EVERGREEN UTILITIES & HIGH INCOME FUND
Form N-CSR
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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

(Exact name of registrant as specified in charter)

200 Berkeley Street
Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

Michael H. Koonce, Esq.
200 Berkeley Street

Boston, Massachusetts 02116

(Name and address of agent for service)

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

Date of fiscal year end: August 31, 2008

Date of reporting period: August 31, 2008

Item 1 - Reports to Stockholders.

Evergreen Utilities And High Income Fund

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

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

LETTER TO SHAREHOLDERS

October 2008

Dennis H. Ferro

President and Chief Executive Officer

Dear Shareholder:

We are pleased to provide the Annual Report for Evergreen Utilities and High Income Fund for the twelve-month period ended August 31, 2008 (the period).

Capital markets came under extreme pressure during the period as investors confronted a variety of challenges that ranged from faltering credit markets and deteriorating housing values to rapidly rising energy costs and intensifying inflationary pressures. All these factors contributed to growing fears that the domestic economy might be moving toward a significant slump that potentially could undermine the growth of the global economy. Against this backdrop, the stock prices of U.S. companies of all sizes and virtually all sectors fell. The declines over the period came even after a reversal of direction in August 2008, the final month of the period, when falling energy prices and the stabilizing U.S. dollar helped most equity benchmarks generate gains. In this environment, utilities stocks constituted one of the few stock groups to yield positive results over the period. Outside the United States, stocks in both industrial and emerging market nations slumped, reflecting concerns about the potentially contagious effects of problems in the United States. In the domestic fixed income market, widespread credit problems dragged down the prices of virtually all types of securities carrying credit risk. Treasuries and other high-quality securities held up relatively well for the period. In contrast, high yield corporate bonds underperformed most other sectors, even after high yield benchmarks produced positive returns in the final month of the fiscal year. In world bond markets, sovereign government securities in industrialized nations outperformed other groups, while emerging market debt and high yield corporate bonds underperformed.

Despite many warning signals, the U.S. economy appeared to defy expectations for recession. While the nation s real Gross Domestic Product grew at an annual rate of just 0.9% in the first quarter of 2008, growth accelerated to a 3.3% pace in the second quarter. The combination of a weak currency, which supported exports, and the injection of tax-rebate checks sustained the expansion, cushioning the impacts of weakening employment, slowing profit growth and rising inflation. Moreover, problems in the credit markets persisted, with major financial institutions continuing to report significant credit losses. In the face of these threats, the federal government intervened. The Federal Reserve Board (the Fed) steadily relaxed monetary policy in an effort to inject new liquidity into the nation s financial system. The Fed slashed the key fed funds

LETTER TO SHAREHOLDERS continued

rate from 5.25% to 2.00% between August 2007 and April 2008. The central bank also initiated policy changes to make funds more available to financial institutions, including commercial and investment banks. In early September 2008, shortly after the fund s fiscal year end, the U.S. Treasury Department acted forcefully to take control over both Fannie Mae and Freddie Mac, the two giant mortgage institutions that had been seriously weakened by the upheaval in the mortgage market. The Treasury s actions were seen as major initiatives to instill confidence in the economy by supporting the mortgage market.

During a volatile and challenging period in the stock and bond markets, the investment managers of Evergreen Utilities and High Income Fund maintained their emphasis on the pursuit of a high level of current income and moderate capital growth for investors. The managers kept this closed-end fund well-diversified with exposures to common stocks and convertible securities of utilities companies and to high yield corporate bonds.

At the same time, Evergreen Investments was able to resolve the challenge to the fund that emanated from the loss of liquidity in the credit markets. As we discussed in our letter to you six months ago, the liquidity crisis affected the general market for Auction Market Preferred Shares (AMPS), which the fund had used to create leverage in pursuit of its income objective. As a consequence, holders of these preferred shares temporarily were not able to sell them at auction. In addition to depriving these holders of liquidity, this situation also disadvantaged the fund by increasing its borrowing costs. Fortunately, Evergreen successfully obtained debt financing that was used to redeem the fund s outstanding AMPS in May and resolve the situation.

We believe the changing conditions in the investment environment over the period have underscored the value of a well-diversified, long-term investment strategy to help soften the effects of volatility in any one market or asset class. As always, we encourage investors to maintain diversified investment portfolios in pursuit of their long-term investment goals.

LETTER TO SHAREHOLDERS continued

Please visit us at **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 Notices to Shareholders:

NYSE Euronext (NYX) completed its acquisition of the American Stock Exchange (Amex). Amex became a subsidiary of NYSE Euronext under the new name NYSE Alternext US LLC. In December 2008, it is anticipated that the Fund, along with more than 500 Amex-listed companies, will trade on NYSE Euronext.

Dennis Ferro, President and Chief Executive Officer (CEO) of Evergreen Investments, will retire at the end of 2008 and Peter Cieszko, current President of Global Distribution, will succeed Mr. Ferro as President and CEO at that time. Additionally, David Germany has been named the new Chief Investment Officer (CIO). Please visit our Web site at EvergreenInvestments.com for additional information regarding these announcements.

On October 3, 2008, Wachovia Corporation, parent company of Evergreen Investments, and Wells Fargo & Company announced a definitive agreement whereby Wells Fargo will acquire Wachovia in a stock-for-stock transaction. Please visit Wachovia.com for additional information regarding this announcement.

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

	Year Ended August 31,				
	2008	**2007**	**2006**	**2005**	**2004[1]**
Net asset value, beginning of period	$24.05	$23.16	$25.43	$19.76	$19.10[2]
Income from investment operations					
Net investment income (loss)	2.49[3]	2.81[3]	4.07[3]	1.80	0.77
Net realized and unrealized gains or losses on investments	(4.18)	2.37	(0.51)	5.64	0.34
Distributions to preferred shareholders from[3]					
Net investment income	(0.33)	(0.30)	(0.39)	(0.15)	(0.02)
Net realized gains	0	(0.20)	(0.02)	(0.04)	0
Total from investment operations	(2.02)	4.68	3.15	7.25	1.09
Distributions to common shareholders from					
Net investment income	(2.76)	(3.79)	(2.76)	(1.58)	(0.30)
Net realized gains	(1.77)	0	(2.67)	0	0
Total distributions to common shareholders	(4.53)	(3.79)	(5.43)	(1.58)	(0.30)
Offering costs charged to capital for					
Common shares	0	0	0	0	(0.04)
Preferred shares	0	0	0.01 [3,4]	0	(0.09)
Total offering costs	0	0	0.01	0	(0.13)
Net asset value, end of period	$17.50	$24.05	$23.16	$25.43	$19.76
Market value, end of period	$21.02	$27.30	$23.50	$22.21	$18.29
Total return based on market value[5]	(7.86%)	34.05%	35.89%	31.00%	(7.05)%
Ratios and supplemental data					
Net assets of common shareholders, end of period (thousands)	$156,384	$209,066	$195,955	$250,826	$227,328
Liquidation value of preferred shares, end of period (thousands)	N/A	$80,000	$80,000	$80,000	$80,000
Asset coverage ratio, end of period	N/A	360%			