



Vanguard®

November 30, 2005

Send to: protocol@isda.org
International Swaps and Derivatives Association, Inc.
360 Madison Avenue, 16th Floor
New York, NY 10017

Dear Sirs,

2005 Novation Protocol - Adherence

The purpose of this letter is to confirm our adherence to the 2005 Novation Protocol as published by the International Swaps and Derivatives Association, Inc. on September 12, 2005 (the "Protocol"). This letter constitutes an Adherence Letter as referred to in the Protocol. The definitions and provisions contained in the Protocol are incorporated into this Adherence Letter, which will supplement and form part of the Master Agreement (now or in the future) between us and each other Adhering Party.

1. Specified Terms

The terms of Annex 1 shall apply.

2. Appointment as Agent and Release

We hereby appoint ISDA as our agent for the limited purposes of the Protocol and accordingly we waive, and hereby release ISDA from, any rights, claims, actions or causes of action whatsoever (whether in contract, tort or otherwise) arising out of or in any way relating to this Adherence Letter or our adherence to the Protocol or any actions contemplated as being required by ISDA.

3. Contact Details

Our contact details for purposes of this Adherence Letter are:

Name: Ronald Reardon, Principal, Fixed Income Group, The Vanguard Group, Inc.
Address: 100 Vanguard Boulevard
Telephone: 610-669-1000
Fax: 610-669-3274
E-mail: ronald_m_reardon@vanguard.com

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We consent to the publication of the conformed copy of this letter by ISDA and to the disclosure by ISDA of the contents of this letter.

Yours faithfully,

VANGUARD FIDUCIARY TRUST COMPANY AS TRUSTEE OF EACH TRUST
THAT IS IDENTIFIED AS A PARTY TO THIS AGREEMENT ON APPENDIX A
ATTACHED HERETO, SEVERALLY AND NOT JOINTLY

Name: Pauline Scalvino
Title: Secretary
Signature: /s/ Pauline Scalvino

APPENDIX A

Vanguard Fiduciary Trust Company Target Return Trust III 2008
Vanguard Fiduciary Trust Company Target Return Trust II 2008
Vanguard Fiduciary Trust Company Target Return Trust I 2008
Vanguard Fiduciary Trust Company Target Return Trust IV 2007
Vanguard Fiduciary Trust Company Target Return Trust III 2007
Vanguard Fiduciary Trust Company Target Return Trust II 2007
Vanguard Fiduciary Trust Company Target Return Trust I 2007
Vanguard Fiduciary Trust Company Target Return Trust IV 2006
Vanguard Fiduciary Trust Company Target Return Trust III 2006
Vanguard Fiduciary Trust Company Target Return Trust II 2006
Vanguard Fiduciary Trust Company Target Return Trust I 2006
Vanguard Fiduciary Trust Company Target Return Trust IV 2005
Vanguard Fiduciary Trust Company Intermediate-Term Bond Trust
Vanguard Fiduciary Trust Company Corporate Bond Trust
Vanguard Fiduciary Trust Company Mortgage Backed Securities Trust
Vanguard Fiduciary Trust Company Short-Term Bond Trust
Vanguard Fiduciary Trust Company as trustee of the BASF Corporation Employee Savings Plan – Stable Value Fund – High Quality Bond Portfolio