

Enclosed you'll find information to help you complete your 2011 tax return. You may find the Frequently Asked Questions below particularly helpful.

If you had taxable distributions of \$10 or more from any of your funds, a **Form 1099-DIV** is included in this package. (The IRS does not require reporting of dividends and capital gain distributions that total less than \$10.) If you sold or exchanged shares in 2011, a **Form 1099-B** is included in this package, as well as your **Average Cost Statement**, which will help to make tax reporting easier. Additionally, you will not receive a 1099-B for any redemption that was less than \$20, less than a share, and no withholding on the 1099-B tax form. A **Form 1099-R** is enclosed if you have taken distributions in the past year from pensions, retirement or profit sharing plans, or IRAs invested in Loomis Sayles Funds.

### FOR MORE YEAR-END INFORMATION

- Call Loomis Sayles at 800-633-3330, press ① and then follow the directions to obtain year-end information
- Download 2011 tax information directly into TurboTax or H&R Block via the Web. Visit [www.loomissayles.com](http://www.loomissayles.com) for more details

Make sure your Social Security number or tax identification number is correct on your tax form(s). If this number is incorrect or missing, you need to complete a Form W-9. Without a proper Form W-9 on file, the IRS may require Loomis Sayles Funds to withhold 28% of your earnings. Call Loomis Sayles Funds or your local IRS office to request a W-9.

If you have any questions about your Loomis Sayles Funds account, please visit our website at [www.loomissayles.com](http://www.loomissayles.com), or call us at 800-633-3330, Monday through Friday, 8:00 a.m. to 6:00 p.m. Eastern time. If you need tax advice, be sure to contact a qualified tax professional.

## FREQUENTLY ASKED QUESTIONS

**Q. Why does the amount of income on my year-end statement differ from the amount on my Form 1099-DIV?**

A. Dividend and capital gains distributions are sometimes reclassified after year-end to properly reflect the fund's actual earnings. If this occurs, the information on your year-end statement will differ from the figures reported on your Form 1099-DIV. **For tax reporting purposes, use the amount shown on your Form 1099-DIV.**

**Q. Why are the dividend and capital gains distributions from my IRAs excluded from Form 1099-DIV?**

A. Funds you hold in a retirement account, such as an IRA, are not listed on Form 1099-DIV because you do not need to report those earnings until they are withdrawn. If you have taken a distribution from your Loomis Sayles IRA plan, a **Form 1099-R** is enclosed in this package.

**Q. What is a foreign tax credit or deduction?**

A. When a mutual fund invests in securities outside of the United States, it may be required to pay foreign taxes. In order to avoid double taxation, shareholders may be eligible to claim a foreign tax credit or deduction. If your Loomis Sayles Fund qualified to pass through any foreign taxes, it is reported on your Form 1099-DIV. Please consult with your tax advisor for more information.

**Q. Why didn't I receive an Average Cost Statement?**

A. You should have received an Average Cost Statement in this package *if* you made exchanges or redemptions during 2011. Average Cost Statements are *not* available for retirement accounts or for shares that changed ownership through a transfer. Please note that shareholders with wash sales in January 2012 will receive a corrected Average Cost Statement in late February. A wash sale occurs when the identical fund is purchased 30 days before or 30 days after the sale at a loss.

**Q. What method is used to determine my average cost?**

A. IRS regulations allow several methods for determining the cost basis of mutual fund shares: average cost single category, average cost double category, first in/first out and specific identification. Your Loomis Sayles Funds statement uses the *average cost single category* method, which is explained on the back of your statement.

**Q. What is the effect of the new IRS Cost Basis Regulations?**

A. Shares purchased before January 1, 2012 ("non-covered shares"), uses the *average cost single category* method. Shares purchased after January 1, 2012, are referred to by the IRS as "covered shares." In October you received a mailing requesting that you choose a calculation method for shares purchased after January 1, 2012. Cost basis for Covered shares sold in 2012 will be reflected on your Form 1099-B in 2013, and we will report the cost basis according to the method you chose to the IRS.

**Q. What is Form 5498 and why is it sent in May after tax returns are filed?**

A. Form 5498 reports gross contributions to IRAs, including rollover contributions made during 2011 and regular 2011 contributions made through April 15, 2012. For this reason, we don't send this form until May. If you have multiple funds in an IRA, they will appear on one Form 5498. The form is for your records only and *does not need to be filed* with your tax return.

## Special 2011 Information

- **Fund Liquidation** - Loomis Sayles Disciplined Equity Fund liquidated on May 13, 2011.
- **Fund Name Change** - Effective March 31, 2011, Loomis Sayles Global Markets Fund name changed to Loomis Sayles Global Equity and Income Fund.
- **New Cost Basis Regulations** - Refer to Question and Answer above.

## 2011 corporate qualifying dividends

This table is provided to enable corporate shareholders to calculate the amount of dividends their fund distributes that qualify for the corporate dividend-received deduction. The percentage should be applied to the amount shown in **Box 1a, Total Ordinary Dividends, on your Form 1099-DIV.**

Funds	Qualified Income dividends received
Bond Fund	2.740000%
Disciplined Equity Fund	18.030000%
Fixed Income Fund	3.360000%
Global Equity & Income	11.950000%
Growth Fund	100.00%
High Income Opportunities Fund	3.090000%
Institutional High Income Fund	2.180000%
Investment Grade Fixed Income Fund	1.280000%
Small Cap Value Fund	100.00%
Value Fund	100.00%

## Qualified dividend income

This table is provided to enable shareholders to calculate the amount of dividends their fund distributes that are qualified dividend income. The percentage should be applied to the amount shown in **Box 1a, Total Ordinary Dividends, on your Form 1099-DIV.** Shareholder Specific Qualified Dividend Income is reported in Box 1b of Form 1099-DIV.

Funds	Qualified Dividend Income
Bond Fund	3.071499%
Disciplined Equity Fund	7.385805%
Fixed Income Fund	3.104242%
Global Equity and Income Fund	64.803564%
Growth Fund	100.00%
High Income Opportunities Fund	2.060792%
Institutional High Income Fund	2.370411%
Investment Grade Fixed Income Fund	1.210246%
Small Cap Value Fund	100.00%
Value Fund	100.00%

## U.S. government interest for state income tax returns

Dividends derived from interest on U.S. government securities may be exempt from state and local taxes. The table indicates the percentage of ordinary income received by the fund and the source from which it was derived. The table below does not include the following categories as there is no applicable information: Federal Farm Credit Bank, Student Loan Marketing Association, Tennessee Valley Authority, Other Direct Federal Obligations, Other Indirect Federal Obligations, and Repurchase Agreements Income.

Funds	DIRECT FEDERAL OBLIGATIONS		INDIRECT FEDERAL OBLIGATIONS		
	UST Bills, Bonds & Notes	Federal Home Loan Bank	GNMA	FNMA	Federal Home Loan Mortgage
Loomis Sayles Bond Fund	0.674848%	0.000000%	0.000000%	0.000000%	0.000873%
Loomis Sayles Disciplined Equity Fund	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Fixed Income Fund	0.632524%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Global Bond Fund	0.850594%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Global Equity and Income Fund	1.020428%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles High Income Opportunities Fund	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Inflation Protected Securities Fund	31.158700%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Institutional High Income Fund	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Intermediate Duration Bond Fund	14.407106%	0.000000%	0.040565%	3.413863%	3.197489%
Loomis Sayles Investment Grade Bond Fund	0.695120%	0.221298%	0.000000%	0.000174%	0.129768%
Loomis Sayles Investment Grade Fixed Income Fund	0.000000%	0.000000%	0.017838%	0.052898%	0.143441%
Loomis Sayles Mid Cap Growth Fund	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Securitized Asset Fund	0.000233%	0.000000%	4.042803%	11.748386%	15.161943%
Loomis Sayles Small Cap Value Fund	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
Loomis Sayles Value Fund	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%

Note: California, Connecticut and New York require that a specific percent of the RIC assets be federal obligations or income be derived from federal obligations, before pass through treatment is available. This threshold requirement dictates a RIC (mutual fund) to maintain more than 50% of its assets in specified obligations at the close of each quarter end of its taxable year.

## Taxability of capital gains in your state

The information below indicates the taxation by states and the District of Columbia of long-term gains distributions made by regulated investment companies in 2011, based upon the latest information furnished by the Investment Company Institute.

- Capital gains distributions accepted in either cash or additional fund shares are taxed at a more favorable rate than ordinary income by the following states:  
Arkansas, Colorado, Hawaii, Massachusetts, North Dakota, Rhode Island, South Carolina, Utah, Vermont and Wisconsin.
- Capital gains distributions accepted in either cash or additional fund shares are not taxed by the following states:  
Alaska, Florida, Nevada, New Hampshire, South Dakota, Texas, Washington and Wyoming.
- All other states and the District of Columbia tax capital gains distributions as ordinary income.

We suggest that you consult your tax advisor about the current tax status of distributions in your state.