

EVERGREEN UTILITIES & HIGH INCOME FUND
Form N-CSRS
May 05, 2006

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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

Utilities and High Income Fund

(Exact name of registrant as specified in charter)

200 Berkeley Street Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: August 31, 2005

Date of reporting period: February 28, 2006

Item 1 - Reports to Stockholders.

Evergreen Utilities and High Income Fund

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

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

Mutual Funds:

NOT FDIC INSURED MAY LOSE VALUE NOT BANK GUARANTEED

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LETTER TO SHAREHOLDERS

April 2006

Dennis H. Ferro

President and Chief Executive Officer

Dear Shareholder,

We are pleased to provide the semiannual report for the Evergreen Utilities and High Income Fund, which covers the six-month period ended February 28, 2006.

The financial markets encountered a variety of hurdles during the past six months. Questions about the sustainability of economic growth, surging energy prices, and tighter monetary policy led the list of concerns, while hurricanes devastated much of the Gulf region and inflation fears grew with the prospect of increased federal spending. Not surprisingly, each of these issues contributed to periodic bouts of market volatility. It is during times such as these when yield investors seek other sources of income and we believe those with exposure to the Fund had the opportunity to benefit from these diversification strategies.

The investment period began with expectations for a moderation in U.S. economic growth. The rapid pace of growth experienced during the economic recovery had transitioned to the more normalized rate of Gross Domestic Product ("GDP") growth typically associated with economic expansion. Energy prices continued to soar amid rising levels for employment, housing and production. The post-Katrina federal spending plans exacerbated these pricing concerns and long-term interest rates began to rise. Despite these events, the U.S. consumer kept spending and businesses were investing some of their record cash balances, enabling the economy to overcome some extremely challenging obstacles.

Perhaps sensing the surprising strength in GDP and having already

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LETTER TO SHAREHOLDERS continued

anticipated the bout of inflation fears, the Federal Reserve ("Fed") maintained its "measured removal of policy accommodation" throughout the investment period. Since rates had been low for such a lengthy period of time, Evergreen's Investment Strategy Committee concluded that the central bank was trying to be less stimulative, rather than more restrictive, for the U.S. economy. Monetary policymakers remained transparent in their public statements about the direction of monetary policy and long-term market interest rates remained relatively low. This "flattening" of the yield curve caused many in the fixed income markets to debate its message, yet given our forecast for a moderation in global growth, we determined that long-term pricing pressures were insufficient to halt the expansion. Moreover, we attributed the extent of the yield curve flattening to a combination of excess global savings and rising demand from under-funded pensions.

In this environment, the portfolio management team of the Fund attempted to capitalize on the trends surrounding consumers, mergers and acquisition activity, and energy prices. With all the concerns about consumer spending, our analysts were cautious in the airline, auto, and retailer industries. High-yield bonds also tend to be repurchased at a premium after consolidation, which spurred demand for existing and potential takeover candidates, particularly in the utilities sector. Finally, higher energy prices resulted in increased pricing power for many utilities, enhancing their attractiveness to Wall Street.

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LETTER TO SHAREHOLDERS continued

We continue to recommend that investors maintain their diversified strategies, including their exposure to the Fund, within their long-term portfolios.

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

Sincerely,

Dennis H. Ferro

President and Chief Executive Officer
Evergreen Investment Company, Inc.

Special Notice to Shareholders:

Please visit our Web site at **EvergreenInvestments.com** for a statement from President and Chief Executive Officer, Dennis Ferro, addressing NASD actions involving Evergreen Investment Services, Inc. (EIS), Evergreen's mutual fund broker-dealer or statements from Dennis Ferro and Chairman of the Board of the Evergreen funds, Michael S. Scofield, addressing SEC actions involving the Evergreen funds.

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FINANCIAL HIGHLIGHTS

(For a common share outstanding throughout each period)

	Six Months		Year Ended August 31,	
	Ended		2005	
	February 28,		2004	
	2006		2001	
	(unaudited)		2005	
	(unaudited)		2004	
Net asset value, beginning of period	\$	25.43	\$	19.76
			\$	19.10 ²
Income from investment operations				
Net investment income (loss)		1.09 ³	1.80	0.77
Net realized and unrealized gains or losses on investments		0.22	5.64	0.34
Distributions to preferred shareholders from net investment income ⁴		(0.15)	(0.15)	(0.02)
Distributions to preferred shareholders from net realized gains ⁴		(0.02)	(0.04)	0
Total from investment operations		1.14	7.25	1.09
Distributions to common shareholders from				
Net investment income		(1.81)	(1.58)	(0.30)
Net realized gains		(2.67)	0	0
Total distributions to common shareholders		(4.48)	(1.58)	(0.30)
Offering costs charged to capital for				
Common shares		0	0	(0.04)
Preferred shares		0	0	(0.09)
Total offering costs		0	0	(0.13)

Net asset value, end of period	\$ 22.09	\$ 25.43	\$ 19.76
Market value, end of period	\$ 21.05	\$ 22.21	\$ 18.29
Total return based on market value⁵	16.50%	31.00%	(7.05)%
Ratios and supplemental data			
Net assets of common shareholders, end of period (thousands)	\$196,671	\$250,826	\$227,328
Liquidation value of preferred shares, end of period (thousands)	\$ 80,000	\$ 80,000	\$ 80,000
Asset coverage ratio, end of period	346%	406%	284%
Ratios to average net assets applicable to common shareholders			
Expenses including waivers/reimbursement and interest expense but excluding expense reductions	1.58% ⁶	1.49%	1.31% ⁶
Expenses including interest expense but excluding waivers/reimbursements and expense reductions	1.58% ⁶	1.54%	1.31% ⁶
Interest expense	0.28% ⁶	0.30%	0.29% ⁶
Net investment income (loss) ⁷	7.82% ⁶	8.50%	12.05% ⁶
Portfolio turnover rate	63%	126%	55%

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

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

³ Net investment income (loss) per share is based on average shares outstanding during the period.

⁴ Distributions to preferred shareholders per common share are based on average common shares outstanding during the period.

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

⁶ Annualized

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

See Notes to Financial Statements

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SCHEDULE OF INVESTMENTS

February 28, 2006 (unaudited)

Principal Amount	Value
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CORPORATE BONDS 45.6%**CONSUMER DISCRETIONARY****11.6%****Diversified Consumer Services****1.0%**

Alderwoods Group, Inc., 7.75%, 09/15/2012	\$1,000,000	\$ 1,037,500
Service Corporation International, 7.00%, 06/15/2017 144A	1,000,000	1,026,250
		2,063,750

Hotels, Restaurants & Leisure**4.2%**

Las Vegas Sands Corp., 6.375%, 02/15/2015	1,000,000	975,000
MGM MIRAGE, Inc., 5.875%, 02/27/2014	1,000,000	968,750
Seneca Gaming Corp., 7.25%, 05/01/2012	1,000,000	1,020,000
Starwood Hotels & Resorts Worldwide, Inc.:		
7.375%, 05/01/2007	1,000,000	1,025,000
7.875%, 05/01/2012	1,000,000	1,102,500
Station Casinos, Inc., 6.50%, 02/01/2014	1,350,000	1,356,750
Town Sports International, Inc., 9.625%, 04/15/2011	1,000,000	1,052,500
Vail Resorts, Inc., 6.75%, 02/15/2014	775,000	781,781
		8,282,281

Household Durables 0.2%

Meritage Homes Corp., 6.25%, 03/15/2015	325,000	294,125
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Media 3.1%

CSC Holdings, Inc., 7.625%, 04/01/2011	1,000,000	1,012,500
Emmis Communications Corp., 6.875%, 05/15/2012	1,000,000	985,000
Lamar Media Corp., 6.625%, 08/15/2015	1,000,000	1,016,250
LIN TV Corp., 6.50%, 05/15/2013	1,000,000	953,750
MediaNews Group, Inc., 6.375%, 04/01/2014	1,000,000	910,000
R.H. Donnelley Corp., 10.875%, 12/15/2012	1,000,000	1,130,000
		6,007,500

Multi-line Retail 0.5%

J.C. Penney Co., Inc., 7.375%, 08/15/2008	1,000,000	1,048,738
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Specialty Retail 1.5%

Central Garden & Pet Co., 9.125%, 02/01/2013	1,500,000	1,590,000
Payless ShoeSource, Inc., 8.25%, 08/01/2013	300,000	317,250
United Auto Group, Inc., 9.625%, 03/15/2012	1,000,000	1,077,500
		<u>2,984,750</u>

Textiles, Apparel & Luxury Goods**1.1%**

Oxford Industries, Inc., 8.875%, 06/01/2011	1,000,000	1,035,000
Warnaco Group, Inc., 8.875%, 06/15/2013	1,000,000	1,075,000
		<u>2,110,000</u>

CONSUMER STAPLES 2.9%**Food & Staples Retailing 1.1%**

Ingles Markets, Inc., 8.875%, 12/01/2011	1,000,000	1,045,000
Rite Aid Corp., 8.125%, 05/01/2010	1,000,000	1,025,000
		<u>2,070,000</u>

See Notes to Financial Statements

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SCHEDULE OF INVESTMENTS continued

February 28, 2006 (unaudited)

	Principal Amount	Value
CORPORATE BONDS		
continued		
CONSUMER STAPLES		
continued		
Food Products 1.3%		
B&G Foods Holdings Corp., 8.00%	\$1,000,000	\$ 1,030,000

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10/01/2011		
Del Monte Foods Co.,		
6.75%, 02/15/2015	1,500,000	1,507,500
		<hr/>
		2,537,500
		<hr/>

Household Products

0.5%		
Church & Dwight Co.,		
Inc., 6.00%,		
12/15/2012	1,000,000	1,000,000
		<hr/>

ENERGY 6.4%
Energy Equipment & Services 1.6%

Dresser, Inc., 9.375%,		
04/15/2011	1,500,000	1,578,750
Hornbeck Offshore		
Services, Inc., Ser. B,		
6.125%, 12/01/2014	150,000	149,625
Offshore Logistics, Inc.,		
6.125%, 06/15/2013	1,000,000	955,000
Parker Drilling Co.,		
9.625%, 10/01/2013	315,000	354,375
		<hr/>
		3,037,750
		<hr/>

Oil, Gas & Consumable Fuels 4.8%

Chesapeake Energy		
Corp., 6.875%,		
01/15/2016	1,000,000	1,030,000
El Paso Production		
Holding Co., 7.75%,		
06/01/2013	1,000,000	1,060,000
Exco Resources, Inc.,		
7.25%, 01/15/2011	1,500,000	1,537,500
Ferrellgas Partners, LP,		
6.75%, 05/01/2014	1,000,000	980,000
Frontier Oil Corp.,		
6.625%, 10/01/2011	125,000	126,562
Peabody Energy Corp.,		
6.875%, 03/15/2013	1,000,000	1,032,500
Plains Exploration &		
Production Co., 8.75%,		
07/01/2012	1,000,000	1,080,000
Targa Resources, Inc.,		
8.50%, 11/01/2013		
144A	1,000,000	1,065,000
Tesoro Corp., 6.625%,		
11/01/2015 144A	500,000	506,250
Williams Cos., 7.125%,		
09/01/2011	1,000,000	1,052,500
		<hr/>

9,470,312

FINANCIALS 4.8%**Consumer Finance****0.4%**

General Motors Acceptance Corp., 5.625%, 05/15/2009	1,000,000	906,144
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Diversified Financial**Services 1.0%**

Arch Western Finance, LLC, 6.75%, 07/01/2013	1,000,000	1,007,500
Quest Capital Corp., 6.50%, 11/15/2018	1,000,000	942,500

1,950,000

Insurance 0.8%

Crum & Forster Holdings Corp., 10.375%, 06/15/2013	1,500,000	1,601,250
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Real Estate 2.6%

CB Richard Ellis Group, Inc., 9.75%, 05/15/2010 (h)	650,000	708,500
Host Marriott Corp., Ser. J, REIT, 7.125%, 11/01/2013	1,000,000	1,037,500
Omega Healthcare Investors, Inc., REIT: 7.00%, 04/01/2014	1,000,000	1,018,750
7.00%, 01/15/2016 144A	250,000	251,875
Thornburg Mortgage, Inc., REIT, 8.00%, 05/15/2013	1,000,000	992,500
Ventas, Inc., REIT, 7.125%, 06/01/2015	1,000,000	1,052,500

5,061,625

See Notes to Financial Statements

6**SCHEDULE OF INVESTMENTS** continued

February 28, 2006 (unaudited)

	Principal Amount	Value
CORPORATE BONDS continued		
HEALTH CARE 2.6%		
Health Care Providers & Services 2.1%		
Extendicare Health Services, Inc., 6.875%, 05/01/2014	\$1,000,000	\$ 1,042,500
HCA, Inc., 6.375%, 01/15/2015	1,000,000	1,003,431
Omnicare, Inc., 6.125%, 06/01/2013	1,000,000	992,500
Triad Hospitals, Inc., 7.00%, 11/15/2013	1,000,000	1,013,750
		<hr/> 4,052,181 <hr/>
Pharmaceuticals 0.5%		
Mylan Laboratories, Inc., 6.375%, 08/15/2015	1,000,000	1,016,250
		<hr/>
INDUSTRIALS 5.2%		
Aerospace & Defense 1.3%		
Aviall, Inc., 7.625%, 07/01/2011	1,000,000	1,037,500
DRS Technologies, Inc., 6.875%, 11/01/2013	1,500,000	1,503,750
		<hr/> 2,541,250 <hr/>
Commercial Services & Supplies 2.2%		
Adesa, Inc., 7.625%, 06/15/2012	1,000,000	1,020,000
Allied Waste North America, Inc., 6.375%, 04/15/2011	250,000	247,500
Corrections Corporation of America, 6.25%, 03/15/2013	1,050,000	1,047,375
Geo Group, Inc., 8.25%, 07/15/2013	1,000,000	1,013,750
NationsRent Companies, Inc., 9.50%, 10/15/2010	1,000,000	1,101,250
		<hr/> 4,429,875 <hr/>
Machinery 1.0%		
Manitowoc Co., Inc., 7.125%, 11/01/2013	1,000,000	1,032,500
Navistar International Corp., 6.25%, 03/01/2012	1,000,000	1,012,500
		<hr/> 2,045,000 <hr/>
Road & Rail 0.7%		
Progress Rail Services Corp., 7.75%, 04/01/2012 144A	1,250,000	1,285,938
		<hr/>
INFORMATION TECHNOLOGY 0.9%		
IT Services 0.9%		
Sungard Data Systems, Inc., 4.875%, 01/15/2014	1,000,000	895,000
Unisys Corp., 6.875%, 03/15/2010	1,000,000	962,500
		<hr/> 1,857,500 <hr/>

MATERIALS 5.5%**Chemicals 2.3%**

Equistar Chemicals, LP, 10.625%, 05/01/2011	1,000,000	1,092,500
Lyondell Chemical Co., 10.50%, 06/01/2013	1,000,000	1,122,500
Scotts Co., 6.625%, 11/15/2013	1,000,000	1,017,500
Tronox Worldwide, Inc., 9.50%, 12/01/2012 144A	600,000	630,000
Westlake Chemical Corp., 6.625%, 01/15/2016	600,000	602,250
		4,464,750

See Notes to Financial Statements

7**SCHEDULE OF INVESTMENTS** continued

February 28, 2006 (unaudited)

	Principal Amount	Value
CORPORATE BONDS continued		
MATERIALS continued		
Containers & Packaging 1.0%		
Crown Holdings, Inc., 7.75%, 11/15/2015 144A	\$1,000,000	\$ 1,047,500
Owens-Brockway Glass Containers, Inc., 6.75%, 12/01/2014	1,000,000	985,000
		2,032,500
Metals & Mining 0.8%		
Foundation Pennsylvania Coal Co., 7.25%, 08/01/2014	410,000	422,300
United States Steel Corp., 10.75%, 08/01/2008	1,000,000	1,110,000
		1,532,300
Paper & Forest Products 1.4%		
Boise Cascade, LLC, 7.125%, 10/15/2014	1,250,000	1,193,750
Bowater, Inc., 6.50%, 06/15/2013	500,000	457,500
Georgia Pacific Corp., 8.125%, 05/15/2011	1,000,000	1,045,000
		2,696,250
TELECOMMUNICATION SERVICES 1.6%		
Diversified Telecommunication Services 1.1%		
Citizens Communications Co., 6.25%, 01/15/2013	1,000,000	986,250

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Insight Midwest, LP, 10.50%, 11/01/2010	1,000,000	1,058,750
		2,045,000
Wireless Telecommunication Services 0.5%		
Rural Cellular Corp., 8.25%, 03/15/2012	1,000,000	1,055,000
UTILITIES 4.1%		
Electric Utilities 1.5%		
DPL, Inc., 6.875%, 09/01/2011	1,000,000	1,054,722
Edison International, 7.73%, 06/15/2009	1,000,000	1,037,500
Reliant Energy, Inc., 6.75%, 12/15/2014	1,000,000	908,750
		3,000,972
Independent Power Producers & Energy Traders 1.4%		
Mirant Corp., 7.375%, 12/31/2013 144A	975,000	1,005,469
NRG Energy, Inc., 7.25%, 02/01/2014	700,000	719,250
Tenaska, Inc., 7.00%, 06/30/2021 144A	993,285	1,030,250
		2,754,969
Multi-Utilities 1.2%		
Aquila, Inc., 14.875%, 07/01/2012	1,000,000	1,362,500
CMS Energy Corp., 7.50%, 01/15/2009	1,000,000	1,037,500
		2,400,000
		89,635,460
<i>Total Corporate Bonds (cost \$90,469,475)</i>		

See Notes to Financial Statements

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SCHEDULE OF INVESTMENTS continued

February 28, 2006 (unaudited)

	Shares	Value
CONVERTIBLE PREFERRED STOCKS		
6.5%		
ENERGY 2.9%		
Oil, Gas & Consumable Fuels 2.9%		
El Paso Corp., 4.99%, 12/31/2049	5,000	\$ 5,766,250

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UTILITIES 3.6%

Multi-Utilities 3.6%

PNM Resources, Inc., 6.75%, 05/16/2008	142,000	7,057,400
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<i>Total Convertible Preferred Stocks (cost \$11,901,095)</i>		12,823,650
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COMMON STOCKS 85.9%

ENERGY 11.6%

Oil, Gas & Consumable Fuels 11.6%

Crosstex Energy, Inc.	115,000	9,150,550
Southwestern Energy Co. *	425,000	13,638,250

22,788,800

FINANCIALS 6.7%

Real Estate 6.7%

Global Signal, Inc. REIT	285,000	13,226,850
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TELECOMMUNICATION SERVICES 10.1%

Diversified Telecommunication Services

4.2%

AT&T, Inc.	50,000	1,379,500
Shenandoah Telecommunications Co.	157,500	6,862,275

8,241,775

Wireless Telecommunication Services

5.9%

Alltel Corp.	100,000	6,315,000
Bouygues SA	50,000	2,625,721
Centennial Communications Corp.	100,000	759,000
UbiquiTel, Inc. *	200,000	1,954,000

11,653,721

UTILITIES 57.5%

Electric Utilities 38.8%

Allegheny Energy, Inc. *	50,000	1,788,000
Cleco Corp.	50,000	1,124,500
DPL, Inc.	400,000	10,768,000
E.ON AG	70,000	7,756,167
E.ON AG	190,000	7,037,600
Entergy Corp.	150,000	10,876,500
Exelon Corp.	200,000	11,422,000
FirstEnergy Corp.	150,000	7,662,000
Fortum Oyj	600,000	14,519,999
Maine & Maritimes Corp.	500	8,700

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MGE Energy, Inc.	70,000	2,346,400
Northeast Utilities	200	3,924
Reliant Energy, Inc. *	500	5,080

See Notes to Financial Statements

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SCHEDULE OF INVESTMENTS continued

February 28, 2006 (unaudited)

	Shares	Value
COMMON STOCKS continued		
UTILITIES continued		
Electric Utilities continued		
Scottish and Southern Energy plc	50,000	\$ 1,008,794
UIL Holdings Corp.	200	10,250
		76,337,914
Independent Power Producers & Energy Traders 11.6%		
AES Corp. *	500	8,650
Black Hills Corp	200	6,914
Constellation Energy Group, Inc.	1,000	58,740
Duke Energy Corp.	300	8,520
Dynegy, Inc., Class A *	300,000	1,623,000
Mirant Corp.	280,803	6,907,754
Mirant Corp. Escrow * (h) +	5,000,000 &	