EXHIBIT A

Vanguard: The First 100 Years

It is a special pleasure to have this rare opportunity to tell Vanguard's life story, in the words of The Newcomen Society, "the life story of a corporate organization, interpreted through the ambitions, the success and failures, and the ultimate achievements of those pioneers whose efforts laid down the foundations of the enterprise."

I have chosen "Vanguard—The First Century" as my title. This title may seem pretentious for a youthful upstart of an organization that will not even celebrate its seventeenth anniversary for another five months. But I hope you will see that there is "method in my madness," when I outline the three-part structure of my remarks:

First, "The Wellington Era," from 1928 to 1974. This era began on December 28, 1928, when Wellington Fund was founded in Philadelphia by a truly remarkable gentleman, my friend and mentor Walter L. Morgan.

This balanced mutual fund—still one of the jewels in the Vanguard crown—was to rise from a humble beginning with but $100,000 of assets to become the "Tiffany" of the mutual fund industry, and the dominant component of a fund complex with assets of $1.7 billion early in 1974.

Second, "The Current Vanguard Era," from 1974 to this very night early in 1992. This era began with the enterprise in disarray, following a heated internecine corporate power struggle for control over the Wellington funds and their adviser, Wellington Management Company. It culminated with a courageous and unprecedented decision by the Fund directors that was to make the Funds completely independent of the Management Company.

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Note: Edited excerpts from a speech by John C. Bogle, Founder of Vanguard, entitled "Vanguard: the First Century," before the Newcomen Society of the United States. Philadelphia, PA, January 15, 1992.

I would name the successor firm "Vanguard," and described this new truly *mutual* mutual fund enterprise—operating independently on an "at-cost" basis as "The Vanguard Experiment" in mutual fund governance. We began in 1974, a newly-formed, newly-named, and uniquely-organized company that would direct the Funds' affairs. There soon followed an amazing transformation of this small administrative organization to a full-fledged mutual fund complex—now also providing investment management services as well as the marketing and distribution of fund shares.   We soon became the unchallenged low-cost provider of services in this industry, with a national reputation for productive investment performance and high-quality investor services. As a result, we have become one of the three largest mutual fund organizations in the world.

Third, "The Vanguard Era Yet To Come," beginning tonight and ending on December 28, 2028, our 100th anniversary. This section will allow me to expound upon where we go from here with this exciting company, in a combative industry, part of a United States financial system in which "anything can happen" (and often does!), and in a world economy whose path should be upward but inevitably rock-strewn.

Hardly coincidentally, using this three-tier organization for my remarks enables me to indulge in one of my favorite conceits; that, to fully prove its worth, an organization should complete at least one century of operations. (Most firms do not!) This century—I hope that this doesn't sound pretentious—will be "Vanguard's First Century," for I have absolutely no doubt whatsoever that we can conquer the tough challenges that lie ahead. I might note that 1928 not only marked the birth of Wellington Fund, but preceded the year in which I was born. I'm not at all sure where I shall be in 2028, but I am certain that both Vanguard and Wellington Fund will be alive and well, then as now among America's premier investment enterprises.

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The Vanguard Era Yet To Come: 1992-2028

I warned you at the outset that I would endeavor to look ahead, fragile though my

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Note: Hard as it is for me to believe, we are now more than half-way through this new era.

vision may be, to the end of Vanguard's first century. My first prediction is that the company will exist then, no mean claim when one considers how few large enterprises survive such a span. Correlatively, I believe that, of all of our Funds, Wellington Fund, the dowager queen, her stately dignity and time-tested conservative principles intact, will be the most certain survivor in the inevitable winds of change that lie before us.

Second, I believe that Vanguard will remain an industry leader, but it will be tougher to do so. Recently, the head of one of our largest competitors said to me: "By giving the client a fair shake, you are going to destroy this industry." That analysis seems a bit extreme. Rather, I believe that our competition will be forced to raise service quality and to lower prices. Certainly that is what *should* happen in a free enterprise system, and, *if it does*, it will keep us at Vanguard on our mettle.

Third, I believe that the combination of consumerism and cost-consciousness will accelerate the move to "no-load" direct marketing since 1980 with a share of about 35 percent of industry assets (up from 10 percent when Vanguard entered the arena in 1977), it will move up again as investors become better informed, ever more cost conscious, and increasingly willing to make their own financial decisions.

Fourth, I believe that market indexing will come into its own as a major force in mutual fund management. Vanguard Index Trust , which has had the field pretty much to itself since its formation in 1976, will at long last confront some competition. By the turn of the twentieth century, our Index Trust will, I believe, be the largest equity mutual fund in the world.

Fifth, I believe that the mutual fund industry will become an even better place to invest. Public pressure and regulatory pressure alike will demand that funds are operated primarily in the interest of their shareholders, and only secondarily in the interest of their external advisers.

Federal law will require an express standard of fiduciary duty by independent fund directors, who will come to demand not only appropriate fees, but candid disclosure of fund risks and costs to insure that investor expectations will be consistent with the unremitting realities of investing.

Sixth, I believe that Vanguard will remain an independent "mutual" organization, beholden solely to our own clients—our own fund shareholders—forever. This structure has been the keystone of our success. The independence it engenders will keep us free from being acquired by outside organizations, which will, in turn, enable us to steer our own course, and, to be sure, to make our own mistakes.

Seventh, I believe that we will face many difficult economic periods, as both the United States and worldwide financial markets continue their eternal swings from hope to confidence, to greed and to fear. I also believe that the post-World War II period of these past forty-seven years will eventually come to be seen as an unusually stable and predictable economic era. But, the remainder of our first century will remind us of what we should never forget: "anything can happen in the securities markets." This fact of life, of course, suggests the importance of diversification and balance, two of Vanguard's basic tenets.

Eighth, the key to our success will, as always, remain our crew. However, our ideals of personal attention and caring, the theme that "even one person can make a difference," the need to value judgment over procedure—all will be challenged as our crew grows along with our assets. What is more, growth will challenge our ability to provide first-rate service quality, and to invest fund assets wisely and effectively. In all, our growth presents the risk of the "tyranny of compounding." To give a number to it, if (and it is a big "if") we grow at but 12 percent annually—one-third of our past growth rate—over the next thirty-seven years, our assets would reach $5 trillion in 2029. Dealing with that kind of asset growth may well be the greatest challenge I shall leave to my successors.*

Wrapping Up

Well, we have doubtless had quite enough past, present and future history for a single evening. And the history of corporate America is one that has been particularly tough to forecast when so many successful, intelligently managed enterprises have grown so large and so bureaucratic, with so much "tunnel vision," that they have lost their way. Such giants as IBM,

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*** [Note: Many of these eight predictions have proven remarkably prescient, but a few have fallen far short. So Far!]**

General Motors, and Citicorp are struggling to regain their leadership, and, ultimately perhaps, to survive. It is fair to observe, I think, that 66,000,000 years ago the environment was unkind to real dinosaurs. During the past century, the environment has been equally unkind to corporate dinosaurs. Vanguard's mission is to conquer that challenge.

Our job, in short, is to avoid becoming just another sluggish dinosaur, and to retain the "animal spirits" that have served us so well, so far. Five years ago, in one of my semi-annual "sermons" to our crew, I cited John Maynard Keynes' caution that "it is the merest pretense to suggest that enterprise is mainly actuated by the statements in its own prospectus, however candid and sincere . . . based on an exact calculation of benefits to come." Further, he warned that "if the animal spirits—a spontaneous urge to action rather than inaction—are dimmed and the spontaneous optimism falters, leaving us to depend on nothing but a mathematical expectation, enterprise will fade and die." It is a warning that none of us should ignore.

I am proud of Vanguard. I am proud of our people. I am proud to stand before you tonight. And I am proud of the work that we do. Where else but in the field of financial management can an organization help human beings to achieve their own financial security, without the support of the state, and at the same time help business to raise the capital required for growth and innovation? It is Vanguard's special privilege to bring savings dollars and investment dollars together under terms that are so positive and fair. I believe that we can continue to do just that during the remainder of Vanguard's first century."