

U.S. ACTIVELY MANAGED EQUITY MUTUAL FUNDS VERSUS VANGUARD INDEX FUNDS:

COMPARISON OF TOTAL RETURNS YEAR-TO-DATE (YTD) AS OF MAY 31, 2009

Number of Funds and Assets in Morningstar Categories, and YTD Returns on Vanguard Index Funds				
Morningstar Category	Number of Actively Managed Funds	Net Assets as of December 2008 (\$MM)	Vanguard Fund Name	Vanguard Fund YTD Return
Large Value	295	\$321,313	Value Index (VIVAX)	-1.57%
Mid-cap Value	104	\$61,622	Mid-Cap Value Index (VMVIX)	4.80%
Small Value	104	\$41,150	Small Cap Value Index (VISVX)	1.46%
Large Core	324	\$240,536	500 Index (VFINX)	2.98%
Mid-cap Core	102	\$42,227	Mid Cap Index (VIMSX)	8.82%
Small Core	155	\$63,138	Small Cap Index (NAESX)	6.12%
Large Growth	398	\$274,232	Growth Index (VIGRX)	9.16%
Mid-cap Growth	229	\$101,521	Mid-Cap Growth Index (VMGIX)	12.75%
Small Growth	225	\$58,490	Small Cap Growth Index (VISGX)	10.86%
Total	1,936	\$1,204,229		

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TOTAL RETURNS, YEAR TO DATE: U.S. ACTIVELY MANAGED EQUITY MUTUAL FUNDS VERSUS VANGUARD INDEX FUNDS

31 MAY 2009

The tables below show the total returns of U.S. domestic actively managed mutual funds in nine Morningstar categories versus the corresponding Vanguard index fund. Through May 2009, value fund managers of all market caps have generated higher returns than index funds, with large-cap value managers leading the way. Active core and growth managers are finding it hard to keep pace with the index funds. Comparisons are especially problematic for small-cap core and growth funds.

Vanguard Index Fund*		Actively Managed Funds, May	Percent of Actively Managed Funds Outperforming Corresponding Vanguard Index Fund:*** YTD 2009 Ending with Month ...										
Fund Name (Ticker)	Index Tracked**		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Value Index (VIVAX)	Prime Mkt Value	295	84%	89%	91%	85%	77%						
Mid-Cap Value Index (VMVIX)	Mid-cap Value	104	70%	75%	76%	54%	59%						
Small Cap Value Index (VISVX)	Small-cap Value	104	78%	86%	76%	53%	61%						
500 Index (VFINX)	S&P 500 Index	324	70%	75%	67%	64%	57%						
Mid Cap Index (VIMSX)	Mid-cap 450	102	58%	55%	42%	35%	39%						
Small Cap Index (NAESX)	Small-cap 1750	155	64%	66%	51%	35%	34%						
Growth Index (VIGRX)	Prime Mkt Growth	398	44%	45%	46%	48%	48%						
Mid-Cap Growth Index (VMGIX)	Mid-cap Growth	229	41%	50%	44%	36%	41%						
Small Cap Growth Index (VISGX)	Small-cap Growth	225	47%	64%	50%	24%	27%						
Total		1,936	61%	66%	61%	51%	50%						

Vanguard Index Fund*			Actively Managed Fund Return Net of Return for Corresponding Vanguard Index Fund:* Average YTD 2009, Ending with Month ...										
Fund Name (Ticker)	Index Tracked**	YTD Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Value Index (VIVAX)	Prime Mkt Value	-1.57%	2.01%	3.45%	3.52%	4.15%	3.97%						
Mid-Cap Value Index (VMVIX)	Mid-cap Value	4.80%	0.96%	2.85%	2.06%	0.50%	1.56%						
Small Cap Value Index (VISVX)	Small-cap Value	1.46%	2.16%	4.74%	2.93%	0.84%	1.67%						
500 Index (VFINX)	S&P 500 Index	2.98%	0.73%	1.69%	1.15%	1.64%	1.53%						
Mid Cap Index (VIMSX)	Mid-cap 450	8.82%	0.17%	0.22%	-0.47%	-0.38%	-0.07%						
Small Cap Index (NAESX)	Small-cap 1750	6.12%	0.97%	2.00%	1.02%	-0.76%	-0.77%						
Growth Index (VIGRX)	Prime Mkt Growth	9.16%	-0.44%	-0.35%	-0.42%	0.08%	0.37%						
Mid-Cap Growth Index (VMGIX)	Mid-cap Growth	12.75%	-0.60%	-0.58%	-1.13%	-2.43%	-2.24%						
Small Cap Growth Index (VISGX)	Small-cap Growth	10.86%	-0.03%	1.22%	0.03%	-3.11%	-3.26%						
Total		6.20%	0.55%	1.44%	0.89%	0.31%	0.40%						

NOTES:

* "Vanguard Index Fund" is the passively managed, investor-class mutual fund corresponding to each Morningstar category.

** "Index Tracked" is the MSCI U.S. index in each case, except for the large-cap core category which has a benchmark index of the S&P 500.

*** Actively managed funds with returns greater than or equal to returns for the corresponding Vanguard index fund are in the "outperforming" group. Fund returns are net of expenses but not loads. Funds must be 80-100% invested in U.S. common stock. We retain only one class of each fund.

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