



## Tax-Exempt Interest Dividends by State for Vanguard Municipal Bond Funds and Vanguard Tax-Managed Balanced Fund

### Important information regarding your 2009 tax return

This tax update provides important information to help report your earnings by state from any of your Vanguard Municipal Bond Funds and Vanguard Tax-Managed Balanced Fund on your year-end tax returns.

Of the tax-exempt interest dividends reported to you on your Form 1099-INT, Box 8, 100% is tax-exempt for federal income tax purposes. A portion of these tax-exempt interest dividends may also be exempt from state or local tax, depending on the state and local tax laws that apply where you file your return.

The table on the reverse side provides the portion of your tax-exempt interest dividends reported in Box 8, Form 1099-INT, that were earned in each state or U.S. territory during 2009. This is the portion of your tax-exempt interest dividends that may also be exempt from state and local taxes. Depending on your state and local laws, you may be able to reduce the taxable income that you must report by the percentage shown on the reverse side for the funds you are reporting.

The tax-exempt interest dividends earned from obligations issued by U.S. territories are generally exempt for state purposes. Therefore, you may be able to add the "Outside United States" percentages shown at the bottom of the table to your state exempt percentage for a total exempt amount. Consult a tax advisor for more information.

Also note that tax-exempt interest dividends from these funds may be subject to the federal alternative minimum tax. For further information, refer to Vanguard's update entitled *Reporting of 2009 Tax-Exempt Interest Dividends on Form 1099-INT*.

### Do you invest in a state-specific municipal bond fund?

If so, investment income you've received may not be subject to state income tax. In addition to being 100% exempt from federal income taxes, interest dividends from Vanguard state-specific municipal bond funds (listed below) are 100% exempt from state taxes to resident shareholders of that state. *For example, if you reside in California and own shares of Vanguard California Tax-Exempt Money Market Fund, the income reported on Form 1099-INT, Box 8, is 100% exempt from California state income tax.* Note that tax-exempt income from a state-specific municipal bond fund may be subject to state-imposed alternative minimum tax requirements, depending on the state tax laws that apply to you.

### Funds

---

Vanguard California Tax-Exempt Money Market Fund  
Vanguard California Intermediate-Term Tax-Exempt Fund  
Vanguard California Long-Term Tax-Exempt Fund  
Vanguard Florida Long-Term Tax-Exempt Fund  
Vanguard Massachusetts Tax-Exempt Fund  
Vanguard New Jersey Tax-Exempt Money Market Fund  
Vanguard New Jersey Long-Term Tax-Exempt Fund  
Vanguard New York Tax-Exempt Money Market Fund  
Vanguard New York Long-Term Tax-Exempt Fund  
Vanguard Ohio Tax-Exempt Money Market Fund  
Vanguard Ohio Long-Term Tax-Exempt Fund  
Vanguard Pennsylvania Tax-Exempt Money Market Fund  
Vanguard Pennsylvania Long-Term Tax-Exempt Fund

If you have questions about the information provided in this tax update, call our Investor Information Department 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 associates cannot provide tax advice; please consult a qualified tax professional if your tax situation is complex or if you are uncertain about the interpretation of a specific tax rule. You can also find a broad array of general tax-preparation data and tools in the Tax Center area of our website at [www.vanguard.com](http://www.vanguard.com).

## Tax-exempt interest dividends by state for 2009

State	Tax-Exempt Money Market Fund	Short-Term Tax-Exempt Fund	Limited-Term Tax-Exempt Fund	Intermediate-Term Tax-Exempt Fund	Long-Term Tax-Exempt Fund	High-Yield Tax-Exempt Fund	Tax-Managed Balanced Fund
Alabama	0.39%	0.98%	1.04%	1.08%	0.42%	0.86%	0.63%
Alaska	0.82	0.06	0.01	0.11	0.18	0.00	0.63
Arizona	1.28	2.08	2.04	2.92	2.25	1.55	6.68
Arkansas	0.18	0.07	0.00	0.01	0.12	0.08	0.00
California	2.17	6.88	9.95	13.36	19.09	13.72	8.16
Colorado	3.87	1.62	0.37	1.60	2.68	4.27	2.04
Connecticut	0.21	0.40	0.41	1.57	0.53	0.59	0.54
Delaware	0.29	0.51	0.17	0.18	0.00	0.07	0.06
District of Columbia	2.12	0.54	0.65	0.89	0.29	0.75	0.01
Florida	6.51	8.02	7.13	7.17	8.63	6.86	3.81
Georgia	2.96	4.50	3.11	3.35	4.29	1.78	3.28
Hawaii	0.57	0.34	1.20	1.16	0.68	0.62	2.30
Idaho	2.87	0.23	0.03	0.12	0.21	0.29	0.02
Illinois	5.50	3.82	3.17	4.18	6.30	3.79	2.59
Indiana	3.63	2.79	1.51	0.99	0.97	1.98	2.61
Iowa	0.74	0.17	0.04	0.08	0.01	0.45	0.03
Kansas	0.47	0.30	0.51	0.32	0.50	1.17	0.83
Kentucky	1.35	1.17	1.07	1.06	1.21	1.01	0.06
Louisiana	1.77	0.37	1.08	1.49	2.47	2.25	0.90
Maine	0.34	0.12	0.21	0.03	0.00	0.28	0.00
Maryland	1.25	1.41	2.26	0.92	1.20	2.05	1.48
Massachusetts	5.44	3.65	3.64	5.64	5.03	2.52	5.85
Michigan	5.49	2.36	3.36	2.18	3.32	2.06	3.03
Minnesota*	1.36	1.43	1.39	1.68	0.89	0.72	0.14
Mississippi	0.40	0.41	0.49	0.25	0.37	0.19	1.25
Missouri	1.90	0.54	0.44	0.83	0.85	1.72	3.63
Montana	0.00	0.00	0.00	0.07	0.00	0.09	0.00
Nebraska	1.19	0.03	0.38	0.37	0.23	0.21	0.00
Nevada	1.25	4.11	2.05	1.55	0.90	0.66	1.53
New Hampshire	0.15	0.00	0.24	0.06	0.40	0.02	0.00
New Jersey	2.15	5.35	5.48	6.05	6.28	5.82	4.73
New Mexico	0.67	0.99	0.86	0.60	0.48	1.08	0.07
New York	1.71	6.53	10.60	9.36	7.53	8.49	15.11
North Carolina	3.83	2.69	2.70	2.07	1.26	2.32	1.72
North Dakota	0.19	0.00	0.00	0.00	0.00	0.00	0.00
Ohio	1.97	3.25	3.57	2.89	2.10	2.29	4.54
Oklahoma	0.59	0.64	0.86	0.41	0.14	0.76	0.00
Oregon	2.59	0.47	0.41	0.75	0.72	0.35	0.26
Pennsylvania	0.43	5.31	6.06	3.44	3.58	3.56	2.32
Rhode Island	0.41	0.00	0.07	0.42	0.13	0.00	0.00
South Carolina	1.40	0.66	0.75	1.17	2.66	3.20	2.10
South Dakota	0.24	0.00	0.16	0.00	0.00	0.02	0.00
Tennessee	3.20	2.82	2.39	2.05	0.58	2.64	1.87
Texas	13.31	12.43	10.08	9.95	9.63	6.59	7.91
Utah	1.17	0.53	0.37	0.10	0.31	0.46	0.00
Vermont	0.08	0.00	0.00	0.04	0.17	0.00	0.00
Virginia	1.63	2.41	1.38	1.57	0.67	1.83	1.61
Washington	2.87	3.63	3.50	0.86	1.66	1.33	1.68
West Virginia	0.22	0.41	0.36	0.12	0.87	0.77	0.00
Wisconsin	3.85	2.33	1.03	1.04	1.10	0.72	1.63
Wyoming	0.37	0.00	0.00	0.00	0.00	0.00	0.00

### Outside United States

Guam	0.00%	0.00%	0.00%	0.00%	0.00%	0.91%	0.00%
Northern Mariana Islands	0.00	0.00	0.00	0.00	0.00	0.26	0.00
Puerto Rico	0.00	0.72	1.44	1.88	2.38	3.95	2.42
Virgin Islands	0.00	0.01	0.03	0.05	0.12	0.76	0.00

#### Notes:

- The information provided above applies to all share classes in a fund.
- The percentage of assets that each of the Vanguard Municipal Bond Funds and the Vanguard Tax-Managed Balanced Fund have invested in each state and U.S. territory at the end of 2009 can be found in the "State-specific tax information" area of our Tax Center on [www.vanguard.com](http://www.vanguard.com).

\*Minnesota requires that 95% of the tax-exempt interest dividends be derived from Minnesota source obligations in order for the income to be exempt from state tax. None of the funds met this criterion for 2009. Therefore, all tax-exempt interest dividends from these funds are subject to Minnesota state income tax.