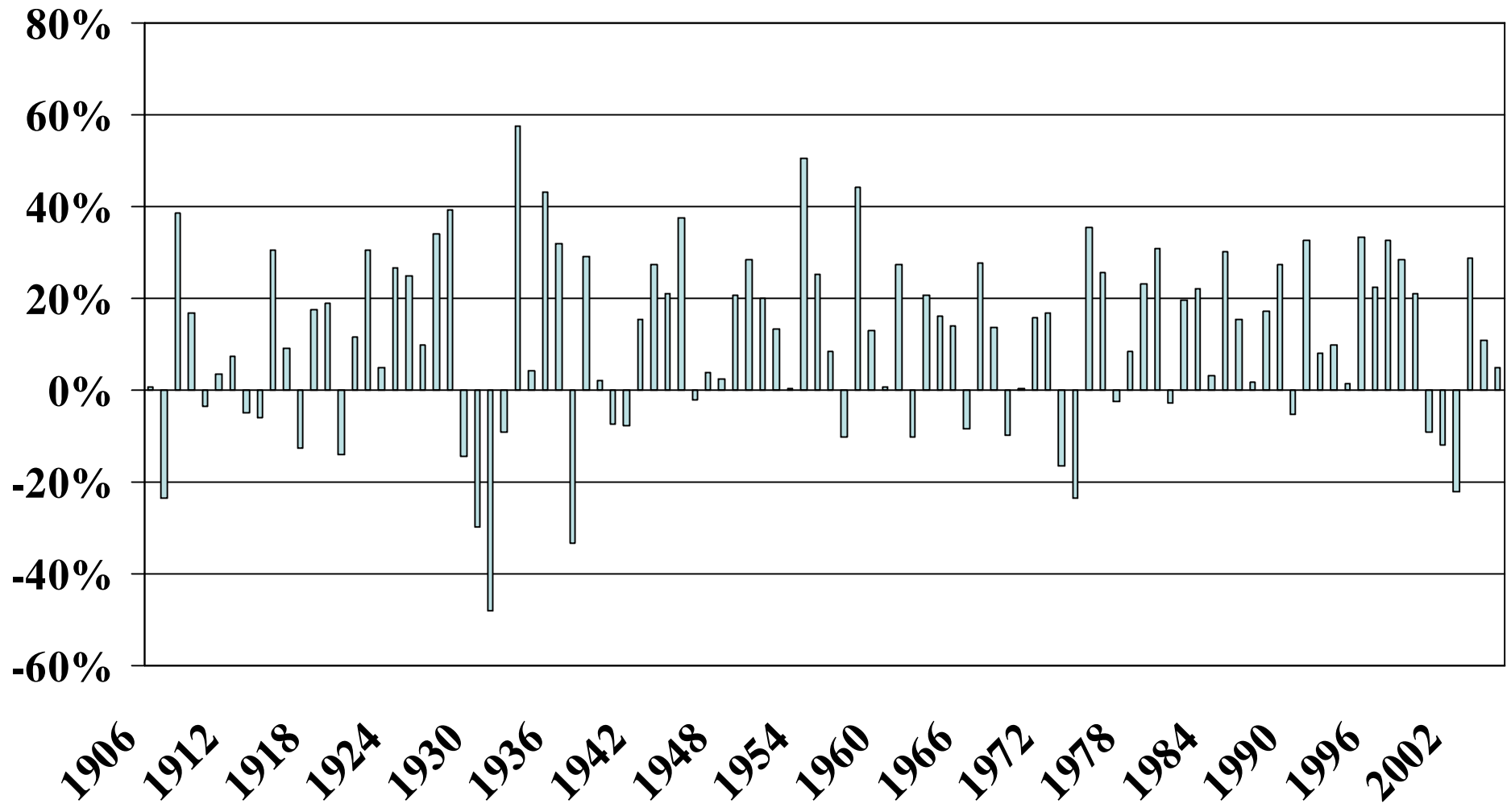


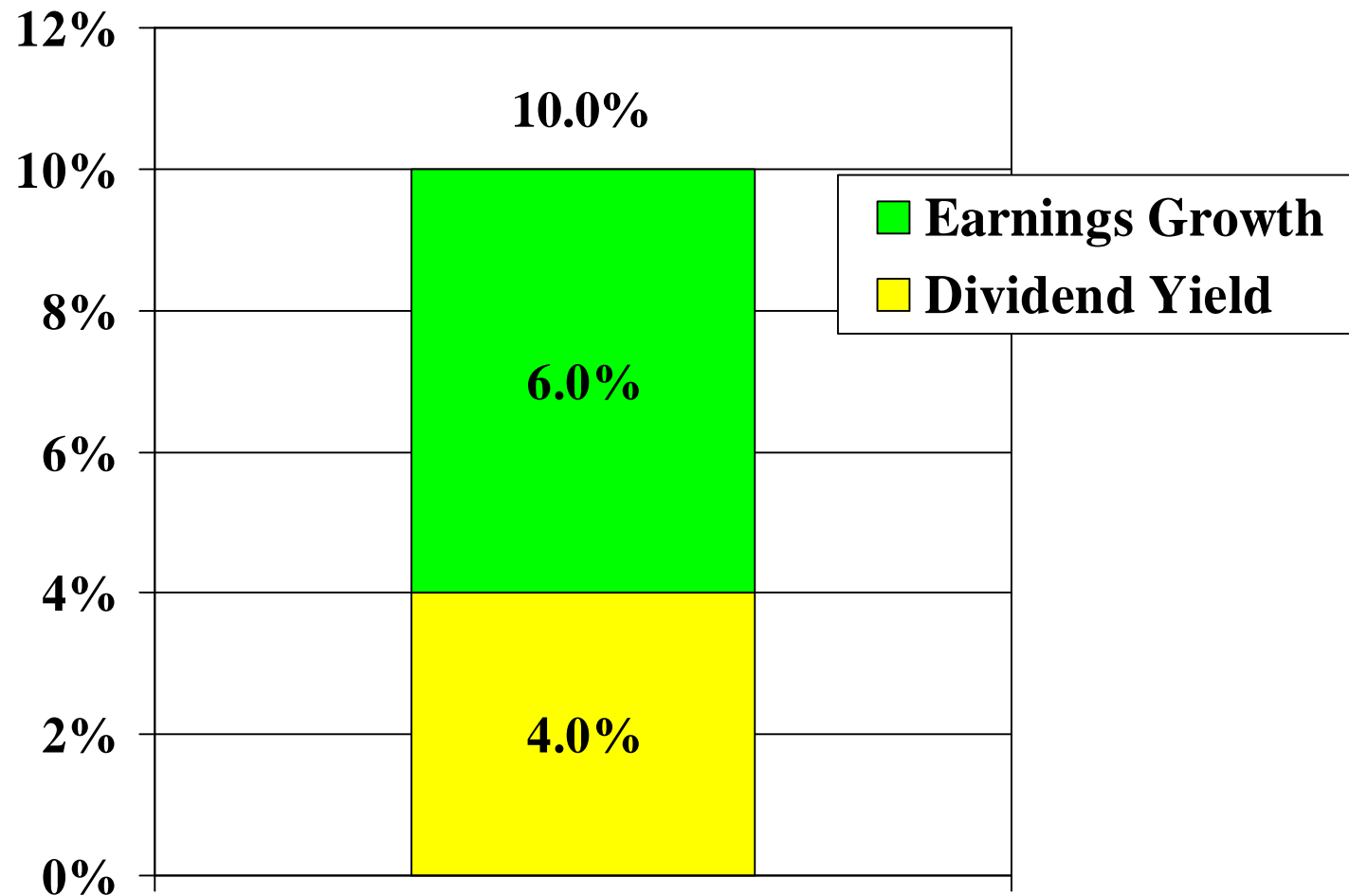
What's Ahead for Stocks and Bonds— and How to Be Sure You Earn Your Fair Share

**Remarks by John C. Bogle,
Founder, The Vanguard Group
at
The Money Show
Las Vegas, Nevada
May 15, 2006**

Annual Returns of the S&P 500, 1906 - 2005

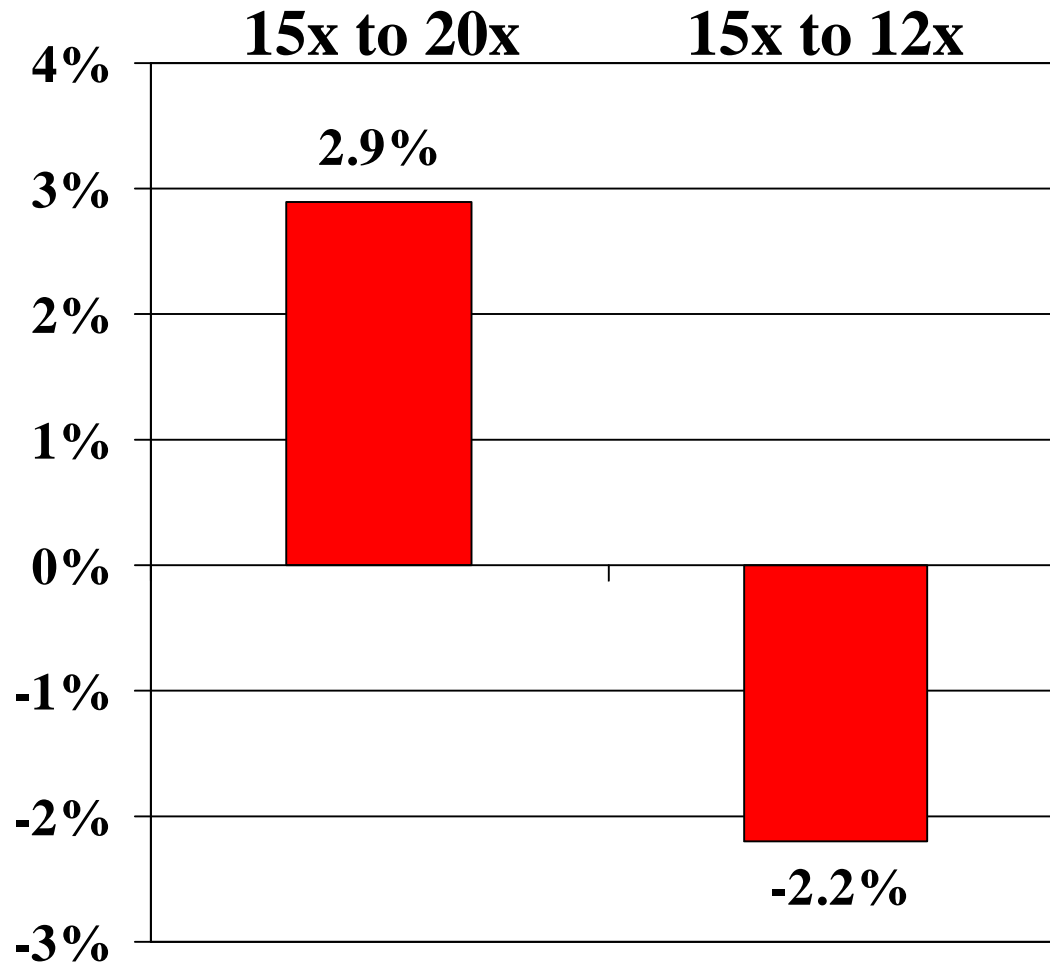


Investment Return: Earnings Growth and Dividend Yield



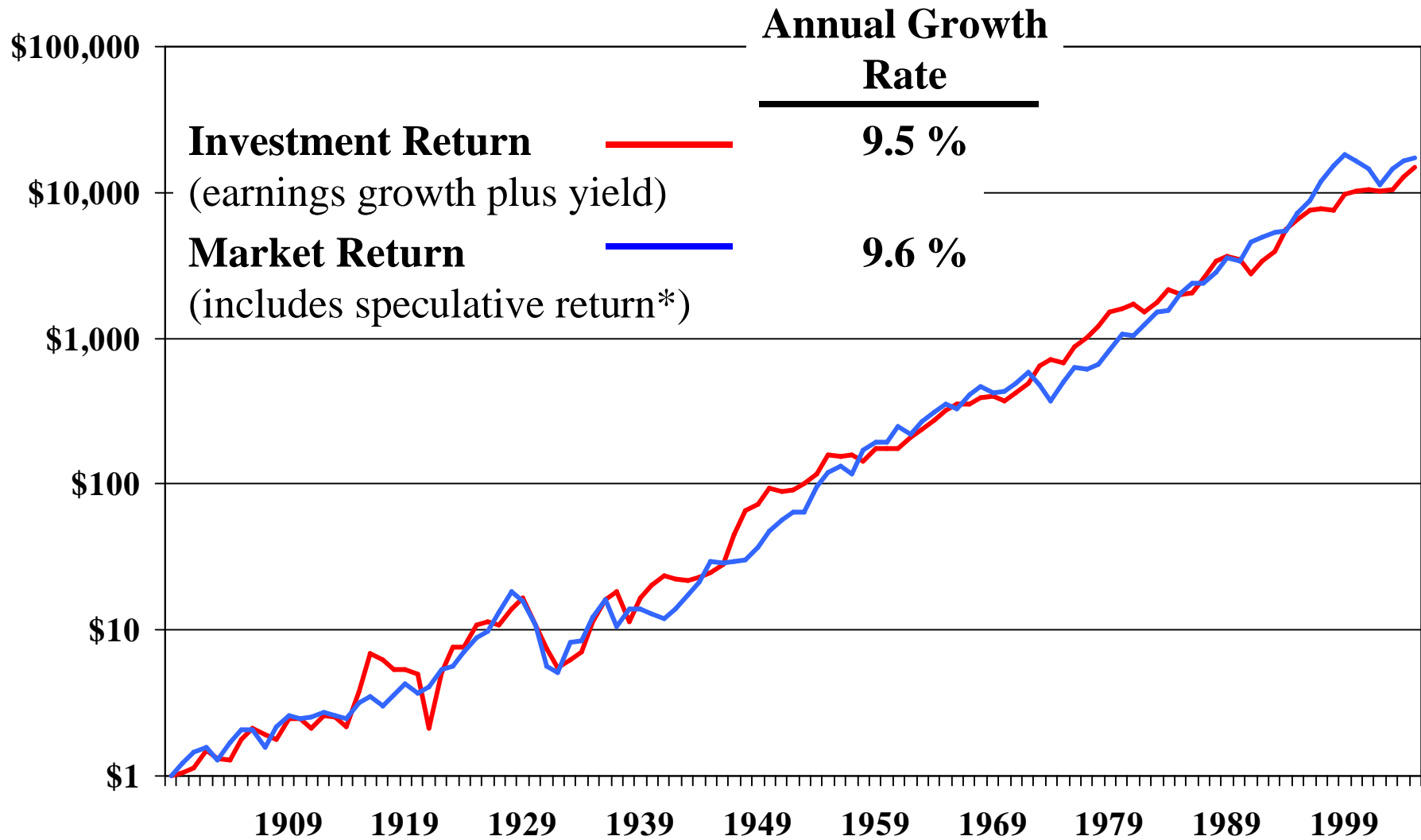
Speculative Return: The Impact of Changes in the P/E Ratio

P/E Goes From:



Investment Return Versus Market Return

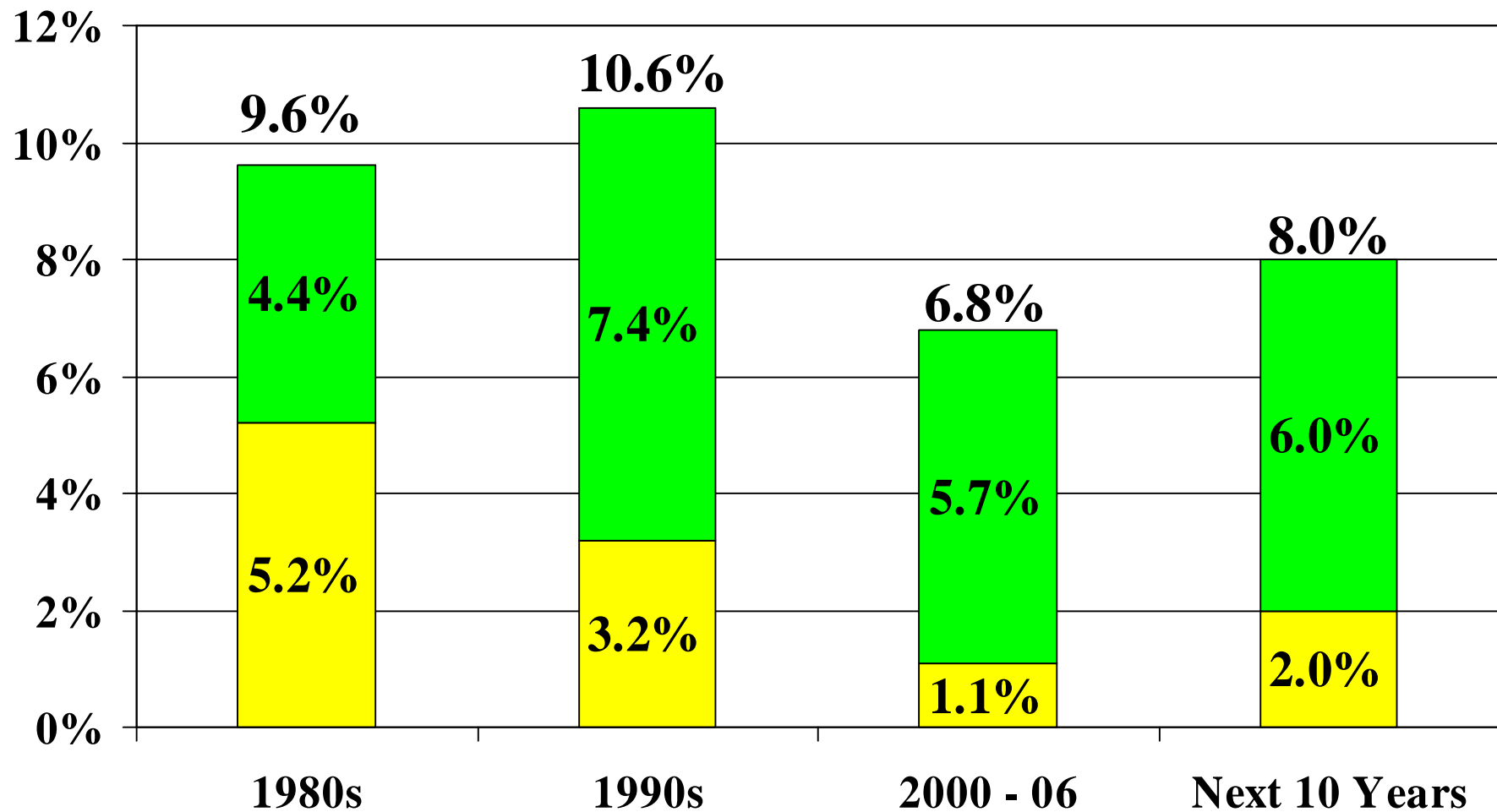
Growth of \$1: 1900 - 2005



*Impact of change in price-earnings ratio

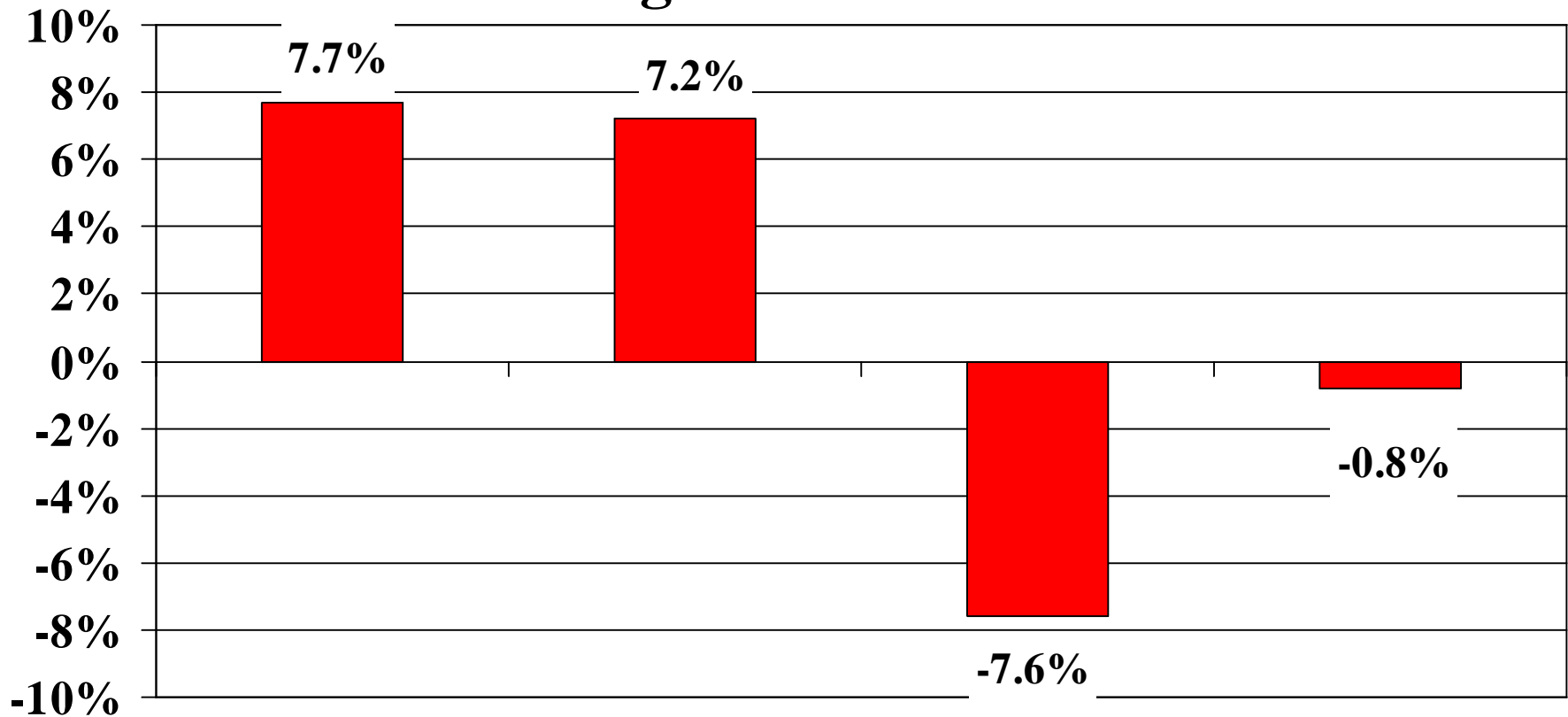
Investment Returns on Stocks, Past and Future

Dividends and **Earnings Growth**, annualized



Speculative Returns on Stocks, Past and Future Change in P/E Ratio

5.

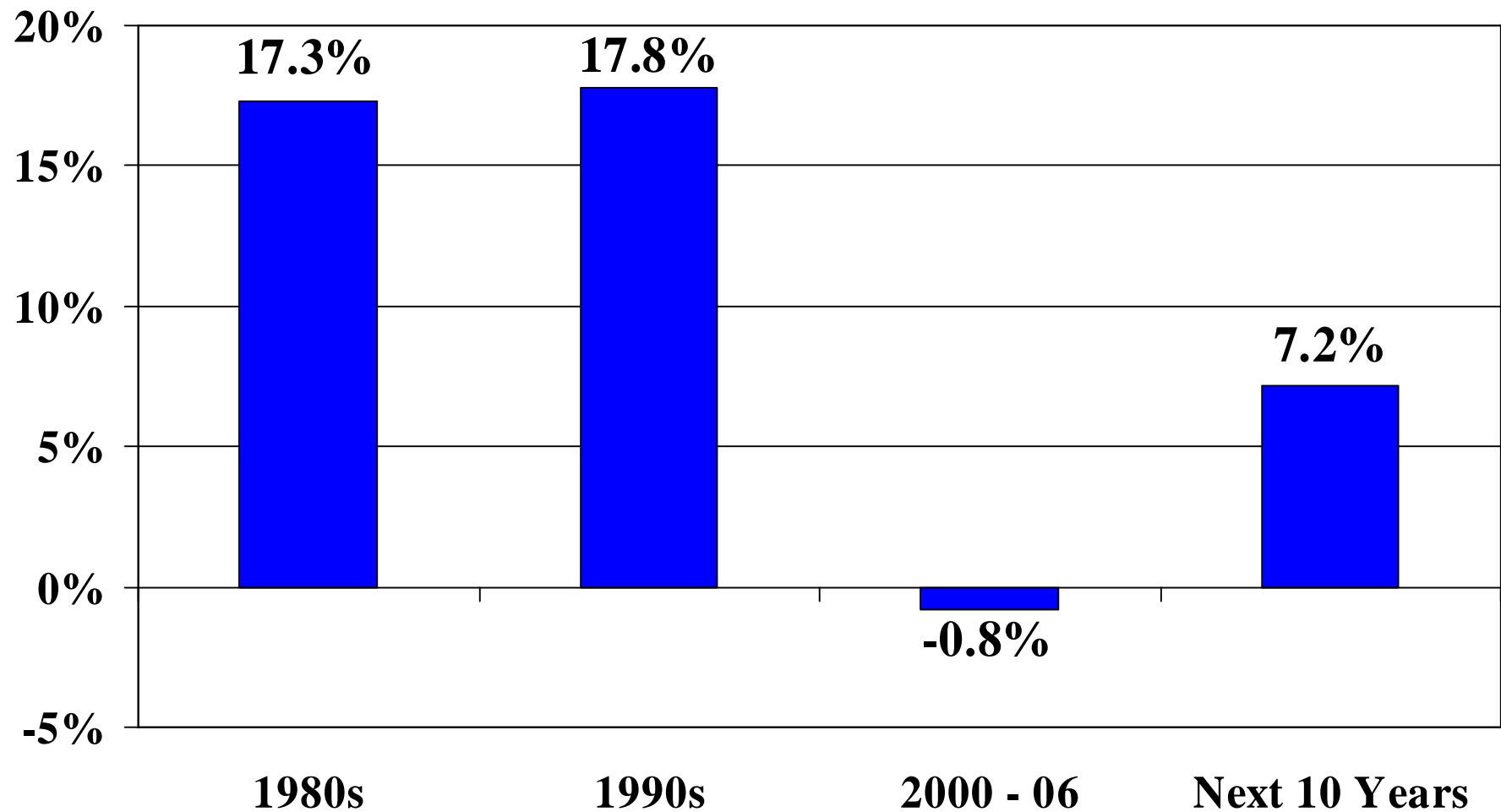


	1980s	1990s	2000 - 06	Next 10 Years
Cumulative	110%	100%	-38%	-7.4%
Start P/E	7.3x	15.2x	30.4x	18.9x
End P/E	15.2x	30.4x	18.9x	17.5x

Total Returns on Stocks, Past and Future

6.

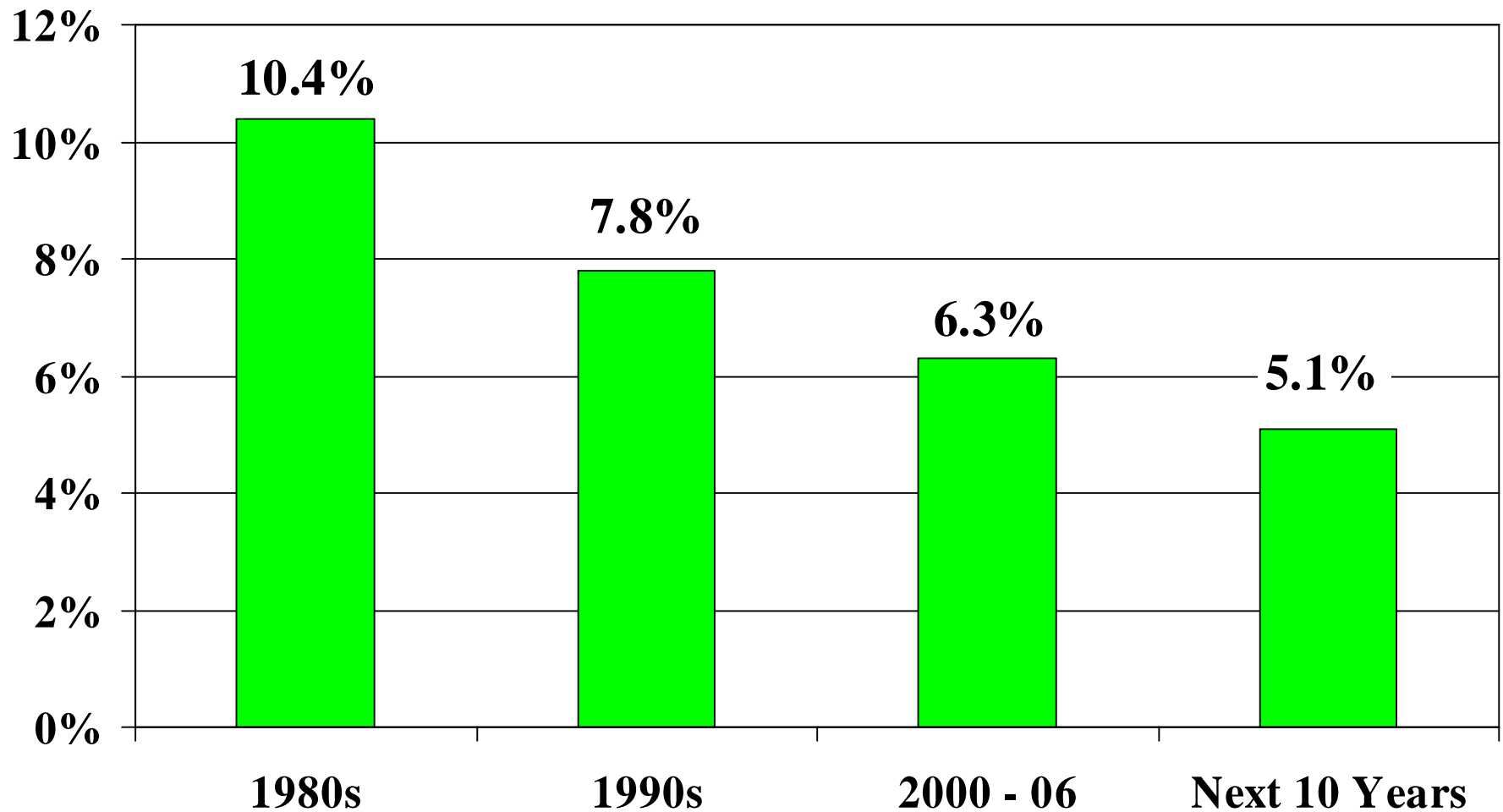
Investment Return plus Speculative Return



Investment Returns on Bonds, Past and Future

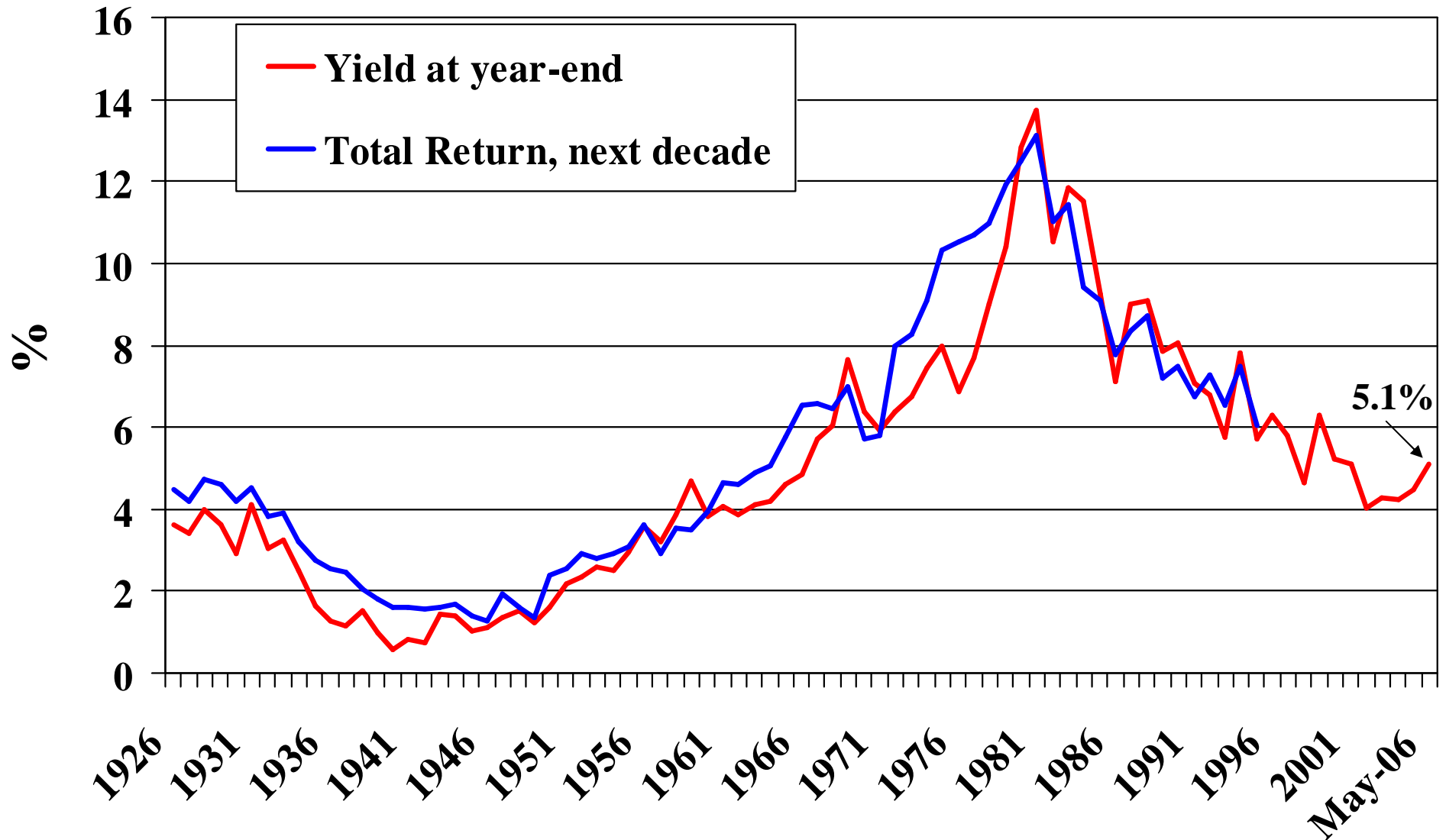
7.

Yield at Start of Each Period



Bonds: Current Yields and Future Returns

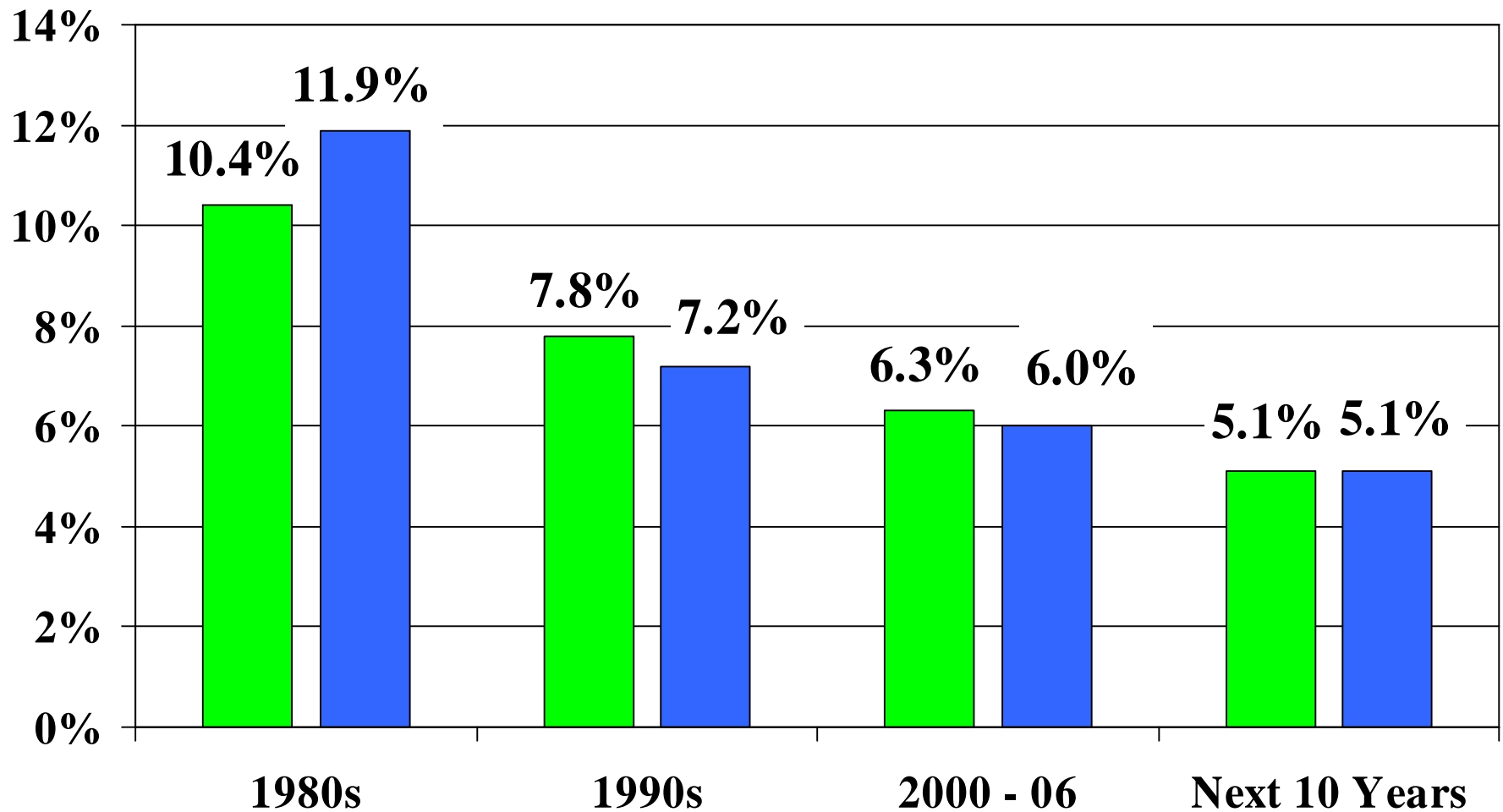
Yield and Total Return of IT Gov't Bonds



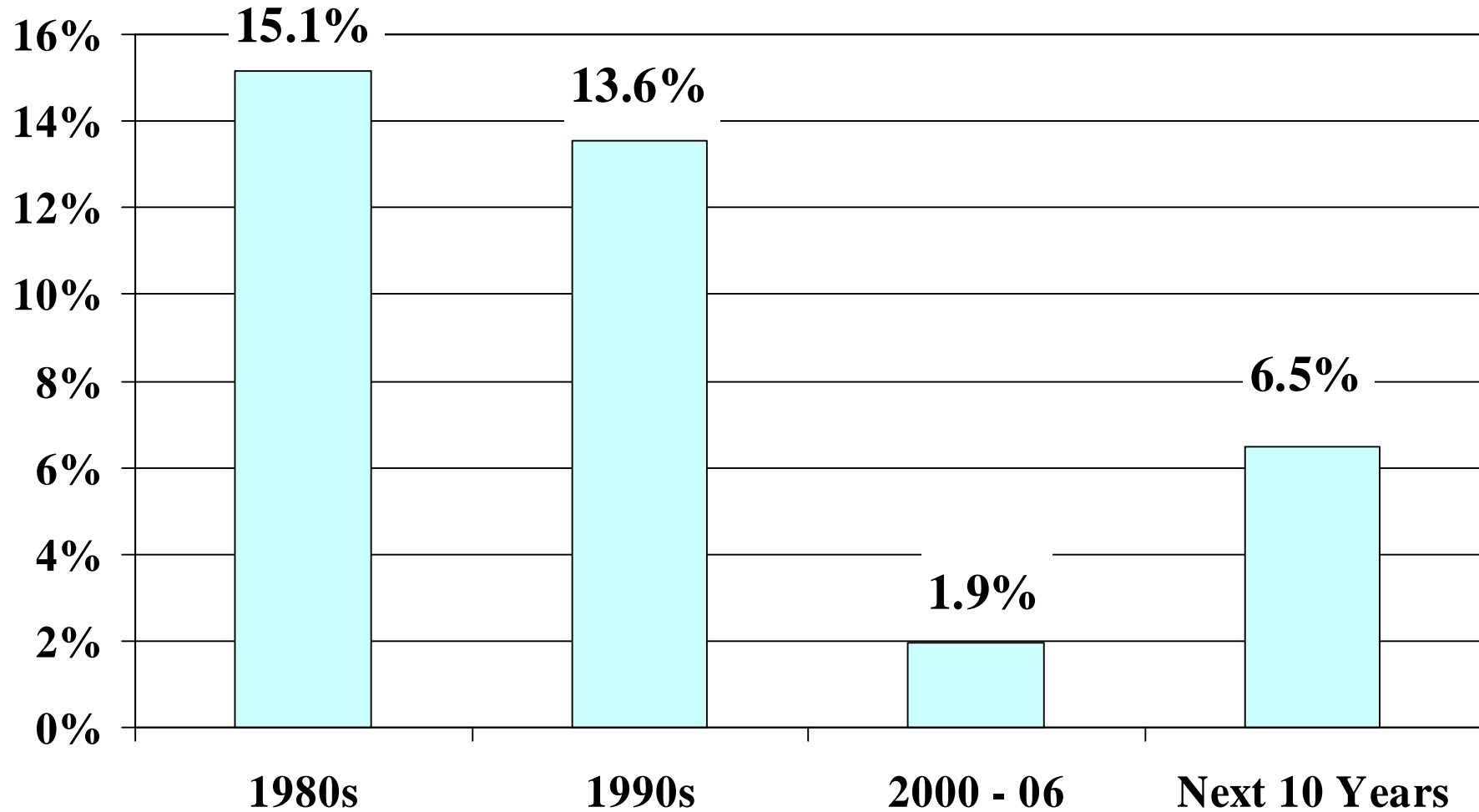
Total Returns on Bonds, Past and Future

9.

Beginning Yield, and **Return** for Following Period



Return on a Balanced Portfolio, Past and Future



60% stocks, 40% bonds

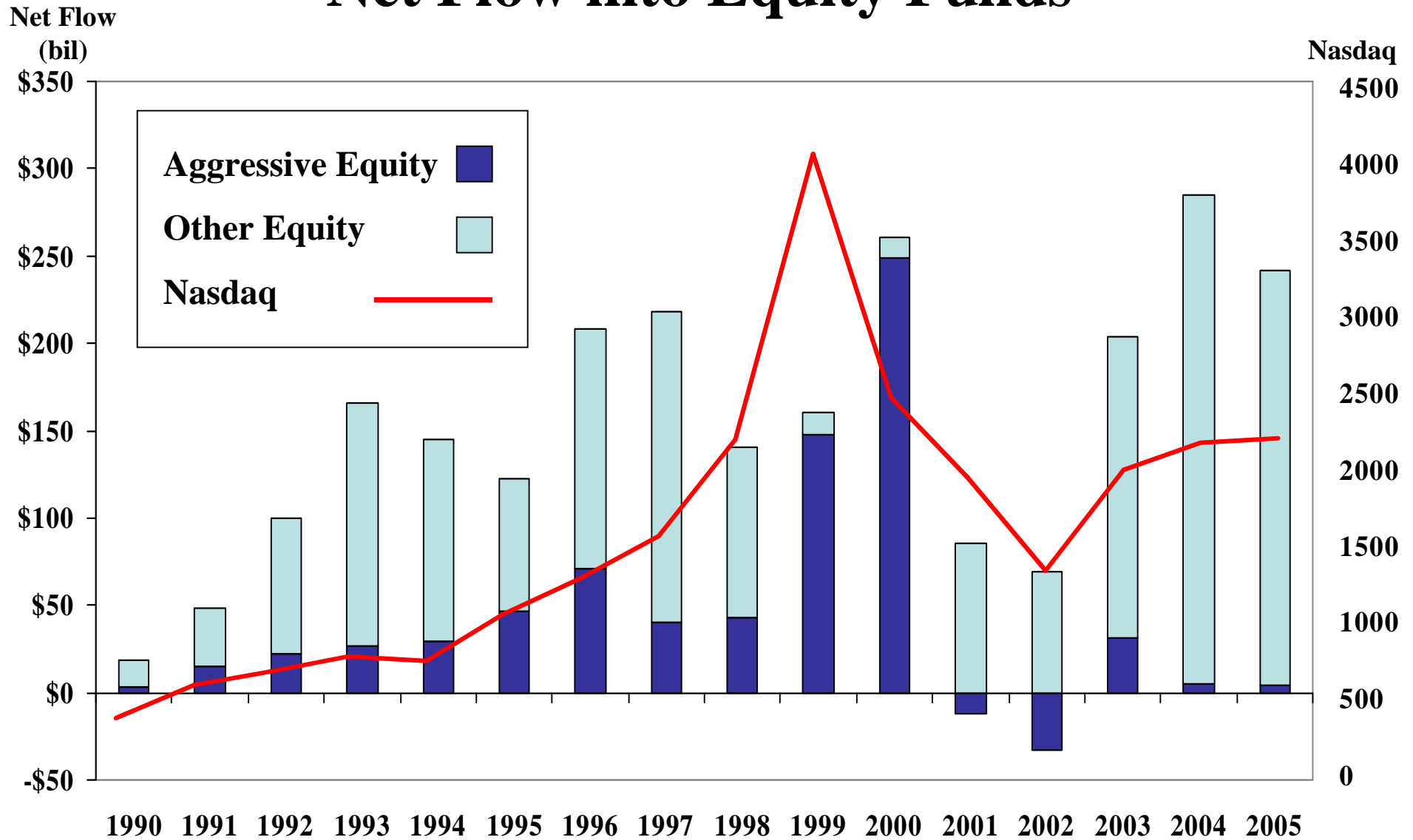
Average Fund versus 500 Index Fund, 1980 - 2005

11.

	500 Index Fund		Avg. Fund		Fund % of Index Profit
	Rate	Profit on \$1,000	Rate	Profit on \$1,000	
Gross Return	12.5%	\$17,920	12.5%	\$17,920	100%
Fund Lag	-0.2		-2.5		
Pre-tax Return	12.3%	\$17,080	10.0%*	\$9,820	57%

The Selection Penalty: Net Flow into Equity Funds

12.



Source: Strategic Insight

Average Fund versus 500 Index Fund, 1980 - 2005

13.

	500 Index Fund		Avg. Fund		Fund % of Index Profit
	Rate	Profit on \$1,000	Rate	Profit on \$1,000	
Gross Return	12.5%	\$17,920	12.5%	\$17,920	100%
Fund Lag	-0.2		-2.5		
Pre-tax Return	12.3%	\$17,080	10.0%*	\$9,820	57%
Time/Sel. Penalties			-2.7		
Investor Return	12.3%	\$17,080	7.3%	\$4,820	28%

Average Fund versus 500 Index Fund, 1980 - 2005

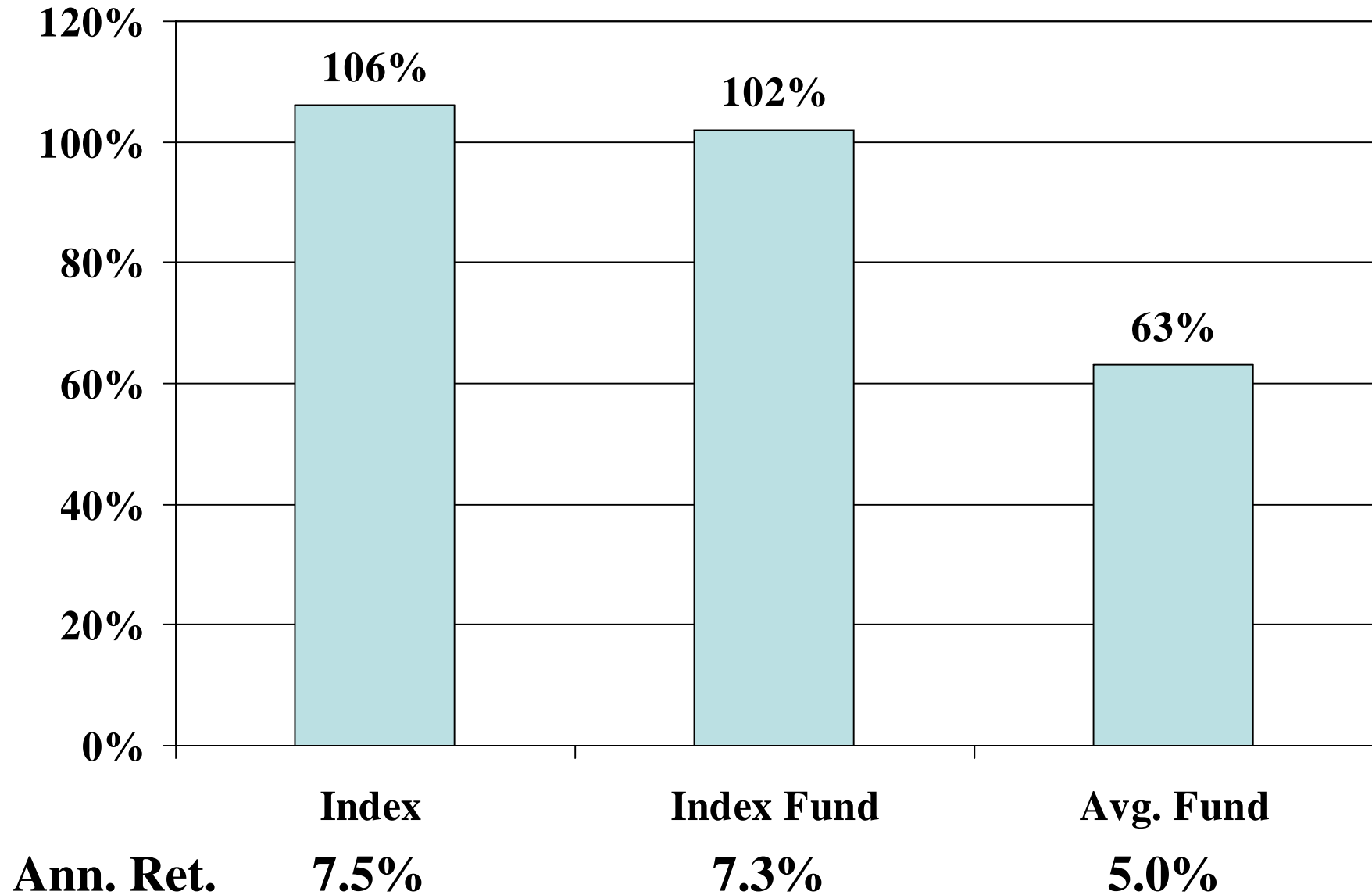
14.

	500 Index Fund		Avg. Fund		Fund % of Index Profit
	Rate	Profit on \$1,000	Rate	Profit on \$1,000	
Gross Return	12.5%	\$17,920	12.5%	\$17,920	100%
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Pre-tax Return	12.3%	\$17,080	10.0%*	\$9,820	57%
Time/Sel. Penalties			-2.7		
Investor Return	12.3%	\$17,080	7.3%	\$4,820	28%
Inflation	-3.3		-3.3		
Real Return	9.0%	\$7,620	4.0%	\$1,670	22%

*Lipper reported return reduced by 0.6% for estimated survivor bias and 0.3% for sales charges.

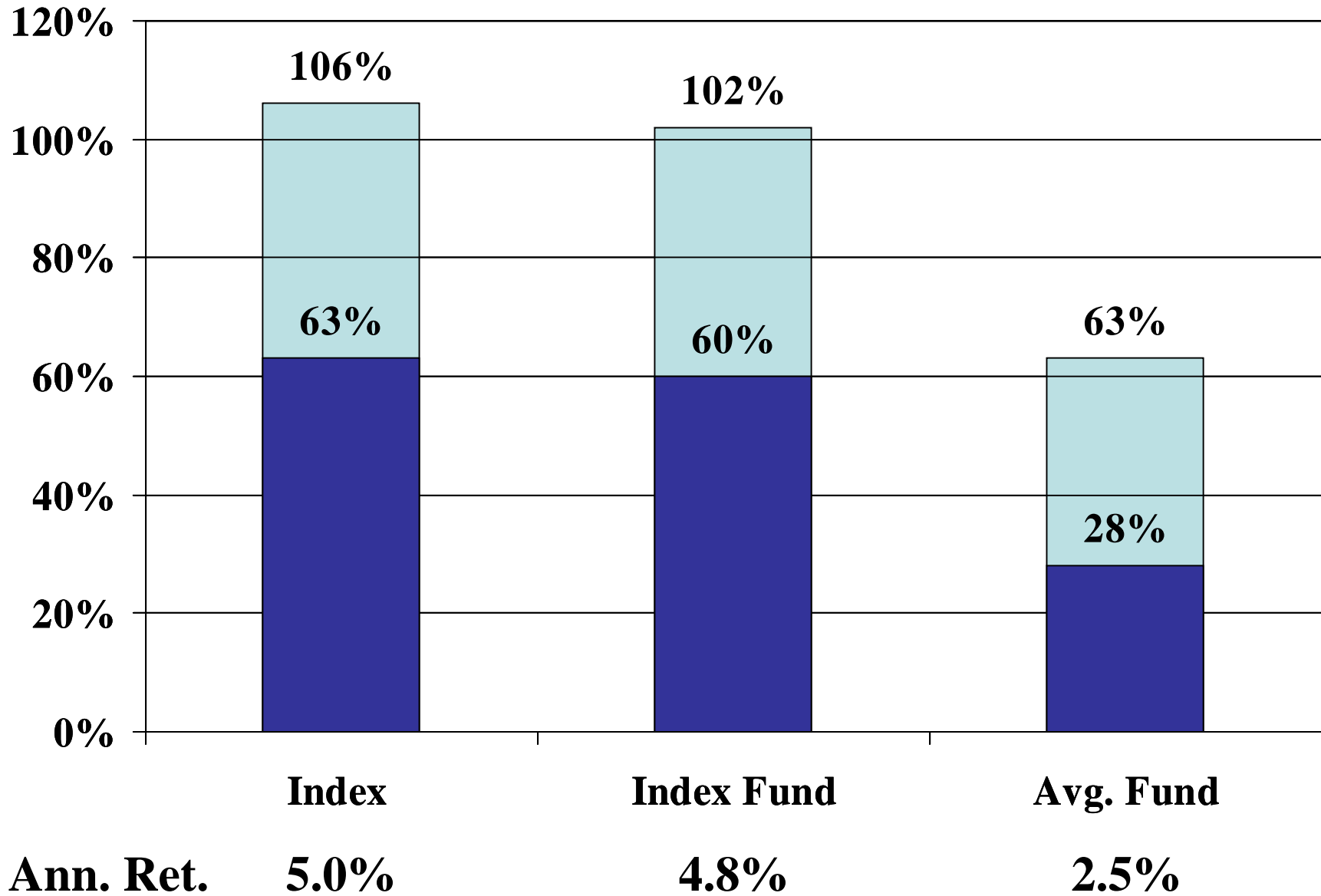
Growth Over Ten Years, Nominal Returns

15.



Growth Over Ten Years, Real Returns

16.



Picking the Short-Term Winners

17.

Annual Returns 1996 - 1999

Rank	Time-wtd.
1.	65.8%
2.	62.5
3.	59.5
4.	58.5
5.	54.8
6.	53.3
7.	51.5
8.	51.5
9.	50.0
10.	49.7
Avg.	55%

Based on 851 funds with more than \$100 million of assets.

Picking the Short-Term Winners

18.

Annual Returns			
1996 - 1999		1999 - 2002	
Rank	Time-wtd.	Rank	Time-wtd.
1.	65.8%	841.	-37.1%
2.	62.5	832.	-31.2
3.	59.5	845.	-40.7
4.	58.5	791.	-27.4
5.	54.8	801.	-28.6
6.	53.3	798.	-28.2
7.	51.5	790.	-27.2
8.	51.5	843.	-39.1
9.	50.0	851.	-51.7
10.	49.7	793.	-27.9
Avg.	55%		-34%

Based on 851 funds with more than \$100 million of assets.

Picking the Short-Term Winners

19.

Annual Returns				Cum. Returns
1996 - 1999		1999 - 2002		96 - 02
Rank	Time-wtd.	Rank	Time-wtd.	Time-wtd.
1.	65.8%	841.	-37.1%	13%
2.	62.5	832.	-31.2	39
3.	59.5	845.	-40.7	-16
4.	58.5	791.	-27.4	52
5.	54.8	801.	-28.6	35
6.	53.3	798.	-28.2	33
7.	51.5	790.	-27.2	34
8.	51.5	843.	-39.1	-21
9.	50.0	851.	-51.7	-62
10.	49.7	793.	-27.9	26
Avg.	55%		-34%	7%

Based on 851 funds with more than \$100 million of assets.

Picking the Short-Term Winners

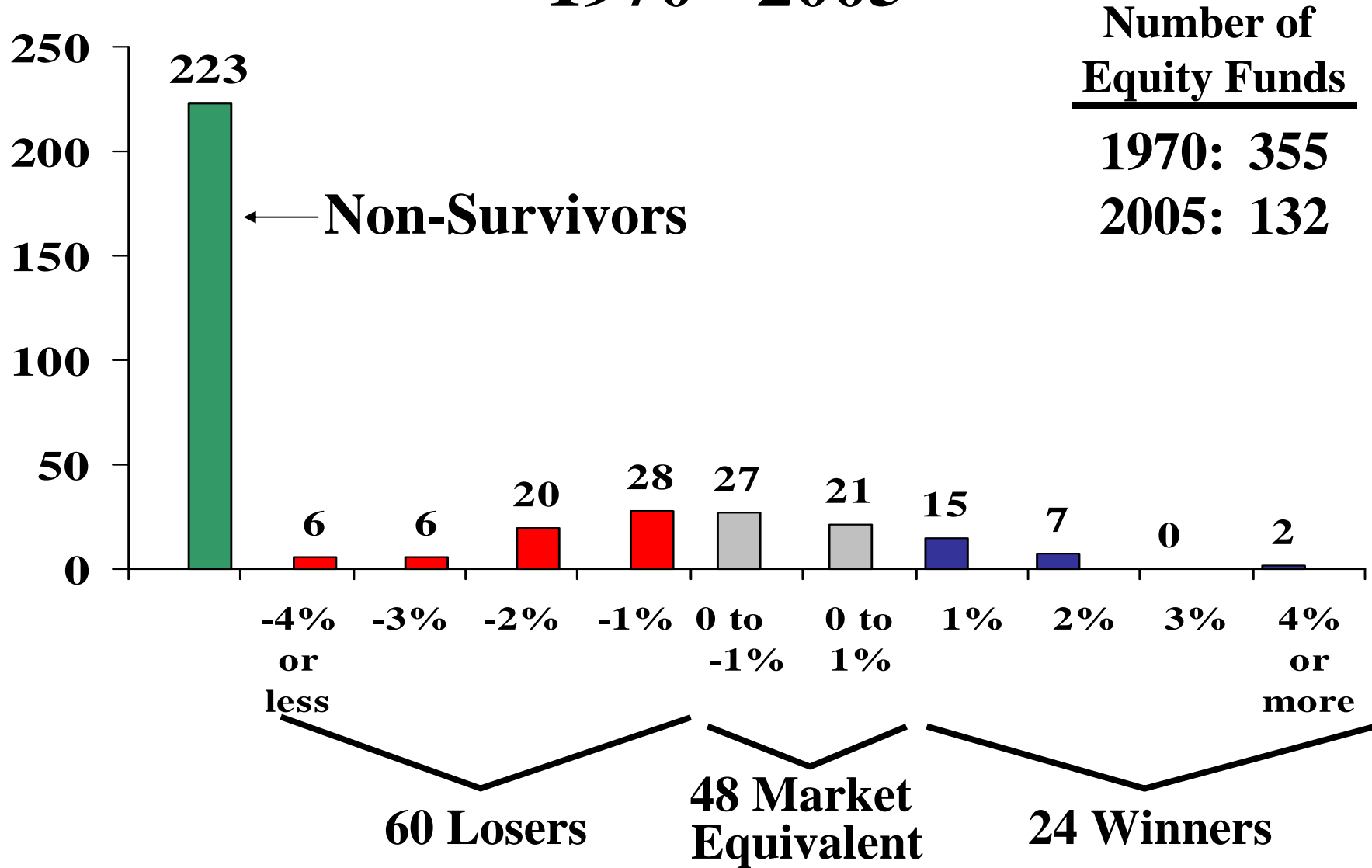
20.

Annual Returns				Cumulative Returns	
1996 - 1999		1999 - 2002		96 - 02	96 - 02
Rank	Time-wtd.	Rank	Time-wtd.	Time-wtd.	Dollar-wtd.
1.	65.8%	841.	-37.1%	13%	-62%
2.	62.5	832.	-31.2	39	-80
3.	59.5	845.	-40.7	-16	-85
4.	58.5	791.	-27.4	52	-57
5.	54.8	801.	-28.6	35	-18
6.	53.3	798.	-28.2	33	-60
7.	51.5	790.	-27.2	34	-56
8.	51.5	843.	-39.1	-21	-87
9.	50.0	851.	-51.7	-62	-66
10.	49.7	793.	-27.9	26	-3
Avg.	55%		-34%	7%	-57%

Based on 851 funds with more than \$100 million of assets.

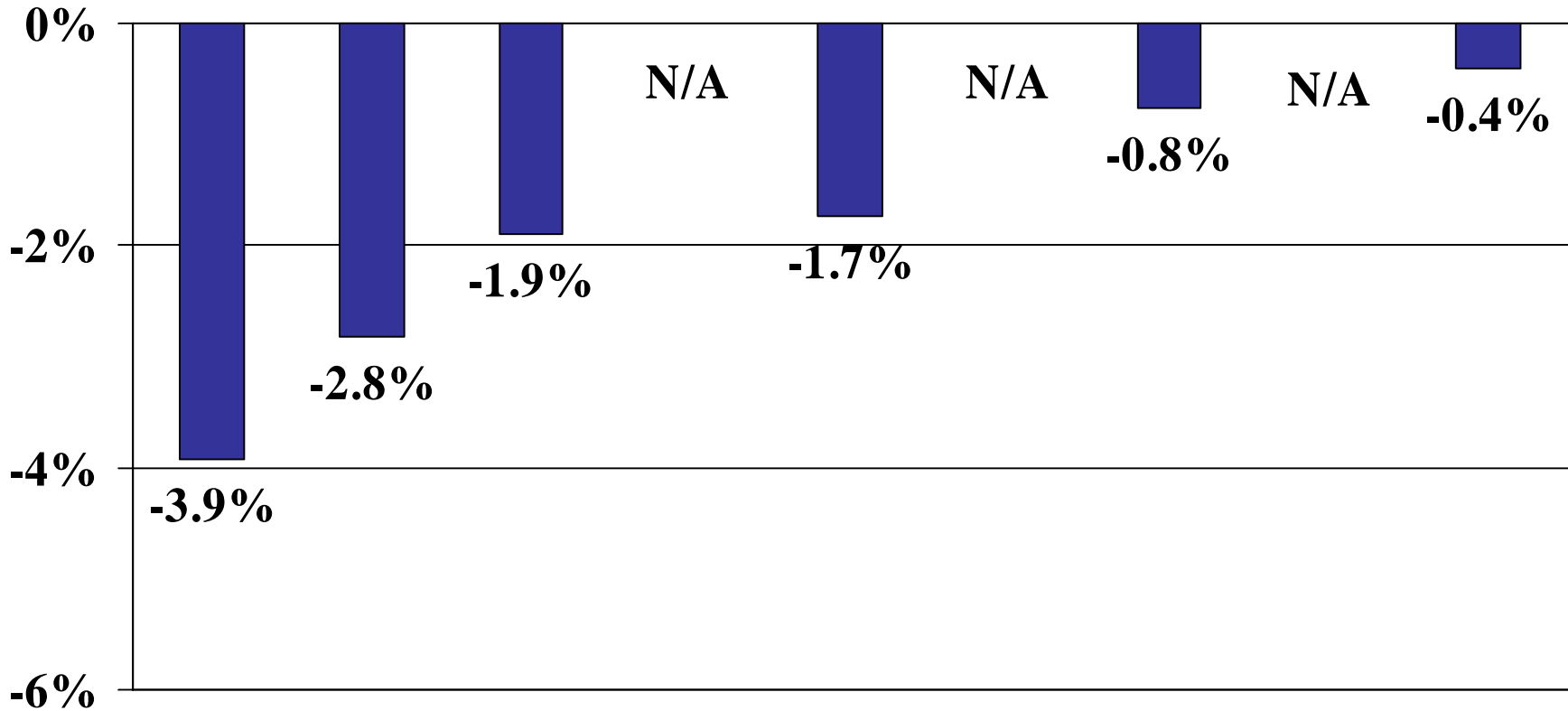
Winners, Losers, and Failures

Long-Term Returns of Mutual Funds 1970 - 2005



Now, About Those Nine Winners

Annual Performance vs. S&P 500 Since Fund's Peak



Year of Peak	Fund One	Fund Two	Fund Three	Fund Four	Fund Five	Fund Six	Fund Seven	Fund Eight	Fund Nine
	1991	1983	1993	2005	1993	2005	1983	2005	1982

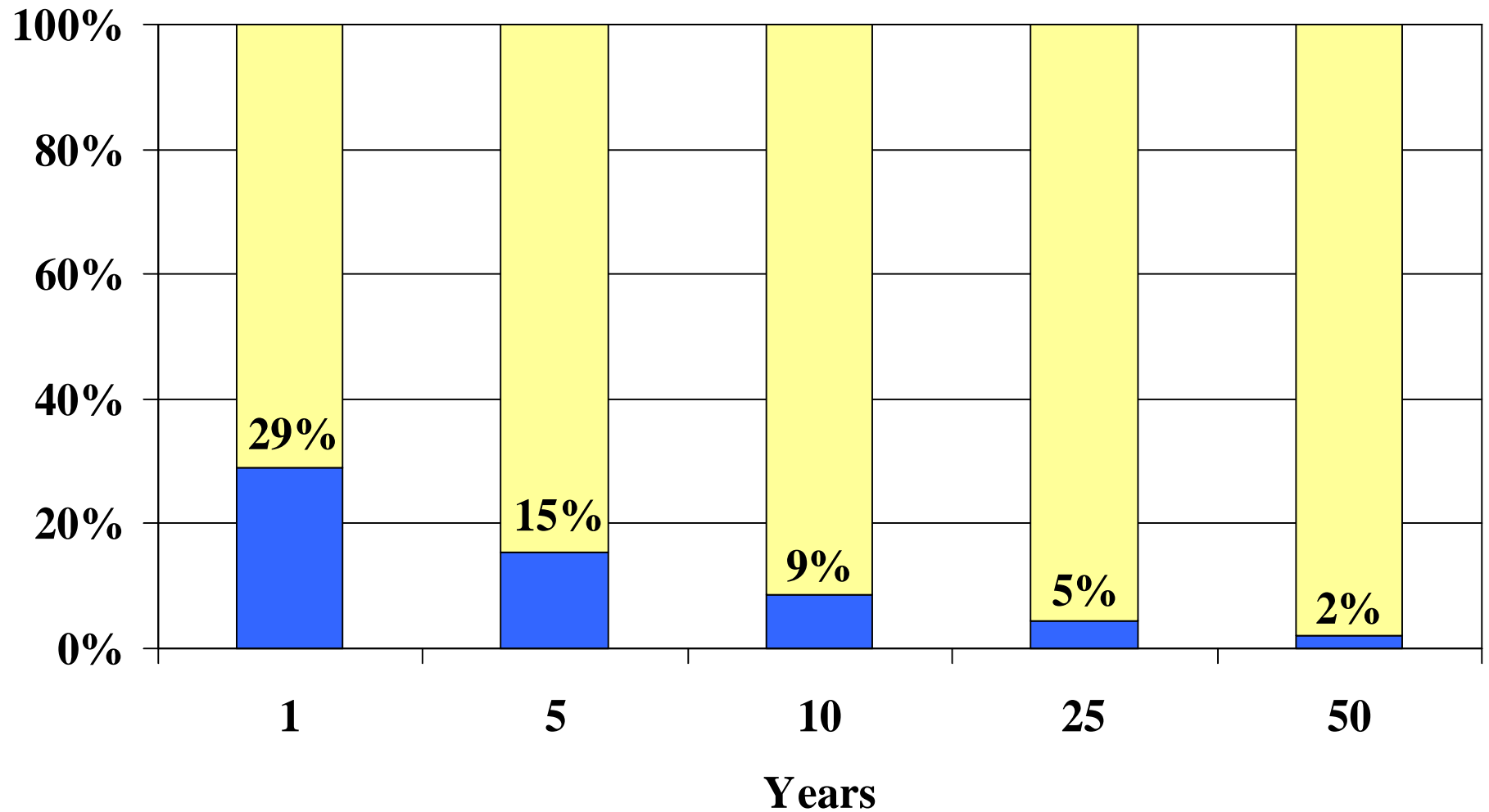
Equity Mutual Funds: Returns vs. Costs ^{23.}

(10 Years Ended February 2005)

Cost Quartile	Gross Return	Costs	Net Return	Risk	Risk-adj Return	Cum. Gain
One (lowest)	12.6%	0.9%	11.7%	16.0%	11.9%	207%
Two	12.5	1.5	11.0	17.0	10.9	181
Three	12.8	2.0	10.8	18.5	10.1	163
Four (highest)	12.0	3.0	9.0	21.4	8.1	118
Low Cost Enhancement	+5%	-70%	+30%	-34%	+47%	+75%

Gross return was calculated by adding costs back into each group's net return.

Odds of Actively Managed Fund Portfolio Outperforming Index Fund



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