

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

VANGUARD INDEX TRUST

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Business Address
PO BOX 2600
VM #V34
VALLEY FORGE PA 19482
6106696289

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-1A
REGISTRATION STATEMENT (NO. 2-56846) UNDER
THE SECURITIES ACT OF 1933
PRE-EFFECTIVE AMENDMENT NO.

POST-EFFECTIVE AMENDMENT NO. 45

AND

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY
ACT OF 1940

AMENDMENT NO. 47

VANGUARD INDEX TRUST
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

P.O. BOX 2600, VALLEY FORGE, PA 19482
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

REGISTRANT'S TELEPHONE NUMBER (610) 669-1000

RAYMOND J. KLAPINSKY, ESQUIRE
P.O. BOX 876
VALLEY FORGE, PA 19482

IT IS PROPOSED THAT THIS AMENDMENT BECOME EFFECTIVE;
on January 6, 1997, pursuant to paragraph (a) of Rule 485.

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:
As soon as practicable after this Registration Statement becomes effective.

REGISTRANT ELECTS TO REGISTER AN INDEFINITE NUMBER OF SHARES PURSUANT TO
REGULATION 24F-2 UNDER THE INVESTMENT COMPANY ACT OF 1940. REGISTRANT FILED ITS
RULE 24F-2 NOTICE FOR THE YEAR ENDED DECEMBER 31, 1995 ON FEBRUARY 28, 1996.

VANGUARD INDEX TRUST
CROSS REFERENCE SHEET

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FORM N-1A ITEM NUMBER		LOCATION IN PROSPECTUS
<C>	<S>	<C>
Item 1.	Cover Page.....	Cover Page
Item 2.	Synopsis.....	Highlights
Item 3.	Condensed Financial Information.....	Financial Highlights
Item 4.	General Description of Registrant.....	Investment Objectives; Investment Limitations; Investment Policies; General Information
Item 5.	Management of the Funds.....	Management of the Funds
Item 6.	Capital Stock and Other Securities.....	Opening an Account and Purchasing Each Funds Shares; Selling Your Shares; The Share Price of Each Portfolio; Dividends, Capital Gains and Taxes; General Information
Item 7.	Purchase of Securities Being Offered.....	Cover Page; Opening an Account and Purchasing Shares
Item 8.	Redemption or Repurchase.....	Selling Your Shares
Item 9.	Pending Legal Proceedings.....	Not Applicable

<CAPTION>

FORM N-1A ITEM NUMBER		LOCATION IN STATEMENT OF ADDITIONAL INFORMATION
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Item 11.	Table of Contents.....	Cover Page
Item 12.	General Information and History.....	Investment Objectives and Policies

Item 13.	Investment Objective and Policies.....	Investment Objectives and Policies; Investment Limitations
Item 14.	Management of the Fund.....	Management of the Fund
Item 15.	Control Persons and Principal Holders of Securities.....	Management of the Fund
Item 16.	Investment Advisory and Other Services.....	Management of the Fund
Item 17.	Brokerage Allocation.....	Not Applicable
Item 18.	Capital Stock and Other Securities.....	Financial Statements
Item 19.	Purchase, Redemption and Pricing of Securities Being Offered.....	Purchase of Shares; Redemption of Shares
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Item 21.	Underwriters.....	Not Applicable
Item 22.	Calculations of Yield Quotations of Money Market Fund.....	Not Applicable
Item 23.	Financial Statements.....	Financial Statements

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VANGUARD
INDEX TRUST

Prospectus
January 6, 1997

TOTAL STOCK MARKET
PORTFOLIO

GRAPHIC OF BOAT

500 PORTFOLIO

EXTENDED MARKET
PORTFOLIO

SMALL CAPITALIZATION
STOCK PORTFOLIO

VALUE PORTFOLIO

GROWTH PORTFOLIO

This prospectus contains financial data for the Trust through the fiscal period
ended June 30, 1996.

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VANGUARD INDEX TRUST

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A STOCK INDEX MUTUAL FUND

INVESTMENT OBJECTIVES AND POLICIES

Vanguard Index Trust (the "Trust") is an open-end investment company that includes six separate, diversified mutual fund Portfolios: Total Stock Market, 500, Extended Market, Small Capitalization Stock, Value, and Growth.

Each Portfolio seeks to match, as closely as possible, the performance of a different stock market benchmark, or index. One index reflects the entire U.S. stock market; the five other indexes focus on specific stock market segments. Long-term capital growth (and, for some Portfolios, dividend income) may be achieved as the Portfolios track their respective indexes.

You can buy shares in any of the six Portfolios that meet your investment needs; you do not have to buy shares in all six.

IT IS IMPORTANT TO NOTE THAT NONE OF THE PORTFOLIOS' SHARES IS GUARANTEED OR INSURED BY THE FDIC OR ANY OTHER AGENCY OF THE U.S. GOVERNMENT. AS WITH ANY INVESTMENT IN COMMON STOCKS, WHICH ARE SUBJECT TO WIDE FLUCTUATIONS IN MARKET VALUE, YOU COULD LOSE MONEY BY INVESTING IN ANY OF THE PORTFOLIOS.

FEES AND EXPENSES

The Portfolios are offered on a no-load basis, which means that you pay no sales commissions or 12b-1 marketing fees. You will, however, incur expenses for investment advisory, management, administrative, and distribution services, which are included in each Portfolio's expense ratio.

Each Portfolio charges a \$10 annual account maintenance fee for accounts with balances of less than \$10,000.

Two Portfolios charge a fee on purchases: 0.5% for the Extended Market Portfolio, 1% for the Small Capitalization Stock Portfolio.

ADDITIONAL INFORMATION ABOUT THE TRUST

A Statement of Additional Information (January 6, 1997) containing more information about the Trust is, by reference, part of this prospectus and may be obtained without charge by writing to Vanguard or by calling our Investor Information Department at 1-800-662-7447.

WHY READING THIS PROSPECTUS IS IMPORTANT

This prospectus explains the objectives, risks, and strategies of each Portfolio of Vanguard Index Trust. 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 which Portfolios, if any, are the right investment for you. We suggest that you keep it for future reference.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE COMMISSION PASSED UPON THE ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

WHO SHOULD INVEST (PAGE 9)

- Investors looking for a simple way to match the performance of a specific stock market index.
- Investors seeking a stock mutual fund as part of a balanced and diversified investment program.

- Investors seeking growth of their capital over the long term -- at least five years.

WHO SHOULD NOT INVEST

- Investors unwilling to accept significant fluctuations in share price.
- Investors hoping to beat the stock market.

RISKS OF THE PORTFOLIOS (PAGES 8 - 14)

The Portfolios' total return will fluctuate within a wide range, so an investor could lose money over short or even extended periods. All six Portfolios are subject to market risk (the chance that stock prices in general will fall, sometimes suddenly and sharply) and objective risk (the chance that a specific segment of the stock market will not perform as well as the overall market). More detailed information about risk -- including risks specific to each Portfolio -- is provided beginning on page 18.

DIVIDENDS AND CAPITAL GAINS (PAGE 17)

The Total Stock Market, 500, Value, and Growth Portfolios pay dividends in March, June, September, and December. The Extended Market and Small Capitalization Stock Portfolios pay dividends in December. All six of the Trust's Portfolios pay capital gains, if any, in December.

INVESTMENT ADVISER (PAGE 18)

Vanguard Core Management Group, Valley Forge, PA, manages each of the six Portfolios.

MINIMUM INITIAL INVESTMENT FOR EACH PORTFOLIO: \$3,000; \$1,000 for IRAs and accounts for minors

ACCOUNT FEATURES (PAGE 19)

- Telephone Redemption (sales, not exchanges)
- Vanguard Direct Deposit Servicesm
- Vanguard Automatic Exchange Servicesm
- Vanguard Fund Express(R)
- Vanguard Dividend Expresssm

AVERAGE ANNUAL TOTAL RETURNS -- PERIODS ENDED JUNE 30, 1996

<TABLE>

<CAPTION>

	1 YEAR	5 YEARS	10 YEARS
	-----	-----	-----
<S>	<C>	<C>	<C>
Total Stock Market	25.3%	15.4%*	--
Wilshire 5000 Index	26.2	15.9*	--
500	25.9%	15.6%	13.5%
S&P 500 Index	26.0	15.7	13.8
Extended Market**	26.2%	17.2%	15.4%*
Wilshire 4500 Index	26.6	17.1	15.6*
SmallCap Stock**	25.3%	18.0%	9.6%
Russell 2000 Index	23.9	17.5	10.4
Value	24.8%	17.6%*	--
S&P/BARRA Value Index	24.8	17.8*	--
Growth	27.1%	14.8%*	--
S&P/BARRA Growth Index	27.3	15.1*	--

</TABLE>

*Since Portfolio's inception.

**Does not include transaction fee; see table on page 2.

In evaluating past performance, remember that it is not indicative of future performance and that returns from stocks before adjusting for inflation were relatively high during the periods shown. Performance figures include the reinvestment of any dividends and capital gains distributions. The returns shown are net of expenses, but they do not reflect income taxes an investor would have incurred. Note, too, that both the return and principal value of an investment will fluctuate so that investors' shares, when redeemed, may be worth more or

less than their original cost.

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PORTFOLIO PROFILE (CONTINUED)

VANGUARD INDEX TRUST

<TABLE>
<CAPTION>

	TOTAL STOCK MARKET	500	EXTENDED MARKET
<S>	<C>	<C>	<C>
INCEPTION DATE:	4/27/92	8/31/76	12/21/87
NET ASSETS AS OF 6/30/96:	\$2.86 billion	\$23.6 billion	\$1.74 billion
PORTFOLIO EXPENSE RATIO FOR THE SIX MONTHS ENDED 6/30/96:	0.21%	0.20%	0.25%
FEES			
LOADS, 12b-1 MARKETING FEE:	None	None	None
ANNUAL ACCOUNT MAINTENANCE FEE:*	\$10	\$10	\$10
TRANSACTION FEE ON PURCHASES:	None	None	0.5%
SUITABLE FOR IRAs:	Yes	Yes	Yes
NEWSPAPER ABBREVIATION:	IdxTot	Idx 500	IdxExt
VANGUARD FUND NUMBER:	085	040	098

</TABLE>

<TABLE>
<CAPTION>

	SMALLCAP STOCK	VALUE	GROWTH
<S>	<C>	<C>	<C>
INCEPTION DATE:	10/3/60	11/2/92	11/2/92
NET ASSETS AS OF 6/30/96:	\$1.45 billion	\$765 million	\$511 million
PORTFOLIO EXPENSE RATIO FOR THE SIX MONTHS ENDED 6/30/96:	0.25%	0.20%	0.20%
FEES			
LOADS, 12b-1 MARKETING FEE:	None	None	None
ANNUAL ACCOUNT MAINTENANCE FEE:*	\$10	\$10	\$10
TRANSACTION FEE ON PURCHASES:	0.5%	None	None
SUITABLE FOR IRAs:	Yes	Yes	Yes
NEWSPAPER ABBREVIATION:	IdxSmCap	IdxVal	IdxGro
VANGUARD FUND NUMBER:	048	006	009

</TABLE>

*Waived for accounts with balances of \$10,000 or more.

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PORTFOLIO EXPENSES

The examples below are designed to help you understand the costs you would bear as an investor in one of the Portfolios.

SHAREHOLDER TRANSACTION EXPENSES AND FEES

Sales Load Imposed on Purchases:	None
Transaction Fee on Purchases*	
Extended Market Portfolio:	0.5%
SmallCap Stock Portfolio:	0.5%
Total Stock Market, 500, Value, and Growth Portfolios:	None
Sales Load Imposed on Reinvested Dividends:	None

Redemption Fees: None
 Exchange Fees: None

* The transaction fee is deducted from all purchases (including exchanges from other Vanguard Funds) but not from reinvested dividends and capital gains.

For accounts with balances of less than \$10,000, an account maintenance fee is deducted from a Portfolio's dividends (\$2.50 each quarter for the Total Stock Market, 500, Value, and Growth Port-folios, and \$10 each December for the Extended Market and Small Capitalization Stock Portfolios). If you receive a distribution that is less than the fee, shares will be automatically redeemed to make up the difference.

The next tables illustrate the expenses that you would incur, outside of transaction and maintenance fees, as a Portfolio shareholder. These expenses are deducted from the Portfolio's income before it is paid to you. Expenses include investment advisory fees as well as fees for administering the Portfolio, providing services, and other activities. The expenses shown are for the fiscal year ended December 31, 1995.

ANNUAL PORTFOLIO OPERATING EXPENSES

<TABLE>
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	TOTAL STOCK MARKET		500	
<S>	<C>	<C>	<C>	<C>
Management and Administrative Expenses:		0.21%		0.17%
Investment Advisory Expenses:		None		None
12b-1 Marketing Fees:		None		None
Other Expenses				
Marketing and Distribution Expenses:	0.02%		0.02%	
Miscellaneous Expenses (e.g., Taxes, Auditing):	0.02%		0.01%	
	----		----	
Total Other Expenses:		0.04%		0.03%
		----		----
TOTAL OPERATING EXPENSES (EXPENSE RATIO):		0.25%		0.20%
		====		====

</TABLE>

PLAIN TALK ABOUT

VANGUARD'S FEES

Some of Vanguard's index portfolios charge a transaction fee on purchases of Portfolio shares to offset the higher costs of trading certain securities, particularly small-company and international stocks. The transaction fee ensures that these higher costs are borne by the investors making the transactions -- and not by shareholders already in the Portfolio. In addition, most of Vanguard's index portfolios charge an account maintenance fee to divide the costs of maintaining accounts equally among shareholders.

At Vanguard, all fees are paid directly to the Portfolio itself (unlike a sales charge or load, which -- for many fund companies -- ends up in the pocket of the sponsor, adviser, or sales representative). Without transaction fees, an index portfolio would have trouble tracking its target index.

PLAIN TALK ABOUT

FUND EXPENSES

All mutual funds have operating expenses. These expenses, which are deducted from a fund's gross income, are expressed as a percentage of the net assets of the fund. For instance, the Total Stock Market Portfolio's expense ratio in fiscal year 1995 was 0.25%, or \$2.50 per \$1,000 of average net assets. The average equity index fund had expenses in 1995 of 0.67%, or \$6.70 per \$1,000 of average net assets, according to Lipper Analytical Services, Inc., which reports on the mutual fund industry.

<TABLE>
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	EXTENDED MARKET	SMALLCAP STOCK
<S>	<C>	<C>
Management and Administrative Expenses:	0.21%	0.21%
Investment Advisory Expenses:	None	0.01%
12b-1 Marketing Fees:	None	None
Other Expenses		
Marketing and Distribution Expenses:	0.02%	0.02%
Miscellaneous Expenses (e.g., Taxes, Auditing):	0.02%	0.01%
Total Other Expenses:	0.04%	0.03%
TOTAL OPERATING EXPENSES (EXPENSE RATIO):	0.25%	0.25%

</TABLE>

<TABLE>
<CAPTION>

	VALUE	GROWTH
<S>	<C>	<C>
Management and Administrative Expenses:	0.15%	0.14%
Investment Advisory Expenses:	0.01%	0.01%
12b-1 Marketing Fees:	None	None
Other Expenses		
Marketing and Distribution Expenses:	0.02%	0.02%
Miscellaneous Expenses (e.g., Taxes, Auditing):	0.02%	0.03%
Total Other Expenses:	0.04%	0.05%
TOTAL OPERATING EXPENSES (EXPENSE RATIO):	0.20%	0.20%

</TABLE>

The following examples illustrate the hypothetical expenses that you would incur on a \$1,000 investment in each Portfolio over various periods. These examples assume (1) that each Portfolio provides a return of 5% a year, (2) that you redeem your investment at the end of each period, and (3) that any transaction fees have been deducted. If your investment were larger than \$1,000 but less than \$10,000, your total expenses would be lower, percentage-wise, than the amounts shown.

<TABLE>
<CAPTION>

PORTFOLIO	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
Total Stock Market	\$ 3	\$ 8	\$14	\$30
500	\$ 2	\$ 6	\$11	\$24
Extended Market	\$ 5	\$10	\$16	\$33
SmallCap Stock	\$13	\$18	\$24	\$40
Value	\$ 2	\$ 6	\$11	\$24
Growth	\$ 2	\$ 6	\$11	\$24

</TABLE>

THIS EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF ACTUAL EXPENSES OR PERFORMANCE FROM THE PAST OR FOR THE FUTURE, WHICH MAY BE HIGHER OR LOWER THAN THOSE SHOWN.

FINANCIAL HIGHLIGHTS

The following financial highlights tables show the results for a share outstanding for each of the last ten years ended December 31, 1995 (or each year since the Portfolio's inception date) and the six months ended June 30, 1996. The financial highlights for the fiscal years ended December 31 were audited by Price Waterhouse LLP, independent accountants. The information for the six-month period ended June 30, 1996, has not been audited by independent accountants. You should read this information in conjunction with each Portfolio's financial

statements and accompanying notes, which appear, along with the audit report from Price Waterhouse, in the Trust's most recent Annual Report and Semi-Annual Report to shareholders. The Annual Report and Semi-Annual Report are incorporated by reference in the Statement of Additional Information and in this prospectus, and contain a more complete discussion of each Portfolio's performance. You may have the report sent to you without charge by writing to Vanguard or by calling our Investor Information Department.

<TABLE>
<CAPTION>

	TOTAL STOCK MARKET PORTFOLIO				
	SIX MONTHS ENDED JUNE 30, 1996	YEAR ENDED DECEMBER 31,			3/16/92 - 12/31/92
	1995	1994	1993		
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$15.04	\$11.37	\$11.69	\$10.84	\$10.00
INVESTMENT OPERATIONS					
Net Investment Income	.14	.29	.27	.26	.23
Net Realized and Unrealized Gain (Loss) on Investment	1.36	3.75	(.29)	.88	.84
TOTAL FROM INVESTMENT OPERATIONS	1.50	4.04	(.02)	1.14	1.07
DISTRIBUTIONS					
Dividends from Net Investment Income	(.12)	(.28)	(.27)	(.26)	(.23)
Distributions from Realized Capital Gains	(.03)	(.09)	(.03)	(.03)	--
TOTAL DISTRIBUTIONS	(.15)	(.37)	(.30)	(.29)	(.23)
NET ASSET VALUE, END OF PERIOD	\$16.39	\$15.04	\$11.37	\$11.69	\$10.84
TOTAL RETURN*	10.00%	35.79%	- 0.17%	10.62%	10.41%
RATIOS/SUPPLEMENTAL DATA					
Net Assets, End of Period (Millions)	\$2,865	\$1,571	\$ 786	\$ 512	\$ 275
Ratio of Expenses to Average Net Assets	.21%**	.25%	.20%	.20%	.21%**
Ratio of Net Investment Income to Average Net Assets	1.81%**	2.14%	2.35%	2.31%	2.42%**
Portfolio Turnover Rate	3%**	3%	2%	1%	3%
Average Commission Rate Paid	\$.0208+	NA	NA	NA	NA

</TABLE>

* Total return figures do not include the 0.25% transaction fee on purchases (eliminated at year-end 1995) or the \$10 annual account maintenance fee. During the Portfolio's subscription period (March 16 to April 26, 1992), all assets were invested in money market instruments. Performance measurement began on April 27, 1992.

** Annualized. +Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

PLAIN TALK ABOUT

HOW TO READ THE FINANCIAL HIGHLIGHTS TABLE

This explanation uses the Total Stock Market Portfolio as an example. The Total Stock Market Portfolio began fiscal 1996 with a net asset value (price) of \$15.04 per share. During the six months ended June 30, 1996, the Portfolio earned \$0.14 per share from investment income (interest and dividends) and \$1.36 per share from investments that had appreciated in value or were sold for a price that was higher than the Portfolio paid for them. This resulted in total earnings of \$1.50 per share. Of those total earnings, \$0.15 per share was returned to shareholders in distributions (\$0.12 in dividends, \$0.03 in capital gains). The earnings (\$1.50 per share) less distributions (\$0.15 per share) resulted in a share price of \$16.39 at the six months ended June 30, 1996, an increase of \$1.35 per share (from \$15.04 at the beginning of the period to \$16.39 at the end of the period). Assuming the shareholder had reinvested the distributions in the purchase of more shares, total return from the Total Stock Market Portfolio was 10.00% for the six months ended June 30, 1996.

As of June 30, 1996, the Portfolio had \$2.86 billion in net assets; an expense ratio of 0.21% (\$2.10 per \$1,000 of net assets); and net investment income amounting to 1.81% of its average net assets. It sold and replaced securities valued at 3% of its total net assets.

<TABLE>
<CAPTION>

500 PORTFOLIO											
	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,									
	JUNE 30, 1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$57.60	\$42.97	\$43.83	\$40.97	\$39.32	\$31.24	\$33.64	\$27.18	\$24.65	\$24.27	\$22.99
INVESTMENT OPERATIONS											
Net Investment Income	.62	1.22	1.18	1.13	1.12	1.15	1.17	1.20	1.08	.88	.89
Net Realized and Unrealized Gain (Loss) on Investment	5.15	14.76	(.67)	2.89	1.75	8.20	(2.30)	7.21	2.87	.36	3.30
TOTAL FROM INVESTMENT OPERATIONS	5.77	15.98	.51	4.02	2.87	9.35	(1.13)	8.41	3.95	1.24	4.19
DISTRIBUTIONS											
Dividends from Net Investment Income	(.44)	(1.22)	(1.17)	(1.13)	(1.12)	(1.15)	(1.17)	(1.20)	(1.10)	(.69)	(.89)
Distributions from Realized Capital Gains	(.04)	(.13)	(.20)	(.03)	(.10)	(.12)	(.10)	(.75)	(.32)	(.17)	(2.02)
TOTAL DISTRIBUTIONS	(.48)	(1.35)	(1.37)	(1.16)	(1.22)	(1.27)	(1.27)	(1.95)	(1.42)	(.86)	(2.91)
NET ASSET VALUE, END OF PERIOD	\$62.89	\$57.60	\$42.97	\$43.83	\$40.97	\$39.32	\$31.24	\$33.64	\$27.18	\$24.65	\$24.27
TOTAL RETURN*	10.03%	37.45%	1.18%	9.89%	7.42%	30.22%	-3.32%	31.36%	16.22%	4.71%	18.06%
RATIOS/SUPPLEMENTAL DATA											
Net Assets, End of Period (Millions)	\$23,674	\$17,372	\$9,356	\$8,273	\$6,547	\$4,345	\$2,173	\$1,804	\$1,055	\$ 826	\$ 485
Ratio of Expenses to Average Net Assets	.20%+	.20%	.19%	.19%	.19%	.20%	.22%	.21%	.22%	.26%	.28%
Ratio of Net Investment Income to Average Net Assets	2.05%+	2.38%	2.72%	2.65%	2.81%	3.07%	3.60%	3.62%	4.08%	3.15%	3.40%
Portfolio Turnover Rate	6%***	4%**	6%**	6%**	4%**	5%**	23%**	8%	10%	15%	29%
Average Commission Rate Paid	\$.0131++	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

</TABLE>

*Total return figures do not include the \$10 annual account maintenance fee.

**Portfolio turnover rates excluding in-kind redemptions were 4%, 2%, 1%, 1%, and 6%, respectively.

+Annualized.

++Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

<TABLE>
<CAPTION>

EXTENDED MARKET PORTFOLIO										
	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,								
	JUNE 30, 1996	1995	1994	1993	1992	1991	1990	1989	1988	12/21**-12/31/87
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$24.07	\$18.52	\$19.43	\$17.35	\$15.82	\$11.48	\$13.92	\$11.60	\$9.99	\$10.00
INVESTMENT OPERATIONS										
Net Investment Income	.20	.30	.28	.23	.24	.25	.30	.26	.34	.03
Net Realized and Unrealized Gain (Loss) on Investment	2.30	5.95	(.62)	2.28	1.72	4.54	(2.25)	2.52	1.63	(.04)
TOTAL FROM INVESTMENT OPERATIONS	2.50	6.25	(.34)	2.51	1.96	4.79	(1.95)	2.78	1.97	(.01)
DISTRIBUTIONS										
Dividends from Net Investment Income	--	(.30)	(.28)	(.23)	(.25)	(.25)	(.33)	(.23)	(.20)	--
Distributions from Realized Capital Gains	(.32)	(.40)	(.29)	(.20)	(.18)	(.20)	(.16)	(.23)	(.16)	--
TOTAL DISTRIBUTIONS	(.32)	(.70)	(.57)	(.43)	(.43)	(.45)	(.49)	(.46)	(.36)	--

NET ASSET VALUE, END OF PERIOD	\$26.25	\$24.07	\$18.52	\$19.43	\$17.35	\$15.82	\$11.48	\$13.92	\$11.60	\$ 9.99
TOTAL RETURN*	10.45%	33.80%	-1.76%	14.49%	12.47%	41.85%	-14.05%	24.10%	19.75%	-0.10%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Period (Millions)	\$1,746	\$1,523	\$ 967	\$ 928	\$ 585	\$ 372	\$ 179	\$ 147	\$ 35	\$ 5
Ratio of Expenses to Average Net Assets	.25%+	.25%	.20%	.20%	.20%	.19%	.23%	.23%	.24%	0%
Ratio of Net Investment Income to Average Net Assets	1.53%+	1.51%	1.51%	1.48%	1.73%	2.14%	2.68%	2.92%	2.90%	0%
Portfolio Turnover Rate	31%+	15%	19%	13%	9%	11%	9%	14%	26%	3%
Average Commission Rate Paid	\$.0247++	NA	NA	NA	NA	NA	NA	NA	NA	NA

</TABLE>

* Total return figures do not include transaction fees (0.5% in 1995, 1% in 1991 through 1994) on purchases or the \$10 annual account maintenance fee.

** Commencement of operations.

+ Annualized.

++ Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

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<TABLE>
<CAPTION>

SMALL CAPITALIZATION STOCK PORTFOLIO*												
	SIX MONTHS ENDED JUNE 30, 1996	YEAR ENDED				YEAR ENDED SEPTEMBER 30,						
		ENDED 12/31/95	2/1/94- 12/31/94	10/1/93- 1/31/94	1993	1992	1991	1990++	1989	1988	1987	1986
NET ASSET VALUE, BEGINNING OF PERIOD	\$18.61	\$14.99	\$16.24	\$16.23	\$12.63	\$12.03	\$ 8.55	\$11.88	\$11.96	\$15.73	\$13.24	\$11.68
INVESTMENT OPERATIONS												
Net Investment Income	.12	.24	.20	.05	.20	.19	.20	.17	.10	.03	(.04)	(.01)
Net Realized and Unrealized Gain (Loss) on Investment	2.00	4.06	(.86)	.96	3.73	.88	3.60	(3.46)	2.13	(2.59)	4.42	1.57
TOTAL FROM INVESTMENT OPERATIONS	2.12	4.30	(.66)	1.01	3.93	1.07	3.80	(3.29)	2.23	(2.56)	4.38	1.56
DISTRIBUTIONS												
Dividends from Net Investment Income	--	(.23)	(.22)	(.18)	(.18)	(.18)	(.18)	(.04)	(.14)	--	--	--
Distributions from Realized Capital Gains	(.14)	(.45)	(.37)	(.82)	(.15)	(.29)	(.14)	--	(2.17)	(1.21)	(1.89)	--
TOTAL DISTRIBUTIONS	(.14)	(.68)	(.59)	(1.00)	(.33)	(.47)	(.32)	(.04)	(2.31)	(1.21)	(1.89)	--
NET ASSET VALUE, END OF PERIOD	\$20.59	\$18.61	\$14.99	\$16.24	\$16.23	\$12.63	\$12.03	\$ 8.55	\$11.88	\$11.96	\$15.73	\$13.24
TOTAL RETURN**	11.44%	28.74%	-4.00%	6.65%	31.60%	9.34%	45.91%	-27.73%	18.83%	-14.30%	38.02%	13.33%
RATIOS/SUPPLEMENTAL DATA												
Net Assets, End of Period (Millions)	\$1,450	\$ 971	\$ 605	\$ 533	\$ 432	\$ 202	\$ 111	\$ 40	\$ 20	\$ 27	\$ 35	\$ 31
Ratio of Expenses to Average Net Assets	.25%+	.25%	.17%+	.18%+	.18%	.18%	.21%	.31%	1.00%	.95%	.92%	.92%
Ratio of Net Investment Income to Average Net Assets	1.40%+	1.58%	1.50%+	1.16%+	1.47%	1.65%	2.11%	1.91%	.65%	.24%	(.25)%	(.06)%
Portfolio Turnover Rate	39%+	28%	25%	5%	26%	26%	33%	40%	160%	68%	92%	92%
Average Commission Rate Paid	\$.0250(1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

</TABLE>

*Returns prior to January 31, 1994, are for the former Vanguard Small Capitalization Stock Fund.

**Total return figures do not include the 1% transaction fee on purchases or

the \$10 annual account maintenance fee.
+Annualized.
++Adjusted to reflect a 3-for-1 stock split as of February 3, 1990.
\$Prior to September 11, 1989, Schroder Capital Management International provided investment advisory services to the Fund. Effective September 11, 1989, investment advisory services were provided on an at-cost basis by The Vanguard Group, Inc.
(1) Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

<TABLE>
<CAPTION>

VALUE PORTFOLIO					
	SIX MONTHS ENDED JUNE 30, 1996	YEAR ENDED DECEMBER 31,			11/2/92+ -12/31/92
		1995	1994	1993	
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$14.79	\$11.12	\$11.74	\$10.30	\$10.00
INVESTMENT OPERATIONS					
Net Investment Income	.20	.41	.38	.38	.07
Net Realized and Unrealized Gain (Loss) on Investment	1.06	3.66	(.46)	1.50	.30
TOTAL FROM INVESTMENT OPERATIONS	1.26	4.07	(.08)	1.88	.37
DISTRIBUTIONS					
Dividends from Net Investment Income	(.14)	(.40)	(.38)	(.38)	(.07)
Distributions from Realized Capital Gains	(.24)	--	(.16)	(.06)	--
TOTAL DISTRIBUTIONS	(.38)	(.40)	(.54)	(.44)	(.07)
NET ASSET VALUE, END OF PERIOD	\$15.67	\$14.79	\$11.12	\$11.74	\$10.30
TOTAL RETURN*	8.54%	36.94%	-0.73%	18.35%	3.70%
RATIOS/SUPPLEMENTAL DATA					
Net Assets, End of Period (Millions)	\$ 765	\$ 496	\$ 297	\$ 190	\$ 24
Ratio of Expenses to Average Net Assets	.20%**	.20%	.20%	.20%	0%**
Ratio of Net Investment Income to Average Net Assets	2.64%**	3.06%	3.37%	3.26%	3.46%**
Portfolio Turnover Rate	34%**	27%	32%	30%	4%
Average Commission Rate Paid	\$.0185++	N/A	N/A	N/A	N/A

</TABLE>

*Total return figures do not include the \$10 annual account maintenance fee.

**Annualized.

+Commencement of operations.

++Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

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<TABLE>
<CAPTION>

GROWTH PORTFOLIO					
	SIX MONTHS ENDED JUNE 30, 1996	YEAR ENDED DECEMBER 31,			11/2/92+ - 12/31/92
		1995	1994	1993	
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 13.97	\$ 10.28	\$ 10.20	\$ 10.26	\$ 10.00
INVESTMENT OPERATIONS					
Net Investment Income	.11	.21	.21	.21	.06
Net Realized and Unrealized Gain (Loss) on Investment	1.48	3.68	.08	(.06)	.26
TOTAL FROM INVESTMENT OPERATIONS	1.59	3.89	.29	.15	.32
DISTRIBUTIONS					
Dividends from Net					

Investment Income	(.10)	(.20)	(.21)	(.21)	(.06)
Distributions from Realized Capital Gains	(.06)	--	--	--	--
TOTAL DISTRIBUTIONS	(.16)	(.20)	(.21)	(.21)	(.06)
	-----	-----	-----	-----	-----
NET ASSET VALUE, END OF PERIOD	\$ 15.40	\$ 13.97	\$ 10.28	\$ 10.20	\$ 10.26
	=====	=====	=====	=====	=====
TOTAL RETURN*	11.43%	38.06%	2.89%	1.53%	3.19%
	=====	=====	=====	=====	=====
RATIOS/SUPPLEMENTAL DATA					
Net Assets, End of Period (Millions)	\$ 511	\$ 271	\$ 86	\$ 51	\$ 21
Ratio of Expenses to Average Net Assets	.20%**	.20%	.20%	.20%	0%**
Ratio of Net Investment Income to Average Net Assets	1.50%**	1.71%	2.08%	2.10%	2.85%**
Portfolio Turnover Rate	36%**	24%	28%	36%	2%
Average Commission Rate Paid	\$.0186++	NA	NA	NA	NA
	-----	-----	-----	-----	-----

</TABLE>

* Total return figures do not include the \$10 annual account maintenance fee.

** Annualized.

+ Commencement of operations.

++ Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

From time to time, the Vanguard Funds advertise yield and total return figures. Yield is an historical measure of dividend income, and total return is a measure of past dividend income (assuming that it has been reinvested) plus capital appreciation. Neither yield nor total return should be used to predict the future performance of a fund.

A WORD ABOUT RISK

This prospectus describes the risks you will face as an investor in the Portfolios of Vanguard Index Trust. 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 one or more of the Trust's Portfolios, you should take into account your personal tolerance for the daily fluctuations of the stock market. Remember, too, that each Portfolio seeks to match a different stock market index; therefore, investment risk will vary from Portfolio to Portfolio.

Look for this "warning flag" symbol [FLAG GRAPHIC] throughout the prospectus. It is used to mark detailed information about each type of risk that you, as a shareholder of any of the six Portfolios, will confront.

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THE PORTFOLIOS' OBJECTIVES

Each Portfolio seeks to match, as closely as possible, the performance of a specific stock market index. This objective is fundamental, which means that it cannot be changed unless a majority of Portfolio shareholders vote to do so.

[FLAG GRAPHIC] BECAUSE OF THE SEVERAL TYPES OF RISK DESCRIBED ON THE FOLLOWING PAGES, YOUR INVESTMENT IN ANY OF THE PORTFOLIOS, AS WITH ANY INVESTMENT IN COMMON STOCKS, COULD LOSE MONEY.

The TOTAL STOCK MARKET PORTFOLIO seeks to parallel the performance of the Wilshire 5000 Index, which consists of all of the U.S. stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market.

The 500 PORTFOLIO seeks to track the performance of the Standard & Poor's 500 Composite Stock Price Index, which emphasizes stocks of large U.S. companies.

The EXTENDED MARKET PORTFOLIO seeks to track the performance of the Wilshire 4500 Index, a broadly diversified index of stocks of medium-size and small U.S. companies (none of which is included in the S&P 500 Index).

The SMALL CAPITALIZATION STOCK PORTFOLIO seeks to match the performance of the Russell 2000 Small Stock Index, which is made up of stocks of small, generally unseasoned U.S. companies.

The VALUE PORTFOLIO seeks to replicate the performance of the S&P/BARRA Value Index, which includes those stocks of the S&P 500 Index that offer

higher-than-average dividend yields and are considered out of favor with investors.

The GROWTH PORTFOLIO seeks to parallel the performance of the S&P/BARRA Growth Index, which is made up of those stocks of the S&P 500 Index with above-average growth potential and lower-than-average dividend yields.

[FLAG AN INDEX FUND HAS OPERATING EXPENSES; A MARKET INDEX DOES NOT. GRAPHIC] THEREFORE, AN INDEX FUND--WHILE EXPECTED TO TRACK ITS TARGET INDEX AS CLOSELY AS POSSIBLE--WILL NOT BE ABLE TO MATCH THE PERFORMANCE OF THE INDEX EXACTLY.

The Portfolios of Vanguard Index Trust are not sponsored, sold, promoted, or endorsed by Standard & Poor's Corporation, BARRA Associates, Wilshire Associates, or the Frank Russell Company.

WHO SHOULD INVEST

Any of the Portfolios of Vanguard Index Trust may be a suitable investment for you if you are looking for a U.S. stock portfolio that follows a simple, cost-effective index-matching strategy and, in doing

PLAIN TALK ABOUT

INDEXES

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

PLAIN TALK ABOUT

VALUE FUNDS AND GROWTH FUNDS

Value investing and growth investing are two styles employed by stock fund managers. Value funds generally emphasize companies that, considering their assets and earnings history, are attractively priced; these companies often pay regular dividend income to shareholders. Growth funds generally focus on companies that, due to their strong earnings and revenue potential, offer above-average prospects for capital growth, with less emphasis on dividend income. Value and growth stocks have, in the past, produced similar long-term returns, though each has periods when it outperforms the other. In general, value funds are appropriate for investors who want some dividend income and the potential for capital gains but are less tolerant of share-price fluctuations, while growth funds appeal to investors who will accept more volatility in hope of a greater increase in share price.

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PLAIN TALK ABOUT

INVESTING FOR THE LONG TERM

Each Portfolio is intended to be a long-term investment vehicle; none is designed to provide investors with a means of speculating on short-term fluctuations in the stock market.

PLAIN TALK ABOUT

COSTS AND MARKET TIMING

Some investors try to profit from "market timing"--switching money into investments when they expect prices to rise, and taking money out when they expect the market 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. Therefore, the Trust discourages short-term trading by, among other things, limiting the number of exchanges it permits and not offering telephone exchanges for non-retirement accounts.

so, provides the potential for growth in the value of your investment over the long term. However, one Portfolio may more closely meet your personal investment objectives than the others.

For instance, the Total Stock Market Portfolio may be suitable for you if:

- You are looking for an investment that reflects the performance of the entire U.S. stock market.

- You are seeking some dividend income. The 500 and Value Portfolios may be suitable for you if:
- You want to invest in large companies.
- You are seeking some dividend income. The Growth Portfolio may be suitable for you if:
- You want to invest in large companies, but you are not seeking dividend income.
- You are looking for more growth potential than the 500 and Value Portfolios offer--and are willing to accept greater fluctuations in share price.

The Extended Market and Small Capitalization Stock Portfolios may be suitable for you if:

- You want to focus on the stocks of medium-size and/or small companies.
- You can accept greater share-price volatility than the Trust's other Portfolios tend to experience.

None of the Portfolios would be an appropriate investment if you are a market-timer. Investors who engage in excessive in-and-out trading activity generate additional costs that are borne by all of the shareholders in a Portfolio. To minimize such costs, which reduce the ultimate returns achieved by you and other shareholders, the Trust has adopted the following policies:

- The Trust reserves the right to reject any purchase request into any of its Portfolios--including exchanges from other Vanguard Funds--that it regards as disruptive to the efficient management of the Portfolio. This could be because of the timing of the investment or because of a history of excessive trading by the investor.
- Two of the Trust's Portfolios (Extended Market and Small Capitalization Stock) charge a transaction fee on purchases.
- Telephone exchanges are not accepted for non-IRA accounts.
- There is a limit on the number of times you can exchange into or out of each Portfolio (see "Redeeming Shares" in the INVESTING WITH VANGUARD section).
- The Trust reserves the right to stop offering shares at any time.

Investment Strategies

This section explains how the Trust's investment adviser pursues the objective of matching the performance of specific stock indexes. It also explains the market and objective risks faced by Portfolio shareholders. Unlike each Portfolio's investment objectives, the adviser's investment strategies are not fundamental and can be changed by

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the Trust's Board of Trustees without shareholder approval. However, before making any important change in its strategies, the Trust will give shareholders 30-days notice, in writing.

MARKET EXPOSURE

To track their target indexes as closely as possible, the Portfolios attempt to remain fully invested in stocks.

[FLAG GRAPHIC] Each Portfolio is subject to market risk, which is the possibility that stock prices overall will decline over short or even extended periods. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

To illustrate the volatility of stock prices, the following table shows the best, worst, and average total returns (dividend income plus change in market value) for the U.S. stock market over various periods as measured by the S&P 500 Index, which--in addition to being the target index for the 500 Portfolio--is a widely used barometer of stock market activity. 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. Note, also, how the gap between the best and worst tends to narrow over the long term.

<TABLE>
<CAPTION>

U.S. STOCK MARKET RETURNS (1926-1995)

	1 YEAR	5 YEARS	10 YEARS	20 YEARS
<S>	<C>	<C>	<C>	<C>
Best	53.9%	23.9%	20.1%	16.9%
Worst	-43.3	-12.5	-0.9	3.1
Average	12.5	10.3	10.7	10.7

</TABLE>

The table covers all of the 1-, 5-, 10-, and 20-year periods from 1926 through 1995. For example, while the average return on stocks for all of the 5-year periods was 10.3%, returns for these 5-year periods ranged from a -12.5% average (from 1928 through 1932) to 23.9% (from 1951 through 1955). These average returns reflect past performance on common stocks and should not be regarded as an indication of future returns from either the stock market as a whole or any of the Trust's Portfolios in particular.

Keep in mind that the S&P 500 Index tracks mainly large-cap stocks. Historically, the mid- and small-cap stocks of the Wilshire 4500 and Russell 2000 Indexes (the target indexes for the Extended Market and Small Capitalization Stock Portfolios, respectively) have been more volatile than--and at times have performed quite differently from--the large-cap stocks of the S&P 500 Index. This is due to several factors, including less-certain growth and dividend prospects for smaller companies.

Even indexes that are subsets of the S&P 500 Index--such as the S&P/BARRA Value Index and the S&P/BARRA Growth Index (the target indexes for the Value and Growth Portfolios)--will not

PLAIN TALK ABOUT
LARGE-CAP, MID-CAP, AND
SMALL-CAP STOCKS

Stocks of publicly traded companies--and mutual funds that hold these stocks--can be classified by the companies' market value, or capitalization. Vanguard defines large-capitalization, or large-cap, funds as those holding stocks of companies with an average total market value exceeding \$5 billion. Mid-cap funds hold stocks of companies with an average market value between \$750 million and \$5 billion. Small-cap funds hold stocks of companies with an average market value of less than \$750 million. Note that a fund's capitalization parameters (that is, what constitutes a large-, mid-, or small-cap stock) may vary from the parameters set by a particular index.

PLAIN TALK ABOUT
ACTIVE VERSUS PASSIVE
MANAGEMENT

Index portfolios are not actively managed by investment advisers who buy and sell securities based on research and analysis. Instead, a "passively managed" portfolio tries to match, as closely as possible, the performance of a target index by holding either all--or a representative sample--of the securities in the index. Indexing appeals to many investors because of its simplicity (indexing is a straightforward market-matching strategy); diversification (indexes generally cover a wide variety of companies and industries); relative performance predictability (an index portfolio is expected to move in the same direction--up or down--as its target index); low cost (index funds do not have many of the expenses of an actively managed fund--such as research and company visits--and keep trading activity--and, thus, brokerage commissions--to a minimum); and low realiza-tion of capital gains.

perform in the same way as the broader S&P 500 Index. Historically, stocks of the S&P/BARRA Value Index have been less volatile than the stocks found in the broader S&P 500 Index; stocks of the S&P/BARRA Growth Index, on the other hand, have displayed somewhat greater short-term volatility than the S&P 500's stocks. Historical performance aside, however, both value and growth stocks have the potential to be more volatile than the broader market.

[FLAG GRAPHIC] THE PORTFOLIOS ARE SUBJECT, IN VARYING DEGREES, TO OBJECTIVE RISK, WHICH IS THE POSSIBILITY THAT RETURNS FROM A SPECIFIC TYPE OF STOCK (FOR INSTANCE, SMALL-CAP OR VALUE) WILL TRAIL RETURNS FROM THE OVERALL STOCK MARKET. EACH TYPE OF STOCK TENDS TO GO THROUGH CYCLES OF

OUTPERFORMANCE AND UNDERPERFORMANCE IN COMPARISON TO THE STOCK MARKET IN GENERAL. THESE PERIODS HAVE, IN THE PAST, LASTED FOR AS LONG AS SEVERAL YEARS.

SECURITY SELECTION

Each Portfolio of Vanguard Index Trust employs a "passively" managed investment--or index--approach. Vanguard Core Management Group, the Portfolios' adviser, creates a mix of securities that will match the performance of a benchmark index.

The 500, Value, and Growth Portfolios hold each stock found in their respective benchmark indexes in roughly the same proportions as represented in the indexes themselves. For example, if 5% of the S&P 500 Index were made up of the assets of a specific company, the 500 Portfolio would invest the same percentage of its assets in that company.

The Total Stock Market, Extended Market, and Small Capitalization Stock Portfolios use a different selection process. Because it would be very expensive to buy and sell all of the stocks in each Portfolio's target index (the Total Stock Market Portfolio's target index, for example, includes nearly 7,000 stocks), these three Portfolios use a "sampling" technique. Using a sophisticated computer program, each Portfolio selects stocks that will recreate its target index in terms of industry, size, and other characteristics (such as projected earnings, financial strength, and debt). For instance, if 10% of the Wilshire 4500 Index were made up of utility stocks, the Extended Market Portfolio would invest 10% of its assets in the utility stocks of the Wilshire 4500 Index with similar characteristics.

The following table shows the number of stocks generally held by each Portfolio.

<TABLE>
<CAPTION>

PORTFOLIO	NUMBER OF STOCKS HELD	NUMBER OF STOCKS IN TARGET INDEX
<S>	<C>	<C>
Total Stock Market	2,400	Nearly 7,000
500	500	500
Extended Market	1,900	More than 6,500
SmallCap Stock	1,400	About 2,000
Value	About 320	About 320
Growth	About 180	About 180

</TABLE>

The top ten holdings for each Portfolio as of June 30, 1996, follow.

<TABLE>
<CAPTION>

TOTAL STOCK MARKET PORTFOLIO	500 PORTFOLIO
<S>	<C>
1. General Electric Co.	1. General Electric Co.
2. The Coca-Cola Co.	2. The Coca-Cola Co.
3. Exxon Corp.	3. Exxon Corp.
4. AT&T Corp.	4. AT&T Corp.
5. Philip Morris Cos., Inc.	5. Philip Morris Cos., Inc.
6. Merck & Co.	6. Royal Dutch Petroleum Co.
7. Microsoft Corp.	7. Merck & Co., Inc.
8. Johnson & Johnson	8. Microsoft Corp.
9. Procter & Gamble Co.	9. Johnson & Johnson
10. Intel Corp.	10. Procter & Gamble Co.
13% of the Portfolio's total net assets.	18% of the Portfolio's total net assets.

</TABLE>

<TABLE>
<CAPTION>

EXTENDED MARKET PORTFOLIO	SMALLCAP STOCK PORTFOLIO
<S>	<C>
1. Berkshire Hathaway	1. Iomega Corp.
2. Electronic Data Systems	2. Apria Healthcare Group
3. Rhone-Poulenc Rorer, Inc	3. Phycor, Inc.
4. HFS Incorporated	4. Charter-One Financial
5. Carnival Cruise Lines, Inc	5. Helig-Meyers Co.
6. RJR Nabisco Holdings Corp	6. Premark International

7. U.S. Robotics Corp	7. America West Airlines
8. Safeway, Inc	8. Community Health Systems
9. CNA Financial Corp.	9. DSP Communications Inc.
10. Ascend Communications Inc.	10. First Bancorp of Ohio
6% of the Portfolio's total net assets.	2% of the Portfolio's total net assets.

</TABLE>

<TABLE>

<CAPTION>

VALUE PORTFOLIO

GROWTH PORTFOLIO

<S>

<C>

1. Exxon Corp.	1. General Electric Co.
2. Royal Dutch Petroleum Co.	2. The Coca-Cola Co.
3. International Business Machines Corp.	3. AT&T Corp.
4. Mobil Corp.	4. Philip Morris Cos., Inc.
5. BellSouth Corp.	5. Merck & Co., Inc.
6. Citicorp	6. Microsoft Corp.
7. General Motors Corp.	7. Johnson & Johnson
8. Chevron Corp.	8. Procter & Gamble Co.
9. Ford Motor Co.	9. Intel Corp.
10. Motorola, Inc.	10. Wal-Mart Stores, Inc.
21% of the Portfolio's total net assets.	33% of the Portfolio's total net assets.

</TABLE>

Keep in mind that, because the makeup of a Portfolio changes daily, these listings are only "snapshots" at one point in time. Note, too, that portfolios that track indexes made up of a relatively small number of securities tend to be less diversified than portfolios whose target indexes contain thousands of securities. For instance, the Growth Portfolio, which seeks to parallel an index of about 180 stocks, has far

PLAIN TALK ABOUT

PORTFOLIO DIVERSIFICATION

In general, the more diversified a fund's portfolio of stocks, the less likely that a specific stock's poor performance will hurt the fund. One measure of a fund's level of diversification is the percentage of total net assets represented by its ten largest holdings. The average U.S. equity mutual fund has about 25% of its assets invested in its ten largest holdings, while some less-diversified mutual funds have more than 50% of their assets invested in the stocks of just ten companies.

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PLAIN TALK ABOUT

PORTFOLIO TURNOVER

Before investing in a mutual fund, you should review its portfolio turnover rate for an indication of the potential effect of transaction costs on 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 portfolio turnover rates may be more likely than low-turnover funds to generate capital gains that must be distributed to shareholders as taxable income. The average turnover rate for passively managed funds investing in common stocks is roughly 35%; for actively managed funds, the average turnover rate is 75%.

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). For instance, futures and options are derivatives that have been trading on regulated exchanges for more than two decades. These "traditional" derivatives are standardized contracts that can be easily bought and sold, and whose market values are determined and published daily. It is these characteristics that differentiate futures and options from the relatively new, exotic types of derivatives--some of which can carry considerable risks.

more of its assets invested in its top ten holdings (32%) than the Total Stock Market Portfolio (12%), which seeks to track a much larger universe of nearly 7,000 stocks. This means that the Growth Portfolio stands a greater chance than the Total Stock Market Portfolio of being hurt by the poor performance of a single stock.

PORTFOLIO TURNOVER

Although each seeks to invest for the long term, the Portfolios retain the right to sell securities regardless of how long they have been held. Generally, a passively managed fund sells securities only to respond to redemption requests or to adjust the number of shares held to reflect a change in the portfolio's target index. Because of this, the turnover rate for the Portfolios has been extremely low, with averages over the past five years (or since inception) ranging from 2% for the Total Stock Market Portfolio, to 28% for the Small Capitalization Stock Portfolio. (A turnover rate of 100% would occur, for example, if a Portfolio sold and replaced securities valued at 100% of its total net assets within a one-year period.)

INVESTMENT POLICIES

Besides investing in the stocks found in its target index, each Portfolio may follow a number of other investment policies to achieve its objective.

[FLAG The Portfolios reserve the right to invest, to a limited extent, in GRAPHIC] stock futures and options contracts, warrants, convertible securities, and swap agreements, which are types of derivatives.

Losses (or gains) involving contracts can sometimes be substantial--in part because a relatively small price movement in a contract may result in an immediate and substantial loss (or gain) for a Portfolio. Similar risks exist for warrants (securities that permit their owners to purchase a specific number of shares of stock at a predetermined price), convertible securities (securities that may be exchanged for another asset), and swap agreements (contracts between two parties in which each agrees to make payments to the other based on the return of a specified index or asset).

For this reason, the Portfolios will not use futures, options, warrants, convertible securities, or swap agreements for speculative purposes or as leveraged investments that magnify the gains or losses of an investment. Rather, each Portfolio will keep separate cash reserves or short-term, cash-equivalent securities in the amount of the obligation underlying the contract. Only a limited percentage of each Portfolio's assets--up to 5% if required for deposit and no more than 20% of total assets--may be committed to such contracts.

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The reasons for which a Portfolio may use futures, options, warrants, convertible securities, and swap agreements are:

- To keep cash on hand to meet shareholder redemptions or other needs while simulating full investment in stocks.
- To reduce costs by buying futures instead of actual stocks when futures are cheaper.

INVESTMENT LIMITATIONS

To reduce risk and maintain diversification, the Portfolios have adopted limits on some of their investment policies. Specifically, a Portfolio will not:

- Invest more than 25% of its assets in any one industry.
- Borrow money in an amount that is more than 15% of its assets. If borrowing exceeds 5%, the Portfolio will not make any additional investments. With respect to 75% of its assets, a Portfolio will not:
 - Invest more than 5% in the outstanding securities of any one company.
 - Buy more than 10% of the outstanding voting securities of any company.

The limitations listed in this prospectus and in the Statement of Additional Information are fundamental and may be changed only by approval of a majority of the Portfolio's shareholders.

INVESTMENT PERFORMANCE

Each Portfolio's performance is expected to mirror the performance of a specific U.S. stock market segment (or, in the case of the Total Stock Market Portfolio, the entire stock market). Historically, stock market performance has been characterized by sharp up-and-down swings in the short term and by more stable growth over the long term.

PLAIN TALK ABOUT

CASH RESERVES

With mutual funds, holding cash reserves--or "cash"--does not mean literally that the fund holds a stack of currency. Rather, cash reserves refer to short-term, interest-bearing securities that can easily and quickly be converted to cash. (Most mutual funds keep at least a small percentage of assets in cash to accommodate shareholder redemptions.) While some funds like index funds strive to keep cash levels at a minimum and to always remain fully invested in stocks, others allow investment advisers to hold up to 20% of a fund's assets in cash reserves.

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PLAIN TALK ABOUT

PAST PERFORMANCE

Whenever you see information on a fund's performance, do not consider the figures to be an indication of the performance you could expect by making an investment in the fund today. The past is an imperfect guide to the future; history does not repeat itself in neat, predictable patterns.

AVERAGE ANNUAL TOTAL RETURNS
FOR PERIODS ENDED 6/30/96

<TABLE>

<CAPTION>

	1 YEAR	5 YEARS	10 YEARS	20 YEARS
<S>	<C>	<C>	<C>	<C>
Total Stock Market	25.3%	15.4%*	--	--
Wilshire 5000 Index	26.2	15.9*	--	--
500	25.9%	15.6%	13.5%	13.9%*
S&P 500 Index	26.0	15.7	13.8	14.4*
Extended Market**	26.2%	17.2%	15.4%*	--
Wilshire 4500 Index	26.6	17.1	15.5*	--
SmallCap Stock**	25.3%	18.0%	9.6%	--
Russell 2000 Index	23.9	17.5	10.4	--
Value	24.8%	17.6%*	--	--
S&P/BARRA Value Index	24.8	17.8*	--	--
Growth	27.1%	14.8%*	--	--
S&P/BARRA Growth Index	27.3	15.1*	--	--

</TABLE>

* Since Portfolio's inception.

** Does not include transaction fee.

The results shown represent each Portfolio's "average annual total return" performance, which assumes that any distributions of capital gains and dividends were reinvested for the indicated periods. Also included is comparative information on the appropriate unmanaged benchmark index. The Portfolios' returns are not adjusted for the annual account maintenance fee (as well as the purchase fee for the Extended Market and Small Capitalization Stock Portfolios, or the purchase fee for the Total Stock Market Portfolio that was eliminated at year end 1995), nor has an allowance been made for Federal, state, or local income taxes that shareholders must pay on a current basis.

SHARE PRICE

Each Portfolio's share price, called its net asset value, is calculated each business day after the close of regular trading (generally 4:00 p.m. Eastern time) of the New York Stock Exchange. Each Portfolio's net asset value per share is computed by adding up the total value of the Portfolio's investments and

other assets, subtracting any of its liabilities, or debts, and then dividing by the number of Portfolio shares outstanding:

$$\text{NET ASSET VALUE} = \frac{\text{TOTAL ASSETS} - \text{LIABILITIES}}{\text{NUMBER OF SHARES OUTSTANDING}}$$

Daily net asset value, or NAV, is useful to you as a shareholder because the NAV, multiplied by the number of Portfolio shares you

own, gives you the dollar amount you would have received had you sold your shares back to the Portfolio that day.

Each Portfolio's share price can be found daily in the mutual fund listings of most major newspapers under the heading Vanguard Group. Different newspapers use different abbreviations for each Portfolio, but the most common are IDXTOT, IDX 500, IDXEXT, IDXSMLCAP, IDXVAL, AND IDXGRO.

DIVIDENDS, CAPITAL GAINS, AND TAXES

Each March, June, September, and December, the Total Stock Market, 500, Value, and Growth Portfolios distribute virtually all of their income from interest and dividends to their shareholders; the Extended Market and Small Capitalization Stock Portfolios distribute their income in December. All six Portfolios distribute any capital gains realized from the sale of securities in December; keep in mind that index portfolios tend to provide less in capital gains distributions than actively managed funds generally do.

You can receive distributions of income or capital gains in cash, or you may have them automatically reinvested in additional Portfolio shares. In either case, distributions of dividends and capital gains that are declared in December--even if paid to you in January--are taxed as if they had been paid to you in December. Vanguard will process your dividend distribution and send you a statement each year showing the tax status of all your distributions.

- The dividends and short-term capital gains that you receive are taxable to you as ordinary dividend income. Any distributions of net long-term capital gains by a Portfolio are taxable to you as long-term capital gains, no matter how long you've owned shares in the Portfolio. Both dividends and capital gains distributions are taxable to you whether received in cash or reinvested in additional shares. Although the Portfolios do not seek to realize any particular amount of capital gains during a year, such gains are realized from time to time as byproducts of the ordinary investment activities of the Portfolios. Consequently, distributions may vary considerably from year to year.
- If you sell or exchange shares, any gain or loss you have is a taxable event, which means that you may have a capital gain to report as income, or a capital loss to report as a deduction, when you complete your Federal income tax return.
- Distributions of dividends or capital gains, and capital gains or losses from your sale or exchange of Portfolio shares, may be subject to state and local income taxes as well.

The tax information in this prospectus is provided as general information and will not apply to you if you are investing in a tax-deferred account such as an IRA. You should consult your own tax adviser about the tax consequences of an investment in one or more of the Trust's Portfolios.

PLAIN TALK ABOUT

Distributions

As a shareholder, you are entitled to your share of the fund's income from interest and dividends, and gains from the sale of investments. You receive such earnings as either an income dividend or capital gains distribution. Income dividends come from the dividends that the fund earns from its holdings as well as interest it receives from its 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 less than or more than one year. 17

PLAIN TALK ABOUT

"BUYING A DIVIDEND"

Unless you are investing in a tax-deferred retirement account (such as an IRA), it is not to your advantage to buy shares of a fund shortly before it makes a distribution, because part of your investment will come back to you as a taxable distribution. This is known as "buying a dividend." For example: on December 15, you invest \$5,000, buying 250 shares for \$20 each. If the fund pays a distribution of \$1 per share on December 16, its share price would drop to \$19 (not counting market change). You would still have only \$5,000 (250 shares x \$19 = \$4,750 in share value, plus 250 shares x \$1 = \$250 in distributions), but you would owe tax on the \$250 distribution you received, even if you had reinvested the dividends in more shares. To avoid "buying a dividend," check a fund's distribution schedule before you invest.

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PLAIN TALK ABOUT

VANGUARD'S UNIQUE CORPORATE STRUCTURE

The Vanguard Group, Inc. is the only MUTUAL mutual fund company. It is owned jointly by the Funds it oversees and by the shareholders in those Funds. 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 bought the management company's publicly traded stock. Because of its structure, Vanguard operates its Funds at cost. Instead of distributing profits from operations to a separate management company, Vanguard returns profits to Fund shareholders in the form of lower operating expenses.

PLAIN TALK ABOUT

THE PORTFOLIOS' ADVISER

Vanguard Core Management Group provides investment advisory services to many Vanguard Funds; as of December 31, 1995, the Group managed \$33 billion in total assets. The individual primarily responsible for overseeing each Portfolio's investments is:

GEORGE U. SAUTER, Principal of Vanguard; 11 years investment experience, 9 years primary responsibility for Vanguard Core Management Group; A.B. from Dartmouth College, M.B.A. from the University of Chicago.

Mr. Sauter has served in this capacity since 1987.

THE TRUST AND VANGUARD

Vanguard Index Trust is a member of The Vanguard Group, a family of more than 30 investment companies with more than 90 distinct investment portfolios and total net assets of more than \$230 billion. All of the Vanguard Funds 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 marketing fees, each Fund pays its allocated share of The Vanguard Group's costs.

A list of the Trustees and Officers, and their present positions and principal occupations during the past five years, can be found in the Statement of Additional Information.

INVESTMENT ADVISER

Vanguard Core Management Group, P.O. Box 2600, Valley Forge, PA 19482, provides advisory services on an at-cost basis to the Portfolios of Vanguard Index Trust. For the year ended December 31, 1995, the six Portfolios paid a total of \$213,000 in investment advisory expenses (the 500, Value, and Growth Portfolios each paid \$24,000; the Total Stock Market, Extended Market, and Small Capitalization Stock Portfolios each paid \$47,000).

The Group is authorized to choose brokers or dealers to handle the purchase and sale of the Portfolios' securities, and is directed to get the best available price and most favorable execution from these brokers with respect to all transactions.

GENERAL INFORMATION

Vanguard Index Trust is organized as a Pennsylvania business trust.

Shareholders of each Portfolio have rights and privileges similar to those enjoyed by other corporate shareholders. For example, shareholders will not be

responsible for any liabilities of the Trust. If any matters are to be voted on by shareholders (such as a change in a fundamental investment objective or the election of trustees), each Portfolio share outstanding at that point would be entitled to one vote. Although the Trust does not usually hold an annual meeting, shareholders may request one under certain circumstances, which are described in the Statement of Additional Information.

"Standard & Poor's," "Standard & Poor's 500," "S&P 500," "S&P," and "500" are trademarks of The McGraw-Hill Companies, Inc. "Wilshire 4500" and "Wilshire 5000" are registered trademarks of Wilshire Associates. Frank Russell Company is the owner of the trademarks and copyrights relating to the Russell Indexes.

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INVESTING WITH VANGUARD

Are you looking for the most convenient way to open or add money to a Vanguard account? Obtain instant access to Fund information? Establish an account for a minor child or for your retirement savings?

Vanguard can help. Our goal is to make it easy and pleasant for you to do business with us.

The following sections of the prospectus briefly explain the many services we offer you as a Vanguard Index Trust shareholder. Booklets providing detailed information are available on the services marked with a [OPEN BOOKLET GRAPHIC]. Please call us to request copies.

SERVICES AND ACCOUNT FEATURES

Vanguard offers many services that make it convenient to buy, sell, or exchange shares.

TELEPHONE REDEMPTIONS

(Sales for non-retirement accounts only; exchanges for retirement accounts only)

Automatically set up for each portfolio unless you notify us otherwise.

VANGUARD DIRECT DEPOSIT

SERVICE

[OPEN BOOKLET GRAPHIC]

Automatic method for depositing your paycheck or U.S. Government payment (including Social Security and Government pension checks) into your account.

VANGUARD AUTOMATIC EXCHANGE

SERVICE

[OPEN BOOKLET GRAPHIC]

Automatic method for moving a fixed amount of money from one Vanguard Fund account to another.*

VANGUARD FUND EXPRESS

[OPEN BOOKLET GRAPHIC]

Electronic method for buying or selling shares. You can transfer money between your Vanguard Fund account and an account at your bank, savings and loan, or credit union on a systematic schedule.*

VANGUARD DIVIDEND EXPRESS

[OPEN BOOKLET GRAPHIC]

Electronic method for transferring dividends and/or capital gains distributions directly from your Vanguard Fund account to your bank, savings and loan, or credit union account, or to another Vanguard Fund account.

VANGUARD BROKERAGE SERVICES

(VBS)

[OPEN BOOKLET GRAPHIC]

A cost-effective way to trade stocks, bonds, and options on major exchanges, Nasdaq, and other domestic over-the-counter markets at reduced rates, and to buy and sell shares of non-Vanguard mutual funds. Call VBS (1-800-992-8327) for additional information and the appropriate forms.

*Can be used to "dollar-cost average" [OPEN BOOKLET GRAPHIC] or to contribute to an IRA or other retirement plan.

TYPES OF ACCOUNTS

INDIVIDUAL OR OTHER ENTITY

Vanguard's account registration form can be used to establish a variety of non-retirement accounts.

FOR ONE OR MORE PEOPLE

To open an account in the name of one (individual) or more (joint tenants) people. \$3,000 minimum initial investment.

FOR A MINOR CHILD

[OPEN BOOKLET GRAPHIC]

To open an account as an UGMA/UTMA (Uniform Gifts/Transfers to Minors Act). Age of majority and other transfer requirements are set by state law. \$1,000 minimum initial investment.

FOR HOLDING TRUST ASSETS

[OPEN BOOKLET GRAPHIC]

To invest assets held in an existing trust. \$3,000 minimum initial investment.

FOR THIRD-PARTY TRUSTEE

RETIREMENT INVESTMENTS

(Vanguard is not the custodian or trustee.)

To open an account as a retirement trust or plan based on an existing corporate or institutional plan. These accounts are established by the custodian or trustee of the existing plan.

FOR AN ORGANIZATION

To open an account as a corporation, partnership, or other entity. These accounts may require a corporate resolution or other documents to name the individuals authorized to act. \$3,000 minimum initial investment.

RETIREMENT

You establish these accounts with a Vanguard adoption agreement--not a Vanguard account registration form. To request the appropriate adoption agreement and forms, or to ask questions about investing for retirement, call Investor Information.

FOR AN INDIVIDUAL RETIREMENT ACCOUNT (IRA)

(Vanguard Fiduciary Trust Company is the custodian.)

To open a retirement account in the name of an individual. IRAs can be established with a contribution, a direct roll over from an employer's plan such as a 401(k), or an asset transfer or rollover from another institution such as a bank or mutual fund company. \$1,000 minimum initial investment.

FOR A SIMPLIFIED EMPLOYEE PENSION PLAN ACCOUNT (SEP-IRA)

(Vanguard Fiduciary Trust Company is the custodian.)

To open a retirement account in the name of an employee. SEPs allow employers to make deductible contributions directly to IRAs established by their employees. A SEP can be established by people who are self-employed, small-business owners, partnerships, or corporations.

FOR A QUALIFIED RETIREMENT PROGRAM ACCOUNT

(Vanguard Fiduciary Trust Company can be the custodian.)

To open a retirement account that allows small-business owners or people who are self-employed to make tax-deductible retirement contributions for themselves and their employees into Profit-Sharing and Money Purchase Pension (Keogh) plans.

FOR A 403(B)(7) CUSTODIAL ACCOUNT

(Vanguard Fiduciary Trust Company is the custodian.)

To open a retirement account that allows employees of tax exempt institutions (for example, schools or hospitals) to make pre-tax retirement contributions.

DISTRIBUTION OPTIONS

You can receive distributions of dividends and/or capital gains in a number of ways:

REINVESTMENT

Dividends and capital gains are automatically reinvested in additional shares of the Portfolio.

DIVIDENDS IN CASH

Dividends are paid by check and mailed to your account's address of record, and capital gains are reinvested in additional shares of the Portfolio.

DIVIDENDS AND CAPITAL GAINS IN CASH

Both dividends and capital gains are paid by check and mailed to your account's address of record.

To electronically transfer cash dividends and/or capital gains to your bank, savings and loan, or credit union account, or to another Vanguard Fund account, see Vanguard Dividend Express under "Services and Account Features."

BUYING SHARES

You buy your shares at the Portfolio's next-determined net asset value after Vanguard receives your request, provided we receive your request before 4:00 p.m. Eastern time (the close of trading on the New York Stock Exchange). All of the Trust's Portfolios are offered on a no-load basis, meaning that you do not pay sales commissions or 12b-1 marketing fees.

MINIMUM INVESTMENT

BY MAIL

[ENVELOPE GRAPHIC]
First-class mail to:
The Vanguard Group
P.O. Box 2600
Valley Forge, PA 19482

Express or Registered mail to:
The Vanguard Group
455 Devon Park Drive
Wayne, PA 19087

OPEN A NEW ACCOUNT

\$3,000 (regular account); \$1,000 (IRAs and custodial accounts for minors).

Complete and sign the application form.

Make your check payable to:

The Vanguard Group-(appropriate Portfolio Number; see below)

Total Stock Market Portfolio	85
500	40
Extended Market	98
SmallCap Stock	48
Value	06
Growth	09

All purchases must be made in U.S. dollars, and checks must be drawn on U.S. banks.

ADD TO AN EXISTING ACCOUNT

\$100 by mail or exchange; \$1,000 by wire.

Mail your check with an Invest-By-Mail form detached from your confirmation statement to the address listed on the form.

Make your check payable to:

The Vanguard Group-(appropriate Portfolio Number; see below)

Total Stock Market Portfolio	85
500	40
Extended Market	98
SmallCap Stock	48
Value	06
Growth	09

All purchases must be made in U.S. dollars, and checks must be drawn on U.S. banks.

Important Note: To prevent check fraud, Vanguard will not accept checks made payable to third parties.

BUYING SHARES (CONTINUED)

BY TELEPHONE

[TELEPHONE GRAPHIC]

1-800-662-6273

Vanguard Tele-Account (R)

1-800-662-2739

Client Services

OPEN A NEW ACCOUNT

For Retirement Accounts Only: Call Vanguard Tele-Account* 24 hours a day--or Client Services during business hours--to exchange from another Vanguard Fund account with the same registration (name, address, taxpayer I.D., and account type).

ADD TO AN EXISTING ACCOUNT

For Retirement Accounts Only: Call Vanguard Tele-Account* 24 hours a day--or Client Services during business hours--to exchange from another Vanguard Fund account with the same registration (name, address, taxpayer I.D., and account type).

*You must obtain a Personal Identification Number through Tele-Account at least seven days before you request your first exchange.

Important Note: Once a telephone transaction has been approved by you and a confirmation number assigned, it cannot be revoked. We reserve the right to refuse any purchase.

BY WIRE

[WIRE GRAPHIC]

Wire to:

CoreStates Bank, N.A.

ABA 031000011

CoreStates No 01019897

[Temporary Account Number]

Vanguard Index Trust

[Portfolio Name]

[Account Registration]

Attn Vanguard

AUTOMATICALLY

[CIRCLE OF ARROWS GRAPHIC]

Call Client Services to arrange your wire transaction.

Wire transactions are not available for retirement accounts.

Call Client Services to arrange your wire transaction.

Wire transactions are not available for retirement accounts.

Vanguard offers a variety of ways that you can add to your account automatically. See "Services and Account Features."

You can redeem (that is, sell or exchange) shares purchased by check or Vanguard Fund Express at any time. However, while your redemption request will be processed at the next determined net asset value after it is received, your redemption proceeds will not be available until payment for your purchase is collected, which may take up to ten days.

It is important that you call Vanguard before you invest a large dollar amount by wire or check. We must consider the interests of all Portfolio shareholders and so reserve the right to delay or refuse any purchase that will disrupt the Portfolio's operation or performance.

REDEEMING SHARES

IMPORTANT TAX NOTE: Any sale or exchange of shares in a non-retirement account could result in a taxable gain or a loss.

The ability to sell Portfolio shares by telephone is automatically established for your non-retirement account unless you tell us in writing that you do not want this option.

To protect your account from unauthorized or fraudulent telephone instructions, Vanguard follows specific security procedures. When we receive a call requesting an account transaction, we require the caller to provide:

- Portfolio name.
- 10-digit account number.
- Name and address exactly as registered on that account.
- Social Security or Employer Identification number as registered on that account.

If you call to sell shares, the sale proceeds will be made payable to you, as the registered shareholder, and mailed to your account's address of record.

If we follow reasonable security procedures, neither the Trust nor Vanguard will be responsible for the authenticity of transaction instructions received by telephone. We believe that these procedures are reasonable and that, if we follow them, you bear the risk of any losses resulting from unauthorized or fraudulent telephone transactions on your account. However, if we do not follow these or other reasonable procedures, Vanguard may be liable for any losses resulting from unauthorized or fraudulent transactions.

HOW TO SELL SHARES

You may withdraw any part of your account, at any time, by selling shares. Sale proceeds are normally mailed within two business days after Vanguard receives your request. The sale price of your shares will be the Portfolio's next-determined net asset value after Vanguard receives all required documents in good order.

Good order means that your request includes:

- Portfolio name and account number.
- Amount of the transaction (in dollars or shares).
- Signatures of all owners exactly as registered on the account.
- Signature guarantees (if required).
- Any supporting legal documentation that may be required.
- Any certificates you are holding for the account.

Sales or exchange requests received after the close of trading on the New York Stock Exchange (generally 4:00 p.m. Eastern time) are processed at the next business day's net asset value.

The Fund reserves the right to close any non-retirement or UGMA/UTMA account whose balance falls below the minimum initial investment. Each Portfolio will deduct a \$10 annual fee if your non-retirement account balance falls below \$2,500 or if your UGMA/UTMA account balance falls below \$500. The fee is waived if your total Vanguard account assets are \$50,000 or more.

Some written requests require a signature guarantee from a bank, broker, or other acceptable institution. A notary public cannot provide a signature guarantee.

REDEEMING SHARES (CONTINUED)

HOW TO EXCHANGE SHARES

An exchange is the selling of shares of one Vanguard Fund to purchase shares of another.

Although we make every effort to maintain the exchange privilege, Vanguard reserves the right to revise or terminate the exchange 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 Trust's Portfolios and increase transaction costs, Vanguard limits exchange activity to TWO SUBSTANTIVE EXCHANGE REDEMPTIONS (at least 30 days apart) from any Portfolio during any 12-month period. "Substantive" means either a dollar amount large enough to have a negative impact on the Fund or a series of movements between Vanguard Funds.

Before you exchange into a new Vanguard Fund, be sure to read its prospectus. For a copy and for answers to questions you might have, call Investor Information.

SELLING OR EXCHANGING SHARES

BY TELEPHONE
[TELEPHONE GRAPHIC]

1-800-662-6273
Vanguard Tele-Account
1-800-662-2739
Client Services

BY MAIL
[ENVELOPE GRAPHIC]

First-class mail to:
The Vanguard Group
Vanguard Index Trust
P.O. Box 1120
Valley Forge, PA 19482

Express or Registered mail to:
The Vanguard Group
Vanguard Index Trust
455 Devon Park Drive
Wayne, PA 19087

AUTOMATICALLY
[CIRCLE OF ARROWS GRAPHIC]

ACCOUNT TYPE

ALL TYPES EXCEPT RETIREMENT:

Call Vanguard Tele-Account* 24 hours a day--or Client Services during business hours--to sell shares. You cannot exchange shares of any Trust Portfolio by telephone.

RETIREMENT:

You can exchange--but not sell--shares by calling TeleAccount or Client Services.

*You must obtain a Personal Identification Number through Tele-Account at least seven days before you request your first redemption.

ALL TYPES EXCEPT RETIREMENT:

Send a letter of instruction signed by all registered account holders. Include the Portfolio name and account number and (if you are selling) a dollar amount or number of shares OR (if you are exchanging) the name of the Fund you want to exchange into and a dollar amount or number of shares.

RETIREMENT:

For information on how to request distributions from . . .

* IRAs, call Client Services.

* SEP-IRAs, 403(b)(7) custodial accounts, and Profit-Sharing and Money Purchase Pension (Keogh) Plans, call Individual Retirement Services at 1-800-662-2003.

Depending on your account registration type, additional documentation may be required.

ALL TYPES EXCEPT RETIREMENT:

Vanguard offers several ways to sell or exchange shares automatically (see "Services and Account Features"). Call Investor Information for the appropriate booklet and application if you did not elect a feature when you opened your account.

REDEEMING SHARES (CONTINUED)

It is important that you call Vanguard before you redeem a large dollar amount. We must consider the interests of all Portfolio shareholders and so reserve the right to delay your redemption proceeds--up to seven days--if the amount will disrupt the Portfolio's operation or performance.

A NOTE ON UNUSUAL CIRCUMSTANCES

Vanguard reserves the right to revise or terminate the telephone redemption privilege at any time, without notice. In addition, Vanguard can stop selling shares or postpone payment at times when the New York Stock Exchange is closed or under any emergency circumstances as determined by the United States Securities and Exchange Commission. If you experience difficulty making a telephone redemption during periods of drastic economic or market change, you can send us your request by regular or express mail. Follow the instructions on selling or exchanging shares by mail in the "Redeeming Shares" section.

FUND AND ACCOUNT UPDATES

STATEMENTS AND REPORTS

We will send you clear, concise account and tax statements to help you keep track of your Vanguard Index Trust account throughout the year as well as when you are preparing your income tax returns.

In addition, you will receive financial reports about each Trust Portfolio twice a year. These comprehensive reports include an assessment of the Portfolio's performance (and a comparison to its target benchmark), an overview of the markets, a report from the adviser, as well as a listing of its holdings and other financial statements.

CONFIRMATION STATEMENT

Sent each time you buy, sell, or exchange shares; confirms the date and the amount of your transaction.

PORTFOLIO SUMMARY

Mailed quarterly; shows the market value of your account at the close of the statement period, as well as distributions, purchases, sales, and exchanges for the current calendar year.

FUND FINANCIAL REPORTS

Mailed in February and August for all six Trust Portfolios.

TAX STATEMENTS

Generally mailed in January; report previous year's dividend distributions, proceeds from the sale of shares, and distributions from IRAs or other retirement accounts.

AVERAGE COST STATEMENT

[OPEN BOOKLET GRAPHIC]

Issued quarterly for taxable accounts (accompanies your Portfolio Summary); shows the average cost of shares that you redeemed during the previous quarter, using the average cost single category method.

FUND AND ACCOUNT UPDATES (CONTINUED)

AUTOMATED TELEPHONE ACCESS

VANGUARD TELE-ACCOUNT

1-800-662-6273

Any time, seven days a week, from anywhere in the continental United States and Canada.

[OPEN BOOKLET GRAPHIC]

Toll-free access to Vanguard Fund and account information--as well as some transactions--through any TouchTone(TM) telephone. Tele-Account provides total return, share price, price change, and yield quotations for all Vanguard Funds; gives your account balances and history (e.g., last transaction, latest dividend distribution); and allows you to sell Portfolio shares.

COMPUTER ACCESS

VANGUARD ONLINES (M)

KEYWORD: VANGUARD

Use your personal computer to learn more about Vanguard Funds and services; keep in touch with your Vanguard accounts; map out a long-term investment strategy; and ask questions, make suggestions, and send messages to Vanguard. Vanguard Online is offered through America Online(R) (AOL). To establish an AOL account, call 1-800-238-6336.

VANGUARD ON THE WORLD WIDE WEB

<http://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; an online "university" that offers a variety of mutual fund classes; and easy-to-use, interactive tools to help you create your own investment and retirement strategies.

Shares of the Trust's Portfolio may only be sold in those states in which they are registered. The Portfolio's shares are currently registered for sale in all 50 states, and the Trust intends to maintain such registration.

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PROSPECTUS POSTSCRIPT

This prospectus is designed to provide you with pertinent information about the Portfolios of Vanguard Index Trust, including their investment objectives, risks, strategies, and expenses, as well as services available to you as a shareholder.

It is important that you understand these facts so that you can decide whether an investment in any of the Portfolios is right for you. The following questions offer a quick review of some of the subjects covered by this prospectus.

IN READING THE PROSPECTUS, DID YOU LEARN . . .

- Each Portfolio's objective? (page 9)
- Each Portfolio's investment strategies? (page 10)
- Who should invest in each Portfolio? (page 9)
- The risks associated with each Portfolio? (pages 8-14)
- Whether each Portfolio is Federally insured? (inside front cover)
- Each Portfolio's expenses? (pages 3 and 4)
- The background of the Portfolios' investment manager? (page 17)
- How to open an account? (page 21)
- How to sell or exchange shares? (page 23)
- How often you'll receive statements and financial reports? (page 25)

PLAIN TALK ABOUT

KEEPING YOUR PROSPECTUS

Reading this prospectus will help you to decide whether one or more of the Portfolios is suitable for your investment goals. If you decide to invest, don't throw the prospectus out: you will no doubt need it for future reference.

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ABOUT THE QUIZ

Knowing your risk tolerance is important when you are making an investment

decision. To give you a general idea of your comfort level with investing, circle the response that most closely matches your personal situation. Keep in mind, though, that there is no "foolproof" way to accurately gauge your risk tolerance. Scoring for the quiz is below.

HOW TO SCORE THE QUIZ

Use the number of your answer as the number of points scored. For instance, if you chose answer #3 to a question, that's worth three points. Add up your points and check below for the type of investor you are. (Note: if you chose answer #1 or #2 to Question C, subtract five points from your total score.)

- If you scored between 0 and 25 points, you are considered a conservative investor.
- If you scored between 26 and 32 points, you are considered a moderate investor.
- If you scored between 33 and 35 points, you are considered an aggressive investor.

A SIMPLE RISK QUIZ

- A. I have been investing in stock and bond mutual funds (or in individual stocks or bonds) for . . .
 1. Less than a year
 2. 1-2 years
 3. 3-4 years
 4. 5-9 years
 5. 10 years or more
- B. When it comes to investing in stock or bond mutual funds (or individual stocks or bonds), I would say I'm . . .
 1. A very inexperienced investor
 2. A somewhat inexperienced investor
 3. A somewhat experienced investor
 4. An experienced investor
 5. A very experienced investor
- C. I am comfortable with investments that may lose money from time to time if they offer the potential for higher returns.
 1. I strongly disagree
 2. I disagree
 3. I somewhat agree
 4. I agree
 5. I strongly agree
- D. I will keep an investment even if it loses 10% of its value over the course of a year.
 1. I strongly disagree
 2. I disagree
 3. I somewhat agree
 4. I agree
 5. I strongly agree
- E. In addition to my long-term investments, I have emergency savings equal to ___ months of my take-home pay.
 1. Zero
 2. One
 3. Two
 4. Three
 5. Four or more
- F. I find it easy to pay my monthly bills from my current pay.
 1. I strong disagree
 2. I disagree
 3. I somewhat agree
 4. I agree
 5. I strongly agree
- G. Overall, my personal financial situation is secure.
 1. I strongly disagree
 2. I disagree
 3. I somewhat agree
 4. I agree
 5. I strongly agree

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 during the year on securities that the fund has sold at a profit, minus any realized losses.

CASH RESERVES

Cash deposits as well as short-term bank deposits, money market instruments, and U.S. Treasury bills.

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 INCOME

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

DOLLAR-COST AVERAGING

Investing equal amounts of money at regular intervals on an ongoing basis. This technique ensures that an investor buys fewer shares when prices are high and more shares when prices are low.

EXPENSE RATIO

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

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 portfolio's investments.

MUTUAL FUND

An investment company that pools the money of many people and invests it in a variety of securities in an effort to achieve a specific objective over time.

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 called its share value or share price.

PASSIVE MANAGEMENT

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

PORTFOLIO DIVERSIFICATION

Holding a variety of securities so that a portfolio's return is not hurt by the poor performance of a single security or industry.

PRICE/EARNINGS (P/E) RATIO

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

PRINCIPAL

The amount of your own money you put into an investment.

SECURITIES

Stocks, bonds, and other investment vehicles.

TOTAL RETURN

A percentage change, over a specified time period, in a mutual fund's net asset value, with the ending net asset value adjusted to account for the reinvestment of all distributions of dividends and capital gains.

VOLATILITY

The fluctuations in value of a mutual fund or other security. The greater a fund's volatility, the wider the fluctuations between its high and low prices.

YIELD

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

BOAT GRAPHIC
 THE VANGUARD GROUP
 Post Office Box 2600
 Valley Forge, PA 19482

INVESTOR INFORMATION DEPARTMENT
 1-800-662-7447 (SHIP)
 TEXT TELEPHONE:
 1-800-952-3335
 For information on our Funds, Fund services, and retirement accounts; requests
 for literature

CLIENT SERVICES DEPARTMENT
 1-800-662-2739 (CREW)
 TEXT TELEPHONE:
 1-800-662-2738
 For information on your account, account transactions, account statements

VANGUARD BROKERAGE SERVICES
 1-800-992-8327
 For information on trading stocks, bonds, and options at reduced commissions

VANGUARD TELE-ACCOUNT(R)
 1-800-662-6273 (ON-BOARD)
 For 24-hour automated access to price and yield, information on your account,
 certain transactions

ELECTRONIC ACCESS TO THE VANGUARD MUTUAL FUND EDUCATION AND INFORMATION CENTER
 On America Online (R)
 Keyword: vanguard

On the World Wide Web
<http://www.vanguard.com>

To send e-mail to Vanguard
VGOnline@aol.com

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 Corporation, Distributor

P640N

VANGUARD
 INDEX TRUST

Institutional Prospectus
 January 6, 1997

 TOTAL STOCK MARKET
 PORTFOLIO

500 PORTFOLIO

EXTENDED MARKET
 PORTFOLIO

[GRAPHIC OF SHIP]

SMALL CAPITALIZATION
 STOCK PORTFOLIO

VALUE PORTFOLIO

GROWTH PORTFOLIO

This prospectus contains
 financial data for the
 Trust through the
 fiscal period ended
 June 30, 1996.

[THE VANGUARD GROUP LOGO]

VANGUARD INDEX TRUST

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A Stock Index Mutual Fund

INVESTMENT OBJECTIVES AND POLICIES

Vanguard Index Trust (the "Trust") is an open-end investment company that includes six separate, diversified mutual fund Portfolios: Total Stock Market, 500, Extended Market, Small Capitalization Stock, Value, and Growth.

Each Portfolio seeks to match, as closely as possible, the performance of a different stock market benchmark, or index. Long-term capital growth (and, for some Portfolios, dividend income) may be achieved as the Portfolios track their respective indexes.

You can buy shares in any of the six Portfolios.

IT IS IMPORTANT TO NOTE THAT NONE OF THE PORTFOLIOS' SHARES IS GUARANTEED OR INSURED BY THE FDIC OR ANY OTHER AGENCY OF THE U.S. GOVERNMENT. AS WITH ANY INVESTMENT IN COMMON STOCKS, WHICH ARE SUBJECT TO WIDE FLUCTUATIONS IN MARKET VALUE, YOU COULD LOSE MONEY BY INVESTING IN ANY OF THE PORTFOLIOS.

IMPORTANT NOTE

This prospectus is intended for institutional clients and 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.

FEES AND EXPENSES

The Portfolios are offered on a no-load basis, which means that you pay no sales commissions or 12b-1 marketing fees. You will, however, incur expenses for investment advisory, management, administrative, and distribution services, which are included in each Portfolio's expense ratio.

Two Portfolios charge a fee on purchases: 0.5% for the Extended Market Portfolio, 1% for the Small Capitalization Stock Portfolio.

ADDITIONAL INFORMATION ABOUT THE TRUST

A Statement of Additional Information (dated January 6, 1997) containing more information about the Trust is, by reference, part of this prospectus and may be obtained without charge by contacting Vanguard (see back cover).

WHY READING THIS PROSPECTUS IS IMPORTANT

This prospectus explains the objectives, risks, and strategies of each Portfolio of Vanguard Index Trust. 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 which Portfolios, if any, are the right investment for your needs. We suggest that you keep it for future reference.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state commission passed upon the accuracy of this prospectus. Any representation to the contrary is a criminal offense.

PORTFOLIO PROFILE

WHO SHOULD INVEST (page 9)

- Investors looking for a simple way to match the performance of a specific stock market index.
- Investors seeking a stock mutual fund as part of a balanced and diversified investment program.
- Investors seeking growth of their capital over the long term--at least five years.

WHO SHOULD NOT INVEST

- Investors unwilling to accept significant fluctuations in share price.
- Investors hoping to beat the stock market.

RISKS OF THE PORTFOLIOS (pages 8-14)

The Portfolios' total return will fluctuate within a wide range, so an investor could lose money over short or even extended periods. All six Portfolios are subject to market risk (the chance that stock prices in general will fall, sometimes suddenly and sharply) and objective risk (the chance that a specific segment of the stock market will not perform as well as the overall market). More detailed information about risk--including risks specific to each Portfolio--is provided beginning on page 18.

DIVIDENDS AND CAPITAL GAINS (PAGE 17)

The Total Stock Market, 500, Value, and Growth Portfolios pay dividends in March, June, September, and December. The Extended Market and Small Capitalization Stock Portfolios pay dividends in December. All six of the Trust's Portfolios pay capital gains, if any, in December. In participant accounts, all distributions are automatically reinvested.

VANGUARD INDEX TRUST

INVESTMENT ADVISER (page 18)

Vanguard Core Management Group, Valley Forge, PA, manages each of the six Portfolios.

AVERAGE ANNUAL TOTAL RETURNS--
PERIODS ENDED JUNE 30, 1996

<TABLE>
<CAPTION>

	1 YEAR	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>
Total Stock Market	25.3%	15.4%*	--
Wilshire 5000 Index	26.2	15.9*	--
500	25.9%	15.6%	13.5%
S&P 500 Index	26.0	15.7	13.8
Extended Market**	26.2%	17.2%	15.4%*
Wilshire 4500 Index	26.6	17.1	15.6*
SmallCap Stock**	25.3%	18.0%	9.6%
Russell 2000 Index	23.9	17.5	10.4
Value	24.8%	17.6%*	--
S&P/BARRA Value Index	24.8	17.8*	--
Growth	27.1%	14.8%*	--
S&P/BARRA Growth Index	27.3	15.1*	--

</TABLE>

*Since Portfolio's inception.

**Does not include transaction fee; see table on page 2.

In evaluating past performance, remember that it is not indicative of future performance and that returns from stocks before adjusting for inflation were relatively high during the periods shown. Performance figures include the reinvestment of any dividends and capital gains distributions. The returns shown are net of expenses, but they do not reflect income taxes an investor would have incurred. Note, too, that both the return and principal value of an investment will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost.

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PORTFOLIO PROFILE (continued)

Vanguard Index Trust

<TABLE>
<CAPTION>

	TOTAL STOCK MARKET	500	EXTENDED MARKET
<S>	<C>	<C>	<C>
Inception Date:	4/27/92	8/31/76	12/21/87
Net Assets as of 6/30/96:	\$2.86 billion	\$23.6 billion	\$1.74 billion
Portfolio Expense Ratio for the Six Months Ended 6/30/96:	0.21%	0.20%	0.25%
Transaction Fee on Purchases:	None	None	0.5%
Newspaper Abbreviation:	IdxTot	Idx 500	IdxExt
Vanguard Fund Number:	085	040	098

</TABLE>

<TABLE>
<CAPTION>

	SMALLCAP STOCK	VALUE	GROWTH
<S>	<C>	<C>	<C>
Inception Date:	10/3/60	11/2/92	11/2/92
Net Assets as of 6/30/96:	\$1.45 billion	\$765 million	\$511 million
Portfolio Expense Ratio for the Six Months Ended 6/30/96:	0.25%	0.20%	0.20%
Transaction Fee on Purchases:	0.5	None	None
Newspaper Abbreviation:	IdxSmCap	IdxVal	IdxGro
Vanguard Fund Number:	048	006	009

</TABLE>

2

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PORTFOLIO EXPENSES

The examples below are designed to help you understand the costs you would bear as an investor in one of the Portfolios.

SHAREHOLDER TRANSACTION EXPENSES AND FEES

<TABLE>
<CAPTION>

<S>	<C>
Sales Load Imposed on Purchases:	None
Transaction Fee on Purchases*	
Extended Market Portfolio:	0.5%
SmallCap Stock Portfolio:	0.5%
Total Stock Market, 500, Value, and Growth Portfolios:	None
Sales Load Imposed on Reinvested Dividends:	None
Redemption Fees:	None
Exchange Fees:	None

</TABLE>

* The transaction fee is deducted from all purchases (including exchanges from other Vanguard Funds) but not from reinvested dividends and capital gains.

PLAIN TALK ABOUT

VANGUARD'S FEES

Some of Vanguard's index portfolios charge a transaction fee on purchases of Portfolio shares to offset the higher costs of trading certain securities, particularly small-company and international stocks. The transaction fee ensures that these higher costs are borne by the investors making the transactions--and not by shareholders already in the Portfolio.

At Vanguard, all fees are paid directly to the Portfolio itself (unlike a sales charge or load, which--for many fund companies--ends up in the pocket of the sponsor, adviser, or sales representative). Without transaction fees, an index portfolio would have trouble tracking its target index.

The next tables illustrate the expenses that you would incur, outside of transaction fees, as a Portfolio shareholder. These expenses are deducted from the Portfolio's income before it is paid to you. Expenses include investment advisory fees as well as fees for administering the Portfolio, providing services, and other activities. The expenses shown are for the fiscal year ended December 31, 1995.

ANNUAL PORTFOLIO OPERATING EXPENSES

<TABLE>
<CAPTION>

	TOTAL STOCK MARKET	
	500	
<S>	<C>	<C>
Management and		
Administrative Expenses:	0.21%	0.17%
Investment Advisory Expenses:	None	None
12b-1 Marketing Fees:	None	None
Other Expenses		
Marketing and Distribution Expenses:	0.02%	0.02%
Miscellaneous Expenses (e.g., Taxes, Auditing):	0.02%	0.01%
	----	----
Total Other Expenses:	0.04%	0.03%
	----	----
TOTAL OPERATING EXPENSES (EXPENSE RATIO):	0.25%	0.20%
	====	====

</TABLE>

PLAIN TALK ABOUT

FUND EXPENSES

All mutual funds have operating expenses. These expenses, which are deducted from a fund's gross income, are expressed as a percentage of the net assets of the fund. For instance, the Total Stock Market Portfolio's expense ratio in fiscal year 1995 was 0.25%, or \$2.50 per \$1,000 of average equity index fund had expenses in 1995 of 0.67%, or \$6.70 per \$1,000 of average net assets, according to Lipper Analytical Services, Inc., which reports on the mutual fund industry.

<TABLE>
<CAPTION>

	EXTENDED MARKET	SMALLCAP STOCK
<S>	<C>	<C>
Management and		
Administrative Expenses:	0.21%	0.21%
Investment Advisory Expenses:	None	0.01%
12b-1 Marketing Fees:	None	None
Other Expenses		
Marketing and Distribution Expenses:	0.02%	0.02%
Miscellaneous Expenses (e.g., Taxes, Auditing):	0.02%	0.01%
	----	----
Total Other Expenses:	0.04%	0.03%
	----	----
TOTAL OPERATING EXPENSES (EXPENSE RATIO):	0.25%	0.25%
	====	====

</TABLE>

<TABLE>
<CAPTION>

	VALUE	GROWTH
<S>	<C>	<C>
Management and		
Administrative Expenses:	0.15%	0.14%
Investment Advisory Expenses:	0.01%	0.01%
12b-1 Marketing Fees:	None	None
Other Expenses		
Marketing and Distribution Expenses:	0.02%	0.02%
Miscellaneous Expenses (e.g., Taxes, Auditing):	0.02%	0.03%
	----	----
Total Other Expenses:	0.04%	0.05%
	----	----
TOTAL OPERATING EXPENSES (EXPENSE RATIO):	0.20%	0.20%
	=====	=====

</TABLE>

The following examples illustrate the hypothetical expenses that you would incur on a \$1,000 investment in each Portfolio over various periods. These examples assume (1) that each Portfolio provides a return of 5% a year, (2) that you redeem your investment at the end of each period, and (3) that any transaction fees have been deducted. If your investment were larger than \$1,000 but less than \$10,000, your total expenses would be lower, percentage-wise, than the amounts shown.

<TABLE>
<CAPTION>

PORTFOLIO	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
Total Stock Market	\$ 3	\$ 8	\$14	\$30
500	\$ 2	\$ 6	\$11	\$24
Extended Market	\$ 5	\$10	\$16	\$33
SmallCap Stock	\$13	\$18	\$24	\$40
Value	\$ 2	\$ 6	\$11	\$24
Growth	\$ 2	\$ 6	\$11	\$24

</TABLE>

THIS EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF ACTUAL EXPENSES OR PERFORMANCE FROM THE PAST OR FOR THE FUTURE, WHICH MAY BE HIGHER OR LOWER THAN THOSE SHOWN.

FINANCIAL HIGHLIGHTS

The following financial highlights tables show the results for a share outstanding for each of the last ten years ended December 31, 1995 (or each year since the Portfolio's inception date) and the six months ended June 30, 1996. The financial highlights for the fiscal years ended December 31 were audited by Price Waterhouse LLP, independent accountants. The information for the six-month period ended June 30, 1996, has not been audited by independent accountants. You should read this information in conjunction with each Portfolio's financial statements and accompanying notes, which appear, along with the audit report from Price Waterhouse, in the Trust's most recent Annual Report and Semi-Annual Report to shareholders. The Annual Report and Semi-Annual Report are incorporated by reference in the Statement of Additional Information and in this prospectus, and contain a more complete discussion of each Portfolio's performance. You may have the report sent to you without charge by contacting Vanguard (see back cover).

<TABLE>
<CAPTION>

TOTAL STOCK MARKET PORTFOLIO				
	YEAR ENDED DECEMBER 31,			
SIX MONTHS ENDED JUNE 30, 1996	1995	1994	1993	3/16/92-12/31/92

<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$15.04	\$11.37	\$11.69	\$10.84	\$10.00
INVESTMENT OPERATIONS					
Net Investment Income	.14	.29	.27	.26	.23
Net Realized and Unrealized Gain (Loss) on Investment	1.36	3.75	(.29)	.88	.84

TOTAL FROM INVESTMENT OPERATIONS	1.50	4.04	(.02)	1.14	1.07

DISTRIBUTIONS					
Dividends from Net Investment Income	(.12)	(.28)	(.27)	(.26)	(.23)
Distributions from Realized Capital Gains	(.03)	(.09)	(.03)	(.03)	--

TOTAL DISTRIBUTIONS	(.15)	(.37)	(.30)	(.29)	(.23)

NET ASSET VALUE, END OF PERIOD	\$16.39	\$15.04	\$11.37	\$11.69	\$10.84
=====					
TOTAL RETURN*	10.00%	35.79%	-0.17%	10.62%	10.41%
=====					

RATIOS/SUPPLEMENTAL DATA

Net Assets, End of Period (Millions)	\$2,865	\$1,571	\$ 786	\$ 512	\$ 275
Ratio of Expenses to Average Net Assets	.21%**	.25%	.20%	.20%	.21%**
Ratio of Net Investment Income to Average Net Assets	1.81%**	2.14%	2.35%	2.31%	2.42%**
Portfolio Turnover Rat	3%**	3%	2%	1%	3%
Average Commission Rate Paid	\$.0208+	NA	NA	NA	NA

</TABLE>

* Total return figures do not include the 0.25% transaction fee on purchases (eliminated at year-end 1995). During the Portfolio's subscription period (March 16 to April 26, 1992), all assets were invested in money market instruments. Performance measurement began on April 27, 1992.

**Annualized.

+ Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

PLAIN TALK ABOUT

HOW TO READ THE FINANCIAL HIGHLIGHTS TABLE

This explanation uses the Total Stock Market Portfolio as an example. The Total Stock Market Portfolio began fiscal 1996 with a net asset value (price) of \$15.04 per share. During the six months ended June 30, 1996, the Portfolio earned \$0.14 per share from investment income (interest and dividends) and \$1.36 per share from investments that had appreciated in value or were sold for a price that was higher than the Portfolio paid for them. This resulted in total earnings of \$1.50 per share. Of those total earnings, \$0.15 per share was returned to shareholders in distributions (\$0.12 in dividends, \$0.03 in capital gains). The earnings (\$1.50 per share) less distributions (\$0.15 per share) resulted in a share price of \$16.39 at the six months ended June 30, 1996, an increase of \$1.35 per share (from \$15.04 at the beginning of the period to \$16.39 at the end of the period). Assuming the shareholder had reinvested the distributions in the purchase of more shares, total return from the Total Stock Market Portfolio was 10.00% for the six months ended June 30, 1996.

As of June 30, 1996, the Portfolio had \$2.86 billion in net assets; an expense ratio of 0.21% (\$2.10 per \$1,000 of net assets); and net investment income amounting to 1.81% of its average net assets. It sold and replaced securities valued at 3% of its total net assets.

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<TABLE>
<CAPTION>

	500 PORTFOLIO				
	YEAR ENDED DECEMBER 31,				
	SIX MONTHS ENDED JUNE 30, 1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 57.60	\$ 42.97	\$43.83	\$40.97	\$39.32

INVESTMENT OPERATIONS					

Net Investment Income	.62	1.22	1.18	1.13	1.12
Net Realized and Unrealized Gain (Loss) on Investment	5.15	14.76	(.67)	2.89	1.75
TOTAL FROM INVESTMENT OPERATIONS	5.77	15.98	.51	4.02	2.87
DISTRIBUTIONS					
Dividends from Net Investment Income	(.44)	(1.22)	(1.17)	(1.13)	(1.12)
Distributions from Realized Capital Gains	(.04)	(.13)	(.20)	(.03)	(.10)
TOTAL DISTRIBUTIONS	(.48)	(1.35)	(1.37)	(1.16)	(1.22)
NET ASSET VALUE, END OF PERIOD	\$ 62.89	\$ 57.60	\$42.97	\$43.83	\$40.97
TOTAL RETURN	10.03%	37.45%	1.18%	9.89%	7.42%
RATIOS/SUPPLEMENTAL DATA					
Net Assets, End of Period (Millions)	\$23,674	\$17,372	\$9,356	\$8,273	\$6,547
Ratio of Expenses to Average Net Assets	.20%+	.20%	.19%	.19%	.19%
Ratio of Net Investment Income to Average Net Assets	2.05%+	2.38%	2.72%	2.65%	2.81%
Portfolio Turnover Rate	6%**	4%*	6%*	6%*	4%*
Average Commission Rate Paid	\$.0131++	NA	NA	NA	NA

</TABLE>

<TABLE>

<CAPTION>

	500 PORTFOLIO					
	YEAR ENDED DECEMBER 31,					
	1991	1990	1989	1988	1987	1986
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$31.24	\$33.64	\$27.18	\$24.65	\$24.27	\$22.99
INVESTMENT OPERATIONS						
Net Investment Income	1.15	1.17	1.20	1.08	.88	.89
Net Realized and Unrealized Gain (Loss) on Investment	8.20	(2.30)	7.21	2.87	.36	3.30
TOTAL FROM INVESTMENT OPERATIONS	9.35	(1.13)	8.41	3.95	1.24	4.19
DISTRIBUTIONS						
Dividends from Net Investment Income	(1.15)	(1.17)	(1.20)	(1.10)	(.69)	(.89)
Distributions from Realized Capital Gains	(.12)	(.10)	(.75)	(.32)	(.17)	(2.02)
TOTAL DISTRIBUTIONS	(1.27)	(1.27)	(1.95)	(1.42)	(.86)	(2.91)
NET ASSET VALUE, END OF PERIOD	\$39.32	\$31.24	\$33.64	\$27.18	\$24.65	\$24.27
TOTAL RETURN	30.22%	-3.32%	31.36%	16.22%	4.71%	18.06%
RATIOS/SUPPLEMENTAL DATA						
Net Assets, End of Period (Millions)	\$4,345	\$2,173	\$1,804	\$1,055	\$ 826	\$ 485
Ratio of Expenses to Average Net Assets	.20%	.22%	.21%	.22%	.26%	.28%
Ratio of Net Investment Income to Average Net Assets	3.07%	3.60%	3.62%	4.08%	3.15%	3.40%
Portfolio Turnover Rate	5%*	23%*	8%	10%	15%	29%
Average Commission Rate Paid	NA	NA	NA	NA	NA	NA

</TABLE>

* Portfolio turnover rates excluding in-kind redemptions were 4%, 2%, 1%, 1%, and 6%, respectively.
+Annualized.

++Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

<TABLE>

<CAPTION>

SIX MONTHS ENDED JUNE 30, 1996	EXTENDED MARKET PORTFOLIO								
	YEAR ENDED DECEMBER 31,								
	1995	1994	1993	1992	1991	1990	1989	1988	12/21**- 12/31/87

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$24.07	\$18.52	\$19.43	\$17.35	\$15.82	\$11.48	\$13.92	\$11.60	\$ 9.99	\$10.00
INVESTMENT OPERATIONS										
Net Investment Income	.20	.30	.28	.23	.24	.25	.30	.26	.34	.03
Net Realized and Unrealized Gain (Loss) on Investment	2.30	5.95	(.62)	2.28	1.72	4.54	(2.25)	2.52	1.63	(.04)
TOTAL FROM INVESTMENT OPERATIONS	2.50	6.25	(.34)	2.51	1.96	4.79	(1.95)	2.78	1.97	(.01)
DISTRIBUTIONS										
Dividends from Net Investment Income	--	(.30)	(.28)	(.23)	(.25)	(.25)	(.33)	(.23)	(.20)	--
Distributions from Realized Capital Gains	(.32)	(.40)	(.29)	(.20)	(.18)	(.20)	(.16)	(.23)	(.16)	--
TOTAL DISTRIBUTIONS	(.32)	(.70)	(.57)	(.43)	(.43)	(.45)	(.49)	(.46)	(.36)	--
NET ASSET VALUE, END OF PERIOD	\$26.25	\$24.07	\$18.52	\$19.43	\$17.35	\$15.82	\$11.48	\$13.92	\$11.60	\$19.99
TOTAL RETURN*	10.45%	33.80%	-1.76%	14.49%	12.47%	41.85%	-14.05%	24.10%	19.75%	-0.10%
RATIOS/SUPPLEMENTAL DATA										
Net Assets, End of Period (Millions)	\$1,746	\$1,523	\$ 967	\$ 928	\$ 585	\$ 372	\$ 179	\$ 147	\$ 35	\$ 5
Ratio of Expenses to Average Net Assets	.25%+	.25%	.20%	.20%	.20%	.19%	.23%	.23%	.24%	0%
Ratio of Net Investment Income to Average Net Assets	1.53%+	1.51%	1.51%	1.48%	1.73%	2.14%	2.68%	2.92%	2.90%	0%
Portfolio Turnover Rate	31%+	15%	19%	13%	9%	11%	9%	14%	26%	3%
Average Commission Rate Paid	\$.0247++	NA	NA	NA	NA	NA	NA	NA	NA	NA

</TABLE>

*Total return figures do not include transaction fees (0.5% in 1995, 1% in 1991 through 1994) on purchases.

**Commencement of operations.

+Annualized.

++Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

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<TABLE>
<CAPTION>

SMALL CAPITALIZATION STOCK PORTFOLIO*								
<S>	<C>	YEAR ENDED 12/31/95	2/1/94-12/31/94	10/1/93-1/31/94	YEAR ENDED SEPTEMBER 30,			
NET ASSET VALUE, BEGINNING OF PERIOD	\$18.61	\$14.99	\$16.24	\$16.23	1993	1992	1991	1990++
INVESTMENT OPERATIONS								
Net Investment Income	.12	.24	.20	.05	.20	.19	.20	.17
Net Realized and Unrealized Gain (Loss) on Investment	2.00	4.06	(.86)	.963	.73	.88	3.60	(3.46)
TOTAL FROM INVESTMENT OPERATIONS	2.12	4.30	(.66)	1.01	3.93	1.07	3.80	(3.29)
DISTRIBUTIONS								
Dividends from Net Investment Income	--	(.23)	(.22)	(.18)	(.18)	(.18)	(.18)	(.04)
Distributions from Realized Capital Gains	(.14)	(.45)	(.37)	(.82)	(.15)	(.29)	(.14)	--
TOTAL DISTRIBUTIONS	(.14)	(.68)	(.59)	(1.00)	(.33)	(.47)	(.32)	(.04)
NET ASSET VALUE, END OF PERIOD	\$20.59	\$18.61	\$14.99	\$16.24	\$16.23	\$12.63	\$12.03	\$18.55
TOTAL RETURN**	11.44%	28.74%	-4.00%	6.65%	31.60%	9.34%	45.91%	-27.73%
RATIOS/SUPPLEMENTAL DATA								
Net Assets, End of Period (Millions)	\$1,450	\$ 971	\$ 605	\$ 533	\$ 432	\$ 202	\$ 111	\$ 40
Ratio of Expenses to Average Net Assets	.25%+	.25%	.17%+	.18%+	.18%	.18%	.21%	.31%
Ratio of Net Investment Income								

to Average Net Assets	1.40%+	1.58%	1.50%+	1.16%+	1.47%	1.65%	2.11%	1.91%
Portfolio Turnover Rate	39%+	28%	25%	5%	26%	26%	33%	40%
Average Commission Rate Paid	\$.0250(1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

</TABLE>

<TABLE>
<CAPTION>

SMALL CAPITALIZATION STOCK PORTFOLIO*				
YEAR ENDED SEPTEMBER 30,				
	1989	1988	1987	1986
<S>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$11.96	\$15.73	\$13.24	\$11.68
Investment Operations				
Net Investment Income	.10	.03	(.04)	(.01)
Net Realized and Unrealized Gain (Loss) on Investment	2.13	(2.59)	4.42	1.57
TOTAL FROM INVESTMENT OPERATIONS	2.23	(2.56)	4.38	1.56
DISTRIBUTIONS				
Dividends from Net Investment Income	(.14)	--	--	--
Distributions from Realized Capital Gains	(2.17)	(1.21)	(1.89)	--
TOTAL DISTRIBUTIONS	(2.31)	(1.21)	(1.89)	--
NET ASSET VALUE, END OF PERIOD	\$11.88	\$11.96	\$15.73	\$13.24
TOTAL RETURN**	18.83%	-14.30%	38.02%	13.33%
RATIOS/SUPPLEMENTAL DATA				
Net Assets, End of Period (Millions)	\$ 20	\$ 27	\$ 35	\$ 31
Ratio of Expenses to Average Net Assets	1.00%	.95%	.92%	.92%
Ratio of Net Investment Income to Average Net Assets	.65%	.24%	(.25)%	(.06)%
Portfolio Turnover Rate	160%	68%	92%	92%
Average Commission Rate Paid	N/A	N/A	N/A	N/A

</TABLE>

* Returns prior to January 31, 1994, are for the former Vanguard Small Capitalization Stock Fund.

** Total return figures do not include the 1% transaction fee on purchases.

+ Annualized.

++ Adjusted to reflect a 3-for-1 stock split as of February 3, 1990.

Prior to September 11, 1989, Schroder Capital Management International provided investment advisory services to the Fund. Effective September 11, 1989, investment advisory services were provided on an at-cost basis by The Vanguard Group, Inc.

(1) Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

<TABLE>
<CAPTION>

VALUE PORTFOLIO					
YEAR ENDED DECEMBER 31,					
	SIX MONTHS ENDED JUNE 30, 1996	1995	1994	1993	11/2/92** -12/31/92
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$14.79	\$11.12	\$11.74	\$10.30	\$10.00
INVESTMENT OPERATIONS					
NET INVESTMENT INCOME	.20	.41	.38	.38	.07
Net Realized and Unrealized Gain (Loss) on Investment	1.06	3.66	(.46)	1.50	.30
TOTAL FROM INVESTMENT					

OPERATIONS	1.26	4.07	(.08)	1.88	.37
DISTRIBUTIONS					
Dividends from Net Investment Income	(.14)	(.40)	(.38)	(.38)	(.07)
Distributions from Realized Capital Gains	(.24)	--	(.16)	(.06)	--
TOTAL DISTRIBUTIONS	(.38)	(.40)	(.54)	(.44)	(.07)
NET ASSET VALUE, END OF PERIOD	\$15.67	\$14.79	\$11.12	\$11.74	\$10.30
TOTAL RETURN	8.54%	36.94%	-0.73%	18.35%	3.70%
RATIOS/SUPPLEMENTAL DATA					
Net Assets, End of Period (Millions)	\$ 765	\$ 496	\$ 297	\$ 190	\$ 24
Ratio of Expenses to Average Net Assets	.20%**	.20%	.20%	.20%	0%*
Ratio of Net Investment Income to Average Net Assets	2.64%**	3.06%	3.37%	3.26%	3.46%*
Portfolio Turnover Rate	34%	27%	32%	30%	4%
Average Commission Rate Paid	\$.0185++	N/A	N/A	N/A	N/A

</TABLE>

*Annualized.

**Commencement of operations.

++Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

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<TABLE>
<CAPTION>

	GROWTH PORTFOLIO				
	SIX MONTHS ENDED JUNE 30, 1996	YEAR ENDED DECEMBER 31,			11/2/92** -12/31/92
		1995	1994	1993	
<S>	<C>	<C>	<C>	<C>	<C>
NET ASSET VALUE, BEGINNING OF PERIOD	\$13.97	\$10.28	\$10.20	\$10.26	\$10.00
INVESTMENT OPERATIONS					
Net Investment Income	.11	.21	.21	.21	.06
Net Realized and Unrealized Gain (Loss) on Investment	1.48	3.68	.08	(.06)	.26
TOTAL FROM INVESTMENT OPERATIONS	1.59	3.89	.29	.15	.32
DISTRIBUTIONS					
Dividends from Net Investment Income	(.10)	(.20)	(.21)	(.21)	(.06)
Distributions from Realized Capital Gains	(.06)	--	--	--	--
TOTAL DISTRIBUTIONS	(.16)	(.20)	(.21)	(.21)	(.06)
NET ASSET VALUE, END OF PERIOD	\$15.40	\$13.97	\$10.28	\$10.20	\$10.26
TOTAL RETURN	11.43%	38.06%	2.89%	1.53%	3.19%
RATIOS/SUPPLEMENTAL DATA					
Net Assets, End of Period (Millions)	\$ 511	\$ 271	\$ 86	\$ 51	\$ 21
Ratio of Expenses to Average Net Assets	.20%**	.20%	.20%	.20%	0%*
Ratio of Net Investment Income to Average Net Assets	1.50%**	1.71%	2.08%	2.10%	2.85%*
Portfolio Turnover Rate	36%**	24%	28%	36%	2%
Average Commission Rate Paid	\$.0186++	NA	NA	NA	NA

</TABLE>

**Annualized.

**Commencement of operations.

++Represents total commissions paid on portfolio securities divided by the total number of shares purchased or sold on which commissions were charged. This disclosure is required by the SEC beginning in 1996.

From time to time, the Vanguard Funds advertise yield and total return figures. Yield is an historical measure of dividend income, and total return is a measure of past dividend income (assuming that it has been reinvested) plus

capital appreciation. Neither yield nor total return should be used to predict the future performance of a fund.

A WORD ABOUT RISK

This prospectus describes the risks you will face as an investor in the Portfolios of Vanguard Index Trust. 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 one or more of the Trust's Portfolios, you should take into account your personal tolerance for the daily fluctuations of the stock market. Remember, too, that each Portfolio seeks to match a different stock market index; therefore, investment risk will vary from Portfolio to Portfolio.

Look for this "warning flag" symbol [GRAPH OF FLAG] throughout the prospectus. It is used to mark detailed information about each type of risk that you, as a shareholder of any of the six Portfolios, will confront.

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PLAIN TALK ABOUT

INDEXES

AN INDEX IS A GROUP OF SECURITIES WHOSE OVERALL PERFORMANCE IS USED AS A STANDARD TO MEASURE INVESTMENT PERFORMANCE.

PLAIN TALK ABOUT

VALUE FUNDS AND GROWTH FUNDS

VALUE INVESTING AND GROWTH INVESTING ARE TWO STYLES EMPLOYED BY STOCK FUND MANAGERS. VALUE FUNDS GENERALLY EMPHASIZE COMPANIES THAT, CONSIDERING THEIR ASSETS AND EARNINGS HISTORY, ARE ATTRACTIVELY PRICED; THESE COMPANIES OFTEN PAY REGULAR DIVIDEND INCOME TO SHAREHOLDERS. GROWTH FUNDS GENERALLY FOCUS ON COMPANIES THAT, DUE TO THEIR STRONG EARNINGS AND REVENUE POTENTIAL, OFFER ABOVE-AVERAGE PROSPECTS FOR CAPITAL GROWTH, WITH LESS EMPHASIS ON DIVIDEND INCOME. VALUE AND GROWTH STOCKS HAVE, IN THE PAST, PRODUCED SIMILAR LONG-TERM RETURNS, THOUGH EACH HAS PERIODS WHEN IT OUTPERFORMS THE OTHER. IN GENERAL, VALUE FUNDS ARE APPROPRIATE FOR INVESTORS WHO WANT SOME DIVIDEND INCOME AND THE POTENTIAL FOR CAPITAL GAINS BUT ARE LESS TOLERANT OF SHARE-PRICE FLUCTUATIONS, WHILE GROWTH FUNDS APPEAL TO INVESTORS WHO WILL ACCEPT MORE VOLATILITY IN HOPE OF A GREATER INCREASE IN SHARE PRICE.

THE PORTFOLIOS' OBJECTIVES

Each Portfolio seeks to match, as closely as possible, the performance of a specific stock market index. This objective is fundamental, which means that it cannot be changed unless a majority of Portfolio shareholders vote to do so.

[FLAG BECAUSE OF THE SEVERAL TYPES OF RISK DESCRIBED ON THE FOLLOWING PAGES, GRAPH] YOUR INVESTMENT IN ANY OF THE PORTFOLIOS, AS WITH ANY INVESTMENT IN COMMON STOCKS, COULD LOSE MONEY.

The TOTAL STOCK MARKET PORTFOLIO seeks to parallel the performance of the Wilshire 5000 Index, which consists of all of the U.S. stocks regularly traded on the New York and American Stock Exchanges and the Nasdaq over-the-counter market.

The 500 PORTFOLIO seeks to track the performance of the Standard & Poor's 500 Composite Stock Price Index, which emphasizes stocks of large U.S. companies.

The EXTENDED MARKET PORTFOLIO seeks to track the performance of the Wilshire 4500 Index, a broadly diversified index of stocks of medium-size and small U.S. companies (none of which is included in the S&P 500 Index).

The SMALL CAPITALIZATION STOCK PORTFOLIO seeks to match the performance of the Russell 2000 Small Stock Index, which is made up of stocks of small, generally unseasoned U.S. companies.

The VALUE PORTFOLIO seeks to replicate the performance of the S&P/BARRA Value Index, which includes those stocks of the S&P 500 Index that offer higher-than-average dividend yields and are considered out of favor with investors.

The GROWTH PORTFOLIO seeks to parallel the performance of the S&P/BARRA Growth Index, which is made up of those stocks of the S&P 500 Index with

above-average growth potential and lower-than-average dividend yields.

AN INDEX FUND HAS OPERATING EXPENSES; A MARKET INDEX DOES NOT.
[FLAG THEREFORE, AN INDEX FUND--WHILE EXPECTED TO TRACK ITS TARGET INDEX AS
GRAPH] CLOSELY AS POSSIBLE--WILL NOT BE ABLE TO MATCH THE PERFORMANCE OF THE
INDEX EXACTLY.

The Portfolios of Vanguard Index Trust are not sponsored, sold,
promoted, or endorsed by Standard & Poor's Corporation, BARRA Associates,
Wilshire Associates, or the Frank Russell Company.

WHO SHOULD INVEST

Any of the Portfolios of Vanguard Index Trust may be a suitable investment for
you if you are looking for a U.S. stock portfolio that follows a simple,
cost-effective index-matching strategy and, in doing

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PLAIN TALK ABOUT

INVESTING FOR THE LONG TERM

EACH PORTFOLIO IS INTENDED TO BE A LONG-TERM INVESTMENT VEHICLE; NONE IS
DESIGNED TO PROVIDE INVESTORS WITH A MEANS OF SPECULATING ON SHORT-TERM
FLUCTUATIONS IN THE STOCK MARKET.

PLAIN TALK ABOUT

COSTS AND MARKET TIMING

SOME INVESTORS TRY TO PROFIT FROM "MARKET TIMING"--SWITCHING MONEY INTO
INVESTMENTS WHEN THEY EXPECT PRICES TO RISE, AND TAKING MONEY OUT WHEN THEY
EXPECT THE MARKET 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.
THEREFORE, THE TRUST DISCOURAGES SHORT-TERM TRADING BY, AMONG OTHER THINGS,
CLOSELY MONITORING DAILY TRANSACTIONS.

so, provides the potential for growth in the value of your investment over the
long term. However, one Portfolio may more closely meet your personal investment
objectives than the others.

For instance, the Total Stock Market Portfolio may be suitable for you
if:

- You are looking for an investment that reflects the performance of the
entire U.S. stock market.

The 500 and Value Portfolios may be suitable for you if:

- You want to invest in large companies.

The Growth Portfolio may be suitable for you if:

- You want to invest in large companies, but you are looking for more
growth potential than the 500 and Value Portfolios offer -- and are
willing to accept greater fluctuations in share price.

The Extended Market and Small Capitalization Stock Portfolios may be
suitable for you if:

- You want to focus on the stocks of medium-size and/or small companies.

- You can accept greater share-price volatility than the Trust's other
Portfolios tend to experience.

None of the Portfolios would be an appropriate investment if you are a
market-timer. Investors who engage in excessive in-and-out trading activity
generate additional costs that are borne by all of the shareholders in a
Portfolio. To minimize such costs, which reduce the ultimate returns achieved by
you and other shareholders, the Trust has adopted the following policies:

- The Trust reserves the right to reject any purchase request into any of
its Portfolios--including exchanges from other Vanguard Funds--that it
regards as disruptive to the efficient management of the Portfolio.
This could be because of the timing of the investment or because of a

history of excessive trading by the investor.

- Two of the Trust's Portfolios (Extended Market and Small Capitalization Stock) charge a transaction fee on purchases.
- There is a limit on the number of times you can exchange into or out of each Portfolio. If you own shares of any of the Trust's Portfolios as an investment option in an employer-sponsored retirement or savings plan, your plan dictates the rules governing exchanges. Contact your plan administrator for details.
- The Trust reserves the right to stop offering shares at any time.

INVESTMENT STRATEGIES

This section explains how the Trust's investment adviser pursues the objective of matching the performance of specific stock indexes. It also explains the market and objective risks faced by Portfolio shareholders. Unlike each Portfolio's investment objectives, the adviser's investment strategies are not fundamental and can be changed by the Trust's Board of Trustees without shareholder approval. However, before making any important change in its strategies, the Trust will give shareholders 30-days notice, in writing.

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MARKET EXPOSURE

To track their target indexes as closely as possible, the Portfolios attempt to remain fully invested in stocks.

[FLAG EACH PORTFOLIO IS SUBJECT TO MARKET RISK, WHICH IS THE POSSIBILITY THAT
GRAPH] STOCK PRICES OVERALL WILL DECLINE OVER SHORT OR EVEN EXTENDED PERIODS.
STOCK MARKETS TEND TO MOVE IN CYCLES, WITH PERIODS OF RISING STOCK
PRICES AND PERIODS OF FALLING STOCK PRICES.

To illustrate the volatility of stock prices, the following table shows the best, worst, and average total returns (dividend income plus change in market value) for the U.S. stock market over various periods as measured by the S&P 500 Index, which--in addition to being the target index for the 500 Portfolio--is a widely used barometer of stock market activity. 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. Note, also, how the gap between the best and worst tends to narrow over the long term.

U.S. STOCK MARKET RETURNS (1926--1995)

	1 YEAR	5 YEARS	10 YEARS	20 YEARS
Best	53.9%	23.9%	20.1%	16.9%
Worst	-43.3%	-12.5%	-0.9%	3.1%
Average	12.5%	10.3%	10.7%	10.7%

The table covers all of the 1-, 5-, 10-, and 20-year periods from 1926 through 1995. For example, while the average return on stocks for all of the 5-year periods was 10.3%, returns for these 5-year periods ranged from a -12.5% average (from 1928 through 1932) to 23.9% (from 1951 through 1955). These average returns reflect past performance on common stocks and should not be regarded as an indication of future returns from either the stock market as a whole or any of the Trust's Portfolios in particular.

Keep in mind that the S&P 500 Index tracks mainly large-cap stocks. Historically, the mid- and small-cap stocks of the Wilshire 4500 and Russell 2000 Indexes (the target indexes for the Extended Market and Small Capitalization Stock Portfolios, respectively) have been more volatile than--and at times have performed quite differently from--the large-cap stocks of the S&P 500 Index. This is due to several factors, including less-certain growth and dividend prospects for smaller companies.

Even indexes that are subsets of the S&P 500 Index--such as the S&P/BARRA Value Index and the S&P/BARRA Growth Index (the target indexes for the Value and Growth Portfolios)--will not perform in the same way as the broader S&P 500 Index. Historically, stocks of the S&P/BARRA Value Index have been less volatile than the stocks found in the broader S&P 500 Index; stocks of the S&P/BARRA Growth Index, on the other hand, have displayed

PLAIN TALK ABOUT

LARGE-CAP, MID-CAP, AND SMALL-CAP STOCKS

STOCKS OF PUBLICLY TRADED COMPANIES--AND MUTUAL FUNDS THAT HOLD THESE

STOCKS--CAN BE CLASSIFIED BY THE COMPANIES' MARKET VALUE, OR CAPITALIZATION. VANGUARD DEFINES LARGE-CAPITALIZATION, OR LARGE-CAP, FUNDS AS THOSE HOLDING STOCKS OF COMPANIES WITH AN AVERAGE TOTAL MARKET VALUE EXCEEDING \$5 BILLION. MID-CAP FUNDS HOLD STOCKS OF COMPANIES WITH AN AVERAGE MARKET VALUE BETWEEN \$750 MILLION AND \$5 BILLION. SMALL-CAP FUNDS HOLD STOCKS OF COMPANIES WITH AN AVERAGE MARKET VALUE OF LESS THAN \$750 MILLION. NOTE THAT A FUND'S CAPITALIZATION PARAMETERS (THAT IS, WHAT CONSTITUTES A LARGE-, MID-, OR SMALL-CAP STOCK) MAY VARY FROM THE PARAMETERS SET BY A PARTICULAR INDEX.

PLAIN TALK ABOUT
ACTIVE VERSUS PASSIVE
MANAGEMENT

INDEX PORTFOLIOS ARE NOT ACTIVELY MANAGED BY INVESTMENT ADVISERS WHO BUY AND SELL SECURITIES BASED ON RESEARCH AND ANALYSIS. INSTEAD, A "PASSIVELY MANAGED" PORTFOLIO TRIES TO MATCH, AS CLOSELY AS POSSIBLE, THE PERFORMANCE OF A TARGET INDEX BY HOLDING EITHER ALL--OR A REPRESENTATIVE SAMPLE--OF THE SECURITIES IN THE INDEX. INDEXING APPEALS TO MANY INVESTORS BECAUSE OF ITS SIMPLICITY (INDEXING IS A STRAIGHTFORWARD MARKET-MATCHING STRATEGY); DIVERSIFICATION (INDEXES GENERALLY COVER A WIDE VARIETY OF COMPANIES AND INDUSTRIES); RELATIVE PERFORMANCE PREDICTABILITY (AN INDEX PORTFOLIO IS EXPECTED TO MOVE IN THE SAME DIRECTION--UP OR DOWN--AS ITS TARGET INDEX); AND LOW COST (INDEX FUNDS DO NOT HAVE MANY OF THE EXPENSES OF AN ACTIVELY MANAGED FUND--SUCH AS RESEARCH AND COMPANY VISITS--AND KEEP TRADING ACTIVITY--AND, THUS, BROKERAGE COMMISSIONS--TO A MINIMUM).

somewhat greater short-term volatility than the S&P 500's stocks. Historical performance aside, however, both value and growth stocks have the potential to be more volatile than the broader market.

[FLAG GRAPH] THE PORTFOLIOS ARE SUBJECT, IN VARYING DEGREES, TO OBJECTIVE RISK, WHICH IS THE POSSIBILITY THAT RETURNS FROM A SPECIFIC TYPE OF STOCK (FOR INSTANCE, SMALL-CAP OR VALUE) WILL TRAIL RETURNS FROM THE OVERALL STOCK MARKET. EACH TYPE OF STOCK TENDS TO GO THROUGH CYCLES OF OUTPERFORMANCE AND UNDERPERFORMANCE IN COMPARISON TO THE STOCK MARKET IN GENERAL. THESE PERIODS HAVE, IN THE PAST, LASTED FOR AS LONG AS SEVERAL YEARS.

SECURITY SELECTION

Each Portfolio of Vanguard Index Trust employs a "passively" managed investment--or index--approach. Vanguard Core Management Group, the Portfolios' adviser, creates a mix of securities that will match the performance of a benchmark index.

The 500, Value, and Growth Portfolios hold each stock found in their respective benchmark indexes in roughly the same proportions as represented in the indexes themselves. For example, if 5% of the S&P 500 Index were made up of the assets of a specific company, the 500 Portfolio would invest the same percentage of its assets in that company.

The Total Stock Market, Extended Market, and Small Capitalization Stock Portfolios use a different selection process. Because it would be very expensive to buy and sell all of the stocks in each Portfolio's target index (the Total Stock Market Portfolio's target index, for example, includes nearly 7,000 stocks), these three Portfolios use a "sampling" technique. Using a sophisticated computer program, each Portfolio selects stocks that will recreate its target index in terms of industry, size, and other characteristics (such as projected earnings, financial strength, and debt). For instance, if 10% of the Wilshire 4500 Index were made up of utility stocks, the Extended Market Portfolio would invest 10% of its assets in the utility stocks of the Wilshire 4500 Index with similar characteristics.

The following table shows the number of stocks generally held by each Portfolio.

PORTFOLIO	NUMBER OF STOCKS HELD	NUMBER OF STOCKS IN TARGET INDEX
Total Stock Market	2,400	Nearly 7,000
500	500	500
Extended Market	1,900	More than 6,500
SmallCap Stock	1,400	About 2,000
Value	About 320	About 320
Growth	About 180	About 180

The top ten holdings for each Portfolio as of June 30, 1996, follow.

TOTAL STOCK

MARKET PORTFOLIO

1. General Electric Co.
2. The Coca-Cola Co.
3. Exxon Corp.
4. AT&T Corp.
5. Philip Morris Cos., Inc.
6. Merck & Co.
7. Microsoft Corp.
8. Johnson & Johnson
9. Procter & Gamble Co.
10. Intel Corp.

13% of the Portfolio's
total net assets.

500 PORTFOLIO

1. General Electric Co.
2. The Coca-Cola Co.
3. Exxon Corp.
4. AT&T Corp.
5. Philip Morris Cos., Inc.
6. Royal Dutch Petroleum Co.
7. Merck & Co., Inc.
8. Microsoft Corp.
9. Johnson & Johnson
10. Procter & Gamble Co.

18% of the Portfolio's
total net assets.

EXTENDED MARKET PORTFOLIO

1. Berkshire Hathaway
2. Electronic Data Systems
3. Rhone-Poulenc Rorer, Inc.
4. HFS Incorporated
5. Carnival Cruise Lines, Inc.
6. RJR Nabisco Holdings Corp.
7. U.S. Robotics Corp.
8. Safeway, Inc.
9. CNA Financial Corp.
10. Ascend Communications Inc.

6% of the Portfolio's
total net assets.

SMALLCAP STOCK PORTFOLIO

1. Iomega Corp.
2. Apria Healthcare Group
3. Phycor, Inc.
4. Charter-One Financial
5. Helig-Meyers Co.
6. Premark International
7. America West Airlines
8. Community Health Systems
9. DSP Communications Inc.
10. First Bancorp of Ohio

2% of the Portfolio's
total net assets.

VALUE PORTFOLIO

1. Exxon Corp.
2. Royal Dutch Petroleum Co.
3. International Business Machines Corp.
4. Mobil Corp.
5. BellSouth Corp.
6. Citicorp
7. General Motors Corp.
8. Chevron Corp.
9. Ford Motor Co.
10. Motorola, Inc.

21% of the Portfolio's
total net assets.

GROWTH PORTFOLIO

1. General Electric Co.
2. The Coca-Cola Co.
3. AT&T Corp.
4. Philip Morris Cos., Inc.
5. Merck & Co., Inc.
6. Microsoft Corp.
7. Johnson & Johnson
8. Procter & Gamble Co.
9. Intel Corp.
10. Wal-Mart Stores, Inc.

33% of the Portfolio's
total net assets.

Keep in mind that, because the makeup of a Portfolio changes daily, these listings are only "snapshots" at one point in time. Note, too, that portfolios that track indexes made up of a relatively small number of securities tend to be less diversified than portfolios whose target indexes contain thousands of securities. For instance, the Growth Portfolio, which seeks to parallel an index of about 180 stocks, has far

PLAIN TALK ABOUT

PORTFOLIO DIVERSIFICATION

IN GENERAL, THE MORE DIVERSIFIED A FUND'S PORTFOLIO OF STOCKS, THE LESS LIKELY THAT A SPECIFIC STOCK'S POOR PERFORMANCE WILL HURT THE FUND. ONE MEASURE OF A FUND'S LEVEL OF DIVERSIFICATION IS THE PERCENTAGE OF TOTAL NET ASSETS REPRESENTED BY ITS TEN LARGEST HOLDINGS. THE AVERAGE U.S. EQUITY MUTUAL FUND HAS ABOUT 25% OF ITS ASSETS INVESTED IN ITS TEN LARGEST HOLDINGS, WHILE SOME LESS-DIVERSIFIED MUTUAL FUNDS HAVE MORE THAN 50% OF THEIR ASSETS INVESTED IN THE STOCKS OF JUST TEN COMPANIES.

PLAIN TALK ABOUT

PORTFOLIO TURNOVER

BEFORE INVESTING IN A MUTUAL FUND, YOU SHOULD REVIEW ITS PORTFOLIO TURNOVER RATE FOR AN INDICATION OF THE POTENTIAL EFFECT OF TRANSACTION COSTS ON 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. THE AVERAGE TURNOVER RATE FOR PASSIVELY MANAGED FUNDS INVESTING IN COMMON STOCKS IS ROUGHLY 35%; FOR ACTIVELY MANAGED FUNDS, THE AVERAGE TURNOVER RATE IS 75%.

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). FOR INSTANCE, FUTURES AND OPTIONS ARE DERIVATIVES THAT HAVE BEEN TRADING ON REGULATED EXCHANGES FOR MORE THAN TWO DECADES. THESE "TRADITIONAL" DERIVATIVES ARE STANDARDIZED CONTRACTS THAT CAN BE EASILY BOUGHT AND SOLD, AND WHOSE MARKET VALUES ARE DETERMINED AND PUBLISHED DAILY. IT IS THESE CHARACTERISTICS THAT DIFFERENTIATE FUTURES AND OPTIONS FROM THE RELATIVELY NEW, EXOTIC TYPES OF DERIVATIVES--SOME OF WHICH CAN CARRY CONSIDERABLE RISKS.

more of its assets invested in its top ten holdings (32%) than the Total Stock Market Portfolio (12%), which seeks to track a much larger universe of nearly 7,000 stocks. This means that the Growth Portfolio stands a greater chance than the Total Stock Market Portfolio of being hurt by the poor performance of a single stock.

PORTFOLIO TURNOVER

Although each seeks to invest for the long term, the Portfolios retain the right to sell securities regardless of how long they have been held. Generally, a passively managed fund sells securities only to respond to redemption requests or to adjust the number of shares held to reflect a change in the portfolio's target index. Because of this, the turnover rate for the Portfolios has been extremely low, with averages over the past five years (or since inception) ranging from 2% for the Total Stock Market Portfolio, to 28% for the Small Capitalization Stock Portfolio. (A turnover rate of 100% would occur, for example, if a Portfolio sold and replaced securities valued at 100% of its total net assets within a one-year period.)

INVESTMENT POLICIES

Besides investing in the stocks found in its target index, each Portfolio may follow a number of other investment policies to achieve its objective.

THE PORTFOLIOS RESERVE THE RIGHT TO 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 contracts can sometimes be substantial--in part because a relatively small price movement in a contract may result in an immediate and substantial loss (or gain) for a Portfolio. Similar risks exist for warrants (securities that permit their owners to purchase a specific number of shares of stock at a predetermined price), convertible securities (securities that may be exchanged for another asset), and swap agreements (contracts between two parties in which each agrees to make payments to the other based on the return of a specified index or asset).

For this reason, the Portfolios will not use futures, options, warrants, convertible securities, or swap agreements for speculative purposes or as leveraged investments that magnify the gains or losses of an investment. Rather, each Portfolio will keep separate cash reserves or short-term, cash-equivalent securities in the amount of the obligation underlying the contract. Only a limited percentage of each Portfolio's assets--up to 5% if required for deposit and no more than 20% of total assets--may be committed to such contracts.

The reasons for which a Portfolio may use futures, options, warrants, convertible securities, and swap agreements are:

- To keep cash on hand to meet shareholder redemptions or other needs while simulating full investment in stocks.
- To reduce costs by buying futures instead of actual stocks when futures are cheaper.

INVESTMENT LIMITATIONS

To reduce risk and maintain diversification, the Portfolios have adopted limits on some of their investment policies. Specifically, a Portfolio will not:

- Invest more than 25% of its assets in any one industry.
- Borrow money in an amount that is more than 15% of its assets. If borrowing exceeds 5%, the Portfolio will not make any additional investments.

With respect to 75% of its assets, a Portfolio will not:

- Invest more than 5% in the outstanding securities of any one company.
- Buy more than 10% of the outstanding voting securities of any company.

The limitations listed in this prospectus and in the Statement of Additional Information are fundamental and may be changed only by approval of a majority of the Portfolio's shareholders.

INVESTMENT PERFORMANCE

Each Portfolio's performance is expected to mirror the performance of a specific U.S. stock market segment (or, in the case of the Total Stock Market Portfolio, the entire stock market). Historically, stock market performance has been characterized by sharp up-and-down swings in the short term and by more stable growth over the long term.

AVERAGE ANNUAL TOTAL RETURNS FOR PERIODS ENDED 6/30/96

	1 YEAR	5 YEARS	10 YEARS	20 YEARS
Total Stock Market	25.3%	15.4%*	-	-
Wilshire 5000 Index	26.2	15.9*	-	-
500	25.9%	15.6%	13.5%	13.9%*
S&P 500 Index	26.0	15.7	13.8	14.4*
Extended Market**	26.2%	17.2%	15.4%*	-
Wilshire 4500 Index	26.6	17.1	15.5*	-
SmallCap Stock**	25.3%	18.0%	9.6%	-
Russell 2000 Index	23.9	17.5	10.4	-
Value	24.8%	17.6%*	-	-
S&P/BARRA Value Index	24.8	17.8*	-	-
Growth	27.1%	14.8%*	-	-
S&P/BARRA Growth Index	27.3	15.1*	-	-

* Since Portfolio's inception.

** Does not include transaction fee.

PLAIN TALK ABOUT

CASH RESERVES

WITH MUTUAL FUNDS, HOLDING CASH RESERVES--OR "CASH"--DOES NOT MEAN LITERALLY THAT THE FUND HOLDS A STACK OF CURRENCY. RATHER, CASH RESERVES REFER TO SHORT-TERM, INTEREST-BEARING SECURITIES THAT CAN EASILY AND QUICKLY BE CONVERTED TO CASH. (MOST MUTUAL FUNDS KEEP AT LEAST A SMALL PERCENTAGE OF ASSETS IN CASH TO ACCOMMODATE SHAREHOLDER REDEMPTIONS.) WHILE SOME FUNDS LIKE INDEX FUNDS STRIVE TO KEEP CASH LEVELS AT A MINIMUM AND TO ALWAYS REMAIN FULLY INVESTED IN STOCKS, OTHERS ALLOW INVESTMENT ADVISERS TO HOLD UP TO 20% OF A FUND'S ASSETS IN CASH RESERVES.

PLAIN TALK ABOUT

PAST PERFORMANCE

WHENEVER YOU SEE INFORMATION ON A FUND'S PERFORMANCE, DO NOT CONSIDER THE FIGURES TO BE AN INDICATION OF THE PERFORMANCE YOU COULD EXPECT BY MAKING AN INVESTMENT IN THE FUND TODAY. THE PAST IS AN IMPERFECT GUIDE TO THE FUTURE; HISTORY DOES NOT REPEAT ITSELF IN NEAT, PREDICTABLE PATTERNS.

DISTRIBUTIONS

AS A SHAREHOLDER, YOU ARE ENTITLED TO YOUR SHARE OF THE FUND'S INCOME FROM INTEREST AND DIVIDENDS, AND GAINS FROM THE SALE OF INVESTMENTS. YOU RECEIVE SUCH EARNINGS AS EITHER AN INCOME DIVIDEND OR CAPITAL GAINS DISTRIBUTION. INCOME DIVIDENDS COME FROM THE DIVIDENDS THAT THE FUND EARNS FROM ITS HOLDINGS AS WELL AS INTEREST IT RECEIVES FROM ITS 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 LESS THAN OR MORE THAN ONE YEAR.

The results shown represent each Portfolio's "average annual total return" performance, which assumes that any distributions of capital gains and dividends were reinvested for the indicated periods. Also included is comparative information on the appropriate unmanaged benchmark index. The Portfolios' returns are not adjusted for the purchase fee for the Extended Market and Small Capitalization Stock Portfolios (or the purchase fee for the Total Stock Market Portfolio that was eliminated at year end 1995), nor has an allowance been made for Federal, state, or local income taxes that shareholders must pay on a current basis.

SHARE PRICE

Each Portfolio's share price, called its net asset value, is calculated each business day after the close of regular trading (generally 4:00 p.m. Eastern time) of the New York Stock Exchange. Each Portfolio's net asset value per share is computed by adding up the total value of the Portfolio's investments and other assets, subtracting any of its liabilities, or debts, and then dividing by the number of Portfolio shares outstanding:

$$\text{NET ASSET VALUE} = \frac{\text{TOTAL ASSETS} - \text{LIABILITIES}}{\text{NUMBER OF SHARES OUTSTANDING}}$$

Daily net asset value, or NAV, is useful to you as a shareholder because the NAV, multiplied by the number of Portfolio shares you own, gives you the dollar amount you would have received had you sold your shares back to the Portfolio that day.

Each Portfolio's share price can be found daily in the mutual fund listings of most major newspapers under the heading Vanguard Group. Different newspapers use different abbreviations for each Portfolio, but the most common are IdxTot, Idx 500, IdxExt, IdxSmCap, IdxVal, and IdxGro.

DIVIDENDS, CAPITAL GAINS, AND TAXES

Each March, June, September, and December, the Total Stock Market, 500, Value, and Growth Portfolios distribute virtually all of their income from interest and dividends to their shareholders; the Extended Market and Small Capitalization Stock Portfolios distribute their income in December. All six Portfolios distribute any capital gains realized from the sale of securities in December; keep in mind that index portfolios tend to provide less in capital gains distributions than actively managed funds generally do.

If you own shares of any of the Trust's Portfolio as an investment option in an employer-sponsored retirement or savings plan, these dividend and capital gains distributions will be reinvested in additional Portfolio shares and accumulate on a tax-deferred basis. You

will not owe taxes on these distributions until you begin withdrawals. You should consult your plan administrator, your plan's Summary Plan Document, or your own tax adviser about the tax consequences of an investment in the Portfolio and of any plan withdrawals.

If your investment in a Portfolio of Vanguard Index Trust is not part of an employer-sponsored plan, you can receive distributions of income or capital gains in cash, or you may have them automatically reinvested in more shares of the Portfolio. Both dividend and capital gains distributions--whether received in cash or reinvested in additional shares--are subject to Federal (and possibly state and local) income taxes, no matter how long you have held the shares in the Portfolio. You should consult your own tax adviser about other tax consequences of an investment in the Portfolio.

Vanguard Index Trust is a member of The Vanguard Group, a family of more than 30 investment companies with more than 90 distinct investment portfolios and total net assets of more than \$230 billion. All of the Vanguard Funds 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 marketing fees, each Fund pays its allocated share of The Vanguard Group's costs.

A list of the Trustees and Officers, and their present positions and principal occupations during the past five years, can be found in the Statement of Additional Information.

INVESTMENT ADVISER

Vanguard Core Management Group, P.O. Box 2600, Valley Forge, PA 19482, provides advisory services on an at-cost basis to the Portfolios of Vanguard Index Trust. For the year ended December 31, 1995, the six Portfolios paid a total of \$213,000 in investment advisory expenses (the 500, Value, and Growth Portfolios each paid \$24,000; the Total Stock Market, Extended Market, and Small Capitalization Stock Portfolios each paid \$47,000).

The Group is authorized to choose brokers or dealers to handle the purchase and sale of the Portfolios' securities, and is directed to get the best available price and most favorable execution from these brokers with respect to all transactions.

PLAIN TALK ABOUT

VANGUARD'S UNIQUE
CORPORATE STRUCTURE

THE VANGUARD GROUP, INC. IS THE ONLY MUTUAL MUTUAL FUND COMPANY. IT IS OWNED JOINTLY BY THE FUNDS IT OVERSEES AND BY THE SHAREHOLDERS IN THOSE FUNDS. 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 BOUGHT THE MANAGEMENT COMPANY'S PUBLICLY TRADED STOCK. BECAUSE OF ITS STRUCTURE, VANGUARD OPERATES ITS FUNDS AT COST. INSTEAD OF DISTRIBUTING PROFITS FROM OPERATIONS TO A SEPARATE MANAGEMENT COMPANY, VANGUARD RETURNS PROFITS TO FUND SHAREHOLDERS IN THE FORM OF LOWER OPERATING EXPENSES.

PLAIN TALK ABOUT

THE PORTFOLIOS' ADVISER

VANGUARD CORE MANAGEMENT GROUP PROVIDES INVESTMENT ADVISORY SERVICES TO MANY VANGUARD FUNDS; AS OF DECEMBER 31, 1995, THE GROUP MANAGED \$33 BILLION IN TOTAL ASSETS. THE INDIVIDUAL PRIMARILY RESPONSIBLE FOR OVERSEEING EACH PORTFOLIO'S INVESTMENTS IS:

GEORGE U. SAUTER, PRINCIPAL OF VANGUARD; 11 YEARS INVESTMENT EXPERIENCE, 9 YEARS PRIMARY RESPONSIBILITY FOR VANGUARD CORE MANAGEMENT GROUP; A.B. FROM DARTMOUTH COLLEGE, M.B.A. FROM THE UNIVERSITY OF CHICAGO.

MR. SAUTER HAS SERVED IN THIS CAPACITY SINCE 1987.

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GENERAL INFORMATION

Vanguard Index Trust is organized as a Pennsylvania business trust.

Shareholders of each Portfolio have rights and privileges similar to those enjoyed by other corporate shareholders. For example, shareholders will not be responsible for any liabilities of the Trust. If any matters are to be voted on by shareholders (such as a change in a fundamental investment objective or the election of trustees), each Portfolio share outstanding at that point would be entitled to one vote. Annual meetings will not be held by the Portfolios except as required by the Investment Company Act of 1940. A meeting will be scheduled (for example, to vote on the removal of a director) if the holders of at least 10% of a Portfolio's shares request a meeting in writing.

"Standard & Poor's," "Standard & Poor's 500," "S&P 500," "S&P," and "500" are

INVESTING WITH VANGUARD

FOR PLAN PARTICIPANTS

One or more of the six Portfolios described in this prospectus is 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 the Portfolio as an investment option.

- If you have any questions about a Portfolio or Vanguard, including the Portfolio's investment objective, strategies, or risks, contact Vanguard's Participant Services Department, 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 Portfolio'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.

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. However, because excessive exchanges can potentially disrupt the management of a Portfolio and increase its transaction costs, Vanguard reserves the right to refuse any exchange request. In addition, certain investment options, particularly funds made up of company stock or investment contracts, may be subject to unique restrictions. Contact your plan administrator for details on the exchange policies that apply to your plan.

Before making an exchange, you should consider the following:

- Before you exchange to another Vanguard Fund available in your plan, you should read that Fund's prospectus. Contact Participant Services, toll-free, at 1-800-523-1188 for a copy.
- Vanguard can accept exchanges only as permitted by your plan. Your plan administrator can explain how frequently exchanges are allowed.

FOR OTHER INSTITUTIONAL INVESTORS

If you have questions about one of the Portfolios of Vanguard Index Trust, including how to establish an account, call Vanguard, toll-free, at 1-800-523-1036.

If you have questions about an existing account, contact your Vanguard account administrator.

TRANSACTIONS

Purchases, exchanges, or redemptions of a Portfolio's shares are processed as soon as they have been received by Vanguard in good order. Good order means that your request in-

INVESTING WITH VANGUARD (CONTINUED)

cludes complete information on your purchase, exchange, or redemption, and that

Vanguard has received the appropriate assets. The price of shares bought, exchanged, or sold will be the Portfolio's next-determined net asset value after Vanguard has processed your request, provided your request has been received before 4:00 p.m. Eastern time.

Vanguard must consider the interests of all Portfolio shareholders and so reserves the right to . . .

- Delay or reject any purchase or exchange request that may disrupt the Portfolio's operation or performance.
- Revise or terminate the exchange privilege or limit the amount of an exchange, at any time, without notice.
- Take up to seven days to deliver your redemption proceeds.
- Pay redemption proceeds--in whole or in part--through a distribution in kind of readily marketable securities.

ACCESSING FUND INFORMATION BY COMPUTER

VANGUARD ONLINE (SM)
KEYWORD: Vanguard

Use your personal computer to learn more about Vanguard Funds and services; map out a long-term investment strategy; and ask questions, make suggestions, and send messages to Vanguard. Vanguard Online is offered through America Online (R) (AOL). To establish an AOL account, call 1-800-238-6336.

VANGUARD ON THE
WORLD WIDE WEB
<http://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; an online "university" that offers a variety of mutual fund classes; and easy-to-use, interactive tools to help you create your own investment and retirement strategies.

SHARES OF THE PORTFOLIOS MAY ONLY BE SOLD IN THOSE STATES IN WHICH THEY ARE REGISTERED. THE PORTFOLIOS' SHARES ARE CURRENTLY REGISTERED FOR SALE IN ALL 50 STATES, AND THE PORTFOLIOS INTEND TO MAINTAIN SUCH REGISTRATION.

[THE VANGUARD GROUP LOGO]
Institutional Division
Post Office Box 2900
Valley Forge, PA 19482

FOR PARTICIPANTS IN
EMPLOYER-SPONSORED PLANS

PARTICIPANT SERVICES DEPARTMENT
1-800-523-1188
TEXT TELEPHONE:
1-800-523-8004

For information on the
Vanguard Funds in your plan,
Monday through Friday
8:30 a.m. to 7:00 p.m.,
Eastern time

FOR OTHER INSTITUTIONAL
INVESTORS
1-800-523-1036

For information on Vanguard
Funds and services

ELECTRONIC ACCESS TO THE
VANGUARD MUTUAL FUND
EDUCATION AND INFORMATION
CENTER
On America Online (R)
Keyword: Vanguard

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PART B

VANGUARD INDEX TRUST

STATEMENT OF ADDITIONAL INFORMATION

JANUARY 6, 1997

This Statement is not a prospectus but should be read in conjunction with the Trust's current Prospectus (dated January 6, 1997). To obtain the Prospectus please call:

VANGUARD INVESTOR INFORMATION CENTER
1-800-662-7447

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INVESTMENT OBJECTIVES AND POLICIES

REPURCHASE AGREEMENTS Each Portfolio of the Trust may invest in repurchase agreements with commercial banks, brokers or dealers either for defensive purposes due to market conditions or to generate income from its excess cash balances. A repurchase agreement is an agreement under which the Portfolio acquires a money market instrument (generally a security issued by the U.S. Government or an agency thereof, a banker's acceptance or a certificate of deposit) from a commercial bank, broker or dealer, subject to resale to the seller at an agreed upon price and date (normally, the next business day). A repurchase agreement may be considered a loan collateralized by securities. The resale price reflects an agreed upon interest rate effective for the period the instrument is held by the Portfolio and is unrelated to the interest rate on the underlying instrument. In these transactions, the securities acquired by the Portfolio (including accrued interest earned thereon) must have a total value in excess of the value of the repurchase agreement and are held by a custodian bank until repurchased. In addition, the Board of Trustees will monitor the Trust's repurchase agreement transactions generally and will establish guidelines and standards for review of the creditworthiness of any bank, broker or dealer party to a repurchase agreement with the Trust. No more than an aggregate of 15% of a Portfolio's assets at the time of investment, will be invested in repurchase agreements having maturities longer than seven days and securities subject to legal or contractual restrictions on resale, for which there are no readily available market quotations. From time to time, the Fund's Board of Directors may determine that certain restricted securities known as Rule 144A securities are liquid and not subject to the 15% limitation described above.

The use of repurchase agreements involves certain risks. For example, if the other party to the agreement defaults on its obligation to repurchase the underlying security at a time when the value of the security has declined, the Portfolio may incur a loss upon disposition of the security. If the other party to the agreement becomes insolvent and subject to liquidation or reorganization

under the Bankruptcy Code or other laws, a court may determine that the underlying security is collateral for a loan by the Portfolio not within the control of the Portfolio and therefore the Portfolio may not be able to substantiate its interest in the underlying security and

may be deemed an unsecured creditor of the other party to the agreement. While the Trust's management acknowledges these risks, it is expected that they can be controlled through careful monitoring procedures.

LENDING OF SECURITIES Each Portfolio of the Trust may lend its securities to qualified institutional investors who need to borrow securities in order to complete certain transactions, such as covering short sales, avoiding failures to deliver securities or completing arbitrage operations. By lending its portfolio securities, a Portfolio attempts to increase its net investment income through the receipt of interest on the loan. Any gain or loss in the market price of the securities loaned that might occur during the term of the loan would be for the account of the Portfolio. The Portfolio may lend its portfolio securities to qualified brokers, dealers, banks or other financial institutions, so long as the terms, the structure and the aggregate amount of such loans are not inconsistent with the Investment Company Act of 1940, or the Rules and Regulations or interpretations of the Securities and Exchange Commission (the "Commission") thereunder, which currently require that (a) the borrower pledge and maintain with the Trust collateral consisting of cash, a letter of credit issued by a domestic U.S. bank, or securities issued or guaranteed by the United States Government having at all times not less than 100% of the value of the securities loaned, (b) the borrower add to such collateral whenever the price of the securities loaned rises (i.e. the borrower "marks to the market" on a daily basis), (c) the loan be made subject to termination by the Trust at any time and (d) the Portfolio receive reasonable interest on the loan (which may include the Portfolio's investing any cash collateral in interest bearing short-term investments), any distribution on the loaned securities and any increase in their market value. Loan arrangements made by the Trust will comply with all other applicable regulatory requirements, including the rules of the New York Stock Exchange, which rules presently require the borrower, after notice, to redeliver the securities within the normal settlement time of three business days. All relevant facts and circumstances, including the creditworthiness of the broker, dealer or institution, will be considered in making decisions with respect to the lending of securities, subject to review by the Board of Trustees.

At the present time, the Staff of the Commission does not object if an investment company pays reasonable negotiated fees in connection with loaned securities, so long as such fees are set forth in a written contract and approved by the investment company's trustees. In addition, voting rights pass with the loaned securities, but if a material event will occur affecting an investment on loan, the loan must be called and the securities voted.

FUTURES CONTRACTS Each Portfolio of the Trust may enter into futures contracts, options, warrants, options on futures contracts, convertible securities and swap agreements for the purpose of simulating full investment and reducing transactions costs. The Trust does not use futures or options for speculative purposes. Each Portfolio will only use futures and options to simulate full investment in the underlying index while retaining a cash balance for fund management purposes. Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a specific security at a specified future time and at a specified price. Futures contracts which are standardized as to maturity date and underlying financial instrument are traded on national futures exchanges. Futures exchanges and trading are regulated under the Commodity Exchange Act by the Commodity Futures Trading Commission ("CFTC"), a U.S. Government Agency. Assets committed to futures contracts will be segregated at the Trust's custodian bank to the extent required by law.

Although futures contracts by their terms call for actual delivery or acceptance of the underlying securities, in most cases the contracts are closed out before the settlement date without the making or taking of delivery. Closing out an open futures position is done by taking an opposite position ("buying" a contract which has previously been "sold," or "selling" a contract previously purchased) in an identical contract to terminate the position. Brokerage commissions are incurred when a futures contract is bought or sold.

Futures traders are required to make a good faith margin deposit in cash or government securities with a broker or custodian to initiate and maintain open positions in futures contracts. A margin deposit is intended to assure completion of the contract (delivery or acceptance of the underlying security) if it is not terminated prior to the specified delivery date. Minimal initial margin requirements are established by the futures exchange and may be changed. Brokers may establish deposit requirements which are higher than the

exchange minimums. Futures contracts are customarily purchased and sold on deposits which may range upward from less than 5% of the value of the contract being traded.

After a futures contract position is opened, the value of the contract is marked to market daily. If the futures contract price changes to the extent that the margin on deposit does not satisfy margin requirements, payment of additional "variation" margin will be required. Conversely, change in the contract value may reduce the required margin, resulting in a repayment of excess margin to the contract holder. Variation margin payments are made to and from the futures broker for as long as the contract remains open. A Portfolio of the Trust expects to earn interest income on its margin deposits.

Traders in futures contracts may be broadly classified as either "hedgers" or "speculators." Hedgers use the futures markets primarily to offset unfavorable changes in the value of securities otherwise held for investment purposes or expected to be acquired by them. Speculators are less inclined to own the securities underlying the futures contracts which they trade, and use futures contracts with the expectation of realizing profits from fluctuations in the prices of underlying securities. The Trust's Portfolios intend to use futures contracts only for bona fide hedging purposes.

Regulations of the CFTC applicable to the Trust require that all of its futures transactions constitute bona fide hedging transactions. A Portfolio will only sell futures contracts to protect against a decrease in the price of securities it intends to sell or purchase contracts to protect against an increase in the price of securities it intends to purchase. As evidence of this hedging interest, the Portfolio expects that approximately 75% of its futures contract purchases will be "completed," that is, equivalent amounts of related securities will have been purchased or are being purchased by the Portfolio upon sale of open futures contracts.

Although techniques other than the sale and purchase of futures contracts could be used to control the Portfolio's exposure to market fluctuations, the use of futures contracts may be a more effective means of hedging this exposure. While a Portfolio will incur commission expenses in both opening and closing out futures positions, these costs are lower than transaction costs incurred in the purchase and sale of the underlying securities.

RESTRICTIONS ON THE USE OF FUTURES CONTRACTS A Portfolio will not enter into futures contract transactions to the extent that, immediately thereafter, the sum of its initial margin deposits on open contracts exceeds 5% of the market value of the Portfolio's total assets. In addition, a Portfolio will not enter into futures contracts to the extent that its outstanding obligations to purchase securities under these contracts would exceed 20% of the Portfolio's total assets.

RISK FACTORS IN FUTURES TRANSACTIONS Positions in futures contracts may be closed out only on an Exchange which provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Portfolio would continue to be required to make daily cash payments to maintain its required margin. In such situations, if the Portfolio has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, the Portfolio may be required to make delivery of the instruments underlying futures contracts it holds. The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge it.

Each Portfolio will minimize the risk that it will be unable to close out a futures contract by only entering into futures which are traded on national futures exchanges and for which there appears to be a liquid secondary market.

The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (as well as gain) to the investor. For example, if at the time of purchase, 10% of the value of the futures contract is deposited as margin, a subsequent 10% decrease in the value of the futures contract would result in a total loss of the margin deposit, before any deduction for the transaction costs, if the account were then closed out. A 15% decrease would result in a loss equal to 150% of the original margin deposit if the contract were closed

out. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount invested in the contract. The Trust also bears the risk that the adviser will incorrectly predict future stock market trends. However,

because the futures strategies of the Trust are engaged in only for hedging purposes, the Trust's officers do not believe that the Portfolios are subject to the risks of loss frequently associated with futures transactions. A Portfolio would presumably have sustained comparable losses if, instead of the futures contract, it had invested in the underlying financial instrument and sold it after the decline.

Utilization of futures transactions by the Trust does involve the risk of imperfect or no correlation where the securities underlying futures contracts have different maturities than the portfolio securities being hedged.

It is also possible that the Portfolio could both lose money on futures contracts and also experience a decline in value of its portfolio securities. There is also the risk of loss by the Portfolio of margin deposits in the event of bankruptcy of a broker with whom the Portfolio has an open position in a futures contract or related option.

Most futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movement during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures contract prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of future positions and subjecting some futures traders to substantial losses.

FEDERAL TAX TREATMENT OF FUTURES CONTRACTS Each Portfolio of the Trust is required for federal income tax purposes to recognize as income for each taxable year its net unrealized gains and losses on certain futures contracts as of the end of the year as well as those actually realized during the year. In most cases, any gain or loss recognized with respect to a futures contract is considered to be 60% long-term capital gain or loss and 40% short-term capital gain or loss, without regard to the holding period of the contract. Furthermore, sales of futures contracts which are intended to hedge against a change in the value of securities held by the Portfolio may affect the holding period of such securities and, consequently, the nature of the gain or loss on such securities upon disposition. A Portfolio may be required to defer the recognition of losses on futures contracts to the extent of any unrecognized gains on related positions held by the Portfolio.

In order for each Portfolio to continue to qualify for Federal income tax treatment as a regulated investment company, at least 90% of its gross income for a taxable year must be derived from qualifying income; i.e., dividends, interest, income derived from loans of securities, gains from the sale of securities or of foreign currencies or other income derived with respect to the Portfolio's business of investing in securities. In addition, gains realized on the sale or other disposition of securities held for less than three months must be limited to less than 30% of the Portfolio's annual gross income. Net gain realized from the closing out of futures contracts will be considered gain from the sale of securities and therefore be qualifying income for purposes of the 90% requirement. In order to avoid realizing excessive gains on securities held less than three months, the Portfolio may be required to defer the closing out of futures contracts beyond the time when it would otherwise be advantageous to do so. It is anticipated that unrealized gains on futures contracts, which have been open for less than three months as of the end of the Portfolio's fiscal year and which are recognized for tax purposes, will not be considered gains on sales of securities held less than three months for the purpose of the 30% test.

Each Portfolio will distribute to shareholders annually any net capital gains which have been recognized for federal income tax purposes (including unrealized gains at the end of the Portfolio's fiscal year) on futures transactions. Such distributions will be combined with distributions of capital gains realized on the Portfolio's other investments and shareholders will be advised on the nature of the distributions.

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INVESTMENT LIMITATIONS

The following restrictions and fundamental policies cannot be changed without approval of the holders of a majority of the outstanding shares of each Portfolio (as defined in the Investment Company Act of 1940). Each Portfolio may not under any circumstances:

- 1) change its investment objective, which is to provide investment results that correspond to the performance of a particular stock index as set forth in (2) below;
- 2) change its investment policy, which is, in the case of the 500

Portfolio, is to attempt to duplicate the performance of Standard & Poor's 500 Composite Stock Price Index by owning as many of the 500 stocks contained in the index as is feasible; in the case of the Extended Market Portfolio, is to attempt to duplicate the performance of common stocks traded on the New York Stock Exchange, American Stock Exchange and NASDAQ not included in the S&P 500 Index as represented by the Wilshire 4500 Index; in the case of the Total Stock Market Portfolio to match the investment performance of the Wilshire 5000 Index, an index consisting of all regularly traded U.S. stocks; in the case of the Value Portfolio to attempt to duplicate the performance of the Standard & Poor's/BARRA Value Index by owning as many of the stocks contained in the index as is feasible; in the case of the Growth Portfolio to attempt to duplicate the performance of the Standard & Poor's/BARRA Growth Index by owning as many of the stocks contained in the index as is feasible; and, in the case of the Small Capitalization Stock Portfolio to duplicate the investment performance of the Russell 2000 Small Stock Index;

- 3) invest in commodities or purchase real estate, although it may purchase securities of companies which deal in real estate or interests therein, and that each Portfolio may invest in stock index futures contracts, stock options and options on stock index futures contracts to the extent that not more than 5% of the Portfolio's assets are required as margin deposit for futures contracts and not more than 20% of a Portfolio's assets are invested in futures and options at any time;
- 4) lend money to any person except (i) by purchasing a portion of an issue of short-term debt securities or similar obligations (including repurchase agreements) which are publicly distributed or customarily purchased by institutional investors, and (ii) as provided under "Lending of Securities";
- 5) purchase securities on margin or sell securities short, except as set forth in paragraph 3 above;
- 6) with respect to 75% of net assets, purchase more than 10% of the outstanding voting securities of any company;
- 7) with respect to 75% of its assets, purchase securities of any issuer (except obligations of the United States Government and its instrumentalities), if, as a result, more than 5% of the value of the Portfolio's total assets would be invested in the securities of such issuer;
- 8) borrow money, except from banks (or through reverse repurchase agreements) for temporary or emergency (not leveraging) purposes, including the meeting of redemption requests which might otherwise require the untimely disposition of securities, in an amount not exceeding 15% of its net assets (including the amount borrowed and the value of any outstanding reverse repurchase agreements) at the time the borrowing is made. Whenever a borrowing exceeds 5% of a Portfolio's net assets, the Portfolio will not make any additional investments;
- 9) pledge, mortgage, or hypothecate any of its assets to an extent greater than 5% of the value of its total assets;
- 10) engage in the business of underwriting securities issued by other persons except to the extent that a Portfolio may technically be deemed an underwriter under the Securities Act of 1933, as amended, in disposing of portfolio securities;
- 11) purchase or otherwise acquire any security if, as a result, more than 15% of its net assets would be invested in securities that are illiquid (including the Trust's investment in The Vanguard Group, Inc.);
- 12) invest for the purpose of controlling management of any company;

- 13) invest in securities of other investment companies, except as may be acquired as a part of a merger, consolidation or acquisition of assets approved by the Portfolio's shareholders, or otherwise to the extent permitted by Section 12 of the Investment Company Act of 1940. The Portfolio will invest only in investment companies which have investment objectives and investment policies consistent with those of the Portfolio;
- 14) invest more than 25% of the value of its total assets in any one industry; or
- 15) invest in put, call, straddle or spread options or in interests in oil, gas or other mineral exploration or development programs, except as set forth in limitation number "3", above.

The above-mentioned investment limitations are considered at the time investment securities are purchased. Notwithstanding these limitations, the Trust may own all or any portion of the securities of, or make loans to, or contribute to the costs or other financial requirements of any company which will be wholly owned by the Trust and one or more other investment companies and is primarily engaged in the business of providing, at-cost, management, administrative, distribution or related services to the Trust and other investment companies. See "The Vanguard Group". Each Portfolio of the Trust may not invest more than 5% of its total assets in securities of companies which have (with predecessors) a record of less than three years' of continuous operation. Additionally, each Portfolio of the Trust will not purchase or retain securities of an issuer if those Officers and Trustees of the Trust owning more than 1/2 of 1% of such securities together own more than 5% of such securities. These are non-fundamental policies which may be changed by the vote of a majority of the Trustees.

PURCHASE OF SHARES

The Trust reserves the right in its sole discretion (i) to suspend the offerings of its shares, (ii) to reject purchase or exchange purchase orders when in the judgment of management such rejection is in the best interest of the Trust, and (iii) to reduce or waive the minimum investment for or any other restrictions on initial and subsequent investments as well as redemption fees for certain fiduciary accounts or under circumstances where certain economies can be achieved in sales of the Trust's shares.

EXCHANGE OF SECURITIES FOR SHARES OF THE TRUST In certain circumstances, shares of the Trust's Portfolios may be purchased in exchange for a minimum value of \$1 million in common stocks. Such common stocks must be included in the appropriate Index and each position must have a market value in excess of \$10,000. Additionally, such securities will be acquired by a Portfolio of the Trust for investment purpose and not for resale and must be liquid securities which are not restricted as to transfer and have a value which is readily ascertainable as evidenced by a listing on the American Stock Exchange, the New York Stock Exchange or NASDAQ. Securities accepted by the Portfolio will be valued as set forth under "The Share Price of Each Portfolio" in the Trust's prospectus as of the time of the next determination of net asset value after such acceptance. Shares of each Portfolio of the Trust are issued at net asset value determined as of the same time. "IN-KIND" PURCHASES OF THE SMALL CAPITALIZATION STOCK AND, EXTENDED MARKET PORTFOLIO WILL NOT BE SUBJECT TO THE 1% AND 0.5% TRANSACTION FEES. All dividends, subscription, or other rights which are reflected in the market price of accepted securities at the time of valuation become the property of the Portfolio and must be delivered to the Portfolio by the investor upon receipt from the issuer. A gain or loss for Federal income tax purposes would be realized by the investor upon the exchange depending upon the cost of the securities tendered.

The Portfolio will not accept securities in exchange unless: (1) such securities are, at the time of the exchange, included in the Portfolio; (2) such an exchange will not cause the Portfolio's weightings to come imbalanced with respect to the weightings of the stocks included in the Index; (3) the investor represents and agrees that all securities offered to the Portfolio are not subject to any restrictions upon their sale by the Portfolio under the Securities Act of 1933, or otherwise; (4) such securities are traded in an unrelated transaction with a quoted sales price on the same day the exchange valuation is made; (5) the quoted sales price used as a basis of valuation is representative (i.e., one that does not involve a trade of substantial size

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which artificially influences the price of the security); and (6) the value of any such security being exchanged will not exceed 5% of the Portfolio's net assets immediately prior to the transaction.

Investors interested in such purchases should contact the Trust.

REDEMPTION OF SHARES

Each Portfolio may suspend redemption privileges or postpone the date of payment (i) during any period that the New York Stock Exchange is closed, or trading on the Exchange is restricted as determined by the Securities and Exchange Commission (the "Commission"), (ii) during any period when an emergency exists as defined by the rules of the Commission as a result of which it is not reasonably practicable for the Trust to dispose of securities owned by it, or fairly to determine the value of its assets, and (iii) for such other periods as the Commission may permit.

No charge is made by the Trust for redemptions. Any redemption may be more or less than the shareholder's cost depending on the market value of the securities held by each Portfolio.

The Trust has made an election with the Commission to pay in cash all

redemptions requested by any shareholder of record limited in amount during any 90-day period to the lesser of \$250,000 or 1% of the net assets of a Portfolio at the beginning of such period. Such commitment is irrevocable without the prior approval of the Commission. Redemptions in excess of the above limits may be paid in whole or in part, in investment securities or in cash, as the Trustees may deem advisable; however, payment will be made wholly in cash unless the Trustees believe that economic or market conditions exist which would make such a practice detrimental to the best interests of the Trust. If redemptions are paid in investment securities, such securities will be valued as set forth in the Prospectus under "The Share Price of Each Portfolio" and a redeeming shareholder would normally incur brokerage expenses if he converted these securities to cash.

YIELD AND TOTAL RETURN

The yield of the 500 Portfolio of the Trust for the 30-day period ended June 30, 1996 was 2.04%. The yield of the Extended Market Portfolio of the Trust for the 30-day period ended June 30, 1996 was 1.25%. The yield of the Total Stock Market Portfolio of the Trust for the 30-day period ended June 30, 1996 was 1.73%. The yield of the Value Portfolio for the 30-day period ended June 30, 1996 was 2.63%. The yield of the Growth Portfolio for the 30-day period ended June 30, 1996 was 1.45%. The yield of the Small Capitalization Stock Portfolio for the 30-day period ended June 30, 1996 was 1.36%.

The average annual total return of the 500 Portfolio* for the one- five- and ten-year periods ended June 30, 1996 was +25.87%, +15.51% and +13.49%, respectively. The average annual total return for the Extended Market Portfolio** for the one- and five-year periods ended June 30, 1996 and since the Portfolio's inception on December 21, 1987 was +25.58%, +17.05% and +15.25%, respectively. The average annual total return of the Total Stock Market Portfolio* for the period ended June 30, 1996, and since the Portfolio's inception on April 27, 1992 was +25.25% and +15.40%+. The average annual total return of the Value Portfolio* for the period ended June 30, 1996 and since inception on November 2, 1992 was +24.72% and +17.57%+. The average annual total return of the Growth Portfolio* for the period ended June 30, 1996 and since inception on November 2, 1992 was +24.72% and +17.57%+. The average annual total return of the Growth Portfolio* for the period ended June 30, 1996 and since inception on November 2, 1992 was +27.02% and +14.74%+. The average annual return of the Small Capitalization Stock Portfolio*** for the one- five- and ten-year periods ended December 31, 1996 was +23.96%, +17.73% and +9.39%, respectively. Total return is computed by finding the average compounded rates of return over the one- five- and ten-year periods set forth above that would equate an initial amount invested at the beginning of the periods to the ending redeemable value of the investment.

* Total return figures are adjusted to reflect the \$10 annual account maintenance fee.

** Total return figures for the Extended Market Portfolio reflects the 0.50% portfolio transaction fee and the \$10 annual account maintenance fee.

*** Total return figures for the Small Capitalization Stock Portfolio reflects the 1% portfolio transaction fee and the \$10 annual account maintenance fee.

+ Annualized.

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MANAGEMENT OF THE TRUST

TRUSTEES AND OFFICERS

The Officers of the Trust manage its day-to-day operations and are responsible to the Trust's Board of Trustees. The Trustees set broad policies for the Trust and choose its Officers. The following is a list of the Trustees and Officers of the Trust and a statement of their present positions and principal occupations during the past five years. The mailing address of the Trustees and Officers of the Trust is Post Office Box 876, Valley Forge, PA 19482.

JOHN C. BOGLE, Chairman and Trustee*

Chairman and Director of The Vanguard Group, Inc., and of each of the investment companies in The Vanguard Group. Director of The Mead Corporation and General Accident Insurance.

JOHN J. BRENNAN, President, Chief Executive Officer & Trustee*

President, Chief Executive Officer and Director of The Vanguard Group, Inc. and of each of the investment companies in The Vanguard Group.

ROBERT E. CAWTHORN, Trustee

Chairman Emeritus and Director of Rhone-Poulenc Rorer, Inc.; Director of Sun Company.

BARBARA BARNES HAUPTFUHRER, Trustee

Director of The Great Atlantic and Pacific Tea Company. Alco Standard Corp., Raytheon Company, Knight-Ridder Inc., and Massachusetts Mutual Life Insurance Co. and Trustee Emerita of Wellesley College.

BRUCE K. MACLAURY, Trustee

President, The Brookings Institution; Director of American Express Bank, Ltd., The St. Paul Companies, Inc., and National Steel Corporation.

BURTON G. MALKIEL, Trustee

Chemical Bank Chairman's Professor of Economics, Princeton University; Director of Prudential Insurance Co. of America, Amdahl Corporation, Baker Fentress & Co., The Jeffrey Co., and Southern New England Communications Company.

ALFRED M. RANKIN, JR., Trustee

Chairman, President, and Chief Executive Officer of NACCO Industries, Inc.; Director of The BFGoodrich Company, and The Standard Products Company.

JOHN C. SAWHILL, Trustee

President and Chief Executive Officer, The Nature Conservancy; formerly, Director and Senior Partner, McKinsey & Co.; President, New York University; Director of Pacific Gas and Electric Company, Procter & Gamble Company and NACCO Industries.

JAMES O. WELCH, JR., Trustee

Retired Chairman of Nabisco Brands, Inc. retired Vice Chairman and Director of RJR Nabisco; Director of TECO Energy, Inc.; and Director of Kmart Corporation.

J. LAWRENCE WILSON, Trustee

Chairman and Chief Executive Officer of Rohm & Haas Company; Director of Cummins Engine Company; Trustee of Vanderbilt University.

RAYMOND J. KLAPINSKY, Secretary*

Senior Vice President and Secretary of The Vanguard Group, Inc.; Secretary of each of the investment companies in The Vanguard Group.

RICHARD F. HYLAND, Treasurer*

Treasurer of The Vanguard Group, Inc. and of each of the investment companies in The Vanguard Group.

KAREN E. WEST, Controller*

Principal of The Vanguard Group, Inc.; Controller of each of the investment companies in The Vanguard Group.

*Officers of the Trust are "interested persons" as defined in the Investment Company Act of 1940.

THE VANGUARD GROUP, INC.

Vanguard Index Trust is a member of the Vanguard Group of Investment companies which consists of more than 30 investment companies. Through their jointly-owned subsidiary, The Vanguard Group, Inc. ("Vanguard"), the Trust and the other Funds in the Group obtain at cost virtually all of their corporate management, administrative and distribution services. Vanguard also provides investment advisory services on an at-cost basis to several of the Vanguard Funds.

Vanguard employs a supporting staff of management and administrative personnel needed to provide the requisite services to the Funds and also furnishes the Funds with necessary office space, furnishings and equipment. Each Fund pays its share of Vanguard's total expenses which are allocated among the Funds under methods approved by the Board of Trustees (Directors) of each Fund. In addition, each Fund bears its own direct expenses such as legal, auditing and custodian fees.

The Fund's Officers are Officers of Vanguard. No Officer or employee owns, or is permitted to own, any securities of any external adviser for the Funds.

The Vanguard Group adheres to a Code of Ethics established pursuant to Rule 17j-1 under the Investment Company Act of 1940. The Code is designed to prevent unlawful practices in connection with the purchase or sale of securities by persons associated with Vanguard. Under Vanguard's Code of Ethics certain officers and employees of Vanguard who are considered access persons are permitted to engage in personal securities transactions. However, such transactions are subject to procedures and guidelines substantially similar to those recommended by the mutual fund industry and approved by the U.S. Securities and Exchange Commission.

The Vanguard Group was established and operates under a Funds' Service Agreement which was approved by the shareholders of each of the Funds. The Funds' Service Agreement provides as follows: (a) each aggregate Vanguard Fund may invest up to .40% of its current assets in Vanguard, and (b) there is no limitation on the amount that the Vanguard Funds may contribute to Vanguard's capitalization. The amounts which each of the Funds have invested are adjusted from time to time in order to maintain the proportionate relationship between each Fund's relative net assets and its contribution to Vanguard's capital. At December 31, 1995 and for the six months ended June 30, 1996, the Trust had contributed capital of \$2,487,000 and \$3,054,000 to Vanguard, representing 12.4% and 15.3% of Vanguard's capitalization.

MANAGEMENT Corporate management and administrative services include: (1) executive staff; (2) accounting and financial; (3) legal and regulatory; (4) shareholder account maintenance; (5) monitoring and control of custodian relationships; (6) shareholder reporting; and (7) review and evaluation of advisory and other services provided to the Funds by third parties. During the fiscal year ended December 31, 1995 and the six months ended June 30, 1996, the Trust's share of Vanguard's actual net costs of operation relating to management and administrative services (including transfer agency) totaled approximately \$28,811,000 and \$22,202,000.

DISTRIBUTION Vanguard provides all distribution and marketing activities for the Funds in the Group. Vanguard Marketing Corporation, a wholly-owned subsidiary of The Vanguard Group, Inc., acts as Sales Agent for the shares of the Funds in connection with any sales made directly to investors in the states of Florida, Missouri, New York, Ohio, Texas and such other states as it may be required.

The principal distribution expenses are for advertising, promotional materials and marketing personnel. Distribution services may also include organizing and offering to the public, from time to time, one or more new investment companies which will become members of the Group. The directors and officers of Vanguard determine the amount to be spent annually on distribution activities, the manner and amount to be spent on each Fund, and whether to organize new investment companies.

One half of the distribution expenses of a marketing and promotional nature is allocated among the Funds based upon relative net assets. The remaining one half of those expenses is allocated among the Funds based upon each Fund's sales for the preceding 24 months relative to the total sales of the Funds as a Group, provided, however, that no Fund's aggregate quarterly rate of contribution for distribution expenses of a marketing and promotional nature shall exceed 125% of average distribution expense rate for the Group, and

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that no Fund shall incur annual distribution expenses in excess of 20/100 of 1% of its average month-end net assets. During the fiscal year ended December 31, 1995 and the six months ended June 30, 1996, the Trust paid approximately \$3,385,000 and \$3,125,000 of the Group's distribution and marketing expenses.

INVESTMENT ADVISORY SERVICES Vanguard also provides investment advisory services to Vanguard Municipal Bond Fund, Vanguard Admiral Funds, Vanguard

Balanced Index Fund, several Portfolios of Vanguard Variable Insurance Fund, Vanguard Bond Index Fund, Vanguard International Equity Index Fund, Vanguard Institutional Index Fund, Vanguard Money Market Reserves, several Portfolios of Vanguard Fixed Income Securities Fund, Vanguard Tax-Managed Fund, the Aggressive Growth Portfolio of Vanguard Horizon Fund, the Total International Portfolio of Vanguard STAR Fund, Vanguard California Tax-Free Fund, Florida Insured Tax-Free Fund, New Jersey Tax-Free Fund, New York Insured Tax-Free Fund, Ohio Tax-Free Fund, Pennsylvania Tax-Free Fund, a portion of the assets of Vanguard/Windsor II, a portion of Vanguard/Morgan Growth Fund and several indexed separate accounts. These services are provided on an at-cost basis from money management staff employed directly by Vanguard. The compensation and other expenses of this staff are paid by the Funds utilizing these services. During the fiscal year ended December 31, 1995 and the six months ended June 30, 1996, the Fund paid approximately \$213,000 and \$67,000 of Vanguard's expenses relating to investment advisory services.

REMUNERATION OF TRUSTEES AND OFFICERS The Trust pays each Trustee, who is not also an Officer, an annual fee plus travel and other expenses incurred in attending Board meetings. The Trust's Officers and employees are paid by Vanguard which, in turn, is reimbursed by the Trust and each other Fund in the Group, for its proportionate share of Officers' and employees' salaries and retirement benefits. For the fiscal year ended December 31, 1995, the Fund's proportionate share of remuneration for all Officers as a group was approximately \$634,687, and its proportionate share of the amounts contributed to the retirement plans of all Officers as a group was approximately \$18,600.

During the fiscal year ended December 31, 1995, the Trust paid approximately \$60,000 in Trustees' fees and expenses.

Upon retirement, Trustees who are not Officers receive an annual fee of \$1,000 for each year of service on the Board up to a maximum of \$15,000. Under its retirement plan, Vanguard contributes annually an amount equal to 10% of each Officer's annual compensation plus 7% of that part of the Officer's compensation during the year, if any, that exceeds the Social Security Taxable Wage Base then in effect.

The following table provides detailed information with respect to the amounts paid or accrued for the Trustees and Officers of the Trust for whom the Trust's proportionate share of remuneration exceeded \$60,000 for the fiscal year ended December 31, 1995.

VANGUARD INDEX TRUST
COMPENSATION TABLE

<TABLE>
<CAPTION>

NAMES OF TRUSTEES	AGGREGATE COMPENSATION FROM TRUST	PENSION OR RETIREMENT BENEFITS ACCRUED AS PART OF TRUST EXPENSES	ESTIMATED ANNUAL BENEFITS UPON RETIREMENT	TOTAL COMPENSATION FROM ALL VANGUARD FUNDS PAID TO TRUSTEES (2)
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
John C. Bogle(1)	\$352,833	\$3,720	--	--
John J. Brennan(1)	\$175,833	\$3,720	--	--
Barbara Barnes Hauptfuhrer	\$ 6,512	\$1,114	\$15,000	\$59,000
Robert E. Cawthorn	\$ 6,512	\$ 928	\$13,000	\$59,000
Bruce K. MacLaury	\$ 7,180	\$1,098	\$12,000	\$55,000
Burton G. Malkiel	\$ 6,622	\$ 742	\$15,000	\$60,000
Alfred M. Rankin, Jr.	\$ 6,622	\$ 586	\$15,000	\$60,000
John C. Sawhill	\$ 6,622	\$ 696	\$15,000	\$60,000
James O. Welch, Jr.	\$ 6,512	\$ 857	\$15,000	\$59,000
J. Lawrence Wilson	\$ 6,622	\$ 619	\$15,000	\$60,000

</TABLE>

(1) As "Interested Trustees," Messrs. Bogle and Brennan receive no compensation for their service as Trustees.

(2) The amounts reported in this column reflect the total compensation paid to each Trustee for their service as Director or Trustee of 34 Vanguard Funds (27 in the case of Mr. MacLaury).

PORTFOLIO TRANSACTIONS

In placing portfolio transactions, the Trust uses its best judgment to choose the broker most capable of providing the brokerage services necessary to obtain best available price and most favorable execution. The full range and quality of brokerage services available are considered in making these determinations. In those instances where it is reasonably determined that more than one broker can offer the brokerage services needed to obtain the best available price and most favorable execution, consideration will be given to

those brokers which supply statistical information and provide other services in addition to execution services to the Trust.

Since the Trust does not market its shares through intermediary brokers or dealers, it is not the Trust's practice to allocate brokerage or principal business on the basis of sales of its shares which may be made through such firms. However, the Trust may place portfolio orders with qualified broker-dealers who recommend the Trust to clients, and may, when a number of brokers and dealers can provide best price and execution on a particular transaction, consider the sale of Trust shares by a broker or dealer in selecting among broker-dealers.

During the years ended December 31, 1993, 1994 and 1995 the Trust paid brokerage commissions of \$1,454,492*, \$2,092,196 and \$3,421,567, respectively.

*Does not include the Small Capitalization Stock Portfolio (formerly Vanguard Small Capitalization Stock Fund, Inc.).

DESCRIPTION OF SHARES AND VOTING RIGHTS

The Declaration of Trust permits the Trustees to issue an unlimited number of shares of beneficial interest, without par value, from an unlimited number of classes ("Portfolios") of shares. Currently the Trust is offering shares of six Portfolios.

The shares of the Trust are fully paid and nonassessable, except as set forth under "Shareholder and Trustee Liability," and have no preference as to conversion, exchange, dividends, retirement or other features. The shares of the Trust have no pre-emptive rights. The shares of the Trust have non-cumulative voting rights, which means that the holders of more than 50% of the shares voting for the election of Trustees can elect 100% of the Trustees if they choose to do so. A shareholder is entitled to one vote for each full share held (and a fractional vote for each fractional share held), then standing in his name on the books of the Trust. On any matter submitted to a vote of shareholders, all shares of the Trust then issued and outstanding and entitled to vote, irrespective of the class, shall be voted in the aggregate and not by class: except (i) when required by the Investment Company Act of 1940, shares shall be voted by individual class; and (ii) when the matter does not affect any interest of a particular class, then only shareholders of the affected class or classes shall be entitled to vote thereon.

The Trust will continue without limitation of time, provided however that:

- 1) Subject to the majority vote of the holders of shares of any Portfolio of the Trust outstanding, the Trustees may sell or convert the assets of such Portfolio to another investment company in exchange for shares of such investment company and distribute such shares ratably among the shareholders of such Portfolio;
- 2) Subject to the majority vote of shares of any Portfolio of the Trust outstanding, the Trustees may sell and convert into money the assets of such Portfolio and distribute such assets ratably among the shareholders of such Portfolio; and
- 3) Without the approval of the shareholders of any Portfolio, unless otherwise required by law, the Trustees may combine the assets of any two or more Portfolios into a single Portfolio so long as such combination will not have a material adverse effect upon the shareholders of such Portfolio.

Upon completion of the distribution of the remaining proceeds or the remaining assets of any Portfolio as provided in paragraphs 1), 2), 3) above the Trust shall terminate as to that Portfolio and the Trustees shall be discharged of any and all further liabilities and duties hereunder and the right, title and interest of all parties shall be cancelled and discharged.

SHAREHOLDER AND TRUSTEE LIABILITY Under Pennsylvania law, shareholders of such a Trust may, under certain circumstances, be held personally liable as partners for the obligations of the Trust. Therefore, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and requires that notice of such disclaimer be given in each agreement, obligation, or instrument entered into or executed by the Trust or the Trustees. The Declaration of Trust provides for indemnification out of the Trust property of any shareholder held personally liable for the obligations of the Trust. The Declaration of Trust also provides that the Trust shall, upon request, assume the defense of any claim against any shareholder for any act or obligation of the Trust and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Trust itself would be unable to meet its obligations.

The Declaration of Trust further provides that the Trustees will not be liable for errors of judgment or mistakes of fact or law, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

PERFORMANCE MEASURES

Vanguard may use reprinted material discussing The Vanguard Group, Inc. or any of the member funds of The Vanguard Group, Inc.

Each of the investment company members of the Vanguard Group, including Vanguard Index Trust, may from time to time, use one or more of the following unmanaged indices for comparative performance purposes.

STANDARD & POOR'S 500 COMPOSITE STOCK PRICE INDEX -- is a well diversified list of 500 companies representing the U.S. Stock Market.

STANDARD & POOR'S/BARRA VALUE INDEX -- contains common stocks of the S&P 500 Index which have lower than average price-to-book ratios.

STANDARD & POOR'S/BARRA GROWTH INDEX -- contains common stocks of the S&P 500 Index which have higher than average price-to-book ratios.

WILSHIRE 5000 EQUITY INDEX -- consists of more than 7,000 common equity securities, covering all stocks in the U.S. for which daily pricing is available.

WILSHIRE 4500 EQUITY INDEX -- consists of all stocks in the Wilshire 5000 except for the 500 stocks in the Standard & Poor's 500 Index.

RUSSELL 2000 STOCK INDEX -- is composed of approximately 2,000 small capitalization stocks.

MORGAN STANLEY CAPITAL INTERNATIONAL EAFE INDEX -- is an arithmetic, market value-weighted average of the performance of over 900 securities listed on the stock exchanges of countries in Europe, Australia and the Far East.

GOLDMAN SACHS 100 CONVERTIBLE BOND INDEX -- currently includes 71 bonds and 29 preferred. The original list of names was generated by screening for convertible issues of \$100 million or greater in market capitalization. The index is priced monthly.

SALOMON BROTHERS GNMA INDEX -- includes pools of mortgages originated by private lenders and guaranteed by the mortgage pools of the Government National Mortgage Association.

SALOMON BROTHERS HIGH-GRADE CORPORATE BOND INDEX -- consists of publicly issued, non-convertible corporate bonds rated Aa or Aaa. It is a value-weighted, total return index, including approximately 800 issues with maturities of 12 years or greater.

SALOMON BROTHERS BROAD INVESTMENT-GRADE BOND -- is a market-weighted index that contains approximately 4700 individually priced investment-grade corporate bonds rated BBB or better, U.S. Treasury/agency issues and mortgage pass-through securities.

LEHMAN LONG-TERM TREASURY BOND -- is composed of all bonds covered by the Shearson Lehman Hutton Treasury Bond Index with maturities of 10 years or greater.

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NASDAQ INDUSTRIAL INDEX -- is composed of more than 3,000 industrial issues. It is a value-weighted index calculated on price change only and does not include income.

COMPOSITE INDEX -- 70% Standard & Poor's 500 Index and 30% NASDAQ Industrial Index.

COMPOSITE INDEX -- 65% Standard & Poor's 500 Index and 35% Lehman Long-Term Corporate AA or Better Bond Index.

COMPOSITE INDEX -- 65% Lehman Long-Term Corporate AA or Better Bond Index and a 35% weighting in a blended equity composite (75% Standard & Poor's/BARRA Value Index and 25% Standard & Poor's Utilities Index).

LEHMAN LONG-TERM CORPORATE AA OR BETTER BOND INDEX -- consists of all publicly

issued, fixed rate, nonconvertible investment grade, dollar-denominated, SEC-registered corporate debt rated AA or AAA.

LEHMAN BROTHERS AGGREGATE BOND INDEX -- is a market-weighted index that contains individually priced U.S. Treasury, agency, corporate, and mortgage pass-through securities corporate rated Baa- or better. The Index has a market value of over \$4 trillion.

LEHMAN BROTHERS MUTUAL FUND SHORT (1-5) GOVERNMENT/CORPORATE INDEX -- is a market-weighted index that contains individually priced U.S. Treasury, agency, and corporate investment grade bonds rated BBB- or better with maturities between 1 and 5 years. The index has a market value of over \$1.3 trillion.

LEHMAN BROTHERS MUTUAL FUND INTERMEDIATE (5-10+) GOVERNMENT/CORPORATE INDEX -- is a market-weighted index that contains individually priced U.S. Treasury, agency, and corporate securities rated BBB- or better with maturities between 5 and 10 years. The index has a market value of over \$600 billion.

LEHMAN BROTHERS MUTUAL FUND LONG (10+) GOVERNMENT/CORPORATE INDEX -- is a market-weighted index that contains individually priced U.S. Treasury, agency, and corporate securities rated BBB- or better with maturities greater than 10 years. The index has a market value of over \$900 billion.

LEHMAN CORPORATE (BAA) BOND INDEX -- all publicly offered fixed-rate, nonconvertible domestic corporate bonds rated Baa by Moody's, with a maturity longer than 1 year and with more than \$25 million outstanding. This index includes over 1,000 issues.

LEHMAN BROTHERS LONG-TERM CORPORATE BOND INDEX -- is a subset of the Lehman Corporate Bond Index covering all corporate, publicly issued, fixed-rate nonconvertible U.S. debt issues rated at least Baa, with at least \$50 million principal outstanding and maturity greater than 10 years.

FINANCIAL STATEMENTS

The Trust's Financial Statements for the year ended December 31, 1995, including the financial highlights for each of the respective periods presented, appearing in the Vanguard Index Trust 1995 Annual Report to Shareholders and inserts thereto, and the reports thereon of Price Waterhouse LLP, independent accountants, also appearing therein, are incorporated by reference in this Statement of Additional Information. The unaudited financial statements and financial highlights of the Trust for the six months ended June 30, 1996, as set forth in the Vanguard Index Trust Semi-Annual Report to Shareholders, are incorporated herein by reference. The Trust's 1995 Annual Report and Semi-Annual Report to Shareholders and inserts thereto, are enclosed with this Statement of Additional Information.

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PART C VANGUARD INDEX TRUST OTHER INFORMATION

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS (A) FINANCIAL STATEMENTS

The Trust's Financial Statements for the year ended December 31, 1995, including the financial highlights for each of the respective periods presented, appearing in the Vanguard Index Trust 1995 Annual Report to Shareholders and inserts thereto, and the reports thereon of Price Waterhouse LLP, independent accountants, and the unaudited financial statements for the six months ended June 30, 1996 are incorporated by reference in this Statement of Additional Information, from the Registrants 1995 Annual Report and the June 30, 1996 Semi-Annual Report to Shareholders which have been filed with the Commission. The Financial Statements included in the Annual Report:

1. Statement of Net Assets as of December 31, 1995 and as of June 30, 1996.
2. Statement of Operations for the year ended December 31, 1995 and for six months ended June 30, 1996.
3. Statement of Changes in Net Assets for the years ended December 31, 1994, December 31, 1995 and for six months ended June 30, 1996.
4. Financial Highlights for the respective periods ended December 31, 1995

and for six months ended June 30, 1996.

5. Notes to Financial Statements.
6. Reports of Independent Accountants.

(B) EXHIBITS

1. Articles of Declaration of Trust**
2. By-Laws of Registrant**
3. Not Applicable
4. Not Applicable
5. Not Applicable
6. Not Applicable
7. Reference is made to the section entitled "Management of the Fund" in the Registrant's Statement of Additional Information
8. Form of Custody Agreement**
9. Form of Vanguard Service Agreement**
10. Opinion of Counsel**
11. Consent of Independent Accountants*
12. Financial Statements -- reference is made to (a) above
13. Not Applicable
14. Not Applicable
15. Not Applicable
16. Schedule for Computation of Performance Quotations*
27. Financial Data Schedule*.

- * Filed herewith
- ** Previously filed.

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Registrant is not controlled by or under common control with any person. The Officers of the Registrant, the investment companies in The Vanguard Group of Investment Companies and The Vanguard Group, Inc. are identical. Reference is made to the caption "Management of the Fund" in the Prospectus constituting Part A and in the Statement of Additional Information constituting Part B of this Registration Statement.

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ITEM 26. NUMBER OF HOLDERS OF SECURITIES

As of June 30, 1996 there were 824,510 shareholders of the 500 Portfolio, 62,173 shareholders of the Extended Market Portfolio, 45,228 shareholders of the Total Stock Market Portfolio, 33,511 shareholders of the Value Portfolio, 29,796 shareholders of the Growth Portfolio and 58,767 shareholders of Vanguard Small Capitalization Stock Portfolio.

ITEM 27. INDEMNIFICATION

Reference is made to Article XI of Registrant's Declaration of Trust.

Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

Investment advisory services are provided to the Registrant on an at-cost basis by The Vanguard Group, Inc., a jointly-owned subsidiary of the Registrant and the other Funds in the Group. See the information concerning The Vanguard Group set forth in Parts A and B.

ITEM 29. PRINCIPAL UNDERWRITERS

- (a) None
- (b) Not Applicable

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

The books, accounts and other documents required by Section 31(a) under the Investment Company Act and the rules promulgated thereunder will be maintained in the physical possession of Registrant; Registrant's Transfer Agent, The Vanguard Group, Inc. c/o The Vanguard Financial Center, Valley Forge, Pennsylvania 19482; and the Registrant's Custodians, State Street Bank and Trust Company, 225 Franklin Street, Boston, Massachusetts 02105, and CoreStates Bank, N.A., Broad and Market Sts., Philadelphia, PA 19103.

ITEM 31. MANAGEMENT SERVICES

Other than the Amended and Restated Funds' Service Agreement with The Vanguard Group, Inc. which was previously filed as Exhibit 9(c) and described Registrant is not a party of any management-related service contract.

ITEM 32. UNDERTAKINGS

Registrant hereby undertakes to comply with the provisions of Section 16(c) of the Investment Company Act of 1940 in regard to shareholder's rights to call a meeting of shareholders for the purpose of voting on the removal of trustees and to assist in shareholder communications in such matters to the extent required by law.

Registrant hereby undertakes to provide an Annual Report to Shareholders of prospective investors, free of charge, upon request.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all the requirements for effectiveness of this Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933 and has duly caused this Post-Effective Amendment to this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Town of Valley Forge and the Commonwealth of Pennsylvania, on the 30th day of December, 1996.

Pursuant to the requirements of the Securities Act of 1933, this Post-Effective Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated:

BY: John C. Bogle*, Chairman of the Board and Trustee

December 30, 1996

BY: John J. Brennan*, President, Trustee and Chief Executive Officer

December 30, 1996

BY: Robert E. Cawthorn*, Trustee

December 30, 1996

BY: Barbara B. Hauptfuhrer*, Trustee

December 30, 1996

BY: Bruce K. MacLaury*, Trustee

December 30, 1996

BY: Burton G. Malkiel*, Trustee

December 30, 1996

BY: Alfred M. Rankin, Jr.*, Trustee

December 30, 1996

BY: John C. Sawhill*, Trustee

December 30, 1996

BY: James O. Welch, Jr.*, Trustee

December 30, 1996

BY: J. Lawrence Wilson*, Trustee

December 30, 1996

BY: Richard F. Hyland*, Treasurer and Principal
Financial Officer and Accounting Officer

December 30, 1996

*By Power of Attorney. See File Number 2-14336, January 23, 1990. Incorporated
by Reference.

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INDEX TO EXHIBITS

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Consent of Independent Accountants.....	EX-99.B11
Schedule for Computation of Performance Quotations.....	EX-99.B16
Financial Data Schedules.....	EX-27
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[PER-SHARE-NII]	0.11
[PER-SHARE-GAIN-APPREC]	1.48
[PER-SHARE-DIVIDEND]	0.10
[PER-SHARE-DISTRIBUTIONS]	0.06
[RETURNS-OF-CAPITAL]	0
[PER-SHARE-NAV-END]	15.40
[EXPENSE-RATIO]	0.20
[AVG-DEBT-OUTSTANDING]	0
[AVG-DEBT-PER-SHARE]	0

<ARTICLE> 6

<CIK> 0000036405
 <NAME> VANGUARD INDEX TRUST
 <SERIES>
 [NUMBER] 06
 <NAME> SMALL CAPITALIZATION STOCK PORTFOLIO
 <MULTIPLIER> 1,000
 <CURRENCY> US

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-START>	JAN-01-1996
<PERIOD-END>	JUN-30-1996
<EXCHANGE-RATE>	1
[INVESTMENTS-AT-COST]	1210211
[INVESTMENTS-AT-VALUE]	1449518
[RECEIVABLES]	99639
[ASSETS-OTHER]	713
[OTHER-ITEMS-ASSETS]	0
[TOTAL-ASSETS]	1549870
[PAYABLE-FOR-SECURITIES]	70596
[SENIOR-LONG-TERM-DEBT]	0
[OTHER-ITEMS-LIABILITIES]	29243
[TOTAL-LIABILITIES]	99839
[SENIOR-EQUITY]	0
[PAID-IN-CAPITAL-COMMON]	1151713
[SHARES-COMMON-STOCK]	70434
[SHARES-COMMON-PRIOR]	52196
[ACCUMULATED-NII-CURRENT]	8446
[OVERDISTRIBUTION-NII]	0
[ACCUMULATED-NET-GAINS]	51446
[OVERDISTRIBUTION-GAINS]	0
[ACCUM-APPREC-OR-DEPREC]	238426
[NET-ASSETS]	1450031
[DIVIDEND-INCOME]	8788
[INTEREST-INCOME]	1086
[OTHER-INCOME]	0
[EXPENSES-NET]	1477
[NET-INVESTMENT-INCOME]	8397
[REALIZED-GAINS-CURRENT]	52195
[APPREC-INCREASE-CURRENT]	54705
[NET-CHANGE-FROM-OPS]	115297
[EQUALIZATION]	0
[DISTRIBUTIONS-OF-INCOME]	0
[DISTRIBUTIONS-OF-GAINS]	8160
[DISTRIBUTIONS-OTHER]	0
[NUMBER-OF-SHARES-SOLD]	22639
[NUMBER-OF-SHARES-REDEEMED]	4797
[SHARES-REINVESTED]	396
[NET-CHANGE-IN-ASSETS]	478798
[ACCUMULATED-NII-PRIOR]	49

[ACCUMULATED-GAINS-PRIOR]	7411
[OVERDISTRIB-NII-PRIOR]	0
[OVERDIST-NET-GAINS-PRIOR]	0
[GROSS-ADVISORY-FEES]	15
[INTEREST-EXPENSE]	0
[GROSS-EXPENSE]	1477
[AVERAGE-NET-ASSETS]	1199446
[PER-SHARE-NAV-BEGIN]	18.61
[PER-SHARE-NII]	0.12
[PER-SHARE-GAIN-APPREC]	2.00
[PER-SHARE-DIVIDEND]	0
[PER-SHARE-DISTRIBUTIONS]	0.14
[RETURNS-OF-CAPITAL]	0
[PER-SHARE-NAV-END]	20.59
[EXPENSE-RATIO]	0.25
[AVG-DEBT-OUTSTANDING]	0
[AVG-DEBT-PER-SHARE]	0

</TABLE>

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses and Statement of Additional Information constituting parts of this Post-Effective Amendment No. 45 registration statement on Form N-1A (the "Registration Statement") of our reports dated January 31, 1996 relating to the financial statements and financial highlights appearing in the 1995 Annual Report to Shareholders of Vanguard Index Trust, which is also incorporated by reference into the Statement Statement. We also consent to the references to us under the heading "Financial Highlights" in the Prospectuses and under the heading "Financial Statements" in the Statement of Additional Information.

PRICE WATERHOUSE LLP
Philadelphia, PA

December 26, 1996

SCHEDULE FOR COMPUTATION OF PERFORMANCE QUOTATIONS
VANGUARD INDEX TRUST -- 500 PORTFOLIO

1. Average Annual Total Return (As of June 30, 1996)

$$P (1 + T) (n) = ERV$$

<TABLE>

<S> <C> <C>

Where: P = a hypothetical initial payment of \$1,000
T = average annual total return
N = number of years
ERV = ending redeemable value at the end of the period

EXAMPLE:

One Year

P = \$1,000

T = +25.87%

N = 1

ERV = \$1,258.72*

Five Year

P = \$1,000

T = +15.51%

N = 5

ERV = \$2,056.72*

Ten Year

P = \$1,000

T = +13.49%

N = 10

ERV = \$3,545.56*

</TABLE>

*Adjusted for \$10 account maintenance fee.

2. YIELD (30 Days Ended June 30, 1996)

$$\text{Yield} = \frac{2[(a - b + 1)(6) - 1]}{c \times d}$$

<TABLE>

<C> <S>

Where: a = dividends and interest paid during the period
b = expense dollars during the period (net of reimbursements)
c = the average daily number of shares outstanding during the period

Example d = the maximum offering price per share on the last day of the period
 a = \$43,169,047.15
 b = \$3,814,979.20
 c = 370,640,076.348
 d = \$62.89
 Yield = 2.04%

</TABLE>

2

VANGUARD INDEX TRUST -- EXTENDED MARKET PORTFOLIO

1. Average Annual Total Return (As of June 30, 1996)

$$P (1 + T) (n) = ERV$$

<TABLE>

<S>

<C> <C>

Where: P = a hypothetical initial payment of \$1,000
 T = average annual total return
 N = number of years
 ERV = ending redeemable value at the end of the period

EXAMPLE:

One Year

P = \$1,000
 T = +25.58%
 N = 1
 ERV = \$1,255.78*

Five Year

P = \$1,000
 T = +17.05%
 N = 5
 ERV = \$2,196.77*

Ten Year

P = \$1,000
 T = +15.25%
 N = since inception 12/21/87
 ERV = \$3,352.40*

</TABLE>

*Adjusted for \$10 account maintenance fee and .50% portfolio transaction fee.

2. YIELD (30 Days Ended June 30, 1996)

$$\text{Yield} = \frac{2[(a - b + 1)(6) - 1]}{\text{-----}}$$

<TABLE>
 <C> <S>
 Where: a = dividends and interest paid during the period
 b = expense dollars during the period (net of reimbursements)
 c = the average daily number of shares outstanding during the period
 d = the maximum offering price per share on the last day of the period
 Example a = \$2,401,831.19
 b = \$400,967.00
 c = 73,079,621.740
 d = \$26.26
 Yield = 1.26%

</TABLE>

3

VANGUARD INDEX TRUST -- TOTAL STOCK MARKET PORTFOLIO

1. Average Annual Total Return (As of June 30, 1996)

$$P (1 + T) (n) = ERV$$

<TABLE>
 <S> <C> <C>
 Where: P = a hypothetical initial payment of \$1,000
 T = average annual total return
 N = number of years
 ERV = ending redeemable value at the end of the period

EXAMPLE:

One Year

P = \$1,000

T = +25.25%

N = 1

ERV = \$1,252.49**

Five Year

P = \$1,000

T = +15.40%

N = *

ERV = \$1,818.27**

</TABLE>

* Since inception March 16, 1992.

** Adjusted for \$10 account maintenance fee and .25% portfolio transaction fee.

2. YIELD (30 Days Ended June 30, 1996)

$$\text{Yield} = \frac{2[(a - b + 1)(6) - 1]}{c \times d}$$

<TABLE>

<C>

<S>

Where: a = dividends and interest paid during the period
 b = expense dollars during the period (net of reimbursements)
 c = the average daily number of shares outstanding during the period
 d = the maximum offering price per share on the last day of the period

Example a = \$3,599,062.62
 b = \$399,006.00
 c = 135,716,734.011
 d = \$16.39
 Yield = 1.73%

</TABLE>

4

VANGUARD INDEX TRUST -- VALUE PORTFOLIO

1. Average Annual Total Return (As of June 30, 1996)

$$P(1 + T)^n = \text{ERV}$$

<TABLE>

<S>

<C>

<C>

Where: P = a hypothetical initial payment of \$1,000
 T = average annual total return
 N = number of years
 ERV = ending redeemable value at the end of the period

EXAMPLE:

 One Year

 P = \$1,000
 T = +24.72%
 N = 1
 ERV = \$1,247.18**

Five Year

 P = \$1,000
 T = +15.57%*
 N = *
 ERV = \$1,807.73**

</TABLE>

* Since inception November 2, 1992.

** Adjusted for \$10 account maintenance fee.

2. YIELD (30 Days Ended June 30, 1996)

$$\text{Yield} = \frac{2[(a - b + 1)(6) - 1]}{c \times d}$$

<TABLE>

<C>

<S>

Where: a = dividends and interest paid during the period
b = expense dollars during the period (net of reimbursements)
c = the average daily number of shares outstanding during the period
d = the maximum offering price per share on the last day of the period

Example a = \$1,740,729.28
b = \$121,401.00
c = 47,451,509.343
d = \$15.67

Yield = 2.63%

</TABLE>

5

VANGUARD INDEX TRUST -- GROWTH PORTFOLIO

1. Average Annual Total Return (As of June 30, 1996)

$$P (1 + T) (n) = \text{ERV}$$

<TABLE>

<S>

<C>

<C>

Where: P = a hypothetical initial payment of \$1,000
T = average annual total return
N = number of years
ERV = ending redeemable value at the end of the period

EXAMPLE:

One Year

P = \$1,000

T = +27.02%

N = 1

ERV = \$1,270.16**

Five Year

P = \$1,000

T = +14.74%

N = *

ERV = \$1,653.89**

</TABLE>

* Since inception November 2, 1992.
 ** Adjusted for \$10 account maintenance fee.

2. YIELD (30 Days Ended June 30, 1996)

$$\text{Yield} = \frac{2[(a - b + 1)(6) - 1]}{c \times d}$$

<TABLE>

<C>

<S>

Where: a = dividends and interest paid during the period
 b = expense dollars during the period (net of reimbursements)
 c = the average daily number of shares outstanding during the period
 d = the maximum offering price per share on the last day of the period

Example a = \$682,568.15
 b = \$81,399.00
 c = 32,426,590.584
 d = \$15.40
 Yield = 1.45%

</TABLE>

6

SMALL CAPITALIZATION STOCK PORTFOLIO
 (FORMERLY VANGUARD SMALL CAPITALIZATION STOCK FUND, INC.)

1. Average Annual Total Return (As of June 30, 1996)

$$P (1 + T) (n) = \text{ERV}$$

<TABLE>

<S>

<C>

<C>

Where: P = a hypothetical initial payment of \$1,000
 T = average annual total return
 N = number of years
 ERV = ending redeemable value at the end of the period

EXAMPLE:

 One Year

 P = \$1,000
 T = +23.96%
 N = 1
 ERV = \$1,239.58*
 Five Year

 P = \$1,000
 T = +17.73%

N =	5
ERV =	\$2,262.00*
Ten Year	

P =	\$1,000
T =	+9.39%
N =	10
ERV =	\$2,453.49*

</TABLE>

*Adjusted for \$10 account maintenance fee and 1% portfolio transaction fee.

2. YIELD (30 Days Ended June 30, 1996)

$$\text{Yield} = \frac{2[(a - b + 1)(6) - 1]}{c \times d}$$

<TABLE>

<C>

<S>

Where: a = dividends and interest paid during the period
 b = expense dollars during the period (net of reimbursements)
 c = the average daily number of shares outstanding during the period
 d = the maximum offering price per share on the last day of the period

Example a = \$1,906,110.56
 b = \$297,045.00
 c = 69,399,626.439
 d = \$20.58

Yield = 1.36%

</TABLE>