

Edgar Filing: GABELLI UTILITY TRUST - Form N-CSR

GABELLI UTILITY TRUST  
Form N-CSR  
March 07, 2007

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 811-09243  
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The Gabelli Utility Trust  
-----

(Exact name of registrant as specified in charter)

One Corporate Center  
Rye, New York 10580-1422  
-----

(Address of principal executive offices) (Zip code)

Bruce N. Alpert  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422  
-----

(Name and address of agent for service)

registrant's telephone number, including area code: 1-800-422-3554  
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Date of fiscal year end: December 31  
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Date of reporting period: December 31, 2006  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

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## THE GABELLI UTILITY TRUST

Annual Report  
December 31, 2006

TO OUR SHAREHOLDERS,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semi-annual and annual shareholder reports in a filing with the Securities and Exchange Commission on Form N-CSR. This certification would cover the portfolio manager's commentary and subjective opinions if they are attached to or a part of the financial statements. Many of these comments and opinions would be difficult or impossible to certify.

Because we do not want our portfolio managers to eliminate their opinions and/or restrict their commentary to historical facts, we have separated their commentary from the financial statements and investment portfolio and have sent it to you separately. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at [www.gabelli.com](http://www.gabelli.com).

Enclosed are the audited financial statements and the investment portfolio as of December 31, 2006.

### COMPARATIVE RESULTS

| AVERAGE ANNUAL RETURNS THROUGH DECEMBER 31, 2006 (A) |         |        |        |        |                           |
|--|---------|--------|--------|--------|---------------------------|
|  | Quarter | 1 Year | 3 Year | 5 Year | Since Inception (07/9/00) |
| <hr/>  |         |        |        |        |                           |
| GABELLI UTILITY TRUST                                |         |        |        |        |                           |
| NAV TOTAL RETURN (B) .....                           | 11.11%  | 29.35% | 17.36% | 12.58% | 11.33%                    |
| INVESTMENT TOTAL RETURN (C) .....                    | 7.98    | 16.47  | 9.55   | 9.20   | 12.55                     |
| S&P 500 Utilities Index .....                        | 9.15    | 20.99  | 20.66  | 9.20   | 5.75                      |
| Lipper Utility Fund Average .....                    | 10.37   | 25.50  | 20.90  | 10.97  | 6.35                      |

(a) RETURNS REPRESENT PAST PERFORMANCE AND DO NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE. WHEN SHARES ARE SOLD, THEY MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA PRESENTED. VISIT [WWW.GABELLI.COM](http://WWW.GABELLI.COM) FOR PERFORMANCE INFORMATION AS OF THE MOST RECENT MONTH END. PERFORMANCE RETURNS FOR LESS THAN ONE YEAR ARE NOT ANNUALIZED. INVESTORS SHOULD CAREFULLY CONSIDER THE INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES OF THE FUND BEFORE INVESTING. THE S&P 500 UTILITIES INDEX IS AN UNMANAGED INDICATOR OF ELECTRIC AND GAS UTILITY STOCK PERFORMANCE. THE LIPPER AVERAGE REFLECTS THE AVERAGE PERFORMANCE OF

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OPEN-END MUTUAL FUNDS CLASSIFIED IN THIS PARTICULAR CATEGORY. DIVIDENDS ARE CONSIDERED REINVESTED.

- (b) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN NET ASSET VALUE PER SHARE ("NAV"), REINVESTMENT OF DISTRIBUTIONS AT NAV ON THE EX-DIVIDEND DATE, ADJUSTMENTS FOR RIGHTS OFFERINGS AND ARE NET OF EXPENSES. SINCE INCEPTION RETURN IS BASED ON AN INITIAL NAV OF \$7.50.
- (c) TOTAL RETURNS AND AVERAGE ANNUAL RETURNS REFLECT CHANGES IN CLOSING MARKET VALUES ON THE NEW YORK STOCK EXCHANGE, REINVESTMENT OF DISTRIBUTIONS, AND ADJUSTMENTS FOR RIGHTS OFFERINGS. SINCE INCEPTION RETURN IS BASED ON AN INITIAL OFFERING PRICE OF \$7.50.
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Sincerely yours,

/s/ Bruce N. Alpert  
Bruce N. Alpert  
President

January 24, 2007

### THE GABELLI UTILITY TRUST SUMMARY OF PORTFOLIO HOLDINGS (UNAUDITED)

The following table presents portfolio holdings as a percent of total investments as of December 31, 2006:

|   |        |
|---|--------|
| Energy and Utilities: Electric Integrated .....                       | 42.7%  |
| Energy and Utilities: Electric Transmission<br>and Distribution ..... | 8.3%   |
| Energy and Utilities: Natural Gas Utilities .....                     | 8.2%   |
| Energy and Utilities: Natural Gas Integrated .....                    | 7.7%   |
| Repurchase Agreements .....   | 6.9%   |
| U.S. Government Obligations .....                                     | 5.0%   |
| Telecommunications .....  | 4.5%   |
| Energy and Utilities: Water .....                                     | 3.0%   |
| Energy and Utilities: Global Utilities .....                          | 2.6%   |
| Cable and Satellite .....   | 2.1%   |
| Energy and Utilities: Merchant Energy .....                           | 2.0%   |
| Specialty Chemicals .....   | 1.2%   |
| Wireless Communications .....   | 1.0%   |
| Entertainment .....   | 0.8%   |
| Diversified Industrial .....  | 0.8%   |
| Energy and Utilities: Oil .....                                       | 0.7%   |
| Communications Equipment .....  | 0.6%   |
| Energy and Utilities: Services .....                                  | 0.4%   |
| Transportation .....  | 0.4%   |
| Electronics .....   | 0.3%   |
| Metals and Mining .....   | 0.2%   |
| Aerospace .....   | 0.2%   |
| Energy and Utilities: Alternative Energy .....                        | 0.2%   |
| Real Estate .....   | 0.1%   |
| Equipment and Supplies .....  | 0.1%   |
| Closed-End Funds .....  | 0.0%   |
| Publishing .....  | 0.0%   |
| Agriculture .....   | 0.0%   |
|   | -----  |
|   | 100.0% |
|   | =====  |

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THE GABELLI UTILITY TRUST (THE "FUND") FILES A COMPLETE SCHEDULE OF PORTFOLIO HOLDINGS WITH THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") FOR THE FIRST AND THIRD QUARTERS OF EACH FISCAL YEAR ON FORM N-Q, THE LAST OF WHICH WAS FILED FOR THE QUARTER ENDED SEPTEMBER 30, 2006. SHAREHOLDERS MAY OBTAIN THIS INFORMATION AT WWW.GABELLI.COM OR BY CALLING THE FUND AT 800-GABELLI (800-422-3554). THE FUND'S FORM N-Q IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.SEC.GOV AND MAY ALSO BE REVIEWED AND COPIED AT THE SEC'S PUBLIC REFERENCE ROOM IN WASHINGTON, DC. INFORMATION ON THE OPERATION OF THE PUBLIC REFERENCE ROOM MAY BE OBTAINED BY CALLING 1-800-SEC-0330.

### PROXY VOTING

The Fund files Form N-PX with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of the Fund's proxy voting policies, procedures, and how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by (i) calling 800-GABELLI (800-422-3554); (ii) writing to The Gabelli Funds at One Corporate Center, Rye, NY 10580-1422; or (iii) visiting the SEC's website at [www.sec.gov](http://www.sec.gov).

2

### THE GABELLI UTILITY TRUST SCHEDULE OF INVESTMENTS DECEMBER 31, 2006

| SHARES<br>----- |  | COST<br>----- | MARKET<br>VALUE<br>----- |
|-----------------|--|---------------|--------------------------|
|                 | COMMON STOCKS -- 86.5%                         |               |                          |
|                 | AEROSPACE -- 0.2%                              |               |                          |
| 65,000          | Rolls-Royce Group plc+ .....                   | \$ 513,387    | \$ 569,846               |
| 2,385,500       | Rolls-Royce Group plc, Cl. B ..                | 4,539         | 4,741                    |
|                 |  | -----         | -----                    |
|                 |  | 517,926       | 574,587                  |
|                 |  | -----         | -----                    |
|                 | AGRICULTURE -- 0.0%                            |               |                          |
| 800             | Cadiz Inc.+ .....                              | 3,000         | 18,360                   |
|                 |  | -----         | -----                    |
|                 | CABLE AND SATELLITE -- 2.1%                    |               |                          |
| 5,000           | Cablevision Systems Corp.,<br>Cl. A+ .....     | 67,141        | 142,400                  |
| 5,000           | Cogeco Cable Inc. ....                         | 105,008       | 139,305                  |
| 20,000          | Cogeco Inc. ....                               | 389,461       | 501,822                  |
| 5,000           | Comcast Corp., Cl. A+ .....                    | 158,100       | 211,650                  |
| 50,000          | EchoStar Communications<br>Corp., Cl. A+ ..... | 1,560,336     | 1,901,500                |
| 35,000          | Liberty Global Inc.,<br>Cl. A+ .....           | 739,454       | 1,020,250                |
| 20,000          | Liberty Global Inc.,<br>Cl. C+ .....           | 421,966       | 560,000                  |
| 6,000           | Rogers Communications Inc.,<br>Cl. B .....     | 178,708       | 357,600                  |
| 60,000          | The DIRECTV Group Inc.+ .....                  | 959,293       | 1,496,400                |
|                 |  | -----         | -----                    |
|                 |  | 4,579,467     | 6,330,927                |
|                 |  | -----         | -----                    |

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|         |  |   |
|---------|--|---|
| UNITS   |  |   |
| -----   |  |   |
|         | CLOSED-END FUNDS -- 0.0%   |   |
| 4,350   | Bell Aliant Regional<br>Communications Income<br>Fund+ (a) ..... | 117,218                      100,572      |
|         |  | -----                                     |
| SHARES  |  |   |
| -----   |  |   |
|         | COMMUNICATIONS EQUIPMENT -- 0.6%                                 |   |
| 280,000 | The Furukawa Electric Co. Ltd.                                   | 1,441,034                      1,759,926  |
|         |  | -----                                     |
|         | DIVERSIFIED INDUSTRIAL -- 0.8%                                   |   |
| 18,000  | Catalytica Energy<br>Systems Inc.+ .....                         | 149,778                      37,260       |
| 6,000   | Cooper Industries Ltd.,<br>Cl. A .....                           | 451,381                      542,580      |
| 50,000  | General Electric Co. ....  | 1,882,900                      1,860,500  |
|         |  | -----                                     |
|         |  | 2,484,059                      2,440,340  |
|         |  | -----                                     |
|         | ELECTRONICS -- 0.3%  |   |
| 60,000  | Symbol Technologies Inc. ....                                    | 889,977                      896,400      |
|         |  | -----                                     |
|         | ENERGY AND UTILITIES: ALTERNATIVE ENERGY -- 0.2%                 |   |
| 12,000  | Ormat Technologies Inc. ....                                     | 180,000                      441,840      |
|         |  | -----                                     |
|         | ENERGY AND UTILITIES: ELECTRIC INTEGRATED -- 42.7%               |   |
| 315,000 | Allegheny Energy Inc.+ .....                                     | 7,749,105                      14,461,650 |
| 23,000  | ALLETE Inc. ....   | 728,776                      1,070,420    |
| 75,000  | Alliant Energy Corp. ....  | 1,824,383                      2,832,750  |
| 10,000  | Ameren Corp. ....  | 437,020                      537,300      |
| 80,000  | American Electric<br>Power Co. Inc. ....                         | 2,629,105                      3,406,400  |
| 550,000 | Aquila Inc.+ .....   | 1,743,502                      2,585,000  |
| 6,000   | Avista Corp. ....  | 106,558                      151,860      |
| 35,000  | Black Hills Corp. ....   | 1,060,967                      1,292,900  |
| 30,000  | Cleco Corp. ....   | 570,612                      756,900      |
| 185,000 | CMS Energy Corp.+ .....  | 1,880,382                      3,089,500  |
| 76,000  | Constellation<br>Energy Group .....                              | 4,674,900                      5,234,120  |
| 3,000   | Dominion Resources Inc. ....                                     | 152,527                      251,520      |
| 160,000 | DPL Inc. ....  | 3,365,523                      4,444,800  |
| 24,000  | DTE Energy Co. ....  | 978,366                      1,161,840    |
| 200,000 | Duke Energy Corp. ....   | 6,644,160                      6,642,000  |
| 90,000  | Edison International .....                                       | 3,861,403                      4,093,200  |
| 189,300 | El Paso Electric Co.+ .....                                      | 3,420,893                      4,613,241  |
| 3,000   | Entergy Corp. ....   | 84,249                      276,960       |
| 53,000  | FirstEnergy Corp. ....   | 2,187,349                      3,195,900  |
| 131,500 | Florida Public<br>Utilities Co. ....                             | 1,131,055                      1,742,375  |
| 112,000 | FPL Group Inc. ....  | 4,726,925                      6,095,040  |
| 105,000 | Great Plains Energy Inc. ....                                    | 3,272,186                      3,339,000  |
| 62,000  | Green Mountain Power Corp. ....                                  | 1,602,219                      2,101,180  |
| 50,000  | Hawaiian Electric<br>Industries Inc. ....                        | 1,321,257                      1,357,500  |
| 61,800  | Maine & Maritimes Corp.+ ....                                    | 1,958,824                      938,433    |
| 66,000  | MGE Energy Inc. ....   | 1,951,270                      2,414,280  |
| 45,000  | NiSource Inc. ....   | 970,021                      1,084,500    |
| 40,000  | NorthWestern Corp. ....  | 1,394,356                      1,415,200  |
| 100,000 | OGE Energy Corp. ....  | 2,406,346                      4,000,000  |
| 24,000  | Otter Tail Corp. ....  | 637,145                      747,840      |

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|  |  |              |                 |
|--|--|--------------|-----------------|
| 48,000   | PG&E Corp. ....                              | 1,280,160    | 2,271,840       |
| 20,000   | PNM Resources Inc. ....                      | 290,976      | 622,000         |
| 100,000  | Progress Energy Inc. ....                    | 4,383,880    | 4,908,000       |
| 40,000   | Progress Energy Inc.,<br>CVO+ .....          | 20,800       | 13,000          |
|  |  |              |                 |
| SHARES   |  | COST         | MARKET<br>VALUE |
| -----  |  | ----         | -----           |
| 20,000   | Public Service Enterprise<br>Group Inc. .... | \$ 1,047,079 | \$ 1,327,600    |
| 35,000   | Puget Energy Inc. ....                       | 795,990      | 887,600         |
| 60,000   | SCANA Corp. ....                             | 1,897,335    | 2,437,200       |
| 30,000   | Sierra Pacific Resources+ ....               | 227,798      | 504,900         |
| 105,000  | TECO Energy Inc. ....                        | 1,580,547    | 1,809,150       |
| 20,000   | The Empire District<br>Electric Co. ....     | 426,495      | 493,800         |
| 20,000   | TXU Corp. ....                               | 1,042,500    | 1,084,200       |
| 150,000  | Unisource Energy Corp. ....                  | 4,875,624    | 5,479,500       |
| 30,000   | Unitil Corp. ....                            | 791,461      | 760,500         |
| 47,000   | Vectren Corp. ....                           | 1,162,166    | 1,329,160       |
| 252,500  | Westar Energy Inc. ....                      | 5,780,304    | 6,554,900       |
| 80,000   | Wisconsin Energy Corp. ....                  | 2,806,837    | 3,796,800       |
| 52,000   | WPS Resources Corp. ....                     | 2,658,058    | 2,809,560       |
| 200,000  | Xcel Energy Inc. ....                        | 3,434,826    | 4,612,000       |
|  |  | -----        | -----           |
|  |  | 99,974,220   | 127,035,319     |
|  |  | -----        | -----           |
| ENERGY AND UTILITIES:                          |  |              |                 |
| ELECTRIC TRANSMISSION AND DISTRIBUTION -- 8.3% |  |              |                 |
| 50,000   | CH Energy Group Inc. ....                    | 2,261,677    | 2,640,000       |
| 57,000   | Consolidated Edison Inc. ....                | 2,577,809    | 2,739,990       |
| 190,000  | Duquesne Light Holdings Inc. ..              | 2,992,890    | 3,771,500       |
| 80,000   | Energy East Corp. ....                       | 1,767,343    | 1,984,000       |
| 140,000  | Northeast Utilities ....                     | 2,714,002    | 3,942,400       |
| 215,000  | NSTAR .....                                  | 5,293,459    | 7,387,400       |
| 22,500   | Pepco Holdings Inc. ....                     | 449,918      | 585,225         |
| 36,666   | UIL Holdings Corp. ....                      | 966,693      | 1,546,938       |
|  |  | -----        | -----           |
|  |  | 19,023,791   | 24,597,453      |
|  |  | -----        | -----           |
| ENERGY AND UTILITIES: GLOBAL UTILITIES -- 2.6% |  |              |                 |
| 1,500  | Areva .....                                  | 613,197      | 1,114,778       |
| 8,000  | Chubu Electric<br>Power Co. Inc. ....        | 189,551      | 239,318         |
| 9,600  | Electric Power<br>Development Co. Ltd. ....  | 240,854      | 422,705         |
| 200,000  | Enel SpA .....                               | 1,531,070    | 2,063,230       |
| 300,000  | Hera SpA .....                               | 433,286      | 1,302,884       |
| 8,000  | Hokkaido Electric<br>Power Co. Inc. ....     | 156,870      | 204,361         |
| 8,000  | Hokuriku Electric Power Co. ...              | 146,449      | 181,841         |
| 30,000   | Korea Electric Power Corp.,<br>ADR+ .....    | 486,564      | 681,300         |
| 8,000  | Kyushu Electric<br>Power Co. Inc. ....       | 167,818      | 211,084         |
| 2,000  | Niko Resources Ltd. ....                     | 113,769      | 142,949         |
| 8,000  | Shikoku Electric<br>Power Co. Inc. ....      | 155,987      | 190,580         |
| 8,000  | The Chugoku Electric<br>Power Co. Inc. ....  | 150,761      | 177,472         |
| 8,000  | The Kansai Electric                          |              |                 |

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|         |  |            |            |
|---------|--|------------|------------|
|         | Power Co. Inc. ....                                  | 158,472    | 215,789    |
| 8,000   | The Tokyo Electric                                   |            |            |
|         | Power Co. Inc. ....                                  | 191,450    | 258,813    |
| 15,000  | Tohoku Electric                                      |            |            |
|         | Power Co. Inc. ....                                  | 284,854    | 374,984    |
|         |  | -----      | -----      |
|         |  | 5,020,952  | 7,782,088  |
|         |  | -----      | -----      |
|         | ENERGY AND UTILITIES: MERCHANT ENERGY -- 1.9%        |            |            |
| 20,000  | Calpine Corp.+ .....                                 | 52,600     | 22,000     |
| 35,000  | Dynegy Inc., Cl. A+ .....                            | 175,000    | 253,400    |
| 8,130   | Mirant Corp.+ .....                                  | 37,373     | 256,664    |
| 300,000 | Mirant Corp. Escrow+ (c) .....                       | 0          | 0          |
| 230,000 | The AES Corp.+ .....                                 | 3,353,504  | 5,069,200  |
|         |  | -----      | -----      |
|         |  | 3,618,477  | 5,601,264  |
|         |  | -----      | -----      |
|         | ENERGY AND UTILITIES: NATURAL GAS INTEGRATED -- 6.8% |            |            |
| 170,000 | El Paso Corp. ....                                   | 1,520,952  | 2,597,600  |
| 34,200  | EnergySouth Inc. ....                                | 1,024,860  | 1,371,420  |
| 50,000  | Kinder Morgan Inc. ....                              | 5,232,072  | 5,287,500  |
| 95,000  | National Fuel Gas Co. ....                           | 2,887,225  | 3,661,300  |
| 100,000 | ONEOK Inc. ....                                      | 2,674,346  | 4,312,000  |
| 110,000 | Southern Union Co. ....                              | 1,799,367  | 3,074,500  |
|         |  | -----      | -----      |
|         |  | 15,138,822 | 20,304,320 |
|         |  | -----      | -----      |
|         | ENERGY AND UTILITIES: NATURAL GAS UTILITIES -- 8.2%  |            |            |
| 28,000  | AGL Resources Inc. ....                              | 692,019    | 1,089,480  |
| 50,000  | Atmos Energy Corp. ....                              | 1,241,257  | 1,595,500  |
| 60,000  | Cascade Natural Gas Corp. ....                       | 1,396,113  | 1,555,200  |
| 10,000  | Chesapeake Utilities Corp. ....                      | 224,112    | 306,500    |
| 3,000   | Corning Natural Gas Corp.+ ....                      | 43,760     | 51,450     |
| 29,700  | Delta Natural Gas Co. Inc. ....                      | 494,549    | 744,876    |
| 127,000 | KeySpan Corp. ....                                   | 4,668,329  | 5,229,860  |
| 90,000  | Nicor Inc. ....                                      | 3,094,432  | 4,212,000  |

See accompanying notes to financial statements.

3

THE GABELLI UTILITY TRUST  
SCHEDULE OF INVESTMENTS (CONTINUED)  
DECEMBER 31, 2006

| SHARES  |   | COST         | MARKET VALUE |
|---------|---|--------------|--------------|
| -----   |   | ----         | -----        |
|         | COMMON STOCKS (CONTINUED)                               |              |              |
|         | ENERGY AND UTILITIES: NATURAL GAS UTILITIES (CONTINUED) |              |              |
| 52,000  | Peoples Energy Corp. ....                               | \$ 2,061,603 | \$ 2,317,640 |
| 35,000  | Piedmont Natural  |              |              |
|         | Gas Co. Inc. ....                                       | 553,257      | 936,250      |
| 6,000   | RGC Resources Inc. ....                                 | 128,344      | 152,100      |
| 140,000 | SEMCO Energy Inc.+ .....                                | 1,193,115    | 854,000      |
| 140,000 | Southwest Gas Corp. ....                                | 3,767,775    | 5,371,800    |
|         |   | -----        | -----        |
|         |   | 19,558,665   | 24,416,656   |
|         |   | -----        | -----        |
|         | ENERGY AND UTILITIES: OIL -- 0.7%                       |              |              |
| 4,000   | Anadarko Petroleum Corp. ....                           | 141,060      | 174,080      |

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|         |  |           |           |
|---------|--|-----------|-----------|
| 20,000  | Exxon Mobil Corp. ....                           | 1,168,383 | 1,532,600 |
| 4,000   | Royal Dutch Shell plc,<br>Cl. A, ADR .....       | 237,320   | 283,160   |
|         |  | -----     | -----     |
|         |  | 1,546,763 | 1,989,840 |
|         |  | -----     | -----     |
|         | ENERGY AND UTILITIES: SERVICES -- 0.4%           |           |           |
| 70,000  | ABB Ltd., ADR .....                              | 764,610   | 1,258,600 |
|         |  | -----     | -----     |
|         | ENERGY AND UTILITIES: WATER -- 3.0%              |           |           |
| 14,000  | American States Water Co. ....                   | 312,701   | 540,680   |
| 21,333  | Aqua America Inc. ....                           | 209,100   | 485,966   |
| 24,750  | Artesian Resources Corp.,<br>Cl. A .....         | 257,250   | 486,585   |
| 20,500  | BIW Ltd. ....                                    | 385,069   | 321,850   |
| 20,520  | California Water<br>Service Group .....          | 566,928   | 829,008   |
| 7,500   | Connecticut Water<br>Service Inc. ....           | 146,455   | 170,625   |
| 51,333  | Middlesex Water Co. ....                         | 801,882   | 961,467   |
| 24,088  | Pennichuck Corp. ....                            | 471,751   | 487,300   |
| 97,000  | SJW Corp. ....                                   | 1,818,295 | 3,759,720 |
| 8,101   | Southwest Water Co. ....                         | 52,047    | 111,470   |
| 12,000  | Suez SA .....                                    | 387,529   | 623,801   |
| 12,000  | Suez SA, Strips+ .....                           | 0         | 158       |
| 9,000   | York Water Co. ....                              | 108,269   | 160,920   |
|         |  | -----     | -----     |
|         |  | 5,517,276 | 8,939,550 |
|         |  | -----     | -----     |
|         | ENTERTAINMENT -- 0.8%                            |           |           |
| 60,000  | Time Warner Inc. ....                            | 1,043,038 | 1,306,800 |
| 30,000  | Vivendi .....                                    | 934,392   | 1,172,596 |
|         |  | -----     | -----     |
|         |  | 1,977,430 | 2,479,396 |
|         |  | -----     | -----     |
|         | EQUIPMENT AND SUPPLIES -- 0.1%                   |           |           |
| 50,000  | Capstone Turbine Corp.+ .....                    | 83,080    | 61,500    |
| 3,000   | Mueller Industries Inc. ....                     | 132,029   | 95,100    |
|         |  | -----     | -----     |
|         |  | 215,109   | 156,600   |
|         |  | -----     | -----     |
|         | METALS AND MINING -- 0.2%                        |           |           |
| 20,000  | Compania de Minas<br>Buenaventura SA, ADR .....  | 444,517   | 561,200   |
| 3,000   | Peabody Energy Corp. ....                        | 119,941   | 121,230   |
|         |  | -----     | -----     |
|         |  | 564,458   | 682,430   |
|         |  | -----     | -----     |
|         | PUBLISHING -- 0.0%                               |           |           |
| 3,000   | Idearc Inc.+ .....                               | 96,328    | 85,950    |
|         |  | -----     | -----     |
|         | REAL ESTATE -- 0.1%                              |           |           |
| 4,050   | Brookfield Asset Management<br>Inc., Cl. A ..... | 65,353    | 195,129   |
|         |  | -----     | -----     |
|         | SPECIALTY CHEMICALS -- 1.2%                      |           |           |
| 100,000 | MacDermid Inc. ....                              | 3,424,099 | 3,410,000 |
|         |  | -----     | -----     |
|         | TELECOMMUNICATIONS -- 3.9%                       |           |           |
| 20,000  | AT&T Inc. ....                                   | 711,450   | 715,000   |
| 54,900  | BCE Inc. ....                                    | 1,185,202 | 1,482,300 |
| 20,000  | BellSouth Corp. ....                             | 507,018   | 942,200   |





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|   |  |            |               |
|---|--|------------|---------------|
|   | WARRANTS -- 0.1%   |            |               |
|   | ENERGY AND UTILITIES: MERCHANT ENERGY -- 0.1%  |            |               |
| 26,107  | Mirant Corp., Ser. A,<br>expire 01/03/11+ .....  | 51,616     | 342,002       |
|   |  | -----      | -----         |
| PRINCIPAL<br>AMOUNT                                   |  |            |               |
|   |  |            |               |
|   | SHORT-TERM OBLIGATIONS -- 11.9%  |            |               |
|   | REPURCHASE AGREEMENTS -- 6.9%  |            |               |
| \$20,423,000  | Barclays Capital Inc., 4.800%,<br>dated 12/29/06, due 01/03/07,<br>proceeds at maturity,<br>\$20,436,615 (b) ..... | 20,423,000 | 20,423,000    |
|   |  | -----      | -----         |
| 15,000,000  | U.S. GOVERNMENT OBLIGATIONS -- 5.0%  |            |               |
|   | U.S. Treasury Bills,<br>4.851% to 4.968%+,<br>01/04/07 to 03/29/07 .....   | 14,877,028 | 14,881,584    |
|   |  | -----      | -----         |
|   | TOTAL SHORT-TERM<br>OBLIGATIONS .....  | 35,300,028 | 35,304,584    |
|   |  | -----      | -----         |
| TOTAL INVESTMENTS -- 100.0%                           | .....\$238,045,654   |            | 297,207,461   |
|   | =====  |            |               |
| OTHER ASSETS AND LIABILITIES (NET) .....              |  |            | 303,583       |
| PREFERRED STOCK                                       |  |            |               |
| (1,185,200 preferred shares outstanding) .....        |  |            | (54,605,000)  |
|   |  |            | -----         |
| NET ASSETS -- COMMON SHARES                           |  |            |               |
| (29,673,807 common shares outstanding) .....          |  |            | \$242,906,044 |
|   |  |            | =====         |
| NET ASSET VALUE PER COMMON SHARE                      |  |            |               |
| (\$242,906,044 / 29,673,807 shares outstanding) ..... |  |            | \$8.19        |
|   |  |            | =====         |

(a) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. The security may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2006, the Rule 144A securities are considered liquid and the market value amounted to \$2,755,024 or 0.93% of total investments.

(b) Collateralized by \$15,400,000 U.S. Treasury Bond, 7.625%, due 02/15/25, market value \$20,831,460.

(c) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing valuation of comparable securities and other factors on a regular basis. At December 31, 2006, the market value of fair valued securities amounted to \$0 or 0.00% of total investments.

+ Non-income producing security.

++ Represents annualized yield at date of purchase.

ADR American Depository Receipt

CVO Contingent Value Obligation

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See accompanying notes to financial statements.

4

## THE GABELLI UTILITY TRUST

### STATEMENT OF ASSETS AND LIABILITIES DECEMBER 31, 2006

|   |                |
|---|----------------|
| <b>ASSETS:</b>  |                |
| Investments, at value (cost \$238,045,654) .....  | \$ 297,207,461 |
| Cash .....  | 545            |
| Receivable for investments sold .....   | 4,609,198      |
| Unrealized appreciation on swap contracts .....   | 796,969        |
| Dividends and interest receivable .....   | 568,665        |
| Prepaid expense .....   | 12,687         |
|   | -----          |
| TOTAL ASSETS .....  | 303,195,525    |
|   | -----          |
| <b>LIABILITIES:</b>   |                |
| Payable for investments purchased .....   | 4,401,793      |
| Payable for investment advisory fees .....  | 751,781        |
| Distributions payable .....   | 46,157         |
| Payable for payroll expenses .....  | 29,998         |
| Payable for accounting fees .....   | 7,501          |
| Other accrued expenses and liabilities .....  | 447,251        |
|   | -----          |
| TOTAL LIABILITIES .....   | 5,684,481      |
|   | -----          |
| <b>PREFERRED STOCK:</b>   |                |
| Series A Cumulative Preferred Stock (5.625%,<br>\$25 liquidation value, \$0.001<br>par value, 1,200,000 shares<br>authorized with 1,184,200 shares<br>issued and outstanding) .....     | 29,605,000     |
| Series B Cumulative Preferred Stock<br>(Auction Market, \$25,000 liquidation<br>value, \$0.001 par value, 1,000 shares<br>authorized with 1,000 shares issued<br>and outstanding) ..... | 25,000,000     |
|   | -----          |
| TOTAL PREFERRED STOCK .....   | 54,605,000     |
|   | -----          |
| NET ASSETS ATTRIBUTABLE TO<br>COMMON SHAREHOLDERS .....   | \$ 242,906,044 |
|   | =====          |
| <b>NET ASSETS ATTRIBUTABLE TO COMMON<br/>SHAREHOLDERS CONSIST OF:</b>   |                |
| Paid-in capital, at \$0.001 par value .....   | \$ 183,843,639 |
| Undistributed net investment income .....   | 116,559        |
| Accumulated distributions in excess of net realized<br>gain on investments, swap contracts, and<br>foreign currency transactions .....  | (1,012,994)    |
| Net unrealized appreciation on investments .....  | 59,161,807     |
| Net unrealized appreciation on swap contracts .....   | 796,969        |
| Net unrealized appreciation on foreign<br>currency translations .....   | 64             |
|   | -----          |
| NET ASSETS .....  | \$ 242,906,044 |
|   | =====          |

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NET ASSET VALUE PER COMMON SHARE:

(\$242,906,044 / 29,673,807 shares outstanding;  
 unlimited number of shares authorized) ..... \$8.19  
 =====

STATEMENT OF OPERATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

|   |              |
|---|--------------|
| INVESTMENT INCOME:  |              |
| Dividends (net of foreign taxes of \$85,576) .....  | \$ 7,595,173 |
| Interest .....  | 1,143,718    |
|   | -----        |
| TOTAL INVESTMENT INCOME .....   | 8,738,891    |
|   | -----        |
| EXPENSES:   |              |
| Investment advisory fees .....  | 2,739,387    |
| Shareholder communications expenses .....   | 360,643      |
| Shareholder services fees .....   | 187,813      |
| Payroll expenses .....  | 129,670      |
| Trustees' fees .....  | 76,496       |
| Legal and audit fees .....  | 65,195       |
| Auction agent expenses .....  | 63,440       |
| Accounting fees .....   | 45,000       |
| Custodian fees .....  | 39,674       |
| Miscellaneous expenses .....  | 130,951      |
|   | -----        |
| TOTAL EXPENSES .....  | 3,838,269    |
| Less: Custodian fee credits .....   | (5,223)      |
|   | -----        |
| NET EXPENSES .....  | 3,833,046    |
|   | -----        |
| NET INVESTMENT INCOME .....   | 4,905,845    |
|   | -----        |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON<br>INVESTMENTS, SWAP CONTRACTS, AND<br>FOREIGN CURRENCY:                               |              |
| Net realized gain on investments .....  | 19,012,713   |
| Net realized gain on swap contracts .....   | 245,873      |
| Net realized loss on foreign<br>currency transactions .....   | (97,350)     |
|   | -----        |
| Net realized gain on investments, swap contracts,<br>and foreign currency transactions .....                                      | 19,161,236   |
|   | -----        |
| Net change in unrealized appreciation/depreciation:   |              |
| on investments .....  | 34,898,978   |
| on swap contracts .....   | 52,556       |
| on foreign currency translations .....  | 74           |
|   | -----        |
| Net change in unrealized appreciation/<br>depreciation on investments, swap contracts,<br>and foreign currency translations ..... | 34,951,608   |
|   | -----        |
| NET REALIZED AND UNREALIZED GAIN (LOSS) ON<br>INVESTMENTS, SWAP CONTRACTS, AND<br>FOREIGN CURRENCY .....                          |              |
|   | 54,112,844   |
|   | -----        |
| NET INCREASE IN NET ASSETS RESULTING<br>FROM OPERATIONS .....   |              |
|   | 59,018,689   |
|   | -----        |
| Total Distributions to Preferred  |              |

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|  |               |
|--|---------------|
| Stock Shareholders .....   | (2,889,103)   |
|  | -----         |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO<br>COMMON SHAREHOLDERS RESULTING<br>FROM OPERATIONS ..... |               |
|  | \$ 56,129,586 |
|  | =====         |

See accompanying notes to financial statements.

5

### THE GABELLI UTILITY TRUST

#### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

|   | YEAR ENDED<br>DECEMBER 31, 2 |
|---|------------------------------|
|   | -----                        |
| OPERATIONS:   |                              |
| Net investment income .....   | \$ 4,905,845                 |
| Net realized gain on investments, swap contracts,<br>and foreign currency transactions .....  | 19,161,236                   |
| Net change in unrealized appreciation/depreciation on<br>investments, swap contracts, and<br>foreign currency translations .....      | 34,951,608                   |
|   | -----                        |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....  | 59,018,689                   |
|   | -----                        |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS:  |                              |
| Net investment income .....   | (630,852)                    |
| Net realized short-term gains on investments, swap contracts,<br>and foreign currency transactions .....                              | (155,897)                    |
| Net realized long-term gains on investments, swap contracts,<br>and foreign currency transactions .....                               | (2,102,354)                  |
|   | -----                        |
| TOTAL DISTRIBUTIONS TO PREFERRED SHAREHOLDERS .....   | (2,889,103)                  |
|   | -----                        |
| NET INCREASE IN NET ASSETS ATTRIBUTABLE TO COMMON<br>SHAREHOLDERS RESULTING FROM OPERATIONS .....                                     | 56,129,586                   |
|   | -----                        |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS:   |                              |
| Net investment income .....   | (4,633,883)                  |
| Net realized short-term gains on investments,<br>swap contracts, and foreign currency transactions .....                              | (1,145,139)                  |
| Net realized long-term gains on investments, swap contracts,<br>and foreign currency transactions .....                               | (15,442,712)                 |
|   | -----                        |
| TOTAL DISTRIBUTIONS TO COMMON SHAREHOLDERS .....  | (21,221,734)                 |
|   | -----                        |
| FUND SHARE TRANSACTIONS:  |                              |
| Net increase in net assets from common shares issued<br>upon reinvestment of dividends and<br>distributions and rights offering ..... | 3,175,985                    |
| Offering costs for preferred shares charged to paid-in capital .....  | --                           |
| Offering costs for issuance of rights charged to paid-in capital .....  | 124,180                      |
|   | -----                        |

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|   |                |
|---|----------------|
| NET INCREASE IN NET ASSETS FROM FUND SHARE TRANSACTIONS .....   | 3,300,165      |
|   |                |
| NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS                                       | 38,208,017     |
| NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:   |                |
| Beginning of period .....   | 204,698,027    |
|   |                |
| End of period (including undistributed net investment<br>income of \$116,559 and \$326,925, respectively) ..... | \$ 242,906,044 |
|   |                |

### THE GABELLI UTILITY TRUST NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION. The Gabelli Utility Trust (the "Fund") is a non-diversified closed-end management investment company organized as a Delaware statutory trust on February 25, 1999 and registered under the Investment Company Act of 1940, as amended (the "1940 Act"). The Fund had no operations prior to July 9, 1999, other than the sale of 10,000 shares of beneficial interest for \$100,000 to The Gabelli Equity Trust Inc. (the "Equity Trust") at \$10.00 per share. On July 9, 1999, the Fund had a 4 for 3 stock split increasing the balance of Fund shares held by the Equity Trust to 13,333. On July 9, 1999, the Equity Trust contributed \$79,487,260 in cash and securities in exchange for shares of the Fund, and on the same date distributed such shares to Equity Trust shareholders of record on July 1, 1999 at the rate of one share of the Fund for every ten shares of the Equity Trust. Investment operations commenced on July 9, 1999.

The Fund's primary objective is long-term growth of capital and income. The Fund will invest 80% of its assets, under normal market conditions, in common stocks and other securities of foreign and domestic companies involved in providing products, services, or equipment for (i) the generation or distribution of electricity, gas, and water and (ii) telecommunications services or infrastructure operations (the "80% Policy"). The 80% Policy may be changed without shareholder approval. However, the Fund has adopted a policy to provide shareholders with notice at least 60 days prior to the implementation of any change in the 80% Policy.

2. SIGNIFICANT ACCOUNTING POLICIES. The preparation of financial statements in accordance with United States ("U.S.") generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

SECURITY VALUATION. Portfolio securities listed or traded on a nationally recognized securities exchange or traded in the U.S. over-the-counter market for which market quotations are readily available are valued at the last quoted sale price or a market's official closing price as of the close of business on the day the securities are being valued. If there were no sales that day, the security is valued at the average of the closing bid and asked prices or, if there were no asked prices quoted on that day, then the security is valued at the closing bid price on that day. If no bid or asked prices are quoted on such day, the security is valued at the most recently available price or, if the Board of Trustees (the "Board") so determines, by such other method as the Board shall determine in good faith to reflect its fair market value. Portfolio securities traded on more than one national securities exchange or market are valued according to the broadest and most representative market, as determined by Gabelli Funds, LLC (the "Adviser").

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### THE GABELLI UTILITY TRUST NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Portfolio securities primarily traded on a foreign market are generally valued at the preceding closing values of such securities on the relevant market, but may be fair valued pursuant to procedures established by the Board if market conditions change significantly after the close of the foreign market but prior to the close of business on the day the securities are being valued. Debt instruments with remaining maturities of 60 days or less that are not credit impaired are valued at amortized cost, unless the Board determines such amount does not reflect the securities' fair value, in which case these securities will be fair valued as determined by the Board. Debt instruments having a maturity greater than 60 days for which market quotations are readily available are valued at the average of the latest bid and asked prices. If there were no asked prices quoted on such day, the security is valued using the closing bid price. Futures contracts are valued at the closing settlement price of the exchange or board of trade on which the applicable contract is traded.

Securities and assets for which market quotations are not readily available are fair valued as determined by the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of available financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including a comparison of foreign securities to the equivalent U.S. dollar value American Depository Receipt ("ADR") securities at the close of the U.S. exchange; and evaluation of any other information that could be indicative of the value of the security.

In September 2006, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. At this time, management is in the process of reviewing the requirements of SFAS 157 against its current valuation policies to determine future applicability.

**REPURCHASE AGREEMENTS.** The Fund may enter into repurchase agreements with primary government securities dealers recognized by the Federal Reserve Board, with member banks of the Federal Reserve System, or with other brokers or dealers that meet credit guidelines established by the Adviser and reviewed by the Board. Under the terms of a typical repurchase agreement, the Fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and the Fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. The Fund will always receive and maintain securities as collateral whose market value, including accrued interest, will be at least equal to 102% of the dollar amount invested by the Fund in each agreement. The Fund will make payment for such securities only upon physical delivery or upon evidence of book entry transfer of the collateral to the account of the custodian. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited. At December 31, 2006, the Fund had an investment of \$20,423,000 in a repurchase agreement.

**SWAP AGREEMENTS.** The Fund may enter into interest rate swap or cap transactions. The use of swaps and caps is a highly specialized activity that

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involves investment techniques and risks different from those associated with ordinary portfolio transactions. Swap agreements may involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the "counterparty") periodically a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund periodically a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on the Series B Preferred Stock. In an interest rate cap, the Fund would pay a premium to the counterparty and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Interest rate swap and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred stock dividends when due in accordance with the Articles Supplementary even if the counterparty defaulted. If there is a default by the counterparty to a swap contract, the Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that the swap contract counterparties will be able to meet their obligations pursuant to the swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to the swap contracts. The creditworthiness of the swap contract counterparties is closely monitored in order to minimize this risk. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, such a default could negatively affect the Fund's ability to make dividend payments for the Series B Preferred Stock. In addition, at the time an interest rate swap or cap transaction reaches its scheduled termination date, there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments on the Series B Preferred Stock.

7

### THE GABELLI UTILITY TRUST NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Unrealized gains related to swaps are reported as an asset and unrealized losses are reported as a liability in the Statement of Assets and Liabilities. The change in the value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized gains or losses in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements.

The Fund has entered into an interest rate swap agreement with Citibank N.A. Under the agreement, the Fund receives a floating rate of interest and pays a respective fixed rate of interest on the nominal value of the swap. Details of the swap at December 31, 2006 are as follows:

| NOTIONAL<br>AMOUNT | FIXED RATE | FLOATING RATE*<br>(RATE RESET MONTHLY) | TERMINATION<br>DATE | UNREALIZED<br>APPRECIATION |
|--------------------|------------|--|---------------------|----------------------------|
| -----              | -----      | -----                                  | -----               | -----                      |
| \$25,000,000       | 4.00%      | 5.35%                                  | June 2, 2010        | \$796,969                  |

-----  
\* Based on Libor (London Interbank Offered Rate).

FUTURES CONTRACTS. The Fund may engage in futures contracts for the purpose of hedging against changes in the value of its portfolio securities and in the



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value of securities it intends to purchase. Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract, which are included in unrealized appreciation/depreciation on investments and futures contracts. The Fund recognizes a realized gain or loss when the contract is closed.

There are several risks in connection with the use of futures contracts as a hedging instrument. The change in value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in value of the hedged investments. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. At December 31, 2006, there were no open futures contracts.

**FORWARD FOREIGN EXCHANGE CONTRACTS.** The Fund may engage in forward foreign exchange contracts for hedging a specific transaction with respect to either the currency in which the transaction is denominated or another currency as deemed appropriate by the Adviser. Forward foreign exchange contracts are valued at the forward rate and are marked-to-market daily. The change in market value is included in unrealized appreciation/depreciation on investments and foreign currency translations. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign exchange contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. At December 31, 2006, there were no open forward foreign exchange contracts.

**FOREIGN CURRENCY TRANSLATIONS.** The books and records of the Fund are maintained in U.S. dollars. Foreign currencies, investments, and other assets and liabilities are translated into U.S. dollars at the current exchange rates. Purchases and sales of investment securities, income, and expenses are translated at the exchange rate prevailing on the respective dates of such transactions. Unrealized gains and losses that result from changes in foreign exchange rates and/or changes in market prices of securities have been included in unrealized appreciation/depreciation on investments and foreign currency translations. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date on investment securities transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in exchange rates between the initial trade date and subsequent sale trade date is included in realized gain/(loss) on investments.

**FOREIGN SECURITIES.** The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies, and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

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FOREIGN TAXES. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME. Securities transactions are accounted for on the trade date with realized gain or loss on investments determined by using the identified cost method. Interest income (including amortization of premium and

8

### THE GABELLI UTILITY TRUST NOTES TO FINANCIAL STATEMENTS (CONTINUED)

accretion of discount) is recorded on the accrual basis. Premiums and discounts on debt securities are amortized using the effective yield to maturity method. Dividend income is recorded on the ex-dividend date except for certain dividends which are recorded as soon as the Fund is informed of the dividend.

CUSTODIAN FEE CREDITS AND INTEREST EXPENSE. When cash balances are maintained in the custody account, the Fund receives credits which are used to offset custodian fees. The gross expenses paid under the custody arrangement are included in custodian fees in the Statement of Operations with the corresponding expense offset, if any, shown as "custodian fee credits". When cash balances are overdrawn, the Fund is charged an overdraft fee equal to 110% of the 90 day Treasury Bill rate. This amount, if any, would be shown as "interest expense" in the Statement of Operations.

DISTRIBUTIONS TO SHAREHOLDERS. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to shareholders are based on income and capital gains as determined in accordance with Federal income tax regulations, which may differ from income and capital gains as determined under U.S. generally accepted accounting principles. These differences are primarily due to differing treatments of income and gains on various investment securities and foreign currency transactions held by the Fund, timing differences, and differing characterizations of distributions made by the Fund. Distributions from net investment income include net realized gains on foreign currency transactions. These book/tax differences are either temporary or permanent in nature. To the extent these differences are permanent, adjustments are made to the appropriate capital accounts in the period when the differences arise. These reclassifications have no impact on the net asset value ("NAV") of the Fund. For the fiscal year ended December 31, 2006, reclassifications were made to increase undistributed net investment income by \$148,524, and to decrease accumulated distributions in excess of net realized gain on investments, swap contracts, and foreign currency transactions by \$148,524.

Distributions to shareholders of the Fund's 5.625% Series A Cumulative Preferred Stock and Series B Auction Market Cumulative Preferred Stock ("Cumulative Preferred Stock") are recorded on a daily basis and are determined as described in Note 5.

The tax character of distributions paid during the fiscal years ended December 31, 2006 and December 31, 2005 was as follows:

| YEAR ENDED        | YEAR ENDED        |
|-------------------|-------------------|
| DECEMBER 31, 2006 | DECEMBER 31, 2005 |

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|                                   | Common       | Preferred   | Common       | Preferred   |
|-----------------------------------|--------------|-------------|--------------|-------------|
|                                   | -----        | -----       | -----        | -----       |
| DISTRIBUTIONS PAID FROM:          |              |             |              |             |
| Ordinary income                   |              |             |              |             |
| (inclusive of short-term          |              |             |              |             |
| capital gains) .....              | \$ 5,779,022 | \$ 786,749  | \$ 4,866,994 | \$ 577,941  |
| Net long-term capital gains ..... | 15,442,712   | 2,102,354   | 16,105,611   | 1,912,493   |
|                                   | -----        | -----       | -----        | -----       |
| Total distributions paid .....    | \$21,221,734 | \$2,889,103 | \$20,972,605 | \$2,490,434 |
|                                   | =====        | =====       | =====        | =====       |

PROVISION FOR INCOME TAXES. The Fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). It is the policy of the Fund to comply with the requirements of the Code applicable to regulated investment companies and to distribute substantially all of its net investment company taxable income and net capital gains. Therefore, no provision for Federal income taxes is required.

At December 31, 2006, the difference between book basis and tax basis unrealized appreciation was primarily due to deferral of losses from wash sales for tax purposes, accrued swap income, and income accruals on convertible preferred securities.

As of December 31, 2006, the components of accumulated earnings/(losses) on a tax basis were as follows:

|  |              |
|--|--------------|
| Net unrealized appreciation on investments ..... | \$58,145,661 |
| Net unrealized appreciation of foreign currency  |              |
| and swap contracts .....                         | 771,721      |
| Distributions payable .....                      | (46,157)     |
| Undistributed ordinary income .....              | 191,180      |
|  | -----        |
| Total accumulated earnings .....                 | \$59,062,405 |
|  | =====        |

The following summarizes the tax cost of investments, swap contracts, and the related unrealized appreciation/(depreciation) at December 31, 2006:

|                      | COST          | GROSS UNREALIZED APPRECIATION | GROSS UNREALIZED DEPRECIATION | NET UNREALIZED APPRECIATION |
|----------------------|---------------|-------------------------------|-------------------------------|-----------------------------|
|                      | -----         | -----                         | -----                         | -----                       |
| Investments .....    | \$239,061,800 | \$60,889,603                  | \$(2,743,942)                 | \$58,145,661                |
| Swap contracts ..... | --            | 771,656                       | --                            | 771,656                     |
|                      | -----         | -----                         | -----                         | -----                       |
|                      | \$239,061,800 | \$61,661,259                  | \$(2,743,942)                 | \$58,917,317                |
|                      | =====         | =====                         | =====                         | =====                       |

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109" ("the Interpretation"). The Interpretation establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Interpretation is required to be implemented for the Fund no later than June 29, 2007, and is to be applied to all open tax years as of the date of effectiveness.

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### THE GABELLI UTILITY TRUST NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Management has begun to evaluate the application of the Interpretation to the Fund, and is not in a position at this time to estimate the significance of its impact, if any, on the Fund's financial statements.

3. AGREEMENTS AND TRANSACTIONS WITH AFFILIATES. The Fund has entered into an investment advisory agreement (the "Advisory Agreement") with the Adviser which provides that the Fund will pay the Adviser a fee, computed weekly and paid monthly, equal on an annual basis to 1.00% of the value of its average weekly net assets including the liquidation value of the preferred stock. In accordance with the Advisory Agreement, the Adviser provides a continuous investment program for the Fund's portfolio and oversees the administration of all aspects of the Fund's business and affairs. The Adviser has agreed to reduce the management fee on the incremental assets attributable to the Cumulative Preferred Stock if the total return of the NAV of the common shares of the Fund, including distributions and advisory fee subject to reduction, does not exceed the stated dividend rate or corresponding swap rate of the Cumulative Preferred Stock for the fiscal year.

The Fund's total return on the NAV of the common shares is monitored on a monthly basis to assess whether the total return on the NAV of the common shares exceeds the stated dividend rate or corresponding swap rate of each particular series of Cumulative Preferred Stock for the period. For the year ended December 31, 2006, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate or corresponding swap rate of all outstanding Preferred Stock. Thus, management fees were accrued on these assets.

During the fiscal year ended December 31, 2006, the Fund paid brokerage commissions of \$63,264 to Gabelli & Company, Inc. ("Gabelli & Company"), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement between the Fund and the Adviser. During the fiscal year ended December 31, 2006, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

The Fund is assuming its portion of the allocated cost of the Gabelli Funds' Chief Compliance Officer in the amount of \$5,826 for the fiscal year ended December 31, 2006, which is included in payroll expenses in the Statement of Operations.

The Fund pays each Trustee that is not considered to be an affiliated person an annual retainer of \$6,000 plus \$500 for each Board meeting attended and they are reimbursed for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$500 per meeting attended. In addition, the Audit Committee Chairman receives an annual fee of \$3,000 and the Nominating Committee Chairman receives an annual fee of \$2,000. Trustees who are directors or employees of the Adviser or an affiliated company receive no compensation or expense reimbursement from the Fund.

4. PORTFOLIO SECURITIES. Purchases and proceeds from the sales of securities for the fiscal year ended December 31, 2006, other than short-term and U.S. Government securities, aggregated \$84,036,295 and \$83,380,386, respectively.

5. CAPITAL. The Fund is authorized to issue an unlimited number of shares of beneficial interest (par value \$0.001). The Board has authorized the repurchase of its shares on the open market when the shares are trading at a discount of 10% or more (or such other percentage as the Board may determine from time to time) from the NAV of the shares. During the year ended December 31, 2006, the Fund did not repurchase any shares of beneficial interest in the open market.

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Transactions in shares of beneficial interest were as follows:

|  | YEAR ENDED<br>DECEMBER 31, 2006 |             | YEAR ENDED<br>DECEMBER 31, |        |
|--|---------------------------------|-------------|----------------------------|--------|
|  | Shares                          | Amount      | Shares                     | Amo    |
| Net increase from shares issued upon<br>reinvestment of dividends<br>and distributions ..... | 366,005                         | \$3,175,985 | 331,099                    | \$3,03 |

The Fund is authorized to issue up to 2,005,000 shares of \$0.001 par value Cumulative Preferred Stock. The Cumulative Preferred Stock is senior to the common shares and results in the financial leveraging of the common shares. Such leveraging tends to magnify both the risks and opportunities to common shareholders. Dividends on shares of the Cumulative Preferred Stock are cumulative. The Fund is required by the 1940 Act and by the Articles Supplementary to meet certain asset coverage tests with respect to the Cumulative Preferred Stock. If the Fund fails to meet these requirements and does not correct such failure, the Fund may be required to redeem, in part or in full, the 5.625% Series A and Series B Auction Market Cumulative Preferred Stock at a redemption price of \$25.00 and \$25,000, respectively, per share plus an amount equal to the accumulated and unpaid dividends whether or not declared on such shares in order to meet these requirements. Additionally, failure to meet the foregoing asset coverage requirements could restrict the Fund's ability to pay dividends to common shareholders and could lead to sales of portfolio securities at inopportune times. The income received on the Fund's assets may vary in a manner unrelated to the fixed and variable rates, which could have either a beneficial or detrimental impact on net investment income and gains available to common shareholders.

10

### THE GABELLI UTILITY TRUST NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On July 31, 2003, the Fund received net proceeds of \$28,895,026 (after underwriting discounts of \$945,000 and offering expenses of \$159,974) from the public offering of 1,200,000 shares of 5.625% Series A Cumulative Preferred Stock. Commencing July 31, 2008 and thereafter, the Fund, at its option, may redeem the 5.625% Series A Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the fiscal year ended December 31, 2006, the Fund did not repurchase any shares of 5.625% Series A Cumulative Preferred Stock. All repurchased shares of 5.625% Series A Cumulative Preferred Stock have been retired. At December 31, 2006, 1,184,200 shares of 5.625% Series A Cumulative Preferred Stock were outstanding and accrued dividends amounted to \$27,754.

On July 31, 2003, the Fund received net proceeds of \$24,590,026 (after underwriting discounts of \$250,000 and offering expenses of \$159,974) from the public offering of 1,000 shares of Series B Auction Market Cumulative Preferred Stock. The dividend rate, as set by the auction process, which is generally held every seven days, is expected to vary with short-term interest rates. The dividend rates of Series B Auction Market Cumulative Preferred Stock ranged from 4.00% to 5.30% for the year ended December 31, 2006. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Series B

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Auction Market Cumulative Preferred Stock shareholders may also trade shares in the secondary market. The Fund, at its option, may redeem the Series B Auction Market Cumulative Preferred Stock in whole or in part at the redemption price at any time. During the fiscal year ended December 31, 2006, the Fund did not redeem any shares of Series B Auction Market Cumulative Preferred Stock. At December 31, 2006, 1,000 shares of Series B Auction Market Cumulative Preferred Stock were outstanding with an annualized dividend rate of 5.30% per share and accrued dividends amounted to \$18,403.

The holders of Cumulative Preferred Stock generally are entitled to one vote per share held on each matter submitted to a vote of shareholders of the Fund and will vote together with holders of common stock as a single class. The holders of Cumulative Preferred Stock voting together as a single class also have the right currently to elect two Trustees and under certain circumstances are entitled to elect a majority of the Board of Trustees. In addition, the affirmative vote of a majority of the votes entitled to be cast by holders of all outstanding shares of the preferred stock, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred stock, and the approval of two-thirds of each class, voting separately, of the Fund's outstanding voting stock must approve the conversion of the Fund from a closed-end to an open-end investment company. The approval of a majority (as defined in the 1940 Act) of the outstanding preferred stock and a majority (as defined in the 1940 Act) of the Fund's outstanding voting securities are required to approve certain other actions, including changes in the Fund's investment objectives or fundamental investment policies.

6. INDUSTRY CONCENTRATION. Because the Fund primarily invests in common stocks and other securities of foreign and domestic companies in the utility industry, its portfolio may be subject to greater risk and market fluctuations than a portfolio of securities representing a broad range of investments.

7. INDEMNIFICATIONS. The Fund enters into contracts that contain a variety of indemnifications. The Fund's maximum exposure under these arrangements is unknown. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

8. OTHER MATTERS. The Adviser and/or affiliates received subpoenas from the Attorney General of the State of New York and the SEC requesting information on mutual fund share trading practices involving certain funds managed by the Adviser. GAMCO Investors, Inc. ("GAMCO"), the Adviser's parent company, responded to these requests for documents and testimony. In June 2006, GAMCO began discussions with the SEC regarding a possible resolution of their inquiry. In February 2007, the Adviser made an offer of settlement to the staff of the SEC for communication to the Commission for its consideration to resolve this matter. This offer of settlement is subject to agreement regarding the specific language of the SEC's administrative order and other settlement documents. On a separate matter, in September 2005, the Adviser was informed by the staff of the SEC that the staff may recommend to the Commission that an administrative remedy and a monetary penalty be sought from the Adviser in connection with the actions of two of seven closed-end funds managed by the Adviser relating to Section 19(a) and Rule 19a-1 of the 1940 Act. These provisions require registered investment companies to provide written statements to shareholders when a dividend is made from a source other than net investment income. While the two closed-end funds sent annual statements and provided other materials containing this information, the funds did not send written statements to shareholders with each distribution in 2002 and 2003. The Adviser believes that all of the funds are now in compliance. The Adviser believes that these matters would have no effect on the Fund or any material adverse effect on the Adviser or its ability to manage the Fund.

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## THE GABELLI UTILITY TRUST FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A COMMON SHARE OUTSTANDING THROUGHOUT EACH PERIOD:

|  | YEAR ENDED D |            |            |
|--|--------------|------------|------------|
|  | 2006         | 2005       | 2004       |
| <b>OPERATING PERFORMANCE:</b>  |              |            |            |
| Net asset value, beginning of period .....   | \$ 6.98      | \$ 7.14    | \$ 7.14    |
| Net investment income .....  | 0.17         | 0.18       | 0.18       |
| Net realized and unrealized gain (loss) on investments .....   | 1.84         | 0.45       | 0.45       |
| Total from investment operations .....   | 2.01         | 0.63       | 0.63       |
| <b>DISTRIBUTIONS TO PREFERRED SHAREHOLDERS: (A)</b>  |              |            |            |
| Net investment income .....  | (0.02)       | (0.02)     | (0.02)     |
| Net realized gain on investments .....   | (0.08)       | (0.07)     | (0.07)     |
| Total distributions to preferred shareholders .....  | (0.10)       | (0.09)     | (0.09)     |
| <b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS RESULTING FROM OPERATIONS .....</b> |              |            |            |
|  | 1.91         | 0.54       | 0.54       |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS:</b>   |              |            |            |
| Net investment income .....  | (0.16)       | (0.14)     | (0.14)     |
| Net realized gain on investments .....   | (0.56)       | (0.58)     | (0.58)     |
| Paid-in capital .....  | --           | --         | --         |
| Total distributions to common shareholders .....   | (0.72)       | (0.72)     | (0.72)     |
| <b>FUND SHARE TRANSACTIONS:</b>  |              |            |            |
| Increase in net asset value from common share transactions .....   | 0.02         | 0.02       | 0.02       |
| Increase (decrease) in net asset value from shares issued in rights offering .....                               | --           | --         | --         |
| Increase in net asset value from repurchase of preferred shares .....  | --           | --         | --         |
| Offering costs for preferred shares charged to paid-in capital .....   | --           | 0.00 (e)   | 0.00 (e)   |
| Offering costs for issuance of rights charged to paid-in capital .....   | 0.00 (e)     | (0.00) (e) | (0.00) (e) |
| Total fund share transactions .....  | 0.02         | 0.02       | 0.02       |
| <b>NET ASSET VALUE ATTRIBUTABLE TO COMMON SHAREHOLDERS, END OF PERIOD .....</b>                                  |              |            |            |
|  | \$ 8.19      | \$ 6.98    | \$ 6.98    |
| NAV total return + .....   | 27.46%       | 5.71%      | 5.71%      |
| Market value, end of period .....  | \$ 9.94      | \$ 9.27    | \$ 9.27    |
| Investment total return ++ .....   | 16.47%       | 7.79%      | 7.79%      |
| <b>RATIOS AND SUPPLEMENTAL DATA:</b>   |              |            |            |
| Net assets including liquidation value of preferred shares, end of period (in 000's) .....                       | \$297,511    | \$259,303  | \$260,000  |

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|   |           |           |      |
|---|-----------|-----------|------|
| Net assets attributable to common shares,<br>end of period (in 000's) .....   | \$242,906 | \$204,698 | \$20 |
| Ratio of net investment income to average<br>net assets attributable to<br>common shares before preferred share distributions .....                     | 2.24%     | 2.42%     |      |
| Ratio of operating expenses to average net assets<br>attributable to common shares net of advisory<br>fee reduction, if any (b) .....                   | 1.75%     | 1.85%     |      |
| Ratio of operating expenses to average net assets<br>including liquidation value of preferred shares net<br>of advisory fee reduction, if any (b) ..... | 1.40%     | 1.47%     |      |
| Portfolio turnover rate .....   | 33%       | 19%       |      |
| <b>PREFERRED STOCK:</b>   |           |           |      |
| 5.625% CUMULATIVE PREFERRED STOCK   |           |           |      |
| Liquidation value, end of period (in 000's) .....   | \$ 29,605 | \$ 29,605 | \$ 2 |
| Total shares outstanding (in 000's) .....   | 1,184     | 1,184     |      |
| Liquidation preference per share .....  | \$ 25.00  | \$ 25.00  | \$   |
| Average market value (c) .....  | \$ 23.80  | \$ 25.02  | \$   |
| Asset coverage per share .....  | \$ 136.21 | \$ 118.72 | \$ 1 |
| AUCTION MARKET CUMULATIVE PREFERRED STOCK   |           |           |      |
| Liquidation value, end of period (in 000's) .....   | \$ 25,000 | \$ 25,000 | \$ 2 |
| Total shares outstanding (in 000's) .....   | 1         | 1         |      |
| Liquidation preference per share .....  | \$ 25,000 | \$ 25,000 | \$ 2 |
| Average market value (c) .....  | \$ 25,000 | \$ 25,000 | \$ 2 |
| Asset coverage per share .....  | \$136,210 | \$118,718 | \$11 |
| ASSET COVERAGE (D) .....  | 545%      | 475%      |      |

- 
- + Based on net asset value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan, including the effect of shares issued pursuant to 2004, 2003, and 2002 rights offerings, assuming full subscription by shareholder.
  - ++ Based on market value per share, adjusted for reinvestment of distributions at prices obtained under the Fund's dividend reinvestment plan, including the effect of shares issued pursuant to 2004, 2003, and 2002 rights offerings, assuming full subscription by shareholder.
  - (a) Calculated based upon average common shares outstanding on the record dates throughout the period.
  - (b) For the the fiscal years ended December 31, 2002 through 2006, the effect of the custodian fee credits was minimal.
  - (c) Based on weekly prices.
  - (d) Asset coverage is calculated by combining all series of preferred stock.
  - (e) Amount represents less than \$0.005 per share.

See accompanying notes to financial statements.

12

THE GABELLI UTILITY TRUST  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of  
The Gabelli Utility Trust:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Gabelli Utility Trust



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(hereafter referred to as the "Fund") at December 31, 2006, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2006 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
 New York, New York  
 February 28, 2007

13

### THE GABELLI UTILITY TRUST ADDITIONAL FUND INFORMATION (UNAUDITED)

The business and affairs of the Fund are managed under the direction of the Fund's Board of Trustees. Information pertaining to the Trustees and officers of the Fund is set forth below. The Fund's Statement of Additional Information includes additional information about the Fund's Trustees and is available, without charge, upon request, by calling 800-GABELLI (800-422-3554) or by writing to The Gabelli Utility Trust at One Corporate Center, Rye, NY 10580-1422.

| NAME, POSITION(S)<br>ADDRESS 1<br>AND AGE<br>-----                     | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED 2<br>----- | NUMBER OF<br>FUNDS IN FUND<br>COMPLEX<br>OVERSEEN BY<br>TRUSTEE<br>----- | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS<br>-----   |
|--|---|--|--|
| <b>INTERESTED TRUSTEES 3:</b><br>-----                                 |   |  |  |
| MARIO J. GABELLI<br>Trustee and<br>Chief Investment Officer<br>Age: 64 | Since 1999**  | 24   | Chairman of the Board and Chief Executive Officer of GAMCO Investors, Inc. and Chief Investment Officer - Value Portfolios Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/Trustee or Chief Investment Officer of other registered investment companies in the Gabelli Funds companies in the Gabelli Funds Company, Chairman and Chief Executive Officer of GGCP, Inc. |
| JOHN D. GABELLI<br>Trustee   | Since 1999*   | 10   | Senior Vice President of Gabelli & Company, Inc.   |

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Age: 62

INDEPENDENT TRUSTEES 5:

|   |               |    |   |
|---|---------------|----|---|
| THOMAS E. BRATTER<br>Trustee<br>Age: 67       | Since 1999**  | 3  | Director, President and Founder of Dewey Academy (residential college preparatory therapeutic high school)  |
| ANTHONY J. COLAVITA<br>Trustee<br>Age: 71     | Since 1999*** | 34 | Partner in the law firm of Anthony J. Colavita, P.C.  |
| JAMES P. CONN<br>Trustee<br>Age: 68           | Since 1999*   | 15 | Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)   |
| VINCENT D. ENRIGHT<br>Trustee<br>Age: 63      | Since 1999**  | 13 | Former Senior Vice President and Chief Financial Officer of KeySpan Energy Corporation (public utility) (1994-1998)   |
| FRANK J. FAHRENKOPF JR.<br>Trustee<br>Age: 67 | Since 1999*** | 5  | President and Chief Executive Officer of the American Gaming Association; Partner in the law firm of Hogan & Hartson LLP; Co-Chairman of the Commission on Presidential Debates; Former Chairman of the Republican National Committee |
| ROBERT J. MORRISSEY<br>Trustee<br>Age: 67     | Since 1999*** | 6  | Partner in the law firm of Morrissey Hawkins & Lynch  |
| ANTHONY R. PUSTORINO<br>Trustee<br>Age: 81    | Since 1999*   | 14 | Certified Public Accountant; Professor Emeritus, Pace University  |
| SALVATORE J. ZIZZA<br>Trustee<br>Age: 61      | Since 1999*** | 25 | Chairman of Hallmark Electrical Supplies Corp. (distribution of electrical supplies)  |

14

THE GABELLI UTILITY TRUST  
ADDITIONAL FUND INFORMATION (CONTINUED) (UNAUDITED)

| NAME, POSITION(S)<br>ADDRESS 1<br>AND AGE | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED 2 | PRINCIPAL OCCUPATION(S)<br>DURING PAST FIVE YEARS |
|---|--|---|
| -----                                     | -----  | -----   |

OFFICERS:

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|   |            |  |
|---|------------|--|
| BRUCE N. ALPERT<br>President<br>Age: 55                   | Since 2003 | Executive Vice President and Chief Operating Officer of Gabelli Utility Trust LLC since 1988 and an officer of all of the registered investment companies in the Gabelli Funds complex. Director and President of Gabelli Investment Inc. since 1998   |
| DAVID I. SCHACHTER<br>Vice President<br>Age: 53           | Since 1999 | Vice President of the Fund since 1999. Vice President of Global Utility & Income Trust since 2004. Research Director of Research Company, Inc. since 1999  |
| JAMES E. MCKEE<br>Secretary<br>Age: 43                    | Since 1999 | Vice President, General Counsel and Secretary of Gabelli Investment since 1999 and GAMCO Asset Management Inc. since 2004. Director of all of the registered investment companies in the Gabelli Funds complex   |
| AGNES MULLADY<br>Treasurer<br>Age: 48                     | Since 2006 | Treasurer of all of the registered investment companies in the Gabelli Funds complex; Senior Vice President of Gabelli Investment and Treasurer and Chief Financial Officer of Excelsior Energy since 2005; Chief Financial Officer of AMIC Distribution Company through 2004; Controller of Reserve Management Company Partners, Inc. and Treasurer of Reserve Funds since 2006 |
| PETER D. GOLDSTEIN<br>Chief Compliance Officer<br>Age: 53 | Since 2004 | Director of Regulatory Affairs at GAMCO Investment Management. Compliance Officer of all of the registered investment companies in the Gabelli Funds complex; Vice President of Gabelli Investment Management from 2000 through 2004   |

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- 1 Address: One Corporate Center, Rye, NY 10580-1422, unless otherwise noted.
- 2 The Fund's Board of Trustees is divided into three classes, each class having a term of three years. Each year the term of office of one class expires and the successor or successors elected to such class serve for a three year term. The three year term for each class expires as follows:
  - \* - Term expires at the Fund's 2009 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
  - \*\* - Term expires at the Fund's 2007 Annual Meeting of Shareholders or until their successors are duly elected and qualified.
  - \*\*\* - Term expires at the Fund's 2008 Annual Meeting of Shareholders or until their successors are duly elected and qualified.Each officer will hold office for an indefinite term until the date he or she resigns or retires or until his or her successor is elected and qualified.
- 3 "Interested person" of the Fund as defined in the 1940 Act. Messrs. Gabelli are each considered an "interested person" because of their affiliation with Gabelli Funds, LLC which acts as the Fund's investment adviser. Mario J. Gabelli and John D. Gabelli are brothers.
- 4 This column includes only directorships of companies required to report to the SEC under the Securities Exchange Act of 1934, as amended (i.e. public companies) or other investment companies registered under the 1940 Act.
- 5 Trustees who are not interested persons are considered "Independent" Trustees.

### CERTIFICATIONS

The Utility Trust's Chief Executive Officer has certified to the New York Stock Exchange ("NYSE") that, as of June 12, 2006, he was not aware of any violation by the Utility Trust of applicable NYSE corporate governance listing standards. The Utility Trust reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial

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officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

15

### THE GABELLI UTILITY TRUST INCOME TAX INFORMATION (UNAUDITED) DECEMBER 31, 2006

#### CASH DIVIDENDS AND DISTRIBUTIONS

| PAYABLE<br>DATE<br>-----       | RECORD<br>DATE<br>----- | TOTAL AMOUNT<br>PAID<br>PER SHARE (A)<br>----- | ORDINARY<br>INVESTMENT<br>INCOME (A)<br>----- | LONG-<br>CAPI<br>GAINS<br>----- |
|--------------------------------|-------------------------|--|---|---------------------------------|
| <b>COMMON SHARES</b>           |                         |  |   |                                 |
| 01/25/06                       | 01/17/06                | \$0.06000                                      | \$0.02380                                     | \$0.03                          |
| 02/22/06                       | 02/13/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 03/27/06                       | 03/17/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 04/24/06                       | 04/13/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 05/24/06                       | 05/16/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 06/26/06                       | 06/16/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 07/25/06                       | 07/17/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 08/25/06                       | 08/17/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 09/25/06                       | 09/15/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 10/25/06                       | 10/17/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 11/24/06                       | 11/15/06                | 0.06000  | 0.01570                                       | 0.04                            |
| 12/18/06                       | 12/13/06                | 0.06000  | 0.01570                                       | 0.04                            |
|                                |                         | \$0.72000                                      | \$0.19650                                     | \$0.52                          |
| <b>5.625% PREFERRED SHARES</b> |                         |  |   |                                 |
| 03/27/06                       | 03/20/06                | \$0.35156                                      | \$0.10761                                     | \$0.24                          |
| 06/26/06                       | 06/19/06                | 0.35156  | 0.09174                                       | 0.25                            |
| 09/26/06                       | 09/19/06                | 0.35156  | 0.09174                                       | 0.25                            |
| 12/26/06                       | 12/18/06                | 0.35156  | 0.09174                                       | 0.25                            |
|                                |                         | \$1.40624                                      | \$0.38283                                     | \$1.02                          |

#### AUCTION MARKET PREFERRED SHARES

Auction Market Preferred Shares pay dividends weekly based on a rate set at auction, usually held every seven days. The percentage of 2006 distributions derived from long-term capital gains for the Auction Market Preferred Shares was 72.78%.

A Form 1099-DIV has been mailed to all shareholders of record for the distributions mentioned above, setting forth specific amounts to be included in the 2006 tax returns. Ordinary income distributions include net investment income and realized net short-term capital gains. Ordinary income is reported in box 1a of Form 1099-DIV. Capital gain distributions are reported in box 2a of Form 1099-DIV. The long-term gain distributions for the fiscal year ended December 31, 2006 were \$17,545,066, or the maximum allowable.

#### CORPORATE DIVIDENDS RECEIVED DEDUCTION, QUALIFIED DIVIDEND INCOME AND U.S. GOVERNMENT SECURITIES INCOME

The Fund paid to common and 5.625% Series A preferred shareholders ordinary income dividends of \$0.19650 and \$0.38283 per share, respectively, in 2006. The Fund paid to Series B Auction Market preferred shareholders an ordinary income

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dividend totaling \$332.42780 per share in 2006. For the fiscal year ended December 31, 2006, 73.02% of the ordinary income dividend qualified for the dividend received deduction available to corporations, and 100% of the ordinary income distribution was deemed qualified dividend income. The percentage of the ordinary income dividends paid by the Fund during 2006 derived from U.S. Government Securities was 0.14%. Such income is exempt from state and local tax in all states. However, many states, including New York and California, allow a tax exemption for a portion of the income earned only if a mutual fund has invested at least 50% of its assets at the end of each quarter of the Fund's fiscal year in U.S. Government Securities. The Fund did not meet this strict requirement in 2006. The percentage of U.S. Government Securities held as of December 31, 2006 was 5.00%.

### HISTORICAL DISTRIBUTION SUMMARY

|                                      | INVESTMENT<br>INCOME (B) | SHORT-TERM<br>CAPITAL<br>GAINS (B) | LONG-TERM<br>CAPITAL<br>GAINS | RETURN OF<br>CAPITAL (C) | T<br>DISTRIB |
|--------------------------------------|--------------------------|------------------------------------|-------------------------------|--------------------------|--------------|
| <b>COMMON SHARES</b>                 |                          |                                    |                               |                          |              |
| 2006 .....                           | \$ 0.15750               | \$ 0.03900                         | \$ 0.52350                    | --                       | \$ 0.        |
| 2005 .....                           | 0.15240                  | 0.02280                            | 0.54480                       | --                       | 0.           |
| 2004 (g) .....                       | 0.09348                  | 0.02958                            | 0.00229                       | \$0.59465                | 0.           |
| 2003 (f) .....                       | 0.08544                  | 0.01128                            | 0.21240                       | 0.41088                  | 0.           |
| 2002 (e) .....                       | 0.11175                  | 0.00210                            | 0.35900                       | 0.24690                  | 0.           |
| 2001 .....                           | 0.20835                  | 0.33142                            | 0.16023                       | --                       | 0.           |
| 2000 .....                           | 0.05620                  | 0.14020                            | 0.80360                       | --                       | 1.           |
| 1999 .....                           | 0.08049                  | 0.00090                            | 0.06861                       | --                       | 0.           |
| <b>5.625% PREFERRED SHARES</b>       |                          |                                    |                               |                          |              |
| 2006 .....                           | \$ 0.30694               | \$ 0.07589                         | \$ 1.02342                    | --                       | \$ 1.        |
| 2005 .....                           | 0.29785                  | 0.04494                            | 1.06346                       | --                       | 1.           |
| 2004 .....                           | 1.04873                  | 0.33179                            | 0.02572                       | --                       | 1.           |
| <b>AUCTION RATE PREFERRED SHARES</b> |                          |                                    |                               |                          |              |
| 2006 .....                           | \$266.52830              | \$65.89950                         | \$888.68220                   | --                       | \$1221.      |
| 2005 .....                           | 177.88970                | 26.83920                           | 635.15100                     | --                       | 839.         |
| 2004 .....                           | 280.59420                | 88.77260                           | 6.88340                       | --                       | 376.         |

-----  
(a) Total amounts may differ due to rounding.

(b) Taxable as ordinary income.

(c) Non-taxable.

(d) Decrease in cost basis.

(e) On May 22, 2002, the Fund distributed Rights equivalent to \$0.09 per share based upon full subscription of all issued shares.

(f) On August 20, 2003, the Fund also distributed Rights equivalent to \$0.18 per share based upon full subscription of all issued shares.

(g) On October 20, 2004, the Fund also distributed Rights equivalent to \$0.03 per share based upon full subscription of all issued shares.

16

### AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

#### ENROLLMENT IN THE PLAN

It is the policy of The Gabelli Utility Trust (the "Fund") to automatically

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reinvest dividends payable to common shareholders. As a "registered" shareholder you automatically become a participant in the Fund's Automatic Dividend Reinvestment Plan (the "Plan"). The Plan authorizes the Fund to issue common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their share certificates to Computershare Trust Company, N.A. ("Computershare") to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

The Gabelli Utility Trust  
c/o Computershare  
P.O. Box 43010  
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder's name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of "street name" and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in "street name" at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund's common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund's common shares. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange ("NYSE") trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive common shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common shares in the open market, or on the NYSE or elsewhere, for the participants' accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for Federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

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### VOLUNTARY CASH PURCHASE PLAN

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

SHAREHOLDERS WISHING TO LIQUIDATE SHARES HELD AT COMPUTERSHARE must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days' written notice to participants in the Plan.

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The Annual Meeting of The Gabelli Utility Trust's shareholders will be held at 11:00 A.M. on Monday, May 14, 2007 at the Greenwich Library in Greenwich, Connecticut.

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TRUSTEES

Mario J. Gabelli, CFA  
CHAIRMAN & CHIEF EXECUTIVE OFFICER,  
GAMCO INVESTORS, INC.

Dr. Thomas E. Bratter  
PRESIDENT, JOHN DEWEY ACADEMY

Anthony J. Colavita  
ATTORNEY-AT-LAW,  
ANTHONY J. COLAVITA, P.C.

James P. Conn  
FORMER CHIEF INVESTMENT OFFICER,  
FINANCIAL SECURITY ASSURANCE HOLDINGS LTD.

Vincent D. Enright  
FORMER SENIOR VICE PRESIDENT &  
CHIEF FINANCIAL OFFICER,  
KEYSPAN ENERGY CORP.

Frank J. Fahrenkopf, Jr.  
PRESIDENT & CHIEF EXECUTIVE OFFICER,  
AMERICAN GAMING ASSOCIATION

John D. Gabelli  
SENIOR VICE PRESIDENT,  
GABELLI & COMPANY, INC.

Robert J. Morrissey  
ATTORNEY-AT-LAW,  
MORRISSEY, HAWKINS & LYNCH

Anthony R. Pustorino  
CERTIFIED PUBLIC ACCOUNTANT,  
PROFESSOR EMERITUS, PACE UNIVERSITY

Salvatore J. Zizza  
CHAIRMAN, HALLMARK ELECTRICAL SUPPLIES CORP.

OFFICERS

Bruce N. Alpert  
PRESIDENT

Peter D. Goldstein  
CHIEF COMPLIANCE OFFICER

James E. McKee  
SECRETARY

Agnes Mullady  
TREASURER

David I. Schachter  
VICE PRESIDENT & OMBUDSMAN

INVESTMENT ADVISER  
Gabelli Funds, LLC  
One Corporate Center  
Rye, New York 10580-1422

CUSTODIAN  
Mellon Trust of New England, N.A.

COUNSEL  
Skadden, Arps, Slate, Meagher & Flom, LLP

TRANSFER AGENT AND REGISTRAR  
Computershare Trust Company, N.A.

STOCK EXCHANGE LISTING

|                     |            |         |
|---------------------|------------|---------|
|                     | Common     | 5.625%  |
|                     | -----      | -----   |
| NYSE-Symbol:        | GUT        | GUT Pr  |
| Shares Outstanding: | 29,673,807 | 1,184,2 |

The Net Asset Value per share appears in the Traded Funds column, under the heading "Spec Equity Funds," in Monday's The Wall Street J It is also listed in Barron's Mutual Funds/C Funds section under the heading "Specialized

The Net Asset Value per share may be obtained by calling (914) 921-5070.

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For general information about the Gabelli Funds, call 800-GABELLI (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds' Internet homepage at: WWW.GABELLI.COM or e-mail us at: closedend@gabelli.com  
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Notice is hereby given in accordance with Section 23(c) of the Investment  
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Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund's shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase shares of its Series A Cumulative Preferred Shares in the open market when the shares are trading at a discount to the Liquidation Value of \$25.00.

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THE GABELLI UTILITY TRUST  
ONE CORPORATE CENTER, RYE, NY 10580-1422

PHONE: 800-GABELLI (800-422-3554)  
FAX: 914-921-5118 INTERNET: WWW.GABELLI.COM  
E-MAIL: CLOSEDEND@GABELLI.COM

GUT Q4/2006

### ITEM 2. CODE OF ETHICS.

- (a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.
- (c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.
- (d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the end of the period covered by the report, the registrant's Board of Trustees has determined that Anthony R. Pustorino is qualified to serve as an audit committee financial expert serving on its audit committee and that he is "independent," as defined by Item 3 of Form N-CSR.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

#### AUDIT FEES

- (a) The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountant for the

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audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years are \$37,801 for 2005 and \$38,300 for 2006.

### AUDIT-RELATED FEES

- (b) The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are \$13,400 for 2005 and \$13,400 for 2006. Audit-related fees represent services provided in the preparation of Preferred Shares Reports.

### TAX FEES

- (c) The aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning are \$2,880 for 2005 and \$3,100 for 2006. Tax fees represent tax compliance services provided in connection with the review of the Registrant's tax returns.

### ALL OTHER FEES

- (d) The aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item are \$0 for 2005 and \$0 for 2006.
- (e) (1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c) (7) of Rule 2-01 of Regulation S-X.

Pre-Approval Policies and Procedures. The Audit Committee ("Committee") of the registrant is responsible for pre-approving (i) all audit and permissible non-audit services to be provided by the independent registered public accounting firm to the registrant and (ii) all permissible non-audit services to be provided by the independent registered public accounting firm to the Adviser, Gabelli Funds, LLC, and any affiliate of Gabelli Funds, LLC ("Gabelli") that provides services to the registrant (a "Covered Services Provider") if the independent registered public accounting firm's engagement related directly to the operations and financial reporting of the registrant. The Committee may delegate its responsibility to pre-approve any such audit and permissible non-audit services to the Chairperson of the Committee, and the Chairperson must report to the Committee, at its next regularly scheduled meeting after the Chairperson's pre-approval of such services, his or her decision(s). The Committee may also establish detailed pre-approval policies and procedures for pre-approval of such services in accordance with applicable laws, including the delegation of some or all of the Committee's pre-approval responsibilities to the other persons (other than Gabelli or the registrant's officers). Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the permissible non-audit services were not recognized by the registrant at the time of the engagement to be non-audit services; and (ii) such services are promptly brought to the attention of the Committee and approved by the Committee or Chairperson prior to the completion of the audit.

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(e) (2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%

(c) 100%

(d) Not applicable

(f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was 0%.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for each of the last two fiscal years of the registrant was \$0 for 2005 and \$0 for 2006.

(h) The registrant's audit committee of the board of directors has considered whether the provision of non-audit services that were rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c) (7) (ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately designated audit committee consisting of the following members: Anthony J. Colavita, Vincent D. Enright and Anthony R. Pustorino.

### ITEM 6. SCHEDULE OF INVESTMENTS.

Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Proxy Voting Policies are attached herewith.

THE VOTING OF PROXIES ON BEHALF OF CLIENTS

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Rules 204(4)-2 and 204-2 under the Investment Advisers Act of 1940 and Rule 30b1-4 under the Investment Company Act of 1940 require investment advisers to adopt written policies and procedures governing the voting of proxies on behalf of their clients.

These procedures will be used by GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli Securities, Inc., and Gabelli Advisers, Inc. (collectively, the "Advisers") to determine how to vote proxies relating to portfolio securities held by their clients, including the procedures that the Advisers use when a vote presents a conflict between the interests of the shareholders of an investment company managed by one of the Advisers, on the one hand, and those of the Advisers; the principal underwriter; or any affiliated person of the investment company, the Advisers, or the principal underwriter. These procedures will not apply where the Advisers do not have voting discretion or where the Advisers have agreed with a client to vote the client's proxies in accordance with specific guidelines or procedures supplied by the client (to the extent permitted by ERISA).

### I. PROXY VOTING COMMITTEE

The Proxy Voting Committee was originally formed in April 1989 for the purpose of formulating guidelines and reviewing proxy statements within the parameters set by the substantive proxy voting guidelines originally published by GAMCO Investors, Inc. in 1988 and updated periodically, a copy of which are appended as Exhibit A. The Committee will include representatives of Research, Administration, Legal, and the Advisers. Additional or replacement members of the Committee will be nominated by the Chairman and voted upon by the entire Committee.

Meetings are held as needed basis to form views on the manner in which the Advisers should vote proxies on behalf of their clients.

In general, the Director of Proxy Voting Services, using the Proxy Guidelines, recommendations of Institutional Shareholder Corporate Governance Service ("ISS"), other third-party services and the analysts of Gabelli & Company, Inc., will determine how to vote on each issue. For non-controversial matters, the Director of Proxy Voting Services may vote the proxy if the vote is (1) consistent with the recommendations of the issuer's Board of Directors and not contrary to the Proxy Guidelines; (2) consistent with the recommendations of the issuer's Board of Directors and is a non-controversial issue not covered by the Proxy Guidelines; or (3) the vote is contrary to the recommendations of the Board of Directors but is consistent with the Proxy Guidelines. In those instances, the Director of Proxy Voting Services or the Chairman of the Committee may sign and date the proxy statement indicating how each issue will be voted.

All matters identified by the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department as controversial, taking into account the recommendations of ISS or other third party services and the analysts of Gabelli & Company, Inc., will be presented to the Proxy Voting Committee. If the Chairman of the Committee, the Director of Proxy Voting Services or the Legal Department has identified the matter as one that (1) is controversial; (2) would benefit from deliberation by the Proxy Voting Committee; or (3) may give rise to a conflict of interest between the Advisers and their clients, the Chairman of the Committee will initially determine what vote to recommend that the Advisers should cast and the matter will go before the Committee.

#### A. CONFLICTS OF INTEREST.

THE ADVISERS HAVE IMPLEMENTED THESE PROXY VOTING PROCEDURES IN

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ORDER TO PREVENT CONFLICTS OF INTEREST FROM INFLUENCING THEIR PROXY VOTING DECISIONS. BY FOLLOWING THE PROXY GUIDELINES, AS WELL AS THE RECOMMENDATIONS OF ISS, OTHER THIRD-PARTY SERVICES AND THE ANALYSTS OF GABELLI & COMPANY, THE ADVISERS ARE ABLE TO AVOID, WHEREVER POSSIBLE, THE INFLUENCE OF POTENTIAL CONFLICTS OF INTEREST. NEVERTHELESS, CIRCUMSTANCES MAY ARISE IN WHICH ONE OR MORE OF THE ADVISERS ARE FACED WITH A CONFLICT OF INTEREST OR THE APPEARANCE OF A CONFLICT OF INTEREST IN CONNECTION WITH ITS VOTE. IN GENERAL, A CONFLICT OF INTEREST MAY ARISE WHEN AN ADVISER KNOWINGLY DOES BUSINESS WITH AN ISSUER, AND MAY APPEAR TO HAVE A MATERIAL CONFLICT BETWEEN ITS OWN INTERESTS AND THE INTERESTS OF THE SHAREHOLDERS OF AN INVESTMENT COMPANY MANAGED BY ONE OF THE ADVISERS REGARDING HOW THE PROXY IS TO BE VOTED. A CONFLICT ALSO MAY EXIST WHEN AN ADVISER HAS ACTUAL KNOWLEDGE OF A MATERIAL BUSINESS ARRANGEMENT BETWEEN AN ISSUER AND AN AFFILIATE OF THE ADVISER.

IN PRACTICAL TERMS, A CONFLICT OF INTEREST MAY ARISE, FOR EXAMPLE, WHEN A PROXY IS VOTED FOR A COMPANY THAT IS A CLIENT OF ONE OF THE ADVISERS, SUCH AS GAMCO ASSET MANAGEMENT INC. A CONFLICT ALSO MAY ARISE WHEN A CLIENT OF ONE OF THE ADVISERS HAS MADE A SHAREHOLDER PROPOSAL IN A PROXY TO BE VOTED UPON BY ONE OR MORE OF THE ADVISERS. THE DIRECTOR OF PROXY VOTING SERVICES, TOGETHER WITH THE LEGAL DEPARTMENT, WILL SCRUTINIZE ALL PROXIES FOR THESE OR OTHER SITUATIONS THAT MAY GIVE RISE TO A CONFLICT OF INTEREST WITH RESPECT TO THE VOTING OF PROXIES.

### A. OPERATION OF PROXY VOTING COMMITTEE.

For matters submitted to the Committee, each member of the Committee will receive, prior to the meeting, a copy of the proxy statement, any relevant third party research, a summary of any views provided by the Chief Investment Officer and any recommendations by Gabelli & Company, Inc. analysts. The Chief Investment Officer or the Gabelli & Company, Inc. analysts may be invited to present their viewpoints. IF THE DIRECTOR OF PROXY VOTING SERVICES or the Legal Department believe that the matter before the committee is one with respect to which a conflict of interest may exist between the Advisers and their clients, counsel will provide an opinion to the Committee concerning the conflict. If the matter is one in which the interests of the clients of one or more of Advisers may diverge, counsel will so advise and the Committee may make different recommendations as to different clients. For any matters where the recommendation may trigger appraisal rights, counsel will provide an opinion concerning the likely risks and merits of such an appraisal action.

Each matter submitted to the Committee will be determined by the vote of a majority of the members present at the meeting. Should the vote concerning one or more recommendations be tied in a vote of the Committee, the Chairman of the Committee will cast the deciding vote. The Committee will notify the proxy department of its decisions and the proxies will be voted accordingly.

Although the Proxy Guidelines express the normal preferences for the voting of any shares not covered by a contrary investment guideline provided by the client, the Committee is not bound by the preferences set forth in the Proxy Guidelines and will review each matter on its own merits. Written minutes of all Proxy Voting Committee meetings will be maintained. The Advisers subscribe to ISS, which supplies current information on companies, matters being voted on, regulations, trends in proxy voting and information on corporate governance

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issues.

If the vote cast either by the analyst or as a result of the deliberations of the Proxy Voting Committee runs contrary to the recommendation of the Board of Directors of the issuer, the matter will be referred to legal counsel to determine whether an amendment to the most recently filed Schedule 13D is appropriate.

### II. SOCIAL ISSUES AND OTHER CLIENT GUIDELINES

If a client has provided special instructions relating to the voting of proxies, they should be noted in the client's account file and forwarded to the proxy department. This is the responsibility of the investment professional or sales assistant for the client. In accordance with Department of Labor guidelines, the Advisers' policy is to vote on behalf of ERISA accounts in the best interest of the plan participants with regard to social issues that carry an economic impact. Where an account is not governed by ERISA, the Advisers will vote shares held on behalf of the client in a manner consistent with any individual investment/voting guidelines provided by the client. Otherwise the Advisers will abstain with respect to those shares.

### III. CLIENT RETENTION OF VOTING RIGHTS

If a client chooses to retain the right to vote proxies or if there is any change in voting authority, the following should be notified by the investment professional or sales assistant for the client.

- Operations
- Legal Department
- Proxy Department
- Investment professional assigned to the account

In the event that the Board of Directors (or a Committee thereof) of one or more of the investment companies managed by one of the Advisers has retained direct voting control over any security, the Proxy Voting Department will provide each Board Member (or Committee member) with a copy of the proxy statement together with any other relevant information including recommendations of ISS or other third-party services.

### IV. VOTING RECORDS

The Proxy Voting Department will retain a record of matters voted upon by the Advisers for their clients. The Advisers' staff may request proxy-voting records for use in presentations to current or prospective clients. Requests for proxy voting records should be made at least ten days prior to client meetings.

If a client wishes to receive a proxy voting record on a quarterly, semi-annual or annual basis, please notify the Proxy Voting Department. The reports will be available for mailing approximately ten days after the quarter end of the period. First quarter reports may be delayed since the end of the quarter falls during the height of the proxy season.

A letter is sent to the custodians for all clients for which the Advisers have voting responsibility instructing them to forward all proxy materials to:

[Adviser name]  
Attn: Proxy Voting Department  
One Corporate Center  
Rye, New York 10580-1433

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The sales assistant sends the letters to the custodians along with the trading/DTC instructions. Proxy voting records will be retained in compliance with Rule 204-2 under the Investment Advisers Act.

### V. VOTING PROCEDURES

1. Custodian banks, outside brokerage firms and Wexford Clearing Services Corporation are responsible for forwarding proxies directly to GAMCO.

Proxies are received in one of two forms:

- o Shareholder Vote Authorization Forms (VAFs) - Issued by ADP. VAFs must be voted through the issuing institution causing a time lag. ADP is an outside service contracted by the various institutions to issue proxy materials.

- o Proxy cards which may be voted directly.

2. Upon receipt of the proxy, the number of shares each form represents is logged into the proxy system according to security.

3. In the case of a discrepancy such as an incorrect number of shares, an improperly signed or dated card, wrong class of security, etc., the issuing custodian is notified by phone. A corrected proxy is requested. Any arrangements are made to insure that a proper proxy is received in time to be voted (overnight delivery, fax, etc.). When securities are out on loan on record date, the custodian is requested to supply written verification.

4. Upon receipt of instructions from the proxy committee (see Administrative), the votes are cast and recorded for each account on an individual basis.

Since January 1, 1992, records have been maintained on the Proxy Edge system. The system is backed up regularly. From 1990 through 1991, records were maintained on the PROXY VOTER system and in hardcopy format. Prior to 1990, records were maintained on diskette and in hardcopy format.

PROXY EDGE records include:

- Security Name and Cusip Number
- Date and Type of Meeting (Annual, Special, Contest)
- Client Name
- Adviser or Fund Account Number
- Directors' Recommendation
- How GAMCO voted for the client on each issue
- The rationale for the vote when it appropriate

Records prior to the institution of the PROXY EDGE system include:

- Security name
- Type of Meeting (Annual, Special, Contest)
- Date of Meeting
- Name of Custodian
- Name of Client
- Custodian Account Number
- Adviser or Fund Account Number
- Directors' recommendation
- How the Adviser voted for the client on each issue
- Date the proxy statement was received and by whom
- Name of person posting the vote
- Date and method by which the vote was cast

- o From these records individual client proxy voting records are compiled. It is our policy to provide institutional clients with a proxy voting record

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during client reviews. In addition, we will supply a proxy voting record at the request of the client on a quarterly, semi-annual or annual basis.

5. VAFs are kept alphabetically by security. Records for the current proxy season are located in the Proxy Voting Department office. In preparation for the upcoming season, files are transferred to an offsite storage facility during January/February.

6. Shareholder Vote Authorization Forms issued by ADP are always sent directly to a specific individual at ADP.

7. If a proxy card or VAF is received too late to be voted in the conventional matter, every attempt is made to vote on one of the following manners:

- o VAFs can be faxed to ADP up until the time of the meeting. This is followed up by mailing the original form.
- o When a solicitor has been retained, the solicitor is called. At the solicitor's direction, the proxy is faxed.

8. In the case of a proxy contest, records are maintained for each opposing entity.

9. Voting in Person

a) At times it may be necessary to vote the shares in person. In this case, a "legal proxy" is obtained in the following manner:

- o Banks and brokerage firms using the services at ADP:

The back of the VAF is stamped indicating that we wish to vote in person. The forms are then sent overnight to ADP. ADP issues individual legal proxies and sends them back via overnight (or the Adviser can pay messenger charges). A lead-time of at least two weeks prior to the meeting is needed to do this. Alternatively, the procedures detailed below for banks not using ADP may be implemented.

- o Banks and brokerage firms issuing proxies directly:

The bank is called and/or faxed and a legal proxy is requested.

All legal proxies should appoint:

"REPRESENTATIVE OF [ADVISER NAME] WITH FULL POWER OF SUBSTITUTION."

b) The legal proxies are given to the person attending the meeting along with the following supplemental material:

- o A limited Power of Attorney appointing the attendee an Adviser representative.
- o A list of all shares being voted by custodian only. Client names and account numbers are not included. This list must be presented, along with the proxies, to the Inspectors of Elections and/or tabulator at least one-half hour prior to the scheduled start of the meeting. The tabulator must "qualify" the votes (i.e. determine if the vote have previously been cast, if the votes have been rescinded, etc. vote have previously been cast, etc.).
- o A sample ERISA and Individual contract.
- o A sample of the annual authorization to vote proxies form.
- o A copy of our most recent Schedule 13D filing (if applicable).



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## APPENDIX A PROXY GUIDELINES

### PROXY VOTING GUIDELINES

#### GENERAL POLICY STATEMENT

It is the policy of GAMCO INVESTORS, INC. to vote in the best economic interests of our clients. As we state in our Magna Carta of Shareholders Rights, established in May 1988, we are neither FOR nor AGAINST management. We are for shareholders.

At our first proxy committee meeting in 1989, it was decided that each proxy statement should be evaluated on its own merits within the framework first established by our Magna Carta of Shareholders Rights. The attached guidelines serve to enhance that broad framework.

We do not consider any issue routine. We take into consideration all of our research on the company, its directors, and their short and long-term goals for the company. In cases where issues that we generally do not approve of are combined with other issues, the negative aspects of the issues will be factored into the evaluation of the overall proposals but will not necessitate a vote in opposition to the overall proposals.

#### BOARD OF DIRECTORS

The advisers do not consider the election of the Board of Directors a routine issue. Each slate of directors is evaluated on a case-by-case basis.

Factors taken into consideration include:

- o Historical responsiveness to shareholders
  - This may include such areas as:
    - Paying greenmail
    - Failure to adopt shareholder resolutions receiving a majority of shareholder votes
- o Qualifications
- o Nominating committee in place
- o Number of outside directors on the board
- o Attendance at meetings
- o Overall performance

#### SELECTION OF AUDITORS

In general, we support the Board of Directors' recommendation for audit.

#### BLANK CHECK PREFERRED STOCK

We oppose the issuance of blank check preferred stock.

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Blank check preferred stock allows the company to issue stock and establish dividends, voting rights, etc. without further shareholder approval.

### CLASSIFIED BOARD

A classified board is one where the directors are divided into classes with overlapping terms. A different class is elected at each annual meeting.

While a classified board promotes continuity of directors facilitating long range planning, we feel directors should be accountable to shareholders on an annual basis. We will look at this proposal on a case-by-case basis taking into consideration the board's historical responsiveness to the rights of shareholders.

Where a classified board is in place we will generally not support attempts to change to an annually elected board.

When an annually elected board is in place, we generally will not support attempts to classify the board.

### INCREASE AUTHORIZED COMMON STOCK

The request to increase the amount of outstanding shares is considered on a case-by-case basis.

Factors taken into consideration include:

- o Future use of additional shares
  - Stock split
  - Stock option or other executive compensation plan
  - Finance growth of company/strengthen balance sheet
  - Aid in restructuring
  - Improve credit rating
  - Implement a poison pill or other takeover defense
- o Amount of stock currently authorized but not yet issued or reserved for stock option plans
- o Amount of additional stock to be authorized and its dilutive effect

We will support this proposal if a detailed and verifiable plan for the use of the additional shares is contained in the proxy statement.

### CONFIDENTIAL BALLOT

We support the idea that a shareholder's identity and vote should be treated with confidentiality.

However, we look at this issue on a case-by-case basis.

In order to promote confidentiality in the voting process, we endorse the use of independent Inspectors of Election.

### CUMULATIVE VOTING

In general, we support cumulative voting.

Cumulative voting is a process by which a shareholder may multiply the number of directors being elected by the number of shares held on record date and cast the total number for one candidate or allocate the voting among two or more candidates.

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Where cumulative voting is in place, we will vote against any proposal to rescind this shareholder right.

Cumulative voting may result in a minority block of stock gaining representation on the board. When a proposal is made to institute cumulative voting, the proposal will be reviewed on a case-by-case basis. While we feel that each board member should represent all shareholders, cumulative voting provides minority shareholders an opportunity to have their views represented.

### DIRECTOR LIABILITY AND INDEMNIFICATION

We support efforts to attract the best possible directors by limiting the liability and increasing the indemnification of directors, except in the case of insider dealing.

### EQUAL ACCESS TO THE PROXY

The SEC's rules provide for shareholder resolutions. However, the resolutions are limited in scope and there is a 500 word limit on proponents' written arguments. Management has no such limitations. While we support equal access to the proxy, we would look at such variables as length of time required to respond, percentage of ownership, etc.

### FAIR PRICE PROVISIONS

Charter provisions requiring a bidder to pay all shareholders a fair price are intended to prevent two-tier tender offers that may be abusive. Typically, these provisions do not apply to board-approved transactions.

We support fair price provisions because we feel all shareholders should be entitled to receive the same benefits.

Reviewed on a case-by-case basis.

### GOLDEN PARACHUTES

Golden parachutes are severance payments to top executives who are terminated or demoted after a takeover.

We support any proposal that would assure management of its own welfare so that they may continue to make decisions in the best interest of the company and shareholders even if the decision results in them losing their job. We do not, however, support excessive golden parachutes. Therefore, each proposal will be decided on a case-by-case basis.

NOTE: CONGRESS HAS IMPOSED A TAX ON ANY PARACHUTE THAT IS MORE THAN THREE TIMES THE EXECUTIVE'S AVERAGE ANNUAL COMPENSATION.

### ANTI-GREENMAIL PROPOSALS

We do not support greenmail. An offer extended to one shareholder should be extended to all shareholders equally across the board.

### LIMIT SHAREHOLDERS' RIGHTS TO CALL SPECIAL MEETINGS

We support the right of shareholders to call a special meeting.

### CONSIDERATION OF NONFINANCIAL EFFECTS OF A MERGER

This proposal releases the directors from only looking at the financial effects

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of a merger and allows them the opportunity to consider the merger's effects on employees, the community, and consumers.

As a fiduciary, we are obligated to vote in the best economic interests of our clients. In general, this proposal does not allow us to do that. Therefore, we generally cannot support this proposal.

Reviewed on a case-by-case basis.

### MERGERS, BUYOUTS, SPIN-OFFS, RESTRUCTURINGS

Each of the above is considered on a case-by-case basis. According to the Department of Labor, we are not required to vote for a proposal simply because the offering price is at a premium to the current market price. We may take into consideration the long term interests of the shareholders.

### MILITARY ISSUES

Shareholder proposals regarding military production must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to the client's direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

### NORTHERN IRELAND

Shareholder proposals requesting the signing of the MacBride principles for the purpose of countering the discrimination of Catholics in hiring practices must be evaluated on a purely economic set of criteria for our ERISA clients. As such, decisions will be made on a case-by-case basis.

In voting on this proposal for our non-ERISA clients, we will vote according to client direction when applicable. Where no direction has been given, we will vote in the best economic interests of our clients. It is not our duty to impose our social judgment on others.

### OPT OUT OF STATE ANTI-TAKEOVER LAW

This shareholder proposal requests that a company opt out of the coverage of the state's takeover statutes. Example: Delaware law requires that a buyer must acquire at least 85% of the company's stock before the buyer can exercise control unless the board approves.

We consider this on a case-by-case basis. Our decision will be based on the following:

- o State of Incorporation
  
- o Management history of responsiveness to shareholders
- o Other mitigating factors

### POISON PILL

In general, we do not endorse poison pills.

In certain cases where management has a history of being responsive to the needs of shareholders and the stock is very liquid, we will reconsider this position.

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### REINCORPORATION

Generally, we support reincorporation for well-defined business reasons. We oppose reincorporation if proposed solely for the purpose of reincorporating in a state with more stringent anti-takeover statutes that may negatively impact the value of the stock.

### STOCK OPTION PLANS

Stock option plans are an excellent way to attract, hold and motivate directors and employees. However, each stock option plan must be evaluated on its own merits, taking into consideration the following:

- o Dilution of voting power or earnings per share by more than 10%
- o Kind of stock to be awarded, to whom, when and how much
- o Method of payment
- o Amount of stock already authorized but not yet issued under existing stock option plans

### SUPERMAJORITY VOTE REQUIREMENTS

Supermajority vote requirements in a company's charter or bylaws require a level of voting approval in excess of a simple majority of the outstanding shares. In general, we oppose supermajority-voting requirements. Supermajority requirements often exceed the average level of shareholder participation. We support proposals' approvals by a simple majority of the shares voting.

### LIMIT SHAREHOLDERS RIGHT TO ACT BY WRITTEN CONSENT

Written consent allows shareholders to initiate and carry on a shareholder action without having to wait until the next annual meeting or to call a special meeting. It permits action to be taken by the written consent of the same percentage of the shares that would be required to effect proposed action at a shareholder meeting.

Reviewed on a case-by-case basis.

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

#### PORTFOLIO MANAGER

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Mr. Mario J. Gabelli, CFA, is primarily responsible for the day-to-day management of The Gabelli Utility Trust, (the Trust). Mr. Gabelli has served as Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. and its affiliates since their organization.

#### MANAGEMENT OF OTHER ACCOUNTS

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The table below shows the number of other accounts managed by Mario J. Gabelli and the total assets in each of the following categories: registered investment companies, other paid investment vehicles and other accounts. For each category, the table also shows the number of accounts and the total assets in the accounts with respect to which the advisory fee is based on account performance.

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| Name of Portfolio<br>Manager or<br>Team Member<br>----- | Type of<br>Accounts<br>-----            | Total<br>No. of Accounts<br>Managed<br>----- | Total<br>Assets<br>----- | No. of Ac<br>where Ad<br>Fee is Ba<br>Perform<br>----- |
|---|---|--|--------------------------|--|
| 1. Mario J. Gabelli                                     | Registered<br>Investment<br>Companies:  | 21   | \$13.7B                  | 5  |
|   | Other Pooled<br>Investment<br>Vehicles: | 17   | \$714.9M                 | 16   |
|   | Other Accounts:                         | 1818   | \$11.0B                  | 6  |

POTENTIAL CONFLICTS OF INTEREST  
-----

As reflected above, Mr. Gabelli manages accounts in addition to the Trust. Actual or apparent conflicts of interest may arise when a Portfolio Manager also has day-to-day management responsibilities with respect to one or more other accounts. These potential conflicts include:

ALLOCATION OF LIMITED TIME AND ATTENTION. As indicated above, Mr. Gabelli manages multiple accounts. As a result, he will not be able to devote all of his time to management of the Trust. Mr. Gabelli, therefore, may not be able to formulate as complete a strategy or identify equally attractive investment opportunities for each of those accounts as might be the case if he were to devote all of his attention to the management of only the Trust.

ALLOCATION OF LIMITED INVESTMENT OPPORTUNITIES. As indicated above, Mr. Gabelli manages managed accounts with investment strategies and/or policies that are similar to the Trust. In these cases, if the he identifies an investment opportunity that may be suitable for multiple accounts, a Fund may not be able to take full advantage of that opportunity because the opportunity may be allocated among all or many of these accounts or other accounts managed primarily by other Portfolio Managers of the Adviser, and their affiliates. In addition, in the event Mr. Gabelli determines to purchase a security for more than one account in an aggregate amount that may influence the market price of the security, accounts that purchased or sold the security first may receive a more favorable price than accounts that made subsequent transactions.

SELECTION OF BROKER/DEALERS. Because of Mr. Gabelli's position with the Distributor and his indirect majority ownership interest in the Distributor, he may have an incentive to use the Distributor to execute portfolio transactions for a Fund.

PURSUIT OF DIFFERING STRATEGIES. At times, Mr. Gabelli may determine that an investment opportunity may be appropriate for only some of the accounts for which he exercises investment responsibility, or may decide that certain of the funds or accounts should take differing positions with respect to a particular security. In these cases, he may execute differing or opposite transactions for one or more accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment of one or more other accounts.

VARIATION IN COMPENSATION. A conflict of interest may arise where the financial

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or other benefits available to Mr. Gabelli differ among the accounts that he manages. If the structure of the Adviser's management fee or the Portfolio Manager's compensation differs among accounts (such as where certain accounts pay higher management fees or performance-based management fees), the Portfolio Manager may be motivated to favor certain accounts over others. The Portfolio Manager also may be motivated to favor accounts in which he has an investment interest, or in which the Adviser, or their affiliates have investment interests. Similarly, the desire to maintain assets under management or to enhance a Portfolio Manager's performance record or to derive other rewards, financial or otherwise, could influence the Portfolio Manager in affording preferential treatment to those accounts that could most significantly benefit the Portfolio Manager. For example, as reflected above, if Mr. Gabelli manages accounts which have performance fee arrangements, certain portions of his compensation will depend on the achievement of performance milestones on those accounts. Mr. Gabelli could be incented to afford preferential treatment to those accounts and thereby be subject to a potential conflict of interest.

The Adviser, and the Funds have adopted compliance policies and procedures that are designed to address the various conflicts of interest that may arise for the Adviser and their staff members. However, there is no guarantee that such policies and procedures will be able to detect and prevent every situation in which an actual or potential conflict may arise.

### COMPENSATION STRUCTURE FOR MARIO J. GABELLI

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Mr. Gabelli receives incentive-based variable compensation based on a percentage of net revenues received by the Adviser for managing the Trust. Net revenues are determined by deducting from gross investment management fees the firm's expenses (other than Mr. Gabelli's compensation) allocable to this Trust. Five closed-end registered investment companies (including this Trust) managed by Mr. Gabelli have arrangements whereby the Adviser will only receive its investment advisory fee attributable to the liquidation value of outstanding preferred stock (and Mr. Gabelli would only receive his percentage of such advisory fee) if certain performance levels are met. Additionally, he receives similar incentive based variable compensation for managing other accounts within the firm and its affiliates. This method of compensation is based on the premise that superior long-term performance in managing a portfolio should be rewarded with higher compensation as a result of growth of assets through appreciation and net investment activity. The level of compensation is not determined with specific reference to the performance of any account against any specific benchmark. One of the other registered investment companies managed by Mr. Gabelli has a performance (fulcrum) fee arrangement for which his compensation is adjusted up or down based on the performance of the investment company relative to an index. Mr. Gabelli manages other accounts with performance fees. Compensation for managing these accounts has two components. One component is based on a percentage of net revenues to the investment adviser for managing the account. The second component is based on absolute performance of the account, with respect to which a percentage of such performance fee is paid to Mr. Gabelli. As an executive officer of the Adviser's parent company, GBL, Mr. Gabelli also receives ten percent of the net operating profits of the parent company. He receives no base salary, no annual bonus, and no stock options.

### OWNERSHIP OF SHARES IN THE FUND

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Mario Gabelli owned over \$1,000,000 of shares of the Trust as of December 31, 2006.

(B) Not applicable.

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### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

#### REGISTRANT PURCHASES OF EQUITY SECURITIES

| PERIOD                                      | (A) TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>PURCHASED | (B) AVERAGE PRICE PAID<br>PER SHARE (OR UNIT) | (C) TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>PURCHASED AS PART OF<br>PUBLICLY ANNOUNCED PLANS<br>OR PROGRAMS | (D) TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>OUTSTANDING AT THE<br>END OF THE PERIOD |
|---|---|---|---|---|
| Month #1<br>07/01/06<br>through<br>07/31/06 | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |
| Month #2<br>08/01/06<br>through<br>08/31/06 | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |
| Month #3<br>09/01/06<br>through<br>09/30/06 | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |
| Month #4<br>10/01/06<br>through<br>10/31/06 | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |
| Month #5<br>11/01/06<br>through<br>11/30/06 | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |
| Month #6<br>12/01/06<br>through<br>12/31/06 | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |
| Total                                       | Common - N/A<br>Preferred Series A - N/A              | Common - N/A<br>Preferred Series A - N/A      | Common - N/A<br>Preferred Series A - N/A  | Common - N/A<br>Preferred Series A - N/A  |

Footnote columns (c) and (d) of the table, by disclosing the following information in the aggregate for all plans or programs publicly announced:

- a. The date each plan or program was announced - The notice of the potential repurchase of common and preferred shares occurs quarterly in the Fund's quarterly report in accordance with Section 23(c) of the Investment Company Act of 1940, as amended.
- b. The dollar amount (or share or unit amount) approved - Any or all common shares outstanding may be repurchased when the Fund's common shares are trading at a discount of 10% or more from the net asset value of the



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shares.

Any or all preferred shares outstanding may be repurchased when the Fund's preferred shares are trading at a discount to the liquidation value of \$25.00.

- c. The expiration date (if any) of each plan or program - The Fund's repurchase plans are ongoing.
  
- d. Each plan or program that has expired during the period covered by the table - The Fund's repurchase plans are ongoing.
- e. Each plan or program the registrant has determined to terminate prior to expiration, or under which the registrant does not intend to make further purchases. - The Fund's repurchase plans are ongoing.

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's Board of Trustees, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

### ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
  
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 12. EXHIBITS.

- (a) (1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.
  
- (a) (2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.
  
- (a) (3) Not applicable.
  
- (b) Certifications pursuant to Rule 30a-2(b) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

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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.

(registrant)                                The Gabelli Utility Trust  
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By (Signature and Title)\*    /s/ Bruce N. Alpert  
-----  
Bruce N. Alpert, Principal Executive Officer

Date                      03/01/2007  
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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 (Signature and Title)\*    /s/ Bruce N. Alpert  
-----  
Bruce N. Alpert, Principal Executive Officer

Date                      03/01/2007  
-----

By (Signature and Title)\*    /s/ Agnes Mullady  
-----  
Agnes Mullady, Principal Financial Officer and  
Treasurer

Date                      03/01/2007  
-----

\* Print the name and title of each signing officer under his or her signature.