DUFF & PHELPS UTILITY & CORPORATE BOND TRUST INC
Form N-CSR
December 29, 2014

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 811-07358

Duff & Phelps Utility and Corporate Bond Trust Inc.

(Exact name of registrant as specified in charter)

200 South Wacker Drive, Suite 500, Chicago, Illinois 60606

(Address of principal executive offices) (Zip code)

Alan M. Meder
Duff & Phelps Utility and Corporate Bond Trust Inc.
200 South Wacker Drive, Suite 500
Chicago, Illinois 60606

Lawrence R. Hamilton, Esq.
Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606

(Name and address of agents for service)

Registrant s telephone number, including area code: (800) 338-8214

Date of fiscal year end: October 31

Date of reporting period: October 31, 2014

ITEM 1. REPORTS TO STOCKHOLDERS.

The Annual Report to Stockholders follows.

Board of Directors

David J. Vitale, *Chairman*

Donald C. Burke

Stewart E. Conner

Robert J. Genetski

Philip R. McLoughlin

Geraldine M. McNamara

Eileen A. Moran

Nathan I. Partain, CFA

Christian H. Poindexter

Carl F. Pollard

Officers

Nathan I. Partain, CFA

President & Chief Executive Officer

T. Brooks Beittel, CFA

Senior Vice President & Secretary

Daniel J. Petrisko, CFA

Vice President & Chief Investment Officer

Alan M. Meder, CFA, CPA

Treasurer & Assistant Secretary

Joyce B. Riegel

Chief Compliance Officer

Investment Adviser

Duff & Phelps Investment Management Co.

200 South Wacker Drive, Suite 500

Chicago, IL 60606

Call toll-free (800) 338-8214

www.dpimc.com

Administrator

J.J.B. Hilliard, W.L. Lyons, LLC

500 West Jefferson Street

Louisville, KY 40202

Call toll-free (888) 878-7845

Transfer Agent

Computershare

P.O. Box 43078

Providence, RI 02940

Call toll-free (866) 221-1681

Custodian

The Bank of New York Mellon

Legal Counsel

Mayer Brown LLP

Independent Registered Public Accounting Firm

Ernst & Young LLP

Duff & Phelps Utility and Corporate Bond Trust Inc.

ANNUAL REPORT October 31, 2014

December 19, 2014

The change in the Fund s fiscal year end from December 31 to October 31 is reflected within this annual report. Due to the change in fiscal year, this 2014 annual report serves as an update to the Fund s semi-annual report and covers the first 10 months of the calendar year.

Dear Fellow Shareholders:

YOUR FUND S PERFORMANCE

During the first ten months of 2014, the performance of leveraged bond funds, including Duff & Phelps Utility and Corporate Bond Trust Inc. (the DUC Fund or the Fund), was influenced by questions about the sustainability of the U.S. economic recovery and the extent to which a global slowdown might undermine the U.S. expansion. In addition, increased geopolitical tensions led many investors to once again look to the fixed income market as a safe haven. Last year s fear of upward pressure on interest rates, which caused investors to question their exposure to bonds, seemingly became less of a concern. As a result, the DUC Fund, along with the broader fixed income market, posted solid returns.

The following table compares the performance of the DUC Fund to a broad-based investment grade bond market benchmark. It is important to note that the index returns stated below include no fees or expenses, whereas the DUC Fund s net asset value (NAV) returns are net of fees and expenses.

Total Return[1]

For the period indicated through October 31, 2014

	Ten Months	**One Year**	**Three Years (annualized)**	**Five Years (annualized)**
Duff & Phelps Utility and Corporate Bond Trust Inc.				
Market Value[2]	5.61%	4.06%	2.43%	4.07%
Net Asset Value[3]	5.21%	4.36%	4.34%	5.48%
Barclays U.S. Aggregate Bond Index[4]	5.12%	4.14%	2.73%	4.22%

1 Past performance is not indicative of future results. Current performance may be lower or higher than performance in historical periods.

2 Total return on market value assumes a purchase of common stock at the opening market price on the first business day and a sale at the closing market price on the last business day of the period shown in the table and assumes reinvestment of dividends at the actual reinvestment prices obtained under the terms of the DUC Fund s dividend reinvestment plan. In addition, when buying or selling stock, you would ordinarily pay brokerage expenses. Because brokerage expenses are not reflected in the above calculations, your total return net of brokerage expenses would be lower than the total returns on market value shown in the table. Source: Administrator of the DUC Fund.

3 Total return on NAV uses the same methodology as is described in note 2, but with use of NAV for beginning, ending and reinvestment values. Because the DUC Fund s expenses (detailed on page 9 of this report) reduce the DUC Fund s NAV, they are already reflected in the DUC Fund s total return on NAV shown in the table. NAV represents the underlying value of the DUC Fund s net assets, but the market price per share may be higher or lower than the NAV. Source: Administrator of the DUC Fund.

4 The Barclays U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. The index is calculated on a total return basis and rebalanced monthly. Income generated during the month is held in the index without a reinvestment return until month-end when it is removed from the index. The index is unmanaged; its returns do not reflect any fees, expenses, or sales charges and it is not available for direct investment. Source: Bloomberg L.P.

At its regular meeting held on September 19, 2014, the Board of Directors of the DUC Fund determined that the monthly dividends for October, November and December would be in the amount of $0.05 per share. The $0.05 per share dividend represented a decrease of $0.02 per share from the DUC Fund s previous $0.07 per share monthly distribution.

The extended environment of historically low interest rates has added a significant element of reinvestment risk to bond funds, including the DUC Fund. When bonds held in a portfolio mature during a period of low interest rates, the proceeds often need to be reinvested in lower yielding securities. Due to its mandate to invest in the investment grade bond market, a prolonged period of relatively low interest rates and modest reinvestment opportunities has reduced the availability of earnings to the DUC Fund. Management recommended the decrease in the dividend to better align the DUC Fund s monthly distribution with its current and projected earnings. The DUC Fund s dividend is subject to re-evaluation as the interest rate and credit environment change.

Based on the October 31, 2014 closing price of $9.92 and a monthly distribution of $0.05 per share, the DUC Fund common stock had an annualized distribution rate of 6.05%. Please refer to the portion of this letter captioned **About Your Fund** for important information about the sources and characterizations of the DUC Fund s distributions.

Market Overview and Outlook

After a harsh winter led to an unexpected contraction in first quarter growth, the U.S. economy rebounded modestly over the next two quarters. While household finances seemed to be improving, due in part to recovering home prices and an unexpected drop in gasoline prices, stagnant wages and tight credit conditions likely restrained consumer spending. Given still solid profitability, some companies reduced their focus on balance sheet management and instead began looking for opportunities to increase business investment and capital spending. However, expectations for corporate growth were tempered by the threat of a global slowdown that could present challenges for domestic companies that generate a significant portion of their sales overseas. Nationally, further political gridlock along with reduced federal spending added to fiscal uncertainty. Locally, while the financial condition of many municipalities improved as they continued to address expenditures amidst rising tax revenues, some state and city governments still struggled to improve their financial situation. At the same time, prospects for diminished growth caused some foreign central banks to renew their commitment to stimulative monetary policies.

During the first ten months of 2014, the Federal Open Market Committee (FOMC), the committee within the Federal Reserve that sets domestic monetary policy, reaffirmed its commitment to an accommodative monetary policy. Accordingly, the FOMC held the federal funds rate to a target range of zero to 0.25%. Even though it was apparent that the unprecedented stimulus of the last five years could not last indefinitely, interest rates fell as many investors speculated that a global slowdown might impair the U.S. rebound and prompt a delay of the reversal of easy monetary policy. In addition, further geopolitical tension caused some investors to once again look to the relative safety of the U.S. Treasury market. Since mid-year, the U.S. Treasury yield curve shifted downward and flattened, as yields increased by 4 basis points on two-year maturities, while yields decreased by 20 basis points on ten-year maturities and by 29 basis points on thirty-year maturities. Consequently, many sectors of the broader fixed income markets posted solid returns.

We believe that the U.S. economy remains on track to experience positive though moderate growth over the next few quarters. Although U.S. growth has rebounded from an unexpected first quarter decline and the job market continues to recover (albeit slowly), we expect sluggish global growth and further fiscal drag to keep the U.S. recovery slow and uneven. The FOMC recently stated that economic activity is expanding at a moderate pace, while commenting that longer-term inflation expectations have remained stable. As expected, the FOMC ended its program of asset purchases, but indicated that policy rates may remain low for a considerable period of time. Consequently, we believe that moderate economic growth and modest inflation increase the likelihood that the FOMC will be cautious and move slowly toward the normalization of monetary policy.

If the U.S. economy continues to post sub-par growth, the debate over its ability to withstand global weakness amidst tighter domestic monetary policy is expected to continue. Given heightened geopolitical tensions and mixed economic indicators, we believe the fixed income market is likely to remain volatile and highly sensitive to the tone of economic data. In the near term, we expect that a lackluster U.S. economic recovery, moderate inflation and relatively low global interest rates is likely to limit upward pressure on U.S. Treasury yields. Over the longer term, a self-sustaining economic recovery and growing inflation expectations could set the stage for the normalization of monetary policy and a sustained rise in interest rates. If that happens, the total return of leveraged bond funds, including the DUC Fund, would likely be reduced.

About Your Fund

The DUC Fund seeks to provide investors with a stable monthly distribution that is primarily derived from current fiscal year net investment income. At times a portion of the monthly distribution could be derived from realized capital gains, and to the extent necessary, a return of capital, in which case the DUC Fund is required to inform shareholders of the sources of the distribution based on U.S. generally accepted accounting principles (GAAP). A return of capital distribution does not necessarily reflect the DUC Fund s investment performance and should not be confused with yield or income. A return of capital may occur, for example, when some of the money that is invested in the Fund is paid back to the investor. Based on GAAP, for the ten month period ended October 31, 2014, 52% of the total distributions were attributable to current year net investment income and 48% were in excess of current year net investment income and were therefore attributable to a return of capital. The characterization of the distributions for GAAP purposes and federal income tax purposes differs, primarily because of a difference in the tax and GAAP accounting treatment of amortization for premiums on fixed income securities. As of the date of this letter, for federal income tax purposes, the DUC Fund estimates that its current year distributions will be derived entirely from net investment income. In early 2015, a Form 1099-DIV will be sent to shareholders which will state the amount and tax characterization of the DUC Fund s 2014 distributions.

The use of leverage enables the DUC Fund to borrow at short-term rates and invest at long-term rates. As of October 31, 2014, the DUC Fund s leverage consisted of senior debt in the amount of $125 million. On that date, the amount of leverage represented by the senior debt constituted approximately 30% of the DUC Fund s total assets. The amount and type of leverage is reviewed periodically by the Board of Directors based on the DUC Fund s expected earnings relative to the anticipated costs (including fees and expenses) associated with the leverage. In addition, the long-term expected benefits of leverage are weighed against the potential effect of increasing the volatility of both the DUC Fund s NAV and the market value of its common stock. Historically, the tendency of the U.S. yield curve to exhibit a positive slope (i.e., long-term rates higher than short-term rates) has fostered an environment in which leverage can make a positive contribution to the earnings of the DUC Fund. However, there is no assurance that this will continue to be the case in the future. If the use of leverage was to cease being beneficial, the amount and type of leverage employed by the DUC Fund could be modified or eliminated.

The DUC Fund does not currently use derivatives and has no investments in complex securities or structured investment vehicles. However, due to the inherent interconnectivity of today s financial markets, corporate bond investors are faced with the task of identifying and quantifying counterparty risk among both financial and non-financial companies. As a result of the DUC Fund s mandate to invest in the credit markets, any disruptions in the broader credit markets could materially and adversely impact the valuation of the investments held in the DUC Fund. In addition to the risk of disruptions in the broader credit market, an environment of relatively low interest rates continues to add an element of reinvestment risk to bond funds, including the DUC Fund.

It is impossible for the DUC Fund to be completely insulated from turmoil in the global financial markets or reinvestment risk resulting from generational lows in interest rates. However, management believes that over the long term the diversification of the portfolio across sectors and issuers, in addition to the conservative distribution of assets along the yield curve, positions the DUC Fund to take advantage of future opportunities while limiting volatility to some degree.

Dividend Reinvestment and Cash Purchase Plan and Direct Deposit

For those of you receiving dividends in cash, you may want to consider taking advantage of the dividend reinvestment and cash purchase plan (the Plan) available to all registered shareholders of the DUC Fund. Under the Plan, the DUC Fund absorbs all administrative costs (except brokerage commissions, if any) so that the total amount of your dividends and other distributions may be reinvested in additional shares of the DUC Fund. The cash purchase option permits Plan participants to make voluntary additional share purchases in the open market through the Plan s Agent, Computershare.

For those shareholders who wish to continue receiving their dividends in cash, you may want to consider having your monthly dividends deposited, free of charge, directly into your bank account through electronic funds transfer. Direct deposit provides the convenience of automatic and immediate access to your funds, while eliminating the possibility of mail delays and lost, stolen or destroyed checks. Further information about the Plan and direct deposit is available from Computershare, at 1-866-221-1681 or www.computershare.com/investor. A summary of the Plan is also contained in this report, beginning on page 24.

For more information about the DUC Fund, shareholders can access www.ducfund.com.

We appreciate your investment in Duff & Phelps Utility and Corporate Bond Trust Inc. and look forward to continuing our service to you.

Sincerely,

Daniel J. Petrisko, CFA Chief Investment Officer	Nathan I. Partain, CFA Director, President and Chief Executive Officer

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein, are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The DUC Fund disclaims any obligation to update publicly or revise any forward-looking statements or views expressed herein.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

SCHEDULE OF INVESTMENTS

October 31, 2014

Principal Amount (000)	Description	Value (Note 1)
	LONG-TERM INVESTMENTS 135.4%	
	Corporate Bonds 134.3%	
	Utilities 84.0%	
$ 10,000	CalEnergy Company, Inc.,	
	8.48%, 9/15/28 (a)(b)	$ 14,765,090
5,000	CenterPoint Energy Resources Corp.,	
	6.00%, 5/15/18 (a)	5,680,935
10,713	The Cleveland Electric Illuminating Company,	
	8.875%, 11/15/18 (a)(b)	13,426,153
5,000	Commonwealth Edison Company,	
	6.95%, 7/15/18 (a)	5,821,905
5,000	Consolidated Edison Company of New York Inc.,	
	5.85%, 4/01/18 (a)	5,697,105
5,000	Dominion Resources, Inc.,	
	5.15%, 7/15/15 (a)	5,155,490
8,000	EQT Corporation,	
	8.125%, 6/01/19 (a)	9,837,864
10,000	Entergy Texas, Inc.,	
	7.125%, 2/01/19 (a)(b)	11,971,820
5,000	Enterprise Products Operating LLC,	
	6.50%, 1/31/19 (a)	5,857,435
5,475	Exelon Generation Company, LLC,	
	6.20%, 10/01/17 (a)(b)	6,165,846
7,750	FPL Group Capital Inc.,	
	7.875%, 12/15/15 (a)(b)	8,364,048
10,000	Hydro-Quebec,	
	7.50%, 4/01/16 (Canada)(a)	10,912,980
8,115	Indiana Michigan Power Company,	
	7.00%, 3/15/19 (a)(b)	9,720,967
5,000	Kinder Morgan Energy Partners, L.P.,	
	7.75%, 3/15/32 (a)	6,243,965
3,500	Magellan Midstream Energy Partners, L.P.,	
	6.40%, 7/15/18	4,028,993
5,000	Magellan Midstream Energy Partners, L.P.,	
	6.55%, 7/15/19 (a)	5,880,905
7,000	National Fuel Gas Company,	
	6.50%, 4/15/18 (a)(b)	8,033,718
6,000	National Grid PLC,	
	6.30%, 8/01/16 (United Kingdom)	6,549,972
5,000	Nevada Power Company,	
	7.125%, 3/15/19	6,010,735

Principal Amount (000)	Description	Value (Note 1)

$ 5,000	Oncor Electric Delivery Company, LLC,	
	7.00%, 9/01/22 (a)	$ 6,350,990
9,441	ONEOK Partners, L.P.,	
	6.15%, 10/01/16 (a)(b)	10,294,249
5,230	PPL Energy Supply LLC,	
	6.50%, 5/01/18	5,682,228
5,000	PSEG Power LLC,	
	5.32%, 9/15/16 (a)	5,392,375
4,000	Plains All American Pipeline, L.P.,	
	5.00%, 2/01/21	4,479,724
10,000	Progress Energy, Inc.,	
	7.05%, 3/15/19 (a)(b)	11,958,270
8,000	Sempra Energy,	
	6.15%, 6/15/18 (a)(b)	9,164,832
7,785	South Carolina Electric & Gas Company,	
	6.50%, 11/01/18 (a)(b)	9,195,533
7,000	Spectra Energy Capital LLC,	
	6.20%, 4/15/18 (a)	7,915,453
10,000	Trans-Canada PipeLines Limited,	
	9.875%, 1/01/21 (Canada) (a)(b)	13,888,480
8,571	Williams Partners L.P.,	
	7.25%, 2/01/17 (a)(b)	9,595,534
5,000	Xcel Energy, Inc.,	
	5.613%, 4/01/17 (a)	5,508,540
		249,552,134
	Financial 30.7%	
5,000	American Express Company,	
	6.15%, 8/28/17 (a)	5,637,675
5,000	Bank of America Corporation,	
	6.50%, 8/01/16 (a)	5,454,540
5,000	Duke Realty Limited Partnership,	
	6.75%, 3/15/20 (a)	5,912,800
5,000	The Goldman Sachs Group, Inc.,	
	5.50%, 11/15/14	5,006,895
5,000	Health Care Property Investors, Inc.,	
	6.00%, 1/30/17	5,518,670
4,000	Health Care REIT, Inc.,	
	6.125%, 4/15/20 (a)	4,637,964
5,000	JPMorgan Chase & Co.,	
	6.00%, 1/15/18	5,638,345
4,000	KeyCorp.,	
	5.10%, 3/24/21 (a)	4,497,140
5,000	Kimco Realty Corporation,	
	5.584%, 11/23/15 (a)	5,240,130

The accompanying notes are an integral part of these financial statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

October 31, 2014

Principal Amount (000)	Description	Value (Note 1)
$ 5,000	Liberty Property L.P.,	
	5.125%, 3/02/15	$ 5,072,380
5,000	Mack-Cali Realty L.P.,	
	5.125%, 1/15/15	5,039,150
6,000	Morgan Stanley,	
	6.00%, 4/28/15 (a)	6,155,520
5,000	National City Corporation,	
	6.875%, 5/15/19 (a)	5,923,005
6,000	Realty Income Corporation,	
	6.75%, 8/15/19 (a)	7,110,582
4,000	Regency Centers, L.P.,	
	4.80%, 4/15/21	4,383,400
3,000	UDR, Inc.,	
	4.625%, 1/10/22	3,241,569
6,000	Wachovia Bank NA,	
	6.00%, 11/15/17 (a)	6,790,842
		91,260,607
	Industrial 16.3%	
3,000	CSX Corporation,	
	4.25%, 6/01/21 (a)	3,273,555
6,000	The Dow Chemical Company,	
	9.00%, 4/01/21	7,828,464
5,000	Sun Company, Inc.,	
	9.00%, 11/01/24	6,483,862
5,275	Tele-Communications, Inc.,	
	10.125%, 4/15/22 (a)(b)	7,376,797
3,200	Tele-Communications, Inc.,	
	9.875%, 6/15/22 (a)	4,416,598
5,000	Time Warner, Inc.,	
	9.15%, 2/01/23	6,810,735
5,000	Wal-Mart Stores, Inc.,	
	6.75%, 10/15/23	6,450,020
5,000	Xerox Corporation,	
	6.35%, 5/15/18	5,714,560
		48,354,591
	Telecommunications 3.3%	
6,000	Rogers Wireless Inc.,	
	7.50%, 3/15/15 (Canada) (a)(b)	6,154,044
3,000	Verizon Communications Inc.,	
	6.35%, 4/01/19	3,502,287

		9,656,331
	Total Corporate Bonds (Cost $370,513,174)	398,823,663

Principal Amount (000)	Description	Value (Note 1)
	Asset-Backed Securities 0.5%	
$ 1,347	Detroit Edison Securitization Funding LLC 2001-1 A6,	
	6.62%, 3/01/16	$ 1,375,042
	Total Asset-Backed Securities (Cost $1,377,118)	1,375,042

Shares		
	Non-Convertible Preferred Stock 0.4%	
	Financial 0.4%	
50,000	Vornado Realty Trust, Series I,	
	6.625%	1,292,500
	Total Non-Convertible Preferred Stock (Cost $1,175,000)	1,292,500

Principal Amount (000)		
	U.S. Government and Agency Mortgage-Backed Securities 0.2%	
	Federal National Mortgage Association, Pass-Through Certificates,	
$ 99	8.00%, 10/01/30	122,753
360	7.00%, 12/01/31	432,443
	Government National Mortgage Association Pass-Through Certificates,	
6	7.00%, 3/15/26	5,663
33	8.00%, 11/15/30	36,220
30	8.00%, 2/15/31	30,460
	Total U.S. Government and Agency Mortgage-Backed Securities (Cost $537,224)	627,539
	TOTAL INVESTMENTS 135.4%	
	(Cost $373,602,516)	$ 402,118,744
	Other assets in excess of liabilities 6.7%	19,812,808
	Borrowings (42.1%)	(125,000,000)
	NET ASSETS APPLICABLE TO COMMON STOCK 100.0%	$ 296,931,552

The accompanying notes are an integral part of these financial statements.

6

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

SCHEDULE OF INVESTMENTS (Continued)

October 31, 2014

(a) All or a portion of this security has been pledged as collateral for borrowings and made available for loan.

(b) All or a portion of this security has been loaned.
The percentage shown for each investment category is the total value of that category as a percentage of the net assets applicable to common stock of the Fund.

The Fund's investments are carried at fair value which is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. The three-tier hierarchy of inputs established to classify fair value measurements for disclosure purposes is summarized in the three broad levels listed below:

Level 1 quoted prices in active markets for identical securities.

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).

Level 3 significant unobservable inputs (including the Fund s own assumptions in determining fair value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in these securities. The following is a summary of the inputs used to value each of the Fund s investments at October 31, 2014:

	Level 1	Level 2
Corporate bonds		$ 398,823,663
Asset-backed securities		1,375,042
Non-convertible preferred stock	$ 1,292,500	
U.S. Government and Agency mortgage-backed securities		627,539
Total	$ 1,292,500	$ 400,826,244

There were no Level 3 priced securities held and there were no transfers between Level 1 and Level 2 related to securities held at October 31, 2014.

Summary of Ratings as a Percentage of Long-Term Investments (Unaudited)

At October 31, 2014

Rating *	%
AAA	0.5%
AA	1.6%
A	17.4%
BBB	79.1%

BB or lower	1.4%
	100.0%

* Individual ratings are grouped based on the lower rating of Standard & Poor s Financial Services LLC (S&P) or Moody s Investors Service Inc. (Moody s) and are expressed using the S&P ratings scale. If a particular security is rated by either S&P or Moody s, but not both, then the single rating is used. If a particular security is not rated by either S&P or Moody s, then a rating from Fitch Ratings, Inc. (Fitch) is used, if available. The Fund does not evaluate these ratings but simply assigns them to the appropriate credit quality category as determined by the rating agencies, as applicable. Securities that have not been rated by S&P, Moody s or Fitch totaled 0% of the portfolio at the end of the reporting period.

Sector Allocation as a Percentage of

Total Investments at October 31, 2014**

** Percentages are based on total investments rather than total net assets applicable to common stock and include securities pledged as collateral for the Fund s credit facility.

The accompanying notes are an integral part of these financial statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

STATEMENT OF ASSETS AND LIABILITIES

October 31, 2014

ASSETS:	
Investments at value (cost $373,602,516) including $115,565,591 of securities loaned	$ 402,118,744
Cash	14,492,230
Receivables:	
Interest	5,605,164
Securities lending income	343
Prepaid expenses	9,532
Total assets	422,226,013
LIABILITIES:	
Borrowings (Note 9)	125,000,000
Investment advisory fee (Note 3)	179,606
Administrative fee (Note 3)	35,427
Interest on borrowings (Note 9)	7,516
Accrued expenses	71,912
Total liabilities	125,294,461
NET ASSETS APPLICABLE TO COMMON STOCK	$ 296,931,552
CAPITAL:	
Common stock ($0.01 par value, 600,000,000 shares authorized, 27,494,683 shares issued and outstanding)	$ 274,947
Additional paid-in capital	349,888,030
Accumulated distributions in excess of net investment income	(23,169,097)
Accumulated net realized loss on investments	(58,578,556)
Net unrealized appreciation on investments	28,516,228
Net assets applicable to common stock	$ 296,931,552
NET ASSET VALUE PER SHARE OF COMMON STOCK	$ 10.80

The accompanying notes are an integral part of these financial statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

STATEMENTS OF OPERATIONS

	For the ten months ended October 31, 2014	For the year ended December 31, 2013
INVESTMENT INCOME:		
Interest	$ 13,381,488	$ 17,558,208
Dividends	62,109	83,281
Securities lending income, net	50,992	66,760
Total investment income	13,494,589	17,708,249
EXPENSES:		
Investment advisory fees (Note 3)	1,774,315	2,432,142
Interest expense and fees (Note 9)	1,231,470	1,907,299
Administrative fees (Note 3)	351,055	439,557
Professional fees	98,755	102,125
Directors' fees (Note 3)	89,981	128,141
Reports to shareholders .	59,250	69,250
Broker-dealer commissions auction market preferred shares		50,469
Transfer agent fees	34,085	24,850
Custodian fees	33,275	49,900
Other expenses	44,834	99,444
Total expenses	3,717,020	5,303,177
Net investment income	9,777,569	12,405,072
REALIZED AND UNREALIZED GAIN (LOSS):		
Net realized gain on investments	562,642	4,299,406
Net change in unrealized appreciation (depreciation) on investments	5,166,832	(21,059,716)
Net realized and unrealized gain (loss) on investments	5,729,474	(16,760,310)
DISTRIBUTIONS ON AUCTION MARKET PREFERRED SHARES FROM:		
Net investment income		(575,548)
Total distributions		(575,548)

NET INCREASE IN NET ASSETS APPLICABLE TO COMMON STOCK RESULTING FROM OPERATIONS	$ 15,507,043	($ 4,930,786)

The accompanying notes are an integral part of these financial statements.

9

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

STATEMENTS OF CHANGES IN NET ASSETS

	For the ten months ended October 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
OPERATIONS:			
Net investment income	$ 9,777,569	$ 12,405,072	$ 13,535,153
Net realized gain (loss)	562,642	4,299,406	(205,421)
Net change in unrealized appreciation (depreciation)	5,166,832	(21,059,716)	16,145,020
Distributions on auction market preferred shares from net investment income		(575,548)	(1,429,414)
Benefit to common shareholders from tender offer for auction market preferred shares (Note 8)			217,000
Net increase (decrease) in net assets applicable to common stock resulting from operations	15,507,043	(4,930,786)	28,262,338
DISTRIBUTIONS TO COMMON STOCKHOLDERS:			
Net investment income	(18,696,384)	(23,085,796)	(23,005,876)
CAPITAL STOCK TRANSACTIONS:			
Shares issued to common stockholders from dividend reinvestment of 0 , 46,530 and 111,626 shares, respectively		548,697	1,331,861
Net increase in net assets derived from capital stock transactions		548,697	1,331,861
Total (decrease) increase in net assets	(3,189,341)	(27,467,885)	6,588,323
TOTAL NET ASSETS APPLICABLE TO COMMON STOCK:			
Beginning of period	300,120,893	327,588,778	321,000,455
End of period (including distributions in excess of net investment income of $23,169,097, $17,757,065 and $12,055,912 respectively)	$ 296,931,552	$ 300,120,893	$ 327,588,778

The accompanying notes are an integral part of these financial statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

STATEMENTS OF CASH FLOWS

	For the ten months ended October 31, 2014	For the year ended December 31, 2013
INCREASE (DECREASE) IN CASH		
Net cash flows provided by operating activities:		
Interest received	$ 20,785,043	$ 27,171,789
Income dividends received	82,812	83,281
Securities lending income, net	50,984	67,189
Expenses paid	(2,649,064)	(3,744,859)
Interest paid on borrowings	(1,142,902)	(1,570,263)
Dividends paid on preferred stock		(584,516)
Purchase of investment securities	(31,724,440)	(20,053,510)
Proceeds from sales and maturities of investment securities	36,649,883	83,438,641
Net cash provided by operating activities	$ 22,052,316	$ 84,807,752
Net cash flows used in financing activities:		
Distributions paid	(18,696,384)	(23,085,796)
Proceeds from issuance of common stock under dividend reinvestment plan		548,697
Decrease in borrowings		(17,500,000)
Payout for auction market preferred shares redeemed		(47,500,000)
Net cash used in financing activities	(18,696,384)	(87,537,099)
Net increase (decrease) in cash	3,355,932	(2,729,347)
Cash beginning of period	11,136,298	13,865,645
Cash end of period	$ 14,492,230	$ 11,136,298
Reconciliation of net increase (decrease) in net assets resulting from operations to net cash provided by operating activities		
Net increase (decrease) in net assets resulting from operations.	$ 15,507,043	$ (4,930,786)
Purchase of investment securities	(31,724,440)	(20,053,510)
Proceeds from sales and maturities of investment securities	36,649,883	83,438,641
Net realized gain on investments	(562,642)	(4,299,406)
Net change in unrealized (appreciation) depreciation on investments	(5,166,832)	21,059,716
Amortization of premiums and discounts on debt securities, net	6,432,130	8,802,856
Decrease in interest receivable	971,425	810,725
Decrease in dividends receivable	20,703	
Decrease in interest payable on borrowings	(98)	(10,713)
(Increase) decrease in other receivable	(8)	429
Decrease in accrued expenses	(74,848)	(10,200)
Total adjustments	6,545,273	89,738,538
Net cash provided by operating activities	$ 22,052,316	$ 84,807,752

The accompanying notes are an integral part of these financial statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

FINANCIAL HIGHLIGHTS SELECTED PER SHARE DATA AND RATIOS

The table below provides information about income and capital changes for a share of common stock outstanding throughout the periods indicated (excluding supplemental data provided below):

	For the ten months ended October 31, 2014	For the year ended December 31, 2013	2012	2011	2010	2009
PER SHARE DATA:						
Net asset value, beginning of period	$ 10.92	$ 11.93	$ 11.74	$ 11.71	$ 11.70	$ 10.61
Net investment income	0.35	0.45	0.49	0.53	0.66	0.77
Net realized and unrealized gain (loss)	0.21	(0.60)	0.58	0.39	0.24	1.22
Distributions on auction market preferred shares:						
Net investment income		(0.02)	(0.05)	(0.05)	(0.05)	(0.07)
Benefit to common shareholders from tender offer for auction market preferred shares			0.01			
Net increase (decrease) from investment operations applicable to common stock	0.56	(0.17)	1.03	0.87	0.85	1.92
Distributions on common stock:						
Net investment income	(0.68)	(0.84)	(0.84)	(0.84)	(0.84)	(0.83)
Net asset value, end of period	$ 10.80	$ 10.92	$ 11.93	$ 11.74	$ 11.71	$ 11.70
Per share market value, end of period	$ 9.92	$ 10.03	$ 12.26	$ 12.04	$ 11.39	$ 12.29
RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON STOCK:						
Operating expenses	1.48%*	1.69%	1.79%	1.86%	1.89%	2.12%
Operating expenses, without leverage	0.99%*	1.05%	1.11%	1.08%	1.11%	1.21%
Net investment income	3.90%*	3.95%	4.15%	4.51%	5.53%	6.82%
SUPPLEMENTAL DATA:						
Total return on market value[(1)]	5.61%	(11.68)%	9.23%	13.79%	(0.61)%	30.69%
Total return on net asset value[(1)]	5.21%	(1.48)%	9.01%	7.66%	7.34%	18.62%
Portfolio turnover rate	8%	4%	14%	36%	37%	23%
Asset coverage ratio on borrowings, end of period	338%	340%	363%	538%	537%	535%
Asset coverage ratio on preferred stock, end of period			790%	438%	437%	435%
Net assets applicable to common stock, end of period (000 s omitted)	$ 296,932	$ 300,121	$ 327,589	$ 321,000	$ 319,922	$ 318,393

* Annualized

(1) Total return on market value assumes a purchase of common stock at the opening market price on the first business day and a sale at the closing market price on the last business day of each period shown in the table and assumes reinvestment of dividends at the actual reinvestment prices obtained under the terms of the Fund's dividend reinvestment plan. Total return on net asset value uses the same methodology, but with use of net asset value for beginning, ending and reinvestment values.

The accompanying notes are an integral part of these financial statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

NOTES TO FINANCIAL STATEMENTS

October 31, 2014

Note 1. Organization

Duff & Phelps Utility and Corporate Bond Trust Inc. (the Fund) was incorporated under the laws of the State of Maryland on November 23, 1992. The Fund commenced operations on January 29, 1993 as a diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund s investment objective is to seek high current income consistent with investing in securities of investment-grade quality. In 2014, the Fund changed its fiscal year end to October 31 from December 31.

Note 2. Significant Accounting Policies

The following are the significant accounting policies of the Fund:

A. Investment Valuation: Preferred equity securities traded on a national or foreign securities exchange or traded over-the-counter and quoted on the NASDAQ Stock Market are valued at the last reported sale price or, if there was no sale on the valuation date, then the security is valued at the closing bid price, in each case using valuation data provided by an independent pricing service, and are generally classified as Level 1. Preferred equity securities traded on more than one securities exchange shall be valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities and are classified as Level 1. If there was no sale on the valuation date, then the security is valued at the closing bid price of the exchange representing the principal market for such securities. Debt securities are valued at the mean of bid and ask prices provided by an independent pricing service when such prices are believed to reflect the fair value of such securities and are generally classified as Level 2. Any securities for which it is determined that market prices are unavailable or inappropriate are valued at a fair value using a procedure determined in good faith by the Board of Directors and are classified as Level 2 or 3 based on the valuation inputs.

B. Investment Transactions and Investment Income: Securities transactions are recorded on the trade date. Realized gains and losses on sales of securities are calculated on the identified cost basis. Dividend income is recognized on the ex-dividend date and interest income is recognized on the accrual basis. The Fund amortizes premiums and accretes discounts on securities using the effective interest method.

C. Federal Income Taxes: It is the Fund s intention to comply with requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income and capital gains to its shareholders. Therefore, no provision for Federal income or excise taxes is required. Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Since tax authorities can examine previously filed tax returns, the Fund s tax returns filed for the tax years 2011 to 2014 are subject to review.

D. Dividends and Distributions: The Fund declares and pays dividends on its common stock monthly from net investment income. Net long-term capital gains, if any, in excess of loss carryforwards are expected to be distributed annually. The Fund will make a determination at the end of its fiscal year as to whether to retain or distribute such gains. Dividends and distributions are recorded on the ex-dividend date. The amount and timing of distributions are generally determined in accordance with federal tax regulations, which may differ from U.S. generally accepted accounting principles.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2014

E. Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Accounting Standards: The Fund is an investment company that follows accounting and reporting guidance in the Financial Accounting Standards Board s Accounting Standards Codification Topic 946, *Financial Services Investment Companies*.

Note 3. Agreements and Management Arrangements

A. Adviser: The Fund has an Advisory Agreement with Duff & Phelps Investment Management Co. (the Adviser), an indirect, wholly owned subsidiary of Virtus Investment Partners, Inc. (Virtus). The investment advisory fee is payable monthly at an annual rate of 0.50% of the Fund s average weekly managed assets, which is defined as the average weekly value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (other than the aggregate amount of any outstanding borrowings or other indebtedness constituting financial leverage).

B. Administrator: The Fund has an Administration Agreement with J.J.B. Hilliard, W.L. Lyons, LLC (Hilliard). The administration fee is payable monthly at an annual rate of 0.14% of the Fund s average weekly net assets, which is defined as the average weekly value of the total assets of the Fund minus the sum of all accrued liabilities of the Fund (including the aggregate amount of any outstanding borrowings or other indebtedness constituting financial leverage).

C. Directors: The Fund pays each director not affiliated with the Adviser an annual fee plus a fee for certain meetings of the board or committees of the board attended. Total fees paid to directors for the ten months ended October 31, 2014 were $89,981.

D. Affiliated Shareholder: At October 31, 2014, Virtus Partners, Inc. (a wholly owned subsidiary of Virtus) held 42,127 shares of the Fund, which represents 0.15% of the shares of common stock outstanding. These shares may be sold at any time.

Note 4. Investment Transactions

Purchases and sales (including maturities) for the ten months ended October 31, 2014 and for the year ended December 31, 2013 were as follows:

	For the ten months ended October 31, 2014	For the year ended December 31, 2013
Long-Term Investments		
Purchases	$ 31,724,440	$ 20,053,510
Sales and maturities	36,605,398	83,294,385
U.S. Government and Agency Mortgage-Backed Securities		
Purchases		
Sales and maturities	$ 44,485	$ 144,256

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2014

Note 5. Distributions and Tax Information

At October 31, 2014, the federal tax cost of investments and aggregate gross unrealized appreciation (depreciation) were as follows:

Federal Tax Cost	Unrealized Appreciation	Unrealized Depreciation	Net Unrealized Appreciation
$400,134,712	$ 14,703,019	($ 12,718,987)	$1,984,032

The difference between the book basis and tax basis unrealized appreciation (depreciation) is primarily attributable to the difference between book and tax amortization methods for premiums and discounts on fixed income securities.

The tax character of distributions paid during the ten months ended October 31, 2014 and years ended December 31, 2013 and 2012 was as follows:

	10/31/2014	12/31/2013	12/31/2012
Distributions paid from:			
Ordinary income	$ 18,696,384	$ 23,670,312	$ 24,433,900
Total distributions	$ 18,696,384	$ 23,670,312	$ 24,433,900

At October 31, 2014, the components of distributable earnings on a tax basis were as follows:

Undistributed net ordinary income	$ 3,363,099
Other accumulated loss	(58,578,556)
Unrealized net appreciation (depreciation)	1,984,032
	($ 53,231,425)

At October 31, 2014, the Fund had a net capital loss carryforward of $58,578,556 which may be used to offset future capital gains. This net capital loss carryforward will be reduced by future realized capital gains.

Under current law, the Fund may carry forward net capital losses indefinitely to use to offset capital gains realized in future years. Previous law limited the carry forward of capital losses to the eight tax years following the year the capital loss was realized. If the Fund has capital losses that are subject to current law and also has capital losses subject to prior law, the losses realized under current law will be utilized to offset capital gains before any of the losses governed by prior law can be used. As a result of these ordering rules, capital losses realized under previous law may be more likely to expire unused. Capital losses realized under current law will carry forward retaining their classification as long-term or short-term losses; as compared to under prior law in which all capital losses were carried forward as short term capital losses.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2014

At October 31, 2014, the Fund had net capital losses as follows:

		Not Subject to Expiration		
	Subject to Expiration	**Short Term**	**Long Term**	**Total**
Carryover loss:	$ 42,666,336	$ 6,518	$ 15,905,702	$ 58,578,556
Expiration dates:				
2015	13,096,121			
2017	18,907,565			
2018	10,662,650			

Note 6. Reclassification of Capital Accounts

Due to inherent differences in the recognition and distribution of income and realized gains (losses) under U.S. generally accepted accounting principles and for federal income tax purposes, permanent differences between book and tax basis reporting have been identified and appropriately reclassified on the Statement of Assets and Liabilities. At October 31, 2014, the following reclassifications were recorded:

Paid-in Capital	**Accumulated net realized loss on investments**	**Distributions in excess of net investment income**
($4,213,979)	$707,196	$3,506,783

The reclassifications primarily relate to permanent differences attributable to amortization methods on fixed income securities and the expiration of a net capital loss carryforward. These reclassifications have no impact on the net asset value of the Fund.

Note 7. Auction Market Preferred Shares

In 2006, the Fund issued 7,600 shares of Auction Market Preferred Shares (AMPS) in two series of 3,800 shares each at a public offering price of $25,000 per share. The underwriting discount and other offering costs incurred in connection with the issuance of the AMPS were recorded as a reduction of paid-in capital on common stock. In 2009, the Fund redeemed all 3,800 shares of its Series T7 AMPS at a redemption price of $25,000 per share plus accrued but unpaid dividends.

In 2012, the Fund conducted a tender offer for its outstanding Series TH7 AMPS that expired on June 18, 2012 and accepted for purchase 217 shares of AMPS, as more fully described in Note 8. On December 21, 2012, the Fund redeemed 1,683 shares of its Series TH7 AMPS at a redemption price of $25,000 per share plus accrued but unpaid dividends. On September 20, 2013, the Fund redeemed its remaining 1,900 shares of Series TH7 AMPS at a redemption price of $25,000 per share plus accrued but unpaid dividends.

Note 8. Auction Market Preferred Share Tender Offer

The Fund conducted a tender offer that commenced on May 3, 2012 and expired on June 18, 2012, for up to $47,500,000 of its outstanding AMPS at a price equal to 96% of the per share liquidation preference of $25,000 plus any unpaid dividends accrued through the expiration of the offer. Under the terms of the tender offer on June 18, 2012, the

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2014

Fund accepted 217 AMPS at a price equal to 96% of its liquidation preference of $25,000 per share ($24,000 per share) plus dividends accrued and unpaid through the expiration of the offer. Because the tender offer was less than the AMPS per share liquidation preference, the tender offer had a positive impact on net asset value in the amount of $217,000, which was reflected in the Statements of Changes in Net Assets under the caption Benefit to common shareholders from tender offer for auction market preferred shares.

Note 9. Borrowings

The Fund has a Committed Facility Agreement (the Facility) with a commercial bank (the Bank) that allows the Fund to borrow cash, up to a limit of $140,000,000. Borrowings under the Facility are collateralized by certain assets of the Fund (the Hypothecated Securities). The Fund expressly grants the Bank the right to re-register the Hypothecated Securities in its own name or in another name other than the Fund s and to pledge, repledge, hypothecate, rehypothecate, sell, lend or otherwise transfer or use the Hypothecated Securities. Interest is charged at 3 month LIBOR (London Interbank Offered Rate) plus an additional percentage rate of 0.85% on the amount borrowed. A commitment fee of 0.70% on the undrawn balance is also paid and is included in interest expense and fees on the Statements of Operations. The Bank has the ability to require repayment of outstanding borrowings under the Facility upon six months notice or following an event of default. For the ten months ended October 31, 2014, the average daily borrowings under the Facility and the weighted daily average interest rate were $125,000,000 and 1.08%, respectively. As of October 31, 2014, the amount of such outstanding borrowings was $125,000,000. The interest rate applicable to the borrowing at October 31, 2014 was 1.08%.

The Bank has the ability to borrow the Hypothecated Securities (Rehypothecated Securities). The Fund is entitled to receive a fee from the Bank in connection with any borrowing of Rehypothecated Securities. The fee is computed daily based on a percentage of the difference between the fair market rate as determined by the Bank and the Federal Funds Open rate and is paid monthly. The Fund can designate any Hypothecated Security as ineligible for rehypothecation and can recall any Rehypothecated Security at any time and if the Bank fails to return it (or an equivalent security) in a timely fashion, the Bank will be liable to the Fund for the ultimate delivery of such security and certain costs associated with delayed delivery. In the event the Bank does not return the Rehypothecated Security or an equivalent security, the Fund will have the right to, among other things, apply and set off an amount equal to 100% of the then-current fair market value of such Rehypothecated Securities against any amounts owed to the Bank under the Facility. The Fund is entitled to receive an amount equal to any and all interest, dividends, or distributions paid or distributed with respect to any Hypothecated Security on the payment date. At October 31, 2014, Hypothecated Securities under the Facility had a market value of $301,381,676 and Rehypothecated Securities had a market value of $115,565,591. If at the close of any business day, the value of all outstanding Rehypothecated Securities exceeds the value of the borrowings, the Bank shall promptly, at its option, either reduce the amount of the outstanding securities or deliver an amount of cash at least equal to the excess amount.

Note 10. Indemnifications

Under the Fund s organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not occurred. However, the Fund has not had prior claims or losses pursuant to these arrangements and expects the risk of loss to be remote.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

October 31, 2014

Note 11. Subsequent Events

Management has evaluated the impact of all subsequent events on the Fund through the date the financial statements were available for issuance, and has determined that there were no subsequent events requiring recognition or disclosure in these financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Shareholders and Board of Directors of

Duff & Phelps Utility and Corporate Bond Trust Inc.:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Duff & Phelps Utility and Corporate Bond Trust Inc. (the Fund) as of October 31, 2014, and the related statements of operations, changes in net assets, and cash flows and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Fund s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2014, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Duff & Phelps Utility and Corporate Bond Trust Inc. at October 31, 2014, the results of its operations, the changes in its net assets, its cash flows and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois

December 19, 2014

TAX INFORMATION (Unaudited)

The following information is provided with respect to the ordinary income distributions paid by the Fund during the ten months ended October 31, 2014:

Interest-Related Dividends for Non-U.S. Residents	79.09%*

*Represents the portion of the taxable ordinary income dividends eligible for exemption from U.S. withholding tax for nonresident aliens and foreign corporations under Sec. 871(k)(1) of the Internal Revenue Code.

INFORMATION ABOUT PROXY VOTING BY THE FUND (Unaudited)

Although the Fund does not typically hold voting securities, a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund s website at www.ducfund.com or on the SEC s website at www.sec.gov.

INFORMATION ABOUT THE FUND S PORTFOLIO HOLDINGS (Unaudited)

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third fiscal quarters of each fiscal year (quarters ended January 31 and July 31) on Form N-Q. The Fund s Form N-Q is available on the SEC s website at www.sec.gov and may be reviewed and copied at the SEC s Public Reference Room in Washington, D.C. Information on the operation of the SEC s Public Reference Room may be obtained by calling (800) 732-0330. In addition, the Fund s Form N-Q is available without charge, upon request, by calling the Administrator toll-free at (888) 878-7845 or is available on the Fund s website at www.ducfund.com.

ADDITIONAL INFORMATION (Unaudited)

Since December 31, 2013: (i) there have been no material changes in the Fund s investment objectives or policies that have not been approved by the shareholders; (ii) there have been no changes in the Fund s charter or by-laws that would delay or prevent a change in control of the Fund which have not been approved by the shareholders; (iii) there have been no material changes in the principal risk factors associated with an investment in the Fund; and (iv) there have been no changes in the persons who are primarily responsible for the day-to-day management of the Fund s portfolio.

Additional information, if any, relating to the Fund s directors and officers, in addition to such information as is found elsewhere in the Annual Report, may be requested by contacting the Fund at the address provided in this report.

Notice is hereby given in accordance with Section 23(c) of the 1940 Act that the Fund may from time to time purchase its shares of common stock in the open market.

INFORMATION ABOUT DIRECTORS AND OFFICERS OF THE FUND (Unaudited)

Set forth below are the names and certain biographical information about the directors of the Fund. Directors are divided into three classes and are elected to serve staggered three-year terms. All of the current directors of the Fund, with the exception of Mr. Partain, are classified as independent directors because none of them are interested persons of the Fund, as defined in the 1940 Act. Mr. Partain is an interested person of the Fund by reason of his position as President and Chief Executive Officer of the Fund and President, Chief Investment Officer and employee of the Adviser. The term Fund Complex refers to the Fund and all the other investment companies advised by affiliates of Virtus.

The address for all directors is c/o Duff & Phelps Investment Management Co., 200 South Wacker Drive, Suite 500, Chicago, Illinois 60606. All of the Fund s directors currently serve on the Board of Directors of three other registered closed-end investment companies that are advised by Duff & Phelps Investment Management Co.: DNP Select Income Fund Inc. (DNP), Duff & Phelps Global Utility Income Fund Inc. (DPG) and DTF Tax-Free Income Inc. (DTF).

DIRECTORS OF THE FUND (Unaudited)

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by the Director During Past 5 Years
Donald C. Burke Age: 54	Director	Term expires 2015; Director since July 2014	Retired since 2010; President and Chief Executive Officer, BlackRock U.S. Funds 2007-2009; Managing Director, BlackRock, Inc. 2006-2009; Managing Director, Merrill Lynch Investment Managers 1990-2006	4	Director, Avista Corp. (energy company) since 2011; Trustee, Goldman Sachs Fund Complex 2010-2014; Director, BlackRock Luxembourg and Cayman Funds 2006-2010
Stewart E. Conner Age: 73	Director	Term expires 2015; Director since 2009	Retired since 2005; Attorney, Wyatt Tarrant & Combs LLP 1966-2005 (Chairman, Executive Committee 2000-2004, Managing Partner 1988-2000)	4	
Robert J. Genetski Age: 72	Director	Term expires 2016; Director since 2009	President, Robert Genetski & Associates, Inc. (economic and financial consulting firm) since 1991; Senior Managing Director, Chicago Capital Inc. (financial services firm) 1995-2001; former Senior Vice President and Chief Economist, Harris Trust & Savings Bank; author of several books	4	Director, Midwest Banc Holdings, Inc. 2005-2010
Philip R. McLoughlin Age: 68	Director	Term expires 2016; Director since 1996	Private investor since 2010; Partner, CrossPond Partners, LLC (investment management consultant) 2006-2010; Managing Director, SeaCap Partners LLC (strategic advisory firm) 2009-2010	71	Chairman of the Board, The World Trust Fund (closed-end fund) since 2010 (Director since 1991); Director, Argo Group International Holdings, Ltd. (insurance holding company; f/k/a PXRE Group Ltd.) 1985-2009

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by the Director During Past 5 Years
Geraldine M. McNamara Age: 63	Director	Term expires 2017; Director since 2003	Private investor since 2006; Managing Director, U.S. Trust Company of New York 1982-2006	52	
Eileen A. Moran Age: 60	Director	Term expires 2015; Director since 1996	Private investor since 2011; President and Chief Executive Officer, PSEG Resources L.L.C. (investment company) 1990-2011	4	
Christian H. Poindexter Age 76	Director	Term expires 2017; Director since 2008	Retired since 2003; Executive Committee Chairman, Constellation Energy Group, Inc. (public utility holding company) 2002-2003; (Chairman of the Board 1999-2002; Chief Executive Officer 1999-2001; President 1999-2000); Chairman, Baltimore Gas and Electric Company 1993-2002 (Chief Executive Officer 1993-2000; President 1998-2000; Director 1988-2003)	4	Director, The Baltimore Life Insurance Company 1998-2011
Carl F. Pollard Age: 76	Director	Term expires 2017; Director since 2006	Owner, CFP Thoroughbreds LLC (f/k/a Hermitage Farm LLC) since 1995; Chairman, Columbia Healthcare Corporation 1993-1994; Chairman and Chief Executive Officer, Galen Health Care, Inc. March-August 1993; President and Chief Operating Officer, Humana Inc. 1991-1993 (previously Senior Executive Vice President, Executive Vice President and Chief Financial Officer)	4	Director, Churchill Downs Incorporated 1985-2011 (Chairman of the Board 2001-2011)

Name and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by the Director During Past 5 Years
David J. Vitale Age: 68	Director and Chairman of the Board	Term expires 2015; Director since 2005	Chairman of the Board of the Fund, DNP and DTF since 2009 and of DPG since 2011; President, Chicago Board of Education since 2011; Chairman, Urban Partnership Bank since 2010; Private investor 2009-2010; Senior Advisor to the CEO, Chicago Public Schools 2007-2008 (Chief Administrative Officer 2003-2007); President and Chief Executive Officer, Board of Trade of the City of Chicago, Inc. 2001-2002; Vice Chairman and Director, Bank One Corporation 1998-1999; Vice Chairman and Director, First Chicago NBD Corporation, and President, The First National Bank of Chicago 1995-1998; Vice Chairman, First Chicago Corporation and The First National Bank of Chicago 1993-1998 (Director 1992-1998; Executive Vice President 1986-1993)	4	Director, United Continental Holdings, Inc. (airline holding company; f/k/a UAL Corporation), Urban Partnership Bank, Alion Science and Technology Corporation, Ariel Capital Management, LLC and Wheels, Inc. (automobile fleet management)
Interested Director					
Nathan I. Partain, CFA Age: 58	Director, President and Chief Executive Officer	Term expires 2016; Director since 2007	President and Chief Investment Officer of the Adviser since 2005 (Executive Vice President 1997-2005); Director of Utility Research, Duff & Phelps Investment Research Co. 1989-1996 (Director of Equity Research 1993-1996 and Director of Fixed Income Research 1993); President and Chief Executive Officer of the Fund and DTF since 2004 and of DPG since 2011; President and Chief Executive Officer of DNP since 2001 (Chief Investment Officer since 1998; Executive Vice President 1998-2001; Senior Vice President 1997-1998)	4	Chairman of the Board and Director, Otter Tail Corporation (manages diversified operations in the electric, plastics, manufacturing and other business operations sectors)

OFFICERS OF THE FUND (Unaudited)

The officers of the Fund are elected at the annual meeting of the board of directors of the Fund and serve until their respective successors are chosen and qualified. The Fund s officers receive no compensation from the Fund, but are also officers of the Adviser or Virtus and receive compensation in such capacities. Information pertaining to Nathan I. Partain, the President and Chief Executive Officer of the Fund, is provided under the caption Interested Director . Information pertaining to the other officers of the Fund is set forth below. The address for all officers noted below is c/o Duff & Phelps Investment Management Co., 200 South Wacker Drive, Suite 500, Chicago, Illinois 60606.

Name and Age	Position(s) Held with Fund and Length of Time Served	Principal Occupation(s) During Past 5 Years
T. Brooks Beittel, CFA Age: 64	Senior Vice President since 2012; Secretary since 2005	Executive Managing Director of the Adviser since 2014 (Assistant Chief Investment Officer since 2008; Executive Vice President 2008-2014; Senior Vice President 1994-2008; Vice President 1987-1993)
Alan M. Meder, CFA, CPA Age: 55	Treasurer since 2000; Principal Financial and Accounting Officer and Assistant Secretary since 2002	Chief Risk Officer of the Adviser since 2001 and Senior Managing Director since 2014 (Senior Vice President 1994-2014); Board of Governors of CFA Institute 2008-2014 (Chair of the Board of Governors of CFA Institute 2012-2013; Vice Chairman of the Board 2011-2012); Financial Accounting Standards Advisory Council Member 2011-2014
Daniel J. Petrisko, CFA Age: 54	Chief Investment Officer since 2004; Vice President since 2000 (Portfolio Manager 2002-2004)	Senior Managing Director of the Adviser since 2014 (Senior Vice President 1997-2014; Vice President 1995-1997)
Joyce B. Riegel Age: 60	Chief Compliance Officer since 2003	Chief Compliance Officer of the Adviser since 2002 and Senior Managing Director since 2014 (Senior Vice President 2004-2014; Vice President 2002-2004)
Dianna P. Wengler Age: 54	Vice President and Assistant Secretary since February 2014	Vice President, J.J.B. Hilliard, W.L. Lyons, LLC since 1990; Senior Vice President, Hilliard-Lyons Government Fund, Inc. 2006-2010 (Vice President 1998-2006; Treasurer 1988-2010)

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN (Unaudited)

Registered common shareholders are automatically enrolled in the Fund s Dividend Reinvestment and Cash Purchase Plan (the Plan). Under the Plan, all distributions to common shareholders will automatically be reinvested by Computershare Trust Company, N.A. (the Plan Agent) in additional shares of common stock of the Fund unless an election is made to receive distributions in cash. Shareholders who elect not to participate in the Plan will receive all distributions in cash via direct deposit or paid by check in U.S. dollars mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent.

The Plan Agent serves as agent for the common shareholders in administering the Plan. After the Fund declares a dividend or determines to make a capital gains distribution, if (1) the market price of shares on the valuation date equals or exceeds the net asset value of these shares, the Fund will issue new shares at net asset value, provided that the Fund will not issue new shares at a discount of more than 5% from the then current market price; or if (2) the market price is lower than the net asset value, or if dividends or capital gains distributions are declared and payable only in cash, then the Plan Agent will, as agent for the participants, receive the cash payment and use it to buy shares of common stock in the open market, on the New York Stock Exchange or elsewhere, for the participants accounts. If, before the Plan Agent has completed its purchases, the market price exceeds the net asset value per share of the common stock, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the Fund s common stock, resulting in the acquisition of fewer shares of common stock than if the dividend or distribution had been paid in common stock issued by the Fund. As described below, the Plan was amended, effective December 1, 1999, whereby the Fund will issue new shares in circumstances in which it will be beneficial to Plan participants.

The reinvestment shares are credited to the Plan participant s account in the Fund s stock records maintained by the Plan Agent, including a fractional share to six decimal places. The Plan Agent sends to each Plan participant a monthly written statement of each transaction in the Plan participant s share account, including information that the participant will need for income tax records. Shares held in the Plan participant s account have full distribution and voting rights. Plan participants may elect to send to the Plan Agent certificates for their other shares of the Fund s stock, which will be included in statements of their share accounts as non-certificated shares. The Plan Agent does not currently charge a fee per deposit, but may do so in the future.

The cost of administering the Plan is borne by the Fund. There is no brokerage commission charged on shares issued directly by the Fund. However, Plan participants will pay a per share fee (which includes brokerage commissions or equivalent purchase costs) incurred in connection with purchases by the Plan Agent for reinvestment of distributions and voluntary cash payments.

The Plan also permits Plan participants to periodically purchase additional shares of common stock through the Plan by delivering to the Plan Agent a check for at least $100, but not more than $5,000 in any month. The Plan Agent will use the funds to purchase shares in the open market or in private transactions. The Fund will not issue any new shares in connection with voluntary additional share investments. Purchases will be made commencing with the date of the first distribution payment after receipt of the funds for additional purchases (assuming funds have been received at least two business days prior to the distribution date), and may be aggregated with purchases of shares for reinvestment of distributions. Shares will be allocated to the accounts of Plan participants purchasing additional shares at the weighted average price per share, plus a service charge imposed by the Plan Agent and a per share fee incurred in connection with such purchases. Checks are to be drawn in U.S. dollars and drawn against a U.S. bank.

The Plan Agent will make every effort to invest funds promptly, and in no event more than 30 days after the Plan Agent receives a distribution, and 35 days for voluntary additional share investment, except where deferral is required under applicable federal or state laws or regulations.

Funds sent to the Plan Agent for voluntary additional share investment may be recalled by the Plan participant by telephone, Internet, or written notice received by the Plan Agent not later than two business days before the next distribution payment date. If for any reason a regular monthly distribution is not paid by the Fund, funds for voluntary additional share investment will be returned to the Plan participant, unless the Plan participant specifically directs that they continue to be held by the Plan Agent for subsequent investment.

A Plan participant may leave the Plan at any time by telephone, Internet or written notice to the Plan Agent. If notification is received by the Plan Agent after the record date of a distribution, it may not be effective until the next distribution. Upon discontinuing participation, a Plan participant has three choices: (i) if so requested by telephone, Internet or written notice, the Plan Agent will sell the Plan participant s shares and send a check for the net proceeds after deducting the Plan Agent s sales fees (currently $5.00) and any per share fee (currently $0.04); (ii) if so requested by telephone, Internet or written notice, the Plan participant s shares may be electronically transferred to the Plan participant s stock broker through the Direct Registration System; or (iii) if not so requested in (i) or (ii), the Plan participant will receive by mail a certificate for the number of whole non-certificated shares held in the Plan participant s account and a check for the value of the fractional share, less applicable fees. The Fund reserves the right to amend the Plan to institute a service charge to participants. An election to withdraw from the Plan will, until such election is changed, be deemed to be an election by a common shareholder to take all subsequent distributions in cash. There is no penalty for non-participation in or withdrawal from the Plan, and shareholders who have withdrawn from the Plan may rejoin it at any time.

Common shareholders whose common stock is held in the name of a broker or nominee should contact such broker or nominee to determine whether or how they may participate in the Plan. The Plan permits a nominee to participate on behalf of its underlying owners who wish to participate. However, some nominees may not permit an underlying owner to participate without transferring the shares into the owner s name.

The automatic reinvestment of dividends and distributions will not relieve Plan participants of any federal income tax that may be payable (or required to be withheld) on such distributions. The Fund reserves the right to amend or terminate the Plan as applied to any distribution paid subsequent to written notice of the change sent to all Plan participants at least 90 days before the record date for the distribution. The Plan may also be amended or terminated by the Plan Agent by at least 90 days written notice to all Plan participants. All questions concerning the Plan should be directed to the Plan Agent by calling (866) 221-1681 or by visiting the Plan Agent s website, www.computershare.com/investor.

ITEM 2. CODE OF ETHICS.
As of the end of the period covered by this report, the registrant s principal executive officer and principal financial officer (the Code of Ethics). The registrant s principal financial officer also performs the functions of principal accounting officer.

The text of the registrant s Code of Ethics is posted on the registrant s web site at http://www.ducfund.com. In the event that the registrant makes any amendment to or grants any waiver from the provisions of its Code of Ethics, the registrant intends to disclose such amendment or waiver on its web site within five business days.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.
The registrant s board of directors has determined that two members of its audit committee, Philip R. McLoughlin and Carl F. Pollard are audit committee financial experts and that each of them is independent for purposes of this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.
The following table sets forth the aggregate audit and non-audit fees billed to the registrant for each of the last two fiscal years for professional services rendered by the registrant s principal accountant Ernst &Young LLP, an independent registered public accounting firm (the Independent Auditor).

	Fiscal year ended October 31, 2014[1]	Fiscal year ended December 31, 2013
Audit Fees (2)	$ 53,000	$ 53,000
Audit-Related Fees (3)(7)	0	0
Tax Fees (4)(7)	8,750	7,850
All Other Fees (5)(7)	0	0
Aggregate Non-Audit Fees (6)(7)	8,750	7,850

(1) In 2014, the Registrant changed its fiscal year end to October so this fiscal year end consists of the ten months ended October 31, 2014.
(2) Audit Fees are fees billed for professional services rendered by the Independent Auditor for the audit of the registrant s annual financial statements and for services that are normally provided by the Independent Auditor in connection with statutory and regulatory filings or engagements.
(3) Audit-Related Fees are fees billed for assurance and related services by the Independent Auditor that are reasonably related to the performance of the audit of the registrant s financial statements and are not reported under the caption Audit Fees. In both years shown in the table, such services consisted of the performance of periodic agreed-upon procedures relating to the registrant s preferred stock.
(4) Tax Fees are fees billed for professional services rendered by the Independent Auditor for tax compliance, tax advice and tax planning. In both years shown in the table, such services consisted of preparation of the registrant s annual federal and state income tax returns and excise tax returns.
(5) All Other Fees are fees billed for products and services provided by the Independent Auditor, other than the services reported under the captions Audit Fees, Audit-Related Fees and Tax Fees.

(6) Aggregate Non-Audit Fees are non-audit fees billed by the Independent Auditor for services rendered to the registrant, the registrant s investment adviser (the Adviser) and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the registrant (collectively, the Covered Entities). During both years shown in the table, no portion of such fees related to services rendered by the Independent Auditor to the Adviser or any other Covered Entity.

(7) No portion of these fees was approved by the registrant s audit committee after the beginning of the engagement pursuant to the waiver of the pre-approval requirement for certain *de minimis* non-audit services described in Section 10A of the Securities Exchange Act of 1934 (the Exchange Act) and applicable regulations.

The audit committee of the board of directors of the registrant (the Audit Committee), jointly with the audit committee of the board of directors of DNP Select Income Fund Inc. (DNP), Duff & Phelps Global Utility Income Fund Inc. (DPG) and DTF Tax-Free Income Inc. (DTF), has adopted a Joint Audit Committee Pre-Approval Policy to govern the provision by the Independent Auditor of the following services: (i) all engagements for audit and non-audit services to be provided by the Independent Auditor to the registrant and (ii) all engagements for non-audit services to be provided by the Independent Auditor to the Adviser or any other Covered Entity, if the engagement relates directly to the operations and financial reporting of the registrant. With respect to non-audit services rendered by the Independent Auditor to the Adviser or any other Covered Entity that were not required to be pre-approved by the Audit Committee because they do not relate directly to the operations and financial reporting of the registrant, the Audit Committee has nonetheless considered whether the provision of such services is compatible with maintaining the independence of the Independent Auditor.

Set forth below is a copy of the Joint Audit Committee Pre-Approval Policy (omitting data in the appendices relating to DNP, DPG and DTF).

DNP SELECT INCOME FUND INC.

DUFF & PHELPS GLOBAL UTILITY INCOME FUND INC.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

DTF TAX-FREE INCOME INC.

AUDIT COMMITTEE

AUDIT AND NON-AUDIT SERVICES PRE-APPROVAL POLICY

(adopted on February 17, 2014 and amended June 19, 2014)

I. Statement of Principles

Under the Sarbanes-Oxley Act of 2002 (the Act), the Audit Committee of the Board of Directors of each of DNP Select Income Fund Inc., Duff & Phelps Global Utility Income Fund Inc., Duff & Phelps Utility and Corporate Bond Trust Inc. and DTF Tax-Free Income Inc. (each a Fund and, collectively, the Funds[1]) is responsible for the appointment, compensation and oversight of the work of the independent auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that they do not impair the auditor s independence from the Fund. To implement these provisions of the Act, the Securities and Exchange Commission (the SEC) has issued rules specifying the types of services that an independent auditor may

(1) This Joint Audit Committee Pre-Approval Policy has been adopted by the Audit Committee of each Fund. Solely for the sake of clarity and simplicity, this Joint Audit Committee Pre-Approval Policy has been drafted as if there is a single Fund, a single Audit Committee and a single Board. The terms Audit Committee and Board mean the Audit Committee and Board of each Fund, respectively, unless the context otherwise requires. The Audit Committee and the Board of each Fund, however, shall act separately and in the best interests of its respective Fund.

-3-

not provide to its audit client, as well as the Audit Committee s administration of the engagement of the independent auditor. Accordingly, the Audit Committee has adopted this Audit and Non-Audit Services Pre-Approval Policy (this Policy), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditor may be pre-approved.

The SEC s rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee (general pre-approval); or require the specific pre-approval of the Audit Committee (specific pre-approval). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the independent auditor. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee if it is to be provided by the independent auditor. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

For both types of pre-approval, the Audit Committee will consider whether such services are consistent with the SEC s rules on auditor independence. The Audit Committee will also consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Fund s business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Fund s ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

Under the SEC s rules, the Audit Committee must pre-approve non-audit services provided not only to the Fund but also to the Fund s investment adviser and other affiliated entities that provide ongoing services to the Fund if the independent accountant s services to those affiliated entities have a direct impact on the Fund s operations or financial reporting.

The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit, audit-related and tax services (including any audit-related or tax service fees for affiliates that are subject to pre-approval) and the total amount of fees for certain permissible non-audit services classified as all other services (including any such services for affiliates that are subject to pre-approval).

The appendices to this Policy describe the audit, audit-related, tax and all other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the independent auditor without obtaining specific pre-approval from the Audit Committee. The Audit Committee will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of this Policy is to set forth the procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee s responsibilities to pre-approve services performed by the independent auditor to management.

The independent auditor has reviewed this Policy and believes that implementation of this Policy will not adversely affect the auditor s independence.

II. Delegation

As provided in the Act and the SEC s rules, the Audit Committee may delegate either type of pre-approval authority to one or more of its members who are independent directors. Any member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. In accordance with the foregoing provisions, the Audit Committee has delegated pre-approval to its chairman, since under the Audit Committee s charter each member of the Audit Committee, including the chairman, is required to be an independent director.

III. Audit Services

The annual audit services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the independent auditor to be able to form an opinion on the Fund s financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. The Audit Committee will monitor the audit services engagement as necessary, but no less than on a semiannual basis, and will also approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Fund structure or other items.

In addition to the annual audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other audit services, which are those services that only the independent auditor reasonably can provide. Other audit services may include statutory audits and services associated with SEC registration statements (on Forms N-1A, N-2, N-3, N-4, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

The Audit Committee has pre-approved the audit services in Appendix A. All other audit services not listed in Appendix A must be specifically pre-approved by the Audit Committee.

IV. Audit-Related Services

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund s financial statements or that are traditionally performed by the independent auditor. Because the Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and is consistent with the SEC s rules on auditor independence, the Audit Committee may grant general pre-approval to audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as audit services ; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under form N-SAR.

The Audit Committee has pre-approved the audit-related services in Appendix B. All other audit-related services not listed in Appendix B must be specifically pre-approved by the Audit Committee.

V. Tax Services

The Audit Committee believes that the independent auditor can provide tax services to the Fund such as tax compliance, tax planning and tax advice without impairing the auditor s independence, and the SEC has stated that the independent auditor may provide such services. Hence,