



Evergreen Investments™

200 Berkeley Street  
Boston, MA 02116-5034

June 08, 2009

Dear Valued Clients and Investment Professionals,

As part of our commitment to providing you with information on important matters involving Evergreen Investments, we are informing you that Evergreen has reached final settlements with the Securities and Exchange Commission ("SEC") and the Securities Division of the Secretary the Commonwealth of Massachusetts ("Commonwealth") primarily relating to the liquidation of Evergreen Ultra Short Opportunities Fund ("Ultra") which occurred on June 18, 2008. The settlements resolve all issues involving the firm raised by the SEC and Commonwealth in connection with this matter.

Evergreen neither admitted nor denied the regulators' conclusions which include the following:

First, that during the period of February 2007 through Ultra's liquidation on June 18, 2008, Ultra's former portfolio management team failed to properly take into account readily available information concerning the valuations of certain non-agency residential mortgage-backed securities held by the Fund during significant changes in the market. As a result, the Fund's net asset value (NAV) was overstated during the period.

Evergreen has also determined that some of these or similar securities were held in other Evergreen Funds, leading to overstated NAVs for those funds as well. Evergreen will review and make appropriate remediation to other impacted Evergreen Funds in addition to Ultra.

Second, that Evergreen acted inappropriately when, in an effort to explain the decline in Ultra's NAV, certain information regarding the decline was communicated to some, but not all, shareholders and financial intermediaries.

Third, that the Ultra portfolio management team did not adhere to regulatory requirements for affiliated cross trades in executing trades with other Evergreen Funds. Evergreen will make appropriate remediation for this issue.

Finally, that from at least September 2007 to August 2008, Evergreen Investment Services, Inc., Evergreen's affiliated broker-dealer, did not preserve certain text and instant messages transmitted via personal digital assistants devices. Evergreen now has a system in place for retaining all electronic communications.

In settling the foregoing matters, Evergreen has agreed to a payment of \$41.125 million, which includes fines of \$1 million to the Commonwealth and \$4 million to the SEC. Evergreen will distribute \$40.125 million pursuant to a methodology and distribution plan approved by the regulators. Eligible shareholders will receive a cash payment. It is

important to note that fund shareholders will not bear any of the costs associated with the settlement.

We are committed to acting in the best interest of shareholders, and continue to move forward with our primary goal of safeguarding your investments and providing the high quality investment service you expect and deserve.

Sincerely,



W. Douglas Munn  
President, Evergreen Funds

*An investor should consider a mutual fund's investment objectives, risks, charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the fund's prospectus. To obtain a prospectus, please contact your financial advisor, or visit [EvergreenInvestments.com](http://EvergreenInvestments.com). Please read the prospectus carefully before investing.*

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Mutual funds:

**NOT FDIC INSURED**

**NOT BANK GUARANTEED**

**MAY LOSE VALUE**