



Wisconsin Deferred Compensation Program

September 12, 2006

Presented by: Robert L. Lawler, Relationship Executive – Institutional Asset Management
Mark Sokol, Principal – Institutional Investor Group



Contents



I. Relationship Summary

II. Vanguard Target Retirement Fund

Exhibits:

- Vanguard Admiral Treasury Money Market Fund
- Vanguard Long-Term Investment-Grade Fund
- Vanguard Wellington Fund
- Vanguard Institutional Index-Plus Fund



Vanguard—Scottsdale, Arizona

Relationship Summary



Investment Performance Summary



An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.

Average Annual Performance for Periods Ended June 30, 2006

| Vanguard Fund/Index/Average | 1 Year | 3 Years | 5 Years | 10 Years | Assets |
|------------------------------------------------------------------|--------|---------|---------|----------|----------------|
| Stable Net Asset Value Funds | | | | | |
| Vanguard® Treasury Money Market Fund – A (12/14/1992) | 3.90% | 2.24% | 2.11% | 3.68% | \$61,628,997** |
| <i>Citigroup 3-Mo T-Bill Index</i> | 3.95 | 2.31 | 2.16 | 3.68 | |
| <i>iMoneyNet MFR Average Treasury MM</i> | 3.21 | 1.62 | 1.52 | 3.12 | |
| Bond Funds | | | | | |
| Vanguard® Long-Term Investment-Grade Fund – A (2/12/2001) | -7.57% | 2.07% | 6.72% | 6.45%* | \$61,361,875** |
| <i>Lehman Long Credit A/Better Index</i> | -7.31 | 2.01 | 6.78 | 7.24 | |
| <i>Average Corporate A-Rated Fund</i> | -1.29 | 1.73 | 4.44 | 5.39 | |
| Balanced Funds | | | | | |
| Vanguard® Target Retirement Income (10/27/2003) | 1.00% | 4.62%* | — | — | \$2,954,982** |
| <i>Target Income Composite Index***</i> | 1.19 | -- | -- | -- | |
| <i>Target Income Composite Average</i> | 1.69 | -- | -- | -- | |
| Vanguard® Target Retirement 2015 (10/27/2003) | 5.18% | 7.59%* | — | — | \$10,915,849** |
| <i>Target 2015 Composite Index****</i> | 5.27 | -- | -- | -- | |
| <i>Target 2015 Composite Average</i> | 5.99 | -- | -- | -- | |

* Since fund inception. Refer to inception date next to fund name.

** Assets as of August 31, 2006.

*** Target Income Composite Index: Derived from applying the fund's target allocation to a series of unmanaged benchmarks. The index is made up of four unmanaged benchmarks, weighted 50% Lehman Aggregate Bond Index, 25% Lehman Treasury Inflation Notes Index, 20% MSCI US Broad Market Index, and 5% Citigroup 3-Month Treasury Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005.

**** Target 2015 Composite Index: Derived from applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of four unmanaged benchmarks, weighted 50% Lehman Aggregate Bond Index, 39% MSCI US Broad Market Index, 10% MSCI EAFE Index, and 1% Lehman Treasury Inflation Notes Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

Investment Performance Summary



Average Annual Performance for Periods Ended June 30, 2006

| Vanguard Fund/Index/Average | 1 Year | 3 Years | 5 Years | 10 Years | Assets |
|-------------------------------------------------------------------------|--------|---------|---------|----------|------------------------|
| Balanced Funds | | | | | |
| Vanguard® Target Retirement 2025 (10/27/2003) | 6.58% | 8.71%* | — | — | \$6,352,838** |
| <i>Target 2025 Composite Index***</i> | 6.76 | -- | -- | -- | |
| <i>Target 2025 Composite Average</i> | 7.28 | -- | -- | -- | |
| Vanguard® Target Retirement 2035 (10/27/2003) | 9.32% | 10.67%* | — | — | \$4,137,088** |
| <i>Target 2035 Composite Index****</i> | 9.51 | -- | -- | -- | |
| <i>Target 2035 Composite Average</i> | 9.90 | -- | -- | -- | |
| Vanguard® Target Retirement 2045 (10/27/2003) | 11.13% | 11.89%* | — | — | \$2,000,554** |
| <i>Target 2045 Composite Index*****</i> | 11.14 | -- | -- | -- | |
| <i>Target 2045 Composite Average</i> | 11.58 | -- | -- | -- | |
| Vanguard® Wellington™ Fund – A (5/14/2001) | 9.65% | 11.12% | 7.04% | 6.82%* | \$213,347,950** |
| <i>Wellington Composite Index</i> | 4.90 | 7.89 | 3.82 | 8.00 | |
| <i>Average Mixed-Asset Target Growth</i> | 7.31 | 9.09 | 3.87 | 7.00 | |
| Domestic Equity Funds | | | | | |
| Vanguard® Institutional Index Fund Institutional Plus (7/7/1997) | 8.65% | 11.23% | 2.53% | 5.47%* | \$211,500,608** |
| <i>S&P 500 Index</i> | 8.63 | 11.22 | 2.49 | 8.32 | |
| <i>Average Large-Cap Core Fund</i> | 7.47 | 9.23 | 0.68 | 6.79 | |
| Total Assets: | | | | | \$573,480,745** |

* Since fund inception. Refer to inception date next to fund name.

** Assets as of August 31, 2006.

*** Target 2025 Composite Index: Derived from applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of three unmanaged benchmarks, weighted 47% MSCI US Broad Market Index, 41% Lehman Aggregate Bond Index, and 12% MSCI EAFE Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

**** Target 2035 Composite Index: Derived from applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of three unmanaged benchmarks, weighted 62% MSCI US Broad Market Index, 22% Lehman Aggregate Bond Index, and 16% MSCI EAFE Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

***** Target 2045 Composite Index: Derived from applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of three unmanaged benchmarks, weighted 71% MSCI US Broad Market Index, 18% MSCI EAFE Index, and 11% Lehman Aggregate Bond Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

Target Retirement Funds



Vanguard® Target Retirement Funds: Overview*



Objective

- Seeks to provide growth of capital and current income consistent with the investor's time horizon
- Easy to use fund-of-funds structure that holds a portfolio of diversified stock, bond (including inflation-protected securities), and short-term reserves funds
- Automatically carries out investment selection, asset allocation, and rebalancing through retirement
- Allocation between stock and bond funds automatically becomes more conservative over time—reaching a final allocation during retirement

Investment Focus

| | Value | Blend | Growth | Short | Medium | Long | |
|--------|----------|-------|--------|--------------|--------|------|----------------------------|
| Large | | | | | | | Treasury and Agency |
| Medium | | | | | | | Investment-Grade Corporate |
| Small | | | | | | | Below Investment-Grade |
| | Equity** | | | Fixed Income | | | |

Investors may choose to invest in any of the Target Retirement Funds. Each are based on an asset allocation strategy designed for investors planning to retire in or within a few years of the target maturity year.

- Vanguard® Target Retirement Income Fund – Investors in retirement
- Vanguard® Target Retirement 2005 Fund – Investors in their 60s who plan to retire between now and 2008
- Vanguard® Target Retirement 2010 Fund* – Investors in their 60s who plan to retire between 2008 and 2012
- Vanguard® Target Retirement 2015 Fund – Investors in their 50s who plan to retire between 2013 and 2017
- Vanguard® Target Retirement 2020 Fund* – Investors in their 50s who plan to retire between 2018 and 2022
- Vanguard® Target Retirement 2025 Fund – Investors in their 40s who plan to retire between 2023 and 2027
- Vanguard® Target Retirement 2030 Fund* – Investors in their 40s who plan to retire between 2028 and 2032
- Vanguard® Target Retirement 2035 Fund – Investors in their 30s who plan to retire between 2033 and 2037
- Vanguard® Target Retirement 2040 Fund* – Investors in their 30s who plan to retire between 2038 and 2042
- Vanguard® Target Retirement 2045 Fund – Investors in their 20s who plan to retire between 2043 and 2047
- Vanguard® Target Retirement 2050 Fund* – Investors in their 20s who plan to retire between 2048 and 2053

* On June 7, 2006, Vanguard announced new Target Retirement Funds (Target Retirement 2010, 2020, 2030, 2040, and 2050).

** Includes international funds.

As of June 30, 2006, unless otherwise noted.

Vanguard® Target Retirement Funds: Lessons from Behavioral Finance



- The objective of retirement plan investors is to grow and preserve purchasing power, but they are often faced with too many investment options.
- The target audience for lifecycle funds tends to be less sophisticated and seeking a single fund solution.
- Investors are less likely to sell their holdings in response to market fluctuations when invested in a complete investment portfolio.

Vanguard's portfolios were designed with the target audience in mind.

Vanguard® Target Retirement Funds: The Low Fee Advantage



- Low fees have had a significant impact on returns over the long run.
- Low-cost index funds can have a distinct advantage over comparable high-cost, actively managed funds.

Expense Ratios of Popular Life Cycle Funds

| | |
|----------------------------------|------------|
| T. Rowe Price Retirement | 25-44 bps |
| Fidelity Freedom funds | 25-101 bps |
| Barclays LifePath Funds | 76-106 bps |
| Vanguard Target Retirement Funds | 20–21 bps |

Low expenses increases the likelihood that investors will reach their long-term financial goals.

Vanguard® Target Retirement Funds: Proper Asset Allocation



- Target Retirement Funds were designed with distinct asset classes that provide for minimal overlap across all investment horizons.
- Vanguard focuses on inflation-protected securities during the latter stages of the funds.
 - Inflation-protected securities typically adjust to changes in inflation more quickly than equities, which allow Treasury inflation-protected securities (TIPS) to be an appropriate substitute for equities in the inflation-hedged portion of the portfolio during retirement.
 - TIPS should provide a higher level of income than money market funds in retirement and help eliminate the trend of investors outliving their retirement assets.

*Inflation-protected securities are an important differentiator
for the Vanguard portfolios.*

Vanguard® Target Retirement Funds



- Launch five new funds (2010, 2020, 2030, 2040, 2050).
- Add 20% international equity allocation to 2005 and Retirement Income Funds; add emerging markets to all.
- Change shape of glide path
 - 90% equity to age 40
 - Reach 50% equity/50% stocks by 65
 - Move Retirement Income Fund allocation to 30% equity/65% bonds/5% cash.

Vanguard® Target Retirement Funds

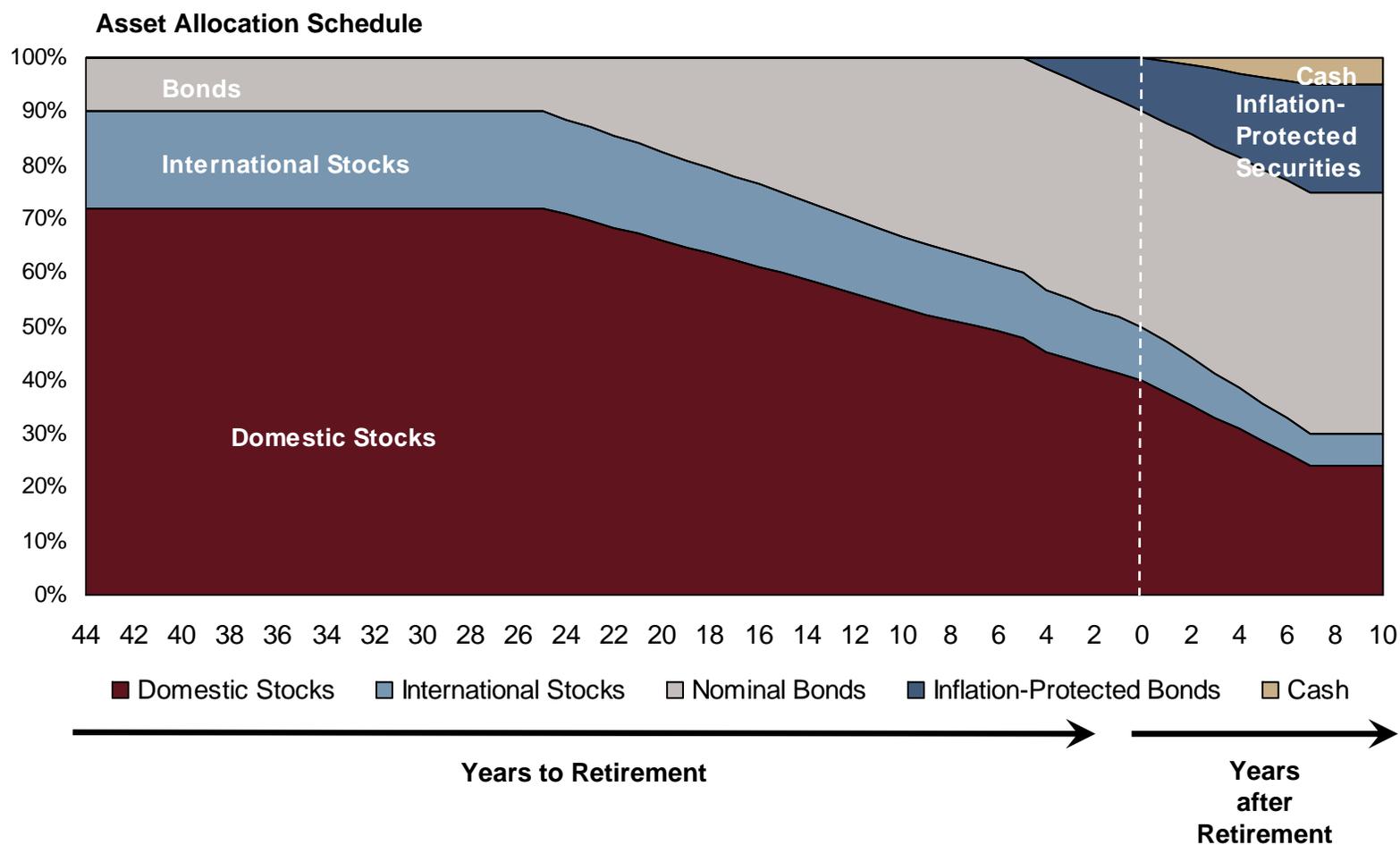


- Complete investment Portfolio in a single fund solution.
- Implement with index funds
 - Broad diversification
 - Cost effective
 - Limit manager risk
- Grow and preserve purchasing power through equity and TIPS
- Distinctive among competitor offerings

Vanguard Target Retirement Funds Overview of Fund Allocations



Funds grow more conservative based on the following glide path:



Vanguard Target Retirement Funds: Fund Selection



Target Retirement Funds' Target Asset Allocation*

| Underlying Vanguard Funds | 2050 | 2045 | 2040 | 2035 | 2030 | 2025 | 2020 | 2015 | 2010 | 2005 | Income |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Stock Market Index Fund | 71.8% | 71.9% | 72.1% | 71.6% | 70.7% | 64.7% | 58.6% | 52.4% | 45.3% | 37.9% | 24.2% |
| European Stock Index Fund | 10.8 | 10.8 | 10.7 | 10.6 | 10.6 | 9.7 | 8.8 | 7.9 | 6.8 | 5.6 | 3.6 |
| Pacific Stock Index Fund | 5.2 | 5.1 | 5.1 | 5.0 | 5.0 | 4.6 | 4.2 | 3.8 | 3.2 | 2.6 | 1.6 |
| Emerging Markets Index | 2.2 | 2.4 | 2.2 | 2.7 | 2.2 | 2.2 | 1.8 | 1.8 | 1.4 | 1.3 | 0.9 |
| Total Bond Market Index Fund | 10.0 | 9.8 | 9.9 | 10.1 | 10.6 | 18.8 | 26.6 | 34.1 | 41.3 | 40.4 | 44.7 |
| Inflation-Protected Securities Fund | — | — | — | — | — | — | — | — | 2.0 | 11.4 | 20.0 |
| Prime Money Market Fund | — | — | — | — | — | — | — | — | — | 0.8 | 5.0 |
| Total | 100% |
| Investor's Target Age | 20 | 25 | 30 | 35 | 40 | 45 | 50 | 55 | 60 | 65 | 70+ |
| Average Weighted Expense Ratio | 0.21% | 0.21% | 0.21% | 0.21% | 0.21% | 0.20% | 0.21% | 0.20% | 0.21% | 0.20% | 0.20% |

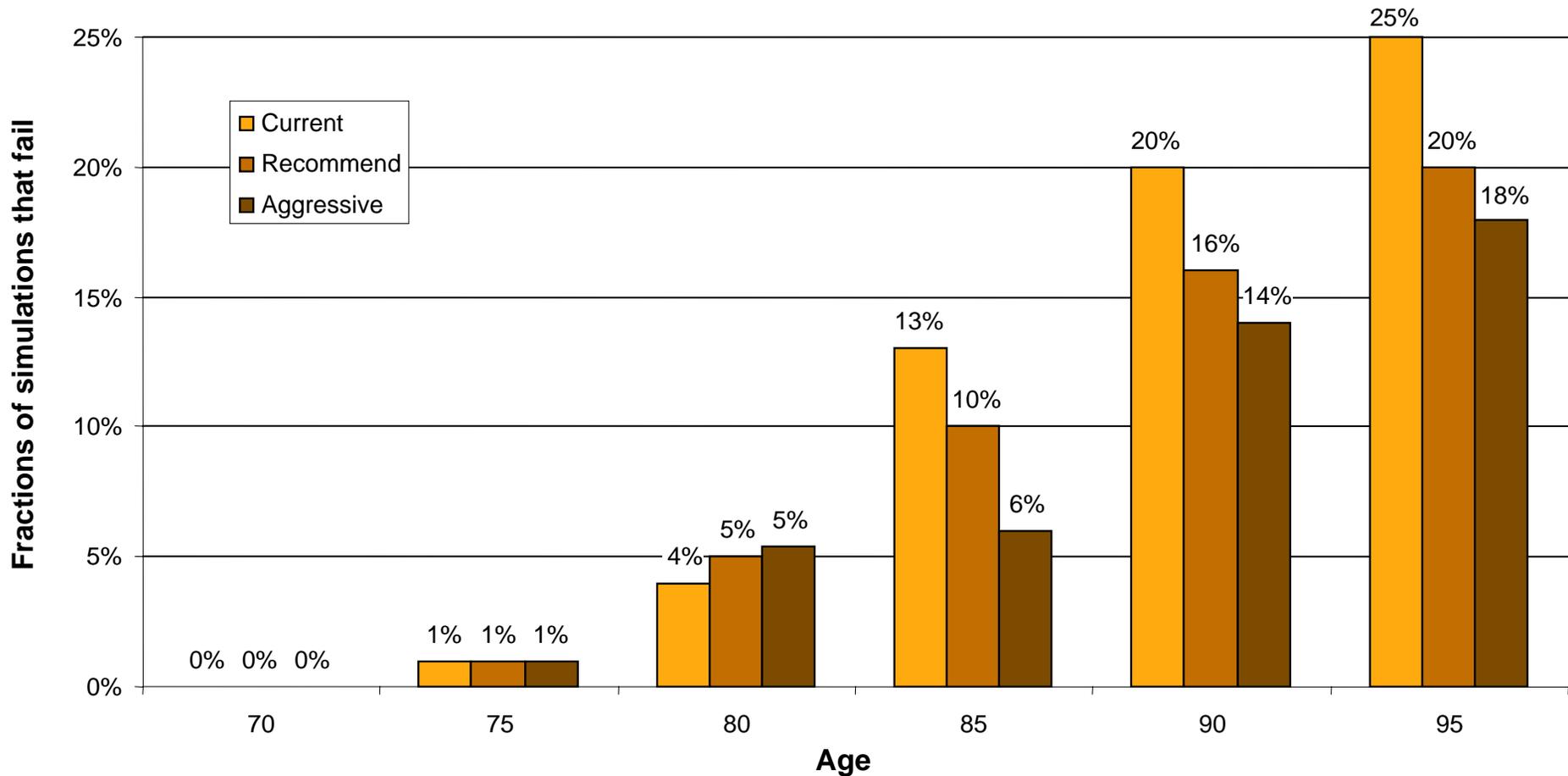
- Each Target Retirement Fund invests in five to seven Vanguard funds
- Vanguard Target Retirement Funds benefit from Vanguard's recognized leadership in indexing
- Each of the underlying funds is managed by Vanguard's Quantitative Equity Group or Fixed Income Group

* The target allocation split between Europe and Pacific may change based on their monthly market capitalization weights in MSCI EAFE.
As of June 30, 2006, unless otherwise noted

Vanguard Target Retirement Funds Supporting Analysis



Probability of “running out” at older ages falls slightly



Source: Investment Counseling and Research. Assumes spending 50% of age-65 salary, adjusted for inflation, in each year in retirement. See note to slide 6 for details on simulation methodology.

Vanguard Target Retirement Funds: Investment Methodology Details



Investment Reasoning

Implementation

| | | |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Asset Allocation | Asset allocation is the key decision. Investors should choose more conservative allocations as their withdrawal date draws closer. | The fund automatically changes its asset allocation to become more conservative as the retirement date approaches. |
| Rebalancing | Rebalancing is necessary to ensure that a portfolio's risk and return characteristics remain consistent with the chosen asset allocation. | The fund is rebalanced with cash flow daily. Funds are also rebalanced if the allocation shifts materially from the target for that year. |
| Diversification | Diversification can reduce portfolio risk. Substantial deviations from market capitalization weights expose investors to risks that are unlikely to pay off over the long term. | No explicit portfolio tilts on size or style factors. Accumulation portfolios allocate 20% of equities to international markets for diversification. |
| Inflation Protection | The value of equities and income generally rise with inflation with some lag. Inflation-Protected Securities can provide an immediate hedge against inflation for retirees. | 2005 and Retirement Income funds include Inflation-Protected Securities to provide an immediate inflation hedge. |
| Investment Management Style | Most market-timing and performance-chasing strategies perform worse than a buy-and-hold strategy. In addition, typically more than two-thirds of active equity and bond funds under-perform index benchmarks over long periods. | The asset allocation of the funds are strategic. No tactical asset allocation changes are employed. Primarily index funds are used. |
| Costs | Costs reduce investment returns dollar for dollar. By minimizing costs, investors can increase the odds of posting superior relative returns. | The funds' annualized indirect expense ratios range from 0.20% to 0.21%. Each fund's ratio is the average weighted expense ratio of the underlying funds. |

Vanguard Target Retirement Funds: Underlying Fund Detail



| Underlying Vanguard Funds | Benchmark | Style | Product Summary |
|---------------------------------------|---------------------------------------|--------------|----------------------------------------------------------------------------------------------------|
| Total Stock Market Index Fund Spliced | Total Stock Market Index* | Index | U.S. large, mid- and small-cap equity diversified across growth and value styles |
| European Stock Index Fund | MSCI Europe Index | Index | Large- and mid-cap equities diversified across developed European markets |
| Pacific Stock Index Fund | MSCI Pacific Index | Index | Targets common stocks located in Japan, Australia, Hong Kong, New Zealand and Singapore |
| Emerging Markets Index | Select Emerging Markets Index | Index | Growth-oriented companies representing emerging markets in Europe, Asia, Africa, and Latin America |
| Total Bond Market Index Fund | Lehman Aggregate Bond Index | Index | Broadly diversified exposure to investment-grade U.S. bond market with intermediate-duration |
| Inflation-Protected Securities Fund | Lehman Treasury Inflation Notes Index | Active | Seeks inflation protection and income consistent with treasury inflation-protected securities |
| Prime Money Market Fund | Average Money Market Fund | Active | Seeks current income by investing in high-quality money market instruments |

* Dow Jones Wilshire 5000 through April 22, 2005; MSCI US Broad Market Index thereafter. As of June 7, 2006, unless otherwise noted

Vanguard Target Retirement Income Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|---------|
| Assets (millions) | \$797.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 4.1% |
| Average Weighted Expense Ratio* | 0.20% |
| Fund Asset Allocation | |
| Stocks | 30% |
| Bonds | 65% |
| Short-Term Reserves | 5% |

Current Fund Allocation

| | |
|----------------------------------------------|-----|
| Vanguard Total Bond Market Index Fund | 45% |
| Vanguard Total Stock Market Index Fund | 24% |
| Vanguard Inflation-Protected Securities Fund | 20% |
| Vanguard Prime Money Market Fund | 5% |
| Vanguard European Stock Index Fund | 4% |
| Vanguard Pacific Stock Index Fund | 2% |
| Vanguard Emerging Markets Stock Index Fund | 1% |

Total Returns**

| | Target Retirement Income Fund | Target Income Composite Average† | Target Income Composite Index†† |
|-----------------------------|-------------------------------------|-------------------------------------------|------------------------------------------|
| Periods Ended June 30, 2006 | | | |
| Year to Date | -0.28% | 0.10% | -0.28% |
| 1 Year | 1.00 | 1.69 | 1.08 |
| Since Inception‡ | 4.62 | 4.52 | 4.80 |
| Calendar Year Performance | | | |
| 2004 | 6.82% | 6.53% | 6.90% |
| 2005 | 3.33 | 2.93 | 3.36 |
| Year to Date | -0.28 | 0.10 | -0.28 |
| 2Q2006 | -0.47 | -0.75 | -0.51 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Target Income Composite Average: Target Income Composite Average: Derived by applying the fund's target allocation to a series of peer-group averages. The composite fund average is weighted 45% average fixed income fund, 24% average general equity fund, 20% average Treasury inflation protected securities fund, 6% average international fund, and 5% average money market fund. Derived from data provided by Lipper Inc.

†† Target Income Composite Index: Derived by applying the fund's target allocation to a series of unmanaged benchmarks. The index is made up of six unmanaged benchmarks, weighted 45% Lehman Aggregate Bond Index, 24% MSCI US Broad Market Index, 20% Lehman Treasury Inflation Notes Index, 5% Citigroup 3-Month Treasury Index, 5% MSCI EAFE Index, and 1% Select Emerging Markets Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005.

‡ Since the fund's inception, October 27, 2003.

As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2005 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|---------|
| Assets (millions) | \$902.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 3.5% |
| Average Weighted Expense Ratio* | 0.20% |
| Fund Asset Allocation | |
| Stocks | 47% |
| Bonds | 52% |
| Short-Term Reserves | 1% |

Current Fund Allocation

| | |
|----------------------------------------------|-----|
| Vanguard Total Bond Market Index Fund | 40% |
| Vanguard Total Stock Market Index Fund | 38% |
| Vanguard Inflation-Protected Securities Fund | 11% |
| Vanguard European Stock Index Fund | 6% |
| Vanguard Pacific Stock Index Fund | 3% |
| Vanguard Emerging Markets Stock Index Fund | 1% |
| Vanguard Prime Money Market Fund | 1% |

Total Returns**

| | Target Retirement 2005 Fund | Target 2005 Composite Average†† | Target 2005 Composite Index††† |
|-----------------------------|-----------------------------|---------------------------------|--------------------------------|
| Periods Ended June 30, 2006 | | | |
| Year to Date | 0.09% | -0.02% | 0.00% |
| 1 Year | 2.07 | 2.38 | 2.06 |
| Since Inception††† | 5.66 | 5.42 | 5.87 |
| Calendar Year Performance | | | |
| 2004 | 7.71% | 7.27% | 7.67% |
| 2005 | 3.58 | 3.51 | 3.75 |
| Year to Date | 0.09 | -0.02 | 0.00 |
| 2Q2006 | -0.82 | -1.67 | -0.92 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Target 2005 Composite Average: Derived by applying the fund's target allocation to a series of peer-group averages. The composite fund average is currently weighted 41% average fixed income fund, 38% average general equity fund, 11% average Treasury inflation protected securities fund, 9% average international fund, and 1% average money market fund. The composite average changes over time with the fund's asset allocation. Derived from data provided by Lipper Inc.

†† Target 2005 Composite Index: Derived by applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of six unmanaged benchmarks, weighted 41% Lehman Aggregate Bond Index, 38% MSCI US Broad Market Index, 11% Lehman Treasury Inflation Notes Index, 8% MSCI EAFE Index, 1% Citigroup 3-Month Treasury Index, and 1% Select Emerging Markets Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

‡ Based on the Target Retirement 2005 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

††† Since the fund's inception, October 27, 2003.
As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2010 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (millions) | \$5.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 0.0% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 57% |
| Bonds | 43% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|----------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 45% |
| Vanguard Total Bond Market Index Fund | 41% |
| Vanguard European Stock Index Fund | 7% |
| Vanguard Pacific Stock Index Fund | 3% |
| Vanguard Inflation-Protected Securities Fund | 2% |
| Vanguard Emerging Markets Stock Index Fund | 1% |

Total Returns**

| | Target Retirement 2010 Fund | Target 2010 Composite Average‡ | Target 2010 Composite Index‡ |
|-----------------------------|--------------------------------|--------------------------------------|------------------------------------|
| Periods Ended June 30, 2006 | | | |
| Since Inception‡‡ | 0.80% | — | — |
| Calendar Year Performance | | | |
| 2Q2006 | 0.80% | — | — |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

‡ Based on the Target Retirement 2010 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

‡‡ Since the fund's inception, June 7, 2006.

As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2015 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (billions) | \$3.3 |
| 30-Day Yield (SEC) as of June 30, 2006 | 2.8% |
| Average Weighted Expense Ratio* | 0.20% |
| Fund Asset Allocation | |
| Stocks | 66% |
| Bonds | 34% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|----------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 52% |
| Vanguard Total Bond Market Index Fund | 34% |
| Vanguard European Stock Index Fund | 8% |
| Vanguard Pacific Stock Index Fund | 4% |
| Vanguard Emerging Markets Stock Index Fund | 2% |
| Vanguard Inflation-Protected Securities Fund | 0% |

Total Returns**

| | Target Retirement 2015 Fund | Target 2015 Composite Average†† | Target 2015 Composite Index††† |
|-----------------------------|-----------------------------|---------------------------------|--------------------------------|
| Periods Ended June 30, 2006 | | | |
| Year to Date | 1.31% | 1.58% | 1.41% |
| 1 Year | 5.18 | 5.99 | 5.27 |
| Since Inception††† | 7.59 | 7.44 | 7.69 |
| Calendar Year Performance | | | |
| 2004 | 9.04% | 8.52% | 9.07% |
| 2005 | 4.94 | 5.01 | 4.98 |
| Year to Date | 1.31 | 1.58 | 1.41 |
| 2Q2006 | -1.11 | -1.70 | -1.06 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Target 2015 Composite Average: : Derived by applying the fund's target allocation to a series of peer-group averages. The composite fund average is currently weighted 52% average general equity fund, 35% average fixed income fund, and 13% average international fund. The composite average changes over time with the fund's asset allocation. Derived from data provided by Lipper Inc.

†† Target 2015 Composite Index: Derived by applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of four unmanaged benchmarks, weighted 52% MSCI US Broad Market Index, 35% Lehman Aggregate Bond Index, 11% MSCI EAFE Index, and 2% Select Emerging Markets Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

‡ Based on the Target Retirement 2015 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

††† Since the fund's inception, October 27, 2003. As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2020 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (millions) | \$6.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 0.0% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 73% |
| Bonds | 26% |
| Short-Term Reserves | 1% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 59% |
| Vanguard Total Bond Market Index Fund | 27% |
| Vanguard European Stock Index Fund | 9% |
| Vanguard Pacific Stock Index Fund | 4% |
| Vanguard Emerging Markets Stock Index Fund | 2% |

Total Returns**

| | Target Retirement 2020 Fund | Target 2020 Composite Average‡ | Target 2020 Composite Index‡ |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|
| Periods Ended June 30, 2006 | | | |
| Since Inception‡‡ | 1.40% | — | — |
| Calendar Year Performance | | | |
| 2Q2006 | 1.40% | — | — |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

‡ Based on the Target Retirement 2020 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

‡‡ Since the fund's inception, June 7, 2006.

As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2025 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (billions) | \$3.5 |
| 30-Day Yield (SEC) as of June 30, 2006 | 2.3% |
| Average Weighted Expense Ratio* | 0.20% |
| Fund Asset Allocation | |
| Stocks | 81% |
| Bonds | 19% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 65% |
| Vanguard Total Bond Market Index Fund | 19% |
| Vanguard European Stock Index Fund | 10% |
| Vanguard Pacific Stock Index Fund | 5% |
| Vanguard Emerging Markets Stock Index Fund | 2% |

Total Returns**

| | Target Retirement 2025 Fund | Target 2025 Composite Average†‡ | Target 2025 Composite Index††‡ |
|-----------------------------|-----------------------------|---------------------------------|--------------------------------|
| Periods Ended June 30, 2006 | | | |
| Year to Date | 1.87 | 1.94 | 2.00 |
| 1 Year | 6.58 | 7.28 | 6.76 |
| Since Inception††‡ | 8.71 | 8.44 | 8.81 |
| Calendar Year Performance | | | |
| 2004 | 10.11 | 9.44 | 10.08 |
| 2005 | 5.45 | 5.70 | 5.53 |
| Year to Date | 1.87 | 1.94 | 2.00 |
| 2Q2006 | -1.32 | -2.15 | -1.26 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Target 2025 Composite Average: Derived by applying the fund's target allocation to a series of peer-group averages. The composite fund average is currently weighted 65% average general equity fund, 19% average fixed income fund, and 16% average international fund. The composite average changes over time with the fund's asset allocation. Derived from data provided by Lipper Inc.

†† Target 2025 Composite Index: Derived by applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of four unmanaged benchmarks, weighted 65% MSCI US Broad Market Index, 19% Lehman Aggregate Bond Index, 14% MSCI EAFE Index, and 2% Select Emerging Markets Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

‡ Based on the Target Retirement 2025 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

††‡ Since the fund's inception, October 27, 2003.
As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2030 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (millions) | \$4.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 0.0% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 88% |
| Bonds | 12% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 71% |
| Vanguard Total Bond Market Index Fund | 12% |
| Vanguard European Stock Index Fund | 11% |
| Vanguard Pacific Stock Index Fund | 5% |
| Vanguard Emerging Markets Stock Index Fund | 2% |

Total Returns**

| | Target Retirement 2030 Fund | Target 2030 Composite Average‡ | Target 2030 Composite Index‡ |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|
| Periods Ended June 30, 2006 | | | |
| Since Inception‡‡ | 1.85% | — | — |
| Calendar Year Performance | | | |
| 2Q2006 | 1.85% | — | — |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

‡ Based on the Target Retirement 2030 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

‡‡ Since the fund's inception, June 7, 2006.

As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2035 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (billions) | \$2.2 |
| 30-Day Yield (SEC) as of June 30, 2006 | 2.1% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 90% |
| Bonds | 10% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 71% |
| Vanguard European Stock Index Fund | 11% |
| Vanguard Total Bond Market Index Fund | 10% |
| Vanguard Pacific Stock Index Fund | 5% |
| Vanguard Emerging Markets Stock Index Fund | 3% |

Total Returns**

| | Target Retirement 2035 Fund | Target 2035 Composite Average†‡ | Target 2035 Composite Index††‡ |
|-----------------------------|-----------------------------|---------------------------------|--------------------------------|
| Periods Ended June 30, 2006 | | | |
| Year to Date | 3.02% | 2.89% | 3.11% |
| 1 Year | 9.32 | 9.90 | 9.51 |
| Since Inception††‡ | 10.67 | 10.29 | 10.83 |
| Calendar Year Performance | | | |
| 2004 | 11.95% | 11.04% | 11.91% |
| 2005 | 6.30 | 6.87 | 6.47 |
| Year to Date | 3.02 | 2.89 | 3.11 |
| 2Q2006 | -1.41 | -2.43 | -1.37 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Target 2035 Composite Average: Derived by applying the fund's target allocation to a series of peer-group averages. The composite fund average is currently weighted 72% average general equity fund, 18% average international fund, and 10% average fixed income fund. The composite average changes over time with the fund's asset allocation. Derived from data provided by Lipper Inc.

†† Target 2035 Composite Index: Derived by applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of four unmanaged benchmarks, weighted 72% MSCI US Broad Market Index, 15% MSCI EAFE Index, 10% Lehman Aggregate Bond Index, and 3% Select Emerging Markets Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

‡ Based on the Target Retirement 2035 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

††‡ Since the fund's inception, October 27, 2003.
As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2040 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (millions) | \$2.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 0.0% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 89% |
| Bonds | 10% |
| Short-Term Reserves | 1% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 72% |
| Vanguard European Stock Index Fund | 11% |
| Vanguard Total Bond Market Index Fund | 10% |
| Vanguard Pacific Stock Index Fund | 5% |
| Vanguard Emerging Markets Stock Index Fund | 2% |

Total Returns**

| | Target Retirement 2040 Fund | Target 2040 Composite Average‡ | Target 2040 Composite Index‡ |
|-----------------------------|-----------------------------|--------------------------------|------------------------------|
| Periods Ended June 30, 2006 | | | |
| Since Inception‡‡ | 1.30% | — | — |
| Calendar Year Performance | | | |
| 2Q2006 | 1.30% | — | — |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

‡ Based on the Target Retirement 2040 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

‡‡ Since the fund's inception, June 7, 2006.

As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2045 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (billions) | \$1.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 2.0% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 90% |
| Bonds | 10% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 72% |
| Vanguard European Stock Index Fund | 11% |
| Vanguard Total Bond Market Index Fund | 10% |
| Vanguard Pacific Stock Index Fund | 5% |
| Vanguard Emerging Markets Stock Index Fund | 2% |

Total Returns**

| | Target Retirement 2045 Fund | Target 2045 Composite Average†‡ | Target 2045 Composite Index††† |
|-----------------------------|-----------------------------|---------------------------------|--------------------------------|
| Periods Ended June 30, 2006 | | | |
| Year to Date | 3.74% | 3.55% | 3.75% |
| 1 Year | 11.13 | 11.58 | 11.14 |
| Since Inception††† | 11.89 | 11.45 | 12.01 |
| Calendar Year Performance | | | |
| 2004 | 12.89% | 12.03% | 13.02% |
| 2005 | 6.95 | 7.58 | 7.03 |
| Year to Date | 3.74 | 3.55 | 3.75 |
| 2Q2006 | -1.44 | -2.59 | -1.53 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Target 2045 Composite Average: Derived by applying the fund's target allocation to a series of peer-group averages. The composite fund average is currently weighted 72% average general equity fund, 18% average international fund, and 10% average fixed income fund. The composite average changes over time with the fund's asset allocation. Derived from data provided by Lipper Inc.

†† Target 2045 Composite Index: Derived by applying the fund's target allocation to a series of unmanaged benchmarks. The index is currently made up of four unmanaged benchmarks, weighted 72% MSCI US Broad Market Index, 15% MSCI EAFE Index, 10% Lehman Aggregate Bond Index, and 3% Select Emerging Markets Index. The MSCI US Broad Market Index replaced the Dow Jones Wilshire 5000 Index on April 23, 2005. The composite index changes over time with the fund's asset allocation.

‡ Based on the Target Retirement 2045 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

††† Since the fund's inception, October 27, 2003. As of June 30, 2006, unless otherwise noted.

Vanguard Target Retirement 2050 Fund: Portfolio and Performance



Total Fund Characteristics

| | |
|----------------------------------------|-------|
| Assets (millions) | \$2.0 |
| 30-Day Yield (SEC) as of June 30, 2006 | 0.0% |
| Average Weighted Expense Ratio* | 0.21% |
| Fund Asset Allocation | |
| Stocks | 90% |
| Bonds | 10% |
| Short-Term Reserves | 0% |

Current Fund Allocation

| | |
|--------------------------------------------|-----|
| Vanguard Total Stock Market Index Fund | 72% |
| Vanguard European Stock Index Fund | 11% |
| Vanguard Total Bond Market Index Fund | 10% |
| Vanguard Pacific Stock Index Fund | 5% |
| Vanguard Emerging Markets Stock Index Fund | 2% |

Total Returns**

| | Target Retirement 2050 Fund | Target 2050 Composite Average‡ | Target 2050 Composite Index‡ |
|-----------------------------|--------------------------------|--------------------------------------|------------------------------------|
| Periods Ended June 30, 2006 | | | |
| Since Inception‡‡ | 1.75% | — | — |
| Calendar Year Performance | | | |
| 2Q2006 | 1.75% | — | — |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For underlying funds.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

‡ Based on the Target Retirement 2050 Fund's glide path, the weightings change as the target fund allocations change each year. The fund's Composite Average and Composite Index are spliced series of these annual benchmarks.

‡‡ Since the fund's inception, June 7, 2006.

As of June 30, 2006, unless otherwise noted.

Exhibits



Vanguard® Admiral™ Treasury Money Market Fund: Overview



Objective

- Seeks current income by investing primarily in short-term U.S. Treasury securities
- Seeks to maintain an average maturity of 90 days or less
- Seeks to maintain a constant net asset value of \$1 per share

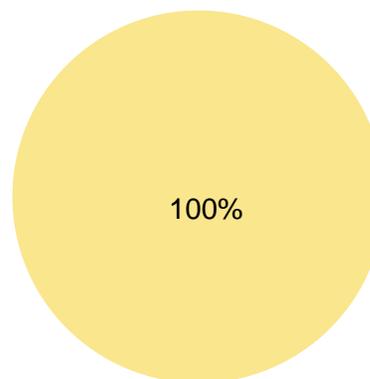
Character

- Money market instruments
 - High credit quality
 - U.S. Treasury and government securities

Fund Advisor

- The Vanguard Group, Inc.
 - David R. Glocke

Portfolio Allocation (%)



■ Short-Term Reserves

Summary Data

| | |
|-------------------|---------|
| Assets (billions) | \$15.3 |
| Expense Ratio* | 0.13% |
| Average Maturity | 55 days |

* For most recent fiscal year.
As of June 30, 2006, unless otherwise noted.

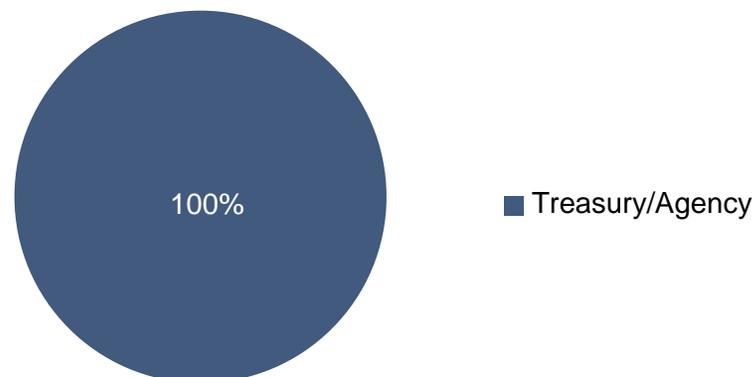
Vanguard Admiral Treasury Money Market Fund: Portfolio Profile



Current Strategies

- The advisor continues to position the fund in anticipation of rising rates. The fund's average weighted maturity at the end of June was 55 days

Distribution by Credit Quality as % of Holdings



Fixed Income Characteristics

Admiral Treasury Money Market Fund

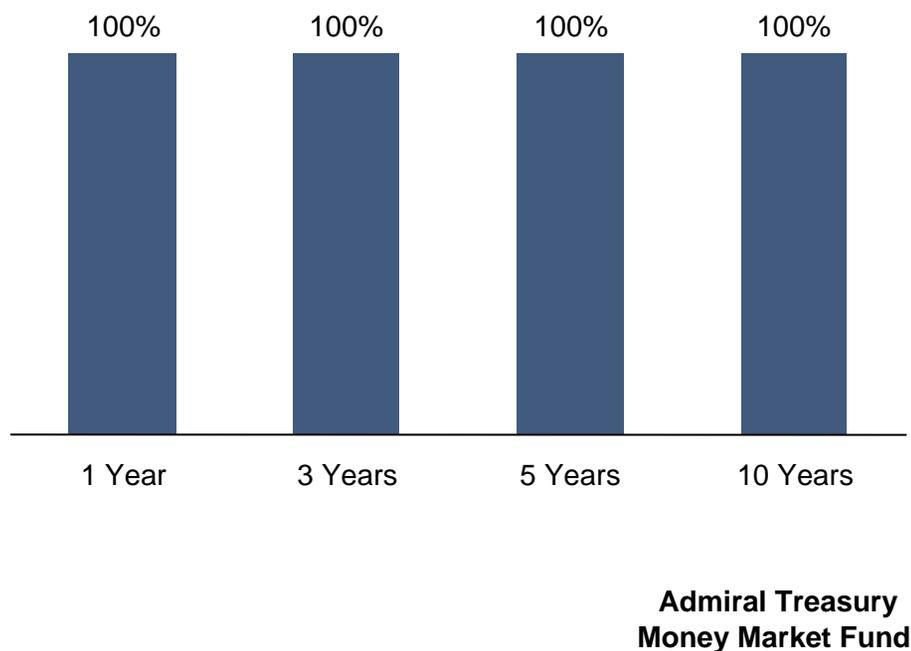
| | |
|---------------------------------------|---------|
| Number of Issues | 13 |
| 7-Day Yield (SEC) as of June 30, 2006 | 4.7% |
| Average Maturity | 55 days |
| Average Quality | Aaa |

Vanguard Admiral Treasury Money Market Fund: Performance



Performance versus Competitors

Percentage of Treasury Money Market Funds* Outperformed by Admiral Treasury Money Market Fund



7-Day Yield (SEC)** as of June 30, 2006 4.7%

Total Returns***

| | Admiral Treasury Money Market Fund | iMoneyNet Money Fund Report's Average 100% Treasury Fund |
|-----------------------------|------------------------------------|----------------------------------------------------------|
| Periods Ended June 30, 2006 | | |
| 1 Year | 3.90% | 3.21% |
| 3 Years | 2.24 | 1.62 |
| 5 Years | 2.11 | 1.52 |
| 10 Years | 3.68 | 3.12 |
| Calendar Year Performance | | |
| 1996 | 5.26% | 4.70% |
| 1997 | 5.29 | 4.80 |
| 1998 | 5.18 | 4.65 |
| 1999 | 4.74 | 4.20 |
| 2000 | 5.99 | 5.42 |
| 2001 | 4.16 | 3.55 |
| 2002 | 1.69 | 1.17 |
| 2003 | 0.99 | 0.46 |
| 2004 | 1.18 | 0.60 |
| 2005 | 2.94 | 2.24 |
| Year to Date | 2.16 | 1.83 |
| 2Q2006 | 1.14 | 0.98 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* Derived from data provided by Lipper Inc. Number of funds in category: 1-year, 85; 3-year, 77; 5-year, 73; 10-year, 51.

** The yield reflects the fund's current earnings more closely than the average annual total returns shown.

*** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns.

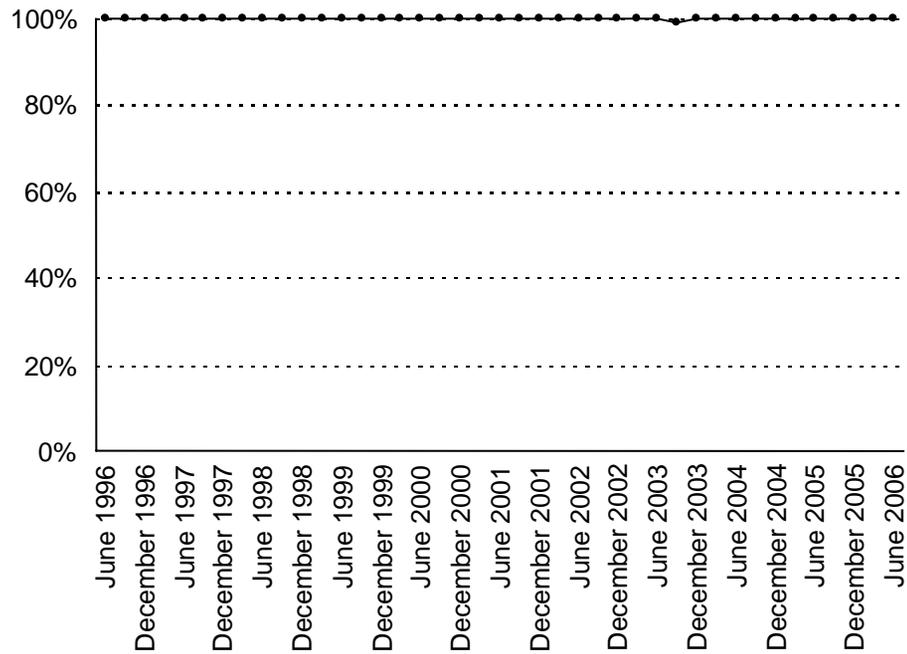
As of June 30, 2006, unless otherwise noted.

Vanguard Admiral Treasury Money Market Fund: Outperformance



Rolling Three-Year Peer Group Comparison—Updated Quarterly*

Percentage of Treasury Money Market Funds Outperformed by Admiral Treasury Money Market Fund**



* Source: Lipper Inc. (Values are survivor-biased.)

** Begins after three full years of performance history.
As of June 30, 2006, unless otherwise noted.

Vanguard® Long-Term Investment-Grade Fund: Overview



Objective

- Seeks a high and sustainable level of current income by investing in long-term, investment-grade corporate bonds
- Seeks to maintain an average maturity of 15 to 25 years

Character

- Bonds
 - 70% minimum in grade A or higher
 - 50% minimum in corporate bonds with maturity more than 15 years
 - 20% maximum in U.S. government and agency securities
 - 10% maximum in mortgage-backed securities
- Portfolio duration within +/- 20% of Lehman Brothers Long Corporate A or Better Index duration

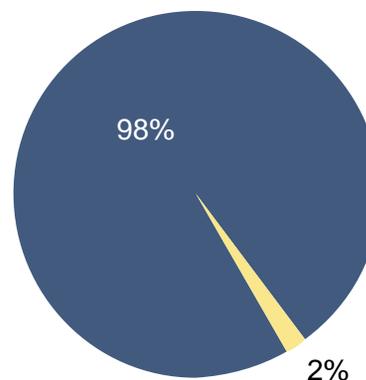
Fund Advisor

- Wellington Management Company, LLP
 - Earl E. McEvoy

Investment Focus

| Short | Medium | Long | |
|-------|--------|------|----------------------------|
| | | | Treasury and Agency |
| | | | Investment-Grade Corporate |
| | | | Below Investment-Grade |

Portfolio Allocation (%)



- Bonds
- Short-Term Reserves

Summary Data

| | |
|--------------------------------|-------|
| Assets—All Shares (billions) | \$5.4 |
| Investor Shares Expense Ratio* | 0.25% |

* For most recent fiscal year.
As of June 30, 2006, unless otherwise noted.

Vanguard Long-Term Investment-Grade Fund: Portfolio Profile



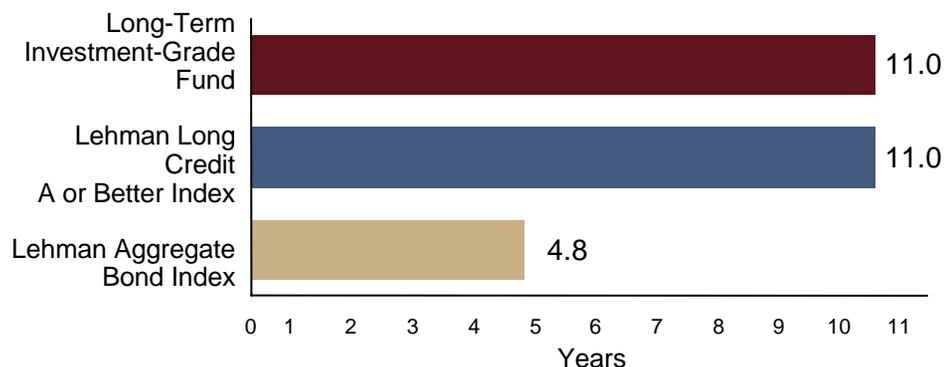
Current Strategies

- The advisor generally expects long-term interest rates to climb, but the timing of such a move is uncertain, so the fund maintains a neutral duration position relative to the benchmark.
- Spreads on corporate bonds remain below historical averages, and the advisor is cautiously optimistic regarding the credit market as fundamentals are strong and the economy remains healthy.
- The advisor is mindful of rising long-term interest rates and an increasing level of shareholder-friendly activity, such as share buybacks and dividend increases that benefit stockholders but leave less cash on corporate balance sheets.

Fixed Income Characteristics

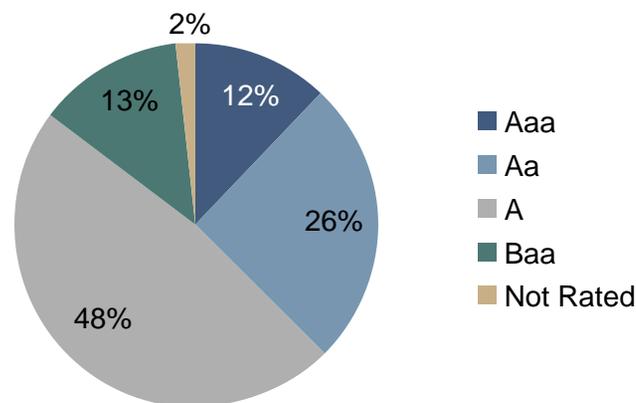
| | Long-Term Investment-Grade Fund | Lehman Long Credit A or Better Index |
|--------------------|---------------------------------|--------------------------------------|
| Number of Issues | 252 | 466 |
| Yield to Maturity* | 6.3% | 6.4% |
| Average Coupon | 6.7% | 6.5% |
| Average Maturity | 21.5 years | 23.9 years |
| Average Quality | A1 | AA3/A1 |

Duration Positioning

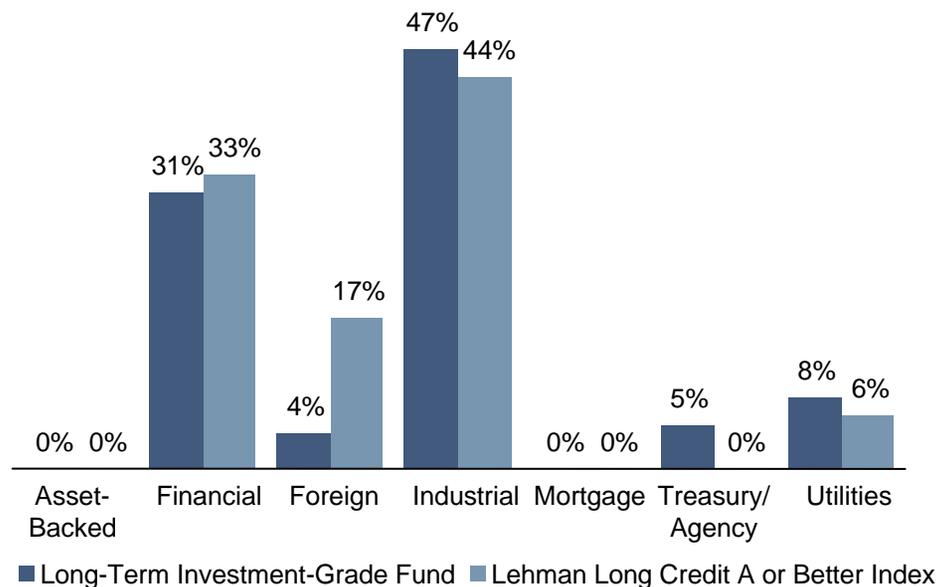


* Before expenses.
As of June 30, 2006, unless otherwise noted.

Distribution by Credit Quality as % of Bonds



Distribution by Issuer as % of Bonds

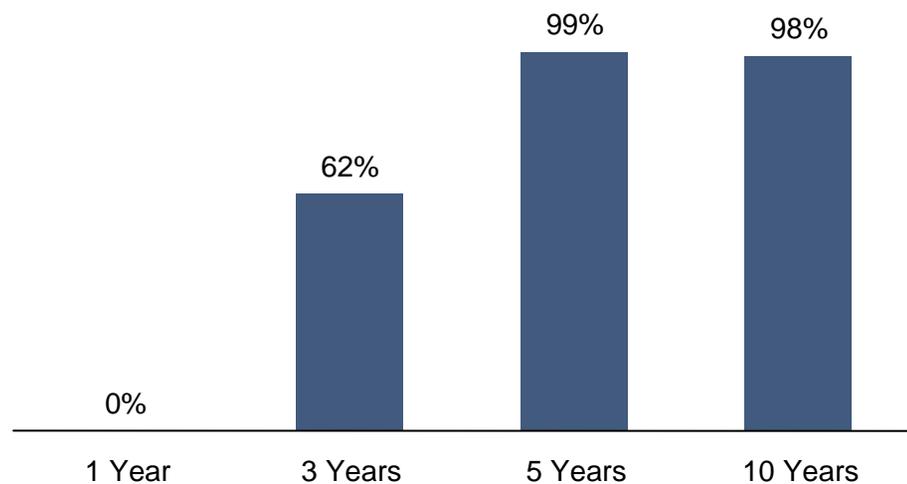


Vanguard Long-Term Investment-Grade Fund: Performance



Performance versus Competitors

Percentage of Corporate Debt "A" Rated Funds*
Outperformed by Long-Term Investment-Grade Fund
Investor Shares



Total Returns**

| | Long-Term Investment- Grade Fund Investor Shares | Average Corporate "A" Rated Fund* | Lehman Long Credit A or Better Index |
|-----------------------------|-----------------------------------------------------------|--------------------------------------------|-----------------------------------------------|
| Periods Ended June 30, 2006 | | | |
| 1 Year | -7.70% | -1.29% | -7.31% |
| 3 Years | 1.96 | 1.73 | 2.01 |
| 5 Years | 6.61 | 4.44 | 6.78 |
| 10 Years | 7.03 | 5.39 | 7.24 |
| Calendar Year Performance | | | |
| 1996 | 1.20% | 2.49% | 1.41% |
| 1997 | 13.79 | 9.17 | 13.53 |
| 1998 | 9.21 | 7.47 | 10.52 |
| 1999 | -6.23 | -2.61 | -7.00 |
| 2000 | 11.76 | 9.79 | 10.55 |
| 2001 | 9.57 | 7.47 | 11.98 |
| 2002 | 13.22 | 8.42 | 13.97 |
| 2003 | 6.26 | 5.03 | 6.35 |
| 2004 | 8.94 | 4.09 | 9.08 |
| 2005 | 5.13 | 1.90 | 4.98 |
| Year to Date | -5.44 | -0.95 | -5.38 |
| 2Q2006 | -1.88 | -0.27 | -1.88 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* Derived from data provided by Lipper Inc. Number of funds in category: 1-year, 173; 3-year, 149; 5-year, 111; 10-year, 64.

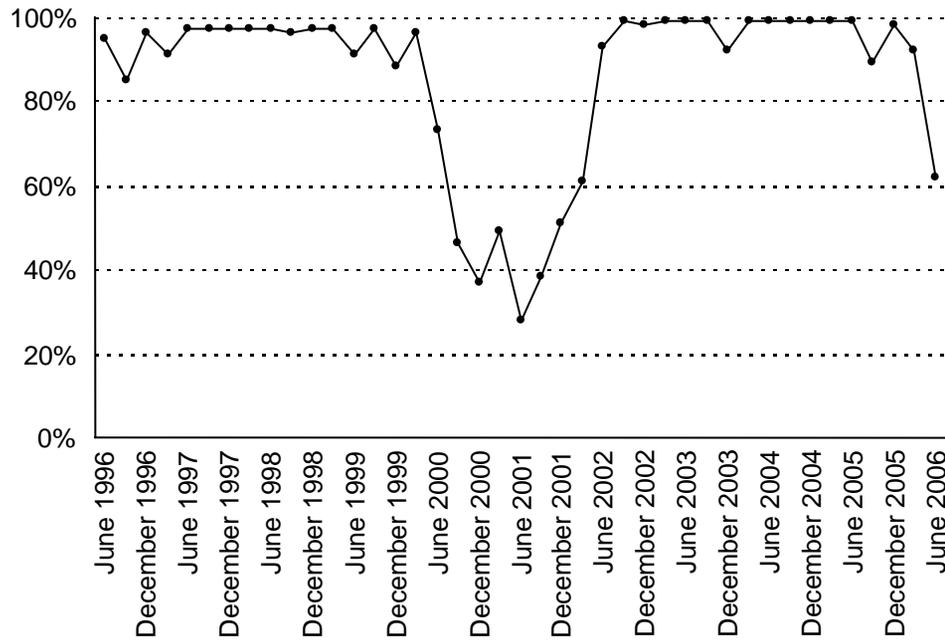
** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.
As of June 30, 2006, unless otherwise noted.

Vanguard Long-Term Investment-Grade Fund: Outperformance



Rolling Three-Year Peer Group Comparison—Updated Quarterly*

Percentage of Corporate Debt “A” Rated Funds Outperformed by Long-Term Investment-Grade Fund Investor Shares**



* Source: Lipper Inc. (Values are survivor-biased.)

** Begins after three full years of performance history.
As of June 30, 2006, unless otherwise noted.

Vanguard Long-Term Investment-Grade Fund: Performance

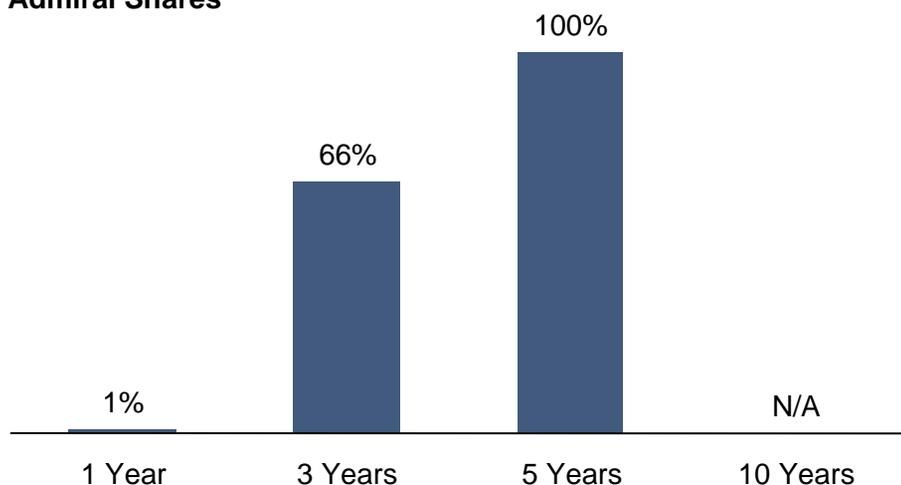


Characteristics—Admiral™ Shares

| | |
|----------------------------------------|-------|
| Assets (billions) | \$1.4 |
| 30-Day Yield (SEC) as of June 30, 2006 | 6.28% |
| Expense Ratio* | 0.12% |

Performance versus Competitors

Percentage of Corporate Debt “A” Rated Funds
Outperformed by Long-Term Investment-Grade Fund
Admiral Shares**



Total Returns***

| | Long-Term Investment-Grade Fund | Average Corporate Debt “A” Rated Fund** | Lehman Long Credit A or Better Index |
|--|---------------------------------------|--------------------------------------------------|-----------------------------------------------|
|--|---------------------------------------|--------------------------------------------------|-----------------------------------------------|

Periods Ended June 30, 2006

Investor Shares

| | | | |
|--------------|--------|--------|--------|
| 2Q2006 | -1.88% | -0.27% | -1.88% |
| Year to Date | -5.44 | -0.95 | -5.38 |
| 1 Year | -7.70 | -1.29 | -7.31 |
| 3 Years | 1.96 | 1.73 | 2.01 |
| 5 Years | 6.61 | 4.44 | 6.78 |
| 10 Years | 7.03 | 5.39 | 7.24 |

Admiral Shares

| | | | |
|------------------|--------|--------|--------|
| 2Q2006 | -1.85% | -0.27% | -1.88% |
| Year to Date | -5.37 | -0.95 | -5.38 |
| 1 Year | -7.57 | -1.29 | -7.31 |
| 3 Years | 2.07 | 0.02 | 0.02 |
| 5 Years | 6.72 | 0.04 | 0.07 |
| Since Inception† | 6.45 | 4.52 | 6.79 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For most recent fiscal year.

** Derived from data provided by Lipper Inc. Number of funds in category: 1-year, 173; 3-year, 149; 5-year, 111.

*** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Since fund's inception, February 12, 2001.

Note: Admiral class shareholders are required to maintain specific minimum balances and meet other special criteria. These shares are not available to recordkeeping clients. As of June 30, 2006, unless otherwise noted.

Vanguard® Wellington™ Fund: Overview



Objective

- Seeks conservation of capital
- Seeks reasonable level of current income
- Seeks profit without undue risk

Character

- Stocks: 60%–70%
 - Large- and medium-capitalization
 - Broadly diversified
- Bonds: 30%–40%
 - Medium average maturity
 - Investment-grade corporate bonds
 - Some exposure to U.S. Treasury, government, and mortgage-backed bonds

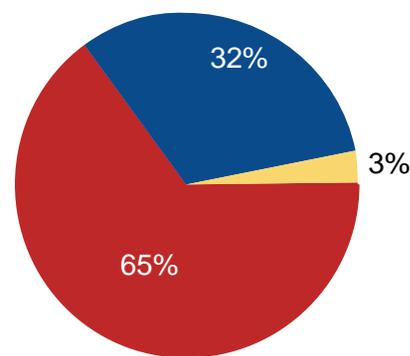
Fund Advisor

- Wellington Management Company, LLP
 - Edward P. Bousa
 - John C. Keogh

Investment Focus

| | Value | Blend | Growth | Short | Medium | Long | |
|--------|--------|-------|--------|--------------|--------|------|----------------------------|
| Large | | | | | | | Treasury and Agency |
| Medium | | | | | | | Investment-Grade Corporate |
| Small | | | | | | | Below Investment-Grade |
| | Equity | | | Fixed Income | | | |

Portfolio Allocation (%)



- Stocks
- Bonds
- Short-Term Reserves

Summary Data

| | |
|--------------------------------|--------|
| Assets—All Shares (billions) | \$40.9 |
| Investor Shares Expense Ratio* | 0.29% |
| Turnover Rate* | 24.0% |

* For most recent fiscal year.
As of June 30, 2006, unless otherwise noted.

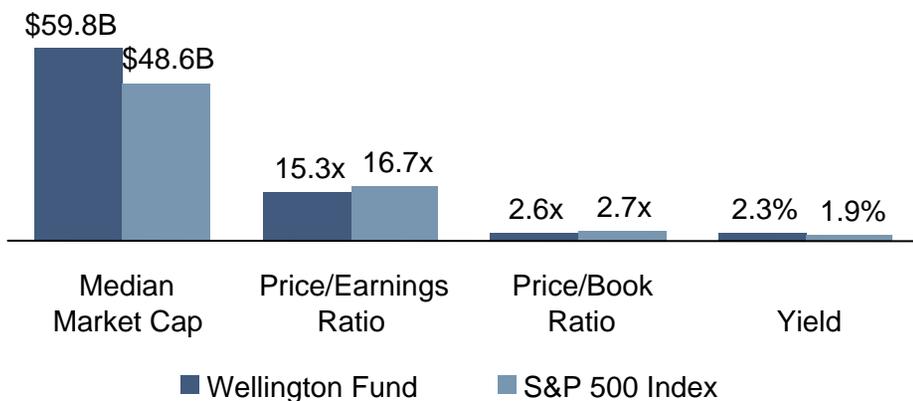
Vanguard Wellington Fund: Equity Profile



Current Strategies

- The fund continues to be driven by bottom-up, fundamental investment process centered on finding securities with attractive valuation profiles and dividend yield support. Recently, the advisor has identified better relative value in larger companies resulting in a slightly higher market capitalization and less risk in the portfolio
- The advisor has retained a positive view on the energy sector, specifically the major integrated oil industry, while also emphasizing metals and chemicals. Recently the advisor has been adding to the telecommunication services sector as he believes industry consolidation and growing demand make it attractive at current valuations
- The advisor is underweight the technology, consumer discretionary, and the financial sectors due to expected near-term weakness of consumers arising from higher interest rates and energy prices

Equity Characteristics



Ten Largest Stocks* as % of Common Stock

| | |
|----------------------------------|-------|
| Bank of America Corp. | 3.2% |
| General Electric Co. | 2.9 |
| Citigroup, Inc. | 2.6 |
| Total SA ADR | 2.3 |
| Chevron Corp. | 2.3 |
| AT&T Inc. | 2.1 |
| ExxonMobil Corp. | 2.1 |
| Exelon Corp. | 2.0 |
| Abbott Laboratories | 2.0 |
| Eli Lilly & Co. | 1.8 |
| <hr/> | |
| Top Ten as % of Common Stock | 23.3% |
| Top Ten as % of Total Net Assets | 15.1% |
| Number of Stocks | 112 |

* "Ten Largest Stocks" excludes any temporary cash investments and index products.
As of June 30, 2006, unless otherwise noted.

Vanguard Wellington Fund: Equity Profile



Sector Weightings as % of Common Stock

Absolute

| | Wellington Fund | S&P 500 Index |
|----------------------------|-----------------|---------------|
| Consumer Discretionary | 8.1% | 10.2% |
| Consumer Staples | 8.9 | 9.6 |
| Energy | 14.7 | 10.2 |
| Financials | 18.5 | 21.3 |
| Health Care | 10.7 | 12.3 |
| Industrials | 12.4 | 11.7 |
| Information Technology | 8.0 | 14.9 |
| Materials | 8.2 | 3.1 |
| Telecommunication Services | 5.0 | 3.3 |
| Utilities | 5.5 | 3.4 |

Relative to S&P 500 Index

| | Weighting vs. Index | |
|----------------------------|---------------------|----------|
| | Current | Year Ago |
| Consumer Discretionary | -4.7 | -2.1 |
| Consumer Staples | -2.9 | -0.7 |
| Energy | | 4.5 |
| Financials | -2.9 | 6.5 |
| Health Care | -4.0 | -1.6 |
| Industrials | | 0.7 |
| Information Technology | -6.9 | 4.4 |
| Materials | -7.3 | 5.1 |
| Telecommunication Services | | 5.5 |
| Utilities | | 1.7 |
| | | 1.7 |
| | | 2.1 |
| | | 2.5 |

Vanguard Wellington Fund: Fixed Income Profile



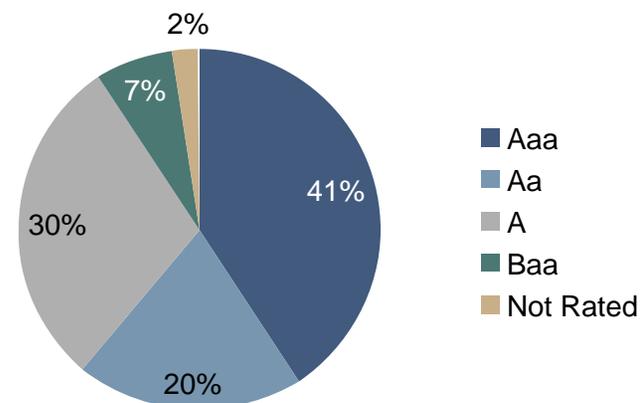
Current Strategies

- The bond portfolio is more diversified than the index, holding both Treasury/agency securities on the high end of the quality spectrum and Baa securities on the lower end. This diversity results in lower volatility and should enhance returns
- Currently the advisor is underweight lower quality securities as they expect rising interest rates to increase credit spreads, which would disproportionately weigh on lower quality bonds. This expectation has also led to the advisor investing approximately 25% of the fixed income portfolio in U.S. Government, U.S. agency and U.S. mortgage-backed securities, which are not represented in the fund's bond benchmark, the Lehman Credit A or better index

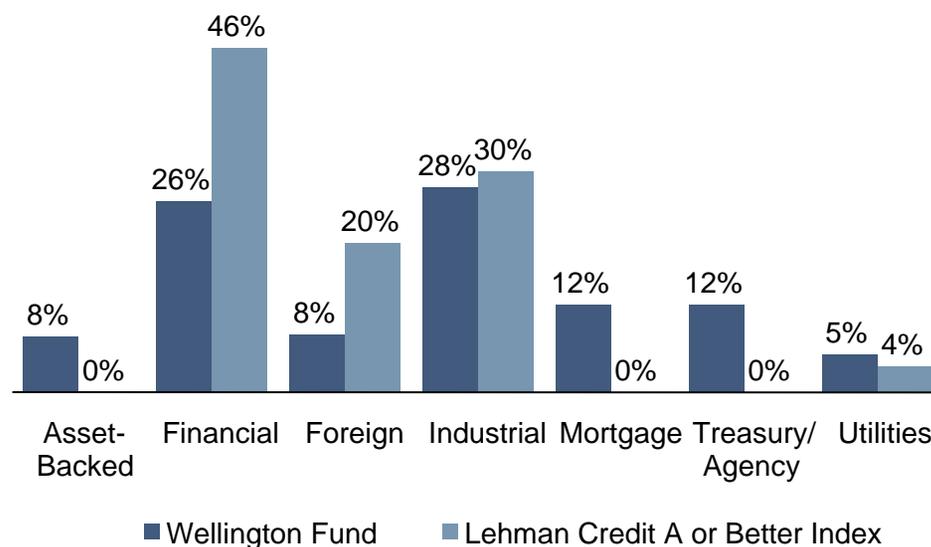
Fixed Income Characteristics

| | Wellington Fund | Lehman Credit A or Better Index |
|-------------------|-----------------|---------------------------------|
| Number of Bonds | 375 | 1,839 |
| Yield to Maturity | 5.8% | 5.9% |
| Average Coupon | 5.4% | 5.5% |
| Average Maturity | 7.0 years | 8.7 years |
| Average Quality | Aa2 | AA3/A1 |
| Average Duration | 4.6 years | 5.4 years |

Distribution by Credit Quality as % of Bonds



Distribution by Issuer as % of Bonds

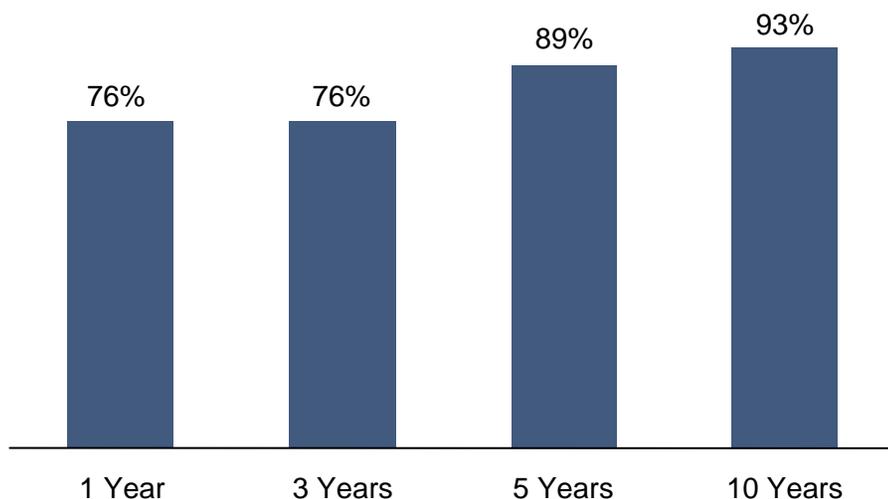


Vanguard Wellington Fund: Performance



Performance versus Competitors

Percentage of Mixed-Asset Growth Funds* Outperformed by Wellington Fund Investor Shares



Total Returns**

| | Wellington Fund Investor Shares | Mixed-Asset Growth Fund* | Wellington Composite Index*** |
|-----------------------------|---------------------------------|--------------------------|-------------------------------|
| Periods Ended June 30, 2006 | | | |
| 1 Year | 9.50% | 7.31% | 4.90% |
| 3 Years | 10.98 | 9.09 | 7.89 |
| 5 Years | 6.91 | 3.87 | 3.82 |
| 10 Years | 9.79 | 7.00 | 8.00 |
| Calendar Year Performance | | | |
| 1996 | 16.19% | 14.34% | 15.08% |
| 1997 | 23.23 | 19.66 | 26.27 |
| 1998 | 12.06 | 14.75 | 22.65 |
| 1999 | 4.41 | 11.47 | 10.61 |
| 2000 | 10.40 | 0.97 | -2.37 |
| 2001 | 4.19 | -5.18 | -4.11 |
| 2002 | -6.90 | -12.59 | -10.98 |
| 2003 | 20.75 | 20.68 | 20.27 |
| 2004 | 11.17 | 8.87 | 8.70 |
| 2005 | 6.82 | 5.00 | 4.10 |
| Year to Date | 3.71 | 2.38 | 1.27 |
| 2Q2006 | 0.69 | -1.31 | -1.03 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* Average Mixed-Asset Target Growth Funds derived from data provided by Lipper Inc. Number of funds in category: 1-year, 563; 3-year, 442; 5-year, 341; 10-year, 168.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

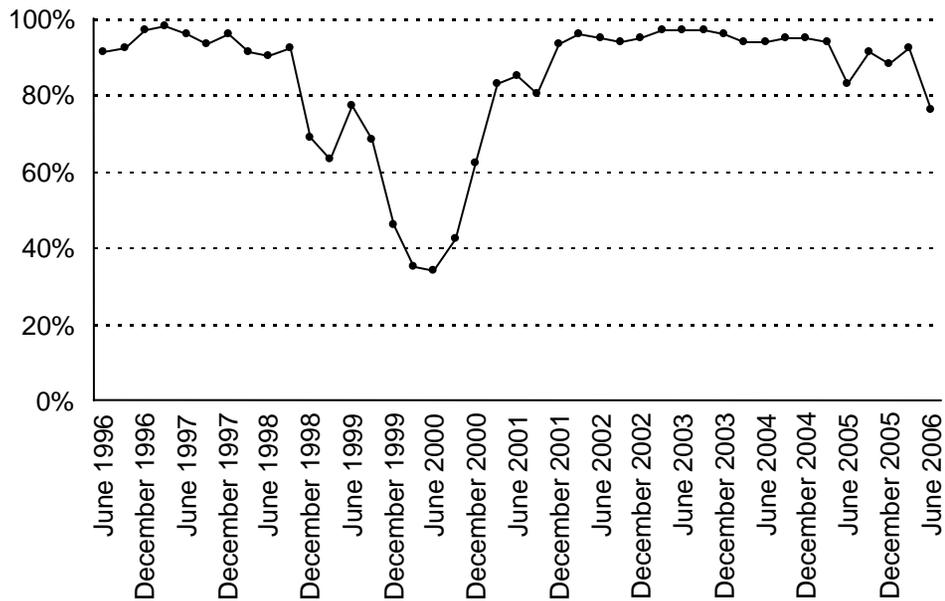
*** Made up of two unmanaged benchmarks, weighted 65% S&P 500 Index and 35% Lehman Credit A or Better Index. Prior to March 1, 2000, Wellington Composite Index was weighted 65% S&P 500 Index and 35% Lehman Credit AA or Better Index. As of June 30, 2006, unless otherwise noted.

Vanguard Wellington Fund: Outperformance



Rolling Three-Year Peer Group Comparison—Updated Quarterly*

Percentage of Peer Funds** Outperformed by Wellington Fund Investor Shares***



* Source: Lipper Inc. (Values are survivor-biased.)

** Average Balanced Fund through March 31, 2006; Average Mixed-Asset Target Growth Fund thereafter. Lipper subdivided the balanced category in 2006.

*** Begins after three full years of performance history.
As of June 30, 2006, unless otherwise noted.

Vanguard Wellington Fund: Performance



Characteristics—Admiral™ Shares

| | |
|----------------------------------------|--------|
| Assets (billions) | \$13.9 |
| 30-Day Yield (SEC) as of June 30, 2006 | 3.43% |
| Expense Ratio* | 0.15% |

Total Returns**

| | Wellington Fund | Mixed-Asset Growth Fund*** | Wellington Composite Index† |
|-----------------------------|--------------------|----------------------------------|-----------------------------------|
| Periods Ended June 30, 2006 | | | |
| Investor Shares | | | |
| 2Q2006 | 0.69% | -1.31% | -1.03% |
| Year to Date | 3.71 | 2.38 | 1.27 |
| 1 Year | 9.50 | 7.31 | 4.90 |
| 3 Years | 10.98 | 9.09 | 7.89 |
| 5 Years | 6.91 | 3.87 | 3.82 |
| 10 Years | 9.79 | 7.00 | 8.00 |
| Admiral Shares | | | |
| 2Q2006 | 0.72% | -1.31% | -1.03% |
| Year to Date | 3.75 | 2.38 | 1.27 |
| 1 Year | 9.65 | 7.31 | 4.90 |
| 3 Years | 11.12 | 9.09 | 7.89 |
| 5 Years | 7.04 | 3.87 | 3.82 |
| Since Inception†† | 6.82 | 3.77 | 3.73 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For most recent fiscal year.

** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

*** Average Mixed-Asset Target Growth Funds derived from data provided by Lipper Inc.

† Made up of two unmanaged benchmarks, weighted 65% S&P 500 Index and 35% Lehman Credit A or Better Index. Prior to March 1, 2000, Wellington Composite Index was weighted 65% S&P 500 Index and 35% Lehman Credit AA or Better Index.

†† Since fund's inception, May 14, 2001.

Note: Admiral class shareholders are required to maintain specific minimum balances and meet other special criteria. These shares are not available to recordkeeping clients. As of June 30, 2006, unless otherwise noted.

Vanguard® Institutional Index Fund: Overview



Objective & Strategy

- Seeks to match the performance of a benchmark index that measures the investment return of large-capitalization stocks
- Employs a passive management strategy designed to track the performance of the Standard & Poor's 500 Index

Character

- Stocks
 - Large-capitalization
 - Blend of growth and value
 - Broadly diversified

Fund Advisor

- The Vanguard Group, Inc.
 - Donald M. Butler

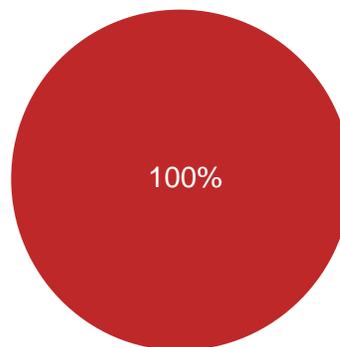
Summary Data

Expense Ratio* 0.05%

Investment Focus

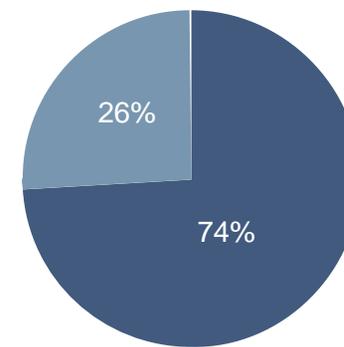
| | Value | Blend | Growth | |
|--|-------|-------|--------|--------|
| | | | | Large |
| | | | | Medium |
| | | | | Small |

Portfolio Allocation (%)



■ Stocks

Share of U.S. Stock Market** (%)



■ S&P 500 Index
■ Balance of Market

* For most recent fiscal year.

** As measured by the Dow Jones Wilshire 5000 Total Market Index. As of June 30, 2006, unless otherwise noted.

Vanguard Institutional Index Fund: Portfolio Profile



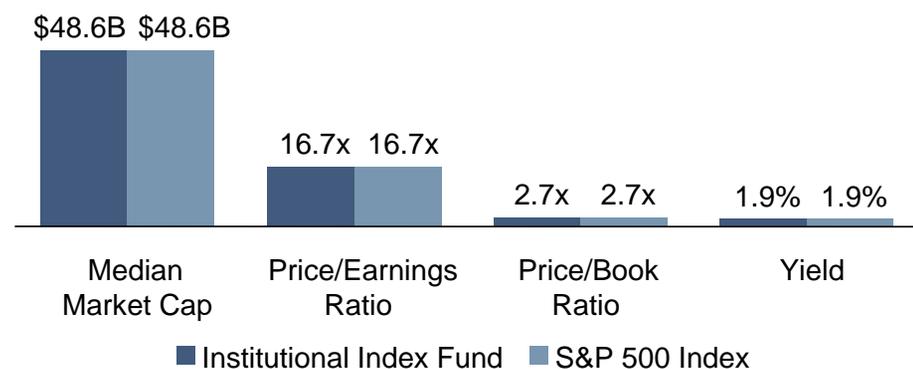
Ten Largest Stocks* as % of Total Net Assets

| | |
|-----------------------------------------|--------------|
| ExxonMobil Corp. | 3.2% |
| General Electric Co. | 3.0 |
| Citigroup, Inc. | 2.1 |
| Bank of America Corp. | 1.9 |
| Microsoft Corp. | 1.8 |
| The Procter & Gamble Co. | 1.6 |
| Johnson & Johnson | 1.5 |
| Pfizer Inc. | 1.5 |
| American International Group, Inc. | 1.3 |
| Altria Group, Inc. | 1.3 |
| Top Ten as % of Total Net Assets | 19.2% |
| Number of Stocks | 508 |

Sector Diversification as % of Common Stock

| | Institutional Index Fund Current | S&P 500 Index Current | Institutional Index Fund Year Ago |
|----------------------------|-----------------------------------------------------|------------------------------------------|------------------------------------------------------|
| Consumer Discretionary | 10.2% | 10.2% | 11.4% |
| Consumer Staples | 9.6 | 9.6 | 10.1 |
| Energy | 10.2 | 10.2 | 8.8 |
| Financials | 21.3 | 21.3 | 20.3 |
| Health Care | 12.3 | 12.3 | 13.4 |
| Industrials | 11.7 | 11.7 | 11.2 |
| Information Technology | 14.9 | 14.9 | 15.1 |
| Materials | 3.1 | 3.1 | 3.0 |
| Telecommunication Services | 3.3 | 3.3 | 3.2 |
| Utilities | 3.4 | 3.4 | 3.5 |

Equity Characteristics



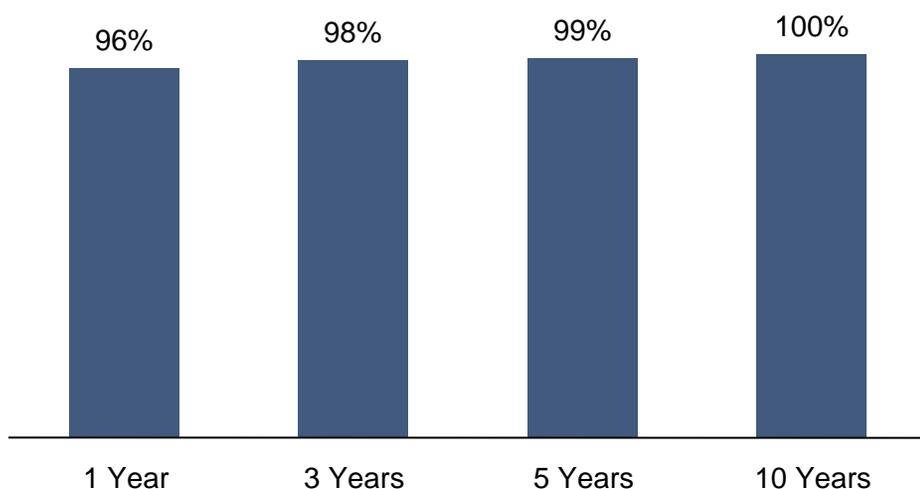
* "Ten Largest Stocks" excludes any temporary cash investments and index products.
As of June 30, 2006, unless otherwise noted.

Vanguard Institutional Index Fund: Performance



Performance versus Competitors

Percentage of S&P 500 Index Funds* Outperformed by Institutional Index Fund



Total Returns** and Tracking Error

| | Institutional Index Fund | S&P 500 Index | Tracking Error | | |
|-----------------------------|--------------------------------|------------------|----------------------|------------------|-------------------|
| | | | Return Difference | Expense Ratio | Residual Error |
| Periods Ended June 30, 2006 | | | | | |
| 1 Year | 8.62% | 8.63% | -0.01% | 0.05% | 0.04% |
| 3 Years | 11.20 | 11.22 | -0.02 | 0.05 | 0.03 |
| 5 Years | 2.50 | 2.49 | 0.01 | 0.05 | 0.06 |
| 10 Years | 8.38 | 8.32 | 0.06 | 0.06 | 0.12 |
| Calendar Year Performance | | | | | |
| 1996 | 23.06% | 22.96% | 0.10% | 0.06% | 0.16% |
| 1997 | 33.36 | 33.36 | 0.00 | 0.06 | 0.06 |
| 1998 | 28.79 | 28.58 | 0.21 | 0.06 | 0.27 |
| 1999 | 21.17 | 21.04 | 0.13 | 0.06 | 0.19 |
| 2000 | -8.95 | -9.10 | 0.15 | 0.06 | 0.21 |
| 2001 | -11.93 | -11.89 | -0.04 | 0.05 | 0.01 |
| 2002 | -22.03 | -22.10 | 0.07 | 0.05 | 0.12 |
| 2003 | 28.66 | 28.68 | -0.02 | 0.05 | 0.03 |
| 2004 | 10.86 | 10.88 | -0.02 | 0.05 | 0.03 |
| 2005 | 4.91 | 4.91 | 0.00 | 0.05 | 0.05 |
| Year to Date | 2.71 | 2.71 | 0.00 | 0.03 | 0.03 |
| 2Q2006 | -1.44 | -1.44 | 0.00 | 0.01 | 0.01 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* Derived from data provided by Lipper Inc. Number of funds in category: 1-year, 172; 3-year, 155; 5-year, 137; 10-year, 52.

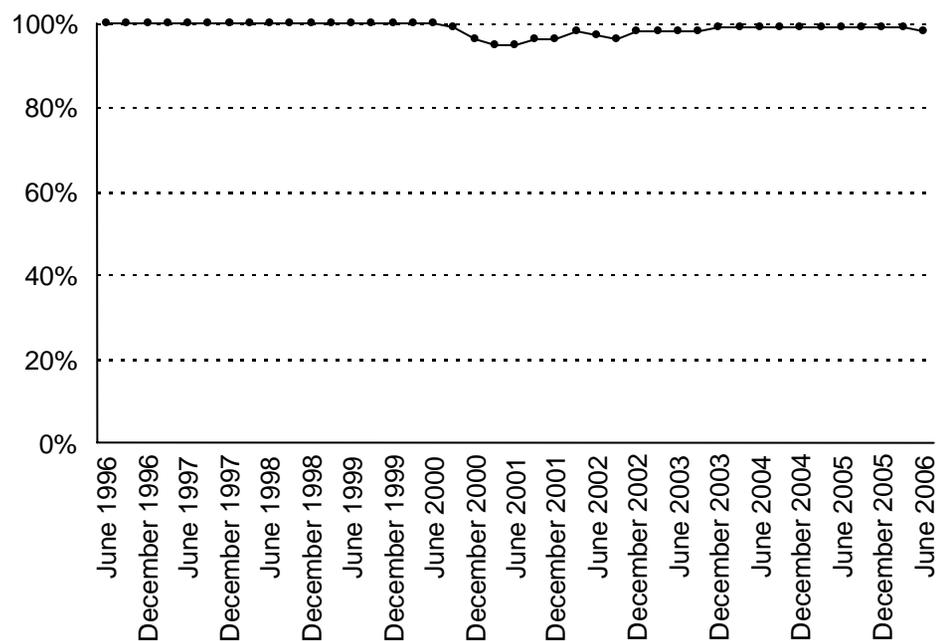
** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.
As of June 30, 2006, unless otherwise noted.

Vanguard Institutional Index Fund: Outperformance



Rolling Three-Year Peer Group Comparison—Updates Quarterly*

Percentage of S&P 500 Index Funds Outperformed by Institutional Index Fund**



* Source: Lipper Inc. (Values are survivor-biased.)

** Begins after three full years of performance history.
As of June 30, 2006, unless otherwise noted.

Vanguard Institutional Index Fund: Performance

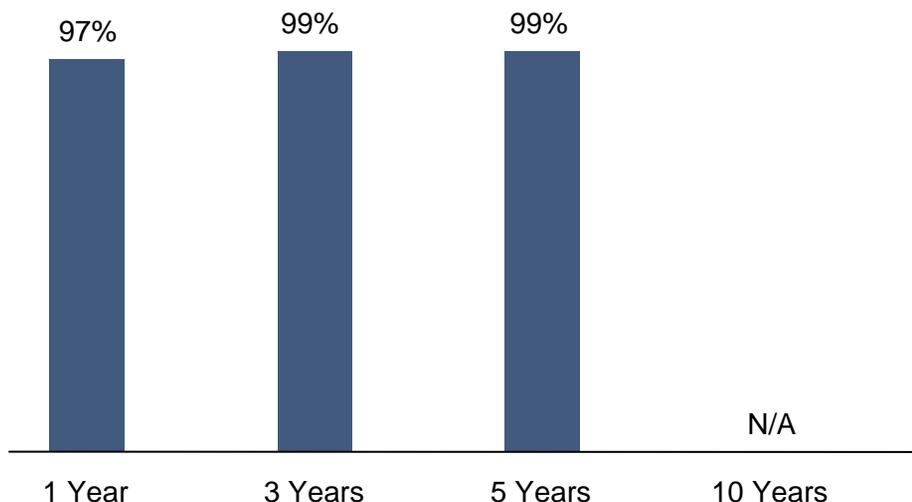


Characteristics—Plus Shares

| | |
|----------------------------------------|--------|
| Assets (billions) | \$17.1 |
| 30-Day Yield (SEC) as of June 30, 2006 | 1.90% |
| Expense Ratio* | 0.025% |

Performance versus Competitors

Percentage of S&P 500 Index Funds** Outperformed by Institutional Index Fund Plus Shares



Total Returns*** and Tracking Error

| | Institutional | | Tracking Error | | |
|---------------------------------|---------------|---------------|-------------------|---------------|----------------|
| | Index Fund | S&P 500 Index | Return Difference | Expense Ratio | Residual Error |
| Periods Ended June 30, 2006 | | | | | |
| Institutional Index Fund | | | | | |
| 2Q2006 | -1.44% | -1.44% | 0.00% | 0.01% | 0.01% |
| Year to Date | 2.71 | 2.71 | 0.00 | 0.03 | 0.03 |
| 1 Year | 8.62 | 8.63 | -0.01 | 0.05 | 0.04 |
| 3 Years | 11.20 | 11.22 | -0.02 | 0.05 | 0.03 |
| 5 Years | 2.50 | 2.49 | 0.01 | 0.05 | 0.06 |
| 10 Years | 8.38 | 8.32 | 0.06 | 0.06 | 0.12 |
| Plus Shares | | | | | |
| 2Q2006 | -1.43% | -1.44% | 0.01% | 0.01% | 0.02% |
| Year to Date | 2.73 | 2.71 | 0.02 | 0.02 | 0.04 |
| 1 Year | 8.65 | 8.63 | 0.02 | 0.03 | 0.05 |
| 3 Years | 11.23 | 11.22 | 0.01 | 0.03 | 0.04 |
| 5 Years | 2.53 | 2.49 | 0.04 | 0.03 | 0.07 |
| Since Inception† | 5.47 | 5.38 | 0.09 | 0.03 | 0.12 |

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

* For most recent fiscal year.

** Derived from data provided by Lipper Inc. Number of funds in category: 1-year, 172; 3-year, 155; 5-year, 137.

*** Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

† Since fund's inception, July 7, 1997.

Note: Plus class shareholders are required to maintain a minimum balance of \$200 million. The fund is not available to recordkeeping clients. As of June 30, 2006, unless otherwise noted.

Notice



An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com.

For more information, visit www.vanguard.com, or call 800-662-7447 for Vanguard funds and 800-992-8327 for non-Vanguard funds offered through Vanguard Brokerage Services, to obtain a prospectus. Visit our website, call 866-499-VIPER, or contact your broker to obtain a product description and prospectus for Vanguard VIPER Shares. Investment objectives, risks, charges, expenses, and other important information are contained in these documents; read and consider them carefully before investing.

VIPER Shares are not redeemable with an Applicant Fund other than in Creation Unit aggregations. Instead, investors must buy or sell VIPER Shares in the secondary market with the assistance of a stockbroker. In doing so, the investor will incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Mutual funds are subject to risk. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. Investments in bond funds are subject to credit, interest rate and inflation risk. High-yield bonds present higher credit risk than other types of bonds. Mid- and small-capitalization stocks historically have been more volatile than large-cap stocks. For U.S. investors, foreign markets present additional risks, including currency fluctuations and unfavorable developments in a particular country or region. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries.

The structured equity mandates are managed by Vanguard Fiduciary Trust Company, a subsidiary of The Vanguard Group.

Admiral, Broker Choice, Explorer, FES, LifeStrategy, MoneyWhys, Morgan, Of Mutual Interest, One Step, One Step Enroll, One Step Invest, One Step Retire, One Step Save, PlainTalk, Plan Sponsor Bridge, STAR, Tele-Account, The Vanguard Group, Unmatchable value for investors, Vanguard, Vanguard Advantage, Vanguard Brokerage Services, Vanguard Fiduciary Services, Vanguard Financial Education Series, Vanguard Plan Sponsor Bridge, Vanguard Portfolio Watch, Vanguard Unmatchable Excellence, Vanguard.com, VBS, VBO, VIPER, VIPERS, Vision, VOICE, VUE, Wellesley, Wellington, Windsor and the ship logo are trademarks of The Vanguard Group, Inc. "FTSE®" and "FTSE4Good™" are trademarks jointly owned by the London Stock Exchange plc and The Financial Times Limited and are used by FTSE International Limited under license. The FTSE4Good US Select Index is calculated by FTSE International Limited. FTSE International Limited does not sponsor, endorse, or promote the fund; is not in any way connected to it; and does not accept any liability in relation to its issue, operation, and trading. Financial Engines is a registered trademark and Financial Engines Investment Advisor service is a registered service mark of Financial Engines, Inc. Financial Engines Advisors LLC, a federally registered investment advisor and wholly owned subsidiary of Financial Engines, Inc., provides all advisory services. Standard & Poor's®, S&P®, S&P 500®, Standard & Poor's 500, and 500 are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by The Vanguard Group. Vanguard mutual funds are not sponsored, endorsed, sold, or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the funds. Russell is a trademark of The Frank Russell Company. The funds or securities referred to herein that are offered by The Vanguard Group and track an MSCI index are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities. For such funds or securities, the prospectus or the Statement of Additional Information contains a more detailed description of the limited relationship MSCI has with The Vanguard Group. All other marks are the exclusive property of their respective owners.