

GABELLI UTILITY TRUST
Form N-CSR
March 09, 2012

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

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)

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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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2011

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. § 3507.

Item 1. Reports to Stockholders.

The Report to Shareholders is attached herewith.

The Gabelli Utility Trust

Annual Report

December 31, 2011

Mario J. Gabelli, CFA

To Our Shareholders,

The Sarbanes-Oxley Act requires a fund's principal executive and financial officers to certify the entire contents of the semiannual and annual shareholder reports in a filing with the Securities and Exchange Commission (SEC) 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 manager to eliminate his opinions and/or restrict his commentary to historical facts, we have separated his 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.

Investment Performance

For the year ended December 31, 2011, the net asset value (NAV) total return of The Gabelli Utility Trust (the Fund) was 19.2%, compared with a total return of 19.9% for the Standard & Poor's (S&P) 500 Utilities Index. The total return for the Fund's publicly traded shares was 33.7%. On December 31, 2011, the Fund's NAV per share was \$5.69, while the price of the publicly traded shares closed at \$7.80 on the New York Stock Exchange (NYSE).

Enclosed are the schedule of investments and financial statements as of December 31, 2011.

Sincerely yours,

Bruce N. Alpert

President

February 22, 2012

Comparative Results

Average Annual Returns through December 31, 2011 (a) (Unaudited)

	1 Year	5 Year	10 Year	Since Inception (07/09/99)
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NAV Total Return (b)	19.16%	5.01%	8.73%	8.76%
Investment Total Return (c)	33.67	4.84	7.00	9.39
S&P 500 Utilities Index	19.91	3.71	6.42	4.89(d)
S&P 500 Index	2.11	(0.25)	2.92	1.13
Lipper Utility Fund Average	12.43	2.89	6.96	4.70

- (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 for performance information as of the most recent month end. Performance returns for periods of 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 market capitalization weighted Index of large capitalization stocks that may include facilities generation and transmission or distribution of electricity, gas, or water. The S&P 500 Index is an unmanaged indicator of stock market performance. The Lipper Utility Fund Average reflects the average performance of open-end mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the NAV per share, reinvestment of distributions at NAV on the ex-dividend date, and 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 NYSE, reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$7.50.
- (d) From June 30, 1999, the date closest to the Fund's inception for which data is available.

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, 2011:

Energy and Utilities: Electric Integrated	47.0%
Energy and Utilities: Natural Gas Integrated	12.6%
Energy and Utilities: Electric Transmission and Distribution	9.0%
Energy and Utilities: Natural Gas Utilities	8.0%
Telecommunications	4.0%
Cable and Satellite	3.7%
Energy and Utilities: Water	3.0%
Energy and Utilities: Global Utilities	2.3%
Wireless Communications	2.2%
Energy and Utilities: Merchant Energy	1.5%
U.S. Government Obligations	1.5%
Energy and Utilities: Natural Resources	1.2%
Diversified Industrial	0.9%
Entertainment	0.8%
Transportation	0.5%
Aerospace	0.5%
Independent Power Producers and Energy Traders	0.3%
Communications Equipment	0.3%
Energy and Utilities: Services	0.3%
Energy and Utilities: Alternative Energy	0.1%
Environmental Services	0.1%
Real Estate	0.1%
Equipment and Supplies	0.1%
Investment Companies	0.0%
Agriculture	0.0%
Financial Services	0.0%
	100.0%

The Fund files a complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. 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 800-SEC-0330.

Proxy Voting

The Fund files Form N-PX with its complete proxy voting record for the twelve 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.

THE GABELLI UTILITY TRUST

SCHEDULE OF INVESTMENTS

December 31, 2011

Shares		Cost	Market Value
COMMON STOCKS 98.4%			
ENERGY AND UTILITIES 86.3%			
Energy and Utilities: Alternative Energy 0.1%			
4,500	Ormat Industries Ltd.	\$ 61,284	\$ 21,372
11,000	Ormat Technologies Inc.	234,176	198,330
8,100	Renegy Holdings Inc.	57,108	931
		352,568	220,633
Energy and Utilities: Electric Integrated 47.0%			
23,000	ALLETE Inc.	728,776	965,540
75,000	Alliant Energy Corp.	1,824,382	3,308,250
17,000	Ameren Corp.	560,038	563,210
75,000	American Electric Power Co. Inc.	2,478,398	3,098,250
355	Atlantic Power Corp.	5,902	5,063
10,000	Avista Corp.	199,636	257,500
50,000	Black Hills Corp.	1,431,322	1,679,000
26,000	Central Vermont Public Service Corp.	482,572	912,600
27,000	Cleco Corp.	524,506	1,028,700
114,000	CMS Energy Corp.	1,363,739	2,517,120
110,000	Constellation Energy Group Inc.	2,873,435	4,363,700
29,000	Dominion Resources Inc.	1,273,200	1,539,320
23,000	DTE Energy Co.	934,776	1,252,350
122,000	Duke Energy Corp.	2,350,704	2,684,000
80,000	Edison International	3,504,228	3,312,000
172,000	El Paso Electric Co.	3,176,667	5,958,080
1,000	Emera Inc.	21,639	32,432
3,000	Entergy Corp.	75,249	219,150
101,000	FirstEnergy Corp.	4,414,050	4,474,300
192,000	Great Plains Energy Inc.	4,970,683	4,181,760
52,000	Hawaiian Electric Industries Inc.	1,253,981	1,376,960
89,000	Integrus Energy Group Inc.	4,500,171	4,822,020
63,000	MGE Energy Inc.	1,859,897	2,946,510
95,000	NextEra Energy Inc.	4,094,308	5,783,600
48,000	NiSource Inc.	1,020,000	1,142,880
106,000	NorthWestern Corp.	3,198,687	3,793,740
35,000	NV Energy Inc.	312,248	572,250
99,000	OGE Energy Corp.	2,383,280	5,614,290
25,000	Otter Tail Corp.	644,911	550,500
48,000	PG&E Corp.	1,280,160	1,978,560
100,000	PNM Resources Inc.	1,119,082	1,823,000
90,000	Progress Energy Inc.	3,909,356	5,041,800
40,000	Progress Energy Inc., CVO	20,800	29,360
38,000	Public Service Enterprise Group Inc.	996,629	1,254,380
59,000	SCANA Corp.	1,872,087	2,658,540
104,000	TECO Energy Inc.	1,548,928	1,990,560
25,000	The Empire District Electric Co.	515,057	527,250
136,000	UniSource Energy Corp.	4,144,089	5,021,120
16,500	Unitil Corp.	427,366	468,270
47,000	Vectren Corp.	1,162,166	1,420,810
247,000	Westar Energy Inc.	5,636,700	7,108,660
180,000	Wisconsin Energy Corp.	3,273,387	6,292,800
179,000	Xcel Energy Inc.	3,118,075	4,947,560

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81,485,267 109,517,745

Energy and Utilities: Electric Transmission and Distribution 9.0%			
243	Brookfield Infrastructure Partners LP	5,103	6,731
50,000	CH Energy Group Inc.	2,261,677	2,919,000
56,000	Consolidated Edison Inc.	2,529,105	3,473,680
120,000	Northeast Utilities	2,350,870	4,328,400
180,000	NSTAR	4,335,597	8,452,800
22,500	Pepco Holdings Inc.	449,918	456,750
36,666	UIL Holdings Corp.	966,693	1,296,876
		12,898,963	20,934,237

Shares		Cost	Market Value
Energy and Utilities: Global Utilities 2.3%			
16,250	Areva SA	\$ 668,415	\$ 401,492
8,000	Chubu Electric Power Co. Inc.	189,551	149,357
38,000	Electric Power Development Co. Ltd.	1,392,829	1,010,601
33,000	Endesa SA	1,147,457	676,956
300,000	Enel SpA	1,862,753	1,220,734
290,000	Hera SpA	419,245	413,991
8,000	Hokkaido Electric Power Co. Inc.	156,870	113,915
8,000	Hokuriku Electric Power Co.	146,449	149,357
3,000	Huaneng Power International Inc., ADR	81,590	63,060
35,000	Korea Electric Power Corp., ADR	565,727	384,300
8,000	Kyushu Electric Power Co. Inc.	167,818	114,538
2,000	Niko Resources Ltd.	113,769	94,685
8,000	Shikoku Electric Power Co. Inc.	155,987	229,284
8,000	The Chugoku Electric Power Co. Inc.	150,761	140,210
8,000	The Kansai Electric Power Co. Inc.	158,472	122,749
14,500	Tohoku Electric Power Co. Inc.	275,870	139,217
		7,653,563	5,424,446

Energy and Utilities: Merchant Energy 1.5%			
23,000	Dynegy Inc.	103,656	63,710
23,048	GenOn Energy Inc.	37,369	60,155
300,000	GenOn Energy Inc., Escrow (a)	0	0
290,000	The AES Corp.	3,532,328	3,433,600
		3,673,353	3,557,465

Energy and Utilities: Natural Gas Integrated 12.6%			
334,459	El Paso Corp.	3,476,886	8,886,576
1,000	Energen Corp.	66,090	50,000
127,000	National Fuel Gas Co.	4,287,736	7,058,660
99,000	ONEOK Inc.	2,652,787	8,582,310
115,000	Southern Union Co.	1,956,668	4,842,650
		12,440,167	29,420,196

Energy and Utilities: Natural Gas Utilities 8.0%			
93,056	AGL Resources Inc.	3,328,906	3,932,546
31,000	Atmos Energy Corp.	770,701	1,033,850
21,000	Chesapeake Utilities Corp.	521,777	910,350
11,000	CONSOL Energy Inc.	376,317	403,700
22,418	Corning Natural Gas Corp.	240,181	372,579
30,000	Delta Natural Gas Co. Inc.	502,057	1,030,500
11,445	GDF Suez	387,206	312,843
11,445	GDF Suez	0	15
35,000	Piedmont Natural Gas Co. Inc.	553,257	1,189,300

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12,000	RGC Resources Inc.	128,344	216,840
134,000	Southwest Gas Corp.	3,656,236	5,693,660
112,000	Spectra Energy Corp.	3,057,603	3,444,000
		13,522,585	18,540,183
Energy and Utilities: Natural Resources 1.2%			
4,000	Anadarko Petroleum Corp.	197,150	305,320
32,000	Compania de Minas Buenaventura SA, ADR	360,262	1,226,880
10,000	Exxon Mobil Corp.	547,153	847,600
3,000	Peabody Energy Corp.	112,025	99,330
4,000	Royal Dutch Shell plc, Cl. A, ADR	237,320	292,360
		1,453,910	2,771,490
Energy and Utilities: Services 0.3%			
25,000	ABB Ltd., ADR	273,075	470,750
2,400	Tenaris SA, ADR	104,090	89,232
		377,165	559,982

See accompanying notes to financial statements.

THE GABELLI UTILITY TRUST

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2011

Shares		Cost	Market Value
COMMON STOCKS (Continued)			
ENERGY AND UTILITIES (Continued)			
Energy and Utilities: Water 3.0%			
13,500	American States Water Co.	\$ 300,087	\$ 471,150
27,000	American Water Works Co. Inc.	580,500	860,220
21,833	Aqua America Inc.	221,008	481,418
24,000	Artesian Resources Corp., Cl. A	249,469	451,920
40,000	California Water Service Group	555,152	730,400
7,500	Connecticut Water Service Inc.	146,455	203,475
50,000	Middlesex Water Co.	784,887	933,000
28,000	Pennichuck Corp.	564,074	807,240
80,000	SJW Corp.	1,482,532	1,891,200
9,000	The York Water Co.	108,269	158,760
		4,992,433	6,988,783
Diversified Industrial 0.9%			
1,500	Alstom SA	125,263	45,486
6,000	Cooper Industries plc	123,352	324,900
100,000	General Electric Co.	1,487,153	1,791,000
		1,735,768	2,161,386
Equipment and Supplies 0.1%			
50,000	Capstone Turbine Corp.	83,080	58,000
1,400	Mueller Industries Inc.	61,613	53,788
		144,693	111,788
Environmental Services 0.0%			
3,000	Suez Environnement Co. SA	0	34,560
Independent Power Producers and Energy Traders 0.3%			
40,000	NRG Energy Inc.	966,620	724,800
	TOTAL ENERGY AND UTILITIES	141,697,055	200,967,694
COMMUNICATIONS 10.2%			
Cable and Satellite 3.7%			
17,000	AMC Networks Inc., Cl. A	361,067	638,860
1,000	British Sky Broadcasting Group plc	11,266	11,376
72,000	Cablevision Systems Corp., Cl. A	1,045,465	1,023,840
5,000	Cogeco Cable Inc.	105,008	252,024
20,000	Cogeco Inc.	389,461	949,988
30,000	DIRECTV, Cl. A	480,619	1,282,800
59,000	DISH Network Corp., Cl. A	1,186,534	1,680,320
10,000	EchoStar Corp., Cl. A	280,860	209,400
21,000	Liberty Global Inc., Cl. A	461,896	861,630

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20,000	Liberty Global Inc., Cl. C	421,966	790,400
8,000	Rogers Communications Inc., Cl. B	119,139	308,080
10,000	Time Warner Cable Inc.	414,005	635,700
		5,277,286	8,644,418
Communications Equipment 0.3%			
245,000	Furukawa Electric Co. Ltd.	1,129,666	563,401
1,000	QUALCOMM Inc.	37,010	54,700
		1,166,676	618,101
Telecommunications 4.0%			
40,000	AT&T Inc.	1,039,608	1,209,600
2,000	Belgacom SA	69,509	62,745
3,800	Bell Aliant Inc. (b)	101,567	106,642
11,000	BT Group plc, ADR	343,602	326,040
200,000	Cincinnati Bell Inc.	785,587	606,000
42,000	Deutsche Telekom AG, ADR	666,467	480,900
2,000	France Telecom SA, ADR	22,799	31,320
200	Hutchison Telecommunications Hong Kong Holdings Ltd.	19	77
Shares		Cost	Market Value
500	Mobistar SA	\$ 41,057	\$ 26,202
18,500	Nippon Telegraph & Telephone Corp.	859,917	945,791
11,800	Orascom Telecom Holding SAE, GDR (c)	74,146	34,102
16,000	Portugal Telecom SGPS SA	203,853	92,150
2,000	PT Indosat Tbk	1,061	1,246
500	Sistema JSFC, GDR (c)	17,384	8,405
1,200	Tele2 AB, Cl. B	14,604	23,348
27,000	Telekom Austria AG	403,751	322,819
40,000	Touch America Holdings Inc. (a)	38,488	0
110,000	Verizon Communications Inc.	3,846,319	4,413,200
75,000	VimpelCom Ltd., ADR	720,805	710,250
		9,250,543	9,400,837
Wireless Communications 2.2%			
1,200	America Movil SAB de CV, Cl. L, ADR	9,424	27,120
2,000	China Mobile Ltd., ADR	33,988	96,980
2,000	China Unicom Hong Kong Ltd., ADR	16,278	42,260
171	M1 Ltd.	210	330
13,000	Millicom International Cellular SA, SDR	936,446	1,302,446
11,250	Mobile TeleSystems OJSC, ADR	175,074	165,150
1,154	Mobile Telesystems OJSC, Russian Trading System Stock Exchange	6,303	7,213
1,000	NTT DoCoMo Inc.	1,438,659	1,838,379
600	SK Telecom Co. Ltd., ADR	12,374	8,166
400	SmarTone Telecommunications Holdings Ltd.	207	692
24,000	Turkcell Iletisim Hizmetleri A/S, ADR	393,270	282,240
29,000	United States Cellular Corp.	1,356,795	1,265,270
		4,379,028	5,036,246
TOTAL COMMUNICATIONS		20,073,533	23,699,602
OTHER 1.9%			
Aerospace 0.5%			
100,000	Rolls-Royce Holdings plc	809,939	1,159,305
6,900,000	Rolls-Royce Holdings plc, Cl. C (d)	10,980	10,716

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		820,919	1,170,021
	Agriculture 0.0%		
3,000	Cadiz Inc.	30,211	28,890
	Entertainment 0.8%		
85,000	Vivendi SA	2,892,807	1,861,386
	Financial Services 0.0%		
26	Leucadia National Corp.	0	598
	Investment Companies 0.0%		
3,000	Kinnevik Investment AB, Cl. B	41,537	58,456
	Real Estate 0.1%		
4,500	Brookfield Asset Management Inc., Cl. A	48,735	123,660
	Transportation 0.5%		
30,000	GATX Corp.	911,610	1,309,800
	TOTAL OTHER	4,745,819	4,552,811
	TOTAL COMMON STOCKS	166,516,407	229,220,107

See accompanying notes to financial statements.

THE GABELLI UTILITY TRUST

SCHEDULE OF INVESTMENTS (Continued)

December 31, 2011

Shares		Cost	Market Value
	WARRANTS 0.0%		
	COMMUNICATIONS 0.0%		
	Wireless Communications 0.0%		
16,000	Bharti Airtel Ltd., expire 09/19/13 (a)(b)	\$ 108,378	\$ 103,571
Principal Amount			
	CONVERTIBLE CORPORATE BONDS 0.1%		
	ENERGY AND UTILITIES 0.1%		
	Environmental Services 0.1%		
\$ 100,000	Covanta Holding Corp., Cv., 3.250%, 06/01/14	100,000	104,750
	U.S. GOVERNMENT OBLIGATIONS 1.5%		
3,445,000	U.S. Treasury Bills, 0.000% to 0.055% , 03/08/12 to 06/14/12 (e)	3,444,404	3,444,544
TOTAL INVESTMENTS	100.0%	\$ 170,169,189	232,872,972
Notional Amount		Termination Date	Unrealized Appreciation/Depreciation
	EQUITY CONTRACT FOR DIFFERENCE		
	SWAP AGREEMENTS 0.0%		
\$ 276,908			
(25,000 Shares)	Rolls-Royce Holdings plc	06/27/12	12,817
2,724			
(1,725,000 Shares)	Rolls-Royce Holdings plc, Cl. C	06/27/12	(45)
	TOTAL EQUITY CONTRACT FOR DIFFERENCE SWAP AGREEMENTS		12,772
Other Assets and Liabilities (Net)			(449,942)
PREFERRED STOCK			
(1,154,188 preferred shares outstanding)			(51,332,200)
NET ASSETS COMMON SHARES			
(31,845,923 common shares outstanding)			\$ 181,103,602
NET ASSET VALUE PER COMMON SHARE			
(\$181,103,602 ÷ 31,845,923 shares outstanding)			\$5.69

(a) Security fair valued under procedures established by the Board of Trustees. The procedures may include reviewing available financial information about the company and reviewing the valuation of comparable securities and other factors on a regular basis. At December 31, 2011, the fair valued securities

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amounted to \$103,571 or 0.04% of total investments.

- (b) Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2011, the market value of Rule 144A securities amounted to \$210,213 or 0.09% of total investments.
- (c) Security purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. These securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2011, the market value of Regulation S securities amounted to \$42,507 or 0.02% of total investments, which were valued under methods approved by the Board of Trustees as follows:

Acquisition Shares	Issuer	Acquisition Date	Acquisition Cost	12/31/11 Carrying Value Per Unit
11,800	Orascom Telecom Holding SAE, GDR	07/27/09	\$ 74,146	\$ 2.8900
500	Sistema JSFC, GDR	10/10/07	17,384	16.8100

- (d) At December 31, 2011, the Fund held an investment in a restricted and illiquid security amounting to \$10,716 or 0.00% of total investments, which was valued under methods approved by the Board of Trustees as follows:

Acquisition Shares	Issuer	Acquisition Date	Acquisition Cost	12/31/11 Carrying Value Per Unit
6,900,000	Rolls-Royce Holdings plc, Cl. C	10/26/11	10,980	0.0016

- (e) At December 31, 2011 \$350,000 of the principal amount was pledged as collateral for equity contract for difference swap agreements.
Non-income producing security.
Represents annualized yield at date of purchase.

ADR American Depositary Receipt
CVO Contingent Value Obligation
GDR Global Depositary Receipt
JSFC Joint Stock Financial Corporation
OJSC Open Joint Stock Company
SDR Swedish Depositary Receipt

See accompanying notes to financial statements.

THE GABELLI UTILITY TRUST

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2011

Assets:	
Investments, at value (cost \$170,169,189)	\$ 232,872,972
Foreign currency, at value (cost \$1,533)	1,508
Cash	59,277
Dividends and interest receivable	511,920
Unrealized appreciation on swap contracts	12,817
Deferred offering expense	84,669
Total Assets	233,543,163
Liabilities:	
Distributions payable	26,190
Payable for investment advisory fees	662,585
Payable for payroll expenses	34,177
Payable for accounting fees	3,750
Payable for auction agent fees	199,836
Payable for shareholder communications expenses	94,390
Payable for legal and audit fees	60,537
Unrealized depreciation on swap contracts	45
Other accrued expenses	25,851
Total Liabilities	1,107,361
Preferred Shares:	
Series A Cumulative Preferred Shares (5.625%, \$25 liquidation value, \$0.001 par value, 1,200,000 shares authorized with 1,153,288 shares issued and outstanding)	28,832,200
Series B Cumulative Preferred Shares (Auction Market, \$25,000 liquidation value, \$0.001 par value, 1,000 shares authorized with 900 shares issued and outstanding)	22,500,000
Total Preferred Shares	51,332,200
Net Assets Attributable to Common Shareholders	\$ 181,103,602
Net Assets Attributable to Common Shareholders Consist of:	
Paid-in capital	\$ 119,697,208
Accumulated distributions in excess of net investment income	(78,688)
Accumulated distributions in excess of net realized gain on investments, swap contracts, and foreign currency transactions	(1,230,898)
Net unrealized appreciation on investments	62,703,783
Net unrealized appreciation on swap contracts	12,772
Net unrealized depreciation on foreign currency translations	(575)
Net Assets	\$ 181,103,602
Net Asset Value per Common Share:	
(\$181,103,602 ÷ 31,845,923 shares outstanding at \$0.001 par value; unlimited number of shares authorized)	\$5.69

STATEMENT OF OPERATIONS

December 31, 2011

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Investment Income:	
Dividends (net of foreign withholding taxes of \$104,869)	\$ 8,033,093
Interest	4,529
Total Investment Income	8,037,622
Expenses:	
Investment advisory fees	2,248,725
Shareholder communications expenses	262,988
Shareholder services fees	151,083
Offering expenses related to shelf registration (see Note 5)	123,086
Legal and audit fees	120,625
Payroll expenses	108,851
Trustees fees	102,245
Accounting fees	45,000
Auction agent fees	36,234
Custodian fees	30,783
Miscellaneous expenses	95,078
Total Expenses	3,324,698
Net Investment Income	4,712,924
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency:	
Net realized gain on investments	3,021,166
Net realized gain on swap contracts	39,754
Net realized loss on foreign currency transactions	(6,543)
Net realized gain on investments, swap contracts, and foreign currency transactions	3,054,377
Net change in unrealized appreciation/depreciation:	
on investments	24,021,562
on swap contracts	13,409
on foreign currency translations	(1,111)
Net change in unrealized appreciation/depreciation on investments, swap contracts, and foreign currency translations	24,033,860
Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency	27,088,237
Net Increase in Net Assets Resulting from Operations	31,801,161
Total Distributions to Preferred Shareholders	(1,952,362)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	\$ 29,848,799

See accompanying notes to financial statements.

THE GABELLI UTILITY TRUST

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS

	Year Ended December 31, 2011	Year Ended December 31, 2010
Operations:		
Net investment income	\$ 4,712,924	\$ 4,744,249
Net realized gain/(loss) on investments, swap contracts, and foreign currency transactions	3,054,377	(1,967,740)
Net change in unrealized appreciation on investments, swap contracts, and foreign currency translations	24,033,860	24,923,875
Net Increase in Net Assets Resulting from Operations	31,801,161	27,700,384
Distributions to Preferred Shareholders:		
Net investment income	(1,219,913)	(1,970,625)
Net realized short-term gain	(623,894)	
Net realized long-term gain	(108,555)	
Total Distributions to Preferred Shareholders	(1,952,362)	(1,970,625)
Net Increase in Net Assets Attributable to Common Shareholders Resulting from Operations	29,848,799	25,729,759
Distributions to Common Shareholders:		
Net investment income	(3,636,029)	(2,428,970)
Net realized short-term gain	(1,859,559)	
Net realized long-term gain	(323,554)	
Return of capital	(13,160,052)	(20,001,660)
Total Distributions to Common Shareholders	(18,979,194)	(22,430,630)
Fund Share Transactions:		
Net increase in net assets from common shares issued upon reinvestment of distributions	2,722,559	3,365,431
Net Increase in Net Assets from Fund Share Transactions	2,722,559	3,365,431
Net Increase in Net Assets Attributable to Common Shareholders	13,592,164	6,664,560
Net Assets Attributable to Common Shareholders:		
Beginning of period	167,511,438	160,846,878
End of period (including undistributed net investment income of \$0 and \$0, respectively)	\$ 181,103,602	\$ 167,511,438

See accompanying notes to financial statements.

THE GABELLI UTILITY TRUST

FINANCIAL HIGHLIGHTS

Selected data for a share of beneficial interest outstanding throughout each period:

	Year Ended December 31,				
	2011	2010	2009	2008	2007
Operating Performance:					
Net asset value, beginning of period	\$ 5.33	\$ 5.20	\$ 5.09	\$ 8.18	\$ 8.19
Net investment income	0.15	0.15	0.17	0.18	0.19
Net realized and unrealized gain/(loss) on investments, swap contracts, and foreign currency transactions	0.86	0.73	0.69	(2.48)	0.61
Total from investment operations	1.01	0.88	0.86	(2.30)	0.80
Distributions to Preferred Shareholders: (a)					
Net investment income	(0.04)	(0.06)	(0.06)	(0.06)	(0.03)
Net realized gain	(0.02)			(0.03)	(0.07)
Total distributions to preferred shareholders	(0.06)	(0.06)	(0.06)	(0.09)	(0.10)
Net Increase/(Decrease) in Net Assets Attributable to Common Shareholders Resulting from Operations					
	0.95	0.82	0.80	(2.39)	0.70
Distributions to Common Shareholders:					
Net investment income	(0.11)	(0.08)	(0.08)	(0.10)	(0.16)
Net realized gain	(0.07)			(0.04)	(0.33)
Paid-in capital	(0.42)	(0.64)	(0.64)	(0.58)	(0.23)
Total distributions to common shareholders	(0.60)	(0.72)	(0.72)	(0.72)	(0.72)
Fund Share Transactions:					
Increase in net asset value from common share transactions	0.01	0.03	0.03	0.02	0.01
Increase in net asset value from repurchase of preferred shares			0.00(g)	0.00(g)	0.00(g)
Offering costs for issuance of rights charged to paid-in capital				(0.00)(g)	
Total Fund share transactions	0.01	0.03	0.03	0.02	0.01
Net Asset Value Attributable to Common Shareholders, End of Period					
	\$ 5.69	\$ 5.33	\$ 5.20	\$ 5.09	\$ 8.18
NAV total return	16.90%	13.76%	14.19%	(31.68)%	8.08%
Market value, end of period	\$ 7.80	\$ 6.39	\$ 9.02	\$ 5.90	\$ 9.50
Investment total return	33.67%	(21.38)%	70.88%	(31.81)%	3.42%

See accompanying notes to financial statements.

THE GABELLI UTILITY TRUST
FINANCIAL HIGHLIGHTS (Continued)

Selected data for a share of beneficial interest outstanding throughout each period:

	Year Ended December 31,				
	2011	2010	2009	2008	2007
Ratios to Average Net Assets and Supplemental Data:					
Net assets including liquidation value of preferred shares, end of period (in 000 s)	\$ 232,436	\$ 218,843	\$ 212,179	\$ 206,724	\$ 300,210
Net assets attributable to common shares, end of period (in 000 s)	\$ 181,104	\$ 167,511	\$ 160,847	\$ 154,898	\$ 245,617
Ratio of net investment income to average net assets attributable to common shares before preferred share distributions	2.72%	3.01%	3.68%	2.68%	2.03%
Ratio of operating expenses to average net assets attributable to common shares before fee waived	1.92%	1.93%	2.04%	1.77%	
Ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction, if any (b)(c)	1.92%	1.91%	2.04%	1.50%	1.63%
Ratio of operating expenses to average net assets including liquidation value of preferred shares before fee waived	1.48%	1.45%	1.50%	1.39%	
Ratio of operating expenses to average net assets including liquidation value of preferred shares net of advisory fee reduction, if any (b)(c)	1.48%	1.44%	1.50%	1.18%	1.34%
Portfolio turnover rate	1%	1%	4%	14%	13%
Preferred Shares:					
5.625% Series A Cumulative Preferred Shares					
Liquidation value, end of period (in 000 s)	\$ 28,832	\$ 28,832	\$ 28,832	\$ 29,326	\$ 29,593
Total shares outstanding (in 000 s)	1,153	1,153	1,153	1,173	1,184
Liquidation preference per share	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Average market value (d)	\$ 25.47	\$ 25.15	\$ 23.86	\$ 22.76	\$ 23.36
Asset coverage per share	\$ 113.20	\$ 106.58	\$ 103.34	\$ 99.72	\$ 137.48
Series B Auction Market Cumulative Preferred Shares					
Liquidation value, end of period (in 000 s)	\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500	\$ 25,000
Total shares outstanding (in 000 s)	1	1	1	1	1
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value (e)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Asset coverage per share	\$ 113,202	\$ 106,582	\$ 103,336	\$ 99,721	\$ 137,478
Asset Coverage (f)	453%	426%	413%	399%	550%

Based on net asset value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

Based on market value per share, adjusted for reinvestment of distributions at prices determined under the Fund's dividend reinvestment plan.

Effective in 2008, a change in accounting policy was adopted with regard to the calculation of the portfolio turnover rate to include cash proceeds due to mergers. Had this policy been adopted retroactively, the portfolio turnover rate for the year ended December 31, 2007 would have been 29%.

- (a) Calculated based upon average common shares outstanding on the record dates throughout the period.
- (b) The ratios do not include a reduction for custodian fee credits on cash balances maintained with the custodian (Custodian Fee Credits). Including such Custodian Fee Credits for the year ended December 31, 2007, the ratio of operating expenses to average net assets attributable to common shares net of advisory fee reduction would have been 1.63% and the ratio of operating expenses to average net assets including liquidation value of preferred shares net of fee reduction would have been 1.33%. For the years ended December 31, 2009 and 2008, the effect of Custodian Fee Credits was minimal. For the years ended December 31, 2011 and 2010, there were no Custodian Fee Credits.
- (c) The Fund incurred interest expense during the year ended December 31, 2007. If interest expense had not been incurred, the ratio of operating expenses to average net assets attributable to common stock would have been 1.62% and the ratio of operating expenses to average net assets including liquidation value of preferred shares would have been 1.33%. For the years ended December 31, 2011, 2010, 2009, and 2008, the effect of interest expense was minimal.
- (d) Based on weekly prices.
- (e) Liquidation value, except for 2007 when price was based on weekly auction prices. Since February 2008, the weekly auctions have failed. Holders that have submitted orders have not been able to sell any or all of their shares in the auctions.
- (f) Asset coverage is calculated by combining all series of preferred shares.
- (g) Amount represents less than \$0.005 per share.

See accompanying notes to financial statements.

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). 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 sixty days prior to the implementation of any change in the 80% Policy.

2. Significant Accounting Policies. The Fund's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), which may require the use of management estimates and assumptions. 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).

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 sixty 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 sixty 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. U.S. government obligations with maturities greater than sixty days are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations.

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 nonfinancial information about the company; comparisons with the valuation and changes in valuation of similar securities, including a comparison of foreign securities with the equivalent U.S. dollar value 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.

The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

Level 1 quoted prices in active markets for identical securities;

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.); and

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Level 3 – significant unobservable inputs (including the Fund’s determinations as to the fair value of investments). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input both individually and in the aggregate that is significant to the fair value measurement. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of the Fund’s investments in securities and other financial instruments by inputs used to value the Fund’s investments as of December 31, 2011 is as follows:

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

	Level 1 Quoted Prices	Valuation Inputs Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Total Market Value at 12/31/11
INVESTMENTS IN SECURITIES:				
ASSETS (Market Value):				
Common Stocks:				
ENERGY AND UTILITIES				
Energy and Utilities: Electric Integrated	\$ 109,517,745			\$ 109,517,745
Energy and Utilities: Merchant Energy	3,557,465		\$ 0	3,557,465
Other Industries (a)	87,892,484			87,892,484
COMMUNICATIONS				
Telecommunications	9,400,837		0	9,400,837
Other Industries (a)	14,298,765			14,298,765
OTHER				
Aerospace	1,159,305	\$ 10,716		1,170,021
Other Industries (a)	3,382,790			3,382,790
Total Common Stocks	229,209,391	10,716	0	229,220,107
Warrants (a)		103,571		103,571
Convertible Corporate Bonds (a)		104,750		104,750
U.S. Government Obligations		3,444,544		3,444,544
TOTAL INVESTMENTS IN SECURITIES				
ASSETS	\$ 229,209,391	\$ 3,663,581	\$ 0	\$ 232,872,972
OTHER FINANCIAL INSTRUMENTS:				
ASSETS (Unrealized Appreciation):*				
EQUITY CONTRACT:				
Contract for Difference Swap Agreement	\$	\$ 12,817	\$	\$ 12,817
LIABILITIES (Unrealized Depreciation):*				
EQUITY CONTRACT:				
Contract for Difference Swap Agreement		(45)		(45)
TOTAL OTHER FINANCIAL INSTRUMENTS	\$	\$ 12,772	\$	\$ 12,772

(a) Please refer to the Schedule of Investments (SOI) for the industry classifications of these portfolio holdings.

* Other financial instruments are derivatives reflected in the SOI, such as futures, forwards, and swaps, which are valued at the unrealized appreciation/depreciation of the instrument.

The Fund did not have significant transfers between Level 1 and Level 2 during the year ended December 31, 2011. The Fund's policy is to recognize transfers among Levels as of the beginning of the reporting period.

The following table reconciles Level 3 investments for which significant unobservable inputs were used to determine fair value:

	Balance as of 12/31/10	Accrued discounts/ (premiums)	Realized gain/(loss)	Change in unrealized appreciation/ depreciation	Purchases	Sales	Transfers into Level 3	Transfers out of Level 3	Balance as of 12/31/11	Net change in unrealized appreciation/ depreciation during the period on Level 3 investments still held at 12/31/11
INVESTMENTS IN SECURITIES:										

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ASSETS (Market Value):

Common Stocks:

ENERGY AND UTILITIES

Energy and Utilities: Merchant Energy	\$	0	\$		\$		\$		\$		\$		\$	0	\$
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COMMUNICATIONS

Telecommunications		0												0	
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Total Common Stocks		0												0	
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Warrants:

ENERGY AND UTILITIES

Energy and Utilities: Merchant Energy		183		(51,616)		51,433		(0)							
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TOTAL INVESTMENTS IN

SECURITIES	\$	183	\$	(51,616)	\$	51,433	\$	(0)	\$		\$		\$	0	\$
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Net change in unrealized appreciation/depreciation on investments is included in the related amounts in the Statement of Operations.

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

In May 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2011-04 Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS). ASU 2011-04 includes common requirements for measurement of and disclosure about fair value between U.S. GAAP and IFRS. ASU 2011-04 will require reporting entities to disclose the following information for fair value measurements categorized within Level 3 of the fair value hierarchy: quantitative information about the unobservable inputs used in the fair value measurement, the valuation processes used by the reporting entity, and a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs and the interrelationships between those unobservable inputs. In addition, ASU 2011-04 will require reporting entities to make disclosures about amounts and reasons for all transfers into and out of Level 1 and Level 2 fair value measurements. The new and revised disclosures are effective for interim and annual reporting periods beginning after December 15, 2011. At this time, management is evaluating the implications of ASU 2011-04 and its impact on the financial statements.

Derivative Financial Instruments.

The Fund may engage in various portfolio investment strategies by investing in a number of derivative financial instruments for the purposes of hedging or protecting its exposure to interest rate movements and movements in the securities markets, hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase, or hedging against a specific transaction with respect to either the currency in which the transaction is denominated or another currency. Investing in certain derivative financial instruments, including participation in the options, futures, or swap markets, entails certain execution, liquidity, hedging, tax, and securities, interest, credit, or currency market risks. Losses may arise if the Adviser's prediction of movements in the direction of the securities, foreign currency, and interest rate markets is inaccurate. Losses may also arise if the counterparty does not perform its duties under a contract, or that, in the event of default, the Fund may be delayed in or prevented from obtaining payments or other contractual remedies owed to it under derivative contracts. The creditworthiness of the counterparties is closely monitored in order to minimize these risks. Participation in derivative transactions involves investment risks, transaction costs, and potential losses to which the Fund would not be subject absent the use of these strategies. The consequences of these risks, transaction costs, and losses may have a negative impact on the Fund's ability to pay distributions.

The Fund's derivative contracts held at December 31, 2011, if any, are not accounted for as hedging instruments under GAAP and are disclosed in the Schedule of Investments together with the related counterparty.

Swap Agreements. The Fund may enter into equity contract for difference and interest rate swap or cap transactions for the purpose of hedging or protecting its exposure to interest rate movements and movements in the securities markets. The use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Fund would agree to pay periodically to the other counterparty 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 Auction Rate Cumulative Preferred Stock (Series B 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 that counterparty payments of the difference based on the notional amount of such cap. Swaps and cap transactions introduce additional risk because the Fund would remain obligated to pay preferred stock dividends when due in accordance with the Statement of Preferences even if the counterparty defaulted. In an equity contract for difference swap, a set of future cash flows is exchanged between two counterparties. One of these cash flow streams will typically be based on a reference interest rate combined with the performance of a notional value of shares of a stock. The other will be based on the performance of the shares of a stock. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at the time an equity contract for difference swap 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.

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 received or paid on swaps, is reported as unrealized gain or loss in the Statement of Operations. A realized gain or loss is recorded upon receipt or payment of a periodic payment or termination of swap agreements.

During the year ended December 31, 2011, the Fund held no investments in interest rate swap agreements.

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

The Fund has entered into equity contract for difference swap agreements with The Goldman Sachs Group, Inc. Details of the swaps at December 31, 2011 are reflected within the Schedule of Investments and further details are as follows:

Notional Amount		Equity Security Received	Interest Rate/ Equity Security Paid	Termination Date	Net Unrealized Appreciation/ Depreciation
		One month LIBOR plus 90 bps plus			
		Market Value Appreciation on:	Market Value Depreciation on:		
\$276,908	(25,000 Shares)	Rolls-Royce Holdings plc	Rolls-Royce Holdings plc	6/27/12	\$ 12,817
2,724	(1,725,000 Shares)	Rolls-Royce Holdings plc, Cl. C	Rolls-Royce Holdings plc, Cl. C	6/27/12	(45)
					\$ 12,772

The Fund's volume of activity in equity contract for difference swap agreements during the year ended December 31, 2011 had an average monthly notional amount of approximately \$258,298.

As of December 31, 2011, the value of equity contract for difference swap agreements can be found in the Statement of Assets and Liabilities under Assets, Unrealized appreciation on swap contracts and Liabilities, Unrealized depreciation on swap contracts. For the year ended December 31, 2011, the effect of equity contract for difference swap agreements can be found in the Statement of Operations under Net Realized and Unrealized Gain/(Loss) on Investments, Swap Contracts, and Foreign Currency, Net realized gain on swap contracts and Net change in unrealized appreciation on swap 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 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 purchase 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 inability 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 securities of comparable U.S. issuers.

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 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 from foreign securities that are recorded as soon after the ex-dividend date as the Fund becomes aware of such dividends.

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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 on outstanding balances. This amount, if any, would be included 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 GAAP. These differences are primarily due to differing treatments of

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

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 for federal income tax purposes 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. Permanent differences were primarily due to disallowed expenses, taxable distributions in excess of book income, and a reclass of swap gain. These reclassifications have no impact on the NAV of the Fund. For the year ended December 31, 2011, reclassifications were made to decrease accumulated distributions in excess of net investment income by \$159,985 and to decrease accumulated distributions in excess of net realized gain on investments, swap contracts, and foreign currency transactions by \$2,453,083, with an offsetting adjustment to paid-in capital.

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

The tax character of distributions paid during the years ended December 31, 2011 and December 31, 2010 was as follows:

	Year Ended		Year Ended	
	December 31, 2011		December 31, 2010	
	Common	Preferred	Common	Preferred
Distributions paid from:				
Ordinary income	\$ 5,495,588	\$ 1,843,807	\$ 2,428,970	\$ 1,970,625
Net long-term capital gains	323,554	108,555		
Return of capital	13,160,052		20,001,660	
Total distributions paid	\$ 18,979,194	\$ 1,952,362	\$ 22,430,630	\$ 1,970,625

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, 2011, the components of accumulated earnings/losses on a tax basis were as follows:

Net unrealized appreciation on investments, swap contracts, and foreign currency translations	\$ 61,419,183
Other temporary differences*	(12,789)
Total	\$ 61,406,394

* Other temporary differences are primarily due to adjustments on preferred share class distribution payables and mark-to-market and accrual adjustments on investments in swap contracts.

Under the Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward for an unlimited period capital losses incurred in years beginning after December 22, 2010. As a result of the rule, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

During the year ended December 31, 2011, the Fund utilized capital loss carryforwards of \$2,489,944.

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At December 31, 2011, the temporary differences between book basis and tax basis net appreciation on investments was primarily due to deferral of losses from wash sales for tax purposes.

The following summarizes the tax cost of investments and the related net unrealized appreciation at December 31, 2011:

	Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation
Investments	\$ 171,465,986	\$ 69,358,985	\$ (7,951,999)	\$ 61,406,986

The Fund is required to evaluate tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Fund as tax expense in the Statement of Operations if the tax positions were deemed not to meet the more-likely-than-not threshold. For the year ended December 31, 2011, the Fund did not incur any income tax, interest, or penalties. As of December 31, 2011, the Adviser has reviewed all open tax years and

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

concluded that there was no impact to the Fund's net assets or results of operations. Tax years ended December 31, 2008 through December 31, 2011 remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Adviser will monitor the Fund's tax positions to determine if adjustments to this conclusion are necessary.

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 Shares 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 Shares for the 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 Shares for the period. For the year ended December 31, 2011, the Fund's total return on the NAV of the common shares exceeded the stated dividend rate or corresponding swap rate of the outstanding Preferred Shares. Thus, advisory fees were accrued on these assets.

During the year ended December 31, 2011, the Fund paid brokerage commissions on security trades of \$13,635 to Gabelli & Company, Inc. (Gabelli & Co.), an affiliate of the Adviser.

The cost of calculating the Fund's NAV per share is a Fund expense pursuant to the Advisory Agreement. During the year ended December 31, 2011, the Fund paid or accrued \$45,000 to the Adviser in connection with the cost of computing the Fund's NAV.

As per the approval of the Board, the Fund compensates officers of the Fund, who are employed by the Fund and are not employed by the Adviser (although the officers may receive incentive based variable compensation from affiliates of the Adviser) and pays its allocated portion of the cost of the Fund's Chief Compliance Officer. For the year ended December 31, 2011, the Fund paid or accrued \$108,851 in payroll expenses in the Statement of Operations.

The Fund pays each Trustee who is not considered an affiliated person an annual retainer of \$6,000 plus \$1,500 for each Board meeting attended. Each Trustee is reimbursed by the Fund for any out of pocket expenses incurred in attending meetings. All Board committee members receive \$1,000 per meeting attended, the Audit Committee Chairman receives an annual fee of \$3,000, the Nominating Committee Chairman and the Lead Trustee each receive an annual fee of \$2,000. A Trustee may receive a single meeting fee, allocated among the participating funds, for participation in certain meetings held on behalf of multiple funds. 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 sales of securities during the year ended December 31, 2011, other than short-term securities and U.S. Government obligations, aggregated \$1,409,334 and \$17,386,067, 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 common 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 years ended December 31, 2011 and December 31, 2010, the Fund did not repurchase any common shares of beneficial interest in the open market.

Transactions in shares of beneficial interest were as follows:

Year Ended December 31, 2011		Year Ended December 31, 2010	
Shares	Amount	Shares	Amount
413,938	\$ 2,722,559	486,077	\$ 3,365,431

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Net increase from shares issued upon
reinvestment of distributions

A shelf registration authorizing the offering of an additional \$100 million of common or preferred shares was declared effective by the SEC on July 26, 2011.

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

The Fund's Declaration of Trust, as amended, authorizes the issuance of an unlimited number of shares of \$0.001 par value Preferred Shares. The Preferred Shares are senior to the common shares and result 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 Preferred Shares are cumulative. The Fund is required by the 1940 Act and by the Statement of Preferences to meet certain asset coverage tests with respect to the Preferred Shares. 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 Shares 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.

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 Shares. Commencing July 31, 2008 and thereafter, the Fund, at its option, may redeem the 5.625% Series A Cumulative Preferred Shares in whole or in part at the redemption price at any time. During the years ended December 31, 2011 and December 31, 2010, the Fund did not repurchase any shares of 5.625% Series A Cumulative Preferred Shares. At December 31, 2011, 1,153,288 shares of 5.625% Series A Cumulative Preferred Shares were outstanding and accrued dividends amounted to \$22,525.

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 Shares. 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 Shares ranged from 1.409% to 1.504% for the year ended December 31, 2011. Since February 2008, the number of Series B Shares subject to bid orders by potential holders has been less than the number of Series B Shares subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate since then has been the maximum rate. Holders that have submitted sell orders have not been able to sell any or all of the Series B Shares for which they have submitted sell orders. The current maximum rate is 125% of the seven day Telerate/British Bankers Association LIBOR rate on the day of such auction. Existing shareholders may submit an order to hold, bid, or sell such shares on each auction date. Shareholders of the Series B Shares may also trade their shares in the secondary market. The Fund, at its option, may redeem the Series B Auction Market Cumulative Preferred Shares in whole or in part at the redemption price at any time. There were no redemptions of Series B Shares during the years ended December 31, 2011 and December 31, 2010. At December 31, 2011, 900 shares of Series B Shares were outstanding with an annualized dividend rate of 1.466% per share and accrued dividends amounted to \$3,665.

The holders of Cumulative Preferred Shares 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 Shares 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 shares, voting as a single class, will be required to approve any plan of reorganization adversely affecting the preferred shares, 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 shares 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. Management has reviewed the Fund's existing contracts and expects the risk of loss to be remote.

8. Other Matters. On April 24, 2008, the Adviser entered into a settlement with the SEC to resolve an inquiry regarding prior frequent trading in shares of the GAMCO Global Growth Fund (the "Global Growth Fund") by one investor who was banned from the Global Growth Fund in August 2002. Under the terms of the settlement, the Adviser, without admitting or denying the SEC's findings and allegations, paid \$16 million

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(which included a \$5 million civil monetary penalty). On the same day, the SEC

THE GABELLI UTILITY TRUST

NOTES TO FINANCIAL STATEMENTS (Continued)

filed a civil action in the U.S. District Court for the Southern District of New York against the Executive Vice President and Chief Operating Officer of the Adviser, alleging violations of certain federal securities laws arising from the same matter. The officer, who also is an officer of the Global Growth Fund and other funds in the Gabelli/GAMCO complex, including this Fund, denies the allegations and is continuing in his positions with the Adviser and the funds. The settlement by the Adviser did not have, and the resolution of the action against the officer is not expected to have, a material adverse impact on the Adviser or its ability to fulfill its obligations under the Advisory Agreement.

9. Subsequent Events. Management has evaluated the impact on the Fund of all subsequent events occurring through the date the financial statements were issued and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

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 (hereafter referred to as the Trust) at December 31, 2011, 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 five years in the period then ended, 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 Trust 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, 2011 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, New York

February 28, 2012

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) Address ¹ and Age	Term of Office and Length of Time Served ²	Number of Funds in Fund Complex Overseen by Trustee	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee ⁴
INTERESTED TRUSTEES³:				
Mario J. Gabelli, CFA Trustee and Chief Investment Officer Age: 69	Since 1999**	27	Chairman, Chief Executive Officer, and Chief Investment Officer - Value Portfolios of GAMCO Investors, Inc. and Chief Investment Officer- Value Portfolios of Gabelli Funds, LLC and GAMCO Asset Management Inc.; Director/ Trustee or Chief Investment Officer of other registered investment companies in the Gabelli/GAMCO Funds Complex; Chief Executive Officer of GGCP, Inc.	Director of Morgan Group Holdings, Inc. (holding company); Chairman of the Board and Chief Executive Officer of LICT Corp. (multimedia and communication services company); Director of CIBL, Inc. (broadcasting and wireless communications); Director of RLJ Acquisition Inc. (blank check company)
John D. Gabelli Trustee Age: 67	Since 1999*	10	Senior Vice President of Gabelli & Company, Inc.	
INDEPENDENT TRUSTEES⁵:				
Thomas E. Bratter Trustee Age: 72	Since 1999**	3	Director, President, and Founder of The John Dewey Academy (residential college preparatory therapeutic high school)	
Anthony J. Colavita Trustee Age: 76	Since 1999***	35	President of the law firm of Anthony J. Colavita, P.C.	
James P. Conn Trustee Age: 73	Since 1999*	19	Former Managing Director and Chief Investment Officer of Financial Security Assurance Holdings Ltd. (insurance holding company) (1992-1998)	Director of First Republic Bank (banking) through January 2008 and LaQuinta Corp. (hotels) through January 2006
Vincent D. Enright Trustee Age: 68	Since 1999**	17	Former Senior Vice President and Chief Financial Officer of KeySpan Corporation (public utility) (1994-1998)	Director of Echo Therapeutics, Inc. (therapeutics and diagnostics); Director of LGL Group, Inc. and until September 2006, Director of Apton Corporation (pharmaceuticals)
Frank J. Fahrenkopf Jr. Trustee	Since 1999***	7	President and Chief Executive Officer of the American Gaming Association; Co-Chairman of the Commission on Presidential Debates; Former	Director of First Republic Bank (banking)

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Age: 72			Chairman of the Republican National Committee (1983-1989)	
Robert J. Morrissey	Since 1999***	6	Partner in the law firm of Morrissey, Hawkins & Lynch	
Trustee				
Age: 72			Certified Public Accountant; Professor Emeritus, Pace University	
Anthony R. Pustorino	Since 1999*	13	Director of The LGL Group, Inc. (diversified manufacturing) (2002-2010)	
Trustee				
Age: 86			Chairman (since 1978) of Zizza & Company, Ltd. (financial consulting); Chairman (since 2006) of Metropolitan Paper Recycling, Inc. (recycling); Chairman (since 2000) of BAM Inc. (manufacturing); Chairman (since 2009) of E-Corp English (business services)	
Salvatore J. Zizza	Since 1999***	29	Non-Executive Chairman and Director of Harbor BioSciences, Inc. (biotechnology); Vice Chairman and Director of Trans-Lux Corporation (business services); Chairman and Chief Executive Officer of General Employment Enterprises, Inc. (staffing); Director of Bion Environmental Technologies (technology) (2005-2008); Director of Earl Schieb Inc. (automotive painting) through April 2009.	
Trustee				
Age: 66				

THE GABELLI UTILITY TRUST

ADDITIONAL FUND INFORMATION (Continued) (Unaudited)

Name, Position(s) Address ¹ and Age	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years
OFFICERS:		
Bruce N. Alpert		Executive Vice President and Chief Operating Officer of Gabelli Funds, LLC since 1988; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex; Director of Teton Advisors, Inc. since 1998; Chairman of Teton Advisors, Inc. 2008-2010; President of Teton Advisors, Inc. 1998-2008; Senior Vice President of GAMCO Investors, Inc. since 2008.
President and	Since 2003	
Acting Chief Compliance Officer	Since November 2011	
Age: 60		
Agnes Mullady	Since 2006	President and Chief Operating Officer of the Open-End Fund Division of Gabelli Funds, LLC since September 2010; Senior Vice President of GAMCO Investors, Inc. since 2009; Vice President of Gabelli Funds, LLC since 2007; Officer of all of the registered investment companies in the Gabelli/GAMCO Funds Complex
Treasurer and Secretary		
Age: 53		
David I. Schachter	Since 1999	Vice President and or Ombudsman of closed-end funds within the Gabelli/GAMCO Funds complex; Vice President of Gabelli & Company, Inc. since 1999
Vice President and Ombudsman		
Age: 58		

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 2012 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

** Term expires at the Fund's 2013 Annual Meeting of Shareholders or until their successors are duly elected and qualified.

*** Term expires at the Fund's 2014 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 Fund's Chief Executive Officer has certified to the New York Stock Exchange (NYSE) that, as of June 15, 2011, he was not aware of any violation by the Fund of applicable NYSE corporate governance listing standards. The Fund reports to the SEC on Form N-CSR which contains certifications by the Fund's principal executive officer and principal financial officer that relate to the Fund's disclosure in such reports and that are required by Rule 30a-2(a) under the 1940 Act.

THE GABELLI UTILITY TRUST
INCOME TAX INFORMATION (Unaudited)

December 31, 2011

Cash Dividends and Distributions

	Payable Date	Record Date	Total Amount Paid Per Share (a)	Ordinary Investment Income (a)	Long-Term Capital Gains (a)	Return of Capital (c)	Dividend Reinvestment Price
Common Shares							
	01/24/11	01/14/11	\$0.05000	\$0.01450	\$0.00090	\$0.03460	\$6.08950
	02/18/11	02/11/11	0.05000	0.01450	0.00090	0.03460	6.09900
	03/24/11	03/17/11	0.05000	0.01450	0.00090	0.03460	6.26050
	04/21/11	04/14/11	0.05000	0.01450	0.00090	0.03460	6.44100
	05/23/11	05/16/11	0.05000	0.01450	0.00090	0.03460	6.77350
	06/23/11	06/16/11	0.05000	0.01450	0.00090	0.03460	6.82100
	07/22/11	07/15/11	0.05000	0.01450	0.00090	0.03460	6.86850
	08/24/11	08/17/11	0.05000	0.01450	0.00090	0.03460	6.40300
	09/23/11	09/16/11	0.05000	0.01450	0.00090	0.03460	6.47900
	10/24/11	10/17/11	0.05000	0.01450	0.00090	0.03460	6.80200
	11/22/11	11/15/11	0.05000	0.01450	0.00090	0.03460	6.84000
	12/16/11	12/13/11	0.05000	0.01450	0.00090	0.03460	7.36250
			\$0.60000	\$0.17400	\$0.01080	\$0.41520	
5.625% Series A Cumulative Preferred Shares							
	03/28/11	03/21/11	\$0.35156	\$0.33208	\$0.01948		
	06/27/11	06/20/11	0.35156	0.33208	0.01948		
	09/26/11	09/19/11	0.35156	0.33208	0.01948		
	12/27/11	12/19/11	0.35156	0.33208	0.01948		
			\$1.40625	\$1.32831	\$0.07794		

Series B Auction Market Cumulative Preferred Shares

Series B Auction Market Cumulative Preferred Shares pay dividends weekly based on rates set at auction, usually held every seven days.

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 2011 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, 2011 were \$432,109 or the maximum amount.

Corporate Dividends Received Deduction, Qualified Dividend Income, and U.S. Government Securities Income

The Fund paid to common and 5.625% Series A Cumulative Preferred shareholders ordinary income dividends of \$0.17400 and \$1.32831 per share, respectively, in 2011. The Fund paid to Series B Auction Market Cumulative Preferred shareholders an ordinary income dividend totaling \$366.16 per share in 2011. For the year ended December 31, 2011, 100% of the ordinary income dividend qualified for the dividend received deduction available to corporations, 100% of the ordinary income distribution was deemed qualified dividend income and 0.05% of the ordinary income distribution was qualified interest income. The percentage of the ordinary income dividends paid by the Fund during 2011 derived from U.S. Government securities was 0.02%. 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 2011. The percentage of U.S. Government securities held as of December 31, 2011 was 1.48%.

THE GABELLI UTILITY TRUST

INCOME TAX INFORMATION (Continued) (Unaudited)

December 31, 2011

Historical Distribution Summary

	Investment Income (b)	Short-Term Capital Gains (b)	Long-Term Capital Gains	Return of Capital (c)	Total Distributions (a)	Adjustment to Cost Basis (d)
Common Shares						
2011	\$ 0.11520	\$ 0.05880	\$ 0.01080	\$ 0.41520	\$ 0.60000	\$ 0.41520
2010	0.07788			0.64212	0.72000	0.64212
2009	0.07596			0.64404	0.72000	0.64404
2008	0.10716	0.00360	0.04212	0.56712	0.72000	0.56712
2007	0.15458	0.03985	0.28795	0.23762	0.72000	0.23762
2006	0.15750	0.03900	0.52350		0.72000	
2005	0.15240	0.02280	0.54480		0.72000	
2004 (g)	0.09348	0.02958	0.00229	0.59465	0.72000	0.59465
2003 (f)	0.08544	0.01128	0.21240	0.41088	0.72000	0.41088
2002 (e)	0.11175	0.00210	0.35900	0.24690	0.72000	0.24690
2001	0.20835	0.33142	0.16023		0.70000	
2000	0.05620	0.14020	0.80360		1.00000	
1999	0.08049	0.00090	0.06861		0.15000	
5.625% Series A Cumulative Preferred Shares						
2011	\$ 0.87922	\$ 0.44909	\$ 0.07794		\$ 1.40625	
2010	1.40625				1.40625	
2009	1.40625				1.40625	
2008	0.98590	0.03309	0.38726		1.40625	
2007	0.44768	0.11663	0.84194		1.40625	
2006	0.30694	0.07589	1.02342		1.40625	
2005	0.29785	0.04494	1.06346		1.40625	
2004	1.04873	0.33179	0.02572		1.40625	
Series B Auction Market Cumulative Preferred Shares						
2011	\$ 228.93287	\$ 116.93418	\$ 20.29295		\$ 366.16000	
2010	381.65000				381.65000	
2009	388.12000				388.12000	
2008	663.22018	22.26115	260.50866		945.99000	
2007	426.72648	111.17336	802.52016		1340.42000	
2006	266.52830	65.89950	888.68220		1221.11000	
2005	177.88970	26.83920	635.15100		839.88000	
2004	280.59420	88.77260	6.88340		376.20000	

(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.

All designations are based on financial information available as of the date of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Fund to designate the maximum amount permitted under the Internal Revenue Code and the regulations thereunder.

TRUSTEES AND OFFICERS

THE GABELLI UTILITY TRUST

One Corporate Center, Rye, NY 10580-1422

Trustees

Mario J. Gabelli, CFA

Chairman & Chief Executive Officer,

GAMCO Investors, Inc.

Dr. Thomas E. Bratter

President & Founder, John Dewey Academy

Anthony J. Colavita

President,

Anthony J. Colavita, P.C.

James P. Conn

Former Managing Director &

Chief Investment Officer,

Financial Security Assurance Holdings Ltd.

Vincent D. Enright

Former Senior Vice President &

Chief Financial Officer, KeySpan Corp.

Frank J. Fahrenkopf, Jr.

President & Chief Executive Officer,

American Gaming Association

John D. Gabelli

Senior Vice President,

Gabelli & Company, Inc.

Robert J. Morrissey

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Attorney-at-Law,

Morrissey, Hawkins & Lynch

Anthony R. Pustorino

Certified Public Accountant,

Professor Emeritus, Pace University

Salvatore J. Zizza

Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert

President and Acting Chief Compliance Officer

Agnes Mullady

Treasurer & Secretary

David I. Schachter

Vice President & Ombudsman

Investment Adviser

Gabelli Funds, LLC

One Corporate Center

Rye, New York 10580-1422

Custodian

The Bank of New York Mellon

Counsel

Willkie Farr & Gallagher LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

NYSE Symbol:	Common	5.625%
Shares Outstanding:	GUT	Preferred
	31,845,923	GUT PrA
		1,153,288

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The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading Specialized Equity Funds, in Monday's The Wall Street Journal. It is also listed in Barron's Mutual Funds/Closed End Funds section under the heading Specialized Equity Funds.

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

The NASDAQ symbol for the Net Asset Value is XGUTX.

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

Notice is hereby given in accordance with Section 23(c) of the Investment 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 its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

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 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 \$32,307 for 2010 and \$32,307 for 2011.

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 \$5,769 for 2010 and \$13,269 for 2011. 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 \$3,625 for 2010 and \$3,625 for 2011. 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 2010 and \$0 for 2011.
- (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.

- (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) N/A

- (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 2010 and \$0 for 2011.

- (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. Investments.

- (a) 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.

- (b) Not applicable.

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

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 Teton Advisors, 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 to 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 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 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.

B. 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 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 will supply information on how an account voted its proxies upon request.

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

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 clearing firms are responsible for forwarding proxies directly to the Advisers.

Proxies are received in one of two forms:

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

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.

Records have been maintained on the Proxy Edge system. The system is backed up regularly.

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

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 Broadridge are always sent directly to a specific individual at Broadridge.

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:

VAFs can be faxed to Broadridge up until the time of the meeting. This is followed up by mailing the original form.

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:

Banks and brokerage firms using the services at Broadridge:

The back of the VAF is stamped indicating that we wish to vote in person. The forms are then sent overnight to Broadridge. Broadridge 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 Broadridge may be implemented.

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:

A limited Power of Attorney appointing the attendee an Adviser representative.

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.).

A sample ERISA and Individual contract.

A sample of the annual authorization to vote proxies form.

A copy of our most recent Schedule 13D filing (if applicable).

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:

Historical responsiveness to shareholders
This may include such areas as:

Paying greenmail

Failure to adopt shareholder resolutions receiving a majority of shareholder votes

Qualifications

Nominating committee in place

Number of outside directors on the board

Attendance at meetings

Overall performance

SELECTION OF AUDITORS

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

BLANK CHECK PREFERRED STOCK

We oppose the issuance of blank check preferred stock.

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:

Future use of additional shares

Stock split

Stock option or other executive compensation plan

Finance growth of company/strengthen balance sheet