

# GABELLI UTILITY TRUST

## 1999 DISTRIBUTION BREAKDOWN & TAX INFORMATION

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### To All Shareholders:

Set forth below is the allocation of net investment income, short-term capital gains and long-term capital gains for the 1999 distributions of the Common Shares of The Gabelli Utility Trust.

The initial cost basis of the Gabelli Utility Trust for shareholders who acquired their shares through the spin-off from the Gabelli Equity Trust is \$9.8125 per Utility Trust share. This represents the fair market value on the distribution date, July 9, 1999.

	Distribution - \$ Per Share				
	OCTOBER	NOVEMBER	DECEMBER	TOTAL	PERCENTAGES (c)
Record Date	10/19/99	11/19/99	12/17/99		
Payment Date	10/29/99	11/30/99	12/27/99		
<b><u>SOURCE</u></b>					
Net Investment Income (a)	\$0.0268	\$0.0268	\$0.0268	\$0.0805	53.6625%
Short-Term Capital Gains (a)	0.0003	0.0003	0.0003	0.0009	0.5997%
Long-Term Capital Gains (b)	0.0229	0.0229	0.0229	0.0686	45.7378%
<b>TOTAL</b>	<b>\$0.0500</b>	<b>\$0.0500</b>	<b>\$0.0500</b>	<b>\$0.1500</b>	<b>100%</b>

100% of the long-term capital gains paid by the Gabelli Utility Trust in 1999 was classified as "20% Rate Gains" subject to a maximum tax rate of 20% (or 10% depending on an individual's tax bracket). Capital gain distributions are reported in box 2a of Form 1099-DIV.

### **CORPORATE DIVIDENDS RECEIVED DEDUCTION AND U.S. GOVERNMENT SECURITIES INCOME**

The percentage of the ordinary income paid by the Gabelli Utility Trust in 1999 that qualifies for the dividends received deduction available for corporations is 84.43%. The percentage of the ordinary income paid by the Utility Trust in 1999 that was derived from U.S. Government Securities was 41.94%. The percentage of U.S. Government Securities held as of December 31, 1999 was 11.96%. (d)

- (a)** Distributions from net investment income and short-term capital gains are taxable as ordinary income and will appear on your Form 1099-DIV, box 1, under Ordinary Dividends.
- (b)** Taxable as long-term capital gains, reportable in column (f), line 13 on Form 1040, Schedule D. Since there were no retained capital gains in 1999, Form 2439 will not be necessary.
- (c)** These percentages should be applied to each distribution made by the Trust during 1999 to determine the appropriate allocations for tax purposes. Distributions from short-term capital gains are treated as ordinary income for tax purposes.
- (d)** Certain states require that 50% of the Fund's portfolio be invested in U. S. Government Securities at the end of each calendar quarter to allow "pass-through" treatment of income derived from U. S. Government Securities. The Trust did not meet this strict requirement in 1999.