

Dear Fellow Shareholders:

Your Fund's Performance

During the second half of 2007, the performance of leveraged bond funds, including Duff & Phelps Utility and Corporate Bond Trust Inc. (the "DUC Fund"), was hampered by increased levels of uncertainty in the credit markets and disruptions in the short-term money markets. Uncertainty in the credit markets was fueled by speculation surrounding the extent to which problems in the sub-prime lending industry would spread to other areas of the broader economy. A lack of liquidity in the short-term money markets, in part due to sub-prime related problems that began to surface within various financial intermediaries, put upward pressure on short-term borrowing rates. As a result, the returns of leveraged bond funds that have significant exposure to the corporate credit markets, including the DUC Fund, were restrained, while the equity markets saw mixed returns.

The following table compares the performance of the DUC Fund to various market benchmarks.

For the period indicated through December 31, 2007	DUC Fund (Per share performance with dividends reinvested in Fund plan)	DUC Fund (NAV-based performance)	Lehman Aggregate Bond Index	Dow Jones Industrial Index (dividends reinvested)	S&P 500 Index (dividends reinvested)
Six Months	(3.14%)	3.54%	5.93%	0.12%	(1.37%)
One Year	(4.71%)	4.43%	6.97%	8.88%	5.49%
5 Years (annualized)	2.46%	5.18%	4.42%	12.24%	12.83%

Performance returns for the Dow Jones Industrial Index, the S&P 500 Index and the Lehman Aggregate Bond Index were obtained from Confluence Technologies Inc. DUC Fund per share-based returns and DUC Fund NAV-based returns were obtained from the Administrator of the DUC Fund. Past performance is not indicative of future results.

Based on the year-end closing price of \$10.32 and a monthly dividend of \$0.065 per share, the DUC Fund common stock had an annualized dividend yield of 7.56%. The DUC Fund's yield compares favorably with the 1.88% dividend yield of the S&P 500 Index and the 4.90% yield of the Lehman Aggregate Bond Index.

Market Overview And Outlook

Following unexpectedly robust growth in U.S. gross domestic product in the third quarter of 2007, U.S. economic growth slowed in the last quarter of the year. The housing sector continued to decline, while turmoil in the U.S. financial markets, in part caused by rising delinquency rates on sub-prime loans, caused unanticipated illiquidity in the short-term credit markets. Both the consumer and business sectors became more cautious, as rising energy prices and the diminished availability of credit began to weigh on expectations. This slowdown in U.S. economic growth was partially offset by the continued expansion of some of the lesser developed economies of the world, due to rapid growth in China, India and other emerging economies.

From mid-year 2004 to mid-year 2006, the Federal Open Market Committee ("FOMC") raised the target federal funds rate at seventeen consecutive meetings in 25 basis point increments, which brought the rate from a multi-decade low of 1.00% to 5.25%. In September of 2007, after more than a year of stable monetary policy, the FOMC reversed course and reduced the target federal funds rate by 50 basis points to 4.75%. The FOMC noted that the reduction was intended to "forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time". Since that time, citing "the intensification of the housing correction and some softening in business

and consumer spending”, the FOMC further reduced the target federal funds rate. The most recent reductions came in January of 2008 and brought the target federal funds rate to 3.0%.

While the target federal funds rate was being reduced over the second half of 2007, the shorter end of the U.S. Treasury yield curve shifted downward, making the entire yield curve more positively sloped (*i.e.*, long-term rates higher than short-term rates). Yields decreased by 181 basis points on two-year maturities, by 100 basis points on ten-year maturities and by 67 basis points on thirty-year maturities, as the “flight to quality” trend led many investors to seek refuge in the U.S. Treasury market. At the same time, the corporate bond market was the victim of contagion from the sub-prime lending industry, and valuations often declined, even as fundamentals remained strong and defaults remained low. As a result, the broad fixed income markets posted solid returns for the second half of 2007, while the returns on credit sensitive investments were restrained.

Developments in the asset-backed commercial paper (“ABCP”) sector had a significant effect on the bond markets in the second half of 2007. ABCP was developed in the early 1980s to provide institutions with a form of efficient and low cost financing. Such programs were initially sponsored by banks and industrial companies to finance short-term receivables. More recently, banks and other financial companies responded to accounting and regulatory requirements by forming structured investment vehicles (“SIVs”). SIVs, also known as conduits, are designed to profit from the difference between the short-term borrowing costs of ABCP and the long-term returns of higher yielding investments. SIVs typically invest in credit related investments, often including sub-prime mortgage backed securities and collateralized debt obligations (“CDOs”). One key to a successful SIV is the ability to obtain consistent funding in the ABCP market at a cost below the yield of the long-term investments. SIVs often enter into liquidity facilities with highly rated banks that obligate the banks to provide financing if the SIV cannot obtain financing in the ABCP market. In mid-2007, it became apparent that problems in the sub-prime mortgage markets were worse than anticipated. Investors began to question the credit quality of assets in which the SIVs invested, as well as the willingness and ability of highly rated banks to provide back-up liquidity should it be needed. As a result, some ABCP investors demanded risk premiums that dramatically drove up short-term borrowing costs, while others stopped buying ABCP altogether. The threat of the potential unwinding of such SIVs and the resultant forced sale of long-term credit related investments led to increased volatility and caused many such investments to significantly under-perform the broader markets. At the same time, financial intermediaries that had a significant stake in the SIV market also came under pressure. As a result, many credit sensitive sectors underperformed the broader fixed income markets, regardless of their solid underlying fundamentals.

The DUC Fund has no direct investments in sub-prime loans, CDOs or SIVs. In addition, our portfolio has no exposure to financial intermediaries that focus exclusively on either the sub-prime industry or SIVs. Our exposure is only indirect and is limited to financial institutions with diversified revenue streams. However, due to the inherent complexity of SIVs, investors in the SIV market are often faced with a lack of transparency regarding their investments. The potential unwinding of troubled SIVs can cause painful price discovery as the underlying assets are sold at distressed prices. Therefore, if disruptions in the SIV market continue, they could weigh heavily on the valuations of leveraged bond funds, including the DUC Fund, as the lack of transparency causes investors to indiscriminately paint all funds with the same broad brush. Although it is impossible for the DUC Fund to be completely insulated from the sub-prime lending turmoil, the diversification of our portfolio across sectors and issuers should serve to limit volatility.

Looking ahead to the first half of 2008, continued turmoil in the credit markets and rising energy prices pose a further risk to U.S. economic growth. Consumer spending is expected to be restrained by higher energy costs and falling home prices. Higher financing costs could also place a strain on income statements and lead to decreased corporate profitability. Though the Federal Reserve continues to focus on the potential upward pressure on inflation, a benign U.S. economic outlook and sustained illiquidity in the short-term markets should pave the way for additional reductions in the target federal funds rate. A further decrease in the target federal funds rate, at a time when inflationary expectations may be rising, could set the stage for upward

pressure on long-term interest rates. At the same time, volatility in the financial markets is expected to remain high, as the impact of the sub-prime lending turmoil works its way through the financial system. Under this scenario, the returns of leveraged bond funds would be restrained, both by the impact of stubbornly high short-term interest rates on the cost of leverage and by negative pressure on bond valuations due to increased volatility and the potential for rising long-term interest rates.

About Your Fund

The use of leverage enables the DUC Fund to borrow at short-term rates and invest at long-term rates. The DUC Fund's leverage consists of Auction Market Preferred Shares ("AMPS") in the amount of \$190 million. As of December 31, 2007, the amount of leverage represented by the AMPS constituted approximately 38% of the DUC Fund's total assets. The amount and type of leverage we use is determined by the Board of Directors based on the expected earnings relative to the anticipated costs (including fees and expenses) associated with the leverage. In addition, the longer term expected benefits of leverage are carefully weighed against the potential effect of increasing the volatility of both the DUC Fund's net asset value and the market value of its common stock. Since the costs associated with discontinuing or initiating a leverage program based on short-term trends can be substantial, the Board takes a longer-term view when evaluating the merits of using leverage. Historically, the tendency of the U.S. yield curve to exhibit a positive slope (*i.e.*, long-term rates higher than short-term rates) fosters an environment in which leverage can add incremental value. Over the last few years, the DUC Fund's cost of leverage has steadily increased from historically low levels. From 2004 to 2006, the increased cost was due to the Federal Reserves tightening of monetary policy. More recently, it has been the result of disruptions in the short-term money markets, as investors began questioning the credit quality of assets underlying their investments and demanded risk premiums that dramatically drove up short-term borrowing costs. Should the disruptions in the short-term money markets continue for an extended period of time, the benefits of the use of leverage would be reduced, potentially putting pressure on the earnings of the DUC Fund. Currently, however, the use of leverage is still beneficial, although at a reduced rate because of the narrower spread between the rate at which the DUC Fund is able to borrow and the rate at which it is able to invest the borrowed funds.

The DUC Fund seeks to provide investors with a stable monthly dividend 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, paid-in-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". For the twelve month period ended December 31, 2007, under GAAP, 79% of the total distributions were attributable to current year net investment income and 21% was in excess of current year net investment income and was therefore attributable to paid-in-capital. The characterization of the distributions for GAAP purposes and federal income tax purposes may differ, primarily because of a difference in the tax and GAAP accounting treatment of amortization for premiums on fixed income securities. For federal income tax purposes, 100% of the distributions in 2007 were derived from net investment income rather than from paid-in-capital. In January 2008, a Form 1099-DIV was sent to shareholders, which stated the amount and tax characterization of the DUC Fund's 2007 distributions.

At its regular meeting on May 10, 2007, the Board of Directors of the DUC Fund voted to revise one of the non-fundamental investment policies of the DUC Fund. As you know, all of the DUC Fund's investments must be, at the time of investment, (i) rated investment grade or (ii) with respect to no more than 10% of the DUC Fund's total assets, unrated but determined by management to be of comparable quality to investment grade rated obligations. The foregoing policies with respect to credit quality apply only at the time of initial investment, and the DUC Fund is not required to dispose of securities in the event of a rating downgrade below investment grade or, in the case of unrated obligations, in the event that management reassesses its view with respect to the credit quality of the issuer thereof. However, the DUC Fund has historically also had a

policy that management would seek to engage in an orderly disposition of such downgraded securities to the extent necessary, except in unusual market conditions, to limit the DUC Fund's holdings of securities rated below investment grade, or deemed by management to be of comparable quality, to not more than 5% of the DUC Fund's total assets. At the May 10, 2007 meeting, the Board of Directors re-examined this 5% holding limitation in light of the significant increase in the frequency of corporate restructurings since the DUC Fund's inception, including various merger and acquisition activities such as leveraged buyouts. Such market activities can potentially result in the downgrading of investment grade securities to non-investment grade levels. The Board of Directors concluded that it was in the best interest of shareholders to remove the 5% holding limitation. The revision provides the flexibility to more efficiently manage such situations, thus limiting potential forced divestitures at times when trading liquidity could be severely restricted. In addition, the revision gives management the ability to avoid forced divestitures that could result in the untimely recognition of capital gains and/or losses. Nevertheless, it is important to note that the requirement that all securities be investment grade at the time of purchase remains fully in effect. Therefore, it is expected that the composition of the DUC Fund will not deviate significantly from its historical credit rating posture.

About Your Adviser

Since 1995, the Fund's investment adviser, Duff & Phelps Investment Management Co. (the "Adviser") has been a subsidiary of Phoenix Investment Partners, Ltd. ("PXP"). On February 7, 2008, PXP's parent company, The Phoenix Companies, Inc., announced its intention to spin off PXP to its shareholders in the third quarter of 2008.

Dividend Reinvestment and Cash Purchase Plan and Direct Deposit

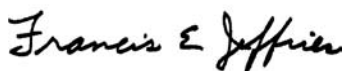
To those of you receiving dividends in cash, you may want to consider taking advantage of the dividend reinvestment and cash purchase plan (the "Plan") available to all registered shareholders of the DUC Fund. Under the Plan, the DUC Fund absorbs all administrative costs (except brokerage commissions, if any) so that the total amount of your dividends and other distributions may be reinvested in additional shares of the DUC Fund. Also, the cash purchase option permits participants to purchase shares in the open market through the Plan Agent. Additional information about the Plan is available from the Plan Agent, The Bank of New York, at 1-800-524-4458, or for more details, please refer to page 17.

For those shareholders receiving dividend checks, 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. Additional information about direct deposit is available from The Bank of New York, at 1-800-432-8224.

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

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

Sincerely,



Francis E. Jeffries, CFA
Chairman of the Board



Nathan I. Partain, CFA
Director, President & CEO

**DUFF & PHELPS UTILITY AND CORPORATE
BOND TRUST INC.**

Portfolio of Investments

December 31, 2007

Principal Amount (000)	Description	Value (Note 1)
LONG-TERM INVESTMENTS—153.0%		
U.S. Government and Agency Obligations—7.3%		
	Federal National Mortgage Association,	
\$10,000	6.625%, 9/15/09	\$ 10,499,680
10,000	7.25%, 1/15/10	10,722,610
304	8.00%, 10/01/30	324,968
1,090	7.00%, 12/01/31	1,149,447
	Government National Mortgage Association Pass-Through Certificates,	
15	7.00%, 3/15/26	16,062
104	7.50%, 5/15/26	111,543
94	8.00%, 11/15/30	101,595
35	8.00%, 2/15/31	37,762
	Total U.S. Government and Agency Obligations (cost \$22,643,432)	<u>22,963,667</u>
Corporate Bonds—139.5%		
Financial—33.7%		
	Aegon NV,	
4,000	9.375%, 3/01/08	4,021,300
	Bank United,	
4,910	8.00%, 3/15/09	4,795,018
	Bear Stearns & Co. Inc.,	
7,000	7.625%, 12/07/09	7,199,024
	Boeing Capital Corp.,	
5,000	6.50%, 2/15/12	5,372,645
	Duke Realty Corp, L.P.,	
6,000	6.80%, 2/12/09	6,080,592
	ERP Operating Limited Partnership,	
5,000	6.625%, 3/15/12	5,194,940
	Firststar Bank, N.A.,	
7,000	7.125%, 12/01/09	7,359,303
	Household Finance Corp.,	
10,000	8.00%, 7/15/10	10,664,830
	JPMorgan Chase & Co.,	
10,000	7.875%, 6/15/10	10,762,020
	Mack-Cali Realty, L.P.,	
7,000	7.75%, 2/15/11	7,668,465
	Merrill Lynch & Co.,	
5,000	6.50%, 7/15/18	5,062,555
5,000	6.875%, 11/15/18	5,237,235
	NationsBank Capital Trust IV,	
10,000	8.25%, 4/15/27	10,385,000

Principal Amount (000)	Description	Value (Note 1)
\$6,000	PNC Funding Corp., 7.50%, 11/01/09	\$ 6,315,594
5,000	Simon Property Group, L.P., 7.125%, 2/09/09	5,072,325
5,000	7.00%, 7/15/09	5,159,295
		<u>106,350,141</u>
Industrial—25.7%		
	DaimlerChrysler NA Holdings,	
10,000	7.20%, 9/01/09	10,315,830
	Dow Chemical Company,	
7,000	9.00%, 4/01/21	9,007,768
	General Electric Capital Corporation,	
7,565	8.625%, 6/15/08	7,683,354
	Sun Company, Inc.,	
5,000	9.00%, 11/01/24	6,353,890
	Tele-Communications, Inc.,	
5,275	10.125%, 4/15/22	7,009,061
3,200	9.875%, 6/15/22	4,346,992
	Time Warner Entertainment Company, L.P.,	
5,000	8.875%, 10/01/12	5,619,010
	Time Warner, Inc.,	
5,000	9.15%, 2/01/23	6,130,810
	Union Pacific Corp.,	
7,000	7.375%, 9/15/09	7,383,446
	USX Corporation,	
10,000	9.125%, 1/15/13	11,873,480
	Wal-Mart Stores, Inc.,	
5,000	6.875%, 8/10/09	5,227,565
		<u>80,951,206</u>
Telephone—21.1%		
	British Telecommunications PLC,	
7,000	8.625%, 12/15/10	7,686,469
	Deutsche Telekom International Finance,	
12,000	8.00%, 6/15/10	12,818,232
	France Telecom SA,	
5,000	7.75%, 3/01/11	5,377,895
	Koninklijke (Royal) KPN NV,	
5,000	8.00%, 10/01/10	5,365,635
	New Cingular Wireless Services Inc.,	
9,000	8.125%, 5/01/12	10,016,469
	New York Telephone Co.,	
5,000	8.625%, 11/15/10	5,484,135

See Notes to Financial Statements.

Principal Amount (000)	Description	Value (Note 1)
\$10,125	Sprint Corp., 9.25%, 4/15/22	\$ 11,709,026
7,500	Verizon Global Funding Corp., 7.375%, 9/01/12	8,289,038
		<u>66,746,899</u>
	Utilities—59.0%	
10,000	AGL Capital Corp., 7.125%, 1/14/11	10,725,940
10,000	CalEnergy Company, Inc., 8.48%, 9/15/28	12,251,040
10,000	CenterPoint Energy Resources Corp., 7.75%, 2/15/11	10,731,290
17,438	ComEd Financing II, 8.50%, 1/15/27	16,922,149
10,000	Duke Energy Corporation, 7.375%, 3/01/10	10,625,920
5,050	FPL Group Capital Inc., 7.375%, 6/01/09	5,235,896
10,000	Hydro-Quebec, 7.50%, 4/01/16	11,962,770
8,485	Illinois Power Co., 7.50%, 6/15/09	8,736,631
10,088	KeySpan Gas East Corporation, 7.875%, 2/01/10	10,713,042
7,020	NSTAR, 8.00%, 2/15/10	7,523,875
5,000	ONEOK Partners, L.P., 8.875%, 6/15/10	5,482,755
6,000	Progress Energy, Inc., 7.10%, 3/01/11	6,389,682
5,000	PSE&G Power, LLC., 7.75%, 4/15/11	5,383,475
10,000	Sempra Energy, 7.95%, 3/01/10	10,689,890
6,000	South Carolina Electric & Gas Co., 6.125%, 3/01/09	6,095,520
5,512	Southern California Edison Company, 7.625%, 1/15/10	5,853,259
10,000	Spectra Energy Capital LLC., 7.50%, 10/01/09	10,428,660
10,000	Trans-Canada Pipelines Limited, 9.875%, 1/01/21	13,452,220
6,000	Wisconsin Energy Corp., 6.50%, 4/01/11	6,288,714
10,131	Xcel Energy, Inc., 7.00%, 12/01/10	10,671,681
		<u>186,164,409</u>
	Total Corporate Bonds (Cost \$433,160,447)	<u>440,212,655</u>

Principal Amount (000)	Description	Value (Note 1)
	Asset-Backed Securities—1.7%	
\$5,000	Detroit Edison Securitization Funding LLC 2001-1 A6, 6.62%, 3/01/16	\$ 5,362,159
	Total Asset-Backed Securities (Cost \$5,925,000)	<u>5,362,159</u>
	Non-Convertible Preferred Stock—4.5%	
	Financial—4.3%	
100,000	Duke Realty Corp., Series M, 6.95%	2,015,000
100,000	Duke Realty Corp., Series N, 7.25%	2,062,000
100,000	Kimco Realty Corp., Series G, 7.75%	2,286,000
120,000	Public Storage, Inc., Series I, 7.25%	2,524,800
100,000	Realty Income Corp., Series D, 7.375%	2,365,000
100,000	UDR, Inc., Series G, 6.75%	2,035,000
50,000	Vornado Realty Trust, Series I, 6.625%	988,500
	Total Non-Convertible Preferred Stock (Cost \$16,713,000)	<u>14,276,300</u>
	Total Long-Term Investments (Cost \$478,441,879)	<u>482,814,781</u>
	SHORT-TERM INVESTMENTS—1.7%	
1,800	U.S. Treasury Bills, 2.64%, 1/31/08	1,796,018
1,800	2.62%, 2/28/08	1,792,032
1,800	2.84%, 3/27/08	1,788,444
	Total Short-Term Investments (Cost \$5,376,494)	<u>5,376,494</u>
	Total Investments—154.7%	
	(Cost \$483,818,373)	488,191,275
	Other Assets in Excess of Liabilities—5.5%	17,247,392
	Liquidation Value of Preferred Shares—(60.2%)	<u>(190,000,000)</u>
	Net Assets Applicable to Common Stock—100%	<u>\$ 315,438,667</u>

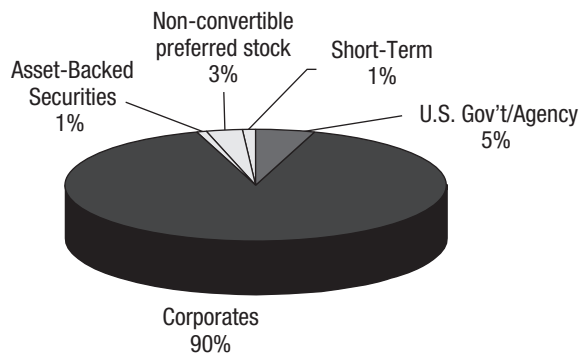
See Notes to Financial Statements.

Summary of Ratings as a Percentage of Long-Term Investments
as of December 31, 2007
(Unaudited)

<u>Rating *</u>	<u>%</u>
AAA	7.5
AA	4.8
A	36.4
BBB	47.8
B	3.5
	<u>100.0</u>

* Based on the lowest rating of Standard & Poor's Ratings Services or Moody's Investors Service, Inc.

Sector Allocation as a Percentage of Total Investments
as of December 31, 2007
(unaudited)



See Notes to Financial Statements.

**DUFF & PHELPS UTILITY AND CORPORATE
BOND TRUST INC.**

**Statement of Assets and Liabilities
December 31, 2007**

Assets

Investments, at value (cost \$483,818,373)	\$488,191,275
Cash	8,151,444
Interest receivable	9,530,348
Dividends receivable	87,196
Other assets (Note 7)	280,802
Total assets	506,241,065

Liabilities

Deferred compensation payable (Note 7)	257,744
Investment advisory fee payable (Note 2)	214,415
Dividends payable on Auction Market Preferred Shares	159,165
Administrative fee payable (Note 2)	40,126
Accrued expenses	130,948
Total liabilities	802,398

Auction Market Preferred Shares, 7,600 shares issued and outstanding, liquidation preference \$25,000 per share (Note 6)	190,000,000
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**Net Assets Applicable to
Common Stock**

\$315,438,667

Capital

Common stock, \$.01 par value, 599,992,400 shares authorized, 27,076,161 shares issued and outstanding (Note 5)	\$ 270,761
Additional paid-in capital	367,524,132
Distributions in excess of net investment income ...	(14,909,202)
Accumulated net realized loss on investment transactions	(41,819,926)
Net unrealized appreciation on investments	4,372,902

**Net Assets Applicable to
Common Stock**

\$315,438,667

Net asset value per share of common stock: ($\$315,438,667 \div 27,076,161$ shares of common stock issued and outstanding)	<u>\$ 11.65</u>
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See Notes to Financial Statements.

**DUFF & PHELPS UTILITY AND CORPORATE
BOND TRUST INC.**

**Statement of Operations
For the Year Ended December 31, 2007**

Investment Income

Interest income	\$ 28,656,399
Dividend income	736,621
Total Investment income	29,393,020

Expenses

Investment advisory fees (Note 2)	2,543,432
Commissions expense—Auction Market Preferred Shares	481,692
Administrative fees (Note 2)	478,026
Directors' fees and expenses	247,887
Professional fees	208,433
Reports to shareholders	96,684
Leverage fees and expenses	55,141
Transfer agent fees and expenses	52,657
Custodian fees and expenses	51,680
Registration fees	23,922
Other	35,962
Total expenses	4,275,516

Net investment income	<u>25,117,504</u>
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**Realized and Unrealized Gain/(Loss)
on Investments**

Net realized loss on investment transactions	(2,506,618)
Net change in unrealized appreciation/depreciation on investments	144,995
Net realized and unrealized loss on investments ...	<u>(2,361,623)</u>

**Dividends and Distributions On Auction
Market Preferred Shares from net
investment income**

(10,269,256)

**Net Increase in Net Assets
Applicable to Common Stock Resulting
from Operations**

\$ 12,486,625

**DUFF & PHELPS UTILITY AND CORPORATE
BOND TRUST INC.**

Statements of Changes In Net Assets

	For the Year Ended December 31, 2007	For the Year Ended December 31, 2006
Operations		
Net investment income	\$ 25,117,504	\$ 19,217,797
Net realized loss on investment transactions	(2,506,618)	(2,925,199)
Net change in unrealized appreciation/depreciation on investments	144,995	(4,044,896)
Dividends and distributions on Auction Market Preferred Shares from net investment income		
	<u>(10,269,256)</u>	<u>(1,853,221)</u>
Net increase in net assets resulting from operations	<u>12,486,625</u>	<u>10,394,481</u>
Dividends and Distributions on common stock from and in excess of net investment income		
	<u>(21,119,428)</u>	<u>(22,735,261)</u>
Capital Stock Transactions		
Reinvestment of dividends resulting in the issuance of 0 shares and 50,658 shares of common stock, respectively . .	—	644,890
Offering costs—Auction Market Preferred Shares	<u>15,845</u>	<u>(2,200,000)</u>
Net increase/(decrease) in net assets resulting from capital stock transactions	<u>15,845</u>	<u>(1,555,110)</u>
Total decrease in net assets	(8,616,958)	(13,895,890)
Net Assets		
Beginning of year	<u>324,055,625</u>	<u>337,951,515</u>
End of year(a)	<u>\$315,438,667</u>	<u>\$324,055,625</u>
(a) includes distributions in excess of net investment income of	<u>\$ (14,909,202)</u>	<u>\$ (19,227,525)</u>

See Notes to Financial Statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

Financial Highlights

	For the Year Ended December 31,				
	2007	2006	2005	2004	2003
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	\$ 11.97	\$ 12.50	\$ 13.51	\$ 13.85	\$ 13.03
Net investment income(1)	0.93	0.71	0.73	0.86	0.93
Net realized and unrealized gain/(loss) on investments transactions	(0.09)	(0.25)	(0.72)	(0.18)	0.91
Dividends and distributions on Auction Market Preferred Shares from net investment income	(0.38)	(0.07)	—	—	—
Net increase from investment operations	0.46	0.39	0.01	0.68	1.84
Dividends and distributions on common stock from and in excess of net investment income	(0.78)	(0.84)	(1.02)	(1.02)	(1.02)
Offering costs—Auction Market Preferred Shares	—	(0.08)	—	—	—
Net asset value, end of year	\$ 11.65	\$ 11.97	\$ 12.50	\$ 13.51	\$ 13.85
Per share market value, end of year	\$ 10.32	\$ 11.62	\$ 13.10	\$ 14.69	\$ 14.99
TOTAL INVESTMENT RETURN ON COMMON STOCK(2)	(4.71)%	(4.82)%	(3.84)%	5.55%	22.64%
RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON STOCK(3)					
Total expenses	1.34%	2.98%	2.55%	1.78%	1.79%
Operating expenses(4)	1.34%	1.12%	1.05%	1.06%	1.08%
Net investment income(5)	7.88%	5.87%	5.64%	6.34%	6.81%
SUPPLEMENTAL DATA					
Portfolio turnover	19%	15%	15%	17%	10%
Net assets applicable to common stock, end of year (000)	\$315,439	\$324,056	\$337,952	\$362,600	\$369,624
Preferred stock outstanding (000)	\$190,000	\$190,000	\$ —	\$ —	\$ —
Asset coverage per share of preferred stock, end of the year	\$ 66,505	\$ 67,639	\$ —	\$ —	\$ —
COMMERCIAL PAPER INFORMATION					
Aggregate amount outstanding at end of year (000)	\$ —	\$ —	\$143,000	\$143,000	\$143,000
Average daily amortized cost of commercial paper outstanding (000)	\$ —	\$ —	\$142,295	\$142,557	\$142,115
Asset coverage per \$1,000 at end of year	\$ —	\$ —	\$ 3,363	\$ 3,537	\$ 3,585

(1) Based on average shares outstanding.

(2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each year reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Brokerage commissions are not reflected.

(3) As a percentage of average weekly net assets, which includes any liabilities or senior securities constituting indebtedness in connection with financial leverage.

(4) Ratio from 2002 through 2006 excludes interest and other commercial paper expenses. Commercial paper program was terminated on October 25, 2006. Ratio at December 31, 2007 includes Commissions expense-Auction Market Preferred Shares.

(5) Ratios do not reflect dividends paid on the preferred stock. Accordingly, the ratio of net investment income after preferred stock dividends to average net assets to common stock is 4.66%, 5.31%, 5.64%, 6.34% and 6.81%, respectively.

See Notes to Financial Statements.

DUFF & PHELPS UTILITY AND CORPORATE BOND TRUST INC.

Notes to Financial Statements

December 31, 2007

Duff & Phelps Utility and Corporate Bond Trust Inc. (the “Fund”) was incorporated in Maryland on November 23, 1992 as a diversified, closed-end management investment company with operations commencing on January 29, 1993.

The Fund’s investment objective is to seek high current income consistent with investing in securities of investment-grade quality. The Fund seeks to achieve its investment objective by investing substantially all of its assets in a diversified portfolio of Utility Income Securities, Corporate Income Securities, Mortgage-Backed Securities and Asset-Backed Securities. The ability of the issuers of the securities held by the Fund to meet their obligations may be affected by economic developments in a specific state, industry or region.

Note 1. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial

statements.

Securities Valuation: Equity securities traded on a national or foreign securities exchange or traded over-the-counter and quoted on the NASDAQ System are valued at the last reported sale price or, if there was no sale on the pricing date, then the security is valued at the mean of the bid and ask prices as obtained on that day from one or more dealers regularly making a market in that security. Fixed income 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 market value of such securities. Such bid and ask prices are determined taking into account securities prices, yields, maturities, call features, ratings, and institutional size trading in similar securities and developments related to specific securities. 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. Short-term investments having a maturity of 60 days or less at date of purchase are valued on an amortized cost basis, which approximates market value.

Securities 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. Interest income is recorded on the accrual

basis. The Fund amortizes premiums and accretes discounts on securities using the effective interest method.

Federal Income Taxes: It is the Fund’s intention to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute sufficient net taxable income and capital gains to shareholders to qualify as a regulated investment company. Therefore, no provision for federal income or excise tax is required.

Effective June 29, 2007, the Fund adopted FASB Interpretation No. 48 (“FIN 48”) “*Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109.*” FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including mutual funds, before being measured and recognized in the financial statements. Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Generally, the tax authorities can examine all tax returns filed for the last three years.

Dividends and Distributions: The Fund will declare and pay 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. Dividends and distributions on preferred shares are accrued on a daily basis and are determined as described in Note 6.

Income distributions and capital gain distributions are determined in accordance with income tax regulations, which may differ from investment income and capital gains recorded in accordance with U.S. generally accepted accounting principles.

Recent Accounting Pronouncement: In September 2006, Statement of Financial Accounting Standards No. 157, “*Fair Value Measurements*” (“SFAS 157”), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Fund will adopt SFAS 157 during the fiscal year ending December 31, 2008. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Fund’s financial statements.

Reclassification of Capital Accounts: U.S. generally accepted accounting principles require that certain compo-

nents of net assets be adjusted to reflect permanent differences between financial and tax reporting. Accordingly, during the year ended December 31, 2007, \$10,589,503 has been reclassified between accumulated net realized loss on investment transactions and distributions in excess of net investment income as a result of permanent differences attributable to amortization methods on fixed income securities and accounting for paydowns. These reclassifications had no effect on net assets or net asset value per share.

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.

Note 2. Agreements

The Fund has an Advisory Agreement with Duff & Phelps Investment Management Co. (the "Adviser"), a subsidiary of Phoenix Investment Partners, Ltd. ("Phoenix" or "PXP"), and an Administration Agreement with Princeton Administrators, LLC ("Princeton").

The investment advisory fee paid to the Adviser is computed weekly and 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).

The administration fee paid to Princeton is computed weekly and payable monthly at an annual rate of 0.15% 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), subject to a monthly minimum of \$12,500.

Pursuant to the Advisory Agreement, the Adviser provides continuous supervision of the investment portfolio and pays the compensation of officers of the Fund who are affiliated persons of the Adviser. Pursuant to the Administration Agreement, Princeton provides administration services that include oversight of the Fund's books and records and preparation of financial statements and other regulatory filings. The Fund bears all other costs and expenses.

Note 3. Portfolio Securities

Purchases and sales of investment securities, other than U.S. Government securities and short-term investments, for the year ended December 31, 2007 aggregated \$94,265,720 and \$60,384,990, respectively. For the year ended December 31, 2007, the Fund had proceeds from sales of \$40,071,875 of U.S. Government securities.

The United States federal income tax basis of the Fund's investments and the net unrealized depreciation as of December 31, 2007 was as follows:

<u>Tax Basis of Investments</u>	<u>Appreciation</u>	<u>Depreciation</u>	<u>Net Unrealized Depreciation</u>
\$501,262,831	\$5,321,895	\$18,393,451	\$13,071,556

Note 4. Distributions to Stockholders

The tax character of distributions paid during the fiscal years ended December 31, 2007 and 2006 was as follows:

	<u>12/31/2007</u>	<u>12/31/2006</u>
<i>Distributions paid from:</i>		
Ordinary income	\$31,388,684	\$24,588,482
Total taxable distributions*	\$31,388,684	\$24,588,482

* The distributions presented above include distributions payable to preferred shareholders at December 31, 2007 and 2006.

As of December 31, 2007, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income—net	\$ 2,739,289
Undistributed long-term capital gains—net	—
Total undistributed earnings	2,739,289
Capital loss carryforward	(41,819,926)*
Unrealized gains/(losses)—net	(13,275,589)**
Total accumulated earnings/(losses)	<u>\$(52,356,226)</u>

* On December 31, 2007, the Fund had a net capital loss carryforward of \$41,819,926, of which \$17,513,106 expires in 2011, \$3,731,126 expires in 2012, \$3,265,594 expires in 2013, \$4,213,979 expires in 2014 and \$13,096,121 expires in 2015. This amount will be available to offset amounts of any future taxable gains.

** The difference between book-basis and tax-basis unrealized gains / (losses) is attributable primarily to the difference between book and tax amortization methods for premiums and discounts on fixed income securities. The above amount also includes book-to-tax temporary differences, which primarily consists of deferred expenses related to the directors deferred compensation plan.

Note 5. Capital

There are 600 million shares of stock, \$0.01 par value per share, authorized. For the years ended December 31, 2007 and 2006, the Fund issued 0 and 50,658 shares of common stock, respectively, in connection with the reinvestment of dividends.

Note 6. Auction Market Preferred Shares

The Fund's Charter grants the authority to the Board of Directors to authorize the creation and issuance of one or more series of preferred stock out of the authorized and unissued stock of the Fund. Accordingly, on October 25, 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. Dividends on shares of AMPS are cumulative from their date of original issue and payable on each dividend payment date. Dividend rates ranged from 3.50% to 4.75% for the year ended December 31, 2007.

Under the Investment Company Act of 1940, the Fund may not declare dividends or make other distributions on shares of common stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding preferred stock would be less than 200%.

The AMPS are redeemable at the option of the Fund, in whole or in part, on any dividend payment date at \$25,000 per share plus any accumulated or unpaid dividends, whether or not declared. The AMPS are also subject to a mandatory redemption at \$25,000 per share plus any accumulated or unpaid dividends, whether or not declared, if certain requirements relating to the composition of the assets and liabilities of the Fund as set forth in the Fund's Charter are not satisfied.

The holders of AMPS have voting rights equal to the holders of common stock (one vote per share) and will vote together with holders of common stock as a single class. However, holders of AMPS, voting separately as a class, are also entitled to elect two of the Fund's directors. In addition, the Investment Company Act of 1940 requires that along with any approval by shareholders that might otherwise be required, the approval of the holders of a majority of any outstanding shares of preferred stock, voting separately as a class, would be required to

(a) adopt any plan of reorganization that would adversely affect the preferred stock, and (b) take certain actions requir-

ing a vote of security holders, including, among other things, changes in the Fund's subclassification as a closed-end investment company or changes in its fundamental investment restrictions.

Note 7. Deferred Compensation Plan

Effective on January 1, 2000, the Fund established a deferred compensation program for its independent directors. Any director who was not an "interested person" of the Fund and who elected to participate in the program (a "participating director") was eligible to defer receipt of all or a portion of his or her compensation from the Fund. Any amounts deferred by a participating director were credited to a deferred compensation ledger account (a "deferral account") established for such director. From January 1, 2000 through December 31, 2004, the deferred compensation program was administered by the Fund's transfer agent on behalf of the Fund, and all amounts credited to each participating director's deferral account were deemed to be invested in common stock of the Fund. Participating directors do not have an ownership interest in those shares. Contributions to the deferral account and increases in value of the measuring shares caused the account balance to increase accordingly, while withdrawals from the deferral account and decreases in value of the measuring shares caused the account balance to decrease accordingly. When a participating director retires, the director may elect to receive payments under the plan in a lump sum or in equal installments over a period of up to ten years. If a participating director dies, any amount payable under the plan will be paid to the director's beneficiaries. Effective on January 1, 2005, administration of new contributions under the deferred compensation program was transferred to Fidelity Investments, which administers similar programs for other investment companies advised by affiliates of Phoenix. The Fidelity Investments program gave participating directors the ability to allocate amounts in their deferral accounts among various investment options, one of which was common stock of the Fund. The acceptance of new contributions under the Fund's deferred compensation program was discontinued, effective on December 31, 2006. However, the obligation to make payouts to directors with respect to compensation deferred between January 1, 2000 and December 31, 2006 remains a general obligation of the Fund. For this reason, the Fund's Statement of Assets and Liabilities at December 31, 2007 includes "Deferred compensation payable" in the amount of \$257,744, and the \$257,744 in deferred compensation investments that support that obligation are included in "Other assets."

Note 8. 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 yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and believes the risk of loss to be remote.

Note 9. Subsequent Events On February 21, 2008, the Fund recorded a \$7.2 million gain upon receiving that amount from the WorldCom Litigation Trust (a settlement fund created in response to class action lawsuits that were filed subsequent to the bankruptcy of WorldCom Inc.), representing its final and complete share of distributions expected from that trust. In February, the Fund also received \$950,000 from the Adviser, representing the amount that the Fund could have received from the WorldCom Victim Trust (a settlement fund created in response to the SEC's litigation on behalf of WorldCom investors) and other related expenses incurred by the Fund.

Subsequent to December 31, 2007, dividends declared and paid on preferred stock totaled \$1,291,848 through February 15, 2008. On January 2, 2008, the Board of Directors of the Fund declared a dividend of \$0.065 per share of common stock payable on January 31, 2008 to shareholders of record on January 16, 2008. On February 1, 2008 the Board of Directors of the Fund declared a dividend of \$0.065 per share of common stock payable on February 29, 2008 to shareholders of record on February 15, 2008.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To 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 of Duff & Phelps Utility and Corporate Bond Trust Inc. (the "Fund"), including the portfolio of investments, as of December 31, 2007, the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended. 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 December 31, 2007, 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 December 31, 2007, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Chicago, Illinois
February 22, 2008

FEDERAL INCOME TAX INFORMATION (Unaudited)

85.50% of the distributions paid by the Fund during the taxable year ended December 31, 2007 represent interest-related dividends under 871(k)(1) of the Internal Revenue Code that are eligible for exemption from U.S. withholding tax for non-resident aliens and foreign corporations.

Additionally, 10.08% of the distributions paid by the Fund during the taxable year ended December 31, 2007 was attributable to Federal obligations interest.

State law varies as to what percentage of dividend income attributable to Federal obligations is exempt from State income tax. We recommend that you consult your tax advisor to determine if any portion of the dividends you received is exempt from State income tax.

RENEWAL OF INVESTMENT ADVISORY AGREEMENT (Unaudited)

Under Section 15(c) of the Investment Company Act of 1940 (the “1940 Act”), the terms of the Fund’s investment advisory agreement must be reviewed and approved at least annually by the Board of Directors of the Fund (the “Board”), including a majority of the Directors who are not “interested persons” of the Fund, as defined in the 1940 Act (the “Independent Directors”). Section 15(c) of the 1940 Act also requires the Fund’s Directors to request and evaluate, and the Fund’s investment adviser to furnish, such information as may reasonably be necessary to evaluate the terms of the investment advisory agreement. During the month of November 2007, assisted by the advice of independent legal counsel, the Board conducted its annual review of the terms of the Fund’s investment advisory agreement with Duff & Phelps Investment Management Co., the Fund’s investment adviser (the “Adviser”). In the course of that review, the Directors considered all of the information they deemed appropriate, including informational materials furnished by the Adviser in response to a request made on behalf of the Independent Directors by legal counsel to the Independent Directors. Based on that review, at a meeting held on November 8 and 9, 2007, the Board, including the Independent Directors, approved the continuation of the investment advisory agreement for an additional one-year term ending November 30, 2008. In making its determination that such continuation was in the best interests of the Fund and its shareholders, the Board took into account all factors that it deemed relevant, without identifying any single factor or group of factors as all-important or controlling. Among the factors considered by the Board, and the conclusions reached with respect to each, were the following:

Nature, extent, and quality of services. The Board considered the nature, extent and quality of the services provided to the Fund by the Adviser. Among other materials, the Adviser furnished the Board with a copy of its most recent investment adviser registration form (“Form ADV”). In evaluating the quality of the Adviser’s services, the Board considered the investment experience and length of service of the individual portfolio managers who provide services to the Fund. The Board noted the various complexities involved in the operations of the Fund, such as the use of leverage—historically in the form of the Fund’s commercial paper program and henceforth in the form of the Fund’s newly issued auction market preferred shares. The Board also took into account its evaluation, conducted earlier in the year, of the Adviser’s compliance program, code of ethics and conflict of interest policies. In light of the foregoing, the Board concluded that it was generally satisfied with the nature, extent and quality of the services provided to the Fund by the Adviser.

Investment performance of the Fund and the Adviser. The Adviser provided the Board with performance information for the Fund for various periods, measured against two benchmarks: the Lipper General Bond Funds Average (the Fund’s Lipper category) and the Lehman U.S. Credit Index (a subset of the Lehman U.S. Aggregate Bond Index. The Board noted that the Fund’s performance generally compared favorably with the benchmarks.

Costs of services and profits realized. The Board considered the reasonableness of the compensation paid to the Adviser, in both absolute and comparative terms, and also the profits realized by the Adviser and its affiliates from their relationship with the Fund. To facilitate the Board’s analysis, the Adviser furnished the Board with information from Lipper Analytical Services Inc., an independent provider of investment company data, comparing the Fund’s advisory and other expenses to the similar expenses of other leveraged debt funds. The comparative data indicated that the Fund’s advisory fees did not differ significantly from the median of similar fees incurred by other leveraged debt funds.

Included in the Adviser's Form ADV furnished to the Board was comparative information from the Adviser with respect to the fees it charges to its investment advisory clients other than the Fund. However, the Board concluded that the services rendered to other institutional investor clients were not sufficiently comparable to the services rendered to the Fund for a direct comparison of advisory fees to be meaningful.

The Adviser also furnished the Board with copies of its financial statements. In reviewing those financial statements, the Board examined the profitability of the investment advisory agreement to the Adviser and determined that the profitability of that contract was within the range that courts had found reasonable. The Board considered that the Adviser must be able to compensate its employees at competitive levels in order to attract and retain high-quality personnel to provide high-quality services to the Fund. The Board concluded that the investment advisory fee was the product of arm's length bargaining and that it was fair and reasonable to the Fund.

Economies of scale. The Board considered whether the Fund has appropriately benefited from any economies of scale. The Board concluded that currently the Fund is not sufficiently large to realize benefits from economies of scale with fee breakpoints. However, the Board encouraged the Adviser to continue to work towards reducing costs by leveraging relationships with service providers across the complex of funds advised by the Adviser.

Indirect benefits. The Board considered possible sources of indirect benefits to the Adviser from its relationship to the Fund. As a fixed-income fund, the Fund does not generate soft dollars. The Board also noted that the Fund does not utilize affiliates of the Adviser for brokerage purposes.

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN (Unaudited)

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 of dividends and capital gains will automatically be reinvested by The Bank of New York (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 Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Fund. However, each participant will pay a pro rata share of brokerage commissions (or equivalent purchase costs) incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions and with voluntary additional share investments. There are no other charges to participants for reinvesting dividends or capital gains distributions, except for certain brokerage commissions (or equivalent purchase costs) as described above.

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 made pursuant to the Plan will be made commencing at the time of the first dividend or distribution payment following the second business day after receipt of the funds for additional purchases, and may be aggregated

with purchases of shares for reinvestment of the dividends and distributions. Shares will be allocated to the accounts of participants purchasing additional shares at the average price per share, plus a service charge imposed by the Plan Agent and brokerage commissions (or equivalent purchase costs) paid by the Plan Agent for all shares purchased by it, including for reinvestment of dividends and distributions. Checks drawn on a foreign bank are subject to collection and collection fees, and will be invested at the time of the next distribution after funds are collected by the Plan Agent.

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 dividend or distribution, except where postponement is deemed necessary to comply with applicable provisions of the federal securities laws.

Funds sent to the Plan Agent for voluntary additional share investment may be recalled by the participant by 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 participant, unless the participant specifically directs that they continue to be held by the Plan Agent for subsequent investment.

Participants in the Plan may withdraw from the Plan upon written notice to the Plan Agent. When a participant withdraws from the Plan or upon termination of the Plan as provided below, certificates for whole shares credited to his or her account under the Plan will be issued and a cash payment will be made for any fraction of a share credited to such account. 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 dividends and distributions in cash. Elections will only be effective for dividends and distributions declared after, and with a record date of at least ten days after, such elections are received by the Plan Agent. 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. The Plan Agent imposes charges on participants for selling participants shares on termination of participation (currently a base fee of \$5.00 plus \$.04 per share). The Fund reserves the right to amend the Plan to institute a service charge to participants.

The Plan Agent maintains each shareholder's account in the Plan and furnishes monthly written confirmations of all transactions in the accounts, including information needed by shareholders for personal and tax records. Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the name of the participant, and each shareholder's proxy will include those shares purchased pursuant to the Plan.

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.

In the case of shareholders, such as banks, brokers or nominees, that hold shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of shares certified from time to time by the record shareholder as representing the total amount registered in the record shareholder's name and held for the account of beneficial owners who are participants in the Plan.

The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable or required to be withheld on such dividends or distributions.

The Fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to written notice of the change sent to all participants in the Plan at least 90 days before the record date for the dividend or distribution. The Plan may also be amended or terminated by the Plan Agent by at least 90 days' written notice to all participants in the Plan. All questions concerning the Plan should be directed to the Plan Agent by calling (800) 524-4458.

ADDITIONAL INFORMATION (Unaudited)

Please see the shareholder letter on pages 3 and 4 for a discussion of a recent change to one of the Fund's non-fundamental investment policies. Other than as described therein, since January 1, 2007: (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.

PROXY VOTING POLICY AND PROCEDURES (Unaudited)

Although the Fund does not typically hold voting securities, the Fund's Board of Directors has adopted proxy voting procedures whereby Duff & Phelps Investment Management Co., the Fund's investment adviser (the "Adviser"), would review any proxy solicitation materials on a case-by-case basis and would vote any such securities in accordance with the Adviser's good faith belief as to the best interests of the Fund and its shareholders. These proxy voting procedures may be changed at any time or from time to time by the Fund's Board of Directors. A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 are available without charge, upon request, by calling the Adviser toll-free at (800) 338-8214 and on the Securities Exchange Commission's ("SEC") website at <http://www.sec.gov>.

AVAILABILITY OF QUARTERLY PORTFOLIO OF INVESTMENTS (Unaudited)

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov>. The Fund's Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling (202) 551-8090. The Fund's Form N-Q is also available, without charge, upon request, by calling the Adviser toll-free at (800) 338-8214.

ANNUAL CERTIFICATIONS (Unaudited)

In June 2007, the Fund submitted an annual certification to the New York Stock Exchange ("NYSE") in which the Fund's principal executive officer certified that he was not aware, as of the date of the certification, of any violation by the Fund of the NYSE's corporate governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Fund's principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund's disclosure controls and procedures and internal control over financial reporting.

PRIVACY PRINCIPLES OF THE FUND (Unaudited)

The Fund is committed to maintaining the privacy of its shareholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how the Fund protects that information and why, in certain cases, the Fund may share information with select other parties.

Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

The Fund restricts access to non-public personal information about its shareholders to employees of the Fund's investment adviser, administrator and their respective affiliates with a legitimate business need for the information. The Fund maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its shareholders.

DIRECTORS OF THE FUND (Unaudited)

Information pertaining to the Directors of the Fund is set forth below. Directors who are not deemed to be “interested persons” of the Funds, as defined in the Investment Company Act of 1940, as amended (the Investment Company Act or the 1940 Act) are referred to as “Independent Directors.” Directors who are deemed to be “interested persons” of the Fund are referred to as “Interested Directors.” “Fund Complex” consists of the Fund and any other investment companies managed by Phoenix Investment Partners, Ltd. (“PXP”) or its affiliates.

Independent Directors

Name, Address and Age	Positions 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
Francis E. Jeffries c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 77	Director and Chairman of the Board	Term expires in 2008; Director since 1992	Chairman of the Board of DTF Tax-Free Inc. (“DTF”) since September 1991 (President of the Fund and DTF, January 2000-February 2004); Chairman of the Board of DNP Select Income Fund Inc. (“DNP”) since May 2005 (Vice Chairman, April 2004-May 2005); Chairman of the Board of PXP, November 1995-May 1997; Chairman and Chief Executive Officer, Duff & Phelps Corporation, June 1993-November 1995 (President and Chief Executive Officer, January 1992-June 1993); Chairman of the Board of Duff & Phelps Investment Management Co. 1988-1993	58	
Nancy Lampton ⁽¹⁾ c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 65	Director and Vice Chairman of the Board	Term expires in 2009; Director since 2005	Chairman and Chief Executive Officer, Hardscuffle Inc. (insurance holding company) since January 2000; Chairman and Chief Executive Officer, American Life and Accident Insurance Company of Kentucky since 1971	3	Director, Constellation Energy Group, Inc. (public utility holding company); Advisory Board Member, Thorium Power, Inc. (designer of non-proliferative fuel for nuclear energy needs)
Geraldine M. McNamara c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 56	Director	Term expires in 2008; Director since 2003	Private investor since July 2006; Managing Director, U.S. Trust Company of New York 1982-July 2006	57	

Name, Address and Age	Positions 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
Eileen A. Moran c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 53	Director	Term expires in 2010; Director since 1996	President and Chief Executive Officer, PSEG Resources L.L.C. (investment company) since 1990; Senior Vice President for Strategic Initiatives, PSEG Services Corporation since January 2008	2	
Carl F. Pollard ⁽¹⁾ c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 69	Director	Term expires in 2008; Director since 2006	Owner, Hermitage Farm L.L.C. (thoroughbred breeding) since January 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)	3	Chairman of the Board and Director, Churchill Downs
David J. Vitale c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 61	Director	Term expires in 2009; Director since 2005	Senior Advisor to the CEO, Chicago Public Schools since April 2007; Chief Administrative Officer, Chicago Public Schools April 2003-April 2007; Private investor November 2002-April 2003; President and Chief Executive Officer, Board of Trade of the City of Chicago, Inc. March 2001-November 2002; Retired executive 1999-2001; 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)	3	Director, UAL Corporation (airline holding company), ISO New England Inc. (not for profit independent system operator of New England's electricity supply), Wheels, Inc. (automobile fleet management) and Ariel Capital Management, LLC

Interested Directors

Philip R McLoughlin ⁽²⁾ c/o Duff & Phelps Investment Management Co. 55 East Monroe Street Suite 3600 Chicago, IL 60603 Age: 61	Director	Term expires in 2010; Director since 1996	Partner, CrossPond Partners, LLC (investment management consultant) since 2006; Private investor 2004-2006. Consultant to PXP, 2002-2004; Chief Executive Officer of PXP, 1995-2002 (Chairman 1997-2002, Director 1995-2002); Executive Vice President and Chief Investment Officer, The Phoenix Companies, Inc. 1989-2002	65	Director, Argo Group International Holdings, Ltd. (insurance holding company) and The World Trust Fund (investment trust)
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Name, Address and Age	Positions 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
Nathan I. Partain ⁽³⁾ Duff & Phelps Investment Management Co. 55 East Monroe Street, Suite 3600 Chicago, IL 60603 Age: 51	Director, President and Chief Executive Officer	Term expires in 2010; Director since 2007	President and Chief Executive Officer of DTF since February 2004; President and Chief Investment Officer of the Adviser since April 2005 (Executive Vice President 1997-2005); President and Chief Executive Officer of DNP since February 2001 (Chief Investment Officer since January 1998; Executive Vice President, April 1998-February 2001; Senior Vice President, January 1997-April 1998); Director of Utility Research, Duff & Phelps Investment Research Co. 1989-1996 (Director of Equity Research, 1993-1996 and Director of Fixed Income Research, 1993)	3	Director, Otter Tail Corporation (manages diversified operations in the electric, plastics, manufacturing, health services, food ingredient processing and other business operations sectors)

(1) Elected to his or her position on the board by the holders of the preferred stock, voting as a separate class.

(2) Mr. McLoughlin is an Interested Director because his participation in certain pension plans maintained by PXP and its affiliates may be deemed to constitute a material business relationship with PXP within the meaning of section 2(a)(19) of the 1940 Act.

(3) Mr. Partain is an Interested Director because he is an officer and employee of the Adviser.

MANAGEMENT OF THE FUND

The officers 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 PXP and receive compensation in such capacities. Information pertaining to Nathan I. Partain, the President and Chief Executive Officer of the Fund, is set forth on page 22 of this report. Information pertaining to the other officers of the Fund is set forth below.

Name, Address and Age	Position(s) Held with Fund and Length of Time Served	Principal Occupation(s) During Past 5 Years
T. Brooks Beittel Duff & Phelps Investment Management Co. 55 East Monroe Street, Suite 3600 Chicago, IL 60603 Age: 57	Secretary since 2005	Senior Vice President of the Adviser since 1993 (Vice President 1987-1993); Secretary and Senior Vice President of DNP since 1995 (Treasurer 1995-2002); Secretary of DTF since 2005
Daniel J. Petrisko Duff & Phelps Investment Management Co. 55 East Monroe Street, Suite 3600 Chicago, IL 60603 Age: 47	Chief Investment Officer since 2004; Vice President since 2000 (Portfolio Manager 2002-2004)	Senior Vice President of Adviser since 1997 (Vice President 1995-1997)
Alan M. Meder Duff & Phelps Investment Management Co. 55 East Monroe Street, Suite 3600 Chicago, IL 60603 Age: 48	Treasurer since 2000; Principal Financial Officer, Chief Financial Officer and Assistant Secretary since 2002	Senior Vice President of the Adviser since 1994; Treasurer of DTF since 2000; Principal Financial Officer, Chief Financial Officer and Assistant Secretary of DTF since 2002
Joyce B. Riegel Duff & Phelps Investment Management Co. 55 East Monroe Street, Suite 3600 Chicago, IL 60603 Age: 53	Chief Compliance Officer since 2003	Senior Vice President and Chief Compliance Officer of the Adviser since 2004 (Vice President and Compliance Officer 2002-2004); Chief Compliance Officer of DTF since 2003 and Chief Compliance Officer of DNP since 2004; Vice President and Chief Compliance Officer, Stein Roe Investment Counsel LLC 2001-2002; Vice President and Compliance Officer, Stein Roe & Farnham Incorporated 1996-2000

Directors

Francis E. Jeffries, CFA, *Chairman*
Nancy Lampton, *Vice Chairman*
Philip R. McLoughlin
Geraldine M. McNamara
Eileen A. Moran
Nathan I. Partain, CFA
Carl F. Pollard
David J. Vitale

Officers

Nathan I. Partain, CFA
President & Chief Executive Officer

Daniel J. Petrisko, CFA
Vice President & Chief Investment Officer

T. Brooks Beittel, CFA
Secretary

Alan M. Meder, CFA, CPA
Treasurer & Assistant Secretary

Joyce B. Riegel,
Chief Compliance Officer

Investment Adviser

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Administrator

Princeton Administrators, LLC
P.O. Box 9095
Princeton, NJ 08543-9095

Custodian and Transfer Agent

The Bank of New York
P.O. Box 11258
Church Street Station
New York, NY 10286
(800) 524-4458

Independent Registered Public Accounting Firm

Ernst & Young LLP
233 South Wacker Drive
Chicago, IL 60606

Legal Counsel

Mayer Brown LLP
71 South Wacker Drive
Chicago, IL 60606

Duff & Phelps Utility and Corporate Bond Trust Inc.



This report is for stockholder information. This is not a prospectus intended for use in the purchase or sale of Fund shares. Information contained in this report is dated and subject to change. Past performance is no guarantee of future results.

ANNUAL REPORT DECEMBER 31, 2007