

Eaton Vance Tax-Managed Diversified Equity Income Fund  
Form N-Q  
September 29, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549





**FORM N-Q**





**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**





Investment Company Act File Number

811-21832

## **Eaton Vance Tax-Managed Diversified Equity Income Fund**

(Exact Name of Registrant as Specified in Charter)

**The Eaton Vance Building,  
255 State Street, Boston, Massachusetts**  
(Address of Principal Executive Offices)

**02109**  
(Zip code)

**Maureen A. Gemma**  
**Eaton Vance Management, 255 State Street, Boston, Massachusetts 02109**  
(Name and Address of Agent for Service)

Registrant's Telephone Number, Including Area  
Code:

(617) 482-8260

Date of Fiscal Year End:

October 31

Date of Reporting Period:

July 31, 2008

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**Item 1. Schedule of Investments**

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Eaton Vance Tax-Managed Diversified Equity Income Fund

as of July 31, 2008

PORTFOLIO OF INVESTMENTS (Unaudited)

Common Stocks 98.1%

Security	Shares	Value
<b>Aerospace &amp; Defense 4.5%</b>		
General Dynamics Corp.	358,347	\$ 31,943,052
Lockheed Martin Corp.	268,883	28,052,563
Raytheon Co.	338,352	19,262,379
United Technologies Corp.	528,838	33,835,055
		\$ 113,093,049
<b>Auto Components 0.6%</b>		
Johnson Controls, Inc.	493,462	\$ 14,882,814
		\$ 14,882,814
<b>Automobiles 0.4%</b>		
DaimlerChrysler AG	182,470	\$ 10,544,184
		\$ 10,544,184
<b>Beverages 2.2%</b>		
Coca-Cola Co. (The)	413,846	\$ 21,313,069
PepsiCo, Inc.	510,203	33,959,112
		\$ 55,272,181
<b>Biotechnology 3.5%</b>		
Amgen, Inc. (1)	188,227	\$ 11,788,657
Genentech, Inc. (1)	148,229	14,118,812
Genzyme Corp. (1)	328,038	25,144,113
Gilead Sciences, Inc. (1)	680,154	36,714,713
		\$ 87,766,295
<b>Capital Markets 4.8%</b>		
Bank of New York Mellon Corp. (The)	338,700	\$ 12,023,850
Credit Suisse Group	364,218	18,178,660
Goldman Sachs Group, Inc.	129,775	23,883,791
Invesco, Ltd.	503,212	11,719,807
Julius Baer Holding AG	359,537	22,781,754
State Street Corp.	158,934	11,386,032
T. Rowe Price Group, Inc.	192,173	11,501,554
UBS AG (1)	385,963	7,403,978
		\$ 118,879,426
<b>Chemicals 1.6%</b>		
E.I. Du Pont de Nemours & Co.	523,676	\$ 22,942,246
Monsanto Co.	145,729	17,357,781
		\$ 40,300,027
<b>Commercial Banks 2.8%</b>		
Banco Bradesco SA ADR	386,903	\$ 8,213,940
Banco Itau Holding Financiera SA ADR	778,125	16,574,062
Banco Santander Central Hispano SA	579,447	11,282,946

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HSBC Holdings PLC	1,131,968		18,708,507
Toronto-Dominion Bank	150,898		9,168,562
U.S. Bancorp	158,952		4,865,521
		\$	<b>68,813,538</b>
<b>Commercial Services &amp; Supplies 0.7%</b>			
Waste Management, Inc.	492,720	\$	17,511,269
		\$	<b>17,511,269</b>
<b>Communications Equipment 3.2%</b>			
Cisco Systems, Inc. (1)	1,298,670	\$	28,557,753
QUALCOMM, Inc.	528,541		29,249,459
Research In Motion, Ltd. (1)	187,674		23,050,121
		\$	<b>80,857,333</b>

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<b>Computer Peripherals 4.1%</b>			
Apple, Inc. (1)	178,346	\$	28,348,097
Hewlett-Packard Co.	702,274		31,461,875
International Business Machines Corp.	328,279		42,013,146
		\$	<b>101,823,118</b>
<b>Diversified Financial Services 2.4%</b>			
Bank of America Corp.	265,567	\$	8,737,154
Citigroup, Inc.	580,094		10,841,957
JPMorgan Chase & Co.	987,068		40,104,573
		\$	<b>59,683,684</b>
<b>Diversified Telecommunication Services 2.4%</b>			
AT&T, Inc.	1,228,037	\$	37,835,820
Verizon Communications, Inc.	684,345		23,295,104
		\$	<b>61,130,924</b>
<b>Electric Utilities 3.3%</b>			
E.ON AG	186,091	\$	35,472,555
Edison International	479,015		23,155,585
FirstEnergy Corp.	233,430		17,168,776
Iberdrola SA	532,825		7,239,817
		\$	<b>83,036,733</b>
<b>Electrical Equipment 1.4%</b>			
ABB, Ltd. (1)	249,752	\$	6,543,891
Emerson Electric Co.	603,236		29,377,593
		\$	<b>35,921,484</b>
<b>Energy Equipment &amp; Services 4.0%</b>			
Diamond Offshore Drilling, Inc.	202,921	\$	24,208,475
Schlumberger, Ltd.	425,780		43,259,248
Transocean, Inc. (1)	229,644		31,238,473
		\$	<b>98,706,196</b>
<b>Food &amp; Staples Retailing 2.4%</b>			
CVS Caremark Corp.	618,308	\$	22,568,242
Wal-Mart Stores, Inc.	623,406		36,544,060
		\$	<b>59,112,302</b>
<b>Food Products 2.7%</b>			
Nestle SA	852,290	\$	37,364,268
Nestle SA ADR	316,445		14,034,336
Unilever NV	560,748		15,468,642
		\$	<b>66,867,246</b>
<b>Health Care Equipment &amp; Supplies 3.3%</b>			
Baxter International, Inc.	154,501	\$	10,600,314
Becton, Dickinson and Co.	92,787		7,878,544
Boston Scientific Corp. (1)	868,111		10,321,840
Covidien, Ltd.	556,742		27,413,976
Medtronic, Inc.	292,810		15,469,152
Zimmer Holdings, Inc. (1)	144,307		9,944,195
		\$	<b>81,628,021</b>
<b>Health Care Providers &amp; Services 0.3%</b>			
Aetna, Inc.	167,862	\$	6,884,021
		\$	<b>6,884,021</b>
<b>Hotels, Restaurants &amp; Leisure 1.4%</b>			
Marriott International, Inc., Class A	550,115	\$	14,253,480

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McDonald's Corp.	364,633	21,801,407
		\$ 36,054,887
<b>Household Products 2.1%</b>		
Colgate-Palmolive Co.	288,554	21,430,906
Kimberly-Clark Corp.	211,472	12,229,426
Procter & Gamble Co.	280,633	18,375,849
		\$ 52,036,181

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<b>Industrial Conglomerates 2.8%</b>			
General Electric Co.	1,842,564	\$	52,126,136
Siemens AG	143,788		17,574,437
		\$	<b>69,700,573</b>
<b>Insurance 6.7%</b>			
Allianz SE	109,309	\$	18,539,968
Berkshire Hathaway, Inc., Class A (1)	457		52,303,650
Chubb Corp.	306,683		14,733,051
Lincoln National Corp.	322,089		15,363,645
MetLife, Inc.	233,905		11,875,357
Travelers Companies, Inc. (The)	565,335		24,942,580
Zurich Financial Services AG	114,366		30,042,346
		\$	<b>167,800,597</b>
<b>Internet Software &amp; Services 1.6%</b>			
Google, Inc., Class A (1)	82,173	\$	38,929,459
		\$	<b>38,929,459</b>
<b>IT Services 1.4%</b>			
MasterCard, Inc., Class A	96,545	\$	23,571,462
Visa, Inc., Class A (1)	167,321		12,224,472
		\$	<b>35,795,934</b>
<b>Life Sciences Tools &amp; Services 0.6%</b>			
Thermo Fisher Scientific, Inc. (1)	261,338	\$	15,816,176
		\$	<b>15,816,176</b>
<b>Machinery 1.4%</b>			
Danaher Corp.	320,204	\$	25,504,249
Illinois Tool Works, Inc.	228,347		10,698,057
		\$	<b>36,202,306</b>
<b>Media 2.5%</b>			
Comcast Corp., Class A	1,392,034	\$	28,703,741
Omnicom Group, Inc.	287,998		12,294,635
Time Warner, Inc.	870,679		12,468,123
Vivendi SA	235,669		9,855,978
		\$	<b>63,322,477</b>
<b>Metals &amp; Mining 2.1%</b>			
Anglo American PLC	175,910	\$	10,049,832
Arcelor Mittal	82,426		7,292,556
Cleveland-Cliffs, Inc.	67,972		7,368,844
Companhia Vale do Rio Doce ADR	666,341		20,010,220
Rio Tinto PLC	76,549		8,005,472
		\$	<b>52,726,924</b>
<b>Multiline Retail 0.3%</b>			
JC Penney Co., Inc.	216,246	\$	6,666,864
		\$	<b>6,666,864</b>
<b>Multi-Utilities 1.3%</b>			
Public Service Enterprise Group, Inc.	591,494	\$	24,724,449
RWE AG	64,176		7,681,282
		\$	<b>32,405,731</b>
<b>Oil, Gas &amp; Consumable Fuels 8.9%</b>			
Anadarko Petroleum Corp.	669,648	\$	38,779,316
ConocoPhillips	433,745		35,402,267
Exxon Mobil Corp.	627,081		50,436,125



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Hess Corp.		448,964		45,524,950
Occidental Petroleum Corp.		408,404		32,194,487
Williams Cos., Inc.		344,076		11,027,636
XTO Energy, Inc.		167,238		7,898,651
			\$	<b>221,263,432</b>

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<b>Pharmaceuticals 5.0%</b>				
Abbott Laboratories	505,535	\$	28,481,842	
Johnson & Johnson	418,993		28,688,451	
Merck & Co., Inc.	663,126		21,816,845	
Novartis AG	145,458		8,630,268	
Roche Holding AG	70,878		13,088,051	
Sanofi-Aventis SA	89,139		6,258,602	
Schering-Plough Corp.	324,795		6,846,679	
Wyeth	278,773		11,295,882	
		\$	<b>125,106,620</b>	
<b>Real Estate Investment Trusts (REITs) 0.6%</b>				
Boston Properties, Inc.	86,887	\$	8,357,660	
Simon Property Group, Inc.	74,300		6,882,409	
		\$	<b>15,240,069</b>	
<b>Semiconductors &amp; Semiconductor Equipment 0.8%</b>				
ASML Holding NV	908,345	\$	20,701,183	
		\$	<b>20,701,183</b>	
<b>Software 2.9%</b>				
Microsoft Corp.	1,840,100	\$	47,327,372	
Oracle Corp. (1)	1,129,755		24,323,625	
		\$	<b>71,650,997</b>	
<b>Specialty Retail 1.9%</b>				
Best Buy Co., Inc.	530,755	\$	21,081,589	
Home Depot, Inc.	279,088		6,650,667	
Staples, Inc.	875,650		19,702,125	
		\$	<b>47,434,381</b>	
<b>Tobacco 2.3%</b>				
British American Tobacco PLC	436,461	\$	15,740,841	
Philip Morris International, Inc.	816,967		42,196,346	
		\$	<b>57,937,187</b>	
<b>Wireless Telecommunication Services 0.9%</b>				
Rogers Communications, Inc., Class B	281,679	\$	9,546,101	
Vodafone Group PLC	4,428,667		11,856,121	
		\$	<b>21,402,222</b>	
<b>Total Common Stocks (identified cost \$2,466,695,777)</b>		\$	<b>2,450,908,045</b>	

**Short-Term Investments 3.5%**

Description	Interest		Value	
	(000 s omitted)			
Investment in Cash Management Portfolio, 2.23% (2)	\$	87,585	\$	87,585,026
<b>Total Short-Term Investments (identified cost \$87,585,026)</b>			\$	<b>87,585,026</b>
<b>Total Investments 101.6% (identified cost \$2,554,280,803)</b>			\$	<b>2,538,493,071</b>



**Covered Call Options Written (1.0)%**

Description	Number of Contracts	Strike Price	Expiration Date	Value
S&P 500 Index	2,628	\$ 1,240	8/16/08	\$ (10,249,200)
S&P 500 Index	865	1,260	8/16/08	(2,249,000)
S&P 500 Index	3,836	1,265	8/16/08	(8,861,160)
S&P 500 Index	2,316	1,270	8/16/08	(4,400,400)
<b>Total Covered Call Options Written (premiums received \$23,231,098)</b>				<b>\$ (25,759,760)</b>
<b>Other Assets, Less Liabilities (0.6)%</b>				<b>\$ (13,876,345)</b>
<b>Net Assets 100.0%</b>				<b>\$ 2,498,856,966</b>

ADR American Depository Receipt

(1) Non-income producing security.

(2) Affiliated investment company available to Eaton Vance portfolios and funds which invests in high quality, U.S. dollar denominated money market instruments. The rate shown is the annualized seven-day yield as of July 31, 2008. Net income allocated from the Investment in Cash Management Portfolio for the fiscal year to date ended July 31, 2008 was \$3,832,503.

**Country Concentration of Portfolio**

Country	Percentage of Net Assets	Value
United States	80.8%	\$ 2,018,631,308
Switzerland	6.3	158,067,552
Germany	3.6	89,812,427
United Kingdom	2.6	64,360,774
Brazil	1.8	44,798,223
Canada	1.7	41,764,784
Netherlands	1.4	36,169,825
Cayman Islands	1.3	31,238,473
Spain	0.7	18,522,762
France	0.6	16,114,579
Bermuda	0.5	11,719,808
Luxembourg	0.3	7,292,556
	<b>101.6%</b>	<b>\$ 2,538,493,071</b>

The cost and unrealized appreciation (depreciation) of investments of the Fund at July 31, 2008, as determined on a federal income tax basis, were as follows:

<b>Aggregate cost</b>	<b>\$ 2,546,983,396</b>
Gross unrealized appreciation	\$ 150,366,442
Gross unrealized depreciation	(158,856,767)

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Net unrealized depreciation \$ (8,490,325)

Written call option activity for the fiscal year to date ended July 31, 2008 was as follows:

	Number of Contracts	Premiums Received
Outstanding, beginning of period	9,430	\$ 29,045,955
Options written	94,996	267,120,345
Options terminated in closing purchase transactions	(94,781)	(272,935,202)
<b>Outstanding, end of period</b>	<b>9,645</b>	<b>\$ 23,231,098</b>

All of the assets of the Fund are subject to segregation to satisfy the requirements of the escrow agent. At July 31, 2008 the Fund had sufficient cash and/or securities to cover commitments under these contracts.

**Item 2. Controls and Procedures**

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Tax-Managed Diversified Equity Income Fund

By: /s/ Duncan W. Richardson  
Duncan W. Richardson  
President

Date: September 25, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Duncan W. Richardson  
Duncan W. Richardson  
President

Date: September 25, 2008

By: /s/ Barbara E. Campbell  
Barbara E. Campbell  
Treasurer

Date: September 25, 2008

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