

DUFF & PHELPS UTILITIES INCOME INC

Form N-30D

February 27, 2002

Dear Fellow Shareholders:

Performance Review: We are very pleased to report that your Fund had a total return (market price change plus income) of 13.67% for 2001. This compares favorably to the -21.24% average return reported by Lipper for Utility Funds, -5.64% for Equity Income Funds, -39.22% for Telecommunications Funds, and -11.88% for the Standard and Poor's 500 Index. The Fund, whose portfolio contains approximately 25% bonds, also surpassed the Lehman Brothers Utility Bond Index, which had a 5.85% annual total return.

In pursuit of its objective of current income, the Fund declared twelve monthly 6.5 cent per share dividends during 2001, plus an extra one cent per share in the final dividend of the year. This was the eleventh "extra" dividend in the last fourteen years. The 6.5 cent per share monthly rate, without compounding, would be 78 cents annualized or a 7.05% common stock dividend yield based on the December 31, 2001 closing price of \$11.06 per share. That yield compares favorably with the 2001 year-end yield of 4.06% for the Dow Jones Utility Index and 3.83% for the S&P Utilities Index.

The negative returns of the indexes cited above indicate that it was a difficult year for many investors. The economy entered a recession in March 2001, as determined by the National Bureau of Economic Research, ushered in partially by large cutbacks in capital equipment spending on technology and communications, and intensified by the economic impact of the September 11 New York City terrorist attacks. The collapse of Enron's share price to pennies was the year's bleak "Christmas gift" to some investors. The comparatively superior return of your Fund indicates, in part, that investments not made can be as important as investments made.

In response to economic weakness, the Federal Reserve executed a program of rapid interest rate reductions during 2001. The federal funds interest rate was lowered 475 basis points in 11 steps to 1.75%. Although there may not be more interest rate reductions to come, we believe that the monetary policy initiatives already in place, combined with modest current federal tax cuts and increased spending, should support the domestic economy in an upward path in 2002.

Even with a more robust economy, there will be plenty of challenges ahead for investors. To prepare for the challenges, Fund analysts prepare annual industry reviews and outlooks. Following are highlights from those reviews.

Electric Utilities--Regulation and Yield Make A Comeback: The past year was one of turmoil for the electric utility industry. Several factors dampened investor enthusiasm and garnered negative press for the sector. Nonetheless, we believe that industry turmoil will be resolved and investors will benefit. We expect that electric companies will be financially stronger and their managements focused on the successful execution of more modest business plans.

After reaching record highs in 2000, electric power prices plummeted in 2001 in response to weaker demand and increased supply. The summer cooling and fall heating seasons of 2001 were milder than normal throughout most of the country. The mild weather, coupled with the economic downturn, resulted in weak demand for electricity. As demand was weakening, the industry was also experiencing the largest increase in supply in many years. During the year, over 40,000 megawatts of new generating capacity entered service. Although weaker power prices were good for companies with regulated distribution operations, they were negative for those companies that had excess unregulated generation

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

capacity to sell in the open wholesale market.

During 2001, the fallout from the California power crisis continued, as many states slowed-down, stopped, or reversed deregulation efforts. Given this California inspired deregulatory reticence, as well as the potential political ramifications from the ongoing Enron investigations, we expect that regulators and legislators in other states and at the federal level will have little taste for pursuing industry deregulation initiatives. As the appetite for deregulation has faded, so has investor perception of the growth prospects of companies focusing on unregulated operations, negatively impacting their common stock valuations. However, we believe the returns that can be earned on regulated operations are relatively attractive.

The Enron investigations are far from over and the outcome uncertain. But there are positive implications for the power industry. Companies are enhancing their credit strength and increasing accounting disclosure of power marketing and trading operations. In addition, many companies have abandoned aggressive earnings growth targets and are focusing on moderate earnings growth with yield. Over the last several years the average dividend payout ratio (that portion of earnings paid out as dividends) for the electric sector has fallen from nearly 80% to just over 40%. Given the lessons learned from the recent past, more companies appear to be gravitating back to strategies that include an emphasis on dividends, as opposed to being singularly focused on nonregulated earnings growth.

Gas, What A Difference A Year Makes! The price of natural gas and prices of many natural gas utility stocks fell significantly in 2001 after surging during the California crisis. The economic slowdown, record gas storage injections, a cool summer and a warm winter, calamity in California, and the Enron meltdown fed the "perfect storm".

Gas local distribution companies (LDC's), with less commodity price risk, led performance in 2001, declining "only" about 8% but outperforming the S&P 500's 13% decline. Energy merchant company stocks suffered from guilt by association with Enron, incurring double-digit declines in 2001 after a spectacular year in 2000. Common stock prices of Dynegy Inc. were down nearly 55%, El Paso Corporation declined nearly 40%, and The Williams Companies, Inc. lost over 30% in 2001. The worst performer of all, Enron Corp., filed for bankruptcy in the fourth quarter after a number of income and debt-related disclosures, an aborted merger agreement with Dynegy Inc., and credit downgrades of company debt to "junk" status.

Looking ahead from a gas supply and demand standpoint, gas prices are likely to remain subdued. Unless weather during the remainder of winter is closer to or colder than normal, gas storage levels will be relatively high at the end of the heating season. An emergent economic recovery will keep demand in check. Consumers focused on conservation during the 2000/2001 winter, due to exceptionally high gas prices. This frugality has persisted even as gas prices have fallen. On the other hand, production is declining in response to lower prices, bringing long-term supply into better balance with demand.

It is likely that a steady stream of additional financial disclosures, as well as Congressional and other investigations of Enron, its executives, its financial practices, and its independent public accountants, will keep gas utilities from being boring again in 2002. The merchant energy group will likely be the most sensitive to industry developments while gas distribution companies should be less impacted. Over the past year, we have concentrated the portfolio in the less-volatile distribution companies, minimizing our exposure to the riskier energy merchants. We will continue to focus on that strategy.

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Telecommunications--Wait Until Next Year: After a difficult year in 2000, many industry observers were guardedly optimistic that a telecommunications recovery would occur in the second half of 2001. Clearly, that did not happen. Instead, the telecommunications environment worsened with a continuous flow of bad news, from weak demand as a result of the recession to bankruptcies. Because of the high quality investments of your Fund, the telecom holdings performed relatively well compared to the rest of the industry. Can we expect a recovery in 2002, or is this industry like the Chicago Cubs--perpetually waiting for next year? Let's look at the key industry trends for 2002.

First, there is a back-to-basics mentality emanating from companies' management. After a few years of profligate spending without concern for earning a reasonable return, an almost singular focus on the successful execution of the core telecommunications business has surfaced. Since demand is still muted and the industry tends to lag an economic recovery by six months, management's first priority in order to weather the current environment is running its operations as efficiently as possible.

Second, we do not believe the industry shakeout is over just yet. Several companies entered bankruptcy last year and a couple of former stars have already fallen in 2002. However painful this trend may be, it is entirely necessary in order for the industry to return to health. As competitors fail, the pricing environment improves, excess capacity is worked off, and returns on invested capital should begin to increase for the surviving players. Consolidation will also eventually play a part in improving the industry structure, but it is unlikely to occur this year. Low stock prices and focus on the core business have discouraged the strong companies from entering into a lengthy merger process.

Finally, we would highlight the continuation of a trend that came to the forefront last year--the importance of a healthy balance sheet. Given the Enron debacle, this issue has taken on even greater meaning this year. We have seen a sharpened focus on the generation of free cash flow, primarily through a reduction in capital spending. Combined with asset sales of non-core businesses and/or initial public offerings of wireless divisions, lower debt levels by the end of 2002 are expected. These developments could be a catalyst for improved stock performance. Despite what is shaping up to be another trying year for the industry, we remain comfortable with our holdings of financially strong, incumbent local telecommunications companies.

REIT Yields Remain Attractive: Our outlook for REIT shares in 2002 is positive, primarily driven by the year-end 2001 dividend yield of 7.1% for the National Association of Real Estate Investment Trusts (NAREIT) Equity Index. However, earnings growth for the REIT universe is expected to be a relatively modest 3%. As real estate is a lagging component of the economy, the current slowdown in aggregate domestic economic growth may linger in the REIT sector

2

somewhat longer than in other sectors. In addition, many REITs have been building significant amounts of capital to deploy on opportunities that may not come to fruition. However, in light of the expectation that the economic slowdown will be mild, and the record spread on the 7.1% dividend yield versus many alternative stock and bond investments, selected REIT shares are attractive.

Capital market investors have imposed discipline on the REIT sector in recent years, which has kept property supply and demand in balance in markets where there are limited barriers to entry--smoothing and lengthening the real estate cycle. In fact, many banks are noting how well real estate loans are

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

performing today. While the economy has slowed, the market has faced little new supply, a fortunate circumstance for landlords. In addition, most landlords prepared themselves for reduced demand and attractive acquisitions by maintaining very healthy balance sheets. As management teams sit on the sidelines with available investment capital, waiting for opportunities brought on by the economy, the Fund will emphasize secure and attractive dividend yields and diversification of holdings.

Your Fund's team of investment professionals seeks to steer the Fund's portfolio away from risky investments without sacrificing the consistency of income to which shareholders have become accustomed.

Board of Directors Meeting--At the December Special Board of Directors' meeting, the Board declared the following monthly dividends:

Cents Per Share	Record Date	Payable Date
7.5 cents	December 31	January 10
6.5 cents	January 31	February 11
6.5 cents	February 28	March 11

At the regular February Board of Directors' meeting, the Board declared the following monthly dividends:

Cents Per Share	Record Date	Payable Date
6.5 cents	March 29	April 10
6.5 cents	April 30	May 10

Automatic Dividend Reinvestment Plan and Direct Deposit Service--The Fund has a dividend reinvestment plan available to all registered shareholders. Those shareholders whose shares are held for them by a brokerage house or nominee in "street-name" may not participate in the Fund's automatic dividend reinvestment plan. For such shareholders desiring automatic dividend reinvestment, we suggest you contact your broker or other nominee.

As an added service, the Fund offers direct deposit service through electronic funds transfer to all registered shareholders currently receiving a monthly dividend check. This service is offered through The Bank of New York. For more information and/or an authorization form on automatic dividend reinvestment or direct deposit, please contact The Bank of New York at 1-877-381-2537 or <http://stock.bankofny.com>.

Visit us on the Web--You can obtain the most recent shareholder financial report and dividend information at our web site <http://www.duffutility.com>.

We appreciate your interest in Duff & Phelps Utilities Income Inc., and we will continue to do our best to be of service to you.

/s/ Claire V. Hansen

/s/ Nathan I. Partain

Claire V. Hansen, CFA

Nathan I. Partain, CFA

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Chairman

President and Chief
Executive Officer

3

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of
Duff & Phelps Utilities Income Inc.:

We have audited the accompanying balance sheet of Duff & Phelps Utilities Income Inc. (a Maryland corporation), including the schedule of investments, as of December 31, 2001, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2001, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Duff & Phelps Utilities Income Inc. as of December 31, 2001, the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 5, 2002

4

DUFF & PHELPS UTILITIES INCOME INC.
SCHEDULE OF INVESTMENTS
December 31, 2001

COMMON STOCKS--69.9%

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Shares	Company	Market Value (Note 1)
	[_] ELECTRIC--39.8%	
1,300,000	Allegheny Energy Inc.....	\$ 47,086,000
1,000,000	Allete Inc.....	25,200,000
# 796,000	Dominion Resources.....	47,839,600
# 1,417,000	DTE Energy Co.....	59,428,980
# 1,300,000	Duke Energy Corp.....	51,038,000
# 1,593,400	Endesa S.A.....	24,968,578
1,005,000	Entergy Corp.....	39,305,550
1,000,000	Exelon Corp.....	47,880,000
1,100,000	FPL Group Inc.....	62,040,000
# 1,000,000	Keyspan Corp.....	34,650,000
# 215,000	National Grid Group PLC ADR.....	6,611,250
770,000	National Grid Group PLC (United Kingdom)...	4,790,787
2,256,600	NiSource Inc.....	52,037,196
# 1,318,600	NSTAR.....	59,139,210
1,120,000	Pinnacle West Capital Corp.....	46,872,000
# 1,375,000	Progress Energy Inc.....	61,916,250
1,000,000	Public Service Enterprise Group.....	42,190,000
850,000	Scottish & Southern Energy (United Kingdom)	7,589,507
200,000	Scottish & Southern Energy ADR.....	17,857,660
1,000,000	Scottish Power PLC ADR.....	21,700,000
# 3,000,000	Southern Co.....	76,050,000
1,000,000	TECO Energy Inc.....	26,240,000
# 420,748	TXU Corp.....	19,838,268
# 2,425,000	Utilicorp United Inc.....	61,037,250
1,500,000	Vectren Corp.....	35,970,000
		979,276,086
	[_] GAS--6.4%	
926,000	AGL Resources.....	21,316,520
800,000	National Fuel Gas Co.....	19,760,000
600,000	NICOR Inc.....	24,984,000
600,000	Peoples Energy Corp.....	22,758,000
1,000,000	WGL Holdings Inc.....	29,070,000
# 1,500,000	Williams Companies Inc.....	38,280,000
		156,168,520

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

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Shares -----	Company -----	(Note 1) -----
	[_] TELECOMMUNICATION--13.6%	
# 1,000,000	Alltel Corp.....	\$ 61,730,000
# 1,000,000	BCE Inc.	22,800,000
1,730,000	BellSouth Corp.....	65,999,500
1,637,230	SBC Communications Inc.....	64,130,299
# 700,000	Swisscom AG ADR.....	19,425,000
856,250	Telecom Corp. of New Zealand Interim ADR	14,342,188
1,068,400	Telstra Corp. ADR.....	14,904,180
# 1,519,000	Verizon Communications.....	72,091,740

		335,422,907
	[_] NON-UTILITY--10.1%	
223,450	Apartment Investment & Management Co....	10,218,368
444,375	Archstone-Smith Trust.....	11,687,063
162,200	Avalon Bay Communities Inc.....	7,673,682
409,000	Boston Properties Inc.....	15,542,000
266,900	Camden Property Trust.....	9,795,230
# 347,400	CBL & Associates Properties Inc.....	10,943,100
364,000	Centerpoint Properties Corporation.....	18,127,200
290,000	Chelsea Property Group Inc.....	14,239,000
295,000	Duke Realty Corp.....	7,177,350
620,000	Equity Office Properties Trust.....	18,649,600
310,000	Equity Residential Properties Trust.....	8,900,100
161,300	Essex Property Trust Inc.....	7,969,833
200,000	First Industrial Realty Trust	6,220,000
# 250,000	General Growth Properties, Inc.....	9,700,000
290,000	Green S.L. Realty Properties Inc.....	8,905,900
139,100	iStar Financial Inc.....	3,470,545
300,000	Kimco Realty Corp.....	9,807,000
300,000	Pan Pacific Retail Properties Inc.....	8,616,000
370,600	ProLogis Trust.....	7,971,606
105,000	Public Storage Inc.....	3,507,000
90,000	Realty Income Corp.....	2,646,000
# 260,000	Reckson Associates Realty Corp.....	6,073,600
171,545	Reckson Associates Realty Corp. Class B.	4,376,113
# 305,000	Simon Property Group.....	8,945,650

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

DUFF & PHELPS UTILITIES INCOME INC.
 SCHEDULE OF INVESTMENTS--(Continued)
 December 31, 2001

Shares -----	Company -----	Market Value (Note 1) -----
-----------------	------------------	--------------------------------------

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

#	465,800	Vornado Realty Trust.....	\$	19,377,280
	154,500	Weingarten Realty Investors.....		7,416,000

				247,955,220

		Total Common Stocks (Cost--\$1,611,226,760).....		1,718,822,733

PREFERRED STOCKS--9.8%

		<input type="checkbox"/> NON-UTILITY--1.1%		
	500,000	Cox Communications Inc. 7% 8/16/02.....		27,585,000

				27,585,000

UTILITY--8.7%

	626,200	Cinergy Corp. 9 1/2% 2/16/05.....		34,566,240
	450,000	Dominion Resources 91/2% 11/16/04.....		26,874,000
	700,000	Duke Capital Financing Trust III 8 3/8% 8/31/29		18,830,000
#	1,200,000	Duke Energy 8 1/4% 5/18/04.....		31,620,000
	223,500	EIX Trust II Series B 8.60% 10/29/29**.....		4,492,350
	550,000	MediaOne Group 7.00% 11/15/02.....		14,932,500
	500,000	NiSource Industries Inc. 7.75% 2/19/03.....		22,725,000
	209,000	P P & L Capital Trust II 8.10% 7/01/27.....		5,237,540
	789,100	Texas Utilities Co. 9 1/4% 8/16/02.....		20,579,728
	400,000	Texas Utilities Co. 8 3/4% 11/16/05.....		20,696,000
	450,900	Utilicorp United Inc. 9 3/4% 11/16/02.....		12,309,570

				212,862,928

		Total Preferred Stocks (Cost--\$237,077,619)....		240,447,928

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

7

DUFF & PHELPS UTILITIES INCOME INC.
SCHEDULE OF INVESTMENTS--(Continued)
December 31, 2001

BONDS--21.4%

Par Value	Company	Ratings*			Market Value (Note 1)
		Fitch IBCA, Duff & Phelps	Moody's	Standard and Poor's	
-----	-----	-----	-----	-----	-----

ELECTRIC--10.0%

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

\$ 5,000,000	AES Ironwood Corp. 8.857%, due 11/30/25.....	Not Rated	Baa3	BBB-	\$ 4,716,120
12,271,000	Cleveland Electric Illuminating 9%, due 7/01/23.....	BBB	Baa2	BBB	12,713,909
18,050,000	Comed Financing II 8 1/2%, due 1/15/27.....	Not Rated	Baa2	BBB	17,751,904
7,500,000	Commonwealth Edison Co. 9 7/8%, due 6/15/20.....	A-	A3	A-	8,387,603
8,850,000	Commonwealth Edison Co. 8 5/8%, due 2/01/22.....	A-	A3	A-	9,007,149
5,000,000	Commonwealth Edison Co. 8 3/8%, due 9/15/22.....	A-	A3	A-	5,065,940
# 10,000,000	Commonwealth Edison Co. 8 3/8%, due 2/15/23.....	A-	A3	A-	10,227,800
6,000,000	Dayton Power and Light 8.15% due 1/15/2026.....	AA	A2	BBB+	6,220,278
# 24,000,000	Dominion Resources Capital Trust 7.83%, due 12/01/27.....	BBB	Baa2	BBB-	22,896,312
5,000,000	Gulf States Utilities 8.94%, due 1/01/22.....	BBB	Baa3	BBB-	5,189,135
1,000,000	Houston Lighting 8 3/4%, due 3/01/22.....	A-	A3	BBB+	1,042,575
# 19,800,000	Hydro - Quebec 9 3/4%, due 1/15/18.....	AA-	A1	A+	21,157,270
5,000,000	Illinois Power Co. 7 1/2, due 7/15/25.....	A-	Baa2	BBB+	4,186,420
5,000,000	Louisiana Power & Light Co. 8 3/4, due 3/01/26.....	BBB+	Baa2	BBB+	5,010,345
4,000,000	New York State Electric & Gas Corp. 8 7/8%, due 11/01/21.....	A	A3	A	4,099,472
# 5,000,000	Progress Energy Inc 7 3/4% 3/1/31.....	Not Rated	Baa1	BBB	5,363,965

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

8

DUFF & PHELPS UTILITIES INCOME INC.
SCHEDULE OF INVESTMENTS--(Continued)
December 31, 2001

Par Value	Company	Ratings*			Market Value (Note 1)
		Fitch IBCA, Duff & Phelps	Moody's	Standard and Poor's	
\$ 5,000,000	PSEG Power 8 5/8% 4/15/31.....	Not Rated	Baa1	BBB	\$ 5,568,240
# 10,000,000	Public Service Co. of Colorado 8 3/4%, due 3/01/22.....	A	A3	A	10,165,840
22,750,000	Puget Capital Trust 8.231%, due 6/01/27.....	Not Rated	Baa3	BB	21,371,123
# 13,000,000	Southern Co. Capital Trust 8.14%, due 2/15/27.....	Not Rated	Baa1	BBB+	13,134,706

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

11,150,000	Texas Utilities Electric Co. 8 1/8%, due 2/01/02.....	A-	A3	BBB+	11,195,670
12,000,000	UtiliCorp United Inc. 8%, due 3/01/23.....	BBB	Baa3	BBB	11,168,916
# 10,000,000	Virginia Electric & Power Co. 8 5/8%, due 10/01/24.....	A+	A2	A	10,789,070
# 17,700,000	Virginia Electric & Power Co. 8 1/4%, due 3/01/25.....	A+	A2	A	18,740,937

					245,170,699
	[_] GAS--2.5%				
5,125,000	ANR Pipeline Co. 9 5/8%, due 11/01/21.....	Not Rated	Baa1	BBB+	5,957,725
5,000,000	KN Energy Inc. 7 1/4%, due 3/01/28.....	BBB	Baa2	BBB	4,883,775
10,000,000	Northern Border Partners LP 8 7/8%, due 6/15/10.....	BBB+	Baa1	BBB+	10,750,000
6,488,000	Southern Union Co. 7.60%, due 2/01/24.....	BBB+	Baa2	BBB+	6,230,933
8,850,000	Southern Union Co. 8 1/4%, due 11/15/29.....	BBB+	Baa2	BBB+	9,104,836
10,000,000	TE Products Pipeline Co. 7.51%, due 1/15/28.....	Not Rated	Baa2	BBB	9,155,440
9,000,000	Trans-Canada Pipeline 9 1/8%, due 4/20/06.....	Not Rated	A3	BBB	10,050,246
4,000,000	Transcontinental Gas Pipeline Co. 8 7/8%, due 9/15/02.....	BBB+	Baa1	BBB+	4,160,344

					60,293,299

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

DUFF & PHELPS UTILITIES INCOME INC.
SCHEDULE OF INVESTMENTS--(Continued)
December 31, 2001

Par Value	Company	Ratings*			Market Value (Note 1)
		Fitch IBCA, Duff & Phelps	Moody's	Standard and Poor's	
	[_] TELECOMMUNICATION--6.9%				
# \$19,000,000	AT & T Corp. 8.35%, due 1/15/25	A-	A3	BBB+	\$ 19,339,074
15,000,000	AT&T Wireless Services Inc. 8 3/4%, due 3/01/31	BBB	Baa2	BBB	17,049,450
# 10,000,000	Bell South Capital Funding 7 7/8% 2/15/30	AA-	Aa3	A+	11,476,760
25,000,000	British Telecom PLC 8 5/8%, due 12/15/30	A	Baa1	A-	28,799,675
11,350,000	France Telecom 8 1/2%, due 3/01/31	BBB+	Baa1	BBB+	13,001,175

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

# 12,000,000	GTE California Inc. 8.07%, due 4/15/24	AA	Aa3	A+	12,284,856
# 17,625,000	GTE Corp. 7.90%, due 2/01/27	A+	A2	A+	18,327,480
# 13,750,000	New England Telephone & Telegraph 9%, due 8/01/31	AA	Aa2	A+	14,321,450
# 9,000,000	New York Telephone Co. 7 5/8%, due 2/01/23	AA	A1	A+	8,946,153
9,000,000	Tele-Commun Inc. 9.80%, due 2/01/12	A-	Baa2	BBB+	10,835,829
5,000,000	US West Communications 8 7/8%, due 6/01/31	A	A2	BBB+	5,214,110
5,000,000	Vodafone Group PCL 7 7/8% 2/15/30	Not Rated	A2	A	5,658,020
5,000,000	Worldcom Inc 8 1/4% 5/15/13	A-	A3	BBB+	5,300,390

					170,554,422
	[_] NON-UTILITY--2.0%				
17,500,000	Contl Cablevision 9 1/2%, due 8/01/13.....	Not Rated	Baa2	BBB+	19,836,163
# 8,000,000	Dayton Hudson Corp. 9 7/8%, due 7/01/20.....	A	A2	A+	10,728,616
# 19,940,000	EOP Operating LP 7 1/2%, due 4/19/29.....	BBB+	Baa1	BBB+	19,132,649

					49,697,428

	Total Bonds (Cost--\$524,883,988).....				525,715,848

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

10

DUFF & PHELPS UTILITIES INCOME INC.
SCHEDULE OF INVESTMENTS--(Continued)
December 31, 2001

Par Value	Company	Market Value (Note 1)
-----	-----	-----
U.S. TREASURY OBLIGATIONS--0.6%		
# \$10,000,000	U.S. Treasury Notes 10 3/4%, due 5/15/03.....	\$ 11,111,720
2,000,000	U.S. Treasury Bonds 10 3/4%, due 8/15/05.....	2,445,704

	Total U.S. Treasury Obligations (Cost--\$13,233,858).....	13,557,424

U.S. GOVERNMENT AGENCY OBLIGATIONS--2.8%		
# 65,000,000	Federal Home Loan Mortgage Corp.	

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

9 3/4%, due 2/14/03.....	69,709,445

Total U.S. Government Agency Obligations (Cost--\$68,298,493)	69,709,445

COMMERCIAL PAPER--3.3%	
82,000,000 General Electric Capital Corp.	
1.80%, due 1/02/02.....	81,995,900

Total Commercial Paper (Amortized Cost--\$81,995,900).....	81,995,900

TOTAL INVESTMENTS (Cost--\$2,536,716,618) (107.8%).....	\$2,650,249,278

*Bond Ratings are not covered by the report of independent public accountants.

**Dividends are currently deferred.

#This security, or a portion of this security is out on loan at December 31, 2001. Total loaned securities had a market value of \$412,874,440 at December 31, 2001. (Note 7).

The percentage shown for each investment category is the total value of that category as a percentage of the total net assets of the Fund.

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

11

DUFF & PHELPS UTILITIES INCOME INC.
BALANCE SHEET
December 31, 2001

ASSETS:

Investments at market value:

Common stocks (cost \$1,611,226,760).....	\$1,71
Preferred stocks cost (\$237,077,619).....	24
Bonds (cost \$524,883,988).....	52
U.S. Treasury obligations (cost \$13,233,858).....	1
U.S. government agency obligation (cost \$68,298,493).....	6
Commercial paper (amortized cost \$81,995,900).....	8
Collateral held for securities on loan, at value.....	43
Interest-bearing deposits with custodian.....	
Receivables:	
Interest.....	1
Dividends.....	
Securities lending income.....	
Prepaid expenses.....	

Total Assets.....	\$3,11
	=====

LIABILITIES:

Due to Adviser (Note 2).....	
Due to Administrator (Note 2).....	

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Dividends payable on common stock.....	1
Dividends payable on remarketed preferred stock.....	
Accrued expenses.....	
Commercial paper outstanding (Note 6).....	19
Payable upon return of securities on loan.....	43

Total Liabilities.....	65

Remarketed preferred stock (\$.001 par value; 100,000,000 shares authorized and 5,000 shares issued and outstanding, liquidation preference \$100,000 per share) (Note 5).....	50

CAPITAL:	
Common stock (\$.001 par value; 250,000,000 shares authorized and 213,521,241 shares issued and outstanding) (Note 4).....	
Paid-in surplus (Note 4).....	1,90
Accumulated net realized loss on investments.....	(4
Distributions in excess of net investment income.....	(1
Unrealized appreciation on foreign currency translation.....	
Net unrealized appreciation on investments.....	11

Net assets applicable to common stock (equivalent to \$9.18 per share based on 213,521,241 outstanding).....	1,95

Total Net Assets Applicable to Common and Preferred Stock.....	2,45

Total Liabilities and Capital.....	\$2,68
	=====

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

12

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF OPERATIONS
For the year ended December 31, 2001

INVESTMENT INCOME:	
Interest.....	\$ 49,417,
Dividends (less withholding tax of \$853,250).....	160,245,
Securities lending income.....	1,220,

Total investment income.....	210,883,
EXPENSES:	
Commercial paper interest expense (Note 6).....	9,423,
Management fees (Note 2).....	15,284,
Administrative fees (Note 2).....	3,806,
Transfer agent fees.....	537,
Custodian fees.....	328,
Remarketing agent fees.....	1,267,
Shareholder reports.....	517,
Legal and audit fees.....	255,
Directors' fees (Note 2).....	365,
Other expenses.....	724,

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Total expenses.....	32,510,
Net investment income.....	178,373,
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:	
Net realized gain on investments.....	18,943,
Net change in unrealized appreciation on investments and foreign currency translation	(296,203,
Net loss on investments.....	(277,259,
Net decrease in net assets resulting from operations.....	\$ (98,886,

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

13

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENTS OF CHANGES IN NET ASSETS

	For the year ended December 31, 2001	For t en Decem 2
FROM OPERATIONS:		
Net investment income.....	\$ 178,373,579	\$ 190
Net realized gain on investments.....	18,943,412	53
Net change in unrealized appreciation on investments and foreign currency translation.....	(296,203,058)	311
Net increase (decrease) in net assets resulting from operations.....	(98,886,067)	555
DISTRIBUTIONS TO STOCKHOLDERS FROM;		
Net investment income--preferred stock (Note 5).....	(16,247,814)	(23
Net investment income--common stock (Note 3).....	(167,778,258)	(165
Total distributions.....	(184,026,072)	(189
FROM CAPITAL STOCK TRANSACTIONS (Note 4):		
Shares issued to common stockholders from dividend reinvestment.....	26,595,226	22
Net increase in net assets derived from capital share transactions.....	26,595,226	22
Total increase (decrease).....	(256,316,913)	387
TOTAL NET ASSETS:		
Beginning of year.....	2,716,013,544	2,328
End of year (including distributions in excess of and undistributed net investment income of \$16,645,171and \$3,415,147, respectively).....	\$2,459,696,631	\$2,716

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

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

14

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2001

Cash Flows From (For):

OPERATING ACTIVITIES

Interest received.....	\$	50,202,102
Income dividends received.....		160,291,180
Securities lending income.....		1,205,519
Operating expenses paid (excluding interest).....		(23,272,568)
Interest paid on commercial paper.....		(11,591,438)

Net cash provided by operating activities.....		176,
--	--	------

INVESTING ACTIVITIES

Purchase of investment securities.....	(6,059,454,313)
Proceeds from sale/redemption of investment securities.....	6,032,511,204
Amortization of premiums and discounts on debt securities.....	4,338,222
Return of capital on investments.....	2,063,887
Long-term capital gains dividends received.....	1,868,107

Net cash used in investing activities.....		(18,
--	--	------

FINANCING ACTIVITIES

Dividends paid.....	(184,860,697)
Proceeds from issuance of common stock under dividend reinvestment plan.....	26,595,226
Change in net proceeds from issuance of commercial paper.....	3,639,893

Net cash used in financing activities.....		(154,
--	--	-------

Net increase in cash and cash equivalents.....		3,
--	--	----

Cash and cash equivalents--beginning of year.....		3,
---	--	----

Cash and cash equivalents--end of year.....	\$	7,
---	----	----

Reconciliation of net investment income to net cash provided by operating activities:

Net investment income.....		\$ 178,
----------------------------	--	---------

Adjustments to reconcile net investment income to net cash provided by operating activities:

Decrease in interest receivable.....	784,288
Decrease in dividends receivable.....	45,656
Decrease in accrued expenses.....	(2,353,790)
Increase in other receivable.....	(14,938)

Total adjustments.....		(1,
------------------------	--	-----

Net cash provided by operating activities..... \$ 176,-----
=====

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

15

DUFF & PHELPS UTILITIES INCOME INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001

(1) SIGNIFICANT ACCOUNTING POLICIES:

Duff & Phelps Utilities Income Inc. (the "Fund") was incorporated under the laws of the State of Maryland on November 26, 1986. The Fund commenced operations on January 21, 1987, as a closed-end diversified management investment company registered under the Investment Company Act of 1940. The primary investment objectives of the Fund are current income and long-term growth of income. Capital appreciation is a secondary objective.

The following are the significant accounting policies of the Fund:

(a) The market values for securities are determined as follows: Securities traded on a national securities exchange or traded over-the-counter and quoted on the NASDAQ System are valued at last sales prices. Securities so traded for which there were no sales and other securities are valued at the mean of the most recent bid-asked quotations. Bonds not traded on a securities exchange nor quoted on the NASDAQ System are valued at a fair value using a procedure determined in good faith by the Board of Directors which includes the use of a pricing service. Each money market instrument having a maturity of 60 days or less is valued on an amortized cost basis, which approximates market value. Other securities are valued at a fair value, as determined in good faith by the Board of Directors.

(b) No provision is made for Federal income taxes since the Fund has elected to be taxed as a "regulated investment company" and has made such distributions to its shareholders deemed necessary to be relieved of all Federal income taxes under provisions of current Federal tax law. The Fund intends to utilize provisions of Federal income tax laws which allow a realized capital loss to be carried forward for eight years following the year of loss and offset such losses against any future realized gains. At December 31, 2001, the Fund had tax capital loss carry forwards of \$72,506,566 which expire beginning on December 31, 2003.

At December 31, 2001, on a tax basis, the Fund had undistributed net investment income of \$2,100,876; and based on a \$2,553,161,886 tax cost of investments, gross unrealized appreciation of \$196,489,611 and unrealized depreciation of \$99,402,219. The difference between the book basis and tax basis of distributable earnings are a result of tax deferral of wash sale losses, the accretion of market discount and the cash basis recognition of preferred dividends for tax purposes.

(c) The accounts of the Fund are kept on the accrual basis of accounting. Security transactions are recorded on the trade date. Realized gains or losses from sales of securities are determined on the specific identified

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

cost basis. Dividend income is recognized on the ex-dividend date. Interest income and expense are recognized on the accrual basis.

(d) The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

16

DUFF & PHELPS UTILITIES INCOME INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001

(e) As required, effective January 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing discount and premium on debt securities. Prior to January 1, 2001, the Fund did not amortize premiums on debt securities. The cumulative effect of this accounting change had no impact on total net assets of the Fund, but resulted in a \$14,407,825 reduction in cost of securities and a corresponding \$14,407,825 increase in net unrealized appreciation, based on securities held by the Fund on January 1, 2001.

(2) MANAGEMENT ARRANGEMENTS:

The Fund has engaged Duff & Phelps Investment Management Co. (the "Adviser") to provide professional investment management services for the Fund and has engaged J. J. B. Hilliard, W. L. Lyons, Inc. (the "Administrator") to provide administrative and management services for the Fund. The Adviser receives a quarterly fee at an annual rate of .60% of the average weekly net assets of the Fund up to \$1.5 billion and .50% of average weekly net assets in excess thereof. The Administrator receives a quarterly fee at annual rates of .25% of average weekly net assets up to \$100 million, .20% of average weekly net assets from \$100 million to \$1 billion, and .10% of average weekly net assets over \$1 billion. For purposes of the foregoing calculations, "average weekly net assets" is 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. Directors of the Fund not affiliated with the Adviser receive a fee of \$22,500 per year plus \$1,500 per board meeting, plus \$1,000 per committee meeting attended. Committee Chairmen receive an additional fee of \$3,000 per year. Transfer agent and custodian fees are paid to The Bank of New York.

(3) DIVIDENDS:

The Board of Directors has authorized the following distributions to common stockholders from investment income in 2001:

Record Date	Payable Date	Dividend Per Share
-----	-----	-----
01-31-01	02-12-01	\$.065

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

02-28-01	03-12-01	.065
03-30-01	04-10-01	.065
04-30-01	05-10-01	.065
05-31-01	06-11-01	.065
06-29-01	07-10-01	.065

Record Date	Payable Date	Dividend Per Share
-----	-----	-----
07-31-01	08-10-01	.065
08-31-01	09-10-01	.065
09-28-01	10-10-01	.065
10-31-01	11-13-01	.065
11-30-01	12-10-01	.065
12-31-01	01-10-02	.075

The tax basis for all distributions was net investment income.

17

DUFF & PHELPS UTILITIES INCOME INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2001

(4) CAPITAL STOCK TRANSACTIONS:

The Fund may purchase shares of its own stock in open market or private transactions, from time to time and in such amounts and at such prices (not exceeding \$100,000 plus accumulated and unpaid dividends in the case of the Fund's remarketed preferred stock and less than net asset value in the case of the Fund's common stock) as management may deem advisable. Since any such purchases of the Fund's common stock would be made at prices below net asset value, they would increase the net asset value per share of the remaining shares of common stock outstanding. The Fund has not purchased any shares of its common stock.

Transactions in common stock and paid-in surplus during 2000 and 2001 were as follows:

	Shares	Amount
	-----	-----
For the year ended December 31, 2000:		
Beginning capitalization.....	208,478,761	\$1,860,932,872
Dividend reinvestment.....	2,456,999	22,497,362
	-----	-----
Total capitalization.....	210,935,760	\$1,883,430,234
	=====	=====
For the year ended December 31, 2001:		
Beginning capitalization.....	210,935,760	\$1,883,430,234
Dividend reinvestment.....	2,585,481	26,595,226
	-----	-----
Total capitalization.....	213,521,241	\$1,910,025,460

=====

(5) REMARKETED PREFERRED STOCK:

In 1988, the Fund issued 5,000 shares of Remarketed Preferred Stock ("RP") in five series of 1,000 shares each at a public offering price of \$100,000 per share. The underwriting discount and other expenses incurred in connection with the issuance of the RP were recorded as a reduction of paid-in surplus on common stock. Dividends on the RP are cumulative at a rate which was initially established for each series at its offering. Since the initial offering of each series, the dividend rate on each series has been reset every 49 days by a remarketing process. Dividend rates ranged from 1.657% to 4.850% during the year ended December 31, 2001.

The RP is redeemable at the option of the Fund on any dividend payment date at a redemption price equal to \$100,000 per share, plus accumulated and unpaid dividends. The Fund is required to maintain certain asset coverage with respect to the RP, and the RP is subject to mandatory redemption if that asset coverage is not maintained. Each series of RP is also subject to mandatory redemption on a date certain as follows: Series A--November 28, 2012; Series B--November 18, 2015; Series C--November 7, 2018; Series D--December 22, 2021; and Series E--December 11, 2024.

In general, the holders of the RP and of the Common Stock have equal voting rights of one vote per share, except that the holders of the RP, as a class, vote to elect two members of the Board of Directors, and separate class votes are required on certain matters that affect the respective interests of the RP and the Common Stock. The RP has a liquidation preference of \$100,000 per share plus accumulated and unpaid dividends.

18

DUFF & PHELPS UTILITIES INCOME INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2001

(6) COMMERCIAL PAPER:

The Board of Directors has authorized the Fund to issue up to \$200,000,000 of Commercial Paper Notes (the "Notes") in minimum denominations of \$100,000 with maturities up to 270 days. The Notes generally will be sold on a discount basis, but may be sold on an interest-bearing basis. The Notes are not redeemable by the Fund nor are they subject to voluntary prepayment prior to maturity. The aggregate amount of Notes outstanding changes from time to time. The Notes are unsecured, general obligations of the Fund. The Fund has entered into a credit agreement to provide liquidity. The Fund is able to request loans under the credit agreement of up to \$100,000,000 at any one time, subject to certain restrictions. Interest rates on the Notes ranged from 2.16% to 5.34% during the year ended December 31, 2001. At December 31, 2001, the Fund had Notes outstanding of \$196,827,285.

(7) INVESTMENT TRANSACTIONS:

For the year ended December 31, 2001, purchases and sales of investment securities (excluding short-term securities) were \$5,786,016,232 and \$5,737,909,437, respectively.

The Fund may lend portfolio securities to a broker/dealer. Loans are

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

required to be secured at all times by collateral at least equal to the market value of securities loaned. The Fund receives a portion of the income earned on the securities held as collateral and continues to earn income on the loaned securities. Security loans are subject to the risk of failure by the borrower to return the loaned securities in which case the Fund could incur a loss. At December 31, 2001, the fund had loaned portfolio securities with a market value of \$412,874,440 to a broker/dealer and money market instruments with a market value of \$435,375,081 were held in the Fund's account at The Bank of New York as collateral.

19

DUFF & PHELPS UTILITIES INCOME INC. FINANCIAL HIGHLIGHTS--SELECTED PER SHARE DATA AND RATIOS

The table below provides information about income and capital changes for a share of common stock outstanding throughout the years indicated:

	For the year ended December 31				
	2001	2000	1999	1998	1997
Net asset value:					
Beginning of year.....	\$ 10.51	\$ 8.77	\$ 10.36	\$ 9.90	\$ 9.90
Net investment income.....	0.77	0.88	0.89	0.88	0.88
Net realized gain (loss) and change in unrealized appreciation/depreciation on investments.....	(1.23)	1.76	(1.59)	0.46	0.46
Total from investment operations.....	(0.46)	2.64	(0.70)	1.34	1.34
Dividends on preferred stock from net investment income.....	(0.08)	(0.11)	(0.10)	(0.10)	(0.10)
Dividends on common stock from net investment income.....	(0.79)	(0.79)	(0.79)	(0.78)	(0.78)
Total distributions.....	(0.87)	(0.90)	(0.89)	(0.88)	(0.88)
Net asset value:					
End of year.....	\$ 9.18	\$ 10.51	\$ 8.77	\$ 10.36	\$ 10.36
Per share market value:					
End of year.....	\$ 11.06	\$ 10.50	\$ 8.31	\$ 11.25	\$ 11.25
Ratio of expenses to average net assets attributable to common shares.....	1.57%	1.79%	1.66%	1.46%	1.46%
Total investment return.....	13.67%	37.37%	(19.85%)	19.95%	19.95%
Ratio of net investment income to average net assets attributable to common shares	8.63%	9.73%	9.40%	8.85%	8.85%
Portfolio turnover rate.....	213.48%	229.70%	223.78%	251.19%	251.19%
Net assets, end of year (000s omitted)....	\$2,459,697	\$2,716,014	\$2,328,128	\$2,631,692	\$2,631,692

20

Information about Directors and Officers of the Fund

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Set forth below are the names and certain biographical information about the directors and officers of the Fund. Directors are divided into three classes and elected to serve staggered three-year terms. Except as indicated in the table, directors are elected by the holders of the Fund's common stock. The officers are elected at the annual meeting of the board of directors of the Fund.

Name, Address and Age -----	Position with the Fund, Length of Time Served and Term of Office -----	Principal Occupation During Past 5 Years and Other Affiliations -----
Interested Director of the Fund		
Claire V. Hansen*..... 55 East Monroe Street Chicago, Illinois 60603 Age 76	Chairman and Director since January 1987 Class III (term expires 2002)	Senior Advisor to the Board of Directors, Phelps Investment Partners, Ltd. since November 1995; President and Chief Executive Officer, Duff Phelps Utilities Income Inc. January 2000-February 2001; Senior Advisor to the Board of Directors & Phelps Corporation, 1988-November 1995 (Chairman of the Board, 1987-1988; Chairman of the Board and Chief Executive Officer prior to 1987; Chairman of the Board, Duff Research Inc. a & Phelps Investment Management Co., 1985-1995)
Independent Directors of the Fund		
Wallace B. Behnke..... 323 Glen Eagle Kiawah Island South Carolina 29455 Age 76	Director since January 1987 Class III (term expires 2002)	Consulting engineer since July 1989; prior to Vice Chairman, Commonwealth Edison Company (public utility)
Harry J. Bruce..... 1630 Sheridan Road Wilmette, Illinois 60091 Age 70	Director since January 1989 Class I (term expires 2003)	Private investor; former Chairman and Chief Executive Officer, Illinois Central Railroad
Franklin A. Cole..... 54 West Hubbard Street Chicago, Illinois 60610 Age 75	Director since January 1989 Class II (term expires 2004)	Chairman, Croesus Corporation (private management and investment company); former Chairman and Chief Executive Officer, Amerifin Corporation (formerly named Walter E. Heller International Corporation); Director, Aon Corporation
Gordon B. Davidson..... PNC Plaza Louisville, Kentucky 40202 Age 75	Director since January 1989 Class III (term expires 2002)	Of Counsel, Wyatt, Tarrant & Combs (law firm) since September 1995 (Chairman of the Executive Committee prior thereto); retired Director, Corp.; former Chairman of the Board and Director, Trans Financial Advisers, Inc.

Name, Address and Age -----	Position with the Fund, Length of Time Served and Term of Office -----	Principal Occupation During Past 5 Years and Other Affiliations -----
--------------------------------------	---	---

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

<p>Robert J. Genetski**... Director since April 2001 195 North Harbor Drive Class II (term expires Chicago, Illinois 60601 2004) Age 59</p>	<p>President, Robert Genetski & Associates, Inc. (economic and financial consulting firm) since 1995; Senior Managing Director, Chicago Capital, Inc. (financial services firm) 1995-2001; former Senior Vice President and Chief Economist, Harris Trust and Savings Bank; author of several books; regular contributor to the Nikkei Financial Daily</p>
<p>Francis E. Jeffries***. Director since January 1987 8477 Bay Colony Drive 1987 Naples, Florida 34108 Class II (term expires Age 71 2004)</p>	<p>Retired Chairman, Phoenix Investment Partners 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 1993 (President and Chief Operating Officer, 1984-1993) and Chairman of the Board, Duff & Phelps Investment Management Co. 1988-1993; Director, The Empire District Electric Company</p>
<p>Nancy Lampton**..... Director since October 1994 3 Riverfront Plaza 1994 Louisville, Kentucky Class I (term expires 40202 2003) Age 59</p>	<p>Chairman and Chief Executive Officer, Hardscan Insurance Inc. (insurance holding company) and Chairman and Chief Executive Officer, American Life and Accident Insurance Company of Kentucky; Director, Constellation Energy Group, Inc.</p>
<p>David J. Vitale..... Director since April 2000 141 West Jackson Class I (term expires 2003) Boulevard Chicago, Illinois 60604 Age 55</p>	<p>President and Chief Executive Officer, Board of Trade of the City of Chicago, Inc. since March 1999; Retired bank executive 1999-2001; Vice Chairman and Director, Bank One Corporation, 1998-1999; Vice Chairman and Director, First Chicago NBD Corporation, and President, The First National Bank of Chicago, 1995-1998; Vice Chairman, First Chicago Corporation and The First National Bank of Chicago, 1993-1998 (Director, 1992-1998; Executive Vice President, 1986-1993); Director, Ariel Capital Management, Inc., Ark Investment Management, Wheels Inc.</p>

Additional information about the Fund's directors is contained in the Statement of Additional Information ("SAI") constituting Part B of the Fund's Registration Statement on Form N-2 filed with the SEC. The most recent post-effective amendment to that Registration Statement is available electronically at the SEC's Internet web site, <http://www.sec.gov>. The Fund will also furnish a copy of the SAI portion of the Registration Statement, without charge, to any shareholder who so requests by calling the Administrator at (888) 878-7845 (toll-free).

Name, Address and Age -----	Position with the Fund, Length of Time Served and Term of Office -----	Principal Occupation During Past 5 Years and Other Affiliations -----
--------------------------------------	---	---

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

Officers of the Fund (other than the Chairman, for whom see above)

<p>Nathan I. Partain..... 55 East Monroe Street Chicago, Illinois 60603 Age 45</p>	<p>President and Chief Executive Officer, since February 2001 (Executive Vice President, Chief Investment Officer and Assistant Secretary, April 1998-February 2001; Senior Vice President, Chief Investment Officer and Assistant Secretary, January-April 1998; Senior Vice President and Assistant Secretary, January 1997- January 1998)</p>	<p>Executive Vice President, Duff & Phelps Inve Management Co. since January 1997; Director Utility Research, Phoenix Investment Partner 1989-1996 (Director of Equity Research, 1993 and Director of Fixed Income Research, 1993) Director, Otter Tail Corporation</p>
<p>T. Brooks Beittel..... 55 East Monroe Street Chicago, Illinois 60603 Age 51</p>	<p>Secretary, Treasurer and Senior Vice President, since January 1995</p>	<p>Senior Vice President, Duff & Phelps Investm Management Co. since 1993 (Vice President 19 1993)</p>
<p>Michael Schatt..... 55 East Monroe Street Chicago, Illinois 60603 Age 54</p>	<p>Senior Vice President since April 1998 (Vice President, January 1997-April 1998)</p>	<p>Senior Vice President, Duff & Phelps Investm Management Co. since January 1997; Managing Director, Phoenix Investment Partners, Ltd., 1996</p>
<p>Joseph C. Curry, Jr.... Hilliard Lyons Center Louisville, Kentucky 40202 Age 57</p>	<p>Vice President since April 1988</p>	<p>Senior Vice President, J.J.B. Hilliard, W.L. Inc. since 1994 (Vice President 1982-1994); President Hilliard Lyons Trust Company; Pres Hilliard-Lyons Government Fund, Inc.; Vice President, Treasurer and Secretary, Hilliard Growth Fund, Inc.; Treasurer, Senbanc Fund</p>
<p>Dianna P. Wengler..... Hilliard Lyons Center Louisville, Kentucky 40202 Age 41</p>	<p>Assistant Secretary since April 1988</p>	<p>Vice President, J.J.B. Hilliard, W.L. Lyons, 1990; Vice President, Hilliard-Lyons Governm Fund, Inc.; Assistant Secretary, Hilliard Ly Growth Fund, Inc.</p>

*Mr. Hansen is deemed to be an "interested person" of the Fund under the Investment Company Act of 1940 because of his positions with the Fund and with Phoenix Investment Partners, Ltd., parent company of the Fund's investment adviser.

**Elected by the holders of the Fund's preferred stock.

***Mr. Jeffries oversees 34 portfolios in the Fund Complex to which the Fund belongs.

Duff & Phelps
Utilities Income Inc.

Annual
Report

December
31, 2001

Edgar Filing: DUFF & PHELPS UTILITIES INCOME INC - Form N-30D

[GRAPHIC]

4th

Duff & Phelps
Utilities Income Inc.

Common stock listed on the New York Stock Exchange under the symbol DNP

55 East Monroe Street
Chicago, Illinois 60603
(312) 368-5510

Shareholder inquiries please contact

Transfer Agent
Dividend Disbursing
Agent and Custodian

The Bank of New York
Shareholder Relations
Church Street Station
P.O. Box 11258
New York, New York 10286-1258
(877) 381-2537

Investment Adviser

Duff & Phelps
Investment Management Co.
55 East Monroe Street
Chicago, Illinois 60603

Administrator

J.J.B. Hilliard, W.L. Lyons, Inc.
Hilliard Lyons Center
Louisville, Kentucky 40202
(888) 878-7845

Legal Counsel

Mayer, Brown, Rowe & Maw
190 South LaSalle Street
Chicago, Illinois 60603

Independent Public Accountants

Arthur Andersen LLP
33 West Monroe Street
Chicago, Illinois 60603