



Vanguard® U.S. Stock Index Funds

SUPPLEMENT TO THE PROSPECTUS

New Target Indexes for Six Funds

Six Vanguard U.S. stock index funds have begun tracking new target indexes recently developed by Morgan Stanley Capital International® (MSCI). On March 28, 2003, the Funds' board of trustees approved the adoption of the new indexes. The board believes that the new indexes, listed below, will do a better job of tracking the market segments targeted by the funds' investment objectives.

Vanguard Fund	Targeted Market Segment	Previous Target Index	New Target Index
<i>Growth Index Fund</i>	Large-cap growth stocks of U.S. companies	S&P 500/Barra Growth Index	MSCI® US Prime Market Growth Index
<i>Mid-Cap Index Fund</i>	Mid-cap stocks of U.S. companies	S&P MidCap 400 Index	MSCI® US Mid Cap 450 Index
<i>Small-Cap Growth Index Fund</i>	Small-cap growth stocks of U.S. companies	S&P SmallCap 600/Barra Growth Index	MSCI® US Small Cap Growth Index
<i>Small-Cap Index Fund</i>	Small-cap stocks of U.S. companies	Russell 2000 Index	MSCI® US Small Cap 1750 Index
<i>Small-Cap Value Index Fund</i>	Small-cap value stocks of U.S. companies	S&P SmallCap 600/Barra Value Index	MSCI® US Small Cap Value Index
<i>Value Index Fund</i>	Large-cap value stocks of U.S. companies	S&P 500/Barra Value Index	MSCI® US Prime Market Value Index

Each new index tracks the same market segment as the corresponding previous index, so the investment objectives and risks described in the Funds' current prospectuses have not changed. That said, a Fund's new target index could provide different investment returns or different levels of volatility from those of its previous index.

Additional information about the new indexes is available on www.vanguard.com.



The funds or securities referred to herein that are offered by The Vanguard Group and track an MSCI index are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities. For such funds or securities, the prospectus contains a more detailed description of the limited relationship MSCI has with The Vanguard Group.



Vanguard® U.S. Stock Index Funds

SUPPLEMENT TO THE PROSPECTUS

New Target Indexes For Six Funds

On March 28, 2003, the board of trustees of Vanguard Index Funds approved the adoption of new target indexes for six funds. The board believes that the new indexes, listed below, will do a better job of tracking the market segments targeted by the funds' investment objectives.

Fund	Targeted Market Segment	Current Target Index	New Target Index
<i>Growth Index Fund</i>	Large-cap growth stocks of U.S. companies	S&P 500/Barra Growth Index	MSCI® US Prime Market Growth Index
<i>Mid-Cap Index Fund</i>	Mid-cap stocks of U.S. companies	S&P MidCap 400 Index	MSCI® US Mid Cap 450 Index
<i>Small-Cap Growth Index Fund</i>	Small-cap growth stocks of U.S. companies	S&P SmallCap 600/Barra Growth Index	MSCI® US Small Cap Growth Index
<i>Small-Cap Index Fund</i>	Small-cap stocks of U.S. companies	Russell 2000 Index	MSCI® US Small Cap 1750 Index
<i>Small-Cap Value Index Fund</i>	Small-cap value stocks of U.S. companies	S&P SmallCap 600/Barra Value Index	MSCI® US Small Cap Value Index
<i>Value Index Fund</i>	Large-cap value stocks of U.S. companies	S&P 500/Barra Value Index	MSCI® US Prime Market Value Index

The funds are expected to implement these changes between April 20 and September 30, 2003, and Vanguard will notify shareholders after the changes take effect. Until then, the funds will continue to track their current indexes. **Each new index tracks the same market segment as the corresponding current index, so the investment objectives and risks described in the funds' current prospectuses will not change.** That said, a fund's new target index could provide different investment returns (either lower or higher) or different levels of volatility than its existing index over any period of time.

Transition to the new indexes will require adjustments to each fund's portfolio holdings, which could temporarily increase the funds' transaction costs and turnover rates. Only one

fund—the Small-Cap Growth Index Fund—is expected to realize capital gains in moving to its new index, but the amount of these gains should be relatively modest and wholly offset by the Fund’s previously realized capital losses.

Additional information about the new indexes is available on **www.vanguard.com**.

Vanguard, *The Vanguard Group*, and the ship logo are trademarks of The Vanguard Group, Inc. *S&P 500*®, *S&P MidCap 400*, and *S&P SmallCap 600* are trademarks of The McGraw-Hill Companies, Inc., and has been licensed for use by The Vanguard Group, Inc. Vanguard mutual funds are not sponsored, endorsed, sold, or promoted by Standard & Poor’s, and Standard and Poor’s makes no representation regarding the advisability of investing in the funds. All other marks are the exclusive property of their respective owners.



Vanguard® Funds Prospectus Supplement

IMPORTANT INFORMATION ABOUT VANGUARD'S NEW EXCHANGE PRIVILEGES FOR PARTICIPANTS EFFECTIVE JUNE 27, 2003

New exchange privileges for most of Vanguard's international stock funds apply to participants in employer-sponsored retirement or savings plans that permit exchanges. The chart below details the exchange privileges for participants and replaces the exchange information contained in the accompanying prospectus. Note that the funds reserve the right to further amend their exchange privileges at any time, for any reason, and without prior notice to shareholders. If there is a difference between the exchange-privilege limitations of two funds, the stricter policy will apply to the transaction.

Exchange Policies for Plan Participants	Vanguard® Developed Markets Index Fund Vanguard® Emerging Markets Stock Index Fund Vanguard® European Stock Index Fund Vanguard® Institutional Developed Markets Index Fund Vanguard® International Explorer™ Fund Vanguard® International Growth Fund Vanguard® International Value Fund Vanguard® Pacific Stock Index Fund Vanguard® Total International Stock Index Fund	All Other Funds
Exchanges out of a fund	Permitted subject to these limitations: <ul style="list-style-type: none"> You must wait 90 days before exchanging <i>back into</i> the fund by any means. The fund's 90-day "clock" restarts after every exchange out of the fund. Exchanges out of the fund will have no effect on your ability to make your usual contributions to the fund through your employer's plan.	Permitted subject to these limitations: <ul style="list-style-type: none"> No more than four substantive "round trips," at least 90 days apart, through a non-money-market fund during any 12-month period. "Substantive" means a dollar amount that Vanguard determines, in its sole discretion, could adversely affect the management of a fund. A "round trip" is a redemption <i>from</i> a fund (by any means) followed by a purchase <i>back into</i> the fund (by any means).
Exchanges into a fund	Permitted for all accounts subject to the limitations described above.	Permitted for all accounts subject to the limitations described above.

Vanguard® U.S. Stock Index Funds

Investor Shares for Participants • April 28, 2003

This prospectus contains financial data for the Funds through the fiscal year ended December 31, 2002.

STOCK

prospectus

Vanguard Total Stock Market Index Fund

Vanguard 500 Index Fund

Vanguard Extended Market Index Fund

Vanguard Mid-Cap Index Fund

Vanguard Small-Cap Index Fund

Vanguard Value Index Fund

Vanguard Small-Cap Value Index Fund

Vanguard Growth Index Fund

Vanguard Small-Cap Growth Index Fund

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

THE Vanguard GROUP

Vanguard U.S. Stock Index Funds

Investor Shares

Participant Prospectus

April 28, 2003

Contents

1 An Introduction to Index Funds

2 Fund Profiles

- 2 Vanguard Total Stock Market Index Fund
- 4 Vanguard 500 Index Fund
- 7 Vanguard Extended Market Index Fund
- 9 Vanguard Mid-Cap Index Fund
- 12 Vanguard Small-Cap Index Fund
- 14 Vanguard Value Index Fund
- 17 Vanguard Small-Cap Value Index Fund
- 20 Vanguard Growth Index Fund
- 23 Vanguard Small-Cap Growth Index Fund

26 More on the Funds

31 The Funds and Vanguard

32 Investment Adviser

32 Dividends, Capital Gains, and Taxes

33 Share Price

34 Financial Highlights

40 Investing with Vanguard

41 Accessing Fund Information by Computer

Glossary (*inside back cover*)

Why Reading This Prospectus Is Important

This prospectus explains the investment objective, policies, strategies, and risks associated with each Fund. To highlight terms and concepts important to mutual fund investors, we have provided Plain Talk® explanations along the way. Reading the prospectus will help you decide whether a Fund is the right investment for you. We suggest that you keep this prospectus for future reference.

This prospectus offers the Fund's Investor Shares and is intended for participants in employer-sponsored retirement or savings plans. Another version—for investors who would like to open a personal investment account—can be obtained by calling Vanguard at 1-800-662-7447.

An Introduction to Index Funds

WHAT IS INDEXING?

Indexing is an investment strategy for tracking, as closely as possible, the performance of a specified market benchmark, or “index.” An index is an unmanaged group of securities whose overall performance is used as a standard to measure the investment performance of a particular market. There are many types of indexes. Some represent entire markets—such as the U.S. stock market or the U.S. bond market. Other indexes cover market segments—such as small-capitalization stocks or short-term bonds.

An index fund holds all, or a representative sample, of the securities that make up its target index. Unlike actively managed funds, index (or “passively managed”) funds do not buy and sell securities based on research and analysis. Rather, index funds simply attempt to mirror what the target index does, for better or worse.

An index fund does not always perform *exactly* like its target index. Like all mutual funds, index funds have operating expenses and transaction costs. Market indexes do not, and therefore will usually have a slight performance advantage over funds that track them.

INDEX FUNDS IN THIS PROSPECTUS

Vanguard offers a variety of stock (both U.S. and international), bond, and balanced index funds. This prospectus provides information about the nine Vanguard U.S. Stock Index Funds. Eight of these Funds seek to track a particular segment of the U.S. stock market; the ninth Fund seeks to track the entire U.S. stock market.

Fund	Seeks to Track
Vanguard Total Stock Market Index Fund	The overall stock market
Vanguard 500 Index Fund	Large-cap stocks
Vanguard Extended Market Index Fund	Mid- and small-cap stocks
Vanguard Mid-Cap Index Fund	Mid-cap stocks
Vanguard Small-Cap Index Fund	Small-cap stocks
Vanguard Value Index Fund	Large-cap value stocks
Vanguard Small-Cap Value Index Fund	Small-cap value stocks
Vanguard Growth Index Fund	Large-cap growth stocks
Vanguard Small-Cap Growth Index Fund	Small-cap growth stocks

On the following pages, you’ll find profiles that summarize the key features of each Fund. Following the profiles, there is important additional information about the Funds.

Fund Profile— Vanguard® Total Stock Market Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Wilshire 5000 Total Market Index, which consists of all the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market. The Fund invests all, or substantially all, of its assets in a representative sample of the stocks that make up the Index. For a description of the Fund’s sampling technique, please see “Indexing Methods” under **More on the Funds**.

PRIMARY RISKS

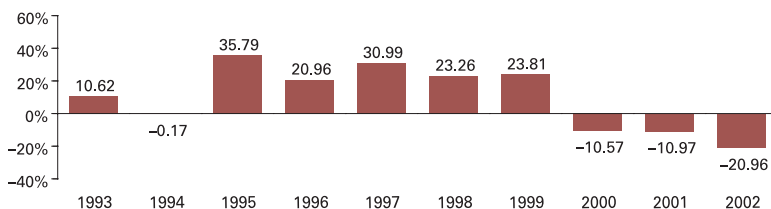
An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.

Annual Total Returns—Investor Shares



During the periods shown in the bar chart, the highest return for a calendar quarter was 21.51% (quarter ended December 31, 1998), and the lowest return for a quarter was -16.84% (quarter ended September 30, 2002).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Vanguard Total Stock Market Index Fund Investor Shares	-20.96%	-0.80%	8.60%
Wilshire 5000 Index	-20.86	-0.87	8.74

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Management Expenses:	0.18%
12b-1 Distribution Fee:	None
Other Expenses:	0.02%
Total Annual Fund Operating Expenses:	0.20%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$20	\$64	\$113	\$255

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Dividends are distributed quarterly in March, June, September, and December; capital gains, if any, are distributed annually in December.

Investment Adviser

The Vanguard Group, Valley Forge, Pa., since inception

Inception Date

April 27, 1992

Net Assets (all share classes) as of December 31, 2002

\$24.1 billion

Newspaper Abbreviation

TotSt

Vanguard Fund Number

85

Cusip Number

922908306

Ticker Symbol

VTSMX

Fund Profile—Vanguard® 500 Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s 500 Index, which is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

PRIMARY RISKS

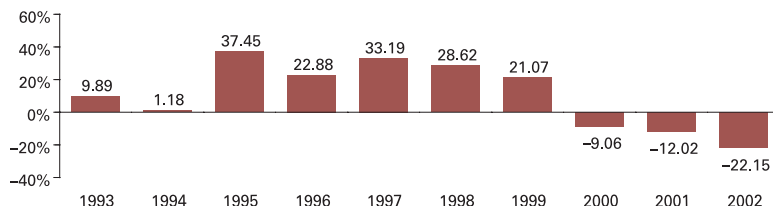
An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from large-cap stocks will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.

Annual Total Returns—Investor Shares



During the periods shown in the bar chart, the highest return for a calendar quarter was 21.39% (quarter ended December 31, 1998), and the lowest return for a quarter was -17.22% (quarter ended September 30, 2002).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Vanguard 500 Index Fund Investor Shares	-22.15%	-0.61%	9.27%
S&P 500 Index	-22.10	-0.59	9.34

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Management Expenses:	0.16%
12b-1 Distribution Fee:	None
Other Expenses:	0.02%
Total Annual Fund Operating Expenses:	0.18%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$18	\$58	\$101	\$230

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Dividends are distributed quarterly in March, June, September, and December; capital gains, if any, are distributed annually in December.

Investment Adviser

The Vanguard Group, Valley Forge, Pa., since inception

Inception Date

August 31, 1976

Net Assets (all share classes) as of December 31, 2002

\$68.1 billion

Newspaper Abbreviation

500

Vanguard Fund Number

40

Cusip Number

922908108

Ticker Symbol

VFINX

Fund Profile— Vanguard® Extended Market Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of small- and mid-capitalization stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management” —or indexing—investment approach designed to track the performance of the Wilshire 4500 Completion Index, a broadly diversified index of stocks of small and medium-size U.S. companies. The Wilshire 4500 Index contains all of the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market, except those stocks included in the Standard & Poor’s 500 Index. The Fund invests all, or substantially all, of its assets in a representative sample of the stocks that make up the Wilshire 4500 Index. For a description of the Fund’s sampling technique, please see “Indexing Methods” under **More on the Funds**.

PRIMARY RISKS

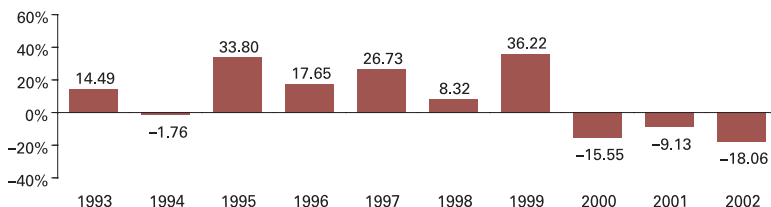
An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from small- and mid-cap stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall stock market, and they often perform quite differently.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.

Annual Total Returns—Investor Shares



During the periods shown in the bar chart, the highest return for a calendar quarter was 29.54% (quarter ended December 31, 1999), and the lowest return for a quarter was -21.05% (quarter ended September 30, 2001).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Vanguard Extended Market Index Fund Investor Shares	-18.06%	-1.49%	7.61%
Wilshire 4500 Index	-17.80	-1.57	7.32

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES (fees paid directly from your investment)

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES (expenses deducted from the Fund's assets)

Management Expenses:	0.23%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.26%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$27	\$84	\$146	\$331

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Distributed annually in December

Investment Adviser

The Vanguard Group, Valley Forge, Pa., since inception

Inception Date

December 21, 1987

Net Assets (all share classes) as of December 31, 2002

\$3.9 billion

Newspaper Abbreviation

Extnd

Vanguard Fund Number

98

Cusip Number

922908207

Ticker Symbol

VEXMX

Fund Profile—Vanguard® Mid-Cap Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management” —or indexing—investment approach designed to track the performance of the Standard & Poor’s MidCap 400 Index, which is made up of a group of medium-size U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

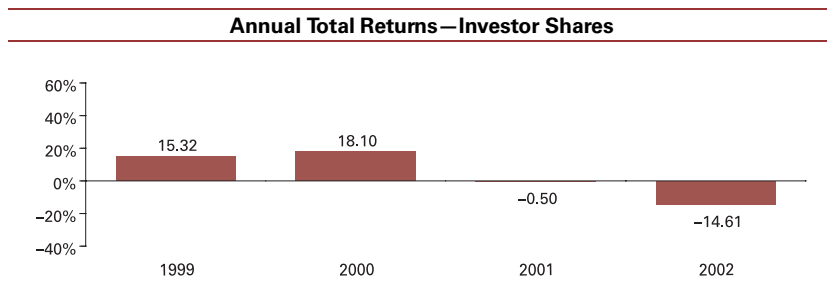
PRIMARY RISKS

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from mid-cap stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall stock market, and they often perform quite differently.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.



During the periods shown in the bar chart, the highest return for a calendar quarter was 17.96% (quarter ended December 31, 2001), and the lowest return for a quarter was -16.56% (quarter ended September 30, 2002).

Average Annual Total Returns for Periods Ended December 31, 2002		
	1 Year	Since Inception*
Vanguard Mid-Cap Index Fund Investor Shares	-14.61%	5.07%
S&P MidCap 400 Index	-14.51	4.69

*Since-inception returns are from May 21, 1998—the inception date of the Investor Shares—through December 31, 2002.

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES <i>(fees paid directly from your investment)</i>	
Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None
ANNUAL FUND OPERATING EXPENSES <i>(expenses deducted from the Fund's assets)</i>	
Management Expenses:	0.23%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.26%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$27	\$84	\$146	\$331

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Distributed annually in December

Investment Adviser

The Vanguard Group, Valley Forge, Pa.,
since inception

Inception Date

May 21, 1998

**Net Assets (all share classes) as of
December 31, 2002**

\$3.3 billion

Newspaper Abbreviation

MidCp

Vanguard Fund Number

859

Cusip Number

922908843

Ticker Symbol

VIMSX

Fund Profile—Vanguard® Small-Cap Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Russell 2000 Index, which is made up of the stocks of smaller U.S. companies. The Russell 2000 Index is made up of the 2,000 smallest companies from a list of the 3,000 largest U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

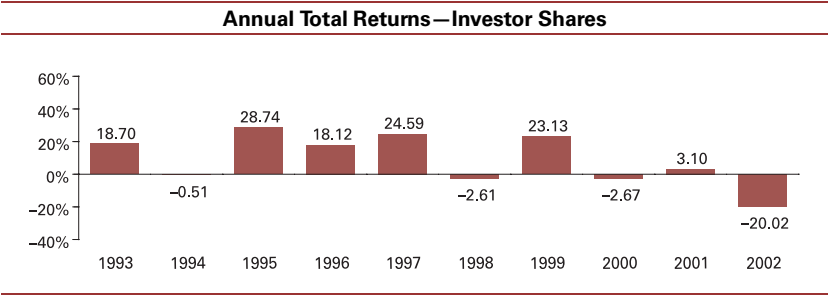
PRIMARY RISKS

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from small-cap stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall stock market, and they often perform quite differently.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.



During the periods shown in the bar chart, the highest return for a calendar quarter was 20.88% (quarter ended December 31, 2001), and the lowest return for a quarter was -21.37% (quarter ended September 30, 2002).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Vanguard Small-Cap Index Fund Investor Shares	-20.02%	-0.76%	7.97%
Russell 2000 Index	-20.48	-1.36	7.16

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Management Expenses:	0.24%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.27%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$28	\$87	\$152	\$343

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Distributed annually in December

Investment Adviser

The Vanguard Group, Valley Forge, Pa., since 1989

Inception Date

October 3, 1960

Net Assets (all share classes) as of December 31, 2002

\$4.2 billion

Newspaper Abbreviation

SmCap

Vanguard Fund Number

48

Cusip Number

922908702

Ticker Symbol

NAESX

Fund Profile—Vanguard® Value Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment strategy designed to track the performance of the Standard & Poor’s 500/Barra Value Index, which includes those stocks of the S&P 500 Index with lower-than-average price/book ratios. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

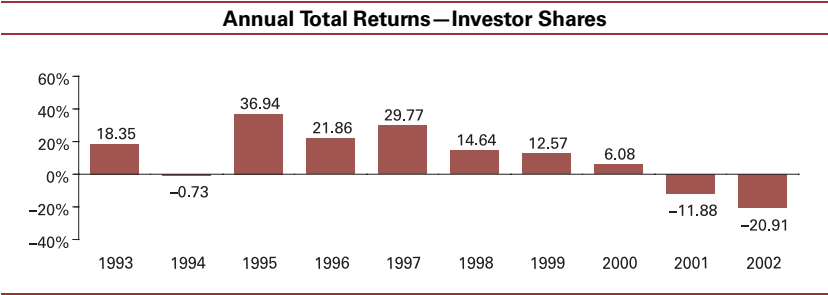
PRIMARY RISKS

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from large-cap value stocks will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.



During the periods shown in the bar chart, the highest return for a calendar quarter was 17.50% (quarter ended December 31, 1998), and the lowest return for a quarter was -20.45% (quarter ended September 30, 2002).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Vanguard Value Index Fund Investor Shares	-20.91%	-0.93%	9.27%
S&P 500/Barra Value Index	-20.85	-0.85	9.39

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Management Expenses:	0.20%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.23%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$24	\$74	\$130	\$293

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Dividends are distributed quarterly in March, June, September, and December; capital gains, if any, are distributed annually in December.

Investment Adviser

The Vanguard Group, Valley Forge, Pa., since inception

Inception Date

November 2, 1992

**Net Assets (all share classes) as of
December 31, 2002**

\$3.2 billion

Newspaper Abbreviation

Value

Vanguard Fund Number

06

Cusip Number

922908405

Ticker Symbol

VIVAX

Fund Profile— Vanguard® Small-Cap Value Index Fund

INVESTMENT OBJECTIVES

The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization value stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s SmallCap 600/Barra Value Index, which includes those stocks of the S&P SmallCap 600 Index with lower-than-average price/book ratios. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

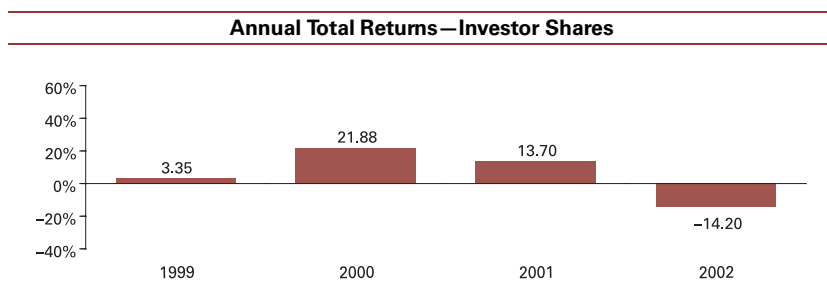
PRIMARY RISKS

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from small-cap value stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall stock market, and they often perform quite differently.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.



During the periods shown in the bar chart, the highest return for a calendar quarter was 21.37% (quarter ended December 31, 2001), and the lowest return for a quarter was -22.50% (quarter ended September 30, 2002).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	Since Inception*
Vanguard Small-Cap Value Index Fund Investor Shares	-14.20%	1.59%
S&P SmallCap 600/Barra Value Index	-14.47	0.95

*Since-inception returns are from May 21, 1998—the inception date of the Investor Shares—through December 31, 2002.

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Management Expenses:	0.24%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.27%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$28	\$87	\$152	\$343

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Distributed annually in December

Investment Adviser

The Vanguard Group, Valley Forge, Pa.,
since inception

Inception Date

May 21, 1998

**Net Assets (all share classes) as of
December 31, 2002**

\$1.5 billion

Newspaper Abbreviation

SmVal

Vanguard Fund Number

860

Cusip Number

922908793

Ticker Symbol

VISVX

Fund Profile—Vanguard® Growth Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s 500/Barra Growth Index, which includes those stocks of the S&P 500 Index with higher-than-average price/book ratios. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

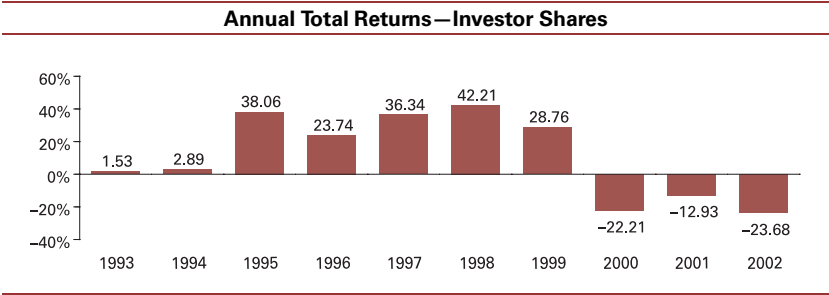
PRIMARY RISKS

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. In addition, the Fund’s performance could be hurt disproportionately by a decline in the prices of just a few stocks. This is because, compared with other mutual funds, the Fund invests a greater percentage of assets in the stocks of fewer companies. The Fund’s performance could also be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from large-cap growth stocks will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.



During the periods shown in the bar chart, the highest return for a calendar quarter was 24.64% (quarter ended December 31, 1998), and the lowest return for a quarter was -17.50% (quarter ended March 31, 2001).

Average Annual Total Returns for Periods Ended December 31, 2002

	1 Year	5 Years	10 Years
Vanguard Growth Index Fund Investor Shares	-23.68%	-1.09%	8.70%
S&P 500/Barra Growth Index	-23.59	-1.08	8.79

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Management Expenses:	0.20%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.23%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$24	\$74	\$130	\$293

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Dividends are distributed quarterly in March, June, September, and December; capital gains, if any, are distributed annually in December.

Investment Adviser

The Vanguard Group, Valley Forge, Pa., since inception

Inception Date

November 2, 1992

**Net Assets (all share classes) as of
December 31, 2002**

\$7.5 billion

Newspaper Abbreviation

Growth

Vanguard Fund Number

09

Cusip Number

922908504

Ticker Symbol

VIGRX

Fund Profile— Vanguard® Small-Cap Growth Index Fund

INVESTMENT OBJECTIVE

The Fund seeks to track the performance of a benchmark index that measures the investment return of small-capitalization growth stocks.

PRIMARY INVESTMENT STRATEGIES

The Fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s SmallCap 600/Barra Growth Index, which includes those stocks of the S&P SmallCap 600 Index with higher-than-average price/book ratios. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index. For a description of the Fund’s replication technique, please see “Indexing Methods” under **More on the Funds**.

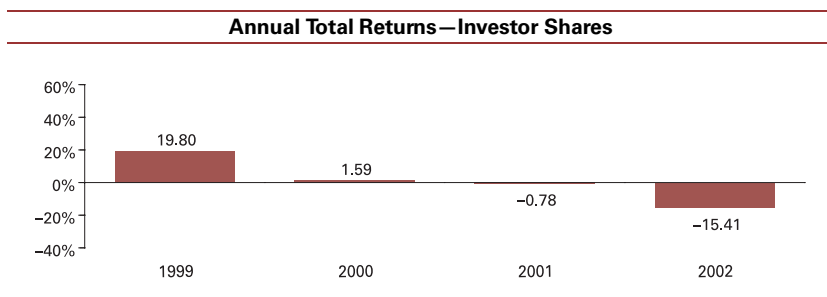
PRIMARY RISKS

An investment in the Fund could lose money over short or even long periods. You should expect the Fund’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market. The Fund’s performance could be hurt by:

- *Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- *Investment style risk*, which is the chance that returns from small-cap growth stocks will trail returns from the overall stock market. Historically, these stocks have been more volatile in price than the large-cap stocks that dominate the overall stock market, and they often perform quite differently.

PERFORMANCE/RISK INFORMATION

The following bar chart and table are intended to help you understand the risks of investing in the Fund. The bar chart shows how the performance of the Fund’s Investor Shares has varied from one calendar year to another over the periods shown. The table shows how the average annual total returns compare with those of the Fund’s target index. Keep in mind that the Fund’s past performance does not indicate how it will perform in the future.



During the periods shown in the bar chart, the highest return for a calendar quarter was 20.69% (quarter ended December 31, 1999), and the lowest return for a quarter was -17.50% (quarter ended September 30, 2001).

Average Annual Total Returns for Periods Ended December 31, 2002		
	1 Year	Since Inception*
Vanguard Small-Cap Growth Index Fund Investor Shares	-15.41%	-0.60%
S&P SmallCap 600/Barra Growth Index	-15.36	-0.97
*Since-inception returns are from May 21, 1998—the inception date of the Investor Shares—through December 31, 2002.		

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold Investor Shares of the Fund. The expenses shown under *Annual Fund Operating Expenses* are based on those incurred in the fiscal year ended December 31, 2002.

SHAREHOLDER FEES <i>(fees paid directly from your investment)</i>	
Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None*
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None
ANNUAL FUND OPERATING EXPENSES <i>(expenses deducted from the Fund's assets)</i>	
Management Expenses:	0.24%
12b-1 Distribution Fee:	None
Other Expenses:	0.03%
Total Annual Fund Operating Expenses:	0.27%

*The Fund reserves the right to deduct a purchase fee from future purchases of shares.

The following example is intended to help you compare the cost of investing in the Fund's Investor Shares with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Fund's shares. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. The results apply whether or not you redeem your investment at the end of the given period.

1 Year	3 Years	5 Years	10 Years
\$28	\$87	\$152	\$343

This example should not be considered to represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Additional Information

Dividends and Capital Gains

Distributed annually in December

Investment Adviser

The Vanguard Group, Valley Forge, Pa.,
since inception

Inception Date

May 21, 1998

**Net Assets (all share classes) as of
December 31, 2002**

\$492 million

Newspaper Abbreviation

SmGth

Vanguard Fund Number

861


Cusip Number

922908827

Ticker Symbol

VISGX

More on the Funds

This prospectus describes the primary risks you would face as a Fund shareholder. It is important to keep in mind one of the main axioms of investing: The higher the risk of losing money, the higher the potential reward. The reverse, also, is generally true: The lower the risk, the lower the potential reward. As you consider an investment in any mutual fund, you should take into account your personal tolerance for daily fluctuations in the securities markets. Look for this  symbol throughout the prospectus. It is used to mark detailed information about the more significant risks that you would confront as a Fund shareholder.

The following sections explain the primary investment strategies and policies that each Fund uses in pursuit of its objective. The Funds' board of trustees, which oversees the Funds' management, may change investment strategies or policies in the interest of shareholders without a shareholder vote, unless those strategies or policies are designated as fundamental.

ADVANTAGES OF INDEX FUNDS

Index funds typically have the following characteristics:

- *Variety of investments.* Vanguard index funds generally invest in securities of a wide variety of companies and industries.
- *Relative performance consistency.* Because they seek to track market benchmarks, index funds usually do not perform dramatically better or worse than their benchmarks.
- *Low cost.* Index funds are inexpensive to run, compared with actively managed funds. They have few or no research costs, and typically keep trading activity—and thus brokerage commissions and other transaction costs—to a minimum.

Compared with actively managed funds, most index funds have lower turnover rates and lower capital gains distributions. However, from time to time, some index funds may pay out higher-than-expected taxable distributions. That's because index funds must adjust their holdings to reflect changes in their target indexes. In some cases, such changes may force an index fund to sell securities that have appreciated in value, and, thus, realize a capital gain that must be distributed to shareholders. A security may move out of an index for a number of reasons, including a merger or acquisition, or a substantial change in the market capitalization of the issuer. Generally, these changes tend to occur more frequently with small and medium-size companies than they do with large, well-established companies.

INDEXING METHODS

In seeking to track a particular index, a fund generally uses one of two methods to select the securities in which it invests.

Replication method. Many stock funds use the replication method of indexing. This means that a fund holds each security found in its target index in about the same proportion as represented in the index itself. For example, if 5% of the S&P 500 Index were made up of the stock of a specific company, a fund tracking that index would invest about 5% of its assets in that company. *The 500, Mid-Cap, Small-Cap, Value, Small-Cap Value, Growth, and Small-Cap Growth Index Funds employ this method of indexing.*

Sampling method. Because it would be very expensive and inefficient to buy and sell *all* securities held in certain indexes (the Wilshire 5000 Index, for example, included more than 5,600 separate stocks as of December 31, 2002), many funds tracking these larger indexes use a "sampling" technique. Using sophisticated computer programs, a fund's adviser selects from the target index a representative sample of securities that will resemble the target index in terms of key risk factors and other characteristics. For stock funds, these

include industry weightings, country weightings, market capitalization, and other financial characteristics of stocks. *The Total Stock Market and Extended Market Index Funds employ this method of indexing.*

The following table shows the number of stocks held by each Fund, and the number of stocks in its target index, as of December 31, 2002.

Vanguard Index Fund	Number of Stocks Held	Number of Stocks In Target Index
Total Stock Market	3,739	5,668
500	505	500
Extended Market	3,242	5,172
Mid-Cap	402	400
Small-Cap	1,977	1,964
Value	353	352
Small-Cap Value	390	390
Growth	149	148
Small-Cap Growth	211	210

PLAIN TALK ABOUT Growth Funds and Value Funds

Growth investing and value investing are two styles employed by stock-fund managers. Growth funds generally focus on stocks of companies believed to have above-average potential for growth in revenue and earnings. These stocks typically have low dividend yields and above-average prices in relation to such measures as earnings and book value. Value funds typically emphasize stocks whose prices are below-average in comparison with those measures; these stocks often have above-average dividend yields. Growth and value stocks have, in the past, produced similar long-term returns, though each category has periods when it outperforms the other. In general, growth funds appeal to investors who will accept more volatility in hopes of a greater increase in share price.

MARKET EXPOSURE

The Funds invest mainly in common stocks. As a result, they are subject to certain risks.



Each Fund is subject to stock market risk, which is the chance that stock prices overall will decline over short or even long periods. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Market capitalization. Stocks of publicly traded companies and funds that invest in stocks are often classified according to market value, or market capitalization. These classifications typically include small-cap, mid-cap, or large-cap. It’s important to understand that, for both companies and stock funds, market capitalization ranges change over time. Also, interpretations of size vary, and there is no “official” definition of small-, mid-, and large-cap even among Vanguard fund advisers. The median market capitalization of each Fund as of December 31, 2002 is listed below:

Vanguard Index Fund	Median Market Capitalization
Total Stock Market	\$26.2 billion
500	470
Extended Market	1.5
Mid-Cap	2.2
Small-Cap	0.6
Value	22.8
Small-Cap Value	0.6
Growth	71.4
Small-Cap Growth	1.0

To illustrate the volatility of stock prices, the following table shows the best, worst, and average total returns for the U.S. stock market over various periods as measured by the Standard & Poor’s 500 Index, a widely used barometer of market activity. (Total returns consist of dividend income plus change in market price.) Note that the returns shown do not include the costs of buying and selling stocks or other expenses that a real-world investment portfolio would incur.

U.S. Stock Market Returns (1926–2002)				
	1 Year	5 Years	10 Years	20 Years
Best	54.2%	28.6%	19.9%	17.8 %
Worst	– 43.1	–12.4	–0.8	3.1
Average	12.2	10.9	11.2	11.4

The table covers all of the 1-, 5-, 10-, and 20-year periods from 1926 through 2002. You can see, for example, that while the average return on common stocks for *all* of the 5-year periods was 10.9%, average returns for *individual* 5-year periods ranged from –12.4% (from 1928 through 1932) to 28.6% (from 1995 through 1999). These average returns reflect *past* performance on common stocks; you should not regard them as an indication of *future* returns from either the stock market as a whole or these Funds in particular.

Keep in mind that the S&P 500 Index tracks mainly large-cap stocks. Historically, mid- and small-cap stocks (such as those held by the Total Stock Market, Extended Market, Mid-Cap, Small-Cap, Small-Cap Value, and Small-Cap Growth Index Funds) have been more volatile than—and at times have performed quite differently from—the large-cap stocks of the S&P 500 Index.

Similarly, indexes that are subsets of the S&P 500 Index—such as the S&P 500/Barra Value Index and the S&P 500/Barra Growth Index (the target indexes of the Value and Growth Index Funds)—will not perform in the same way as the broader S&P 500 Index. Historically, the S&P 500/Barra Value Index has been less volatile than the S&P 500 Index; the S&P 500/Barra Growth Index, on the other hand, has displayed somewhat greater

short-term volatility than the S&P 500 Index. However, both value and growth stocks have the potential, at times, to be more volatile than the broader market.



Each Fund (other than Total Stock Market Index Fund) is subject to investment style risk, which is the chance that returns from the types of stocks in which the Fund invests will trail returns from the overall stock market. Specific types of stocks (for instance, small-cap or value) tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

RISK OF NONDIVERSIFICATION

The target indexes tracked by Vanguard's U.S. Stock Index Funds hold diverse investments. Similarly, the Funds that track these indexes hold stocks of many companies across many different industry sectors. It is possible that a fund's target index could become less diversified if the index's largest companies significantly increase in value relative to the index's other components. In an extreme situation, a fund tracking such an index might no longer meet the legal definition of "diversified." (Such has been the case, from time to time, with the Growth Index Fund.) For this reason, Vanguard's U.S. Stock Index Funds are *classified* as "nondiversified." However, these funds, other than the Growth Index Fund, from inception to the date of this prospectus, *in actuality* have been diversified, and Vanguard expects them to continue to be diversified.

OTHER INVESTMENT POLICIES AND RISKS

Each Fund reserves the right to substitute a different index for the index it currently tracks. This could happen if the current index were discontinued, if the Fund's agreement with the sponsor of its target index were terminated, or for any other reason determined in good faith by the Fund's board of trustees. In any such instance, the substitute index would measure the same general market segment (large-, mid-, or small-cap; growth; or value) as the current index.

Each Fund may invest in foreign securities to the extent necessary to carry out its investment strategy of holding all, or a representative sample, of the stocks that make up the index it tracks. It is not expected that any Fund will invest more than 5% of its assets in foreign securities.

Although index funds, by their nature, tend to be tax-efficient investment vehicles, the Funds are generally managed without regard to tax ramifications.



Each Fund may invest, to a limited extent, in derivatives. Derivatives may involve risks different from, and possibly greater than, those of traditional investments.

To track their target indexes as closely as possible, the Funds attempt to remain fully invested in stocks. To help stay fully invested, and to reduce transaction costs, the Funds may invest, to a limited extent, in stock futures and options contracts, warrants, convertible securities, and swap agreements, which are types of derivatives. Losses (or gains) involving futures can sometimes be substantial—in part because a relatively small price movement in a futures contract may result in an immediate and substantial loss (or gain) for a fund. Similar risks exist for warrants (securities that permit their owners to purchase a specific number of stock shares at a predetermined price), convertible securities (securities that may be exchanged for

another asset), and swap agreements (contracts between parties in which each agrees to make payments to the other based on the return of a specified index or asset).

The Funds will not use derivatives for speculative purposes or as leveraged investments that magnify gains or losses. In addition, each Fund's obligation under futures contracts will not exceed 20% of its total assets.

The reasons for which a Fund may invest in futures include:

- To keep cash on hand to meet shareholder redemptions or other needs while simulating full investment in stocks.
- To reduce the Fund's transaction costs or add value when these instruments are favorably priced.

PLAIN TALK ABOUT Derivatives

A derivative is a financial contract whose value is based on (or “derived” from) a traditional security (such as a stock or a bond), an asset (such as a commodity like gold), or a market index (such as the S&P 500 Index). Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for decades. These types of derivatives are standardized contracts that can easily be bought and sold, and whose market values are determined and published daily. Nonstandardized derivatives (such as swap agreements), on the other hand, tend to be more specialized or complex, and may be harder to value. Derivatives can carry considerable risks, particularly if used for speculation or as leveraged investments.

COSTS AND MARKET-TIMING

Some investors try to profit from a strategy called market-timing—switching money into mutual funds when they expect prices to rise and taking money out when they expect prices to fall. As money is shifted in and out, a fund incurs expenses for buying and selling securities. These costs are borne by *all* fund shareholders, including the long-term investors who do not generate the costs. This is why all Vanguard funds have adopted special policies to discourage short-term trading or to compensate the funds for the costs associated with it. Specifically:

- Each Vanguard fund reserves the right to reject any purchase request—including exchanges from other Vanguard funds—that it regards as disruptive to efficient portfolio management. A purchase request could be rejected because of the timing of the investment or because of a history of excessive trading by the investor.
- Each Vanguard fund (other than the money market funds) limits the number of times that an investor can exchange into and out of the fund.
- Certain Vanguard funds charge purchase and/or redemption fees on transactions.

See the **Investing with Vanguard** section of this prospectus for further details on Vanguard's transaction policies.

The Vanguard funds do not permit market-timing. Do not invest with Vanguard if you are a market-timer.

PLAIN TALK ABOUT

Costs of Investing

Costs are an important consideration in choosing a mutual fund. That's because you, as a shareholder, pay the costs of operating a fund, plus any transaction costs incurred when the fund buys or sells securities. These costs can erode a substantial portion of the gross income or the capital appreciation a fund achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on a fund's performance.

TURNOVER RATE

Although the Funds normally seek to invest for the long term, each Fund may sell securities regardless of how long they have been held. Generally, an index fund sells securities only to respond to redemption requests or to adjust the number of shares held to reflect a change in the fund's target index. Turnover rates for large-cap stock index funds tend to be very low because large-cap indexes—such as the S&P 500 Index—typically do not change much from year to year. Turnover rates for mid-cap and small-cap stock index funds tend to be higher (although still relatively low, compared with actively managed stock funds) because the indexes they track are the most likely to change as a result of companies merging, growing, or failing. The **Financial Highlights** section of this prospectus shows historical turnover rates for the Funds. A turnover rate of 100%, for example, would mean that a Fund had sold and replaced securities valued at 100% of its net assets within a one-year period.

PLAIN TALK ABOUT

Turnover Rate

Before investing in a mutual fund, you should review its turnover rate. This gives an indication of how transaction costs could affect the fund's future returns. In general, the greater the volume of buying and selling by the fund, the greater the impact that brokerage commissions and other transaction costs will have on its return. Also, funds with high turnover rates may be more likely to generate capital gains that must be distributed to shareholders as taxable income. As of December 31, 2002, the average turnover rate for passively managed domestic equity index funds investing in common stocks was approximately 94%; for all domestic stock funds, the average turnover rate was approximately 111%, according to Morningstar, Inc.

The Funds and Vanguard

Each Fund is a member of The Vanguard Group, a family of 35 investment companies with more than 100 funds holding assets in excess of \$550 billion. All of the funds that are members of The Vanguard Group share in the expenses associated with business operations, such as personnel, office space, equipment, and advertising.

Vanguard also provides marketing services to the funds. Although shareholders do not pay sales commissions or 12b-1 distribution fees, each fund pays its allocated share of The Vanguard Group's marketing costs.

PLAIN TALK ABOUT

Vanguard's Unique Corporate Structure

The Vanguard Group is truly a *mutual* mutual fund company. It is owned jointly by the funds it oversees and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by for-profit management companies that may be owned by one person, by a group of individuals, or by investors who own the management company's stock. By contrast, Vanguard provides its services on an "at-cost" basis, and the funds' expense ratios reflect only these costs. No separate management company reaps profits or absorbs losses from operating the funds.

Investment Adviser

The Vanguard Group (Vanguard), P.O. Box 2600, Valley Forge, PA 19482, founded in 1975, serves as the adviser to the Funds through its Quantitative Equity Group. As of December 31, 2002, Vanguard served as adviser for about \$406 billion in assets. Vanguard manages the Funds on an at-cost basis, subject to the supervision and oversight of the trustees and officers of the Funds.

For the fiscal year ended December 31, 2002, the advisory expenses for each Fund (with the exception of Small-Cap Growth Index Fund) represented an effective annual rate of less than 0.01% of each Fund's average net assets. For the Small-Cap Growth Index Fund, the advisory expenses represented an effective annual rate of approximately 0.02% of its average net assets.

The adviser is authorized to choose broker-dealers to handle the purchase and sale of the Funds' securities and to seek to obtain the best available price and most favorable execution for all transactions. Also, the board of trustees may direct the adviser to use a particular broker for certain transactions in exchange for commission rebates paid to the Funds as well as brokerage or research services provided to the adviser.

PLAIN TALK ABOUT

The Funds' Adviser

The manager primarily responsible for overseeing the Funds' investments is:

George U. Sauter, Managing Director of Vanguard and head of Vanguard's Quantitative Equity Group. He has worked in investment management since 1985 and has had primary responsibility for Vanguard's stock indexing and active quantitative investments and strategy since joining the company in 1987. Education: A.B., Dartmouth College; M.B.A., University of Chicago.

Dividends, Capital Gains, and Taxes

Each Fund distributes to shareholders virtually all of its net income (interest and dividends, less expenses) as well as any capital gains realized from the sale of its holdings. Income dividends for the Total Stock Market, 500, Value, and Growth Index Funds generally are distributed in March, June, September, and December; income dividends for the Extended Market, Mid-Cap, Small-Cap, Small-Cap Value, and Small-Cap Growth Index Funds generally are distributed in December. Capital gains distributions generally occur in December. In addition, the Funds may occasionally be required to make supplemental distributions at some other time during the year.

Your distributions will be reinvested in additional Fund shares and accumulate on a tax-deferred basis if you are investing through an employer-sponsored retirement or savings plan. You will not owe taxes on these distributions until you begin withdrawals from the plan. You should consult your plan administrator, your plan's Summary Plan Description, or your tax adviser about the tax consequences of plan withdrawals.

PLAIN TALK ABOUT Distributions

As a shareholder, you are entitled to your portion of a fund's income from interest and dividends as well as gains from the sale of investments. Income consists of both the dividends that the fund earns from any stock holdings and the interest it receives from any money market and bond investments. Capital gains are realized whenever the fund sells securities for higher prices than it paid for them. These capital gains are either short-term or long-term, depending on whether the fund held the securities for one year or less or for more than one year. You receive the fund's earnings as either a dividend or capital gains distribution.

Share Price

Each Fund's share price, called its *net asset value*, or NAV, is calculated each business day as of the close of regular trading on the New York Stock Exchange, generally 4 p.m., Eastern time. NAV per share is computed by dividing the net assets allocated to each share class by the number of Fund shares outstanding for that class. On holidays or other days when the Exchange is closed, the NAV is not calculated, and the Fund does not transact purchase or redemption requests. However, on those days the value of the Fund's assets may be affected to the extent that the Fund holds foreign securities that trade on foreign markets that are open.

Stocks held by a Vanguard fund are valued at their *market value* when reliable market quotations are readily available. Certain short-term debt instruments used to manage a fund's cash are valued on the basis of amortized cost. The values of any foreign securities held by a fund are converted into U.S. dollars using an exchange rate obtained from an independent third party.

When reliable market quotations are not readily available, securities are priced at their *fair value*, calculated according to procedures adopted by the board of trustees. A fund also may use fair-value pricing if the value of a security it holds has been materially affected by events occurring before the fund's pricing time but after the close of the primary markets or exchanges on which the security is traded. This most commonly occurs with foreign securities, but may occur in other cases as well. When fair-value pricing is employed, the prices of securities used by a fund to calculate its NAV may differ from quoted or published prices for the same securities.

Vanguard fund share prices can be found daily in the mutual fund listings of most major newspapers under various "Vanguard" headings.

Financial Highlights

The following financial highlights tables are intended to help you understand the Investor Shares' financial performance for the periods shown, and certain information reflects financial results for a single Investor Share. The total returns in each table represent the rate that an investor would have earned or lost each period on an investment in the Investor Shares (assuming reinvestment of all distributions). This information has been derived from the financial statements audited by PricewaterhouseCoopers LLP, independent accountants, whose reports—along with each Fund's financial statements—are included in the Funds' most recent annual reports to shareholders. You may have these annual reports sent to you without charge by contacting Vanguard.

PLAIN TALK ABOUT

How to Read the Financial Highlights Table

This explanation uses the Total Stock Market Index Fund's Investor Shares as an example. The Investor Shares began fiscal year 2002 with a net asset value (price) of \$25.74 per share. During the year, each Investor Share earned \$0.295 from investment income (interest and dividends). There was a decline of \$5.672 per share in the value of investments held or sold by the Fund, resulting in a net decline of \$5.377 per share from investment operations.

Shareholders received \$0.293 per share in the form of dividend distributions. A portion of each year's distributions may come from the prior year's income or capital gains.

The share price at the end of the year was \$20.07, reflecting losses of \$5.377 per share and distributions of \$0.293 per share. This was a decrease of \$5.67 per share (from \$25.74 at the beginning of the year to \$20.07 at the end of the year). For a shareholder who reinvested the distributions in the purchase of more shares, the total return was -20.96% for the year.

As of December 31, 2002, the Investor Shares had \$14.3 billion in net assets. For the year, the expense ratio was 0.20% (\$2.00 per \$1,000 of net assets), and the net investment income amounted to 1.32% of average net assets. The Fund sold and replaced securities valued at 4% of its net assets.

Total Stock Market Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$25.74	\$29.26	\$33.22	\$27.42	\$22.64
Investment Operations					
Net Investment Income	.295	.310	.331	.317	.336
Net Realized and Unrealized Gain (Loss) on Investments	(5.672)	(3.533)	(3.815)	6.133	4.898
Total from Investment Operations	(5.377)	(3.223)	(3.484)	6.450	5.234
Distributions					
Dividends from Net Investment Income	(.293)	(.297)	(.336)	(.330)	(.329)
Distributions from Realized Capital Gains	—	—	(.140)	(.320)	(.125)
Total Distributions	(.293)	(.297)	(.476)	(.650)	(.454)
Net Asset Value, End of Period	\$20.07	\$25.74	\$29.26	\$33.22	\$27.42
Total Return	-20.96%	-10.97%	-10.57%	23.81%	23.26%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$14,254	\$15,781	\$16,856	\$18,133	\$9,308
Ratio of Total Expenses to Average Net Assets	0.20%	0.20%	0.20%	0.20%	0.20%
Ratio of Net Investment Income to Average Net Assets	1.32%	1.11%	1.04%	1.15%	1.44%
Turnover Rate	4%*	7%*	7%	3%	3%

*Turnover rates excluding in-kind redemptions were 2% and 3%, respectively.

500 Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$105.89	\$121.86	\$135.33	\$113.95	\$ 90.07
Investment Operations					
Net Investment Income	1.32	1.260	1.29	1.370	1.33
Net Realized and Unrealized Gain (Loss) on Investments	(24.70)	(15.955)	(13.46)	22.415	24.30
Total from Investment Operations	(23.38)	(14.695)	(12.17)	23.785	25.63
Distributions					
Dividends from Net Investment Income	(1.36)	(1.275)	(1.30)	(1.410)	(1.33)
Distributions from Realized Capital Gains	—	—	—	(.995)	(.42)
Total Distributions	(1.36)	(1.275)	(1.30)	(2.405)	(1.75)
Net Asset Value, End of Period	\$ 81.15	\$105.89	\$121.86	\$135.33	\$113.95
Total Return	-22.15%	-12.02%	-9.06%	21.07%	28.62%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$56,224	\$73,151	\$88,240	\$104,652	\$74,229
Ratio of Total Expenses to Average Net Assets	0.18%	0.18%	0.18%	0.18%	0.18%
Ratio of Net Investment Income to Average Net Assets	1.43%	1.14%	0.98%	1.13%	1.35%
Turnover Rate*	7%	4%	9%	6%	6%

*Turnover rates excluding in-kind redemptions were 6%, 3%, 7%, 3%, and 3%, respectively.

Extended Market Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$23.09	\$26.61	\$37.07	\$30.63	\$30.76
Investment Operations					
Net Investment Income	.19	.203	.274	.297	.388
Net Realized and Unrealized Gain (Loss) on Investments	(4.36)	(2.703)	(6.041)	10.101	2.025
Total from Investment Operations	(4.17)	(2.500)	(5.767)	10.398	2.413
Distributions					
Dividends from Net Investment Income	(.18)	(.210)	(.263)	(.318)	(.373)
Distributions from Realized Capital Gains	—	(.810)	(4.430)	(3.640)	(2.170)
Total Distributions	(.18)	(1.020)	(4.693)	(3.958)	(2.543)
Net Asset Value, End of Period	\$18.74	\$23.09	\$26.61	\$37.07	\$30.63
Total Return*	-18.06%	-9.13%	-15.55%	36.22%	8.32%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,629	\$3,115	\$3,881	\$4,221	\$2,939
Ratio of Total Expenses to Average Net Assets	0.26%	0.25%	0.25%	0.25%	0.23%
Ratio of Net Investment Income to Average Net Assets	0.88%	0.88%	0.81%	1.04%	1.21%
Turnover Rate	17%	20%	33%	26%	27%

*Total returns do not reflect the 0.25% purchase fee imposed through March 31, 2000.

Mid-Cap Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998*
Net Asset Value, Beginning of Period	\$11.81	\$12.21	\$11.30	\$10.79	\$10.00
Investment Operations					
Net Investment Income	.088	.081	.071	.073	.053
Net Realized and Unrealized Gain (Loss) on Investments	(1.798)	(.166)	1.897	1.448	.840
Total from Investment Operations	(1.710)	(.085)	1.968	1.521	.893
Distributions					
Dividends from Net Investment Income	(.093)	(.070)	(.078)	(.076)	(.053)
Distributions from Realized Capital Gains	(.127)	(.245)	(.980)	(.935)	(.050)
Total Distributions	(.220)	(.315)	(1.058)	(1.011)	(.103)
Net Asset Value, End of Period	\$ 9.88	\$11.81	\$12.21	\$11.30	\$10.79
Total Return**	-14.61%	-0.50%	18.10%	15.32%	8.55%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,267	\$2,049	\$1,614	\$605	\$206
Ratio of Total Expenses to Average Net Assets	0.26%	0.25%	0.25%	0.25%	0.25%†
Ratio of Net Investment Income to Average Net Assets	0.85%	0.83%	0.90%	0.99%	1.19%†
Turnover Rate	20%‡	24%	51%	38%	44%

*Subscription period for the Fund was April 20, 1998, to May 20, 1998, during which time all assets were held in money market instruments. Performance measurement began May 21, 1998.

**Total returns do not reflect the 0.25% transaction fee on purchases from inception through February 28, 1999.

†Annualized.

‡Turnover rate excluding in-kind redemptions was 18%.

Small-Cap Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$19.82	\$19.44	\$23.60	\$21.20	\$23.75
Investment Operations					
Net Investment Income	.192	.217	.270	.256	.311
Net Realized and Unrealized Gain (Loss) on Investments	(4.160)	.388	(1.145)	4.491	(1.007)
Total from Investment Operations	(3.968)	.605	(.875)	4.747	(.696)
Distributions					
Dividends from Net Investment Income	(.192)	(.225)	(.260)	(.267)	(.304)
Distributions from Realized Capital Gains	—	—	(3.025)	(2.080)	(1.550)
Total Distributions	(.192)	(.225)	(3.285)	(2.347)	(1.854)
Net Asset Value, End of Period	\$15.66	\$19.82	\$19.44	\$23.60	\$21.20
Total Return*	-20.02%	3.10%	-2.67%	23.13%	-2.61%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,943	\$3,545	\$3,577	\$3,553	\$2,768
Ratio of Total Expenses to Average Net Assets	0.27%	0.27%	0.27%	0.25%	0.24%
Ratio of Net Investment Income to Average Net Assets	1.11%	1.16%	1.17%	1.25%	1.39%
Turnover Rate	32%	39%	49%	42%	35%

*Total returns do not reflect the 0.5% purchase fee imposed through March 31, 2000.

Value Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$18.90	\$22.87	\$22.89	\$22.51	\$20.85
Investment Operations					
Net Investment Income	.303	.309	.355	.355	.366
Net Realized and Unrealized Gain (Loss) on Investments	(4.238)	(2.986)	.963	2.342	2.647
Total from Investment Operations	(3.935)	(2.677)	1.318	2.697	3.013
Distributions					
Dividends from Net Investment Income	(.315)	(.316)	(.358)	(.362)	(.363)
Distributions from Realized Capital Gains	—	(.977)	(.980)	(1.955)	(.990)
Total Distributions	(.315)	(1.293)	(1.338)	(2.317)	(1.353)
Net Asset Value, End of Period	\$14.65	\$18.90	\$22.87	\$22.89	\$22.51
Total Return	-20.91%	-11.88%	6.08%	12.57%	14.64%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,197	\$3,018	\$3,450	\$3,378	\$2,421
Ratio of Total Expenses to Average Net Assets	0.23%	0.22%	0.22%	0.22%	0.22%
Ratio of Net Investment Income to Average Net Assets	1.80%	1.51%	1.60%	1.59%	1.72%
Turnover Rate	26%	38%	37%	41%	33%

Small-Cap Value Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998*
Net Asset Value, Beginning of Period	\$10.29	\$ 9.65	\$8.45	\$8.74	\$10.00
Investment Operations					
Net Investment Income	.090	.074	.084	.065	.045
Net Realized and Unrealized Gain (Loss) on Investments	(1.494)	1.176	1.698	.210	(1.250)
Total from Investment Operations	(1.404)	1.250	1.782	.275	(1.205)
Distributions					
Dividends from Net Investment Income	(.090)	(.065)	(.082)	(.070)	(.055)
Distributions from Realized Capital Gains	(.276)	(.545)	(.500)	(.495)	—
Total Distributions	(.366)	(.610)	(.582)	(.565)	(.055)
Net Asset Value, End of Period	\$ 8.52	\$10.29	\$9.65	\$8.45	\$ 8.74
Total Return**	-14.20%	13.70%	21.88%	3.35%	-12.47%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$1,176	\$802	\$317	\$204	\$113
Ratio of Total Expenses to Average Net Assets	0.27%	0.27%	0.27%	0.25%	0.25%†
Ratio of Net Investment Income to Average Net Assets	0.93%	0.97%	1.16%	0.96%	1.13%†
Turnover Rate	57%	59%	82%	80%	53%

*Subscription period for the Fund was April 20, 1998, to May 20, 1998, during which time all assets were held in money market instruments. Performance measurement began May 21, 1998.

**Total returns do not reflect the purchase fee (0.5% from March 1, 1999, through March 31, 2002; 1.0% from inception through February 28, 1999).

†Annualized.

Growth Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Net Asset Value, Beginning of Period	\$26.42	\$30.57	\$39.43	\$31.67	\$22.53
Investment Operations					
Net Investment Income	.222	.181	.126	.207	.230
Net Realized and Unrealized Gain (Loss) on Investments	(6.465)	(4.144)	(8.861)	8.821	9.244
Total from Investment Operations	(6.243)	(3.963)	(8.735)	9.028	9.474
Distributions					
Dividends from Net Investment Income	(.227)	(.187)	(.125)	(.228)	(.219)
Distributions from Realized Capital Gains	—	—	—	(1.040)	(.115)
Total Distributions	(.227)	(.187)	(.125)	(1.268)	(.334)
Net Asset Value, End of Period	\$19.95	\$26.42	\$30.57	\$39.43	\$31.67
Total Return	-23.68%	-12.93%	-22.21%	28.76%	42.21%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$6,094	\$8,445	\$11,162	\$15,232	\$6,644
Ratio of Total Expenses to Average Net Assets	0.23%	0.22%	0.22%	0.22%	0.22%
Ratio of Net Investment Income to Average Net Assets	0.97%	0.67%	0.33%	0.64%	0.92%
Turnover Rate	23%	31%	33%	33%	29%

Small-Cap Growth Index Fund Investor Shares

	Year Ended December 31,				
	2002	2001	2000	1999	1998*
Net Asset Value, Beginning of Period	\$10.87	\$10.97	\$11.38	\$ 9.53	\$10.00
Investment Operations					
Net Investment Income	.027	.009	.009	.025	.03
Net Realized and Unrealized Gain (Loss) on Investments	(1.702)	(.094)	.154	1.860	(.47)
Total from Investment Operations	(1.675)	(.085)	.163	1.885	(.44)
Distributions					
Dividends from Net Investment Income	(.025)	(.015)	(.003)	(.035)	(.03)
Distributions from Realized Capital Gains	—	—	(.570)	—	—
Total Distributions	(.025)	(.015)	(.573)	(.035)	(.03)
Net Asset Value, End of Period	\$ 9.17	\$10.87	\$10.97	\$11.38	\$ 9.53
Total Return**	-15.41%	-0.78%	1.59%	19.80%	-4.77%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$388	\$357	\$356	\$167	\$90
Ratio of Total Expenses to Average Net Assets	0.27%	0.27%	0.27%	0.25%	0.25%†
Ratio of Net Investment Income to Average Net Assets	0.24%	0.11%	0.03%	0.33%	0.63%†
Turnover Rate	61%	74%	136%	82%	77%

*Subscription period for the Fund was April 20, 1998, to May 20, 1998, during which time all assets were held in money market instruments. Performance measurement began May 21, 1998.

**Total returns do not reflect the purchase fee (0.5% from March 1, 1999, through March 31, 2002; 1.0% from inception through February 28, 1999).

†Annualized.

Investing with Vanguard

One or more of the Funds are an investment option in your retirement or savings plan. Your plan administrator or your employee benefits office can provide you with detailed information on how to participate in your plan and how to elect a Fund as an investment option.

- If you have any questions about a Fund or Vanguard, including those about a Fund's investment objective, strategies, or risks, contact Vanguard's Participant Access Center, toll-free, at 1-800-523-1188.
- If you have questions about your account, contact your plan administrator or the organization that provides recordkeeping services for your plan.

INVESTMENT OPTIONS AND ALLOCATIONS

Your plan's specific provisions may allow you to change your investment selections, the amount of your contributions, or how your contributions are allocated among the investment choices available to you. Contact your plan administrator or employee benefits office for more details.

TRANSACTIONS

Contributions, exchanges, or redemptions of a Fund's shares are processed as soon as they have been received by Vanguard in good order. Good order means that your request includes complete information on your contribution, exchange, or redemption, and that Vanguard has received the appropriate assets.

In all cases, your transaction will be based on the Fund's next-determined net asset value (NAV) after Vanguard receives your request (or, in the case of new contributions, the next-determined NAV after Vanguard receives the order from your plan administrator). As long as this request is received before the close of trading on the New York Stock Exchange, generally 4 p.m., Eastern time, you will receive that day's NAV. This is known as your **trade date**.

EXCHANGES

The exchange privilege (your ability to redeem shares from one fund to purchase shares of another fund) may be available to you through your plan. Although we make every effort to maintain the exchange privilege, Vanguard reserves the right to revise or terminate this privilege, limit the amount of an exchange, or reject any exchange, at any time, without notice. Because excessive exchanges can potentially disrupt the management of the Vanguard® funds and increase their transaction costs, Vanguard limits participant exchange activity to no more than **four substantive "round trips" through non-money-market funds** (at least 90 days apart) during any 12-month period. A "round trip" is a redemption *from* a fund followed by a purchase *back into* the fund. "Substantive" means a dollar amount that Vanguard determines, in its sole discretion, could adversely affect the management of a fund.

Before making an exchange to or from another fund available in your plan, consider the following:

- Certain investment options, particularly funds made up of company stock or investment contracts, may be subject to unique restrictions.
- Be sure to read that fund's prospectus. Contact Vanguard's Participant Access Center, toll-free, at 1-800-523-1188 for a copy.
- Vanguard can accept exchanges only as permitted by your plan. Contact your plan administrator for details on the exchange policies that apply to your plan.

Accessing Fund Information by Computer

VANGUARD ON THE WORLD WIDE WEB www.vanguard.com

Use your personal computer to visit Vanguard's education-oriented website, which provides timely news and information about Vanguard funds and services; the online Education Center that offers a variety of mutual fund classes; and easy-to-use, interactive tools to help you create your own investment and retirement strategies.

The Vanguard Group, Vanguard, Plain Talk, and the ship logo are trademarks of The Vanguard Group, Inc. S&P 500®, Standard & Poor's 500, S&P MidCap 400, Standard & Poor's MidCap 400, S&P SmallCap 600, and Standard & Poor's SmallCap 600 are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by The Vanguard Group, Inc. Vanguard mutual funds are not sponsored, endorsed, sold, or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the funds. All other marks are the exclusive property of their respective owners.

Glossary of Investment Terms

Active Management

An investment approach that seeks to exceed the average returns of the financial markets. Active managers rely on research, market forecasts, and their own judgment and experience in selecting securities to buy and sell.

Capital Gains Distribution

Payment to mutual fund shareholders of gains realized on securities that a fund has sold at a profit, minus any realized losses.

Cash Investments

Cash deposits, short-term bank deposits, and money market instruments that include U.S. Treasury bills, bank certificates of deposit (CDs), repurchase agreements, commercial paper, and banker's acceptances.

Common Stock

A security representing ownership rights in a corporation. A stockholder is entitled to share in the company's profits, some of which may be paid out as dividends.

Dividend Distribution

Payment to mutual fund shareholders of income from interest or dividends generated by a fund's investments.

Expense Ratio

The percentage of a fund's average net assets used to pay its expenses during a fiscal year. The expense ratio includes management fees, administrative fees, and any 12b-1 distribution fees.

Growth Fund

A mutual fund that emphasizes stocks of companies believed to have above-average prospects for growth in revenue and earnings. These stocks typically have low dividend yields and above-average prices in relation to such measures as earnings and book value.

Index

An unmanaged group of securities whose overall performance is used as a standard to measure investment performance.

Investment Adviser

An organization that makes the day-to-day decisions regarding a fund's investments.

Net Asset Value (NAV)

The market value of a mutual fund's total assets, minus liabilities, divided by the number of shares outstanding. The value of a single share is also called its share value or share price.

Passive Management

A low-cost investment strategy in which a mutual fund attempts to track—rather than outperform—a particular stock or bond market index; also known as indexing.

Price/Earnings (P/E) Ratio

The current share price of a stock, divided by its per-share earnings (profits). A stock selling for \$20, with earnings of \$2 per share, has a price/earnings ratio of 10.

Principal

The amount of money you put into an investment.

Total Return

A percentage change, over a specified time period, in a mutual fund's net asset value, assuming the reinvestment of all distributions of dividends and capital gains.

Value Fund

A mutual fund that typically emphasizes stocks whose prices are below-average in comparison with such measures as earnings and book value. These stocks often have above-average dividend yields.

Volatility

The fluctuations in value of a mutual fund or other security. The greater a fund's volatility, the wider the fluctuations in its returns.

Yield

Income (interest or dividends) earned by an investment, expressed as a percentage of the investment's price.



Institutional Division
Post Office Box 2900
Valley Forge, PA 19482-2900

For More Information

If you'd like more information about Vanguard U.S. Stock Index Funds, the following documents are available free upon request:

Annual/Semiannual Reports to Shareholders

Additional information about the Funds' investments is available in the Funds' annual and semiannual reports to shareholders. In the Funds' annual reports, you will find a discussion of the market conditions and investment strategies that significantly affected the Funds' performance during their last fiscal year.

Statement of Additional Information (SAI)

The SAI provides more detailed information about the Funds.

The current annual and semiannual reports and the SAI are incorporated by reference into (and are thus legally a part of) this prospectus.

To receive a free copy of the latest annual or semiannual reports or the SAI, or to request additional information about the Funds or other Vanguard funds, please contact us as follows:

**The Vanguard Group
Participant Access Center
P.O. Box 2900
Valley Forge, PA 19482-2900**

**Telephone:
1-800-523-1188**

**Text Telephone:
1-800-523-8004**

**World Wide Web:
www.vanguard.com**

Information provided by the Securities and Exchange Commission (SEC)

You can review and copy information about the Funds (including the SAI) at the SEC's Public Reference Room in Washington, DC. To find out more about this public service, call the SEC at 1-202-942-8090. Reports and other information about the Funds are also available on the SEC's Internet site at <http://www.sec.gov>, or you can receive copies of this information, for a fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-0102.

Funds' Investment Company Act
file numbers: 811-2652

© 2003 The Vanguard Group, Inc.
All rights reserved.
Vanguard Marketing Corporation,
Distributor.

1040 042003