

## New Investment Choice—Just in Time for Open Enrollment

Vanguard REIT Index Fund will be added to the MEBA Money Purchase Benefit (MPB) Plan on September 1, 2002—just in time for your plan’s annual open enrollment. The new fund will give you a total of 11 investment options with which to create your desired portfolio during the September 3 to November 22 open-enrollment period. The Vanguard REIT Index Fund will be available as of September 1, 2002 for those of you that are already in the Self Directed Option.

### About Your New Fund Choice

Vanguard REIT Index Fund is an aggressive stock fund that seeks a high level of dividend income as well as long-term growth of capital. The Fund invests primarily in shares of real estate investment trusts (REITs), which own properties such as apartments, office buildings, and shopping malls. These “equity” REITs generate income from rentals or lease payments and offer the potential for growth from property appreciation and the potential for capital gains from the sale of properties.

The Fund normally invests at least 98% of its assets in stocks issued by REITs in an attempt to parallel the investment performance of the Morgan Stanley REIT Index, a benchmark of U.S. property trusts that covers about two-thirds of the value of the entire U.S. REIT market. The fund invests in the stocks that make up the index: the remaining assets are allocated to cash investments.

Index funds have a powerful cost advantage: With low management fees and minimal trading expenses, the average index fund costs far less to operate than the average actively managed fund. For example, the expense ratio for Vanguard REIT Index Fund is 0.28% (for the last fiscal year), compared with expenses of 1.60% for the average real estate fund.

Here’s how the performance of Vanguard REIT Index Fund stacks up against the Morgan Stanley REIT Index:

<b>Total Returns for Periods Ended June 30, 2002*</b>					
	<b>Year to Date</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Since Inception</b>
REIT Index Fund (Inception: May 13, 1996)	13.25%	15.56%	13.71%	7.84%	11.93%
Morgan Stanley REIT Index	13.54%	16.06%	14.02%	7.76%	12%

\*Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns.

### How the Change Will Affect You

During the open enrollment period, you elect how your MPB account will be invested for the coming year. If you choose:

- **The Plan-Directed Option**, in which professional money managers invest your MPB account in accordance with an investment policy determined by the Trustees, the new fund addition will have no impact on your account.

- **The Self-Directed Option**, in which you select your own plan investments, you can opt to invest in the new fund. However, Vanguard REIT Index Fund is *not* included in the portfolio recommendations offered through Vanguard fund advice because it is a specialized investment. You can find more information about Vanguard REIT Index Fund at [www.vanguard.com](http://www.vanguard.com) under the Research Funds & Stocks tab.

If you are already in the Self-Directed Option, the Vanguard REIT Index Fund will be available as an investment option.

Following is your complete fund lineup. The funds are listed by overall risk level from conservative to aggressive, which takes into account the different types of risk applicable to each fund's asset class and investment style.

- Vanguard® Treasury Money Market Fund
- Vanguard® Prime Money Market Fund
- Vanguard® Short-Term Corporate Fund
- Vanguard® Total Bond Market Index Fund
- Vanguard® Wellington™ Fund
- Vanguard® Windsor™ II Fund
- Vanguard® 500 Index Fund
- Vanguard® REIT Index Fund
- Vanguard® PRIMECAP Fund
- Vanguard® Explorer™ Fund
- Vanguard® International Growth Fund

### Questions?

If you have questions about the plan-directed option or open enrollment, call the Plan Office at **1-410-547-9111** or **1-800-811-MEBA, Ext. 1247**. Questions regarding Vanguard® funds should be directed to Vanguard® Participant Services at **1-800-523-1188** Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time. For information on mutual funds and investment strategies, please visit [www.vanguard.com](http://www.vanguard.com).

*Vanguard, Wellington, Windsor, and Explorer* are trademarks of The Vanguard Group, Inc. *500* is a 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 & Poor's makes no representation regarding the advisability of investing in the funds. All other trademarks are the exclusive property of their respective owners.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.

Vanguard funds are offered by prospectus only. Prospectuses contain more complete information on risks, advisory fees, distribution charges, and other expenses and should be read carefully before you invest or send money. Prospectuses can be obtained directly by writing to The Vanguard Group, P.O. Box 2900, Valley Forge, PA 19482-2900; calling 1-800-523-1188; or visiting [www.vanguard.com](http://www.vanguard.com).