WELLS FARGO ADVANTAGE UTILITIES & HIGH INCOME FUND
Form N-CSRS
April 30, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21507

Wells Fargo Advantage Utilities and High Income Fund

(Exact name of registrant as specified in charter)

525 Market St., San Francisco, CA 94105

(Address of principal executive offices) (Zip code)

C. David Messman

Wells Fargo Funds Management, LLC

525 Market St., San Francisco, CA 94105

(Name and address of agent for service)

Registrant s telephone number, including area code: 800-222-8222

Date of fiscal year end: August 31

Date of reporting period: February 28, 2014

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ITEM 1. REPORT TO STOCKHOLDERS

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Wells Fargo Advantage
Utilities and High Income Fund

Semi-Annual Report

February 28, 2014

This closed-end fund is no longer offered as an initial public offering and is only offered through broker/dealers on the secondary market. A closed-end fund is not required to buy its shares back from investors upon request.

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NOT FDIC INSURED ¡ NO BANK GUARANTEE ¡ MAY LOSE VALUE

Karla M. Rabusch

President

Wells Fargo Advantage Funds

The U.S. high-yield market provided relatively strong fixed-income returns during the period while U.S. utilities stocks generated positive investment value.

Dear Valued Shareholder:

We are pleased to offer you this semi-annual report for the Wells Fargo Advantage Utilities and High Income Fund for the six-month period that ended February 28, 2014. The U.S. high-yield market (measured by the Barclays U.S. High Yield Bond Index[1]) provided relatively strong fixed-income returns during the period while U.S. utilities stocks (measured by the Utilities sector of S&P 500 Index) generated positive investment value. Equity markets (measured by the S&P 500 Index[2]) vacillated between price rallies and subsequent price corrections, which stirred up volatility across equity and fixed-income markets (measured by the Barclays U.S. Aggregate Bond Index[3]) alike. U.S. Treasury yields correspondingly fluctuated with the shifts in equity market exuberance, as strengthening economic confidence pushed yields higher and weakened confidence drove them lower.

On the whole, the investment-grade (measured by the Barclays U.S. Aggregate Bond Index) and high-yield markets generated positive returns during the period, notably benefiting from the strong price improvement and declining U.S. Treasury yields that occurred during the opening months of 2014. The high-yield market is often correlated with U.S. equity performance; however, over the period, the high-yield market generally performed well both when equities were improving and U.S. Treasury yields were declining as well as when equity markets were in decline and fixed-income markets rallied. The lower-rated corporate bond credit tiers outperformed each respectively higher-rated credit tier during the quarter. Meanwhile, the utilities equity sector lagged the returns of the S&P 500 Index but, nonetheless, generated relatively strong total returns compared with U.S. Treasuries and investment-grade bonds.

A decline in bond prices was halted by the Fed s postponement of tapering its bond-buying program.

Before the six-month period began, equity markets rallied, most notably in May and June of 2013. This led to a sharp increase in U.S. Treasury yields and declining valuations for much of the fixed-income markets. However, in July and August of 2013, that equity exuberance quieted a bit, and fixed-income markets stabilized. Returns across the fixed-income markets were largely negative in investment-grade and high-yield markets but modest in comparison with the declines in May and June of 2013.

But, by September and October of 2013, investment-grade and high-yield markets began generating positive returns yet again, as the U.S. Federal Reserve (Fed) backtracked on its intentions to taper its quantitative easing program, postponing it until 2014, at the earliest. This created a temporary rally in bonds that lasted until around November 20, 2013, when notes were released from the Fed s October 2013 meeting indicating that tapering of the bond-buying programs would not be postponed beyond January 2014. In response, long-term U.S. Treasury yields and mortgage rates ratcheted higher on expectations for an unwinding of monetary accommodation in the upcoming months. This led to declines in pricing across much of the core fixed-income markets (measured by the Barclays U.S. Aggregate Bond Index); however, U.S. high-yield markets were better able to absorb the shift in U.S. Treasury yields and continued to provide positive returns along with rallies in the equity markets. The utilities equity sector rallied in October of 2013 and then declined through much of November and December of 2013.

1. The Barclays U.S. High Yield Bond Index is an index consisting of all domestic and Yankee bonds, rated below investment grade, with a minimum outstanding amount of $100 million and maturing over one year. You cannot invest directly in an index.

2. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock s weight in the index proportionate to its market value. You cannot invest directly in an index.

3. The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. You cannot invest directly in an index.

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Favorable conditions for fixed-income markets were restored in January and February of 2014.

Seemingly much to the surprise of many everyday investors and seasoned investment professionals alike, fixed-income markets largely outperformed U.S. equity markets during the opening months of 2014. A pullback in equity exuberance in January 2014 and reassurances from the Fed that a highly accommodative monetary policy would continue throughout 2014 inspired price rallies across both the investment-grade and high-yield markets. U.S. Treasury yields declined in January 2014 while corporate high-yield bonds (measured by the Barclays U.S. High Yield Bond Index) performed notably well. Initially, U.S. high-yield securities generated positive returns in January 2014 but lagged the rally across the investment-grade bond markets. This theme reversed in February 2014, as high-yield sectors rallied and investment-grade sectors performed well but not to the extent of the lowest-rated credit tiers. The S&P 500 Index declined significantly in January, but the utilities sector did a better job of protecting against the price corrections and only declined modestly by comparison. In February 2014, the utilities sector rallied strongly along with the broad domestic equity market and generated compelling total returns to finish off a relatively generous six-month return compared with returns from the investment-grade fixed-income market.

Don t let short-term uncertainty derail long-term investment goals.

Periods of investment uncertainty can present challenges, but experience has taught us that maintaining long-term investment goals can be an effective way to plan for the future. Although diversification cannot guarantee an investment profit or prevent losses, we believe it can be an effective way to manage investment risk and potentially smooth out overall portfolio performance. We encourage investors to know their investments and to understand that appropriate levels of risk-taking may unlock opportunities.

Thank you for choosing to invest with *Wells Fargo Advantage Funds*. We appreciate your confidence in us and remain committed to helping you meet your financial needs. For current information about your fund investments, contact your investment professional, visit our website at **wellsfargoadvantagefunds.com**, or call us directly at **1-800-222-8222**. We are available 24 hours a day, 7 days a week.

Sincerely,

Karla M. Rabusch

President

Wells Fargo Advantage Funds

Reassurances from the Fed that a highly accommodative monetary policy would continue throughout 2014 inspired price rallies across both the investment-grade and high-yield markets.

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Investment objective

The Fund seeks a high level of current income and moderate capital growth, with an emphasis on providing tax-advantaged dividend income.

Adviser

Wells Fargo Funds Management, LLC

Subadviser

Crow Point Partners, LLC

Wells Capital Management Incorporated

Portfolio managers

Phillip Susser

Niklas Nordenfelt, CFA

Timothy P. O Brien, CFA

Average annual total return[1] (%) as of February 28, 2014

	1 year	5 year	Since inception 4-28-2004
Based on market value	14.06	15.54	7.43
Based on net asset value (NAV) per share	18.49	16.27	8.74

Figures quoted represent past performance, which is no guarantee of future results, and do not reflect taxes that a shareholder may pay on fund distributions or the sales of fund shares. *Investment return and principal value of an investment will fluctuate so that an investor s shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted, which assumes the reinvestment of dividends and capital gains. Performance figures of the Fund do not reflect brokerage commissions that a shareholder would pay on the purchase and sale of shares. If taxes and such brokerage commissions had been reflected, performance would have been lower. To obtain performance information current to the most recent month-end, please call 1-800-222-8222.*

The Fund s gross and net expense ratios for the six months ended February 28, 2014, were 1.11% and 1.11%, respectively, which includes 0.19% of interest expense.

Comparison of NAV vs. market value since inception[2]

High-yield, lower-rated bonds may contain more risk due to the increased possibility of default. Foreign investments may contain more risk due to the inherent risks associated with changing political climates, foreign market instability, and foreign currency fluctuations. Risks of international investing are magnified in emerging or developing markets. Funds that concentrate their investments in a single industry or sector may face increased risk of price fluctuation over more diversified funds due to adverse developments within that industry or sector. Non-diversified funds may face increased risk of price fluctuation over more diversified funds due to adverse developments within certain sectors. Small- and mid-cap securities may be subject to special risks associated with narrower product lines and limited financial resources compared with their large-cap counterparts. The use of leverage results in certain risks including, among others, the likelihood of greater volatility of net asset value and the market price of common shares. Derivatives involve additional risks, including interest-rate risk, credit risk, the risk of improper valuation, and the risk of noncorrelation to the relevant instruments they are designed to hedge or to closely track. There are numerous risks associated with transactions in options on securities. Illiquid securities may be subject to wide fluctuations in market value and may be difficult to sell.

1. Total returns based on market value are calculated assuming a purchase of common stock on the first day and sale on the last day of the period reported. Total returns based on NAV are calculated based on the NAV at the beginning of the period and end of period. Dividends and distributions, if any, are assumed for the purposes of these calculations to be reinvested at prices obtained under the Fund s Automatic Dividend Reinvestment Plan.

2. This chart does not reflect any brokerage commissions charged on the Fund s common stock. Dividends and distributions have the effect of reducing the Fund s NAV.

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MANAGER S DISCUSSION

The Fund s return based on market value was 6.71% during the six months ended February 28, 2014. During the same period, the Fund s return based on NAV was 12.69%.

Overview

For the six-month period that ended February 28, 2014, high-yield bonds continued to benefit from rising stock prices (as high-yield bonds often trade in sympathy with stocks), rising U.S. Treasury prices, relatively low volatility, and strong investor interest due to a scarcity of attractive income opportunities. High-yield companies continued to add debt as companies took advantage of the strong investor demand for high-yield debt and low borrowing costs. While leverage levels are not at record highs, they have been creeping higher over the past several years as, among other reasons, companies gain more and more confidence in their outlooks. On the other hand, historically low interest rates and a wave of refinancings have kept companies interest costs low and pushed out near-term maturities.

In the utilities stock allocation, the Fund was positioned somewhat more aggressively compared with the prior six months. Interest-rate-sensitive stocks had declined sharply beginning in June 2013 following the U.S. Federal Reserve s announcement of its intention to taper off the pace of bond purchases. Thus, by the end of August 2013, we added a number of issues that we viewed as attractively priced after the price declines. For example, we added to an existing position in Vodafone and initiated positions in Energen and Veresen.

Contributors to performance

In the high-yield allocation, the Fund benefited from the strong appreciation of the high-yield bond market generally and more particularly from the Fund s longer-duration assets. Fixed-income holdings of pipeline and wireless companies also helped performance. In the equity allocation, the Fund maintained a modestly higher exposure to European utilities and telecommunication services names in anticipation of a nascent recovery in Europe. On balance, the Fund s European names contributed to performance, with Deutsche Post AG, Suez Environnement Company SA, and Veolia Environnement SA, particularly standing out. A modest increase in the euro/dollar exchange rate also helped. In the domestic utilities space, ITC Holdings Corporation, American Electric Power Company Incorporated, Great Plains Energy Incorporated, The Williams Companies Incorporated, and NextEra Energy Incorporated were significant performance contributors.

Ten largest holdings[3] (%) as of February 28, 2014	
Deutsche Post AG	4.59
Suez Environnement Company SA	4.48
American Electric Power Company Incorporated	4.09
ITC Holdings Corporation	3.76
Great Plains Energy Incorporated	3.75
NextEra Energy Incorporated	3.73
The Williams Companies Incorporated	3.37
Northeast Utilities	3.26

Telefonica Brasil ADR	3.23
Edison International	3.20

Credit quality[4] as of February 28, 2014

Detractors from performance

Holding relatively shorter average-life bonds and higher-quality, higher-rated bonds restrained performance in a market that rewarded risk. The portfolio s overall lower risk profile, as a result, had a detracting impact on performance. In the equity allocation, foreign companies that detracted included Telefonica Brasil and Vimpelcom Limited, while detracting domestic laggards included Verizon Communications Incorporated and Energen Corporation.

Management outlook

Our high-yield fixed-income outlook has not changed materially since the fiscal year that ended August 31, 2013, except that yields have continued to grind lower, which has both reduced the return of high yield bonds and increased the risk of a fall in prices of high yield bonds. Our base case is that high-yield bonds are relatively stable and could potentially outperform other fixed-income asset classes such as the Barclays U.S. Aggregate Bond Index[5], the 10-year U.S. Treasury, and the investment-grade corporate markets (which may be more vulnerable to yield increases).

Please see footnotes on page 6.

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Country allocation[6] as of February 28, 2014

In the long run, we expect that the relative performance of high yield bonds will be primarily driven by corporate fundamentals and defaults. In the near term, our default outlook remains benign and supportive of the high yield markets. Over a full cycle, we believe the best way to protect the Fund from periodic bouts of systemic fears and rebalancing will be our continued focus on a bottom-up approach that attempts to minimize downside risk while capturing the return potential of high-yield issuers.

In the equity allocation, we are watching what appears to be a modest economic recovery in the U.S. While stronger economic growth can be positive for utilities that are suffering from weak revenues, it can also eventually lead to rising interest rates as monetary stimulus is withdrawn. This could be a near-term headwind for utilities stocks. Longer-term, fundamentals for regulated network operators remain robust, in our view, while the outlook for utilities with significant commodity price exposure remains challenging.

3. The ten largest holdings are calculated based on the value of the securities divided by total net assets of the Fund. Holdings are subject to change and may have changed since the date specified.

4. The credit quality of portfolio holdings reflected in the chart is based on ratings from Standard & Poor s, Moody s Investors Service, and/or Fitch Ratings Ltd. Credit quality ratings apply to the underlying holdings of the Fund and not to the Fund itself. The percentages of the Fund s portfolio with the ratings depicted in the chart are calculated based on the total market value of fixed income securities held by the Fund. If a security was rated by all three rating agencies, the middle rating was utilized. If rated by two of three rating agencies, the lower rating was utilized, and if rated by one of the rating agencies, that rating was utilized. Standard & Poor s rates the creditworthiness of

bonds, ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Standard & Poor s rates the creditworthiness of short-term notes from SP-1 (highest) to SP-3 (lowest). Moody s rates the creditworthiness of bonds, ranging from Aaa (highest) to C (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories. Moody s rates the creditworthiness of short-term U.S. tax-exempt municipal securities from MIG 1/VMIG 1 (highest) to SG (lowest). Fitch rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Credit quality, and credit quality ratings, are subject to change.

5. The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. You cannot invest directly in an index.

6. Country allocation is subject to change and is calculated based on the total long-term investments of the Fund.

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The Summary Portfolio of Investments shows the 50 largest portfolio holdings in unaffiliated issuers and any holdings exceeding 1% of the total net assets as of the report date. The remaining securities held are grouped as Other securities in each category. You can request a complete schedule of portfolio holdings as of the report date, free of charge, by accessing the following website:
http://a584.g.akamai.net/f/584/1326/1d/www.wellsfargoadvantagefunds.com/pdf/semi/holdings/utilitiesandhighincome.pdf
or by calling *Wells Fargo Advantage Funds* at **1-800-222-8222**. This complete schedule, filed on the Form N-CSRS, is also available on the SEC s website at sec.gov.

Security name	Shares		Value	Percent of net assets
Common Stocks: 65.38%				
Energy: 8.69%				
Oil, Gas & Consumable Fuels: 8.69%				
Energen Corporation	15,000	$	1,206,600	0.98%
EQT Corporation	15,000		1,534,350	1.25
Spectra Energy Corporation	75,000		2,796,000	2.28
The Williams Companies Incorporated	100,000		4,130,000	3.37
Veresen Incorporated	42,900		648,556	0.53
Other securities			336,877	0.28
			10,652,383	8.69
Industrials: 4.67%				
Air Freight & Logistics: 4.59%				
Deutsche Post AG	150,000		5,633,696	4.59
Construction & Engineering: 0.08%				
Other securities			92,340	0.08

Telecommunication Services: 13.85%			
Diversified Telecommunication Services: 9.26%			
BCE Incorporated	16,000	697,600	0.57
CenturyLink Incorporated	100,000	3,126,000	2.55
Telefonica Brasil ADR	212,500	3,963,125	3.23
Verizon Communications Incorporated	41,291	1,964,626	1.60
Windstream Holdings Incorporated	200,000	1,604,000	1.31
		11,355,351	9.26
Wireless Telecommunication Services: 4.59%			
Shenandoah Telecommunications Company	40,000	1,057,200	0.86
VimpelCom Limited ADR	100,000	1,016,000	0.83
Vodafone Group plc ADR	85,636	3,559,904	2.90
		5,633,104	4.59
Utilities: 38.17%			
Electric Utilities: 25.60%			
American Electric Power Company Incorporated	100,000	5,020,000	4.09
Duke Energy Corporation	30,514	2,162,832	1.76
Edison International	75,000	3,927,750	3.20
Enel SpA	200,000	1,026,943	0.84
Great Plains Energy Incorporated	175,000	4,597,250	3.75
IDACORP Incorporated	25,000	1,404,750	1.15
ITC Holdings Corporation	45,000	4,617,000	3.76

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

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Security name			Shares		Value	Percent of net assets
Electric Utilities (continued)						
NextEra Energy Incorporated			50,000	$	4,569,500	3.73%
Northeast Utilities			90,000		4,000,500	3.26
Other securities					77,707	0.06
					31,404,232	25.60
Gas Utilities: 0.02%						
Other securities					20,438	0.02
Multi-Utilities: 10.72%						
CenterPoint Energy Incorporated			50,000		1,182,500	0.96
Public Service Enterprise Group Incorporated			50,000		1,833,000	1.50
Sempra Energy			19,900		1,879,953	1.53
Suez Environnement Company SA			275,000		5,496,356	4.48
Veolia Environnement SA			137,000		2,592,577	2.11
Other securities					169,680	0.14
					13,154,066	10.72
Water Utilities: 1.83%						
American Water Works Company Incorporated			50,000		2,242,000	1.83
Total Common Stocks (Cost $59,471,577)					80,187,610	65.38
	Interest rate	**Maturity date**	**Principal**			
Corporate Bonds and Notes: 29.17%						
Consumer Discretionary: 6.06%						
Auto Components: 0.55%						

Other securities				677,438	0.55
Distributors: 0.06%					
Other securities				71,438	0.06
Diversified Consumer Services: 0.56%					
Other securities				688,233	0.56
Hotels, Restaurants & Leisure: 2.19%					
CCM Merger Incorporated 144A	9.13%	5-1-2019	$ 465,000	494,063	0.40
Other securities				2,191,300	1.79
				2,685,363	2.19
Household Durables: 0.04%					
Other securities				53,406	0.04
Media: 2.19%					
Other securities				2,680,636	2.19
Specialty Retail: 0.47%					
Other securities				571,664	0.47

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

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Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Consumer Staples: 0.13%					
Food Products: 0.13%					
Other securities				$ 161,363	0.13%
Energy: 5.85%					
Energy Equipment & Services: 1.91%					
NGPL PipeCo LLC 144A	7.77%	12-15-2037	$ 515,000	472,513	0.39
Other securities				1,871,244	1.52
				2,343,757	1.91
Oil, Gas & Consumable Fuels: 3.94%					
Other securities				4,833,813	3.94
Financials: 4.94%					
Banks: 0.38%					
Other securities				469,701	0.38
Consumer Finance: 2.77%					
Ally Financial Incorporated	8.30	2-12-2015	825,000	878,625	0.72
Nielsen Finance LLC	7.75	10-15-2018	515,000	551,694	0.45
Other securities				1,969,940	1.60
				3,400,259	2.77
Diversified Financial Services: 0.57%					
Other securities				696,364	0.57

Insurance: 0.04%		
Other securities	47,925	0.04
Real Estate Management & Development: 0.35%		
Other securities	424,075	0.35
REITs: 0.83%		
Other securities	1,023,438	0.83
Health Care: 1.97%		
Health Care Equipment & Supplies: 0.10%		
Other securities	116,875	0.10
Health Care Providers & Services: 1.56%		
Other securities	1,918,477	1.56
Health Care Technology: 0.06%		
Other securities	72,450	0.06
Pharmaceuticals: 0.25%		
Other securities	309,232	0.25

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

Security name	Interest rate	Maturity date	Principal	Value	Percent of net assets
Industrials: 1.79%					
Aerospace & Defense: 0.12%					
Other securities				$ 151,219	0.12%
Airlines: 0.14%					
Other securities				165,691	0.14
Commercial Services & Supplies: 0.69%					
Other securities				840,869	0.69
Machinery: 0.07%					
Other securities				81,000	0.07
Professional Services: 0.13%					
Other securities				162,750	0.13
Trading Companies & Distributors: 0.53%					
Other securities				652,713	0.53
Transportation Infrastructure: 0.11%					
Other securities				138,658	0.11
Information Technology: 2.32%					
Communications Equipment: 0.19%					
Other securities				226,926	0.19

Electronic Equipment, Instruments & Components: 0.61%					
Jabil Circuit Incorporated	8.25%	3-15-2018	$ 620,000	745,550	0.60
Other securities				8,400	0.01
				753,950	0.61
Internet Software & Services: 0.06%					
Other securities				75,175	0.06
IT Services: 1.04%					
SunGard Data Systems Incorporated	7.38	11-15-2018	515,000	548,475	0.45
Other securities				730,709	0.59
				1,279,184	1.04
Semiconductors & Semiconductor Equipment: 0.10%					
Other securities				120,175	0.10
Software: 0.09%					
Other securities				109,350	0.09
Technology Hardware, Storage & Peripherals: 0.23%					
Other securities				283,550	0.23
Materials: 0.60%					
Chemicals: 0.02%					
Other securities				21,550	0.02

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

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Summary portfolio of investments (unaudited)	February 28, 2014	Wells Fargo Advantage Utilities and High Income Fund	11

Security name	Interest rate	Maturity date		Principal		Value	Percent of net assets
Containers & Packaging: 0.43%							
Other securities					$	525,956	0.43%
Paper & Forest Products: 0.15%							
Other securities						181,626	0.15
Telecommunication Services: 4.08%							
Diversified Telecommunication Services: 1.79%							
Qwest Corporation	7.25%	9-15-2025	$	125,000		139,470	0.11
Other securities						2,054,100	1.68
						2,193,570	1.79
Wireless Telecommunication Services: 2.29%							
Sprint Capital Corporation	6.88	11-15-2028		1,100,000		1,091,750	0.89
Other securities						1,719,390	1.40
						2,811,140	2.29
Utilities: 1.43%							
Electric Utilities: 0.74%							
Mirant Mid-Atlantic LLC Series C	10.06	12-30-2028		438,432		468,027	0.38
Other securities						440,089	0.36
						908,116	0.74

Gas Utilities: 0.23%				
Other securities			278,063	0.23
Independent Power & Renewable Electricity Producers: 0.46%				
Other securities			570,077	0.46
Total Corporate Bonds and Notes (Cost $33,567,185)			35,777,215	29.17
	Dividend yield	**Shares**		
Preferred Stocks: 13.75%				
Financials: 0.50%				
Capital Markets: 0.42%				
Morgan Stanley ±	0.65	20,000	517,600	0.42
Diversified Financial Services: 0.08%				
Other securities			93,858	0.08
Telecommunication Services: 1.84%				
Diversified Telecommunication Services: 1.84%				
Qwest Corporation	8.13	90,000	2,254,500	1.84
Utilities: 11.41%				
Electric Utilities: 7.75%				
Duke Energy Corporation	5.13	130,000	2,809,300	2.29

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

Security name	Dividend yield	Maturity date	Shares	Value	Percent of net assets
Electric Utilities (continued)					
Entergy Arkansas Incorporated	4.75%		65,000	$ 1,302,600	1.06%
Entergy Louisiana LLC	4.70		70,483	1,402,612	1.14
Indianapolis Power & Light Company	5.65		20,000	1,883,750	1.54
Interstate Power & Light Company	5.10		50,000	1,114,500	0.91
SCE Trust I	5.63		23,000	519,800	0.42
Wisconsin Public Service	5.08		4,804	474,996	0.39
				9,507,558	7.75
Multi-Utilities: 3.66%					
DTE Energy Company Series Q	5.25		100,000	2,126,000	1.73
Integrys Energy Group ±	2.77		95,000	2,368,350	1.93
				4,494,350	3.66
Total Preferred Stocks (Cost $17,915,738)				16,867,866	13.75
	Interest rate		**Principal**		
Term Loans ±: 3.05%					
Dell Incorporated	4.50	4-29-2020	$ 603,488	601,653	0.49
Texas Competitive Electric Holdings LLC	3.74	10-10-2014	1,471,940	1,027,571	0.84
Other securities				2,108,994	1.72
Total Term Loans (Cost $4,124,844)				3,738,218	3.05

Warrants: 0.02%

Utilities: 0.02%

Gas Utilities: 0.02%		
Other securities	29,600	0.02
Total Warrants (Cost $30,480)	29,600	0.02
Yankee Corporate Bonds and Notes: 1.48%		
Consumer Discretionary: 0.04%		
Media: 0.04%		
Other securities	51,038	0.04
Energy: 0.06%		
Oil, Gas & Consumable Fuels: 0.06%		
Other securities	69,606	0.06
Financials: 0.12%		
Consumer Finance: 0.09%		
Other securities	116,463	0.09
Diversified Financial Services: 0.03%		
Other securities	31,575	0.03

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

Security name			Value	Percent of net assets
Health Care: 0.12%				
Pharmaceuticals: 0.12%				
Other securities			$ 152,025	0.12%
Information Technology: 0.12%				
Technology Hardware, Storage & Peripherals: 0.12%				
Other securities			142,925	0.12
Materials: 0.22%				
Metals & Mining: 0.16%				
Other securities			191,375	0.16
Paper & Forest Products: 0.06%				
Other securities			80,500	0.06
Telecommunication Services: 0.80%				
Diversified Telecommunication Services: 0.76%				
Other securities			931,457	0.76
Wireless Telecommunication Services: 0.04%				
Other securities			51,875	0.04
Total Yankee Corporate Bonds and Notes (Cost $1,730,316)			1,818,839	1.48
	Yield	**Shares**		
Short-Term Investments: 2.98%				

Investment Companies: 2.98%				
Wells Fargo Advantage Cash Investment Money Market Fund, Select Class (l)(u)##	0.07%	3,652,555	3,652,555	2.98
Total Short-Term Investments (Cost $3,652,555)			3,652,555	2.98
Total investments in securities				
(Cost $120,492,695)*			142,071,903	115.83
Other assets and liabilities, net			(19,420,652)	(15.83)
Total net assets			**$ 122,651,251**	**100.00%**

144A Security that may be resold to qualified institutional buyers under Rule 144A or security offered pursuant to Section 4(2) of the Securities Act of 1933, as amended.

± Variable rate investment. The rate shown is the rate in effect at period end.

(l) Investment in an affiliate

(u) Rate shown is the 7-day annualized yield at period end.

All or a portion of this security has been segregated for when-issued securities and unfunded term loans.

* Cost for federal income tax purposes is $120,979,775 and unrealized appreciation (depreciation) consists of:

Gross unrealized appreciation	$ 25,451,342
Gross unrealized depreciation	(4,359,214)
Net unrealized appreciation	$ 21,092,128

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

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Assets	
Investments	
In unaffiliated securities, at value (see cost below)	$ 138,419,348
In affiliated securities, at value (see cost below)	3,652,555
Total investments, at value (see cost below)	142,071,903
Foreign currency, at value (see cost below)	86,447
Receivable for investments sold	334,903
Receivable for dividends and interest	3,955,129
Total assets	146,448,382
Liabilities	
Dividends payable	692,078
Payable for investments purchased	894,478
Secured borrowing payable	22,001,406
Advisory fee payable	69,822
Due to other related parties	5,819
Accrued expenses and other liabilities	133,528
Total liabilities	23,797,131
Total net assets	**$ 122,651,251**
NET ASSETS CONSIST OF	
Paid-in capital	$ 151,438,236
Undistributed net investment income	290,679
Accumulated net realized losses on investments	(50,668,611)
Net unrealized gains on investments	21,590,947
Total net assets	**$ 122,651,251**
NET ASSET VALUE PER SHARE	
Based on $122,651,251 divided by 9,231,183 shares issued and outstanding (unlimited number of shares authorized)	$ 13.29

Investments in unaffiliated securities, at cost	$ 116,840,140
Investments in affiliated securities, at cost	$ 3,652,555
Total investments, at cost	$ 120,492,695
Foreign currency, at cost	$ 77,285

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

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Statement of operations six months ended February 28, 2014 (unaudited) Wells Fargo Advantage Utilities and High Income Fund 15

Investment income	
Dividends*	$ 4,529,987
Interest	1,422,903
Income from affiliated securities	1,860
Total investment income	5,954,750
Expenses	
Advisory fee	413,807
Administration fee	34,484
Custody and accounting fees	7,252
Professional fees	36,663
Shareholder report expenses	13,447
Trustees fees and expenses	4,720
Transfer agent fees	15,361
Interest expense	112,757
Secured borrowing fees	1,714
Other fees and expenses	4,722
Total expenses	644,927
Net investment income	5,309,823
REALIZED AND UNREALIZED GAINS (LOSSES) ON INVESTMENTS	
Net realized gains (losses) on:	
Unaffiliated securities	2,219,661
Written options	(4,108)
Net realized gains on investments	2,215,553
Net change in unrealized gains (losses) on investments	6,278,786
Net realized and unrealized gains (losses) on investments	8,494,339
Net increase in net assets resulting from operations	**$ 13,804,162**

* Net of foreign dividend withholding taxes in the amount of $10,505

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

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	Six months ended February 28, 2014 (unaudited)	Year ended August 31, 2013
Operations		
Net investment income	$ 5,309,823	$ 7,992,766
Net realized gains on investments	2,215,553	274,386
Net change in unrealized gains (losses) on investments	6,278,786	4,651,266
Net increase in net assets resulting from operations	13,804,162	12,918,418
Distributions to shareholders from		
Net investment income	(4,154,032)	(8,307,863)
Capital share transactions		
Net asset value of shares issued under the Automatic Dividend Reinvestment Plan	0	63,685
Total increase in net assets	9,650,130	4,674,240
Net assets		
Beginning of period	**113,001,121**	**108,326,881**
End of period	**$ 122,651,251**	**$ 113,001,121**
Undistributed (overdistributed) net investment income	**$ 290,679**	**$ (678,412)**

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

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Statement of cash flows six months ended February 28, 2014 (unaudited) | Wells Fargo Advantage Utilities and High Income Fund | 17

Cash flows from operating activities:	
Net increase in net assets resulting from operations	$ 13,804,162
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:	
Purchase of securities	(29,265,038)
Proceeds from sale of securities	28,841,996
Amortization	(29,854)
Proceeds from short-term investment securities, net	(1,189,609)
Increase in receivables for dividends and interest	(2,524,614)
Decrease in receivable for securities sold	324,538
Increase in payable for investments purchased	851,545
Decrease in advisory fee payable	(4,387)
Decrease in due to other related parties	(365)
Decrease in accrued expenses and other liabilities	(64,948)
Change in unrealized gains (losses) on investments	(6,278,786)
Net realized losses on written options	4,108
Net realized gains on unaffiliated securities	(2,219,661)
Net cash provided by operating activities	2,249,087
Cash flows from financing activities:	
Cash distributions paid	(4,154,032)
Decrease in secured borrowing	(2,533)
Net cash used in financing activities	(4,156,565)
Net increase in cash	(1,907,478)
Cash (including foreign currency):	
Beginning of period	$ 1,993,925
End of period	$ 86,447
Supplemental cash disclosure:	
Cash paid for interest	$ 110,224
Supplemental non-cash financing disclosure:	
Reinvestment of dividends	$ 0

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

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(For a share outstanding throughout each period)

	Six months ended February 28, 2014 (unaudited)	Year ended August 31 2013	2012	2011	2010	2009
Net asset value, beginning of period	**$ 12.24**	**$ 11.74**	**$ 11.75**	**$ 11.23**	**$ 11.38**	**$ 17.50**
Net investment income	0.58[1]	0.87[1]	0.87[1]	0.99[1]	0.59[1]	0.97[1]
Net realized and unrealized gains (losses) on investments	0.92	0.53	0.02	0.43	0.41	(5.29)
Total from investment operations	1.50	1.40	0.89	1.42	1.00	(4.32)
Distributions to shareholders from						
Net investment income	(0.45)	(0.90)	(0.90)	(0.90)	(0.53)[1]	(1.00)[1]
Tax basis return of capital	0.00	0.00	0.00	0.00	(0.62)[1]	(0.80)[1]
Total distributions to shareholders	(0.45)	(0.90)	(0.90)	(0.90)	(1.15)	(1.80)
Net asset value, end of period	**$ 13.29**	**$ 12.24**	**$ 11.74**	**$ 11.75**	**$ 11.23**	**$ 11.38**
Market value, end of period	**$ 12.38**	**$ 12.04**	**$ 11.92**	**$ 11.03**	**$ 11.23**	**$ 12.49**
Total return based on market value[2]	**6.71%**	**8.93%**	**17.03%**	**5.99%**	**(1.24)%**	**(30.46)%**

Ratios to average net assets (annualized)						
Gross expenses[3]	1.11%	1.25%	1.20%	1.24%	2.52%	3.44%
Net expenses[3]	1.11%	1.25%	1.20%	1.24%	1.52%	2.25%
Net investment income	9.17%	7.11%	7.48%	8.14%	5.19%	8.75%
Supplemental data						
Portfolio turnover rate	17%	65%	48%	64%	59%	137%
Net assets, end of period (000s omitted)	$122,651	$113,001	$108,327	$108,146	$103,245	$103,687
Borrowings outstanding, end of period (000s omitted)	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000
Asset coverage per $1,000 of borrowing, end of period	$ 6,575	$ 6,136	$ 5,866	$ 5,916	$ 5,693	$ 5,713

1. Calculated based upon average shares outstanding

2. Total return is calculated assuming a purchase of common stock on the first day and a sale on the last day of the period reported. Dividends and distributions, if any, are assumed for purposes of these calculations to be reinvested at prices obtained under the Fund s Automatic Dividend Reinvestment Plan. Total return does not reflect brokerage commissions that a shareholder would pay on the purchase and sale of shares.

3. Ratios include interest expense relating to interest associated with borrowings and/or leverage transactions as follows:

Six months ended February 28, 2014 (unaudited)	0.19%
Year ended August 31, 2013	0.21%
Year ended August 31, 2012	0.25%
Year ended August 31, 2011	0.25%
Year ended August 31, 2010	0.19%
Year ended August 31, 2009	0.70%

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

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1. ORGANIZATION

The *Wells Fargo Advantage Utilities and High Income Fund* (the Fund) was organized as a statutory trust under the laws of the state of Delaware on February 4, 2004 and is registered as a non-diversified closed-end management investment company under the Investment Company Act of 1940, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies, which are consistently followed in the preparation of the financial statements of the Fund, are in conformity with U.S. generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Securities valuation

All investments are valued each business day as of the close of regular trading on the New York Stock Exchange (generally 4 p.m. Eastern Time).

Equity securities and options that are listed on a foreign or domestic exchange or market are valued at the official closing price or, if none, the last sales price. If no sale occurs on the primary exchange or market for the security that day, the prior day s price will be deemed stale and fair values will be determined in accordance with the Fund s Valuation Procedures.

The values of securities denominated in foreign currencies will be converted to U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team.

Many securities markets and exchanges outside the U.S. close prior to the close of the New York Stock Exchange and therefore may not fully reflect trading or events that occur after the close of the principal exchange in which the foreign securities are traded, but before the close of the New York Stock Exchange. If such trading or events are expected to materially affect the value of such securities, then fair value pricing procedures approved by the Board of Trustees of the Fund are applied. These procedures take into account multiple factors including movements in U.S. securities markets after foreign exchanges close. Foreign securities that are fair valued under these procedures are categorized as Level 2 and the application of these procedures may result in transfers between Level 1 and Level 2. Depending on market activity, such fair valuations may be frequent. Such fair value pricing may result in NAVs that are higher or lower than NAVs based on the last reported sales price or latest quoted bid price. On February 28, 2014, such fair value pricing was not used in pricing foreign securities.

Fixed income securities acquired with maturities exceeding 60 days are valued based on evaluated bid prices provided by an independent pricing service which may utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data. If prices are not available from the independent pricing service or prices received are deemed not representative of market value, prices will be obtained from an independent broker-dealer or otherwise determined based on the Fund s Valuation Procedures.

Short-term securities, with maturities of 60 days or less at time of purchase, generally are valued at amortized cost which approximates fair value. The amortized cost method involves valuing a security at its cost, plus accretion of discount or minus amortization of premium over the period until maturity.

Investments in registered open-end investment companies are valued at net asset value.

Investments which are not valued using any of the methods discussed above are valued at their fair value, as determined in good faith by the Board of Trustees. The Board of Trustees has established a Valuation Committee comprised of the Trustees and has delegated to it the authority to take any actions regarding the valuation of portfolio securities that the Valuation Committee deems necessary or appropriate, including determining the fair value of portfolio securities, unless the determination has been delegated to the Management Valuation Team. The Board of Trustees retains the authority to make or ratify any valuation decisions or approve any changes to the Valuation Procedures as it deems appropriate. On a quarterly basis, the Board of Trustees receives reports on any valuation actions taken by the Valuation Committee or the Management Valuation Team which may include items for ratification.

Valuations of fair valued securities are compared to the next actual sales price when available, or other appropriate market values, to assess the continued appropriateness of the fair valuation methodologies used. These securities are fair valued on a day-to-day basis, taking into consideration changes to appropriate market information and any significant changes to the inputs considered in the valuation process until there is a readily available price provided on an exchange or by an independent pricing service. Valuations received from an independent pricing service or independent broker-dealer quotes are periodically validated by comparisons to most recent trades and valuations provided by other independent pricing services in addition to the review of prices by the adviser and/or subadviser. Unobservable inputs used in determining fair valuations are identified based on the type of security, taking into consideration factors utilized by market participants in valuing the investment, knowledge about the issuer and the current market environment.

Foreign currency translation

The accounting records of the Fund are maintained in U.S. dollars. The values of other assets and liabilities denominated in foreign currencies will be converted to U.S. dollars at rates provided by an independent foreign currency pricing source at a time each business day specified by the Management Valuation Team. Purchases and sales of securities, and income and expenses are converted at the rate of exchange on the respective dates of such transactions. Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded and the U.S. dollar equivalent of the amounts actually paid or received. Net unrealized foreign exchange gains and losses arise from changes in the fair value of assets and liabilities other than investments in securities resulting from changes in exchange rates.

The changes in net assets arising from changes in exchange rates and the changes in net assets resulting from changes in market prices of securities are not separately presented. Such changes are recorded with net realized and unrealized gains or losses from investments. Gains and losses from certain foreign currency transactions are treated as ordinary income for U.S. federal income tax purposes.

When-issued transactions

The Fund may purchase securities on a forward commitment or when-issued basis. The Fund records a when-issued transaction on the trade date and will segregate assets in an amount at least equal in value to the Fund s commitment to purchase when-issued securities. Securities purchased on a when-issued basis are marked-to-market daily and the Fund begins earning interest on the settlement date. Losses may arise due to changes in the market value of the underlying securities or if the counterparty does not perform under the contract.

Term loans

The Fund may invest in term loans. The Fund begins earning interest when the loans are funded. The loans pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. The Fund assumes the credit risk of the borrower and there could be potential loss to the Fund in the event of default by the borrower.

Options

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

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

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

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Security transactions and income recognition

Securities transactions are recorded on a trade date basis. Realized gains or losses are recorded on the basis of identified cost.

Dividend income is recognized on the ex-dividend date, except for certain dividends from foreign securities, which are recorded as soon as the Fund is informed of the ex-dividend date. Dividend income from foreign securities is recorded net of foreign taxes withheld where recovery of such taxes is not assured.

Interest income is accrued daily and bond discounts are accreted and premiums are amortized daily based on the effective interest method. To the extent debt obligations are placed on non-accrual status, any related interest income may be reduced by writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. If the issuer subsequently resumes interest payments or when the collectability of interest is reasonably assured, the debt obligation is removed from non-accrual status.

Distributions to shareholders

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in conformity with federal income tax regulations, which may differ in amount or character from net investment income and realized gains recognized for purposes of U.S. generally accepted accounting principles.

Federal and other taxes

The Fund intends to continue to qualify as a regulated investment company by distributing substantially all of its investment company taxable income and any net realized capital gains (after reduction for capital loss carryforwards) sufficient to relieve it from all, or substantially all, federal income taxes. Accordingly, no provision for federal income taxes was required.

The Fund s income and federal excise tax returns and all financial records supporting those returns for the prior three fiscal years are subject to examination by the federal and Delaware revenue authorities. Management has analyzed the Fund s tax positions taken on federal, state, and foreign tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability.

As of August 31 2013, capital loss carryforwards available to offset future net realized capital gains were as follows through the indicated expiration dates:

2017	2018	No expiration Short-term
$20,548,693	$27,435,579	$4,033,372

As of August 31, 2013, the Fund had $341,205 of current year deferred post-October capital losses, which were recognized on the first day of the current fiscal year.

3. FAIR VALUATION MEASUREMENTS

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized in determining the value of the Fund s investments. The three-level hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to significant unobservable inputs (Level 3). The Fund s investments are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The inputs are summarized into three broad levels as follows:

n Level 1 quoted prices in active markets for identical securities

n Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, use of amortized cost, etc.)

n Level 3 significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments)

The inputs or methodologies used for valuing investments in securities are not necessarily an indication of the risk associated with investing in those securities.

As of February 28, 2014, the inputs used in valuing investments in securities were as follows:

Investments in securities	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity securities				
Common stocks	$ 80,187,610	$ 0	$ 0	$ 80,187,610
Preferred stocks	14,509,120	2,358,746	0	16,867,866
Warrants	0	29,600	0	29,600
Corporate bonds and notes	0	35,777,215	0	35,777,215
Term loans	0	3,001,492	736,726	3,738,218
Yankee bonds	0	1,818,839	0	1,818,839
Short-term investments				
Investment companies	3,652,555	0	0	3,652,555
	$ 98,349,285	**$ 42,985,892**	**$ 736,726**	**$ 142,071,903**

Transfers in and transfers out are recognized at the end of the reporting period. For the six months ended February 28, 2014, the Fund did not have any transfers into/out of Level 1, Level 2, or Level 3.

4. TRANSACTIONS WITH AFFILIATES AND OTHER EXPENSES

Advisory fee

Funds Management, an indirect wholly owned subsidiary of Wells Fargo & Company (Wells Fargo) is the adviser to the Fund and is entitled to receive a fee at an annual rate of 0.60% of the Fund s average daily total assets. Total assets consist of net assets of the Fund plus borrowings or other leverage for investment purposes to the extent excluded in calculating net assets.

Funds Management has retained the services of certain investment subadvisers to provide daily portfolio management to the Fund. The fees for subadvisory services are borne by Funds Management. Wells Capital Management Incorporated (an affiliate of Funds Management and an indirect, wholly owned subsidiary of Wells Fargo) and Crow Point Partners, LLC are each investment subadvisers to the Fund and are each entitled to receive a fee from Funds Management at an annual rate of 0.20% of the Fund s average daily total assets.

Administration and transfer agent fees

Funds Management also serves as the administrator to the Fund providing the Fund with a wide range of administrative services necessary to the operation of the Fund. Funds Management is entitled to receive an annual administration fee from the Fund equal to 0.05% of the Fund s average daily total assets.

5. CAPITAL SHARE TRANSACTIONS

The Fund has authorized an unlimited number of shares with no par value. For the six months ended February 28, 2014, the Fund did not issue any shares. For the year ended August 31, 2013, the Fund issued 5,359 shares.

6. BORROWINGS

The Fund has borrowed approximately $22 million through a secured debt financing agreement administered by a major financial institution (the Facility). The Facility has a commitment amount of $25 million which expires on February 23, 2015, at which point it may be renegotiated and potentially renewed for another one-year term. At February 28, 2014, the Fund had secured borrowings outstanding in the amount of $22,001,406 (including accrued interest and usage and commitment fees payable).

The Fund s borrowings under the Facility are generally charged interest at a rate determined by the type of loan elected by the Fund. During the six months ended February 28, 2014, an effective interest rate of 1.02% was incurred on the borrowings. Interest expense of $112,757, representing 0.19% of the Fund s average daily net assets, was incurred during the six months ended February 28, 2014.

The Fund has pledged all of its assets to secure the borrowings and pays a commitment fee at an annual rate equal to 0.15% of average daily unutilized amounts of the $25 million commitment amount. Secured borrowing fees on the Statement of Operations represents commitment fees.

7. INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments, excluding U.S. government obligations (if any) and short-term securities, for the six months ended February 28, 2014 were $24,123,708 and $22,538,131, respectively.

As of February 28, 2014, the Fund had unfunded term loan commitments of $119,388.

8. DERIVATIVE TRANSACTIONS

During the six months ended February 28, 2014, the Fund entered into written options for economic hedging purposes.

During the six months ended February 28, 2014, the Fund had written call option activities as follows:

	Number of contracts	Premiums received
Options outstanding at August 31, 2013	0	$ 0
Options written	100	8,571
Options expired	0	0
Options closed	(100)	(8,571)
Options exercised	0	0
Options outstanding at February 28, 2014	0	$ 0

As of February 28, 2014, the Fund did not have any open written options but had an average of 5 written option contracts during the six months ended February 28, 2014.

The fair value, realized gains or losses and change in unrealized gains or losses, if any, on derivative instruments are reflected in the appropriate financial statements.

9. CONCENTRATION RISK

The Fund invests a substantial portion of its assets in the utilities sector and, therefore, may be more affected by changes in that sector than would be a fund whose investments are not heavily weighted in any sector.

10. INDEMNIFICATION

Under the Fund s organizational documents, the officers and directors are indemnified against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund may enter into contracts with service providers that contain a variety of indemnification clauses. The Fund s maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated.

11. SUBSEQUENT DISTRIBUTIONS

The Fund declared the following distributions to common shareholders:

Declaration date	Record date	Payable date	Per share amount
February 20, 2014	March 17, 2014	April 1, 2014	$0.075
March 28, 2014	April 15, 2014	May 1, 2014	$0.075
April 25, 2014	May 14, 2014	June 2, 2014	$0.075

These distributions are not reflected in the accompanying financial statements. The final determination of the source of all distributions is subject to change and made after the Fund s tax year-end.

PROXY VOTING INFORMATION

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling **1-800-222-8222**, visiting our website at **wellsfargoadvantagefunds.com**, or visiting the SEC website at sec.gov. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge on the Fund s website at **wellsfargoadvantagefunds.com** or by visiting the SEC website at sec.gov.

ANNUAL MEETING OF SHAREHOLDERS

On December 9, 2013, an Annual Meeting of Shareholders for the Fund was held to consider the following proposal. The results of the proposal are indicated below.

Proposal 1 Election of Trustees:

Net assets voted	For	Peter G. Gordon	$ 101,268,180
Net assets voted	Against		$ 4,567,843
Net assets voted	For	Timothy J. Penny	$ 101,443,327
Net assets voted	Against		$ 4,392,696
Net assets voted	For	Michael S. Scofield	$ 101,245,960
Net assets voted	Against		$ 4,590,063

PORTFOLIO HOLDINGS INFORMATION

The complete portfolio holdings for the Fund are publicly available on the Fund s website (**wellsfargoadvantagefunds.com**) on a monthly, 30-day or more delayed basis. The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q, which is available without charge by visiting the SEC website at sec.gov. In addition, the Fund s Form N-Q may be reviewed and copied at the SEC s Public Reference Room in Washington, DC, and at regional offices in New York City, at 233 Broadway, and in Chicago, at 175 West Jackson Boulevard, Suite 900. Information about the Public Reference Room may be obtained by calling 1-800-SEC-0330.

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BOARD OF TRUSTEES AND OFFICERS

The following table provides basic information about the Board of Trustees (the Trustees) and Officers of the Fund. Each of the Trustees and Officers listed below acts in identical capacities for each fund in the Wells Fargo Advantage family of funds, which consists of 132 mutual funds comprising the Wells Fargo Funds Trust, Wells Fargo Variable Trust, Wells Fargo Master Trust, and four closed-end funds, including the Fund (collectively the Fund Complex). All of the Trustees are also Members of the Audit and Governance Committees of each Trust in the Fund Complex. The mailing address of each Trustee and Officer is 525 Market Street, 12th Floor, San Francisco, CA 94105. The Board of Trustees is classified into three classes of which one is elected annually. Each Trustee serves a three-year term concurrent with the class from which the Trustee is elected. Each Officer serves an indefinite term.

Independent Trustees

Name and year of birth	Position held and length of service	Principal occupations during past five years	Other directorships during past five years
Peter G. Gordon (Born 1942)	Trustee, since 2010; Chairman, since 2010	Co-Founder, Retired Chairman, President and CEO of Crystal Geyser Water Company. Trustee Emeritus, Colby College.	Asset Allocation Trust
Isaiah Harris, Jr. (Born 1952)	Trustee, since 2010	Retired. Prior thereto, President and CEO of BellSouth Advertising and Publishing Corp. from 2005 to 2007, President and CEO of BellSouth Enterprises from 2004 to 2005 and President of BellSouth Consumer Services from 2000 to 2003. Emeritus member of the Iowa State University Foundation Board of Governors. Emeritus Member of the Advisory Board of Iowa State University School of Business. Advisory Board Member, Palm Harbor Academy (charter school). Mr. Harris is a certified public accountant.	CIGNA Corporation; Deluxe Corporation; Asset Allocation Trust
Judith M. Johnson (Born 1949)	Trustee, since 2010; Audit Committee Chairman, since 2010	Retired. Prior thereto, Chief Executive Officer and Chief Investment Officer of Minneapolis Employees Retirement Fund from 1996 to 2008. Ms. Johnson is an attorney, certified public accountant and a certified managerial accountant.	Asset Allocation Trust
Leroy Keith, Jr. (Born 1939)	Trustee, since 2004	Chairman, Bloc Global Services (development and construction). Trustee of the Evergreen Funds from 1983 to 2010. Former Managing Director, Almanac Capital Management (commodities firm), former Partner, Stonington Partners, Inc. (private equity fund), former Director, Obagi Medical Products Co. and former Director, Lincoln Educational Services.	Trustee, Virtus Fund Complex (consisting of 50 portfolios as of 12/16/2013); Asset Allocation Trust
	Trustee, since 2010		

David F. Larcker (Born 1950)		James Irvin Miller Professor of Accounting at the Graduate School of Business, Stanford University, Morgan Stanley Director of the Center for Leadership Development and Research and Senior Faculty of The Rock Center for Corporate Governance since 2006. From 2005 to 2008, Professor of Accounting at the Graduate School of Business, Stanford University. Prior thereto, Ernst & Young Professor of Accounting at The Wharton School, University of Pennsylvania from 1985 to 2005.	Asset Allocation Trust
Olivia S. Mitchell (Born 1953)	Trustee, since 2010	International Foundation of Employee Benefit Plans Professor, Wharton School of the University of Pennsylvania since 1993. Director of Wharton s Pension Research Council and Boettner Center on Pensions & Retirement Research, and Research Associate at the National Bureau of Economic Research. Previously, Cornell University Professor from 1978 to 1993.	Asset Allocation Trust
Timothy J. Penny (Born 1951)	Trustee, since 2010	President and CEO of Southern Minnesota Initiative Foundation, a non-profit organization, since 2007 and Senior Fellow at the Humphrey Institute Policy Forum at the University of Minnesota since 1995. Member of the Board of Trustees of NorthStar Education Finance, Inc., a non-profit organization, since 2007.	Asset Allocation Trust

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Name and year of birth	Position held and length of service	Principal occupations during past five years	Other directorships during past five years
Michael S. Scofield (Born 1943)	Trustee, since 2004	Served on the Investment Company Institute s Board of Governors and Executive Committee from 2008-2011 as well the Governing Council of the Independent Directors Council from 2006-2011 and the Independent Directors Council Executive Committee from 2008-2011. Chairman of the IDC from 2008-2010. Institutional Investor (Fund Directions) Trustee of Year in 2007. Trustee of the Evergreen Funds (and its predecessors) from 1984 to 2010. Chairman of the Evergreen Funds from 2000-2010. Former Trustee of the Mentor Funds. Retired Attorney, Law Offices of Michael S. Scofield.	Asset Allocation Trust
Donald C. Willeke (Born 1940)	Trustee, since 2010	Principal of the law firm of Willeke & Daniels. General Counsel of the Minneapolis Employees Retirement Fund from 1984 until its consolidation into the Minnesota Public Employees Retirement Association on June 30, 2010. Director and Vice Chair of The Tree Trust (non-profit corporation). Director of the American Chestnut Foundation (non-profit corporation).	Asset Allocation Trust

Officers

Name and year of birth	Position held and length of service	Principal occupations during past five years
Karla M. Rabusch (Born 1959)	President, since 2010	Executive Vice President of Wells Fargo Bank, N.A. and President of Wells Fargo Funds Management, LLC since 2003.
Nancy Wiser[1] (Born 1967)	Treasurer, since 2012	Executive Vice President of Wells Fargo Funds Management, LLC since 2011. Chief Operating Officer and Chief Compliance Officer at LightBox Capital Management LLC, from 2008 to 2011. Owned and operated a consulting business providing services to various hedge funds including acting as Chief Operating Officer and Chief Compliance Officer for a hedge fund from 2007 to 2008. Chief Operating Officer and Chief Compliance Officer of GMN Capital LLC from 2006 to 2007.
C. David Messman (Born 1960)	Secretary, since 2010; Chief Legal Officer, since 2010	Senior Vice President and Secretary of Wells Fargo Funds Management, LLC since 2001. Vice President and Managing Counsel of Wells Fargo Bank, N.A. since 1996.

Debra Ann Early (Born 1964)	Chief Compliance Officer, since 2010	Chief Compliance Officer of Wells Fargo Funds Management, LLC since 2007. Chief Compliance Officer of Parnassus Investments from 2005 to 2007. Chief Financial Officer of Parnassus Investments from 2004 to 2007.
David Berardi (Born 1975)	Assistant Treasurer, since 2009	Vice President of Wells Fargo Funds Management, LLC since 2009. Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Assistant Vice President of Evergreen Investment Services, Inc. from 2004 to 2008. Manager of Fund Reporting and Control for Evergreen Investment Management Company, LLC from 2004 to 2010.
Jeremy DePalma[1] (Born 1974)	Assistant Treasurer, since 2005	Senior Vice President of Wells Fargo Funds Management, LLC since 2009. Senior Vice President of Evergreen Investment Management Company, LLC from 2008 to 2010. Vice President, Evergreen Investment Services, Inc. from 2004 to 2007. Head of the Fund Reporting and Control Team within Fund Administration from 2005 to 2010.

1. Nancy Wiser acts as Treasurer of 73 funds in the Fund Complex. Jeremy DePalma acts as Treasurer of 59 funds and Assistant Treasurer of 73 funds in the Fund Complex.

The following is a list of common abbreviations for terms and entities that may have appeared in this report.

ACA	ACA Financial Guaranty Corporation
ADR	American depositary receipt
ADS	American depositary shares
AGC	Assured Guaranty Corporation
AGM	Assured Guaranty Municipal
Ambac	Ambac Financial Group Incorporated
AMT	Alternative minimum tax
AUD	Australian dollar
BAN	Bond anticipation notes
BHAC	Berkshire Hathaway Assurance Corporation
BRL	Brazilian real
CAB	Capital appreciation bond
CAD	Canadian dollar
CCAB	Convertible capital appreciation bond
CDA	Community Development Authority
CDO	Collateralized debt obligation
CHF	Swiss franc
COP	Columbian Peso
CLP	Chilean peso
DKK	Danish krone
DRIVER	Derivative inverse tax-exempt receipts
DW&P	Department of Water & Power
DWR	Department of Water Resources
ECFA	Educational & Cultural Facilities Authority
EDA	Economic Development Authority
EDFA	Economic Development Finance Authority
ETF	Exchange-traded fund
EUR	Euro
FDIC	Federal Deposit Insurance Corporation
FFCB	Federal Farm Credit Banks
FGIC	Financial Guaranty Insurance Corporation
FHA	Federal Housing Administration
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FICO	The Financing Corporation
FNMA	Federal National Mortgage Association
FSA	Farm Service Agency
GBP	Great British pound
GDR	Global depositary receipt
GNMA	Government National Mortgage Association

GO	General obligation
HCFR	Healthcare facilities revenue
HEFA	Health & Educational Facilities Authority
HEFAR	Higher education facilities authority revenue
HFA	Housing Finance Authority
HFFA	Health Facilities Financing Authority
HKD	Hong Kong dollar
HUD	Department of Housing and Urban Development
HUF	Hungarian forint
IDA	Industrial Development Authority
IDAG	Industrial Development Agency
IDR	Indonesian rupiah
IEP	Irish pound
JPY	Japanese yen
KRW	Republic of Korea won
LIBOR	London Interbank Offered Rate
LIQ	Liquidity agreement
LLC	Limited liability company
LLLP	Limited liability limited partnership
LLP	Limited liability partnership
LOC	Letter of credit
LP	Limited partnership
MBIA	Municipal Bond Insurance Association
MFHR	Multifamily housing revenue
MSTR	Municipal securities trust receipts
MTN	Medium-term note
MUD	Municipal Utility District
MXN	Mexican peso
MYR	Malaysian ringgit
National	National Public Finance Guarantee Corporation
NGN	Nigerian naira
NOK	Norwegian krone
NZD	New Zealand dollar
PCFA	Pollution Control Financing Authority
PCL	Public Company Limited
PCR	Pollution control revenue
PFA	Public Finance Authority
PFFA	Public Facilities Financing Authority
PFOTER	Puttable floating option tax-exempt receipts
plc	Public limited company
PLN	Polish zloty
PUTTER	Puttable tax-exempt receipts
R&D	Research & development
Radian	Radian Asset Assurance
RAN	Revenue anticipation notes
RDA	Redevelopment Authority
RDFA	Redevelopment Finance Authority
REIT	Real estate investment trust
ROC	Reset option certificates
RON	Romanian lei
RUB	Russian ruble

SAVRS	Select auction variable rate securities
SBA	Small Business Authority
SEK	Swedish krona
SFHR	Single-family housing revenue
SFMR	Single-family mortgage revenue
SGD	Singapore dollar
SKK	Slovakian koruna
SPA	Standby purchase agreement
SPDR	Standard & Poor s Depositary Receipts
STRIPS	Separate trading of registered interest and principal securities
TAN	Tax anticipation notes
TBA	To be announced
THB	Thai baht
TIPS	Treasury inflation-protected securities
TRAN	Tax revenue anticipation notes
TRY	Turkish lira
TTFA	Transportation Trust Fund Authority
TVA	Tennessee Valley Authority
ZAR	South African rand

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Transfer Agent, Registrar, Shareholder Servicing

Agent & Dividend Disbursing Agent

Computershare Trust Company, N.A.

P.O. Box 30170

College Station, TX 77842-3170

1-800-730-6001

Website: wellsfargoadvantagefunds.com

Wells Fargo Funds Management, LLC, is a subsidiary of Wells Fargo & Company and is an affiliate of Wells Fargo & Company s broker/dealer subsidiaries. This material is being prepared by Wells Fargo Funds Distributor, LLC. Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

NOT FDIC INSURED ¡ NO BANK GUARANTEE ¡ MAY LOSE VALUE

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ITEM 2. CODE OF ETHICS

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable.

ITEM 6. INVESTMENTS

Except as noted below, the schedules of investments are included as part of the report to shareholders filed under Item 1 of this Form. The schedule of investments for Wells Fargo Advantage Utilities and High Income Fund, is filed under this Item.

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Portfolio of investments	February 28, 2014 (unaudited)	Wells Fargo Advantage Utilities and High Income Fund	1

Security name	Shares	Value
Common Stocks: 65.38%		
Energy: 8.69%		
Oil, Gas & Consumable Fuels: 8.69%		
Energen Corporation	15,000	$ 1,206,600
EQT Corporation	15,000	1,534,350
Kinder Morgan Incorporated	10,577	336,877
Spectra Energy Corporation	75,000	2,796,000
The Williams Companies Incorporated	100,000	4,130,000
Veresen Incorporated	42,900	648,556
		10,652,383
Industrials: 4.67%		
Air Freight & Logistics: 4.59%		
Deutsche Post AG	150,000	5,633,696
Construction & Engineering: 0.08%		
Ameresco Incorporated Class A	9,000	92,340
Telecommunication Services: 13.85%		
Diversified Telecommunication Services: 9.26%		
BCE Incorporated	16,000	697,600
CenturyLink Incorporated	100,000	3,126,000
Telefonica Brasil SA ADR	212,500	3,963,125
Verizon Communications Incorporated	41,291	1,964,626
Windstream Holdings Incorporated	200,000	1,604,000
		11,355,351
Wireless Telecommunication Services: 4.59%		
Shenandoah Telecommunications Company	40,000	1,057,200
VimpelCom Limited ADR	100,000	1,016,000

Vodafone Group plc ADR	85,636	3,559,904
		5,633,104
Utilities: 38.17%		
Electric Utilities: 25.60%		
American Electric Power Company Incorporated	100,000	5,020,000
Chesapeake Utilities Corporation	200	11,848
Duke Energy Corporation	30,514	2,162,832
Edison International	75,000	3,927,750
Enel SpA	200,000	1,026,943
Entergy Corporation	1,000	63,820
Great Plains Energy Incorporated	175,000	4,597,250
IDACORP Incorporated	25,000	1,404,750
ITC Holdings Corporation	45,000	4,617,000
NextEra Energy Incorporated	50,000	4,569,500
Northeast Utilities	90,000	4,000,500
Pepco Holdings Incorporated	100	2,039
		31,404,232

2 Wells Fargo Advantage Utilities and High Income Fund Portfolio of investments February 28, 2014 (unaudited)

Security name	Shares	Value
Gas Utilities: 0.02%		
New Jersey Resources Corporation	200	$ 9,002
South Jersey Industries Incorporated	200	11,436
		20,438
Multi-Utilities: 10.72%		
CenterPoint Energy Incorporated	50,000	1,182,500
Dominion Resources Incorporated	300	20,820
MDU Resources Group Incorporated	500	16,980
Public Service Enterprise Group Incorporated	50,000	1,833,000
Sempra Energy	19,900	1,879,953
Suez Environnement Company SA	275,000	5,496,356
Veolia Environnement SA	137,000	2,592,577
Wisconsin Energy Corporation	3,000	131,880
		13,154,066
Water Utilities: 1.83%		
American Water Works Company Incorporated	50,000	2,242,000
Total Common Stocks (Cost $59,471,577)		80,187,610

		Interest rate	**Maturity date**	**Principal**		
Corporate Bonds and Notes: 29.17%						
Sandpiper (4)	58,000	2011Q4	Sep 2014 to Jan 2015	$17,650	50% over $20,000	50% over $20,000

(1) Vessel build and delivery dates are estimates based on guidance received from shipyard.
(2) The date range represents the earliest and latest date on which the charterer may redeliver the vessel to the Company upon the termination of the charter.
(3) The time charter hire rate presented are gross daily charter rates before brokerage commissions ranging from 1.25% to 6.25% to third party ship brokers.
(4) The charterer has an option to extend the charter by 2 periods of 11 to 13 months each.

Fleet Management

The management of our fleet includes the following functions:

Strategic management. We locate and obtain financing and insurance for purchase and sell vessels.
Commercial management. We obtain employment for our vessels and manage our relationships with charterers and customers.
Technical management. The technical managers perform day-to-day operations and maintenance of our vessels.

Commercial and Strategic Management

We carry out the commercial and strategic management of our fleet through our wholly owned subsidiaries, Eagle Shipping International (USA) LLC, a Republic of the Marshall Islands limited liability company that maintains its principal executive offices in New York City, and Eagle Bulk Pte. Ltd, a Singapore company. We currently have a total of forty-six shore based personnel, including our senior management team and our office staff, who either directly or through this subsidiary, provides the following services:

- commercial operations and technical supervision;
- safety monitoring;
- vessel acquisitions; and
- financial, accounting and information technology services.

Technical Management

The technical management of the majority of our fleet is provided by unaffiliated third party technical managers, V.Ships, Wilhelmsen Ship Management and Anglo Eastern International Ltd., which we believe are three of the world's largest providers of independent ship management and related services. We have also established in-house technical management capability, through which we provide technical management services to several of our vessels, in order to establish a vessel management bench-mark with the external technical managers. We review the performance of the managers on an annual basis and may add or change technical managers.

Technical management includes managing day-to-day vessel operations, performing general vessel maintenance, ensuring regulatory and classification society compliance, supervising the maintenance and general efficiency of vessels, arranging our hire of qualified officers and crew, arranging and supervising drydocking and repairs, purchasing supplies, spare parts and new equipment for vessels, appointing supervisors and technical consultants and providing technical support. Our technical managers also manage and process all crew insurance claims. Our technical managers maintain records of all costs and expenditures incurred in connection with their services that are available for our review on a daily basis. Our technical managers are members of marine contracting associations which arrange bulk purchasing thereby enabling us to benefit from economies of scale.

The third-party technical managers are paid a fixed management fee for each vessel in our operating fleet for the technical management services they provide. For the three-month periods ended September 30, 2010 and 2009, the technical management fee averaged $9,441 and $8,983 per vessel per month, respectively. For the nine-month periods ended September 30, 2010 and 2009, the technical management fee averaged $9,578 and $9,017 per vessel per month, respectively. Management fees paid to our third-party technical managers are recorded as a component of Vessel Expenses.

Value of Assets and Cash Requirements

The replacement costs of comparable new vessels may be above or below the book value of our fleet. The market value of our fleet may be below book value when market conditions are weak and exceed book value when markets conditions are strong. Customary with industry practice, we may consider asset redeployment which at times may include the sale of vessels at less than their book value.

The Company's results of operations and cash flow may be significantly affected by future charter markets.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our interim, unaudited, consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, and the rules and regulations of the SEC which apply to interim financial statements. The preparation of those financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. As the discussion and analysis of our financial condition and results of operations is based upon our interim, unaudited, consolidated financial statements, they do not include all of the information on critical accounting policies normally included in consolidated financial statements. Accordingly, a detailed description of these critical accounting policies should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Reports on Form 10-K. There have been no material changes from the "Critical Accounting Policies" previously disclosed in our Form 10-K for the year ended December 31, 2009.

Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventories: Inventories, which consist of bunkers, are stated at the lower of cost or market. Cost determined on a first in, first out method.

Accounting for Revenues and Expenses: Revenues are generated from time charter agreements and voyage charters. Time charter revenues are recognized on a straight-line basis over the term of the respective time charter agreements as service is provided. Voyage revenues for cargo transportation are recognized ratably over the estimated relative transit time of each voyage. A voyage is deemed to commence upon the completion of discharge of the vessel's previous cargo and is deemed to end upon the completion of discharge of the current cargo. The Company does not begin recognizing voyage revenue until a Charter has been agreed to by both the customer and the Company, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage. Income representing ballast bonus payments by the charterer to the vessel owner is recognized in the period earned.

Under voyage charters, expenses such as bunkers, port charges, canal tolls, cargo handling operations and brokerage commissions are paid by the Company whereas, under time charters, such voyage costs are paid by the Company's customers. All voyage and vessel operating expenses are expensed as incurred on an accrual basis, except for commissions. Commissions are deferred over the related time or voyage charter period to the extent revenue has been deferred since commissions are earned as the Company's revenues are earned. Probable loss on voyage is provided for in full at the time such loss can be estimated.

Results of Operations for the three month periods ended September 30, 2010 and 2009:

Fleet Data

We believe that the measures for analyzing future trends in our results of operations consist of the following:

	Three Months Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Ownership Days	3,510	2,300	9,462	6,713
Chartered-in under Operating Lease Days	140	—	140	—
Available Days	3,628	2,271	9,520	6,657
Operating Days	3,623	2,264	9,480	6,634
Fleet Utilization	99.9%	99.7%	99.6%	99.7%

Ownership days: We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period. Ownership days for the three month period ended September 30, 2010, increased 53% from the corresponding period in 2009 as we operated 38 vessels in the third quarter of 2010 compared to 25 vessels in the corresponding period in 2009.

Chartered-in under operating lease days: We define chartered-in under operating lease days as the aggregate number of days in a period during which we chartered-in vessels. We started to charter-in vessels on a spot basis during the third quarter of 2010.

Available days: We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to vessel familiarization upon acquisition, scheduled repairs or repairs under guarantee, vessel upgrades or special surveys and the aggregate amount of time that we spend positioning our vessels. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues. During the nine month periods ended September 30, 2010 and 2009, the Company drydocked five and five vessels, respectively.

Operating days: We define operating days as the number of our available days in a period less the aggregate number of days that our vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

Fleet utilization: We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades, special surveys or vessel positioning. Our fleet continues to perform at high utilization rates.

Revenues

All of our owned vessels are employed on time charters. Our time charter equivalent ("TCE") rate on our owned vessels is equal to the time charter rate. As is common in the shipping industry, we pay commissions ranging from 1.25% to 6.25% of the total daily charter hire rate of each charter to unaffiliated ship brokers and in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter.

Gross time charter revenues in the quarter ended September 30, 2010 were $72,671,094, an increase of 66% from $43,688,025 recorded in the comparable quarter in 2009, primarily due to operation of a larger fleet and marginally higher charter rates. Gross voyage charter revenues in the quarter ended September 30, 2010 were $3,738,973, compared to none in the comparable quarter in 2009. During the third quarter of 2010, the Company launched its Trading Operation. Gross revenues for the quarters ended September 30, 2010 and 2009, include an amount of $1,388,101 and $645,098, respectively, relating to the non-cash amortization of fair value below contract value of time charters acquired. Brokerage commissions incurred on revenues earned in the quarter ended September 30, 2010 and 2009 were $3,584,484 and $ 2,136,220, respectively. Net revenues during the quarter ended September 30, 2010, increased 75% to $72,825,583 from $41,551,805 in the comparable quarter in 2009.

Gross time charter revenues for the nine-month period ended September 30, 2010 were $199,095,962, an increase of 26% from $158,243,472 recorded in the comparable period in 2009, primarily due to operation of a larger fleet offset by lower charter rates. Gross voyage charter revenues for the nine-month period ended September 30, 2010 were $3,738,973, compare to none in the comparable quarter in 2009. During the third quarter of 2010, the Company launched its Trading Operation. Gross revenues recorded in the nine-month period ended September 30, 2010 and

2009, include an amount of $3,424,205 and $1,942,278, respectively, relating to the non-cash amortization of fair value below contract value of time charters acquired. Gross revenues recorded in 2010 include $1,089,759 related to an arbitration settlement, reached in March 2010. Brokerage commissions incurred on revenues earned in the nine-month periods ended September 30, 2010 and 2009 were $10,152,787 and $7,692,663, respectively. Net revenues during the nine-month period ended September 30, 2010, increased 28% to $192,682,148 from $150,550,809 in the comparable period in 2009.

Vessel Expenses

Vessel expenses for the three-month period ended September 30, 2010, were $19,075,233 compared to $11,493,889 in the comparable quarter in 2009. The increase in vessel expense is attributable to a larger fleet size in operation. Vessel expenses for the three-month period ended September 30, 2010, included $18,216,366 in vessel operating costs and $858,867 in technical management fees. Vessel expenses for the comparable period in 2009 included $10,814,631 in vessel operating costs and $679,259 in technical management fees.

Vessel expenses for the nine-month period ended September 30, 2010 were $50,605,567 compared to $37,498,893 in the comparable nine-month period ended September 30, 2009. The increase in vessel expense is attributable to a larger fleet size in operation for the nine-month period of 2010. Vessel expenses for the nine-month period ended September 30, 2010 included $48,130,823 in vessel operating costs and $2,474,744 in technical management fees. Vessel expenses for the nine-month period ended September 30, 2009 included $35,511,143 in vessel operating costs and $1,987,750 in technical management fees.

Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses relating to repairs and maintenance, the cost of spares and consumable stores and related inventory, tonnage taxes, pre-operating costs associated with the delivery of acquired vessels including providing the newly acquired vessels with initial provisions and stores, other miscellaneous expenses, and technical management fees paid to our third party managers.

Our vessel expenses will increase with the enlargement of our fleet. Other factors beyond our control, some of which may affect the shipping industry in general, may also cause these expenses to increase, including, for instance, developments relating to market prices for crew, insurance and petroleum-based lubricants and supplies.

Depreciation and Amortization

For the three-month periods ended September 30, 2010 and 2009, total depreciation and amortization expense were $17,193,853 and $11,094,238, respectively. Total depreciation and amortization expense for the three-month period ended September 30, 2010 includes $16,344,878 of vessel depreciation and other assets amortization, and $848,975 relating to the amortization of deferred drydocking costs. Comparable amounts for the three-month period ended September 30, 2009 were $10,404,514 of vessel depreciation and $689,724 of amortization of deferred drydocking costs. The increase in depreciation expense is attributable to a larger fleet size in operation during the three-month period in 2010 compared to 2009.

For the nine-month periods ended September 30, 2010 and 2009, total depreciation and amortization expense were $46,437,290 and $32,328,402, respectively. Total depreciation and amortization expense for the nine-month period ended September 30, 2010 includes $44,151,616 of vessel depreciation and other assets amortization, and $2,285,674 relating to the amortization of deferred drydocking costs. Comparable amounts for the nine-month period ended September 30, 2009 were $30,424,426 of vessel depreciation and $1,903,976 of amortization of deferred drydocking costs.

The cost of our vessels is depreciated on a straight-line basis over the expected useful life of each vessel. Depreciation is based on the cost of the vessel less its estimated residual value. We estimate the useful life of our vessels to be 28 years from the date of initial delivery from the shipyard to the original owner. Furthermore, we estimate the residual values of our vessels to be $150 per lightweight ton, which we believe is common in the dry bulk shipping industry. Our depreciation charges will increase as our fleet is enlarged. Drydocking relates to our regularly scheduled maintenance program necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. The Company anticipates that vessels are to be drydocked every two and a half years and, accordingly, these expenses are deferred and amortized over that period.

Amortization of deferred financing costs which relate to debt increased to purchase the vessels on the water is included in interest expense. These financing costs relate to costs associated with our revolving credit facility and these are amortized over the life of the facility. For the three-month periods ended September 30, 2010 and 2009, the amortization of deferred financing costs allocated to the vessels on the water was $914,174 and $372,214, respectively. For the nine-month periods ended September 30, 2010 and 2009, the amortization of deferred financing costs allocated to the vessels on the water was $2,246,917 and $881,728, respectively.

General and Administrative Expenses

Our general and administrative expenses include onshore vessel administration related expenses such as legal and professional expenses and administrative and other expenses including payroll and expenses relating to our executive officers and office staff, office rent and expenses, directors fees, and directors and officers insurance. General and administrative expenses also include non-cash compensation expenses.

General and administrative expenses for the three-month periods ended September 30, 2010 and 2009 were $10,993,761 and $7,839,942, respectively. These general and administrative expenses include a non-cash compensation component of $3,664,992 and $3,345,433, respectively. The increase in general and administrative expenses for the three-month period ended September 30, 2010, is primarily attributable to higher administrative costs associated with operating a larger fleet, our extensive newbuilding program, accruals of compensation expense and amortization of restricted stock awards and the opening a new office in Singapore.

General and administrative expenses for the nine-month periods ended September 30, 2010 and 2009 were $30,845,907 and $25,784,155, respectively. These general and administrative expenses include a non-cash compensation component of $11,694,957 and $10,587,150, respectively. The increase in general and administrative expenses for the nine-month period ended September 30, 2010, is primarily attributable to higher administrative costs associated with operating a larger fleet, our extensive newbuilding program, accruals of compensation expense and amortization of restricted stock awards.

Capitalized Interest

At September 30, 2010, we had contracts for the construction of 8 newbuilding vessels which are expected to be delivered through 2011. Interest costs on borrowings used to fund the Company's newbuilding program are capitalized as part of the cost of the newbuilding vessels until the vessels are delivered.

For the three-month period ended September 30, 2010, capitalized interest amounted to $2,071,261 and this amount has been recorded and included in Advances for Vessel Construction in the financial statements. For the corresponding three-month period in 2009, capitalized interest amounted to $7,382,920.

For the nine-month period ended September 30, 2010, capitalized interest amounted to $10,346,700 and this amount has been recorded and included in Advances for Vessel Construction in the financial statements. For the corresponding nine-month period in 2009, capitalized interest amounted to $20,895,336.

EBITDA

EBITDA represents operating earnings before extraordinary items, depreciation and amortization, interest expense, and income taxes, if any. EBITDA is included because it is used by certain investors to measure a company's financial performance. EBITDA is not an item recognized by GAAP and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States or as a measure of profitability or liquidity. EBITDA is presented to provide additional information with respect to the Company's ability to satisfy its obligations including debt service, capital expenditures, and working capital requirements. While EBITDA is frequently used as a measure of operating results and the ability to meet debt service requirements, the definition of EBITDA used here may not be comparable to that used by other companies due to differences in methods of calculation.

Our revolving credit facility permits us to pay dividends, subject to certain limitations, in amounts up to our cumulative free cash flows which is our earnings before extraordinary or exceptional items, interest, taxes, depreciation and amortization (Credit Agreement EBITDA), less the aggregate amount of interest incurred and net amounts payable under interest rate hedging agreements during the relevant period and an agreed upon reserve for dry-docking. Therefore, we believe that this non-GAAP measure is important for our investors as it reflects our ability to pay dividends. The following table is a reconciliation of net income, as reflected in the consolidated statements of operations, to the Credit Agreement EBITDA:

	Three Months Ended		Nine Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Net Income	$8,226,153	$512,261	$23,811,709	$31,096,577
Interest Expense	13,432,885	7,294,151	37,217,625	20,596,321
Depreciation and Amortization	17,193,853	11,094,238	46,437,290	32,328,402
Amortization of fair value below market of time charter acquired	(1,388,101)	(645,098)	(3,424,205)	(1,942,278)
EBITDA	37,464,790	18,255,552	104,042,419	82,079,022
Adjustments for Exceptional Items:				
Write-off of Financing Fees (1)		3,383,289		3,383,289
Non-cash Compensation Expense (2)	3,664,992	3,345,433	11,694,957	10,587,150
Credit Agreement EBITDA	$41,129,782	$24,984,274	$115,737,376	$96,049,461

(1) One time charge (see Note 4 to the financial statements).
(2) Stock based compensation related to stock options and restricted stock units.

Effects of Inflation

We do not believe that inflation has had or is likely, in the foreseeable future, to have a significant impact on vessel operating expenses, drydocking expenses or general and administrative expenses.

Liquidity and Capital Resources

Net cash provided by operating activities during the nine-month periods ended September 30, 2010 and 2009, was $85,798,578 and $80,594,642, respectively. The increase was due to higher revenue from larger fleet offset by increased operational cost and interest expense resulting from delivery of an additional 12 newbuilding vessels.

Net cash used in investing activities during the nine-month period ended September 30, 2010, was $245,555,691, compared to $145,857,288 during the corresponding nine-month period ended September 30, 2009. Investing activities during the nine-month period ended September 30, 2010 related primarily to making progress payments and incurring related vessel construction expenses for the newbuilding vessels, of which 12 delivered during the first nine months of 2010.

Net cash provided by financing activities during the nine-month period ended September 30, 2010, was $217,549,637, compared to net cash provided by financing activities of $138,598,251 during the corresponding nine-month period ended September 30, 2009. Financing activities during the nine-month period ended September 30, 2010, primarily involved borrowings of $223,494,867 from our revolving credit facility. During the nine month period ended September 30, 2009, we received $97,291,046 in net proceeds from sale of common shares of the Company, borrowed $95,770,000 from our revolving credit facility, repaid $48,645,523 to our lenders under the terms of the amended debt agreement, and incurred $4,330,801 in financing costs relating to our debt agreements.

As of September 30, 2010, our cash balance was $129,137,297, compared to a cash balance of $71,344,773 at December 31, 2009. In addition, $19,000,000 in cash deposits are maintained with our lender for loan compliance purposes and this amount is recorded in Restricted cash in our financial statements as of September 30, 2010. Also recorded in Restricted Cash is an amount of $276,056, which is collateralizing letters of credit relating to our office leases.

At September 30, 2010, the Company's debt consisted of $1,123,665,747 in net borrowings under the amended Revolving Credit Facility. These borrowings consisted of $989,483,485 for the 38 vessels currently in operation and $134,182,262 to fund the Company's newbuilding program.

On August 4, 2009, the Company entered into a third Amendatory Agreement to its revolving credit facility dated October 19, 2007 (See section in the Company's 2009 Annual Report on Form 10-K entitled "Revolving Credit Facility" for a description of the facility and its amendments). The facility also provides us with the ability to borrow up to $20,000,000 for working capital purposes.

On August 4, 2010, the Company entered into a Fourth Amendatory Agreement to its revolving credit facility the credit agreement dated October 19, 2007, by and between the Company and The Royal Bank of Scotland plc, as mandated lead arranger, bookrunner, swap bank, agent and security trustee and certain other lenders (collectively the "Lenders"), pursuant to which the Lenders have consented, among other things, to the Trading Operation.

We were in compliance with all of the covenants contained in our amended debt agreements as of September 30, 2010. We anticipate that our current financial resources, together with cash generated from operations and, if necessary, borrowings under our revolving credit facility will be sufficient to fund the operations of our fleet, including our working capital requirements, for the next twelve months. We will rely on operating cash flows as well as our revolving credit facility and possible additional equity and debt financing alternatives to fund our long term capital requirements for vessel construction and implement future growth plans.

Our loan agreements for our borrowings are secured by liens on our vessels and contain various financial covenants. The covenants relate to our financial position, operating performance and liquidity. The market value of dry bulk vessels is sensitive, among other things, to changes in the dry bulk charter market. The decline in charter rates in the dry bulk market coupled with the prevailing difficulty in obtaining financing for vessel purchases have adversely affected dry bulk vessel values. A continuation of these conditions, could lead to a significant decline in the fair market values of our vessels, which could impact our compliance with these loan covenants. The recent developments in the credit markets and related impact on the dry bulk charter market and have also resulted in additional risks. The occurrence of one or more of these risk factors could adversely affect our results of operations or financial condition. Please refer to the section entitled "Risk Factors" in Part II of this document which should be read in conjunction with the risk factors included in the Company's 2009 Annual Report on Form 10-K.

It is our intention to fund our future acquisition related capital requirements initially through borrowings under the amended revolving credit facility and to repay all or a portion of such borrowings from time to time with cash generated from operations and from net proceeds of issuances of securities. The Company has a shelf registration filed on Form S-3 in March 2, 2009, subsequently amended, which would enable the Company to issue such securities.

Dividends

The Company did not make any dividend payments in the first, second and third quarters of 2010 and 2009. In the future, the declaration and payment of dividends, if any, will always be subject to the discretion of the board of directors, restrictions contained in the amended credit facility and the requirements of Marshall Islands law. The timing and amount of any dividends declared will depend on, among other things, the Company's earnings, financial condition and cash requirements and availability, the ability to obtain debt and equity financing on acceptable terms as contemplated by the Company's growth strategy, the terms of its outstanding indebtedness and the ability of the Company's subsidiaries to distribute funds to it.

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Contractual Obligations

The following table sets forth our expected contractual obligations and their maturity dates as of September 30, 2010:

(in thousands of U.S. dollars)	Within One Year	One to Three Years	Three to Five Years	More than Five years	Total
Vessels (1)	$ 186,273	$ 9,162	—	—	$ 195,435
Bank Loans	—	134,221	$ 989,445	—	1,123,666
Interest and borrowing fees (2)	49,141	98,371	38,837	—	186,349
Office lease	1,070	2,636	2,240	$ 2,964	8,910
Total	$ 236,484	$ 244,390	$ 1,030,522	$ 2,964	$ 1,514,360

(1) The balance of the contract price in US dollars for the 8 newbuilding vessels which are to be constructed and delivered between 2010 and 2011.
(2) The Company is a party to floating-to-fixed interest rate swaps covering aggregate notional amount of $402,417,830. Interest and borrowing fees includes capitalized interest for the newbuilding vessels.

Capital Expenditures

Our capital expenditures relate to the purchase of vessels and capital improvements to our vessels which are expected to enhance the revenue earning capabilities and safety of these vessels.

We may incur additional capital expenditures from time to time related to our acquired vessels. As of September 30, 2010, our fleet consists of 38 vessels which are currently operational and 8 newbuilding vessels which have been contracted for construction.

In addition to acquisitions that we may undertake in future periods, the Company's other major capital expenditures include funding the Company's maintenance program of scheduled drydocking necessary to preserve the quality of our vessels as well as to comply with international shipping standards and environmental laws and regulations. Although the Company has some flexibility regarding the timing of its dry docking, the costs are relatively predictable. The Company anticipates that vessels are to be drydocked every two and a half years. Funding of these requirements is anticipated to be met with cash from operations. We anticipate that this process of recertification will require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our available days and operating days during that period.

Drydocking costs incurred are amortized to expense on a straight-line basis over the period through the date the next drydocking for those vessels are scheduled to occur. Two vessels were drydocked in the three-months ended September 30, 2010. The following table represents certain information about the estimated costs for anticipated vessel drydockings in the next four quarters, along with the anticipated off-hire days:

Quarter Ending	Off-hire Days(1)	Projected Costs(2)
December 31, 2010	66	$1.65 million
March 31, 2011	44	$1.10 million
June 30, 2011	44	$1.10 million
September 30, 2011	44	

$1.10
million

(1) Actual duration of drydocking will vary based on the condition of the vessel, yard schedules and other factors.
(2) Actual costs will vary based on various factors, including where the drydockings are actually performed.

Off-balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

There have been no material changes from the "Interest Rate Risk" previously disclosed in our Form 10-K for the year ended December 31, 2009.

Currency and Exchange Rates

There have been no material changes from the "Currency and Exchange Rates" risk previously disclosed in our Form 10-K for the year ended December 31, 2009.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1 - Legal Proceedings

We are not aware of any legal proceedings or claims to which we or our subsidiaries are party or of which our property is subject. From time to time in the future, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. Those claims, even if lacking merit, could result in the expenditure by us of significant financial and managerial resources.

Item 1A – Risk Factors

Other than the risk factor set forth below, there have been no material changes from the "Risk Factors" previously disclosed in our Form 10-K for the year ended December 31, 2009.

Investment in derivative instruments such as freight forward agreements could result in losses.

From time to time, we may take positions in derivative instruments including freight forward agreements, or FFAs. FFAs and other derivative instruments may be used to hedge a vessel owner's exposure to the charter market by providing for the sale of a contracted charter rate along a specified route and period of time. Upon settlement, if the contracted charter rate is less than the average of the rates, as reported by an identified index, for the specified route and period, the seller of the FFA is required to pay the buyer an amount equal to the difference between the contracted rate and the settlement rate, multiplied by the number of days in the specified period. Conversely, if the contracted rate is greater than the settlement rate, the buyer is required to pay the seller the settlement sum. If we take positions in FFAs or other derivative instruments and do not correctly anticipate charter rate movements over the specified route and time period, we could suffer losses in the settling or termination of the FFA. This could adversely affect our results of operations and cash flows.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3 - Defaults Upon Senior Securities

None.

Item 4 - (Removed and Reserved)

Item 5 - Other Information

(a) None

(b) There have been no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors in the period covered by this report.

Item 6 – Exhibits

EXHIBIT INDEX

3.1	Amended and Restated Articles of Incorporation of the Company (1)
3.2	Amended and Restated Bylaws of the Company (2)
3.3	Certificate of Designation of Series A Junior Participating Preferred Stock (3)
4.1	Form of Share Certificate of the Company (4)
4.2	Form of Senior Indenture (5)
4.3	Form of Subordinated Indenture (6)
4.4	Rights Agreement (7)
10.1	Amendatory Agreement, dated as of July 3, 2008, among the Company and certain of its subsidiaries and the banks and financial institutions party thereto and the Royal Bank of Scotland plc, as mandated lead arranger (8)
10.2	Second Amendatory Agreement, dated as of December 17, 2008, among the Company and certain of its subsidiaries and the banks and financial institutions party thereto and the Royal Bank of Scotland plc, as mandated lead arranger (9)
10.3	Third Amendatory Agreement, dated as of August 4, 2009, among the Company and certain of its subsidiaries and the banks and financial institutions party thereto and the Royal Bank of Scotland plc, as mandated lead arranger (10)
10.4	Amended and Restated Employment Agreement for Mr. Sophocles N. Zoullas (11)
10.5	Eagle Bulk Shipping Inc. 2009 Equity Incentive Plan (12)
10.6	Delphin Management Agreement (13)
10.7	Fourth Amendatory Agreement, dated as of August 4, 2010, among the Company and certain of its subsidiaries and the banks and financial institutions party thereto and the Royal Bank of Scotland plc, as mandated lead arranger
31.1	Rule 13a-14(d) / 15d-14(a) Certification of Principal Executive Officer
31.2	Rule 13a-14(d) / 15d-14(a) Certification of Principal Financial Officer
32.1	Section 1350 Certification of Principal Executive Officer
32.2	Section 1350 Certification of Principal Financial Officer

(1) Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1/A, File No. 333-123817, filed on June 20, 2005.
(2) Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1/A, File No. 333-123817, filed on June 20, 2005.
(3) Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 8-A, File No. 001-33831, dated November 13, 2007.
(4) Incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-1/A, File No. 333-123817, filed on June 20, 2005.
(5) Incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-3, File No. 333-139745, filed on December 29, 2006.
(6) Incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-3, File No. 333-139745, filed on December 29, 2006.
(7) Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A, File No. 001-33831, dated November 13, 2007.
(8) Incorporated by reference to the Company's Current Report on Form 8-K filed on July 7, 2008.
(9) Incorporated by reference to Exhibit 4.9 to the Company's Post-Effective Amendment to an automatic shelf registration statement on Form POSASR, File No. 333-148417, filed on March 2, 2009.
(10) Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2009.

(11) Incorporated by reference to the Company's Current Report on Form 8-K filed on June 20, 2008.
(12) Incorporated by reference to Appendix A to the Company's Proxy Statement pursuant to Schedule 14A filed on April 10, 2009.
(13) Incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K filed on March 5, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EAGLE BULK SHIPPING INC.

By: /s/ Sophocles N. Zoullas

Sophocles N. Zoullas
Chairman of the Board and
Chief Executive Officer
Date: November 9, 2010

By: /s/ Alan S. Ginsberg

Alan S. Ginsberg
Chief Financial Officer
and Principal Accounting Officer
Date: November 9, 2010

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