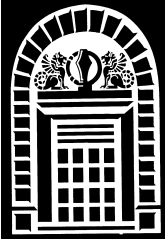


NEWS RELEASE



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Eaton Vance 2007 Polls of Financial Advisors and Senior Investors Unveil Significant Findings:

Equity Income Acknowledged an Asset Class in its Own Right

Strong Support for Extension of Reduced Tax Rate on Dividends

More Education Needed on Tax Implications of Investing

BOSTON, October 24, 2007 – Eaton Vance Corp. announced today the findings of its first-ever survey of financial advisors and its ninth annual survey of U.S. investors, which focused on the attitudes of individual investors ages 61 and older. According to the results of the advisor study, a majority now view equity income as a distinct asset class.

Advisors and senior investors alike voice strong support for continuing the reduced 15% tax rate on dividends. Advisors view the tax cut as adding to the appeal of stocks as a source of income and providing encouragement to companies to raise dividend payouts. Senior investors are increasingly discarding old biases against holding equity-oriented portfolios in retirement and venturing into new income-generating investments such as closed-end funds.

Equity Income: A Class in Itself

Equity income is on its way to becoming recognized by advisors as a full-fledged asset class. Advisors and senior investors are equally accepting of stocks as part of a retirement portfolio.

- Nearly two-thirds (63%) of financial advisors say they view equity income as an asset class.
- Four out of five advisors (80%) often recommend equity-income products to their clients.
- A majority of advisors (64%) currently recommends stock-focused portfolios or ones evenly split between stocks and bonds for senior investors, and these balanced portfolios are the ones most seniors (66%) pursue.

Stocks are now frequently viewed as multi-purpose—providing both income and growth.

- Three out of four advisors (73%) use stocks in their clients' portfolios both for long-term appreciation and as a way to provide current income.
- Many seniors (43%) take a similar view of stocks; however, those not fully retired are much more likely to consider stocks for long-term appreciation only (49%).
- Nearly half of advisors (44%) think of stocks first when investing a client's rollover assets at retirement. By contrast, only 20% of advisors think of bonds first.

Retired seniors tend to have lighter allocations to stocks than non-retirees, and advisors say retirees prefer steady income sources.

- Senior investors who are not fully retired are more likely to have stock-heavy portfolios than those who are fully retired (39% to 28%).
- Two out of three advisors (65%) report that clients prefer a fixed income over a variable income stream (33%) in retirement.

“Financial advisors and senior investors have focused increasingly on equity-income investments,” said Judy Saryan, portfolio manager of Eaton Vance Dividend Builder Fund. “As more people live longer in retirement, they seek investments that provide both current income and the potential for growth in capital and income. Equity income is an investment theme that’s here to stay.”

Growing Allocations to Stocks in Retirement

Views on the role of stocks in retirement portfolios are changing, with most seniors now favoring a heavy allocation to equities:

- Over half of seniors express a high level of confidence in the stock market (53% are bullish).
- A vast majority of seniors (77%) are comfortable with current asset allocations despite recent volatility.

The results of the Eaton Vance advisor study tell a similar story:

- Nearly two-thirds of advisors (62%) agree their view of the right mix of fixed income and equities for retired investors has changed over the past 20 years.
- Looking forward, most advisors (71%) think it is likely that equities will constitute a larger proportion of the portfolios of retirees and near retirees.
- Three-quarters of advisors (75%) believe future retirees should have a higher portion of equities in their portfolios than do current retirees.

Current positive views on equity-income products and holding of stocks in retirement portfolios are consistent among the survey participants and with the recent asset growth in equity-income and dividend funds. According to AMG Data Services, the assets of such funds currently total about \$300 billion, up from \$85 billion in 2002. When asked to project the asset level of such funds in five years time, two out of five advisors (41%) thought it would top \$500 billion (an 8% annual growth rate), with an additional 34% predicting a level between \$400 and \$500 billion—a 6-7% annual growth.

“Eaton Vance sees a heightened need for equity-income alternatives to allow investors to diversify away from credit and interest rate risks,” said Duncan W. Richardson, chief equity investment officer at Eaton Vance. “Just a small reallocation of Boomers’ investment dollars from fixed-income to equity-income funds could cause assets in equity-income products to surge toward \$1 trillion over the next five to 10 years.”

Increased Comfort Level with Equity-Income Strategies

Investments that generate current income have come into sharp focus as the needs of aging investors shift. Among such investment vehicles are closed-end funds, which sell shares in an initial public offering and trade on an exchange like a stock. Many of today’s closed-end funds include income-producing strategies employing stock options, such as a “covered call” writing program.

Advisors appreciate the value of a covered call strategy, but closed-end funds haven't yet attained top-of-mind status among advisors.

- Nearly two-thirds of advisors (61%) believe covered call strategies reduce risk by providing a regular source of income.
- Advisors were almost as likely to name closed-end funds (11%) as stocks (14%) as a good way to generate current income. Bonds (41%) and real estate (20%) led the list.
- Only one in three (37%) advisors often recommend closed-end funds to clients.

The role of closed-end funds in income portfolios is clearly rising. Assets in closed-end funds have grown from \$33.5 billion at the end of 2002 to \$146.9 billion at June 30, 2007. [Source: Investment Company Institute]

Some more recent closed-ends use dividend-capture trading strategies to boost dividend yields. In February 2007, Eaton Vance launched the largest closed-end fund in history, Eaton Vance Tax-Managed Global Diversified Equity Income Fund, which uses both a dividend capture strategy and an options overlay.

“Dividend-capture and option-overlay strategies are simple but effective techniques to generate income from equities,” said Richardson. “Closed-end funds that use these strategies can help provide for investors’ retirement income needs, with some also allowing for upside participation in the equity market. Due to the many and varied alternatives, investors should seek professional financial advice to choose the right income vehicle for them.”

Strong Support for Dividend Tax Cut

The reduced 15% tax rate on qualified dividend income originally enacted in 2003 and extended in 2006 is popular among senior investors and financial advisors alike. The vast majority of senior investors (77%) and financial advisors (94%) wants the reduced maximum federal tax rate on qualified dividend income to be extended again or made permanent.

This contrasts with the results of other recent polls that have tended to show the general public is more interested in seeing a more balanced budget or alternative minimum tax relief than extending investment tax cuts. The results of the Eaton Vance poll counter this viewpoint and speak for a very large and growing demographic: retired or soon-to-be retired investors.

Not surprisingly, advisors show greater knowledge about the current tax rate on dividends than senior investors:

- Three out of four advisors (75%) correctly identified the top tax rate on qualified dividends as 15%, as compared to only one out of three seniors (36%).
- More than half of advisors (62%) say the 2003 tax cut on qualified dividends affected how they structured clients’ portfolios.
- If the tax cuts are repealed or expire, many advisors believe investors will increasingly favor other income-oriented vehicles over stocks, and more than half (58%) predict companies will de-emphasize dividend payments in favor of capital expenditures and stock buybacks.

While clearly supportive of the 2003 dividend tax cut and the 2006 extension, only one in three (34%) senior investors says the reduced tax rate on dividends affected how they have structured their portfolio. If the dividend tax cut is repealed, more than half of investors say they will not adjust their portfolios and only one in five (18%) says they will invest less in dividend-payers.

“Advisors have the right idea in using the reduced tax rate on qualified dividends to advantage in their clients’ portfolio allocations,” said Saryan. “Financial advisors and senior investors agree that Congress should extend or make permanent the reduced 15% tax rate on dividends. Doing so would encourage continued investment in strong dividend-paying stocks and send a message to corporations that paying dividends won’t be disadvantaged versus other uses of corporate cash.”

Dividends DO Matter

Appreciation for dividend-paying stocks remains strong across the board. Advisors, in particular, hold dividend-paying companies in high esteem. Financial advisors are more likely than senior investors to view dividends as a sign of financial strength and agree that firms that pay dividends tend to be predictable cash generators (93% to 66%). Advisors are also twice as savvy as senior investors about the strong relative performance of dividend-paying stocks.

- More than half (54%) of advisors knew that over the past 10 years dividend-paying stocks in the S&P 500 Index have outperformed non-dividend-paying stocks in the Index.
- Of advisors who knew dividend-payers outperformed, only one in eight (13%) knew that dividend-payers had outperformed non-payers by more than six percentage points per annum. [Source: Ned Davis Research]
- Only two in nine senior investors (23%) knew that dividend-payers had outperformed over the past decade.
- Perhaps as a result of their understanding of the historical performance of dividend-paying stocks, three in four financial professionals (77%) are more likely to recommend dividend-payers than non-payers to their clients.
- By comparison, three in five (61%) seniors say they invest in dividend-paying stocks.

Advisors demonstrate a better understanding of the power of dividend growth, whereas most senior investors are just looking for the highest distribution rate. Two in three advisors (66%) prefer firms that pay a smaller dividend but increase it annually. By contrast, fewer than half (44%) of seniors say the same, a number virtually unchanged from last year’s study (43%). And about one in five seniors (21%) says they aren’t sure how they prefer companies handle payouts.

“Advisors can help by educating their clients on the power of dividend growth, which is an important and timely investment theme that can help ensure people don’t outlive their assets in retirement.” said Richardson. “As many investors learned over the past summer, there is a danger in stretching for yield, as demonstrated by the losses experienced in parts of the credit markets.”

A Focus on Tax Management

Four in five (81%) advisors allocate qualified retirement assets differently from taxable account assets, and nearly two-thirds of their clients (63%) take distributions from taxable accounts—a tax-smart approach. Meanwhile, only a quarter of senior investors (27%) collect most or almost all of their income from tax-advantaged investments. However, it appears advisors may need further schooling in some basic tax management practices. A majority of advisors (59%) wait until year-end to take losses in clients’ portfolios.

In years past, Eaton Vance has polled investors about whether three types of investments are better suited to be held inside or outside a qualified retirement plan: tax-managed stock funds, municipal bond funds, and variable annuities. In 2006, as in other years, fewer than half of investors knew that all three are most appropriate for investment accounts held outside qualified retirement plans.

“Advisors should receive kudos for handling qualified money differently from taxable investments. Almost a decade of polling investors has demonstrated that most investors fail to grasp this key

aspect to reducing taxes on investments,” said Richardson. “Financial advisors have a great opportunity to add value by teaching their customers proper asset location and consistently applying basic tax management techniques, such as taking losses during the course of the year rather than waiting until year-end.”

About the Eaton Vance Studies

This summary highlights the major findings of two comprehensive telephone studies conducted from July through August 2007 by Penn, Schoen & Berland Associates Inc. for Eaton Vance Corp.

The Eaton Vance Retiree Study was conducted among 402 U.S. residents 61 years or older, who have \$50,000 or more invested in stocks, bonds, mutual funds and qualified retirement plans, such as IRAs or 401(k) plans. More than half of senior investors (59%) use the services of a financial advisor. The margin of error for this study is +/- 4.89% at the 95% confidence level and larger for sub groups.

The Eaton Vance Advisor Study was conducted among 375 financial advisors who work with individuals to identify financial goals and recommend investments based on those goals. Baby boomers (including seniors) make up more than half of the book of business for more than three-quarters (79%) of surveyed financial advisors. The margin of error for this study is +/-5.0% at the 95% confidence level and larger for sub groups.

Penn, Schoen & Berland Associates, Inc. is a Washington, D.C.-based full-service strategic polling and market research firm.

Eaton Vance Corp., a Boston-based investment management firm, is traded on the New York Stock Exchange under the symbol EV. Through its subsidiaries, Eaton Vance Corp. advises and distributes investment products for individual and institutional clients.

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