



Shareholder Commentary
September 30, 2009



Our cover icon represents the underpinnings of Gabelli. The Teton mountains in Wyoming represent what we believe in in America – that creativity, ingenuity, hard work, and a global uniqueness provide enduring values. They also stand out in an increasingly complex, interconnected, and interdependent economic world.

Investment Objective:

The Gabelli Utility Trust is a non-diversified, closed-end management investment company whose primary objectives are long-term growth of capital and income. The Fund will invest in companies that provide products, services, or equipment for the generation or distribution of electricity, gas, and water. Additionally, the Fund will invest in companies in telecommunications services or infrastructure operations.

We have separated the portfolio manager's commentary from the financial statements and investment portfolio due to corporate governance regulations stipulated by the Sarbanes-Oxley Act of 2002. We have done this to ensure that the content of the portfolio manager's commentary is unrestricted. The financial statements and investment portfolio are mailed separately from the commentary. Both the commentary and the financial statements, including the portfolio of investments, will be available on our website at www.gabelli.com.

This report is printed on recycled paper.

To Our Shareholders,

The utility sector continued to advance in the third quarter, following a second quarter rebound from an oversold bottom reached in mid March 2009. As could be expected, the sector's recovery has lagged the overall market as initial investor optimism regarding an economic recovery has been directed toward higher beta cyclical and growth sectors.

While we are beginning to see the economy stabilize, and the worst of both the recession and the bear market are hopefully behind us, it appears as though the U.S. will experience a slower and more prolonged recovery than many had anticipated. A slowly recovering economy provides a better macroeconomic environment for the near-term relative performance of the defensive utility sector, and we continue to believe that utility stocks offer attractive investment opportunities.

The fundamentals of the utility sector are solid and offer the likelihood of further improvement. Balance sheets are generally strong, and dividend payouts as a percentage of projected earnings are at historically modest levels, indicating dividend security and growth potential. The return of investor confidence has allowed utility capital raising activity to resume at a measured pace. In addition, a more utility friendly climate change bill cleared the House of Representatives in June of 2009 and awaits further consideration in the Senate. The bill will not likely become law in 2009, but it appears that utility companies and power generators will not face the severe penalties for greenhouse gas emissions that caused great concern in early 2009. Finally, we expect mid-to-high single digit earnings growth in 2010 and 2011 driven by rate recognition of investments, recovering load growth, and cost controls.

Utility stocks do face some challenges, including recessionary declines in revenue from larger industrial customers whose consumption has declined as much as 15% in some regions. In addition, for the first time in decades residential consumption per capita has declined, albeit modestly, driven by conservation related to household budgetary constraints and global warming concerns. Utilities remain one of the more recession resistant sectors of the stock market, and earnings



THE GABELLI
UTILITY TRUST

Comparative Results

Average Annual Returns through September 30, 2009 (a)

	Quarter	1 Year	3 Year	5 Year	10 Year	Since Inception (07/09/99)
Gabelli Utility Trust						
NAV Total Return (b)	15.60%	(3.33)%	(2.15)%	4.97%	6.52%	6.38%
Investment Total Return (c)	8.85	(8.20)	1.52	3.59	7.71	8.69
S&P 500 Index	15.59	(6.91)	(5.43)	1.01	(0.15)	(0.93)
S&P 500 Utilities Index	6.15	(7.06)	(1.16)	7.00	3.60	2.93
Lipper Utility Fund Average	9.64	(4.84)	(1.39)	6.71	3.73	3.23

- (a) **Returns represent past performance and do not guarantee future results.** Investment returns and the principal value of an investment will fluctuate. When shares are sold, they may be worth more or less than their original cost. Current performance may be lower or higher than the performance data presented. Visit www.gabelli.com for performance information as of the most recent month end. Performance returns for periods of less than one year are not annualized. **Investors should carefully consider the investment objectives, risks, charges, and expenses of the Fund before investing.** The S&P 500 Index is an unmanaged indicator of stock market performance. The S&P 500 Utilities Index is an unmanaged indicator of electric and gas utility stock performance. The Lipper Utility Fund Average reflects the average performance of open-end mutual funds classified in this particular category. Dividends are considered reinvested. You cannot invest directly in an index.
- (b) Total returns and average annual returns reflect changes in the net asset value ("NAV") per share, reinvestment of distributions at NAV on the ex-dividend date, and adjustments for rights offerings and are net of expenses. Since inception return is based on an initial NAV of \$7.50.
- (c) Total returns and average annual returns reflect changes in closing market values on the New York Stock Exchange ("NYSE"), reinvestment of distributions, and adjustments for rights offerings. Since inception return is based on an initial offering price of \$7.50.

are more stable during economic weakness because the volume of electricity and natural gas sold to residential and commercial customers tends to be less sensitive to economic cycles. Electricity, natural gas, and water are not discretionary purchases for consumers. Industrial demand is more cyclical. Larger industrial customers have markedly decreased their energy consumption over the past twelve months, but industrial revenues make up only about 25% of total revenues. In addition, these customers usually buy their electricity and natural gas under long-term contracts that require them to pay the utility a fixed amount regardless of consumption. As a result, the bottom line net income impact is significantly less than the top line decline in unit sales.

Economic factors, which include depressed natural gas and power prices, will likely result in 2009 EPS results that are roughly 5% to 7% below 2008 results, which is still small in comparison with earnings declines for companies in most other sectors. More importantly, we expect solid earnings growth in 2010 and 2011 as the investments that utility companies have made and continue to make to address greenhouse gas emissions and system reliability are recognized via rate cases at the state and federal levels. The sector is in the midst of a significant number of rate reviews and, given the need for rate increases during challenging economic times, rate cases can be met with some degree of media headline risk. Nonetheless, the utility compact requires regulators to allow investors an opportunity to earn fair returns on prudent investment.

In addition, lack of clarity regarding the eventual rules that will govern climate change policy has temporarily slowed renewable generation development and associated long haul transmission projects. In the near future, as rules are firmly established, utility managements can strategically invest in the necessary infrastructure, and the appropriate regulatory bodies, such as the Federal Energy Regulatory Commission and individual state public utility commissions, can allow recovery of these investments in higher customer rates.

With many utility stocks trading well below their twelve month highs, the sector maintains a current return of approximately 5.0%, which is roughly 170 basis points higher than the ten year U.S. Treasury Note. Coincidentally, the last time the sector saw its yield differential this high was in late 2002, at the beginning of a five year utility bull run. In addition, many utilities have either maintained their current dividends or even raised dividends. Despite the past two quarters of share price advances, utility stocks currently trade below historic average absolute and relative P/E ratios.

Utility consolidation has continued, though at a tepid pace. In recent weeks, TransAlta, the Canadian power generator, agreed to purchase Canadian Hydro Developers, owners of more than 6,000 megawatts of renewable power capacity under development, for an enterprise value totaling \$1.6 billion Canadian dollars, and FPL Group agreed to buy nearly 200 megawatts of wind generation from Babcock & Brown. While Exelon abandoned its hostile bid for NRG during the past quarter, the pending acquisition of Florida Public Utilities by Chesapeake Utilities continued to move forward.

The same forces that have resulted in well over one hundred utility takeover announcements over the past two decades remain in place, and some new forces have come into play to drive the long-term trend. As rules for climate change policy are clarified, utilities will face increased pressure to meet renewable portfolio and emission reduction standards, as well as generate baseload power. Given that it is easier to buy assets than build them, utility investors can expect more acquisitions in the years to come. Pending details of important climate change policy will likely lead utility managements to make long-term strategic decisions, including acquisitions.

We believe utilities could be one of the better performing groups in the equity markets for the remainder of 2009 and for 2010. Their relatively safe, high dividends provide support to stock prices, and their stable, predictable earnings should be much less volatile than many other industry groups. In addition, the material “pick-up” in rate case activity is expected to drive earnings growth in 2010. Passage of the economic stimulus plan is a positive for cash flows of many companies in the utility industry, and it provides some assurance of rate recognition of higher capital investments. We are particularly encouraged by the Obama administration’s emphasis on increased infrastructure investment to modernize the electric grid and accelerated investment in alternative energy, which will provide more efficient products for customers as well as new base rates on which utility companies will be allowed to earn a return for their investors.

The Gabelli Utility Trust's (the "Fund") NAV total return was 15.6% during the third quarter of 2009, compared with gains of 6.2% and 9.6% for the Standard & Poor's ("S&P") 500 Utilities Index and the Lipper Utility Fund Average, respectively. The total return for the Fund's publicly traded shares was 8.9% during the third quarter. On September 30, 2009, the Fund's NAV per share was \$5.01, while the price of the publicly traded shares closed at \$7.42 on the NYSE.

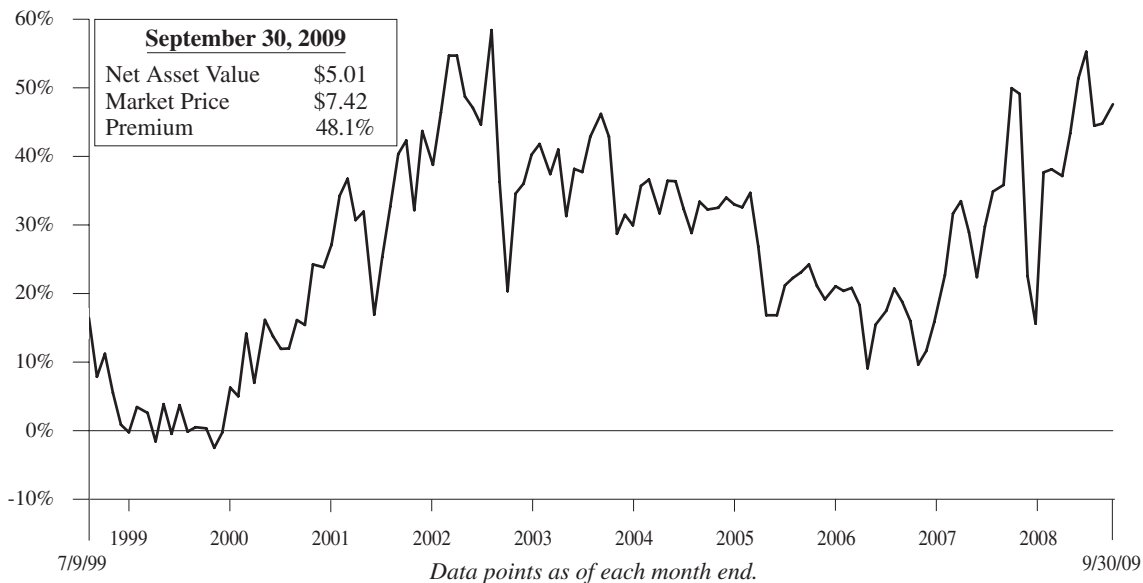
Premium / Discount Discussion

As a refresher for our shareholders, the price of a closed-end fund is determined in the open market by willing buyers and sellers. Shares of the Fund trade on the NYSE and may trade at a premium to (higher than) net asset value (the market value of the Fund's underlying portfolio and other assets less any liabilities) or a discount to (lower than) net asset value. Of the 628 closed-end funds that are publicly traded in the U.S. as of September 30, 2009, approximately 23% trade at premiums to NAV compared with 30% five years ago and 21% ten years ago.

Ideally, the Fund's market price will generally track the NAV. However, the Fund's premium or discount to NAV may vary over time. Over the Fund's ten year history, the range fluctuated from a 72% premium in February 2009 to a 3% discount in November 2000. Shortly after the inception of the Fund, the market price of the Fund exceeded the NAV and this premium continues today. On September 30, 2009, the market price of the Fund closed at a 48.1% premium to its NAV.

The Fund's investment goals are long-term growth of capital and income. We believe that our stock selection process adds to the investment equation. We have a successful history of investment, providing shareholders average annual returns of 6.4% since inception. However, it is important to remember that "Mr. Market" is a pendulum that swings both ways. **As the market moves away from momentum investing and back to basics, we believe that an excessive premium for the Fund is not likely to be sustainable.**

PREMIUM/DISCOUNT SINCE INCEPTION



COMMENTARY

We believe that for the remainder of this year investors will look for dividend paying stocks with low betas and low fundamental risk. Utility stocks fit this description. Across the utilities sector, we see many opportunities to buy the stocks of good companies with strong earnings growth potential and relatively safe and growing dividends, trading at attractive valuations.

Some of the best performers among the major holdings of the Fund during the third quarter were National Fuel Gas, TECO Energy, and El Paso Electric. TECO and El Paso Electric benefited from recent and anticipated constructive rate relief, while National Fuel Gas will likely be one of the more significant beneficiaries of the enormous natural gas reserves in the Marcellus Shale.

Future Green World Policies a Key Long-Term Consideration

In many large countries, most of the electricity is produced by power plants that burn fossil fuels. Pending legislation to lower carbon dioxide emissions to slow down global warming and reduce its effects mean both increased investment in new, more efficient technologies to produce cleaner electricity and a new wave of proposed nuclear power plant construction. We believe these challenges also create opportunities for investors, because new investment means faster growth in rate base and earnings.

President Obama and the Democratic majority in both houses of Congress are pushing for aggressive reductions in carbon dioxide emissions from power plants, compared with the views of the previous administration. This is more in line with the policies already in effect in Europe. It appears likely that a “cap-and-trade” system for greenhouse gas emissions (“GHGs”) will be implemented sometime in the near future, as well as federal and state mandates for an increasing percentage of electric output to be derived from renewable energy, such as wind farms and solar plants.

A cap-and-trade system would call for a mandatory reduction in total emissions, most importantly carbon. Utilities unable to meet the reduction requirements would be allowed to purchase the pre-set number of credits made available by the government. A market based trading system would develop for such emission credits and the number of credits would decline in future years. Fortunately for many utility companies, the bill that cleared the House calls for roughly 35% of the credits made available to be allocated to the industry in the initial years of the program. The “free” allocation of credits would act to delay and/or mitigate the initial negative financial impact. In addition, state public utility regulators will likely allow costs of compliance, which include the purchase of credits, to be passed onto customers.

All this will spur greater investment in alternative energy, specifically wind and solar, and new nuclear power plants in the U.S., but with significant sharing of the financial risk between industry and the federal government.

The 2005 Energy Act provided substantial financial incentives for companies to build more clean energy power plants. Furthermore, legislation passed in the fall of 2008, combined with the February 2009 American Recovery and Reinvestment Act, permits U.S. utilities to accelerate the use of tax credits from investment in alternative energy power plants and provides for over \$60 billion in loan guarantees for companies to pursue investments in the electric grid and alternative energy. While wind generation makes up less than 3% of total U.S. generation, this percentage is expected to increase dramatically over the next decade as wind farms are built throughout Montana, the Dakotas, Minnesota, Wyoming, Iowa, Kansas, Texas, and other wind rich states.

Growing the Nation's Power Highway

Expanding the archaic U.S. electric grid to move power from these unpopulated wind regions to load centers as well as freeing up existing “bottlenecks” in the system represents one of the better investment opportunities for the sector. The Federal Energy Regulatory Commission (“FERC”) regulates transmission, rather than state public utility commissions, and it wants more investment in the grid. Transmission investment generally receives higher profit levels, more incentives, and easier recovery than investment in the jurisdictions regulated by state public utility commissions. Utilities have proposed billions of dollars in projects for longer “power highways” that will enhance future earnings growth potential.

Another Wave of Nuclear Plants

Over the long term, large baseload generation plants that can operate at low marginal costs will be needed to meet growing demand and replace older coal fired units. Given that wind farms only run when the wind blows, solar plants only run when the sun shines, and natural gas prices have proven volatile, it appears that a new wave of nuclear plants will be needed. Incentives from the 2005 energy legislation already provide generous loan guarantees for companies that build new nuclear plants, and more than two dozen nuclear construction license requests are now awaiting approval from the Nuclear Regulatory Commission. Actual construction on the first new wave of plants is expected to begin in 2011, with operations starting in 2016 and 2017. We believe that the value of existing nuclear plants, as well as those currently being developed, will only increase as the number of coal fired plants diminishes over time. The inherent value of nuclear plants will become more evident should natural gas prices recover from their current cyclical depression.

Today's Investment Results in Tomorrow's Earnings

Despite the economic slowdown, the utility sector remains in the early stages of another round of investment. Utilities build, own, and operate infrastructure: power plants, transmission lines, gas pipelines, distribution systems, gas storage facilities, and water treatment plants. After a five year lull in capital spending, utilities have increased capital investment to operate in a more environmentally friendly manner and replace aging infrastructure while meeting growing demand. The politicians and general public are supportive, if not at least understanding, of the need for infrastructure investment.

Regulated utilities generate income when regulators set rates that allow utilities a reasonable opportunity to earn a return on their investment or rate base. Therefore there is a direct correlation between accelerating long-term earnings prospects and accelerating capital budgets. Given generally strong balance sheets, utilities are well positioned to meet their investment obligations. The number of rate increase requests has picked up significantly over the past twelve months, and rate increases authorized recently and in the near future will drive earnings growth in the sector.

Our Approach

There are nearly seventy publicly traded, investor owned electric utilities in the U.S. This is fifty more than we need from the standpoint of economic efficiency. Small natural gas distribution companies make no economic sense either. The balkanized structure of the industry is inherently inefficient and competitive forces are now putting pressure on the marginal players. The big companies feel the need to be bigger to achieve scale economies, and the small companies are selling out as the cost of staying in the game rises. It is only because of a complex and lengthy merger review and approval process that the industry remains as fragmented as it currently is. Our investments in regulated companies have primarily, though not exclusively, focused on fundamentally sound, reasonably priced mid cap and small cap utilities that are likely acquisition targets for large utilities seeking increased bulk.

We also like the beneficiaries of developing trends. This has led to our ongoing focus on nuclear power utilities and utilities with material wind development pipelines as a way to benefit from the need for more power from carbon free generation. We favor utilities with pending transmission line developments and also focus on natural gas pipelines and storage operators as a way to take advantage of the growing demand for natural gas in the U.S.

Let's Talk Stocks

The following are stock specifics on selected holdings of our Fund. Favorable earnings prospects do not necessarily translate into higher stock prices, but they do express a positive trend that we believe will develop over time. Individual securities mentioned are not necessarily representative of the entire portfolio. The share prices of the following holdings are stated in U.S. dollars or U.S. dollar equivalent terms as of September 30, 2009.

American Water Works Co. Inc. (AWK - \$19.94 - NYSE) is the largest investor owned water and wastewater utility company in the United States. Recently, AWK diligently focused its efforts on improving its regulated returns via an active regulatory program. The company's regulated utilities serve approximately 1,600 communities in twenty states and provided roughly 89% of consolidated revenues in 2008. As the largest and most geographically diverse water utility, AWK's size, scale, and technological and financial resources position it favorably as a private consolidator in the fragmented, municipally dominated water and wastewater industry.

FPL Group Inc. (FPL - \$55.23 - NYSE) is expected to be one of the biggest beneficiaries of pending climate change policy. FPL's non-regulated subsidiary, NextEra Energy Resources (formerly FPL Energy), is the nation's largest builder, owner, and operator of wind farms. NextEra benefits from a competitive advantage in wind development and a pipeline of future wind farms totaling roughly 30,000 megawatts. FPL's regulated utility, Florida Power & Light Company, is one of the largest, best operated, and historically fastest growing utilities in the U.S. While the recession has hit Florida's economy hard, a pending rate case will reset rates based on current sales levels, recognize the sizeable investments the company has made, and lead to strong regulated utility growth in 2010. In addition, FPL has one of the strongest balance sheets in the utility industry, and it is one of the few companies in the sector to raise its dividend every year for the past decade.

Great Plains Energy Inc. (GXP - \$17.95 - NYSE) is a small to mid cap regulated utility serving western Missouri and eastern Kansas. This is a solid turnaround story, given that construction of a large coal fired power plant, added wind generation, and significant investment in environmental equipment should add significantly to GXP's earnings over the 2009 – 2012 period. In July 2008, GXP completed the acquisition of the Missouri utility operations of Aquila Corp., a deal that we think should benefit GXP shareholders in the long run. Shares of GXP offer an attractive yield and an even more attractive valuation.

Hera SpA (HER IM - \$2.43 - Milan Stock Exchange) is a multi-utility resulting from the consolidation of various municipal utilities in northern Italy. Hera owns and operates electric distribution, gas distribution, and water utilities. It also is involved in municipal waste and sewage treatment and recycling services. One of Hera's major strategies for earnings growth in the next few years is the completion of several waste-to-energy plants. Due to special incentive tariffs that the Italian government allows for electricity produced from waste, Hera is expected to earn very attractive profits from these ventures which, combined with its regulated businesses, will enable overall earnings to continue to grow.

National Fuel Gas Co. (NFG - \$45.81 - NYSE) is a diversified natural gas company. NFG owns a regulated gas utility serving the region around Buffalo, NY. It also owns major gas pipelines that move gas from the Midwest and Canada down to New York City and over to New England. However, NFG's largest business, providing more than 40% of earnings, is domestic production of natural gas and oil. NFG and its partner, EOG Resources, recently started to drill for natural gas in a very promising region of the Northeast called the Marcellus Shale. It has also continued to increase its dividend for almost forty years.

Northeast Utilities (NU - \$23.74 - NYSE), the holding company for four regulated distribution utilities in the Northeast, is a transmission play. NU expects that a significant portion of its capital investment over the next several years will be for transmission infrastructure, and projects its total transmission rate base to more than double to \$5.0 billion by year end 2013. In May 2009, FERC conceptually approved NU's proposed 150-200 mile transmission line that would deliver about 1,200 megawatts of "no carbon" hydroelectric power from Quebec to New England. The company is moving forward on several other transmission projects in Connecticut that will relieve bottlenecks in the heavily populated region. NU's business model is somewhat desensitized to the economy given numerous adjustment clauses and other mechanisms.

NSTAR (NST - \$31.82 - NYSE) is a consolidation play in the New England region. NST is primarily an electric transmission and distribution utility serving the Boston and Cape Cod regions of Massachusetts. NST also owns a small gas utility. The northeast region of the U.S. has been the most active area for consolidation activity among utilities, including the acquisition of KeySpan by National Grid in August 2007, and the takeover of Energy East by Iberdrola in September 2008. There are several potential suitors for NST, including Consolidated Edison, a company that could use its strong balance sheet to make an acquisition.

SCANA Corp. (SCG - \$34.90 - NYSE) is the parent company of regulated utilities South Carolina Electric & Gas (SCE&G) and Public Service Company of North Carolina (PSNC). It is a play on the buildout of new nuclear plants, as the company has a constructive regulatory environment that will allow it to recover ongoing construction financing costs. In May of 2007, the Base Load Review Act (BLRA) became law in South Carolina and established a procedure allowing an investor owned electric utility to recover some of the costs of constructing a new large generating facility prior to the completion of the project, as long as the plant is constructed in accordance with the schedules, estimates, and projections set forth in the approved application. Currently, SCE&G, in a joint venture with the state owned utility South Carolina Public Service Authority (Santee Cooper), is set to build two 1,117 megawatt nuclear units, to be completed in 2016 and 2019.

Westar Energy Inc. (WR - \$19.51 - NYSE) is another turnaround story since its large divestiture of non-core assets, which enabled it to reduce a significant amount of debt. The balance sheet is solid, with common equity representing 45% of total capitalization. Moreover, Westar is building some smaller transmission projects in Kansas and has a joint venture to build a large \$400 million transmission project in southern Kansas. WR shares yield a healthy 6.1% on the \$1.20 annual dividend, which we consider secure and with growth potential.

Wisconsin Energy Corp. (WEC - \$45.17 - NYSE) is the holding company for Wisconsin Electric, that state's largest electric utility. WEC shares offer a near term outlook of free cash flow, above average EPS and dividend growth, nearly complete new baseload coal plants, and significant opportunity for renewable rate base growth. Over the next few years, WEC's capital program is projected to decline and "already granted" rate recognition of the company's "Power the Future" investments should power earnings and cash flow growth.

Sincerely,



Mario J. Gabelli, CFA
Portfolio Manager and
Chief Investment Officer

October 23, 2009

Note: The views expressed in this Shareholder Commentary reflect those of the Portfolio Manager only through the end of the period stated in this Shareholder Commentary. The Portfolio Manager's views are subject to change at any time based on market and other conditions. The information in this Portfolio Manager's Shareholder Commentary represents the opinions of the individual Portfolio Manager and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Views expressed are those of the Portfolio Manager and may differ from those of other portfolio managers or of the Firm as a whole. This Shareholder Commentary does not constitute an offer of any transaction in any securities. Any recommendation contained herein may not be suitable for all investors. Information contained in this Shareholder Commentary has been obtained from sources we believe to be reliable, but cannot be guaranteed.

Portfolio Manager Compensation

Mr. Gabelli's incentive-based, variable compensation structure and dollar amount have been fully disclosed each year since April of 2000 in the annual proxy statement for GAMCO Investors, Inc. (NYSE:GBL). Mr. Gabelli receives no base salary, no annual bonus, and no stock options.

As founder and portfolio manager of The Gabelli Utility Trust, Mr. Gabelli received \$656,283 in calendar year 2008. For the Fund's first twelve months of operation starting in July 1999, Mr. Gabelli received less than \$250,000. Mario J. Gabelli and various entities he controls owned 591,110 common shares of the Fund for a total amount invested of \$4,386,035, as of September 30, 2009. Mr. Gabelli may not have pecuniary interest equal to a one hundred percent economic ownership in some of the entities he controls.

Monthly Distribution Policy for Common Shareholders

The Board of Trustees of the Fund (the "Board") has reaffirmed the continuation of the Fund's monthly distribution policy for the fourth quarter of 2009. Pursuant to its distribution policy, the Fund paid \$0.06 per share cash distributions on July 24, 2009, August 24, 2009, and September 23, 2009 to common shareholders of record on July 17, 2009, August 17, 2009, and September 16, 2009, respectively, for a total distribution of \$0.18 per share during the third quarter of 2009.

Under the Fund's current distribution policy, the Fund pays a distribution of \$0.06 per share each month and, if necessary, an adjusting distribution in December which includes any additional income and net realized capital gains in excess of the monthly distributions for that year to satisfy the minimum distribution requirements of the Internal Revenue Code.

Each quarter, the Board reviews the amount of any potential distribution and the income, capital gain, or capital available. The Board will continue to monitor the Fund's distribution level, taking into consideration the Fund's net asset value and the financial market environment. The Fund's distribution policy is subject to modification by the Board at any time.

If the Fund does not generate earnings from dividends and interest received and net realized capital gains equal to or in excess of the aggregate distributions paid by the Fund in a given year, then the amount distributed in excess of the Fund's investment income and net realized capital gains would be deemed a non-taxable return of capital. Since this would be considered a return of a portion of a shareholder's original investment, it is not taxable and is treated as a reduction in the shareholder's cost basis. However, despite the challenges of the extra record keeping, a distribution that is occasionally supplemented with a return of capital serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders. For a closed-end fund with a distribution policy, a return of capital becomes progressively less likely with the passage of time because in later years it is more likely that long-term capital gains can be realized and therefore become available for distribution. A portion of the distribution may be treated as long-term capital gain and

qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, ordinary income, and paid-in capital, if any, will be allocated on a pro-rata basis to all distributions to common shareholders for the year. Based on the accounting records of the Fund as of September 16, 2009, each of the distributions paid in 2009 would include approximately 10% from net investment income and 90% from paid-in capital. The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2009 will be made after year end and can vary from the monthly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2009 distributions in early 2010 via Form 1099-DIV.

5.625% Series A Cumulative Preferred Shares

The Fund's 5.625% Series A Cumulative Preferred Shares paid a \$0.3515625 per share cash distribution on September 28, 2009 to preferred shareholders of record on September 21, 2009. The Series A Preferred Shares, which trade on the NYSE under the symbol "GUT Pr A", are rated "Aaa" by Moody's Investors Service and have an annual dividend rate of \$1.40625 per share. The Series A Preferred Shares were issued on July 31, 2003 at \$25.00 per share and pay distributions quarterly. The Series A Preferred Shares are callable at any time at the liquidation value of \$25.00 per share plus accrued dividends. The next distribution is scheduled for December 2009. The Fund is authorized to purchase its Series A Preferred Shares in the open market from time to time when such shares are trading at a discount to the liquidation value of \$25.00. In total through September 30, 2009, the Fund repurchased and retired 46,712 Series A Preferred Shares. During the third quarter of 2009, the Fund repurchased and retired 307 Series A Preferred Shares.

Series B Auction Market Preferred Shares

The dividend rates for the Series B Auction Market Preferred Shares ranged from 1.489% to 1.529% during the third quarter of 2009. Dividend rates for the Series B Preferred Shares are cumulative at a rate that may be reset every seven days based on the results of an auction. Since February 2008, the number of Series B Preferred Shares subject to bid orders by potential holders has been less than the number of Series B Preferred Shares subject to sell orders. Therefore, the weekly auctions have failed, and the dividend rate since then has been the maximum rate. In that event, holders that have submitted sell orders may not be able to sell any or all of the Series B Preferred Shares for which they have submitted sell orders. The current maximum rate is 125 basis points greater than the seven day Telerate/British Bankers Association LIBOR on the day of such auction. The Series B Preferred Shares do not trade on an exchange. The Series B Preferred Shares are rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Ratings Services. The Fund issued 1,000 Series B Preferred Shares on July 31, 2003 at \$25,000 per share. As of September 30, 2009, 900 Series B Preferred Shares were outstanding.

It should be noted that the Investment Adviser does not receive a management fee on the incremental assets attributable to the Preferred Shares unless the total return of the net asset value of the common shares during the year, including distributions and management fee subject to reduction, exceeds the stated dividend rate or corresponding swap rate of each particular series of Preferred Shares for the fiscal year. The Investment Adviser believes this fee arrangement is in the best interest of all shareholders.

The Board shares the Investment Adviser's view that the issuance of the Preferred Shares is designed to benefit the common shareholders. To the extent that the Fund earns in excess of the dividend rate on the Preferred Shares, additional value will thereby be created for its common shareholders.

A portion of the distributions may be treated as long-term capital gain and qualified dividend income for individuals, each subject to the maximum federal income tax rate, which is currently 15% in taxable accounts for individuals. Long-term capital gains, qualified dividend income, and ordinary income, if any, will be allocated on a pro-rata basis to all distributions to preferred shareholders for the year. Based on the accounting records of the Fund as of September 16, 2009, each of the distributions paid in 2009 would include approximately 100% from net investment income. The estimated components of each distribution are provided to shareholders of record in a notice accompanying the distribution and are available on our website (www.gabelli.com). The final determination of the sources of all distributions in 2009 will be made after year end and can vary from the quarterly estimates. All shareholders with taxable accounts will receive written notification regarding the components and tax treatment for all 2009 distributions in early 2010 via Form 1099-DIV.

www.gabelli.com

Please visit us on the Internet. Our homepage at www.gabelli.com contains information about GAMCO Investors, Inc., the Gabelli/GAMCO Mutual Funds, IRAs, 401(k)s, current and historical quarterly reports, closing prices, and other current news. We welcome your comments and questions via e-mail at closedend@gabelli.com.

You may sign up for our e-mail alerts at www.gabelli.com and receive early notice of quarterly report availability, news events, media sightings, and mutual fund prices and performance.

e-delivery

We are pleased to offer electronic delivery of Gabelli fund documents. Shareholders of our closed-end funds can now elect to receive e-mail announcements regarding available materials, including shareholder commentaries and fund reports. For more information or to register for e-delivery, please visit our website at www.gabelli.com.

Top Ten Holdings
September 30, 2009

NSTAR
Allegheny Energy Inc.
National Fuel Gas Co.
The AES Corp.
FPL Group Inc.

Constellation Energy Group Inc.
Westar Energy Inc.
UniSource Energy Corp.
Great Plains Energy Inc.
DPL Inc.

AUTOMATIC DIVIDEND REINVESTMENT AND VOLUNTARY CASH PURCHASE PLANS

Enrollment in the Plan

It is the policy of The Gabelli Utility Trust (the “Fund”) to automatically reinvest dividends payable to common shareholders. As a “registered” shareholder you automatically become a participant in the Fund’s Automatic Dividend Reinvestment Plan (the “Plan”). The Plan authorizes the Fund to credit common shares to participants upon an income dividend or a capital gains distribution regardless of whether the shares are trading at a discount or a premium to net asset value. All distributions to shareholders whose shares are registered in their own names will be automatically reinvested pursuant to the Plan in additional shares of the Fund. Plan participants may send their share certificates to Computershare Trust Company, N.A. (“Computershare”) to be held in their dividend reinvestment account. Registered shareholders wishing to receive their distributions in cash must submit this request in writing to:

The Gabelli Utility Trust
c/o Computershare
P.O. Box 43010
Providence, RI 02940-3010

Shareholders requesting this cash election must include the shareholder’s name and address as they appear on the share certificate. Shareholders with additional questions regarding the Plan or requesting a copy of the terms of the Plan, may contact Computershare at (800) 336-6983.

If your shares are held in the name of a broker, bank, or nominee, you should contact such institution. If such institution is not participating in the Plan, your account will be credited with a cash dividend. In order to participate in the Plan through such institution, it may be necessary for you to have your shares taken out of “street name” and re-registered in your own name. Once registered in your own name your distributions will be automatically reinvested. Certain brokers participate in the Plan. Shareholders holding shares in “street name” at participating institutions will have dividends automatically reinvested. Shareholders wishing a cash dividend at such institution must contact their broker to make this change.

The number of common shares distributed to participants in the Plan in lieu of cash dividends is determined in the following manner. Under the Plan, whenever the market price of the Fund’s common shares is equal to or exceeds net asset value at the time shares are valued for purposes of determining the number of shares equivalent to the cash dividends or capital gains distribution, participants are issued common shares valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then current market price of the Fund’s common shares. The valuation date is the dividend or distribution payment date or, if that date is not a New York Stock Exchange (“NYSE”) trading day, the next trading day. If the net asset value of the common shares at the time of valuation exceeds the market price of the common shares, participants will receive common shares from the Fund valued at market price. If the Fund should declare a dividend or capital gains distribution payable only in cash, Computershare will buy common shares in the open market, or on the NYSE or elsewhere, for the participants’ accounts, except that Computershare will endeavor to terminate purchases in the open market and cause the Fund to issue shares at net asset value if, following the commencement of such purchases, the market value of the common shares exceeds the then current net asset value.

The automatic reinvestment of dividends and capital gains distributions will not relieve participants of any income tax which may be payable on such distributions. A participant in the Plan will be treated for federal income tax purposes as having received, on a dividend payment date, a dividend or distribution in an amount equal to the cash the participant could have received instead of shares.

Voluntary Cash Purchase Plan

The Voluntary Cash Purchase Plan is yet another vehicle for our shareholders to increase their investment in the Fund. In order to participate in the Voluntary Cash Purchase Plan, shareholders must have their shares registered in their own name.

Participants in the Voluntary Cash Purchase Plan have the option of making additional cash payments to Computershare for investments in the Fund's common shares at the then current market price. Shareholders may send an amount from \$250 to \$10,000. Computershare will use these funds to purchase shares in the open market on or about the 1st and 15th of each month. Computershare will charge each shareholder who participates \$0.75, plus a pro rata share of the brokerage commissions. Brokerage charges for such purchases are expected to be less than the usual brokerage charge for such transactions. It is suggested that any voluntary cash payments be sent to Computershare, P.O. Box 43010, Providence, RI 02940-3010 such that Computershare receives such payments approximately 10 days before the 1st and 15th of the month. Funds not received at least five days before the investment date shall be held for investment until the next purchase date. A payment may be withdrawn without charge if notice is received by Computershare at least 48 hours before such payment is to be invested.

Shareholders wishing to liquidate shares held at Computershare must do so in writing or by telephone. Please submit your request to the above mentioned address or telephone number. Include in your request your name, address, and account number. The cost to liquidate shares is \$2.50 per transaction as well as the brokerage commission incurred. Brokerage charges are expected to be less than the usual brokerage charge for such transactions.

For more information regarding the Automatic Dividend Reinvestment Plan and Voluntary Cash Purchase Plan, brochures are available by calling (914) 921-5070 or by writing directly to the Fund.

The Fund reserves the right to amend or terminate the Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of the Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by Computershare on at least 90 days written notice to participants in the Plan.

TRUSTEES AND OFFICERS
THE GABELLI UTILITY TRUST
One Corporate Center, Rye, NY 10580-1422

Trustees

Mario J. Gabelli, CFA
Chairman & Chief Executive Officer,
GAMCO Investors, Inc.

Dr. Thomas E. Bratter
President & Founder, John Dewey Academy

Anthony J. Colavita
President,
Anthony J. Colavita, P.C.

James P. Conn
Former Managing Director &
Chief Investment Officer,
Financial Security Assurance Holdings Ltd.

Vincent D. Enright
Former Senior Vice President &
Chief Financial Officer,
KeySpan Corp.

Frank J. Fahrenkopf, Jr.
President & Chief Executive Officer,
American Gaming Association

John D. Gabelli
Senior Vice President,
Gabelli & Company, Inc.

Robert J. Morrissey
Attorney-at-Law,
Morrissey, Hawkins & Lynch

Anthony R. Pustorino
Certified Public Accountant,
Professor Emeritus, Pace University

Salvatore J. Zizza
Chairman, Zizza & Co., Ltd.

Officers

Bruce N. Alpert
President

Peter D. Goldstein
Chief Compliance Officer

Agnes Mullady
Treasurer & Secretary

David I. Schachter
Vice President & Ombudsman

Investment Adviser

Gabelli Funds, LLC
 One Corporate Center
 Rye, New York 10580-1422

Custodian

The Bank of New York Mellon

Counsel

Willkie Farr & Gallagher LLP

Transfer Agent and Registrar

Computershare Trust Company, N.A.

Stock Exchange Listing

	5.625%
	<u>Common</u>
	<u>Preferred</u>
NYSE-Symbol:	GUT
Shares Outstanding:	30,837,531
	1,153,288

The Net Asset Value per share appears in the Publicly Traded Funds column, under the heading “Specialized Equity Funds,” in Monday’s The Wall Street Journal. It is also listed in Barron’s Mutual Funds/Closed End Funds section under the heading “Specialized Equity Funds.”

The Net Asset Value per share may be obtained each day by calling (914) 921-5070 or visiting www.gabelli.com.

For general information about the Gabelli Funds, call **800-GABELLI** (800-422-3554), fax us at 914-921-5118, visit Gabelli Funds’ Internet homepage at: www.gabelli.com, or e-mail us at: closedend@gabelli.com

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that the Fund may, from time to time, purchase its common shares in the open market when the Fund’s shares are trading at a discount of 10% or more from the net asset value of the shares. The Fund may also, from time to time, purchase its preferred shares in the open market when the preferred shares are trading at a discount to the liquidation value.

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Shareholder Commentary
September 30, 2009