DUFF & PHELPS UTILITIES INCOME INC
Form N-30B-2
May 15, 2001

Dear Fellow Shareholders:

Performance Review: We are pleased to report that your Fund had a total return (market price change plus income) of 1.9% for the first quarter of 2001. In comparison, the S&P 500 Index had a total return of -11.9%, the S&P Utilities Index -7.1%, and a composite of the S&P Utilities Index and the Lehman Utility Bond Index, reflecting the stock and bond ratio of the Fund, had a total return of -4.5%.

During the first quarter of 2001, your Fund paid three monthly 6.5 cent dividends. The 6.5 cent per share monthly rate, without compounding, would be 78 cents annualized, or a 7.42% common stock dividend yield based on the March 30, 2001 closing price of $10.50 per share. That yield compares favorably with the quarter-end yield of 3.3% on the Dow Jones Utility Index and the 2.7% yield on the S&P Utilities Index.

The S&P Utilities Index again outperformed broad market indexes in the first quarter, although all indexes declined on an absolute basis. Against a backdrop of generally lower corporate profitability, the average electric company enjoyed strong first-quarter growth in earnings per share. Investors also regarded the electric supply and demand imbalance evident in parts of the country as likely to support future earnings for some companies. Your Fund performed better than the S&P Utilities Index for the quarter largely because of our higher yielding holdings, relative underrepresentation of gas utilities, and our specific investment selections.

The Federal Reserve Acts to Stimulate Growth: On April 17, 2001 the Federal Reserve (the Fed) lowered short-term interest rates one half of one percent for the fourth time in as many months. The easing of rates, accumulating two percentage points in relatively short order, was uncharacteristically aggressive for policymakers. In lowering the rates, the Fed noted threats to long-term economic growth in the form of higher energy prices, falling consumer confidence due to rising unemployment claims combined with the weak stock market, and an inventory overhang which is depressing corporate capital expenditures on new equipment.

While the recent report of first quarter 2001 growth of 2.0% in the domestic economy partly allays fears of recession, lingering concerns about weak foreign economies, declining domestic corporate profits, and hesitant consumers are likely to keep policymakers focused on the need to maintain growth for the foreseeable future. Historically, low and declining interest rates have been positive for the valuation of utility securities.

California Update--The Fork in the Road: In hindsight, the 1996 California electric industry deregulation plan was flawed. It did not anticipate rapid electricity demand growth, nor appreciate the severity of the supply lag created by new electric plant siting delays. It did not create a truly deregulated market where price signals could help lower demand or spur the creation of new sources of supply. And it did not provide a mechanism by which electric companies could enter into protective long-term supply contracts, or one by which local electric companies could recoup from consumers through higher rates the high cost of supplying electricity.

Two unfortunate outcomes of the California deregulation experience are sharply higher consumer electric bills, and two utility companies (Pacific Gas & Electric Company and Southern California Edison Company) saddled with huge debts created by purchasing high priced electricity and selling it below cost. The companies have chosen to go different directions to resolve their financial crises.

Pacific Gas & Electric has chosen to file Chapter 11 Bankruptcy because it believes a court will be better able to achieve a timely and reasonable resolution than the state government and utility regulators, and that the company will emerge from bankruptcy on stronger financial footing but with the same business profile. Conversely, Southern California Edison has chosen a path of negotiation and compromise and, shortly after the Pacific Gas & Electric bankruptcy filing, announced an agreement with Governor Davis of California. Southern California Edison will be a different company if the legislature and regulatory authorities implement the agreement. Among other considerations, the company's transmission system (high voltage electric wires) will be sold to the state in order to pay energy costs which it has not been able to recover, and power generated by the utility will be sold to the state at re-regulated rates for 10 years.

Will the forked road meet again? It is possible that Pacific Gas & Electric could join the Southern California Edison agreement, or that Southern California Edison's agreement will not be supported by the necessary legislation and the companies will meet in bankruptcy court. Given the financial risks associated with any scenario, your Fund managers continue to believe that making investments in either company would not serve shareholder interests.

REIT Review: The Fund continued to benefit from the diversification and income of its REIT holdings during the first quarter of 2001. The contractual cash flows REITs enjoy from their leases are providing a steady stream of earnings even as the economy has slowed. In fact, our analysts expect earnings growth in excess of 7.0% and dividend increases on most, if not all our REIT holdings this year. The current 7.5% average dividend yield for our REIT shares, combined with more than a 7.0% earnings growth, present a good risk/reward balance for REITs.

The REIT industry is much stronger financially than it was going into the 1990-1991 economic weakness, and share prices should fare relatively well even if the economy continues in a period of slower growth. The capital markets, by limiting funding, deserve much of the credit for the enhanced corporate financial responsibility of REITs, as clearer reporting of real estate supply and demand conditions has allowed investors to mitigate the historic boom and bust nature of prior real estate cycles. New development in the pipeline as a percentage of existing stock and vacancies is also lower than in previous periods. Thus, one of the threats that landlords face in an economic slowdown, excess new and in-place supply, has been greatly reduced.

Additionally, healthy rental rate growth in the last few years has created a positive spread between today's market rents and in-place rents. This is particularly evident in the high barrier-to-entry markets, to which we have a positive bias. Even if market rents declined from today's levels by a magnitude of 20-30%, landlords would still be able to generate an increase in rent when leases expire and are renewed. These increases in rental revenues would help offset any increase in vacancy if tenants elect not to renew their leases. Given the combination of lower interest rates and greater financial strength, the outlook for REIT dividend income and dividend increases remains bright.

Board of Directors Meeting--At the regular April Board of Directors' meeting, the Board declared the following monthly dividends:

Cents Per Share	Record Date	Payable Date
6.5 cents	May 31	June 11
6.5 cents	June 29	July 10
6.5 cents	July 31	August 10

Annual Meeting of Shareholders--The annual meeting of shareholders was held April 24, 2001 in Naples, Florida. At the meeting, holders of common stock were entitled to elect two directors and holders of preferred stock were entitled to elect one director. Nominees Franklin A. Cole, Robert J. Genetski, and Francis E. Jeffries were elected to serve until the annual meeting of shareholders in 2004.

Also at the meeting, the Board's selection of Arthur Andersen LLP as independent public accountants for the Fund until the annual meeting in 2002 was submitted for ratification by shareholders. Arthur Andersen LLP has served as independent public accountants for the Fund since 1987 and was ratified again for the coming year.

The annual meeting of shareholders marked the retirement of Director Beryl W. Sprinkel. Mr. Sprinkel served as Director of the Fund since 1995. The Board recognized and applauded Mr. Sprinkel's years of service to the Fund and excellent contribution to furthering the investment objectives of the Fund.

Automatic Dividend Reinvestment Plan and Direct Deposit Service--The Fund has a dividend reinvestment plan available to all registered shareholders. As long as the market price of the common stock of the Fund exceeds or is equal to the net asset value per share, new shares for the dividend reinvestment program are issued at the greater of either 95% of the market price or the net asset value. If the market price per share of common stock is below the net asset value per share, shares are purchased in the open market at prevailing market prices, plus any brokerage commissions paid by The Bank of New York for all shares purchased by it in the reinvestment of the distribution and credited to the accounts of plan participants.

Those shareholders whose shares are held by 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
Chairman

Nathan I. Partain, CFA
Chief Executive Officer and President

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS
(UNAUDITED)
March 31, 2001

COMMON STOCKS--73.1%

Shares	Company	Market Value (Note 1)
	[_] ELECTRIC--39.5%	
1,300,000	Allegheny Energy Inc.	$ 60,138,000
1,096,000	Dominion Resources	70,659,120
1,600,000	DTE Energy Co.	63,680,000
1,500,000	Duke Energy Corp.	64,110,000
1,593,400	Endesa S.A.	26,370,770
1,005,000	Entergy Corp.	38,190,000
1,400,000	Exelon Corp.	91,840,000
1,299,100	FPL Group Inc.	79,634,830
1,000,000	Keyspan Corp.	38,130,000
215,000	National Grid Group PLC ADR	8,170,000
770,000	National Grid Group PLC (United Kingdom)	5,900,341
2,256,600	NiSource Inc.	70,225,392
1,318,600	NSTAR	50,502,380
1,120,000	Pinnacle West Capital Corp.	51,374,400
1,000,000	Public Service Enterprise Group	43,160,000
1,500,000	Reliant Energy Inc.	67,875,000
850,000	Scottish & Southern Energy (United Kingdom)	7,443,844
200,000	Scottish & Southern Energy ADR	17,515,420
1,000,000	Scottish Power PLC ADR	26,220,000
2,500,000	Southern Co.	87,725,000
1,000,000	TECO Energy Inc.	29,960,000
1,500,000	Vectren Corp.	32,100,000
		1,030,924,497
	[_] GAS--9.6%	
926,000	AGL Resources	20,288,660
1,004,800	El Paso Energy Corp.	65,613,440
400,000	National Fuel Gas Co.	21,432,000
2,425,000	Utilicorp United Inc.	78,473,000
1,500,000	Williams Companies Inc.	64,275,000
		250,082,100

The accompanying note is an integral part of this financial statement.

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS--(Continued)
(UNAUDITED)

March 31, 2001

Shares	Company	Market Value (Note 1)
	[_] TELECOMMUNICATION--14.3%	
1,000,000	Alltell Corp.	$ 52,460,000
1,730,000	BellSouth Corp.	70,791,600
2,137,230	SBC Communications Inc.	95,384,575
700,000	Swisscom AG ADR	16,030,000
900,000	Tele-Danmark A/S ADR	15,525,000
856,250	Telecom Corp. of New Zealand Interim ADR	15,797,813
1,068,400	Telstra Corp. ADR	16,677,724
1,819,000	Verizon Communications	89,676,700
		372,343,412
	[_] NON-UTILITY--9.7%	
308,600	Apartment Investment & Management Co.	13,717,270
145,400	Archstone Communities Trust	3,576,840
200,000	Avalon Bay Communities Inc.	9,162,000
409,000	Boston Properties Inc.	15,726,050
79,900	Camden Property Trust	2,656,675
347,400	CBL & Associates Properties Inc.	9,240,840
403,600	Centerpoint Properties Corporation	18,827,940
301,000	Chelsea GCA Realty Inc.	12,702,200
200,000	Developers Diversified Realty Corp.	2,940,000
495,000	Duke-Weeks Realty Corp.	11,459,250
315,825	Equity Office Properties Trust	8,843,100
200,000	Equity Residential Properties Trust	10,406,000
269,000	Essex Property Trust Inc.	12,925,450
278,100	First Industrial Realty Trust	8,799,084
250,000	General Growth Properties, Inc.	8,737,500
200,000	Kimco Realty Corp.	8,600,000
60,000	Macerich Co.	1,317,000
95,000	Mack-Cali Realty Corp.	2,565,000
370,600	ProLogis Trust	7,441,648
525,100	Reckson Associates Realty Corp.	11,709,730
171,545	Reckson Associates Realty Corp. Class B	4,039,885
140,000	Green Realty Corp.	3,843,000
272,200	Smith Charles E. Residential Realty Inc.	12,382,378
371,100	Spieker Properties Inc.	20,354,835

The accompanying note is an integral part of this financial statement.

5

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS--(Continued)
(UNAUDITED)
March 31, 2001

Shares	Company	Market Value (Note 1)

349,000	Summit Properties	$ 8,550,500
465,800	Vornado Realty Trust	16,689,614
104,500	Weingarten Realty Investors	4,420,350
		251,634,139
	Total Common Stocks (Cost--$1,613,771,146)	1,904,984,148

PREFERRED STOCKS--8.2%

	[_] NON-UTILITY--1.1%	
500,000	Cox Communications Inc. 7% 8/16/02	29,750,000
		29,750,000
	[_] UTILITY--7.1%	
450,000	Dominion Resources 9 1/2% 11/16/04	28,021,500
700,000	Duke Capital Financing Trust III 8 3/8% 8/31/29	18,655,000
1,200,000	Duke Energy 8 1/4% 5/18/04	32,700,000
223,500	EIX Trust II Series B 8.60% 10/29/29	3,408,375
550,000	MediaOne Group 7.00% 11/15/02	16,780,500
500,000	NiSource Industries Inc. 7.75% 2/19/03	27,175,000
209,000	P P & L Capital Trust II 8.10% 7/01/27	5,298,150
789,100	Texas Utilities Co. 9 1/4% 8/16/02	36,850,970
450,900	Utilicorp United Inc. 9 3/4% 11/16/02	15,353,145
		184,242,640
	Total Preferred Stocks (Cost--$205,045,503)	213,992,640

The accompanying note is an integral part of this financial statement.

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS--(Continued)
(UNAUDITED)
March 31, 2001

BONDS--20.3%

		Ratings			
Par Value	Company	Fitch IBCA, Duff & Phelps	Moody's	Standard and Poor's	Market Value (Note 1)
	[_] ELECTRIC--10.9%				
$ 5,000,000	AES Ironwood Corp. 8.857%, due 11/30/25	Not Rated	Baa3	BBB-	5,144,855
23,101,000	Alabama Power Co. 9%, due 12/01/24	A+	A1	A	24,515,082
18,050,000	Comed Financing II 8 1/2%, due 1/15/27	Not Rated	Baa2	BBB	17,797,553
7,500,000	Commonwealth Edison Co. 9 7/8%, due 6/15/20	A-	Baa1	A-	8,470,035

8,850,000	Commonwealth Edison Co. 8 5/8%, due 2/01/22....	A-	Baa1	A-	9,283,818
5,000,000	Commonwealth Edison Co. 8 3/8%, due 9/15/22....	A-	Baa1	A-	5,213,975
10,000,000	Commonwealth Edison Co. 8 3/8%, due 2/15/23....	A-	Baa1	A-	10,431,240
24,000,000	Dominion Resources Capital Trust 7.83%, due 12/01/27....	BBB	Baa1	BBB-	22,229,232
5,000,000	Gulf States Utilities 8.94%, due 1/01/22.....	BBB	Baa3	BBB-	5,295,580
1,000,000	Houston Lighting 8 3/4%, due 3/01/22....	A-	A3	BBB+	1,049,603
18,800,000	Hydro--Quebec 9 3/4%, due 1/15/18....	AA-	A2	A+	20,197,554
5,000,000	Illinois Power Co. 7 1/2, due 7/15/25.....	A-	Baa1	BBB+	4,853,660
5,000,000	Louisiana Power & Light Co. 8 3/4, due 3/01/26.....	BBB+	Baa2	BBB	5,187,560
4,000,000	New York State Electric & Gas Corp. 8 7/8%, due 11/01/21...	A	A3	A	4,186,844
27,580,000	Potomac Electric Power Co. 9%, due 6/01/21........	A+	A1	A	29,007,817

The accompanying note is an integral part of this financial statement.

7

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS--(Continued)
(UNAUDITED)
March 31, 2001

Par Value	Company	Ratings: Fitch IBCA, Duff & Phelps	Ratings: Moody's	Ratings: Standard and Poor's	Market Value (Note 1)
10,000,000	Public Service Co. of Colorado 8 3/4%, due 3/01/22....	A	A3	A	10,379,780
22,750,000	Puget Capital Trust 8.231%, due 6/01/27....	Not Rated	Baa2	BBB-	21,687,347
3,000,000	Rochester Gas & Electric Corp. 9 3/8%, due 4/01/21....	A-	A3	A-	3,138,858
13,000,000	Southern Co. Capital Trust 8.14%, due 2/15/27.....	Not Rated	A3	BBB+	12,273,755
27,830,000	Texas Utilities Electric Co. 9 3/4%, due 5/01/21....	A-	A3	BBB+	29,275,462
12,000,000	UtiliCorp United Inc.				

	8%, due 3/01/23........	BBB	Baa3	BBB	11,510,604
5,000,000	Virginia Electric & Power Co.				
	8 5/8%, due 10/01/24...	A+	A2	A	5,308,875
17,700,000	Virginia Electric & Power Co.				
	8 1/4%, due 3/01/25....	A+	A2	A	18,389,415

					284,828,504
	[_] GAS--2.4%				
5,125,000	ANR Pipeline Co.				
	9 5/8%, due 11/01/21...	Not Rated	Baa1	BBB+	6,277,259
5,000,000	KN Energy Inc.				
	7 1/4%, due 3/01/28....	BBB	Baa2	BBB	4,867,945
10,000,000	Phillips Petroleum Co.				
	9.18%, due 9/15/21.....	BBB	Baa2	BBB	10,495,950
5,000,000	Southern California Gas Co.				
	8 3/4%, due 10/01/21...	AA	A1	AA-	5,224,430
6,488,000	Southern Union Co.				
	7.60%, due 2/01/24.....	BBB+	Baa2	BBB+	6,222,634
8,850,000	Southern Union Co.				
	8 1/4%, due 11/15/29...	BBB+	Baa2	BBB+	9,132,032
10,000,000	TE Products Pipeline Co.				
	7.51%, due 1/15/28.....	Not Rated	Baa2	BBB+	9,087,890
9,000,000	Trans-Canada Pipeline				
	9 1/8%, due 4/20/06....	Not Rated	A3	BBB	9,981,909

					61,290,049

The accompanying note is an integral part of this financial statement.

8

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS--(Continued)
(UNAUDITED)
March 31, 2001

Par Value	Company	Ratings: Fitch IBCA, Duff & Phelps	Ratings: Moody's	Ratings: Standard and Poor's	Market Value (Note 1)
	[_] TELECOMMUNICATION--5.2%				
19,000,000	AT & T Corp.				
	8.35%, due 1/15/25.....	A-	A2	A	19,498,009
10,000,000	AT & T Corp.				
	8 3/4%, due 3/01/31....	BBB	Baa2	BBB	10,075,000
25,000,000	British Telecom PLC				
	8 5/8%, due 12/15/30...	A	A2	A	25,805,850
11,350,000	France Telecom				
	8 1/2%, due 3/01/31....	A	A3	A-	11,492,091
12,000,000	GTE California Inc.				
	8.07%, due 4/15/24.....	AA	AA3	A+	12,226,248
17,625,000	GTE Corp.				

	7.90%, due 2/01/27.....	A+	A2	A+	17,851,182
13,750,000	New England Telephone & Telegraph				
	9%, due 8/01/31........	AA	Aa2	A+	14,616,181
9,000,000	New York Telephone Co.				
	7 5/8%, due 2/01/23....	AA	A1	A+	8,846,226
9,000,000	Tele-Commun Inc.				
	9.80%, due 2/01/12.....	A-	A3	A-	10,844,766
5,000,000	US West Communications				
	8 7/8%, due 6/01/31....	A	A2	BBB+	5,166,085
					136,421,638
	[_] NON-UTILITY--1.8%				
17,500,000	Contl Cablevision				
	9 1/2%, due 8/01/13....	Not Rated	A3	A-	19,218,937
8,000,000	Dayton Hudson Corp.				
	9 7/8%, due 7/01/20....	A	A2	A	10,277,648
19,940,000	EOP Operating LP				
	7 1/2%, due 4/19/29....	BBB+	Baa1	BBB+	18,337,482
					47,834,067
	Total Bonds (Cost--$540,819,370).......................				530,374,258

The accompanying note is an integral part of this financial statement.

DUFF & PHELPS UTILITIES INCOME INC.
STATEMENT OF NET ASSETS--(Continued)
(UNAUDITED)
March 31, 2001
The accompanying note is an integral part of this financial statement.

Par Value	Company	Market Value (Note 1)
	U.S. TREASURY OBLIGATIONS--0.4%	
7,250,000	U.S. Treasury Notes 13 3/8%, due 8/15/01.........	7,489,018
2,000,000	U.S. Treasury Bonds 10 3/4%, due 8/15/05.........	2,478,360
	Total U.S. Treasury Obligations (Cost-- $10,292,188)..................................	9,967,378
	U.S. GOVERNMENT AGENCY OBLIGATIONS--2.7%	
65,000,000	Federal Home Loan Mortgage Corp. 9 3/4%, due 2/14/03	70,687,500
	Total U.S. Government Agency Obligations (Cost-- $70,759,000)..................................	70,687,500
	COMMERCIAL PAPER--2.8%	
73,000,000	General Electric Capital Corp. 5.25%, due 4/02/01...	73,000,000
	Total Commercial Paper (Cost $73,000,000)........	73,000,000

CASH AND OTHER ASSETS LESS LIABILITIES--(7.5%)..............	(195,641,101)
NET ASSETS (equivalent to $9.96 per share of common stock based on 211,622,795 shares of common stock outstanding, authorized 250,000,000 shares, $0.001 par value per share and 5,000 shares remarketed preferred stock outstanding, authorized 100,000,000 shares, liquidation preference $100,000 per share, $0.001 par value per share)..........................	$2,607,364,823

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.

----

(1) 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 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. Other assets and securities are valued at a fair value, as determined in good faith by the Board of Directors.

Board of Directors

WALLACE B. BEHNKE

HARRY J. BRUCE

FRANKLIN A. COLE

GORDON B. DAVIDSON

ROBERT J. GENETSKI

CLAIRE V. HANSEN, CFA

FRANCIS E. JEFFRIES, CFA

NANCY LAMPTON

DAVID J. VITALE

Officers

CLAIRE V. HANSEN, CFA
Chairman,

NATHAN I. PARTAIN, CFA
President and Chief Executive Officer

T. BROOKS BEITTEL, CFA
Senior Vice President, Secretary and Treasurer

MICHAEL SCHATT
Senior Vice President

JOSEPH C. CURRY, JR.
Vice President

DIANNA P. WENGLER
Assistant Secretary

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 & Platt
190 South LaSalle Street
Chicago, Illinois 60603

Independent Public Accountants

Arthur Andersen LLP
33 West Monroe Street
Chicago, Illinois 60603

Duff & Phelps
Utilities Income Inc.

First Quarter
Report

March 31, 2001

[LOGO]