TALK AMERICA HOLDINGS INC
Form 10-Q
May 09, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2005

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from____to _____

Commission file number 000 - 26728

Talk America Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**23-2827736**
(State of incorporation)	(I.R.S. Employer Identification No.)

12020 Sunrise Valley Drive, Suite 250, Reston, Virginia	**20191**
(Address of principal executive offices)	(Zip Code)

(703) 391-7500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes X No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

27,234,811 shares of Common Stock, par value of $0.01 per share, were issued and outstanding as of May 4, 2005.

TALK AMERICA HOLDINGS, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

TALK AMERICA HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except for per share data)
(Unaudited)

	Three Months Ended March 31, 2005	2004
Revenue	$ 119,835	$ 109,619
Costs and expenses:		
Network and line costs (excluding depreciation and amortization shown below)	60,996	52,512
General and administrative expenses	18,120	16,870
Provision for doubtful accounts	5,588	3,421
Sales and marketing expenses	10,268	17,284
Depreciation and amortization	9,501	5,131
Total costs and expenses	104,473	95,218
Operating income	15,362	14,401
Other income (expense):		
Interest income	308	101
Interest expense	(25)	(817)
Other expense, net	(20)	--
Income before provision for income taxes	15,625	13,685
Provision for income taxes	6,155	5,397
Net income	$ 9,470	$ 8,288
Income per share - Basic:		
Net income per share	$ 0.35	$ 0.31
Weighted average common shares outstanding	27,086	26,674
Income per share - Diluted:		
Net income per share	$ 0.34	$ 0.29
Weighted average common and common equivalent shares outstanding	27,813	28,130

See accompanying notes to consolidated financial statements.

TALK AMERICA HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except for share and per share data)
(Unaudited)

	March 31, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 57,183	$ 47,492
Accounts receivable, trade (net of allowance for uncollectible accounts of $16,840 and $17,508 at March 31, 2005 and December 31, 2004, respectively)	43,083	48,873
Deferred income taxes	27,782	34,815
Prepaid expenses and other current assets	6,236	6,888
Total current assets	134,284	138,068
Property and equipment, net	69,877	65,823
Goodwill	13,013	13,013
Intangible assets, net	1,266	1,966
Deferred income taxes	12,896	14,291
Capitalized software and other assets	8,873	8,567
	$ 240,209	$ 241,728
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 43,693	$ 43,439
Sales, use and excise taxes	9,588	11,179
Deferred revenue Legal settlements	14,272	15,321
Current portion of long-term debt and capitalized lease obligations	2,541	2,529
Accrued compensation	1,843	6,690
Other current liabilities	5,575	5,426
Total current liabilities	77,512	84,584
Long-term debt and capitalized lease obligations	1,076	1,717
Deferred income taxes	9,963	13,906
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - $.01 par value, 5,000,000 shares authorized; no shares outstanding	--	--
Common stock - $.01 par value, 100,000,000 shares authorized; 27,212,160 and 27,037,096 shares issued and outstanding at March 31, 2005 and December 31, 2005, respectively	285	284
Additional paid-in capital	357,075	356,409
Accumulated deficit	(200,702)	(210,172)

Treasury stock - at cost, 1,315,789 shares at March 31, 2005 and December 31, 2004		(5,000)		(5,000)
Total stockholders' equity		151,658		141,521
	$	240,209	$	241,728

See accompanying notes to consolidated financial statements.

TALK AMERICA HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
Cash flows from operating activities:		
Net income	$ 9,470	$ 8,288
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for doubtful accounts	5,588	3,421
Depreciation and amortization	9,501	5,131
Non-cash compensation	--	9
Non-cash interest and amortization of accrued interest liabilities	--	(65)
Loss on sale and retirement of assets	20	--
Deferred income taxes	4,484	4,261
Changes in assets and liabilities:		
Accounts receivable, trade	202	(5,760)
Prepaid expenses and other current assets	652	(514)
Other assets	9	(13)
Accounts payable	254	4,174
Sales, use and excise taxes	(1,591)	(719)
Deferred revenue	(1,049)	1,726
Accrued compensation	(4,847)	(6,983)
Other current liabilities	149	(1,084)
Net cash provided by operating activities	22,842	11,872
Cash flows from investing activities:		
Capital expenditures	(12,221)	(1,220)
Capitalized software development costs	(1,010)	(811)
Proceeds from sale of property and equipment	42	--
Net cash used in investing activities	(13,189)	(2,031)
Cash flows from financing activities:		
Payments of borrowings	--	(15,000)
Payments of capital lease obligations	(629)	(384)
Proceeds from exercise of options	667	50
Net cash provided by (used in) financing activities	38	(15,334)
Net increase (decrease) in cash and cash equivalents	9,691	(5,493)
Cash and cash equivalents, beginning of period	47,492	35,242
Cash and cash equivalents, end of period	$ 57,183	$ 29,749

See accompanying notes to consolidated financial statements.

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TALK AMERICA HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	Treasury Stock		
	Shares	Amount	Capital	Deficit	Shares	Amount	Total
Balances, December 31, 2004	28,353	$ 284	$ 356,409	$ (210,172)	1,316	$ (5,000)	$ 141,521
Net income	--	--	--	9,470	--	--	9,470
Income tax benefit related to exercise of common stock options	--	--	358	--	--	--	358
Exercise of common stock options	175	1	308	--	--	--	309
Balances, March 31, 2005	28,528	$ 285	$ 357,075	$ (200,702)	1,316	$ (5,000)	$ 151,658

See accompanying notes to consolidated financial statements.

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TALK AMERICA HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ACCOUNTING POLICIES

(a) Basis of Financial Statements Presentation

The consolidated financial statements include the accounts of Talk America Holdings, Inc. and its wholly-owned subsidiaries (collectively, "Talk America," "we," "our" and "us"). All intercompany balances and transactions have been eliminated.

The consolidated financial statements and related notes thereto as of March 31, 2005 and for the three months ended March 31, 2005 and March 31, 2004 are unaudited, but in the opinion of management include all adjustments necessary for a fair statement of the results for the periods presented. The consolidated balance sheet information for December 31, 2004 was derived from the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2004 filed March 16, 2005, as amended by our Form 10-K/A filed March 30, 2005 (as so amended, “our 2004 Form 10-K”). These interim financial statements should be read in conjunction with our 2004 Form 10-K. The interim results are not necessarily indicative of the results for any future periods. Certain prior year amounts have been reclassified for comparative purposes.

(b) Risks and Uncertainties

Future results of operations involve a number of risks and uncertainties. Factors that could affect future operating results and cash flows and cause actual results to vary materially from historical results include, but are not limited to:

- Changes in government policy, regulation and enforcement or adverse judicial or administrative interpretations and rulings or legislative action relating to regulations, enforcement and pricing, including, but not limited to, changes that affect the continued availability until March 11, 2006 and, thereafter, the cost of certain elements of the unbundled network element platform of the local exchange carriers network and the costs associated therewith and thereafter the cost of certain unbundled network element platform elements utilized with our network.
- Dependence on the availability and functionality of the networks of the incumbent local exchange carriers as they relate to the unbundled network element platform.
- Increased price competition in local and long distance services, including bundled services, and overall competition within the telecommunications industry, including, but not limited to, in the State of Michigan.

Negative developments in these areas could have a material adverse effect on our business, financial condition and results of operations.

(c) Recent Accounting Pronouncements

In March 2005, the Financial Accounting Standards Board (“FASB”) issued Interpretation Number 47, “Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143” (“FIN 47”). FIN 47 clarifies the term “conditional asset retirement obligation” as used in Statement of Financial Accounting Standards (“SFAS”) No. 143, “Accounting for Asset Retirement Obligations,” and also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. We are evaluating the implementation of FIN 47 and whether it will have a material impact on our financial position, results of operations or cash flows.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payments" ("SFAS No. 123R"). SFAS No. 123R requires the recognition of the cost of employee services received in exchange for an award of equity instruments in the financial statements and measurement based on the grant-date fair value of the award. It requires the cost to be recognized over the period during which an employee is required to provide service in exchange for the award. Additionally, compensation expense will be recognized over the remaining employee service period for the outstanding portion of any awards for which compensation expense had not been previously recognized or disclosed under SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"). SFAS No. 123R replaces SFAS No. 123, and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), and its related interpretations.

On April 15, 2005, the Securities and Exchange Commission posted Final Rule Number 33-8568, "Amendment to Rule 4-01(a) of Regulation S-X Regarding the Compliance Date for Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment,*" which is effective as of April 21, 2005. Under the Commission's amendment, we are required to file financial statements that comply with SFAS No. 123R in our Quarterly Report on Form 10-Q for the first quarter of the first fiscal year that begins after June 15, 2005, and we are permitted, but not required, to comply with SFAS No. 123R for periods before the required compliance date. The requirements will be effective for us beginning with the first quarter of fiscal 2006. We are currently assessing the timing and impact of adopting SFAS No. 123R.

NOTE 2. COMMITMENTS AND CONTINGENCIES

We are party to a number of legal actions and proceedings arising from our provision and marketing of telecommunications services, as well as certain legal actions and regulatory matters arising in the ordinary course of business.

In December 2003, we entered into a new four-year master carrier agreement with AT&T. The agreement provides us with a variety of services, including transmission facilities to connect our network switches as well as services for international calls, local traffic, international calling cards, overflow traffic and operator assisted calls. The agreement also provides that, subject to certain terms and conditions, we will purchase these services exclusively from AT&T during the term of the agreement, provided, however, that we are not obligated to purchase exclusively in certain cases, including if such purchases would result in a breach of any contract with another carrier that was in place when we entered into the AT&T agreement, or if vendor diversity is required. Certain of our network service agreements, including the AT&T agreement, contain certain minimum usage commitments. Our contract with AT&T establishes pricing and provides for annual minimum commitments based upon usage as follows: 2005 - $32 million, 2006 - $32 million and 2007 - $32 million and obligates us to pay 65 percent of the revenue shortfall, if any. Another separate contract with a different vendor establishes pricing and provides for annual minimum payments for 2005 of $1.0 million. Despite the anticipated reduction in our local bundled customer base, we anticipate that we will not be required to make any shortfall payments under these contracts as a result of the restructuring of these obligations or the growth in network minutes as a result of acquisitions, but there can be no assurances that we will be successful in this restructuring or acquisition. To the extent that we are unable to meet these minimum commitments, our costs of purchasing the services under the agreement will correspondingly increase.

We have a contract with our invoice printing company that establishes pricing and provides for annual minimum payments as follows: 2005 - $1.2 million, 2006 - $1.2 million, 2007 - $1.2 million, and 2008 - $1.3 million. We also agreed to renew the maintenance agreement associated with a vendor financing agreement we entered into in May 2004 with a software supplier for an additional two years at a cost of $1.1 million, which is funded on the anniversary dates of the agreement.

NOTE 3. STOCK-BASED COMPENSATION

We account for our stock option awards under the intrinsic value based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, including FASB Interpretation No. 44 "Accounting for Certain Transactions Including Stock Compensation," an interpretation of APB Opinion No. 25. Under the intrinsic value based method, compensation cost is the excess, if any, of the quoted market price of the stock at grant date or other measurement date over the amount an employee must pay to acquire the stock. We make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting had been applied as required by SFAS No. 123, "Accounting for Stock-Based Compensation" and SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure - an amendment of SFAS 123". The following disclosure complies with the adoption of this statement and includes pro forma net income as if the fair value based method of accounting had been applied (in thousands except for per share data):

		Three Months Ended March 31, 2005	2004
Net income as reported	$	9,470	$ 8,288
Add: Stock-based employee compensation expense included in reported net income, net of tax effect		--	5
Deduct: Total stock-based employee compensation expense determined under			
Central Maine Power Co., 4.75%	United States	7,900	612,251
Connecticut Light & Power Co., Ser. 1947, 2.00%	United States	18,230	620,391
Connecticut Light & Power Co., Ser. 1949, 2.04%	United States	9,600	314,700
Connecticut Light & Power Co., Ser. 1949, 2.20%	United States	36,625	1,294,467

EVERGREEN GLOBAL DIVIDEND OPPORTUNITY FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2010 (unaudited)

	Country	Shares	Value
PREFERRED STOCKS continued			
UTILITIES continued			
Electric Utilities continued			
Connecticut Light & Power Co., Ser. 1963, 4.50%	United States	66,124	$2,434,190
Connecticut Light & Power Co., Ser. 1967, 5.28%	United States	59,300	2,292,319
Connecticut Light & Power Co., Ser. 54E, 2.06%	United States	7,800	273,488
Connecticut Light & Power Co., Ser. F, 2.09%	United States	6,000	193,539
Consolidated Edison, Inc., Ser. A, 5.00%	United States	69,200	6,038,392
Consolidated Edison, Inc., Ser. D, 4.65%	United States	62,505	5,133,223
Dayton Power & Light Co., Ser. A, 3.75%	United States	9,416	674,127
Dayton Power & Light Co., Ser. B, 3.75%	United States	5,120	368,441
Dayton Power & Light Co., Ser. C, 3.90%	United States	17,500	1,202,031
Duquesne Light Co., 6.50%	United States	130,000	6,148,359
Energy East Corp., 3.75%	United States	1,900	122,604
Entergy Arkansas, Inc., 4.32%	United States	7,565	502,940
Entergy Arkansas, Inc., 4.56%	United States	2,732	189,147
Entergy Arkansas, Inc., 4.72%	United States	500	37,250
Entergy Arkansas, Inc., 6.08%	United States	8,444	749,286
Entergy Arkansas, Inc., 6.45%	United States	400,000	8,800,000
Entergy Arkansas, Inc., Ser. 1965, 4.56%	United States	13,578	957,674
Entergy Louisiana Holdings, 6.95%	United States	227,000	21,373,480
Entergy Mississippi, Inc., 4.36%	United States	3,248	221,473
Entergy Mississippi, Inc., 4.92%	United States	10,679	772,606
Entergy Mississippi, Inc., 7.25%	United States	89	2,314
Entergy New Orleans, Inc., 4.36%	United States	153	9,713
Entergy New Orleans, Inc., 4.75%	United States	6,102	430,490
Entergy New Orleans, Inc., 5.56%	United States	11,893	949,035
Florida Power Corp., 4.60%	United States	14,900	1,124,019
FPC Capital, Class I, Ser. A, 7.10%	United States	5,000	126,400
Gulf Power Corp., Ser. 1, 6.00%	United States	10,130	939,849
Hawaiian Electric Industries, Inc., Ser. J, 4.75% 144A	United States	55,000	761,409
Hawaiian Electric Industries, Inc., Ser. K, 4.65%	United States	27,000	366,187
Indianapolis Power & Light Co., 4.20%	United States	20,000	1,725,626
Pacific Gas & Electric Co., 4.80%	United States	185,600	3,684,160
Pacific Gas & Electric Co., Ser. D, 5.00%	United States	126,000	2,709,000
Pacific Gas & Electric Co., Ser. I, 4.36%	United States	39,900	768,075
Scana Corp., Ser. A, 7.70%	United States	100,000	2,646,000
Southern California Edison Co., Ser. B, 4.08%	United States	48,100	834,054
Southern California Edison Co., Ser. D, 4.32%	United States	85,000	1,551,250
Union Electric Co., 4.50%	United States	14,600	1,040,024
Union Electric Co., 4.56%	United States	11,190	772,110
Union Electric Co., 7.64%	United States	21,350	2,120,990
Union Electric Co., Ser. 1969, 4.00%	United States	7,600	488,545
Xcel Energy, Inc., 3.60%	United States	6,000	369,360
Xcel Energy, Inc., 4.10%	United States	52,320	3,683,658

Xcel Energy, Inc., 4.16%	United States	30,030	2,282,881
Xcel Energy, Inc., 4.56%	United States	19,880	1,540,700
			97,737,669
Gas Utilities 1.0%			
ATP Oil & Gas, 8.00% 144A	United States	20,000	1,793,650
Pacific Enterprises, 4.40%	United States	19,840	1,492,341
Public Service Electric & Gas Co., 4.08%	United States	19,640	1,382,656
Public Service Electric & Gas Co., 5.28%	United States	5,625	493,312
			5,161,959
Independent Power Producers & Energy Traders 0.3%			
Constellation Energy Group, Inc., Ser. A, 8.625%	United States	50,214	1,290,500

EVERGREEN GLOBAL DIVIDEND OPPORTUNITY FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2010 (unaudited)

	Country	Shares	Value
PREFERRED STOCKS continued			
UTILITIES continued			
Water Utilities 0.1%			
Hackensack Water Co., 4.99% + o	United States	10,469	$607,202
Total Preferred Stocks (cost $169,535,854)			178,686,829
CONVERTIBLE PREFERRED STOCKS 0.8%			
ENERGY 0.8%			
Oil, Gas & Consumable Fuels 0.8%			
El Paso Corp., 4.99%, 12/31/2049 144A *(cost $2,720,560)*	United States	4,000	3,760,000
SHORT-TERM INVESTMENTS 3.1%			
MUTUAL FUND SHARES 3.1%			
Evergreen Institutional Money Market Fund, Class I, 0.01% q ø *(cost $15,826,507)*	United States	15,826,507	15,826,507
Total Investments (cost $481,304,665) 99.1%			502,570,333
Other Assets and Liabilities 0.9%			4,476,999
Net Assets 100.0%			$507,047,332

* Non-income producing security
\+ Security is deemed illiquid.
° Security represents an investment in a non-controlled affiliate. At January 31, 2010, the Fund invested in securities issued by Wells Fargo & Co. with a cost basis of $5,000,000 and earned $98,438 of income for the period from November 1, 2009 to January 31, 2010.
144A Security that may be sold to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended. This security has been determined to be liquid under guidelines established by the Board of Trustees, unless otherwise noted.
o Security is valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.
q Rate shown is the 7-day annualized yield at period end.
ø Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.

Summary of Abbreviations
ADR American Depository Receipt
The following table shows the percent of total long-term investments by geographic location as of January 31, 2010:

United States	47.6%
Italy	19.6%
France	8.2%

Germany	7.0%
Spain	6.0%
Finland	3.1%
Sweden	2.9%
Australia	2.2%
United Kingdom	2.1%
Netherlands	1.1%
Brazil	0.2%
	100.0%

During the period from November 1, 2009 through January 31, 2010, the Fund entered into written options for speculative purposes.

Open call options written as of January 31, 2010 were as follows:

Expiration Date	Index	Number of Contracts	Strike Price		Market Value	Premiums Received
02/19/2010	Amsterdam Exchange Index	484	357	EUR	$13,220 o	$111,282
02/19/2010	CAC 40 Index	412	4,196	EUR	3,531 o	108,911
02/19/2010	DAX Index	554	6,233	EUR	6,231 o	118,227
02/19/2010	Euro STOXX 50 Index	553	3,122	EUR	6,368 o	118,237
02/19/2010	FTSE 100 Index	264	5,776	GBP	685 o	63,742
02/19/2010	NASDAQ 100 Index	125	1,966	USD	3,799 o	79,965
02/19/2010	NYSE Arca Index	6,581	37	USD	22,902 o	509,764
02/19/2010	OMX Stockholm 30 Index	1,706	1,028	SEK	25,343 o	139,453
02/19/2010	Russell 2000 Index	366	670	USD	9,465 o	134,058
02/19/2010	S&P 400 Mid Cap Index	314	782	USD	4,810 o	105,184

o Valued at fair value as determined by the investment advisor using third party modeling tools, according to procedures approved by the Board of Trustees.

EVERGREEN GLOBAL DIVIDEND OPPORTUNITY FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2010 (unaudited)
The Fund had average premiums received on written options in the amount of $454,109 during the period from November 1, 2009 through January 31, 2010.

On January 31, 2010, the aggregate cost of securities for federal income tax purposes was $487,064,930. The gross unrealized appreciation and depreciation on securities based on tax cost was $27,929,406 and $12,424,003, respectively, with a net unrealized appreciation of $15,505,403.

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. If there has been no sale, the securities are valued at the mean between bid and asked prices. Non-listed preferred securities are valued using evaluated prices determined by an independent pricing service which takes into consideration such factors as similar security prices, spreads, liquidity, benchmark quotes and market conditions. Securities for which valuations are not readily available from an independent pricing service may be valued by brokers who use prices provided by market makers or estimates of market value obtained from yield data relating to investments or securities with similar characteristics

Foreign securities traded on an established exchange are valued at the last sales price on the exchange where the security is primarily traded. If there has been no sale, the securities are valued at the mean between bid and asked prices. Foreign securities may be valued at fair value according to procedures approved by the Board of Trustees if the closing price is not reflective of current market values due to trading or events occurring in the foreign markets between the close of the established exchange and the valuation time of the Fund. In addition, substantial changes in values in the U.S. markets subsequent to the close of a foreign market may also affect the values of securities traded in the foreign market. The value of foreign securities may be adjusted if such movements in the U.S. market exceed a specified threshold.

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 fair value are valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.

The valuation techniques used by the Fund to measure fair value are consistent with the market approach, income approach and/or cost approach, where applicable, for each security type.

Foreign currency translation

All assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of portfolio securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments.

Options

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. The Fund may write covered put or call options. When a Fund writes an option, an amount equal to the premium received is recorded as a liability and is subsequently adjusted to the current market value of the written option. Premiums received from written options, which expire unexercised, are recognized as realized gains from investments on the expiration date. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is treated as a realized gain or loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in calculating the realized gain or loss on the sale. If a put option is exercised, the premium reduces the cost of the security purchased. The Fund, as a writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option.

The Fund may also purchase call or put options. The premium is included in the Statement of Assets and Liabilities as an investment which is subsequently adjusted to the current market value of the option. Premiums paid for purchased options which expire are recognized as realized losses from investments on the expiration date. Premiums paid for purchased options which are exercised or closed are added to the amount paid or offset against the proceeds on the underlying security to determine the realized gain or loss. The risk of loss associated with purchased options is limited to the premium paid.

Options traded on an exchange are regulated and terms of the options are standardized. Options traded over the counter expose the Fund to counterparty risk in the event the counterparty does not perform. This risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by having the counterparty post collateral to cover the Fund s exposure to the counterparty.

Valuation hierarchy

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized 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.

EVERGREEN GLOBAL DIVIDEND OPPORTUNITY FUND
SCHEDULE OF INVESTMENTS continued

January 31, 2010 (unaudited)
As of January 31, 2010, the inputs used in valuing the Fund s assets, which are carried at fair value, were as follows:

Investments in Securities	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities				
Common stocks	$56,427,814	$247,869,183	$0	$304,296,997
Preferred stocks	83,417,072	98,422,555	607,202	182,446,829
Short-term investments	15,826,507	0	0	15,826,507
	$155,671,393	$346,291,738	$607,202	$502,570,333

As of January 31, 2010 the inputs used in valuing the Fund s other financial instruments, which are carried at fair value, were as follows:

	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other financial instruments*	$0	$(96,354)	$0	$(96,354)

* Other financial instruments include written options.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

	Preferred Stocks	Options
Balance as of November 1, 2009	$701,424	$(49,648)
Realized gain (loss)	0	186,115
Change in unrealized appreciation (depreciation)	(94,222)	(136,467)
Net purchases (sales)	0	0
Transfers in and/or out of Level 3	0	0
Balance as of January 31, 2010	$607,202	0

Change in unrealized gains or losses included in earnings relating to

securities still held at January 31, 2010	$(94,222)	$0

Item 2 - Controls and Procedures

(a) The registrant s principal executive officer and principal financial officer have evaluated the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the registrant s disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-Q was recorded, processed, summarized, and reported timely.

(b) There has been no change in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the registrant s last fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant s internal control over financial reporting.

Item 3 - Exhibits

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a) Separate certifications for the registrant s principal executive officer and principal financial officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached as EX-99.CERT.

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.

Evergreen Global Dividend Opportunity Fund

By: /s/ W. Douglas Munn
W. Douglas Munn
Principal Executive Officer
Date: March 31, 2010

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/ W. Douglas Munn
W. Douglas Munn
Principal Executive Officer
Date: March 31, 2010

By: /s/ Kasey Phillips
Kasey Phillips
Principal Financial Officer
Date: March 31, 2010