Vanguard®

Three changes to Vanguard Target Retirement Funds

Addition of Vanguard Total International Bond Index Fund

- All Vanguard Target Retirement Funds/Trust will include international bonds.
- Allocation of 20% of the fixed income portion to international bonds.
- No change to glide path asset allocations; that is, equity-to-fixed income ratios remain the same.

1.

Benefits

- Provides greater market breadth to fixed income allocation.
- Adds exposure to additional 6,900 securities across more than 50 countries.
- Diversifies fixed income exposure.

Replacement of Vanguard's broad-market TIPS fund with Vanguard Short-Term Inflation-Protected Securities Index Fund, for three funds

- Target Retirement Income Fund/Trust
- Target Retirement 2010 Fund/Trust
- Target Retirement 2015 Fund/Trust

2.

Benefits

- Provides stronger correlation to realized inflation than longer-term TIPS.
- Gives shareholders a stronger hedge against inflation with less duration risk.

Elimination of cash allocation (Vanguard Prime Money Market Fund), for two funds

- Target Retirement Income Fund/Trust
- Target Retirement 2010 Fund/Trust

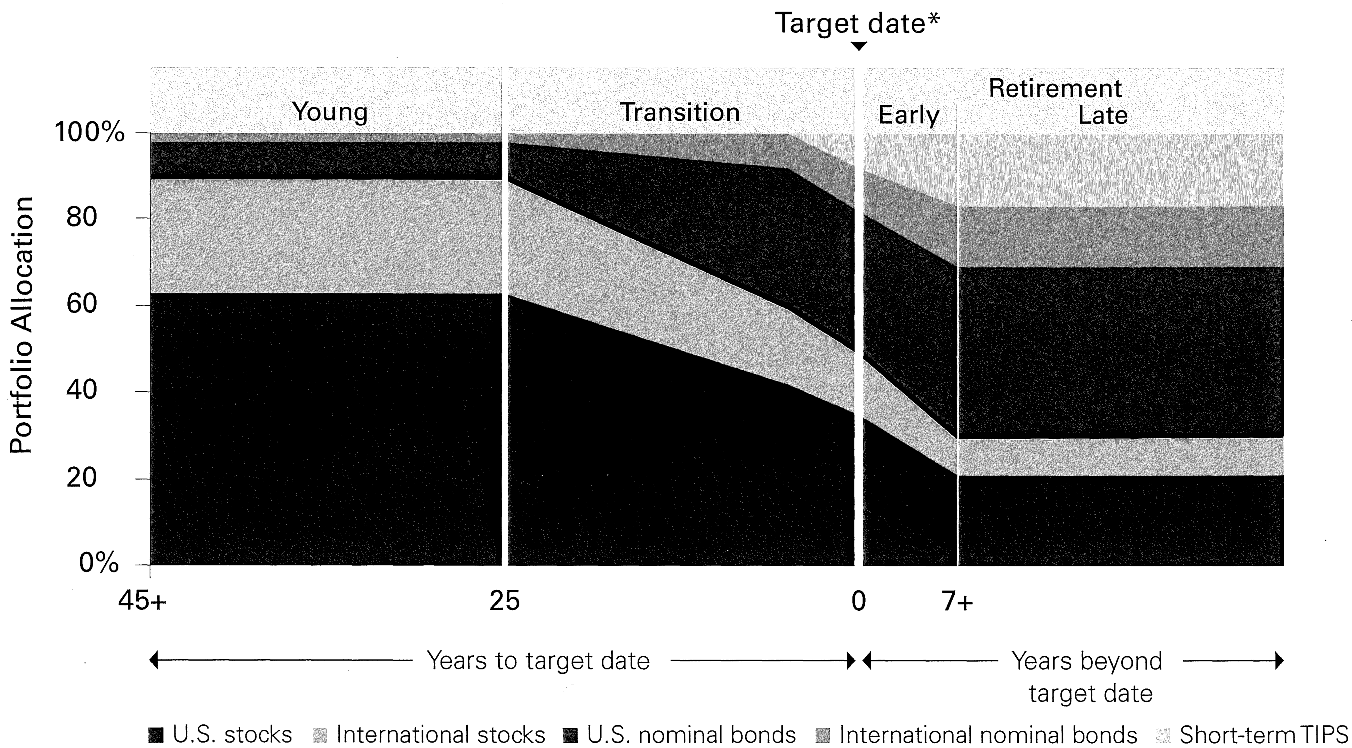
3.

Benefits

- Removes the redundancies with the introduction of the short-term TIPs fund.
- Simplifies the funds' structure.

Board	Meeting Date	Item #
DC	6.5.13	6b

Transparent, straightforward asset class exposure



** Target date is the year stated in the fund name.*

For more information about Vanguard funds, visit institutional.vanguard.com or call 800-523-1036 to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

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.

All investing is subject to risk, including the possible loss of the money you invest. While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target-date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.

Asset and sub-asset allocations

Target allocations as of December 31, 2012* with proposed funds

Underlying Vanguard funds	2035	2030	2025	2020	2015	2010	Income
Total Stock Market Index Fund	60.38%	55.12%	49.87%	44.62%	38.50%	30.00%	21.00%
Total International Stock Index Fund	25.88	23.63	21.38	19.12	16.50	12.86	9.00
Total Bond Market II Index Fund	11.00	17.00	23.00	29.00	32.00	34.57	39.20
Total International Bond Index Fund	2.75	4.25	5.75	7.25	9.00	11.43	14.00
Short-Term Inflation-Protected Securities Index Fund	0.00	0.00	0.00	0.00	4.00	11.14	16.80
Total %	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Investor's target age	43	48	53	58	63	68	73
Average weighted expense ratio							
Fund	0.18%	0.17%	0.17%	0.16%	0.16%	0.16%	0.16%

* Actual holdings may vary slightly.

Bond funds are subject to interest rate risk, which is the chance bond prices overall will decline because of rising interest rates, and credit risk, which is the chance a bond issuer will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

Investments in stocks or bonds issued by non-U.S. companies are subject to risks, including country/regional risk and currency risk.

Diversification does not ensure a profit or protect against a loss in a declining market.

Total International Bond Index Fund will be subject to currency risk, which is the chance that currency hedging transactions may not perfectly offset the fund's foreign currency exposures and may eliminate any chance for a fund to benefit from favorable fluctuations in those currencies. The fund will incur expenses to hedge its currency exposures.

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Answering key questions about Vanguard's FTSE and CRSP benchmark changes

As an indexing leader, Vanguard continues to lower the cost of investing for all shareholders. We introduced many practices that are now used commonly in the industry. The long-term cost certainty afforded by our arrangements with quality index providers FTSE and CRSP further demonstrates our commitment to delivering world-class indexing at a reasonable cost.

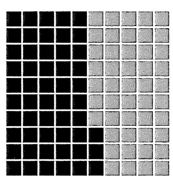
What about FTSE and South Korea?

It's not just FTSE that sees South Korea as a developed market.

After the switch, a majority of funds and ETFs will track South Korea as a developed market. And what's important to investors is to get low-cost exposure to South Korea as part of their overall international portfolio.

Funds and ETFs following the switch

53%

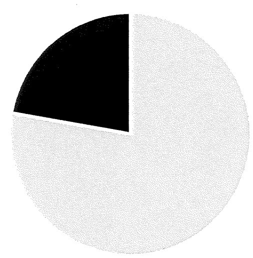


Percentage of emerging-markets fund assets that exclude South Korea

Source: Morningstar, Inc., as of 12/31/2012.

Low-cost exposure to international portfolios

Vanguard
(78% developed markets/22% emerging markets)[1]



Vanguard Emerging Markets Index Fund
Vanguard Developed Markets Index Fund

1 Figures represent the market-cap-weighted allocations to FTSE indexes after the benchmark transitions.

2 Investor share class.
Lower-cost share classes are available for investors who qualify.

Who is FTSE?

A world leader in providing global index and analytical solutions.

- 100% owned by the London Stock Exchange.
- Approximately $3 trillion in worldwide assets were benchmarked to FTSE indexes as of December 2010.
- Nearly 400 employees.
- A global client base spanning 77 countries.

Most of the world's largest institutional investors and those that advise and serve them choose FTSE.

Who chooses FTSE?

90+ of the **top 100 asset managers**[1]

10 of the **top 10 investment banks**[2]

5 of the **top 5 global custodians**[3]

100 of the **largest 100 plan sponsors**[4]

1 P&I/Towers Watson World's 500 Largest Asset Managers as of March 31, 2012.

2 Bloomberg 2011 Global Equities Underwriters League as of October, 2012.

3 *Institutional Investor's* "The 2011 World's Largest Custodians" as of October, 2012.

4 Towers Watson Global 300 Largest Pension Fund as of March 31, 2012.

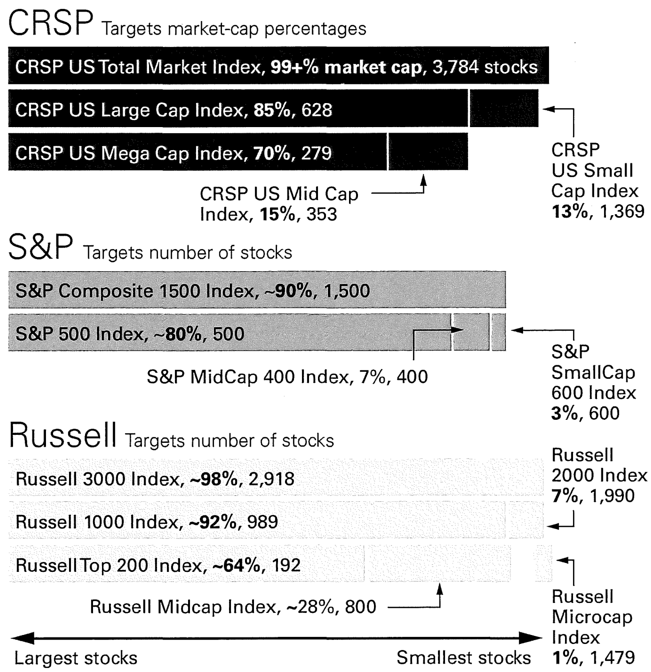
Who is CRSP?

The Center for Research in Security Prices was founded in 1960 and has 500 clients in 32 countries.

CRSP is one of 11 research centers at The University of Chicago Booth School of Business and has been a trusted source of historical U.S. stock market data spanning 87 years. CRSP is considered the premier data provider by many in academic, government, and institutional investment circles.

While some investors may be unfamiliar with CRSP, the fact is most major index providers, including CRSP, now follow a set of industry-standard "best practices."

Unlike other index providers, which create indexes based on a target number of stocks, CRSP segments the market by market capitalization percentages. The resulting market coverage is essentially the same.



Sources: CRSP, Russell, and S&P. CRSP, Russell, and S&P market-capitalization ranges calculated by FactSet as of October 31, 2012.

What is the real bottom line?

Cost savings for Vanguard clients.

Index-licensing fees, one of the biggest costs in index-fund management, have been rising steadily for years. Since many index-licensing fees are based on assets under management, these costs increase as the size of the funds increase.

Vanguard's decision to switch indexes locks in quality benchmarks at a low rate for years to come, offering potential for cost savings for clients.

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All investing is subject to risk, including the possible loss of the money you invest. Investments in stocks issued by non-U.S. companies are subject to risks, including country/regional risk and currency risk. Stocks of companies based in emerging markets are subject to national and regional political and economic risks and to the risk of currency fluctuations. These risks are especially high in emerging markets. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks.

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

Investors cannot invest directly in an index. Diversification does not ensure a profit or protect against a loss in a declining market.

For institutional use only. Not for distribution to retail investors.

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