

EVERGREEN UTILITIES & HIGH INCOME FUND  
Form N-CSRS/A  
May 06, 2005

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21507

Evergreen Utilities and High Income Fund

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(Exact name of registrant as specified in charter)

200 Berkeley Street Boston, Massachusetts 02116

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(Address of principal executive offices) (Zip code)

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

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(Name and address of agent for service)

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

Date of fiscal year end: Registrant is making a semiannual filing for 1 of its series, Utilities and High Income Fund, for the year ended February, 28, 2005. These 1 series have a 08/31 fiscal year end.

Date of reporting period: 02/28/05

**Item 1 - Reports to Stockholders.**

**Evergreen Utilities & High Income Fund**

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

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

Mutual Funds:

NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED
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### **LETTER TO SHAREHOLDERS**

April 2005

**Dennis H. Ferro**  
President and Chief  
Executive Officer

**Dear Shareholder,**

We are pleased to provide the semiannual report for the Evergreen Utilities & High Income Fund, which covers the six-month period ended February 28, 2005.

Our portfolio management teams entered the investment period prepared for an environment of moderating economic growth and gradually higher interest rates. While these crosscurrents were a challenge for all of our portfolio teams, the hurdle was especially high for the managers of the Evergreen Utilities and High Income Fund, since the telecommunications and utilities sectors have historically struggled when monetary policy was less accommodative. Yet favorable security selection and a lack of significant movement at the long-end of the Treasury yield curve provided an opportunity for a relatively successful navigation of these stormy seas. It is exactly this sort of commitment to the fundamentals that we believe will enable our investors to participate in the long-term gains provided by the financial markets while limiting the potential for losses during the most volatile periods.

The period began with mixed messages on the economy. Basically, growth was good; it was just no longer great. Yet Federal Reserve (the Fed) officials persisted in their measured removal of policy accommodation. We believed the economy had simply transitioned from recovery to expansion, and as a result, a variety of data pointed in different directions. Historically, the maturation of the economic cycle had experienced similarly erratic behavior. Market interest rates, though, gyrated with seemingly every monthly report. Costs for commodities and energy were rising, and since inflation-adjusted interest rates remained low for such a lengthy period, the Fed seemed determined to prevent inflation from becoming a long-term problem.

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#### **LETTER TO SHAREHOLDERS** continued

The financial markets seemed to agree with this assessment as the period progressed. Despite the rise in yields for shorter-term maturities, prices for many securities remained firm at the long-end, suggesting a lack of inflation fears. Indeed, after oil prices broke from their highs in late October and market interest rates declined, the equity markets rallied into the new-year. This combination of events benefited the portfolio, as demand for income accelerated along with the improved earnings prospects within the utilities sector. While prospects for profit growth may not have been as strong within the telecommunications industry, high yields and speculation about potential merger and acquisition activity provided a solid dose of momentum for the sector into the new-year.

Complacency at the long-end of the yield curve, however, became a major issue for monetary policymakers towards the end of the investment period. In comments to congressional banking committees in mid-February, Fed Chairman Alan Greenspan expressed his concerns that despite a pattern of successive increases in the federal funds rate, it was a conundrum to him that yields for longer-term maturities remained low. Not surprisingly, the master wordsmith achieved his objective, and within days of these comments, yields on longer dated maturities had begun their ascent, with yield on the 10-year Treasury having risen by approximately 50 basis points. Though telecom lost much of its momentum during the closing weeks of the investment period, utilities continued to generate solid relative returns.

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#### **LETTER TO SHAREHOLDERS** continued

As always, we encourage investors to maintain a diversified, long-term strategy, including income, when making investment decisions.

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

Sincerely,

**Dennis H. Ferro**

President and Chief Executive Officer  
Evergreen Investment Company, Inc.

**Special Notice to Shareholders:**

Please visit our Web site at **EvergreenInvestments.com** for statements from President and Chief Executive Officer, Dennis Ferro, and Chairman of the Board of the Evergreen Funds, Michael S. Scofield, addressing recent SEC actions involving the Evergreen Funds.

**3****FINANCIAL HIGHLIGHTS**

(For a common share outstanding throughout the period)

	<b>Six Months Ended February 28, 2005 (unaudited)</b>	<b>Year Ended August 31, 2004 (a)</b>
<b>Net asset value, beginning of period</b>	\$ 19.76	\$ 19.10(b)
<b>Income from investment operations</b>		
Net investment income	0.57	0.77
Net realized and unrealized gains or losses on securities, foreign currency related transactions and interest rate swap transactions	3.68	0.32
Total from investment operations	4.25	1.09
<b>Distributions to common shareholders from net investment income</b>	(0.96)	(0.30)
<b>Offering costs charged to capital for</b>		
Common shares	0	(0.04)
Preferred shares	0	(0.09)
Total offering costs	0	(0.13)
<b>Net asset value, end of period</b>	\$ 23.05	\$ 19.76
<b>Market value, end of period</b>	\$ 20.70	\$ 18.29
<b>Total return (c)</b>		
Based on market value	18.62%	(7.05%)
<b>Ratios and supplemental data</b>		
Net assets of common shareholders, end of period (thousands)	\$ 251,970	\$ 227,328

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Liquidation value of preferred shares, end of period (thousands)	\$	80,000	\$	80,000
Asset coverage ratio, end of period		414%		384%
<b>Ratios to average net assets applicable to common shareholders</b>				
Expenses excluding interest expense (d)		1.22%(f)		1.02%(f)
Expenses including interest expense (e)		1.56%(f)		1.31%(f)
Net investment income		6.36%(f)		12.05%(f)
Portfolio turnover rate		44%		55%

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

(b) Initial public offering price of \$20.00 per share less underwriting discount of \$0.90 per share.

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

(d) The ratio of expenses to average net assets excludes interest expense and expense reductions.

(e) The ratio of expenses to average net assets excludes expense reductions.

(f) Annualized

See Notes to Financial Statements

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**SCHEDULE OF INVESTMENTS**

February 28, 2005 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS 36.6%</b>		
<b>CONSUMER DISCRETIONARY 11.2%</b>		
<b>Auto Components 0.7%</b>		
Dura Operating Corp., Ser. B, 8.625%, 04/15/2012	\$ 1,000,000	\$ 1,005,000
HLI Operating, Inc., 10.50%, 06/15/2010	840,000	869,400
		<hr/> 1,874,400 <hr/>
<b>Hotels, Restaurants &amp; Leisure 4.2%</b>		
Ameristar Casinos, Inc., 10.75%, 02/15/2009	1,000,000	1,116,250
Gaylord Entertainment Co., 6.75%, 11/15/2014 144A	1,000,000	1,015,000

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Isle of Capri Casinos, Inc., 7.00%, 03/01/2014	1,000,000	1,042,500
John Q. Hammons Hotels LP, Ser. B, 8.875%, 05/15/2012	1,000,000	1,118,750
Las Vegas Sands Corp., 6.375%, 02/15/2015 144A	1,000,000	995,000
MGM MIRAGE, Inc., 5.875%, 02/27/2014	1,000,000	1,002,500
Seneca Gaming Corp., 7.25%, 05/01/2012	1,000,000	1,047,500
Starwood Hotels & Resorts, Inc., 7.375%, 05/01/2007	1,000,000	1,067,500
Town Sports International, Inc., 9.625%, 04/15/2011	1,000,000	1,065,000
Wynn Resorts, Ltd., 6.625%, 12/01/2014 144A	1,000,000	1,002,500

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10,472,500

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**Household Durables 1.0%**

Meritage Homes Corp.:

6.25%, 03/15/2015 144A	325,000	327,844
9.75%, 06/01/2011	1,000,000	1,122,530
WCI Communities, Inc., 9.125%, 05/01/2012	1,000,000	1,115,000

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2,565,374

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**Media 2.4%**

CSC Holdings, Inc., 7.625%, 04/01/2011	1,000,000	1,117,500
Dex Media West LLC, 5.875%, 11/15/2011 144A	1,000,000	1,000,000
LIN TV Corp., 6.50%, 05/15/2013	650,000	666,250
Mediacom LLC, 9.50%, 01/15/2013	1,000,000	1,047,500
MediaNews Group, Inc., 6.375%, 04/01/2014	1,000,000	987,500
R.H. Donnelley Finance Corp., 10.875%, 12/15/2012	1,000,000	1,177,500

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5,996,250

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**Specialty Retail 2.0%**

Central Garden & Pet Co., 9.125%, 02/01/2013	1,000,000	1,112,500
CSK Auto, Inc., 7.00%, 01/15/2014	1,000,000	980,000
Da-Lite Screen Co., Inc., 9.50%, 05/15/2011	1,000,000	1,110,000
Group 1 Automotive, Inc., 8.25%, 08/15/2013	1,000,000	1,065,000
Payless Shoesource, Inc., 8.25%, 08/01/2013	300,000	308,250
PETCO Animal Supplies, Inc., 10.75%, 11/01/2011	395,000	459,187

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5,034,937

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**Textiles, Apparel & Luxury Goods 0.9%**

Oxford Industries, Inc., 8.875%, 06/01/2011	1,000,000	1,075,000
Warnaco Group, Inc., 8.875%, 06/15/2013	1,000,000	1,107,500

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2,182,500

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See Notes to Financial Statements

**SCHEDULE OF INVESTMENTS** continued

February 28, 2005 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>CONSUMER STAPLES 3.7%</b>		
<b>Food &amp; Staples Retailing 2.1%</b>		
Alimentation Couche-Tard, Inc., 7.50%, 12/15/2013	\$ 1,000,000	\$ 1,075,000
Ingles Markets, Inc., 8.875%, 12/01/2011	1,000,000	1,065,000
NeighborCare, Inc., 6.875%, 11/15/2013 (h)	1,000,000	1,060,000
Rite Aid Corp., 8.125%, 05/01/2010	1,000,000	1,050,000
Roundys, Inc., Ser. B, 8.875%, 06/15/2012	1,000,000	1,090,000
		<u>5,340,000</u>
<b>Food Products 0.7%</b>		
B&G Foods Holdings Corp., 8.00%, 10/01/2011	605,000	651,887
Chiquita Brands International, Inc., 7.50%, 11/01/2014 144A	1,000,000	1,015,000
Del Monte Foods Corp., 8.625%, 12/15/2012	96,000	107,520
		<u>1,774,407</u>
<b>Household Products 0.4%</b>		
Church & Dwight Co., Inc., 6.00%, 12/15/2012 144A	1,000,000	1,022,500
<b>Personal Products 0.5%</b>		
Alderwoods Group, Inc., 7.75%, 09/15/2012 144A	1,000,000	1,077,500
<b>ENERGY 3.1%</b>		
<b>Energy Equipment &amp; Services</b>		
<b>0.5%</b>		
Dresser, Inc., 9.375%, 04/15/2011	1,000,000	1,085,000
Hornbeck Offshore Services, Inc., 6.125%, 12/01/2014 144A	150,000	151,500
Parker Drilling Co., Ser. B, 9.625%, 10/01/2013	65,000	74,588

1,311,088

**Oil & Gas 2.6%**

Chesapeake Energy Corp., 6.875%, 01/15/2016	1,000,000	1,080,000
Exco Resources, Inc., 7.25%, 01/15/2011	1,000,000	1,067,500
Ferrellgas LLC, 6.75%, 05/01/2014	1,000,000	1,010,000
Forest Oil Corp., 7.75%, 05/01/2014	1,000,000	1,093,750
Frontier Oil Corp., 6.625%, 10/01/2011	125,000	129,375
Plains Exploration & Production Co., 8.75%, 07/01/2012	1,000,000	1,120,000
Stone Energy Corp., 8.25%, 12/15/2011	1,000,000	1,085,000

6,585,625

**FINANCIALS 3.0%**

**Diversified Financial Services**

**0.4%**

Arch Western Finance LLC, 6.75%, 07/01/2013	1,000,000	1,045,000
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**Insurance 0.4%**

Crum & Forster Holdings Corp., 10.375%, 06/15/2013	1,000,000	1,140,000
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**Real Estate 2.2%**

CB Richard Ellis Group, Inc., 9.75%, 05/15/2010	1,300,000	1,491,750
Host Marriott LP, Ser. J, REIT, 7.125%, 11/01/2013	1,000,000	1,067,500
La Quinta Properties, Inc., REIT, 7.00%, 08/15/2012	770,000	814,275

See Notes to Financial Statements

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**SCHEDULE OF INVESTMENTS** continued

February 28, 2005 (unaudited)

<b>Principal Amount</b>	<b>Value</b>
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**CORPORATE BONDS** continued

**FINANCIALS** continued



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**Real Estate continued**

Omega Healthcare Investors, Inc., REIT, 7.00%, 04/01/2014	\$ 1,000,000	\$ 1,030,000
Thornburg Mortgage, REIT, 8.00%, 05/15/2013	1,000,000	1,065,000
		<hr/>
		5,468,525
		<hr/>

**HEALTH CARE 1.5%**

**Health Care Providers & Services 1.5%**

Coventry Health Care, Inc., 6.125%, 01/15/2015 144A	75,000	77,812
Extencicare Health Services, Inc., 6.875%, 05/01/2014	1,000,000	1,025,000
HCA, Inc., 6.375%, 01/15/2015	1,000,000	1,019,962
Omnicare, Inc., 6.125%, 06/01/2013	675,000	680,063
Triad Hospitals, Inc., 7.00%, 11/15/2013	1,000,000	1,036,250
		<hr/>
		3,839,087
		<hr/>

**INDUSTRIALS 5.7%**

**Aerospace & Defense 1.1%**

Aviall, Inc., 7.625%, 07/01/2011	1,520,000	1,626,400
DRS Technologies, Inc., 6.875%, 11/01/2013	1,000,000	1,055,000
		<hr/>
		2,681,400
		<hr/>

**Commercial Services & Supplies 2.5%**

Adesa, Inc., 7.625%, 06/15/2012	1,000,000	1,067,500
Allied Waste North America, Inc., 6.50%, 11/15/2010	1,000,000	992,500
Geo Group, Inc., 8.25%, 07/15/2013	1,000,000	1,057,500
Manitowoc Co., Inc., 7.125%, 11/01/2013	1,000,000	1,087,500
NationsRent Co., Inc., 9.50%, 10/15/2010	1,000,000	1,120,000
Newpark Resource, Inc., 8.625%, 12/15/2007	1,000,000	1,008,750
		<hr/>
		6,333,750
		<hr/>

**Machinery 1.7%**

Case New Holland, Inc., 9.25%, 08/01/2011 144A	1,000,000	1,105,000
Cummins, Inc., 9.50%, 12/01/2010	360,000	405,450
Navistar International Corp.:		
6.25%, 03/01/2012 144A	665,000	674,975
7.50%, 06/15/2011	1,000,000	1,070,000
Terex Corp., 7.375%, 01/15/2014	1,000,000	1,057,500
		<hr/>
		4,312,925
		<hr/>

**Transportation Infrastructure 0.4%**

Offshore Logistics, Inc., 6.125%, 06/15/2013	1,000,000	1,010,000
		<hr/>

**INFORMATION TECHNOLOGY 0.8%**

**IT Services 0.8%**

Stratus Technologies, Inc., 10.375%, 12/01/2008	855,000	855,000
Unisys Corp., 6.875%, 03/15/2010	1,000,000	1,042,500
		1,897,500

See Notes to Financial Statements

**7****SCHEDULE OF INVESTMENTS** continued

February 28, 2005 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>CORPORATE BONDS continued</b>		
<b>MATERIALS 4.9%</b>		
<b>Chemicals 2.6%</b>		
Equistar Chemicals LP, 10.625%, 05/01/2011	\$ 1,000,000	\$ 1,160,000
Huntsman Advanced Materials LLC:		
11.00%, 07/15/2010 144A	1,000,000	1,182,500
11.625%, 10/15/2010	1,000,000	1,212,500
Lyondell Chemical Co., 10.50%, 06/01/2013	1,000,000	1,187,500
Millenium America, Inc., 9.25%, 06/15/2008	600,000	670,500
Scotts Co., 6.625%, 11/15/2013	1,000,000	1,061,250
		6,474,250
<b>Containers &amp; Packaging 0.8%</b>		
Jefferson Smurfit Corp., 7.50%, 06/01/2013	1,000,000	1,058,750
Owens-Brockway Glass Container, Inc., 6.75%, 12/01/2014 144A	1,000,000	1,030,000
		2,088,750
<b>Metals &amp; Mining 1.0%</b>		
Century Aluminum Co., 7.50%, 08/15/2014 144A	1,000,000	1,080,000
Foundation Pennsylvania Coal Co., 7.25%, 08/01/2014	250,000	266,250
U.S. Steel Corp., 10.75%, 08/01/2008	1,000,000	1,192,500
		2,538,750

**Paper & Forest Products 0.5%**

Boise Cascade LLC, 7.125%, 10/15/2014 144A	70,000	74,375
Georgia Pacific Corp., 8.125%, 05/15/2011	1,000,000	1,162,500
		<u>1,236,875</u>

**TELECOMMUNICATION SERVICES 2.0%****Diversified Telecommunication Services 1.2%**

Citizens Communications Co., 6.25%, 01/15/2013	1,000,000	997,500
Insight Midwest LP, 10.50%, 11/01/2010	1,000,000	1,092,500
Qwest Communications International, Inc., 7.875%, 09/01/2011 144A	760,000	834,100
		<u>2,924,100</u>

**Wireless Telecommunication Services 0.8%**

Nextel Communications, Inc., 5.95%, 03/15/2014	1,000,000	1,043,750
Rural Cellular Co., 8.25%, 03/15/2012	1,000,000	1,070,000
		<u>2,113,750</u>

**UTILITIES 0.7%****Multi-Utilities & Unregulated Power 0.7%**

NRG Energy, Inc., 8.00%, 12/15/2013 144A	782,000	868,020
Reliant Resources, Inc., 6.75%, 12/15/2014	1,000,000	997,500
		<u>1,865,520</u>

*Total Corporate Bonds (cost \$90,251,724)* 92,207,263

See Notes to Financial Statements

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**SCHEDULE OF INVESTMENTS** continued

February 28, 2005 (unaudited)

	<b>Principal Amount</b>	<b>Value</b>
<b>YANKEE OBLIGATIONS-CORPORATE 1.0%</b>		
<b>HEALTH CARE 0.2%</b>		
<b>Pharmaceuticals 0.2%</b>		
Jean Coutu Group, Inc., 8.50%, 08/01/2014 144A	\$ 475,000	\$ <u>489,250</u>

**MATERIALS 0.4%****Paper & Forest Products 0.4%**

Millar Western Forest Products, Ltd.,  
7.75%, 11/15/2013

1,000,000 1,060,000

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**TELECOMMUNICATION SERVICES 0.4%****Wireless Telecommunication Services 0.4%**

Rogers Wireless, Inc., 6.375%, 03/01/2014

1,000,000 1,031,250

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*Total Yankee Obligations-Corporate  
(cost \$2,459,128)*

2,580,500

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**Shares Value**

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**COMMON STOCKS 98.3%****ENERGY 3.9%****Oil & Gas 3.9%**

Crosstex Energy, Inc.

190,000 7,885,000

Western Gas Resources, Inc.

50,000 1,850,000

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9,735,000

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**FINANCIALS 5.4%****Real Estate 5.4%**

Global Signal, Inc. REIT

470,000 13,559,500

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**TELECOMMUNICATION SERVICES 10.6%****Diversified Telecommunication Services 3.8%**

ALLTEL Corp.

1,000 57,200

BellSouth Corp.

50,000 1,290,000

China Netcom Group Corp., Ltd.

19,000 565,630

D&E Communications, Inc.

25,000 266,750

SBC Communications, Inc.

25,000 601,250

Shenandoah Telecommunications Co.

2,500 70,000

Sprint Corp.

150,000 3,552,000

TELUS Corp.

50,000 1,493,898

Verizon Communications, Inc.

50,000 1,798,500

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