

Vanguard[®]

Vanguard Balanced Index Fund Annual Report

December 31, 2008



- > Vanguard Balanced Index Fund returned –22% in 2008, a disappointing result, but a smaller decline than that of the stock market as a whole and better than the average return of peer-group funds.
- > The U.S. stock market in 2008 suffered its worst one-year decline since 1931, and the equity portion of Vanguard Balanced Index Fund fully participated in that decline.
- > As financial and economic turmoil intensified, the bond portion of the fund brought in a positive return as investors’ flight to U.S. Treasury securities more than offset the decline in corporate bonds.

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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.

Your Fund's Total Returns

Fiscal Year Ended December 31, 2008

	Ticker Symbol	Total Returns
Vanguard Balanced Index Fund		
Investor Shares	VBINX	-22.21%
Admiral™ Shares ¹	VBIAX	-22.12
Signal® Shares ²	VBASX	-22.12
Institutional Shares ³	VBAIX	-22.10
Balanced Composite Index ⁴		-22.04
Average Mixed-Asset Target Growth Fund ⁵		-29.85

Your Fund's Performance at a Glance

December 31, 2007–December 31, 2008

	Starting Share Price	Ending Share Price	Distributions Per Share	
			Income Dividends	Capital Gains
Vanguard Balanced Index Fund				
Investor Shares	\$22.01	\$16.59	\$0.603	\$0.000
Admiral Shares	22.02	16.60	0.621	0.000
Signal Shares	21.78	16.42	0.615	0.000
Institutional Shares	22.02	16.60	0.628	0.000

1 A lower-cost class of shares available to many longtime shareholders and to those with significant investments in the fund.

2 This share class also carries lower costs and is available to certain institutional shareholders who meet specific administrative, service, and account-size criteria.

3 This class of shares carries low expenses and is available for a minimum initial investment of \$5 million.

4 Weighted 60% stocks and 40% bonds. For stocks: MSCI® US Broad Market Index. For bonds: Barclays Capital U.S. Aggregate Bond Index.

5 Derived from data provided by Lipper Inc.



President's Letter

Dear Shareholder,

Stocks plunged in the fourth quarter, wrapping up a tumultuous 12 months during which stocks steadily declined as investors worried about a global economic slump, frozen credit markets, and ailing financial institutions. Stocks of all investment styles and just about all investment approaches were swept lower in a downdraft of historic proportions that affected every sector of the market.

The stock and bond components of Vanguard Balanced Index Fund, as usual, did their jobs of tracking the stock and bond markets efficiently and at low cost, although everyone wishes that the outcome for equities was happier. The fund returned about -22% for all four share classes, its worst calendar-year result since the fund's inception in 1992.

Nevertheless, the fund's return was well above that of the broad stock market as the fund's bond holdings, which constituted about 40% of the portfolio's assets, on average, cushioned the blow.

At year-end, the yield for the Investor Shares was 3.25% up from 2.88% a year earlier.

If you own shares of the fund in a taxable account, you may wish to review information about the fund's after-tax returns later in this report.

Global stock markets faced historic challenges

Problems that had festered in the financial markets for much of 2008 erupted in the year's final months, leading to high-profile bankruptcies and government rescues.

U.S. stocks lost about -23% for the fourth quarter. For the full 12 months, the U.S. stock market, returned about -37%, the worst calendar-year performance since 1931. The financial sector, the epicenter of the crisis, was hardest hit, but no sector was safe from the market's violent downdraft.

Overseas, the news was worse. Stock markets outside the United States returned about -45%, as credit-market turmoil and economic distress reverberated worldwide. Emerging

markets fell especially hard, in part because of collapsing commodity prices, which put pressure on the group's many natural-resource producers.

U.S. Treasuries provided a safe and liquid haven

Bonds provided shelter from the stock market turmoil, though strength was largely confined to U.S. Treasuries. Treasuries surged as investors bid up the highest-quality, most liquid securities. The Federal Reserve Board added fuel to the rally with repeated cuts in its target for the federal funds rate, a benchmark for short-term interest rates. At the start of 2008, the federal funds rate stood at 4.25%; by year-end, it was between 0.00% and 0.25%.

Market Barometer

	Average Annual Total Returns Periods Ended December 31, 2008		
	One Year	Three Years	Five Years
Stocks			
Russell 1000 Index (Large-caps)	-37.60%	-8.66%	-2.04%
Russell 2000 Index (Small-caps)	-33.79	-8.29	-0.93
Dow Jones Wilshire 5000 Index (Entire market)	-37.34	-8.43	-1.67
MSCI All Country World Index ex USA (International)	-45.24	-6.57	3.00
Bonds			
Barclays Capital U.S. Aggregate Bond Index (Broad taxable market)	5.24%	5.51%	4.65%
Barclays Capital Municipal Bond Index	-2.47	1.86	2.71
Citigroup 3-Month Treasury Bill Index	1.80	3.76	3.10
CPI			
Consumer Price Index	0.09%	2.22%	2.67%

U.S. government-backed mortgage securities also performed well, though corporate and municipal bonds struggled. For the full year, the broad taxable bond market returned 5.24%.

Energy, credit crisis, and recession combined to scuttle fund returns

Typically, when stocks struggle, the bonds in a balanced portfolio provide some shelter and support the portfolio's total return. This was indeed the case in 2008, but there was nothing "normal" in the way these dynamics played out: When stocks skidded, many bonds—except ultra-safe and liquid United States Treasury securities—also suffered steep declines as financial and economic turmoil intensified. Investors' flight to Treasuries produced

skyrocketing prices and record low yields for these securities and kept the broad bond market in positive territory.

The Barclays Capital U.S. Aggregate Bond Index, the target index for the fund's fixed income assets, returned 5.24%, close to the bond market's long-term average annual return. This wasn't enough to offset the -37.04% return of the MSCI US Broad Market Index, the target equity index for the fund's roughly 60% allocation to stocks. The plunge in stock prices spared no sector. The Balanced Index Fund's manager, Vanguard Quantitative Equity Group, closely tracked the fund's composite benchmark index during a volatile period for both markets.

Expense Ratios¹

Your Fund Compared With Its Peer Group

	Investor Shares	Admiral Shares	Signal Shares	Institutional Shares	Average Mixed-Asset Target Growth Fund
Balanced Index Fund	0.19%	0.10%	0.10%	0.07%	1.13%

¹ The fund expense ratios shown are from the prospectus dated April 25, 2008. For the fiscal year ended December 31, 2008, the fund's expense ratios were 0.20% for Investor Shares, 0.11% for Admiral Shares, 0.11% for Signal Shares, and 0.07% for Institutional Shares. The peer-group expense ratio is derived from data provided by Lipper Inc. and captures information through year-end 2007.

The two largest sectors of the Balanced Index Fund's equity portfolio, financials and information technology, together accounted for about a third of the fund's equity portfolio and about 40% of that portfolio's performance. Both sectors were under severe pressure. The financial industry grappled with impaired assets, leading to nearly frozen credit markets, and some of Wall Street's biggest firms underwent sweeping changes. Tech companies faced belt-tightening by corporations and consumers in reaction to the current economic slowdown and expectations of more to come.

Holdings of energy, industrials, and consumer discretionary stocks put additional pressure on the fund.

Accounting for about another third of assets, these sectors also accounted for about a third of the equity-portfolio losses. Energy prices soared, then collapsed, whipsawing the energy sector during the year: In our mid-year report, we pointed to energy as one of two bright spots, but by year-end the sector had lost more than a third of its value. (The other now-dimmed bright spot was the materials sector.)

The recession, now officially declared to have started at the end of 2007, took its toll on industrial companies—typically among the first to feel the brunt of a downturn. Among consumers, recessionary effects first show up in the consumer discretionary sector, which consists of businesses like restaurants,

Total Returns

Ten Years Ended December 31, 2008

	Average Annual Return
Balanced Index Fund Investor Shares	2.08%
Balanced Composite Index ¹	2.18
Average Mixed-Asset Target Growth Fund ²	0.73
Spliced Total Stock Market Index ³	-0.63

The figures shown represent past performance, which is not a guarantee of future results. (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 www.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.

¹ Weighted 60% stocks and 40% bonds. For stocks: Dow Jones Wilshire 5000 Index through May 31, 2005; MSCI US Broad Market Index thereafter. For bonds: Barclays Capital U.S. Aggregate Bond Index.

² Derived from data provided by Lipper Inc.

³ Dow Jones Wilshire 5000 Index through May 31, 2005; MSCI US Broad Market Index thereafter.

retailers, and purveyors of entertainment whose retail customers are prone to cut back spending in worrisome times.

2008 was exceedingly difficult but don't lose sight of the long term

As Vanguard has long advised investors, a sensible approach to evaluating an investment is to assess its longer-term performance. That can help you put short-term swings (especially downward swings) in perspective—something particularly valuable in trying times like these.

However, an investment's long-term record can be skewed, for better or worse, by the most recent short-term results. The Balanced Index Fund provides a good example. When we reported to you 12 months ago, the fund had provided an average annual return of 6.41% for its Investor Shares over the ten years ended December 31, 2007. Following the unusually difficult 2008 year, the longer-term picture now looks very different: For the decade that ended this past December 31, the Balanced Index Fund reported an average annual return of 2.08%.

The numbers suggest that while ten-year returns are clearly a better anchor for long-term expectations than one-year results, they too have been heavily influenced by the past year's stock market turmoil.

Some principles of investing never go out of style

Over the past year, global financial markets have experienced an unnerving confluence of events. As experienced investors know, selling in a panic, or letting your emotions drive your investment decisions, is often a recipe for disappointment.

Instead, it's important to focus on the time-tested principles of balance and diversification, both within and across asset classes. That is why we always encourage investors to choose a mix of stock, bond, and money market funds that is consistent with their goals, time horizon, and tolerance for the markets' inevitable ups and downs—and then try to stick with it.

As the experience of your fund attests, even balanced portfolios of stocks and bonds have faced tough times during the past 12 months. Everything that history has taught us about the markets, however, suggests that these principles can put you in a good position to achieve long-term investment success.

Thank you for entrusting your assets to Vanguard.

Sincerely,



F. William McNabb III
President and Chief Executive Officer
January 20, 2009

Balanced Index Fund

Fund Profile

As of December 31, 2008

Total Fund Characteristics

Yield ¹	
Investor Shares	3.3%
Admiral Shares	3.3%
Signal Shares	3.3%
Institutional Shares	3.4%
Turnover Rate	50%
Expense Ratio (12/31/2007) ²	
Investor Shares	0.19%
Admiral Shares	0.10%
Signal Shares	0.10%
Institutional Shares	0.07%
Short-Term Reserves	1.0%

Sector Diversification (% of equity exposure)

	Fund	Broad Index ³
Consumer Discretionary	9.1%	9.1%
Consumer Staples	11.2	11.2
Energy	12.2	12.2
Financials	14.9	14.9
Health Care	14.5	14.5
Industrials	11.4	11.5
Information Technology	15.6	15.5
Materials	3.3	3.3
Telecommunication Services	3.4	3.4
Utilities	4.4	4.4

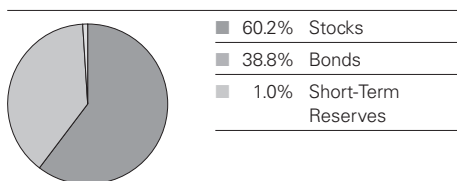
Total Fund Volatility Measures⁴

	Fund Versus Composite Index ⁵	Fund Versus Broad Index ³
R-Squared	1.00	0.97
Beta	1.00	0.62

Ten Largest Stocks⁶ (% of equity portfolio)

ExxonMobil Corp.	integrated oil and gas	4.3%
The Procter & Gamble Co.	household products	1.9
General Electric Co.	industrial conglomerates	1.8
AT&T Inc.	integrated telecommunication services	1.7
Johnson & Johnson	pharmaceuticals	1.7
Microsoft Corp.	systems software	1.7
Chevron Corp.	integrated oil and gas	1.6
Wal-Mart Stores, Inc.	hypermarkets and supercenters	1.4
Pfizer Inc.	pharmaceuticals	1.2
JPMorgan Chase & Co.	diversified financial services	1.2
Top Ten		18.5%
Top Ten as % of Total Net Assets		10.9%

Fund Asset Allocation



1 30-day SEC yield. See the Glossary.

2 The expense ratios shown are from the prospectus dated April 25, 2008. For the fiscal year ended December 31, 2008, the expense ratios were 0.20% for Investor Shares, 0.11% for Admiral Shares, 0.11% for Signal Shares, and 0.07% for Institutional Shares.

3 MSCI US Broad Market Index.

4 For an explanation of *R-squared*, *beta*, and other terms used here, see the Glossary.

5 Balanced Composite Index: Weighted 60% stocks and 40% bonds. For stocks: MSCI US Broad Market Index. For bonds: Barclays Capital U.S. Aggregate Bond Index.

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

Balanced Index Fund

Equity Characteristics

	Fund	Broad Index ¹
Number of Stocks	3,363	3,706
Median Market Cap	\$25.3B	\$25.3B
Price/Earnings Ratio	11.7x	11.7x
Price/Book Ratio	1.7x	1.7x
Dividend Yield	2.8%	2.8%
Return on Equity	20.9%	20.9%
Earnings Growth Rate	17.4%	17.4%
Foreign Holdings	0.0%	0.0%

Fixed Income Characteristics

	Fund	Broad Index ²
Number of Bonds	2,365	9,168
Yield to Maturity	4.1% ³	4.0%
Average Coupon	5.3%	5.2%
Average Effective Maturity	5.5 years	5.5 years
Average Quality ⁴	Aa1	Aa1
Average Duration	3.7 years	3.7 years

Distribution by Credit Quality⁴ (% of fixed income portfolio)

Aaa	80.7%
Aa	2.9
A	9.4
Baa	7.0

Sector Diversification⁵ (% of fixed income portfolio)

Asset-Backed/Commercial Mortgage-Backed	8.2%
Finance	8.0
Foreign	3.3
Government Mortgage-Backed	37.8
Industrial	8.9
Treasury/Agency	31.7
Utilities	1.9
Other	0.2

Equity Investment Focus

Style		Value	Blend	Growth
Market Cap	Large			
	Medium			
	Small			

Fixed Income Investment Focus

Average Maturity		Short	Med.	Long
Credit Quality	Treasury/Agency			
	Investment-Grade Corporate			
	Below Investment-Grade			

1 MSCI US Broad Market Index.

2 Barclays Capital U.S. Aggregate Bond Index.

3 Before expenses.

4 Moody's Investors Service.

5 The agency and mortgage-backed securities may include issues from government-sponsored enterprises; such issues are not backed by the full faith and credit of the U.S. government.

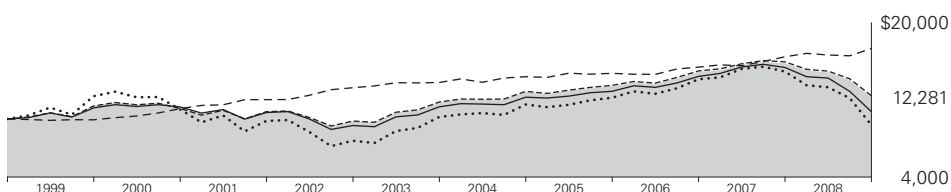
See the glossary of investment terms.

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 www.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.

Cumulative Performance: December 31, 1998–December 31, 2008

Initial Investment of \$10,000



	Average Annual Total Returns Periods Ended December 31, 2008			Final Value of a \$10,000 Investment
	One Year	Five Years	Ten Years	
— Balanced Index Fund Investor Shares ¹	-22.21%	0.96%	2.08%	\$12,281
..... Spliced Total Stock Market Index ²	-37.04	-1.67	-0.63	9,385
- - - - Barclays Capital U.S. Aggregate Bond Index	5.24	4.65	5.63	17,297
- - - - Balanced Composite Index ³	-22.04	1.08	2.18	12,407
— Average Mixed-Asset Target Growth Fund ⁴	-29.85	-0.91	0.73	10,755

	One Year	Five Years	Since Inception ⁵	Final Value of a \$100,000 Investment
Balanced Index Fund Admiral Shares	-22.12%	1.05%	1.28%	\$110,919
Spliced Total Stock Market Index ²	-37.04	-1.67	-2.26	83,031
Barclays Capital U.S. Aggregate Bond Index	5.24	4.65	6.05	161,239
Balanced Composite Index ³	-22.04	1.08	1.34	111,472

1 Total returns do not include the account service fee that may be applicable to certain accounts with balances below \$10,000.

2 Dow Jones Wilshire 5000 Index through May 31, 2005; MSCI US Broad Market Index thereafter.

3 Weighted 60% stocks and 40% bonds. For stocks: Dow Jones Wilshire 5000 Index through May 31, 2005; MSCI US Broad Market Index thereafter. For bonds: Barclays Capital U.S. Aggregate Bond Index.

4 Derived from data provided by Lipper Inc.

5 Performance for the fund's Admiral Shares and comparative standards is calculated since the Admiral Shares' inception: November 13, 2000.

Balanced Index Fund

	Average Annual Total Returns Periods Ended December 31, 2008		Final Value of a \$1,000,000 Investment
	One Year	Since Inception ¹	
Balanced Index Fund Signal Shares	-22.12%	-5.39%	\$878,858
MSCI US Broad Market Index	-37.04	-12.91	724,504
Barclays Capital U.S. Aggregate Bond Index	5.24	6.13	1,148,885
Balanced Composite Index ²	-22.04	-5.36	879,448

	Average Annual Total Returns Periods Ended December 31, 2008			Final Value of a \$5,000,000 Investment
	One Year	Five Years	Since Inception ¹	
Balanced Index Fund Institutional Shares	-22.10%	1.09%	1.56%	\$5,664,921
Spliced Total Stock Market Index ³	-37.04	-1.67	-1.80	4,315,868
Barclays Capital U.S. Aggregate Bond Index	5.24	4.65	5.95	7,975,734
Balanced Composite Index ²	-22.04	1.08	1.59	5,678,272

Fiscal-Year Total Returns (%): December 31, 1998–December 31, 2008

Fiscal Year	Balanced Index Fund Investor Shares			Balanced Composite Index ³ Total Return
	Capital Return	Income Return	Total Return	
1999	10.2%	3.4%	13.6%	13.4%
2000	-5.1	3.1	-2.0	-2.2
2001	-6.3	3.3	-3.0	-3.1
2002	-12.4	2.9	-9.5	-9.0
2003	16.7	3.2	19.9	20.1
2004	6.5	2.8	9.3	9.3
2005	1.9	2.8	4.7	4.8
2006	7.8	3.2	11.0	11.1
2007	3.0	3.2	6.2	6.3
2008	-24.6	2.4	-22.2	-22.0

1 Performance for the fund and its comparative standards is calculated since the following inception dates: September 1, 2006, for the Signal Shares, and December 1, 2000, for the Institutional Shares.

2 Weighted 60% stocks and 40% bonds. For stocks: Dow Jones Wilshire 5000 Index through May 31, 2005; MSCI US Broad Market Index thereafter. For bonds: Barclays Capital U.S. Aggregate Bond Index.

3 Dow Jones Wilshire 5000 Index through May 31, 2005; MSCI US Broad Market Index thereafter.

Note: See Financial Highlights tables for dividend and capital gains information.

Financial Statements

Statement of Net Assets—Investments Summary

As of December 31, 2008

This Statement summarizes the fund's holdings by asset type (common stocks, bonds, etc.) and by industry sector. Details are reported for each of the fund's 50 largest individual holdings and for investments that, in total for any issuer, represent more than 1% of the fund's net assets. The total value of smaller holdings is reported as a single amount within each category.

The fund provides a complete list of its holdings four times in each fiscal year, at the quarter-ends. For the second and fourth fiscal quarters, the complete listing of the fund's holdings is available electronically on Vanguard.com and on the Securities and Exchange Commission's website (www.sec.gov), or you can have it mailed to you without charge by calling 800-662-7447. For the first and third fiscal quarters, the fund files the lists with the SEC on Form N-Q. Shareholders can look up the fund's Forms N-Q on the SEC's website. 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)	Percentage of Net Assets
Common Stocks			
Consumer Discretionary			
McDonald's Corp.	519,332	32,297	0.5%
Comcast Corp. Class A	1,198,558	20,232	0.3%
† Consumer Discretionary—Other		350,752	4.6%
		403,281	5.4%
Consumer Staples			
The Procter & Gamble Co.	1,360,925	84,132	1.1%
Wal-Mart Stores, Inc.	1,092,787	61,262	0.8%
The Coca-Cola Co.	960,687	43,490	0.6%
Philip Morris International Inc.	951,872	41,416	0.6%
PepsiCo, Inc.	722,917	39,594	0.5%
CVS Caremark Corp.	662,782	19,048	0.3%
† Consumer Staples—Other		209,044	2.8%
		497,986	6.7%
Energy			
ExxonMobil Corp.	2,398,647	191,484	2.6%
Chevron Corp.	948,757	70,180	1.0%
ConocoPhillips Co.	666,698	34,535	0.5%
Schlumberger Ltd.	553,908	23,447	0.3%
Occidental Petroleum Corp.	377,309	22,635	0.3%
† Energy—Other		199,559	2.6%
		541,840	7.3%
Financials			
JPMorgan Chase & Co.	1,701,342	53,643	0.7%
Wells Fargo & Co.	1,625,944	47,933	0.7%
Bank of America Corp.	2,331,542	32,828	0.5%
U.S. Bancorp	804,526	20,121	0.3%
Fannie Mae	502,602	382	0.0%
Freddie Mac	298,028	218	0.0%
† Financials—Other		507,708	6.7%
		662,833	8.9%

Balanced Index Fund

	Shares	Market Value* (\$000)	Percentage of Net Assets
Health Care			
Johnson & Johnson	1,290,484	77,210	1.1%
Pfizer Inc.	3,113,127	55,133	0.8%
Abbott Laboratories	711,868	37,992	0.5%
Merck & Co., Inc.	989,392	30,078	0.4%
* Amgen Inc.	488,542	28,213	0.4%
Wyeth	615,761	23,097	0.3%
* Gilead Sciences, Inc.	424,828	21,726	0.3%
Bristol-Myers Squibb Co.	914,146	21,254	0.3%
† Health Care—Other		351,253	4.6%
		645,956	8.7%
Industrials			
General Electric Co.	4,847,169	78,524	1.1%
United Technologies Corp.	423,063	22,676	0.3%
† Industrials—Other		407,604	5.5%
		508,804	6.9%
Information Technology			
Microsoft Corp.	3,794,889	73,773	1.0%
International Business Machines Corp.	625,624	52,653	0.7%
* Cisco Systems, Inc.	2,728,060	44,467	0.6%
Hewlett-Packard Co.	1,138,933	41,332	0.6%
Intel Corp.	2,596,352	38,063	0.5%
* Apple Inc.	409,075	34,915	0.5%
* Google Inc.	110,419	33,970	0.5%
* Oracle Corp.	1,907,128	33,813	0.5%
QUALCOMM Inc.	757,793	27,152	0.4%
† Information Technology—Other		308,865	4.0%
		689,003	9.3%
†Materials			
		148,138	2.0%
Telecommunication Services			
AT&T Inc.	2,721,455	77,561	1.1%
Verizon Communications Inc.	1,315,158	44,584	0.6%
† Telecommunication Services—Other		29,784	0.4%
		151,929	2.1%
†Utilities			
		195,938	2.6%
Total Common Stocks (Cost \$4,695,812)		4,445,708	59.9%¹

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	Percentage of Net Assets
U.S. Government and Agency Obligations					
U.S. Government Securities					
U.S. Treasury Bond	7.250%	5/15/16	26,915	36,062	0.5%
U.S. Treasury Bond	8.750%	5/15/17	22,975	33,859	0.5%
U.S. Treasury Bond	8.750%	8/15/20	20,650	32,291	0.4%
U.S. Treasury Bond	7.875%	2/15/21	19,400	28,876	0.4%
U.S. Treasury Bond	4.375%	2/15/38	17,910	24,061	0.3%
U.S. Treasury Bond	4.500%–13.250%	5/15/14–5/15/38	80,515	115,761	1.6%
U.S. Treasury Inflation-Indexed Note	2.375%–3.500%	1/15/11–4/15/11	11,125	12,748	0.2%
U.S. Treasury Note	2.750%	10/31/13	72,208	76,766	1.0%

Balanced Index Fund

	Coupon	Maturity Date	Face Amount (\$000)	Market Value* (\$000)	Percentage of Net Assets
U.S. Treasury Note	1.500%	10/31/10	38,550	39,122	0.5%
U.S. Treasury Note	1.750%	11/15/11	33,850	34,606	0.5%
U.S. Treasury Note	4.500%	9/30/11	28,805	31,605	0.4%
U.S. Treasury Note	1.250%	11/30/10	23,000	23,248	0.3%
U.S. Treasury Note	6.500%	2/15/10	21,085	22,488	0.3%
U.S. Treasury Note	3.750%	11/15/18	19,160	21,732	0.3%
U.S. Treasury Note	0.875%–5.125%	12/31/09–8/15/18	132,115	142,103	1.9%
				675,328	9.1%
Agency Bonds and Notes					
² Federal Home Loan Mortgage Corp.	2.875%–7.000%	3/15/10–9/15/29	71,515	77,771	1.3%
² Federal National Mortgage Assn.	2.875%–7.250%	1/15/10–7/15/37	78,595	86,372	1.2%
† Agency Bonds and Notes—Other				77,784	0.7%
				241,927	3.2%
Conventional Mortgage-Backed Securities					
^{2,3} Federal Home Loan Mortgage Corp.	4.000%–10.000%	1/1/09–5/1/38	398,363	409,791	6.0%
^{2,3} Federal National Mortgage Assn.	4.000%–10.500%	1/1/09–11/1/38	524,429	540,184	7.8%
³ Government National Mortgage Assn.	4.500%–11.000%	3/15/09–1/1/39	129,857	134,163	0.8%
				1,084,138	14.6%
Nonconventional Mortgage-Backed Securities					
^{2,3} Federal Home Loan Mortgage Corp.	4.379%–6.511%	9/1/34–10/1/37	42,728	43,427	0.8%
^{2,3} Federal National Mortgage Assn.	4.135%–6.611%	11/1/33–9/1/37	53,132	53,780	0.5%
				97,207	1.3%
Total U.S. Government and Agency Obligations (Cost \$1,992,170)				2,098,600	28.2%
Corporate Bonds					
† ⁴ Asset-Backed/Commercial Mortgage-Backed Securities				142,308	1.9%
Finance					
† ⁴ Banking				147,228	2.0%
† Brokerage				10,882	0.1%
Finance Companies					
General Electric					
Capital Corp.	3.000%–6.750%	9/1/09–11/15/67	19,685	19,591	0.4%
† Finance Companies—Other				16,230	0.1%
† ⁴ Insurance				28,110	0.4%
† Other Finance				1,378	0.0%
† Real Estate Investment Trusts				8,815	0.1%
				232,234	3.1%
Industrial					
† Basic Industry				18,483	0.2%
Capital Goods					
General Electric Co.	5.000%	2/1/13	2,000	2,030	0.1%
† ⁴ Capital Goods—Other				25,528	0.3%
Communication					
AT&T Inc.	5.100%–8.000%	11/15/10–6/15/34	7,145	7,700	0.3%
AT&T Wireless	7.875%–8.125%	3/1/11–5/1/12	1,250	1,329	0.0%
BellSouth Capital					
Funding Corp.	7.875%	2/15/30	150	162	0.0%
BellSouth Corp.	5.200%–6.875%	12/15/16–11/15/34	1,565	1,531	0.0%

Balanced Index Fund

At December 31, 2008, net assets consisted of:

	Amount (\$000)
Paid-in Capital	7,884,779
Overdistributed Net Investment Income	(12,847)
Accumulated Net Realized Losses	(219,499)
Unrealized Appreciation (Depreciation)	
Investment Securities	(226,370)
Futures Contracts	885
Net Assets	7,426,948
Investor Shares—Net Assets	
Applicable to 164,552,794 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,730,723
Net Asset Value Per Share—Investor Shares	\$16.59
Admiral Shares—Net Assets	
Applicable to 92,583,521 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	1,536,471
Net Asset Value Per Share—Admiral Shares	\$16.60
Signal Shares—Net Assets	
Applicable to 52,402,881 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	860,342
Net Asset Value Per Share—Signal Shares	\$16.42
Institutional Shares—Net Assets	
Applicable to 138,551,893 outstanding \$.001 par value shares of beneficial interest (unlimited authorization)	2,299,412
Net Asset Value Per Share—Institutional Shares	\$16.60

• See Note A in Notes to Financial Statements.

* Non-income-producing security.

^ The total value of securities on loan is \$12,952,000.

† Represents the aggregate value, by category, of securities that are not among the 50 largest holdings and, in total for any issuer, represent 1% or less of net assets.

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 60.2% and 1.3%, respectively, of net assets.

2 The issuer operates under a congressional charter; its securities are neither issued nor guaranteed by the U.S. government.

3 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

4 Certain of the fund's securities are exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2008, the aggregate value of these securities was \$16,188,000, representing 0.2% of net assets.

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

6 Includes \$13,950,000 of collateral received for securities on loan.

7 Securities with a value of \$2,997,000 have been segregated as initial margin for open futures contracts.

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

Statement of Operations

	Year Ended December 31, 2008
	(\$'000)
Investment Income	
Income	
Dividends	110,542
Interest ¹	177,089
Security Lending	2,454
Total Income	290,085
Expenses	
The Vanguard Group—Note B	
Investment Advisory Services	266
Management and Administrative—Investor Shares	5,340
Management and Administrative—Admiral Shares	1,433
Management and Administrative—Signal Shares	801
Management and Administrative—Institutional Shares	876
Marketing and Distribution—Investor Shares	873
Marketing and Distribution—Admiral Shares	424
Marketing and Distribution—Signal Shares	245
Marketing and Distribution—Institutional Shares	720
Custodian Fees	274
Auditing Fees	34
Shareholders' Reports—Investor Shares	89
Shareholders' Reports—Admiral Shares	4
Shareholders' Reports—Signal Shares	9
Shareholders' Reports—Institutional Shares	44
Trustees' Fees and Expenses	13
Total Expenses	11,445
Net Investment Income	278,640
Realized Net Gain (Loss)	
Investment Securities Sold	(77,050)
Futures Contracts	(9,367)
Swap Contracts	(8,072)
Realized Net Gain (Loss)	(94,489)
Change in Unrealized Appreciation (Depreciation)	
Investment Securities	(2,317,935)
Futures Contracts	625
Swap Contracts	(1,307)
Change in Unrealized Appreciation (Depreciation)	(2,318,617)
Net Increase (Decrease) in Net Assets Resulting from Operations	(2,134,466)

¹ Interest income from an affiliated company of the fund was \$1,413,000.

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

Statement of Changes in Net Assets

	Year Ended December 31,	
	2008 (\$'000)	2007 (\$'000)
Increase (Decrease) in Net Assets		
Operations		
Net Investment Income	278,640	295,221
Realized Net Gain (Loss)	(94,489)	80,040
Change in Unrealized Appreciation (Depreciation)	(2,318,617)	206,676
Net Increase (Decrease) in Net Assets Resulting from Operations	(2,134,466)	581,937
Distributions		
Net Investment Income		
Investor Shares	(99,816)	(114,685)
Admiral Shares	(57,727)	(69,734)
Signal Shares	(32,581)	(23,471)
Institutional Shares	(83,067)	(88,153)
Realized Capital Gain		
Investor Shares	—	—
Admiral Shares	—	—
Signal Shares	—	—
Institutional Shares	—	—
Total Distributions	(273,191)	(296,043)
Capital Share Transactions		
Investor Shares	(89,669)	(327,478)
Admiral Shares	6,823	(302,634)
Signal Shares	(27,867)	739,779
Institutional Shares	111,796	153,741
Net Increase (Decrease) from Capital Share Transactions	1,083	263,408
Total Increase (Decrease)	(2,406,574)	549,302
Net Assets		
Beginning of Period	9,833,522	9,284,220
End of Period ¹	7,426,948	9,833,522

¹ Net Assets—End of Period includes undistributed (overdistributed) net investment income of (\$12,847,000) and (\$10,407,000). See accompanying Notes, which are an integral part of the Financial Statements.

Financial Highlights

Investor Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2008	2007	2006	2005	2004
Net Asset Value, Beginning of Period	\$22.01	\$21.36	\$19.81	\$19.45	\$18.27
Investment Operations					
Net Investment Income	.615	.660	.600	.520	.490
Net Realized and Unrealized Gain (Loss) on Investments	(5.432)	.650	1.550	.370	1.190
Total from Investment Operations	(4.817)	1.310	2.150	.890	1.680
Distributions					
Dividends from Net Investment Income	(.603)	(.660)	(.600)	(.530)	(.500)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.603)	(.660)	(.600)	(.530)	(.500)
Net Asset Value, End of Period	\$16.59	\$22.01	\$21.36	\$19.81	\$19.45
Total Return¹	-22.21%	6.16%	11.02%	4.65%	9.33%

Ratios/Supplemental Data

Net Assets, End of Period (Millions)	\$2,731	\$3,717	\$3,926	\$4,098	\$4,674
Ratio of Total Expenses to Average Net Assets	0.20%	0.19%	0.20%	0.20%	0.20%
Ratio of Net Investment Income to Average Net Assets	3.11%	2.99%	2.93%	2.69%	2.66%
Portfolio Turnover Rate	50%	26%	33%	31%	26%

¹ Total returns do not include the account service fee that may be applicable to certain accounts with balances below \$10,000. See accompanying Notes, which are an integral part of the Financial Statements.

Financial Highlights

Admiral Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2008	2007	2006	2005	2004
Net Asset Value, Beginning of Period	\$22.02	\$21.36	\$19.82	\$19.45	\$18.28
Investment Operations					
Net Investment Income	.633	.690	.608	.547	.497
Net Realized and Unrealized Gain (Loss) on Investments	(5.432)	.650	1.550	.370	1.190
Total from Investment Operations	(4.799)	1.340	2.158	.917	1.687
Distributions					
Dividends from Net Investment Income	(.621)	(.680)	(.618)	(.547)	(.517)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.621)	(.680)	(.618)	(.547)	(.517)
Net Asset Value, End of Period	\$16.60	\$22.02	\$21.36	\$19.82	\$19.45
Total Return	-22.12%	6.31%	11.06%	4.79%	9.37%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$1,536	\$2,040	\$2,263	\$1,860	\$954
Ratio of Total Expenses to Average Net Assets	0.11%	0.10%	0.11%	0.11%	0.11%
Ratio of Net Investment Income to Average Net Assets	3.20%	3.08%	3.02%	2.78%	2.75%
Portfolio Turnover Rate	50%	26%	33%	31%	26%

Financial Highlights

Signal Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,		Sept. 1, 2006 ¹ to Dec. 31, 2006
	2008	2007	
Net Asset Value, Beginning of Period	\$21.78	\$21.13	\$20.22
Investment Operations			
Net Investment Income	.626	.671	.209
Net Realized and Unrealized Gain (Loss) on Investments	(5.371)	.651	1.030
Total from Investment Operations	(4.745)	1.322	1.239
Distributions			
Dividends from Net Investment Income	(.615)	(.672)	(.329)
Distributions from Realized Capital Gains	—	—	—
Total Distributions	(.615)	(.672)	(.329)
Net Asset Value, End of Period	\$16.42	\$21.78	\$21.13
Total Return	-22.12%	6.29%	6.17%
Ratios/Supplemental Data			
Net Assets, End of Period (Millions)	\$860	\$1,175	\$429
Ratio of Total Expenses to Average Net Assets	0.11%	0.10%	0.11% ²
Ratio of Net Investment Income to Average Net Assets	3.20%	3.08%	3.02% ²
Portfolio Turnover Rate	50%	26%	33%

¹ Inception.

² Annualized.

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

Financial Highlights

Institutional Shares

For a Share Outstanding Throughout Each Period	Year Ended December 31,				
	2008	2007	2006	2005	2004
Net Asset Value, Beginning of Period	\$22.02	\$21.36	\$19.82	\$19.46	\$18.28
Investment Operations					
Net Investment Income	.640	.697	.614	.543	.512
Net Realized and Unrealized Gain (Loss) on Investments	(5.432)	.650	1.550	.370	1.190
Total from Investment Operations	(4.792)	1.347	2.164	.913	1.702
Distributions					
Dividends from Net Investment Income	(.628)	(.687)	(.624)	(.553)	(.522)
Distributions from Realized Capital Gains	—	—	—	—	—
Total Distributions	(.628)	(.687)	(.624)	(.553)	(.522)
Net Asset Value, End of Period	\$16.60	\$22.02	\$21.36	\$19.82	\$19.46
Total Return	-22.10%	6.34%	11.10%	4.77%	9.45%
Ratios/Supplemental Data					
Net Assets, End of Period (Millions)	\$2,299	\$2,901	\$2,666	\$2,014	\$1,656
Ratio of Total Expenses to Average Net Assets	0.07%	0.07%	0.08%	0.08%	0.08%
Ratio of Net Investment Income to Average Net Assets	3.24%	3.11%	3.05%	2.81%	2.78%
Portfolio Turnover Rate	50%	26%	33%	31%	26%

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

Notes to Financial Statements

Vanguard Balanced Index Fund is registered under the Investment Company Act of 1940 as an open-end investment company, or mutual fund. The fund offers four classes of shares: Investor Shares, Admiral Shares, Signal Shares, and Institutional 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, tenure, and account-size criteria. Signal Shares are designed for institutional investors who meet certain administrative, service, and account-size criteria. Institutional Shares are designed for investors who meet certain administrative and service criteria and invest a minimum of \$5 million. Certain of the fund's investments are in corporate debt instruments; the issuers' abilities to meet their obligations may be affected by economic developments in their respective industries.

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. Bonds, and 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. Investments in Vanguard Market Liquidity Fund are valued at that fund's net asset value. Other temporary cash investments are valued at amortized cost, which approximates market value. Securities for which market quotations are not readily available, or whose values have been materially affected by events occurring before the fund's pricing time but after the close of the securities' primary markets, are valued by methods deemed by the board of trustees to represent fair value.

2. Futures Contracts: The fund uses index futures contracts to a limited extent, with the objectives of maintaining full exposure to the stock market, enhancing returns, maintaining liquidity, and minimizing transaction costs. The fund may purchase futures contracts to immediately invest incoming cash in the market, or sell futures in response to cash outflows, thereby simulating a fully invested position in the underlying index while maintaining a cash balance for liquidity. The fund may seek to enhance returns by using futures contracts instead of the underlying securities when futures are believed to be priced more attractively than the underlying securities. 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. Swap Contracts: The fund has entered into interest rate swap transactions. Under the terms of the swaps, one party pays the other an amount that is a fixed percentage rate applied to a notional principal amount. In return, the counterparty agrees to pay a floating rate, which is reset periodically based on short-term interest rates, applied to the same notional amount.

The fund has also entered into swap transactions to earn the total return on a specified security or index of fixed income securities. Under the terms of the swaps, the fund receives the total return (either receiving the increase or paying the decrease) on a reference security or index, applied to a notional principal amount. In return, the fund agrees to pay the counterparty a floating rate, which is reset periodically based on short-term interest rates, applied to the same notional amount. At the same time, the fund invests an amount equal to the notional amount of the swaps in high-quality floating-rate securities.

The notional amounts of swap contracts are not recorded in the Statement of Net Assets. Swaps are valued daily and the change in value is recorded as unrealized appreciation (depreciation) until periodic payments are made, or the swap terminates, at which time realized gain (loss) is recorded. A primary risk for interest rate and total return swaps is that a counterparty will default on its obligation to pay net amounts due to the fund.

4. Mortgage Dollar Rolls: The fund has entered into mortgage-dollar-roll transactions, in which the fund sells mortgage-backed securities to a dealer and simultaneously agrees to purchase similar securities in the future at a predetermined price. The proceeds of the securities sold in mortgage-dollar-roll transactions are invested in high-quality short-term fixed income securities. The fund forgoes principal and interest paid on the securities, and is compensated by interest earned on the proceeds of the initial sale and by a lower price on the securities to be repurchased. The fund accounts for mortgage-dollar-roll transactions as purchases and sales; as such, these transactions may increase the fund's portfolio turnover rate. Amounts to be received or paid in connection with open mortgage dollar rolls are included in Receivables for Investment Securities Sold (Other Assets) or Payables for Investment Securities Purchased (Liabilities) in the Statement of Net Assets. The primary risk associated with mortgage dollar rolls is that a counterparty will default on its obligations to deliver purchased securities.

5. 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 on federal income tax returns for all open tax years (tax years ended December 31, 2005–2008), and has concluded that no provision for federal income tax is required in the fund's financial statements.

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

7. 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 the income earned on investing cash collateral, less expenses associated with the loan.

8. 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. Premiums and discounts on debt securities purchased are amortized and accreted, respectively, to interest income over the lives of the respective securities. 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. The Vanguard Group furnishes at cost investment advisory, 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 December 31, 2008, the fund had contributed capital of \$1,944,000 to Vanguard (included in Other Assets), representing 0.03% of the fund's net assets and 0.78% of Vanguard's capitalization. The fund's trustees and officers are also directors and officers of Vanguard.

C. 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 are primarily attributed to tax deferral of losses on wash sales and 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.

Realized and unrealized gains (losses) on certain of the fund's swap contracts are treated as ordinary income (loss) for tax purposes; the effect on the fund's income dividends to shareholders is offset by a change in principal return. Realized losses of \$8,100,000 on swap contracts have been reclassified from accumulated net realized losses to overdistributed net investment income.

For tax purposes, at December 31, 2008, the fund had \$2,470,000 of ordinary income available for distribution. The fund had available realized losses of \$171,638,000 to offset future net capital gains of \$25,260,000 through December 31, 2011, \$61,005,000 through December 31, 2013, \$46,470,000 through December 31, 2014, and \$38,903,000 through December 31, 2016.

At December 31, 2008, the cost of investment securities for tax purposes was \$7,721,437,000. Net unrealized depreciation of investment securities for tax purposes was \$273,345,000, consisting of unrealized gains of \$926,340,000 on securities that had risen in value since their purchase and \$1,199,685,000 in unrealized losses on securities that had fallen in value since their purchase.

At December 31, 2008, the aggregate settlement value of open futures contracts expiring in March 2009 and the related unrealized appreciation (depreciation) were:

		(\$'000)	
	Number of Long (Short) Contracts	Aggregate Settlement Value	Unrealized Appreciation (Depreciation)
Futures Contracts			
S&P 500 Index	78	17,552	510
E-mini S&P 500 Index	104	4,681	161
E-mini Russell 2000 Index	55	2,738	148
S&P MidCap 400 Index	5	1,343	66

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

Balanced Index Fund

At December 31, 2008, the fund had the following open swap contracts:

Total Return Swaps

Reference Entity/Termination Date	Counterparty ¹	Notional Amount (\$000)	Floating Interest Rate Paid ²	Unrealized Appreciation (Depreciation) (\$000)
Commercial Mortgage-Backed Securities Index				
4/30/09	BA	5,000	2.650%	—

¹ BA—Bank of America, N.A.

² Based on one-month London InterBank Offered Rate (LIBOR) as of the most recent payment date.

D. During the year ended December 31, 2008, the fund purchased \$1,841,327,000 of investment securities and sold \$1,134,159,000 of investment securities, other than U.S. government securities and temporary cash investments. Purchases and sales of U.S. government securities were \$2,576,668,000 and \$3,326,146,000, respectively.

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

	Year Ended December 31,			
	2008		2007	
	Amount (\$000)	Shares (000)	Amount (\$000)	Shares (000)
Investor Shares				
Issued	608,630	31,189	701,449	31,931
Issued in Lieu of Cash Distributions	96,622	5,070	111,329	5,050
Redeemed	(794,921)	(40,569)	(1,140,256)	(51,914)
Net Increase (Decrease)—Investor Shares	(89,669)	(4,310)	(327,478)	(14,933)
Admiral Shares				
Issued	267,859	13,722	481,912	21,920
Issued in Lieu of Cash Distributions	51,029	2,679	62,440	2,833
Redeemed	(312,065)	(16,483)	(846,986)	(38,042)
Net Increase (Decrease)—Admiral Shares	6,823	(82)	(302,634)	(13,289)
Signal Shares				
Issued	182,956	9,331	840,317	38,210
Issued in Lieu of Cash Distributions	31,816	1,687	23,083	1,056
Redeemed	(242,639)	(12,557)	(123,621)	(5,640)
Net Increase (Decrease)—Signal Shares	(27,867)	(1,539)	739,779	33,626
Institutional Shares				
Issued	613,185	32,315	461,932	21,011
Issued in Lieu of Cash Distributions	82,724	4,358	87,807	3,982
Redeemed	(584,113)	(29,900)	(395,998)	(18,004)
Net Increase (Decrease)—Institutional Shares	111,796	6,773	153,741	6,989

F. In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157 ("FAS 157"), "Fair Value Measurements." FAS 157 establishes a framework for measuring fair value and expands disclosures about fair value measurements in financial statements.

The various inputs that may be used to determine the value of the fund's investments are summarized in three broad levels. The inputs or methodologies used for valuing 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 December 31, 2008, based on the inputs used to value them:

Valuation Inputs	Investments in Securities (\$000)	Futures Contracts (\$000)	Swap Contracts (\$000)
Level 1—Quoted prices	4,559,466	885	—
Level 2—Other significant observable inputs	2,888,626	—	—
Level 3—Significant unobservable inputs	—	—	—
Total	7,448,092	885	—

Report of Independent Registered Public Accounting Firm

To the Trustees of Vanguard Valley Forge Funds and the Shareholders of Vanguard Balanced Index Fund:

In our opinion, the accompanying statement of net assets—investments summary and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Vanguard Balanced Index Fund (constituting a separate portfolio of Vanguard Valley Forge Funds, hereafter referred to as the “Fund”) at December 31, 2008, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, and by agreement to the underlying ownership records for Vanguard Market Liquidity Fund, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania

February 23, 2009

Special 2008 tax information (unaudited) for Vanguard Balanced Index Fund

This information for the fiscal year ended December 31, 2008, is included pursuant to provisions of the Internal Revenue Code.

The fund distributed \$105,889,000 of qualified dividend income to shareholders during the fiscal year.

For corporate shareholders, 37.9% of investment income (dividend income plus short-term gains, if any) qualifies for the dividends-received deduction.

Your Fund's After-Tax Returns

This table presents returns for your fund both before and after taxes. The after-tax returns are shown in two ways: (1) assuming that an investor owned the fund during the entire period and paid taxes on the fund's distributions, and (2) assuming that an investor paid taxes on the fund's distributions *and* sold all shares at the end of each period.

Calculations are based on the highest individual federal income tax and capital gains tax rates in effect at the times of the distributions and the hypothetical sales. State and local taxes were not considered. After-tax returns reflect any qualified dividend income. (In the example, returns after the sale of fund shares may be higher than those assuming no sale. This occurs when the sale would have produced a capital loss. The calculation assumes that the investor received a tax deduction for the loss.)

The table shows returns for Investor Shares only; returns for other share classes will differ. Please note that your actual after-tax returns will depend on your tax situation and may differ from those shown. Also note that if you own the fund in a tax-deferred account, such as an individual retirement account or a 401(k) plan, this information does not apply to you. Such accounts are not subject to current taxes.

Finally, keep in mind that a fund's performance—whether before or after taxes—does not guarantee future results.

Average Annual Total Returns: Balanced Index Fund Investor Shares¹

Periods Ended December 31, 2008

	One Year	Five Years	Ten Years
Returns Before Taxes	-22.21%	0.96%	2.08%
Returns After Taxes on Distributions	-22.87	0.16	1.05
Returns After Taxes on Distributions and Sale of Fund Shares	-14.16	0.50	1.24

¹ Total returns do not include the account service fee that may be applicable to certain accounts with balances below \$10,000.

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.

Six Months Ended December 31, 2008

Balanced Index Fund	Beginning Account Value 6/30/2008	Ending Account Value 12/31/2008	Expenses Paid During Period ¹
Based on Actual Fund Return			
Investor Shares	\$1,000.00	\$828.29	\$0.97
Admiral Shares	1,000.00	829.16	0.55
Signal Shares	1,000.00	829.10	0.55
Institutional Shares	1,000.00	829.35	0.32
Based on Hypothetical 5% Yearly Return			
Investor Shares	\$1,000.00	\$1,024.15	\$1.07
Admiral Shares	1,000.00	1,024.60	0.61
Signal Shares	1,000.00	1,024.60	0.61
Institutional Shares	1,000.00	1,024.85	0.36

¹ These 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 0.21% for Investor Shares, 0.12% for Admiral Shares, 0.12% for Signal Shares, and 0.07% for Institutional 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.

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 the account service fee described in the prospectus. If such a fee were applied to your account, your costs would be higher. Your fund does not charge transaction fees, such as purchase or redemption fees, nor does it 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.

Glossary

Average Coupon. The average interest rate paid on the fixed income securities held by a fund. It is expressed as a percentage of face value.

Average Duration. An estimate of how much the value of the bonds held by a fund will fluctuate in response to a change in interest rates. To see how the value could change, multiply the average duration by the change in rates. If interest rates rise by 1 percentage point, the value of the bonds in a fund with an average duration of five years would decline by about 5%. If rates decrease by a percentage point, the value would rise by 5%.

Average Effective Maturity. The average length of time until fixed income securities held by a fund reach maturity and are repaid, taking into consideration the possibility that the issuer may call the bond before its maturity date. The figure reflects the proportion of fund assets represented by each security; it also reflects any futures contracts held. In general, the longer the average effective maturity, the more a fund's share price will fluctuate in response to changes in market interest rates.

Average Quality. An indicator of credit risk, this figure is the average of the ratings assigned to a fund's fixed income holdings by credit-rating agencies. The agencies make their judgment after appraising an issuer's ability to meet its obligations. Quality is graded on a scale, with Aaa or AAA indicating the most creditworthy bond issuers. U.S. Treasury securities are considered to have the highest credit quality.

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. The current, annualized rate of dividends paid on a share of stock, divided by its current share price. For a fund, the weighted average yield for stocks it holds. The index yield is based on the current annualized rate of dividends paid on stocks in the index.

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.

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.

Yield to Maturity. The rate of return an investor would receive if the fixed income securities held by a fund were held to their maturity dates.

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 155 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 www.vanguard.com.

Chairman of the Board and Interested Trustee

John J. Brennan¹

Born 1954. Trustee Since May 1987. Chairman of the Board. Principal Occupation(s) During the Past Five Years: Chairman of the Board and Director/Trustee of The Vanguard Group, Inc., and of each of the investment companies served by The Vanguard Group; Chief Executive Officer and President of The Vanguard Group and of each of the investment companies served by The Vanguard Group (1996–2008).

Independent Trustees

Charles D. Ellis

Born 1937. Trustee Since January 2001. Principal Occupation(s) During the Past Five Years: Applecore Partners (pro bono ventures in education); Senior Advisor to Greenwich Associates (international business strategy consulting); Successor Trustee of Yale University; Overseer of the Stern School of Business at New York University; Trustee of the Whitehead Institute for Biomedical Research.

Emerson U. Fullwood

Born 1948. Trustee Since January 2008. Principal Occupation(s) During the Past Five Years: Retired Executive Chief Staff and Marketing Officer for North America and Corporate Vice President of Xerox Corporation (photocopiers and printers); Director of SPX Corporation (multi-industry manufacturing), of the United Way of Rochester, and of the Boy Scouts of America.

Rajiv L. Gupta

Born 1945. Trustee Since December 2001.² Principal Occupation(s) During the Past Five Years: Chairman, President, and Chief Executive Officer of Rohm and Haas Co. (chemicals); Board Member of the American Chemistry Council; Director of Tyco International, Ltd. (diversified manufacturing and services), since 2005.

Amy Gutmann

Born 1949. Trustee Since June 2006. Principal Occupation(s) During the Past Five Years: President of the University of Pennsylvania since 2004; Professor in the School of Arts and Sciences, Annenberg School for Communication, and Graduate School of Education of the University of Pennsylvania since 2004; Provost (2001–2004) and Laurance S. Rockefeller Professor of Politics and the University Center for Human Values (1990–2004), Princeton University; Director of Carnegie Corporation of New York since 2005 and of Schuylkill River Development Corporation and Greater Philadelphia Chamber of Commerce since 2004; Trustee of the National Constitution Center since 2007.

JoAnn Heffernan Heisen

Born 1950. Trustee Since July 1998. Principal Occupation(s) During the Past Five Years: Retired Corporate Vice President, Chief Global Diversity Officer, and Member of the Executive Committee of Johnson & Johnson (pharmaceuticals/consumer products); Vice President and Chief Information Officer (1997–2005) of Johnson & Johnson; Director of the University Medical Center at Princeton and Women's Research and Education Institute.

André F. Perold

Born 1952. Trustee Since December 2004. Principal Occupation(s) During the Past Five Years: George Gund Professor of Finance and Banking, Senior Associate Dean, and Director of Faculty Recruiting, Harvard Business School; Director and Chairman of UNX, Inc. (equities trading firm); Chair of the Investment Committee of HighVista Strategies LLC (private investment firm) since 2005.

Alfred M. Rankin, Jr.

Born 1941. Trustee Since January 1993. Principal Occupation(s) During the Past Five Years: Chairman, President, Chief Executive Officer, and Director of NACCO Industries, Inc. (forklift trucks/housewares/lignite); Director of Goodrich Corporation (industrial products/aircraft systems and services).

J. Lawrence Wilson

Born 1936. Trustee Since April 1985. Principal Occupation(s) During the Past Five Years: Retired Chairman and Chief Executive Officer of Rohm and Haas Co. (chemicals); Director of Cummins Inc. (diesel engines) and AmerisourceBergen Corp. (pharmaceutical distribution); Trustee of Vanderbilt University and of Culver Educational Foundation.

Executive Officers**Thomas J. Higgins¹**

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. Hyatt¹

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).

F. William McNabb III¹

Born 1957. Chief Executive Officer Since August 2008. President Since March 2008. Principal Occupation(s) During the Past Five Years: Chief Executive Officer, Director, and President of The Vanguard Group, Inc., since 2008; Chief Executive Officer and President 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).

Heidi Stam¹

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	James M. Norris
Mortimer J. Buckley	Ralph K. Packard
Kathleen C. Gubanich	Glenn W. Reed
Paul A. Heller	George U. Sauter
Michael S. Miller	

Founder**John C. Bogle**

Chairman and Chief Executive Officer, 1974–1996

¹ These individuals are “interested persons” as defined in the Investment Company Act of 1940.

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



Vanguard®

P.O. Box 2600
Valley Forge, PA 19482-2600

Connect with Vanguard® > www.vanguard.com

Fund Information > 800-662-7447

Direct Investor Account Services > 800-662-2739

Institutional Investor Services > 800-523-1036

Text Telephone for People

With Hearing Impairment > 800-952-3335

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.

The funds or securities referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such funds or securities. For any such funds or securities, the prospectus or the *Statement of Additional Information* contains a more detailed description of the limited relationship MSCI has with The Vanguard Group and any related funds.

Russell is a trademark of The Frank Russell Company.

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 our website, www.vanguard.com, and searching for "proxy voting guidelines," or by calling Vanguard at 800-662-2739. The guidelines are also available from the SEC's website, www.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 www.vanguard.com or www.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 20549-0102.

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Q020 022009

	Shares	Market Value (\$'000)
Common Stocks (59.9%)¹		
Consumer Discretionary (5.4%)		
McDonald's Corp.	519,332	32,297
Comcast Corp. Class A	1,198,558	20,232
The Walt Disney Co.	823,210	18,679
Home Depot, Inc.	783,656	18,040
Time Warner, Inc.	1,654,575	16,645
Lowe's Cos., Inc.	677,012	14,569
Target Corp.	340,537	11,759
News Corp., Class A	1,041,666	9,469
NIKE, Inc. Class B	173,190	8,833
* Amazon.com, Inc.	147,824	7,580
Yum! Brands, Inc.	216,924	6,833
* DIRECTV Group, Inc.	282,574	6,474
Staples, Inc.	324,966	5,823
Johnson Controls, Inc.	274,845	4,991
Carnival Corp.	202,192	4,917
* Kohl's Corp.	134,860	4,882
* Apollo Group, Inc. Class A	62,106	4,759
* Viacom Inc. Class B	246,795	4,704
Best Buy Co., Inc.	162,016	4,554
* Liberty Media Corp.	228,644	3,997
TJX Cos., Inc.	194,149	3,994
Omnicom Group Inc.	147,574	3,973
H & R Block, Inc.	152,762	3,471
The McGraw-Hill Cos., Inc.	147,003	3,409
* Coach, Inc.	155,889	3,238
* Starbucks Corp.	338,227	3,200
The Gap, Inc.	234,590	3,141
* Bed Bath & Beyond, Inc.	120,864	3,072
* AutoZone Inc.	20,595	2,872
Fortune Brands, Inc.	69,341	2,862
Genuine Parts Co.	74,874	2,835
Sherwin-Williams Co.	46,139	2,757
Mattel, Inc.	167,475	2,680
Marriott International, Inc. Class A	130,827	2,545
Tim Hortons, Inc.	84,708	2,443
CBS Corp.	273,803	2,242
VF Corp.	40,285	2,206
Macy's Inc.	194,651	2,015
J.C. Penney Co., Inc. (Holding Co.)	98,247	1,935
* ^ Ford Motor Co.	816,372	1,869
Harley-Davidson, Inc.	109,766	1,863
Cablevision Systems NY Group Class A	109,101	1,837
Ross Stores, Inc.	61,415	1,826
* O'Reilly Automotive, Inc.	59,355	1,825
* Time Warner Cable, Inc.	84,100	1,804
* Dollar Tree, Inc.	41,593	1,739
Hasbro, Inc.	59,393	1,732
Darden Restaurants Inc.	61,205	1,725
DeVry, Inc.	30,018	1,723
* ITT Educational Services, Inc.	18,123	1,721
International Game Technology	137,438	1,634
Family Dollar Stores, Inc.	61,197	1,595
Comcast Corp. Special Class A	97,197	1,570
* GameStop Corp. Class A	72,448	1,569
Starwood Hotels & Resorts Worldwide, Inc.	86,866	1,555
Advance Auto Parts, Inc.	44,585	1,500
Whirlpool Corp.	34,831	1,440
Strayer Education, Inc.	6,685	1,433
Limited Brands, Inc.	142,754	1,433
Tiffany & Co.	59,063	1,396
* Toll Brothers, Inc.	63,026	1,351
Newell Rubbermaid, Inc.	129,725	1,269
* Priceline.com, Inc.	17,062	1,257

Vanguard® Balanced Index Fund
Schedule of Investments
December 31, 2008

	Shares	Market Value (\$'000)
*.^ Sears Holdings Corp.	32,146	1,250
Polo Ralph Lauren Corp.	26,548	1,206
*.^ Wynn Resorts Ltd.	28,454	1,202
BorgWarner, Inc.	54,432	1,185
* Mohawk Industries, Inc.	27,267	1,172
Black & Decker Corp.	27,703	1,158
The Stanley Works	33,285	1,135
Leggett & Platt, Inc.	74,358	1,130
Pulte Homes, Inc.	101,282	1,107
* Liberty Global, Inc. Class A	69,062	1,099
* DISH Network Corp.	98,559	1,093
Washington Post Co. Class B	2,794	1,090
PetSmart, Inc.	58,803	1,085
* Liberty Global, Inc. Series C	70,995	1,078
Snap-On Inc.	26,735	1,053
Burger King Holdings Inc.	43,719	1,044
Garmin Ltd.	52,700	1,010
Nordstrom, Inc.	74,838	996
Abercrombie & Fitch Co.	40,863	943
D. R. Horton, Inc.	132,798	939
Scripps Networks Interactive	41,658	916
Wendy's/Arby's Group, Inc.	184,336	911
Royal Caribbean Cruises, Ltd.	65,459	900
* Interpublic Group of Cos., Inc.	225,266	892
Eastman Kodak Co.	135,471	891
* Discovery Communications Inc. Class C	65,696	880
* Discovery Communications Inc. Class A	61,796	875
* NVR, Inc.	1,898	866
* Las Vegas Sands Corp.	143,800	853
Gannett Co., Inc.	105,244	842
* Liberty Media Corp.-Interactive Series A	267,429	834
* Urban Outfitters, Inc.	55,200	827
* CarMax, Inc.	104,237	821
* DreamWorks Animation SKG, Inc.	32,385	818
American Eagle Outfitters, Inc.	86,915	814
* Career Education Corp.	42,153	756
* Expedia, Inc.	90,914	749
John Wiley & Sons Class A	20,698	736
* Marvel Entertainment, Inc.	23,901	735
* Penn National Gaming, Inc.	33,651	719
Autoliv, Inc.	33,234	713
*.^ Panera Bread Co.	13,400	700
RadioShack Corp.	58,337	697
^ General Motors Corp.	211,038	675
*.^ Netflix.com, Inc.	22,438	671
* LKQ Corp.	57,120	666
* Corinthian Colleges, Inc.	39,791	651
Tupperware Brands Corp.	28,640	650
Virgin Media Inc.	130,085	649
* WMS Industries, Inc.	23,775	640
* The Goodyear Tire & Rubber Co.	106,957	639
*.^ MGM Mirage, Inc.	45,945	632
* AutoNation, Inc.	62,360	616
Centex Corp.	57,207	609
Service Corp. International	121,359	603
* Jack in the Box Inc.	26,180	578
Gentex Corp.	65,395	577
* Dick's Sporting Goods, Inc.	40,326	569
* Scientific Games Corp.	32,144	564
* Rent-A-Center, Inc.	31,870	563
* Tractor Supply Co.	15,549	562
* Bally Technologies Inc.	23,035	554
* Hanesbrands Inc.	43,407	553
* Big Lots Inc.	37,942	550
Wyndham Worldwide Corp.	83,286	546
Matthews International Corp.	14,814	543

Vanguard® Balanced Index Fund
Schedule of Investments
December 31, 2008

	Shares	Market Value (\$'000)
Aaron Rents, Inc.	20,375	542
Foot Locker, Inc.	72,032	529
MDC Holdings, Inc.	17,135	519
* Carter's, Inc.	26,688	514
Brinker International, Inc.	48,700	513
* Aeropostale, Inc.	31,750	511
Choice Hotels International, Inc.	16,600	499
KB Home	36,613	499
Phillips-Van Heusen Corp.	24,500	493
Wolverine World Wide, Inc.	23,275	490
Weight Watchers International, Inc.	16,618	489
Hillenbrand Inc.	28,813	481
* Deckers Outdoor Corp.	6,000	479
* Chipotle Mexican Grill, Inc. Class B	8,155	467
New York Times Co. Class A	62,708	460
* Brink's Home Security Holdings, Inc.	20,756	455
WABCO Holdings Inc.	28,270	446
Interactive Data Corp.	17,833	440
Polaris Industries, Inc.	14,990	429
Harman International Industries, Inc.	25,486	426
* The Warnaco Group, Inc.	21,400	420
* Lamar Advertising Co. Class A	33,324	419
*.^ Chipotle Mexican Grill, Inc.	6,736	417
Guess ?, Inc.	26,555	408
Pool Corp.	22,078	397
* Office Depot, Inc.	133,047	396
* Jarden Corp.	33,331	383
Regal Entertainment Group Class A	36,850	376
Lennar Corp. Class A	42,960	372
International Speedway Corp.	12,955	372
Ryland Group, Inc.	20,849	368
* Fossil, Inc.	21,804	364
* Collective Brands, Inc.	30,850	362
* Chico's FAS, Inc.	85,401	357
* The Gymboree Corp.	13,400	350
*.^ Under Armour, Inc.	14,382	343
*.^ Vail Resorts Inc.	12,700	338
* Capella Education Co.	5,720	336
Williams-Sonoma, Inc.	42,417	333
* Sonic Corp.	26,491	322
* Lions Gate Entertainment Corp.	55,928	308
Men's Wearhouse, Inc.	22,692	307
Bob Evans Farms, Inc.	14,638	299
* Iconix Brand Group Inc.	29,788	291
Sotheby's	32,424	288
* Saks Inc.	65,587	287
* The Cheesecake Factory Inc.	28,292	286
Meredith Corp.	16,672	285
Callaway Golf Co.	30,604	284
Barnes & Noble, Inc.	18,893	283
Regis Corp.	19,212	279
* Liberty Media Corp.-Capital Series A	58,261	274
* CEC Entertainment Inc.	10,894	264
* 99 Cents Only Stores	24,129	264
* Morningstar, Inc.	7,364	261
* Coinstar, Inc.	13,292	259
* The Children's Place Retail Stores, Inc.	11,700	254
* Texas Roadhouse, Inc.	31,500	244
Jones Apparel Group, Inc.	41,240	242
Cracker Barrel Old Country Store Inc.	11,723	241
OfficeMax, Inc.	31,157	238
* The Dress Barn, Inc.	21,888	235
* Timberland Co.	19,968	231
Thor Industries, Inc.	17,482	230
* Gaylord Entertainment Co.	21,240	230
* J. Crew Group, Inc.	18,322	224

Vanguard® Balanced Index Fund
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	Shares	Market Value (\$'000)
* American Public Education, Inc.	6,010	224
* Jo-Ann Stores, Inc.	14,335	222
The Buckle, Inc.	10,125	221
* Live Nation, Inc.	37,657	216
* Exide Technologies	40,786	216
* Universal Technical Institute Inc.	12,378	213
* Hibbett Sports Inc.	13,318	209
Genesco, Inc.	12,245	207
* Charming Shoppes, Inc.	84,456	206
Scholastic Corp.	15,100	205
*.^ Life Time Fitness, Inc.	15,683	203
Tempur-Pedic International Inc.	28,436	202
* JAKKS Pacific, Inc.	9,761	201
* PF. Chang's China Bistro, Inc.	9,500	199
* Helen of Troy Ltd.	11,400	198
Jackson Hewitt Tax Service Inc.	12,400	195
Ethan Allen Interiors, Inc.	13,359	192
Fred's, Inc.	17,750	191
Columbia Sportswear Co.	5,384	190
* Hot Topic, Inc.	20,369	189
Monro Muffler Brake, Inc.	7,320	187
* Pinnacle Entertainment, Inc.	23,600	181
*.^ Blue Nile Inc.	7,307	179
* California Pizza Kitchen, Inc.	16,650	178
* Fuel Systems Solutions, Inc.	5,442	178
Arbitron Inc.	13,378	178
Brunswick Corp.	41,808	176
* Steven Madden, Ltd.	8,087	172
* HSN, Inc.	23,601	172
Churchill Downs, Inc.	4,200	170
^ NutriSystem, Inc.	11,590	169
* Papa John's International, Inc.	8,900	164
The Marcus Corp.	10,100	164
National CineMedia Inc.	16,158	164
* Jos. A. Bank Clothiers, Inc.	6,225	163
CKE Restaurants Inc.	18,751	163
* Shuffle Master, Inc.	32,813	163
* PetMed Express, Inc.	9,100	160
Brown Shoe Co., Inc.	18,675	158
* Sally Beauty Co. Inc.	27,755	158
* Steiner Leisure Ltd.	5,285	156
Cato Corp. Class A	10,198	154
American Greetings Corp. Class A	20,144	152
UniFirst Corp.	5,100	151
* Skechers U.S.A., Inc.	11,800	151
* AnnTaylor Stores Corp.	25,728	148
* Sirius XM Radio Inc.	1,230,226	148
* thinkorswim Group, Inc.	26,069	147
* Meritage Corp.	12,000	146
Stewart Enterprises, Inc. Class A	48,300	145
* Pre-Paid Legal Services, Inc.	3,880	145
Stage Stores, Inc.	17,343	143
* Buffalo Wild Wings Inc.	5,500	141
* Standard Pacific Corp.	79,101	141
Cooper Tire & Rubber Co.	22,793	140
National Presto Industries, Inc.	1,820	140
* Interval Leisure Group, Inc.	25,901	140
Orient-Express Hotel Ltd.	18,100	139
K-Swiss, Inc.	11,600	132
* True Religion Apparel, Inc.	10,581	132
Boyd Gaming Corp.	27,756	131
* Quiksilver, Inc.	70,440	130
Finish Line, Inc.	22,894	128
World Wrestling Entertainment, Inc.	11,400	126
Sinclair Broadcast Group, Inc.	40,700	126
* Citi Trends Inc.	8,300	122

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	Shares	Market Value (\$'000)
Harte-Hanks, Inc.	19,399	121
Liz Claiborne, Inc.	45,629	119
* Ticketmaster Entertainment Inc.	18,301	117
* Peet's Coffee & Tea Inc.	4,934	115
* BJ's Restaurants Inc.	10,556	114
* Cabela's Inc.	19,200	112
Lennar Corp. Class B	16,664	108
Superior Industries International, Inc.	10,179	107
* DSW Inc. Class A	8,551	107
* Red Robin Gourmet Burgers, Inc.	6,300	106
Penske Automotive Group Inc.	13,600	104
* Universal Electronics, Inc.	6,389	104
* Volcom, Inc.	9,414	103
* Sturm, Ruger & Co., Inc.	17,076	102
Speedway Motorsports, Inc.	6,285	101
* Drew Industries, Inc.	8,382	101
^ DineEquity, Inc.	8,651	100
* Midas Inc.	9,448	99
Systemax Inc.	9,100	98
* The Wet Seal, Inc. Class A	32,875	98
* Coldwater Creek Inc.	33,818	96
Christopher & Banks Corp.	17,102	96
* Domino's Pizza, Inc.	20,200	95
* Ascent Media Corp.	4,300	94
Ameristar Casinos, Inc.	10,854	94
Ambassadors Group, Inc.	10,100	93
* Unifi, Inc.	32,870	93
Dillard's Inc.	22,995	91
* RC2 Corp.	8,400	90
ArvinMeritor, Inc.	31,181	89
*.^ Blockbuster Inc. Class A	70,516	89
* CTC Media, Inc.	18,424	88
* Mediacom Communications Corp.	20,480	88
Landry's Restaurants, Inc.	7,384	86
* Rentrak Corp.	7,200	85
Group 1 Automotive, Inc.	7,851	85
* TRW Automotive Holdings Corp.	22,855	82
* 1-800-FLOWERS.COM, Inc.	21,537	82
* K12 Inc.	4,300	81
* Clear Channel Outdoor Holdings, Inc. Class A	12,694	78
Big 5 Sporting Goods Corp.	14,700	77
* Cox Radio, Inc.	12,678	76
Winnebago Industries, Inc.	12,342	74
Haverty Furniture Cos., Inc.	7,948	74
Movado Group, Inc.	7,876	74
Blyth, Inc.	9,324	73
* Knology, Inc.	14,007	72
Cinemark Holdings Inc.	9,600	71
The Pep Boys (Manny, Moe & Jack)	17,240	71
* Raser Technologies, Inc.	18,900	70
* Cavco Industries, Inc.	2,610	70
* FGX International Holdings Ltd.	5,100	70
* Maidenform Brands, Inc.	6,900	70
Skyline Corp.	3,500	70
* Leapfrog Enterprises, Inc.	19,980	70
* Pacific Sunwear of California, Inc.	43,848	70
* America's Car-Mart, Inc.	5,000	69
Cherokee Inc.	3,938	68
* Lululemon Athletica, Inc.	8,467	67
Spartan Motors, Inc.	13,989	66
* RCN Corp.	10,935	65
Weyco Group, Inc.	1,942	64
*.^ Crocs, Inc.	50,300	62
* drugstore.com, Inc.	48,241	60
* Orbitz Worldwide, Inc.	15,400	60
Fisher Communications, Inc.	2,860	59

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	Shares	Market Value (\$'000)
* Stamps.com Inc.	5,950	58
* Tenneco Automotive, Inc.	19,660	58
Modine Manufacturing Co.	11,838	58
* Amerigon Inc.	17,600	57
* Gaiam, Inc.	12,241	57
* Ulta Salon, Cosmetics & Fragrance, Inc.	6,760	56
* Steak n Shake Co.	9,282	55
* Krispy Kreme Doughnuts, Inc.	32,697	55
bebe stores, inc.	7,350	55
Belo Corp. Class A	35,150	55
Oxford Industries, Inc.	6,100	53
American Axle & Manufacturing Holdings, Inc.	18,436	53
* Shutterfly, Inc.	7,400	52
Hearst-Argyle Television Inc.	8,411	51
* Tween Brands, Inc.	11,798	51
* Learning Tree International, Inc.	5,981	51
* Zale Corp.	14,898	50
* Daily Journal Corp.	1,428	49
* Core-Mark Holding Co., Inc.	2,200	47
* Monarch Casino & Resort, Inc.	4,000	47
* Denny's Corp.	23,112	46
* Overstock.com, Inc.	4,262	46
* Zumiez Inc.	5,956	44
Stanley Furniture Co., Inc.	5,600	44
Asbury Automotive Group, Inc.	9,700	44
* Alloy, Inc.	10,275	43
Journal Communications, Inc.	17,539	43
Warner Music Group Corp.	14,212	43
* West Marine, Inc.	9,762	41
CKX, Inc.	11,273	41
M/I Homes, Inc.	3,900	41
* Reading International Inc. Class A	10,600	41
* Hovnanian Enterprises Inc. Class A	23,476	40
Sonic Automotive, Inc.	10,099	40
* Audiovox Corp.	7,998	40
* Lear Corp.	27,919	39
* iRobot Corp.	4,345	39
* Charlotte Russe Holding Inc.	6,000	39
* Morgans Hotel Group	8,300	39
* Steinway Musical Instruments Inc.	2,200	39
* Dolan Media Co.	5,800	38
* Cumulus Media Inc.	15,330	38
La-Z-Boy Inc.	17,047	37
Furniture Brands International Inc.	16,573	37
CSS Industries, Inc.	2,010	36
* AFC Enterprises, Inc.	7,585	36
* Stoneridge, Inc.	7,700	35
* Smith & Wesson Holding Corp.	15,460	35
* Perry Ellis International Corp.	5,491	35
* REX Stores Corp.	4,300	35
* Mac-Gray Corp.	5,200	34
* Ruby Tuesday, Inc.	21,633	34
* Destination Maternity Corp.	4,134	32
* Luby's, Inc.	7,600	32
Sealy Corp.	12,647	32
Kenneth Cole Productions, Inc.	4,462	32
* Palm Harbor Homes, Inc.	6,200	31
* Entravision Communications Corp.	18,529	29
* Champion Enterprises, Inc.	51,600	29
Marine Products Corp.	5,136	29
* R.H. Donnelley Corp.	77,839	29
Strattec Security Corp.	1,725	28
Arctic Cat, Inc.	5,600	27
* Bluegreen Corp.	8,500	27
* dELIA*S, Inc.	11,858	26
Standard Motor Products, Inc.	7,500	26

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	Shares	Market Value (\$'000)
* Playboy Enterprises, Inc. Class B	12,000	26
* Visteon Corp.	73,852	26
* Stein Mart, Inc.	22,666	26
* Retail Ventures, Inc.	7,300	25
* Dorman Products, Inc.	1,917	25
* Quantum Fuel Systems Technologies Worldwide, Inc.	29,300	25
E.W. Scripps Co. Class A	11,219	25
* Shoe Carnival, Inc.	2,550	24
* Nautilus Inc.	10,993	24
* Morton's Restaurant Group Inc.	8,400	24
Entercom Communications Corp.	18,894	23
* Hayes Lemmerz International, Inc.	51,337	23
*^ Conn's, Inc.	2,700	23
^ The McClatchy Co. Class A	28,497	23
* Valassis Communications, Inc.	17,258	23
* The Princeton Review, Inc.	4,500	22
*^ Beazer Homes USA, Inc.	14,000	22
* New York & Co., Inc.	9,500	22
Dover Downs Gaming & Entertainment, Inc.	6,583	21
* Viacom Inc. Class A	1,040	21
* Tuesday Morning Corp.	12,473	20
* Multimedia Games Inc.	8,500	20
* MTR Gaming Group Inc.	12,037	20
* Lazare Kaplan International, Inc.	4,741	20
Koss Corp.	2,101	20
Brookfield Homes Corp.	4,479	19
* MarineMax, Inc.	5,700	19
Talbots Inc.	7,978	19
* Build-A-Bear-Workshop, Inc.	3,900	19
* Isle of Capri Casinos, Inc.	5,797	19
Lakes Entertainment, Inc.	4,613	19
* Youbet.com, Inc.	21,280	19
* Famous Dave's of America, Inc.	6,350	18
Lithia Motors, Inc.	5,600	18
PRIMEDIA Inc.	8,292	18
* Carriage Services, Inc.	8,900	18
* Harris Interactive Inc.	27,000	18
* Kirkland's, Inc.	6,400	17
Books-a-Million Inc.	6,500	17
* Maxxam Inc.	1,225	17
* Russ Berrie and Co., Inc.	5,538	16
* Martha Stewart Living Omnimedia, Inc.	6,130	16
AH Belo Corp.	6,710	15
* Charter Communications, Inc.	178,032	15
* Riviera Holdings Corp.	4,800	14
*^ American Apparel, Inc.	7,100	14
O'Charley's Inc.	7,039	14
Bassett Furniture Industries, Inc.	4,200	14
* Empire Resorts Inc.	12,697	14
* Saga Communications, Inc.	8,200	14
* Six Flags, Inc.	42,579	13
* Rubio's Restaurants, Inc.	3,622	13
* Great Wolf Resorts, Inc.	8,318	13
* G-III Apparel Group, Ltd.	2,000	13
CPI Corp.	3,600	13
Heelys Inc.	5,550	13
* Pier 1 Imports Inc.	33,984	13
^ Media General, Inc. Class A	7,157	13
* Citadel Broadcasting Corp.	77,811	12
Hooker Furniture Corp.	1,600	12
Borders Group, Inc.	30,217	12
* McCormick & Schmick's Seafood Restaurants, Inc.	2,860	11
Lifetime Brands, Inc.	3,200	11
* Lodgian, Inc.	5,200	11
* EDCI Holdings, Inc.	3,023	11
* Lin TV Corp.	9,878	11

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	Shares	Market Value (\$000)
* Casual Male Retail Group, Inc.	20,575	11
* Premier Exhibitions Inc.	8,900	10
* New Motion, Inc.	8,417	10
* Interstate Hotels & Resorts, Inc.	13,982	10
* 4Kids Entertainment Inc.	4,900	10
Carmike Cinemas, Inc.	2,600	9
* Trans World Entertainment Corp.	7,150	9
Lee Enterprises, Inc.	22,798	9
* Coachmen Industries, Inc.	4,740	9
CBS Corp. Class A	1,040	9
* Blockbuster Inc. Class B	13,181	9
* Pomeroy IT Solutions, Inc.	2,700	8
* Nobel Learning Communities, Inc.	609	8
* Outdoor Channel Holdings Inc.	1,100	8
* Benihana Inc. Class A	3,860	8
* Cache, Inc.	3,950	8
Dover Motorsports, Inc.	5,900	8
Beasley Broadcast Group, Inc.	4,235	8
* A.C. Moore Arts & Crafts, Inc.	4,858	7
* Cost Plus, Inc.	7,100	7
* Emerson Radio Corp.	9,600	6
* Radio One, Inc.	14,000	6
* Hollywood Media Corp.	6,000	6
* Ruth's Hospitality Group Inc.	4,202	6
* Century Casinos, Inc.	5,100	5
Libbey, Inc.	4,200	5
* Cosi, Inc.	16,980	5
* Select Comfort Corp.	18,937	5
Flexsteel Industries, Inc.	701	5
Monaco Coach Corp.	9,194	5
* Radio One, Inc. Class D	20,091	5
* LodgeNet Interactive Corp.	6,600	5
Gray Television, Inc.	11,200	4
* Nexstar Broadcasting Group, Inc.	8,317	4
* Benihana Inc.	1,930	4
* Jamba Inc.	9,207	4
* Rocky Brands Inc	1,000	4
* ValueVision Media, Inc.	11,940	4
News Corp., Class B	400	4
* Design Within Reach Inc.	5,339	4
* Emmis Communications, Inc.	10,365	4
* Navarre Corp.	8,214	3
* Town Sports International Holdings, Inc.	1,000	3
Eddie Bauer Holding, Inc.	6,247	3
* Salem Communications Corp.	3,960	3
Shiloh Industries, Inc.	900	3
* Carrols Restaurant Group Inc.	844	2
Bon-Ton Stores, Inc.	2,200	2
*^ Source Interlink Cos., Inc.	16,591	2
* Lumber Liquidators, Inc.	200	2
* Fleetwood Enterprises, Inc.	20,400	2
* Tarrant Apparel Group, Inc.	3,500	2
*^ Trump Entertainment Resorts, Inc.	11,058	2
* Gander Mountain Co.	800	2
Orleans Homebuilders, Inc.	1,500	2
Craftmade International, Inc.	960	2
Collectors Universe, Inc.	550	2
* The Dixie Group, Inc.	1,011	2
* Joe's Jeans, Inc.	4,000	1
* WPT Enterprises Inc.	2,947	1
Escalade, Inc.	1,686	1
* Ambassadors International, Inc.	1,700	1
* Red Lion Hotels Corp.	500	1
Noble International, Ltd.	2,700	1
* Spanish Broadcasting System, Inc.	11,100	1
* Fairchild Corp.	3,570	1

	Shares	Market Value (\$'000)
* California Coastal Communities, Inc.	2,111	1
* Regent Communications, Inc.	11,300	1
* Culp, Inc.	400	1
* S&K Famous Brands Inc.	1,795	1
Cobra Electronics Corp.	398	—
* DEI Holdings, Inc.	1,000	—
* SPAR Group, Inc.	300	—
* Gadzooks, Inc.	4,700	—
		403,281
Consumer Staples (6.7%)		
The Procter & Gamble Co.	1,360,925	84,132
Wal-Mart Stores, Inc.	1,092,787	61,262
The Coca-Cola Co.	960,687	43,490
Philip Morris International Inc.	951,872	41,416
PepsiCo, Inc.	722,917	39,594
CVS Caremark Corp.	662,782	19,048
Kraft Foods Inc.	672,050	18,045
Colgate-Palmolive Co.	233,863	16,029
Altria Group, Inc.	952,507	14,345
Walgreen Co.	457,758	11,293
Costco Wholesale Corp.	201,011	10,553
Kimberly-Clark Corp.	192,067	10,130
General Mills, Inc.	154,813	9,405
Archer-Daniels-Midland Co.	268,416	7,738
The Kroger Co.	287,958	7,605
Sysco Corp.	278,632	6,392
H.J. Heinz Co.	144,513	5,434
Kellogg Co.	122,881	5,388
Safeway, Inc.	201,536	4,790
UST, Inc.	68,275	4,737
Avon Products, Inc.	197,077	4,736
Lorillard, Inc.	80,520	4,537
The Clorox Co.	63,918	3,551
ConAgra Foods, Inc.	209,702	3,460
Reynolds American Inc.	81,338	3,279
Sara Lee Corp.	327,863	3,210
Campbell Soup Co.	103,155	3,096
Bunge Ltd.	56,535	2,927
Molson Coors Brewing Co. Class B	57,836	2,829
The Hershey Co.	73,260	2,545
J.M. Smucker Co.	54,913	2,381
* Dr. Pepper Snapple Group, Inc.	118,052	1,918
Church & Dwight, Inc.	31,155	1,748
McCormick & Co., Inc.	54,117	1,724
Coca-Cola Enterprises, Inc.	136,310	1,640
Brown-Forman Corp. Class B	31,429	1,618
* Ralcorp Holdings, Inc.	26,317	1,537
The Estee Lauder Cos. Inc. Class A	48,906	1,514
The Pepsi Bottling Group, Inc.	64,215	1,445
SuperValu Inc.	98,958	1,445
* Constellation Brands, Inc. Class A	90,640	1,429
* Energizer Holdings, Inc.	25,451	1,378
* Dean Foods Co.	71,379	1,283
Tyson Foods, Inc.	135,105	1,184
* Hansen Natural Corp.	34,125	1,144
Hormel Foods Corp.	34,397	1,069
Alberto-Culver Co.	40,505	993
Corn Products International, Inc.	34,350	991
Flowers Foods, Inc.	39,784	969
* BJ's Wholesale Club, Inc.	28,266	968
* Smithfield Foods, Inc.	58,159	818
Del Monte Foods Co.	92,603	661
Whole Foods Market, Inc.	65,672	620
PepsiAmericas, Inc.	29,601	603
* Chatterm, Inc.	7,605	544

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	Shares	Market Value (\$'000)
Casey's General Stores, Inc.	23,025	524
Ruddick Corp.	18,109	501
Herbalife Ltd.	22,800	494
* NBTY, Inc.	26,694	418
* Winn-Dixie Stores, Inc.	25,466	410
* TreeHouse Foods Inc.	14,911	406
* Central European Distribution Corp.	19,550	385
* Hain Celestial Group, Inc.	19,635	375
Universal Corp. (VA)	11,700	349
Lancaster Colony Corp.	9,951	341
* United Natural Foods, Inc.	19,100	340
*,^ Green Mountain Coffee Roasters, Inc.	7,870	305
Lance, Inc.	13,200	303
Nash-Finch Co.	6,656	299
* Chiquita Brands International, Inc.	20,136	298
Vector Group Ltd.	21,464	292
J & J Snack Foods Corp.	7,900	283
Sanderson Farms, Inc.	8,019	277
Tootsie Roll Industries, Inc.	10,797	277
Nu Skin Enterprises, Inc.	25,801	269
* Darling International, Inc.	46,007	253
* American Oriental Bioengineering, Inc.	37,100	252
* Smart Balance Inc.	34,400	234
Spartan Stores, Inc.	9,800	228
WD-40 Co.	6,412	181
* The Pantry, Inc.	8,400	180
The Andersons, Inc.	9,500	157
* Alliance One International, Inc.	52,788	155
* Elizabeth Arden, Inc.	12,138	153
* USANA Health Sciences, Inc.	4,350	149
Weis Markets, Inc.	3,952	133
B&G Foods Inc.	23,200	125
* Bare Escentuals, Inc.	23,837	125
* Prestige Brands Holdings Inc.	10,746	113
Cal-Maine Foods, Inc.	3,700	106
Diamond Foods, Inc.	5,195	105
Arden Group Inc. Class A	790	100
* Boston Beer Co., Inc. Class A	3,300	94
Ingles Markets, Inc.	5,000	88
Griffin Land & Nurseries, Inc.	2,257	83
* Central Garden & Pet Co. Class A	13,550	80
Coca-Cola Bottling Co.	1,700	78
Alico, Inc.	1,667	68
* Rite Aid Corp.	219,938	68
* Lifeway Foods, Inc.	7,522	68
* The Great Atlantic & Pacific Tea Co., Inc.	10,726	67
Farmer Brothers, Inc.	2,598	65
* Zapata Corp.	10,300	62
* Nutraceutical International Corp.	7,300	56
* Star Scientific, Inc.	13,862	53
* National Beverage Corp.	5,760	52
Inter Parfums, Inc.	6,225	48
Oil-Dri Corp. of America	2,500	47
* Susser Holdings Corp.	3,392	45
PriceSmart, Inc.	2,085	43
* Revlon, Inc.	6,406	43
* Central Garden and Pet Co.	6,775	40
* Medifast, Inc.	6,400	35
* Omega Protein Corp.	7,900	32
* Parlux Fragrances, Inc.	9,354	27
* John B. Sanfilippo & Son, Inc.	4,200	23
Imperial Sugar Co.	1,200	17
Mannatech, Inc.	6,650	16
* Schiff Nutrition International, Inc.	2,700	16
Village Super Market Inc. Class A	263	15
Calavo Growers, Inc.	1,200	14

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	Shares	Market Value (\$'000)
Reddy Ice Holdings, Inc.	6,613	10
* American Dairy, Inc.	500	8
* Monterey Pasta Co.	2,700	3
* Physicians Formula Holdings, Inc.	900	2
* Jones Soda Co.	6,300	2
MGP Ingredients, Inc.	2,300	2
* Vermont Pure Holdings, Ltd.	800	1
* iBioPharma Inc.	1,900	—
		497,986
Energy (7.3%)		
ExxonMobil Corp.	2,398,647	191,484
Chevron Corp.	948,757	70,180
ConocoPhillips Co.	666,698	34,535
Schlumberger Ltd.	553,908	23,447
Occidental Petroleum Corp.	377,309	22,635
Devon Energy Corp.	195,166	12,824
Apache Corp.	154,740	11,533
XTO Energy, Inc.	254,050	8,960
Marathon Oil Corp.	326,566	8,935
Anadarko Petroleum Corp.	216,786	8,357
EOG Resources, Inc.	115,154	7,667
Halliburton Co.	405,925	7,380
Hess Corp.	135,481	7,267
* Transocean Ltd.	147,685	6,978
Valero Energy Corp.	242,109	5,239
* National Oilwell Varco Inc.	193,328	4,725
* Southwestern Energy Co.	158,980	4,606
Baker Hughes Inc.	142,761	4,578
Spectra Energy Corp.	284,575	4,479
Chesapeake Energy Corp.	254,665	4,118
Noble Energy, Inc.	79,933	3,934
Williams Cos., Inc.	266,747	3,862
Murphy Oil Corp.	83,897	3,721
* Weatherford International Ltd.	315,851	3,418
Peabody Energy Corp.	126,296	2,873
Noble Corp.	124,596	2,749
El Paso Corp.	324,561	2,541
Range Resources Corp.	72,248	2,485
* Ultra Petroleum Corp.	71,107	2,454
CONSOL Energy, Inc.	85,159	2,434
Sunoco, Inc.	54,358	2,362
Smith International, Inc.	101,824	2,331
* Cameron International Corp.	101,362	2,078
Diamond Offshore Drilling, Inc.	32,411	1,910
ENSCO International, Inc.	66,804	1,897
* Petrohawk Energy Corp.	115,254	1,801
BJ Services Co.	137,320	1,603
* Nabors Industries, Inc.	131,266	1,571
* FMC Technologies Inc.	58,968	1,405
* Pride International, Inc.	80,346	1,284
* Kinder Morgan Management, LLC	32,096	1,283
* Denbury Resources, Inc.	115,800	1,265
Cabot Oil & Gas Corp.	48,100	1,251
* Newfield Exploration Co.	61,552	1,216
* Plains Exploration & Production Co.	50,424	1,172
Helmerich & Payne, Inc.	48,510	1,104
Arch Coal, Inc.	67,576	1,101
Cimarex Energy Co.	38,857	1,041
* Comstock Resources, Inc.	21,710	1,026
Tidewater Inc.	22,611	911
Pioneer Natural Resources Co.	55,809	903
Tesoro Corp.	64,800	853
Patterson-UTI Energy, Inc.	73,718	848
Rowan Cos., Inc.	52,170	829
* EXCO Resources, Inc.	83,345	755

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	Shares	Market Value (\$'000)
* Oceaneering International, Inc.	25,505	743
Southern Union Co.	52,397	683
* Dresser Rand Group, Inc.	38,722	668
* Forest Oil Corp.	40,475	667
* Whiting Petroleum Corp.	19,724	660
* IHS Inc. Class A	17,297	647
* Exterran Holdings, Inc.	28,850	614
Frontier Oil Corp.	48,364	611
Core Laboratories N.V.	10,200	611
* SEACOR Holdings Inc.	9,126	608
* Superior Energy Services, Inc.	38,095	607
* Encore Acquisition Co.	23,500	600
* Unit Corp.	22,250	595
St. Mary Land & Exploration Co.	29,007	589
* Concho Resources, Inc.	25,511	582
Overseas Shipholding Group Inc.	13,259	558
Massey Energy Co.	39,179	540
* Alpha Natural Resources, Inc.	32,486	526
Penn Virginia Corp.	19,450	505
* Continental Resources, Inc.	24,365	505
World Fuel Services Corp.	13,195	488
* Arena Resources, Inc.	16,900	475
Walter Industries, Inc.	25,815	452
* Oil States International, Inc.	24,015	449
* Atwood Oceanics, Inc.	27,564	421
* Contango Oil & Gas Co.	6,902	389
* Mariner Energy Inc.	37,780	385
* CNX Gas Corp.	14,093	385
* Goodrich Petroleum Corp.	12,614	378
Holly Corp.	19,786	361
CARBO Ceramics Inc.	10,100	359
* Bristow Group, Inc.	12,900	346
* Bill Barrett Corp.	14,792	313
* SandRidge Energy, Inc.	50,100	308
* Helix Energy Solutions Group, Inc.	41,972	304
Foundation Coal Holdings, Inc.	21,500	301
* Quicksilver Resources, Inc.	51,950	289
* Dril-Quip, Inc.	13,745	282
Atlas America, Inc.	17,573	261
* Key Energy Services, Inc.	57,920	255
* Swift Energy Co.	14,700	247
* Carrizo Oil & Gas, Inc.	15,207	245
Lufkin Industries, Inc.	7,000	241
* Patriot Coal Corp.	36,018	225
* General Maritime Corp.	20,004	216
* McMoRan Exploration Co.	19,222	188
* James River Coal Co.	12,188	187
* Hercules Offshore, Inc.	37,922	180
* Parker Drilling Co.	61,600	179
* Gulfmark Offshore, Inc.	7,500	178
* USEC Inc.	39,530	177
W&T Offshore, Inc.	12,297	176
* Newpark Resources, Inc.	47,421	175
* Hornbeck Offshore Services, Inc.	10,600	173
* TETRA Technologies, Inc.	33,950	165
* ION Geophysical Corp.	47,625	163
* Stone Energy Corp.	14,766	163
* Complete Production Services, Inc.	19,607	160
* Rosetta Resources, Inc.	21,700	154
* Willbros Group, Inc.	17,575	149
* Vaalco Energy, Inc.	19,700	147
RPC Inc.	14,825	145
* Petroleum Development Corp.	5,891	142
* GMX Resources Inc.	5,600	142
* BPZ Energy, Inc.	22,000	141
Western Refining, Inc.	18,100	140

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	Shares	Market Value (\$000)
* International Coal Group, Inc.	59,163	136
* Global Industries Ltd.	38,374	134
*,^ Delta Petroleum Corp.	27,534	131
* Pioneer Drilling Co.	23,008	128
Berry Petroleum Class A	16,900	128
* Cal Dive International, Inc.	18,255	119
Precision Drilling Trust	14,114	118
Gulf Island Fabrication, Inc.	7,714	111
* PetroQuest Energy, Inc.	16,400	111
* NATCO Group Inc.	7,300	111
* Clayton Williams Energy, Inc.	2,388	109
* Enbridge Energy Management LLC	4,255	104
* Matrix Service Co.	12,500	96
* Oilsands Quest, Inc.	127,488	93
APCO Argentina Inc.	3,384	90
* Basic Energy Services Inc.	6,881	90
*,^ Clean Energy Fuels Corp.	14,700	89
* PHI Inc. Non-Voting Shares	6,324	89
* Harvest Natural Resources, Inc.	19,600	84
* Warren Resources Inc.	36,220	72
* Bronco Drilling Co., Inc.	10,270	66
* ATP Oil & Gas Corp.	11,254	66
Crosstex Energy, Inc.	16,708	65
* Allis-Chalmers Energy Inc.	11,386	63
* Rentech, Inc.	91,400	62
* Toreador Resources Corp.	11,152	61
* Gulfport Energy Corp.	14,900	59
* Veneco Inc.	20,166	55
*,^ Cheniere Energy, Inc.	17,600	50
* Tesco Corp.	6,762	48
* Double Eagle Petroleum Co.	6,523	46
* Credo Pete Corp.	5,050	43
* T-3 Energy Services, Inc.	4,500	42
* Brigham Exploration Co.	13,179	42
* ENGlobal Corp.	12,800	42
* Superior Well Services, Inc.	4,136	41
* Natural Gas Services Group	4,000	41
* FX Energy, Inc.	13,100	37
* Dawson Geophysical Co.	1,900	34
Panhandle Royalty Co.	1,800	32
* Endeavor International Corp.	64,000	32
* OYO Geospace Corp.	1,824	32
* CVR Energy, Inc.	7,600	30
*,^ SulphCo, Inc.	31,693	30
* Parallel Petroleum Corp.	14,040	28
* Gasco Energy Inc.	71,046	28
* Trico Marine Services, Inc.	5,968	27
^ Alon USA Energy, Inc.	2,797	26
* Tri-Valley Corp.	13,900	25
*,^ GeoGlobal Resources Inc.	15,000	24
* TXCO Resources Inc.	15,553	23
* Harken Energy Corp.	7,047	21
* The Meridian Resource Corp.	36,700	21
* Union Drilling, Inc.	4,000	21
* Callon Petroleum Co.	7,361	19
* RAM Energy Resources, Inc.	20,039	18
* Abraxas Petroleum Corp.	21,518	15
*,^ Evergreen Energy, Inc.	52,194	15
* Energy Partners, Ltd.	10,536	14
* Syntroleum Corp.	26,257	14
Delek US Holdings, Inc.	2,400	13
* Kodiak Oil & Gas Corp.	36,814	11
* Westmoreland Coal Co.	1,000	11
*,^ Verenum Corp.	11,511	10
* Pacific Ethanol, Inc.	22,380	10
* Approach Resources Inc.	1,200	9

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	Shares	Market Value (\$'000)
* Aventine Renewable Energy Holdings, Inc.	13,300	9
* Rex Energy Corp.	2,736	8
* CanArgo Energy Corp.	105,700	6
* Bolt Technology Corp.	900	6
* Uranium Resources Inc.	8,100	6
Barnwell Industries, Inc.	1,000	4
* Cano Petroleum Inc.	9,900	4
* Ngas Resources Inc.	2,400	4
* American Oil & Gas Inc.	4,017	3
* Quest Resource Corp.	6,100	3
* BMB Munai Inc.	1,500	2
* Edge Petroleum Corp.	11,800	2
* Geokinetics Inc.	600	1
* Mitcham Industries, Inc.	300	1
		541,840

Financials (8.9%)

JPMorgan Chase & Co.	1,701,342	53,643
Wells Fargo & Co.	1,625,944	47,933
Bank of America Corp.	2,331,542	32,828
U.S. Bancorp	804,526	20,121
Citigroup Inc.	2,514,815	16,874
The Goldman Sachs Group, Inc.	180,842	15,261
Bank of New York Mellon Corp.	530,069	15,017
MetLife, Inc.	361,763	12,611
The Travelers Cos., Inc.	273,212	12,349
AFLAC Inc.	220,241	10,096
American Express Co.	482,599	8,952
PNC Financial Services Group	180,984	8,868
* Berkshire Hathaway Inc. Class A	89	8,597
The Chubb Corp.	166,789	8,506
Merrill Lynch & Co., Inc.	707,011	8,230
Ace Ltd.	154,210	8,161
State Street Corp.	199,666	7,853
The Allstate Corp.	238,126	7,801
Morgan Stanley	462,043	7,411
Charles Schwab Corp.	452,954	7,324
BB&T Corp.	254,360	6,985
* Berkshire Hathaway Inc. Class B	1,964	6,312
Prudential Financial, Inc.	196,684	5,952
CME Group, Inc.	28,029	5,833
Marsh & McLennan Cos., Inc.	237,387	5,761
Capital One Financial Corp.	173,875	5,545
Wachovia Corp.	999,439	5,537
Simon Property Group, Inc. REIT	104,117	5,532
Aon Corp.	115,639	5,282
Franklin Resources Corp.	75,832	4,837
Northern Trust Corp.	92,095	4,802
Public Storage, Inc. REIT	58,845	4,678
SunTrust Banks, Inc.	155,476	4,593
Progressive Corp. of Ohio	297,021	4,399
Loews Corp.	151,392	4,277
T. Rowe Price Group Inc.	113,715	4,030
Annaly Capital Management Inc. REIT	249,275	3,956
Vornado Realty Trust REIT	64,249	3,877
Equity Residential REIT	125,369	3,739
Hudson City Bancorp, Inc.	217,077	3,465
HCP, Inc. REIT	115,893	3,218
Boston Properties, Inc. REIT	55,381	3,046
Unum Group	159,912	2,974
People's United Financial Inc.	160,537	2,862
Plum Creek Timber Co. Inc. REIT	79,189	2,751
The Principal Financial Group, Inc.	120,413	2,718
Invesco, Ltd.	178,600	2,579
Regions Financial Corp.	322,839	2,570
Ameriprise Financial, Inc.	100,391	2,345

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	Shares	Market Value (\$'000)
The Hartford Financial Services Group Inc.	139,470	2,290
Lincoln National Corp.	118,857	2,239
Ventas, Inc. REIT	66,475	2,232
Avalonbay Communities, Inc. REIT	35,955	2,178
* IntercontinentalExchange Inc.	26,340	2,171
Everest Re Group, Ltd.	28,500	2,170
W.R. Berkley Corp.	67,854	2,103
Cincinnati Financial Corp.	71,672	2,084
Fifth Third Bancorp	242,339	2,002
KeyCorp	229,945	1,959
Willis Group Holdings Ltd.	78,497	1,953
Kimco Realty Corp. REIT	106,767	1,952
* SLM Corp.	217,949	1,940
Moody's Corp.	96,423	1,937
Discover Financial Services	201,494	1,920
M & T Bank Corp.	33,415	1,918
Health Care Inc. REIT	45,286	1,911
Axis Capital Holdings Ltd.	63,700	1,855
Torchmark Corp.	40,363	1,804
New York Community Bancorp, Inc.	150,782	1,803
American International Group, Inc.	1,126,234	1,768
PartnerRe Ltd.	24,776	1,766
Host Hotels & Resorts Inc. REIT	228,467	1,729
* Leucadia National Corp.	86,888	1,720
Federal Realty Investment Trust REIT	27,568	1,711
ProLogis REIT	122,548	1,702
NYSE Euronext	62,135	1,701
Assurant, Inc.	55,353	1,661
Fidelity National Financial, Inc. Class A	92,685	1,645
* Nasdaq Stock Market Inc.	65,301	1,614
* TD Ameritrade Holding Corp.	110,332	1,572
Regency Centers Corp. REIT	32,805	1,532
Marshall & Ilsley Corp.	109,472	1,493
* Reinsurance Group of America, Inc.	33,591	1,438
Legg Mason Inc.	65,437	1,434
HCC Insurance Holdings, Inc.	52,939	1,416
Comerica, Inc.	70,339	1,396
RenaissanceRe Holdings Ltd.	26,900	1,387
* Arch Capital Group Ltd.	19,677	1,379
Commerce Bancshares, Inc.	30,105	1,323
* Markel Corp.	4,390	1,313
Nationwide Health Properties, Inc. REIT	45,387	1,304
Cullen/Frost Bankers, Inc.	24,986	1,266
Huntington Bancshares Inc.	161,917	1,240
Zions Bancorp	50,207	1,231
Valley National Bancorp	60,132	1,218
Old Republic International Corp.	101,203	1,206
Associated Banc-Corp.	56,857	1,190
Brown & Brown, Inc.	56,041	1,171
Rayonier Inc. REIT	36,705	1,151
Arthur J. Gallagher & Co.	43,901	1,137
Nationwide Financial Services, Inc.	21,275	1,111
Synovus Financial Corp.	132,133	1,097
Realty Income Corp. REIT	46,781	1,083
AMB Property Corp. REIT	45,746	1,071
Eaton Vance Corp.	50,703	1,065
* The St. Joe Co.	43,309	1,053
Digital Realty Trust, Inc. REIT	32,050	1,053
First American Corp.	36,287	1,048
Liberty Property Trust REIT	45,335	1,035
White Mountains Insurance Group Inc.	3,823	1,021
Bank of Hawaii Corp.	22,473	1,015
The Hanover Insurance Group Inc.	23,543	1,012
First Horizon National Corp.	95,386	1,008
SEI Investments Co.	63,108	991
Senior Housing Properties Trust REIT	53,454	958

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	Shares	Market Value (\$'000)
Aspen Insurance Holdings Ltd.	39,330	954
StanCorp Financial Group, Inc.	22,798	952
City National Corp.	19,178	934
Essex Property Trust, Inc. REIT	12,028	923
Alexandria Real Estate Equities, Inc. REIT	14,928	901
UDR, Inc. REIT	64,455	889
First Niagara Financial Group, Inc.	51,800	838
Platinum Underwriters Holdings, Ltd.	23,000	830
BancorpSouth, Inc.	34,721	811
American Financial Group, Inc.	35,340	809
Highwood Properties, Inc. REIT	29,255	800
* Affiliated Managers Group, Inc.	19,063	799
* ProAssurance Corp.	14,810	782
FirstMerit Corp.	37,960	782
Fulton Financial Corp.	81,147	781
* Sovereign Bancorp, Inc.	261,415	779
Camden Property Trust REIT	24,780	777
Raymond James Financial, Inc.	45,205	774
Mack-Cali Realty Corp. REIT	31,089	762
CIT Group Inc.	167,714	761
TCF Financial Corp.	55,618	760
Duke Realty Corp. REIT	68,127	747
Corporate Office Properties Trust, Inc. REIT	24,192	743
Jefferies Group, Inc.	52,428	737
Allied World Assurance Holdings, Ltd.	18,075	734
* Alleghany Corp.	2,573	726
Endurance Specialty Holdings Ltd.	23,700	724
Weingarten Realty Investors REIT	34,934	723
Federated Investors, Inc.	42,574	722
Wilmington Trust Corp.	31,491	700
Westamerica Bancorporation	13,618	697
SL Green Realty Corp. REIT	26,845	695
IPC Holdings Ltd.	23,100	691
Odyssey Re Holdings Corp.	13,200	684
Montpelier Re Holdings Ltd.	40,208	675
TFS Financial Corp.	52,104	672
UMB Financial Corp.	13,621	669
Hospitality Properties Trust REIT	44,870	667
BRE Properties Inc. Class A REIT	23,815	666
Washington REIT	23,453	664
Popular, Inc.	127,409	657
Susquehanna Bancshares, Inc.	40,818	649
The Macerich Co. REIT	35,485	644
* Knight Capital Group, Inc. Class A	39,768	642
United Bankshares, Inc.	19,325	642
Astoria Financial Corp.	38,295	631
Taubman Co. REIT	24,700	629
National City Corp.	346,675	627
Healthcare Realty Trust Inc. REIT	26,655	626
Home Properties, Inc. REIT	15,189	617
Apollo Investment Corp.	66,074	615
Omega Healthcare Investors, Inc. REIT	38,466	614
Washington Federal Inc.	40,990	613
Janus Capital Group Inc.	76,139	611
National Retail Properties REIT	35,109	604
Mercury General Corp.	13,055	600
NewAlliance Bancshares, Inc.	45,581	600
Douglas Emmett, Inc. REIT	45,459	594
* MSCI, Inc.-Class A Shares	33,261	591
Waddell & Reed Financial, Inc.	37,587	581
Greenhill & Co., Inc.	8,300	579
Erie Indemnity Co. Class A	15,366	578
Old National Bancorp	31,624	574
Prosperity Bancshares, Inc.	19,270	570
Genworth Financial Inc.	199,932	566
International Bancshares Corp.	25,620	559

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	Shares	Market Value (\$'000)
Selective Insurance Group	24,300	557
Tanger Factory Outlet Centers, Inc. REIT	14,678	552
Glacier Bancorp, Inc.	28,528	543
MFA Mortgage Investments, Inc. REIT	91,900	541
Zenith National Insurance Corp.	17,128	541
R.L.I. Corp.	8,730	534
XL Capital Ltd. Class A	144,201	534
F.N.B. Corp.	39,675	524
Kilroy Realty Corp. REIT	15,200	509
Transatlantic Holdings, Inc.	12,670	508
Trustmark Corp.	23,203	501
* Argo Group International Holdings	14,717	499
Hancock Holding Co.	10,855	493
National Penn Bancshares Inc.	33,894	492
Whitney Holdings Corp.	30,733	491
East West Bancorp, Inc.	30,648	489
Capitol Federal Financial	10,644	485
Mid-America Apartment Communities, Inc. REIT	12,868	478
Cathay General Bancorp	20,030	476
Potlatch Corp. REIT	18,288	476
* Investment Technology Group, Inc.	20,637	469
* Signature Bank	16,331	469
* Stifel Financial Corp.	10,200	468
First Midwest Bancorp, Inc.	23,254	464
Apartment Investment & Management Co. Class A REIT	39,903	461
Entertainment Properties Trust REIT	15,434	460
^ PrivateBancorp, Inc.	13,941	453
BOK Financial Corp.	11,112	449
* CB Richard Ellis Group, Inc.	102,781	444
* Conseco, Inc.	85,466	443
Protective Life Corp.	30,610	439
BioMed Realty Trust, Inc. REIT	37,120	435
Equity Lifestyle Properties, Inc. REIT	11,250	432
Hatteras Financial Corp. REIT	16,212	431
First Commonwealth Financial Corp.	34,533	428
DCT Industrial Trust Inc. REIT	83,837	424
Jones Lang LaSalle Inc.	15,111	419
* AmeriCredit Corp.	54,673	418
CapitalSource Inc. REIT	90,202	417
EastGroup Properties, Inc. REIT	11,700	416
NBT Bancorp, Inc.	14,853	415
First Financial Bankshares, Inc.	7,410	409
Franklin Street Properties Corp. REIT	27,587	407
^ Umpqua Holdings Corp.	28,027	406
* SVB Financial Group	15,434	405
First BanCorp Puerto Rico	36,300	404
American Campus Communities, Inc. REIT	19,586	401
Provident Financial Services Inc.	25,826	395
S & T Bancorp, Inc.	11,076	393
Employers Holdings, Inc.	23,739	392
Extra Space Storage Inc. REIT	37,879	391
Sovran Self Storage, Inc. REIT	10,780	388
MBIA, Inc.	94,356	384
Cash America International Inc.	13,987	383
^ Park National Corp.	5,324	382
Fannie Mae	502,602	382
Assured Guaranty Ltd.	32,820	374
Community Bank System, Inc.	15,300	373
Max Re Capital Ltd.	20,800	368
* Piper Jaffray Cos., Inc.	9,220	367
UCBH Holdings, Inc.	53,221	366
* Navigators Group, Inc.	6,593	362
Delphi Financial Group, Inc.	19,614	362
Inland Real Estate Corp. REIT	27,454	356
Pacific Capital Bancorp	21,002	355
HRPT Properties Trust REIT	104,660	353

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	Shares	Market Value (\$000)
Unitrin, Inc.	21,951	350
CVB Financial Corp.	29,375	350
MB Financial, Inc.	12,462	348
Post Properties, Inc. REIT	20,854	344
Webster Financial Corp.	24,680	340
TrustCo Bank NY	35,659	339
^ Equity One, Inc. REIT	19,103	338
PS Business Parks, Inc. REIT	7,502	335
* Interactive Brokers Group, Inc.	18,725	335
IBERIABANK Corp.	6,900	331
Infinity Property & Casualty Corp.	7,041	329
National Health Investors REIT	11,900	326
PacWest Bancorp	12,091	325
American Capital Ltd.	99,680	323
Tower Group, Inc.	11,400	322
Brandywine Realty Trust REIT	41,437	319
* KBW Inc.	13,836	318
* Investors Bancorp, Inc.	23,646	318
First Citizens BancShares Class A	2,059	315
Brookline Bancorp, Inc.	28,989	309
Chemical Financial Corp.	10,769	300
Capstead Mortgage Corp. REIT	27,292	294
Investors Real Estate Trust REIT	27,224	292
Bank Mutual Corp.	25,071	289
* E*TRADE Financial Corp.	248,400	286
WesBanco, Inc.	10,494	286
Cousins Properties, Inc. REIT	20,378	282
Developers Diversified Realty Corp. REIT	57,710	282
Ares Capital Corp.	44,182	280
City Holding Co.	7,927	276
optionsXpress Holdings Inc.	20,567	275
Harleysville National Corp.	18,781	271
* PHH Corp.	21,247	270
Allied Capital Corp.	99,397	267
^ TowneBank	10,600	263
Saul Centers, Inc. REIT	6,643	262
United Fire & Casualty Co.	8,401	261
MGIC Investment Corp.	74,617	260
* Pinnacle Financial Partners, Inc.	8,668	258
Financial Federal Corp.	11,100	258
Alexander's, Inc. REIT	989	252
* EZCORP, Inc.	16,338	249
* Hilltop Holdings Inc.	25,438	248
Provident New York Bancorp, Inc.	19,730	245
Sterling Financial Corp.	27,408	241
Sterling Bancshares, Inc.	38,850	236
First Financial Corp. (IN)	5,581	229
* Amerisafe Inc.	10,800	222
^ Colonial BancGroup, Inc.	107,040	222
DiamondRock Hospitality Co. REIT	43,685	221
* Portfolio Recovery Associates, Inc.	6,500	220
Freddie Mac	298,028	218
*^ Citizens, Inc.	22,369	217
Acadia Realty Trust REIT	15,000	214
* Beneficial Mutual Bancorp, Inc.	18,732	211
Anworth Mortgage Asset Corp. REIT	32,646	210
* PICO Holdings, Inc.	7,896	210
* Ocwen Financial Corp.	22,800	209
Community Trust Bancorp Inc.	5,623	207
Wintrust Financial Corp.	10,032	206
* First Cash Financial Services, Inc.	10,600	202
TriCo Bancshares	8,078	202
^ United Community Banks, Inc.	14,799	201
* CNA Surety Corp.	10,410	200
BlackRock Kelso Capital Corp.	20,190	199
Simmons First National Corp.	6,737	199

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	Shares	Market Value (\$'000)
Safety Insurance Group, Inc.	5,189	197
Citizens Banking Corp.	65,562	195
American Equity Investment Life Holding Co.	27,800	195
* Texas Capital Bancshares, Inc.	14,557	194
Forest City Enterprise Class A	28,818	193
Harleysville Group, Inc.	5,517	192
StellarOne Corp.	11,315	191
Amtrust Financial Services Inc.	16,445	191
Home Bancshares Inc.	7,061	190
Medical Properties Trust Inc. REIT	29,986	189
Chimera Investment Corp.	54,695	189
Colonial Properties Trust REIT	22,611	188
American Physicians Capital, Inc.	3,900	188
First Merchants Corp.	8,302	184
Getty Realty Holding Corp. REIT	8,727	184
LTC Properties, Inc. REIT	9,000	183
LaSalle Hotel Properties REIT	16,460	182
First Source Corp.	7,693	182
Castlepoint Holdings Ltd.	13,352	181
First Busey Corp.	9,811	179
Northwest Bancorp, Inc.	8,313	178
Univest Corp. of Pennsylvania	5,505	177
Horace Mann Educators Corp.	19,085	175
Bank of the Ozarks, Inc.	5,908	175
CBL & Associates Properties, Inc. REIT	26,488	172
* Enstar Group Ltd.	2,900	172
* LaBranche & Co. Inc.	35,499	170
SWS Group, Inc.	8,921	169
Central Pacific Financial Co.	16,703	168
Republic Bancorp, Inc. Class A	6,160	168
Cedar Shopping Centers, Inc. REIT	23,600	167
First Financial Bancorp	13,382	166
Southside Bancshares, Inc.	7,016	165
Mainsource Financial Group, Inc.	10,481	162
The Phoenix Cos., Inc.	49,630	162
* Riskmetrics Group Inc.	10,836	161
Dime Community Bancshares	12,112	161
^ Redwood Trust, Inc. REIT	10,776	161
Radian Group, Inc.	43,553	160
First Bancorp (NC)	8,517	156
^ iStar Financial Inc. REIT	69,628	155
Suffolk Bancorp	4,300	155
Ambac Financial Group, Inc.	118,071	153
* Oritani Financial Corp.	9,053	153
Boston Private Financial Holdings, Inc.	22,163	152
* Forestar Real Estate Group, Inc.	15,641	149
Meadowbrook Insurance Group, Inc.	22,801	147
The South Financial Group, Inc.	33,834	146
First Industrial Realty Trust REIT	19,264	145
National Western Life Insurance Co. Class A	857	145
* FPIC Insurance Group, Inc.	3,300	144
Nara Bancorp, Inc.	14,689	144
Provident Bankshares Corp.	14,802	143
Northfield Bancorp, Inc.	12,700	143
Lakeland Bancorp, Inc.	12,674	143
S.Y. Bancorp, Inc.	5,189	143
* Western Alliance Bancorp	14,140	143
Independent Bank Corp. (MA)	5,400	141
State Auto Financial Corp.	4,617	139
Tompkins Trustco, Inc.	2,390	139
* World Acceptance Corp.	6,937	137
Lakeland Financial Corp.	5,698	136
^ NorthStar Realty Finance Corp. REIT	34,458	135
Stewart Information Services Corp.	5,720	134
General Growth Properties Inc. REIT	104,008	134
* Crawford & Co. Class B	9,050	132

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	Shares	Market Value (\$'000)
Life Partners Holdings	3,000	131
Sunstone Hotel Investors, Inc. REIT	20,957	130
WSFS Financial Corp.	2,700	130
Hercules Technology Growth Capital, Inc.	16,200	128
Columbia Banking System, Inc.	10,634	127
Prospect Energy Corp.	10,500	126
Lexington Realty Trust REIT	24,993	125
Universal Health Realty Income REIT	3,752	123
* TradeStation Group, Inc.	19,117	123
Renasant Corp.	7,089	121
ViewPoint Financial Group	7,327	118
Berkshire Hills Bancorp, Inc.	3,778	117
Pennsylvania REIT	15,649	117
Sandy Spring Bancorp, Inc.	5,332	116
BankFinancial Corp.	11,240	115
Flagstone Reinsurance Holdings Ltd.	11,709	114
Greene County Bancshares	8,402	114
BancFirst Corp.	2,100	111
* MF Global Ltd.	54,255	111
RAIT Financial Trust REIT	42,555	111
* PMA Capital Corp. Class A	15,612	111
The PMI Group Inc.	56,500	110
Nelnet, Inc.	7,600	109
SCBT Financial Corp.	3,148	109
Peapack Gladstone Financial Corp.	4,063	108
First Community Bancshares, Inc.	3,079	107
* Seabright Insurance Holdings, Inc.	9,100	107
Flushing Financial Corp.	8,852	106
Capital City Bank Group, Inc.	3,850	105
* Virginia Commerce Bancorp, Inc.	20,165	104
* Tejon Ranch Co.	4,200	104
BancTrust Financial Group, Inc.	7,033	104
Clifton Savings Bancorp, Inc.	8,692	103
Sun Communities, Inc. REIT	7,326	103
Wilshire Bancorp Inc.	11,250	102
Urstadt Biddle Properties Class A REIT	6,391	102
Arrow Financial Corp.	4,022	101
EMC Insurance Group, Inc.	3,895	100
MVC Capital, Inc.	9,000	99
Capital Southwest Corp.	901	97
* Sun Bancorp, Inc. (NJ)	12,879	96
Union Bankshares Corp.	3,850	95
Parkway Properties Inc. REIT	5,269	95
Ashford Hospitality Trust REIT	80,665	93
Westfield Financial, Inc.	8,986	93
* First Mercury Financial Corp.	6,441	92
Peoples Bancorp, Inc.	4,782	91
GFI Group Inc.	25,768	91
FBL Financial Group, Inc. Class A	5,883	91
* MarketAxess Holdings, Inc.	11,113	91
* eHealth, Inc.	6,800	90
Presidential Life Corp.	9,100	90
Washington Trust Bancorp, Inc.	4,493	89
*.^ Guaranty Financial Group, Inc.	33,841	88
* United America Indemnity, Ltd.	6,800	87
Kite Realty Group Trust REIT	15,523	86
* Guaranty Bancorp	42,439	85
OneBeacon Insurance Group Ltd.	8,107	85
* FCStone Group, Inc.	18,800	83
Compass Diversified Trust	7,370	83
First Financial Holdings, Inc.	4,035	82
Heartland Financial USA, Inc.	3,955	81
Sterling Bancorp	5,785	81
Kearny Financial Corp.	6,281	80
* Encore Capital Group, Inc.	11,123	80
* Republic First Bancorp, Inc.	9,019	79

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	Shares	Market Value (\$'000)
Abington Community Bancorp Inc.	8,563	79
BGC Partners, Inc.	28,530	79
Heritage Commerce Corp.	7,000	79
* Penson Worldwide, Inc.	10,262	78
Mission West Properties Inc. REIT	10,188	78
German American Bancorp	6,797	77
* Dollar Financial Corp.	7,500	77
* The First Marblehead Corp.	59,851	77
First Potomac REIT	7,995	74
Associated Estates Realty Corp. REIT	8,108	74
^ Cascade Bancorp	10,816	73
Old Second Bancorp, Inc.	6,115	71
Agree Realty Corp. REIT	3,900	71
Essa Bancorp Inc.	5,000	71
PremierWest Bancorp	10,434	70
Ames National Corp.	2,615	69
National Financial Partners Corp.	22,825	69
Southwest Bancorp, Inc.	5,344	69
* FBR Capital Markets Corp.	14,232	69
U-Store-It Trust REIT	15,495	69
Princeton National Bancorp, Inc.	2,999	69
Bryn Mawr Bank Corp.	3,402	68
Gladstone Capital Corp.	8,419	68
Merchants Bancshares, Inc.	3,611	68
Cardinal Financial Corp.	11,910	68
^ Frontier Financial Corp.	15,450	67
Calamos Asset Management, Inc.	9,004	67
* Greenlight Capital Re. Ltd.	5,095	66
Hanmi Financial Corp.	32,069	66
* Thomas Weisel Partners Group, Inc.	13,900	66
Consolidated-Tomoka Land Co.	1,700	65
Danvers Bancorp, Inc.	4,761	64
Medallion Financial Corp.	8,180	62
Westwood Holdings Group, Inc.	2,100	60
Sanders Morris Harris Group Inc.	9,701	58
American Capital Agency Corp. REIT	2,700	58
^ Citizens & Northern Corp.	2,898	57
Gamco Investors Inc. Class A	2,093	57
OceanFirst Financial Corp.	3,436	57
West Bancorporation	4,621	57
First Financial Northwest, Inc.	6,016	56
Center Bancorp, Inc.	6,845	56
Kayne Anderson Energy Development Co.	7,400	56
Student Loan Corp.	1,350	55
*.^ Ladenburg Thalmann Financial Services, Inc.	76,300	55
^ First South Bancorp, Inc.	4,352	55
Oriental Financial Group Inc.	8,981	54
* Avatar Holding, Inc.	1,994	53
Resource Capital Corp. REIT	13,800	53
Financial Institutions, Inc.	3,651	52
Kansas City Life Insurance Co.	1,200	52
State Bancorp, Inc.	5,243	51
West Coast Bancorp	7,697	51
Center Financial Corp.	8,115	50
Strategic Hotels and Resorts, Inc. REIT	29,600	50
Camden National Corp.	1,840	50
First Security Group Inc.	10,668	49
NGP Capital Resources Co.	5,761	48
City Bank Lynnwood (WA)	9,265	48
Advance America, Cash Advance Centers, Inc.	25,059	47
Pulaski Financial Corp.	7,046	47
Anthracite Capital Inc. REIT	21,100	47
Donegal Group Inc. Class A	2,800	47
^ Corus Bankshares Inc.	42,180	47
Baldwin & Lyons, Inc. Class B	2,573	47
HF Financial Corp.	3,644	47

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	Shares	Market Value (\$'000)
Pacific Mercantile Bancorp	9,491	47
CoBiz Inc.	4,773	46
Penns Woods Bancorp, Inc.	2,008	46
Cohen & Steers, Inc.	4,200	46
FelCor Lodging Trust, Inc. REIT	24,868	46
NYMAGIC, Inc.	2,400	46
Gladstone Commercial Corp. REIT	5,300	45
* Stratus Properties Inc.	3,604	45
Banner Corp.	4,700	44
Glimcher Realty Trust REIT	15,734	44
Heritage Financial Corp.	3,576	44
Ramco-Gershenson Properties Trust REIT	7,010	43
National Bankshares, Inc.	2,192	43
Jefferson Bancshares, Inc.	5,200	42
Great Southern Bancorp, Inc.	3,677	42
*.^ Credit Acceptance Corp.	3,000	41
Eastern Insurance Holdings, Inc.	5,100	41
Shore Bancshares, Inc.	1,650	40
Eastern Virginia Bankshares, Inc.	4,460	39
American National Bankshares Inc.	2,283	39
* Asset Acceptance Capital Corp.	7,559	39
Hersha Hospitality Trust REIT	12,700	38
MCG Capital Corp.	53,615	38
Maguire Properties, Inc. REIT	25,900	38
^ United Security Bancshares (CA)	3,235	37
Ameriserv Financial Inc.	18,587	37
One Liberty Properties, Inc. REIT	4,200	37
Northrim Bancorp Inc.	3,584	37
UMH Properties, Inc. REIT	6,159	37
Cadence Financial Corp.	7,800	36
Macatawa Bank Corp.	10,455	36
Evercore Partners Inc.	2,900	36
* Waterstone Financial, Inc.	10,509	35
* The Bancorp Inc.	9,358	35
MBT Financial Corp.	11,530	35
Farmers Capital Bank Corp.	1,430	35
Centerstate Banks of Florida	2,042	35
Cogdell Spencer Inc. REIT	3,700	35
*.^ CompuCredit Corp.	6,159	34
Education Realty Trust, Inc. REIT	6,521	34
Wainwright Bank & Trust Co.	5,682	33
American Land Lease, Inc. REIT	2,400	33
^ TIB Financial Corp.	7,417	32
PMC Commercial Trust REIT	4,300	32
First M&F Corp.	3,952	32
TierOne Corp.	8,416	32
Amcore Financial, Inc.	8,652	31
Capitol Bancorp Ltd.	3,990	31
CFS Bancorp, Inc.	7,800	30
* American Safety Insurance Holdings, Ltd.	2,300	30
Investors Title Co.	812	30
^ Seacoast Banking Corp. of Florida	4,564	30
Yadkin Valley Bank and Trust Co.	2,100	30
Winthrop Realty Trust REIT	2,759	30
First Bancorp, Inc.	1,500	30
LSB Corp.	4,028	30
Comm Bancorp, Inc.	843	30
United Community Financial Corp.	32,272	29
Independent Bank Corp. (MI)	13,405	29
K-Fed Bancorp	4,436	29
Ameris Bancorp	2,421	29
*.^ First Federal Financial Corp.	16,232	28
Capital Bank Corp.	4,502	28
Gladstone Investment Corp.	5,624	28
* NewStar Financial, Inc.	6,812	27
Smithtown Bancorp, Inc.	1,654	27

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	Shares	Market Value (\$'000)
* Irwin Financial Corp.	20,387	26
Enterprise Financial Services Corp.	1,685	26
Sierra Bancorp	1,200	25
Hawthorn Bancshares Inc.	1,461	25
United Security Bancshares, Inc.	1,292	25
Colony Bankcorp, Inc.	3,062	25
* Harris & Harris Group, Inc.	6,200	24
* Primus Guaranty, Ltd.	21,467	24
Fifth Street Finance Corp.	3,126	24
American Physicians Service Group, Inc.	1,090	23
Pacific Continental Corp.	1,550	23
TICC Capital Corp.	6,084	23
Century Bancorp, Inc. Class A	1,440	23
U.S. Global Investors, Inc. Class A	4,600	22
Gramercy Capital Corp. REIT	17,524	22
TF Financial Corp.	1,161	22
First Place Financial Corp.	5,836	22
DuPont Fabros Technology Inc. REIT	10,586	22
Provident Financial Holdings, Inc.	4,832	22
Monmouth Real Estate Investment Corp. REIT	3,100	22
First Federal Bancshares of Arkansas, Inc.	2,933	22
Interinvest Bancshares Corp.	5,348	21
Arbor Realty Trust, Inc. REIT	7,200	21
Resource America, Inc.	5,286	21
Camco Financial Corp.	6,536	21
Roma Financial Corp.	1,600	20
CapLease, Inc. REIT	11,600	20
HopFed Bancorp, Inc.	1,815	20
NewBridge Bancorp.	8,369	20
Unity Bancorp, Inc.	5,069	20
MutualFirst Financial Inc.	2,926	20
Advanta Corp. Class B	9,200	19
Horizon Financial Corp.	3,993	19
^ W Holding Co., Inc.	1,821	19
Taylor Capital Group, Inc.	3,200	19
Atlantic Coast Federal Corp.	4,745	18
Capital Trust Class A REIT	5,099	18
* First Regional Bancorp	5,600	18
* Cowen Group, Inc.	2,900	18
Anchor Bancorp Wisconsin Inc.	6,479	18
BankAtlantic Bancorp, Inc. Class A	3,067	18
North Valley Bancorp	4,618	17
First State Bancorporation	10,265	17
Newcastle Investment Corp. REIT	19,931	17
Bank of Granite Corp.	6,687	16
Codorus Valley Bancorp, Inc.	2,097	16
* First Acceptance Corp.	5,500	16
Wayne Savings Bancshares, Inc.	2,079	16
* Meruelo Maddux Properties Inc.	12,240	15
^ JER Investors Trust Inc. REIT	16,172	15
FNB Corp. (NC)	4,656	15
ASTA Funding, Inc.	5,300	14
First of Long Island Corp.	600	14
Bank of Marin Bancorp	600	14
* BCSB Bancorp, Inc.	1,582	14
Thomas Properties Group, Inc.	5,320	14
Landmark Bancorp Inc.	786	14
Royal Bancshares of Pennsylvania, Inc.	4,060	14
* Rewards Network Inc.	5,200	13
Citizens South Banking Corp.	2,237	13
* Pennsylvania Commerce Bancorp, Inc.	500	13
* Community Bancorp	3,750	13
* Superior Bancorp	4,089	13
^ Alesco Financial, Inc. REIT	28,832	13
Advanta Corp. Class A	10,894	13
First Defiance Financial Corp.	1,600	12

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	Shares	Market Value (\$000)
* United PanAm Financial Corp.	7,392	12
* Reis, Inc.	2,356	12
Care Investment Trust Inc.	1,500	12
Midwest Banc Holdings, Inc.	8,097	11
Bridge Bancorp, Inc.	600	11
HMN Financial, Inc.	2,621	11
Mercantile Bank Corp.	2,546	11
* Flagstar Bancorp, Inc.	15,254	11
Ameriana Bancorp	1,926	11
Kohlberg Capital Corp.	2,881	10
Integra Bank Corp.	7,550	10
Federal Agricultural Mortgage Corp. Class A	3,500	10
* Ampal-American Israel Corp.	17,444	10
PAB Bankshares, Inc.	2,195	10
* Friedman, Billings, Ramsey Group, Inc. REIT	56,688	10
Preferred Bank	1,573	9
Independence Holding Co.	2,602	9
Dynex Capital, Inc. REIT	1,400	9
Patriot Capital Funding Inc.	2,500	9
PennantPark Investment Corp.	2,500	9
Rockville Financial, Inc.	600	8
National Interstate Corp.	445	8
* Tree.com, Inc.	2,950	8
QC Holdings Inc.	2,008	8
* First Keystone Financial, Inc.	958	8
United Financial Bancorp, Inc.	491	7
Alliance Financial Corp.	300	7
Diamond Hill Investment Group	100	7
* Deerfield Capital Corp.	1,764	6
* Marlin Business Services Inc.	2,196	6
Citizens First Bancorp, Inc.	2,748	6
* Consumer Portfolio Services, Inc.	14,200	6
Rainier Pacific Financial Group Inc.	3,925	5
* Market Leader, Inc.	3,100	5
Meta Financial Group, Inc.	554	5
* American Independence Corp.	1,770	5
* Meridian Interstate Bancorp, Inc.	500	5
Lincoln Bancorp	300	5
^ Temecula Valley Bancorp, Inc.	4,763	4
^ Security Bank Corp.	4,192	4
AmericanWest Bancorporation	5,796	4
Vestin Realty Mortgage II, Inc.	1,269	4
* First Mariner Bancorp, Inc.	5,242	4
Imperial Capital Bancorp Inc.	1,671	4
BRT Realty Trust REIT	1,000	4
* Specialty Underwriters' Alliance, Inc.	1,400	4
Columbia Bancorp (OR)	1,800	4
Federal Agricultural Mortgage Corp. Class C	900	3
Capital Corp. of the West	3,272	3
NASB Financial Inc.	100	3
First United Corp.	200	3
* Valley National Bankcorp Warrants Exp. 6/30/15	570	3
* ZipRealty, Inc.	900	2
Cascade Financial Corp.	375	2
CNB Financial Corp.	200	2
*.^ Triad Guaranty, Inc.	4,400	2
^ BankUnited Financial Corp.	9,685	2
Eagle Bancorp, Inc.	286	2
* AMV Liquidating Trust	13,300	1
Southern Community Financial Corp.	400	1
* Encore Bancshares, Inc.	100	1
Fidelity Southern Corp.	301	1
Community Capital Corp.	115	1
Grubb & Ellis Co.	600	1
Affirmative Insurance Holdings, Inc.	500	1

	Shares	Market Value (\$'000)
Habersham Bancorp	200	—
* EBS Litigation LLC	6,856	—
* FX Real Estate and Entertainment Inc.	2,254	—
		662,833
Health Care (8.7%)		
Johnson & Johnson	1,290,484	77,210
Pfizer Inc.	3,113,127	55,133
Abbott Laboratories	711,868	37,992
Merck & Co., Inc.	989,392	30,078
* Amgen Inc.	488,542	28,213
Wyeth	615,761	23,097
* Gilead Sciences, Inc.	424,828	21,726
Bristol-Myers Squibb Co.	914,146	21,254
Eli Lilly & Co.	472,474	19,027
* Genentech, Inc.	219,317	18,184
Medtronic, Inc.	519,826	16,333
Baxter International, Inc.	290,226	15,553
UnitedHealth Group Inc.	563,126	14,979
Schering-Plough Corp.	751,730	12,802
* Celgene Corp.	210,359	11,629
* WellPoint Inc.	236,463	9,962
* Medco Health Solutions, Inc.	233,868	9,801
Covidien Ltd.	232,013	8,408
* Genzyme Corp.	124,328	8,252
Becton, Dickinson & Co.	112,700	7,708
* Thermo Fisher Scientific, Inc.	193,929	6,607
* Biogen Idec Inc.	134,292	6,396
Aetna Inc.	218,284	6,221
Cardinal Health, Inc.	166,254	5,731
Allergan, Inc.	140,906	5,681
Stryker Corp.	133,601	5,337
* Express Scripts Inc.	97,010	5,334
* St. Jude Medical, Inc.	158,208	5,215
McKesson Corp.	127,637	4,943
* Boston Scientific Corp.	625,571	4,842
* Zimmer Holdings, Inc.	104,173	4,211
Quest Diagnostics, Inc.	76,705	3,982
C.R. Bard, Inc.	45,947	3,871
* Forest Laboratories, Inc.	141,135	3,595
Laboratory Corp. of America Holdings	51,637	3,326
* Humana Inc.	78,143	2,913
AmerisourceBergen Corp.	73,326	2,615
* Cephalon, Inc.	31,627	2,437
* DaVita, Inc.	48,636	2,411
* Intuitive Surgical, Inc.	17,943	2,279
CIGNA Corp.	127,215	2,144
* Vertex Pharmaceuticals, Inc.	68,630	2,085
* Varian Medical Systems, Inc.	58,090	2,035
* Hospira, Inc.	74,213	1,990
DENTSPLY International Inc.	65,957	1,863
* Life Technologies Corp.	79,114	1,844
* Waters Corp.	45,789	1,678
* Hologic, Inc.	118,265	1,546
Omnicare, Inc.	54,684	1,518
* Henry Schein, Inc.	41,352	1,517
* Illumina, Inc.	56,428	1,470
* Endo Pharmaceuticals Holdings, Inc.	56,389	1,459
* Edwards Lifesciences Corp.	26,197	1,440
Pharmaceutical Product Development, Inc.	49,498	1,436
* Myriad Genetics, Inc.	21,287	1,410
* Mylan Inc.	142,427	1,409
* Covance, Inc.	29,439	1,355
* Millipore Corp.	25,826	1,331
* ResMed Inc.	34,954	1,310
IMS Health, Inc.	84,899	1,287

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	Shares	Market Value (\$'000)
Beckman Coulter, Inc.	29,176	1,282
* Cerner Corp.	32,124	1,235
* Alexion Pharmaceuticals, Inc.	34,092	1,234
* Watson Pharmaceuticals, Inc.	45,775	1,216
* King Pharmaceuticals, Inc.	113,739	1,208
Perrigo Co.	37,155	1,200
Techne Corp.	17,274	1,115
* Gen-Probe Inc.	25,420	1,089
* Coventry Health Care Inc.	69,674	1,037
* OSI Pharmaceuticals, Inc.	26,474	1,034
* IDEXX Laboratories, Inc.	27,370	988
*,^ Valeant Pharmaceuticals International	41,448	949
* Lincare Holdings, Inc.	34,376	926
Teleflex Inc.	18,314	918
* Onyx Pharmaceuticals, Inc.	26,098	892
* Immucor Inc.	32,680	869
* Charles River Laboratories, Inc.	31,975	838
* Thoratec Corp.	25,762	837
* BioMarin Pharmaceutical Inc.	46,805	833
Universal Health Services Class B	21,697	815
* Patterson Companies, Inc.	42,356	794
* VCA Antech, Inc.	39,800	791
PerkinElmer, Inc.	56,040	780
* Magellan Health Services, Inc.	19,315	756
* AMERIGROUP Corp.	25,126	742
Owens & Minor, Inc.	19,670	741
* Psychiatric Solutions, Inc.	26,466	737
* Amylin Pharmaceuticals, Inc.	63,590	690
* Warner Chilcott Ltd.	47,401	687
* Haemonetics Corp.	12,062	682
* Masimo Corp.	22,792	680
* United Therapeutics Corp.	10,840	678
* Bio-Rad Laboratories, Inc. Class A	8,905	671
STERIS Corp.	27,937	667
* Pediatrix Medical Group, Inc.	21,014	666
* Community Health Systems, Inc.	44,671	651
* Inverness Medical Innovations, Inc.	34,177	646
* Cubist Pharmaceuticals, Inc.	26,506	640
* Isis Pharmaceuticals, Inc.	44,425	630
West Pharmaceutical Services, Inc.	15,475	584
* Nuvasive, Inc.	16,650	577
* Sepracor Inc.	50,971	560
* PSS World Medical, Inc.	29,350	552
* Health Net Inc.	49,524	539
* Regeneron Pharmaceuticals, Inc.	29,284	538
* LifePoint Hospitals, Inc.	23,271	532
* Auxilium Pharmaceuticals, Inc.	18,400	523
* Amedisys Inc.	12,534	518
* Sequenom, Inc.	25,830	512
Mentor Corp.	16,057	497
Meridian Bioscience Inc.	19,208	489
* Alkermes, Inc.	45,314	483
* Kinetic Concepts, Inc.	25,022	480
* Healthspring, Inc.	23,500	469
* HLTH Corp.	44,665	467
* HealthSouth Corp.	42,548	466
Martek Biosciences Corp.	15,384	466
Hill-Rom Holdings, Inc.	27,613	455
* Varian, Inc.	13,530	453
* ViroPharma Inc.	33,631	438
Chemed Corp.	10,600	422
* Celera Corp.	37,557	418
* Luminex Corp.	18,816	402
* Catalyst Health Solutions, Inc.	16,350	398
* Centene Corp.	19,900	392
* Alnylam Pharmaceuticals Inc.	15,700	388

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	Shares	Market Value (\$'000)
* Dionex Corp.	8,500	381
* Wright Medical Group, Inc.	18,200	372
Medicis Pharmaceutical Corp.	26,592	370
* The Medicines Co.	24,916	367
* Gentiva Health Services, Inc.	12,531	367
* AmSurg Corp.	15,200	355
* Theravance, Inc.	28,584	354
PDL BioPharma Inc.	57,195	353
Cooper Cos., Inc.	21,498	353
* Integra LifeSciences Holdings	9,801	349
* HMS Holdings Corp.	10,933	345
* Acorda Therapeutics Inc.	16,700	343
Datascope Corp.	6,494	339
* CONMED Corp.	13,940	334
Landauer, Inc.	4,500	330
* Eclipsys Corp.	22,800	324
* Medarex, Inc.	56,151	313
* AthenaHealth Inc.	8,300	312
* American Medical Systems Holdings, Inc.	34,592	311
* Exelixis, Inc.	61,605	309
* Nektar Therapeutics	52,376	291
* ABIOMED, Inc.	17,400	286
* Cepheid, Inc.	27,122	282
* AMAG Pharmaceuticals, Inc.	7,833	281
* Greatbatch, Inc.	10,541	279
* Xenoport Inc.	11,000	276
* CV Therapeutics, Inc.	29,294	270
* Align Technology, Inc.	30,461	267
* Tenet Healthcare Corp.	229,989	264
* Seattle Genetics, Inc.	29,486	264
Allscripts Healthcare Solutions, Inc.	26,000	258
* PAREXEL International Corp.	25,900	251
* WellCare Health Plans Inc.	19,468	250
* Halozyne Therapeutics Inc.	43,200	242
* Advanced Medical Optics, Inc.	36,311	240
* Conceptus, Inc.	15,600	237
* Dendreon Corp.	51,533	236
* PharMerica Corp.	14,954	234
* Healthways, Inc.	20,213	232
* Merit Medical Systems, Inc.	12,839	230
* Volcano Corp.	15,300	229
* Questcor Pharmaceuticals, Inc.	24,622	229
* Phase Forward Inc.	17,914	224
* Hanger Orthopedic Group, Inc.	14,935	217
* Cougar Biotechnology Inc.	8,300	216
* LHC Group Inc.	5,900	212
* Geron Corp.	45,180	211
* Cyberonics, Inc.	12,500	207
* Salix Pharmaceuticals, Ltd.	23,258	205
* Savient Pharmaceuticals Inc.	35,161	204
* Incyte Corp.	52,582	199
* ICU Medical, Inc.	6,000	199
* Momenta Pharmaceuticals, Inc.	17,100	198
* Health Management Associates Class A	110,804	198
* Abraxis BioScience	2,986	197
* Quidel Corp.	15,000	196
* InterMune Inc.	18,400	195
* Metabolix Inc.	15,284	194
* Par Pharmaceutical Cos. Inc.	14,127	189
* inVentiv Health, Inc.	16,315	188
* Maxygen Inc.	21,091	188
* Invacare Corp.	12,107	188
* Kindred Healthcare, Inc.	13,932	181
* Ligand Pharmaceuticals Inc. Class B	65,899	181
* Progenics Pharmaceuticals, Inc.	17,436	180
* NPS Pharmaceuticals Inc.	28,946	180

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	Shares	Market Value (\$'000)
* Omnicell, Inc.	14,500	177
* AngioDynamics, Inc.	12,921	177
* Cypress Bioscience, Inc.	25,177	172
* Abaxis, Inc.	10,700	172
* Enzon Pharmaceuticals, Inc.	29,291	171
Teva Pharmaceutical Industries Ltd. Sponsored ADR	3,996	170
* Vivus, Inc.	31,714	169
* Natus Medical Inc.	13,000	168
* Human Genome Sciences, Inc.	77,863	165
* Sun Healthcare Group Inc.	17,929	159
* Res-Care, Inc.	10,500	158
* Cross Country Healthcare, Inc.	17,700	156
Computer Programs and Systems, Inc.	5,800	155
* Universal American Corp.	17,357	153
* Zoll Medical Corp.	8,000	151
* SurModics, Inc.	5,945	150
* IRIS International, Inc.	10,700	149
* MedAssets, Inc.	10,200	149
*^ GTx, Inc.	8,800	148
* SonoSite, Inc.	7,700	147
* Genoptix, Inc.	4,100	140
Analogic Corp.	5,100	139
*^ MannKind Corp.	40,095	138
* CryoLife Inc.	14,000	136
* Somanetics Corp.	8,183	135
* AMN Healthcare Services, Inc.	15,905	135
* Accuray Inc.	25,957	134
* Bio-Reference Laboratories, Inc.	5,044	132
* ev3 Inc.	21,637	132
* Assisted Living Concepts Inc.	31,721	132
* Medivation Inc.	9,015	131
* eResearch Technology, Inc.	19,350	128
* Rigel Pharmaceuticals, Inc.	15,889	127
* Pain Therapeutics, Inc.	21,400	127
* CorVel Corp.	5,756	127
* Orthovita, Inc.	36,716	124
National Healthcare Corp.	2,400	122
* Array BioPharma Inc.	29,985	121
* Allos Therapeutics Inc.	19,823	121
* Symmetry Medical Inc.	15,100	120
* Odyssey Healthcare, Inc.	13,000	120
* OraSure Technologies, Inc.	31,390	116
* Albany Molecular Research, Inc.	11,811	115
* Neogen Corp.	4,602	115
* Nabi Biopharmaceuticals	34,071	114
* Arena Pharmaceuticals, Inc.	27,008	113
* Inspire Pharmaceuticals, Inc.	31,113	112
* Emergency Medical Services LP Class A	3,000	110
* Facet Biotech Corp.	11,439	110
* Rochester Medical Corp.	7,086	109
* Durect Corp.	31,841	108
* MWI Veterinary Supply Inc.	4,000	108
* ImmunoGen, Inc.	24,400	105
* Matrixx Initiatives, Inc.	6,300	104
* RehabCare Group, Inc.	6,832	104
* Kendle International Inc.	4,000	103
* Cardiac Science Corp.	13,656	102
Brookdale Senior Living Inc.	18,271	102
* Pharmasset, Inc.	7,700	101
*^ Osiris Therapeutics, Inc.	5,258	101
* Immunomedics Inc.	58,475	99
* Idenix Pharmaceuticals Inc.	17,134	99
* Noven Pharmaceuticals, Inc.	8,900	98
* Indevus Pharmaceuticals, Inc.	30,343	95
* Lexicon Pharmaceuticals Inc.	67,009	94
* Affymetrix, Inc.	31,194	93

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	Shares	Market Value (\$'000)
* Novavax, Inc.	48,922	92
* Dyax Corp.	25,397	92
* ArQule, Inc.	21,301	90
* US Physical Therapy, Inc.	6,300	84
* Genomic Health, Inc.	4,300	84
* I-Flow Corp.	17,400	84
* Kensey Nash Corp.	4,291	83
* Orthofix International N.V.	5,401	83
* Molina Healthcare Inc.	4,618	81
* Almost Family Inc.	1,800	81
* Air Methods Corp.	5,000	80
* Vital Images, Inc.	5,700	79
* Bruker BioSciences Corp.	19,264	78
* Palomar Medical Technologies, Inc.	6,600	76
* Accelrys Inc.	17,107	75
* America Service Group Inc.	6,943	74
* Optimer Pharmaceuticals Inc.	6,000	73
* Neurocrine Biosciences, Inc.	22,534	72
* Medical Action Industries Inc.	7,150	71
* Akorn, Inc.	31,000	71
* Sangamo BioSciences, Inc.	20,283	71
* Micromet, Inc.	16,130	70
* Clinical Data, Inc.	7,800	69
* Emeritus Corp.	6,636	67
* Alliance Imaging, Inc.	8,200	65
* SuperGen, Inc.	33,900	65
* Continucare Corp.	30,435	64
* StemCells, Inc.	46,900	64
* Pozen Inc.	12,462	63
* Discovery Laboratories, Inc.	56,046	63
* Stereotaxis Inc.	14,107	62
* Biomimetic Therapeutics, Inc.	6,700	62
* ArthroCare Corp.	12,913	62
* MedCath Corp.	5,899	62
* RTI Biologics, Inc.	21,863	60
* American Dental Partners, Inc.	8,609	60
* Insulet Corp.	7,700	59
* VNUS Medical Technologies, Inc.	3,500	57
*^ Zymogenetics, Inc.	18,875	57
* Sirona Dental Systems Inc.	5,276	55
* IPC The Hospitalist Co.	3,150	53
* Skilled Healthcare Group Inc.	6,000	51
* Spectranetics Corp.	19,196	50
* Cambrex Corp.	10,772	50
* TomoTherapy, Inc.	20,597	49
* Synovis Life Technologies, Inc.	2,595	49
* Adolor Corp.	29,200	48
* ATS Medical, Inc.	17,226	48
* K-V Pharmaceutical Co. Class A	16,333	47
* Capital Senior Living Corp.	15,700	47
* HealthTronics Surgical Services, Inc.	20,756	47
* Enzo Biochem, Inc.	9,335	46
* BioScrip Inc.	20,408	45
* Dexcom Inc.	15,800	44
* Life Sciences Research, Inc.	4,500	42
* Senomyx, Inc.	15,083	42
* Aastrom Biosciences, Inc.	83,800	42
* Cantel Medical Corp.	2,800	41
* NxStage Medical, Inc.	15,200	41
* XOMA Ltd.	65,000	40
*^ MiddleBrook Pharmaceuticals Inc.	26,570	40
* Triple-S Management Corp.	3,400	39
* Orexigen Therapeutics Inc.	7,000	39
* Nighthawk Radiology Holdings, Inc.	7,985	39
* Columbia Laboratories Inc.	30,465	39
* Endologix, Inc.	32,193	39

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	Shares	Market Value (\$000)
* AspenBio Pharma, Inc.	6,000	37
* Novamed, Inc.	10,600	37
* Sunrise Senior Living, Inc.	21,300	36
* BMP Sunstone Corp.	6,337	35
* Anadys Pharmaceuticals Inc.	21,879	34
* Peregrine Pharmaceuticals, Inc.	118,381	34
* Amicas, Inc.	20,076	34
LCA-Vision Inc.	8,112	33
* Idera Pharmaceuticals, Inc.	4,300	33
Young Innovations, Inc.	2,100	32
Psychemedics Corp.	4,980	32
* Micrus Endovascular Corp.	2,600	30
* Exactech, Inc.	1,758	30
Atrion Corp.	300	29
* DepoMed, Inc.	17,306	29
* Rural/Metro Corp.	14,870	27
* Celldex Therapeutics, Inc.	3,360	27
* Alphatec Holdings, Inc.	11,000	26
* Allion Healthcare Inc.	6,100	25
* Cutera, Inc.	2,800	25
* Anika Resh Inc.	8,000	24
* Aspect Medical Systems, Inc.	6,996	24
* Cadence Pharmaceuticals, Inc.	3,200	23
* BioLase Technology, Inc.	15,314	23
* SciClone Pharmaceuticals, Inc.	30,457	23
* Cytokinetics, Inc.	7,525	21
* BioSphere Medical Inc.	10,860	21
* Emergent BioSolutions Inc.	800	21
* Monogram Biosciences Inc.	7,963	21
*^ Genexx Biotechnology Corp.	66,500	21
* PDI, Inc.	5,100	20
* GenVec, Inc.	47,497	20
* Obagi Medical Products, Inc.	2,700	20
* Affymax Inc.	2,014	20
* Harvard Bioscience, Inc.	7,434	20
* Clariant, Inc.	11,990	20
* Five Star Quality Care, Inc.	12,771	20
* Hi-Tech Pharmacal Co., Inc.	3,513	19
* AVI BioPharma, Inc.	29,300	19
* RadNet, Inc.	5,579	19
* National Dentex Corp.	3,896	18
* Emageon Inc.	9,495	18
* Santarus Inc.	11,122	17
* ARIAD Pharmaceuticals, Inc.	20,212	17
* Synta Pharmaceuticals Corp.	2,800	17
* Hythiam Inc.	43,818	17
* Vical, Inc.	12,115	17
* RXi Pharmaceuticals Corp.	2,936	17
* Caliper Life Sciences, Inc.	17,380	17
Trimeris, Inc.	12,404	16
* EPIX Pharmaceuticals Inc.	15,992	16
* Penwest Pharmaceuticals Co.	10,450	16
Cytrx Corp.	51,700	16
* Hooper Holmes, Inc.	63,605	16
* Telik, Inc.	39,883	15
* La Jolla Pharmaceutical Co.	25,280	15
* ThermoGenesis Corp.	33,937	15
* Allied Healthcare International Inc.	13,217	14
* Acadia Pharmaceuticals Inc.	15,540	14
* Theragenics Corp.	11,916	14
* Sonic Innovations, Inc.	13,930	14
* Hansen Medical Inc.	1,921	14
* Corcept Therapeutics Inc.	13,426	14
* Cerus Corp.	18,474	13
* Opko Health, Inc.	7,900	13
Merge Healthcare Inc.	9,681	12

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	Shares	Market Value (\$000)
* Animal Health International, Inc.	5,800	12
* Hemispherx Biopharma, Inc.	35,200	12
* Infinity Pharmaceuticals, Inc.	1,525	12
* Osteotech, Inc.	7,187	12
* Cynosure Inc.	1,300	12
* Alexza Pharmaceuticals, Inc.	3,696	12
* Ensign Group Inc.	692	12
* Curis, Inc.	15,270	11
* Nuvelo, Inc.	35,718	11
* Insmed Inc.	22,150	10
* Pharmacyclics, Inc.	12,630	10
* Biodel Inc.	2,000	10
* Repligen Corp.	2,500	9
* CPEX Pharmaceuticals, Inc.	940	9
* Hollis-Eden Pharmaceuticals, Inc.	12,818	9
* Strategic Diagnostics Inc.	9,612	9
* EntreMed, Inc.	53,110	8
* Orthologic Corp.	20,010	8
* Neose Technologies, Inc.	24,574	8
* BioCryst Pharmaceuticals, Inc.	6,000	8
* Icad Inc.	7,000	8
* Repros Therapeutics, Inc.	700	7
* Caraco Pharmaceutical Laboratories, Ltd.	1,200	7
* CuraGen Corp.	15,252	7
* Emisphere Technologies, Inc.	8,800	7
* Poniard Pharmaceuticals, Inc.	3,573	7
* Cell Genesys, Inc.	31,265	7
* Genelabs Technologies, Inc.	5,200	7
* SRI/Surgical Express, Inc.	3,833	7
* Javelin Pharmaceuticals, Inc.	5,076	6
* Avigen, Inc.	7,930	6
* deCODE genetics, Inc.	30,173	6
* STAAR Surgical Co.	2,300	5
* Arrowhead Research Corp.	5,498	5
* Pharmanet Development Group, Inc.	5,505	5
* Orchid Cellmark, Inc.	7,589	5
* Avanir Pharmaceuticals Class A	12,100	5
* IVAX Diagnostics, Inc.	8,700	5
* Providence Service Corp.	3,100	4
* GTC Biotherapeutics, Inc.	13,981	4
* Oxigene, Inc.	6,748	4
* Candela Corp.	8,123	4
* Antigenics, Inc.	8,912	4
* SCOLR Pharma Inc.	6,600	4
* Exact Sciences Corp.	7,166	4
* Ista Pharmaceuticals Inc.	5,337	4
* Nanogen, Inc.	26,400	4
* Dynavax Technologies Corp.	4,363	4
* Altus Pharmaceuticals, Inc.	6,684	4
* NMT Medical, Inc.	3,531	3
* Panacos Pharmaceuticals Inc.	23,595	3
* Northstar Neuroscience, Inc.	2,700	3
* ADVENTRX Pharmaceuticals, Inc.	35,400	3
* Minrad International, Inc.	23,000	3
* DUSA Pharmaceuticals, Inc.	2,300	2
* Mediware Information Systems, Inc.	500	2
* Keryx Biopharmaceuticals, Inc.	10,400	2
* Insite Vision, Inc.	12,200	2
* Vanda Pharmaceuticals, Inc.	3,600	2
* Hana Biosciences, Inc.	6,238	1
* Dialysis Corp. of America	200	1
* Oscient Pharmaceuticals Corp.	7,381	1
* Epicept Corp.	1,913	1
* Neurogen Corp.	7,920	1
* Vascular Solutions, Inc.	100	1
* Combinatorx, Inc.	1,300	1

	Shares	Market Value (\$'000)
* Digirad Corp.	1,200	1
* Inhibitex Inc.	1,400	—
* Anesiva, Inc.	1,135	—
* Neurobiological Technolgoies, Inc.	776	—
* Palatin Technologies, Inc.	1,600	—
		645,956
Industrials (6.9%)		
General Electric Co.	4,847,169	78,524
United Technologies Corp.	423,063	22,676
3M Co.	306,635	17,644
United Parcel Service, Inc.	315,021	17,377
The Boeing Co.	325,192	13,876
Emerson Electric Co.	358,802	13,136
Lockheed Martin Corp.	155,537	13,078
Caterpillar, Inc.	281,533	12,576
Burlington Northern Santa Fe Corp.	159,325	12,062
Union Pacific Corp.	235,437	11,254
Honeywell International Inc.	327,015	10,736
Raytheon Co.	191,728	9,786
General Dynamics Corp.	156,236	8,998
FedEx Corp.	136,835	8,778
Norfolk Southern Corp.	173,610	8,168
Deere & Co.	199,455	7,643
Waste Management, Inc.	227,044	7,524
Illinois Tool Works, Inc.	192,349	6,742
Danaher Corp.	118,101	6,686
Northrop Grumman Corp.	148,358	6,682
CSX Corp.	188,649	6,125
Tyco International, Ltd.	219,784	4,747
PACCAR, Inc.	159,743	4,569
C.H. Robinson Worldwide Inc.	78,567	4,324
L3 Communications Holdings, Inc.	56,021	4,133
Republic Services, Inc. Class A	165,864	4,112
Precision Castparts Corp.	64,441	3,833
Fluor Corp.	83,030	3,726
ITT Industries, Inc.	80,082	3,683
Eaton Corp.	73,299	3,644
Parker Hannifin Corp.	77,824	3,311
Expeditors International of Washington, Inc.	98,582	3,280
Southwest Airlines Co.	340,854	2,938
Rockwell Collins, Inc.	74,009	2,893
Dover Corp.	87,242	2,872
* Jacobs Engineering Group Inc.	56,940	2,739
Ingersoll-Rand Co.	148,145	2,570
* First Solar, Inc.	18,449	2,545
Pitney Bowes, Inc.	96,641	2,462
Cummins Inc.	89,500	2,392
Cooper Industries, Inc. Class A	80,918	2,365
W.W. Grainger, Inc.	29,943	2,361
* Iron Mountain, Inc.	89,159	2,205
Goodrich Corp.	58,125	2,152
* Stericycle, Inc.	39,762	2,071
Rockwell Automation, Inc.	63,943	2,062
Fastenal Co.	58,746	2,047
The Dun & Bradstreet Corp.	25,226	1,947
Masco Corp.	171,763	1,912
Roper Industries Inc.	41,347	1,795
* Delta Air Lines Inc.	141,075	1,617
* Quanta Services, Inc.	81,577	1,615
Textron, Inc.	115,988	1,609
* URS Corp.	39,431	1,608
Pall Corp.	55,400	1,575
* Foster Wheeler Ltd.	67,302	1,574
Equifax, Inc.	59,187	1,570
Ametek, Inc.	49,769	1,504

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	Shares	Market Value (\$'000)
Cintas Corp.	64,712	1,503
Avery Dennison Corp.	44,599	1,460
Robert Half International, Inc.	68,515	1,426
Flowserve Corp.	26,440	1,362
* Alliant Techsystems, Inc.	15,470	1,327
R.R. Donnelley & Sons Co.	96,906	1,316
* Covanta Holding Corp.	57,853	1,270
Manpower Inc.	37,336	1,269
* AMR Corp.	118,076	1,260
KBR Inc.	79,800	1,213
* Waste Connections, Inc.	36,550	1,154
Joy Global Inc.	50,375	1,153
Donaldson Co., Inc.	33,077	1,113
Harsco Corp.	39,246	1,086
* FTI Consulting, Inc.	23,580	1,054
Pentair, Inc.	44,260	1,048
* McDermott International, Inc.	104,900	1,036
Lincoln Electric Holdings, Inc.	20,225	1,030
* AGCO Corp.	43,103	1,017
SPX Corp.	24,943	1,011
Ryder System, Inc.	26,050	1,010
J.B. Hunt Transport Services, Inc.	38,390	1,009
Watson Wyatt & Co. Holdings	20,410	976
* Aecom Technology Corp.	31,504	968
* Corrections Corp. of America	58,522	957
Landstar System, Inc.	24,370	937
* Continental Airlines, Inc. Class B	51,289	926
IDEX Corp.	38,353	926
* Copart, Inc.	33,824	920
Wabtec Corp.	21,514	855
* Kansas City Southern	42,250	805
Kennametal, Inc.	36,082	801
* Shaw Group, Inc.	38,506	788
* Terex Corp.	44,900	778
MSC Industrial Direct Co., Inc. Class A	20,954	772
The Timken Co.	38,895	764
Hubbell Inc. Class B	23,049	753
CLARCOR Inc.	22,170	736
Curtiss-Wright Corp.	21,168	707
GATX Corp.	22,636	701
Lennox International Inc.	21,605	698
* Teledyne Technologies, Inc.	15,621	696
* EMCOR Group, Inc.	30,200	677
Graco, Inc.	28,491	676
* SunPower Corp. Class A	18,200	673
* Moog Inc.	18,400	673
* Tetra Tech, Inc.	27,838	672
Granite Construction Co.	15,277	671
* JetBlue Airways Corp.	94,351	670
Acuity Brands, Inc.	19,112	667
* Kirby Corp.	24,100	659
Woodward Governor Co.	28,400	654
Bucyrus International, Inc.	35,050	649
* Monster Worldwide Inc.	53,603	648
UAL Corp.	58,622	646
* Owens Corning Inc.	36,997	640
* Clean Harbors Inc.	10,075	639
* Thomas & Betts Corp.	26,532	637
* Navistar International Corp.	29,779	637
UTI Worldwide, Inc.	42,828	614
Trinity Industries, Inc.	38,588	608
* SunPower Corp. Class B	19,394	590
Carlisle Co., Inc.	28,312	586
Con-way, Inc.	21,726	578
* Gardner Denver Inc.	24,692	576
Brady Corp. Class A	24,062	576

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	Shares	Market Value (\$'000)
The Brink's Co.	21,356	574
Regal-Beloit Corp.	15,100	574
The Toro Co.	17,300	571
* Energy Conversion Devices, Inc.	21,306	537
* Huron Consulting Group Inc.	9,290	532
* Orbital Sciences Corp.	27,200	531
* Esterline Technologies Corp.	13,800	523
The Manitowoc Co., Inc.	60,248	522
Valmont Industries, Inc.	8,457	519
^ Simpson Manufacturing Co.	18,600	516
Skywest, Inc.	27,400	510
Actuant Corp.	26,660	507
* Alaska Air Group, Inc.	17,178	502
* ESCO Technologies Inc.	12,200	500
* Spirit Aerosystems Holdings Inc.	48,510	493
Alexander & Baldwin, Inc.	19,629	492
Nordson Corp.	14,659	473
* Hub Group, Inc.	17,707	470
Heartland Express, Inc.	29,718	468
* GrafTech International Ltd.	55,598	463
Knight Transportation, Inc.	28,565	460
* Genesee & Wyoming Inc. Class A	15,039	459
Watsco, Inc.	11,800	453
Kaydon Corp.	13,188	453
Mueller Industries Inc.	17,929	450
* Geo Group Inc.	24,400	440
* TransDigm Group, Inc.	13,000	436
* General Cable Corp.	24,352	431
Belden Inc.	20,425	426
ABM Industries Inc.	21,850	416
Briggs & Stratton Corp.	23,596	415
* US Airways Group Inc.	51,560	399
Crane Co.	23,097	398
Rollins, Inc.	21,450	388
* WESCO International, Inc.	19,925	383
Werner Enterprises, Inc.	22,077	383
* United Stationers, Inc.	11,319	379
* Old Dominion Freight Line, Inc.	13,150	374
* Navigant Consulting, Inc.	23,078	366
The Corporate Executive Board Co.	16,245	358
* Hertz Global Holdings Inc.	70,500	357
Arkansas Best Corp.	11,800	355
Deluxe Corp.	23,737	355
Otter Tail Corp.	15,168	354
* BE Aerospace, Inc.	45,857	353
Watts Water Technologies, Inc.	14,011	350
Baldor Electric Co.	19,519	348
* Resources Connection, Inc.	20,900	342
Herman Miller, Inc.	26,187	341
Mine Safety Appliances Co.	14,002	335
* Hexcel Corp.	45,200	334
Applied Industrial Technology, Inc.	17,589	333
Triumph Group, Inc.	7,806	331
* AAR Corp.	17,900	330
Forward Air Corp.	13,553	329
Barnes Group, Inc.	22,464	326
* MPS Group, Inc.	42,951	323
American Science & Engineering, Inc.	4,300	318
Oshkosh Truck Corp.	34,468	306
*,^ American Superconductor Corp.	18,708	305
^ HNI Corp.	19,135	303
Healthcare Services Group, Inc.	18,742	299
* USG Corp.	36,400	293
* Sykes Enterprises, Inc.	15,167	290
Administaff, Inc.	13,400	290
* CoStar Group, Inc.	8,717	287

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	Shares	Market Value (\$000)
A.O. Smith Corp.	9,645	285
* Beacon Roofing Supply, Inc.	20,475	284
Mueller Water Products, Inc.	33,273	281
* Perini Corp.	11,900	278
Ameron International Corp.	4,300	271
* Allegiant Travel Co.	5,551	270
* Mobile Mini, Inc.	18,400	265
* Korn/Ferry International	22,900	262
* Astec Industries, Inc.	8,243	258
Franklin Electric, Inc.	8,900	250
* Ceradyne, Inc.	12,246	249
* II-VI, Inc.	12,700	242
* Axsys Technologies, Inc.	4,400	241
Robbins & Myers, Inc.	14,700	238
* Force Protection, Inc.	38,136	228
* Insituform Technologies Inc. Class A	11,500	226
* AirTran Holdings, Inc.	49,800	221
* CBIZ Inc.	25,023	216
Kaman Corp. Class A	11,851	215
Seaboard Corp.	177	211
Knoll, Inc.	22,700	205
Gorman-Rupp Co.	6,452	201
* Blount International, Inc.	20,937	198
EnergySolutions	35,100	198
Comfort Systems USA, Inc.	18,300	195
Apogee Enterprises, Inc.	18,700	194
* GeoEye Inc.	9,968	192
* Griffon Corp.	20,391	190
* EnPro Industries, Inc.	8,819	190
*^ Evergreen Solar, Inc.	59,407	190
* The Middleby Corp.	6,902	188
Viad Corp.	7,547	187
* TrueBlue, Inc.	19,304	185
CIRCOR International, Inc.	6,700	184
* Team, Inc.	6,636	184
* Mastec Inc.	15,775	183
* Republic Airways Holdings Inc.	17,114	183
Armstrong Worldwide Industries, Inc.	8,356	181
* Layne Christensen Co.	7,508	180
* RSC Holdings Inc.	20,900	178
Genco Shipping and Trading Ltd.	11,908	176
AAON, Inc.	8,430	176
McGrath RentCorp	8,200	175
HEICO Corp.	4,500	175
Heidrick & Struggles International, Inc.	8,100	174
Raven Industries, Inc.	7,100	171
* United Rentals, Inc.	18,680	170
* Aerovironment Inc.	4,600	169
* Exponent, Inc.	5,516	166
Cubic Corp.	6,000	163
* The Advisory Board Co.	7,291	163
* RBC Bearings Inc.	7,977	162
* EnerSys	14,680	161
Tredegar Corp.	8,855	161
American Ecology Corp.	7,800	158
Steelcase Inc.	28,026	158
Eagle Bulk Shipping Inc.	22,733	155
Encore Wire Corp.	8,050	153
Universal Forest Products, Inc.	5,619	151
Aircastle Ltd.	31,526	151
Quanex Building Products Corp.	15,990	150
* FuelCell Energy, Inc.	37,418	145
* Argon ST, Inc.	7,695	145
* Interline Brands, Inc.	13,304	141
* L.B. Foster Co. Class A	4,500	141
Cascade Corp.	4,700	140

Vanguard® Balanced Index Fund
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	Shares	Market Value (\$000)
G & K Services, Inc. Class A	6,939	140
* Altra Holdings Inc.	17,700	140
* School Specialty, Inc.	7,299	140
* Taser International Inc.	26,400	139
Pacer International, Inc.	13,300	139
Lindsay Manufacturing Co.	4,350	138
* DynCorp International Inc. Class A	8,949	136
* Columbus McKinnon Corp.	9,837	134
Federal Signal Corp.	16,353	134
* Dycom Industries, Inc.	16,290	134
* Cenveo Inc.	30,001	133
* Furmanite Corp.	24,497	132
* H&E Equipment Services, Inc.	16,693	129
* Atlas Air Worldwide Holdings, Inc.	6,800	129
* Sterling Construction Co., Inc.	6,900	128
Kimball International, Inc. Class B	14,764	127
* Northwest Pipe Co.	2,950	126
Great Lakes Dredge & Dock Co.	30,281	126
Badger Meter, Inc.	4,300	125
HEICO Corp. Class A	4,304	125
* Chart Industries, Inc.	11,717	125
* Ultralife Corp.	9,200	123
* ATC Technology Corp.	8,429	123
* Stanley Inc.	3,400	123
*^ Fuel-Tech N.V.	11,500	122
* Colfax Corp.	11,700	122
Ennis, Inc.	10,009	121
CDI Corp.	9,300	120
Freightcar America Inc.	6,515	119
* Innerworkings, Inc.	18,129	119
* Kforce Inc.	15,451	119
* Amerco, Inc.	3,428	118
* NCI Building Systems, Inc.	7,200	117
Albany International Corp.	9,122	117
* Marten Transport, Ltd.	6,150	117
* Titan Machinery, Inc.	8,200	115
* Waste Services, Inc.	17,332	114
Aceto Corp.	11,107	111
Titan International, Inc.	13,125	108
* GenCorp, Inc.	29,000	107
Ampco-Pittsburgh Corp.	4,900	106
Tennant Co.	6,900	106
* Cornell Cos., Inc.	5,600	104
* American Reprographics Co.	15,057	104
* American Commercial Lines Inc.	21,122	103
Kelly Services, Inc. Class A	7,900	103
* Kadant Inc.	7,610	103
* Celadon Group Inc.	11,625	99
* CRA International Inc.	3,678	99
*^ Ener1, Inc.	13,826	99
American Woodmark Corp.	5,385	98
Gibraltar Industries Inc.	8,200	98
Standex International Corp.	4,900	97
Ducommun, Inc.	5,800	97
Met-Pro Corp.	7,266	97
* Polypore International Inc.	12,400	94
* Consolidated Graphics, Inc.	4,100	93
* Capstone Turbine Corp.	104,276	88
* Odyssey Marine Exploration, Inc.	27,164	87
Houston Wire & Cable Co.	9,300	87
* AZZ Inc.	3,400	85
* Pike Electric Corp.	6,910	85
Diamond Management and Technology Consultants, Inc.	19,676	83
Interface, Inc.	17,743	82
* Hawaiian Holdings, Inc.	12,800	82
* Michael Baker Corp.	2,200	81

Vanguard® Balanced Index Fund
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	Shares	Market Value (\$'000)
* Trex Co., Inc.	4,900	81
* Herley Industries Inc.	6,452	79
* M&F Worldwide Corp.	5,100	79
Alamo Group, Inc.	5,242	78
* Power-One, Inc.	65,057	77
Applied Signal Technology, Inc.	4,300	77
* Powell Industries, Inc.	2,532	73
Dynamic Materials Corp.	3,700	71
Macquarie Infrastructure Co. LLC	18,800	71
NACCO Industries, Inc. Class A	1,891	71
* Kratos Defense & Security Inc.	50,430	71
Wabash National Corp.	15,450	70
* Acco Brands Corp.	19,708	68
* TurboChef Technologies, Inc.	13,400	66
Insteel Industries, Inc.	5,800	65
Bowne & Co., Inc.	11,100	65
TAL International Group, Inc.	4,590	65
Multi-Color Corp.	4,087	65
* 3D Systems Corp.	8,104	64
* YRC Worldwide, Inc.	22,350	64
* Acacia Research - Acacia Technologies	21,031	64
*,^ Valence Technology Inc.	34,365	63
* Perma-Fix Environmental Services, Inc.	49,758	62
* Rush Enterprises, Inc. Class A	7,250	62
* Hill International Inc.	8,700	61
Courier Corp.	3,348	60
* Ladish Co., Inc.	4,300	60
Sun Hydraulics Corp.	3,100	58
* Willis Lease Finance Corp.	6,289	58
* Energy Recovery Inc.	7,662	58
* Dynamex Inc.	3,900	58
* Spherion Corp.	25,899	57
* Lydall, Inc.	9,942	57
Graham Corp.	5,200	56
Mueller Water Products, Inc. Class A	6,601	55
* Saia, Inc.	5,051	55
* DXP Enterprises Inc	3,600	53
Sauer-Danfoss, Inc.	6,000	52
* Plug Power, Inc.	50,938	52
*,^ C & D Technologies, Inc.	16,400	51
The Standard Register Co.	5,676	51
Vicor Corp.	7,479	49
Lawson Products, Inc.	2,138	49
* On Assignment, Inc.	8,600	49
* K-Tron International, Inc	600	48
* Duff & Phelps Corp.	2,500	48
* PMFG Inc.	5,000	48
* GP Strategies Corp.	10,600	48
* Tecumseh Products Co. Class A	4,923	47
Schawk, Inc.	4,100	47
* Protection One, Inc.	9,824	47
* Magnatek, Inc.	19,000	46
* Volt Information Sciences Inc.	6,300	46
* TBS International Ltd.	4,500	45
Todd Shipyards Corp.	3,676	44
* Casella Waste Systems, Inc.	10,781	44
Quixote Corp.	6,748	44
* Clearwater Paper Corp.	5,225	44
* Flow International Corp.	17,400	42
* Hudson Highland Group, Inc.	12,330	41
LSI Industries Inc.	6,007	41
* Intersections Inc.	7,870	41
* ICF International, Inc.	1,600	39
* Advanced Battery Technologies Inc.	14,700	39
*,^ Microvision, Inc.	23,195	39
Preformed Line Products Co.	823	38

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	Shares	Market Value (\$'000)
Paragon Shipping, Inc.	7,900	38
* United Capital Corp.	2,064	37
* Standard Parking Corp.	1,900	37
International Shipholding Corp.	1,442	37
* USA Truck, Inc.	2,600	36
L.S. Starrett Co. Class A	2,200	35
The Greenbrier Cos., Inc.	5,100	35
* La Barge, Inc.	2,400	34
* Miller Industries, Inc.	6,446	34
* LECG Corp.	4,969	33
Textainer Group Holdings Ltd.	3,100	33
Horizon Lines Inc.	9,400	33
* Metalico, Inc.	18,800	29
* Avis Budget Group, Inc.	39,293	27
* LMI Aerospace, Inc.	2,400	27
* Park-Ohio Holdings Corp.	4,400	27
Frozen Food Express Industries, Inc.	4,700	27
* PowerSecure International, Inc.	7,800	26
* P.A.M. Transportation Services, Inc.	3,663	26
* WCA Waste Corp.	9,763	24
American Railcar Industries, Inc.	2,200	23
* Fushi Copperweld, Inc.	4,300	23
Innovative Solutions and Support, Inc.	5,724	23
* Orion Marine Group, Inc.	2,300	22
* Bluelinx Holdings Inc.	11,400	22
Barrett Business Services, Inc.	1,900	21
* ICT Group, Inc.	4,456	20
* Quality Distribution Inc.	6,326	19
* Integrated Electrical Services, Inc.	2,100	18
* COMSYS IT Partners Inc.	7,856	18
NN, Inc.	7,480	17
* TRC Cos., Inc.	8,800	17
Omega Flex Inc.	810	17
* Raytheon Co. Warrants Exp. 6/16/11	1,046	17
* Builders FirstSource, Inc.	10,869	17
* Xerium Technologies Inc.	24,262	16
Superior Uniform Group, Inc.	2,008	16
* First Advantage Corp. Class A	1,110	16
Virco Manufacturing Corp.	7,736	15
* SL Industries, Inc.	1,700	15
* EnerNOC Inc.	2,000	15
* Flanders Corp.	3,100	15
* Paragon Technologies, Inc.	5,095	14
* A-Power Energy Generation Systems Ltd.	3,000	13
* Pinnacle Airlines Corp.	7,373	13
* Patriot Transportation Holding, Inc.	161	11
Twin Disc, Inc.	1,600	11
* Applied Energetics, Inc.	34,281	11
* Astronics Corp.	1,200	11
* Innotrac Corp.	5,748	11
* TriMas Corp.	7,500	10
* Active Power, Inc.	31,013	10
* APAC Teleservices, Inc.	8,134	10
* Covenant Transport, Inc.	4,806	10
* Tecumseh Products Co. Class B	1,000	10
* Rush Enterprises, Inc. Class B	1,149	9
* Nashua Corp.	1,786	9
* Dollar Thrifty Automotive Group, Inc.	8,500	9
* Universal Truckload Services, Inc.	600	8
* Hurco Cos., Inc.	700	8
Hardinge, Inc.	2,000	8
VSE Corp.	200	8
*^ Medis Technology Ltd.	16,600	7
* PRG-Schultz International, Inc.	1,681	7
* The Allied Defense Group, Inc.	1,100	7
* AMREP Corp.	200	6

	Shares	Market Value (\$'000)
* China BAK Battery, Inc.	3,700	6
* Commercial Vehicle Group Inc.	6,012	6
* Mesa Air Group Inc.	13,000	3
* Astronics Corp. Class B	300	3
* Air Transport Services Group Inc.	13,274	2
* ExpressJet Holdings, Inc.	1,305	2
* SatCon Technology Corp.	1,400	2
* Arotech Corp.	4,507	2
Sypris Solutions, Inc.	2,100	1
* UQM Technologies, Inc.	600	1
* BMC Industries, Inc.	29,237	—
		508,804

Information Technology (9.3%)

Microsoft Corp.	3,794,889	73,773
International Business Machines Corp.	625,624	52,653
* Cisco Systems, Inc.	2,728,060	44,467
Hewlett-Packard Co.	1,138,933	41,332
Intel Corp.	2,596,352	38,063
* Apple Inc.	409,075	34,915
* Google Inc.	110,419	33,970
* Oracle Corp.	1,907,128	33,813
QUALCOMM Inc.	757,793	27,152
Visa Inc.	207,070	10,861
* EMC Corp.	957,570	10,026
Automatic Data Processing, Inc.	239,784	9,433
Texas Instruments, Inc.	606,185	9,408
Accenture Ltd.	278,246	9,124
* Dell Inc.	841,183	8,614
* Yahoo! Inc.	609,468	7,436
* eBay Inc.	511,773	7,144
Corning, Inc.	730,463	6,961
Applied Materials, Inc.	627,431	6,356
MasterCard, Inc. Class A	40,770	5,827
* Symantec Corp.	388,382	5,251
* Adobe Systems, Inc.	245,506	5,227
Western Union Co.	337,529	4,840
Motorola, Inc.	1,049,650	4,650
* Juniper Networks, Inc.	251,619	4,406
Paychex, Inc.	150,114	3,945
CA, Inc.	192,338	3,564
Tyco Electronics Ltd.	218,592	3,543
* Broadcom Corp.	203,818	3,459
* Intuit, Inc.	141,125	3,357
Xerox Corp.	403,794	3,218
* Fiserv, Inc.	76,169	2,770
* Agilent Technologies, Inc.	166,652	2,605
Analog Devices, Inc.	135,041	2,568
* Computer Sciences Corp.	69,988	2,459
* Cognizant Technology Solutions Corp.	135,708	2,451
* McAfee Inc.	70,322	2,431
* Activision Blizzard, Inc.	275,814	2,383
* Electronic Arts Inc.	148,320	2,379
* BMC Software, Inc.	88,351	2,378
Harris Corp.	62,396	2,374
Altera Corp.	139,985	2,339
Xilinx, Inc.	128,723	2,294
Linear Technology Corp.	103,019	2,279
* NetApp, Inc.	152,203	2,126
* Autodesk, Inc.	104,307	2,050
* Citrix Systems, Inc.	84,860	2,000
* NVIDIA Corp.	246,177	1,987
Amphenol Corp.	81,618	1,957
* Affiliated Computer Services, Inc. Class A	42,232	1,941
* FLIR Systems, Inc.	61,615	1,890
KLA-Tencor Corp.	80,552	1,755

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	Shares	Market Value (\$'000)
* VeriSign, Inc.	89,384	1,705
* Microchip Technology, Inc.	85,907	1,678
* SAIC, Inc.	85,819	1,672
* Marvell Technology Group Ltd.	240,060	1,601
* salesforce.com, inc.	47,900	1,533
* MEMC Electronic Materials, Inc.	104,482	1,492
* Alliance Data Systems Corp.	31,496	1,466
* Fidelity National Information Services, Inc.	87,779	1,428
* Sun Microsystems, Inc.	348,546	1,331
* Lender Processing Services, Inc.	43,839	1,291
* Avnet, Inc.	70,576	1,285
* LAM Research Corp.	58,851	1,252
* Teradata Corp.	83,571	1,239
* Synopsys, Inc.	66,496	1,231
* Global Payments Inc.	37,343	1,224
* Trimble Navigation Ltd.	55,738	1,204
* Akamai Technologies, Inc.	79,212	1,195
* Red Hat, Inc.	90,027	1,190
* Western Digital Corp.	103,765	1,188
* Hewitt Associates, Inc.	40,404	1,147
* Lexmark International, Inc.	41,240	1,109
* Total System Services, Inc.	78,880	1,104
* ANSYS, Inc.	39,535	1,103
* National Semiconductor Corp.	106,115	1,069
* NCR Corp.	75,471	1,067
* Mettler-Toledo International Inc.	15,737	1,061
* Arrow Electronics, Inc.	56,272	1,060
* Itron, Inc.	16,038	1,022
* SanDisk Corp.	104,158	1,000
* Flextronics International Ltd.	389,626	997
* Seagate Technology	225,049	997
* LSI Corp.	301,112	991
* Micron Technology, Inc.	356,647	942
* Sybase, Inc.	37,552	930
^ FactSet Research Systems Inc.	21,024	930
* Ingram Micro, Inc. Class A	69,062	925
* Nuance Communications, Inc.	84,605	877
* Diebold, Inc.	30,352	853
* F5 Networks, Inc.	37,091	848
* Equinix, Inc.	15,772	839
* QLogic Corp.	61,960	833
* Broadridge Financial Solutions LLC	64,773	812
* Dolby Laboratories Inc.	24,436	801
* Compuware Corp.	117,915	796
* Solera Holdings, Inc.	31,167	751
* Tellabs, Inc.	179,669	740
* NeuStar, Inc. Class A	37,130	710
* Molex, Inc.	48,516	703
* IAC/InterActiveCorp	44,554	701
* Rambus Inc.	43,603	694
* Jack Henry & Associates Inc.	35,696	693
* DST Systems, Inc.	18,108	688
* National Instruments Corp.	28,078	684
* Metavante Technologies	41,807	674
* Parametric Technology Corp.	53,168	673
* Novell, Inc.	166,487	648
* CACI International, Inc.	14,200	640
* Concur Technologies, Inc.	19,400	637
* Zebra Technologies Corp. Class A	31,226	633
* Atmel Corp.	201,697	631
* MICROS Systems, Inc.	38,500	628
* ON Semiconductor Corp.	183,640	624
* Macrovision Solutions Corp.	48,635	615
* Varian Semiconductor Equipment Associates, Inc.	33,465	606
* Advanced Micro Devices, Inc.	280,331	606
* Cree, Inc.	37,666	598

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	Shares	Market Value (\$'000)
* Sohu.com Inc.	12,546	594
* Novellus Systems, Inc.	47,422	585
* InterDigital, Inc.	21,245	584
* SINA.com	25,198	583
* Perot Systems Corp.	41,800	571
Jabil Circuit, Inc.	84,566	571
* Informatica Corp.	41,362	568
* Polycom, Inc.	40,739	550
* ManTech International Corp.	10,000	542
* Gartner, Inc. Class A	30,253	539
* Silicon Laboratories Inc.	21,492	533
Intersil Corp.	57,878	532
* CommScope, Inc.	33,498	521
* Comtech Telecommunications Corp.	11,250	515
* Brocade Communications Systems, Inc.	177,711	498
* PMC Sierra Inc.	101,300	492
* VMware Inc.	20,535	486
* Microsemi Corp.	36,829	466
* Arris Group Inc.	57,318	456
* International Rectifier Corp.	33,614	454
* Cadence Design Systems, Inc.	123,533	452
* TIBCO Software Inc.	86,484	449
* Integrated Device Technology Inc.	79,816	448
* Tech Data Corp.	24,959	445
* 3Com Corp.	189,115	431
* Skyworks Solutions, Inc.	77,082	427
* Digital River, Inc.	17,008	422
* j2 Global Communications, Inc.	20,908	419
* Anixter International Inc.	13,742	414
* Benchmark Electronics, Inc.	32,315	413
ADTRAN Inc.	26,791	399
* Atheros Communications, Inc.	27,855	399
Fair Isaac, Inc.	23,247	392
* Quest Software, Inc.	30,668	386
Quality Systems, Inc.	8,700	379
* VistaPrint Ltd.	20,149	375
* Convergys Corp.	58,469	375
* Avocent Corp.	20,825	373
* Tekelec	27,911	372
* EarthLink, Inc.	54,353	367
* Progress Software Corp.	19,000	366
* Blackboard Inc.	13,898	365
* CyberSource Corp.	30,401	365
* JDS Uniphase Corp.	98,883	361
* SRA International, Inc.	20,400	352
* Semtech Corp.	30,578	345
* TiVo Inc.	47,650	341
* Teradyne, Inc.	79,819	337
* FormFactor Inc.	23,000	336
* FEI Co.	17,000	321
* Websense, Inc.	21,300	319
* ADC Telecommunications, Inc.	58,225	318
* Cypress Semiconductor Corp.	70,603	316
Plantronics, Inc.	23,872	315
* Intermec, Inc.	23,424	311
* Cymer, Inc.	14,141	310
* Infinera Corp.	34,440	309
* ViaSat, Inc.	12,775	308
* Plexus Corp.	18,104	307
MAXIMUS, Inc.	8,600	302
* Genpact, Ltd.	36,619	301
* MKS Instruments, Inc.	20,253	300
* Ariba, Inc.	41,134	297
* EchoStar Corp.	19,931	296
* Cogent Inc.	21,600	293
* Fairchild Semiconductor International, Inc.	59,586	291

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	Shares	Market Value (\$'000)
* Vishay Intertechnology, Inc.	84,863	290
* Lawson Software, Inc.	61,201	290
* Wind River Systems Inc.	32,014	289
* Riverbed Technology, Inc.	25,317	288
Cognex Corp.	19,442	288
Blackbaud, Inc.	21,281	287
* CSG Systems International, Inc.	16,349	286
Take-Two Interactive Software, Inc.	37,700	285
* Mercadolibre Inc.	17,363	285
* Ciena Corp.	42,444	284
Syntel, Inc.	12,265	284
* Emulex Corp.	40,459	282
* TriQuint Semiconductor, Inc.	81,389	280
* Cabot Microelectronics Corp.	10,707	279
Axiom Corp.	34,367	279
* Tessera Technologies, Inc.	23,281	277
* Rofin-Sinar Technologies Inc.	13,328	274
* ValueClick, Inc.	40,090	274
* ATMI, Inc.	17,416	269
* Omniture, Inc.	25,115	267
* Commvault Systems, Inc.	19,900	267
* Interwoven Inc.	21,147	266
* Verigy Ltd.	27,512	265
* ACI Worldwide, Inc.	16,200	258
* Sycamore Networks, Inc.	92,818	250
* Synaptics Inc.	15,040	249
* Harmonic, Inc.	43,972	247
* Forrester Research, Inc.	8,691	245
Black Box Corp.	9,300	243
* Tyler Technologies, Inc.	20,200	242
* Rogers Corp.	8,700	242
* Mentor Graphics Corp.	45,655	236
* Coherent, Inc.	10,991	236
* DealerTrack Holdings Inc.	19,126	227
* Wright Express Corp.	17,774	224
* S1 Corp.	28,062	221
* Sonus Networks, Inc.	138,323	219
Imation Corp.	15,978	217
Molex, Inc. Class A	16,600	215
* Net 1 UEPS Technologies, Inc.	15,410	211
* Electronics for Imaging, Inc.	21,460	205
* NETGEAR, Inc.	17,900	204
* Euronet Worldwide, Inc.	17,500	203
* Adaptec, Inc.	60,826	201
* JDA Software Group, Inc.	15,227	200
* L1 Identity Solutions Inc.	29,186	197
United Online, Inc.	31,838	193
* EPIQ Systems, Inc.	11,453	191
* Universal Display Corp.	20,200	191
* ScanSource, Inc.	9,900	191
* Hittite Microwave Corp.	6,406	189
Micrel, Inc.	25,735	188
* Data Domain, Inc.	9,900	186
* Checkpoint Systems, Inc.	18,700	184
* Zoran Corp.	26,922	184
* SPSS, Inc.	6,760	182
* Unisys Corp.	207,202	176
* Blue Coat Systems, Inc.	20,734	174
* Move, Inc.	108,501	174
* Avid Technology, Inc.	15,906	174
* Bankrate, Inc.	4,537	172
* RealNetworks, Inc.	48,479	171
* Manhattan Associates, Inc.	10,800	171
* TeleTech Holdings, Inc.	20,347	170
* Synchronoss Technologies, Inc.	15,900	169
* Sapient Corp.	38,013	169

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	Shares	Market Value (\$'000)
MTS Systems Corp.	6,320	168
* Entegris Inc.	75,292	165
*,^ Advent Software, Inc.	8,119	162
InfoSpace, Inc.	21,448	162
* VeriFone Holdings, Inc.	32,356	159
AVX Corp.	19,814	157
* VASCO Data Security International, Inc.	15,200	157
* Echelon Corp.	19,200	156
* Silicon Image, Inc.	37,171	156
* Brooks Automation, Inc.	26,738	155
Daktronics, Inc.	16,518	155
* Exar Corp.	22,971	153
* OSI Systems Inc.	11,008	152
* Art Technology Group, Inc.	77,974	150
* Insight Enterprises, Inc.	21,798	150
* Advanced Energy Industries, Inc.	14,600	145
* MicroStrategy Inc.	3,901	145
* Littelfuse, Inc.	8,600	143
^ Heartland Payment Systems, Inc.	8,136	142
* UTStarcom, Inc.	76,256	141
* EMS Technologies, Inc.	5,331	138
* Internet Capital Group Inc.	24,948	136
* GSI Commerce, Inc.	12,827	135
*,^ Palm, Inc.	43,502	134
* FARO Technologies, Inc.	7,900	133
* Symyx Technologies, Inc.	22,358	133
* SonicWALL, Inc.	32,856	131
* Netlogic Microsystems Inc.	5,900	130
* MSC Software Corp.	19,190	128
Cohu, Inc.	10,313	125
* IPG Photonics Corp.	9,500	125
* Stratasys, Inc.	11,600	125
Park Electrochemical Corp.	6,532	124
IXYS Corp.	14,993	124
* The Ultimate Software Group, Inc.	8,410	123
* Applied Micro Circuits Corp.	30,965	122
* Standard Microsystem Corp.	7,400	121
* AsialInfo Holdings, Inc.	10,000	118
* Extreme Networks, Inc.	49,759	116
* Transmeta Corp.	6,334	115
* Netezza Corp.	17,100	114
* Terremark Worldwide, Inc.	29,160	113
Electro Rent Corp.	10,150	113
* iGATE Corp.	17,393	113
* OmniVision Technologies, Inc.	21,300	112
Method Electronics, Inc. Class A	16,549	112
* Integral Systems, Inc.	9,196	111
* Epicor Software Corp.	23,082	111
* THQ Inc.	26,382	111
* NetScout Systems, Inc.	12,800	110
* RF Micro Devices, Inc.	139,066	108
* TTM Technologies, Inc.	20,800	108
* DTS Inc.	5,800	106
* SuccessFactors Inc.	18,538	106
* Sigma Designs, Inc.	11,200	106
* Starent Networks Corp.	8,900	106
* Actel Corp.	9,000	105
* Silicon Storage Technology, Inc.	45,535	104
* Vignette Corp.	10,969	103
* Cavium Networks, Inc.	9,800	103
* Vocus, Inc.	5,632	103
* Rimage Corp.	7,600	102
* Amkor Technology, Inc.	46,486	101
* Sanmina-SCI Corp.	215,022	101
* TNS Inc.	10,600	100
* Newport Corp.	14,660	99

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	Shares	Market Value (\$'000)
* Ciber, Inc.	20,126	97
* Cirrus Logic, Inc.	35,661	96
* OPNET Technologies, Inc.	9,648	95
CTS Corp.	17,100	94
* Telecommunication Systems, Inc.	10,967	94
* SYNnex Corp.	8,100	92
* Brightpoint, Inc.	21,003	91
* SAVVIS, Inc.	13,014	90
* Smith Micro Software, Inc.	16,018	89
* Double-Take Software Inc.	9,900	89
* Ixia	15,349	89
* DG FastChannel Inc.	7,067	88
* Neutral Tandem, Inc.	5,400	88
* The Knot, Inc.	10,481	87
* Monolithic Power Systems	6,915	87
* Ultratech, Inc.	7,200	86
* MRV Communications Inc.	110,360	85
* SeaChange International, Inc.	11,679	84
* ModusLink Global Solutions, Inc.	29,004	84
* Supertex, Inc.	3,456	83
* OpenTV Corp.	65,712	81
* Anaren, Inc.	6,685	80
* The Hackett Group Inc.	26,903	79
* Mercury Computer Systems, Inc.	12,300	78
* Immersion Corp.	13,159	77
PC-Tel, Inc.	11,702	77
* Rackable Systems Inc.	19,500	77
* Limelight Networks Inc.	31,149	76
* infoGROUP, Inc.	15,984	76
* Kenexa Corp.	9,473	76
* ComScore Inc.	5,900	75
* DSP Group Inc.	9,200	74
* Microtune, Inc.	35,924	73
* Mattson Technology, Inc.	51,702	73
Bel Fuse, Inc. Class A	4,000	72
* PROS Holdings, Inc.	12,500	72
* Taleo Corp. Class A	9,100	71
* Oplink Communications, Inc.	8,283	71
* Veeco Instruments, Inc.	10,800	68
* Electro Scientific Industries, Inc.	9,900	67
* Digi International, Inc.	8,200	66
* Perficient, Inc.	13,822	66
Cass Information Systems, Inc.	2,160	66
* Harris Stratex Networks, Inc. Class A	12,557	65
* Symmetricom Inc.	16,350	65
* Advanced Analogic Technologies, Inc.	21,248	64
* Volterra Semiconductor Corp.	8,900	64
* Lattice Semiconductor Corp.	41,553	63
* SupportSoft, Inc.	27,817	62
* WebMD Health Corp. Class A	2,626	62
* FalconStor Software, Inc.	22,058	61
* Online Resources Corp.	12,507	59
* STEC Inc.	13,847	59
* Bottomline Technologies, Inc.	8,300	59
* Novatel Wireless, Inc.	12,627	59
* Gerber Scientific, Inc.	11,400	58
* Internap Network Services Corp.	23,192	58
* Keynote Systems Inc.	7,516	58
* Ceva, Inc.	8,185	57
* Multi-Fineline Electronix, Inc.	4,900	57
* iPass Inc.	46,609	57
Marchex, Inc.	9,581	56
Technitrol, Inc.	15,969	56
* Diodes Inc.	9,100	55
* Comverge Inc.	10,900	53
* 3PAR, Inc.	7,000	53

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	Shares	Market Value (\$'000)
* Network Equipment Technologies, Inc.	18,500	53
* Loral Space and Communications Ltd.	3,600	52
* Finisar Corp.	137,181	52
* Kopin Corp.	25,500	52
* Cogo Group, Inc.	10,700	52
* Zygo Corp.	7,521	52
* NCI, Inc.	1,700	51
* Globecom Systems, Inc.	9,266	51
Pegasystems Inc.	4,100	51
NIC Inc.	10,500	48
* Phoenix Technologies Ltd.	13,797	48
* PC Connection, Inc.	9,314	48
* Dynamics Research Corp.	5,857	47
* OpNext, Inc.	26,100	46
* RadiSys Corp.	8,178	45
* Pericom Semiconductor Corp.	8,250	45
* LoopNet, Inc.	6,537	45
* Safeguard Scientifics, Inc.	64,518	45
* Orbcomm, Inc.	20,565	44
* Ness Technologies Inc.	10,314	44
* LivePerson, Inc.	23,600	43
* ShoreTel, Inc.	9,505	43
* Quantum Corp.	116,800	42
* Global Cash Access, Inc.	18,850	42
* BigBand Networks Inc.	7,580	42
* Aruba Networks, Inc.	16,252	41
* Hughes Communications Inc.	2,593	41
* White Electronic Designs Corp.	11,200	41
* EMCORE Corp.	31,277	41
* Chordiant Software, Inc.	15,280	41
* DemandTec, Inc.	5,000	40
* KVH Industries, Inc.	7,735	40
Renaissance Learning, Inc.	4,366	39
Agilysys, Inc.	8,900	38
* Ramtron International Corp.	20,730	38
* Entrust, Inc.	23,824	38
* RightNow Technologies Inc.	4,800	37
* DDi Corp.	12,046	37
* Super Micro Computer Inc.	5,800	37
* Switch and Data Inc.	4,954	37
* SourceForge Inc.	40,269	36
* Internet Brands Inc.	6,200	36
* Intevac, Inc.	7,100	36
* Monotype Imaging Holdings Inc.	6,100	35
* Interactive Intelligence Inc.	5,461	35
* Liquidity Services, Inc.	4,200	35
* Trident Microsystems, Inc.	18,500	35
* Startek, Inc.	7,800	35
* ANADIGICS, Inc.	23,076	34
* Bookham, Inc.	75,500	34
* Presstek, Inc.	10,531	34
* Soapstone Networks Inc.	12,990	34
Imergent, Inc.	8,000	33
* LoJack Corp.	7,969	33
American Software, Inc. Class A	6,941	33
MoneyGram International, Inc.	32,290	33
* TechTeam Global, Inc.	5,490	32
* PC Mall, Inc.	7,800	31
TheStreet.com, Inc.	10,767	31
* GTSI Corp.	5,149	31
* Smart Modular Technologies Inc.	20,058	31
* Isilon Systems Inc.	9,300	31
* Lionbridge Technologies, Inc.	24,207	30
* Hutchinson Technology, Inc.	8,600	30
* Hypercom Corp.	27,100	29
* Constant Contact, Inc.	2,200	29

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	Shares	Market Value (\$'000)
* Ebix, Inc.	1,200	29
* Kulicke & Soffa Industries, Inc.	16,834	29
* Measurement Specialties, Inc.	4,100	28
* NetSuite Inc.	3,300	28
* Borland Software Corp.	25,740	27
* Radiant Systems, Inc.	7,950	27
* TranSwitch Corp.	95,189	27
* Conexant Systems, Inc.	38,847	27
* Powerwave Technologies, Inc.	52,792	26
* Magma Design Automation, Inc.	25,500	26
* Photronics, Inc.	13,300	26
* Zix Corp.	21,700	26
* Cray, Inc.	12,370	26
* Openwave Systems Inc.	39,175	25
* SiRF Technology Holdings, Inc.	19,766	25
* Dot Hill Systems Corp.	31,231	25
* Integrated Silicon Solution, Inc.	15,300	25
* LTX-Credence Corp.	91,436	25
Bel Fuse, Inc. Class B	1,156	25
* X-Rite Inc.	16,306	24
* Rudolph Technologies, Inc.	6,792	24
* MoSys, Inc.	11,414	24
Keithley Instruments Inc.	6,403	23
* Digimarc Corp.	2,317	23
* I.D. Systems, Inc.	5,700	23
* ExlService Holdings, Inc.	2,649	23
* Sonic Solutions, Inc.	12,700	22
* Maxwell Technologies, Inc.	4,400	22
* ActivIdentity Corp.	12,400	22
* PLX Technology, Inc.	12,809	22
* Ultra Clean Holdings, Inc.	10,800	22
* Computer Task Group, Inc.	6,500	21
* PDF Solutions, Inc.	14,369	21
* Tollgrade Communications, Inc.	4,300	21
* Edgewater Technology, Inc.	7,915	20
* Saba Software, Inc.	12,878	20
* hi/fn, Inc.	7,967	19
* Aware, Inc.	10,000	19
QAD Inc.	4,420	19
* California Micro Devices Corp.	9,828	18
* GSE Systems, Inc.	2,926	17
* Semitool, Inc.	5,649	17
* Axcelis Technologies, Inc.	32,683	17
* American Technology Corp.	19,570	17
* Spansion Inc. Class A	86,201	16
* Lasercard Corp.	4,456	16
* DivX, Inc.	3,000	16
* MIPS Technologies, Inc.	13,946	15
* On2 Technologies, Inc.	76,000	15
* Sumtotal Systems Inc.	5,064	14
* Allen Organ Co. Escrow Shares	1,400	14
* ArcSight, Inc.	1,786	14
* InFocus Corp.	18,000	14
Gevity HR, Inc.	9,400	14
* TransAct Technologies Inc.	3,076	14
* Virage Logic Corp.	4,700	14
* Superconductor Technologies Inc.	13,815	14
* Nu Horizons Electronics Corp.	7,522	13
* Actuate Software Corp.	4,277	13
* Autobytel Inc.	27,010	12
* Lantronix, Inc.	21,000	12
* Web.com Group, Inc.	3,085	11
* iGo, Inc.	15,927	11
* ParkerVision, Inc.	4,500	11
* LookSmart, Ltd.	6,700	11
* Westell Technologies, Inc.	41,100	11

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	Shares	Market Value (\$'000)
* Mindspeed Technologies Inc.	13,249	11
* QuickLogic Corp.	17,008	11
* Telular Corp.	8,083	11
* SCM Microsystems, Inc.	4,700	11
* GSI Group, Inc.	18,281	10
* Techwell, Inc.	1,600	10
* Avanex Corp.	9,810	10
*^ Research Frontiers, Inc.	4,700	10
* Catapult Communications Corp.	1,521	10
* Ikanos Communications, Inc.	7,741	10
* Performance Technologies, Inc.	2,900	10
* EFJ, Inc.	7,200	10
* Nanometrics Inc.	8,204	10
* PLATO Learning, Inc.	7,653	9
* Intraware, Inc.	2,307	9
* Concurrent Computer Corp.	2,620	9
* Selectica, Inc.	10,200	9
* Kemet Corp.	30,863	8
* Spectrum Control, Inc.	1,300	8
* Zhone Technologies	94,185	8
* Datalink Corp.	2,405	7
* Airvana, Inc.	989	6
* Management Network Group Inc.	15,119	6
* Asyst Technologies, Inc.	23,118	6
* BSQUARE Corp.	2,425	6
* Ditech Networks Inc.	6,780	6
* LeCroy Corp.	1,800	5
* Callidus Software Inc.	1,800	5
* Qualstar Corp.	2,400	5
* AuthenTec, Inc.	3,100	5
* Convera Corp.	19,158	5
* Comarco, Inc.	6,400	5
* Endwave Corp.	2,100	5
* Newtek Business Services, Inc.	22,635	5
* Analysts International Corp.	8,178	5
* RAE Systems, Inc.	8,200	5
* Planar Systems, Inc.	7,423	5
* Digital Angel Corp.	8,108	4
* Calamp Corp.	8,700	4
* Network Engines, Inc.	9,800	4
* AuthentiDate Holding Corp.	14,539	4
* Pixelworks, Inc.	4,533	3
* Wave Systems Corp. Class A	8,326	3
* Nextwave Wireless Inc.	34,701	3
* FSI International, Inc.	9,808	3
* Merix Corp.	9,904	3
* Airspan Networks Inc.	31,680	3
* NVE Corp.	100	3
* China Information Security Technology, Inc.	700	3
*^ Telkonet, Inc.	17,200	2
* Evolving Systems, Inc.	2,955	2
* Jupitermedia Corp.	6,017	2
* Intelli-Check Inc.	1,297	2
* Wireless Telecom Group, Inc.	5,909	2
* Rainmaker Systems, Inc.	2,180	2
* i2 Technologies, Inc.	266	2
* Livewire Movable, Inc.	14,700	2
* Leadis Technology Inc.	3,900	1
* Miva Inc.	5,400	1
* CallWave, Inc.	1,600	1
* Silicon Graphics Inc.	300	1
* Entorian Technologies Inc.	2,721	1
* Access Intergrated Technologies Inc.	1,600	1
* Optimal Group, Inc.	300	—
		689,003

	Shares	Market Value (\$000)
Materials (2.0%)		
Monsanto Co.	253,999	17,869
E.I. du Pont de Nemours & Co.	417,238	10,556
Praxair, Inc.	145,710	8,649
Newmont Mining Corp. (Holding Co.)	203,264	8,273
Nucor Corp.	146,551	6,771
Dow Chemical Co.	427,746	6,455
Air Products & Chemicals, Inc.	98,156	4,934
Freeport-McMoRan Copper & Gold, Inc. Class B	177,913	4,348
Alcoa Inc.	377,175	4,247
Ecolab, Inc.	110,189	3,873
Rohm & Haas Co.	58,202	3,596
Vulcan Materials Co.	50,889	3,541
PPG Industries, Inc.	76,205	3,233
Weyerhaeuser Co.	97,992	3,000
The Mosaic Co.	72,313	2,502
Sigma-Aldrich Corp.	58,232	2,460
International Paper Co.	188,924	2,229
* Owens-Illinois, Inc.	77,639	2,122
United States Steel Corp.	54,389	2,023
^ Martin Marietta Materials, Inc.	19,274	1,871
Ball Corp.	42,877	1,783
* Pactiv Corp.	60,405	1,503
FMC Corp.	33,218	1,486
* Crown Holdings, Inc.	74,872	1,438
Airgas, Inc.	34,264	1,336
Cliffs Natural Resources Inc.	49,638	1,271
CF Industries Holdings, Inc.	24,957	1,227
Lubrizol Corp.	31,343	1,141
Eastman Chemical Co.	35,534	1,127
AptarGroup Inc.	31,800	1,121
Sealed Air Corp.	74,192	1,108
Bemis Co., Inc.	46,710	1,106
Sonoco Products Co.	46,718	1,082
Allegheny Technologies Inc.	41,728	1,065
International Flavors & Fragrances, Inc.	32,658	971
Compass Minerals International, Inc.	15,300	897
MeadWestvaco Corp.	79,072	885
Steel Dynamics, Inc.	78,869	882
Celanese Corp. Series A	69,468	863
RPM International, Inc.	59,802	795
Valspar Corp.	43,576	788
Nalco Holding Co.	66,000	762
Albemarle Corp.	34,090	760
Terra Industries, Inc.	42,352	706
Royal Gold, Inc.	14,039	691
Packaging Corp. of America	49,500	666
Olin Corp.	35,558	643
Commercial Metals Co.	53,800	639
Scotts Miracle-Gro Co.	21,064	626
Reliance Steel & Aluminum Co.	30,640	611
Silgan Holdings, Inc.	12,304	588
Rock-Tenn Co.	16,883	577
Sensient Technologies Corp.	21,977	525
AK Steel Holding Corp.	53,017	494
Titanium Metals Corp.	54,701	482
Cabot Corp.	30,812	471
Cytec Industries, Inc.	21,636	459
Carpenter Technology Corp.	19,500	401
* Domtar Corp.	238,104	398
Eagle Materials, Inc.	20,824	383
Schnitzer Steel Industries, Inc. Class A	10,000	377
Texas Industries, Inc.	10,900	376
Greif Inc. Class A	11,100	371
Minerals Technologies, Inc.	9,000	368
* Intrepid Potash, Inc.	17,434	362

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	Shares	Market Value (\$'000)
H.B. Fuller Co.	22,400	361
Ashland, Inc.	33,452	352
Worthington Industries, Inc.	31,400	346
Arch Chemicals, Inc.	12,350	322
* OM Group, Inc.	14,789	312
Huntsman Corp.	77,440	266
* Calgon Carbon Corp.	17,100	263
Balchem Corp.	10,125	252
Zep, Inc.	11,856	229
Glatfelter	24,300	226
Temple-Inland Inc.	47,024	226
* Rockwood Holdings, Inc.	19,078	206
Deltic Timber Corp.	4,500	206
*.^ Coeur d'Alene Mines Corp.	233,800	206
* Hecla Mining Co.	73,088	205
A. Schulman Inc.	11,900	202
Wausau Paper Corp.	17,526	200
* W.R. Grace & Co.	33,400	199
* Solutia Inc.	43,952	198
Chemtura Corp.	141,058	197
NewMarket Corp.	5,319	186
* Stillwater Mining Co.	36,095	178
AMCOL International Corp.	8,400	176
* Century Aluminum Co.	16,100	161
* RTI International Metals, Inc.	11,239	161
* Zoltek Cos., Inc.	16,234	146
Ferro Corp.	20,376	144
* Haynes International, Inc.	5,495	135
Schweitzer-Mauduit International, Inc.	6,753	135
* PolyOne Corp.	42,300	133
Kaiser Aluminum Corp.	5,628	127
Koppers Holdings, Inc.	5,700	123
* Headwaters Inc.	17,200	116
* Brush Engineered Materials Inc.	9,100	116
A.M. Castle & Co.	10,173	110
Westlake Chemical Corp.	6,542	107
Stepan Co.	2,223	104
Spartech Corp.	14,600	91
* Allied Nevada Gold Corp.	17,600	89
Great Northern Iron Ore Properties	1,231	88
* Landec Corp.	12,600	83
Olympic Steel, Inc.	3,900	79
Innophos Holdings Inc.	3,900	77
Louisiana-Pacific Corp.	44,856	70
Myers Industries, Inc.	8,461	68
American Vanguard Corp.	5,466	64
Neenah Paper Inc.	7,004	62
* GenTek, Inc.	3,832	58
* Graphic Packaging Holding Co.	49,359	56
Penford Corp.	5,215	53
Innospec, Inc.	8,800	52
* Horsehead Holding Corp.	10,757	51
* Buckeye Technology, Inc.	13,700	50
Quaker Chemical Corp.	3,000	49
NL Industries, Inc.	3,199	43
* U.S. Concrete, Inc.	12,205	41
*.^ Altair Nanotechnology Inc.	33,400	41
* ICO, Inc.	11,500	36
* General Moly, Inc.	29,329	35
* Smurfit-Stone Container Corp.	128,940	33
* Flotek Industries, Inc.	12,600	32
* LSB Industries, Inc.	3,600	30
* U.S. Energy Corp.	14,923	24
Hawkins, Inc.	1,600	24
* Mercer International Inc.	12,482	24
* Apex Silver Mines Ltd.	24,400	24

	Shares	Market Value (\$'000)
* U.S. Gold Corp.	22,000	20
* Omnova Solutions Inc.	22,741	15
* Universal Stainless & Alloy Products, Inc.	1,000	14
* AbitibiBowater, Inc.	30,794	14
* AEP Industries, Inc.	800	14
Georgia Gulf Corp.	10,717	11
* Material Sciences Corp.	6,300	10
* Nonophase Technologies Corp.	9,100	10
* Carastar Industries, Inc.	10,300	5
* Rock of Ages Corp.	1,410	3
		148,138
Telecommunication Services (2.1%)		
AT&T Inc.	2,721,455	77,561
Verizon Communications Inc.	1,315,158	44,584
* American Tower Corp. Class A	182,320	5,346
Qwest Communications International Inc.	719,108	2,618
Embarq Corp.	65,965	2,372
* Sprint Nextel Corp.	1,286,647	2,355
* Crown Castle International Corp.	126,467	2,223
Windstream Corp.	203,482	1,872
* MetroPCS Communications Inc.	97,811	1,452
* NII Holdings Inc.	76,518	1,391
Frontier Communications Corp.	146,244	1,278
CenturyTel, Inc.	44,985	1,229
Telephone & Data Systems, Inc.	31,162	989
* SBA Communications Corp.	44,000	718
* Leap Wireless International, Inc.	25,924	697
* tw telecom inc.	65,354	554
* Level 3 Communications, Inc.	723,971	507
Telephone & Data Systems, Inc. - Special Common Shares	17,799	500
* U.S. Cellular Corp.	9,249	400
* Centennial Communications Corp. Class A	37,509	302
Shenandoah Telecommunications Co.	10,240	287
* Syniverse Holdings Inc.	19,755	236
* General Communication, Inc.	26,946	218
* Premiere Global Services, Inc.	24,709	213
NTELOS Holdings Corp.	8,200	202
* Cincinnati Bell Inc.	100,940	195
Iowa Telecommunications Services Inc.	12,071	172
Alaska Communications Systems Holdings, Inc.	17,100	160
FairPoint Communications, Inc.	47,906	157
* Cbeyond Inc.	9,473	151
Atlantic Tele-Network, Inc.	5,185	138
* Cogent Communications Group, Inc.	17,360	113
Consolidated Communications Holdings, Inc.	9,436	112
USA Mobility, Inc.	8,600	100
* Global Crossing Ltd.	7,900	63
D&E Communications, Inc.	8,591	58
Hickory Tech Corp.	10,322	56
* ICO Global Communications (Holdings) Ltd.	46,159	52
SureWest Communications	4,500	51
* Vonage Holdings Corp.	77,100	51
* iBasis, Inc.	26,800	38
* PAETEC Holding Corp.	25,424	37
Arbinet Holdings, Inc.	21,101	32
* iPCS, Inc.	4,600	32
* TerreStar Corp.	37,411	15
* Fibertower Corp.	92,042	15
* 8X8 Inc.	27,550	13
* IDT Corp. Class B	22,800	9
* Globalstar, Inc.	24,500	5
* IDT Corp.	800	—
		151,929

	Shares	Market Value (\$'000)
Utilities (2.6%)		
Exelon Corp.	303,492	16,877
Southern Co.	356,187	13,179
Dominion Resources, Inc.	268,212	9,613
FPL Group, Inc.	179,565	9,037
Duke Energy Corp.	584,966	8,780
Entergy Corp.	88,676	7,372
Public Service Enterprise Group, Inc.	235,376	6,866
FirstEnergy Corp.	141,102	6,855
PG&E Corp.	168,502	6,523
American Electric Power Co., Inc.	186,198	6,197
PPL Corp.	173,291	5,318
Consolidated Edison Inc.	126,400	4,921
Sempra Energy	108,340	4,619
Edison International	143,397	4,606
Progress Energy, Inc.	115,220	4,592
Xcel Energy, Inc.	199,443	3,700
Ameren Corp.	97,271	3,235
DTE Energy Co.	75,741	2,702
Allegheny Energy, Inc.	77,959	2,640
Questar Corp.	80,528	2,632
* AES Corp.	312,636	2,576
* NRG Energy, Inc.	104,278	2,433
Wisconsin Energy Corp.	54,377	2,283
Constellation Energy Group, Inc.	83,054	2,084
Equitable Resources, Inc.	57,932	1,944
CenterPoint Energy Inc.	151,274	1,909
SCANA Corp.	51,899	1,848
NSTAR	49,698	1,813
Pepco Holdings, Inc.	101,064	1,795
MDU Resources Group, Inc.	81,121	1,751
Northeast Utilities	71,794	1,727
* Mirant Corp.	86,718	1,636
Puget Energy, Inc.	59,796	1,631
Integrus Energy Group, Inc.	35,271	1,516
Alliant Energy Corp.	51,658	1,507
Pinnacle West Capital Corp.	46,477	1,493
NiSource, Inc.	128,179	1,406
ONEOK, Inc.	46,194	1,345
Aqua America, Inc.	62,799	1,293
TECO Energy, Inc.	99,873	1,233
UGI Corp. Holding Co.	50,100	1,223
DPL Inc.	52,426	1,197
OGE Energy Corp.	43,380	1,118
AGL Resources Inc.	35,379	1,109
Piedmont Natural Gas, Inc.	34,500	1,093
NV Energy Inc.	109,869	1,087
Great Plains Energy, Inc.	55,664	1,076
National Fuel Gas Co.	34,343	1,076
CMS Energy Corp.	105,751	1,068
Westar Energy, Inc.	50,214	1,030
Atmos Energy Corp.	42,436	1,006
ITC Holdings Corp.	22,762	994
* Reliant Energy, Inc.	160,916	930
Energen Corp.	31,662	929
Hawaiian Electric Industries Inc.	41,569	920
Vectren Corp.	36,284	907
New Jersey Resources Corp.	19,600	771
WGL Holdings Inc.	23,324	762
Nicor Inc.	21,444	745
Cleco Corp.	28,191	644
IDACORP, Inc.	21,350	629
American Water Works Co., Inc.	29,760	621
Portland General Electric Co.	30,000	584
South Jersey Industries, Inc.	14,100	562
Northwest Natural Gas Co.	12,650	559

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	Shares	Market Value (\$000)
Southwest Gas Corp.	20,927	528
Avista Corp.	25,686	498
Black Hills Corp.	18,015	486
UniSource Energy Corp.	16,500	484
* Dynegy, Inc.	234,602	469
The Laclede Group, Inc.	9,800	459
NorthWestern Corp.	18,583	436
California Water Service Group	9,213	428
PNM Resources Inc.	39,823	401
ALLETE, Inc.	12,375	399
CH Energy Group, Inc.	7,700	396
* El Paso Electric Co.	20,821	377
MGE Energy, Inc.	10,600	350
UIL Holdings Corp.	11,233	337
Ormat Technologies Inc.	9,913	316
American States Water Co.	8,557	282
Empire District Electric Co.	15,700	276
SJW Corp.	5,500	165
Middlesex Water Co.	7,966	137
Connecticut Water Services, Inc.	5,347	126
Central Vermont Public Service Corp.	4,130	99
Maine & Maritimes Corp.	1,900	74
* Cadiz Inc.	5,495	69
The York Water Co.	4,641	56
Chesapeake Utilities Corp.	1,750	55
Consolidated Water Co., Ltd.	3,269	41
Southwest Water Co.	7,227	23
Unitil Corp.	900	19
Florida Public Util. Co.	1,050	11
Artesian Resources Corp Class A	500	8
* Synthesis Energy Systems, Inc.	4,797	3
RGC Resources, Inc.	99	3
		195,938
Total Common Stocks (Cost \$4,695,812)		4,445,708

	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
U.S. Government and Agency Obligations (28.2%)				
U.S. Government Securities (9.1%)				
U.S. Treasury Bond	13.250%	5/15/14	2,000	2,091
U.S. Treasury Bond	11.750%	11/15/14	2,000	2,189
U.S. Treasury Bond	11.250%	2/15/15	6,475	9,832
U.S. Treasury Bond	10.625%	8/15/15	1,215	1,839
U.S. Treasury Bond	9.875%	11/15/15	400	597
U.S. Treasury Bond	7.250%	5/15/16	26,915	36,062
U.S. Treasury Bond	7.500%	11/15/16	4,825	6,596
U.S. Treasury Bond	8.750%	5/15/17	22,975	33,859
U.S. Treasury Bond	8.875%	8/15/17	7,000	10,439
U.S. Treasury Bond	8.875%	2/15/19	4,350	6,698
U.S. Treasury Bond	8.750%	5/15/20	1,200	1,870
U.S. Treasury Bond	8.750%	8/15/20	20,650	32,291
U.S. Treasury Bond	7.875%	2/15/21	19,400	28,876
U.S. Treasury Bond	8.125%	5/15/21	490	745
U.S. Treasury Bond	8.125%	8/15/21	4,200	6,402
U.S. Treasury Bond	8.000%	11/15/21	870	1,322
U.S. Treasury Bond	7.125%	2/15/23	3,175	4,615
U.S. Treasury Bond	6.250%	8/15/23	3,700	5,059
U.S. Treasury Bond	6.875%	8/15/25	200	304
U.S. Treasury Bond	6.750%	8/15/26	11,795	17,818
U.S. Treasury Bond	6.625%	2/15/27	1,895	2,838
U.S. Treasury Bond	6.375%	8/15/27	1,670	2,448
U.S. Treasury Bond	5.500%	8/15/28	5,435	7,359
U.S. Treasury Bond	5.250%	11/15/28	75	99

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
U.S. Treasury Bond	5.250%	2/15/29	1,550	2,058
U.S. Treasury Bond	6.125%	8/15/29	1,570	2,308
U.S. Treasury Bond	6.250%	5/15/30	3,580	5,392
U.S. Treasury Bond	4.500%	2/15/36	95	127
U.S. Treasury Bond	5.000%	5/15/37	100	145
U.S. Treasury Bond	4.375%	2/15/38	17,910	24,061
U.S. Treasury Bond	4.500%	5/15/38	10,650	14,571
U.S. Treasury Inflation-Indexed Note	3.500%	1/15/11	5,725	6,989
U.S. Treasury Inflation-Indexed Note	2.375%	4/15/11	5,400	5,759
U.S. Treasury Note	3.250%	12/31/09	4,700	4,834
U.S. Treasury Note	2.125%	1/31/10	4,500	4,582
U.S. Treasury Note	3.500%	2/15/10	1,775	1,838
U.S. Treasury Note	6.500%	2/15/10	21,085	22,488
U.S. Treasury Note	2.000%	2/28/10	350	356
U.S. Treasury Note	2.125%	4/30/10	700	717
U.S. Treasury Note	2.625%	5/31/10	2,475	2,550
U.S. Treasury Note	2.875%	6/30/10	8,925	9,243
U.S. Treasury Note	2.750%	7/31/10	1,700	1,761
U.S. Treasury Note	4.125%	8/15/10	1,605	1,700
U.S. Treasury Note	2.000%	9/30/10	450	461
U.S. Treasury Note	1.500%	10/31/10	38,550	39,122
U.S. Treasury Note	1.250%	11/30/10	23,000	23,248
U.S. Treasury Note	0.875%	12/31/10	7,085	7,101
U.S. Treasury Note	4.500%	2/28/11	200	216
U.S. Treasury Note	4.875%	4/30/11	75	82
U.S. Treasury Note	4.500%	9/30/11	28,805	31,605
U.S. Treasury Note	1.750%	11/15/11	33,850	34,606
U.S. Treasury Note	4.500%	11/30/11	500	551
U.S. Treasury Note	4.625%	12/31/11	3,225	3,570
U.S. Treasury Note	4.750%	1/31/12	4,825	5,367
U.S. Treasury Note	4.875%	2/15/12	2,350	2,629
U.S. Treasury Note	4.625%	2/29/12	500	555
U.S. Treasury Note	4.500%	3/31/12	6,850	7,572
U.S. Treasury Note	4.500%	4/30/12	3,250	3,601
U.S. Treasury Note	4.750%	5/31/12	300	336
U.S. Treasury Note	4.250%	9/30/12	425	475
U.S. Treasury Note	3.875%	10/31/12	13,650	15,109
U.S. Treasury Note	3.375%	11/30/12	1,250	1,362
U.S. Treasury Note	2.750%	2/28/13	100	107
U.S. Treasury Note	3.500%	5/31/13	75	82
U.S. Treasury Note	3.375%	6/30/13	475	518
U.S. Treasury Note	3.375%	7/31/13	1,875	2,048
U.S. Treasury Note	3.125%	8/31/13	6,575	7,088
U.S. Treasury Note	3.125%	9/30/13	11,585	12,497
U.S. Treasury Note	2.750%	10/31/13	72,208	76,766
U.S. Treasury Note	4.250%	11/15/13	135	154
U.S. Treasury Note	2.000%	11/30/13	3,600	3,694
U.S. Treasury Note	1.500%	12/31/13	15,950	15,910
U.S. Treasury Note	4.000%	2/15/14	605	686
U.S. Treasury Note	4.250%	8/15/14	725	834
U.S. Treasury Note	4.000%	2/15/15	1,250	1,424
U.S. Treasury Note	4.250%	8/15/15	7,625	8,861
U.S. Treasury Note	5.125%	5/15/16	2,050	2,483
U.S. Treasury Note	4.875%	8/15/16	750	896
U.S. Treasury Note	4.625%	2/15/17	300	355
U.S. Treasury Note	4.750%	8/15/17	2,100	2,515
U.S. Treasury Note	3.500%	2/15/18	575	638
U.S. Treasury Note	4.000%	8/15/18	4,100	4,745
U.S. Treasury Note	3.750%	11/15/18	19,160	21,732
				675,328
Agency Bonds and Notes (3.2%)				
Agency for International Development - Egypt (U.S. Government Guaranteed)	4.450%	9/15/15	1,400	1,532
² Federal Farm Credit Bank	5.250%	9/13/10	500	532
² Federal Farm Credit Bank	2.625%	4/21/11	925	946

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
2	Federal Farm Credit Bank	5.375%	7/18/11	3,050	3,322
2	Federal Farm Credit Bank	3.875%	8/25/11	875	917
2	Federal Farm Credit Bank	4.500%	10/17/12	700	761
2	Federal Farm Credit Bank	3.875%	10/7/13	700	740
2	Federal Farm Credit Bank	5.125%	8/25/16	925	1,050
2	Federal Farm Credit Bank	4.875%	1/17/17	850	943
2	Federal Home Loan Bank	3.750%	1/8/10	1,100	1,03
2	Federal Home Loan Bank	3.875%	1/15/10	825	849
2	Federal Home Loan Bank	2.750%	3/12/10	1,050	1,070
2	Federal Home Loan Bank	4.375%	3/17/10	2,000	2,079
2	Federal Home Loan Bank	4.875%	5/14/10	475	499
2	Federal Home Loan Bank	7.625%	5/14/10	8,800	9,552
2	Federal Home Loan Bank	2.750%	6/18/10	1,000	1,021
2	Federal Home Loan Bank	3.500%	7/16/10	1,900	1,966
2	Federal Home Loan Bank	3.375%	10/20/10	1,625	1,686
2	Federal Home Loan Bank	4.750%	12/10/10	375	398
2	Federal Home Loan Bank	3.625%	12/17/10	800	834
2	Federal Home Loan Bank	3.125%	6/10/11	1,000	1,035
2	Federal Home Loan Bank	3.375%	6/24/11	8,000	8,357
2	Federal Home Loan Bank	5.375%	8/19/11	3,775	4,132
2	Federal Home Loan Bank	3.750%	9/9/11	325	342
2	Federal Home Loan Bank	3.625%	9/16/11	675	710
2	Federal Home Loan Bank	4.875%	11/18/11	1,650	1,796
2	Federal Home Loan Bank	4.625%	10/10/12	775	849
2	Federal Home Loan Bank	3.375%	2/27/13	850	887
2	Federal Home Loan Bank	5.375%	6/14/13	250	280
2	Federal Home Loan Bank	5.125%	8/14/13	3,325	3,709
2	Federal Home Loan Bank	4.000%	9/6/13	1,000	1,067
2	Federal Home Loan Bank	3.625%	10/18/13	2,675	2,812
2	Federal Home Loan Bank	5.500%	8/13/14	925	1,059
2	Federal Home Loan Bank	5.375%	5/18/16	2,250	2,567
2	Federal Home Loan Bank	5.625%	6/13/16	300	319
2	Federal Home Loan Bank	5.125%	10/19/16	750	843
2	Federal Home Loan Bank	4.750%	12/16/16	5,525	6,115
2	Federal Home Loan Bank	4.875%	5/17/17	400	449
2	Federal Home Loan Bank	5.000%	11/17/17	350	398
2	Federal Home Loan Bank	5.250%	12/11/20	1,000	1,167
2	Federal Home Loan Bank	5.625%	6/11/21	1,100	1,304
2	Federal Home Loan Bank	5.500%	7/15/36	250	321
2	Federal Home Loan Mortgage Corp.	7.000%	3/15/10	4,000	4,282
2	Federal Home Loan Mortgage Corp.	2.875%	4/30/10	1,450	1,484
2	Federal Home Loan Mortgage Corp.	4.125%	7/12/10	3,025	3,156
2	Federal Home Loan Mortgage Corp.	5.125%	8/23/10	9,000	9,558
2	Federal Home Loan Mortgage Corp.	6.875%	9/15/10	865	946
2	Federal Home Loan Mortgage Corp.	5.000%	10/18/10	325	345
2	Federal Home Loan Mortgage Corp.	3.125%	10/25/10	675	699
2	Federal Home Loan Mortgage Corp.	4.750%	1/18/11	700	747
2	Federal Home Loan Mortgage Corp.	3.250%	2/25/11	11,500	11,930
2	Federal Home Loan Mortgage Corp.	5.500%	8/20/12	3,000	3,376
2	Federal Home Loan Mortgage Corp.	4.625%	10/25/12	10,075	11,041
2	Federal Home Loan Mortgage Corp.	4.125%	12/21/12	1,325	1,430
2	Federal Home Loan Mortgage Corp.	4.500%	1/15/13	5,650	6,158
2	Federal Home Loan Mortgage Corp.	4.500%	7/15/13	1,200	1,312
2	Federal Home Loan Mortgage Corp.	4.125%	9/27/13	1,500	1,621
2	Federal Home Loan Mortgage Corp.	5.000%	7/15/14	2,550	2,865
2	Federal Home Loan Mortgage Corp.	4.750%	1/19/16	1,000	1,108
2	Federal Home Loan Mortgage Corp.	5.250%	4/18/16	3,000	3,418
2	Federal Home Loan Mortgage Corp.	5.500%	8/23/17	4,000	4,717
2	Federal Home Loan Mortgage Corp.	4.875%	6/13/18	1,500	1,721
2	Federal Home Loan Mortgage Corp.	5.000%	12/14/18	3,425	3,350
2	Federal Home Loan Mortgage Corp.	6.750%	9/15/29	1,750	2,507
2	Federal National Mortgage Assn.	7.250%	1/15/10	6,720	7,138
2	Federal National Mortgage Assn.	3.250%	2/10/10	1,475	1,511
2	Federal National Mortgage Assn.	3.875%	2/15/10	6,125	6,324
2	Federal National Mortgage Assn.	4.750%	3/12/10	10,875	11,344
2	Federal National Mortgage Assn.	7.125%	6/15/10	1,000	1,083

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
2	Federal National Mortgage Assn.	3.000%	7/12/10	7,000	7,192
2	Federal National Mortgage Assn.	2.875%	10/12/10	1,000	1,029
2	Federal National Mortgage Assn.	6.625%	11/15/10	1,650	1,812
2	Federal National Mortgage Assn.	6.250%	2/1/11	1,425	1,503
2	Federal National Mortgage Assn.	5.125%	4/15/11	750	810
2	Federal National Mortgage Assn.	6.000%	5/15/11	7,300	8,048
2	Federal National Mortgage Assn.	6.125%	3/15/12	1,450	1,643
2	Federal National Mortgage Assn.	4.875%	5/18/12	2,225	2,440
2	Federal National Mortgage Assn.	4.375%	9/15/12	1,300	1,411
2	Federal National Mortgage Assn.	3.625%	2/12/13	1,500	1,586
2	Federal National Mortgage Assn.	4.750%	2/21/13	1,000	1,089
2	Federal National Mortgage Assn.	4.375%	3/15/13	2,225	2,415
2	Federal National Mortgage Assn.	4.625%	5/1/13	700	713
2	Federal National Mortgage Assn.	2.875%	12/11/13	525	537
2	Federal National Mortgage Assn.	5.125%	1/2/14	975	987
2	Federal National Mortgage Assn.	4.125%	4/15/14	3,700	3,997
2	Federal National Mortgage Assn.	4.625%	10/15/14	4,000	4,421
2	Federal National Mortgage Assn.	5.375%	7/15/16	3,000	3,456
2	Federal National Mortgage Assn.	5.250%	9/15/16	2,525	2,891
2	Federal National Mortgage Assn.	4.875%	12/15/16	525	589
2	Federal National Mortgage Assn.	5.000%	2/13/17	1,975	2,241
2	Federal National Mortgage Assn.	7.125%	1/15/30	1,000	1,494
2	Federal National Mortgage Assn.	7.250%	5/15/30	1,700	2,596
2	Federal National Mortgage Assn.	6.625%	11/15/30	1,850	2,667
2	Federal National Mortgage Assn.	5.625%	7/15/37	1,100	1,405
2	Financing Corp.	9.800%	4/6/18	500	762
	State of Israel (U.S. Government Guaranteed)	5.500%	9/18/23	500	609
	State of Israel (U.S. Government Guaranteed)	5.500%	12/4/23	375	458
	State of Israel (U.S. Government Guaranteed)	5.500%	4/26/24	925	1,133
2	Tennessee Valley Auth.	4.500%	4/1/18	375	414
2	Tennessee Valley Auth.	6.750%	11/1/25	100	138
2	Tennessee Valley Auth.	7.125%	5/1/30	1,500	2,187
2	Tennessee Valley Auth.	5.500%	6/15/38	225	283
2	Tennessee Valley Auth.	5.375%	4/1/56	375	482

241,927

Conventional Mortgage-Backed Securities (14.6%)

2.3	Federal Home Loan Mortgage Corp.	4.000%	1/1/09–2/1/21	12,716	12,961
2.3	Federal Home Loan Mortgage Corp.	4.500%	3/1/09–10/1/35	36,031	37,010
2.3	Federal Home Loan Mortgage Corp.	5.000%	10/1/11–5/1/38	103,176	105,718
2.3	Federal Home Loan Mortgage Corp.	5.500%	1/1/09–1/1/38	125,681	129,058
2.3	Federal Home Loan Mortgage Corp.	6.000%	1/1/09–10/1/37	89,771	92,733
2.3	Federal Home Loan Mortgage Corp.	6.500%	1/1/09–12/1/37	24,407	25,405
2.3	Federal Home Loan Mortgage Corp.	7.000%	1/1/09–8/1/36	5,152	5,396
2.3	Federal Home Loan Mortgage Corp.	7.500%	7/1/10–1/1/32	649	679
2.3	Federal Home Loan Mortgage Corp.	8.000%	2/1/10–10/1/31	616	652
2.3	Federal Home Loan Mortgage Corp.	8.500%	12/1/16–5/1/30	81	88
2.3	Federal Home Loan Mortgage Corp.	9.000%	10/1/21–4/1/30	54	59
2.3	Federal Home Loan Mortgage Corp.	9.500%	4/1/16–4/1/25	20	21
2.3	Federal Home Loan Mortgage Corp.	10.000%	3/1/17–4/1/25	9	11
2.3	Federal National Mortgage Assn.	4.000%	9/1/10–11/1/18	5,174	5,279
2.3	Federal National Mortgage Assn.	4.500%	7/1/11–10/1/35	38,680	39,726
2.3	Federal National Mortgage Assn.	5.000%	9/1/09–11/1/38	132,431	135,918
2.3	Federal National Mortgage Assn.	5.500%	3/1/09–8/1/37	184,882	190,167
2.3	Federal National Mortgage Assn.	6.000%	1/1/09–11/1/37	114,299	118,002
2.3	Federal National Mortgage Assn.	6.500%	1/1/09–9/1/37	38,688	40,312
2.3	Federal National Mortgage Assn.	7.000%	9/1/10–8/1/37	8,447	8,846
2.3	Federal National Mortgage Assn.	7.500%	1/1/11–12/1/32	1,413	1,489
2.3	Federal National Mortgage Assn.	8.000%	6/1/10–11/1/30	209	222
2.3	Federal National Mortgage Assn.	8.500%	11/1/18–9/1/30	151	162
2.3	Federal National Mortgage Assn.	9.000%	10/1/16–8/1/26	42	47
2.3	Federal National Mortgage Assn.	9.500%	5/1/16–2/1/25	11	12
2.3	Federal National Mortgage Assn.	10.000%	1/1/20–8/1/21	1	1
2.3	Federal National Mortgage Assn.	10.500%	8/1/20	1	1
3	Government National Mortgage Assn.	4.500%	8/15/18–7/15/35	2,834	2,912
3	Government National Mortgage Assn.	5.000%	3/15/18–1/1/39	21,671	22,303

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
3	Government National Mortgage Assn.	5.500%	3/15/15-1/1/39	48,827	50,374
3	Government National Mortgage Assn.	6.000%	3/15/09-4/20/38	37,497	38,715
3	Government National Mortgage Assn.	6.500%	7/15/09-11/20/37	14,603	15,199
3	Government National Mortgage Assn.	7.000%	4/15/09-8/15/32	2,932	3,074
3	Government National Mortgage Assn.	7.500%	9/15/09-3/15/32	796	841
3	Government National Mortgage Assn.	8.000%	9/15/09-3/15/32	512	546
3	Government National Mortgage Assn.	8.500%	3/15/17-7/15/30	58	62
3	Government National Mortgage Assn.	9.000%	6/15/16-2/15/30	99	108
3	Government National Mortgage Assn.	9.500%	9/15/18-1/15/25	26	27
3	Government National Mortgage Assn.	10.000%	3/15/19	1	1
3	Government National Mortgage Assn.	11.000%	12/15/15	1	1
				1,084,138	

Nonconventional Mortgage-Backed Securities (1.3%)

2,3	Federal Home Loan Mortgage Corp.	4.379%	1/1/35	58	59
2,3	Federal Home Loan Mortgage Corp.	4.381%	12/1/34	921	912
2,3	Federal Home Loan Mortgage Corp.	4.580%	9/1/34	469	462
2,3	Federal Home Loan Mortgage Corp.	4.596%	11/1/34	1,195	1,200
2,3	Federal Home Loan Mortgage Corp.	4.599%	4/1/35	1,475	1,481
2,3	Federal Home Loan Mortgage Corp.	4.630%	12/1/35	1,560	1,567
2,3	Federal Home Loan Mortgage Corp.	4.653%	7/1/35	1,099	1,104
2,3	Federal Home Loan Mortgage Corp.	4.676%	12/1/34	350	352
2,3	Federal Home Loan Mortgage Corp.	4.796%	7/1/35	2,285	2,302
2,3	Federal Home Loan Mortgage Corp.	4.804%	3/1/36	1,076	1,085
2,3	Federal Home Loan Mortgage Corp.	4.999%	5/1/35	1,401	1,416
2,3	Federal Home Loan Mortgage Corp.	5.239%	3/1/37	967	979
2,3	Federal Home Loan Mortgage Corp.	5.262%	3/1/36	1,554	1,578
2,3	Federal Home Loan Mortgage Corp.	5.276%	12/1/36	389	392
2,3	Federal Home Loan Mortgage Corp.	5.327%	12/1/35	822	837
2,3	Federal Home Loan Mortgage Corp.	5.423%	3/1/37	1,030	1,049
2,3	Federal Home Loan Mortgage Corp.	5.431%	4/1/37	1,881	1,915
2,3	Federal Home Loan Mortgage Corp.	5.485%	2/1/36	1,277	1,299
2,3	Federal Home Loan Mortgage Corp.	5.565%	1/1/37	638	642
2,3	Federal Home Loan Mortgage Corp.	5.576%	5/1/36	2,077	2,116
2,3	Federal Home Loan Mortgage Corp.	5.599%	4/1/37	1,449	1,479
2,3	Federal Home Loan Mortgage Corp.	5.676%	12/1/36	1,992	2,032
2,3	Federal Home Loan Mortgage Corp.	5.689%	3/1/37	2,648	2,703
2,3	Federal Home Loan Mortgage Corp.	5.703%	9/1/36	2,555	2,613
2,3	Federal Home Loan Mortgage Corp.	5.770%	5/1/36	629	645
2,3	Federal Home Loan Mortgage Corp.	5.822%	6/1/37	1,725	1,765
2,3	Federal Home Loan Mortgage Corp.	5.828%	4/1/37	1,420	1,452
2,3	Federal Home Loan Mortgage Corp.	5.830%	6/1/37	2,293	2,350
2,3	Federal Home Loan Mortgage Corp.	5.874%	12/1/36	667	683
2,3	Federal Home Loan Mortgage Corp.	5.881%	5/1/37	2,376	2,430
2,3	Federal Home Loan Mortgage Corp.	5.967%	10/1/37	341	350
2,3	Federal Home Loan Mortgage Corp.	6.091%	8/1/37	1,065	1,094
2,3	Federal Home Loan Mortgage Corp.	6.511%	2/1/37	1,044	1,084
2,3	Federal National Mortgage Assn.	4.135%	5/1/34	467	466
2,3	Federal National Mortgage Assn.	4.417%	8/1/35	1,098	1,101
2,3	Federal National Mortgage Assn.	4.425%	7/1/35	472	474
2,3	Federal National Mortgage Assn.	4.574%	1/1/35	917	917
2,3	Federal National Mortgage Assn.	4.579%	11/1/34	1,683	1,684
2,3	Federal National Mortgage Assn.	4.582%	12/1/34	1,226	1,216
2,3	Federal National Mortgage Assn.	4.618%	8/1/35	3,292	3,307
2,3	Federal National Mortgage Assn.	4.629%	11/1/33	304	306
2,3	Federal National Mortgage Assn.	4.633%	9/1/34	676	680
2,3	Federal National Mortgage Assn.	4.677%	10/1/34	732	727
2,3	Federal National Mortgage Assn.	4.691%	11/1/34	671	662
2,3	Federal National Mortgage Assn.	4.725%	8/1/35	867	867
2,3	Federal National Mortgage Assn.	4.740%	9/1/34	317	318
2,3	Federal National Mortgage Assn.	4.751%	6/1/34	622	627
2,3	Federal National Mortgage Assn.	4.756%	10/1/34	1,257	1,252
2,3	Federal National Mortgage Assn.	4.794%	9/1/35	917	924
2,3	Federal National Mortgage Assn.	4.818%	12/1/35	1,872	1,887
2,3	Federal National Mortgage Assn.	4.835%	4/1/37	1,785	1,806
2,3	Federal National Mortgage Assn.	4.850%	11/1/35	1,666	1,680

Vanguard® Balanced Index Fund
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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
2.3 Federal National Mortgage Assn.	4.865%	7/1/35	1,121	1,131
2.3 Federal National Mortgage Assn.	4.937%	7/1/35	448	452
2.3 Federal National Mortgage Assn.	4.968%	10/1/35	1,434	1,449
2.3 Federal National Mortgage Assn.	5.026%	12/1/33	399	403
2.3 Federal National Mortgage Assn.	5.049%	11/1/35	1,790	1,811
2.3 Federal National Mortgage Assn.	5.059%	2/1/36	544	551
2.3 Federal National Mortgage Assn.	5.074%	12/1/35	2,152	2,178
2.3 Federal National Mortgage Assn.	5.108%	1/1/36	1,191	1,206
2.3 Federal National Mortgage Assn.	5.129%	12/1/35	2,633	2,667
2.3 Federal National Mortgage Assn.	5.254%	3/1/37	1,056	1,074
2.3 Federal National Mortgage Assn.	5.456%	2/1/36	1,595	1,621
2.3 Federal National Mortgage Assn.	5.470%	5/1/37	984	1,001
2.3 Federal National Mortgage Assn.	5.575%	1/1/37	1,342	1,368
2.3 Federal National Mortgage Assn.	5.593%	7/1/36	272	277
2.3 Federal National Mortgage Assn.	5.627%	3/1/37	1,217	1,242
2.3 Federal National Mortgage Assn.	5.658%	6/1/36	905	922
2.3 Federal National Mortgage Assn.	5.687%	2/1/37	1,256	1,283
2.3 Federal National Mortgage Assn.	5.695%	2/1/37	770	786
2.3 Federal National Mortgage Assn.	5.728%	3/1/37	1,061	1,084
2.3 Federal National Mortgage Assn.	5.756%	4/1/36	1,406	1,434
2.3 Federal National Mortgage Assn.	5.777%	1/1/36	367	372
2.3 Federal National Mortgage Assn.	5.780%	4/1/37	480	490
2.3 Federal National Mortgage Assn.	5.799%	4/1/37	1,731	1,768
2.3 Federal National Mortgage Assn.	5.888%	9/1/36	1,065	1,089
2.3 Federal National Mortgage Assn.	5.947%	11/1/36	2,706	2,778
2.3 Federal National Mortgage Assn.	6.055%	8/1/37	887	913
2.3 Federal National Mortgage Assn.	6.130%	6/1/36	268	276
2.3 Federal National Mortgage Assn.	6.611%	9/1/37	1,211	1,253
				97,207

Total U.S. Government and Agency Obligations (Cost \$1,992,170)

2,098,600

Corporate Bonds (9.2%)

Asset-Backed/Commercial Mortgage-Backed Securities (1.9%)

3 Banc of America Commercial Mortgage, Inc.	4.050%	11/10/38	350	327
3 Banc of America Commercial Mortgage, Inc.	4.153%	11/10/38	150	130
3 Banc of America Commercial Mortgage, Inc.	4.877%	7/10/42	1,700	1,348
3 Banc of America Commercial Mortgage, Inc.	5.118%	7/11/43	1,560	1,527
3 Banc of America Commercial Mortgage, Inc.	5.372%	9/10/45	1,200	915
3 Banc of America Commercial Mortgage, Inc.	5.115%	10/10/45	1,000	775
3 Banc of America Commercial Mortgage, Inc.	5.634%	7/10/46	1,300	1,013
3 Banc of America Commercial Mortgage, Inc.	5.414%	9/10/47	825	636
3.4 Banc of America Commercial Mortgage, Inc.	6.158%	2/10/51	2,000	1,495
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.610%	11/15/33	4,000	3,557
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.463%	4/12/38	250	193
3.4 Bear Stearns Commercial Mortgage Securities, Inc.	5.464%	4/12/38	175	93
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.660%	6/11/40	4,425	3,426
3 Bear Stearns Commercial Mortgage Securities, Inc.	4.521%	11/11/41	250	210
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.742%	9/11/42	1,250	863
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.127%	10/12/42	500	470
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.613%	6/11/50	850	627
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.694%	6/11/50	800	551
3 Bear Stearns Commercial Mortgage Securities, Inc.	5.700%	6/11/50	1,050	721
3.4 Bear Stearns Commercial Mortgage Securities, Inc.	5.915%	6/11/50	350	149
3 Capital Auto Receivables Asset Trust	4.680%	10/15/12	1,300	1,207
3.4 Capital One Multi-Asset Execution Trust	1.295%	2/15/12	5,500	5,389
3 Capital One Multi-Asset Execution Trust	5.300%	2/18/14	450	416
3 Capital One Multi-Asset Execution Trust	5.050%	12/17/18	3,500	2,650
3 Capital One Multi-Asset Execution Trust	5.750%	7/15/20	225	177
3 CDC Commercial Mortgage Trust	5.676%	11/15/30	1,525	1,384
3 Chase Issuance Trust	4.650%	12/17/12	3,300	3,187
3 Chase Issuance Trust	5.400%	7/15/15	400	368
3 Citibank Credit Card Issuance Trust	4.150%	7/7/17	250	199
3 Citibank Credit Card Issuance Trust	5.650%	9/20/19	125	104
3 Citibank Credit Card Master Trust	5.875%	3/10/11	2,000	1,994
3 Citigroup Commercial Mortgage Trust	4.623%	10/15/41	198	135

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
3,4 Citigroup Commercial Mortgage Trust	5.724%	3/15/49	550	437
3,4 Citigroup Commercial Mortgage Trust	5.700%	12/10/49	300	210
3,4 Citigroup/Deutsche Bank Commercial Mortgage Trust	5.225%	7/15/44	525	302
3 Citigroup/Deutsche Bank Commercial Mortgage Trust	5.225%	7/15/44	1,600	1,254
3 Citigroup/Deutsche Bank Commercial Mortgage Trust	5.886%	11/15/44	1,650	1,152
3 Citigroup/Deutsche Bank Commercial Mortgage Trust	5.205%	12/11/49	3,025	2,288
3 Citigroup/Deutsche Bank Commercial Mortgage Trust	5.322%	12/11/49	1,410	968
3,5 Commercial Mortgage Lease-Backed Certificates	6.746%	6/20/31	410	430
3 Commercial Mortgage Pass Through Certificates	5.116%	6/10/44	250	195
3 Commercial Mortgage Pass-Through Certificates	5.767%	6/10/46	1,255	999
3 Commercial Mortgage Pass-Through Certificates	5.248%	12/10/46	200	181
3,4 Commercial Mortgage Pass-Through Certificates	5.816%	12/10/49	1,725	1,212
3 Countrywide Home Loans	4.783%	5/25/33	401	374
3,4 Credit Suisse First Boston Mortgage Securities Corp.	4.750%	1/15/37	1,500	945
3,4 Credit Suisse First Boston Mortgage Securities Corp.	5.014%	2/15/38	1,000	792
3 Credit Suisse First Boston Mortgage Securities Corp.	3.936%	5/15/38	575	456
3,4 Credit Suisse First Boston Mortgage Securities Corp.	5.100%	8/15/38	35	21
3 Credit Suisse First Boston Mortgage Securities Corp.	5.100%	8/15/38	3,950	3,073
3 Credit Suisse Mortgage Capital Certificates	5.826%	6/15/38	1,475	1,177
3 Credit Suisse Mortgage Capital Certificates	5.551%	2/15/39	1,950	1,502
3,4 Credit Suisse Mortgage Capital Certificates	5.723%	6/15/39	1,750	1,226
3 Credit Suisse Mortgage Capital Certificates	5.311%	12/15/39	800	604
3 Credit Suisse Mortgage Capital Certificates	5.383%	2/15/40	525	362
3,4 CWC Capital Cobalt	5.820%	5/15/46	2,000	1,404
3 DaimlerChrysler Auto Trust	4.200%	7/8/10	292	291
3 DaimlerChrysler Auto Trust	5.330%	8/8/10	723	722
3 Discover Card Master Trust	5.650%	12/15/15	1,650	1,411
3 Discover Card Master Trust	5.650%	3/16/20	125	93
3 First Union National Bank Commercial Mortgage Trust	6.223%	12/12/33	350	315
3,4 First Union National Bank Commercial Mortgage Trust	6.618%	10/15/35	900	832
3 GE Capital Commercial Mortgage Corp.	5.994%	12/10/35	201	191
3 GE Capital Commercial Mortgage Corp.	4.996%	12/10/37	1,000	849
3,4 GE Capital Commercial Mortgage Corp.	5.338%	3/10/44	2,000	1,525
3 GE Capital Credit Card Master Note Trust	5.080%	9/15/12	5,300	5,119
3 GMAC Commercial Mortgage Securities, Inc.	7.455%	8/16/33	301	286
3 GMAC Commercial Mortgage Securities, Inc.	6.700%	4/15/34	650	599
3 GMAC Commercial Mortgage Securities, Inc.	4.908%	3/10/38	75	60
3 GMAC Commercial Mortgage Securities, Inc.	4.646%	4/10/40	250	223
3 GMAC Commercial Mortgage Securities, Inc.	4.864%	12/10/41	150	119
3 Greenwich Capital Commercial Funding Corp.	4.948%	1/11/35	500	424
3 Greenwich Capital Commercial Funding Corp.	5.317%	6/10/36	1,230	1,050
3 Greenwich Capital Commercial Funding Corp.	5.117%	4/10/37	205	192
3 Greenwich Capital Commercial Funding Corp.	5.224%	4/10/37	1,700	1,327
3 Greenwich Capital Commercial Funding Corp.	4.799%	8/10/42	1,950	1,497
3 GS Mortgage Securities Corp. II	5.506%	4/10/38	967	909
3,4 GS Mortgage Securities Corp. II	5.553%	4/10/38	700	539
3 GS Mortgage Securities Corp. II	5.396%	8/10/38	1,825	1,484
3 GS Mortgage Securities Corp. II	5.799%	8/10/45	925	653
3 Honda Auto Receivables Owner Trust	5.300%	7/21/10	228	228
3 Honda Auto Receivables Owner Trust	5.120%	10/15/10	1,720	1,707
3 Honda Auto Receivables Owner Trust	4.880%	9/18/14	600	558
3 JPMorgan Chase Commercial Mortgage Securities	6.260%	3/15/33	218	207
3 JPMorgan Chase Commercial Mortgage Securities	5.050%	12/12/34	350	296
3 JPMorgan Chase Commercial Mortgage Securities	4.824%	9/12/37	350	315
3,4 JPMorgan Chase Commercial Mortgage Securities	4.948%	9/12/37	28	17
3 JPMorgan Chase Commercial Mortgage Securities	5.160%	4/15/43	3,822	3,681
3,4 JPMorgan Chase Commercial Mortgage Securities	5.475%	4/15/43	350	272
3 JPMorgan Chase Commercial Mortgage Securities	5.875%	4/15/45	1,750	1,401
3 JPMorgan Chase Commercial Mortgage Securities	5.803%	6/15/49	3,480	2,702
3 JPMorgan Chase Commercial Mortgage Securities	5.818%	6/15/49	1,325	934
3 JPMorgan Chase Commercial Mortgage Securities	5.794%	2/12/51	1,000	694
3 JPMorgan Chase Commercial Mortgage Securities	5.855%	2/12/51	650	484
3 JPMorgan Chase Commercial Mortgage Securities	5.716%	2/15/51	350	240
3,4 JPMorgan Chase Commercial Mortgage Securities	5.882%	2/15/51	1,655	1,158
3 LB-UBS Commercial Mortgage Trust	4.786%	10/15/29	1,242	969
3 LB-UBS Commercial Mortgage Trust	4.742%	2/15/30	575	441

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
3	LB-UBS Commercial Mortgage Trust	4.553%	7/15/30	97	93
3	LB-UBS Commercial Mortgage Trust	5.197%	11/15/30	2,025	1,588
3	LB-UBS Commercial Mortgage Trust	4.853%	9/15/31	1,000	849
3	LB-UBS Commercial Mortgage Trust	4.166%	5/15/32	200	159
3	LB-UBS Commercial Mortgage Trust	4.931%	9/15/35	1,500	1,230
3,4	LB-UBS Commercial Mortgage Trust	5.661%	3/15/39	1,625	1,257
3	LB-UBS Commercial Mortgage Trust	5.430%	2/15/40	875	601
3,4	LB-UBS Commercial Mortgage Trust	6.149%	4/15/41	1,825	1,356
3	LB-UBS Commercial Mortgage Trust	5.866%	9/15/45	1,050	731
3	LB-UBS Commercial Mortgage Trust	4.960%	12/15/31	250	209
3,4	LB-UBS Commercial Mortgage Trust	5.936%	7/15/44	375	163
3,4	MBNA Credit Card Master Note Trust	4.969%	12/15/11	250	243
3	MBNA Master Credit Card Trust	7.000%	2/15/12	5,800	5,751
3	Merrill Lynch Mortgage Trust	5.236%	11/12/35	350	285
3	Merrill Lynch Mortgage Trust	5.657%	5/12/39	350	278
3,4	Merrill Lynch Mortgage Trust	5.291%	1/12/44	1,650	1,284
3,4	Merrill Lynch Mortgage Trust	5.829%	6/12/50	1,900	1,337
3	Merrill Lynch Mortgage Trust	5.425%	2/12/51	250	185
3	Merrill Lynch Mortgage Trust	5.690%	2/12/51	825	589
3	Merrill Lynch/Countrywide Commercial Mortgage Trust	5.700%	9/12/17	500	345
3	Merrill Lynch/Countrywide Commercial Mortgage Trust	5.909%	6/12/46	1,475	1,183
3	Merrill Lynch/Countrywide Commercial Mortgage Trust	5.378%	8/12/48	1,575	1,080
3	Merrill Lynch/Countrywide Commercial Mortgage Trust	5.590%	9/12/49	725	550
3,4	Morgan Stanley Capital I	5.110%	6/15/40	1,800	1,442
3	Morgan Stanley Capital I	4.850%	6/13/41	1,300	1,179
3	Morgan Stanley Capital I	5.270%	6/13/41	400	323
3	Morgan Stanley Capital I	5.328%	11/12/41	250	190
3	Morgan Stanley Capital I	4.970%	12/15/41	275	178
3	Morgan Stanley Capital I	5.168%	1/14/42	425	334
3,4	Morgan Stanley Capital I	5.650%	6/13/42	850	590
3	Morgan Stanley Capital I	4.989%	8/13/42	2,000	1,555
3	Morgan Stanley Capital I	5.230%	9/15/42	1,050	824
3	Morgan Stanley Capital I	5.771%	10/15/42	550	430
3,4	Morgan Stanley Capital I	5.208%	11/14/42	650	509
3	Morgan Stanley Capital I	6.280%	1/11/43	1,525	1,140
3,4	Morgan Stanley Capital I	5.387%	3/12/44	500	384
3,4	Morgan Stanley Capital I	5.691%	4/15/49	25	11
3,4	Morgan Stanley Capital I	5.881%	6/11/49	200	86
3	Morgan Stanley Capital I	5.809%	12/12/49	1,375	953
3	Morgan Stanley Capital I	5.090%	10/12/52	500	468
3	Nissan Auto Receivables Owner Trust	5.050%	11/17/14	475	445
3	PG&E Energy Recovery Funding LLC	4.140%	9/25/12	825	820
3	PSE&G Transition Funding LLC	6.890%	12/15/17	2,000	2,017
3	Salomon Brothers Mortgage Securities VII	5.561%	9/25/33	1,151	1,054
3	USAA Auto Owner Trust	5.360%	2/15/11	544	543
3	USAA Auto Owner Trust	4.710%	2/18/14	925	833
3,4	Wachovia Bank Commercial Mortgage Trust	5.125%	8/15/35	150	124
3	Wachovia Bank Commercial Mortgage Trust	4.719%	1/15/41	250	225
3	Wachovia Bank Commercial Mortgage Trust	4.748%	2/15/41	500	389
3	Wachovia Bank Commercial Mortgage Trust	5.001%	7/15/41	450	428
3,4	Wachovia Bank Commercial Mortgage Trust	5.232%	7/15/41	1,425	1,160
3	Wachovia Bank Commercial Mortgage Trust	4.803%	10/15/41	1,150	892
3,4	Wachovia Bank Commercial Mortgage Trust	5.083%	3/15/42	400	316
3	Wachovia Bank Commercial Mortgage Trust	5.118%	7/15/42	350	272
3,4	Wachovia Bank Commercial Mortgage Trust	5.740%	5/15/43	900	717
3	Wachovia Bank Commercial Mortgage Trust	4.699%	5/15/44	1,050	800
3,4	Wachovia Bank Commercial Mortgage Trust	5.209%	10/15/44	950	758
3,4	Wachovia Bank Commercial Mortgage Trust	5.265%	12/15/44	2,300	1,795
3	Wachovia Bank Commercial Mortgage Trust	5.313%	11/15/48	1,500	1,232
3	World Omni Auto Receivables Trust	3.940%	10/15/12	800	732

142,308

Finance (3.1%)

Banking (2.0%)

Abbey National PLC	7.950%	10/26/29	650	563
American Express Bank, FSB	5.550%	10/17/12	375	355
American Express Bank, FSB	6.000%	9/13/17	525	467

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American Express Centurion Bank	5.200%	11/26/10	450	436
American Express Centurion Bank	5.550%	10/17/12	250	238
American Express Centurion Bank	5.950%	6/12/17	75	70
American Express Centurion Bank	6.000%	9/13/17	375	352
American Express Co.	5.500%	9/12/16	350	324
American Express Co.	6.150%	8/28/17	225	219
3 American Express Co.	6.800%	9/1/66	550	302
American Express Credit Corp.	5.000%	12/2/10	725	691
American Express Credit Corp.	5.875%	5/2/13	525	512
American Express Credit Corp.	7.300%	8/20/13	450	463
5 American Express Travel	5.250%	11/21/11	125	119
5 Banco Bilbao Vizcaya ARG	5.750%	7/20/17	1,950	1,953
3 Bank of America Capital Trust XIV	5.630%	12/31/49	200	76
Bank of America Corp.	4.500%	8/1/10	1,425	1,435
Bank of America Corp.	4.250%	10/1/10	300	299
Bank of America Corp.	4.375%	12/1/10	475	475
6 Bank of America Corp.	1.700%	12/23/10	650	652
6 Bank of America Corp.	3.125%	6/15/12	1,600	1,676
Bank of America Corp.	4.875%	1/15/13	75	75
Bank of America Corp.	5.375%	6/15/14	175	175
Bank of America Corp.	5.125%	11/15/14	1,075	1,037
Bank of America Corp.	5.250%	12/1/15	275	249
Bank of America Corp.	5.750%	8/15/16	275	260
Bank of America Corp.	5.625%	10/14/16	1,575	1,555
Bank of America Corp.	5.300%	3/15/17	325	312
Bank of America Corp.	5.420%	3/15/17	925	823
Bank of America Corp.	6.100%	6/15/17	350	349
Bank of America Corp.	5.625%	3/8/35	350	292
Bank of America Corp.	6.000%	10/15/36	600	645
Bank of New York Mellon	4.950%	1/14/11	500	505
Bank of New York Mellon	4.950%	11/1/12	425	435
Bank of New York Mellon	4.950%	3/15/15	800	780
Bank of Tokyo-Mitsubishi	8.400%	4/15/10	500	513
Bank One Corp.	7.875%	8/1/10	375	394
Bank One Corp.	5.250%	1/30/13	925	910
Bank One Corp.	4.900%	4/30/15	475	444
3 Barclays Bank PLC	6.278%	12/29/49	350	223
BB&T Capital Trust II	6.750%	6/7/36	1,100	834
BB&T Corp.	6.500%	8/1/11	375	382
BB&T Corp.	4.750%	10/1/12	300	290
BB&T Corp.	5.625%	9/15/16	100	101
BB&T Corp.	5.250%	11/1/19	200	179
Bear Stearns Co., Inc.	4.550%	6/23/10	775	769
Bear Stearns Co., Inc.	5.350%	2/1/12	900	891
Bear Stearns Co., Inc.	5.700%	11/15/14	750	737
Bear Stearns Co., Inc.	5.300%	10/30/15	985	964
Bear Stearns Co., Inc.	5.550%	1/22/17	1,150	1,081
Bear Stearns Co., Inc.	6.400%	10/2/17	800	832
Bear Stearns Co., Inc.	7.250%	2/1/18	375	411
Capital One Capital III	7.686%	8/15/36	525	221
Capital One Capital IV	6.745%	2/17/37	300	138
Capital One Financial Corp.	5.700%	9/15/11	375	349
Capital One Financial Corp.	4.800%	2/21/12	50	45
Capital One Financial Corp.	5.500%	6/1/15	225	190
Capital One Financial Corp.	6.150%	9/1/16	50	34
Capital One Financial Corp.	5.250%	2/21/17	50	44
Capital One Financial Corp.	6.750%	9/15/17	650	628
3.5 Citicorp Lease Pass-Through Trust	8.040%	12/15/19	1,700	1,658
3 Citigroup Capital XXI	8.300%	12/21/57	1,300	1,002
Citigroup, Inc.	4.625%	8/3/10	875	858
Citigroup, Inc.	6.500%	1/18/11	1,075	1,084
Citigroup, Inc.	5.125%	2/14/11	300	294
Citigroup, Inc.	5.100%	9/29/11	875	854
6 Citigroup, Inc.	2.875%	12/9/11	1,050	1,087
Citigroup, Inc.	6.000%	2/21/12	450	444
Citigroup, Inc.	5.625%	8/27/12	350	329

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Citigroup, Inc.	5.300%	10/17/12	1,175	1,147
Citigroup, Inc.	6.500%	8/19/13	575	581
Citigroup, Inc.	5.000%	9/15/14	3,825	3,325
Citigroup, Inc.	5.300%	1/7/16	275	261
Citigroup, Inc.	5.500%	2/15/17	100	90
Citigroup, Inc.	6.125%	11/21/17	1,100	1,106
Citigroup, Inc.	6.625%	6/15/32	1,050	1,020
Citigroup, Inc.	5.875%	2/22/33	900	772
Citigroup, Inc.	6.000%	10/31/33	225	197
Citigroup, Inc.	5.850%	12/11/34	50	49
Citigroup, Inc.	5.875%	5/29/37	225	227
Citigroup, Inc.	6.875%	3/5/38	125	144
Colonial Bank NA	6.375%	12/1/15	150	98
Comerica Bank	5.200%	8/22/17	300	227
Compass Bank	6.400%	10/1/17	150	128
Compass Bank	5.900%	4/1/26	225	161
Countrywide Financial Corp.	5.800%	6/7/12	50	49
Countrywide Home Loan	4.000%	3/22/11	1,925	1,831
Credit Suisse First Boston USA, Inc.	4.125%	1/15/10	1,500	1,493
Credit Suisse First Boston USA, Inc.	4.875%	8/15/10	225	225
Credit Suisse First Boston USA, Inc.	5.250%	3/2/11	750	753
Credit Suisse First Boston USA, Inc.	6.125%	11/15/11	250	256
Credit Suisse First Boston USA, Inc.	6.500%	1/15/12	1,425	1,452
Credit Suisse First Boston USA, Inc.	4.875%	1/15/15	250	234
Credit Suisse First Boston USA, Inc.	5.125%	8/15/15	350	320
Credit Suisse First Boston USA, Inc.	5.850%	8/16/16	750	724
Credit Suisse First Boston USA, Inc.	7.125%	7/15/32	200	221
3 Credit Suisse First Boston USA, Inc.	5.860%	5/15/49	450	225
Credit Suisse New York	6.000%	2/15/18	1,025	1,009
Deutsche Bank AG London	5.375%	10/12/12	925	940
Deutsche Bank AG London	4.875%	5/20/13	750	760
Deutsche Bank AG London	6.000%	9/1/17	600	637
Deutsche Bank Financial LLC	5.375%	3/2/15	900	814
Fifth Third Bancorp.	4.200%	2/23/10	250	246
Fifth Third Bancorp.	6.250%	5/1/13	250	237
Fifth Third Bancorp.	4.750%	2/1/15	325	279
Fifth Third Bancorp.	8.250%	3/1/38	200	162
First Tennessee Bank	5.050%	1/15/15	200	129
Fleet Capital Trust II	7.920%	12/11/26	500	411
Fleet Financial Group, Inc.	6.875%	1/15/28	600	601
Golden West Financial Corp.	4.750%	10/1/12	375	356
3 Goldman Sachs Capital II	5.793%	12/29/49	550	217
Goldman Sachs Group, Inc.	4.500%	6/15/10	640	632
Goldman Sachs Group, Inc.	6.875%	1/15/11	100	102
Goldman Sachs Group, Inc.	6.600%	1/15/12	2,150	2,126
6 Goldman Sachs Group, Inc.	3.250%	6/15/12	1,800	1,884
Goldman Sachs Group, Inc.	5.450%	11/1/12	900	859
Goldman Sachs Group, Inc.	5.250%	4/1/13	950	893
Goldman Sachs Group, Inc.	4.750%	7/15/13	400	367
Goldman Sachs Group, Inc.	5.150%	1/15/14	600	550
Goldman Sachs Group, Inc.	5.000%	10/1/14	1,450	1,254
Goldman Sachs Group, Inc.	5.125%	1/15/15	150	136
Goldman Sachs Group, Inc.	5.350%	1/15/16	825	748
Goldman Sachs Group, Inc.	5.625%	1/15/17	625	521
Goldman Sachs Group, Inc.	6.250%	9/1/17	1,075	1,017
Goldman Sachs Group, Inc.	5.950%	1/18/18	675	627
Goldman Sachs Group, Inc.	6.150%	4/1/18	100	96
Goldman Sachs Group, Inc.	5.950%	1/15/27	675	500
Goldman Sachs Group, Inc.	6.125%	2/15/33	875	813
Goldman Sachs Group, Inc.	6.345%	2/15/34	1,125	828
Goldman Sachs Group, Inc.	6.450%	5/1/36	375	286
Goldman Sachs Group, Inc.	6.750%	10/1/37	1,050	864
5 HBOS Treasury Services PLC	5.250%	2/21/17	1,950	1,927
5 HBOS Treasury Services PLC	6.750%	5/21/18	425	372
HSBC Bank USA	5.875%	11/1/34	300	292
HSBC Bank USA	5.625%	8/15/35	900	836

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
HSBC Holdings PLC	7.625%	5/17/32	400	435
HSBC Holdings PLC	7.350%	11/27/32	400	422
HSBC Holdings PLC	6.500%	5/2/36	600	614
HSBC Holdings PLC	6.500%	9/15/37	525	554
HSBC Holdings PLC	6.800%	6/1/38	125	135
5 ICICI Bank Ltd.	6.625%	10/3/12	25	20
JPM Capital Trust	6.550%	9/29/36	600	508
JPMorgan Capital Trust	5.875%	3/15/35	1,400	1,092
JPMorgan Chase & Co.	6.750%	2/1/11	300	309
JPMorgan Chase & Co.	5.600%	6/1/11	550	565
JPMorgan Chase & Co.	4.850%	6/16/11	400	404
6 JPMorgan Chase & Co.	3.125%	12/1/11	1,100	1,149
JPMorgan Chase & Co.	4.500%	1/15/12	675	671
JPMorgan Chase & Co.	6.625%	3/15/12	425	435
JPMorgan Chase & Co.	5.375%	10/1/12	1,825	1,864
JPMorgan Chase & Co.	5.750%	1/2/13	350	353
JPMorgan Chase & Co.	5.375%	1/15/14	100	100
JPMorgan Chase & Co.	5.125%	9/15/14	375	363
JPMorgan Chase & Co.	4.750%	3/1/15	175	170
JPMorgan Chase & Co.	5.150%	10/1/15	675	651
JPMorgan Chase & Co.	5.875%	6/13/16	725	728
JPMorgan Chase & Co.	6.400%	5/15/38	75	90
JPMorgan Chase Capital XXII	6.450%	2/2/37	650	522
JPMorgan Chase Capital XXV	6.800%	10/1/37	725	664
KeyBank NA	5.800%	7/1/14	150	134
KeyBank NA	4.950%	9/15/15	725	566
KeyBank NA	5.450%	3/3/16	300	243
KeyCorp	6.500%	5/14/13	50	46
Manufacturers & Traders Trust Co.	6.625%	12/4/17	600	558
Marshall & Ilsley Bank	4.850%	6/16/15	375	285
MBNA America Bank NA	6.625%	6/15/12	350	353
MBNA Corp.	6.125%	3/1/13	500	489
MBNA Corp.	5.000%	6/15/15	400	366
Mellon Funding Corp.	5.000%	12/1/14	250	229
Morgan Stanley Dean Witter	4.000%	1/15/10	1,475	1,448
Morgan Stanley Dean Witter	4.250%	5/15/10	550	528
6 Morgan Stanley Dean Witter	2.900%	12/1/10	650	667
Morgan Stanley Dean Witter	5.050%	1/21/11	100	97
Morgan Stanley Dean Witter	6.750%	4/15/11	1,175	1,147
6 Morgan Stanley Dean Witter	3.250%	12/1/11	700	733
Morgan Stanley Dean Witter	5.625%	1/9/12	525	489
Morgan Stanley Dean Witter	5.750%	8/31/12	100	93
Morgan Stanley Dean Witter	4.750%	4/1/14	1,200	946
Morgan Stanley Dean Witter	6.000%	4/28/15	925	813
Morgan Stanley Dean Witter	5.375%	10/15/15	650	546
Morgan Stanley Dean Witter	5.750%	10/18/16	1,000	834
Morgan Stanley Dean Witter	5.450%	1/9/17	975	817
Morgan Stanley Dean Witter	5.550%	4/27/17	250	209
Morgan Stanley Dean Witter	5.950%	12/28/17	700	596
Morgan Stanley Dean Witter	6.625%	4/1/18	725	652
Morgan Stanley Dean Witter	6.250%	8/9/26	1,050	874
Morgan Stanley Dean Witter	7.250%	4/1/32	475	413
National City Corp.	4.900%	1/15/15	500	428
3 National City Preferred Capital Trust I	12.000%	12/31/49	1,100	1,034
5 Nationwide Building Society	5.500%	7/18/12	2,000	1,896
NB Capital Trust IV	8.250%	4/15/27	1,000	797
5 Northern Rock PLC	5.625%	6/22/17	2,500	2,450
Northern Trust Co.	5.500%	8/15/13	100	103
Northern Trust Co.	6.500%	8/15/18	75	81
PNC Bank NA	4.875%	9/21/17	525	483
PNC Bank NA	6.000%	12/7/17	350	348
PNC Funding Corp.	5.250%	11/15/15	250	238
Regions Financial Corp.	6.375%	5/15/12	75	70
Regions Financial Corp.	7.375%	12/10/37	75	59
3 Regions Financial Corp.	6.625%	5/15/47	300	164
Royal Bank of Canada	4.125%	1/26/10	1,400	1,395

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
	Royal Bank of Scotland Group PLC	6.375%	2/1/11	325	327
	Royal Bank of Scotland Group PLC	5.000%	11/12/13	175	156
3	Royal Bank of Scotland Group PLC	7.648%	8/29/49	1,525	759
	Santander Central Hispano Issuances Ltd.	7.625%	9/14/10	400	400
	Santander Financial Issuances	6.375%	2/15/11	1,075	1,021
	Sanwa Bank Ltd.	7.400%	6/15/11	625	647
	Southtrust Corp.	5.800%	6/15/14	300	278
	Sovereign Bancorp, Inc.	4.800%	9/1/10	575	520
	Sovereign Bank	5.125%	3/15/13	250	209
3.5	Standard Chartered PLC	6.409%	12/31/49	300	125
	State Street Capital Trust	5.300%	1/15/16	300	297
	SunTrust Banks, Inc.	6.375%	4/1/11	500	504
	SunTrust Banks, Inc.	5.200%	1/17/17	750	680
	SunTrust Banks, Inc.	5.450%	12/1/17	100	94
	SunTrust Banks, Inc.	7.250%	3/15/18	75	78
	SunTrust Capital VIII	6.100%	12/15/36	175	115
	Swiss Bank Corp.	7.000%	10/15/15	750	750
	Synovus Financial Corp.	5.125%	6/15/17	500	382
	UBS AG	5.875%	12/20/17	1,400	1,284
	UBS AG	5.750%	4/25/18	50	46
	UFJ Finance Aruba AEC	6.750%	7/15/13	500	500
	Union Bank of California NA	5.950%	5/11/16	450	362
	Union Planters Corp.	7.750%	3/1/11	1,000	956
	UnionBanCal Corp.	5.250%	12/16/13	150	130
	US Bank NA	6.375%	8/1/11	250	261
	US Bank NA	6.300%	2/4/14	250	269
3	USB Capital IX	6.189%	4/15/49	300	135
	Wachovia Bank NA	4.800%	11/1/14	500	462
	Wachovia Bank NA	4.875%	2/1/15	1,030	943
	Wachovia Bank NA	5.850%	2/1/37	1,050	1,012
	Wachovia Bank NA	6.600%	1/15/38	250	268
3	Wachovia Capital Trust III	5.800%	3/15/11	825	491
	Wachovia Corp.	4.375%	6/1/10	450	448
	Wachovia Corp.	5.300%	10/15/11	675	662
	Wachovia Corp.	4.875%	2/15/14	170	155
	Wachovia Corp.	5.625%	10/15/16	500	453
	Wachovia Corp.	5.750%	6/15/17	300	297
	Wachovia Corp.	5.750%	2/1/18	100	101
5	Wachovia Corp.	8.000%	12/15/26	1,200	948
	Wachovia Corp.	7.500%	4/15/35	150	145
	Wachovia Corp.	5.500%	8/1/35	200	162
	Wachovia Corp.	6.550%	10/15/35	100	86
	Wells Fargo & Co.	4.200%	1/15/10	3,040	3,086
	Wells Fargo & Co.	4.875%	1/12/11	725	744
	Wells Fargo & Co.	5.300%	8/26/11	200	204
6	Wells Fargo & Co.	3.000%	12/9/11	875	911
	Wells Fargo & Co.	5.250%	10/23/12	100	103
	Wells Fargo & Co.	4.375%	1/31/13	275	271
	Wells Fargo & Co.	4.950%	10/16/13	550	539
	Wells Fargo & Co.	5.625%	12/11/17	1,150	1,191
	Wells Fargo Bank NA	4.750%	2/9/15	1,650	1,593
	Wells Fargo Bank NA	5.750%	5/16/16	250	256
	Wells Fargo Bank NA	5.950%	8/26/36	500	519
	Wells Fargo Capital X	5.950%	12/15/36	425	355
3	Wells Fargo Capital XIII	7.700%	12/29/49	450	370
3	Wells Fargo Capital XV	9.750%	12/29/49	100	102
	Zions Bancorp.	5.500%	11/16/15	675	504
Brokerage (0.1%)					
	Ameriprise Financial Inc.	5.350%	11/15/10	100	90
	Ameriprise Financial Inc.	5.650%	11/15/15	525	446
	BlackRock, Inc.	6.250%	9/15/17	300	283
	Janus Capital Group	5.875%	9/15/11	300	219
	Janus Capital Group	6.700%	6/15/17	150	75
	Jefferies Group Inc.	6.450%	6/8/27	1,150	710
	Lazard Group	6.850%	6/15/17	450	285

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Merrill Lynch & Co., Inc.	4.250%	2/8/10	425	417
Merrill Lynch & Co., Inc.	5.770%	7/25/11	150	152
Merrill Lynch & Co., Inc.	6.050%	8/15/12	175	175
Merrill Lynch & Co., Inc.	5.450%	2/5/13	475	457
Merrill Lynch & Co., Inc.	6.150%	4/25/13	950	936
Merrill Lynch & Co., Inc.	5.000%	2/3/14	1,075	1,023
Merrill Lynch & Co., Inc.	5.450%	7/15/14	125	120
Merrill Lynch & Co., Inc.	5.000%	1/15/15	650	620
Merrill Lynch & Co., Inc.	6.050%	5/16/16	600	553
Merrill Lynch & Co., Inc.	5.700%	5/2/17	1,225	1,097
Merrill Lynch & Co., Inc.	6.400%	8/28/17	1,000	1,007
Merrill Lynch & Co., Inc.	6.875%	4/25/18	450	474
Merrill Lynch & Co., Inc.	6.220%	9/15/26	750	695
Merrill Lynch & Co., Inc.	6.110%	1/29/37	225	203
Merrill Lynch & Co., Inc.	7.750%	5/14/38	775	845
Finance Companies (0.5%)				
Allied Capital Corp.	6.000%	4/1/12	275	189
American General Finance Corp.	4.875%	5/15/10	975	575
American General Finance Corp.	5.625%	8/17/11	550	264
American General Finance Corp.	4.875%	7/15/12	150	65
American General Finance Corp.	5.375%	10/1/12	50	24
American General Finance Corp.	5.850%	6/1/13	975	405
American General Finance Corp.	5.750%	9/15/16	375	142
Block Financial LLC	7.875%	1/15/13	125	117
Capmark Financial Group	5.875%	5/10/12	100	35
Capmark Financial Group	6.300%	5/10/17	300	84
CIT Group Funding Co. of Canada	4.650%	7/1/10	300	263
CIT Group Funding Co. of Canada	5.200%	6/1/15	850	595
CIT Group, Inc.	4.250%	2/1/10	400	371
CIT Group, Inc.	5.600%	4/27/11	500	419
CIT Group, Inc.	5.400%	3/7/13	150	111
CIT Group, Inc.	5.125%	9/30/14	200	144
CIT Group, Inc.	5.000%	2/1/15	400	268
CIT Group, Inc.	5.400%	1/30/16	25	18
CIT Group, Inc.	5.850%	9/15/16	300	213
CIT Group, Inc.	5.650%	2/13/17	850	595
CIT Group, Inc.	6.000%	4/1/36	500	315
³ CIT Group, Inc.	6.100%	3/15/67	25	8
General Electric Capital Corp.	4.125%	9/1/09	25	25
General Electric Capital Corp.	4.875%	10/21/10	1,050	1,071
General Electric Capital Corp.	6.125%	2/22/11	235	244
General Electric Capital Corp.	5.500%	4/28/11	1,100	1,130
⁶ General Electric Capital Corp.	3.000%	12/9/11	925	959
General Electric Capital Corp.	5.875%	2/15/12	1,950	2,004
General Electric Capital Corp.	4.375%	3/3/12	1,075	1,059
General Electric Capital Corp.	5.000%	4/10/12	250	250
General Electric Capital Corp.	6.000%	6/15/12	825	850
General Electric Capital Corp.	5.250%	10/19/12	2,650	2,673
General Electric Capital Corp.	5.450%	1/15/13	325	329
General Electric Capital Corp.	5.500%	6/4/14	1,450	1,453
General Electric Capital Corp.	5.650%	6/9/14	1,150	1,160
General Electric Capital Corp.	5.375%	10/20/16	200	196
General Electric Capital Corp.	5.400%	2/15/17	500	491
General Electric Capital Corp.	5.625%	9/15/17	625	619
General Electric Capital Corp.	6.750%	3/15/32	2,925	3,170
General Electric Capital Corp.	6.150%	8/7/37	250	248
General Electric Capital Corp.	5.875%	1/14/38	775	770
³ General Electric Capital Corp.	6.375%	11/15/67	1,400	890
³ HSBC Finance Capital Trust IX	5.911%	11/30/35	300	172
HSBC Finance Corp.	4.625%	9/15/10	725	717
HSBC Finance Corp.	5.250%	1/14/11	1,045	1,037
HSBC Finance Corp.	5.700%	6/1/11	700	689
HSBC Finance Corp.	6.375%	10/15/11	725	728
HSBC Finance Corp.	5.900%	6/19/12	275	278
HSBC Finance Corp.	4.750%	7/15/13	125	116

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
HSBC Finance Corp.	5.250%	1/15/14	825	792
HSBC Finance Corp.	5.000%	6/30/15	1,275	1,161
International Lease Finance Corp.	4.875%	9/1/10	225	180
International Lease Finance Corp.	5.125%	11/1/10	400	304
International Lease Finance Corp.	5.450%	3/24/11	400	292
International Lease Finance Corp.	5.750%	6/15/11	925	675
International Lease Finance Corp.	5.300%	5/1/12	150	105
International Lease Finance Corp.	5.000%	9/15/12	2,175	1,501
SLM Corp.	4.500%	7/26/10	150	134
SLM Corp.	5.400%	10/25/11	325	262
SLM Corp.	5.375%	1/15/13	350	252
SLM Corp.	5.000%	10/1/13	300	217
SLM Corp.	8.450%	6/15/18	1,225	976
SLM Corp.	5.625%	8/1/33	700	422
Insurance (0.4%)				
ACE Capital Trust II	9.700%	4/1/30	75	59
ACE INA Holdings, Inc.	5.600%	5/15/15	125	115
AEGON Funding Corp.	5.750%	12/15/20	50	43
AEGON NV	4.750%	6/1/13	75	63
Aetna, Inc.	7.875%	3/1/11	300	302
Aetna, Inc.	5.750%	6/15/11	75	74
Aetna, Inc.	6.500%	9/15/18	175	170
Aetna, Inc.	6.625%	6/15/36	650	535
Aetna, Inc.	6.750%	12/15/37	250	211
Allied World Assurance	7.500%	8/1/16	550	485
Allstate Corp.	7.200%	12/1/09	325	335
Allstate Corp.	6.125%	2/15/12	100	97
Allstate Corp.	5.000%	8/15/14	25	23
Allstate Corp.	6.125%	12/15/32	250	230
Allstate Corp.	5.550%	5/9/35	100	85
³ Allstate Corp.	6.125%	5/15/37	200	129
³ Allstate Corp.	6.500%	5/15/57	200	113
Ambac, Inc.	5.950%	12/5/35	1,250	384
American General Capital II	8.500%	7/1/30	700	301
American International Group, Inc.	4.700%	10/1/10	200	178
American International Group, Inc.	5.375%	10/18/11	400	325
American International Group, Inc.	4.950%	3/20/12	700	545
American International Group, Inc.	4.250%	5/15/13	1,025	737
American International Group, Inc.	5.600%	10/18/16	125	83
American International Group, Inc.	6.250%	5/1/36	700	391
^{3.5} American International Group, Inc.	8.175%	5/15/58	1,450	549
Aon Capital Trust	8.205%	1/1/27	100	55
Arch Capital Group Ltd.	7.350%	5/1/34	375	310
Aspen Insurance Holdings Ltd.	6.000%	8/15/14	300	202
Assurant, Inc.	5.625%	2/15/14	200	148
Assurant, Inc.	6.750%	2/15/34	400	246
AXA SA	8.600%	12/15/30	1,125	803
Axis Capital Holdings Ltd.	5.750%	12/1/14	275	185
Berkshire Hathaway Finance Corp.	4.125%	1/15/10	1,150	1,166
Berkshire Hathaway Finance Corp.	4.200%	12/15/10	1,000	1,024
Berkshire Hathaway Finance Corp.	4.600%	5/15/13	125	129
Berkshire Hathaway Finance Corp.	5.000%	8/15/13	125	130
Berkshire Hathaway Finance Corp.	5.100%	7/15/14	50	53
Berkshire Hathaway Finance Corp.	5.400%	5/15/18	75	78
Chubb Corp.	5.750%	5/15/18	175	172
Chubb Corp.	6.000%	5/11/37	650	587
Chubb Corp.	6.500%	5/15/38	175	167
³ Chubb Corp.	6.375%	3/29/67	250	157
CIGNA Corp.	6.150%	11/15/36	500	349
Cincinnati Financial Corp.	6.125%	11/1/34	325	250
CNA Financial Corp.	6.500%	8/15/16	475	336
Commerce Group, Inc.	5.950%	12/9/13	175	150
Coventry Health Care Inc.	6.300%	8/15/14	375	239
³ Everest Reinsurance Holdings, Inc.	6.600%	5/15/37	275	115
Fund American Cos., Inc.	5.875%	5/15/13	150	110

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
	GE Global Insurance Holdings Corp.	6.450%	3/1/19	500	465
	GE Global Insurance Holdings Corp.	7.000%	2/15/26	175	161
	GE Global Insurance Holdings Corp.	7.750%	6/15/30	300	289
	Genworth Financial, Inc.	4.950%	10/1/15	125	47
	Genworth Financial, Inc.	6.500%	6/15/34	425	127
3	Genworth Financial, Inc.	6.150%	11/15/66	125	12
	Hartford Financial Services Group, Inc.	5.500%	10/15/16	175	132
	Hartford Financial Services Group, Inc.	5.375%	3/15/17	150	106
	Hartford Financial Services Group, Inc.	6.300%	3/15/18	250	184
	Hartford Financial Services Group, Inc.	6.000%	1/15/19	100	72
	Hartford Financial Services Group, Inc.	5.950%	10/15/36	325	207
3	Hartford Financial Services Group, Inc.	8.125%	6/15/38	125	58
	Hartford Financial Services Group, Inc.	6.100%	10/1/41	225	146
	Humana Inc.	6.450%	6/1/16	275	219
	Humana Inc.	7.200%	6/15/18	325	262
	Humana Inc.	8.150%	6/15/38	325	243
3	ING Capital Funding Trust III	5.775%	12/8/49	875	393
	ING USA Global	4.500%	10/1/10	675	657
	Lincoln National Corp.	6.150%	4/7/36	350	219
3	Lincoln National Corp.	7.000%	5/17/66	400	176
3	Lincoln National Corp.	6.050%	4/20/67	175	63
	Loews Corp.	6.000%	2/1/35	200	150
	Marsh & McLennan Cos., Inc.	5.375%	7/15/14	350	310
	Marsh & McLennan Cos., Inc.	5.875%	8/1/33	100	74
	MetLife, Inc.	5.000%	6/15/15	1,000	923
	MetLife, Inc.	6.500%	12/15/32	75	64
	MetLife, Inc.	6.375%	6/15/34	375	312
	MetLife, Inc.	5.700%	6/15/35	125	100
	MetLife, Inc.	6.400%	12/15/36	300	181
	Principal Financial Group, Inc.	6.050%	10/15/36	250	171
	Principal Life Income Funding	5.300%	12/14/12	100	96
	Principal Life Income Funding	5.100%	4/15/14	475	437
	Progressive Corp.	6.625%	3/1/29	500	461
3	Progressive Corp.	6.700%	6/15/37	425	198
	Prudential Financial, Inc.	5.150%	1/15/13	75	62
	Prudential Financial, Inc.	4.750%	4/1/14	150	117
	Prudential Financial, Inc.	5.100%	9/20/14	250	193
	Prudential Financial, Inc.	5.500%	3/15/16	50	36
	Prudential Financial, Inc.	6.100%	6/15/17	100	73
	Prudential Financial, Inc.	5.750%	7/15/33	200	129
	Prudential Financial, Inc.	5.400%	6/13/35	150	91
	Prudential Financial, Inc.	5.900%	3/17/36	325	211
	Prudential Financial, Inc.	5.700%	12/14/36	550	346
	Torchmark Corp.	6.375%	6/15/16	425	332
	Travelers Cos. Inc.	5.800%	5/15/18	775	746
3	Travelers Cos. Inc.	6.250%	3/15/37	250	157
	Travelers Cos., Inc.	5.500%	12/1/15	600	573
	Travelers Cos., Inc.	6.250%	6/20/16	100	100
	UnitedHealth Group, Inc.	5.000%	8/15/14	350	327
	UnitedHealth Group, Inc.	4.875%	3/15/15	250	216
	UnitedHealth Group, Inc.	6.000%	6/15/17	325	287
	UnitedHealth Group, Inc.	6.000%	11/15/17	100	89
	UnitedHealth Group, Inc.	6.000%	2/15/18	425	393
	UnitedHealth Group, Inc.	6.500%	6/15/37	200	154
	UnitedHealth Group, Inc.	6.625%	11/15/37	325	275
	UnitedHealth Group, Inc.	6.875%	2/15/38	250	221
	WellPoint Inc.	6.375%	1/15/12	200	197
	WellPoint Inc.	6.800%	8/1/12	550	542
	WellPoint Inc.	5.250%	1/15/16	125	110
	WellPoint Inc.	5.850%	1/15/36	150	127
	Willis North America Inc.	6.200%	3/28/17	300	204
	XL Capital Ltd.	6.375%	11/15/24	100	52
	XL Capital Ltd.	6.250%	5/15/27	500	224
3	XL Capital Ltd.	6.500%	12/15/49	400	88

	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Other Finance (0.0%)				
Chicago Mercantile Exchange Group Inc.	5.400%	8/1/13	550	548
Orix Corp.	5.480%	11/22/11	350	263
XTRA Finance Corp.	5.150%	4/1/17	575	567
Real Estate Investment Trusts (0.1%)				
AMB Property LP	6.300%	6/1/13	150	93
AvalonBay Communities, Inc.	5.500%	1/15/12	225	182
AvalonBay Communities, Inc.	5.750%	9/15/16	100	66
Boston Properties, Inc.	6.250%	1/15/13	500	378
Brandywine Operating Partnership	5.400%	11/1/14	225	142
Camden Property Trust	5.700%	5/15/17	325	170
Colonial Realty LP	5.500%	10/1/15	250	145
Duke Realty LP	5.625%	8/15/11	175	137
Duke Realty LP	5.950%	2/15/17	200	104
ERP Operating LP	6.625%	3/15/12	400	328
ERP Operating LP	5.125%	3/15/16	650	458
ERP Operating LP	5.375%	8/1/16	275	198
HCP Inc.	6.700%	1/30/18	200	91
Health Care Property Investors, Inc.	6.450%	6/25/12	525	382
Health Care Property Investors, Inc.	6.300%	9/15/16	300	147
Health Care Property Investors, Inc.	5.625%	5/1/17	25	12
Health Care REIT, Inc.	6.000%	11/15/13	350	237
Health Care REIT, Inc.	6.200%	6/1/16	325	192
Hospitality Properties	5.125%	2/15/15	500	248
HRPT Properties Trust	6.250%	8/15/16	700	379
Kimco Realty Corp.	5.783%	3/15/16	125	80
Liberty Property LP	5.500%	12/15/16	100	63
National Retail Properties	6.875%	10/15/17	875	564
Nationwide Health Properties, Inc.	6.250%	2/1/13	375	297
ProLogis	5.500%	3/1/13	175	79
ProLogis	5.625%	11/15/15	350	179
ProLogis	5.750%	4/1/16	400	208
Realty Income Corp.	6.750%	8/15/19	525	381
Regency Centers LP	6.750%	1/15/12	800	651
Regency Centers LP	5.250%	8/1/15	75	47
Simon Property Group Inc.	4.875%	8/15/10	125	111
Simon Property Group Inc.	5.000%	3/1/12	175	128
Simon Property Group Inc.	5.750%	12/1/15	325	214
Simon Property Group Inc.	5.250%	12/1/16	1,125	790
Simon Property Group Inc.	5.875%	3/1/17	650	425
Simon Property Group Inc.	6.125%	5/30/18	325	220
Tanger Factory Outlet Centers, Inc.	6.150%	11/15/15	400	289
				232,234
Industrial (3.5%)				
Basic Industry (0.2%)				
Alcan, Inc.	4.875%	9/15/12	325	245
Alcan, Inc.	4.500%	5/15/13	125	89
Alcan, Inc.	5.000%	6/1/15	250	180
Alcan, Inc.	6.125%	12/15/33	800	485
Alcan, Inc.	5.750%	6/1/35	250	142
Alcoa, Inc.	5.720%	2/23/19	405	306
Alcoa, Inc.	5.900%	2/1/27	175	121
Aluminum Co. of America	6.750%	1/15/28	500	379
ArcelorMittal	5.375%	6/1/13	925	724
ArcelorMittal	6.125%	6/1/18	425	288
Barrick Gold Finance Inc.	6.125%	9/15/13	25	24
Barrick Gold Finance Inc.	4.875%	11/15/14	825	743
Barrick North America Finance LLC	6.800%	9/15/18	25	24
Barrick North America Finance LLC	7.500%	9/15/38	25	24
BHP Billiton Finance Ltd.	5.400%	3/29/17	350	325
BHP Finance USA Ltd.	8.500%	12/1/12	500	532
Celulosa Arauco Constitution SA	8.625%	8/15/10	250	258
Celulosa Arauco Constitution SA	5.625%	4/20/15	775	732

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	Coupon	Maturity Date	Face Amount (\$'000)	Market Value (\$'000)
Commercial Metals Co.	6.500%	7/15/17	175	136
Dow Chemical Co.	6.125%	2/1/11	625	621
Dow Chemical Co.	6.000%	10/1/12	50	47
Dow Chemical Co.	5.700%	5/15/18	450	386
Dow Chemical Co.	7.375%	11/1/29	100	90
E.I. du Pont de Nemours & Co.	4.125%	4/30/10	195	199
E.I. du Pont de Nemours & Co.	4.750%	11/15/12	125	126
E.I. du Pont de Nemours & Co.	5.875%	1/15/14	1,025	1,062
E.I. du Pont de Nemours & Co.	6.500%	1/15/28	500	518
Falconbridge Ltd.	7.350%	6/5/12	375	296
Freeport-McMoRan Copper & Gold Inc.	8.250%	4/1/15	700	602
Freeport-McMoRan Copper & Gold Inc.	8.375%	4/1/17	875	720
Inco Ltd.	5.700%	10/15/15	450	378
Inco Ltd.	7.200%	9/15/32	100	77
International Paper Co.	5.850%	10/30/12	201	174
International Paper Co.	5.300%	4/1/15	525	358
Lubrizol Corp.	5.500%	10/1/14	525	475
Monsanto Co.	7.375%	8/15/12	350	395
Newmont Mining	5.875%	4/1/35	325	185
Noranda, Inc.	7.250%	7/15/12	250	197
Noranda, Inc.	5.500%	6/15/17	250	159
Nucor Corp.	5.750%	12/1/17	100	100
Nucor Corp.	5.850%	6/1/18	400	387
Nucor Corp.	6.400%	12/1/37	250	240
Placer Dome, Inc.	6.450%	10/15/35	375	297
Plum Creek Timber Co.	5.875%	11/15/15	400	329
Potash Corp. of Saskatchewan	7.750%	5/31/11	400	415
Praxair, Inc.	5.250%	11/15/14	150	154
Praxair, Inc.	5.200%	3/15/17	25	24
Rio Tinto Finance USA Ltd.	5.875%	7/15/13	400	321
Rio Tinto Finance USA Ltd.	6.500%	7/15/18	400	286
Rio Tinto Finance USA Ltd.	7.125%	7/15/28	225	159
Rohm & Haas Co.	7.850%	7/15/29	600	587
Southern Copper Corp.	7.500%	7/27/35	650	497
US Steel Corp.	5.650%	6/1/13	100	71
US Steel Corp.	6.050%	6/1/17	300	176
Vale Overseas Ltd.	6.250%	1/11/16	100	96
Vale Overseas Ltd.	6.250%	1/23/17	350	331
Vale Overseas Ltd.	8.250%	1/17/34	375	396
Vale Overseas Ltd.	6.875%	11/21/36	375	346
Weyerhaeuser Co.	7.375%	3/15/32	100	68
WMC Finance USA	5.125%	5/15/13	400	381
Capital Goods (0.4%)				
3M Co.	5.125%	11/6/09	150	153
3.5 BAE Systems Asset Trust	7.156%	12/15/11	229	236
Bemis Co. Inc.	4.875%	4/1/12	700	650
Black & Decker Corp.	5.750%	11/15/16	75	62
Boeing Capital Corp.	6.100%	3/1/11	250	260
Boeing Capital Corp.	6.500%	2/15/12	200	212
Boeing Capital Corp.	5.800%	1/15/13	925	964
Caterpillar Financial Services Corp.	4.150%	1/15/10	600	594
Caterpillar Financial Services Corp.	4.300%	6/1/10	1,980	1,946
Caterpillar Financial Services Corp.	4.750%	2/17/15	175	165
Caterpillar Financial Services Corp.	4.625%	6/1/15	400	374
Caterpillar, Inc.	7.375%	3/1/97	400	411
Cooper Industries, Inc.	5.250%	11/15/12	425	427
CRH America Inc.	5.625%	9/30/11	400	332
CRH America Inc.	6.950%	3/15/12	150	125
CRH America Inc.	5.300%	10/15/13	100	71
CRH America Inc.	6.000%	9/30/16	750	475
Deere & Co.	6.950%	4/25/14	825	872
Deere & Co.	7.125%	3/3/31	300	312
Eaton Corp.	5.600%	5/15/18	125	120
Embraer Overseas Ltd.	6.375%	1/24/17	550	396

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Emerson Electric Co.	4.625%	10/15/12	1,075	1,084
General Dynamics Corp.	4.250%	5/15/13	650	644
General Electric Co.	5.000%	2/1/13	2,000	2,030
Harsco Corp.	5.750%	5/15/18	350	356
Honeywell International, Inc.	7.500%	3/1/10	500	522
Honeywell International, Inc.	6.125%	11/1/11	200	211
Honeywell International, Inc.	4.250%	3/1/13	175	174
Honeywell International, Inc.	5.300%	3/15/17	275	279
Honeywell International, Inc.	5.300%	3/1/18	150	152
Ingersoll-Rand GL Holding Company	6.000%	8/15/13	225	220
Ingersoll-Rand GL Holding Company	6.875%	8/15/18	225	213
John Deere Capital Corp	4.950%	12/17/12	50	50
John Deere Capital Corp.	7.000%	3/15/12	600	644
John Deere Capital Corp.	4.900%	9/9/13	525	522
Joy Global, Inc.	6.000%	11/15/16	250	212
Lafarge SA	6.150%	7/15/11	50	43
Lafarge SA	7.125%	7/15/36	1,350	769
Lockheed Martin Corp.	7.650%	5/1/16	250	287
Lockheed Martin Corp.	7.750%	5/1/26	250	310
Lockheed Martin Corp.	6.150%	9/1/36	450	491
Martin Marietta Material	6.600%	4/15/18	400	295
Masco Corp.	5.875%	7/15/12	400	326
Masco Corp.	4.800%	6/15/15	25	16
Masco Corp.	6.500%	8/15/32	100	52
Minnesota Mining & Manufacturing Corp.	6.375%	2/15/28	450	519
Mohawk Industries Inc.	5.750%	1/15/11	1,000	923
Parker-Hannifin Corp.	5.500%	5/15/18	125	122
Parker-Hannifin Corp.	6.250%	5/15/38	75	75
Raytheon Co.	4.850%	1/15/11	325	327
Raytheon Co.	5.500%	11/15/12	75	77
Raytheon Co.	7.200%	8/15/27	75	85
Republic Services, Inc.	6.750%	8/15/11	275	270
Rockwell Automation	5.650%	12/1/17	25	26
Rockwell Automation	6.700%	1/15/28	200	226
Rockwell Automation	6.250%	12/1/37	325	359
Textron Financial Corp.	4.600%	5/3/10	400	361
Textron Financial Corp.	5.125%	11/1/10	400	354
Textron, Inc.	6.500%	6/1/12	450	388
TRW, Inc.	7.750%	6/1/29	250	288
Tyco International Group SA	6.125%	1/15/09	150	150
Tyco International Group SA	6.375%	10/15/11	675	633
Tyco International Group SA	7.000%	12/15/19	400	334
United Technologies Corp.	4.375%	5/1/10	625	630
United Technologies Corp.	6.350%	3/1/11	325	339
United Technologies Corp.	8.875%	11/15/19	575	747
United Technologies Corp.	7.500%	9/15/29	100	121
United Technologies Corp.	5.400%	5/1/35	400	383
Vulcan Materials Co.	6.300%	6/15/13	175	161
Vulcan Materials Co.	7.000%	6/15/18	325	251
Waste Management, Inc.	7.375%	8/1/10	75	76
WMX Technologies Inc.	7.100%	8/1/26	325	274
Communication (0.9%)				
America Movil SA de C.V.	6.375%	3/1/35	200	172
America Movil SA de C.V.	6.125%	11/15/37	300	245
AT&T Inc.	5.300%	11/15/10	450	457
AT&T Inc.	6.250%	3/15/11	750	768
AT&T Inc.	7.300%	11/15/11	300	320
AT&T Inc.	5.875%	2/1/12	345	354
AT&T Inc.	5.875%	8/15/12	155	160
AT&T Inc.	5.100%	9/15/14	1,575	1,572
AT&T Inc.	5.625%	6/15/16	1,275	1,278
AT&T Inc.	8.000%	11/15/31	1,295	1,679
AT&T Inc.	6.450%	6/15/34	1,000	1,112
AT&T Wireless	7.875%	3/1/11	650	685

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
AT&T Wireless	8.125%	5/1/12	600	644
BellSouth Capital Funding Corp.	7.875%	2/15/30	150	162
BellSouth Corp.	5.200%	12/15/16	250	244
BellSouth Corp.	6.875%	10/15/31	325	335
BellSouth Corp.	6.550%	6/15/34	700	694
BellSouth Corp.	6.000%	11/15/34	290	258
BellSouth Telecommunications Inc.	6.375%	6/1/28	1,565	1,532
British Telecommunications PLC	8.625%	12/15/10	375	388
British Telecommunications PLC	9.125%	12/15/30	1,125	1,201
CBS Corp.	5.625%	8/15/12	615	508
CBS Corp.	7.875%	7/30/30	400	253
CBS Corp.	5.500%	5/15/33	200	104
CenturyTel Enterprises	6.875%	1/15/28	150	94
CenturyTel, Inc.	5.000%	2/15/15	150	109
Cingular Wireless LLC	6.500%	12/15/11	350	358
Cingular Wireless LLC	7.125%	12/15/31	1,000	1,006
Comcast Cable Communications Holdings Inc.	8.375%	3/15/13	420	436
Comcast Cable Communications Holdings Inc.	9.455%	11/15/22	1,108	1,249
Comcast Cable Communications, Inc.	6.750%	1/30/11	300	303
Comcast Cable Communications, Inc.	8.875%	5/1/17	850	911
Comcast Corp.	5.850%	1/15/10	400	404
Comcast Corp.	5.500%	3/15/11	800	792
Comcast Corp.	6.500%	1/15/15	1,400	1,388
Comcast Corp.	5.900%	3/15/16	650	625
Comcast Corp.	6.500%	11/15/35	300	297
Comcast Corp.	6.450%	3/15/37	100	99
Comcast Corp.	6.950%	8/15/37	250	264
Comcast Corp.	6.400%	5/15/38	600	591
Cox Communications, Inc.	4.625%	1/15/10	1,375	1,330
Cox Communications, Inc.	4.625%	6/1/13	200	173
Cox Communications, Inc.	5.500%	10/1/15	600	532
Deutsche Telekom International Finance	8.500%	6/15/10	425	442
Deutsche Telekom International Finance	5.750%	3/23/16	425	405
Deutsche Telekom International Finance	8.750%	6/15/30	1,700	2,091
Embarq Corp.	7.082%	6/1/16	875	672
Embarq Corp.	7.995%	6/1/36	200	127
France Telecom	7.750%	3/1/11	1,175	1,236
France Telecom	8.500%	3/1/31	575	696
Gannett Co., Inc.	6.375%	4/1/12	400	261
Grupo Televisa SA	6.625%	3/18/25	450	385
GTE Corp.	6.940%	4/15/28	325	309
Koninklijke KPN NV	8.000%	10/1/10	500	503
McGraw-Hill Cos. Inc.	6.550%	11/15/37	550	394
New England Telephone & Telegraph Co.	7.875%	11/15/29	250	225
News America Holdings, Inc.	8.150%	10/17/36	385	419
News America Inc.	6.200%	12/15/34	175	154
News America Inc.	6.400%	12/15/35	575	558
News America Inc.	6.650%	11/15/37	400	387
Omnicom Group Inc.	5.900%	4/15/16	50	41
Pacific Bell	7.125%	3/15/26	200	209
Qwest Communications International Inc.	7.875%	9/1/11	450	401
Qwest Communications International Inc.	8.875%	3/15/12	425	391
Qwest Communications International Inc.	6.500%	6/1/17	275	204
R.R. Donnelley & Sons Co.	4.950%	5/15/10	300	278
R.R. Donnelley & Sons Co.	5.625%	1/15/12	150	134
R.R. Donnelley & Sons Co.	4.950%	4/1/14	100	80
R.R. Donnelley & Sons Co.	5.500%	5/15/15	150	105
Reed Elsevier Capital	4.625%	6/15/12	100	95
Rogers Communications Inc.	6.375%	3/1/14	750	723
Rogers Communications Inc.	6.800%	8/15/18	1,025	1,038
Telecom Italia Capital	4.000%	1/15/10	500	471
Telecom Italia Capital	4.875%	10/1/10	400	367
Telecom Italia Capital	6.200%	7/18/11	550	486
Telecom Italia Capital	5.250%	11/15/13	325	262
Telecom Italia Capital	5.250%	10/1/15	650	495
Telecom Italia Capital	6.375%	11/15/33	205	145

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Telecom Italia Capital	7.200%	7/18/36	475	372
Telefonica Emisiones SAU	5.984%	6/20/11	250	249
Telefonica Emisiones SAU	6.421%	6/20/16	475	474
Telefonica Europe BV	7.750%	9/15/10	675	686
Telefonica Europe BV	8.250%	9/15/30	750	870
Telefonos de Mexico SA	4.750%	1/27/10	550	552
Telefonos de Mexico SA	5.500%	1/27/15	850	769
Telus Corp.	8.000%	6/1/11	1,075	1,065
Thomson Corp.	5.700%	10/1/14	850	764
Thomson Corp.	6.500%	7/15/18	50	46
Thomson Corp.	5.500%	8/15/35	50	37
Thomson Reuters Corp.	5.950%	7/15/13	75	70
Time Warner Cable Inc.	5.400%	7/2/12	400	378
Time Warner Cable Inc.	6.200%	7/1/13	300	288
Time Warner Cable Inc.	6.750%	7/1/18	900	865
Time Warner Cable Inc.	6.550%	5/1/37	350	334
Time Warner Entertainment	10.150%	5/1/12	200	204
Time Warner Entertainment	8.375%	3/15/23	800	802
Time Warner Entertainment	8.375%	7/15/33	100	100
US Cellular	6.700%	12/15/33	350	255
US West Communications Group	7.500%	6/15/23	350	243
US West Communications Group	6.875%	9/15/33	375	223
Verizon Communications Corp.	5.350%	2/15/11	50	51
Verizon Communications Corp.	5.550%	2/15/16	500	492
Verizon Communications Corp.	8.950%	3/1/39	1,250	1,638
Verizon Global Funding Corp.	7.250%	12/1/10	300	320
Verizon Global Funding Corp.	6.875%	6/15/12	2,975	3,116
Verizon Global Funding Corp.	7.375%	9/1/12	1,025	1,093
Verizon Global Funding Corp.	7.750%	12/1/30	425	472
Verizon Global Funding Corp.	5.850%	9/15/35	500	485
Verizon Maryland, Inc.	6.125%	3/1/12	500	486
Verizon New England, Inc.	6.500%	9/15/11	300	303
Verizon New York, Inc.	6.875%	4/1/12	300	300
Verizon Virginia, Inc.	4.625%	3/15/13	450	407
5 Verizon Wireless Inc.	7.375%	11/15/13	300	316
5 Verizon Wireless Inc.	8.500%	11/15/18	275	317
Vodafone AirTouch PLC	7.750%	2/15/10	550	562
Vodafone AirTouch PLC	7.875%	2/15/30	425	470
Vodafone Group PLC	5.350%	2/27/12	200	198
Vodafone Group PLC	5.000%	12/16/13	300	290
Vodafone Group PLC	5.750%	3/15/16	300	285
Vodafone Group PLC	5.625%	2/27/17	550	529
Vodafone Group PLC	4.625%	7/15/18	125	108
Vodafone Group PLC	6.250%	11/30/32	350	331
Vodafone Group PLC	6.150%	2/27/37	75	75
WPP Finance USA Corp.	5.875%	6/15/14	425	382
Consumer Cyclical (0.5%)				
5 Best Buy Co.	6.750%	7/15/13	700	645
Brinker International Inc.	5.750%	6/1/14	200	149
Costco Wholesale Corp.	5.500%	3/15/17	625	666
CVS Caremark Corp.	5.750%	8/15/11	75	74
CVS Caremark Corp.	4.875%	9/15/14	275	250
CVS Caremark Corp.	5.750%	6/1/17	175	165
CVS Caremark Corp.	6.250%	6/1/27	725	675
3 CVS Caremark Corp.	6.302%	6/1/37	425	183
DaimlerChrysler North America Holding Corp.	4.875%	6/15/10	850	769
DaimlerChrysler North America Holding Corp.	5.875%	3/15/11	375	323
DaimlerChrysler North America Holding Corp.	7.300%	1/15/12	1,175	1,005
DaimlerChrysler North America Holding Corp.	6.500%	11/15/13	875	700
DaimlerChrysler North America Holding Corp.	8.500%	1/18/31	150	109
Darden Restaurants Inc.	5.625%	10/15/12	225	198
Darden Restaurants Inc.	6.200%	10/15/17	375	294
Darden Restaurants Inc.	6.800%	10/15/37	275	189
Federated Retail Holding	5.350%	3/15/12	425	318

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Federated Retail Holding	5.900%	12/1/16	425	260
Federated Retail Holding	6.375%	3/15/37	225	128
Home Depot Inc.	4.625%	8/15/10	650	626
Home Depot Inc.	5.250%	12/16/13	375	346
Home Depot Inc.	5.400%	3/1/16	475	422
ITT Corp.	7.375%	11/15/15	875	556
J.C. Penney Co., Inc.	8.000%	3/1/10	600	563
J.C. Penney Co., Inc.	7.950%	4/1/17	500	376
J.C. Penney Co., Inc.	7.400%	4/1/37	300	203
Johnson Controls, Inc.	5.250%	1/15/11	300	271
Johnson Controls, Inc.	6.000%	1/15/36	125	79
Kohl's Corp.	6.250%	12/15/17	200	162
Kohl's Corp.	6.000%	1/15/33	225	144
Kohl's Corp.	6.875%	12/15/37	100	71
Lowe's Cos., Inc.	5.000%	10/15/15	75	71
Lowe's Cos., Inc.	6.100%	9/15/17	200	193
Lowe's Cos., Inc.	6.875%	2/15/28	367	361
Lowe's Cos., Inc.	5.800%	10/15/36	475	397
Macy's Retail Holdings Inc.	5.750%	7/15/14	675	428
Macy's Retail Holdings Inc.	6.650%	7/15/24	375	206
Macy's Retail Holdings Inc.	6.790%	7/15/27	300	158
Macy's Retail Holdings Inc.	7.000%	2/15/28	200	108
Macys Retail Holdings Inc.	6.900%	4/1/29	250	135
Marriott International	4.625%	6/15/12	400	303
Marriott International	5.625%	2/15/13	200	151
Marriott International	6.200%	6/15/16	150	104
Marriott International	6.375%	6/15/17	50	35
McDonald's Corp.	5.300%	3/15/17	400	411
McDonald's Corp.	5.800%	10/15/17	300	320
McDonald's Corp.	5.350%	3/1/18	350	364
McDonald's Corp.	6.300%	10/15/37	200	217
Nordstrom, Inc.	6.950%	3/15/28	200	131
Nordstrom, Inc.	7.000%	1/15/38	150	91
Starwood Hotel Resorts	6.250%	2/15/13	225	155
Target Corp.	6.350%	1/15/11	650	671
Target Corp.	5.125%	1/15/13	675	672
Target Corp.	4.000%	6/15/13	525	499
Target Corp.	5.375%	5/1/17	800	756
Target Corp.	7.000%	7/15/31	175	161
Target Corp.	6.350%	11/1/32	450	382
The Walt Disney Co.	5.700%	7/15/11	1,150	1,213
The Walt Disney Co.	6.375%	3/1/12	150	159
The Walt Disney Co.	4.500%	12/15/13	125	126
The Walt Disney Co.	5.625%	9/15/16	50	52
The Walt Disney Co.	7.000%	3/1/32	400	469
Time Warner, Inc.	6.750%	4/15/11	875	860
Time Warner, Inc.	6.875%	5/1/12	100	97
Time Warner, Inc.	9.150%	2/1/23	1,475	1,631
Time Warner, Inc.	6.625%	5/15/29	200	176
Time Warner, Inc.	7.625%	4/15/31	460	454
Time Warner, Inc.	7.700%	5/1/32	290	288
Toll Brothers, Inc.	5.150%	5/15/15	400	288
Toyota Motor Credit Corp.	4.250%	3/15/10	50	50
Toyota Motor Credit Corp.	4.350%	12/15/10	325	330
Toyota Motor Credit Corp.	5.450%	5/18/11	600	621
VF Corp.	5.950%	11/1/17	250	223
VF Corp.	6.450%	11/1/37	150	123
Viacom Inc.	6.250%	4/30/16	275	229
Wal-Mart Stores, Inc.	4.125%	7/1/10	675	685
Wal-Mart Stores, Inc.	4.750%	8/15/10	350	364
Wal-Mart Stores, Inc.	4.550%	5/1/13	3,150	3,282
Wal-Mart Stores, Inc.	7.250%	6/1/13	150	171
Wal-Mart Stores, Inc.	4.500%	7/1/15	450	455
Wal-Mart Stores, Inc.	5.375%	4/5/17	200	214
Wal-Mart Stores, Inc.	5.800%	2/15/18	200	220
Wal-Mart Stores, Inc.	5.875%	4/5/27	950	1,017

	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Wal-Mart Stores, Inc.	5.250%	9/1/35	175	176
Western Union Co.	5.400%	11/17/11	600	573
Western Union Co.	5.930%	10/1/16	400	348
Western Union Co.	6.200%	11/17/36	325	254
Yum! Brands, Inc.	7.700%	7/1/12	250	247
Yum! Brands, Inc.	6.875%	11/15/37	750	605
Consumer Noncyclical (0.8%)				
Abbott Laboratories	3.750%	3/15/11	500	510
Abbott Laboratories	5.875%	5/15/16	1,350	1,480
Abbott Laboratories	5.600%	11/30/17	475	512
Allergan Inc.	5.750%	4/1/16	125	120
Altria Group, Inc.	8.500%	11/10/13	425	445
Altria Group, Inc.	9.700%	11/10/18	200	217
Altria Group, Inc.	9.950%	11/10/38	275	301
AmerisourceBergen Corp.	5.875%	9/15/15	675	598
Amgen Inc.	4.850%	11/18/14	500	491
Amgen Inc.	5.850%	6/1/17	375	387
Amgen Inc.	6.375%	6/1/37	400	425
Anheuser-Busch Cos., Inc.	6.000%	4/15/11	250	252
Anheuser-Busch Cos., Inc.	5.500%	1/15/18	250	228
Anheuser-Busch Cos., Inc.	6.800%	8/20/32	900	833
Archer-Daniels-Midland Co.	5.935%	10/1/32	350	327
Archer-Daniels-Midland Co.	5.375%	9/15/35	1,125	976
AstraZeneca PLC	5.400%	9/15/12	750	795
AstraZeneca PLC	6.450%	9/15/37	600	685
Baxter Finco, BV	4.750%	10/15/10	500	501
Baxter International, Inc.	4.625%	3/15/15	250	251
Baxter International, Inc.	5.900%	9/1/16	150	162
Baxter International, Inc.	6.250%	12/1/37	100	114
Biogen Idec Inc.	6.000%	3/1/13	600	608
Bottling Group LLC	4.625%	11/15/12	925	936
Bottling Group LLC	5.000%	11/15/13	100	99
Bottling Group LLC	5.500%	4/1/16	775	776
Bristol-Myers Squibb Co.	5.450%	5/1/18	300	310
Bristol-Myers Squibb Co.	5.875%	11/15/36	725	778
Bristol-Myers Squibb Co.	6.125%	5/1/38	400	444
C.R. Bard, Inc.	6.700%	12/1/26	450	449
Campbell Soup Co.	6.750%	2/15/11	100	106
Cardinal Health, Inc.	4.000%	6/15/15	100	84
Cardinal Health, Inc.	6.000%	6/15/17	100	91
Cardinal Health, Inc.	5.850%	12/15/17	150	134
Cia. Brasil de Bebidas AmBev	10.500%	12/15/11	280	307
Cia. Brasil de Bebidas AmBev	8.750%	9/15/13	25	26
Clorox Co.	4.200%	1/15/10	125	124
Coca-Cola Co.	5.350%	11/15/17	325	350
Coca-Cola Enterprises Inc.	7.375%	3/3/14	300	331
Coca-Cola Enterprises Inc.	8.500%	2/1/22	125	146
Coca-Cola Enterprises Inc.	8.000%	9/15/22	250	282
Coca-Cola Enterprises Inc.	6.950%	11/15/26	500	520
Coca-Cola Enterprises Inc.	6.750%	9/15/28	250	255
ConAgra Foods, Inc.	7.125%	10/1/26	50	48
ConAgra Foods, Inc.	7.000%	10/1/28	100	96
Covidien International	6.550%	10/15/37	525	517
Diageo Capital PLC	5.200%	1/30/13	75	75
Diageo Capital PLC	5.750%	10/23/17	75	73
Diageo Finance BV	5.300%	10/28/15	625	612
5 Dr. Pepper Snapple Group	6.120%	5/1/13	375	366
Eli Lilly & Co.	6.000%	3/15/12	250	270
Eli Lilly & Co.	5.200%	3/15/17	425	434
Eli Lilly & Co.	5.500%	3/15/27	625	638
Fortune Brands Inc.	5.375%	1/15/16	25	21
Fortune Brands Inc.	5.875%	1/15/36	250	183
Genentech Inc.	4.400%	7/15/10	50	50
Genentech Inc.	4.750%	7/15/15	150	149

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Genentech Inc.	5.250%	7/15/35	325	313
General Mills, Inc.	6.000%	2/15/12	592	608
General Mills, Inc.	5.650%	9/10/12	250	255
GlaxoSmithKline Capital Inc.	4.850%	5/15/13	700	719
GlaxoSmithKline Capital Inc.	4.375%	4/15/14	1,200	1,200
GlaxoSmithKline Capital Inc.	5.375%	4/15/34	300	298
GlaxoSmithKline Capital Inc.	6.375%	5/15/38	725	832
Grand Metropolitan Investment Corp.	9.000%	8/15/11	1,000	1,079
H.J. Heinz Co.	6.625%	7/15/11	850	875
Hasbro Inc.	6.300%	9/15/17	550	512
Hershey Foods Corp.	5.450%	9/1/16	150	150
Hospira, Inc.	5.900%	6/15/14	200	172
Johnson & Johnson	5.150%	8/15/12	400	437
Johnson & Johnson	3.800%	5/15/13	525	550
Johnson & Johnson	5.150%	7/15/18	125	137
Johnson & Johnson	6.950%	9/1/29	100	129
Johnson & Johnson	4.950%	5/15/33	550	568
Johnson & Johnson	5.850%	7/15/38	325	386
Kellogg Co.	6.600%	4/1/11	980	1,029
Kellogg Co.	5.125%	12/3/12	225	230
Kellogg Co.	4.250%	3/6/13	125	125
Kimberly-Clark Corp.	4.875%	8/15/15	650	638
Kimberly-Clark Corp.	6.125%	8/1/17	200	212
Kraft Foods, Inc.	4.125%	11/12/09	1,025	1,042
Kraft Foods, Inc.	6.750%	2/19/14	125	129
Kraft Foods, Inc.	6.500%	8/11/17	525	521
Kraft Foods, Inc.	6.500%	11/1/31	875	848
Kraft Foods, Inc.	7.000%	8/11/37	825	832
Kraft Foods, Inc.	6.875%	1/26/39	575	588
Kroger Co.	6.800%	4/1/11	1,325	1,340
Kroger Co.	6.750%	4/15/12	575	590
Kroger Co.	6.200%	6/15/12	25	25
Kroger Co.	4.950%	1/15/15	500	459
Laboratory Corp. of America	5.625%	12/15/15	325	278
McKesson Corp.	7.750%	2/1/12	350	358
McKesson Corp.	5.250%	3/1/13	600	559
Medco Health Solutions	7.250%	8/15/13	675	645
Medtronic Inc.	4.375%	9/15/10	300	299
Medtronic Inc.	4.750%	9/15/15	550	528
Merck & Co.	4.750%	3/1/15	275	275
Merck & Co.	6.400%	3/1/28	225	246
Merck & Co.	5.950%	12/1/28	250	260
Molson Coors Capital Finance	4.850%	9/22/10	200	197
PepsiAmericas Inc.	5.750%	7/31/12	225	223
PepsiAmericas Inc.	5.000%	5/15/17	450	407
Pepsico, Inc.	5.150%	5/15/12	125	132
Pepsico, Inc.	4.650%	2/15/13	375	394
Pepsico, Inc.	5.000%	6/1/18	450	461
Philip Morris International Inc	5.650%	5/16/18	275	274
Philip Morris International Inc.	4.875%	5/16/13	625	633
Philip Morris International Inc.	6.875%	3/17/14	475	498
Philip Morris International Inc.	6.375%	5/16/38	525	556
Philips Electronics NV	4.625%	3/11/13	150	142
Philips Electronics NV	5.750%	3/11/18	250	233
Philips Electronics NV	6.875%	3/11/38	200	190
Procter & Gamble Co.	4.950%	8/15/14	100	103
Procter & Gamble Co.	6.450%	1/15/26	350	400
3 Procter & Gamble Co. ESOP	9.360%	1/1/21	1,053	1,261
Quest Diagnostic, Inc.	5.450%	11/1/15	250	220
Reynolds American Inc.	6.500%	7/15/10	200	194
Reynolds American Inc.	7.250%	6/1/12	200	185
Reynolds American Inc.	6.750%	6/15/17	600	452
Reynolds American Inc.	7.250%	6/15/37	375	266
Safeway, Inc.	4.950%	8/16/10	350	349
Safeway, Inc.	6.500%	3/1/11	1,000	1,003
Schering-Plough Corp.	5.550%	12/1/13	225	226

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Schering-Plough Corp.	6.000%	9/15/17	500	489
Schering-Plough Corp.	6.550%	9/15/37	50	51
Sysco Corp.	5.375%	9/21/35	500	476
Teva Pharmaceutical Finance LLC	6.150%	2/1/36	150	145
Unilever Capital Corp.	7.125%	11/1/10	400	428
UST, Inc.	5.750%	3/1/18	250	208
Whirlpool Corp.	5.500%	3/1/13	900	718
Wyeth	6.950%	3/15/11	500	530
Wyeth	5.500%	3/15/13	350	358
Wyeth	5.500%	2/15/16	400	410
Wyeth	6.450%	2/1/24	400	451
Wyeth	6.500%	2/1/34	200	223
Wyeth	6.000%	2/15/36	1,125	1,220
Energy (0.3%)				
Alberta Energy Co. Ltd.	7.375%	11/1/31	750	671
Amerada Hess Corp.	6.650%	8/15/11	425	420
Amerada Hess Corp.	7.875%	10/1/29	150	146
Amerada Hess Corp.	7.125%	3/15/33	375	334
Anadarko Finance Co.	6.750%	5/1/11	325	321
Anadarko Petroleum Corp.	5.950%	9/15/16	200	175
Apache Corp.	6.000%	9/15/13	300	314
Apache Corp.	5.625%	1/15/17	75	75
Apache Corp.	6.900%	9/15/18	200	218
Apache Finance Canada Corp.	7.750%	12/15/29	225	247
Baker Hughes, Inc.	6.875%	1/15/29	400	407
BJ Services Co.	6.000%	6/1/18	100	89
BP Capital Markets PLC	5.250%	11/7/13	750	789
Burlington Resources, Inc.	6.680%	2/15/11	375	386
Burlington Resources, Inc.	6.500%	12/1/11	300	307
Burlington Resources, Inc.	7.400%	12/1/31	600	624
Canadian Natural Resources	5.450%	10/1/12	800	754
Canadian Natural Resources	4.900%	12/1/14	175	150
Canadian Natural Resources	7.200%	1/15/32	500	445
Canadian Natural Resources	6.450%	6/30/33	400	324
Canadian Natural Resources	6.500%	2/15/37	425	348
ConocoPhillips	8.750%	5/25/10	825	883
ConocoPhillips Canada	5.950%	10/15/36	250	243
Devon Energy Corp.	7.950%	4/15/32	175	195
Devon Financing Corp.	6.875%	9/30/11	475	480
Devon Financing Corp.	7.875%	9/30/31	275	301
Diamond Offshore Drilling	4.875%	7/1/15	100	93
Encana Corp.	4.750%	10/15/13	25	22
Encana Corp.	6.500%	8/15/34	325	260
Encana Holdings Finance Corp.	5.800%	5/1/14	50	47
EOG Resources Inc.	6.125%	10/1/13	575	602
Halliburton Co.	5.500%	10/15/10	250	259
Halliburton Co.	5.900%	9/15/18	125	132
Husky Energy Inc.	6.250%	6/15/12	350	347
Husky Energy Inc.	6.800%	9/15/37	100	78
Kerr McGee Corp.	6.875%	9/15/11	650	643
Kerr McGee Corp.	6.950%	7/1/24	1,000	863
Kerr McGee Corp.	7.875%	9/15/31	150	138
Marathon Oil Corp.	6.125%	3/15/12	1,025	998
Nexen, Inc.	5.050%	11/20/13	400	369
Nexen, Inc.	5.650%	5/15/17	175	148
Nexen, Inc.	7.875%	3/15/32	100	95
Norsk Hydro	7.150%	1/15/29	250	272
Occidental Petroleum	6.750%	1/15/12	125	132
PanCanadian Energy Corp.	7.200%	11/1/31	625	548
Petro-Canada	4.000%	7/15/13	800	689
Petro-Canada	7.875%	6/15/26	100	93
Petro-Canada	5.350%	7/15/33	450	299
Petro-Canada	5.950%	5/15/35	500	345
Petro-Canada Financial Partnership	5.000%	11/15/14	25	21
Questar Market Resources	6.050%	9/1/16	350	322

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Shell International Finance BV	5.625%	6/27/11	50	53
Shell International Finance BV	4.950%	3/22/12	375	388
Shell International Finance BV	5.200%	3/22/17	300	312
Shell International Finance BV	6.375%	12/15/38	375	427
Suncor Energy, Inc.	6.100%	6/1/18	225	194
Suncor Energy, Inc.	6.500%	6/15/38	125	95
Sunoco, Inc.	4.875%	10/15/14	175	146
Sunoco, Inc.	5.750%	1/15/17	200	169
Talisman Energy, Inc.	5.125%	5/15/15	100	89
Talisman Energy, Inc.	5.850%	2/1/37	650	450
Tosco Corp.	8.125%	2/15/30	1,150	1,352
Transocean Inc.	5.250%	3/15/13	100	93
Transocean Inc.	6.000%	3/15/18	425	384
Transocean Inc.	7.500%	4/15/31	300	268
Valero Energy Corp.	6.875%	4/15/12	700	706
Valero Energy Corp.	7.500%	4/15/32	750	597
Weatherford International Inc.	6.500%	8/1/36	800	590
Weatherford International Inc.	6.800%	6/15/37	150	113
XTO Energy, Inc.	5.900%	8/1/12	425	419
XTO Energy, Inc.	6.250%	4/15/13	250	249
XTO Energy, Inc.	5.750%	12/15/13	900	870
XTO Energy, Inc.	4.900%	2/1/14	200	179
XTO Energy, Inc.	5.000%	1/31/15	200	177
XTO Energy, Inc.	6.250%	8/1/17	400	384
Other Industrial (0.0%)				
Cintas Corp.	6.125%	12/1/17	225	210
Technology (0.2%)				
Agilent Technologies Inc.	6.500%	11/1/17	700	481
BMC Software Inc.	7.250%	6/1/18	175	164
Cisco Systems Inc.	5.250%	2/22/11	2,075	2,157
5 Computer Sciences Corp.	6.500%	3/15/18	125	104
Electronic Data Systems	6.000%	8/1/13	225	233
Equifax Inc.	6.300%	7/1/17	125	89
Equifax Inc.	7.000%	7/1/37	150	95
Fiserv, Inc.	6.125%	11/20/12	850	797
Fiserv, Inc.	6.800%	11/20/17	475	407
Harris Corp.	5.000%	10/1/15	425	359
Hewlett-Packard Co.	4.500%	3/1/13	625	637
Hewlett-Packard Co.	5.400%	3/1/17	225	229
Hewlett-Packard Co.	5.500%	3/1/18	250	256
IBM International Group Capital	5.050%	10/22/12	1,575	1,653
International Business Machines Corp.	4.950%	3/22/11	75	78
International Business Machines Corp.	7.500%	6/15/13	550	619
International Business Machines Corp.	7.125%	12/1/96	950	1,096
Intuit Inc.	5.400%	3/15/12	200	184
Intuit Inc.	5.750%	3/15/17	250	181
Lexmark International Inc.	5.900%	6/1/13	150	129
Lexmark International Inc.	6.650%	6/1/18	375	275
Motorola, Inc.	7.625%	11/15/10	130	115
Motorola, Inc.	8.000%	11/1/11	25	21
Motorola, Inc.	5.375%	11/15/12	275	205
Motorola, Inc.	7.500%	5/15/25	75	40
Motorola, Inc.	6.500%	11/15/28	200	104
Motorola, Inc.	6.625%	11/15/37	275	130
National Semiconductor	6.600%	6/15/17	700	508
Oracle Corp.	5.000%	1/15/11	250	256
Oracle Corp.	5.250%	1/15/16	900	925
Pitney Bowes, Inc.	4.625%	10/1/12	250	246
Pitney Bowes, Inc.	3.875%	6/15/13	225	214
Pitney Bowes, Inc.	4.875%	8/15/14	25	24
Pitney Bowes, Inc.	4.750%	1/15/16	1,300	1,230
Science Applications International Corp.	6.250%	7/1/12	100	102
Science Applications International Corp.	5.500%	7/1/33	100	75
Tyco Electronics Group	6.550%	10/1/17	350	294

	Coupon	Maturity Date	Face Amount (\$'000)	Market Value (\$'000)
Xerox Capital Trust I	8.000%	2/1/27	100	67
Xerox Corp.	7.125%	6/15/10	375	352
Xerox Corp.	6.875%	8/15/11	200	175
Xerox Corp.	5.500%	5/15/12	150	118
Xerox Corp.	7.625%	6/15/13	225	188
Xerox Corp.	6.400%	3/15/16	375	280
Xerox Corp.	6.750%	2/1/17	350	250
Transportation (0.2%)				
Burlington Northern Santa Fe Corp.	7.125%	12/15/10	675	697
Burlington Northern Santa Fe Corp.	5.900%	7/1/12	350	351
Burlington Northern Santa Fe Corp.	5.650%	5/1/17	75	73
Burlington Northern Santa Fe Corp.	7.000%	12/15/25	200	201
Burlington Northern Santa Fe Corp.	6.200%	8/15/36	125	115
Canadian National Railway Co.	6.800%	7/15/18	775	844
Canadian National Railway Co.	6.250%	8/1/34	350	354
Canadian National Railway Co.	6.200%	6/1/36	350	356
Canadian Pacific Railway Co.	6.250%	10/15/11	350	340
Canadian Pacific Railway Co.	7.125%	10/15/31	450	360
Canadian Pacific Railway Co.	5.950%	5/15/37	250	174
CNF, Inc.	6.700%	5/1/34	350	252
3 Continental Airlines, Inc.	6.648%	9/15/17	1,248	951
CSX Corp.	6.750%	3/15/11	400	400
CSX Corp.	6.300%	3/15/12	400	393
CSX Corp.	5.600%	5/1/17	25	22
Delta Air Lines Enhanced Equipment Trust Certificates	6.417%	7/2/12	250	181
3 Delta Air Lines Enhanced Equipment Trust Certificates	6.718%	1/2/23	231	148
Delta Air Lines, Inc.	7.111%	9/18/11	250	193
3 Delta Air Lines, Inc.	6.821%	8/10/22	584	348
Norfolk Southern Corp.	7.700%	5/15/17	400	433
Norfolk Southern Corp.	9.750%	6/15/20	116	135
Norfolk Southern Corp.	5.590%	5/17/25	72	66
Norfolk Southern Corp.	7.800%	5/15/27	525	581
Norfolk Southern Corp.	5.640%	5/17/29	100	94
Norfolk Southern Corp.	7.050%	5/1/37	200	209
Norfolk Southern Corp.	7.900%	5/15/97	100	112
Ryder System Inc.	5.950%	5/2/11	350	314
Ryder System Inc.	5.850%	3/1/14	250	195
Ryder System Inc.	5.850%	11/1/16	75	62
Southwest Airlines Co.	6.500%	3/1/12	650	612
Southwest Airlines Co.	5.750%	12/15/16	200	137
Southwest Airlines Co.	5.125%	3/1/17	400	281
3 Southwest Airlines Co.	6.150%	8/1/22	145	113
Union Pacific Corp.	6.125%	1/15/12	25	25
Union Pacific Corp.	6.500%	4/15/12	75	77
Union Pacific Corp.	5.450%	1/31/13	650	634
Union Pacific Corp.	7.125%	2/1/28	500	507
Union Pacific Corp.	6.625%	2/1/29	200	189
United Parcel Service of America	6.200%	1/15/38	725	799

256,512

Utilities (0.7%)

Electric (0.5%)

AEP Texas Central Co.	6.650%	2/15/33	400	366
Alabama Power Co.	4.850%	12/15/12	200	199
Alabama Power Co.	5.500%	10/15/17	550	543
American Electric Power Co., Inc.	5.250%	6/1/15	500	456
American Water Capital Corp.	6.085%	10/15/17	650	568
American Water Capital Corp.	6.593%	10/15/37	500	382
Arizona Public Service Co.	5.800%	6/30/14	50	41
Arizona Public Service Co.	4.650%	5/15/15	275	212
Baltimore Gas & Electric Co.	5.900%	10/1/16	375	340
Carolina Power & Light Co.	6.500%	7/15/12	350	357
Carolina Power & Light Co.	5.125%	9/15/13	325	332
CenterPoint Energy Houston	5.700%	3/15/13	500	466
Cincinnati Gas & Electric Co.	5.700%	9/15/12	675	664

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Cleveland Electric Illumination Co.	7.880%	11/1/17	200	205
Commonwealth Edison Co.	5.950%	8/15/16	500	470
Commonwealth Edison Co.	6.150%	9/15/17	600	564
Commonwealth Edison Co.	5.800%	3/15/18	150	135
Connecticut Light & Power Co.	6.350%	6/1/36	750	768
Consolidated Edison Co. of New York	5.375%	12/15/15	125	122
Consolidated Edison Co. of New York	5.500%	9/15/16	350	343
Consolidated Edison Co. of New York	5.300%	3/1/35	300	258
Consolidated Edison Co. of New York	6.200%	6/15/36	400	389
Consolidated Edison Co. of New York	6.300%	8/15/37	150	148
Constellation Energy Group, Inc.	7.000%	4/1/12	100	90
Constellation Energy Group, Inc.	4.550%	6/15/15	725	551
Constellation Energy Group, Inc.	7.600%	4/1/32	100	85
Consumers Energy Co.	5.000%	2/15/12	725	704
Consumers Energy Co.	5.375%	4/15/13	175	172
Detroit Edison Co.	5.700%	10/1/37	125	114
Dominion Resources, Inc.	5.150%	7/15/15	700	662
Dominion Resources, Inc.	6.000%	11/30/17	550	527
Dominion Resources, Inc.	5.250%	8/1/33	200	181
³ Dominion Resources, Inc.	7.500%	6/30/66	175	90
³ Dominion Resources, Inc.	6.300%	9/30/66	50	23
DTE Energy Co.	7.050%	6/1/11	250	248
Duke Energy Carolinas LLC	6.100%	6/1/37	1,000	1,004
El Paso Electric Co.	6.000%	5/15/35	175	120
Energy East Corp.	6.750%	6/15/12	500	500
Energy East Corp.	6.750%	7/15/36	400	338
⁵ Entergy Gulf States, Inc.	6.000%	5/1/18	500	434
Entergy Louisiana LLC	6.500%	9/1/18	100	92
Exelon Corp.	4.900%	6/15/15	500	430
Florida Power & Light Co.	5.950%	10/1/33	100	107
Florida Power & Light Co.	5.625%	4/1/34	225	231
Florida Power & Light Co.	6.200%	6/1/36	50	56
Florida Power & Light Co.	5.650%	2/1/37	300	312
Florida Power & Light Co.	5.850%	5/1/37	200	214
Florida Power Corp.	4.500%	6/1/10	700	695
Florida Power Corp.	4.800%	3/1/13	50	48
Florida Power Corp.	5.650%	6/15/18	50	52
³ FPL Group Capital, Inc.	6.350%	10/1/66	225	112
³ FPL Group Capital, Inc.	6.650%	6/15/67	275	138
Illinois Power	6.125%	11/15/17	25	22
³ Integrys Energy Group	6.110%	12/1/66	300	149
Jersey Central Power & Light	5.625%	5/1/16	350	323
Jersey Central Power & Light	5.650%	6/1/17	350	323
Kansas City Power & Light	6.050%	11/15/35	200	160
MidAmerican Energy Co.	5.650%	7/15/12	75	75
MidAmerican Energy Co.	5.950%	7/15/17	150	156
MidAmerican Energy Co.	6.750%	12/30/31	325	328
MidAmerican Energy Holdings Co.	5.875%	10/1/12	750	743
MidAmerican Energy Holdings Co.	5.000%	2/15/14	300	286
MidAmerican Energy Holdings Co.	6.125%	4/1/36	1,425	1,319
MidAmerican Energy Holdings Co.	5.950%	5/15/37	200	182
National Rural Utilities Cooperative Finance Corp.	4.375%	10/1/10	150	151
National Rural Utilities Cooperative Finance Corp.	5.500%	7/1/13	275	260
National Rural Utilities Cooperative Finance Corp.	4.750%	3/1/14	700	642
National Rural Utilities Cooperative Finance Corp.	5.450%	2/1/18	150	137
National Rural Utilities Cooperative Finance Corp.	8.000%	3/1/32	600	583
NiSource Finance Corp.	7.875%	11/15/10	750	691
Northern States Power Co.	6.200%	7/1/37	50	54
NStar Electric Co.	4.875%	10/15/12	75	75
NStar Electric Co.	4.875%	4/15/14	225	216
NStar Electric Co.	5.625%	11/15/17	325	309
Ohio Edison	6.400%	7/15/16	550	479
Ohio Power Co.	5.750%	9/1/13	475	467
Ohio Power Co.	6.000%	6/1/16	150	148
Oncor Electric Delivery Co.	6.375%	1/15/15	175	166
Oncor Electric Delivery Co.	7.250%	1/15/33	600	548

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Pacific Gas & Electric Co.	4.800%	3/1/14	150	146
Pacific Gas & Electric Co.	5.625%	11/30/17	250	256
Pacific Gas & Electric Co.	6.050%	3/1/34	825	855
Pacific Gas & Electric Co.	5.800%	3/1/37	525	538
PacifiCorp	6.900%	11/15/11	500	526
PacifiCorp	5.250%	6/15/35	475	430
PECO Energy Co.	5.350%	3/1/18	125	120
Pennsylvania Electric Co.	6.050%	9/1/17	75	67
Pepco Holdings, Inc.	6.450%	8/15/12	175	164
PPL Energy Supply LLC	6.400%	11/1/11	250	240
PPL Energy Supply LLC	6.200%	5/15/16	150	119
Progress Energy, Inc.	7.100%	3/1/11	446	447
Progress Energy, Inc.	7.750%	3/1/31	625	630
Progress Energy, Inc.	7.000%	10/30/31	550	510
PSE&G Power LLC	7.750%	4/15/11	250	250
PSE&G Power LLC	6.950%	6/1/12	800	787
PSE&G Power LLC	5.000%	4/1/14	375	331
PSE&G Power LLC	5.500%	12/1/15	450	393
PSI Energy Inc.	5.000%	9/15/13	250	237
Public Service Co. of Colorado	5.800%	8/1/18	100	102
Public Service Co. of Colorado	6.250%	9/1/37	300	309
Public Service Co. of Colorado	6.500%	8/1/38	200	213
Public Service Co. of Oklahoma	6.625%	11/15/37	275	249
Puget Sound Energy Inc.	5.483%	6/1/35	100	80
Puget Sound Energy Inc.	6.274%	3/15/37	500	446
SCANA Corp.	6.875%	5/15/11	625	641
Sierra Pacific Power Co.	6.000%	5/15/16	200	188
Sierra Pacific Power Co.	6.750%	7/1/37	400	364
South Carolina Electric & Gas Co.	6.625%	2/1/32	450	502
Southern California Edison Co.	4.650%	4/1/15	425	416
Southern California Edison Co.	5.000%	1/15/16	275	275
Southern California Edison Co.	6.650%	4/1/29	225	236
Southern California Edison Co.	5.750%	4/1/35	275	296
Southern California Edison Co.	5.350%	7/15/35	350	356
Southern Power Co.	6.250%	7/15/12	425	429
Southern Power Co.	4.875%	7/15/15	400	352
Southwestern Electric Power	6.450%	1/15/19	250	245
Tampa Electric Co.	6.550%	5/15/36	375	329
TransAlta Corp.	6.650%	5/15/18	100	90
Union Electric Co.	5.400%	2/1/16	350	304
Virginia Electric & Power Co.	5.100%	11/30/12	225	220
Virginia Electric & Power Co.	5.400%	1/15/16	700	687
Virginia Electric & Power Co.	6.000%	5/15/37	350	342
Virginia Electric & Power Co.	6.350%	11/30/37	125	125
Wisconsin Electric Power Co.	6.000%	4/1/14	25	27
Wisconsin Electric Power Co.	5.625%	5/15/33	200	191
³ Wisconsin Energy Corp.	6.250%	5/15/67	525	260
Wisconsin Power & Light Co.	6.375%	8/15/37	300	289
Xcel Energy, Inc.	5.613%	4/1/17	631	569
Xcel Energy, Inc.	6.500%	7/1/36	225	207
Natural Gas (0.2%)				
AGL Capital Corp.	7.125%	1/14/11	300	302
Boardwalk Pipelines LLC	5.500%	2/1/17	200	161
CenterPoint Energy Resources	7.875%	4/1/13	250	248
CenterPoint Energy Resources	6.150%	5/1/16	300	261
Consolidated Natural Gas	6.250%	11/1/11	300	307
Duke Capital Corp.	5.668%	8/15/14	400	356
Duke Energy Field Services	7.875%	8/16/10	275	276
El Paso Natural Gas Co.	5.950%	4/15/17	225	183
Enbridge Energy Partners	9.875%	3/1/19	550	554
Energy Transfer Partners LP	5.650%	8/1/12	275	250
Energy Transfer Partners LP	5.950%	2/1/15	300	259
Energy Transfer Partners LP	6.125%	2/15/17	300	252
Energy Transfer Partners LP	6.625%	10/15/36	150	105

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)	
7	Enron Corp.	9.125%	4/1/03	700	3
7	Enron Corp.	7.125%	5/15/07	300	1
7	Enron Corp.	6.875%	10/15/07	1,000	5
	Enterprise Products Operating LP	4.950%	6/1/10	475	459
	Enterprise Products Operating LP	5.600%	10/15/14	450	383
	Enterprise Products Operating LP	6.300%	9/15/17	275	237
	Enterprise Products Operating LP	6.875%	3/1/33	150	117
	KeySpan Corp.	8.000%	11/15/30	200	198
	Kinder Morgan Energy Partners LP	7.125%	3/15/12	475	441
	Kinder Morgan Energy Partners LP	5.850%	9/15/12	175	161
	Kinder Morgan Energy Partners LP	5.000%	12/15/13	350	314
	Kinder Morgan Energy Partners LP	5.125%	11/15/14	475	408
	Kinder Morgan Energy Partners LP	5.800%	3/15/35	300	205
	Magellan Midstream Partners, LP	5.650%	10/15/16	150	135
	National Grid PLC	6.300%	8/1/16	275	236
	NuStar Energy LP	7.650%	4/15/18	350	315
	ONEOK Inc.	5.200%	6/15/15	300	249
	ONEOK Inc.	6.000%	6/15/35	275	199
	ONEOK Partners, LP	5.900%	4/1/12	350	330
	ONEOK Partners, LP	6.150%	10/1/16	600	516
	ONEOK Partners, LP	6.650%	10/1/36	525	416
	Panhandle Eastern Pipeline	6.200%	11/1/17	800	635
	Plains All American Pipeline LP	6.500%	5/1/18	50	41
	San Diego Gas & Electric	5.300%	11/15/15	100	100
	San Diego Gas & Electric	5.350%	5/15/35	100	92
	Sempra Energy	7.950%	3/1/10	50	51
	Sempra Energy	6.000%	2/1/13	200	193
	Southern California Gas Co.	5.750%	11/15/35	25	24
5	Southern Natural Gas	5.900%	4/1/17	225	172
	Texas Gas Transmission	4.600%	6/1/15	250	209
	Trans-Canada Pipelines	4.000%	6/15/13	750	674
	Trans-Canada Pipelines	5.600%	3/31/34	800	635
	Trans-Canada Pipelines	5.850%	3/15/36	125	103
3	Trans-Canada Pipelines	6.350%	5/15/67	400	183
	Williams Cos., Inc.	7.125%	9/1/11	375	341
	Williams Cos., Inc.	7.625%	7/15/19	700	553
	Williams Cos., Inc.	7.500%	1/15/31	700	476
	Williams Cos., Inc.	7.750%	6/15/31	200	138

55,497

Total Corporate Bonds (Cost \$771,911)

686,551

Sovereign Bonds (U.S. Dollar-Denominated) (1.3%)

	Asian Development Bank	4.500%	9/4/12	500	537
	Asian Development Bank	3.625%	9/5/13	900	945
	Asian Development Bank	5.593%	7/16/18	500	603
	China Development Bank	4.750%	10/8/14	450	461
	China Development Bank	5.000%	10/15/15	175	173
	Corp. Andina de Fomento	5.200%	5/21/13	425	380
	Corp. Andina de Fomento	5.750%	1/12/17	225	188
	Development Bank of Japan	4.250%	6/9/15	250	261
	Eksporthfinans	5.500%	5/25/16	125	135
	Eksporthfinans	5.500%	6/26/17	450	490
	European Investment Bank	5.000%	2/8/10	75	78
	European Investment Bank	4.000%	3/3/10	1,400	1,433
	European Investment Bank	4.625%	9/15/10	1,325	1,385
	European Investment Bank	3.250%	2/15/11	1,200	1,229
	European Investment Bank	5.250%	6/15/11	750	803
	European Investment Bank	3.125%	7/15/11	1,800	1,839
	European Investment Bank	2.875%	3/15/13	650	655
	European Investment Bank	4.250%	7/15/13	2,400	2,566
	European Investment Bank	4.625%	5/15/14	2,000	2,162
	European Investment Bank	5.125%	9/13/16	300	340
	European Investment Bank	4.875%	1/17/17	1,225	1,397
	European Investment Bank	5.125%	5/30/17	800	933
	Export-Import Bank of Korea	4.625%	3/16/10	200	190

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Export-Import Bank of Korea	5.500%	10/17/12	1,100	1,024
Export-Import Bank of Korea	5.125%	3/16/15	150	121
Federation of Malaysia	7.500%	7/15/11	1,200	1,286
Federative Republic of Brazil	9.250%	10/22/10	250	273
Federative Republic of Brazil	11.000%	1/11/12	300	356
Federative Republic of Brazil	7.875%	3/7/15	475	538
Federative Republic of Brazil	6.000%	1/17/17	1,100	1,130
3 Federative Republic of Brazil	8.000%	1/15/18	100	112
Federative Republic of Brazil	8.875%	4/15/24	325	400
Federative Republic of Brazil	8.750%	2/4/25	800	976
Federative Republic of Brazil	10.125%	5/15/27	875	1,204
Federative Republic of Brazil	8.250%	1/20/34	1,000	1,218
Federative Republic of Brazil	7.125%	1/20/37	600	672
Federative Republic of Brazil	11.000%	8/17/40	1,825	2,372
Financement Quebec	5.000%	10/25/12	500	541
Inter-American Development Bank	8.500%	3/15/11	175	198
Inter-American Development Bank	4.250%	9/10/18	1,875	2,066
Inter-American Development Bank	7.000%	6/15/25	250	348
International Bank for Reconstruction & Development	3.125%	11/15/11	600	620
Japan Bank International	4.750%	5/25/11	675	713
Japan Bank International	4.250%	6/18/13	1,275	1,318
Japan Finance Corp.	5.875%	3/14/11	375	400
Japan Finance Corp.	4.625%	4/21/15	500	519
Japan Finance Corp.	5.000%	5/16/17	500	534
Korea Development Bank	4.625%	9/16/10	600	563
Korea Electric Power	7.750%	4/1/13	750	734
Kreditanstalt fur Wiederaufbau	5.000%	6/1/10	850	885
Kreditanstalt fur Wiederaufbau	4.250%	6/15/10	4,150	4,287
Kreditanstalt fur Wiederaufbau	3.250%	2/15/11	500	513
Kreditanstalt fur Wiederaufbau	3.750%	6/27/11	1,550	1,611
Kreditanstalt fur Wiederaufbau	4.750%	5/15/12	775	836
Kreditanstalt fur Wiederaufbau	3.500%	5/16/13	1,200	1,245
Kreditanstalt fur Wiederaufbau	4.000%	10/15/13	1,325	1,402
Kreditanstalt fur Wiederaufbau	4.125%	10/15/14	25	26
Kreditanstalt fur Wiederaufbau	5.125%	3/14/16	400	454
Kreditanstalt fur Wiederaufbau	4.375%	3/15/18	1,625	1,800
Kreditanstalt fur Wiederaufbau	4.500%	7/16/18	300	335
Landwirtschaftliche Rentenbank	5.250%	7/2/12	1,075	1,173
Landwirtschaftliche Rentenbank	4.875%	11/16/15	375	412
Mass Transit Railway Corp.	7.500%	11/8/10	300	324
Nordic Investment Bank	3.875%	6/15/10	350	361
Oesterreichische Kontrollbank	3.125%	10/14/11	775	806
Oesterreichische Kontrollbank	5.000%	4/25/17	300	341
Ontario Hydro Electric	7.450%	3/31/13	600	727
Pemex Project Funding Master Trust	9.125%	10/13/10	60	63
5 Pemex Project Funding Master Trust	5.750%	3/1/18	950	837
Pemex Project Funding Master Trust	6.625%	6/15/35	850	718
5 Pemex Project Funding Master Trust	6.625%	6/15/38	375	314
People's Republic of China	4.750%	10/29/13	200	207
Petrobras International Finance	6.125%	10/6/16	1,225	1,187
Petrobras International Finance	8.375%	12/10/18	300	308
Province of Manitoba	7.500%	2/22/10	1,000	1,061
Province of Nova Scotia	5.750%	2/27/12	250	269
Province of Ontario	3.125%	9/8/10	500	505
Province of Ontario	3.375%	5/20/11	100	102
Province of Ontario	5.000%	10/18/11	2,500	2,620
Province of Ontario	4.750%	1/19/16	75	81
Province of Ontario	5.450%	4/27/16	775	870
Province of Quebec	4.600%	5/26/15	350	361
Province of Quebec	5.125%	11/14/16	525	563
Province of Quebec	4.625%	5/14/18	525	549
Province of Quebec	7.125%	2/9/24	400	516
Province of Quebec	7.500%	9/15/29	1,000	1,406
Quebec Hydro Electric	6.300%	5/11/11	2,325	2,487
Quebec Hydro Electric	8.400%	1/15/22	500	739
Region of Lombardy, Italy	5.804%	10/25/32	500	614

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	Coupon	Maturity Date	Face Amount (\$000)	Market Value (\$000)
Republic of Chile	7.125%	1/11/12	350	393
Republic of Chile	5.500%	1/15/13	100	109
Republic of Italy	6.000%	2/22/11	1,175	1,255
Republic of Italy	5.625%	6/15/12	2,775	3,024
Republic of Italy	4.750%	1/25/16	575	608
Republic of Italy	5.250%	9/20/16	600	657
Republic of Italy	6.875%	9/27/23	125	158
Republic of Italy	5.375%	6/15/33	1,400	1,610
^ Republic of Korea	4.250%	6/1/13	1,550	1,449
Republic of Peru	9.875%	2/6/15	400	458
Republic of Peru	7.350%	7/21/25	350	345
3 Republic of Peru	6.550%	3/14/37	350	312
Republic of Poland	6.250%	7/3/12	975	1,011
Republic of Poland	5.000%	10/19/15	375	361
Republic of South Africa	7.375%	4/25/12	575	568
Republic of South Africa	5.875%	5/30/22	100	84
State of Israel	4.625%	6/15/13	200	210
State of Israel	5.500%	11/9/16	850	909
Swedish Export Credit Corp.	4.500%	9/27/10	250	259
United Mexican States	9.875%	2/1/10	500	536
United Mexican States	8.375%	1/14/11	1,150	1,242
United Mexican States	7.500%	1/14/12	145	156
United Mexican States	6.375%	1/16/13	767	800
United Mexican States	5.875%	1/15/14	750	767
United Mexican States	6.625%	3/3/15	343	364
United Mexican States	11.375%	9/15/16	100	135
United Mexican States	5.625%	1/15/17	825	827
United Mexican States	5.950%	3/19/19	400	402
United Mexican States	6.750%	9/27/34	1,557	1,627

Total Sovereign Bonds (Cost \$90,824)

93,970

Taxable Municipal Bonds (0.1%)

Chicago IL Transit Auth. Rev.	6.899%	12/1/40	325	321
Connecticut GO	5.850%	3/15/32	300	287
Illinois (Taxable Pension) GO	4.950%	6/1/23	1,450	1,345
Illinois (Taxable Pension) GO	5.100%	6/1/33	1,600	1,401
Kansas Dev. Finance Auth. Rev. (Public Employee Retirement System)	5.501%	5/1/34	650	596
New Jersey Econ. Dev. Auth. State Pension Rev.	7.425%	2/15/29	425	430
New Jersey Turnpike Auth. Rev.	4.252%	1/1/16	15	15
New Jersey Turnpike Auth. Rev.	4.252%	1/1/16	335	322
Oregon (Taxable Pension) GO	5.762%	6/1/23	250	246
Oregon (Taxable Pension) GO	5.892%	6/1/27	375	362
Oregon School Board Assn.	4.759%	6/30/28	300	252
Oregon School Board Assn.	5.528%	6/30/28	125	116
Tobacco Settlement Finance Auth. Rev.	7.467%	6/1/47	390	244
Wisconsin Public Service Rev.	4.800%	5/1/13	275	275
Wisconsin Public Service Rev.	5.700%	5/1/26	325	296

Total Taxable Municipal Bonds (Cost \$6,999)

6,508

	Coupon	Maturity Date	Shares	Market Value (\$000)
Temporary Cash Investments (1.6%)¹				
Money Market Fund (1.5%)				
^{8,9} Vanguard Market Liquidity Fund	1.378%		113,757,802	113,758
			Face Amount (\$000)	
U.S. Agency Obligation (0.1%)				
^{2,10} Federal Home Loan Mortgage Corp.	1.206%	4/30/09	3,000	2,997
Total Temporary Cash Investments (Cost \$116,746)				116,755
Total Investments (100.3%) (Cost \$7,674,462)				7,448,092
Other Assets and Liabilities—Net (–0.3%)⁹				(21,144)
Net Assets (100%)				7,426,948

* Non-income-producing security.

^ Part of security position is on loan to broker-dealers. The total value of securities on loan is \$12,952,000.

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 60.2% and 1.3%, respectively, of net assets.

2 The issuer operates under a congressional charter; its securities are neither issued nor guaranteed by the U.S. government.

3 The average or expected maturity is shorter than the final maturity shown because of the possibility of interim principal payments and prepayments or the possibility of the issue being called.

4 Adjustable-rate security.

5 Security exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be sold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2008, the aggregate value of these securities was \$16,188,000, representing 0.2% of net assets.

6 Guaranteed by the Federal Deposit Insurance Corporation (FDIC) as part of the Temporary Liquidity Guarantee Program.

7 Non-income-producing security—security in default.

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

9 Includes \$13,950,000 of collateral received for securities on loan.

10 Securities with a value of \$2,997,000 have been segregated as initial margin for open futures contracts.

ADR—American Depositary Receipt.

GO—General Obligation Bond.

REIT—Real Estate Investment Trust.

Report of Independent Registered Public Accounting Firm

To the Trustees of Vanguard Valley Forge Funds and the Shareholders of Vanguard Balanced Index Fund:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial statements (not presented herein) of Vanguard Balanced Index Fund (constituting a separate portfolio of Vanguard Valley Forge Funds, hereafter referred to as the "Fund") as of December 31, 2008, and for the year then ended and have issued our unqualified report thereon dated February 23, 2009. Our audit included an audit of the Fund's schedule of investments as of December 31, 2008. This schedule of investments is the responsibility of the Fund's management. Our responsibility is to express an opinion on this schedule of investments based on our audit.

In our opinion, the accompanying schedule of investments referred to above, when read in conjunction with the financial statements of the Fund referred to above, presents fairly, in all material respects, the information set forth therein.

PricewaterhouseCoopers LLP
Philadelphia, PA
February 23, 2009