JUNE 30, 2011

SEMIANNUAL REPORT

DWS VARIABLE SERIES I

DWS Capital Growth VIP

DWS INVESTMENTS
Deutsche Bank Group

Contents

This report must be preceded or accompanied by a prospectus. To obtain an additional prospectus or summary prospectus, if available, call (800) 728-3337 or your financial representative. We advise you to consider the Fund's objectives, risks, charges and expenses carefully before investing. The summary prospectus and prospectus contain this and other important information about the Fund. Please read the prospectus carefully before you invest.

Stocks may decline in value. See the prospectus for details.

DWS Investments is part of Deutsche Bank's Asset Management division and, within the US, represents the retail asset management activities of Deutsche Bank AG, Deutsche Bank Trust Company Americas, Deutsche Investment Management Americas Inc. and DWS Trust Company.

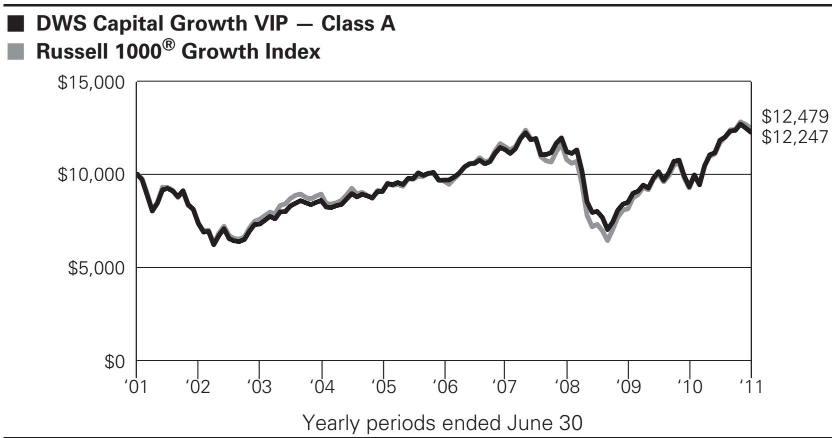
Performance Summary

June 30, 2011

Fund performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please contact your participating insurance company for the Fund's most recent month-end performance. Performance doesn't reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option. These charges and fees will reduce returns. While all share classes have the same underlying portfolio, their performance will differ.

The gross expense ratios of the Fund, as stated in the fee table of the prospectus dated May 1, 2011 are 0.51% and 0.85% for Class A and Class B shares, respectively, and may differ from the expense ratios disclosed in the Financial Highlights tables in this report.

Growth of an Assumed $10,000 Investment



The Russell 1000® Growth Index is an unmanaged, capitalization-weighted index containing those securities in the Russell 1000 Index with higher price-to-book ratios and higher forecasted growth values.

Index returns do not reflect any fees or expenses and it is not possible to invest directly into an index.

Comparative Results

DWS Capital Growth VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class A	Growth of $10,000	$10,365	$13,143	$10,934	$12,656	$12,247
	Average annual total return	3.65%	31.43%	3.02%	4.82%	2.05%
Russell 1000 Growth Index	Growth of $10,000	$10,683	$13,501	$11,581	$12,965	$12,479
	Average annual total return	6.83%	35.01%	5.01%	5.33%	2.24%

DWS Capital Growth VIP		6-Month‡	1-Year	3-Year	5-Year	10-Year
Class B	Growth of $10,000	$10,348	$13,101	$10,827	$12,444	$11,831
	Average annual total return	3.48%	31.01%	2.68%	4.47%	1.70%
Russell 1000 Growth Index	Growth of $10,000	$10,683	$13,501	$11,581	$12,965	$12,479
	Average annual total return	6.83%	35.01%	5.01%	5.33%	2.24%

The growth of $10,000 is cumulative.

‡ *Total returns shown for periods less than one year are not annualized.*

Information About Your Fund's Expenses

As an investor of the Fund, you incur two types of costs: ongoing expenses and transaction costs. Ongoing expenses include management fees, distribution and service (12b-1) fees and other Fund expenses. Examples of transaction costs include contract charges and account maintenance fees, which are not shown in this section. The following tables are intended to help you understand your ongoing expenses (in dollars) of investing in the Fund and to help you compare these expenses with the ongoing expenses of investing in other mutual funds. The example in the table is based on an investment of $1,000 invested at the beginning of the six-month period and held for the entire period (January 1, 2011 to June 30, 2011).

The tables illustrate your Fund's expenses in two ways:

- **Actual Fund Return.** This helps you estimate the actual dollar amount of ongoing expenses (but not transaction costs) paid on a $1,000 investment in the Fund using the Fund's actual return during the period. To estimate the expenses you paid over the period, simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the "Expenses Paid per $1,000" line under the share class you hold.
- **Hypothetical 5% Fund Return.** This helps you to compare your Fund's ongoing expenses (but not transaction costs) with those of other mutual funds using the Fund's actual expense ratio and a hypothetical rate of return of 5% per year before expenses. Examples using a 5% hypothetical Fund return may be found in the shareholder reports of other mutual funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Please note that the expenses shown in these tables are meant to highlight your ongoing expenses only and do not reflect any transaction costs. The "Expenses Paid per $1,000" line of the tables is useful in comparing ongoing expenses only and will not help you determine the relative total expense of owning different funds. If these transaction costs had been included, your costs would have been higher.

Expenses and Value of a $1,000 Investment for the six months ended June 30, 2011

Actual Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/11	$1,000.00	$1,000.00
Ending Account Value 6/30/11	$1,036.50	$1,034.80
Expenses Paid per $1,000*	$ 2.63	$ 4.34

Hypothetical 5% Fund Return	**Class A**	**Class B**
Beginning Account Value 1/1/11	$1,000.00	$1,000.00
Ending Account Value 6/30/11	$1,022.22	$1,020.53
Expenses Paid per $1,000*	$ 2.61	$ 4.31

* *Expenses are equal to the Fund's annualized expense ratio for each share class, multiplied by the average account value over the period, multiplied by the number of days in the most recent six-month period, then divided by 365.*

Annualized Expense Ratios	**Class A**	**Class B**
DWS Variable Series I — DWS Capital Growth VIP	.52%	.86%

For more information, please refer to the Fund's prospectus.

These tables do not reflect charges and fees ("contract charges") associated with the separate account that invests in the Fund or any variable life insurance policy or variable annuity contract for which the Fund is an investment option.

Portfolio Summary

Asset Allocation (As a % of Investment Portfolio excluding Securities Lending Collateral)	**6/30/11**	**12/31/10**
Common Stocks	98%	100%
Cash Equivalents	2%	—
	100%	100%

Sector Diversification (As a % of Common Stocks)	**6/30/11**	**12/31/10**
Information Technology	30%	31%
Industrials	16%	14%
Energy	13%	12%
Consumer Discretionary	13%	16%
Health Care	10%	10%
Consumer Staples	6%	5%
Materials	6%	6%
Financials	4%	5%
Telecommunication Services	2%	1%
	100%	100%

Asset allocation and sector diversification are subject to change.

For more complete details about the Fund's investment portfolio, see page 6.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at www.sec.gov, and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330. The Fund's portfolio holdings are also posted on www.dws-investments.com from time to time. Please see the Fund's current prospectus for more information.

Investment Portfolio

June 30, 2011 (Unaudited)

	Shares	Value ($)
Common Stocks 99.2%		
Consumer Discretionary 12.7%		
Auto Components 2.2%		
Autoliv, Inc. (a)	110,264	8,650,211
BorgWarner, Inc.* (a)	118,765	9,595,024
		18,245,235
Hotels Restaurants & Leisure 4.1%		
Darden Restaurants, Inc. (a)	209,730	10,436,165
McDonald's Corp. (a)	123,835	10,441,767
Starwood Hotels & Resorts Worldwide, Inc. (a)	229,918	12,884,605
		33,762,537
Multiline Retail 1.6%		
Dollar General Corp.* (a)	142,866	4,841,729
Nordstrom, Inc. (a)	172,002	8,073,774
		12,915,503
Specialty Retail 2.9%		
Dick's Sporting Goods, Inc.*	245,666	9,445,858
Limited Brands, Inc. (a)	385,330	14,815,938
		24,261,796
Textiles, Apparel & Luxury Goods 1.9%		
NIKE, Inc. "B"	179,980	**16,194,600**
Consumer Staples 6.2%		
Beverages 1.4%		
PepsiCo, Inc. (a)	174,442	**12,285,950**
Food & Staples Retailing 3.1%		
Costco Wholesale Corp.	151,166	12,280,726
Wal-Mart Stores, Inc. (a)	174,355	9,265,224
Whole Foods Market, Inc.	65,844	4,177,802
		25,723,752
Food Products 1.7%		
Kellogg Co.	253,352	**14,015,433**
Energy 12.7%		
Energy Equipment & Services 5.0%		
Halliburton Co. (a)	126,541	6,453,591
National Oilwell Varco, Inc.	176,441	13,799,451
Oil States International, Inc.* (a)	82,334	6,579,310
Schlumberger Ltd.	170,007	14,688,605
		41,520,957
Oil, Gas & Consumable Fuels 7.7%		
Anadarko Petroleum Corp. (a)	173,974	13,354,244
EOG Resources, Inc. (a)	128,390	13,423,174
Exxon Mobil Corp.	140,975	11,472,546
Marathon Oil Corp.	121,715	6,411,946
Occidental Petroleum Corp. (a)	123,129	12,810,341
Plains Exploration & Production Co.*	177,881	6,780,824
		64,253,075
Financials 4.4%		
Capital Markets		
Ameriprise Financial, Inc.	94,307	5,439,628
Charles Schwab Corp. (a)	377,927	6,216,899
Morgan Stanley	379,297	8,727,624
T. Rowe Price Group, Inc. (a)	272,116	16,419,479
		36,803,630

	Shares	Value ($)
Health Care 10.0%		
Biotechnology 3.7%		
Amgen, Inc.* (a)	75,112	4,382,785
Celgene Corp.* (a)	298,428	18,001,177
Gilead Sciences, Inc.*	207,522	8,593,486
		30,977,448
Health Care Equipment & Supplies 1.5%		
CareFusion Corp.*	233,629	6,347,700
Edwards Lifesciences Corp.* (a)	72,585	6,327,960
		12,675,660
Health Care Providers & Services 3.7%		
Express Scripts, Inc.*	319,263	17,233,817
McKesson Corp.	158,770	13,281,111
		30,514,928
Life Sciences Tools & Services 1.1%		
Thermo Fisher Scientific, Inc.*	135,015	**8,693,616**
Industrials 16.1%		
Aerospace & Defense 3.5%		
TransDigm Group, Inc.*	102,936	9,386,734
United Technologies Corp.	226,401	20,038,752
		29,425,486
Commercial Services & Supplies 1.0%		
Stericycle, Inc.* (a)	87,989	**7,841,580**
Electrical Equipment 3.1%		
AMETEK, Inc.	301,507	13,537,664
Roper Industries, Inc. (a)	147,055	12,249,682
		25,787,346
Machinery 6.0%		
Dover Corp.	112,692	7,640,518
Meritor, Inc.* (a)	312,013	5,004,688
Navistar International Corp.* (a)	167,878	9,478,392
Parker Hannifin Corp. (a)	216,882	19,462,991
SPX Corp. (a)	103,493	8,554,731
		50,141,320
Road & Rail 2.5%		
Norfolk Southern Corp. (a)	280,226	**20,997,334**
Information Technology 29.9%		
Communications Equipment 3.7%		
QUALCOMM, Inc.	466,531	26,494,295
Riverbed Technology, Inc.* (a)	102,173	4,045,029
		30,539,324
Computers & Peripherals 8.5%		
Apple, Inc.*	138,313	46,427,525
EMC Corp.* (a)	893,537	24,616,944
		71,044,469
Internet Software & Services 1.2%		
Google, Inc. "A"*	19,252	**9,748,828**
IT Services 4.2%		
Accenture PLC "A"	218,454	13,198,991
International Business Machines Corp. (a)	65,648	11,261,914
VeriFone Systems, Inc.* (a)	242,271	10,744,719
		35,205,624

The accompanying notes are an integral part of the financial statements.

	Shares	Value ($)
Semiconductors & Semiconductor Equipment 3.2%		
Intel Corp. (a)	817,066	18,106,183
Skyworks Solutions, Inc.*	379,933	8,730,860
		26,837,043
Software 9.1%		
Adobe Systems, Inc.*	132,928	4,180,585
Check Point Software Technologies Ltd.* (a)	162,682	9,248,472
Concur Technologies, Inc.* (a)	132,711	6,644,840
Microsoft Corp.	712,689	18,529,914
Oracle Corp.	844,212	27,783,017
Solera Holdings, Inc.	150,405	8,897,960
		75,284,788
Materials 5.6%		
Chemicals 3.4%		
Huntsman Corp. (a)	924,713	17,430,840
The Mosaic Co.	157,470	10,665,443
		28,096,283
Containers & Packaging 0.7%		
Owens-Illinois, Inc.*	242,076	**6,247,981**
Metals & Mining 1.5%		
Freeport-McMoRan Copper & Gold, Inc.	237,634	**12,570,839**
Telecommunication Services 1.6%		
Wireless Telecommunication Services		
American Tower Corp. "A"*	254,061	**13,295,013**
Total Common Stocks (Cost $583,281,627)		**825,907,378**
Securities Lending Collateral 27.3%		
Daily Assets Fund Institutional, 0.13% (b) (c) (Cost $227,048,807)	227,048,807	**227,048,807**
Cash Equivalents 1.7%		
Central Cash Management Fund, 0.11% (b) (Cost $13,846,777)	13,846,777	**13,846,777**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $824,177,211)†	128.2	**1,066,802,962**
Other Assets and Liabilities, Net	(28.2)	**(234,407,694)**
Net Assets	100.0	**832,395,268**

* *Non-income producing security.*

† *The cost for federal income tax purposes was $827,129,683. At June 30, 2011, net unrealized appreciation for all securities based on tax cost was $239,673,279. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of $251,036,181 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of $11,362,902.*

(a) *All or a portion of these securities were on loan (see Notes to Financial Statements). The value of all securities loaned at June 30, 2011 amounted to $225,149,671, which is 27.0% of net assets.*

(b) *Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.*

(c) *Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.*

Fair Value Measurements

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2011 in valuing the Fund's investments. For information on the Fund's policy regarding the valuation of investments, please refer to the Security Valuation section of Note A in the accompanying Notes to Financial Statements.

Assets	Level 1	Level 2	Level 3	Total
Common Stocks (d)	$ 825,907,378	$ —	$ —	$ 825,907,378
Short-Term Investments (d)	240,895,584	—	—	240,895,584
Total	**$ 1,066,802,962**	**$ —**	**$ —**	**$ 1,066,802,962**

There have been no transfers between Level 1 and Level 2 fair value measurements during the period ended June 30, 2011.

(d) *See Investment Portfolio for additional detailed categorizations.*

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of June 30, 2011 (Unaudited)

Assets	
Investments:	
Investments in non-affiliated securities, at value (cost $583,281,627) — including $225,149,671 of securities loaned	$ 825,907,378
Investment in Daily Assets Fund Institutional (cost $227,048,807)*	227,048,807
Investment in Central Cash Management Fund (cost $13,846,777)	13,846,777
Total investments in securities, at value (cost $824,177,211)	1,066,802,962
Cash	11,068
Foreign currency, at value (cost $3,846)	3,887
Receivable for Fund shares sold	20,419
Dividends receivable	630,432
Interest receivable	7,739
Foreign taxes recoverable	52,713
Other assets	990
Total assets	1,067,530,210
Liabilities	
Payable upon return of securities loaned	227,048,807
Payable for investments purchased	6,574,518
Payable for Fund shares redeemed	818,478
Accrued management fee	251,723
Other accrued expenses and payables	441,416
Total liabilities	235,134,942
Net assets, at value	**$ 832,395,268**
Net Assets Consist of	
Undistributed net investment income	2,420,579
Net unrealized appreciation (depreciation) on:	
Investments	242,625,751
Foreign currency	11,333
Accumulated net realized gain (loss)	(125,898,280)
Paid-in capital	713,235,885
Net assets, at value	**$ 832,395,268**
Class A	
Net Asset Value, offering and redemption price per share ($817,551,420 ÷ 40,560,109 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 20.16**
Class B	
Net Asset Value, offering and redemption price per share ($14,843,848 ÷ 738,253 outstanding shares of beneficial interest, $.01 par value, unlimited number of shares authorized)	**$ 20.11**

* *Represents collateral of securities loaned.*

Statement of Operations

for the six months ended June 30, 2011 (Unaudited)

Investment Income	
Income:	
Dividends	$ 4,520,569
Income distributions — Central Cash Management Fund	2,855
Securities lending income, including income from Daily Assets Fund Institutional, net of borrower rebates	56,926
Total income	4,580,350
Expenses:	
Management fee	1,468,529
Administration fee	385,150
Services to shareholders	6,136
Distribution service fee (Class B)	16,319
Record keeping fee (Class B)	5,679
Custodian fee	29,015
Professional fees	35,976
Reports to shareholders	39,423
Trustees' fees and expenses	13,083
Other	20,859
Total expenses	2,020,169
Net investment income (loss)	**2,560,181**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	40,257,242
Foreign currency	266
	40,257,508
Change in net unrealized appreciation (depreciation) on:	
Investments	(20,797,394)
Foreign currency	7,010
	(20,790,384)
Net gain (loss)	**19,467,124**
Net increase (decrease) in net assets resulting from operations	**$ 22,027,305**

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Net Assets

Increase (Decrease) in Net Assets		Six Months Ended June 30, 2011 (Unaudited)		Year Ended December 31, 2010
Operations:				
Net investment income (loss)	$	2,560,181	$	5,440,265
Net realized gain (loss)		40,257,508		56,939,552
Change in net unrealized appreciation (depreciation)		(20,790,384)		46,062,994
Net increase (decrease) in net assets resulting from operations		22,027,305		108,442,811
Distributions to shareholders from:				
Net investment income:				
Class A		(5,283,454)		(6,317,623)
Class B		(48,050)		(67,783)
Total distributions		(5,331,504)		(6,385,406)
Fund share transactions:				
Class A				
Proceeds from shares sold		6,977,977		12,396,402
Net assets acquired in tax-free reorganization*		126,872,037		—
Reinvestment of distributions		5,283,454		6,317,623
Payments for shares redeemed		(66,910,154)		(105,101,955)
Net increase (decrease) in net assets from Class A share transactions		72,223,314		(86,387,930)
Class B				
Proceeds from shares sold		335,771		1,077,251
Net assets acquired in tax-free reorganization*		3,304,909		—
Reinvestment of distributions		48,050		67,783
Payments for shares redeemed		(1,268,637)		(2,881,286)
Net increase (decrease) in net assets from Class B share transactions		2,420,093		(1,736,252)
Increase (decrease) in net assets		91,339,208		13,933,223
Net assets at beginning of period		741,056,060		727,122,837
Net assets at end of period (including undistributed net investment income of $2,420,579 and $5,191,902, respectively)	**$**	**832,395,268**	**$**	**741,056,060**

Other Information		
Class A		
Shares outstanding at beginning of period	37,210,167	42,229,316
Shares sold	344,950	714,318
Shares issued in tax-free reorganization*	6,079,145	—
Shares issued to shareholders in reinvestment of distributions	254,870	348,655
Shares redeemed	(3,329,023)	(6,082,122)
Net increase (decrease) in Class A shares	3,349,942	(5,019,149)
Shares outstanding at end of period	**40,560,109**	**37,210,167**
Class B		
Shares outstanding at beginning of period	623,731	725,636
Shares sold	16,721	62,186
Shares issued in tax-free reorganization*	158,668	—
Shares issued to shareholders in reinvestment of distributions	2,322	3,749
Shares redeemed	(63,189)	(167,840)
Net increase (decrease) in Class B shares	114,522	(101,905)
Shares outstanding at end of period	**738,253**	**623,731**

* *On April 29, 2011 DWS Health Care VIP and DWS Technology VIP were acquired by the Fund through a tax-free reorganization (see Note F).*

The accompanying notes are an integral part of the financial statements.

Financial Highlights

Class A	Six Months Ended 6/30/11 (Unaudited)	2010	Years Ended December 31, 2009	2008	2007	2006
Selected Per Share Data						
Net asset value, beginning of period	**$19.59**	**$16.93**	**$13.55**	**$20.41**	**$18.24**	**$16.90**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.07	.14[d]	.14	.16	.17[d]	.13[c]
Net realized and unrealized gain (loss)	.65	2.68	3.43	(6.83)	2.12	1.31
Total from investment operations	.72	2.82	3.57	(6.67)	2.29	1.44
Less distributions from:						
Net investment income	(.15)	(.16)	(.19)	(.19)	(.12)	(.10)
Net asset value, end of period	**$20.16**	**$19.59**	**$16.93**	**$13.55**	**$20.41**	**$18.24**
Total Return (%)	3.65**	16.71[b]	26.87[b]	(32.98)[b]	12.59[b]	8.53[b,c]
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	818	729	715	594	1,058	1,131
Ratio of expenses before expense reductions (%)	.52*	.51	.51	.50	.53	.52
Ratio of expenses after expense reductions (%)	.52*	.51	.49	.49	.52	.49
Ratio of net investment income (loss) (%)	.67*	.78[d]	.98	.89	.86[d]	.73[c]
Portfolio turnover rate (%)	24**	42	76	21	30	16

[a] *Based on average shares outstanding during the period.*

[b] *Total return would have been lower had certain expenses not been reduced.*

[c] *Includes non-recurring income from the Advisor recorded as a result of an administrative proceeding regarding disclosure of brokerage allocation practices in connection with sales of DWS Funds. The non-recurring income resulted in an increase in net investment income of $0.007 per share and an increase in the ratio of net investment income of 0.04%. Excluding this non-recurring income, total return would have been 0.03% lower.*

[d] *Net investment income per share and ratio of net investment income include non-recurring dividend income amounting to $0.05 and $0.03 per share and 0.28% and 0.17% of average daily net assets for the years ended December 31, 2010 and 2007, respectively.*

* *Annualized* ** *Not annualized*

Class B	Six Months Ended 6/30/11 (Unaudited)	2010	Years Ended December 31, 2009	2008	2007	2006
Selected Per Share Data						
Net asset value, beginning of period	**$19.51**	**$16.86**	**$13.49**	**$20.31**	**$18.15**	**$16.81**
Income (loss) from investment operations:						
Net investment income (loss)[a]	.03	.08[d]	.09	.10	.09[d]	.06[c]
Net realized and unrealized gain (loss)	.65	2.67	3.43	(6.81)	2.12	1.31
Total from investment operations	.68	2.75	3.52	(6.71)	2.21	1.37
Less distributions from:						
Net investment income	(.08)	(.10)	(.15)	(.11)	(.05)	(.03)
Net asset value, end of period	**$20.11**	**$19.51**	**$16.86**	**$13.49**	**$20.31**	**$18.15**
Total Return (%)	3.48**	16.33[b]	26.49[b]	(33.20)[b]	12.18[b]	8.17[b,c]
Ratios to Average Net Assets and Supplemental Data						
Net assets, end of period ($ millions)	15	12	12	10	19	107
Ratio of expenses before expense reductions (%)	.86*	.85	.85	.85	.94	.91
Ratio of expenses after expense reductions (%)	.86*	.84	.82	.82	.90	.86
Ratio of net investment income (loss) (%)	.33*	.45[d]	.65	.56	.48[d]	.36[c]
Portfolio turnover rate (%)	24**	42	76	21	30	16

[a] *Based on average shares outstanding during the period.*

[b] *Total return would have been lower had certain expenses not been reduced.*

[c] *Includes non-recurring income from the Advisor recorded as a result of an administrative proceeding regarding disclosure of brokerage allocation practices in connection with sales of DWS Funds. The non-recurring income resulted in an increase in net investment income of $0.007 per share and an increase in the ratio of net investment income of 0.04%. Excluding this non-recurring income, total return would have been 0.03% lower.*

[d] *Net investment income per share and ratio of net investment income include non-recurring dividend income amounting to $0.05 and $0.03 per share and $0.28% and 0.17% of average daily net assets for the years ended December 31, 2010 and 2007, respectively.*

* *Annualized* ** *Not annualized*

Notes to Financial Statements (Unaudited)

A. Organization and Significant Accounting Policies

DWS Variable Series I (the "Series") is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as an open-end, registered management investment company organized as a Massachusetts business trust. The Series consists of five diversified funds: DWS Bond VIP, DWS Growth & Income VIP, DWS Capital Growth VIP, DWS Global Small Cap Growth VIP (formerly DWS Global Opportunities VIP) and DWS International VIP (individually or collectively hereinafter referred to as a "Fund" or the "Funds"). These financial statements report on DWS Capital Growth VIP. The Series is intended to be the underlying investment vehicle for variable annuity contracts and variable life insurance policies to be offered by the separate accounts of certain life insurance companies ("Participating Insurance Companies").

Multiple Classes of Shares of Beneficial Interest. The Fund offers two classes of shares (Class A shares and Class B shares). Class B shares are subject to Rule 12b-1 distribution fees under the 1940 Act and record keeping fees equal to an annual rate of 0.25% and up to 0.15%, respectively, of the average daily net assets of the Class B shares of the Fund. Class A shares are not subject to such fees.

Investment income, realized and unrealized gains and losses, and certain fund-level expenses and expense reductions, if any, are borne pro rata on the basis of relative net assets by the holders of all classes of shares, except that each class bears certain expenses unique to that class (including the applicable 12b-1 distribution fees and record keeping fees). Differences in class-level expenses may result in payment of different per share dividends by class. All shares have equal rights with respect to voting subject to class-specific arrangements.

The Series' financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of management estimates. Actual results could differ from those estimates. The policies described below are followed consistently by the Series in the preparation of the financial statements for its Funds.

Security Valuation. Investments are stated at value determined as of the close of regular trading on the New York Stock Exchange on each day the exchange is open for trading.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (US or foreign) or over-the-counter market on which they trade and are categorized as Level 1 securities. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation.

Money market instruments purchased with an original or remaining maturity of sixty days or less, maturing at par, are valued at amortized cost, which approximates value, and are categorized as Level 2. Investments in open-end investment companies are valued at their net asset value each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trustees and are generally categorized as Level 3. In accordance with the Fund's valuation procedures, factors used in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security's disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or pricing services; information obtained from the issuer, analysts, and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company's or issuer's financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold and with respect to debt securities; the maturity, coupon, creditworthiness, currency denomination and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of fair value measurements is included in a table following the Fund's Investment Portfolio.

Securities Lending. The Fund lends securities to certain financial institutions. The Fund retains beneficial ownership of the securities it has loaned and continues to receive interest and dividends paid by the issuer of securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the security lending agreement. The Fund may invest the cash collateral into a joint trading account in an affiliated money market fund pursuant to Exemptive Orders issued by the SEC. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received, including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

Foreign Currency Translations. The books and records of the Fund are maintained in US dollars. Investment securities and other assets and liabilities denominated in a foreign currency are translated into US dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated into US dollars at the prevailing exchange rates on the respective dates of the transactions.

Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the US dollar amount actually received. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

Federal Income Taxes. The Fund is treated as a separate taxpayer as provided for in the Internal Revenue Code, as amended. It is the Fund's policy to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to the separate accounts of the Participating Insurance Companies which hold its shares.

At December 31, 2010, the Fund had a net tax basis capital loss carryforward of approximately $163,203,000, including $31,237,000 inherited from its mergers with affiliated funds in fiscal years 2005, 2006 and 2009, which may be applied against any realized net taxable capital gains of each succeeding year until fully utilized or until December 31, 2011 ($69,353,000), December 31, 2012 ($28,616,000), December 31, 2015 ($6,163,000), December 31, 2016 ($20,912,000) and December 31, 2017 ($38,159,000), the respective expiration dates, whichever occurs first, and which may be subject to certain limitations under Sections 382–384 of the Internal Revenue Code.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the "Act") was enacted. Under the Act, net capital losses may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses. Previously, net capital losses were carried forward for eight years and treated as short-term losses. As a transition rule, the Act requires that post-enactment net capital losses be used before pre-enactment net capital losses. As a result of this ordering rule, pre-enactment capital loss carryforwards may expire unused, whereas under the previous rules these losses may have been utilized. This change is effective for fiscal years beginning after the date of enactment.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2010 and has determined that no provision for income tax is required in the Fund's financial statements. The Fund's federal tax returns for the prior three fiscal years remain open subject to examination by the Internal Revenue Service.

Distribution of Income and Gains. The Fund will declare and distribute dividends from its net investment income, if any, annually, although additional distributions may be made if necessary. Net realized gains from investment transactions, in excess of available capital loss carryforwards, would be taxable to the Fund if not distributed, and, therefore, will be distributed to shareholders at least annually.

The timing and characterization of certain income and capital gains distributions are determined annually in accordance with federal tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the net asset value of the Fund.

The tax character of current year distributions will be determined at the end of the current fiscal year.

Expenses. Expenses of the Series arising in connection with a specific Fund are allocated to that Fund. Other Series expenses which cannot be directly attributed to a Fund are apportioned among the Funds in the Series.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet been made. However, based on experience, the Fund expects the risk of loss to be remote.

Other. Investment transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes, investment transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis and may include proceeds from litigation.

B. Purchases and Sales of Securities

During the six months ended June 30, 2011, purchases and sales of investment securities (excluding short-term investments) aggregated $190,644,597 and $272,483,077, respectively.

C. Related Parties

Management Agreement. Under the Investment Management Agreement with Deutsche Investment Management Americas Inc. ("DIMA" or the "Advisor"), an indirect, wholly owned subsidiary of Deutsche Bank AG, the Advisor directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. The Advisor determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

Pursuant to the Investment Management Agreement with the Advisor, the Fund pays a monthly management fee based on the Fund's average daily net assets, computed and accrued daily and payable monthly at the following annual rates:

First $250 million of average daily net assets	.390%
Next $750 million of average daily net assets	.365%
Over $1 billion of average daily net assets	.340%

Accordingly, for the six months ended June 30, 2011, the fee pursuant to the Investment Management Agreement was equivalent to an annualized effective rate of 0.38% of the Fund's average daily net assets.

Administration Fee. Pursuant to an Administrative Services Agreement, DIMA provides most administrative services to the Series. For all services provided under the Administrative Services Agreement, the Fund pays the Advisor an annual fee ("Administration Fee") of 0.10% of the Fund's average daily net assets, computed and accrued daily and payable monthly. For the six months ended June 30, 2011, the Administration Fee was $385,150, of which $67,552 is unpaid.

Service Provider Fees. DWS Investments Service Company ("DISC"), an affiliate of the Advisor, is the transfer agent, dividend-paying agent and shareholder service agent for the Series. Pursuant to a sub-transfer agency agreement between DISC and DST Systems, Inc. ("DST"), DISC has delegated certain transfer agent, dividend-paying agent and shareholder service agent functions to DST. DISC compensates DST out of the shareholder servicing fee it receives from the Fund. For the six months ended June 30, 2011, the amounts charged to the Fund by DISC were as follows:

Services to Shareholders	**Total Aggregated**	**Unpaid at June 30, 2011**
Class A	$ 410	$ 349
Class B	70	70
	$ 480	**$ 419**

Distribution Service Agreement. DWS Investments Distributors, Inc. ("DIDI"), also an affiliate of the Advisor, is the Series' Distributor. In accordance with the Master Distribution Plan, DIDI receives 12b-1 fees of 0.25% of average daily net assets of Class B shares. Pursuant to the Master Distribution Plan, DIDI remits these fees to the Participating Insurance Companies for various costs incurred or paid by these companies in connection with marketing and distribution of Class B shares. For the six months ended June 30, 2011, the Distribution Service Fee aggregated $16,319, of which $2,358 is unpaid.

Typesetting and Filing Service Fees. Under an agreement with DIMA, DIMA is compensated for providing typesetting and certain regulatory filing services to the Fund. For the six months ended June 30, 2011, the amount charged to the Fund by DIMA included in the Statement of Operations under "reports to shareholders" aggregated $7,762, of which $386 is unpaid.

Trustees' Fees and Expenses. The Fund paid each Trustee not affiliated with the Advisor retainer fees plus specified amounts for various committee services and for the Board Chairperson.

Affiliated Cash Management Vehicle. The Fund may invest uninvested cash balances in Central Cash Management Fund, which is managed by the Advisor. The Fund indirectly bears its proportionate share of the expenses of Central Cash Management Fund. Central Cash Management Fund does not pay the Advisor an investment management fee. Central Cash Management Fund seeks a high level of current income consistent with liquidity and the preservation of capital.

D. Ownership of the Fund

Three participating insurance companies were owners of record of 10% or more of the total outstanding Class A shares of the Fund, each owning 37%, 28% and 14%. Two participating insurance companies were owners of record of 10% or more of the total outstanding Class B shares of the Fund, each owning 84% and 14%.

E. Line of Credit

The Fund and other affiliated funds (the "Participants") share in a $450 million revolving credit facility provided by a syndication of banks. The Fund may borrow for temporary or emergency purposes, including the meeting of redemption requests that otherwise might require the untimely disposition of securities. The Participants are charged an annual commitment fee which is allocated based on net assets, among each of the Participants. Interest is calculated at a rate per annum equal to the sum of the Federal Funds Rate plus 1.25 percent plus if LIBOR exceeds the Federal Funds Rate the amount of such excess. The Fund may borrow up to a maximum of 33 percent of its net assets under the agreement. The Fund had no outstanding loans at June 30, 2011.

F. Acquisition of Assets

On April 29, 2011, the Fund acquired all of the net assets of DWS Health Care VIP and DWS Technology VIP pursuant to a plan of reorganization approved by shareholders on April 11, 2011. The purpose of the transaction was to combine three funds managed by DWS with comparable investment objectives and strategies.

The acquisition was accomplished by a tax-free exchange as follows:

	Class A shares	Class B shares
DWS Health Care VIP	5,605,448	377,495
DWS Technology VIP	6,613,518	10,454

The above shares were exchanged for the following shares outstanding on the date acquired of the DWS Capital Growth VIP Fund:

	Class A shares	Class B shares
DWS Health Care VIP	2,358,210	152,955
DWS Technology VIP	3,720,935	5,713

The net assets at acquired date were as follows:

DWS Health Care VIP	$ 52,398,965
DWS Technology VIP	$ 77,777,981

The net unrealized appreciation included in the net assets above were as follows:

DWS Health Care VIP	$ 4,928,832
DWS Technology VIP	$ 13,786,077

The aggregate net assets of DWS Capital Growth VIP immediately before the acquisition were $754,712,975. The combined net assets of DWS Capital Growth VIP immediately following the acquisition were $884,889,922.

The financial statements reflect the operations of the DWS Capital Growth VIP for the period prior to the acquisition and the combined portfolio for the period subsequent to the Fund merger. Assuming the acquisition had been completed on January 1, 2011, DWS Capital Growth VIP's pro forma results of operations for the period ending June 30, 2011, are as follows:

Net investment income*	$ 2,467,086
Net gain (loss) on investments	31,145,502
Net increase (decrease) in net assets resulting from operations	33,612,588

* *Net investment income includes $157,183 of pro forma eliminated expenses.*

Proxy Voting

The Series' policies and procedures for voting proxies for portfolio securities and information about how the Series voted proxies related to its portfolio securities during the 12-month period ended June 30 are available on our Web site — www.dws-investments.com (click on "proxy voting" at the bottom of the page) — or on the SEC's Web site — www.sec.gov. To obtain a written copy of the Series' policies and procedures without charge, upon request, call us toll free at (800) 728-3337.

Summary of Management Fee Evaluation by Independent Fee Consultant

October 3, 2010

Pursuant to an Order entered into by Deutsche Investment Management Americas and affiliates (collectively, "DeAM") with the Attorney General of New York, I, Thomas H. Mack, have been appointed the Independent Fee Consultant for the DWS Funds (formerly the DWS Scudder Funds). My duties include preparing an annual written evaluation of the management fees DeAM charges the Funds, considering among other factors the management fees charged by other mutual fund companies for like services, management fees DeAM charges other clients for like services, DeAM's costs of supplying services under the management agreements and related profit margins, possible economies of scale if a Fund grows larger, and the nature and quality of DeAM's services, including fund performance. This report summarizes my evaluation for 2010, including my qualifications, the evaluation process for each of the DWS Funds, consideration of certain complex-level factors, and my conclusions. I served in substantially the same capacity in 2007, 2008, and 2009.

Qualifications

For more than 35 years I have served in various professional capacities within the investment management business. I have held investment analysis and advisory positions, including securities analyst, portfolio strategist and director of investment policy with a large investment firm. I have also performed business management functions, including business development, financial management and marketing research and analysis.

Since 1991, I have been an independent consultant within the asset management industry. I have provided services to over 125 client organizations, including investment managers, mutual fund boards, product distributors and related organizations. Over the past ten years I have completed a number of assignments for mutual fund boards, specifically including assisting boards with management contract renewal.

I hold a Master of Business Administration degree, with highest honors, from Harvard University and Master of Science and Bachelor of Science (highest honors) degrees from the University of California at Berkeley. I am an independent director and audit committee financial expert for two closed-end mutual funds and have served in various leadership and financial oversight capacities with non-profit organizations.

Evaluation of Fees for each DWS Fund

My work focused primarily on evaluating, fund-by-fund, the fees charged to each of the 118 publicly offered Fund portfolios in the DWS Fund family. For each Fund, I considered each of the key factors mentioned above, as well as any other relevant information. In doing so I worked closely with the Funds' Independent Directors in their annual contract renewal process, as well as in their approval of contracts for several new funds (documented separately).

In evaluating each Fund's fees, I reviewed comprehensive materials provided by or on behalf of DeAM, including expense information prepared by Lipper Analytical, comparative performance information, profitability data, manager histories, and other materials. I also accessed certain additional information from the Lipper and Morningstar databases and drew on my industry knowledge and experience.

To facilitate evaluating this considerable body of information, I prepared for each Fund a document summarizing the key data elements in each area as well as additional analytics discussed below. This made it possible to consider each key data element in the context of the others.

In the course of contract renewal, DeAM agreed to implement a number of fee and expense adjustments requested by the Independent Directors which will favorably impact future fees and expenses, and my evaluation includes the effects of these changes.

Fees and Expenses Compared with Other Funds

The competitive fee and expense evaluation for each fund focused on two primary comparisons:

- The Fund's contractual management fee (the advisory fee plus the administration fee where applicable) compared with those of a group of typically 12–15 funds in the same Lipper investment category (e.g. Large Capitalization Growth) having similar distribution arrangements and being of similar size.
- The Fund's total expenses compared with a broader universe of funds from the same Lipper investment category and having similar distribution arrangements.

These two comparisons provide a view of not only the level of the fee compared with funds of similar scale but also the total expense the Fund bears for all the services it receives, in comparison with the investment choices available in the Fund's investment category and distribution channel. The principal figure-of-merit used in these comparisons was the subject Fund's percentile ranking against peers.

DeAM's Fees for Similar Services to Others

DeAM provided management fee schedules for all of its US domiciled fund and non-fund investment management accounts in any of the investment categories where there is a DWS Fund. These similar products included the other DWS Funds, non-fund pooled accounts, institutional accounts and sub-advisory accounts. Using this information, I calculated for each Fund the fee that would be charged to each similar product, at the subject Fund's asset level.

Evaluating information regarding non-fund products is difficult because there are varying levels of services required for different types of accounts, with mutual funds generally requiring considerably more regulatory and administrative types of service as well as having more frequent cash flows than other types of accounts. Also, while mutual fund fees for similar fund products can be expected to be similar, there will be some differences due to different pricing conditions in different distribution channels (e.g. retail funds versus those used in variable insurance products), differences in underlying investment processes and other factors.

Costs and Profit Margins

DeAM provided a detailed profitability analysis for each Fund. After making some adjustments so that the presentation would be more comparable to the available industry figures, I reviewed profit margins from investment management alone, from investment management plus other fund services (excluding distribution) provided to the Funds by DeAM (principally shareholder services), and DeAM profits from all sources, including distribution. A later section comments on overall profitability.

Economies of Scale

Economies of scale — an expected decline in management cost per dollar of fund assets as fund assets grow — are very rarely quantified and documented because of inherent difficulties in collecting and analyzing relevant data. However, in virtually every investment category that I reviewed, larger funds tend to have lower fees and lower total expenses than smaller funds. To see how each DWS Fund compares with this industry observation, I reviewed:

- The trend in Fund assets over the last five years and the accompanying trend in total expenses. This shows if the Fund has grown and, if so, whether total expense (management fees as well as other expenses) have declined as a percent of assets.
- Whether the Fund has break-points in its management fee schedule, the extent of the fee reduction built into the schedule and the asset levels where the breaks take effect, and in the case of a sub-advised Fund how the Fund's break-points compare with those of the sub-advisory fee schedule.
- How the Fund's contractual fee schedule compares with trends in the industry data. To accomplish this, I constructed a chart showing how actual latest-fiscal-year contractual fees of the Fund and of other similar funds relate to average fund assets, with the subject Fund's contractual fee schedule superimposed.

Quality of Service — Performance

The quality-of-service evaluation focused on investment performance, which is the principal result of the investment management service. Each Fund's performance was reviewed over the past 1, 3, 5 and 10 years, as applicable, and compared with that of other funds in the same investment category and with a suitable market index.

In addition, I calculated and reviewed risk-adjusted returns relative to an index of similar mutual funds' returns and a suitable market index. The risk-adjusted returns analysis provides a way of determining the extent to which the Fund's return comparisons are mainly the product of investment value-added (or lack thereof) or alternatively taking considerably more or less risk than is typical in its investment category.

I also received and considered the history of portfolio manager changes for each Fund, as this provided an important context for evaluating the performance results.

Complex-Level Considerations

While this evaluation was conducted mainly at the individual fund level, there are some issues relating to the reasonableness of fees that can alternatively be considered across the whole fund complex:

- I reviewed DeAM's profitability analysis for all DWS Funds, with a view toward determining if the allocation procedures used were reasonable and how profit levels compared with public data for other investment managers.
- I considered whether DeAM and affiliates receive any significant ancillary or "fall-out" benefits that should be considered in interpreting the direct profitability results. These would be situations where serving as the investment manager of the Funds is beneficial to another part of the Deutsche Bank organization.
- I considered how aggregated DWS Fund expenses had varied over the years, by asset class and in the context of trends in asset levels.
- I reviewed the structure of the DeAM organization, trends in staffing levels, and information on compensation of investment management and other professionals compared with industry data.

Findings

Based on the process and analysis discussed above, which included reviewing a wide range of information from management and external data sources and considering among other factors the fees DeAM charges other clients, the fees charged by other fund managers, DeAM's costs and profits associated with managing the Funds, economies of scale, possible fall-out benefits, and the nature and quality of services provided, in my opinion the management fees charged the DWS Funds are reasonable.

Thomas H. Mack

Thomas H. Mack

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DWS INVESTMENTS
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