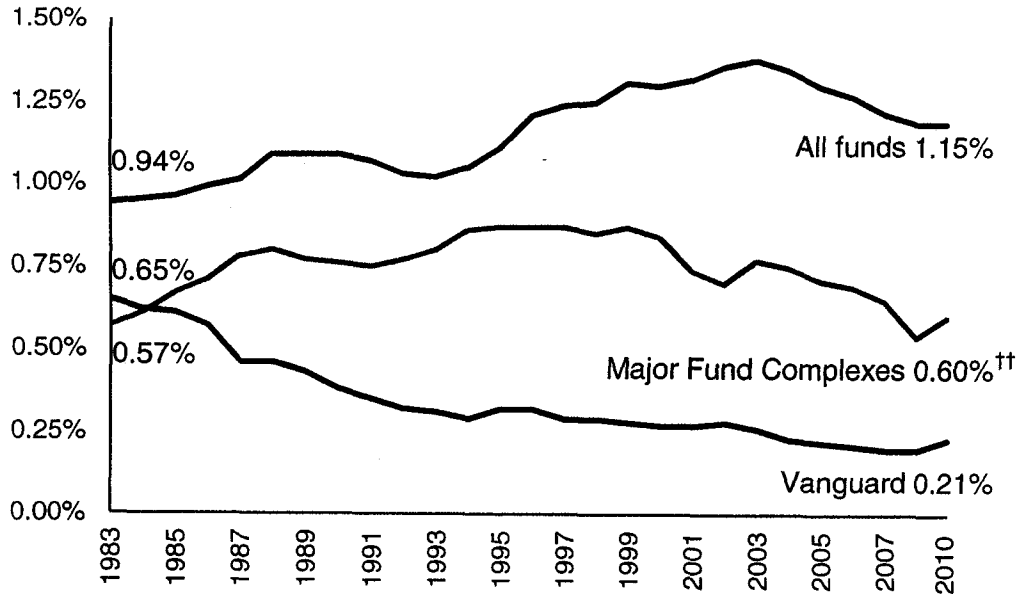


Investments are the biggest drivers of plan expenses, so low costs can make the difference

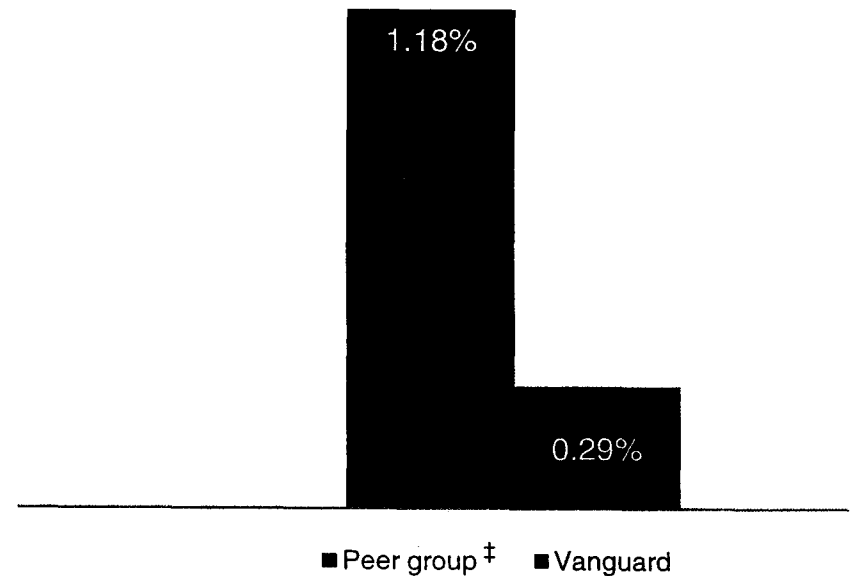
94 basis points on \$1.6 trillion in mutual fund assets under management* could translate into approximately \$15.4 billion in savings**.

Average expense ratios†



The active expense ratio advantage

2010 average expense ratios for actively managed funds



Expense ratios as of December 31, 2010.

Sources: Vanguard; 1977–1980 Weisenberger; and Lipper Inc., 1978 forward.

* Assets under management are as of December 31, 2010.

** This hypothetical illustration does not represent any particular investment.

† Represented as a percentage of net assets.

†† The 0.60% is the weighted expense ratio of the top 20 management companies excluding Vanguard. The top 20 are based on latest year-end total net assets.

‡ Source: Lipper, Inc.

All-in fee disclosure as of December 31, 2010

City of Ames Municipal Utility Retirement System Plan – 090886

Asset based fees

Vanguard fund name	Assets	Expense ratio	Total cost
Vanguard Wellington Fund Investor Shares	\$4,049,697	0.34%	\$13,769
Vanguard Prime Money Market Fund	\$3,801,979	0.23%	\$8,745
Vanguard 500 Index Fund Investor Shares	\$3,568,336	0.18%	\$6,423
Vanguard Windsor II Fund Investor Shares	\$2,617,187	0.38%	\$9,945
Vanguard Retirement Savings Trust	\$2,485,175	0.30%	\$7,456
Vanguard Total Stock Market Index Fund Investor Shares	\$1,538,955	0.18%	\$2,770
Vanguard Total Bond Market Index Fund Investor Shares	\$1,523,440	0.22%	\$3,352
Vanguard Morgan Growth Fund Investor Shares	\$1,483,434	0.48%	\$7,120
Vanguard Equity Income Fund Investor Shares	\$1,397,310	0.36%	\$5,030
Vanguard International Growth Fund Investor Shares	\$1,139,435	0.51%	\$5,811
Vanguard U.S. Growth Fund Investor Shares	\$1,056,968	0.53%	\$5,602
Vanguard Explorer Fund Investor Shares	\$468,043	0.54%	\$2,527
Vanguard LifeStrategy Income Fund	\$197,472	0.23%	\$454
Vanguard LifeStrategy Growth Fund	\$194,014	0.23%	\$446
Vanguard LifeStrategy Moderate Growth Fund	\$118,611	0.23%	\$273
Vanguard Target Retirement 2025 Fund	\$87,246	0.19%	\$166
Vanguard Target Retirement 2035 Fund	\$66,535	0.20%	\$133
Vanguard Target Retirement Income Fund	\$15,624	0.18%	\$28
Vanguard Target Retirement 2015 Fund	\$10,065	0.17%	\$17
Vanguard Target Retirement 2005 Fund	\$10,041	0.18%	\$18
Vanguard LifeStrategy Conservative Growth Fund	\$85	0.24%	\$0
Vanguard Total	\$25,829,651	0.31%	\$80,086

All-in fee disclosure as of December 31, 2010

City of Ames Municipal Utility Retirement System Plan – 090886

Service fees

Annual Administrative Fee (Paid By Participant Gross Per Capita)	\$6,000
---	---------

Total Service Fees	\$6,000
---------------------------	----------------

Total fees

Vanguard Fund Fees	\$80,086
Service Fees	\$6,000
Additional Service Fees	Variable

Total Fees	\$86,086
-------------------	-----------------

Total expense ratio

Total Fees	\$86,086
Total Assets	\$25,829,651

Total Expense Ratio	0.33%
----------------------------	--------------

The Vanguard expense ratios, expressed as a percentage of the fund's assets, have been restated to reflect expenses being deducted from current fund assets, as of the most recent prospectus. If applicable, outside fund expense ratios were obtained from Lipper, Morningstar or the fund company and are only as current as the information supplied to these entities by third parties. Vanguard is not responsible for the accuracy of data provided by third parties.

Asset data in this report may vary from previous reports or other sources due to subsequent plan activity.

Additional service fees

Ad Hoc Reporting (Paid By Participant Gross Per Capita)	Then Current Fee
Additional Processing (Paid By Participant Gross Per Capita)	Then Current Fee
Annual Administrative Fee For Each Loan (Paid By Participant Fixed Per Capita)	\$25 Per Loan Maintenance
Client Requested Account Adjustments (Paid By Participant Gross Per Capita)	Then Current Fee
Loan Origination Fee NonSelf-Provisioned (Paid By Participant Fixed Per Capita)	\$90 Per Loan Origination
Loan Origination Fee Self-Provisioned (Paid By Participant Fixed Per Capita)	\$40 Per Loan Origination
Miscellaneous Fees (Paid By Participant Gross Per Capita)	Then Current Fee
Mistake of Fact Processing (Paid By Participant Gross Per Capita)	Then Current Fee
Participant Education Retirement Service (Paid By Participant Gross Per Capita)	Then Current Fee
Plan Consulting Services (Paid By Participant Gross Per Capita)	Then Current Fee
QDRO Processing (Paid By Participant Gross Per Capita)	Then Current Fee
Requested Statement Enclosures (Paid By Participant Gross Per Capita)	Then Current Fee
Return of Excess (Paid By Participant Gross Per Capita)	Then Current Fee

Participant and transaction overview

December 31, 2009 versus December 31, 2010

City of Ames Municipal Utility Retirement System Plan – 090886

Plan summary	December 31, 2009	December 31, 2010
Total Plan Balance	\$23,548,673.74	\$25,875,530.98
Total Balance Net of Loans	\$23,548,673.74	\$25,829,650.86
Number of Active Participants	141	140
Number of Participants With a Balance	151	152
Average Participant Balance	\$155,951.48	\$169,931.91

Plan activity

As of December 31, 2010

City of Ames Municipal Utility Retirement System Plan – 090886

	Amount	Number of participants
Total Activity In	\$1,696,706.40	
Contributions	\$1,175,913.23	431
Loan Repayments	\$5,651.83	3
Rollovers In	\$460,320.58	2
Transfers In	\$0.00	0
Dividends	\$454,820.76	N/A
Total Activity Out	-\$1,293,643.94	
New Loans Issued	\$50,566.00	4
Withdrawals	\$177.19	1
Terminations	\$1,256,352.87	11
Transfers Out	\$0.00	0
Fees from Plan Assets	\$6,047.88	N/A
Redemption Fees	\$945.41	N/A
Net Activity	\$402,117.05	

Other Activity

Exchanges	\$1,167,994.32	
-----------	----------------	--

Assets by investment December 31, 2009 versus December 31, 2010

City of Ames Municipal Utility Retirement System Plan – 090886

Investments	Asset balance 12/31/2009	Number of total participants	Percentage	Asset balance 12/31/2010	Number of total participants	Percentage
Short Term Reserve Funds						
Vanguard Prime Money Market Fund	\$3,828,611.46	68	16.26%	\$3,801,979.30	68	14.69%
Vanguard Retirement Savings Trust	\$2,347,094.87	28	9.97%	\$2,485,174.73	28	9.60%
Bond Funds						
Vanguard Total Bond Market Index Fund Investor Shares	\$1,395,535.81	53	5.93%	\$1,523,439.70	52	5.89%
Balanced Funds						
Vanguard LifeStrategy Conservative Growth Fund	\$648.38	1	0.00%	\$84.66	1	0.00%
Vanguard LifeStrategy Growth Fund	\$276,187.94	16	1.17%	\$194,013.99	13	0.75%
Vanguard LifeStrategy Income Fund	\$225,588.85	10	0.96%	\$197,472.21	10	0.76%
Vanguard LifeStrategy Moderate Growth Fund	\$97,553.77	7	0.41%	\$118,611.44	8	0.46%
Vanguard Target Retirement 2005 Fund	\$7,481.17	1	0.03%	\$10,040.54	1	0.04%
Vanguard Target Retirement 2015 Fund	—	—	—	\$10,064.94	1	0.04%
Vanguard Target Retirement 2020 Fund	\$7,448.65	1	0.03%	—	—	—
Vanguard Target Retirement 2025 Fund	—	—	—	\$87,246.39	3	0.34%
Vanguard Target Retirement 2035 Fund	—	—	—	\$66,534.82	1	0.26%
Vanguard Target Retirement Income Fund	—	—	—	\$15,624.13	1	0.06%
Vanguard Wellington Fund Investor Shares	\$3,696,237.13	81	15.70%	\$4,049,696.58	80	15.65%
Stock Funds						
Vanguard 500 Index Fund Investor Shares	\$3,230,268.74	87	13.72%	\$3,568,335.56	84	13.79%
Vanguard Equity Income Fund Investor Shares	\$1,312,882.13	54	5.58%	\$1,397,309.56	52	5.40%
Vanguard Explorer Fund Investor Shares	\$347,203.45	25	1.47%	\$468,043.30	24	1.81%
Vanguard International Growth Fund Investor Shares	\$1,002,629.29	63	4.26%	\$1,139,435.36	61	4.40%
Vanguard Morgan Growth Fund Investor Shares	\$1,200,557.39	49	5.10%	\$1,483,433.63	48	5.73%
Vanguard Total Stock Market Index Fund Investor Shares	\$1,313,908.61	54	5.58%	\$1,538,954.82	55	5.95%
Vanguard U.S. Growth Fund Investor Shares	\$987,272.84	57	4.19%	\$1,056,967.78	56	4.08%
Vanguard Windsor II Fund Investor Shares	\$2,271,563.27	65	9.65%	\$2,617,187.42	65	10.11%
Loan Funds						
Loan Fund	—	—	—	\$45,880.12	4	0.18%
Totals	\$23,548,673.74		100.00%	\$25,875,530.98		100.00%