

Eaton Vance Tax-Managed Diversified Equity Income Fund
Form N-CSRS
June 26, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT 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
The Eaton Vance Building, 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: April 30, 2008

Item 1. Reports to Stockholders

Semiannual Report April 30, 2008

EATON VANCE
TAX-MANAGED
DIVERSIFIED
EQUITY INCOME
FUND

**IMPORTANT NOTICES REGARDING PRIVACY,
DELIVERY OF SHAREHOLDER DOCUMENTS,
PORTFOLIO HOLDINGS AND PROXY VOTING**

Privacy. The Eaton Vance organization is committed to ensuring your financial privacy. Each of the financial institutions identified below has in effect the following policy ("Privacy Policy") with respect to nonpublic personal information about its customers:

Only such information received from you, through application forms or otherwise, and information about your Eaton Vance fund transactions will be collected. This may include information such as name, address, social security number, tax status, account balances and transactions.

None of such information about you (or former customers) will be disclosed to anyone, except as permitted by law (which includes disclosure to employees necessary to service your account). In the normal course of servicing a customer's account, Eaton Vance may share information with unaffiliated third parties that perform various required services such as transfer agents, custodians and broker/dealers.

Policies and procedures (including physical, electronic and procedural safeguards) are in place that are designed to protect the confidentiality of such information.

We reserve the right to change our Privacy Policy at any time upon proper notification to you. Customers may want to review our Policy periodically for changes by accessing the link on our homepage: www.eatonvance.com.

Our pledge of privacy applies to the following entities within the Eaton Vance organization: the Eaton Vance Family of Funds, Eaton Vance Management, Eaton Vance Investment Counsel, Boston Management and Research, and Eaton Vance Distributors, Inc.

In addition, our Privacy Policy only applies to those Eaton Vance customers who are individuals and who have a direct relationship with us. If a customer's account (i.e. fund shares) is held in the name of a third-party financial adviser/broker-dealer, it is likely that only such adviser's privacy policies apply to the customer. This notice supersedes all previously issued privacy disclosures.

For more information about Eaton Vance's Privacy Policy, please call 1-800-262-1122.

Delivery of Shareholder Documents. The Securities and Exchange Commission (the "SEC") permits funds to deliver only one copy of shareholder documents, including prospectuses, proxy statements and shareholder reports, to fund investors with multiple accounts at the same residential or post office box address. This practice is often called "householding" and it helps eliminate duplicate mailings to shareholders.

Eaton Vance, or your financial adviser, may household the mailing of your documents indefinitely unless you instruct Eaton Vance, or your financial adviser, otherwise.

If you would prefer that your Eaton Vance documents not be househanded, please contact Eaton Vance at 1-800-262-1122, or contact your financial adviser.

Your instructions that householding not apply to delivery of your Eaton Vance documents will be effective within 30 days of receipt by Eaton Vance or your financial adviser.

Portfolio Holdings. Each Eaton Vance Fund and its underlying Portfolio (if applicable) will file a schedule of its portfolio holdings on Form N-Q with the SEC for the first and third quarters of each fiscal year. The Form N-Q will be available on the Eaton Vance website www.eatonvance.com, by calling Eaton Vance at 1-800-262-1122 or in the EDGAR database on the SEC's website at www.sec.gov. Form N-Q may also be reviewed and copied at the SEC's public reference room in Washington, D.C. (call 1-800-732-0330 for information on the operation of the public reference room).

Proxy Voting. From time to time, funds are required to vote proxies related to the securities held by the funds. The Eaton Vance Funds or their underlying Portfolios (if applicable) vote proxies according to a set of policies and procedures approved by the Funds' and Portfolios' Boards. You may obtain a description of these policies and procedures and information on how the Funds or Portfolios voted proxies relating to portfolio securities during the most recent 12 month period ended June 30, without charge, upon request, by calling 1-800-262-1122. This description is also available on the SEC's website at www.sec.gov.

Eaton Vance Tax-Managed Diversified Equity Income Fund as of April 30, 2008

INVESTMENT UPDATE

Michael A. Allison, CFA

Eaton Vance Management

Co-Portfolio Manager

Walter A. Row, CFA

Eaton Vance Management

Co-Portfolio Manager

Ronald M. Egalka

Rampart Investment Management

Co-Portfolio Manager

Economic and Market Conditions

- The stock market registered a decline for the six months ended April 30, 2008, reflecting a slowing economy, weaker corporate profits and the deepening credit crisis. The financial and housing segments were hard hit, as a large supply of unsold homes plagued the housing market and the financial sector suffered steep losses related to the subprime loan debacle. Concerns over the credit crisis contributed to rising market volatility. As curtailed lending raised the prospect of a more severe slowdown, the Federal Reserve lowered short-term interest rates to add much-needed liquidity. The surge in energy prices was another hurdle for the economy, while the U.S. dollar fell to record lows versus other major currencies. Global markets also declined, with those dependent on sales to the U.S. of technology products and consumer electronics especially hard-hit. In mid-March 2008, the market began to recover tentatively amid suggestions that the market had already discounted the worst of the credit crisis. Led by a rebound in financial stocks and increasing hopes for an orderly unwinding of troubled debt, the rally gained strength through April 2008, trimming losses for the six-month period.

Management Discussion

- The Fund's primary investment objective is to provide current income and gains, with a secondary objective of capital appreciation. The Fund pursues its investment objectives by investing primarily in a diversified portfolio of common stocks. Under normal market conditions, the Fund seeks to generate current earnings from option premiums by selling covered call options with respect to a portion of its portfolio securities. During the six months ended April 30, 2008, the Fund continued to provide shareholders with attractive distributions.
- The Fund outperformed a blended index consisting of an 80% weighting in the S&P 500 Index and a 20% weighting in the FTSE Eurotop 100 (reflecting the Fund's composition) at net asset value (NAV) for the six months ended April 30, 2008. (It is important to remember that the blended index does not include the hedging characteristics that are utilized by the Fund in the execution of its covered call option writing strategy.) The Fund also outperformed the average total return of funds in the Lipper Options Arbitrage/Options Strategies classification for the period.(1)
- The Fund's most significant positive performance came from the financials sector. While the sector as a whole was hard hit during the period, management maintained an underweighting relative to the blended index, which was beneficial to returns. In addition, stock selection was also positive, especially among

Eaton Vance Tax-Managed Diversified Equity Income Fund
Performance 10/31/07 - 4/30/08

NYSE Symbol

ETY

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At Net Asset Value (NAV)		-2.72%
At Market		2.35%
S&P 500 Index(1)		-9.63%
CBOE S&P 500 BuyWrite Index (BXM)(1)		-1.17%
FTSE Eurotop 100 Index(1)		-7.76%
Lipper Options Arbitrage/Options Strategies Average(1)		-5.70%
Total Distributions per share	\$	0.925
Distribution Rate(2)	<i>On NAV</i>	10.26%
	<i>On Market</i>	11.16%

See page 3 for more performance information.

(1) It is not possible to invest directly in an Index or a Lipper Classification. The Indices' total returns do not reflect commissions or expenses that would have been incurred if an investor individually purchased or sold the securities represented in the Indices. The return for the FTSE Eurotop 100 Index is calculated in U.S. dollars. The Lipper total return is the average total return, at net asset value, of the funds that are in the same Lipper Classification as the Fund.

(2) The Distribution Rate is based on the Fund's most recent quarterly distribution per share (annualized) divided by the Fund's NAV or market price at the end of the period. The Fund's quarterly distributions may be comprised of ordinary income, net realized capital gains and return of capital.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value or share price (as applicable) with all distributions reinvested. The Fund's performance at market share price will differ from its results at NAV. Although share price performance generally reflects investment results over time, during shorter periods, returns at share price can also be affected by factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for the Fund's shares, or changes in Fund distributions. The Fund has no current intention to utilize leverage, but may do so in the future through borrowings and/or other permitted methods. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than the quoted return. For performance as of the most recent month end, please refer to www.eatonvance.com.

Fund shares are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Shares are subject to investment risks, including possible loss of principal invested.

insurance companies, commercial banks, and diversified financial services, as selected Fund holdings outperformed their counterparts in the blended index.

- A slight overweighting in energy, combined with the positive performance of Fund holdings in that sector, also aided performance. In contrast, the Fund's holdings in the materials, utilities, and consumer discretionary sectors detracted from performance.

- In changeable market conditions, such as those experienced in the six-month period, the option premiums available from writing call options can vary, as expectations of the future volatility of the underlying asset are factored in. The implied volatility of equity-based options was higher during the period than in prior periods, primarily in response to investor anxiety about subprime mortgages, the credit markets, and the possibility of recession. As a result, the Fund was able to monetize some of the increased volatility in the form of higher premiums for the six months ended April 30, 2008, adding to the Fund's outperformance. In future periods of strong market growth, this strategy may lessen returns relative to the market. (At April 30, 2008, the Fund had written call options on 50% of its equity holdings.)

The views expressed throughout this report are those of the portfolio managers and are current only through the end of the period of the report as stated on the cover. These views are subject to change at any time based upon market or other conditions, and the investment adviser disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a fund are based on many factors, may not be relied on as an indication of trading intent on behalf of any Eaton Vance fund. Portfolio information provided in the report may not be representative of the Fund's current or future investments and may change due to active management.

Eaton Vance Tax-Managed Diversified Equity Income Fund as of April 30, 2008

FUND PERFORMANCE

Performance

NYSE Symbol:

ETY

Average Annual Total Returns (by share price, New York Stock Exchange)

Six Months	2.35%
One Year	-10.23
Life of Fund (11/30/06)	-0.96

Average Annual Total Returns (at net asset value)

Six Months	-2.72%
One Year	-1.80
Life of Fund (11/30/06)	5.08

Fund Composition

Top Ten Holdings*

By total investments

Exxon Mobil Corp.	3.1%
Berkshire Hathaway, Inc., Class A	2.2
General Electric Co.	2.1
Schlumberger, Ltd.	2.0
Microsoft Corp.	1.9
Hess Corp.	1.7
AT&T, Inc.	1.7
Google, Inc., Class A	1.7
Anadarko Petroleum Corp.	1.6
JPMorgan Chase & Co.	1.6

* Top Ten Holdings represented 19.6% of the Fund's total investments as of 4/30/08. The Top Ten Holdings are presented without the offsetting effect of the Fund's written option positions at 4/30/08. Excludes cash equivalents.

Sector Weightings**

By total investments

** Reflects the Fund's total investments as of 4/30/08. The sector weightings are presented without the offsetting effect of the Fund's written option positions at 4/30/08. Excludes cash equivalents.

Past performance is no guarantee of future results. Returns are historical and are calculated by determining the percentage change in net asset value or share price (as applicable) with all distributions reinvested. The Fund's performance at market share price will differ from its results at NAV. Although share price performance generally reflects investment results over time, during shorter periods, returns at share price can also be affected by factors such as changing perceptions about the Fund, market conditions, fluctuations in supply and demand for the Fund's shares, or changes in Fund distributions. The Fund has no current intention to utilize leverage, but may do so in the future through borrowings and/or other permitted methods. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than the quoted return. For performance as of the most recent month end, please refer to www.eatonvance.com.

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Eaton Vance Tax-Managed Diversified Equity Income Fund as of April 30, 2008

PORTFOLIO OF INVESTMENTS (Unaudited)

Common Stocks 98.8%		
Security	Shares	Value
Aerospace & Defense 5.0%		
Boeing Co. (The)	171,399	\$ 14,544,919
General Dynamics Corp.	358,347	32,401,736
Lockheed Martin Corp.	268,883	28,512,353
Raytheon Co.	338,352	21,644,377
United Technologies Corp.	528,838	38,324,890
		\$ 135,428,275
Auto Components 0.4%		
Johnson Controls, Inc.	300,004	\$ 10,578,141
		\$ 10,578,141
Automobiles 0.5%		
DaimlerChrysler AG	182,470	\$ 14,146,889
		\$ 14,146,889
Beverages 2.0%		
Coca-Cola Co. (The)	317,652	\$ 18,700,173
PepsiCo, Inc.	510,203	34,964,212
		\$ 53,664,385
Biotechnology 2.9%		
Biogen Idec, Inc. ⁽¹⁾	163,459	\$ 9,920,327
Genzyme Corp. ⁽¹⁾	474,976	33,414,562
Gilead Sciences, Inc. ⁽¹⁾	680,154	35,204,771
		\$ 78,539,660
Capital Markets 4.2%		
Bank of New York Mellon Corp. (The)	188,512	\$ 8,205,927
Credit Suisse Group	356,187	19,732,120
Goldman Sachs Group, Inc.	104,040	19,910,135
Invesco, Ltd.	247,553	6,349,734
Julius Baer Holding AG	359,537	26,222,175
State Street Corp.	117,473	8,474,502
T. Rowe Price Group, Inc.	192,173	11,253,651
UBS AG ⁽¹⁾	385,963	12,706,136
		\$ 112,854,380
Security		
	Shares	Value
Chemicals 1.6%		
E.I. Du Pont de Nemours & Co.	523,676	\$ 25,612,993
Monsanto Co.	145,729	16,616,021
		\$ 42,229,014
Commercial Banks 3.3%		
Banco Bradesco SA ADR	386,903	\$ 8,736,258
Banco Itau Holding Financeira SA ADR	622,500	17,461,125
Banco Santander Central Hispano SA	579,447	12,494,653

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HSBC Holdings PLC	1,131,968	19,578,665
M&T Bank Corp.	79,362	7,398,919
National City Corp.	1,091,793	6,878,296
Toronto-Dominion Bank	150,898	9,918,526
U.S. Bancorp	158,952	5,386,883
		\$ 87,853,325
Communications Equipment 2.9%		
Cisco Systems, Inc. ⁽¹⁾	965,976	\$ 24,767,625
Nokia Oyj ADR	233,895	7,033,223
QUALCOMM, Inc.	528,541	22,827,686
Research In Motion, Ltd. ⁽¹⁾	187,674	22,826,789
		\$ 77,455,323
Computer Peripherals 4.7%		
Apple, Inc. ⁽¹⁾	234,400	\$ 40,773,880
EMC Corp. ⁽¹⁾	877,837	13,518,690
Hewlett-Packard Co.	702,274	32,550,400
International Business Machines Corp.	328,279	39,623,275
		\$ 126,466,245
Diversified Financial Services 3.0%		
Bank of America Corp.	816,164	\$ 30,638,797
Citigroup, Inc.	292,390	7,388,695
JPMorgan Chase & Co.	929,131	44,273,092
		\$ 82,300,584
Diversified Telecommunication Services 2.7%		
AT&T, Inc.	1,228,037	\$ 47,537,312