

EVERGREEN UTILITIES & HIGH INCOME FUND
Form N-CSR
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21507

Utilities and High Income Fund

(Exact name of registrant as specified in charter)

200 Berkeley Street Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

Michael H. Koonce, Esq.
200 Berkeley Street Boston,
Massachusetts 02116

(Name and address of agent for service)

Registrant's telephone number, including area code: (617) 210-3200

Date of fiscal year end: August 31, 2007

Date of reporting period: August 31, 2007

Item 1 - Reports to Stockholders.

Evergreen Utilities And High Income Fund

table of contents

1	LETTER TO SHAREHOLDERS
4	FINANCIAL HIGHLIGHTS
5	SCHEDULE OF INVESTMENTS
18	STATEMENT OF ASSETS AND LIABILITIES
19	STATEMENT OF OPERATIONS
20	STATEMENTS OF CHANGES IN NET ASSETS
21	NOTES TO FINANCIAL STATEMENTS
29	REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
30	AUTOMATIC DIVIDEND REINVESTMENT PLAN
31	ADDITIONAL INFORMATION
32	TRUSTEES AND OFFICERS

The fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q will be available on the SEC's Web site at <http://www.sec.gov>. In addition, the fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330.

A description of the fund's proxy voting policies and procedures, as well as information regarding how the fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available by visiting our Web site at EvergreenInvestments.com or by visiting the SEC's Web site at <http://www.sec.gov>. The fund's proxy voting policies and procedures are also available without charge, upon request, by calling 800.343.2898.

Mutual Funds:

NOT FDIC INSURED MAY LOSE VALUE NOT BANK GUARANTEED

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Evergreen Investment Management Company, LLC is a subsidiary of Wachovia Corporation and is an affiliate of Wachovia Corporation's other Broker Dealer subsidiaries.

LETTER TO SHAREHOLDERS

October 2007

Dennis H. Ferro
President and Chief
Executive Officer

Dear Shareholder:

We are pleased to provide the Annual Report for Evergreen Utilities and High Income Fund for the twelve-month period ended August 31, 2007.

The domestic equity market produced solid returns while higher-yielding corporate bonds delivered more modest, but still positive, results for the twelve-month period. However, both the stock and high yield markets were upset by increasing volatility in the final two months of the fiscal year. Concerns about weakness in housing and

worries about problems in the subprime mortgage industry led to a major sell-off in equities in July 2007. While most stocks, including utilities, recovered to produce positive results in August 2007, dramatic swings in prices continued to unsettle equity investors. Prior to the final two months of the fiscal year, stocks were driven higher by better-than-expected corporate profits, strong global growth trends and brisk activity by private equity investors. Large cap and mid cap stocks generally outperformed small cap stocks, with the growth style of investing outperforming the value style among stocks of all sizes. Utilities stocks, despite falling with other sectors in July's dramatic market correction, delivered healthy returns over the full twelve-month period.

High yield corporate bonds outperformed other fixed income securities for the fiscal year, despite producing negative results from the same market turbulence that affected the equity market in July. Early in the period, lower-rated high yield corporate debt benefited from the expanding economy and growing corporate earnings. However, the high yield performance advantage appeared to fade in the closing

1

LETTER TO SHAREHOLDERS continued

months of the period as bond market investors worried that problems in the subprime mortgage industry might signal a more widespread deterioration in credit quality. In this changed environment, the spreads or yield advantages of lower-quality corporate bonds began to widen, and higher-quality bonds, especially Treasuries, outperformed lower-quality bonds.

Despite weaknesses in the housing industry and the related problems in the subprime mortgage market, the domestic economy showed healthy growth over the twelve-month period. Rising personal consumption and business investment combined with brisk government spending and strong exports to lead to better-than-expected Gross Domestic Product (GDP) growth. After rising by 3.3% in 2006, GDP growth slowed to a 0.6% pace in the first quarter of 2007, but then reaccelerated to a rate of 4.0% in the second quarter. The economy produced strong employment gains throughout virtually the entire period, although the U.S. Labor Department reported that total employment fell in the final month of the fiscal year. Over the twelve-month period, the Federal Reserve Board (the Fed) kept the fed funds rate, a key short-term interest rate, unchanged at 5.25%. However, as concerns grew about the health of the economy in general, the Fed acted in August, injecting liquidity into the market by cutting the discount rate, which is the rate at which the Fed lends to banks. The fed funds rate remained unchanged as the period ended, but speculation increased that the influential rate could be cut in the coming weeks.

During this period, the investment team supervising the fund continued to seek a high level of current income and moderate capital growth for investors. In managing this closed-end fund, managers maintained a healthy allocation to utilities, investing in both common stocks and convertible securities, while also keeping a substantial allocation to high yield corporate bonds.

2

LETTER TO SHAREHOLDERS continued

As always, we encourage investors to maintain diversified investment portfolios in pursuit of their long-term investment goals.

Please visit us at **EvergreenInvestments.com** for more information about our funds and other investment products available to you. Thank you for your continued support of Evergreen Investments.

Sincerely,

Dennis H. Ferro

President and Chief Executive Officer

Evergreen Investment Company, Inc.

Special Notice to Shareholders:

Please visit our Web site at **EvergreenInvestments.com** for statements from President and Chief Executive Officer, Dennis Ferro, regarding the firm's recent settlement with the Securities and Exchange Commission (SEC) and prior settlement with the National Association of Securities Dealers (NASD).

3

FINANCIAL HIGHLIGHTS

(For a common share outstanding throughout each period)

	Year Ended August 31,			
	2007	2006	2005	2004¹
Net asset value, beginning of period	\$ 23.16	\$ 25.43	\$ 19.76	\$ 19.10 ²
Income from investment operations				
Net investment income (loss)	2.81 ³	4.07 ³	1.80	0.77
Net realized and unrealized gains or losses on investments	2.37	(0.51)	5.64	0.34
Distributions to preferred shareholders from ³				
Net investment income	(0.30)	(0.39)	(0.15)	(0.02)
Net realized gains	(0.20)	(0.02)	(0.04)	0
Total income from investment operations	4.68	3.15	7.25	1.09
Distributions to common shareholders from				
Net investment income	(3.79)	(2.76)	(1.58)	(0.30)
Net realized gains	0	(2.67)	0	0
Total distributions to common shareholders	(3.79)	(5.43)	(1.58)	(0.30)
Offering costs charged to capital for				
Common shares	0	0	0	(0.04)
Preferred shares	0	0.01 ^{3,4}	0	(0.09)
Total offering costs	0	0.01	0	(0.13)
Net asset value, end of period	\$ 24.05	\$ 23.16	\$ 25.43	\$ 19.76
Market value, end of period	\$ 27.30	\$ 23.50	\$ 22.21	\$ 18.29
Total return based on market value⁵	34.05%	35.89%	31.00%	(7.05%)

Ratios and supplemental data

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Net assets of common shareholders, end of period (thousands)	\$209,066	\$195,955	\$250,826	\$227,328
Liquidation value of preferred shares, end of period (thousands)	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Asset coverage ratio, end of period	360%	341%	406%	284%
Ratios to average net assets applicable to common shareholders				
Expenses including waivers/reimbursements and interest expense but excluding expense reductions	1.42%	1.70%	1.49%	1.31% ⁶
Expenses including interest expense but excluding waivers/reimbursements and expense reductions	1.42%	1.70%	1.54%	1.31% ⁶
Interest expense	0.22%	0.31%	0.30%	0.29% ⁶
Net investment income (loss) ⁷	9.41%	16.00%	8.50%	12.05% ⁶
Portfolio turnover rate	117%	122%	126%	55%

¹ For the period from April 30, 2004 (commencement of operations), to August 31, 2004.

² Initial public offering price of \$20.00 per share less underwriting discount of \$0.90 per share.

³ Calculated based on average common shares outstanding during the period.

⁴ Amount represents a refund of certain preferred share offering expenses.

⁵ Total return is calculated assuming a purchase of common stock on the first day and a sale on the last day of the period reported. Dividends and distributions are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund's Automatic Dividend Reinvestment Plan. Total return does not reflect brokerage commissions or sales charges.

⁶ Annualized

⁷ The net investment income (loss) ratio reflects distributions paid to preferred shareholders.

See Notes to Financial Statements

4

SCHEDULE OF INVESTMENTS

August 31, 2007

	Principal Amount	Value
CORPORATE BONDS 38.7%		
CONSUMER DISCRETIONARY 6.8%		
Auto Components 0.5%		
Goodyear Tire & Rubber Co.:		
9.00%, 07/01/2015	\$ 520,000	\$ 540,800
11.25%, 03/01/2011	315,000	339,019
Tenneco, Inc., 10.25%, 07/15/2013	80,000	85,800
		965,619

Automobiles 0.2%

Ford Motor Co., 7.875%, 06/15/2010	380,000	356,956
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Diversified Consumer Services 0.0%

Service Corporation International, 6.75%, 04/01/2015	100,000	97,500
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Hotels, Restaurants & Leisure 1.7%

Caesars Entertainment, Inc., 8.125%, 05/15/2011	1,000,000	995,000
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Inn of the Mountain Gods Resort & Casino, 12.00%, 11/15/2010	180,000	190,800
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Isle of Capri Casinos, Inc., 7.00%, 03/01/2014	1,271,000	1,108,947
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MGM MIRAGE:

5.875%, 02/27/2014	65,000	59,963
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7.50%, 06/01/2016	115,000	114,138
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Pokagon Gaming Authority, 10.375%, 06/15/2014 144A	345,000	370,875
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Seneca Gaming Corp., 7.25%, 05/01/2012	370,000	373,700
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Shingle Springs Tribal Gaming Authority, 9.375%, 06/15/2015 144A	405,000	400,950
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3,614,373

Household Durables 0.5%

Hovnanian Enterprises, Inc.:

6.00%, 01/15/2010	90,000	77,400
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6.50%, 01/15/2014	296,000	231,620
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Libbey, Inc., FRN, 12.38%, 06/01/2011	460,000	495,650
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Meritage Homes Corp., 6.25%, 03/15/2015	40,000	31,800
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Standard Pacific Corp.:

5.125%, 04/01/2009	30,000	26,250
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6.50%, 08/15/2010	70,000	59,500
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9.25%, 04/15/2012	180,000	132,300
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1,054,520

Media 2.8%

Cablevision Systems Corp., Ser. B, 8.00%, 04/15/2012	510,000	490,875
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CSC Holdings, Inc., 7.625%, 04/01/2011	1,000,000	990,000
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Dex Media East, LLC, 12.125%, 11/15/2012	540,000	577,800
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Dex Media West, LLC, 8.50%, 08/15/2010	420,000	427,350
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Lamar Media Corp.:

6.625%, 08/15/2015	1,000,000	960,000
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Ser. B, 6.625%, 08/15/2015	70,000	67,200
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Mediacom Broadband, LLC, 8.50%, 10/15/2015	60,000	59,700
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Mediacom Communications Corp., 9.50%, 01/15/2013	1,200,000	1,206,000
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See Notes to Financial Statements

SCHEDULE OF INVESTMENTS continued

August 31, 2007

	Principal Amount	Value
CORPORATE BONDS continued		
CONSUMER DISCRETIONARY continued		
Media continued		
R.H. Donnelley Corp., 10.875%, 12/15/2012	\$ 1,000,000	\$ 1,062,500
Sinclair Broadcast Group, Inc., 8.00%, 03/15/2012	90,000	91,350
		<hr/> 5,932,775 <hr/>
Multi-line Retail 0.1%		
Neiman Marcus Group, Inc., 9.00%, 10/15/2015	100,000	106,000
		<hr/>
Specialty Retail 0.3%		
Baker & Taylor, Inc., 11.50%, 07/01/2013 144A	140,000	137,900
Payless ShoeSource, Inc., 8.25%, 08/01/2013	430,000	399,900
		<hr/> 537,800 <hr/>
Textiles, Apparel & Luxury Goods 0.7%		
Oxford Industries, Inc., 8.875%, 06/01/2011	1,000,000	1,007,500
Warnaco Group, Inc., 8.875%, 06/15/2013	540,000	564,300
		<hr/> 1,571,800 <hr/>
CONSUMER STAPLES 2.6%		
Food & Staples Retailing 1.2%		
Ingles Markets, Inc., 8.875%, 12/01/2011	1,000,000	1,020,000
Rite Aid Corp., 8.125%, 05/01/2010	1,000,000	1,005,000
SUPERVALU, Inc., 7.50%, 11/15/2014	510,000	517,650
		<hr/> 2,542,650 <hr/>
Food Products 0.7%		
Del Monte Foods Co.:		
6.75%, 02/15/2015	1,290,000	1,231,950
8.625%, 12/15/2012	240,000	243,600
Smithfield Foods, Inc., 7.75%, 07/01/2017	70,000	70,700
		<hr/> 1,546,250 <hr/>

Household Products 0.1%

Church & Dwight Co., 6.00%, 12/15/2012	150,000	140,625
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Personal Products 0.6%

Central Garden & Pet Co., 9.125%, 02/01/2013	560,000	544,600
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Playtex Products, Inc., 8.00%, 03/01/2011	580,000	601,750
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1,146,350

ENERGY 5.9%**Energy Equipment & Services 0.9%**

Bristow Group, Inc.:

6.125%, 06/15/2013	30,000	28,725
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7.50%, 09/15/2017 144A	240,000	240,000
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Dresser-Rand Group, Inc., 7.375%, 11/01/2014	70,000	68,600
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Hornbeck Offshore Services, Inc., Ser. B, 6.125%, 12/01/2014	150,000	138,750
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Parker Drilling Co., 9.625%, 10/01/2013	395,000	422,156
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PHI, Inc., 7.125%, 04/15/2013	890,000	838,825
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1,737,056

See Notes to Financial Statements

6

SCHEDULE OF INVESTMENTS continued

August 31, 2007

	Principal Amount	Value
CORPORATE BONDS continued		
ENERGY continued		
Oil, Gas & Consumable Fuels 5.0%		
Chesapeake Energy Corp., 6.875%, 01/15/2016	\$ 900,000	\$ 884,250
Cimarex Energy Co., 7.125%, 05/01/2017	70,000	68,600
El Paso Corp., 7.00%, 06/15/2017	190,000	190,351
Encore Acquisition Co.:		
6.00%, 07/15/2015	235,000	207,975
6.25%, 04/15/2014	120,000	110,100
Exco Resources, Inc., 7.25%, 01/15/2011	610,000	617,625
Ferrellgas Partners, LP, 6.75%, 05/01/2014	600,000	573,000
Forest Oil Corp., 7.75%, 05/01/2014	1,000,000	1,010,000

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Frontier Oil Corp., 6.625%, 10/01/2011	135,000	131,625
Griffin Coal Mining Co., Ltd., 9.50%, 12/01/2016 144A	740,000	741,850
Mariner Energy, Inc., 8.00%, 05/15/2017	80,000	76,200
Overseas Shipholding Group, Inc., 8.25%, 03/15/2013	635,000	654,844
Peabody Energy Corp., 6.875%, 03/15/2013	1,000,000	1,002,500
Plains Exploration & Production Co., 7.75%, 06/15/2015	180,000	171,900
Regency Energy Partners, LP, 8.375%, 12/15/2013 144A	490,000	507,150
Sabine Pass LNG, LP, 7.25%, 11/30/2013	750,000	731,250
Targa Resources, Inc., 8.50%, 11/01/2013 144A	475,000	458,375
Tesoro Corp., Ser. B, 6.625%, 11/01/2015	500,000	495,625
W&T Offshore, Inc., 8.25%, 06/15/2014 144A	100,000	93,750
Williams Cos., 7.125%, 09/01/2011	1,000,000	1,037,500
Williams Partners, LP, 7.25%, 02/01/2017	740,000	736,300

10,500,770

FINANCIALS 4.8%

Consumer Finance 2.7%

Ford Motor Credit Co., LLC:

5.70%, 01/15/2010	745,000	677,666
7.375%, 10/28/2009	1,160,000	1,098,196
9.75%, 09/15/2010	400,000	396,388

General Motors Acceptance Corp., LLC:

5.625%, 05/15/2009	1,090,000	1,014,280
6.81%, 05/15/2009	345,000	316,514
6.875%, 09/15/2011	1,290,000	1,151,472
6.875%, 08/28/2012	80,000	70,744
7.75%, 01/19/2010	300,000	285,692
8.00%, 11/01/2031	310,000	279,188

Qwest Capital Funding, Inc., 6.50%, 11/15/2018

5,555,965

Insurance 0.1%

Crum & Forster Holdings Corp, 7.75%, 05/01/2017

340,000

323,000

See Notes to Financial Statements

7

SCHEDULE OF INVESTMENTS continued

August 31, 2007

Principal Amount	Value
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CORPORATE BONDS continued

FINANCIALS continued

Real Estate Investment Trusts

1.5%

Host Marriott Corp.:

Ser. J, 7.125%, 11/01/2013	\$	460,000	\$	460,000
Ser. O, 6.375%, 03/15/2015		105,000		102,375
Ser. Q, 6.75%, 06/01/2016		390,000		381,225

Omega Healthcare Investors, Inc.:

7.00%, 04/01/2014		1,000,000		985,000
7.00%, 01/15/2016		250,000		245,000

Ventas, Inc., 7.125%, 06/01/2015

3,176,100

Thriffs & Mortgage Finance 0.5%

Residential Capital, LLC:

7.125%, 11/21/2008		500,000		417,610
7.375%, 06/30/2010		465,000		358,260
7.50%, 04/17/2013		140,000		105,461
7.875%, 06/30/2015		205,000		154,981

1,036,312

HEALTH CARE 1.0%

Health Care Equipment & Supplies

0.1%

Universal Hospital Services, Inc.,

8.50%, 06/01/2015 144A

352,000

336,160

Health Care Providers & Services

0.9%

Community Health Systems, Inc.,

8.875%, 07/15/2015 144A

65,000

65,244

HCA, Inc., 9.25%, 11/15/2016 144A

1,285,000

1,323,550

Omnicare, Inc.:

6.125%, 06/01/2013

175,000

160,563

6.875%, 12/15/2015

295,000

276,562

1,825,919

INDUSTRIALS 5.3%

Aerospace & Defense 1.8%

Alliant Techsystems, Inc., 6.75%,

04/01/2016

110,000

108,075

DRS Technologies, Inc.:

6.625%, 02/01/2016

320,000

313,600

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7.625%, 02/01/2018	130,000	128,050
Hawker Beechcraft Acquisition Corp.,		
8.50%, 04/01/2015 144A	110,000	109,725
Hexcel Corp., 6.75%, 02/01/2015	135,000	131,963
L-3 Communications Holdings, Inc.:		
5.875%, 01/15/2015	1,910,000	1,819,275
6.375%, 10/15/2015	1,275,000	1,239,937
		3,850,625

See Notes to Financial Statements

8

SCHEDULE OF INVESTMENTS continued

August 31, 2007

	Principal Amount	Value
CORPORATE BONDS continued		
INDUSTRIALS continued		
Commercial Services & Supplies 1.9%		
Allied Waste North America, Inc.:		
6.375%, 04/15/2011	\$ 850,000	\$ 841,500
9.25%, 09/01/2012	715,000	747,175
Browning-Ferris Industries, Inc.:		
7.40%, 09/15/2035	240,000	221,400
9.25%, 05/01/2021	315,000	340,988
Corrections Corporation of America, 6.25%, 03/15/2013	755,000	736,125
Geo Group, Inc., 8.25%, 07/15/2013	910,000	913,412
Mobile Mini, Inc., 6.875%, 05/01/2015 144A	130,000	125,450
		3,926,050
Machinery 1.2%		
Commercial Vehicle Group, Inc., 8.00%, 07/01/2013	550,000	515,625
Manitowoc Co., 7.125%, 11/01/2013	1,000,000	977,500
Terex Corp., 7.375%, 01/15/2014	1,000,000	1,005,000
		2,498,125

Road & Rail 0.3%

Avis Budget Group, Inc.:

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7.625%, 05/15/2014	435,000	426,300
7.75%, 05/15/2016	10,000	9,750
Hertz Global Holdings, Inc., 8.875%, 01/01/2014	120,000	124,800
		<hr/>
		560,850
		<hr/>

Trading Companies & Distributors 0.1%

United Rentals, Inc., 6.50%, 02/15/2012	205,000	207,050
		<hr/>

INFORMATION TECHNOLOGY 0.7%

Electronic Equipment & Instruments 0.2%

Da-Lite Screen Co., Inc., 9.50%, 05/15/2011	205,000	
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