



THE Vanguard GROUP.

John C. Bogle
Founder
Chairman and Chief Executive, 1974-1996

April 2, 2004

"Letter to the Editor"

Robert Safian
MONEY
Time & Life Building
Rockefeller Center
New York, NY 10020

Dear Bob,

Jason Zweig's article ("The Vanguard Chronicles," April 2004) suggests that my creation of Vanguard comes "as close to communism as a diehard capitalist has ever gotten." I beg to differ.

The fact is that the diehard capitalists who own the Vanguard funds—our shareholder/owners—have been better rewarded than any other group of fund owners in the entire mutual fund industry. Our capitalists have been rewarded for their investments by receiving, over the past decade, for example, fully 98.1% of the gross returns earned by the funds they own.

If the job of capitalism is to create wealth for *those who put up the capital*, no fund group comes close to Vanguard's success in serving its owners. So we're probably as far away from communism as is realistically possible.

Now, if the job of capitalism is to create wealth for *those who purport to serve our capitalists by managing their money*, then I confess to being a communist.

Sincerely,