summary

Because cost basis information for any sales of shares in 2012 will now be reported on Form 1099-B, Vanguard will no longer send you a separate Average Cost Summary.

For more information

If you have questions about the information provided in this tax update, call us at **877-662-7447** on business days from 8 a.m. to 10 p.m. or on Saturdays from 9 a.m. to 4 p.m., Eastern time. Our investment professionals can't provide tax advice; please consult a qualified tax professional if your tax situation is complex or if you're uncertain about the interpretation of a specific IRS rule. You can also find a broad array of general tax-preparation data and tools at vanguard.com/taxcenter.