



Vanguard Windsor™ II Fund Semiannual Report

April 30, 2011



- > For the fiscal half-year ended April 30, 2011, Vanguard Windsor II Fund returned nearly 17%, a bit below the result of its benchmark index and just ahead of the average return of large-capitalization value funds.
- > More than half of the fund’s gain for the period came from the energy, financial, and industrial sectors.
- > The subpar performance of some tech stocks weighed on the fund’s performance compared with that of its benchmark index.

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Please note: The opinions expressed in this report are just that—informed opinions. They should not be considered promises or advice. Also, please keep in mind that the information and opinions cover the period through the date on the front of this report. Of course, the risks of investing in your fund are spelled out in the prospectus.

See the Glossary for definitions of investment terms used in this report.

Cover photograph: Jean Maher.

Your Fund's Total Returns

Six Months Ended April 30, 2011

	Total Returns
<hr/>	
Vanguard Windsor II Fund	
Investor Shares	16.90%
Admiral™ Shares	16.91
Russell 1000 Value Index	17.29
Large-Cap Value Funds Average	16.48

Large-Cap Value Funds Average: Derived from data provided by Lipper Inc.

Admiral Shares carry lower expenses and are available to investors who meet certain account-balance requirements.

Your Fund's Performance at a Glance

October 31, 2010, Through April 30, 2011

	Starting Share Price	Ending Share Price	Distributions Per Share	
			Income Dividends	Capital Gains
<hr/>				
Vanguard Windsor II Fund				
Investor Shares	\$24.37	\$28.22	\$0.244	\$0.000
Admiral Shares	43.26	50.09	0.443	0.000



Chairman's Letter

Dear Shareholder,

U.S. equity markets posted strong returns despite a few jitters in reaction to political turmoil and natural disasters overseas. For the six months ended April 30, 2011, Vanguard Windsor II Fund returned almost 17%, a bit below the return of its benchmark, the Russell 1000 Value Index. The fund's return was slightly ahead of the average return of competing large-cap value funds.

Much of Windsor II's gains for the six months came from its holdings in the energy, financial, and industrial sectors.

The fund's performance relative to its benchmark index was largely influenced by its outsized holdings in information technology. For many years, the fund's advisors have focused on blue chip tech stocks because they have considered them financially sound and attractively priced. During the past six months, however, the advisors' large stake in IT was out of step with market trends.

Please note that on May 11, Vanguard lowered the minimum investment requirement for the Investor Shares of most Vanguard funds, including Windsor II, to \$3,000. This change reflects our efforts to simplify our approach to offering Investor Shares and to increase the accessibility of Vanguard funds.

Strong returns around the globe

The headlines were dominated by political upheaval, natural and nuclear disaster, and economic distress, but global stock markets produced outstanding returns for the six months ended April 30. The broad U.S. stock market returned more than 17%. Although rising food and gasoline prices put pressure on consumer budgets, corporate earnings growth remained strong, and the pace of new job creation bounced back from extremely depressed levels.

For U.S.-based investors, international stock markets produced a smaller but still robust six-month return of more than 12%. Almost half of this return reflected exchange-rate gains produced largely by strength in the euro and currencies in emerging economies.

As the economy found its footing, rates edged higher

Rising longer-term interest rates put pressure on bond prices, which led to modest bond market returns for the six-month period. The broad taxable U.S. bond market returned about 0%. The broad municipal market returned -1.68%. The rise in rates reflected both confidence that the economic recovery would prove self-sustaining and thus nudge rates higher, and anxiety that higher rates would be necessary to provide some protection from inflation. Even so, inflation expectations remained subdued, as measured by the difference between the yields of inflation-protected and nominal U.S. Treasury bonds.

Market Barometer

	Total Returns Periods Ended April 30, 2011		
	Six Months	One Year	Five Years (Annualized)
Stocks			
Russell 1000 Index (Large-caps)	17.12%	18.02%	3.30%
Russell 2000 Index (Small-caps)	23.73	22.20	3.89
Dow Jones U.S. Total Stock Market Index	17.28	18.40	3.65
MSCI All Country World Index ex USA (International)	12.44	19.73	3.55
Bonds			
Barclays Capital U.S. Aggregate Bond Index (Broad taxable market)	0.02%	5.36%	6.33%
Barclays Capital Municipal Bond Index (Broad tax-exempt market)	-1.68	2.20	4.52
Citigroup Three-Month U.S. Treasury Bill Index	0.06	0.15	2.02
CPI			
Consumer Price Index	2.83%	3.16%	2.22%

The return on short-term money market instruments such as the 3-month U.S. Treasury bill remained near 0%, consistent with the Federal Reserve Board's target for short-term rates.

The fund's IT holdings restrained relative performance

Windsor II's fiscal six-month performance was supported by signs of a strengthening U.S. economy, improved corporate earnings, and higher commodity prices.

Each of the fund's ten sectors posted positive returns, with eight recording double-digit gains for the period. Energy, financials, and industrials contributed most.

Energy stocks surged along with crude oil prices following political upheavals in the Middle East and North Africa in January. Increased demand for energy, especially from growing emerging markets, also kept prices high. The fund's integrated oil and gas stocks, including top-ten holdings ConocoPhillips (34%) and Occidental Petroleum (47%), were among the sector's best performers.

Financials, the fund's largest sector holding at about 20% of assets, on average, contributed a similar amount to its six-month result. Credit card companies, commercial banks, and diversified financial services boosted returns. Capital One (47%), the bank and credit card lender,

Expense Ratios

Your Fund Compared With Its Peer Group

	Investor Shares	Admiral Shares	Peer Group Average
Windsor II Fund	0.35%	0.27%	1.27%

The fund expense ratios shown are from the prospectus dated February 24, 2011, and represent estimated costs for the current fiscal year. For the six months ended April 30, 2011, the fund's annualized expense ratios were 0.35% for Investor Shares and 0.27% for Admiral Shares. The peer-group expense ratio is derived from data provided by Lipper Inc. and captures information through year-end 2010.

Peer group: Large-Cap Value Funds.

was a leading contributor as improvements in the job market and credit trends helped curb credit card defaults.

Industrials also were noteworthy performers. Manufacturers such as Honeywell (32%) benefited from a general pickup in business investment and increased purchases from refiners and other energy-related companies.

Compared with the benchmark index, the fund's performance was held back by its 15% stake—three times that of the index—and subpar stock selection in information technology. While some segments of the tech sector have done well thanks to consumer enthusiasm for breakthrough products, including smartphones and tablets, others have struggled to keep up. The fund held several companies in the latter camp, including Nokia (-14%) and Microsoft (-2%). The benchmark index did not include Nokia and had significantly less exposure to Microsoft.

**Tune out the noise,
focus on the long term**

The stock market has defied the gloomy mood that dominated the headlines over the past six months. Its strong finish in April is encouraging, considering some of the difficulties encountered during the period.

There will always be unexpected events, such as the recent unrest in the Middle East and North Africa and the tragedy in Japan, that result in periodic jolts to stock markets worldwide. As tempting as it may be, we should not let such events influence the way we invest. While we are concerned for the people and countries involved, we are probably best served as investors by remaining focused on our long-term investment goals.

The key to maintaining this focus is to build a well-balanced, diversified portfolio that includes a mix of stocks, bonds, and short-term investments appropriate for your time horizon, financial objectives, and risk tolerance.

Vanguard Windsor II Fund, with its large-cap, value-oriented stocks, experienced advisors, and low costs, can play an important role as part of such a balanced portfolio.

Thank you for entrusting your assets to Vanguard.

Sincerely,

A handwritten signature in black ink that reads "F. William McNabb III". The signature is written in a cursive style with a large, sweeping initial "F" and a distinct "III" at the end.

F. William McNabb III
Chairman and Chief Executive Officer
May 11, 2011

Advisors' Report

For the six months ended April 30, 2011, Vanguard Windsor II Fund returned nearly 17%. Your fund is managed by six independent advisors, a strategy that enhances its diversification by providing exposure to distinct, yet complementary, investment approaches. It's not uncommon for different advisors to have different views about individual securities or the broader investment environment.

The table below lists the advisors, the amount and percentage of fund assets each manages, and brief descriptions of their investment strategies. The advisors have provided the following assessment of the investment environment during the past six months and the notable successes and shortfalls in their portfolios. These comments were prepared on May 17, 2011.

Vanguard Windsor II Fund Investment Advisors

Investment Advisor	Fund Assets Managed		Investment Strategy
	%	\$ Million	
Barrow, Hanley, Mewhinney & Strauss, LLC	61	23,182	Conducts fundamental research on individual stocks exhibiting traditional value characteristics: price/earnings and price/book ratios below the broad market average and dividend yields above the broad market average.
Lazard Asset Management LLC	18	6,940	Employs a relative-value approach that seeks a combination of attractive valuation and high financial productivity. The process is research-driven, relying upon bottom-up stock analysis performed by the firm's global sector analysts.
Sanders Capital, LLC	9	3,379	Employs a traditional, bottom-up, fundamental research approach to identifying securities that are undervalued relative to their expected total return.
Hotchkis and Wiley Capital Management, LLC	6	2,277	Uses a disciplined investment approach, focusing on such investment parameters as a company's tangible assets, sustainable cash flow, and potential for improving business performance.
Armstrong Shaw Associates Inc.	4	1,704	Uses a bottom-up approach, employing fundamental and qualitative criteria to identify individual companies for potential investment.
Vanguard Quantitative Equity Group	0	141	Employs a quantitative fundamental management approach, using models that assess valuation, market sentiment, earnings quality and growth, and management decisions of companies versus their peers.
Cash Investments	2	727	These short-term reserves are invested by Vanguard in equity index products to simulate investment in stocks. Each advisor may also maintain a modest cash position.

Barrow, Hanley, Mewhinney & Strauss, LLC

Portfolio Manager:
James P. Barrow, Executive Director

Investment environment: Equities produced attractive returns for the first half of the fiscal year, with most benchmarks and the Windsor II Fund returning around 17%. The economy is improving, and earnings are robust and should soon be near record levels. Interest rates are low and inflation is modest, except for commodities. It is the “except for” in the previous statement that is a problem, as it could well signify the end of a speculative bubble in commodities.

Successes: We believe that the consumer credit cycle is improving, and our over-weighting in companies that could benefit from this, such as Capital One Financial and SLM Corp., added nicely to performance.

Shortfalls: Our major detractor was the information technology sector. The cannibalization of the PC market by tablet computers affects many of our current holdings, including Hewlett-Packard, Microsoft, and Intel. While we do expect significant growth in tablets, we believe this issue is either overly discounted in the valuations or a temporary concern for these businesses. In addition, technology spending is still being constrained or

deferred by industrial America, and this is hurting the multiples of most of the large technology companies, such as Xerox, in our portfolio.

Lazard Asset Management LLC

Portfolio Managers:
Andrew Lacey, Deputy Chairman

Christopher Blake, Managing Director

Investment environment: The U.S. stock market rose during the last six months despite global shocks, including turmoil in the Middle East and North Africa, the earthquake and nuclear crisis in Japan, and ongoing sovereign debt problems in Europe. U.S. companies benefited from strong earnings, share repurchases, and merger activity. In November, the Federal Reserve Board announced a second round of quantitative easing in which it would purchase approximately \$600 billion of Treasuries. However, concerns about the economy remain. Standard & Poor’s revised the U.S.’s sovereign credit rating outlook to negative. And first-quarter GDP disappointed as the annualized growth rate declined.

Successes: Our portfolio benefited from stock selection in the consumer discretionary sector. Top contributors were Comcast and Big Lots. Stock selection in energy also helped returns. Standouts here included ConocoPhillips and Valero Energy.

Shortfalls: Stock selection in the information technology sector restrained performance. Top detractors included AOL and Cisco. Stock selection and an underweight position in industrials also hurt returns, as Corrections Corp. of America and Raytheon underperformed.

Sanders Capital, LLC

Portfolio Managers:

Lewis A. Sanders, CFA
Chief Executive Officer and Co-Chief
Investment Officer

John P. Mahedy, CPA
Director of Research and Co-Chief
Investment Officer

Investment environment: Accelerating inflation is taking center stage. Its emergence will eventually prompt a reshaping of monetary policy in the direction of tighter credit. In this setting, bond returns will likely prove disappointing and we remain skeptical that inflation hedges in precious metals will prove effective once short-term interest rates rise. The best returns are expected to come from the equities of companies with strong balance sheets and pricing power.

Successes and shortfalls: Consistent with this view, our largest investments are in oil and gas, health care, and information technology. The first two of these sectors have performed well so far in 2011 and remain highly attractive. Our technology holdings have been mixed, with strong

returns for IBM but very weak results for Microsoft. We continue to believe that affordable and highly mobile computing devices, coupled with cloud-based information and entertainment services, will stimulate demand. Our strategy is focused on companies that should benefit from this trend, many of which are valued at very attractive levels.

Hotchkis and Wiley Capital Management, LLC

Portfolio Managers:

George H. Davis, Jr.,
Chief Executive Officer

Sheldon J. Lieberman, Principal

Investment environment: U.S. equity markets performed favorably during the period despite multiple conflicts in the Middle East and North Africa and the tragic earthquake in Japan. These incidents have taken a tremendous human toll, but investors do not foresee them derailing the U.S. economic recovery. Improved profitability and strengthened corporate balance sheets continued to spark the market's positive movement. Three out of four companies in the Standard & Poor's 500 Index beat consensus earnings expectations for the fourth quarter of 2010 despite upward revisions, and first-quarter earnings have also started strong. The S&P 500 Index returned more than 16% and the Russell 1000 Value Index returned more than 17%. Energy was the big winner as oil prices rose.

Successes: Stock selection in the financial and materials sectors helped our performance. Large contributors included Capital One, Celanese, PPG, and oil giants ConocoPhillips and Royal Dutch Shell.

Shortfalls: Stock selection in technology hurt performance, along with an underweight position in energy. Large detractors included Hewlett-Packard and Microsoft.

Armstrong Shaw Associates Inc.

Portfolio Manager:

Jeffrey M. Shaw, Chairman and Chief Investment Officer

Investment environment: Despite challenging events and rising energy and commodity prices, equities rallied sharply over the past six months. The market's resilience underscored the strength of the global economic recovery and improved corporate fundamentals. We believe the economy will continue to grow, albeit at a more modest pace, and see further evidence of a recovery driven by corporate profits. The portfolio's overweight position in energy and industrial stocks reflects our belief that many of our holdings in these sectors will benefit from the ongoing global rebound, particularly in emerging markets.

Successes: The portfolio's performance was driven by a large overweight position in energy, the best-performing sector, and meaningful underweights in utilities and consumer staples, the two worst-

performing sectors. Our top sector was energy, followed by consumer discretionary and industrials. Halliburton, our top performer, rallied on higher oil prices, optimism that North American onshore strength will continue, and signs of accelerating international activity. Stock selection in health care also helped performance, led by Covidien and UnitedHealth Group.

Shortfalls: On the downside, an overweight position and weak relative returns in technology detracted. Cisco fell after providing disappointing guidance for product revenue and margins. In contrast, Oracle and IBM rose on strong fundamental results.

Vanguard Quantitative Equity Group

Portfolio Manager:

James D. Troyer, CFA, Principal

Investment environment: In the first half of the fiscal year, strong corporate earnings and job growth helped the U.S. equity market continue its rise from the financial crisis lows of two years ago despite various global economic and political concerns.

Successes: While our overall portfolio performance is affected by the macroeconomic factors described above, our quantitative approach to investing focuses on a diversified mix of specific stock fundamentals. For the period, our stock selection model benefited the most

from our valuation signal, which measures the price we pay for earnings and cash flows, as well as our management decisions signal, which looks at the actions taken by company management.

At the individual stock level, the largest contributions came from overweight positions in Limited Brands (55%) and Cimarex Energy (44%). Relative to its benchmark, our portfolio benefited from underweighting or avoiding poor-performing stocks such as Abbott Laboratories (-8%) and Xerox (-13%).

Shortfalls: Unfortunately, we are not able to avoid all laggards. Overweight positions in Motorola Mobility (-21%) and United Continental Holdings (-21%) directly lowered performance. And underweight positions in companies not positively identified by our model, including Covidien (41%) and Chesapeake Energy (56%), hurt our performance relative to the benchmark.

Windsor II Fund

Fund Profile

As of April 30, 2011

Share-Class Characteristics

	Investor Shares	Admiral Shares
Ticker Symbol	VWNFX	VWNAX
Expense Ratio ¹	0.35%	0.27%
30-Day SEC Yield	2.00%	2.08%

Portfolio Characteristics

	Fund	Russell 1000 Value Index	DJ U.S. Total Market Index
Number of Stocks	259	664	3,817
Median Market Cap	\$49.3B	\$38.3B	\$31.8B
Price/Earnings Ratio	14.5x	16.1x	17.7x
Price/Book Ratio	2.0x	1.7x	2.4x
Return on Equity	18.9%	14.3%	18.9%
Earnings Growth Rate	1.1%	0.8%	5.9%
Dividend Yield	2.4%	2.2%	1.7%
Foreign Holdings	6.8%	0.0%	0.0%
Turnover Rate (Annualized)	21%	—	—
Short-Term Reserves	1.5%	—	—

Sector Diversification (% of equity exposure)

	Fund	Russell 1000 Value Index	DJ U.S. Total Market Index
Consumer Discretionary	7.6%	8.0%	11.8%
Consumer Staples	11.4	9.6	9.4
Energy	13.2	13.6	11.6
Financials	19.2	26.3	15.8
Health Care	11.8	12.9	11.1
Industrials	12.8	9.3	11.6
Information Technology	14.8	5.4	18.5
Materials	2.7	3.2	4.5
Telecommunication Services	2.4	5.0	2.6
Utilities	4.1	6.7	3.1

Volatility Measures

	Russell 1000 Value Index	DJ U.S. Total Market Index
R-Squared	0.98	0.98
Beta	0.96	0.99

These measures show the degree and timing of the fund's fluctuations compared with the indexes over 36 months.

Ten Largest Holdings (% of total net assets)

ConocoPhillips	Integrated Oil & Gas	3.6%
International Business Machines Corp.	IT Consulting & Other Services	3.3
Pfizer Inc.	Pharmaceuticals	3.1
JPMorgan Chase & Co.	Diversified Financial Services	2.8
Microsoft Corp.	Systems Software	2.3
Philip Morris International Inc.	Tobacco	2.3
Wells Fargo & Co.	Diversified Banks	2.3
Occidental Petroleum Corp.	Integrated Oil & Gas	2.3
Spectra Energy Corp.	Oil & Gas Storage & Transportation	2.1
Intel Corp.	Semiconductors	2.0
Top Ten		26.1%

The holdings listed exclude any temporary cash investments and equity index products.

Investment Focus

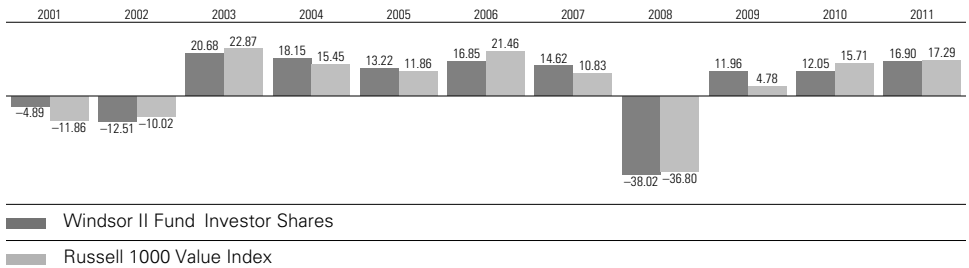
Style		Value	Blend	Growth
Market Cap	Large			
	Medium			
	Small			

¹ The expense ratios shown are from the prospectus dated February 24, 2011, and represent estimated costs for the current fiscal year. For the six months ended April 30, 2011, the annualized expense ratios were 0.35% for Investor Shares and 0.27% for Admiral Shares.

Performance Summary

All of the returns in this report represent past performance, which is not a guarantee of future results that may be achieved by the fund. (Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.) Note, too, that both investment returns and principal value can fluctuate widely, so an investor's shares, when sold, could be worth more or less than their original cost. The returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the sale of fund shares.

Fiscal-Year Total Returns (%): October 31, 2000, Through April 30, 2011



Note: For 2011, performance data reflect the six months ended April 30, 2011.

Average Annual Total Returns: Periods Ended March 31, 2011

This table presents returns through the latest calendar quarter—rather than through the end of the fiscal period. Securities and Exchange Commission rules require that we provide this information.

	Inception Date	One Year	Five Years	Ten Years
Investor Shares	6/24/1985	11.24%	2.03%	4.53%
Admiral Shares	5/14/2001	11.29	2.13	4.03 ¹

¹ Return since inception.

See Financial Highlights for dividend and capital gains information.

Financial Statements (unaudited)

Statement of Net Assets

As of April 30, 2011

The fund reports a complete list of its holdings in regulatory filings four times in each fiscal year, at the quarter-ends. For the second and fourth fiscal quarters, the lists appear in the fund's semiannual and annual reports to shareholders. For the first and third fiscal quarters, the fund files the lists with the Securities and Exchange Commission on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website at sec.gov. Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room (see the back cover of this report for further information).

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Common Stocks (97.7%)¹					
Consumer Discretionary (7.3%)					
Comcast Corp. Class A			Brinker International Inc.	16,650	401
Special Shares	15,230,677	373,913	Walt Disney Co.	7,912	341
CBS Corp. Class B	14,448,674	364,396	Macy's Inc.	13,950	333
² Wyndham Worldwide Corp.	9,905,732	342,837	Time Warner Inc.	3,799	144
Carnival Corp.	7,733,286	294,406	Foot Locker Inc.	4,800	103
² Service Corp. International	21,527,536	253,379	Fortune Brands Inc.	900	59
Gap Inc.	5,693,948	132,327	* Liberty Media Corp. - Interactive	1,300	23
* AutoZone Inc.	467,403	131,985			2,794,861
Omnicom Group Inc.	2,299,300	113,103	Consumer Staples (11.0%)		
Lowe's Cos. Inc.	4,220,910	110,799	Philip Morris International Inc.	12,690,953	881,260
Genuine Parts Co.	1,392,448	74,774	Imperial Tobacco Group plc ADR	10,348,625	732,113
Lear Corp.	1,421,700	72,706	Diageo plc ADR	7,526,520	612,433
Hyundai Motor Co.	293,600	67,719	Wal-Mart Stores Inc.	7,036,600	386,872
Newell Rubbermaid Inc.	3,544,300	67,554	Altria Group Inc.	12,460,907	334,451
JC Penney Co. Inc.	1,322,000	50,831	CVS Caremark Corp.	8,891,524	322,229
Stanley Black & Decker Inc.	650,800	47,281	Walgreen Co.	5,997,539	256,215
Darden Restaurants Inc.	989,300	46,467	Sysco Corp.	6,268,119	181,211
* Sirius XM Radio Inc.	20,492,900	40,781	Molson Coors Brewing Co. Class B	2,941,300	143,388
Viacom Inc. Class B	775,900	39,695	Kraft Foods Inc.	2,346,461	78,794
* Apollo Group Inc. Class A	838,300	33,557	Procter & Gamble Co.	1,134,820	73,650
Home Depot Inc.	778,074	28,898	General Mills Inc.	1,906,100	73,537
Magna International Inc.	496,600	25,451	* Energizer Holdings Inc.	775,800	58,596
Time Warner Cable Inc.	316,800	24,752	Avon Products Inc.	1,198,495	35,212
Johnson Controls Inc.	520,700	21,349	PepsiCo Inc.	351,100	24,187
* General Motors Co.	627,200	20,127	Safeway Inc.	872,700	21,215
Interpublic Group of Cos. Inc.	867,000	10,187	Kimberly-Clark Corp.	172,400	11,389
Comcast Corp. Class A	56,400	1,480	Coca-Cola Enterprises Inc.	32,400	921
Limited Brands Inc.	25,900	1,066	Sara Lee Corp.	47,800	918
* TRW Automotive Holdings Corp.	12,800	730	Hormel Foods Corp.	26,600	782
* Royal Caribbean Cruises Ltd.	11,680	465	Dr Pepper Snapple Group Inc.	17,900	702
VF Corp.	4,400	442	* Smithfield Foods Inc.	22,650	534
			Reynolds American Inc.	12,700	471
			Coca-Cola Co.	4,100	277
					4,231,357

Windsor II Fund

	Shares	Market Value* (\$000)		Shares	Market Value* (\$000)
Energy (12.7%)					
ConocoPhillips	17,650,289	1,393,137	Lincoln National Corp.	2,050,261	64,030
Occidental Petroleum Corp.	7,571,257	865,319	Barclays plc	12,249,700	58,236
Spectra Energy Corp.	27,756,611	806,052	BB&T Corp.	1,706,500	45,939
Chevron Corp.	2,605,649	285,162	ACE Ltd.	677,350	45,552
Apache Corp.	1,891,191	252,228	Unum Group	1,507,500	39,919
Royal Dutch Shell plc ADR	2,211,390	173,285	Chubb Corp.	563,274	36,720
BP plc ADR	2,948,170	136,029	PartnerRe Ltd.	419,100	33,679
Noble Corp.	3,121,878	134,272	* Genworth Financial Inc. Class A	2,564,900	31,266
Exxon Mobil Corp.	1,412,482	124,298	SunTrust Banks Inc.	744,600	20,990
Devon Energy Corp.	1,248,660	113,628	KeyCorp	1,760,982	15,268
Halliburton Co.	1,964,340	99,160	Hartford Financial Services Group Inc.	446,000	12,921
Consol Energy Inc.	1,738,420	94,031	US Bancorp	62,449	1,612
EQT Corp.	1,611,100	84,760	Leucadia National Corp.	22,300	862
El Paso Corp.	3,081,450	59,811	Torchmark Corp.	12,000	803
Marathon Oil Corp.	1,040,300	56,218	American Financial Group Inc.	20,700	740
* Cameron International Corp.	963,545	50,798	* NASDAQ OMX Group Inc.	26,700	723
* Transocean Ltd.	640,797	46,618	Vornado Realty Trust	7,300	706
Valero Energy Corp.	1,154,800	32,681	HCP Inc.	16,700	662
Total SA ADR	470,400	30,214	Simon Property Group Inc.	5,300	607
Gazprom OAO ADR	1,553,600	26,324	Equity Residential	9,700	579
* Cobalt International Energy Inc.	1,003,700	14,052	Ventas Inc.	9,800	548
Cimarex Energy Co.	8,230	910	* Arch Capital Group Ltd.	5,200	541
National Oilwell Varco Inc.	1,100	84	Kimco Realty Corp.	26,100	510
		4,879,071	New York Community Bancorp Inc.	29,839	495
Exchange-Traded Funds (1.0%)					
³ Vanguard Total Stock Market ETF	3,197,800	226,085	Axis Capital Holdings Ltd.	13,600	481
^{^,3} Vanguard Value ETF	2,511,200	146,654	Rayonier Inc.	7,100	471
		372,739	RenaissanceRe Holdings Ltd.	6,100	429
Financials (18.8%)					
JPMorgan Chase & Co.	23,756,309	1,084,000	Aflac Inc.	6,100	343
Wells Fargo & Co.	30,206,973	879,325	Loews Corp.	7,600	336
PNC Financial Services Group Inc.	11,670,981	727,569	* Berkshire Hathaway Inc. Class B	3,300	275
American Express Co.	14,162,850	695,113	NYSE Euronext	5,100	204
Bank of America Corp.	47,940,755	588,712	M&T Bank Corp.	2,300	203
Capital One Financial Corp.	9,527,638	521,448	Raymond James Financial Inc.	4,100	154
* Citigroup Inc.	97,536,602	447,693	Validus Holdings Ltd.	3,800	124
State Street Corp.	8,827,700	410,929	Assurant Inc.	2,200	87
XL Group plc Class A	12,601,532	307,729	Bank of New York Mellon Corp.	2,733	79
* SLM Corp.	18,135,452	300,867	Fifth Third Bancorp	1,500	20
MetLife Inc.	3,841,242	179,732			7,199,191
Travelers Cos. Inc.	2,426,348	153,539	Health Care (11.4%)		
Goldman Sachs Group Inc.	858,319	129,615	Pfizer Inc.	57,284,768	1,200,689
Ameriprise Financial Inc.	1,700,300	105,521	Baxter International Inc.	12,662,468	720,494
Morgan Stanley	3,588,785	93,847	Johnson & Johnson	8,825,800	580,032
Prudential Financial Inc.	1,322,000	83,841	WellPoint Inc.	5,888,699	452,193
Allstate Corp.	2,145,300	72,597	Bristol-Myers Squibb Co.	13,696,114	384,861
			Merck & Co. Inc.	6,129,629	220,360
			Abbott Laboratories	2,753,950	143,315
			Medtronic Inc.	3,267,100	136,401

Windsor II Fund

	Shares	Market Value* (\$'000)		Shares	Market Value* (\$'000)
UnitedHealth Group Inc.	2,550,451	125,559	KBR Inc.	19,900	764
* Amgen Inc.	1,987,540	112,992	Avery Dennison Corp.	16,700	697
Covidien plc	1,429,290	79,597	3M Co.	6,626	644
* Gilead Sciences Inc.	2,038,700	79,183	* United Continental Holdings Inc.	12,700	290
Eli Lilly & Co.	1,313,800	48,624			
Novartis AG ADR	805,300	47,650			4,756,752
* Thermo Fisher Scientific Inc.	700,030	41,995	Information Technology (14.3%)		
CIGNA Corp.	21,300	997	International Business Machines Corp.	7,419,620	1,265,639
AmerisourceBergen Corp. Class A	18,490	751	Microsoft Corp.	34,023,540	885,293
* Humana Inc.	9,100	693	Intel Corp.	33,607,890	779,367
Aetna Inc.	15,600	645	Hewlett-Packard Co.	16,894,517	682,032
Cardinal Health Inc.	5,900	258	Oracle Corp.	6,771,240	244,103
* Charles River Laboratories International Inc.	5,850	247	Xerox Corp.	23,681,100	238,942
		4,377,536	Applied Materials Inc.	14,142,500	221,896
Industrials (12.4%)			^ Nokia Oyj ADR	21,263,473	196,262
Raytheon Co.	15,500,461	752,547	Cisco Systems Inc.	6,460,150	113,440
² Cooper Industries plc	11,105,488	732,407	Corning Inc.	4,673,500	97,863
Honeywell International Inc.	10,983,861	672,542	Texas Instruments Inc.	2,587,700	91,941
General Electric Co.	32,839,407	671,566	* Google Inc. Class A	144,180	78,448
ITT Corp.	8,813,102	509,309	* eBay Inc.	2,159,957	74,303
Illinois Tool Works Inc.	8,237,230	481,137	Samsung Electronics Co. Ltd.	79,250	66,196
Lockheed Martin Corp.	1,493,600	118,368	* EMC Corp.	2,293,700	65,003
* Corrections Corp. of America	3,675,100	91,473	* Symantec Corp.	3,276,400	64,381
Norfolk Southern Corp.	1,224,700	91,461	* Mastercard Inc. Class A	233,300	64,365
Dover Corp.	1,031,800	70,204	CA Inc.	2,451,228	60,276
Northrop Grumman Corp.	1,031,276	65,599	Lender Processing Services Inc.	2,040,600	60,055
CSX Corp.	820,820	64,590	TE Connectivity Ltd.	1,084,575	38,882
General Dynamics Corp.	864,000	62,916	* Western Digital Corp.	957,700	38,117
United Technologies Corp.	630,570	56,486	* AOL Inc.	1,630,000	33,219
Ingersoll-Rand plc	1,086,320	54,859	* Dell Inc.	1,587,900	24,628
Emerson Electric Co.	872,800	53,031	* Motorola Solutions Inc.	19,845	911
United Parcel Service Inc. Class B	621,160	46,568	* IAC/InterActiveCorp	23,000	831
FedEx Corp.	330,500	31,619	* Lam Research Corp.	14,800	715
PACCAR Inc.	538,200	28,584	* Motorola Mobility Holdings Inc.	26,375	687
Rockwell Collins Inc.	374,210	23,613	* Novellus Systems Inc.	20,600	661
Tyco International Ltd.	425,375	20,733	* Electronic Arts Inc.	7,300	147
Embraer SA ADR	586,200	19,040	* Lexmark International Inc. Class A	1,800	58
Cummins Inc.	143,600	17,258			5,488,661
Boeing Co.	139,900	11,161	Materials (2.6%)		
* Huntington Ingalls Industries Inc.	92,550	3,702	El du Pont de Nemours & Co.	7,298,538	414,484
Eaton Corp.	19,800	1,060	Ball Corp.	3,826,491	142,767
Parker Hannifin Corp.	9,000	849	Nucor Corp.	1,868,000	87,721
Timken Co.	15,000	846	Newmont Mining Corp.	1,413,700	82,857
Rockwell Automation Inc.	9,515	829	Dow Chemical Co.	1,878,900	77,016
			Monsanto Co.	1,031,600	70,190

Windsor II Fund

	Shares	Market Value* (\$000)
Praxair Inc.	389,690	41,471
Freeport-McMoRan Copper & Gold Inc.	711,000	39,126
Celanese Corp. Class A	346,700	17,307
PPG Industries Inc.	126,300	11,957
Walter Energy Inc.	5,800	802
Eastman Chemical Co.	4,550	488
		986,186
Telecommunication Services (2.3%)		
Vodafone Group plc ADR	13,673,600	398,175
Verizon Communications Inc.	6,386,509	241,282
AT&T Inc.	7,721,507	240,293
* MetroPCS Communications Inc.	17,320	292
CenturyLink Inc.	4,875	199
		880,241
Utilities (3.9%)		
Dominion Resources Inc.	11,870,214	551,015
² CenterPoint Energy Inc.	25,066,113	466,230
Energy Corp.	2,991,278	208,552
Edison International	2,215,800	87,015
Exelon Corp.	1,592,600	67,128
Public Service Enterprise Group Inc.	1,647,800	53,010
Sempra Energy	843,700	46,488
PPL Corp.	789,200	21,648
Oneok Inc.	13,300	930
Northeast Utilities	23,900	851
CMS Energy Corp.	38,800	768
Ameren Corp.	24,500	718
Pinnacle West Capital Corp.	15,100	655
Integrus Energy Group Inc.	12,300	644
DTE Energy Co.	12,500	632
Duke Energy Corp.	30,100	561
UGI Corp.	13,400	446
Alliant Energy Corp.	8,900	352
NV Energy Inc.	12,100	184
Consolidated Edison Inc.	1,600	83
		1,507,910
Total Common Stocks (Cost \$29,825,716)		37,474,505

	Shares	Market Value* (\$000)
Temporary Cash Investments (3.1%)¹		
Money Market Fund (2.9%)		
^{4.5} Vanguard Market Liquidity Fund, 0.179%	1,126,344,775	1,126,345
	Face Amount (\$000)	
U.S. Government and Agency Obligations (0.2%)		
^{6.7} Fannie Mae Discount Notes, 0.150%, 6/1/11	100	100
^{6.7} Federal Home Loan Bank Discount Notes, 0.130%, 5/20/11	5,000	5,000
^{6.7} Freddie Mac Discount Notes, 0.180%, 5/2/11	35,000	35,000
^{6.7} Freddie Mac Discount Notes, 0.110%, 8/10/11	25,000	24,989
		65,089
Total Temporary Cash Investments (Cost \$1,191,436)		1,191,434
Total Investments (100.8%) (Cost \$31,017,152)		38,665,939
Other Assets and Liabilities (-0.8%)		
Other Assets		144,185
Liabilities ⁵		(461,203)
		(317,018)
Net Assets (100%)		38,348,921
Statement of Assets and Liabilities		
Assets		
Investments in Securities, at Value		38,665,939
Receivables for Investment Securities Sold		80,870
Receivables for Capital Shares Issued		21,515
Other Assets		41,800
Total Assets		38,810,124
Liabilities		
Security Lending Collateral Payable to Brokers		207,208
Payables for Investment Securities Purchased		127,818
Payables for Capital Shares Redeemed		30,560
Other Liabilities		95,617
Total Liabilities		461,203
Net Assets		38,348,921

At April 30, 2011, net assets consisted of:

	Amount (\$000)
Paid-in Capital	35,155,189
Undistributed Net Investment Income	164,053
Accumulated Net Realized Losses	(4,632,110)
Unrealized Appreciation (Depreciation)	
Investment Securities	7,648,787
Futures Contracts	13,002
Net Assets	38,348,921

Investor Shares—Net Assets

Applicable to 777,688,026 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	21,943,743
Net Asset Value Per Share— Investor Shares	\$28.22

Admiral Shares—Net Assets

Applicable to 327,511,770 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	16,405,178
Net Asset Value Per Share— Admiral Shares	\$50.09

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

[^] Part of security position is on loan to broker-dealers. The total value of securities on loan is \$191,515,000.

1 The fund invests a portion of its cash reserves in equity markets through the use of index futures contracts. After giving effect to futures investments, the fund's effective common stock and temporary cash investment positions represent 98.7% and 2.1%, respectively, of net assets.

2 Considered an affiliated company of the fund as the fund owns more than 5% of the outstanding voting securities of such company.

3 Considered an affiliated company of the fund as the issuer is another member of The Vanguard Group.

4 Affiliated money market fund available only to Vanguard funds and certain trusts and accounts managed by Vanguard. Rate shown is the 7-day yield.

5 Includes \$207,208,000 of collateral received for securities on loan.

6 The issuer operates under a congressional charter; its securities are not backed by the full faith and credit of the U.S. government.

7 Securities with a value of \$64,389,000 have been segregated as initial margin for open futures contracts.

ADR—American Depositary Receipt.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Operations

Six Months Ended
April 30, 2011

	(\$000)
Investment Income	
Income	
Dividends ^{1,2}	404,274
Interest ²	1,007
Security Lending	175
Total Income	405,456
Expenses	
Investment Advisory Fees—Note B	
Basic Fee	26,840
Performance Adjustment	(2,782)
The Vanguard Group—Note C	
Management and Administrative—Investor Shares	20,297
Management and Administrative—Admiral Shares	8,973
Marketing and Distribution—Investor Shares	2,313
Marketing and Distribution—Admiral Shares	1,478
Custodian Fees	198
Shareholders' Reports—Investor Shares	99
Shareholders' Reports—Admiral Shares	67
Trustees' Fees and Expenses	33
Total Expenses	57,516
Expenses Paid Indirectly	(948)
Net Expenses	56,568
Net Investment Income	348,888
Realized Net Gain (Loss)	
Investment Securities Sold ²	751,478
Futures Contracts	64,292
Foreign Currencies	(177)
Realized Net Gain (Loss)	815,593
Change in Unrealized Appreciation (Depreciation)	
Investment Securities	4,474,163
Futures Contracts	6,638
Change in Unrealized Appreciation (Depreciation)	4,480,801
Net Increase (Decrease) in Net Assets Resulting from Operations	5,645,282

¹ Dividends are net of foreign withholding taxes of \$306,000.

² Dividend income, interest income, and realized net gain (loss) from affiliated companies of the fund were \$29,416,000, \$940,000, and \$51,930,000, respectively.

See accompanying Notes, which are an integral part of the Financial Statements.

Statement of Changes in Net Assets

	Six Months Ended April 30, 2011	Year Ended October 31, 2010
	(\$'000)	(\$'000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	348,888	725,398
Realized Net Gain (Loss)	815,593	(399,047)
Change in Unrealized Appreciation (Depreciation)	4,480,801	3,508,044
Net Increase (Decrease) in Net Assets Resulting from Operations	5,645,282	3,834,395
Distributions		
Net Investment Income		
Investor Shares	(193,956)	(453,946)
Admiral Shares	(147,080)	(282,936)
Realized Capital Gain		
Investor Shares	—	—
Admiral Shares	—	—
Total Distributions	(341,036)	(736,882)
Capital Share Transactions		
Investor Shares	(2,046,988)	(1,721,406)
Admiral Shares	789,795	170,368
Net Increase (Decrease) from Capital Share Transactions	(1,257,193)	(1,551,038)
Total Increase (Decrease)	4,047,053	1,546,475
Net Assets		
Beginning of Period	34,301,868	32,755,393
End of Period ¹	34,348,921	34,301,868

¹ Net Assets—End of Period includes undistributed net investment income of \$164,053,000 and \$156,378,000.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Six Months Ended April 30, 2011	Year Ended October 31,				
	2010	2009	2008	2007	2006	
Net Asset Value, Beginning of Period	\$24.37	\$22.22	\$20.56	\$37.84	\$35.14	\$31.61
Investment Operations						
Net Investment Income	.252	.495	.580	.777	.803	.760
Net Realized and Unrealized Gain (Loss) on Investments	3.842	2.151	1.750	(13.804)	4.145	4.368
Total from Investment Operations	4.094	2.646	2.330	(13.027)	4.948	5.128
Distributions						
Dividends from Net Investment Income	(.244)	(.496)	(.670)	(.799)	(.790)	(.720)
Distributions from Realized Capital Gains	—	—	—	(3.454)	(1.458)	(.878)
Total Distributions	(.244)	(.496)	(.670)	(4.253)	(2.248)	(1.598)
Net Asset Value, End of Period	\$28.22	\$24.37	\$22.22	\$20.56	\$37.84	\$35.14
Total Return¹	16.90%	12.05%	11.96%	-38.02%	14.62%	16.85%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$21,944	\$20,921	\$20,695	\$19,400	\$33,821	\$30,790
Ratio of Total Expenses to Average Net Assets ²	0.35%	0.35%	0.38%	0.32%	0.33%	0.34%
Ratio of Net Investment Income to Average Net Assets	1.90%	2.08%	2.96%	2.66%	2.19%	2.28%
Portfolio Turnover Rate	21%	29%	41%	37%	51%	34%

The expense ratio, net income ratio, and turnover rate for the current period have been annualized.

1 Total returns do not include account service fees that may have applied in the periods shown. Fund prospectuses provide information about any applicable account service fees.

2 Includes performance-based investment advisory fee increases (decreases) of (0.02%), (0.01%), (0.01%), (0.01%), 0.01%, and 0.01%.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Six Months Ended April 30, 2011	Year Ended October 31,				
	2010	2009	2008	2007	2006	
Net Asset Value, Beginning of Period	\$43.26	\$39.46	\$36.51	\$67.18	\$62.41	\$56.13
Investment Operations						
Net Investment Income	.464	.914	1.064	1.431	1.491	1.402
Net Realized and Unrealized Gain (Loss) on Investments	6.809	3.811	3.112	(24.497)	7.348	7.782
Total from Investment Operations	7.273	4.725	4.176	(23.066)	8.839	9.184
Distributions						
Dividends from Net Investment Income	(.443)	(.925)	(1.226)	(1.473)	(1.481)	(1.346)
Distributions from Realized Capital Gains	—	—	—	(6.131)	(2.588)	(1.558)
Total Distributions	(.443)	(.925)	(1.226)	(7.604)	(4.069)	(2.904)
Net Asset Value, End of Period	\$50.09	\$43.26	\$39.46	\$36.51	\$67.18	\$62.41
Total Return	16.91%	12.12%	12.09%	-37.94%	14.71%	17.01%
Ratios/Supplemental Data						
Net Assets, End of Period (Millions)	\$16,405	\$13,381	\$12,060	\$11,611	\$20,250	\$15,934
Ratio of Total Expenses to Average Net Assets ¹	0.27%	0.27%	0.27%	0.22%	0.23%	0.23%
Ratio of Net Investment Income to Average Net Assets	1.98%	2.16%	3.07%	2.76%	2.29%	2.39%
Portfolio Turnover Rate	21%	29%	41%	37%	51%	34%

The expense ratio, net income ratio, and turnover rate for the current period have been annualized.

¹ Includes performance-based investment advisory fee increases (decreases) of (0.02%), (0.01%), (0.01%), (0.01%), 0.01%, and 0.01%.

Notes to Financial Statements

Vanguard Windsor II Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund offers two classes of shares: Investor Shares and Admiral Shares. Investor Shares are available to any investor who meets the fund's minimum purchase requirements. Admiral Shares are designed for investors who meet certain administrative, service, and account-size criteria.

A. The following significant accounting policies conform to generally accepted accounting principles for U.S. mutual funds. The fund consistently follows such policies in preparing its financial statements.

1. **Security Valuation:** Securities are valued as of the close of trading on the New York Stock Exchange (generally 4 p.m., Eastern time) on the valuation date. Equity securities are valued at the latest quoted sales prices or official closing prices taken from the primary market in which each security trades; such securities not traded on the valuation date are valued at the mean of the latest quoted bid and asked prices. Securities for which market quotations are not readily available, or whose values have been affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued at their fair values calculated according to procedures adopted by the board of trustees. These procedures include obtaining quotations from an independent pricing service, monitoring news to identify significant market- or security-specific events, and evaluating changes in the values of foreign market proxies (for example, ADRs, futures contracts, or exchange-traded funds), between the time the foreign markets close and the fund's pricing time. When fair-value pricing is employed, the prices of securities used by a fund to calculate its net asset value may differ from quoted or published prices for the same securities. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Temporary cash investments acquired over 60 days to maturity are valued using the latest bid prices or using valuations based on a matrix system (which considers such factors as security prices, yields, maturities, and ratings), both as furnished by independent pricing services. Other temporary cash investments are valued at amortized cost, which approximates market value.

2. **Futures Contracts:** The fund uses index futures contracts to a limited extent, with the objective of maintaining full exposure to the stock market while maintaining liquidity. The fund may purchase or sell futures contracts to achieve a desired level of investment, whether to accommodate portfolio turnover or cash flows from capital share transactions. The primary risks associated with the use of futures contracts are imperfect correlation between changes in market values of stocks held by the fund and the prices of futures contracts, and the possibility of an illiquid market.

Futures contracts are valued at their quoted daily settlement prices. The aggregate principal amounts of the contracts are not recorded in the Statement of Net Assets. Fluctuations in the value of the contracts are recorded in the Statement of Net Assets as an asset (liability) and in the Statement of Operations as unrealized appreciation (depreciation) until the contracts are closed, when they are recorded as realized futures gains (losses).

3. **Federal Income Taxes:** The fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income. Management has analyzed the fund's tax positions taken for all open federal income tax years (October 31, 2007—2010), and for the period ended April 30, 2011, and has concluded that no provision for federal income tax is required in the fund's financial statements.

4. **Distributions:** Distributions to shareholders are recorded on the ex-dividend date.

5. **Security Lending:** The fund may lend its securities to qualified institutional borrowers to earn additional income. Security loans are required to be secured at all times by collateral at least equal to the market value of securities loaned. The fund invests cash collateral received in Vanguard Market

Liquidity Fund, and records a liability for the return of the collateral, during the period the securities are on loan. Security lending income represents fees charged to borrowers plus income earned on investing cash collateral, less expenses associated with the loan.

6. Other: Dividend income is recorded on the ex-dividend date. Interest income includes income distributions received from Vanguard Market Liquidity Fund and is accrued daily. Security transactions are accounted for on the date securities are bought or sold. Costs used to determine realized gains (losses) on the sale of investment securities are those of the specific securities sold.

Each class of shares has equal rights as to assets and earnings, except that each class separately bears certain class-specific expenses related to maintenance of shareholder accounts (included in Management and Administrative expenses) and shareholder reporting. Marketing and distribution expenses are allocated to each class of shares based on a method approved by the board of trustees. Income, other non-class-specific expenses, and gains and losses on investments are allocated to each class of shares based on its relative net assets.

B. Barrow, Hanley, Mewhinney & Strauss, LLC; Lazard Asset Management LLC; Hotchkis and Wiley Capital Management, LLC; Armstrong Shaw Associates Inc.; and Sanders Capital, LLC, each provide investment advisory services to a portion of the fund for a fee calculated at an annual percentage rate of average net assets managed by the advisor. The basic fee of Barrow, Hanley, Mewhinney & Strauss, LLC, is subject to quarterly adjustments based on performance for the preceding three years relative to the MSCI US Prime Market 750 Index. The basic fee of Lazard Asset Management LLC is subject to quarterly adjustments based on performance for the preceding three years relative to the S&P 500 Index. The basic fee of Hotchkis and Wiley Capital Management, LLC, is subject to quarterly adjustments based on performance for the preceding five years relative to the MSCI US Investable Market 2500 Index. The basic fee of Armstrong Shaw Associates Inc. is subject to quarterly adjustments based on performance since January 31, 2006, relative to the Russell 1000 Value Index. The basic fee of Sanders Capital, LLC, is subject to quarterly adjustments based on performance since January 31, 2010, relative to the Russell 3000 Index.

The Vanguard Group provides investment advisory services to a portion of the fund on an at-cost basis; the fund paid Vanguard advisory fees of \$57,000 for the six months ended April 30, 2011.

For the six months ended April 30, 2011, the aggregate investment advisory fee represented an effective annual basic rate of 0.15% of the fund's average net assets, before a decrease of \$2,782,000 (0.02%) based on performance.

C. The Vanguard Group furnishes at cost corporate management, administrative, marketing, and distribution services. The costs of such services are allocated to the fund under methods approved by the board of trustees. The fund has committed to provide up to 0.40% of its net assets in capital contributions to Vanguard. At April 30, 2011, the fund had contributed capital of \$6,020,000 to Vanguard (included in Other Assets), representing 0.02% of the fund's net assets and 2.41% of Vanguard's capitalization. The fund's trustees and officers are also directors and officers of Vanguard.

D. The fund has asked its investment advisors to direct certain security trades, subject to obtaining the best price and execution, to brokers who have agreed to rebate to the fund part of the commissions generated. Such rebates are used solely to reduce the fund's management and administrative expenses. For the six months ended April 30, 2011, these arrangements reduced the fund's expenses by \$948,000 (an annual rate of 0.01% of average net assets).

E. Various inputs may be used to determine the value of the fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3—Significant unobservable inputs (including the fund's own assumptions used to determine the fair value of investments).

The following table summarizes the fund's investments as of April 30, 2011, based on the inputs used to value them:

Investments	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)
Common Stocks	37,256,031	218,474	—
Temporary Cash Investments	1,126,345	65,089	—
Futures Contracts—Assets ¹	1,270	—	—
Total	38,383,646	283,563	—

¹ Represents variation margin on the last day of the reporting period.

F. At April 30, 2011, the aggregate settlement value of open futures contracts and the related unrealized appreciation (depreciation) were:

Futures Contracts	Expiration	Number of Long (Short) Contracts	(\$000)	
			Aggregate Settlement Value Long (Short)	Unrealized Appreciation (Depreciation)
S&P 500 Index	June 2011	706	239,987	9,459
E-mini S&P 500 Index	June 2011	1,761	119,722	3,543

Unrealized appreciation (depreciation) on open futures contracts is required to be treated as realized gain (loss) for tax purposes.

G. Distributions are determined on a tax basis and may differ from net investment income and realized capital gains for financial reporting purposes. Differences may be permanent or temporary. Permanent differences are reclassified among capital accounts in the financial statements to reflect their tax character. Temporary differences arise when certain items of income, expense, gain, or loss are recognized in different periods for financial statement and tax purposes; these differences will reverse at some time in the future. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes.

During the six months ended April 30, 2011, the fund realized net foreign currency losses of \$177,000, which decreased distributable net income for tax purposes; accordingly, such losses have been reclassified from accumulated net realized losses to undistributed net investment income.

The fund's tax-basis capital gains and losses are determined only at the end of each fiscal year. For tax purposes, at October 31, 2010, the fund had available capital loss carryforwards totaling \$5,197,281,000 to offset future net capital gains of \$3,383,640,000 through October 31, 2016,

\$1,639,579,000 through October 31, 2017, and \$174,062,000 through October 31, 2018. The fund will use these capital losses to offset net taxable capital gains, if any, realized during the year ending October 31, 2011; should the fund realize net capital losses for the year, the losses will be added to the loss carryforward balance above.

At April 30, 2011, the cost of investment securities for tax purposes was \$31,017,152,000. Net unrealized appreciation of investment securities for tax purposes was \$7,648,787,000, consisting of unrealized gains of \$10,603,357,000 on securities that had risen in value since their purchase and \$2,954,570,000 in unrealized losses on securities that had fallen in value since their purchase.

H. During the six months ended April 30, 2011, the fund purchased \$3,673,747,000 of investment securities and sold \$4,835,979,000 of investment securities, other than temporary cash investments.

I. Capital share transactions for each class of shares were:

	Six Months Ended April 30, 2011		Year Ended October 31, 2010	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	861,603	32,535	2,009,504	85,359
Issued in Lieu of Cash Distributions	189,627	7,381	442,058	19,182
Redeemed	(3,098,218)	(120,648)	(4,172,968)	(177,358)
Net Increase (Decrease)—Investor Shares	(2,046,988)	(80,732)	(1,721,406)	(72,817)
Admiral Shares				
Issued	2,067,043	45,637	1,630,761	38,483
Issued in Lieu of Cash Distributions	138,149	3,030	264,736	6,476
Redeemed	(1,415,397)	(30,478)	(1,725,129)	(41,294)
Net Increase (Decrease)—Admiral Shares	789,795	18,189	170,368	3,665

J. Certain of the fund's investments are in companies that are considered to be affiliated companies of the fund because the fund owns more than 5% of the outstanding voting securities of the company. Transactions during the period in securities of these companies were as follows:

	October 31, 2010 Market Value (\$000)	Current Period Transactions			April 30, 2011 Market Value (\$000)
		Purchases at Cost (\$000)	Proceeds from Securities Sold (\$000)	Dividend Income (\$000)	
CenterPoint Energy Inc.	385,047	39,893	8,552	9,019	466,230
Cooper Industries plc	632,635	—	57,177	6,552	732,407
ITT Corp.	439,950	—	25,443	4,455	NA ¹
Quest Diagnostics Inc.	460,663	—	530,770	863	—
Service Corp. International	182,129	—	3,874	1,937	253,379
Wyndham Worldwide Corp.	397,614	—	115,370	2,897	342,837
	2,498,038			25,723	1,794,853

¹ Not applicable—At April 30, 2011, the security was still held, but the issuer was no longer an affiliated company of the fund.

K. In preparing the financial statements as of April 30, 2011, management considered the impact of subsequent events for potential recognition or disclosure in these financial statements.

About Your Fund's Expenses

As a shareholder of the fund, you incur ongoing costs, which include costs for portfolio management, administrative services, and shareholder reports (like this one), among others. Operating expenses, which are deducted from a fund's gross income, directly reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and to compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The accompanying table illustrates your fund's costs in two ways:

- **Based on actual fund return.** This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for your fund under the heading "Expenses Paid During Period."

- **Based on hypothetical 5% yearly return.** This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a yearly return of 5% before expenses, but that the expense ratio is unchanged. In this case—because the return used is not the fund's actual return—the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that the expenses shown in the table are meant to highlight and help you compare *ongoing* costs only and do not reflect transaction costs incurred by the fund for buying and selling securities. Further, the expenses do not include any purchase, redemption, or account service fees described in the fund prospectus. If such fees were applied to your account, your costs would be higher. Your fund does not carry a "sales load."

The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

You can find more information about the fund's expenses, including annual expense ratios, in the Financial Statements section of this report. For additional information on operating expenses and other shareholder costs, please refer to your fund's current prospectus.

Six Months Ended April 30, 2011

Windsor II Fund	Beginning Account Value 10/31/2010	Ending Account Value 4/30/2011	Expenses Paid During Period
Based on Actual Fund Return			
Investor Shares	\$1,000.00	\$1,168.98	\$1.88
Admiral Shares	1,000.00	1,169.13	1.45
Based on Hypothetical 5% Yearly Return			
Investor Shares	\$1,000.00	\$1,023.06	\$1.76
Admiral Shares	1,000.00	1,023.46	1.35

The calculations are based on expenses incurred in the most recent six-month period. The fund's annualized six-month expense ratios for that period are 0.35% for Investor Shares and 0.27% for Admiral Shares. The dollar amounts shown as "Expenses Paid" are equal to the annualized expense ratio multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by the number of days in the most recent 12-month period.

Trustees Approve Advisory Arrangements

The board of trustees of Vanguard Windsor II Fund has renewed the fund's investment advisory arrangements with Barrow, Hanley, Mewhinney & Strauss, LLC; Lazard Asset Management LLC; Sanders Capital, LLC; Hotchkis and Wiley Capital Management, LLC; Armstrong Shaw Associates Inc.; and The Vanguard Group, Inc. (through its Quantitative Equity Group). The board determined that the retention of the advisors was in the best interests of the fund and its shareholders.

The board based its decision upon an evaluation of each advisor's investment staff, portfolio management process, and performance. The trustees considered the factors discussed below, among others. However, no single factor determined whether the board approved the arrangements. Rather, it was the totality of the circumstances that drove the board's decision.

Nature, extent, and quality of services

The board considered the quality of the fund's investment management over both the short and long term, and took into account the organizational depth and stability of each advisor. The board noted the following:

Barrow, Hanley, Mewhinney & Strauss, LLC. Founded in 1979, Barrow Hanley is known for its commitment to value investing. A subsidiary of Old Mutual Asset Managers, Barrow Hanley remains independently managed. The firm has advised the fund since the fund's inception in 1985.

Using a combination of in-depth fundamental research and valuation forecasts, Barrow Hanley seeks stocks offering strong fundamentals and price appreciation potential, with below-average price/earnings ratios, price/book value ratios, and above-average current yields.

Lazard Asset Management LLC. Lazard provides investment management services for clients around the world in a variety of investment mandates, including international equities, domestic equities, and fixed income securities. Lazard is a subsidiary of Lazard Ltd. and has managed a portion of the fund since 2007.

The investment team at Lazard employs a bottom-up stock-selection process to identify stocks with sustainable financial productivity and attractive valuations. The investment process incorporates three types of research: financial screening, fundamental analysis, and accounting validation.

Sanders Capital, LLC. Founded in 2009, Sanders employs a traditional, bottom-up, fundamental research driven approach to identify securities that are undervalued relative to their expected total return. The firm has managed a portion of the fund since 2010.

Two investment management industry veterans, Lewis A. Sanders, CEO and co-CIO of Sanders Capital, and John P. Mahedy, co-CIO and research director, serve as portfolio managers for the firm's portion of Windsor II Fund.

Hotchkis and Wiley Capital Management, LLC. Founded in 1980, Hotchkis and Wiley is a value-oriented firm that manages various large-, mid-, and small-cap portfolios. The firm has managed a portion of the fund since 2003.

Hotchkis and Wiley invests mainly in mid- and large-cap stocks with value-oriented characteristics. The advisor follows a disciplined investment approach, focusing on such investment parameters as a company's tangible assets, sustainable cash flow, and potential for improving business performance.

Armstrong Shaw Associates Inc. Founded in 1984, Armstrong Shaw is an employee-owned firm that manages large-cap value products. The firm has managed a portion of the fund since 2006.

Armstrong Shaw constructs a portfolio of large-cap stocks using a combination of fundamental and qualitative criteria to identify individual companies for potential investment. The firm's disciplined, absolute value-based approach determines the intrinsic value of a company through analysis of its cash flow or an appraisal of its assets. Candidates for purchase are stocks selling at a substantial discount to their intrinsic value, from companies that have a sound business and capable management team.

The Vanguard Group, Inc. Vanguard has been managing investments for more than three decades. The Quantitative Equity Group adheres to a sound, disciplined investment management process; the team has considerable experience, stability, and depth. Vanguard has managed a portion of the fund since 1991.

The board concluded that each advisor's experience, stability, depth, and performance, among other factors, warranted approval of the advisory arrangements.

Investment performance

The board considered the short- and long-term performance of the fund, including any periods of outperformance or underperformance of relevant benchmarks and peer groups. The board concluded that each advisor has carried out the fund's investment strategy in a disciplined fashion, and that performance results have allowed the fund to remain competitive versus its benchmark and its peer group. Information about the fund's most recent performance can be found in the Performance Summary section of this report.

Cost

The board concluded that the fund's expense ratio was well below the average expense ratio charged by funds in its peer group and that the fund's advisory fee rate was also well below the peer-group average. Information about the fund's expenses appears in the About Your Fund's Expenses section of this report as well as in the Financial Statements section, which also includes information about the advisory fee rate.

The board did not consider profitability of Barrow Hanley, Lazard, Sanders, Hotchkis and Wiley, and Armstrong Shaw in determining whether to approve the advisory fees, because the firms are independent of Vanguard and the advisory fees are the result of arm's-length negotiations. The board does not conduct a profitability analysis of Vanguard because of Vanguard's unique "at-cost" structure. Unlike most other mutual fund management companies, Vanguard is owned by the funds it oversees, and produces "profits" only in the form of reduced expenses for fund shareholders.

The benefit of economies of scale

The board concluded that the fund's shareholders benefit from economies of scale because of breakpoints in the advisory fee schedules for Barrow Hanley, Lazard, Sanders, Hotchkis and Wiley, and Armstrong Shaw. The breakpoints reduce the effective rate of the fees as the fund's assets managed by each advisor increase.

The board also concluded that the fund's low-cost arrangement with Vanguard ensures that the fund will realize economies of scale as it grows, with the cost to shareholders declining as the fund's assets managed by Vanguard increase.

The board will consider whether to renew the advisory arrangements again after a one-year period.

Glossary

30-Day SEC Yield. A fund's 30-day SEC yield is derived using a formula specified by the U.S. Securities and Exchange Commission. Under the formula, data related to the fund's security holdings in the previous 30 days are used to calculate the fund's hypothetical net income for that period, which is then annualized and divided by the fund's estimated average net assets over the calculation period. For the purposes of this calculation, a security's income is based on its current market yield to maturity (in the case of bonds) or its projected dividend yield (for stocks). Because the SEC yield represents hypothetical annualized income, it will differ—at times significantly—from the fund's actual experience. As a result, the fund's income distributions may be higher or lower than implied by the SEC yield.

Beta. A measure of the magnitude of a fund's past share-price fluctuations in relation to the ups and downs of a given market index. The index is assigned a beta of 1.00. Compared with a given index, a fund with a beta of 1.20 typically would have seen its share price rise or fall by 12% when the index rose or fell by 10%. For this report, beta is based on returns over the past 36 months for both the fund and the index. Note that a fund's beta should be reviewed in conjunction with its R-squared (see definition). The lower the R-squared, the less correlation there is between the fund and the index, and the less reliable beta is as an indicator of volatility.

Dividend Yield. Dividend income earned by stocks, expressed as a percentage of the aggregate market value (or of net asset value, for a fund). The yield is determined by dividing the amount of the annual dividends by the aggregate value (or net asset value) at the end of the period. For a fund, the dividend yield is based solely on stock holdings and does not include any income produced by other investments.

Earnings Growth Rate. The average annual rate of growth in earnings over the past five years for the stocks now in a fund.

Equity Exposure. A measure that reflects a fund's investments in stocks and stock futures. Any holdings in short-term reserves are excluded.

Expense Ratio. The percentage of a fund's average net assets used to pay its annual administrative and advisory expenses. These expenses directly reduce returns to investors.

Foreign Holdings. The percentage of a fund represented by stocks or depositary receipts of companies based outside the United States.

Inception Date. The date on which the assets of a fund (or one of its share classes) are first invested in accordance with the fund's investment objective. For funds with a subscription period, the inception date is the day after that period ends. Investment performance is measured from the inception date.

Median Market Cap. An indicator of the size of companies in which a fund invests; the midpoint of market capitalization (market price x shares outstanding) of a fund's stocks, weighted by the proportion of the fund's assets invested in each stock. Stocks representing half of the fund's assets have market capitalizations above the median, and the rest are below it.

Price/Book Ratio. The share price of a stock divided by its net worth, or book value, per share. For a fund, the weighted average price/book ratio of the stocks it holds.

Price/Earnings Ratio. The ratio of a stock's current price to its per-share earnings over the past year. For a fund, the weighted average P/E of the stocks it holds. P/E is an indicator of market expectations about corporate prospects; the higher the P/E, the greater the expectations for a company's future growth.

R-Squared. A measure of how much of a fund's past returns can be explained by the returns from the market in general, as measured by a given index. If a fund's total returns were precisely synchronized with an index's returns, its R-squared would be 1.00. If the fund's returns bore no relationship to the index's returns, its R-squared would be 0. For this report, R-squared is based on returns over the past 36 months for both the fund and the index.

Return on Equity. The annual average rate of return generated by a company during the past five years for each dollar of shareholder's equity (net income divided by shareholder's equity). For a fund, the weighted average return on equity for the companies whose stocks it holds.

Short-Term Reserves. The percentage of a fund invested in highly liquid, short-term securities that can be readily converted to cash.

Turnover Rate. An indication of the fund's trading activity. Funds with high turnover rates incur higher transaction costs and may be more likely to distribute capital gains (which may be taxable to investors). The turnover rate excludes in-kind transactions, which have minimal impact on costs.

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The People Who Govern Your Fund

The trustees of your mutual fund are there to see that the fund is operated and managed in your best interests since, as a shareholder, you are a part owner of the fund. Your fund's trustees also serve on the board of directors of The Vanguard Group, Inc., which is owned by the Vanguard funds and provides services to them on an at-cost basis.

A majority of Vanguard's board members are independent, meaning that they have no affiliation with Vanguard or the funds they oversee, apart from the sizable personal investments they have made as private individuals. The independent board members have distinguished backgrounds in business, academia, and public service. Each of the trustees and executive officers oversees 179 Vanguard funds.

The following table provides information for each trustee and executive officer of the fund. More information about the trustees is in the *Statement of Additional Information*, which can be obtained, without charge, by contacting Vanguard at 800-662-7447, or online at vanguard.com.

Interested Trustee¹

F. William McNabb III

Born 1957. Trustee Since July 2009. Chairman of the Board. Principal Occupation(s) During the Past Five Years: Chairman of the Board of The Vanguard Group, Inc., and of each of the investment companies served by The Vanguard Group, since January 2010; Director of The Vanguard Group since 2008; Chief Executive Officer and President of The Vanguard Group and of each of the investment companies served by The Vanguard Group since 2008; Director of Vanguard Marketing Corporation; Managing Director of The Vanguard Group (1995–2008).

and President (2006–2008) of Rohm and Haas Co. (chemicals); Director of Tyco International, Ltd. (diversified manufacturing and services) and Hewlett-Packard Co. (electronic computer manufacturing); Senior Advisor at New Mountain Capital; Trustee of The Conference Board; Member of the Board of Managers of Delphi Automotive LLP (automotive components).

Amy Gutmann

Born 1949. Trustee Since June 2006. Principal Occupation(s) During the Past Five Years: President of the University of Pennsylvania; Christopher H. Browne Distinguished Professor of Political Science in the School of Arts and Sciences with secondary appointments at the Annenberg School for Communication and the Graduate School of Education of the University of Pennsylvania; Director of Carnegie Corporation of New York, Schuylkill River Development Corporation, and Greater Philadelphia Chamber of Commerce; Trustee of the National Constitution Center; Chair of the Presidential Commission for the Study of Bioethical Issues.

Independent Trustees

Emerson U. Fullwood

Born 1948. Trustee Since January 2008. Principal Occupation(s) During the Past Five Years: Executive Chief Staff and Marketing Officer for North America and Corporate Vice President (retired 2008) of Xerox Corporation (document management products and services); Executive in Residence and 2010 Distinguished Minett Professor at the Rochester Institute of Technology; Director of SPX Corporation (multi-industry manufacturing), the United Way of Rochester, Amerigroup Corporation (managed health care), the University of Rochester Medical Center, Monroe Community College Foundation, and North Carolina A&T University.

JoAnn Heffernan Heisen

Born 1950. Trustee Since July 1998. Principal Occupation(s) During the Past Five Years: Corporate Vice President and Chief Global Diversity Officer (retired 2008) and Member of the Executive Committee (1997–2008) of Johnson & Johnson (pharmaceuticals/consumer products); Director of Skytop Lodge Corporation (hotels), the University Medical Center at Princeton, the Robert Wood Johnson Foundation, and the Center for Work Life Policy; Member of the Advisory Board of the Maxwell School of Citizenship and Public Affairs at Syracuse University.

Rajiv L. Gupta

Born 1945. Trustee Since December 2001.² Principal Occupation(s) During the Past Five Years: Chairman and Chief Executive Officer (retired 2009)

F. Joseph Loughrey

Born 1949. Trustee Since October 2009. Principal Occupation(s) During the Past Five Years: President and Chief Operating Officer (retired 2009) and Vice Chairman of the Board (2008–2009) of Cummins Inc. (industrial machinery); Director of SKF AB (industrial machinery), Hillenbrand, Inc. (specialized consumer services), the Lumina Foundation for Education, and Oxfam America; Chairman of the Advisory Council for the College of Arts and Letters and Member of the Advisory Board to the Kellogg Institute for International Studies at the University of Notre Dame.

André F. Perold

Born 1952. Trustee Since December 2004. Principal Occupation(s) During the Past Five Years: George Gund Professor of Finance and Banking at the Harvard Business School; Chair of the Investment Committee of HighVista Strategies LLC (private investment firm).

Alfred M. Rankin, Jr.

Born 1941. Trustee Since January 1993. Principal Occupation(s) During the Past Five Years: Chairman, President, and Chief Executive Officer of NACCO Industries, Inc. (forklift trucks/housewares/lignite); Director of Goodrich Corporation (industrial products/ aircraft systems and services) and the National Association of Manufacturers; Chairman of the Federal Reserve Bank of Cleveland; Vice Chairman of University Hospitals of Cleveland; President of the Board of The Cleveland Museum of Art.

Peter F. Volanakis

Born 1955. Trustee Since July 2009. Principal Occupation(s) During the Past Five Years: President and Chief Operating Officer (retired 2010) of Corning Incorporated (communications equipment); Director of Corning Incorporated (2000–2010) and Dow Corning (2001–2010); Overseer of the Amos Tuck School of Business Administration at Dartmouth College.

Executive Officers**Glenn Booraem**

Born 1967. Controller Since July 2010. Principal Occupation(s) During the Past Five Years: Principal of The Vanguard Group, Inc.; Controller of each of the investment companies served by The Vanguard Group since 2010; Assistant Controller of each of the investment companies served by The Vanguard Group (2001–2010).

Thomas J. Higgins

Born 1957. Chief Financial Officer Since September 2008. Principal Occupation(s) During the Past Five Years: Principal of The Vanguard Group, Inc.; Chief Financial Officer of each of the investment companies served by The Vanguard Group since 2008; Treasurer of each of the investment companies served by The Vanguard Group (1998–2008).

Kathryn J. Hyatt

Born 1955. Treasurer Since November 2008. Principal Occupation(s) During the Past Five Years: Principal of The Vanguard Group, Inc.; Treasurer of each of the investment companies served by The Vanguard Group since 2008; Assistant Treasurer of each of the investment companies served by The Vanguard Group (1988–2008).

Heidi Stam

Born 1956. Secretary Since July 2005. Principal Occupation(s) During the Past Five Years: Managing Director of The Vanguard Group, Inc., since 2006; General Counsel of The Vanguard Group since 2005; Secretary of The Vanguard Group and of each of the investment companies served by The Vanguard Group since 2005; Director and Senior Vice President of Vanguard Marketing Corporation since 2005; Principal of The Vanguard Group (1997–2006).

Vanguard Senior Management Team

R. Gregory Barton	Michael S. Miller
Mortimer J. Buckley	James M. Norris
Kathleen C. Gubanich	Glenn W. Reed
Paul A. Heller	George U. Sauter
Martha G. King	

Chairman Emeritus and Senior Advisor**John J. Brennan**

Chairman, 1996–2009
Chief Executive Officer and President, 1996–2008

Founder**John C. Bogle**

Chairman and Chief Executive Officer, 1974–1996

1 Mr. McNabb is considered an "interested person," as defined in the Investment Company Act of 1940, because he is an officer of the Vanguard funds.

2 December 2002 for Vanguard Equity Income Fund, Vanguard Growth Equity Fund, the Vanguard Municipal Bond Funds, and the Vanguard State Tax-Exempt Funds.



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Text Telephone for People

With Hearing Impairment > 800-749-7273

This material may be used in conjunction with the offering of shares of any Vanguard fund only if preceded or accompanied by the fund's current prospectus.

All comparative mutual fund data are from Lipper Inc. or Morningstar, Inc., unless otherwise noted.

You can obtain a free copy of Vanguard's proxy voting guidelines by visiting vanguard.com/proxyreporting or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, sec.gov. In addition, you may obtain a free report on how your fund voted the proxies for securities it owned during the 12 months ended June 30. To get the report, visit either vanguard.com/proxyreporting or sec.gov.

You can review and copy information about your fund at the SEC's Public Reference Room in Washington, D.C. To find out more about this public service, call the SEC at 202-551-8090. Information about your fund is also available on the SEC's website, and you can receive copies of this information, for a fee, by sending a request in either of two ways: via e-mail addressed to publicinfo@sec.gov or via regular mail addressed to the Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-1520.

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