Evergreen

VA GROWTH FUND

Annual Report
as of December 31, 2008

Evergreen Investments℠
MUTUAL FUNDS

table of contents

February 2009

Dear Shareholder:

W. Douglas Munn
President and Chief Executive Officer

We are pleased to provide the Annual Report for Evergreen VA Growth Fund for the twelve-month period ended December 31, 2008 (the "period").

After contracting in the fourth quarter of 2007, the U.S. economy made gains in the first half of 2008. These gains were largely due to strength in government spending and exports, powered higher by the weakening U.S. currency. At the same time, home prices continued to fall and job losses persisted. September 2008 marked a crucial event, when federal officials allowed for the collapse of Lehman Brothers, which history will likely judge as a colossal policy failure. The collateral damage from this event led to further collapse. Venerable financial institutions fell like dominos in the ensuing weeks as distrust prevailed and counter-party risk, whether real or imagined, escalated. Inter-bank lending ceased to exist, and the credit markets froze.

Consequently, officials at the Federal Reserve Board and U.S. Treasury increased their involvement, utilizing innovative measures to improve both liquidity and confidence. These efforts culminated with Congress' approval of the $700 billion Troubled Asset Relief Program ("TARP"). The program was initially intended to be used to purchase distressed mortgage-related securities, however, one month after TARP's approval the Treasury decided against it. Not surprisingly, confidence at the consumer and investor levels was shaken further, and banks, despite the recapitalization efforts to revive their balance sheets, became both increasingly vigilant and militant relative to their lending policies. As a result, economic activity in the fourth quarter of 2008 was positioned to be among the weakest in history.

During this period of unprecedented events, portfolio managers of Evergreen's Variable Annuity Funds continued to maintain strategies consistent with each fund's goal and the asset class in which the fund invests. In addition to seeking ways to stave off losses that the prevailing markets presented, managers of equity-oriented portfolios tended to focus on long-term growth opportunities, while the professionals supervising fixed income portfolios sought total return and current income.

In this challenging environment, we continue to emphasize fully diversified strategies for long-term investors in order to participate in market gains while limiting the potential for losses. Periods of economic weakness have previously been accompanied by increases in market volatility, allowing for active managers to typically outperform passive strategies. Therefore, we encourage investors to have appropriate equity exposure relative to capitalization, investment style and region for their diversified long-term portfolios.

Please visit us at **EvergreenInvestments.com** for more information about our funds and other investment products available to you. Thank you for your continued support of Evergreen Investments.

Sincerely,

W. Douglas Munn

W. Douglas Munn
President and Chief Executive Officer
Evergreen Funds

Notices to Shareholders:

- On December 31, 2008, Wachovia Corporation merged with and into Wells Fargo & Company ("Wells Fargo"). As a result of the merger, Evergreen Investment Management Company, LLC ("EIMC"), Tattersall Advisory Group, Inc., First International Advisors, LLC, Metropolitan West Capital Management, LLC, Evergreen Investment Services, Inc. and Evergreen Service Company, LLC, are subsidiaries of Wells Fargo.

  After the merger, new interim advisory agreements between the Evergreen Funds and EIMC went into effect, as did new interim sub-advisory agreements with each sub-advisor to the Evergreen Funds. These interim agreements will be in effect until no later than March 19, 2009. Shareholders of the Evergreen Funds will meet on or around February 12, 2009 to consider definitive advisory and sub-advisory agreements for the Evergreen Funds, which would replace the interim agreements.

- Effective January 1, 2009, W. Douglas Munn became President and Chief Executive Officer of the Evergreen Funds.

FUND AT A GLANCE

as of December 31, 2008

MANAGEMENT TEAM

Investment Advisor:
Evergreen Investment Management Company, LLC

Portfolio Managers:
Jeffrey S. Drummond, CFA; Linda Z. Freeman, CFA; Paul Carder, CFA; Jeffrey Harrison, CFA; Edward Rick, CFA

PERFORMANCE AND RETURNS

Portfolio inception date: 3/3/1998

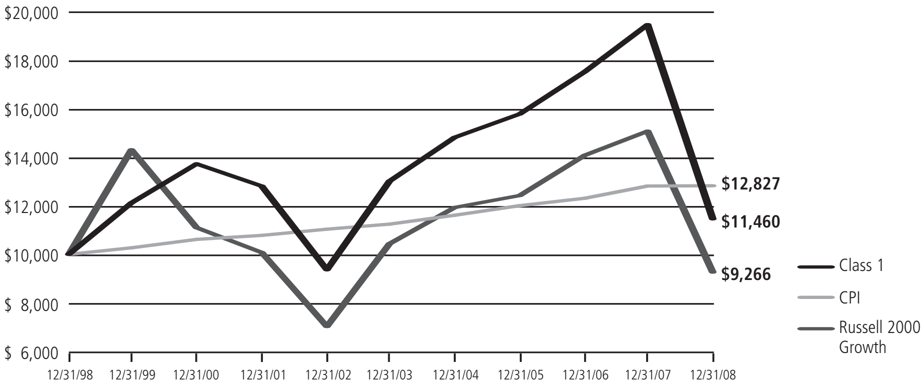
	Class 1	Class 2
Class inception date	3/3/1998	7/31/2002
Average annual return		
1-year	-41.13%	-41.29%
5-year	-2.52%	-2.77%
10-year	1.37%	1.21%

Past performance is no guarantee of future results. The performance quoted represents past performance and current performance may be lower or higher. The investment return and principal value of an investment will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. To obtain performance information current to the most recent month-end, please call 1.800.321.9332. The performance of each class may vary based on differences in fees and expenses paid by the shareholders investing in each class. Performance includes the reinvestment of income dividends and capital gain distributions, but does not reflect contract, policy, or separate account charges assessed by participating insurance companies.

Historical performance shown for Class 2 prior to its inception is based on the performance of Class 1, the original class offered. The historical returns for Class 2 have not been adjusted to reflect the effect of the class' 12b-1 fee. The fund incurs a 12b-1 fee of 0.25% for Class 2. Class 1 does not pay a 12b-1 fee. If the fee had been reflected, returns for Class 2 would have been lower.

The advisor is waiving a portion of its advisory fee. Had the fee not been waived, returns would have been lower.

LONG-TERM GROWTH



Comparison of a $10,000 investment in the Evergreen VA Growth Fund Class 1 shares versus a similar investment in the Russell 2000 Growth Index (Russell 2000 Growth) and the Consumer Price Index (CPI).

The **Russell 2000 Growth** is an unmanaged market index and does not include transaction costs associated with buying and selling securities, any mutual fund fees or expenses or any taxes. The **CPI** is a commonly used measure of inflation and does not represent an investment return. It is not possible to invest directly in an index.

The fund's investment objective may be changed without a vote of the fund's shareholders.

Small and mid cap securities may be subject to special risks associated with narrower product lines and limited financial resources compared to their large cap counterparts, and, as a result, small and mid cap securities may decline significantly in market downturns and may be more volatile than those of larger companies due to the higher risk of failure.

All data is as of December 31, 2008, and subject to change.

The fund's Class 1 shares returned -41.13% for the twelve-month period ended December 31, 2008. During the same period, the Russell 2000 Growth returned -38.54%.

The fund's objective is to seek long-term capital growth.

Investment process

The year was a particularly difficult one for the fund. In the first quarter of 2008, small cap growth stocks were battered in a market pulled down by continued credit market turmoil and fears of a U.S. recession. It was an especially challenging period, as some of the stocks that produced some of our biggest returns in 2007 were among the hardest hit. As investors questioned the sustainability of results and reassessed their appetite for risk, credit turmoil and recession fears continued to impact the fund through the second and third quarters. Unprecedented volatility and market declines marked the fourth quarter, as investors responded to a deepening global credit crisis and a recession that turned from a possibility to a reality. Stocks were particularly hard hit in the month of October, marking the worst monthly decline in decades. While periods such as this are never pleasant, we believe they do provide a great opportunity for long-term investors to own high-quality growth companies that may have previously appeared too expensive. In managing the fund we have maintained our focus on the discipline that has served us well through the years: investing in companies with superior growth prospects at reasonable prices.

Contributors to performance

During the year, we had strong performance in Financials, an area where the winners and losers were clearly delineated as the credit crisis played out. We tried to emphasize well-capitalized companies, focusing on those corporations having little to no exposure to the industry's problem areas and those that we believed had the opportunity to gain significant market share from struggling competitors. Standout performers included Stifel Financial Corp., Greenhill & Co. and HCC Insurance Holdings, Inc. Energy was also an outstanding contributor to the fund. Though the sector was a drag on performance during the first half of the year, we believed that the substantial uptick in Energy prices was not sustainable. We focused investment in services companies with more stable business models, rather than emphasizing exploration companies that had risen sharply. This strategy paid off in the second half of the year, as Energy prices pulled back dramatically on economic concerns and the unwinding of speculative trades that had sent stocks soaring earlier. We believed that pricing, especially for natural gas, had hit bottom in the third quarter, and increased our holdings in the sector. The best performing Energy stock for the fourth quarter was World Fuel Services, whose stock price increased by over half of its value on the company's extraordinarily strong earnings report for the third quarter. In Consumer Discretionary, the largest contributors were post-secondary education stocks Capella Education Co. and Strayer Education, both of which posted strong results throughout the year and confirmed positive business outlooks for 2009. Marvel Entertainment was also a strong relative performer during the year. Marvel benefited from the box office success of self-produced films "Ironman" and "The Incredible Hulk."

Detractors from performance

Despite the very strong performance of several Health Care holdings, such as genetic analysis provider SEQUENOM, Inc. and cost containment and payment accuracy services provider HMS Holdings Corp., the sector hindered fund performance overall. Our investments in contract research companies ("CRO"s) such as PAREXEL International Corp. and Icon plc benefited through the third quarter from greater outsourcing of clinical research, but experienced steep share-price drops in the fourth quarter on investor concerns that the companies' pharmaceutical and biotechnology clients would slow product development, thereby reducing the need for CRO services. Several biotechnology holdings also detracted from performance due to sharp price declines including BioMarin Pharmaceutical, Myriad Genetics and Cepheid. Within the Industrials sector, aircraft components manufacturer BE Aerospace's shares were hit hard in the first half of the year as fears of continued high oil prices and their negative growth impact weakened the secular growth potential in the aerospace supply chain. General Cable, a global supplier of diverse types of cable and wire to various end markets, saw its price decline precipitously during the year as evidence of the global recession built and earnings estimates were lowered. We sold both stocks.

ABOUT YOUR FUND'S EXPENSES

The Example below is intended to describe the fees and expenses borne by shareholders and the impact of those costs on your investment.

Example

As a shareholder of the fund, you incur two types of costs: (1) transaction costs, including sales charges (loads), redemption fees and exchange fees; and (2) ongoing costs, including management fees, distribution (12b-1) fees and other fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period from July 1, 2008 to December 31, 2008.

The example illustrates your fund's costs in two ways:

- **Actual expenses**
  The section in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. 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 in the appropriate column for your share class, in the column entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

- **Hypothetical example for comparison purposes**
  The section in the table under the heading "Hypothetical (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, exchange fees or separate account charges assessed by participating insurance companies. Therefore, the section in the table under the heading "Hypothetical (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 7/1/2008	Ending Account Value 12/31/2008	Expenses Paid During Period*
Actual			
Class 1	$1,000.00	$ 681.57	$ 4.02
Class 2	$1,000.00	$ 680.40	$ 5.11
Hypothetical (5% return before expenses)			
Class 1	$1,000.00	$1,020.36	$ 4.82
Class 2	$1,000.00	$1,019.05	$ 6.14

* For each class of the fund, expenses are equal to the annualized expense ratio of each class (0.95% for Class 1 and 1.21% for Class 2), multiplied by the average account value over the period, multiplied by 184 / 366 days.

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

	Year Ended December 31,				
CLASS 1	2008	2007	2006	2005	2004
Net asset value, beginning of period	$ 14.02	$ 15.60	$ 14.70	$ 13.80	$ 12.12
Income from investment operations					
Net investment income (loss)	0.01[1]	(0.05)[1]	(0.08)	(0.09)[1]	(0.09)
Net realized and unrealized gains or losses on investments	(5.78)	1.63	1.70	0.99	1.77
Total from investment operations	(5.77)	1.58	1.62	0.90	1.68
Distributions to shareholders from					
Net investment income	0[2]	0	0	0	0
Net realized gains	0	(3.15)	(0.72)	0	0
Tax basis return of capital	0	(0.01)	0	0	0
Total distributions to shareholders	0	(3.16)	(0.72)	0	0
Net asset value, end of period	$ 8.25	$ 14.02	$ 15.60	$ 14.70	$ 13.80
Total return[3]	(41.13)%	11.05%	11.04%	6.52%	13.86%
Ratios and supplemental data					
Net assets, end of period (thousands)	$ 26,836	$ 71,001	$ 75,079	$ 79,250	$ 24,221
Ratios to average net assets					
Expenses including waivers/reimbursements but excluding expense reductions	0.93%	0.90%	0.88%	0.92%	0.96%
Expenses excluding waivers/reimbursements and expense reductions	0.94%	0.90%	0.88%	0.92%	0.96%
Net investment income (loss)	0.08%	(0.32)%	(0.50)%	(0.64)%	(0.74)%
Portfolio turnover rate	106%	112%	101%	142%	81%

1 Net investment income (loss) per share is based on average shares outstanding during the period.

2 Amount represents less than $0.005 per share.

3 Total return does not reflect charges attributable to your insurance company's separate account.

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

	Year Ended December 31,				
CLASS 2	**2008**	**2007**	**2006**	**2005**	**2004**
Net asset value, beginning of period	$ 13.78	$ 15.41	$ 14.58	$ 13.72	$ 12.08
Income from investment operations					
Net investment income (loss)	(0.02)[1]	(0.09)[1]	(0.12)	(0.12)[1]	(0.10)
Net realized and unrealized gains or losses on investments	(5.67)	1.62	1.67	0.98	1.74
Total from investment operations	(5.69)	1.53	1.55	0.86	1.64
Distributions to shareholders from					
Net realized gains	0	(3.15)	(0.72)	0	0
Tax basis return of capital	0	(0.01)	0	0	0
Total distributions to shareholders	0	(3.16)	(0.72)	0	0
Net asset value, end of period	$ 8.09	$ 13.78	$ 15.41	$ 14.58	$ 13.72
Total return[2]	(41.29)%	10.84%	10.63%	6.27%	13.58%
Ratios and supplemental data					
Net assets, end of period (thousands)	$ 7,732	$ 14,352	$ 14,636	$ 13,181	$ 4,960
Ratios to average net assets					
Expenses including waivers/reimbursements but excluding expense reductions	1.18%	1.15%	1.13%	1.17%	1.21%
Expenses excluding waivers/reimbursements and expense reductions	1.19%	1.15%	1.13%	1.17%	1.21%
Net investment income (loss)	(0.17)%	(0.57)%	(0.75)%	(0.90)%	(0.99)%
Portfolio turnover rate	106%	112%	101%	142%	81%

1 Net investment income (loss) per share is based on average shares outstanding during the period.

2 Total return does not reflect charges attributable to your insurance company's separate account.

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS

December 31, 2008

	Shares	Value
COMMON STOCKS 97.1%		
CONSUMER DISCRETIONARY 11.7%		
Distributors 0.6%		
LKQ Corp. *	17,800	$ 207,548
Diversified Consumer Services 3.1%		
Capella Education Co. *	9,300	546,468
Strayer Education, Inc.	2,400	514,584
		1,061,052
Hotels, Restaurants & Leisure 1.6%		
Chipotle Mexican Grill, Inc., Class A *	1,800	111,564
Penn National Gaming, Inc.	20,300	434,014
		545,578
Internet & Catalog Retail 1.4%		
Blue Nile, Inc. ρ *	19,300	472,657
Media 2.5%		
Marvel Entertainment, Inc. *	17,600	541,200
National CineMedia, Inc.	33,900	343,746
		884,946
Specialty Retail 1.4%		
Aeropostale, Inc. *	16,100	259,210
Children's Place Retail Stores, Inc. *	5,300	114,904
Hibbett Sports, Inc. *	6,300	98,973
		473,087
Textiles, Apparel & Luxury Goods 1.1%		
Iconix Brand Group, Inc. *	39,800	389,244
CONSUMER STAPLES 3.7%		
Beverages 0.9%		
Hansen Natural Corp. *	9,300	311,829
Food Products 1.8%		
Flowers Foods, Inc.	7,000	170,520
TreeHouse Foods, Inc. *	16,700	454,908
		625,428
Personal Products 1.0%		
Chattem, Inc. * ρ	4,963	355,003
ENERGY 6.2%		
Energy Equipment & Services 2.7%		
Core Laboratories NV	3,493	209,091
Matrix Service Co. *	21,100	161,837
Natco Group, Inc., Class A *	10,700	162,426
Oceaneering International, Inc. *	13,024	379,519
		912,873

See Notes to Financial Statements

December 31, 2008

	Shares	Value
COMMON STOCKS continued		
ENERGY continued		
Oil, Gas & Consumable Fuels 3.5%		
Petrohawk Energy Corp. *	35,900	$ 561,117
PetroQuest Energy, Inc. *	34,600	233,896
World Fuel Services Corp.	11,400	421,800
		1,216,813
FINANCIALS 9.9%		
Capital Markets 4.7%		
Greenhill & Co.	5,120	357,222
KBW, Inc. *	13,274	305,302
Stifel Financial Corp. *	14,600	669,410
Waddell & Reed Financial, Inc., Class A	19,400	299,924
		1,631,858
Commercial Banks 2.3%		
First Horizon National Corp. ρ	30,505	322,440
PrivateBancorp, Inc.	14,300	464,178
		786,618
Insurance 2.5%		
HCC Insurance Holdings, Inc.	22,356	598,023
ProAssurance Corp. *	5,300	279,734
		877,757
Real Estate Investment Trusts (REITs) 0.4%		
Redwood Trust, Inc.	8,300	123,753
HEALTH CARE 22.7%		
Biotechnology 4.2%		
Alexion Pharmaceuticals, Inc. *	10,800	390,852
BioMarin Pharmaceutical, Inc. *	9,700	172,660
Cepheid *	24,200	251,196
Cubist Pharmaceuticals, Inc. *	8,200	198,112
Myriad Genetics, Inc. *	4,100	271,666
United Therapeutics Corp. *	2,900	181,395
		1,465,881
Health Care Equipment & Supplies 9.4%		
Haemonetics Corp. *	5,000	282,500
Immucor, Inc. *	13,000	345,540
Integra LifeSciences Holdings Corp. *	8,000	284,560
Masimo Corp. *	14,324	427,285
Meridian Bioscience, Inc.	21,000	534,870
NuVasive, Inc. *	9,700	336,105
Thoratec Corp. *	12,800	415,872
Wright Medical Group, Inc. *	16,500	337,095
Zoll Medical Corp. *	14,100	266,349
		3,230,176

See Notes to Financial Statements

December 31, 2008

	Shares	Value
COMMON STOCKS continued		
HEALTH CARE continued		
Health Care Providers & Services 3.9%		
Amedisys, Inc. *	11,600	$ 479,544
HMS Holdings Corp. *	11,300	356,176
Psychiatric Solutions, Inc. *	11,922	332,028
VCA Antech, Inc. *	9,045	179,815
		1,347,563
Health Care Technology 0.4%		
Eclipsys Corp. *	10,800	153,252
Life Sciences Tools & Services 4.8%		
Icon plc *	21,138	416,207
Illumina, Inc. *	24,400	635,620
Sequenom, Inc. *	30,100	597,184
		1,649,011
INDUSTRIALS 15.6%		
Aerospace & Defense 3.4%		
ARGON ST, Inc. *	27,816	524,610
Hexcel Corp. *	47,200	348,808
Stanley, Inc. *	8,385	303,705
		1,177,123
Air Freight & Logistics 2.0%		
Atlas Air Worldwide Holdings *	10,500	198,450
Forward Air Corp.	20,200	490,254
		688,704
Commercial Services & Supplies 4.6%		
Clean Harbors, Inc. *	6,400	406,016
Steiner Leisure, Ltd. *	9,600	283,392
Team, Inc. *	12,800	354,560
Waste Connections, Inc. *	16,800	530,376
		1,574,344
Construction & Engineering 2.4%		
Pike Electric Corp. *	12,600	154,980
Quanta Services, Inc. *	34,500	683,100
		838,080
Electrical Equipment 0.6%		
Polypore International, Inc. *	27,040	204,422
Machinery 0.7%		
RBC Bearings, Inc. *	12,500	253,500
Road & Rail 0.8%		
Heartland Express, Inc.	18,400	289,984

See Notes to Financial Statements

December 31, 2008

	Shares	Value
COMMON STOCKS continued		
INDUSTRIALS continued		
Trading Companies & Distributors 1.1%		
Interline Brands, Inc. *	17,500	$ 186,025
MSC Industrial Direct Co., Class A	4,800	176,784
		362,809
INFORMATION TECHNOLOGY 23.2%		
Communications Equipment 2.6%		
Adtran, Inc.	18,200	270,816
Comtech Telecommunications Corp. *	5,400	247,428
F5 Networks, Inc. *	12,100	276,606
Neutral Tandem, Inc. *	7,157	116,087
		910,937
Electronic Equipment, Instruments & Components 1.3%		
Benchmark Electronics, Inc. *	13,422	171,399
Mellanox Technologies, Ltd. *	36,500	286,890
		458,289
Internet Software & Services 9.4%		
Bankrate, Inc. * * ρ	13,036	495,368
ComScore, Inc. *	25,700	327,675
Constant Contact, Inc. ρ *	26,200	347,150
Equinix, Inc. *	8,878	472,221
LivePerson, Inc. *	81,600	148,512
NIC, Inc.	98,377	452,534
Omniture, Inc. *	14,500	154,280
SonicWALL, Inc. *	11,600	46,168
SupportSoft, Inc. *	94,400	210,512
Switch & Data Facilities Co., Inc. *	34,700	256,433
Vocus, Inc. *	19,250	350,542
		3,261,395
IT Services 0.5%		
CyberSource Corp. *	14,400	172,656
Semiconductors & Semiconductor Equipment 5.5%		
Advanced Energy Industries, Inc. *	16,000	159,200
ATMI, Inc. *	17,074	263,452
Cavium Networks, Inc. * ρ	32,300	339,473
FormFactor, Inc. *	16,500	240,900
NetLogic Microsystems, Inc. *	23,800	523,838
Power Integrations, Inc.	6,600	131,208
Tessera Technologies, Inc. *	20,500	243,540
		1,901,611

See Notes to Financial Statements

December 31, 2008

	Shares	Value
COMMON STOCKS continued		
INFORMATION TECHNOLOGY continued		
Software 3.9%		
Blackboard, Inc. *	18,900	$ 495,747
Concur Technologies, Inc. *	15,464	507,528
Ultimate Software Group, Inc. *	22,600	329,960
		1,333,235
MATERIALS 1.8%		
Chemicals 0.5%		
Cytec Industries, Inc.	8,000	169,760
Containers & Packaging 0.8%		
Silgan Holdings, Inc.	5,500	262,955
Metals & Mining 0.5%		
Compass Minerals International, Inc.	3,136	183,958
TELECOMMUNICATION SERVICES 2.3%		
Diversified Telecommunication Services 0.4%		
tw telecom, Inc., Class A *	15,000	127,050
Wireless Telecommunication Services 1.9%		
Leap Wireless International, Inc. *	7,500	201,675
SBA Communications Corp., Class A *	28,200	460,224
		661,899
Total Common Stocks (cost $37,892,857)		33,554,638
SHORT-TERM INVESTMENTS 8.7%		
MUTUAL FUND SHARES 8.7%		
BGI Prime Money Market Fund, Premium Shares, 1.37% q ρρ	130,764	130,764
BlackRock Liquidity TempFund, Institutional Class, 1.66% q ρρ	325,596	325,596
Evergreen Institutional Money Market Fund, Class I, 1.53% q ø ρρ	2,450,293	2,450,293
Morgan Stanley Institutional Liquidity Fund Money Market Portfolio, Institutional Class, 0.85% q ρρ	122,891	122,891
Total Short-Term Investments (cost $3,029,544)		3,029,544
Total Investments (cost $40,922,401) 105.8%		36,584,182
Other Assets and Liabilities (5.8%)		(2,016,241)
Net Assets 100.0%		$ 34,567,941

*	Non-income producing security
ρ	All or a portion of this security is on loan.
q	Rate shown is the 7-day annualized yield at period end.
ρρ	All or a portion of this security represents investment of cash collateral received from securities on loan.
ø	Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.

See Notes to Financial Statements

December 31, 2008

The following table shows the percent of total long-term investments by sector as of December 31, 2008:

Information Technology	23.9%
Health Care	23.4%
Industrials	16.1%
Consumer Discretionary	12.0%
Financials	10.2%
Energy	6.3%
Consumer Staples	3.9%
Telecommunication Services	2.4%
Materials	1.8%
	100.0%

See Notes to Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2008

Assets		
Investments in securities, at value (cost $38,472,108) including $1,697,713 of securities loaned	$	34,133,889
Investments in affiliated money market fund, at value (cost $2,450,293)		2,450,293
Total investments		36,584,182
Receivable for securities sold		1,167,270
Receivable for Fund shares sold		122
Dividends receivable		14,629
Receivable for securities lending income		6,710
Total assets		37,772,913
Liabilities		
Payable for securities purchased		1,110,582
Payable for Fund shares redeemed		316,020
Payable for securities on loan		1,766,568
Advisory fee payable		1,180
Distribution Plan expenses payable		103
Due to other related parties		259
Accrued expenses and other liabilities		10,260
Total liabilities		3,204,972
Net assets	$	34,567,941
Net assets represented by		
Paid-in capital	$	51,586,197
Undistributed net investment income		2,546
Accumulated net realized losses on investments		(12,682,583)
Net unrealized losses on investments		(4,338,219)
Total net assets	$	34,567,941
Net assets consists of		
Class 1	$	26,835,769
Class 2		7,732,172
Total net assets	$	34,567,941
Shares outstanding (unlimited number of shares authorized)		
Class 1		3,252,832
Class 2		955,640
Net asset value per share		
Class 1	$	8.25
Class 2	$	8.09

See Notes to Financial Statements

STATEMENT OF OPERATIONS

Year Ended December 31, 2008

Investment income	
Securities lending	$ 316,358
Dividends (net of foreign withholding taxes of $1,257)	213,444
Income from affiliate	52,800
Total investment income	582,602
Expenses	
Advisory fee	403,481
Distribution Plan expenses	27,762
Administrative services fee	57,639
Transfer agent fees	227
Trustees' fees and expenses	2,254
Printing and postage expenses	28,912
Custodian and accounting fees	18,135
Professional fees	28,394
Other	2,142
Total expenses	568,946
Less: Expense reductions	(1,065)
Fee waivers	(4,112)
Net expenses	563,769
Net investment income	18,833
Net realized and unrealized gains or losses on investments	
Net realized losses on investments	(12,163,867)
Net change in unrealized gains or losses on investments	(17,143,483)
Net realized and unrealized gains or losses on investments	(29,307,350)
Net decrease in net assets resulting from operations	$ (29,288,517)

See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31,			
	2008		2007	
Operations				
Net investment income (loss)		$ 18,833		$ (326,782)
Net realized gains or losses on investments		(12,163,867)		10,605,465
Net change in unrealized gains or losses on investments		(17,143,483)		(898,097)
Net increase (decrease) in net assets resulting from operations		(29,288,517)		9,380,586
Distributions to shareholders from				
Net investment income				
Class 1		(11,683)		0
Net realized gains				
Class 1		0		(14,231,694)
Class 2		0		(2,871,175)
Tax basis return of capital				
Class 1		0		(57,455)
Class 2		0		(11,422)
Total distributions to shareholders		(11,683)		(17,171,746)
	Shares		**Shares**	
Capital share transactions				
Proceeds from shares sold				
Class 1	677,691	7,629,693	653,308	10,418,235
Class 2	66,459	650,415	8,836	134,118
		8,280,108		10,552,353
Net asset value of shares issued in reinvestment of distributions				
Class 1	1,486	11,683	1,013,752	14,289,149
Class 2	0	0	207,865	2,882,597
		11,683		17,171,746
Payment for shares redeemed				
Class 1	(2,489,390)	(28,081,353)	(1,418,103)	(22,326,601)
Class 2	(152,234)	(1,695,025)	(124,846)	(1,969,347)
		(29,776,378)		(24,295,948)
Net increase (decrease) in net assets resulting from capital share transactions		(21,484,587)		3,428,151
Total decrease in net assets		(50,784,787)		(4,363,009)
Net assets				
Beginning of period		85,352,728		89,715,737
End of period		$ 34,567,941		$ 85,352,728
Undistributed net investment income (loss)		$ 2,546		$ (2,010)

See Notes to Financial Statements

1. ORGANIZATION

Evergreen VA Growth Fund (the "Fund") is a diversified series of Evergreen Variable Annuity Trust (the "Trust"), a Delaware statutory trust organized on December 23, 1997. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Shares of the Fund may only be purchased by insurance companies for the purpose of funding variable annuity contracts or variable life insurance policies.

The Fund offers Class 1 and Class 2 shares at net asset value without a front-end sales charge or contingent deferred sales charge. Class 2 shares pay an ongoing distribution fee.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles in the United States of America, which require management to make estimates and assumptions that affect amounts reported herein. Actual results could differ from these estimates.

a. Valuation of investments

Listed equity securities are usually valued at the last sales price or official closing price on the national securities exchange where the securities are principally traded.

Short-term securities with remaining maturities of 60 days or less at the time of purchase are valued at amortized cost, which approximates market value.

Investments in open-end mutual funds are valued at net asset value. Securities for which market quotations are not readily available or not reflective of current market value are valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.

b. Repurchase agreements

Securities pledged as collateral for repurchase agreements are held by the custodian bank or in a segregated account in the Fund's name until the agreements mature. Collateral for certain tri-party repurchase agreements is held at the counterparty's custodian in a segregated account for the benefit of the Fund and the counterparty. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. However, in the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings. The Fund will only enter into repurchase agreements with banks and other financial institutions, which are deemed by the investment advisor to be creditworthy pursuant to guidelines established by the Board of Trustees. In certain instances, the Fund's securities lending agent may provide collateral in the form of repurchase agreements.

c. Securities lending

The Fund may lend its securities to certain qualified brokers in order to earn additional income. The Fund receives compensation in the form of fees or interest earned on the investment of any cash collateral received. The Fund also continues to receive interest and dividends on the securities loaned. The Fund receives collateral in the form of cash or securities with a market value at least equal to the market value of the securities on loan. In the event of default or bankruptcy by the borrower, the Fund could experience delays and costs in recovering the loaned securities or in gaining access to the collateral. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

d. Security transactions and investment income

Security transactions are recorded on trade date. Realized gains and losses are computed using the specific cost of the security sold. Dividend income is recorded on the ex-dividend date. Foreign income and capital gains realized on some securities may be subject to foreign taxes, which are accrued as applicable.

e. Federal and other taxes

The Fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income, including any net capital gains (which have already been offset by available capital loss carryovers). Accordingly, no provision for federal taxes is required. The Fund has adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") which prescribes a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Fund's financial statements have not been impacted by the adoption of FIN 48. The Fund's income and excise tax returns and all financial records supporting those returns for the prior three fiscal years are subject to examination by the federal, Massachusetts and Delaware revenue authorities.

f. Distributions

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in conformity with income tax regulations, which may differ from generally accepted accounting principles.

Reclassifications have been made to the Fund's components of net assets to reflect income and gains available for distribution (or available capital loss carryovers, as applicable) under income tax regulations. During the year ended December 31, 2008, the following amounts were reclassified:

Undistributed net investment income	$(2,594)
Accumulated net realized losses on investments	2,594

g. Class allocations

Income, common expenses and realized and unrealized gains and losses are allocated to the classes based on the relative net assets of each class. Distribution fees, if any, are calculated daily at the class level based on the appropriate net assets of each class and the specific expense rates applicable to each class.

3. ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Evergreen Investment Management Company, LLC ("EIMC"), an indirect, wholly-owned subsidiary of Wells Fargo & Company ("Wells Fargo"), is the investment advisor to the Fund and is paid an annual fee starting at 0.70% and declining to 0.65% as the aggregate average daily net assets of the Fund and its retail counterpart, Evergreen Growth Fund, increase. For the year ended December 31, 2008, the advisory fee was equivalent to an annual rate of 0.70% of the Fund's average daily net assets.

On October 3, 2008, Wells Fargo and Wachovia Corporation ("Wachovia") announced that Wells Fargo agreed to acquire Wachovia in a whole company transaction that will include all of Wachovia's banking and other businesses. In connection with this transaction, Wachovia issued preferred shares to Wells Fargo representing approximately a 40% voting interest in Wachovia. Due to its ownership of preferred shares, Wells Fargo may be deemed to control EIMC. If Wells Fargo is deemed to control EIMC, then the existing advisory agreement between the Fund and EIMC would have terminated automatically in connection with the issuance of preferred shares. To address this possibility, on October 20, 2008 the Board of Trustees approved an interim advisory agreement with EIMC with the same terms and conditions as the existing agreement which became effective upon the issuance of the preferred shares. EIMC's receipt of the advisory fees under the interim advisory agreement is subject to the approval by shareholders of the Fund of a new advisory agreement with EIMC.

On December 31, 2008, Wachovia merged with and into Wells Fargo and as a result of the merger, EIMC, Evergreen Investment Services, Inc. ("EIS") and Evergreen Service Company, LLC ("ESC") became subsidiaries of Wells Fargo. After the merger, a new interim advisory agreement with the same terms and conditions between the Fund and EIMC went into effect.

From time to time, EIMC may voluntarily or contractually waive its fee and/or reimburse expenses in order to limit operating expenses. During the year ended December 31, 2008, EIMC voluntarily waived its advisory fee in the amount of $4,112.

The Fund may invest in money market funds which are advised by EIMC. Income earned on these investments is included in income from affiliate on the Statement of Operations.

EIMC also serves as the administrator to the Fund and is paid an annual rate determined by applying percentage rates to the aggregate average daily net assets of the Evergreen funds (excluding money market funds) starting at 0.10% and declining to 0.05% as the aggregate average daily net assets of the Evergreen funds (excluding money market funds) increase. For the year ended December 31, 2008, the administrative services fee was equivalent to 0.10% of the Fund's average daily net assets.

ESC, an indirect, wholly-owned subsidiary of Wells Fargo, is the transfer and dividend disbursing agent for the Fund. ESC receives account fees that vary based on the type of account held by the shareholders in the Fund.

Wachovia Bank NA, through its securities lending division of Wachovia Global Securities Lending, acts as the securities lending agent for the Fund (See Note 5).

The Fund has placed a portion of its portfolio transactions with brokerage firms that are affiliates of Wells Fargo. During the year ended December 31, 2008, the Fund paid brokerage commissions of $7,351 to Wachovia Securities, LLC.

4. DISTRIBUTION PLAN

EIS, an indirect, wholly-owned subsidiary of Wells Fargo, serves as distributor of the Fund's shares. The Fund has adopted a Distribution Plan, as allowed by Rule 12b-1 of the 1940 Act, for Class 2 shares. Under the Distribution Plan, distribution fees are paid at an annual rate of 0.25% of the average daily net assets for Class 2 shares.

5. INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales of investment securities (excluding short-term securities) were $60,247,867 and $80,105,336, respectively, for the year ended December 31, 2008.

On January 1, 2008, the Fund implemented Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"). FAS 157 establishes a single authoritative definition of fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 establishes a fair value hierarchy based upon the various inputs used in determining the value of the Fund's investments. These inputs are summarized into three broad levels as follows:

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 in determining the fair value of investments)

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

As of December 31, 2008, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

Valuation Inputs	Investments in Securities
Level 1 – Quoted Prices	$ 36,584,182
Level 2 – Other Significant Observable Inputs	0
Level 3 – Significant Unobservable Inputs	0
Total	$ 36,584,182

During the year ended December 31, 2008, the Fund loaned securities to certain brokers and earned $316,358, net of $34,980 paid to Wachovia Global Securities Lending as the securities lending agent. At December 31, 2008, the value of securities on loan and the total value of collateral received for securities loaned amounted to $1,697,713 and $1,766,568, respectively.

On December 31, 2008, the aggregate cost of securities for federal income tax purposes was $41,730,529. The gross unrealized appreciation and depreciation on securities based on tax cost was $3,458,277 and $8,604,624, respectively, with a net unrealized depreciation of $5,146,347.

As of December 31, 2008, the Fund had $9,294,496 in capital loss carryovers for federal income tax purposes expiring in 2016.

For income tax purposes, capital losses incurred after October 31 within the Fund's fiscal year are deemed to arise on the first business day of the following fiscal year. As of December 31, 2008, the Fund incurred and will elect to defer post-October losses of $2,579,959.

6. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, the Fund may participate in an interfund lending program with certain funds in the Evergreen fund family. This program allows the Fund to borrow from other participating funds. During the year ended December 31, 2008, the Fund did not participate in the interfund lending program.

7. DISTRIBUTIONS TO SHAREHOLDERS

As of December 31, 2008, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	Unrealized Depreciation	Capital Loss Carryovers and Post-October Losses	Temporary Book/Tax Differences
$3,832	$5,146,347	$11,874,455	($1,286)

The differences between the components of distributable earnings on a tax basis and the amounts reflected in the Statement of Assets and Liabilities are primarily due to wash sales. The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses.

The tax character of distributions paid was as follows:

	Year Ended December 31,	
	2008	2007
Ordinary Income	$11,683	$ 1,868,720
Long-term Capital Gain	0	15,234,149
Return of Capital	0	68,877

8. EXPENSE REDUCTIONS

Through expense offset arrangements with ESC and the Fund's custodian, a portion of fund expenses has been reduced.

9. DEFERRED TRUSTEES' FEES

Each Trustee of the Fund may defer any or all compensation related to performance of his or her duties as a Trustee. The Trustees' deferred balances are allocated to deferral accounts, which are included in the accrued expenses for the Fund. The investment performance of the deferral accounts is based on the investment performance of certain Evergreen funds. Any gains earned or losses incurred in the deferral accounts are reported in the Fund's Trustees' fees and expenses. At the election of the Trustees, the deferral account will be paid either in one lump sum or in quarterly installments for up to ten years.

10. FINANCING AGREEMENT

The Fund and certain other Evergreen funds share in a $100 million unsecured revolving credit commitment for temporary and emergency purposes, including the funding of redemptions, as permitted by each participating fund's borrowing restrictions. Borrowings under this facility bear interest at 0.50% per annum above the Federal Funds rate. All of the participating funds are charged an annual commitment fee of 0.09% on the unused balance, which is allocated pro rata. Prior to June 27, 2008, the annual commitment fee was 0.08%. During the year ended December 31, 2008, the Fund had no borrowings.

11. REGULATORY MATTERS AND LEGAL PROCEEDINGS

The Evergreen funds, EIMC and certain of EIMC's affiliates are involved in various legal actions, including private litigation and class action lawsuits, and are and may in the future be subject to regulatory inquiries and investigations.

The SEC and the Secretary of the Commonwealth, Securities Division, of the Commonwealth of Massachusetts are conducting separate investigations of EIMC, EIS and Evergreen Ultra Short Opportunities Fund (the "Ultra Short Fund") concerning alleged issues surrounding the drop in net asset value of the Ultra Short Fund in May and June 2008. In addition, three purported class actions have been filed in the U.S. District

Court for the District of Massachusetts relating to the same events; defendants include various Evergreen entities, including EIMC and EIS, and Evergreen Fixed Income Trust and its Trustees. The cases generally allege that investors in the Ultra Short Fund suffered losses as a result of (i) misleading statements in Ultra Short Fund's registration statement and prospectus, (ii) the failure to accurately price securities in the Ultra Short Fund at different points in time and (iii) the failure of the Ultra Short Fund's risk disclosures and description of its investment strategy to inform investors adequately of the actual risks of the fund.

12. NEW ACCOUNTING PRONOUNCEMENTS

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities* ("FAS 161"), an amendment of FASB Statement No. 133. FAS 161 requires enhanced disclosures about (a) how and why a fund uses derivative instruments, (b) how derivative instruments and hedging activities are accounted for, and (c) how derivative instruments and related hedging activities affect a fund's financial position, financial performance, and cash flows. Management of the Fund does not believe the adoption of FAS 161 will materially impact the financial statement amounts, but will require additional disclosures. This will include qualitative and quantitative disclosures on derivative positions existing at period end and the effect of using derivatives during the reporting period. FAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

In September 2008, FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4, *Disclosures about Credit Derivatives and Certain Guarantees:* An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161. This FASB Staff Position (1) amends FASB Statement No. 133 to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument (2) amends FASB Interpretation No. 45 to require additional disclosure about the current status of the payment/performance risk of a guarantee and (3) clarifies the effective date of FAS 161. This FASB Staff Position is effective for reporting periods (annual or interim) ending after November 15, 2008. The adoption of this FASB Staff Position did not require additional disclosures to the Fund's financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Trustees and Shareholders
Evergreen Variable Annuity Trust

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of the Evergreen VA Growth Fund, a series of the Evergreen Variable Annuity Trust, as of December 31, 2008 and the related statement of operations for the year then ended, statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the five-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits 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 and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2008 by correspondence with the custodian and brokers, or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Evergreen VA Growth Fund as of December 31, 2008, the results of its operations, changes in its net assets and financial highlights for each of the years described above, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Boston, Massachusetts
February 11, 2009

ADDITIONAL INFORMATION (unaudited)

FEDERAL TAX DISTRIBUTIONS

For corporate shareholders, 100% of ordinary income dividends paid during the fiscal year ended December 31, 2008 qualified for the dividends received deduction.

INFORMATION ABOUT THE REVIEW AND APPROVAL OF THE FUND'S INVESTMENT ADVISORY AGREEMENT

Each year, the Fund's Board of Trustees determines whether to approve the continuation of the Fund's investment advisory agreements. In September 2008, the Trustees, including a majority of the Trustees who are not "interested persons" (as that term is defined in the 1940 Act) of the Fund or EIMC (the "independent Trustees"), approved the continuation of the Fund's investment advisory agreements. (References below to the "Fund" are to VA Growth Fund; references to the "funds" are to the Evergreen funds generally.)

At the same time, the Trustees considered the continuation of the investment advisory agreements for all of the funds. The description below refers in many cases to the Trustees' process for considering, and conclusions regarding, all of the funds' agreements. In all of its deliberations, the Board of Trustees and the independent Trustees were advised by independent counsel to the independent Trustees and counsel to the funds.

The review process. In connection with its review of the funds' investment advisory agreements, the Board of Trustees requests and evaluates, and EIMC and any sub-advisors furnish, such information as the Trustees consider to be reasonably necessary in the circumstances. The Trustees began their 2008 review process at the time of the last advisory contract-renewal process in September 2007. In the course of their 2007 review, the Trustees identified a number of funds that had experienced either short-term or longer-term performance issues. During the 2008 review process, the Trustees monitored each of these funds in particular for changes in performance and for the results of any changes in a fund's investment process or investment team. In addition, during the course of the year, the Trustees regularly reviewed information regarding the investment performance of all of the funds, paying particular attention to funds whose performance since September 2007 indicated short-term or longer-term performance issues.

In spring 2008, a committee of the Board of Trustees (the "Committee"), working with EIMC management, determined generally the types of information the Board would review as part of its 2008 review process and set a timeline detailing the information required and the dates for its delivery to the Trustees. The Board engaged the independent data provider Keil Fiduciary Strategies LLC ("Keil") to provide fund-specific and industry-wide data containing information of a nature and in a format generally prescribed by the Committee, and the Committee worked with Keil and EIMC to develop appropriate groups of peer funds for each fund. The Committee also identified a number of expense, performance, and other issues and requested specific information as to those issues.

The Trustees reviewed, with the assistance of an independent industry consultant retained by the independent Trustees, the information that EIMC and Keil provided. The Trustees formed small groups to review individual funds in greater detail. In addition, the Trustees considered information regarding, among other things, brokerage practices of the funds, the use of derivatives by the funds, strategic planning for the funds, analyst and research support available to the portfolio management teams, and information regarding the various fall-out benefits received directly and indirectly by EIMC and its affiliates from the funds. The Trustees requested and received additional information following that review.

The Committee met several times by telephone during the 2008 review process to consider the information provided by EIMC. The Committee then met with representatives of EIMC. In addition, over the period of this review, the independent Trustees discussed the continuation of the funds' advisory agreements with representatives of EIMC and in multiple private sessions with independent legal counsel at which no personnel of EIMC were present. At a meeting of the full Board of Trustees in September, the Committee reported the results of its discussions with EIMC, and the full Board met with representatives of EIMC and engaged in further review of the materials provided to it, and approved the continuation of each of the advisory and sub-advisory agreements.

In considering the continuation of the agreements, the Trustees did not identify any particular information or consideration that was all-important or controlling, and each Trustee attributed different weights to various factors. The Trustees evaluated information provided to them both in terms of the funds generally and with respect to each fund, including the Fund, specifically as they considered appropriate. Although the Trustees considered the continuation of the agreements as part of the larger process of considering the continuation of the advisory contracts for all of the funds, their determination to continue the advisory agreements for each of the funds was ultimately made on a fund-by-fund basis.

This summary describes a number of the most important, but not necessarily all, of the factors considered by the Board and the independent Trustees.

Information reviewed. The Board of Trustees and committees of the Board of Trustees meet periodically during the course of the year. At those meetings, EIMC presents a wide variety of information regarding the services it performs, the investment performance of the funds, and other aspects of the business and operations of the funds. At those meetings, and in the process of considering the continuation of the agreements, the Trustees considered information regarding, for example, the funds' investment results; the portfolio management teams for the funds and the experience of the members of those teams, and any recent changes in the membership of the teams; portfolio trading practices; compliance by the funds and EIMC with applicable laws and regulations and with the funds' and EIMC's compliance policies and procedures; risk evaluation and oversight procedures at EIMC; services provided by affiliates of EIMC to the funds and shareholders of the funds; and other information relating to the nature, extent, and quality of services provided by EIMC. The Trustees considered a number of changes in portfolio management personnel at EIMC and its advisory affiliates in the year since September 2007. The Trustees also considered changes in personnel at the funds and EIMC, including the appointment of a new Chief Compliance Officer for the funds in June of 2007 and a new Chief Investment Officer at EIMC in August of 2008.

The Trustees considered the rates at which the funds pay investment advisory fees, and the efforts generally by EIMC and its affiliates as sponsors of the funds. The data provided by Keil showed the management fees paid by each fund in comparison to the management fees of other peer mutual funds, in addition to data regarding the investment performance of the funds in comparison to other peer mutual funds. The Trustees were assisted by an independent industry consultant in reviewing the information presented to them.

The Trustees noted that, in certain cases, EIMC and/or its affiliates provide advisory services to other clients that are comparable to the advisory services they provide to certain funds. The Trustees considered the information EIMC provided regarding the rates at which those other clients pay advisory fees to EIMC or its affiliates for such services. Fees charged to those other clients were generally lower than those charged to the respective funds. In respect of these other accounts, EIMC noted that the compliance, reporting, and other legal burdens of providing investment advice to mutual funds generally exceed those required to provide advisory services to non-mutual fund clients such as retirement or pension plans. The Trustees also considered the investment performance of those other accounts managed by EIMC and its affiliates, where applicable, and concluded that the performance of those accounts did not suggest any substantial difference in the quality of the service provided by EIMC and its affiliates to those accounts.

The Trustees considered the transfer agency fees paid by the funds to an affiliate of EIMC. They reviewed information presented to them showing that the transfer agency fees charged to the funds were generally consistent with industry norms.

The Trustees also considered that EIMC serves as administrator to the funds and receives a fee for its services as administrator. In their comparison of the advisory fee paid by the funds with those paid by other mutual funds, the Trustees considered administrative fees paid by the funds and those other mutual funds. The Board considered that EIS, an affiliate of EIMC, serves as distributor to the funds generally and receives fees from the funds for those services. They considered other so-called “fall-out” benefits to EIMC and its affiliates due to their other relationships with the funds, including, for example, soft-dollar services received by EIMC attributable to transactions entered into by EIMC for the benefit of the funds and brokerage commissions received by Wachovia Securities, LLC, an affiliate of EIMC, from transactions effected by it for the funds. The Trustees also noted that the funds pay sub-transfer agency fees to various financial institutions, including

Wachovia Securities, LLC and its affiliates, that hold fund shares in omnibus accounts, and that an affiliate of EIMC receives fees for administering the sub-transfer agency payment program. In reviewing the services provided by an affiliate of EIMC, the Trustees noted that an affiliate of EIMC had won recognition from Dalbar customer service each year since 1998, and also won recognition from National Quality Review for customer service and for accuracy in processing transactions in 2008. They also considered that Wachovia Securities, LLC and its affiliates receive distribution-related fees and shareholder servicing payments (including amounts derived from payments under the funds' Rule 12b-1 plans) in respect of shares sold or held through it. The Trustees also noted that an affiliate of EIMC receives compensation for serving as a securities lending agent for a number of the funds.

In the period leading up to the Trustees' approval of continuation of the investment advisory agreements, the Trustees were mindful of the financial condition of Wachovia Corporation ("Wachovia"), EIMC's parent company. They considered the possibility that a significant adverse change in Wachovia's financial condition could impair the ability of EIMC or its affiliates to perform services for the funds at the same level as in the past. The Trustees concluded that any change in Wachovia's financial condition had not to date had any such effect, but determined to monitor EIMC's and its affiliates' performance, and financial conditions generally, going forward in order to identify any such impairment that may develop and to take appropriate action.

Nature and quality of the services provided. The Trustees considered that EIMC and its affiliates generally provide a comprehensive investment management service to the funds. They noted that EIMC formulates and implements an investment program for the Fund. They noted that EIMC makes its personnel available to serve as officers of the funds, and concluded that the reporting and management functions provided by EIMC with respect to the funds were generally satisfactory. The Trustees considered the investment philosophy of the Fund's portfolio management team, and considered the in-house research capabilities of EIMC and its affiliates, as well as other resources available to EIMC, including research services available to it from third parties. The Board considered the managerial and financial resources available to EIMC and its affiliates, and the commitment that the Wachovia organization has made to the funds generally. On the basis of these factors, they determined that the nature and scope of the services provided by EIMC were consistent with their respective duties under the investment advisory agreements and appropriate and consistent with the investment programs and best interests of the funds.

The Trustees noted the resources EIMC and its affiliates have committed to the regulatory, compliance, accounting, tax and oversight of tax reporting, and shareholder servicing functions, and the number and quality of staff committed to those functions, which they concluded were appropriate and generally in line with EIMC's responsibilities to the Fund and to the funds generally. The Board and the disinterested Trustees concluded, within the context of their overall conclusions regarding the funds' advisory agreements, that they were generally satisfied with the nature, extent, and quality of the services provided by EIMC, including services provided by EIMC under its administrative services agreements with the funds.

Investment performance. The Trustees considered the investment performance of each fund, both by comparison to other comparable mutual funds and to broad market indices. Although the Trustees considered the performance of all share classes, the Trustees noted that, for the one- and three-year periods ended December 31, 2007, the Fund's Class 1 shares had outperformed the Fund's benchmark index, the Russell 2000 Growth Index, and had outperformed a majority of the mutual funds against which the Trustees compared the Fund's performance. The Trustees also noted that, for five-year period ended December 31, 2007, the Fund's Class 1 shares had underperformed the Fund's benchmark index and had performed in the third quintile of the mutual funds against which the Trustees compared the Fund's performance.

The Trustees discussed each fund's performance with representatives of EIMC. In each instance where a fund experienced a substantial period of underperformance relative to its benchmark index and/or the non-Evergreen fund peers against which the Trustees compared the fund's performance, the Trustees considered EIMC's explanation of the reasons for the relative underperformance and the steps being taken to address the relative underperformance. The Trustees also noted that EIMC had appointed a new Chief Investment Officer in August of 2008 who had not yet had sufficient time to evaluate and direct remedial efforts with respect to funds that have experienced a substantial period of relative underperformance. The Trustees emphasized that the continuation of the investment advisory agreement for a fund should not be taken as any indication that the Trustees did not believe investment performance for any specific fund might not be improved, and they noted that they would continue to monitor closely the investment performance of the funds going forward.

Advisory and administrative fees. The Trustees recognized that EIMC does not seek to provide the lowest cost investment advisory service, but to provide a high quality, full-service investment management product at a reasonable price. They also noted that EIMC has in many cases sought to set its investment advisory fees at levels consistent with industry norms. The Trustees noted that, in certain cases, a fund's management fees were higher than many or most other mutual funds in the same Keil peer group. However, in each case, the Trustees determined on the basis of the information presented that the level of management fees was not excessive. The Trustees noted that the management fee paid by the Fund was lower than the management fees paid by a majority of the other mutual funds against which the Trustees compared the Fund's management fee, and that the level of profitability realized by EIMC in respect of the fee did not appear excessive.

Economies of scale. The Trustees noted the possibility that economies of scale would be achieved by EIMC in managing the funds as the funds grow. The Trustees noted that the Fund had implemented breakpoints in its advisory fee structure. The Trustees noted that they would continue to review the appropriate levels of breakpoints in the future, and concluded that the breakpoints as implemented appeared to be a reasonable step toward the realization of economies of scale by the Fund.

Profitability. The Trustees considered information provided to them regarding the profitability to the EIMC organization of the investment advisory, administration, and transfer agency (with respect to the open-end funds only) fees paid to EIMC and its affiliates by each of the funds. They considered that the information provided to them was necessarily estimated, and that the profitability information provided to them, especially on a fund-by-fund basis, did not necessarily provide a definitive tool for evaluating the appropriateness of each fund's advisory fee. They noted that the levels of profitability of the funds to EIMC varied widely, depending on among other things the size and type of fund. They considered the profitability of the funds in light of such factors as, for example, the information they had received regarding the relation of the fees paid by the funds to those paid by other mutual funds, the investment performance of the funds, and the amount of revenues involved. In light of these factors, the Trustees concluded that the profitability of any of the funds, individually or in the aggregate, should not prevent the Trustees from approving the continuation of the agreements.

Matters Relating to Approval of Interim Advisory and Sub-Advisory Agreements. Following the Trustees' approval of the continuation of the funds' investment advisory agreements, Wells Fargo & Company ("Wells Fargo") announced that it had agreed to acquire Wachovia in a whole company transaction that would include all of Wachovia's banking and other businesses, including EIMC. In connection with this transaction, on October 20, 2008, Wachovia issued preferred shares representing a 39.9% voting interest in Wachovia to Wells Fargo pursuant to a Share Exchange Agreement. Wells Fargo subsequently completed its acquisition of Wachovia on December 31, 2008.

Under the 1940 Act, both the issuance of the preferred shares to Wells Fargo and the completion of the acquisition could be viewed as resulting in the termination of the funds' investment advisory and sub-advisory agreements. Accordingly, on October 20, 2008, the Board of Trustees approved interim investment advisory and sub-advisory agreements that would become effective upon Wachovia's issuance of preferred shares to Wells Fargo. On November 12, 2008, the Trustees approved a second set of interim investment advisory and sub-advisory agreements that would become effective upon the completion of the acquisition. (The first set of interim agreements approved on October 20, 2008, together with the second set of interim agreements approved November 12, 2008, are referred to as "Interim Agreements.") In addition, the Trustees approved on November 12, 2008, and again at an in-person meeting on December 3 and 4, 2008, definitive investment advisory and sub-advisory agreements (the "New Agreements") and recommended that shareholders of the funds approve them at meetings to be held in early 2009.

In considering whether to approve the first set of Interim Agreements on October 20, 2008, the Trustees took into account that they had recently approved the annual continuation of all of the funds' existing investment advisory and sub-advisory agreements in September 2008. The Trustees reviewed the terms of the Interim Agreements, noting that the terms were generally identical to those of the funds' investment advisory agreements that were in effect before October 20, 2008 (but for provisions required by law to be included in the Interim Agreements). They also took into account current and anticipated market and economic conditions, the financial condition of EIMC and of Wachovia generally, and the likely effect of the merger on the financial condition of Wachovia. In general, the Trustees considered that the proposed merger of Wachovia with Wells Fargo would very likely improve substantially the financial condition of EIMC's parent company, increase the capital available to support the funds, and ensure that EIMC and its affiliates would have the resources to provide continuing services to the funds. In light principally of these considerations and their recent continuation of the funds' investment advisory arrangements in September, the Trustees unanimously approved the first set of Interim Agreements that became effective on October 20, 2008.

In addition to the foregoing, at their meetings on November 12, 2008 and December 3 and 4, 2008 when the Trustees considered whether to approve the second set of Interim Agreements as well as the New Agreements, the Trustees considered presentations made to them on November 12, 2008 by representatives of EIMC and Wells Fargo regarding the anticipated implications of the merger for EIMC and the funds. The Trustees also considered:

- Their understanding that the merger was not expected to result in any adverse effect on the funds, on the quality and level of services that EIMC would provide to the funds, or on the resources available to the funds and to EIMC, and that Wells Fargo is committed to continue providing the funds with high quality services;
- Information about Wells Fargo's financial condition, reputation, and resources, and the likelihood that the merger would result in improved organizational stability for EIMC, benefiting the funds as well as offering the potential for the funds, over time, to access Wells Fargo's infrastructure, resources and capabilities;

- That EIMC and Wells Fargo representatives have stated that there is no present intention to change the funds' existing advisory fees or expense limitations;
- That the representatives of Wells Fargo have expressed their intention to pursue the integration of EIMC and the funds with corresponding Wells Fargo businesses and funds only after a deliberative process designed to identify and retain the relative strengths of both organizations;
- That the Wells Fargo representatives expect that the deliberative process and any subsequent integration will take more than a year;
- That, in the meantime, Wells Fargo expects to retain, largely in its current form, the existing EIMC management team and investment advisory and other key professionals and to operate EIMC following the merger as a separate business unit under the Evergreen brand;
- That Wells Fargo and EIMC would consult with the Trustees before implementing any significant changes that would affect the funds or the services provided by EIMC or its affiliates to the funds;
- Wells Fargo's experience and approach with respect to acquisitions of other fund complexes;
- The fact that, if the New Agreements were not approved, on March 19, 2009, the Subsequent Interim Agreements will expire and the funds will no longer have a contractual right to investment advisory services from EIMC or any sub-advisors;
- That EIMC's management supports the merger; and
- That representatives of EIMC have committed that the funds will not bear the expenses relating to Wells Fargo's acquisition of Wachovia, including the costs of soliciting fund shareholders to approve the New Agreements.

Based on the foregoing, the Trustees, including all of the Trustees who are not "interested persons" of the funds or EIMC, unanimously approved the second set of Interim Agreements and the New Agreements.

This page left intentionally blank

This page left intentionally blank

This page left intentionally blank

TRUSTEES AND OFFICERS

TRUSTEES[1]

Charles A. Austin III Trustee DOB: 10/23/1934 Term of office since: 1991 Other directorships: None	Investment Counselor, Anchor Capital Advisors, LLC. (investment advice); Director, The Andover Companies (insurance); Trustee, Arthritis Foundation of New England; Former Director, The Francis Ouimet Society (scholarship program); Former Director, Executive Vice President and Treasurer, State Street Research & Management Company (investment advice)
K. Dun Gifford Trustee DOB: 10/23/1938 Term of office since: 1974 Other directorships: None	Chairman and President, Oldways Preservation and Exchange Trust (education); Trustee, Chairman of the Finance Committee, Member of the Executive Committee, and Former Treasurer, Cambridge College
Dr. Leroy Keith, Jr. Trustee DOB: 2/14/1939 Term of office since: 1983 Other directorships: Trustee, Phoenix Fund Complex (consisting of 50 portfolios as of 12/31/2008)	Managing Director, Almanac Capital Management (commodities firm); Trustee, Phoenix Fund Complex; Director, Diversapack Co. (packaging company); Former Partner, Stonington Partners, Inc. (private equity fund); Former Director, Obagi Medical Products Co.; Former Director, Lincoln Educational Services
Carol A. Kosel Trustee DOB: 12/25/1963 Term of office since: 2008 Other directorships: None	Former Consultant to the Evergreen Boards of Trustees; Former Vice President and Senior Vice President, Evergreen Investments, Inc.; Former Treasurer, Evergreen Funds; Former Treasurer, Vestaur Securities Fund
Gerald M. McDonnell Trustee DOB: 7/14/1939 Term of office since: 1988 Other directorships: None	Former Manager of Commercial Operations, CMC Steel (steel producer)
Patricia B. Norris Trustee DOB: 4/9/1948 Term of office since: 2006 Other directorships: None	President and Director of Buckleys of Kezar Lake, Inc. (real estate company); Former President and Director of Phillips Pond Homes Association (home community); Former Partner, PricewaterhouseCoopers, LLP (independent registered public accounting firm)
William Walt Pettit[2] Trustee DOB: 8/26/1955 Term of office since: 1988 Other directorships: None	Partner and Vice President, Kellam & Pettit, P.A. (law firm); Director, Superior Packaging Corp. (packaging company); Member, Superior Land, LLC (real estate holding company), Member, K&P Development, LLC (real estate development); Former Director, National Kidney Foundation of North Carolina, Inc. (non-profit organization)
David M. Richardson Trustee DOB: 9/19/1941 Term of office since: 1982 Other directorships: None	President, Richardson, Runden LLC (executive recruitment advisory services); Director, J&M Cumming Paper Co. (paper merchandising); Former Trustee, NDI Technologies, LLP (communications); Former Consultant, AESC (The Association of Executive Search Consultants)
Russell A. Salton III, MD Trustee DOB: 6/2/1947 Term of office since: 1984 Other directorships: None	President/CEO, AccessOne MedCard, Inc.

Michael S. Scofield Trustee DOB: 2/20/1943 Term of office since: 1984 Other directorships: None	Retired Attorney, Law Offices of Michael S. Scofield; Former Director and Chairman, Branded Media Corporation (multi-media branding company)
Richard J. Shima Trustee DOB: 8/11/1939 Term of office since: 1993 Other directorships: None	Independent Consultant; Director, Hartford Hospital; Trustee, Greater Hartford YMCA; Former Director, Trust Company of CT; Former Trustee, Saint Joseph College (CT)
Richard K. Wagoner, CFA[3] Trustee DOB: 12/12/1937 Term of office since: 1999 Other directorships: None	Member and Former President, North Carolina Securities Traders Association; Member, Financial Analysts Society

OFFICERS

W. Douglas Munn[4] President DOB: 4/21/1963 Term of office since: 2009	Principal occupations: President and Chief Executive Officer, Evergreen Investment Company, Inc.; former Chief Operating Officer, Evergreen Investment Company, Inc.
Jeremy DePalma[4] Treasurer DOB: 2/5/1974 Term of office since: 2005	Principal occupations: Senior Vice President, Evergreen Investment Management Company, LLC; Former Vice President, Evergreen Investment Services, Inc.; Former Assistant Vice President, Evergreen Investment Services, Inc.
Michael H. Koonce[4] Secretary DOB: 4/20/1960 Term of office since: 2000	Principal occupations: Senior Vice President and General Counsel, Evergreen Investment Services, Inc.; Secretary, Senior Vice President and General Counsel, Evergreen Investment Management Company, LLC and Evergreen Service Company, LLC
Robert Guerin[4] Chief Compliance Officer DOB: 9/20/1965 Term of office since: 2007	Principal occupations: Chief Compliance Officer, Evergreen Funds and Senior Vice President of Evergreen Investment Company, Inc.; Former Managing Director and Senior Compliance Officer, Babson Capital Management LLC; Former Principal and Director, Compliance and Risk Management, State Street Global Advisors; Former Vice President and Manager, Sales Practice Compliance, Deutsche Asset Management

[1] Each Trustee serves until a successor is duly elected or qualified or until his or her death, resignation, retirement or removal from office. Each Trustee oversaw 77 Evergreen funds as of December 31, 2008. Correspondence for each Trustee may be sent to Evergreen Board of Trustees, P.O. Box 20083, Charlotte, NC 28202.

[2] It is possible that Mr. Pettit may be viewed as an "interested person" of the Evergreen funds, as defined in the 1940 Act, because of his law firm's previous representation of affiliates of Wells Fargo & Company ("Wells Fargo"), the parent to the Evergreen funds' investment advisor, EIMC. The Trustees are treating Mr. Pettit as an interested trustee for the time being.

[3] Mr. Wagoner is an "interested person" of the Evergreen funds because of his ownership of shares in Wells Fargo & Company, the parent to the Evergreen funds' investment advisor.

[4] The address of the Officer is 200 Berkeley Street, Boston, MA 02116.

Additional information about the Fund's Board of Trustees and Officers can be found in the Statement of Additional Information (SAI) and is available upon request without charge by calling 800.343.2898.

INVESTMENTS THAT STAND THE TEST OF TIME

At Evergreen Investments, we remain steadfastly dedicated to four core principles that lead to success in today's financial world.

- **Leadership** — With more than $175 billion in assets as of December 31, 2008, Evergreen Investments has the scale and resources to help investors and financial professionals succeed.
- **Excellence** — Our investments are built for long-term performance, through strategies designed in an effort to outperform their benchmarks and peers over a full market cycle.
- **Experience** — Our investment teams operate independently, performing their own original research, across a full range of investment disciplines.
- **Commitment** — We are dedicated to working with financial professionals, crafting innovative solutions that meet your needs and translate into successful investor-advisor partnerships.

Visit us online at EvergreenInvestments.com

FOR MORE INFORMATION

Evergreen Express Line 800.346.3858
Evergreen Investor Services 800.343.2898

For the tenth consecutive year, Evergreen Investments has earned the Dalbar Mutual Fund Service Award, which recognizes those firms that exceed industry norms in key service areas.

560859 rv6 02/2009

Evergreen Investments℠
MUTUAL FUNDS

Evergreen Investments
200 Berkeley Street
Boston, MA 02116-5034