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PRESS RELEASE

VANGUARD INTRODUCES INDUSTRY'S FIRST INTERNATIONAL SMALL-CAP INDEX FUND COVERING DEVELOPED AND EMERGING MARKETS

Subscription Period To Begin Today

VALLEY FORGE, PA, March 19, 2009 — Shares of Vanguard's new international small-cap index fund, Vanguard® FTSE All-World ex-US Small-Cap Index Fund, are now available for purchase. A two-week subscription period begins today and is expected to end April 2, after which the fund will implement its long-term investment strategy.

Vanguard FTSE All-World ex-US Small-Cap Index Fund offers Investor Shares, with an estimated expense ratio of 0.60%, and Institutional Shares, with an estimated expense ratio of 0.35%. The fund's ETF Shares (NYSE Arca: VSS) will launch at the conclusion of the subscription period and will have an estimated expense ratio of 0.38%.

The new fund seeks to track the investment performance of the FTSE Global Small Cap ex US Index, a benchmark of approximately 3,300 stocks of companies located in 47 countries. It is the only international index fund in the industry to offer exposure to small-cap stocks of both developed and emerging markets outside the United States in a single portfolio (Source: Lipper Inc., February 27, 2009).

"Vanguard continues to broaden its stable of international index offerings, and this new small-cap fund will complement our array of broad-market, large-cap-oriented international index funds," said Vanguard Chief Investment Officer Gus Sauter, who noted that the fund is the fourth international equity product introduced by Vanguard over the past two years. "Investors and financial advisors will be able to employ this new fund to gain broadly diversified, low-cost exposure to international small-cap stocks."

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Visit Vanguard's pressroom at www.vanguard.com/pressroom

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According to a recent paper published by Vanguard's Investment Counseling & Research group titled "The Global Recession and International Investing," the long-term diversification benefits associated with international investing remain strong, despite the spillover to the global economy from the current U.S. recession. While future performance can never be guaranteed, the study finds that the benefits of international stocks as a diversifier should become most apparent when the stock market volatility abates and the global financial crisis eventually passes, at which time differences in the economic and financial market performance of the United States and other countries should emerge.

The minimum initial investment requirement for Vanguard FTSE All-World ex-US Small-Cap Index Fund is \$3,000 for Investor Shares and \$5 million for Institutional Shares. There will be a 0.75% fee on purchases and redemptions of the Investor and Institutional Shares to help defray the transaction costs associated with buying and selling foreign securities. The purchase and redemption fees do not apply while the subscription period is in effect.

Vanguard is a leading provider of index vehicles, including funds, ETFs, and annuity portfolios, with aggregate assets of nearly \$400 billion. In 2008, more than \$50 billion flowed into Vanguard index funds and ETFs. With over 30 years of indexing experience, Vanguard is the only company to offer both traditional index and exchange-traded fund shares closely tracking a broad range of benchmarks.

About Vanguard

Vanguard, headquartered in Valley Forge, Pennsylvania, is one of the world's largest investment management companies and a leading provider of company-sponsored retirement plan services. Vanguard manages nearly \$1 trillion in U.S. mutual fund assets, including nearly \$450 billion in retirement assets. Vanguard offers more than 150 funds to U.S. investors and more than 50 additional funds in non-U.S. markets.

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Editor's Note: A copy of Vanguard's new research paper "The Global Recession and International Investing" can be obtained at www.vanguard.com/pressroom or by calling 610-669-5002.

All asset figures are as of February 28, 2009, unless otherwise noted.

For more information, visit www.vanguard.com, or call 800-662-7447 to obtain a fund 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.

All investments are subject to risk. Stock investments are subject to stock market risk, which may result in the loss of principal. International stock funds involve additional risks, including currency fluctuations and the potential for adverse developments in specific countries or regions. International stock funds that invest in emerging markets are generally more risky than those that invest in developed countries. Prices of small-cap company stocks often fluctuate more than those of large- and mid-cap stocks.

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

Vanguard ETFs are not redeemable with an Applicant 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 will incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

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