



U.S. government obligations information

Important tax information for 2012

This tax update contains information to help you properly report your state and local tax liability on income distributions you received from your mutual fund investments in 2012.

Below you'll find a list of Vanguard funds that earned a portion of their investment income from obligations of the U.S. government. Direct U.S. government obligations and obligations of certain U.S. government agencies are generally exempt from taxation in most states.¹ To the right of each fund name, you'll find columns listing:

- The percentage of the fund's total *income* derived from U.S. government obligations in 2012 (Column 1).
- The percentage of the fund's *assets* invested in U.S. government obligations as of December 31, 2012 (Column 2).

Check with your state or local tax office or with your tax advisor to determine whether your state allows you to exclude some or all of the income you earn from mutual funds that invest in U.S. government obligations. If your state allows an exclusion, refer to Column 1, "Percentage of income from U.S. government obligations," for the percentage of income that may be excluded for each fund in which you're invested.²

In addition, certain states and municipalities require residents to pay intangible or personal property tax. If you're required to pay either of these taxes, refer to Column 2, "Percentage of assets invested in U.S. government obligations as of December 31, 2012," for the percentage that may be excluded from these taxes for each fund in which you're invested.

If you have questions, call us at **877-662-7447** on business days from 8 a.m. to 10 p.m. or on Saturdays from 9 a.m. to 4 p.m., Eastern time. Our investment professionals can't provide tax advice; consult a qualified tax professional if your tax situation is complex or if you're uncertain about the interpretation of a specific IRS rule. You can also find a broad array of general tax-preparation data and tools at vanguard.com/taxcenter.

¹Investments in U.S. government obligations may include the following: Banks for Cooperatives, the Commodity Credit Corporation, the Federal Deposit Insurance Corporation, Federal Farm Credit Banks, the Federal Financing Bank, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks and the Federal Land Bank Association, the Federal Savings and Loan Insurance Corporation, the General Insurance Fund, Government Services Administration (GSA Public Building Trust Participation Certificates), the Production Credit Association, the Student Loan Marketing Association, the Tennessee Valley Authority, the U.S. Postal Service, and the U.S. Treasury Department (bonds, notes, bills, certificates, and savings bonds). GNMA securities are not U.S. government obligations.

²The percentages provided apply only to income distributions (dividends); they don't apply to capital gains distributions (whether long-term or short-term).

	Column 1	Column 2
Vanguard fund*	Percentage of income from U.S. government obligations	Percentage of assets invested in U.S. government obligations as of December 31, 2012
Admiral™ Treasury Money Market Fund**, †	100.00%	100.00%
Asset Allocation Fund	15.26	0.00
Balanced Index Fund	10.68	15.53
Equity Income Fund	0.01	0.00
Explorer™ Fund	0.01	0.00
Extended Duration Treasury Index Fund**, †	99.99	99.99
Federal Money Market Fund	46.49	44.60
Global Equity Fund	0.04	0.00
GNMA Fund	0.04	0.00
Growth Equity Fund	0.01	0.00
High-Yield Corporate Fund	2.13	2.68
Inflation-Protected Securities Fund**, †	99.96	98.41
Intermediate-Term Bond Index Fund**	38.02	50.41

*This information applies to all share classes of a fund.

**This fund meets the threshold requirements for California, Connecticut, and New York, which require that 50% of the fund's assets at each quarter-end within the tax year consist of U.S. government obligations.

†This fund meets the requirements for a New Jersey "qualified investment fund."

Column 1

Column 2

Vanguard fund*	Percentage of income from U.S. government obligations	Percentage of assets invested in U.S. government obligations as of December 31, 2012
Intermediate-Term Corporate Bond Index Fund	0.90%	1.43%
Intermediate-Term Government Bond Index Fund**, †	94.19	92.59
Intermediate-Term Investment-Grade Fund	2.16	7.90
Intermediate-Term Treasury Fund**, †	95.61	99.39
International Explorer Fund	0.01	0.17
LifeStrategy® Conservative Growth Fund	15.10	22.81
LifeStrategy® Growth Fund	4.98	7.53
LifeStrategy® Income Fund	20.35	30.57
LifeStrategy® Moderate Growth Fund	10.02	15.11
Long-Term Bond Index Fund	31.45	38.82
Long-Term Corporate Bond Index Fund	0.19	0.52
Long-Term Government Bond Index Fund**, †	94.81	94.42
Long-Term Investment-Grade Fund	1.34	2.76
Long-Term Treasury Fund**, †	98.13	99.92
Managed Payout Distribution Focus Fund	4.36	6.66
Managed Payout Growth and Distribution Fund	3.23	4.56
Managed Payout Growth Focus Fund	0.70	0.43
Mid-Cap Growth Fund	0.10	0.00
Mortgage-Backed Securities Index Fund	0.32	0.64
Prime Money Market Fund	23.29	36.56
Selected Value Fund	0.01	0.10
Short-Term Bond Index Fund**	44.33	63.88
Short-Term Corporate Bond Index Fund	1.17	1.14
Short-Term Federal Fund	27.61	25.02
Short-Term Government Bond Index Fund**, †	84.12	89.10
Short-Term Inflation-Protected Securities Index Fund**, †	99.96	99.74
Short-Term Investment-Grade Fund	2.33	10.68
Short-Term Treasury Fund**, †	89.21	99.04
STAR® Fund	0.63	1.74
Target Retirement 2005 Fund	25.71	0.00
Target Retirement 2010 Fund	25.01	29.95
Target Retirement 2015 Fund	14.93	20.34
Target Retirement 2020 Fund	8.70	13.97
Target Retirement 2025 Fund	6.89	11.11
Target Retirement 2030 Fund	4.96	8.26
Target Retirement 2035 Fund	3.19	5.41
Target Retirement 2040 Fund	2.36	3.89
Target Retirement 2045 Fund	2.40	3.86
Target Retirement 2050 Fund	2.34	3.88
Target Retirement 2055 Fund	2.09	3.98
Target Retirement 2060 Fund	1.63	4.07
Target Retirement Income Fund	34.52	38.54
Total Bond Market II Index Fund	25.72	38.33
Total Bond Market Index Fund	28.10	37.84
U.S. Growth Fund	0.02	0.05
Wellesley® Income Fund	2.51	7.32
Wellington™ Fund	1.43	4.24
Windsor™ Fund	0.01	0.00

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†This fund meets the requirements for a New Jersey "qualified investment fund."