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DUFF & PHELPS UTILITIES INCOME INC
Form POS AMI
April 30, 2001

As filed with the Securities and Exchange Commission on April 30, 2001

Investment Company Act file no. 811-4915

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 [X]
Amendment No. 43 [X]

DUFF & PHELPS UTILITIES INCOME INC.
(Exact name of registrant as specified in charter)

55 East Monroe Street
Chicago, Illinois 60603
(Address of principal executive offices)
Registrant's telephone number: 312/368-5510

Nathan I. Partain
Duff & Phelps Utilities Income Inc.
55 East Monroe Street
Chicago, Illinois 60603

John R. Sagan
Mayer, Brown & Platt
190 South LaSalle Street
Chicago, Illinois 60603

(Names and addresses of agents for service)

It is proposed that this filing will become effective:
[X] immediately upon filing.

[] This post-effective amendment designates a new effective date for a
previously filed post-effective amendment.

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PART A INFORMATION REQUIRED IN A PROSPECTUS

Item 1. Outside Front Cover

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 Not applicable.
 Item 2. Cover Pages; Other Offering Information

Not applicable.

Item 3. Fee Table and Synopsis

1.

Shareholder Transaction Expenses

Sales Load (as a percentage of offering price).....	N/A
Dividend Reinvestment and Cash Purchase Plan Fees.....	(1)
Annual Expenses (as a percentage of net assets attributable to common shares)	
Management Fees.....	0.75%
Interest Payments on Borrowed Funds.....	0.66%
Other Expenses.....	0.38%
Total Annual Expenses.....	1.79%

Example (2)	1 year	2 years	5 years	10 years

You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return:	\$18	\$37	\$97	\$211

- (1) Shareholders that reinvest dividends and/or capital gains distributions will be charged only brokerage fees in the event that shares are purchased in the open market. Investors investing cash in addition to any cash dividends reinvested will be charged brokerage commissions plus a service fee of \$2.50 per transaction. See Item 10.1(c).
- (2) This Example should not be considered a representation of future expenses, and actual expenses may be greater or lesser than those shown.

The purpose of the foregoing table is to assist an investor in understanding the costs and expenses that an investor will bear directly or indirectly, and the information contained therein is not necessarily indicative of future performance. See Item 9.

2. Not applicable.

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3. Not applicable.

Item 4. Financial Highlights

Not applicable.

Item 5. Plan of Distribution

Not applicable.

Item 6. Selling Shareholders

Not applicable.

Item 7. Use of Proceeds

Not applicable.

Item 8. General Description of the Registrant

1. General

(a) The Registrant, Duff & Phelps Utilities Income Inc. (the "Fund"), is a corporation organized under the laws of the State of Maryland on November 26, 1986.

(b) The Fund is a diversified closed-end investment company.

2. Investment Objectives and Policies

Investment objectives

The Fund's primary investment objectives are current income and long-term growth of income. Capital appreciation is a secondary objective.

Principal investment strategies

The Fund seeks to achieve its investment objectives by investing primarily in a diversified portfolio of equity and fixed income securities of companies in the public utilities industry. Under normal conditions, more than 65% of the Fund's total assets will be invested in securities of public utility companies engaged in the production, transmission or distribution of electric energy, gas or telephone services. The Fund's investment objectives stated in the preceding paragraph and its policy of concentrating its investments in the utilities industry are fundamental policies and may not be changed without the approval of the holders of

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a "majority" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the outstanding shares of the common stock and the preferred stock voting together as one class, which means the lesser of (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are represented or (ii) more than 50% of the outstanding shares.

Fundamental investment restrictions -----

The following are fundamental investment restrictions of the Fund that may be changed only with approval of the holders of a "majority" (as defined in the 1940 Act) of the outstanding shares of the common stock and the preferred stock voting together as one class:

1. The Fund may not invest more than 25% of its total assets (valued at the time of investment) in securities of companies engaged principally in any one industry other than the utilities industry, which includes companies engaged in the production, transmission or distribution of electric energy or gas or in telephone services, except that this restriction does not apply to securities issued or guaranteed by the United States Government or its agencies or instrumentalities.

2. The Fund may not:

(a) invest more than 5% of its total assets (valued at the time of the investment) in the securities of any one issuer, except that this restriction does not apply to United States Government securities; or

(b) acquire more than 10% of the outstanding voting securities of any one issuer (at the time of acquisition);

except that up to 25% of the Fund's total assets (at the time of investment) may be invested without regard to the limitations set forth in this restriction.

3. The Fund may borrow money on a secured or unsecured basis for any purpose of the Fund in an aggregate amount not exceeding 15% of the value of the Fund's total assets at the time of any such borrowing (exclusive of all obligations on amounts held as collateral for securities loaned to other persons to the extent that such obligations are secured by assets of at least equivalent value).

4. The Fund may not pledge, mortgage or hypothecate its assets, except to secure indebtedness permitted by restriction 3 above. (The deposit in escrow of securities in connection with the writing of put and call options, collateralized loans of securities and collateral arrangements with respect to margin requirements for futures transactions and with respect to segregation of securities in connection with forward contracts are not deemed to be pledges or hypothecations for this purpose.)

5. The Fund may make loans of securities to other persons to the extent of not more than 33 1/3% of its total assets (valued at the time of the making of loans), and may invest without limitation in short-term obligations and publicly distributed obligations.

6. The Fund may not underwrite the distribution of securities of other issuers, although it may acquire securities that, in the event of a resale, might be required to be registered under the Securities Act of 1933, as amended, because the Fund could be regarded as an underwriter as defined in that act with respect to the resale.

7. The Fund may not purchase or sell real estate or any interest therein, except that the Fund may invest in securities secured by real estate or interests therein, such as mortgage pass-throughs, pay-throughs, collateralized mortgage obligations, and securities issued by companies (including partnerships and real estate investment trusts) that invest in real estate or interests therein.

8. The Fund may acquire securities of other investment companies to the extent (at the acquisition) of (i) not more than 3% of the outstanding voting stock of any one investment company, (ii) not more than 5% of the assets of the Fund in any one investment company and (iii) not more than 10% of the assets of the Fund in all investment companies (exclusive in each case of securities received as a dividend or as a result of a merger, consolidation or other plan of reorganization).

9. The Fund may not invest for the purpose of exercising control over or management of any company.

10. The Fund may not purchase securities on margin, or make short sales of securities, except the use of short-term credit necessary for the clearance of purchases and sales of portfolio securities, but it may make margin deposits in connection with transactions in options, futures and options on futures.

11. The Fund may not purchase or sell commodities or commodity contracts, except that it may enter into (i) stock index futures transactions, interest rate futures transactions and options on such future transactions and (ii) forward contracts on foreign currencies to the extent permitted by applicable law.

12. The Fund may not issue any security senior to its common stock, except that the Fund may borrow money subject to investment restriction 3 and except as permitted by the Fund's charter.

If a percentage restriction set forth above is adhered to at the time a transaction is effected, later changes in percentages resulting from changes in value or in the number of outstanding securities of an issuer will not be considered a violation.

Other Significant Investment Policies

Fixed Income Securities. The Fund purchases a fixed income security only if, at the time of purchase, it is (i) rated investment grade by at least two of the following three nationally recognized statistical rating organizations: Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and Fitch IBCA, Inc. ("Fitch") or (ii) determined by the Fund's

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investment adviser to be of investment grade and not rated below investment grade by any of the aforementioned rating services. A fixed income security rated investment grade has a rating of BBB- or better by Fitch, Baa3 or better by Moody's, or BBB- or better by S&P. In making its determination that a fixed income security is investment grade, the Fund's investment adviser will use the standards used by a nationally recognized statistical rating organization.

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Leverage. The Fund is authorized to borrow money in amounts of up to 15% of the value of its total assets at the time of such borrowings. However, for so long as the Fund's preferred stock is rated by S&P, the Fund will limit the aggregate amount of its borrowings to 10% of the value of its total assets and will not incur any borrowings, unless advised by S&P that such borrowings would not adversely affect S&P's then-current rating of the preferred stock.

Lending of Portfolio Securities. In order to generate additional income, the Fund may from time to time lend securities from its portfolio, with a value not in excess of 33 1/3% of its total assets, to brokers, dealers and financial institutions such as banks and trust companies for which it will receive collateral in cash, United States Government securities or an irrevocable letter of credit that will be maintained in an amount equal to at least 100% of the current market value of the loaned securities.

Rating Agency Guidelines. The Fund's preferred stock is currently rated by Moody's, S&P and Fitch, nationally recognized statistical rating organizations, which issue ratings for various securities reflecting the perceived creditworthiness of those securities. The Fund intends that, so long as shares of its preferred stock are outstanding, the composition of its portfolio will reflect guidelines established by the foregoing rating organizations in connection with the Fund's receipt of the highest rating for its preferred stock from at least two of such rating organizations.

Options and Futures Transactions. The Fund may seek to increase its current return by writing covered options. In addition, through the writing and purchase of options and the purchase and sale of futures contracts and related options, the Fund may at times seek to hedge against a decline in the value of securities owned by it or an increase in the price of securities which it plans to purchase. However, for so long as shares of the Fund's preferred stock are rated either by Moody's or S&P, the Fund will not purchase or sell futures contracts or related options or engage in other hedging transactions unless Moody's or S&P, as the case may be, advises the Fund that such action or actions will not adversely affect its then-current rating of the Fund's preferred stock.

Temporary Investments. For temporary defensive purposes, the Fund may be invested primarily in money market securities. These securities include securities issued or guaranteed by the United States Government and its agencies and instrumentalities, commercial paper and certificates of deposit. To the extent that the Fund engages in such defensive investments, it may not achieve its investment objectives.

Nonfundamental Restrictions. The Fund may not (i) invest in

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securities subject to legal or contractual restrictions on resale, if, as a result of such investment, more than 10% of the Fund's total assets would be invested in such securities, or (ii) acquire 5% or more of the outstanding voting securities of a public utility company.

Each of the policies and restrictions described above may be changed by the Board of Directors without the approval of the Fund's shareholders. If a percentage restriction set forth above is adhered to at the time a transaction is effected, later changes in percentages resulting from changes in value or in the number of outstanding securities of an issuer will not be considered a violation.

3. Risk Factors

Leverage. As of December 31, 2000, the Fund has outstanding indebtedness of \$193,187,392 and five series of preferred stock with an aggregate liquidation preference of \$500 million. The dividend rate on each series of preferred stock is reset every 49 days through a remarketing procedure. As of April 6, 2001, the dividend rate on the five series of preferred stock averaged 3.91% and the interest rate on the Fund's outstanding indebtedness averaged 5.11%. The Fund must experience an annual return of 1.11% on its portfolio in order to cover annual interest and dividend payments on the Fund's outstanding indebtedness and preferred stock.

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Leverage creates certain risks for holders of common stock, including higher volatility of both the net asset value and market value of the common stock. Fluctuations in dividend rates on the preferred stock and interest rates on the Fund's indebtedness will affect the dividend to holders of common stock. Holders of the common stock receive all net income from the Fund remaining after payment of dividends on the preferred stock and interest on the Fund's indebtedness, and generally are entitled to a pro rata share of net realized capital gains, if any.

Upon any liquidation of the Fund, the holders of shares of preferred stock will be entitled to liquidating distributions (equal to \$100,000 per share of preferred stock plus any accumulated and unpaid dividends thereon) and the holders of the Fund's indebtedness will be entitled to receive repayment of outstanding principal plus accumulated and unpaid interest thereon before any distribution is made to holders of common stock.

The leverage obtained through the issuance of the preferred stock and from the Fund's presently outstanding indebtedness has provided holders of common stock with a higher dividend than such holders would have otherwise received. However, there can be no assurance that the Fund will be able to continue to realize such a higher net return on its investment portfolio. Changes in certain factors could cause the relationship between the dividends paid on the preferred stock and interest paid on the Fund's indebtedness to increase relative to the dividend and interest rates on the portfolio securities in which the Fund may be invested. Under such conditions the benefit of leverage to holders of common stock will be reduced and the Fund's leveraged capital structure could result in a lower

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rate of return to holders of common stock than if the Fund were not leveraged. The Fund is required by the 1940 Act to maintain an asset coverage of 200% on outstanding preferred stock and 300% on outstanding indebtedness. If the asset coverage declines below those levels (as a result of market fluctuations or otherwise), the Fund may be required to sell a portion of its investments at a time when it may be disadvantageous to do so.

The following table illustrates the effects of leverage on a return to common stockholders. The figures appearing in the table are hypothetical and actual returns may be greater or less than those appearing in the table.

Assumed annual return on portfolio (net of expenses)	-10.00%	-5.00%	0.00%	5.00%	10.00%
Corresponding annual return to common stockholder	-14.71%	-8.17%	-1.63%	4.91%	11.45%

Investments in Securities of Foreign Issuers. While the Fund is prohibited from investing 15% or more of its assets in securities of foreign issuers, the Fund may be exposed to certain risks as a result of foreign investments. Investing in securities of foreign issuers involves certain considerations not typically associated with investing in securities of U.S. companies, including (a) controls on foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies for U.S. dollars, (b) greater price volatility, substantially less liquidity and significantly smaller market capitalization of securities markets, (c) currency devaluations and other currency exchange rate fluctuations, (d) more substantial government involvement in the economy, (e) higher rates of inflation, (f) less government supervision and regulation of the securities markets and participants in those markets and (g) political uncertainty and other considerations. The Fund will treat investments in countries with repatriation restrictions as illiquid for purposes of any applicable limitations under the 1940 Act; however, as a closed-end fund, the Fund is not currently limited under that Act in the amount of

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illiquid securities it may acquire. Because of the limited forward market for the purchase of U.S. dollars in most foreign countries and the limited circumstances in which the Fund expects to hedge against declines in the value of foreign country currencies generally, the Fund will be adversely affected by devaluations of foreign country currencies against the U.S. dollar to the extent the Fund is invested in securities denominated in currencies experiencing a devaluation. The Fund's fundamental investment policies permit the Fund to enter into currency hedging transactions.

In addition, accounting, auditing and financial reporting standards in foreign countries are different from U.S. standards. As a result, certain material disclosures may not be made and less information may

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be available to the Fund and other investors than would be the case if the Fund's investments were restricted to securities of U.S. issuers. Moreover, it may be more difficult to obtain a judgment in a court outside the United States. Interest and dividends paid on securities held by the Fund and gains from the disposition of such securities may be subject to withholding taxes imposed by foreign countries.

Anti-takeover Provisions. Certain provisions of the Fund's charter may be regarded as "anti-takeover" provisions because they could have the effect of limiting the ability of other entities or persons to acquire control of the Fund. See Item 10.1(e).

Premium/Discount From Net Asset Value. Shares of closed-end investment companies trade in the market above, at and below net asset value. This characteristic of shares of closed-end investment companies is a risk separate and distinct from the risk that the Fund's net asset value may decline. Since inception, the Fund's common stock has generally traded at a premium to net asset value. For example, in the two-year period ended December 31, 2000, as of the close of business of the New York Stock Exchange on the last day in each week on which the New York Stock Exchange was open (the date the Fund calculates its net asset value per share), the Fund's shares were trading at a premium to net asset value 84% of the time. The Fund usually does not calculate its net asset value per share on any other day and does not know whether the Fund's shares were trading at a premium to net asset value on such days. The Fund is not able to predict whether its shares will trade above, at or below net asset value in the future.

Dividend Captures. The Fund acts to increase its dividend income using a strategy called "dividend capture." Under this strategy, the Fund purchases the stock of an issuer immediately prior to the market close on the stock's ex-dividend date and then sells that stock on the following day. During 2000, dividend captures accounted for approximately 37% of the Fund's investment income. The use of dividend captures entails certain costs and risks. Because the market price of the stock generally declines by the amount of the dividend immediately after the ex-dividend date, the Fund experiences a capital loss on the stock approximating the amount of the captured dividend. In addition, the Fund incurs transaction costs in connection with the purchase and sale of the stock. In 2000 such transaction costs equaled approximately 0.1% of the value of the stock. It is also possible that the issuer of the stock could experience a material adverse event during the period between the purchase and sale that would cause a decline in the market value of the stock significantly in excess of the expected decline that reflects the amount of the dividend. To date, this has not happened to the Fund in connection with any of its dividend captures, but there can be no assurance that it will not occur in the future.

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None.

5. Share Price Data -----

The Fund's common stock has been listed on the New York Stock Exchange since January 21, 1987 (trading symbol DNP). Since the commencement of trading, the Fund's common stock has most frequently traded at a premium to net asset value, but has periodically traded at a slight discount. The following table shows the range of the market prices of the Fund's common stock, net asset value of the Fund's shares corresponding to such high and low prices and the premium to net asset value presented by such high and low prices:

Quarter Ended		Market Price -----		Net Asset Value at -----	
		High ----	Low ---	Market High ----	Market Low ---
2001	March 31	\$ 10.9800	\$ 9.5625	\$ 9.88	\$ 9.80
2000	December 31	10.8125	9.5000	10.28	9.90
	September 30	10.0625	9.5000	9.87	8.95
	June 30	9.6875	8.6875	9.16	8.96
	March 31	9.3125	8.3125	8.85	8.77
1999	December 31	9.8750	8.2500	9.11	8.77
	September 30	10.7500	9.5000	9.82	8.95
	June 30	11.0625	10.3750	9.98	9.47
	March 31	11.2500	10.6250	10.24	9.70

On April 6, 2001, the net asset value was \$9.86, trading prices ranged between \$10.50 and \$10.70 (representing a premium to net asset value of 6.49% and 8.52%, respectively) and the closing price was \$10.55 (representing a premium to net asset value of 7.00%).

6. Business Development Companies -----

Not applicable.

Item 9. Management -----

1. General

(a) Board of Directors -----

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The business and affairs of the Fund are managed under the direction of the board of directors.

(b) Investment Adviser

The Fund's investment adviser (the "Adviser") is Duff & Phelps Investment Management Co., 55 East Monroe Street, Chicago, Illinois 60603. The Adviser (together with its predecessor) has been in the investment advisory business for more than 60 years and, excluding the Fund, currently has more than \$7.9 billion in client accounts under discretionary management. The Adviser acts as adviser to two other closed-end investment companies registered under the 1940 Act and as sub-adviser to six open-end investment companies registered under the 1940 Act. The Adviser is a wholly-owned subsidiary of Phoenix Investment Partners, Ltd. ("Phoenix Investment Partners"), which is an indirect,

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wholly-owned subsidiary of Phoenix Home Life Mutual Insurance Company. Prior to May 11, 1998, Phoenix Investment Partners was known as Phoenix Duff & Phelps Corporation. Phoenix Investment Partners, through its subsidiaries, provides investment management, investment research, financial consulting and investment banking services.

The Adviser is responsible for the management of the Fund's investment portfolio, subject to the overall control of the board of directors of the Fund.

Under the terms of an investment advisory agreement between the Fund and the Adviser (the "Advisory Agreement"), the Adviser receives from the Fund a quarterly fee at an annual rate of .60% of the average weekly net asset value of the Fund up to \$1.5 billion and .50% of average weekly net assets in excess of \$1.5 billion. The net assets for each weekly period are determined by averaging the net assets at the end of a week with the net assets at the end of the prior week. For purposes of the foregoing calculation, "net assets" are defined as the sum of (i) the aggregate net asset value of the Fund's common stock, (ii) the aggregate liquidation preference of the Fund's preferred stock and (iii) the aggregate proceeds to the Fund of commercial paper issued by the Fund.

Under the terms of a service agreement among the Adviser, Phoenix Investment Partners, and the Fund (the "Service Agreement"), Phoenix Investment Partners makes available to the Adviser the services, on a part-time basis, of its employees and various facilities to enable the Adviser to perform certain of its obligations to the Fund. However, the obligation of performance under the Advisory Agreement is solely that of the Adviser, for which Phoenix Investment Partners assumes no responsibility, except as described in the preceding sentence. The Adviser reimburses Phoenix Investment Partners for any

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costs, direct or indirect, fairly attributable to the services performed and the facilities provided by Phoenix Investment Partners under the Service Agreement. The Fund does not pay any fees pursuant to the Service Agreement.

(c) Portfolio Management

The Fund's portfolio is managed by Nathan I. Partain and T. Brooks Beittel. Mr. Partain has been responsible for the management of the equity investments in the Fund's portfolio since January 1998. He has been President and Chief Executive Officer of the Fund since February 2001 (Executive Vice President April 1998-February 2001, Chief Investment Officer January 1998-February 2001, Senior Vice President January 1997-April 1998, Assistant Secretary January 1997-February 2001); Executive Vice President, Duff & Phelps Investment Management Co. since January 1997; and Director of Utility Research, Phoenix Investment Partners, Ltd., 1989-1996 (Director of Equity Research, 1993-1996 and Director of Fixed Income Research, 1993). Mr. Beittel has been responsible for the management of the fixed income investments in the Fund's portfolio since April 1994. He has been Secretary, Treasurer and Senior Vice President of the Fund since January 1995; and Senior Vice President, Duff & Phelps Investment Management Co. since 1993 (Vice President 1987-1993).

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(d) Administrator

The Fund's administrator (the "Administrator") is J.J.B. Hilliard, W.L. Lyons, Inc., Hilliard Lyons Center, Louisville, Kentucky 40202. The Administrator is a wholly-owned subsidiary of The PNC Financial Services Group, Inc. Under the terms of an administration agreement (the "Administration Agreement"), the Administrator provides all management and administrative services required in connection with the operation of the Fund not required to be provided by the Adviser pursuant to the Advisory Agreement, as well as the necessary office facilities, equipment and personnel to perform such services. For its services, the Administrator receives from the Fund a quarterly fee at annual rates of .25% of the Fund's average weekly net assets up to \$100 million, .20% of the Fund's average weekly net assets from \$100 million to \$1.0 billion and .10% of average weekly net assets over \$1.0 billion. The net assets for each weekly period are determined by averaging the net assets at the end of a week with the net assets at the end of the prior week. For purposes of the foregoing calculation, "net assets" are defined as the sum of (i) the aggregate net asset value of the Fund's common stock, (ii) the aggregate liquidation preference of the Fund's preferred stock and (iii) the aggregate proceeds to the Fund of commercial paper issued by the Fund.

(e) Custodian

The Fund's custodian is The Bank of New York, Church Street Station, Post Office Box 11258, New York, New York 10286. The transfer agent and dividend disbursing agent for the Fund's common and preferred stock is The Bank of New York, Church Street Station, P.O. Box 11258, New York, New York 10286.

(f) Expenses

The Fund is responsible for all expenses not paid by the Adviser or the Administrator, including brokerage fees.

(g) Affiliated Brokerage

The Fund has paid, and in the future may pay, broker commissions to the Administrator. See Item 21.2.

2. Non-resident Managers.

Not applicable.

3. Control Persons.

The Fund does not consider that any person "controls" the Fund within the meaning of this item. For information concerning the Fund's officers and directors, see Item 18. No person is known by the Fund to own of record or beneficially five percent or more of any class of the Fund's outstanding equity securities.

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Item 10. Capital Stock, Long-Term Debt, and Other Securities

1. Capital Stock.

(a) Common Stock. Holders of common stock, \$.001 par value per share, of the Fund are entitled to dividends when and as declared by the Board of Directors, to one vote per share in the election of Directors (with no right of cumulation), and to equal rights per share in the event of liquidation. They have no preemptive rights. There are no redemption, conversion or sinking fund provisions. The shares are not liable to further calls or to assessment by the Fund.

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(b) Preferred Stock. Holders of preferred stock, \$.001 par value per share, of the Fund are entitled to receive dividends before the holders of the common stock and are entitled to receive the liquidation value of their shares (\$100,000 per share) before any distributions are made to the holders of the common stock, in the event the Fund is ever liquidated. Each share of preferred stock is entitled to one vote per share. The holders of the preferred stock have the right to elect two directors of the Fund at all times and to elect a majority of the directors if at any time dividends on the preferred stock are unpaid for two years. In addition to any approval by the holders of the shares of the Fund that might otherwise be required, the approval of the holders of a majority of the outstanding shares of the preferred stock, voting separately as a class, will be required under the 1940 Act to adopt any plan of reorganization that would adversely affect the holders of preferred stock and to approve, among other things, changes in the Fund's sub-classification as a closed-end investment company, changes in its investment objectives or changes in its fundamental investment restrictions.

Subject to certain restrictions, the Fund may, and under certain circumstances is required to, redeem shares of its preferred stock at a price of \$100,000 per share, plus accumulated but unpaid dividends. The shares of preferred stock are not liable to further calls or to assessment by the Fund. There are no preemptive rights or sinking fund or conversion provisions. The Fund, may, however, upon the occurrence of certain events, authorize the exchange of its current preferred stock on a share-for-share basis for a separate series of authorized but unissued preferred stock having different dividend privileges.

(c) Dividend Reinvestment Plan. Under the Fund's dividend reinvestment plan shareholders may elect to have all dividends and capital gains distributions paid on their common stock automatically reinvested by The Bank of New York, as agent for shareholders, in additional shares of common stock of the Fund. Registered shareholders may participate in the plan. The plan permits a nominee, other than a depository, to participate on behalf of those beneficial owners for whom it is holding shares who elect to participate. However, some nominees may not permit a beneficial owner to participate without transferring the shares into the owner's name. Shareholders who do not elect to participate in the plan will receive all distributions in cash paid by check mailed directly to the shareholder (or, if the shareholder's shares are held in street or other nominee name, then to such shareholder's nominee) by The Bank of New York as dividend disbursing agent. Registered shareholders may also elect to have cash dividends deposited directly into their bank accounts.

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When a dividend or distribution is reinvested under the plan, the number of shares of common stock equivalent to the cash dividend or distribution is determined as follows:

(i) If shares of the common stock are trading at

net asset value or at a premium above net asset value at the valuation date, the Fund issues new shares of common stock at the greater of net asset value or 95% of the then current market price.

(ii) If shares of the common stock are trading at a discount from net asset value at the valuation date, The Bank of New York receives the dividend or distribution in cash and uses it to purchase shares of common stock in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. Shares are allocated to participants' accounts at the average price per share, plus commissions, paid by The Bank of New York for all shares purchased by it. If, before The Bank of New York has completed its purchases, the market price exceeds the net asset value of a share, the average purchase price per share paid by The Bank of New York may exceed the net asset value of the Fund's shares, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund.

The valuation date is the business day immediately preceding the date of payment of the dividend or distribution. On that date, the Administrator compares that day's net asset value per share and the closing price per share on the New York Stock Exchange and determines which of the two alternative procedures described above will be followed.

The reinvestment shares are credited to the participant's plan account in the Fund's stock records maintained by The Bank of New York, including a fractional share to four decimal places. The Bank of New York will send participants written confirmation of all transactions in the participant's plan account, including information participants will need for tax records. Shares held in the participant's plan account have full dividend and voting rights. Dividends and distributions paid on shares held in the participant's plan account will also be reinvested.

The cost of administering the plan is borne by the Fund. There is no brokerage commission on shares issued directly by the Fund. However, participants do pay a pro rata share of brokerage commissions incurred on any open market purchases of shares by The Bank of New York. The automatic reinvestment of dividends and distributions does not relieve participants of any income taxes that may be payable (or required to be withheld) on dividends or distributions.

If the closing market price of shares of the Fund's common stock should be equal to or greater than their net asset value on the valuation date, the participants in the plan would receive shares priced at the higher of net asset value or 95% of the market price. Consequently they would receive more shares at a lower per share price than if they had used the cash distribution to purchase Fund shares on the payment date in the market at the market price plus commission.

If the market price should be less than net asset value on the valuation date, the cash distribution for the plan participants would be used by The Bank of New York to purchase the shares to be received by the participants, which would be at a discount from net asset value unless the market price should rise during the purchase period so that the average price and commission exceeded net asset value as of the payment date. Also, since the Fund does not redeem its shares, the price on resale may be less or more than the net asset value.

Plan participants may purchase additional shares of common stock through the plan by delivering to The Bank of New York a check for at least \$100, but not more than \$5,000, in any month. The Bank of New York will use such funds to purchase shares in the open market or in private transactions. The purchase price of such shares may be more than or less than net asset value per share. The Fund will not issue new shares or supply treasury shares for such voluntary additional share investment. Purchases will be made commencing with the time of the first distribution payment following the second business day after receipt of the funds for additional purchases, and may be aggregated with purchases of shares for reinvestment of the distribution. Shares will be allocated to the accounts of participants purchasing additional shares at the average price per share, plus a service charge of \$2.50 imposed by The Bank of New York and a pro rata share of any brokerage commission (or equivalent purchase costs) paid by The Bank of New York in connection with such purchases. Funds sent to the bank for voluntary additional share reinvestment may be recalled by the participant by written notice received by The Bank of New York not later than two business days before the next dividend payment date. If for any reason a regular monthly dividend is not paid by the Fund, funds for voluntary additional share investment will be returned to the participant, unless the participant specifically directs that such funds continue to be held by The Bank of New York for subsequent investment. Participants will not receive interest on voluntary additional funds held by The Bank of New York pending investment.

A shareholder may leave the plan at any time by written notice to The Bank of New York. To be effective for any given distribution, notice must be received by the Bank at least seven business days before the record date for that distribution. When a shareholder leaves the plan: (i) such shareholder may request that The Bank of New York sell such shareholder's shares held in such shareholder's plan account and send such shareholder a check for the net proceeds (including payment of the value of a fractional share, valued at the closing price of the Fund's common stock on the New York Stock Exchange on the date discontinuance is effective) after deducting The Bank of New York's \$5.00 charge and any brokerage commission (or equivalent sale cost) or (ii) if no request is made, such shareholder will receive a certificate for the number of full shares held in such shareholder's plan account, along with a check for any fractional share interest, valued at the closing price of the Fund's common stock on the New York Stock Exchange on the date discontinuance is effective. If and when it is determined that the only balance remaining in a

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shareholder's plan account is a fraction of a single share, such shareholder's participation will be deemed to have terminated, and The Bank of New York will send to such shareholder a check for the value of such fractional share, valued at the closing price of the Fund's common stock on the New York Stock Exchange on the date discontinuance is effective.

The Fund may change, suspend or terminate the plan at any time upon mailing a notice to participants.

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For more information regarding, and an authorization form for, the dividend reinvestment plan, please contact The Bank of New York at 1-877-381-2537.

(d) Capital Gains Distribution Reinvestment Plan. Unless otherwise indicated by a holder of shares of common stock of the Fund that does not participate in the Fund's dividend reinvestment plan, all distributions in respect of capital gains distributions on shares of common stock held by such holder will be automatically invested by The Bank of New York, as agent of the common shareholders participating in the plan, in additional shares of common stock of the Fund. Distributions in respect of capital gains distributions on shares of common stock that participate in the Fund's dividend reinvestment plan will be reinvested in accordance with the terms of such plan.

In any year in which the Fund declares a capital gains distribution, the Fund after the declaration of such dividend and prior to its payment, will provide to each registered holder of Fund common stock that does not participate in the Fund's dividend reinvestment plan a cash election card. A registered shareholder may elect to receive cash in lieu of shares in respect of a capital gains distribution by signing the cash election card in the name(s) of the registered shareholder(s), and mailing the card to The Bank of New York.

If a holder's shares of common stock, or some of them, are registered in the name of a broker or other nominee, and the holder wishes to receive a capital gains distribution in cash in lieu of shares of common stock, such shareholder must exercise that election through its nominee (including any depositor of shares held in a securities depository).

When a distribution is reinvested under the plan, the number of reinvestment shares is determined as follows:

(i) If, at the time of valuation, the shares are being traded in the securities markets at net asset value or at a premium over net asset value, the reinvestment shares are obtained by The Bank of New York directly from the Fund, at a price equal to the

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greater of net asset value or 95% of the then current market price, without any brokerage commissions (or equivalent purchase costs).

(ii) If, at the time of valuation, the shares are being traded in the securities markets at a discount from net asset value, The Bank of New York receives the distribution in cash, and uses it to purchase shares in the open market, including on the New York Stock Exchange, or in private purchases. Shares of common stock are allocated to participants at the average price per share, plus any brokerage commissions (or equivalent transaction costs), paid by The Bank of New York for all shares purchased by it in reinvestment of the distribution(s) paid on a particular day.

The time of valuation is the close of trading on the New York Stock Exchange on the most recent day preceding the date of payment of the dividend or distribution on which that exchange is open for trading. As of that time, the Administrator compares the net asset value per share as of the time of the close of trading on the New York Stock Exchange on that day and the last reported sale price per share on the New York Stock Exchange, and determines which of the alternative procedures described above are to be followed.

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If as of any day on which the last reported sale price of the Fund's shares on the New York Stock Exchange is required to be determined pursuant to this plan, no sales of the shares are reported on that exchange, the mean of the bid prices and of the asked prices on that exchange as of the time of the close of trading on the exchange will be substituted.

No certificates will be issued representing fractional shares, nor will The Bank of New York purchase fractional shares in the market. The Bank of New York will send to all registered holders of common stock that do not participate in the Fund's dividend reinvestment plan certificates for all shares of common stock purchased or issued pursuant to the capital gains distribution plan and cash in lieu of fractional shares of common stock.

The Fund may change, suspend or terminate the plan at any time upon mailing a notice to participants.

(e) Anti-takeover provisions of charter and bylaws. The Fund's charter includes provisions that could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board of Directors and could have the effect of depriving shareholders of an opportunity to sell their

shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. The Board of Directors is divided into three classes, each having a term of three years. At each annual meeting of shareholders, the term of one class will expire. This provision could delay for up to two years the replacement of a majority of the Board of Directors. A Director may be removed from office only by vote of the holders of at least 75% of the shares of preferred stock or of common stock, as the case may be, entitled to be voted on the matter.

The Fund's charter requires the favorable vote of the holders of at least 75% of the shares of preferred stock and common stock of the Fund entitled to be voted on the matter, voting together as a single class, to approve, adopt or authorize the following:

(i) a merger or consolidation of the Fund with another corporation,

(ii) a sale of all or substantially all of the Fund's assets (other than in the regular course of the Fund's investment activities), or

(iii) a liquidation or dissolution of the Fund, unless such action has been approved, adopted or authorized by the affirmative vote of two-thirds of the total number of directors fixed in accordance with the bylaws, in which case the affirmative vote of the holders of a majority of the outstanding shares of preferred stock and common stock entitled to be voted on the matter, voting together as a single class, is required.

In addition, the holders of a majority of the outstanding shares of the preferred stock, voting separately as a class, would be required under the 1940 Act to adopt any plan of reorganization that would adversely affect the holders of the preferred stock.

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Finally, conversion of the Fund to an open-end investment company would require an amendment to the charter. Such an amendment would require the favorable vote of the holders of a majority of the shares of preferred stock and common stock entitled to be voted on the matter voting separately by class. At any time, the amendment would have to be declared advisable by the Board of Directors prior to its submission to shareholders. Shareholders of an open-end investment company may require the company to redeem their shares of common stock at any time (except in certain circumstances as authorized by or under the 1940 Act) at their net asset

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value, less such redemption charge, if any, as might be in effect at the time of a redemption. In addition, conversion to an open-end investment company would require redemption of all outstanding shares of the preferred stock.

The Board of Directors has determined that the 75% voting requirements described above, which are greater than the minimum requirements under Maryland law or the 1940 Act, are in the best interests of shareholders generally. Reference should be made to the charter on file with the Securities and Exchange Commission (the "SEC") for the full text of these provisions.

2. Long-Term Debt.

Not applicable.

3. General

Not applicable.

4. Taxes. The Fund intends to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as it has in each year since the inception of its operations, so as to be relieved of Federal income tax on net investment income and net capital gains distributed to shareholders.

Dividends paid by the Fund from its ordinary income and distributions of the Fund's net realized short-term capital gains are taxable to shareholders as ordinary income. Shareholders may be proportionately liable for taxes on income and gains of the Fund but shareholders not subject to tax on their income will not be required to pay tax on amounts distributed to them. The Fund will inform shareholders of the amount and nature of the income or gains. Dividends from ordinary income may be eligible for the dividends-received deduction available to corporate shareholders. Under its charter, the Fund is required to designate dividends paid on its preferred stock as qualifying for the dividends-received deduction to the extent such dividends do not exceed the Fund's qualifying income. In the event the Fund is required to allocate all of its qualifying income to dividends on the preferred stock, dividends payable on the common stock will not be eligible for the dividends-received deduction. Any distributions attributable to the Fund's net realized long-term capital gains are taxable to shareholders as long-term capital gains, regardless of the holding period of shares of the Fund.

The Fund intends to distribute substantially all its net investment income and net realized capital gains in the year earned or realized. A dividend reinvestment plan is available to all holders of common stock of the Fund. Under the dividend reinvestment plan, all cash distributions to participating shareholders are reinvested in additional shares of common stock. See Item 10.1(c).

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5. Outstanding Securities

(1) Title of Class -----	(2) Amount Authorized -----	(3) Amount Held by the Fund or for its Account -----	(4) Amount Outstanding at 3/31/2001 Exclusive of Amount Shown Under (3) -----
Common, \$.001 par value	250,000,000	-0-	211,622,795
Preferred, \$.001 par value	100,000,000	-0-	5,000

6. Securities Ratings.

Not applicable.

Item 11. Defaults and Arrears on Senior Securities

Not applicable.

Item 12. Legal Proceedings

There are no pending legal proceedings to which the Fund, any subsidiary of the Fund, or the Adviser is a party.

Item 13. Table of Contents of the Statement of Additional Information

Not applicable.

PART B INFORMATION REQUIRED IN A STATEMENT OF ADDITIONAL INFORMATION

Item 14. Cover Page

Not applicable.

Item 15. Table of Contents

Not applicable.

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Item 16. General Information and History

During the past five years, the Fund has not engaged in any business other than that of an investment company and has not been the subject of any bankruptcy, receivership or similar proceedings, or any other material reorganization, readjustment or succession. The Fund's name was changed from Duff & Phelps Selected Utilities Inc. on November 1, 1990.

Item 17. Investment Objective and Policies

1. See Item 8.2.
2. See Item 8.2.
3. See Item 8.2.

4. The Fund's portfolio turnover rate was 229.70% in 2000, 223.78% in 1999 and 251.19% in 1998. During the last two fiscal years, the Fund's portfolio turnover rate has been influenced by a number of factors: (i) the Fund's proactive response to changes in the telecommunications, gas and electric industries, which response includes the use of dividend captures; and (ii) changes in the Fund's international portfolio designed to benefit from capital gain opportunities that were able to be offset by available loss carryovers.

Item 18. Management

- 1.

Name, Address and Age

Position(s) Held With the Fund

Principal Occupation(s) During Past 5 Years

Claire V. Hansen (1) (2)
55 East Monroe Street
Chicago, Illinois 60603
Age: 75

Chairman and Director

Senior Advisor to the Board of Directors, Phoenix Investment Partners, Ltd. since November 1995; President and Chief Executive Officer of the Fund, January 2000-February 2001; Senior Advisor to the Board of Directors of Duff & Phelps Corporation, 1988-November 1995 (Chairman of the Board, 1987-1988; Chairman of the Board and Chief Executive Officer prior thereto); Chairman of the Board of Duff Research Inc. and Duff & Phelps Investment Management Co., 1985-1987

Wallace B. Behnke(3)
323 Glen Eagle
Kiawah Island,
South Carolina 29455
Age: 75

Director

Consulting engineer since July 1989; prior thereto, Vice Chairman, Commonwealth Edison Company (public utility)

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Name, Address and Age -----	Position(s) Held With the Fund -----	Principal Occupation(s) During Past 5 Years -----
Harry J. Bruce(3) 1630 Sheridan Road Wilmette, Illinois 60091 Age: 69	Director	Private investor; former Chairman and Chief Executive Officer, Illinois Central Railroad
Franklin A. Cole(2) 54 West Hubbard Street Chicago, Illinois 60610. Age: 74	Director	Chairman, Croesus Corporation (private management and investment company); former Chairman and Chief Executive Officer, Amerifin Corporation (formerly named Wall E. Heller International Corporation); director, Aon Corporation and CNA Income Shares
Gordon B. Davidson Citizens Plaza Louisville, Kentucky 40202 Age: 74	Director	Of Counsel, Wyatt, Tarrant & Combs (law firm) since September 1995 (Chairman of the Executive Committee prior thereto); retired director, BellSouth Corp.; former Chairman of the Board and director, Trans Financial Advisers, Inc.
Robert J. Genetski (4) 195 North Harbor Drive Chicago, Illinois 60601 Age: 58	Director	President, Robert J. Genetski & Associates (economic and financial consulting firm) since 1991; former Senior Vice President and Chief Economist, Harris Trust & Savings Bank; author of several books; regular contributor to Nikkei Financial Daily
Francis E. Jeffries (1)(2) 8477 Bay Colony Drive Naples, Florida 34108 Age: 70	Director	Retired Chairman, Phoenix Investment Partners Ltd. since May 1997 (Chairman, November 1995-May 1997); Chairman and Chief Executive Officer, Duff & Phelps Corporation June 1993-November 1995 (President and Chief Executive Officer, January 1992-June 1993); President and Chief Executive Officer, Duff & Phelps Illinois Inc. since 1987 (President and Chief Operating Officer, 1984-1987) and Chairman of the Board, Duff & Phelps Investment Management Co. (1988-1993); former director, The Empire District Electric Company; Duff & Phelps Utilities Tax-Free Income Trust and Duff & Phelps Utility and Corporate Trust Inc.; director/trustee, Phoenix Financial

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Name, Address and Age -----	Position(s) Held With the Fund	Principal Occupation(s) During Past 5 Years
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<p>Nancy Lampton(4) 3 Riverfront Plaza Louisville, Kentucky 40202 Age: 58</p>	<p>Director</p>	<p>Chairman and Chief Executive Office Hardscuffle Inc. (insurance holding and Chairman and Chief Executive Of American Life and Accident Insuranc Company of Kentucky; director, Cons Energy Group, Inc.</p>
<p>David J. Vitale(3) 141 West Jackson Boulevard Chicago, Illinois 60604 Age: 54</p>	<p>Director</p>	<p>President and Chief Executive Offic Trade of the City of Chicago, Inc. 2001; Retired bank executive 1999-2 Chairman and Director, Bank One Cor 1998-1999; Vice Chairman and Direct Chicago NBD Corporation, and Presid First National Bank of Chicago, 199 Vice Chairman, First Chicago Corpor The First National Bank of Chicago (Director 1992-1998, Executive Vice 1986-1993); Director, CNA Income Sh Ariel Capital Management, Inc.; Ark Management, Wheels Inc.</p>
<p>Nathan I. Partain 55 East Monroe Street Chicago, Illinois 60603 Age: 44</p>	<p>President and Chief Executive Officer</p>	<p>President and Chief Executive Offic Fund since February 2001 (Executive President April 1998-February 2001, Investment Officer January 1998-Feb 2001, Senior Vice President January 1998, Assistant Secretary January 1 February 2001); Executive Vice Pres & Phelps Investment Management Co. January 1997; Director of Utility R Phoenix Investment Partners, Ltd., (Director of Equity Research, 1993- Director of Fixed Income Research, director, Otter Tail Power Company</p>
<p>T. Brooks Beittel 55 East Monroe Street Chicago, Illinois 60603 Age: 51</p>	<p>Secretary, Treasurer and Senior Vice President</p>	<p>Secretary, Treasurer and Senior Vic of the Fund since January 1995; Sen President, Duff & Phelps Investment Management Co. since 1993 (Vice Pre 1987-1993)</p>

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Name, Address and Age -----	Position(s) Held With the Fund -----	Principal Occupation(s) During Past 5 Years -----
<p>Michael Schatt 55 East Monroe Street Chicago, Illinois 60603 Age: 54</p>	<p>Senior Vice President</p>	<p>Senior Vice President of the Fund s 1998 (Vice President January 1997-A Senior Vice President, Duff & Phelp Investment Management Co. since Jan</p>

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Joseph C. Curry, Jr.
 Hilliard Lyons Center
 Louisville, Kentucky 40202
 Age: 56

Vice President

1997; Managing Director, Phoenix In Partners, Ltd., 1994-1996; Self-employed consultant, 1994; Director of Real Advisory Practice, Coopers & Lybrand 1990-1994

Vice President of the Fund since 1994 (Vice President 1982-1994); Vice President, J.J.B. Hilliard, W. Hilliard Lyons Trust Company; President, Hilliard-Lyons Government Fund, Inc.; Treasurer and Secretary, Hilliard Lyons Growth Fund, Inc.; Treasurer, Senba

Dianna P. Wengler
 Hilliard Lyons Center
 Louisville, Kentucky 40202
 Age: 40

Assistant Secretary

Assistant Secretary of the Fund since 1988; Vice President, J.J.B. Hilliard Lyons, Inc. since 1990; Vice President, Hilliard-Lyons Government Fund, Inc.; Assistant Secretary, Hilliard Lyons Growth Fund, Inc.

- (1) Director who is an "interested person" of the Fund, as defined in the 1940 Act.
- (2) Member of Executive Committee of the Board of Directors, which has authority, with certain exceptions, to exercise the powers of the Board between Board meetings.
- (3) Member of the Audit Committee of the Board of Directors.
- (4) Director elected by holders of preferred stock.
 - 2. Included in Item 18.1.
 - 3. Not applicable.
 - 4. The Fund has not paid an amount in excess of \$60,000 during 2000 to any director, officer, any affiliated person of the Fund, any affiliated person of an affiliate or principal underwriter of the Fund.

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The following table shows the compensation paid by the Fund to the Fund's current directors during 2000:

COMPENSATION TABLE (1) (2)

Aggregate
 Compensation
 from the

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Name of Director	Fund
Wallace B. Behnke.....	\$31,000
Harry J. Bruce.....	28,000
Franklin A. Cole.....	32,000
Gordon B. Davidson.....	36,000
Robert J. Genetski (3).....	0
Claire V. Hansen.....	0
Francis E. Jeffries (2).....	29,500
Nancy Lampton.....	31,000
David J. Vitale.....	23,625

-
- (1) Each director not affiliated with the Adviser receives an annual fee of \$22,500 (and an additional \$3,000 if the director serves as chairman of a committee of the board of directors) plus an attendance fee of \$1,500 for each meeting of the board of directors and \$1,000 for each meeting of a committee of the board of directors attended in person or by telephone. Directors and officers affiliated with the Adviser or the Administrator receive no compensation from the Fund for their services as such. In addition to the amounts shown in the table above, all directors and officers who are not affiliated with the Adviser or the Administrator are reimbursed for the expenses incurred by them in connection with their attendance at a meeting of the board of directors or a committee of the board of directors. The Fund does not have a pension or retirement plan applicable to directors or officers of the Fund.
- (2) During 2000, Mr. Jeffries received aggregate compensation of \$76,500 for service as a director of the Fund and as a director of two other investment companies in the same fund complex as the Fund. No other director received compensation for service as a director of any other investment company in the same fund complex as the Fund.
- (3) Mr. Genetski was elected a director of the Fund on April 24, 2001 and consequently received no compensation from the Fund during 2000.
5. Codes of Ethics. Each of the Fund and the Adviser has adopted an Amended and Restated Code of Ethics (collectively, the "Codes") under Rule 17j-1 of the 1940 Act. The Codes impose significant restrictions on the ability of personnel subject to the Codes to engage in personal securities transactions. Among other things, the Codes generally prohibit covered personnel from knowingly buying or selling securities (except for mutual funds, U.S. government securities and money market instruments) that are being purchased, sold or considered for purchase or sale by the Fund unless the proposed purchases are approved in advance by the Adviser's compliance officer. The Codes also contain certain reporting requirements and compliance procedures. The Codes can be reviewed and copied

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at the Public Reference Room of the SEC in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-942-8090. The Codes are also available at the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. Copies of the Codes may also be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102. The SEC file number for documents filed by the Fund under the 1940 Act is 811-4915.

Item 19. Control Persons and Principal Holders of Securities

1. The Fund does not consider that any person "controls" the Fund within the meaning of this item. For information concerning the Fund's officers and directors, see Item 18.
2. No person is known by the Fund to own of record or beneficially five percent or more of any class of the Fund's outstanding equity securities.
3. As of December 31, 2000, the officers and directors of the Fund owned in the aggregate 245,748 shares of Common Stock, representing less than 1% of the Fund's outstanding Common Stock.

Item 20. Investment Advisory and Other Services

1. The Adviser is a wholly-owned subsidiary of Phoenix Investment Partners, which is an indirect, majority-owned subsidiary of Phoenix Home Life Mutual Insurance Company. The Phoenix Investment Partners organization has provided investment research regarding public utility securities since its founding in 1932. Phoenix Investment Partners is one of the nation's largest independent investment research organizations, providing equity and fixed-income investment research to institutional investors. Through other subsidiaries it provides financial consulting and investment banking services. See Item 18 for the names and capacities of affiliated persons of the Fund who are also affiliated persons of the Adviser.

For a discussion of the method of calculating the advisory fee under the Advisory Agreement, see Item 9.1(b). The investment advisory fees paid by the Fund totaled \$14,719,244 in 2000, \$14,839,366 in 1999 and \$14,713,237 in 1998.

2. See Item 9.1(b) for a discussion of the Service Agreement.
3. No fees, expenses or costs of the Fund were paid by persons other than the Adviser or the Fund.
4. See Item 9.1 (d) for a discussion of the Administration Agreement. The administrative fees paid by the Fund totaled \$3,693,849 in 2000, \$3,717,873 in 1999 and \$3,692,647 in 1998.
5. Not applicable.
6. See Item 9.1 (e).
7. The Fund's independent public accountant is Arthur Andersen LLP.

8. Not applicable.

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Item 21. Brokerage Allocation and Other Practices

1. The Adviser has discretion to select brokers and dealers to execute portfolio transactions initiated by the Adviser. The Fund paid brokerage commissions in the aggregate amount of \$7,158,821, \$8,510,655 and \$9,040,180 during 2000, 1999 and 1998, respectively, not including the gross underwriting spread on securities purchased in underwritten public offerings.

2. The Administrator received \$0, \$0 and \$5,750 or approximately 0%, 0% and 0.06% of total brokerage commissions in 2000, 1999 and 1998, respectively, for effecting transactions involving approximately 0.0%, 0.0% and 0.04% of the aggregate dollar amount of transactions in which the Fund paid brokerage commissions. The differences between the respective percentages of brokerage commissions paid to the Administrator and the corresponding percentages of aggregate dollar amount of transactions in which the Fund paid brokerage commissions resulted from the fact that the Fund generally pays a fixed commission per share of common stock, regardless of the price paid for a particular share.

3. In selecting brokers or dealers to execute portfolio transactions and in evaluating the best net price and execution available, the Adviser is authorized to consider "brokerage and research services" (as those terms are defined in Section 28(e) of the Securities Exchange Act of 1934), statistical quotations, specifically the quotations necessary to determine the Fund's net asset value, and other information provided to the Fund and/or to the Adviser (or their affiliates). The Adviser is also authorized to cause the Fund to pay to a broker or dealer who provides such brokerage and research services a commission for executing a portfolio transaction which is in excess of the amount of commission another broker or dealer would have charged for effecting that transaction. The Adviser must determine in good faith, however, that such commission was reasonable in relation to the value of the brokerage and research services provided, viewed in terms of that particular transaction or in terms of all the accounts over which the Adviser exercises investment discretion. It is possible that certain of the services received by the Adviser attributable to a particular transaction will benefit one or more other accounts for which investment discretion is exercised by the Adviser.

4. Neither the Fund nor the Adviser, during the last fiscal year, pursuant to an agreement or understanding with a broker or otherwise through an internal allocation procedure, directed the Fund's brokerage transactions to a broker or brokers because of research services.

5. The Fund has not acquired during its most recent fiscal year securities of its regular brokers or dealers as defined in Rule

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10b-1 under the 1940 Act, or their parents.

Item 22. Tax Status

The Fund intends to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as it has in each year since the inception of its operations, so as to be relieved of Federal income tax on net investment income and net capital gains distributed to shareholders.

Dividends paid by the Fund from its ordinary income and distributions of the Fund's net realized short-term capital gains are taxable to shareholders as ordinary income. Dividends from ordinary income

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may be eligible for the dividends-received deduction available to corporate shareholders. Under its charter, the Fund is required to designate dividends paid on its preferred stock as qualifying for the dividends-received deduction to the extent such dividends do not exceed the Fund's qualifying income. In the event the Fund is required to allocate all of its qualifying income to dividends on the preferred stock, dividends payable on the common stock will not be eligible for the dividends-received deduction. Any distributions attributable to the Fund's net realized long-term capital gains are taxable to shareholders as long-term capital gains, regardless of the holding period of shares of the Fund.

The Fund intends to distribute substantially all its net investment income and net realized capital gains in the year earned or realized. A dividend reinvestment plan is available to all holders of common stock of the Fund. Under the dividend reinvestment plan, all cash distributions to participating shareholders are reinvested in additional shares of common stock. See Item 10.1(c).

As of December 31, 2000, the Fund had tax capital loss carryforwards of \$79,152,839 which expire beginning on December 31, 2003.

Item 23. Financial Statements

The financial statements listed below are incorporated herein by reference from the Fund's Annual Report to Shareholders for the year ended December 31, 2000 as filed on Form N-30D with the Securities and Exchange Commission on February 28, 2001 (no. 811-4915). All other portions of the Annual Report to Shareholders are not incorporated herein by reference and are not part of the Registration Statement. A copy of the Annual Report to Shareholders may be obtained without charge by writing to the Fund at its address at 55 East Monroe Street, Chicago, Illinois 60603 or by calling the Administrator toll-free at 888-878-7845.

- Report of independent public accountants
- Schedule of Investments at December 31, 2000
- Balance Sheet at December 31, 2000

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- Statement of Operations for the year ended December 31, 2000
- Statement of Changes in Net Assets for the years ended December 31, 2000 and 1999
- Statement of Cash Flows for the year ended December 31, 2000
- Notes to Financial Statements
- Financial Highlights - Selected Per Share Data and Ratios

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PART C OTHER INFORMATION

Item 24. Financial Statements and Exhibits

1. Financial Statements

In Part B:

Report of independent public accountants

Schedule of Investments at December 31, 2000

Balance Sheet at December 31, 2000

Statement of Operations for the year ended December 31, 2000

Statement of Changes in Net Assets for the years ended December 31, 2000 and 1999

Statement of Cash Flows for the year ended December 31, 2000

Notes to Financial Statements

Financial Highlights - Selected Per Share Data and Ratios

In Part C:

None

2. Exhibits

a.1 Articles of Incorporation (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement under the Investment Company Act of 1940 on Form N-2, no. 811-4915)

a.2 Amendment to Articles of Incorporation (Incorporated by reference from post-effective amendment no. 38 to

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Registrant's registration statement on Form N-2, no. 811-4915)

- a.3 Second Amendment to Articles of Incorporation (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement on Form N-2, no. 811-4915)
- a.4 Form of Articles Supplementary creating Remarketed Preferred Stock, Series A, B, C, D and E (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement on Form N-2, no. 811-4915)

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- a.5 Form of Articles Supplementary creating Remarketed Preferred Stock, Series I (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement on Form N-2, no. 811-4915)
- a.6 Third Amendment to Articles of Incorporation (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement on Form N-2, no. 811-4915)
- a.7 Fourth Amendment to Articles of Incorporation (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement on Form N-2, no. 811-4915)
- a.8 Fifth Amendment to Articles of Incorporation (Incorporated by reference from post-effective amendment no. 38 to Registrant's registration statement on Form N-2, no. 811-4915)
- b. Bylaws (as amended through July 29, 1998) (Incorporated by reference from post-effective amendment no. 40 to Registrant's registration statement on Form N-2, no. 811-4915)
- c. None
- d.1 Specimen common stock certificate (Incorporated by reference from Registrant's registration statement on Form N-2, no. 33-10421)
- d.2 Form of certificate of Remarketed Preferred Stock, Series A (Incorporated by reference from pre-effective amendment no. 2 to Registrant's registration statement on Form N-2, no. 33-22933)
- d.3 Form of certificate of Remarketed Preferred Stock, Series B (Incorporated by reference from pre-effective amendment no. 1 to Registrant's registration statement

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on Form N-2, no. 33-24101)

- d.4 Form of certificate of Remarketed Preferred Stock, Series C (Incorporated by reference from pre-effective amendment no. 1 to Registrant's registration statement on Form N-2, no. 33-24100)
- d.5 Form of certificate of Remarketed Preferred Stock, Series D (Incorporated by reference from pre-effective amendment no. 1 to Registrant's registration statement on Form N-2, no. 33-24102)
- d.6 Form of certificate of Remarketed Preferred Stock, Series E (Incorporated by reference from pre-effective amendment no. 1 to Registrant's registration statement on Form N-2, no. 33-24099)
- d.7 Form of certificate of Remarketed Preferred Stock, Series I (Incorporated by reference from pre-effective amendment no. 2 to Registrant's registration statement on Form N-2, no. 33-22933)

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- e. None
- f. None
- g.1 Investment Advisory Agreement (Incorporated by reference from post-effective amendment no. 39 to Registrant's registration statement under the Investment Company Act of 1940 on Form N-2, no. 811-4915)
- g.2 Service Agreement (Incorporated by reference from post-effective amendment no.39 to Registrant's registration statement under the Investment Company Act of 1940 on Form N-2, no. 811-4915)
- g.3 Administration Agreement (Incorporated by reference from post-effective amendment no. 39 to Registrant's registration statement under the Investment Company Act of 1940 on Form N-2, no. 811-4915)
- h. Not applicable
- i. Not applicable
- j. Custodian agreement (Incorporated by reference from Registrant's registration statement on Form N-2, no. 33-10421)
- k.1 Loan agreement (Incorporated by reference from Registrant's registration statement on Form N-2, no. 33-10421)
- k.2 Amendment dated November 15, 1988 to Loan Agreement (Incorporated by reference from post-effective

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amendment no. 1 to Registrant's registration statement on Form N-2, no. 33-20433)

- k.3 Form of Remarketing Agreement (Incorporated by reference from pre-effective amendment no. 3 to Registrant's registration statement on Form N-2, no. 33-22933)
- k.4 Form of Paying Agent Agreement (Incorporated by reference from pre-effective amendment no. 3 to Registrant's registration statement on Form N-2, no. 33-22933)
- l. Not applicable
- m. Not applicable
- n. Not applicable
- o. Not applicable
- p. Subscription Agreement for initial capital (Incorporated by reference from Registrant's registration statement on Form N-2, no. 33-10421)
- q. Not applicable

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- r.1 Amended and Restated Code of Ethics of Registrant (Incorporated by reference from post-effective amendment no. 41 to Registrant's registration statement on Form N-2, no. 811-4915)
- r.2 Amended and Restated Code of Ethics of Duff & Phelps Investment Management Co. (investment adviser to Registrant) (Incorporated by reference from post-effective amendment no. 41 to Registrant's registration statement on Form N-2, no. 811-4915)

Item 25. Marketing Arrangements

Not applicable.

Item 26. Other Expenses of Issuance and Distribution

Not applicable.

Item 27. Persons Controlled by or Under Common Control

The Fund does not consider that it is controlled, directly or indirectly, by any person. The information on Item 20 is incorporated by reference.

Item 28. Number of Holders of Securities

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Title of Class -----	Number of Record Holders March 31, 2001 -----
Common Stock, \$.001 par value	30,027
Preferred Stock, \$.001 par value	1

Item 29. Indemnification

Section 2-418 of the General Corporation Law of Maryland authorizes the indemnification of directors and officers of Maryland corporations under specified circumstances.

Article Ninth of the Articles of Incorporation (Exhibit 1.1 to the Registrant's registration statement no. 33-10421, which is incorporated by reference) provides that the Registrant shall indemnify its directors and officers under specified circumstances; the provision contains the exclusion required by section 17(h) of the Investment Company Act of 1940.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "1933 Act") may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred

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or paid by a director, officer or controlling person in connection with the securities being registered), the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

The Registrant, its directors and officers, the Adviser and persons affiliated with them are insured under a policy of insurance maintained by the Registrant and the Adviser, within the limits and subject to the limitations of the policy, against certain expenses in connection with the defense of actions, suits or proceedings and certain liabilities that might be imposed as a result of such actions, suits or proceedings, to which they are parties by reason of being or having been such directors or officers. The policy expressly excludes coverage for any director or officer whose personal dishonesty, fraudulent breach of trust, lack of good faith, or intention to deceive or defraud has been finally adjudicated or may be established or who willfully fails to act prudently.

Item 30. Business and Other Connections of Investment Adviser

Neither Duff & Phelps Investment Management Co., nor any of its

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directors or executive officers, has at any time during the past two years been engaged in any other business, profession, vocation or employment of a substantial nature either for its or his own account or in the capacity of director, officer, employee, partner or trustee, except as indicated in this Registration Statement.

Item 31. Location of Accounts and Records

All accounts, books and other documents required to be maintained by Section 31 (a) of the Investment Company Act of 1940 and the Rules promulgated thereunder are maintained at the offices of the Fund (55 East Monroe Street, Chicago, Illinois 60603), the Adviser, the Administrator and the Fund's custodian and transfer agents. See Items 9.1(b), 9.1(d) and 9.1(e) for the addresses of the Adviser, the Administrator and the Fund's custodian and transfer agents.

Item 32. Management Services

Not applicable.

Item 33. Undertakings

Not applicable.

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SIGNATURE

Pursuant to the requirements of the Investment Company Act of 1940, the Registrant has duly caused this amendment to its registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, and State of Illinois, on April 27, 2001.

DUFF & PHELPS UTILITIES INCOME INC.

By /s/ Nathan I. Partain

Nathan I. Partain
President and Chief Executive Officer

