WritingFix's Basic Rules for Punctuating Dialogue
(this one-page resource comes from http://writingfix.com and http://writingfix.org)

First, let's start with two terms:
- This is a **QUOTE**: "I'm trying to be a better writer." Notice how the punctuation (a period, in this example) goes INSIDE the quote mark.
- A **TAG** accompanies the **QUOTE**. Here are some **TAGS** with speech verbs: I said; Frank replied; the young girl screamed; they hollered; he whispered; Melody murmured.

Most errors occur when separating the QUOTE from the TAG. Here are **five** rules to try to follow:

1. Use a COMMA to separate the quote from the tag ONLY if the tag has a speech verb in it. Like this: **"I'm trying to be a better writer," he said as he bit his pencil.** OR **He bit his pencil and said, "I'm trying to be a better writer."**
2. Use a PERIOD to separate the quote from the tag if there's no speech verb. Like this: **"I'm trying to be a better writer." He glared at his teacher.**

    If there's not a speech verb, the TAG is considered a separate sentence and needs its own period and a capital letter.

3. If the QUOTE ends with an exclamation or a question mark, don't turn them into commas. The first word of the TAG is only capitalized if it's a proper name or the pronoun *I*. **"I'm trying to be a better writer!" he screamed over the noise of the city.** OR **"Does anyone know where my favorite pencil went?" she asked the room of scribbling students.**

    But if the TAG *doesn't* contain a speech verb, it's considered a separate sentence and you have to capitalize the first letter: **"Has anyone seen my favorite pencil?" She looked panic-stricken as she spoke.**

Now here's where it may get tricky:

4. If the TAG interrupts a QUOTE that is a longer complete sentence, use commas to show that the quote isn't finished yet: **"I'm not trying to be a better writer," he said, "and I wish you'd stop bugging me."** (Notice the *and* is lower case, not capitalized).

5. If the TAG separates two QUOTES that are complete sentences, use a capital letter to start each sentence and a period to indicate which sentence the tag goes with: **"I'm trying to be a better writer," she said. "Writing is very important to me."** OR **"I'm trying to be a better writer." She said, "Writing is very important to me."**

    The second example seems awkward because it's unusual in writing for a TAG to go before the QUOTE. You'll see it sometimes, but not often.

A REMINDER (because this is such a common mistake): If the TAG doesn't contain a speech verb, consider it a separate sentence: **"I'm not a bad writer." She gave him an angry look. "I just don't spell very well yet."**

AND FINALLY (because this becomes common as you use more and more dialogue in your writing): If you have two or more characters exchanging dialogue back and forth in a story, create a new paragraph each time a new person speaks. This makes a story have shorter paragraphs, but it helps the reader determine which QUOTE belongs to which character.