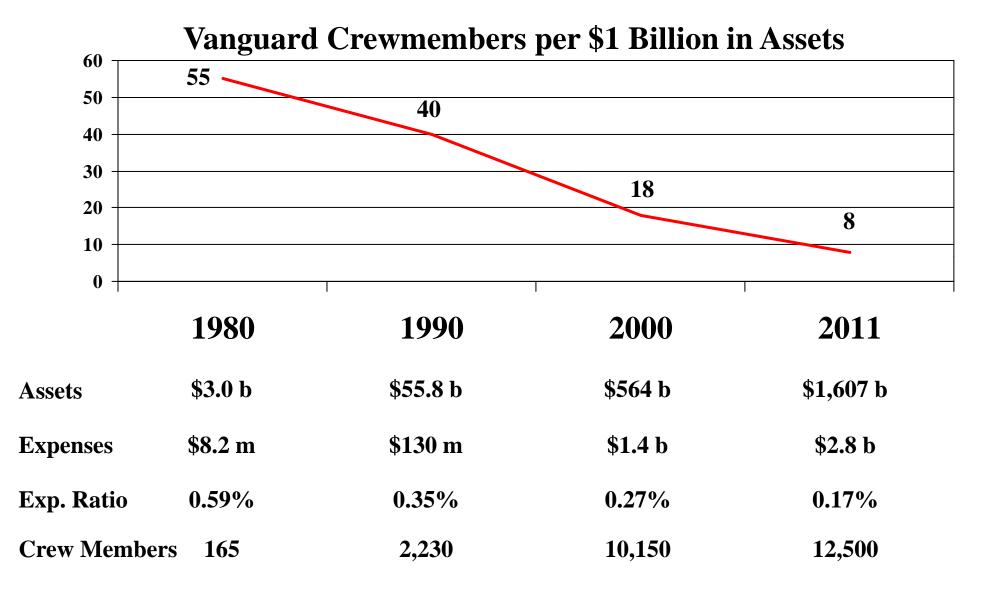
Bogle Welcomes the Bogleheads... Again – at X!

Malvern, PA October 13, 2011

I. Vanguard Today

Asset Growth and Increasing Efficiency, 1980 – 2011



Vanguard's Growth

Vanguard's Assets Under Management

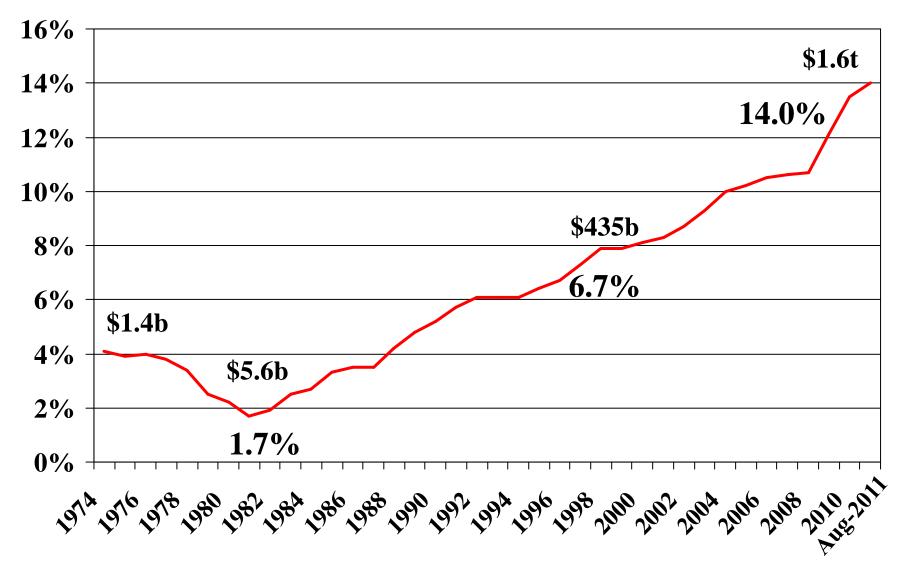
Today \$1.607 trillion

1974 \$1.4 billion Annual Growth Rate 1974 - 2000 25%

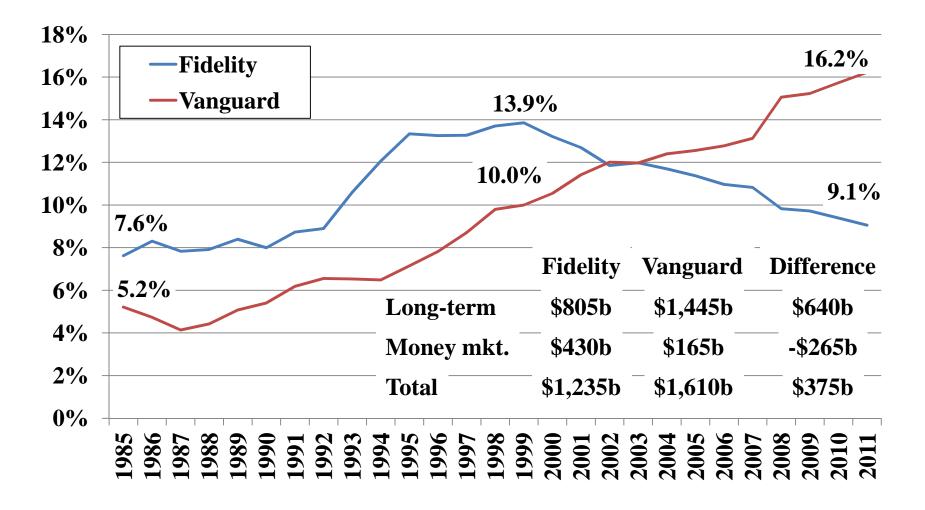
2000 \$564 billion Annual Growth Rate 2000 - 2011 10%

> At a 7% annual growth rate, Vanguard's assets would grow to... 2015 \$2.1 trillion 2020 \$3.0 trillion 2025 \$4.1 trillion

Vanguard Share of Mutual Fund Industry Assets



Vanguard and Fidelity Share of Long-Term Assets, 1985 - 2011

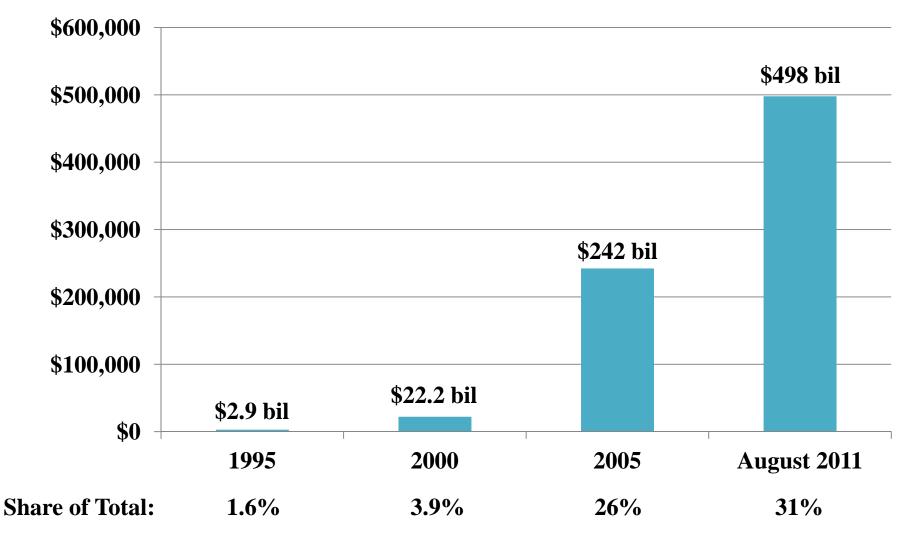


The Competitive Landscape When Vanguard Began ^{6.} "Uneasy Lies the Head that Wears the Crown"

	1980			Today				
	Long-Term				Long-Term			
_	Rank	Assets (bil)	Share	Rank	Assets (bil)	Share		
Fidelity	1	7.3	13.2%	3	805	9.1%	➡	
IDS (Columbia)	2	4.9	8.9%	8	151	1.7%	₽	
Capital Research (American)	3	4.3	7.8%	2	887	10.0%		
Dreyfus	4	3.1	5.6%	26	64	0.7%	➡	
T Rowe Price	5	3.0	5.4%	7	269	3.0%	₽	
MFS	6	2.7	4.8%	18	85	1.0%	₽	
Vanguard	7	2.6	4.7%	1	1,443	16.2%		
Putnam	8	2.3	4.2%	31	53	0.6%	➡	
Merrill Lynch (BlackRock)	9	1.9	3.5%	4	594	6.7%	(mei	rger)
Lord Abbett	10	1.9	3.4%	24	67	0.8%	₽	

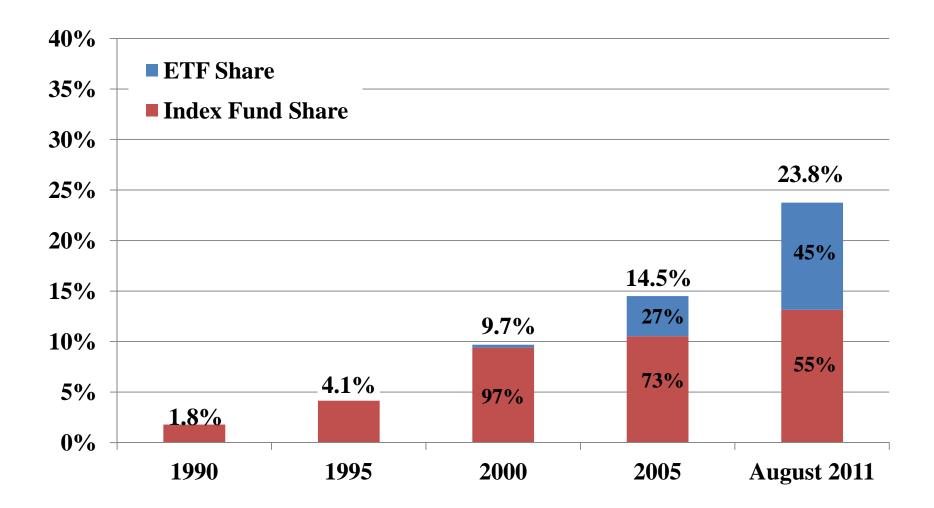
Assets in Admiral Class Shares

"Selective Scale Pricing" Introduced in 1992

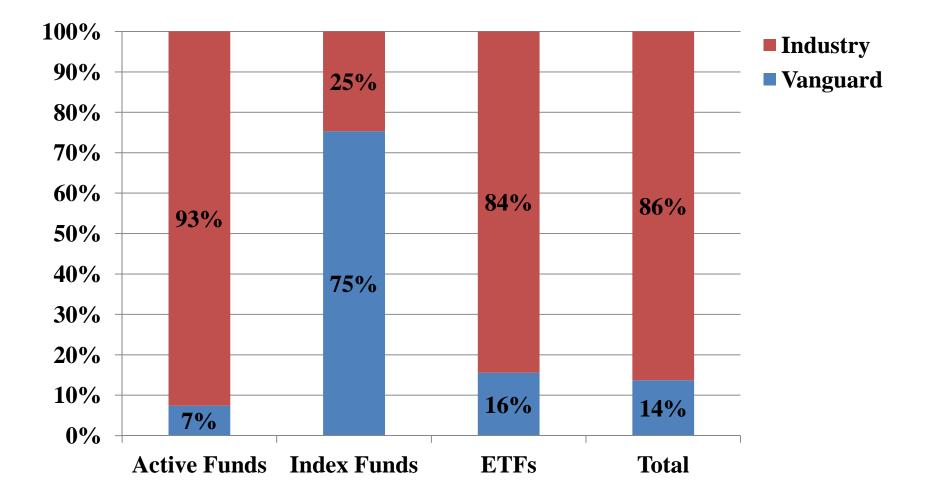


II. Index Funds

Indexing's Share of Equity Fund Assets



Vanguard Market Share



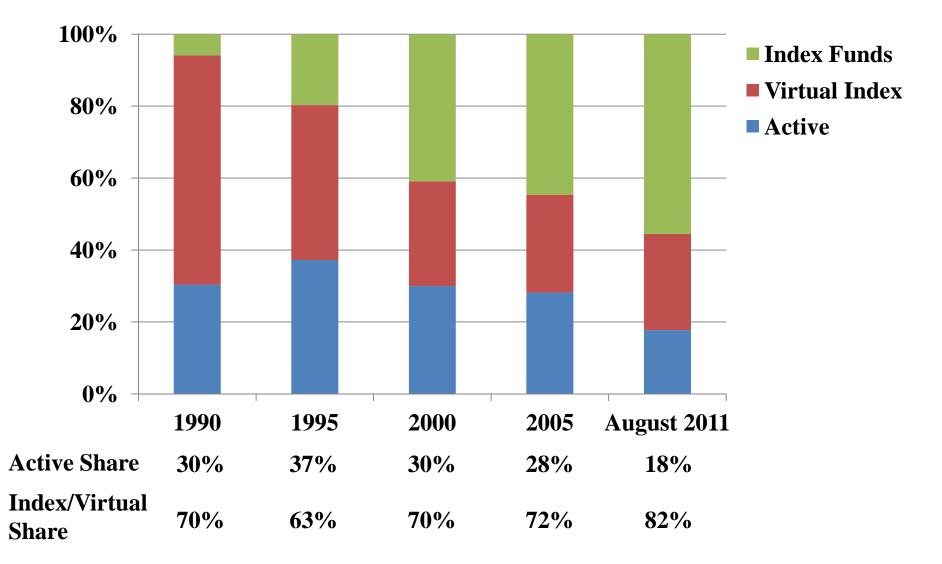
Vanguard Funds Correlations (R²) 10 Years Ended 9/30/2011

	10 Year Average Annual Returns	\mathbf{R}^2
Bond Funds		
Index	5.8	0.99
Virtual Index	4.9	0.93
Active	5.4	0.84
Balanced Funds		
Index	4.7	1.00
Virtual Index	4.7	0.99
Active	5.3	0.92
Equity Funds		
Index	5.2	1.00
Virtual Index	4.8	0.96
Active	7.6	0.92

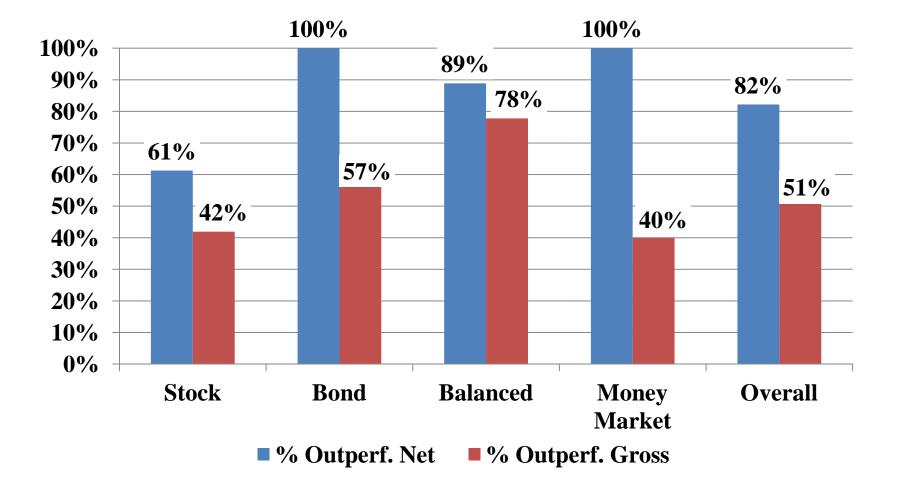
Index Funds, Virtual Index Funds, and Actively Managed Funds

Index Funds	Correlation (R ²)	Expense Ratio
500 Index	1.00	0.06%
Total International	0.99	0.20%
Total Bond Market	0.99	0.11%
LT Bond Index	1.00	0.22%
Virtual Index Funds		
LT Tax-Exempt	0.91	0.12%
LT Treasury	1.00	0.10%
STAR Fund	0.99	0.34%
High-Yield Corporat	e 0.94	0.13%
Actively Managed Fund	ls	
Wellington	0.96	0.22%
Windsor II	0.96	0.27%
Strategic Equity	0.98	0.30%
PRIMECAP	0.93	0.36%
Industry Avg. – Equity	Funds 0.95	1.54%

Composition of Vanguard's Assets, 1990 – 2011



Vanguard Fund Outperformance



Note: Returns for active Vanguard funds vs. Lipper peer group, 10 years ended June 2009.

III. ETFs

Signs of the Times

New York Times

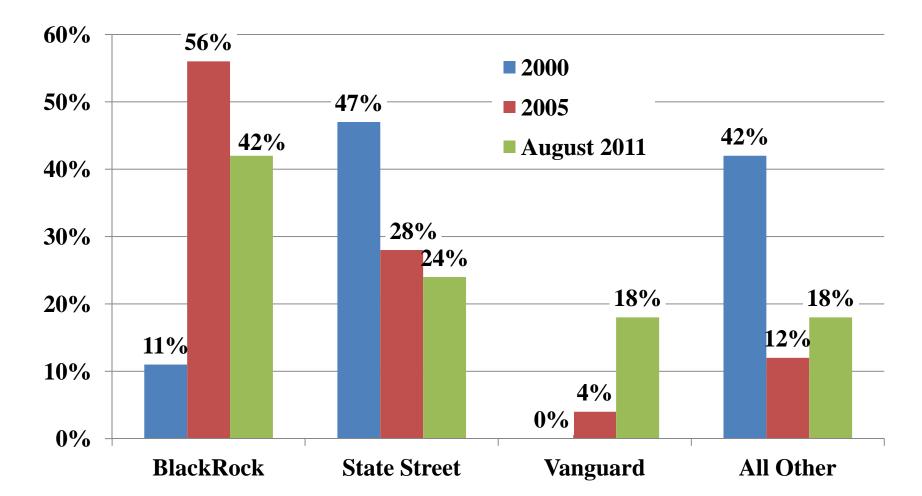
"Volatility, Thy Name is E.T.F."

Signs of the Times

License Plate

IDX TRDR

ETF Manager Market Shares



Note – Year-to-date Cash Flow (in billions): Vanguard \$23.2 (33%), BlackRock \$10.3 (15%), State Street \$9.7 (14%), Van Eck \$6.5 (9%), ProFunds \$5.7 (8%), Other \$14.1 (20%)

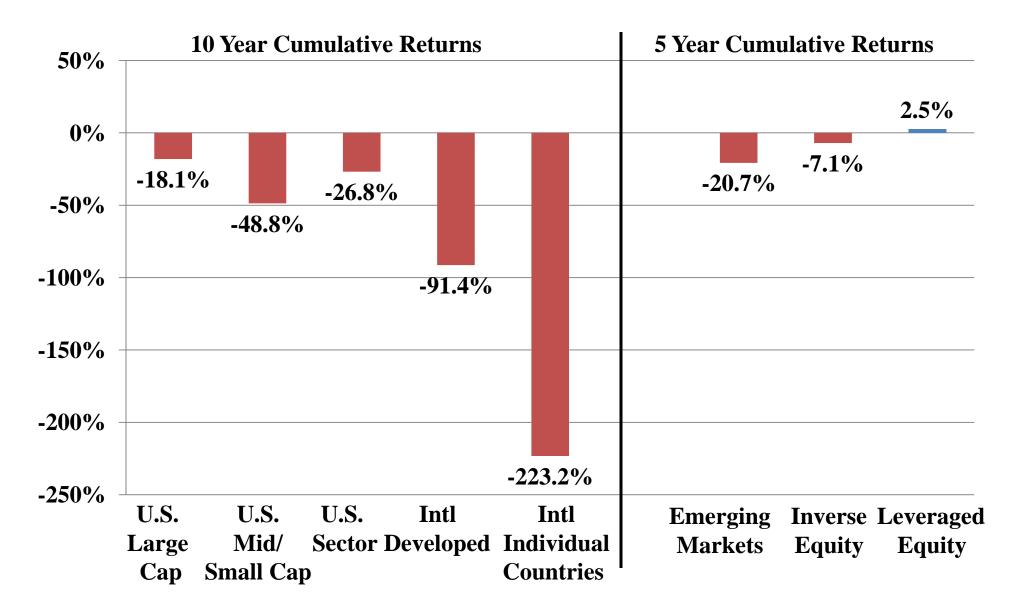
Shareholder Turnover of Select Leading ETFs ^{19.}

	Ann.	Holding Period
Fund	Turnover	(Days)
ProShares Ultra S&P 500	17669%	2.1
SPDR S&P 500	11322%	3.2
ProShares UltraShort S&P 500	10691%	3.4
PowerShares QQQ	5618%	6.5
iShares FTSE/Xinhua China 25	3433%	10.6
iShares MSCI Brazil Index	2946%	12.4
iShares MSCI Emerging Markets	2572%	14.2
SPDR Gold Shares	1544%	23.6
iShares MSCI EAFE Index	944%	36.7
Vanguard MSCI Emerging Markets	757%	48.2
Vanguard Total Stock Market	312%	116.9
Vanguard Financials	237%	154.0

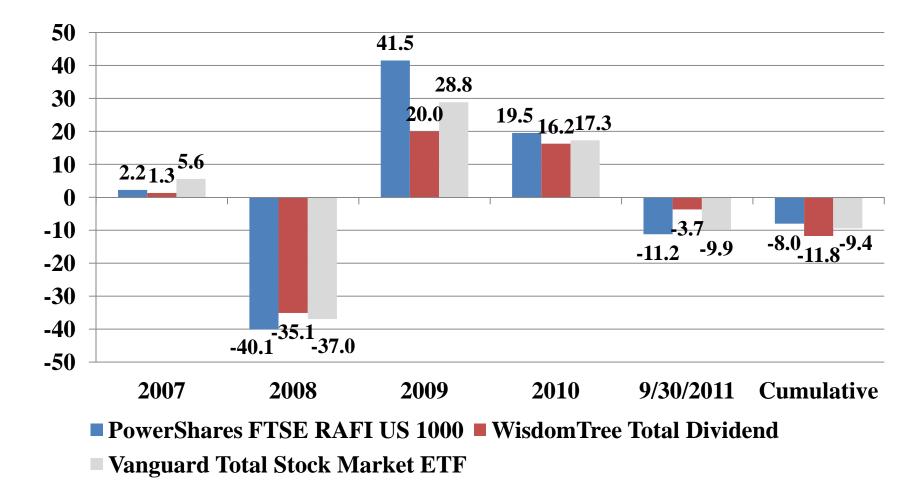
ETF Investor Returns – 9/30/2011

	Category	Average Investor Return	Average Time Weighted Return	Average Investor Lead/Lag	Cumulative Investor Return	Cumulative Time Weighted Return	Cumulative Lead/Lag
10 Years	U.S. Large Cap	1.7%	3.2%	-1.5%	18.3%	36.4%	-18.1%
	U.S. Mid/Small Cap	3.8%	6.9%	-3.0%	45.8%	94.6%	-48.8%
	U.S. Sector	1.7%	3.8%	-2.1%	18.0%	44.8%	-26.8%
	International Developed	-1.4%	5.9%	-7.4%	-13.2%	78.1%	-91.4%
	International – Individual Countries	4.6%	14.3%	-9.7%	56.7%	279.9%	-223.2%
		• •				24.40/	
5 Years	Emerging Markets	2.5%	6.0%	-3.5%	13.4%	34.1%	-20.7%
	Inverse Equity	-15.2%	-12.6%	-2.6%	-56.0%	-49.0%	-7.1%
	Leveraged Equity	-5.4%	-6.0%	0.6%	-24.1%	-26.7%	2.5%

Cumulative ETF Investor Lead/Lag



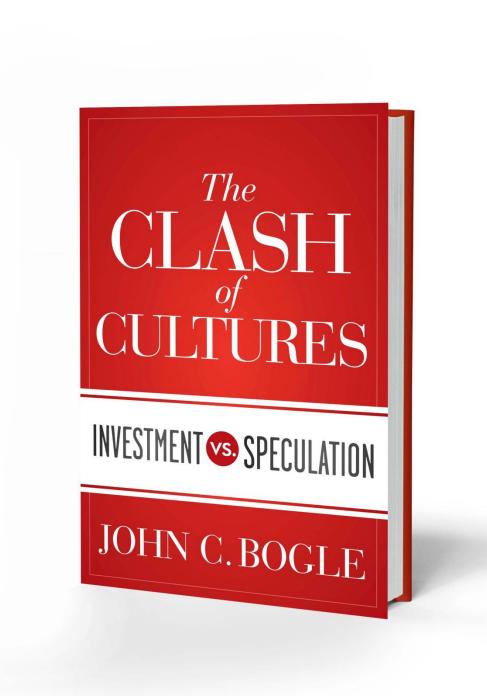
"Fundamental Indexing": RAFI 1000 and Wisdom Tree Total Dividend



IV. Bogle Books... And Reflections

Bogle Books

- 1. 1993 Bogle on Mutual Funds: New Perspectives for the Intelligent Investor
- 2. 1994 Common Sense on Mutual Funds: New Imperatives for the Intelligent Investor
- 3. 2000 John Bogle on Investing: The First 50 Years
- 4. 2002 Character Counts: The Creation and Building of The Vanguard Group
- 5. 2006 The Battle for the Soul of Capitalism
- 6. 2007 The Little Book of Common Sense Investing: The Only Way to Guarantee Your Fair Share of Stock Market Returns
- 7. 2009 Enough.: True Measures of Money, Business and Life
- 8. 2009 Common Sense on Mutual Funds: Fully Updated 10th Anniversary Edition
- 9. 2010 Don't Count on It!: Reflections on Investment Illusions, Capitalism, "Mutual" Funds, Indexing, Entrepreneurship, Idealism, and Heroes
- 10. 2012 The Clash of the Cultures: Investment vs. Speculation



The Clash of the Cultures

Contents (tentative)

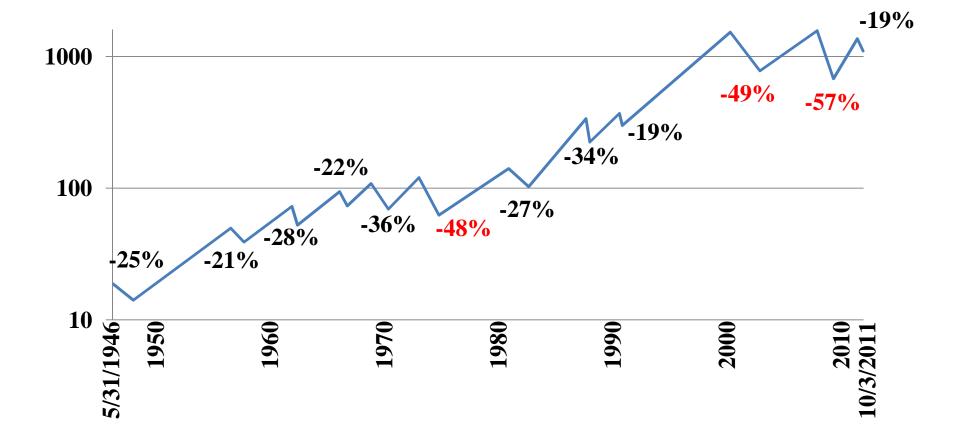
Introduction

- **1.** The Clash of the Cultures Investment vs. Speculation
- 2. The Happy Conspiracy (of an unprecedented dual agency society)
- 3. The Silence of the Funds (corporate governance, executive compensation, political contributions)
- 4. The Changed Character of Mutual Fund Industry
- 5. Index Funds for Investment? Index Funds for Speculation?
- 6. Fiduciary Duty: Clues to its Measurement
- 7. Fixing Our Nation's Retirement Plan System
- 8. Simple Rules for Long-Term Investment Success
- 9. The Rise, Fall, and Renaissance of Wellington Fund A History
- 10. Looking Ahead

Financial Markets in 2011

		Bear Market	YTD	YTD
		Decline	9/30/2011	10/12/2011
US	500 Index Fund	-18.7 %	-8.8 %	-2.6 %
US	Total Stock Market Index Fund	-20.4	-9.9	-3.6
Developed	Developed Markets Index Fund	-25.5	-15.9	-9.5
Emerging	Emerging Markets Index Fund	-29.8	-23.4	-17.4
International	Total International Stock Index Fund	-26.6	-18.0	-12.1
Bonds	Total Bond Market Index Fund		6.6	5.4
Bonds	Intermediate-Term Tax-Exempt Fund		7.2	5.8
Bonds	PIMCO Total Return		1.6	0.7

S&P 500 Bull Market Highs, Bear Market Lows

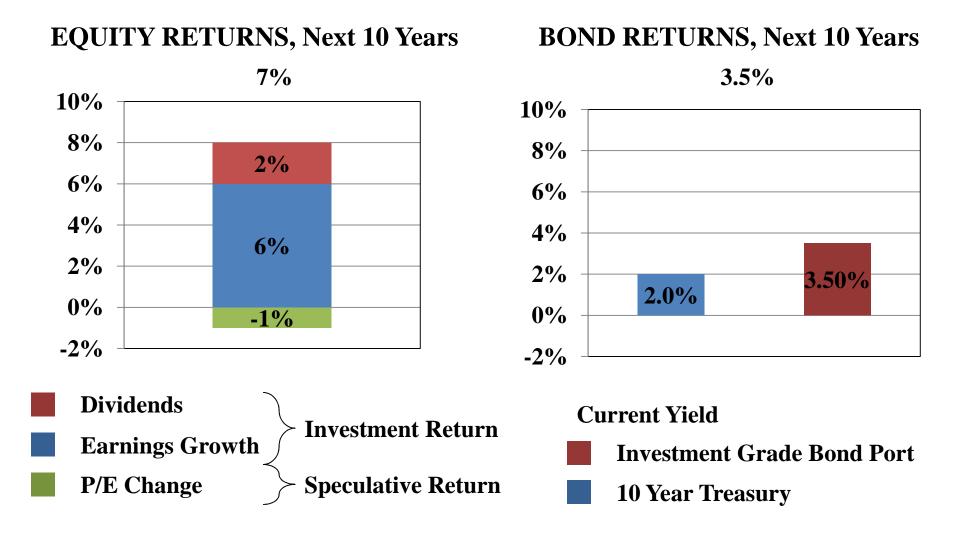


Control what you can...

TIMERISKCOST

Have rational expectations for what you can't... • **RETURNS**

Reasonable Expectations for the Future



Note: These are nominal return expectations.

Yields are Hard to Come by...

0.1%

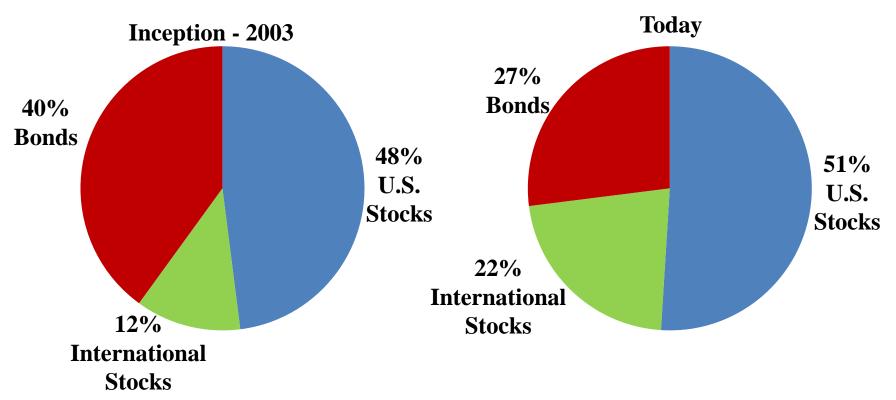
Vanguard Funds	Short	Intermediate	Long	High Yield
Corporate Bond	1.9%	3.2%	4.9%	7.2%
Municipal Bond	0.5%	2.4%	3.2%	3.7%
U.S. Treasury Bond	0.2%	1.0%	2.3%	
U.S. Treasury (actual)	0.3%	2.2%	3.0%	
Inflation Protected Bond Fund		-0.3%		
Total Bond Market Index Fund		2.3%		
Total Stock Market Index Fund		2.1%		

"International" Market Weightings

MSCI EAFE Index			MSCI Emerging Markets Index			
Country	Percentage Cumulative		Country	Percentage Cun	nulative	
Japan	23.1%	23.1 %	China	16.8 %	16.8 %	
United Kingdom	a 22.2	45.3	Korea	14.7	31.5	
France	9.1	54.4	Brazil	14.6	46.1	
Switzerland	8.6	63.0	Taiwan	11.5	57.6	
Australia	8.4	71.4	South Africa	7.8	65.4	
Germany	7.7	79.1	India	7.5	72.9	
Other	20.9	100.0	Russia	6.4	79.3	
			Other	20.7	100.0	

Note: As-of 9/30/2011

Target Retirement Funds



Target Retirement 2025 Returns

Return Since	Actual	Hypothetical Return with
Inception - 2003	Return	Original Asset Allocation
Cumulative	37.9%	51.5%
Annualized	4.1	5.4