

REAVES UTILITY INCOME FUND
(NYSE MKT: UTG)

PRESS RELEASE

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FOR IMMEDIATE RELEASE

October 5, 2016

**THE REAVES UTILITY INCOME FUND
INCREASES ITS MONTHLY DISTRIBUTION 5.8% TO \$0.16 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE MKT: UTG) is pleased to announce today a 5.8% increase in its annual distribution, to \$ 1.92 to be paid monthly at the rate of \$0.16 per common share. This is the ninth increase since the Fund’s inception in February 2004. The increased dividend rate represents an annualized distribution rate of 6.37% based on the current market price. As of October 3, 2016, the Fund’s market price was \$30.15 per share and its net asset value was \$32.91 per share.

Ronald J. Sorenson, the Fund's portfolio manager and Chief Investment Officer of Reaves Asset Management, the Fund's investment adviser, observed that since its inception in 2004 the Fund has distributed nearly half a billion dollars to shareholders principally in the form of long term realized capital gains and qualified dividend income. Mr. Sorenson commented that “...the Fund’s ability to increase the distribution reflects the earnings power and dividend growth record of its underlying investments. We believe the Fund is well-positioned to take advantage of future growth opportunities stemming from needed capital investment in utility and communications and other infrastructure operations.”

The Fund has formally implemented the 19b-1 exemption received from the Securities and Exchange Commission in 2009. A portion of each distribution may be treated as paid from sources other than net income, including but not limited to short-term capital gain, long-term capital gain and return of capital. The final determination of the source of these distributions, including the percentage of qualified dividend income, will be made after the Fund’s year end.

Not less than eighty percent of the Fund’s assets will continue to be invested in the securities of domestic and foreign companies involved to a significant extent in providing products, services or equipment for (i) the generation or distribution of electricity, gas or water, (ii) telecommunications activities or (iii) infrastructure operations, such as airports, toll roads and municipal services (“Utilities” or the “Utility Industry”). As a policy, the Fund continues to strive to provide a high level of after-tax income and total return consisting primarily of tax-advantaged distributions and capital appreciation.

The following dates apply to the upcoming dividends that have been declared:

Ex-Distribution Date: October 19, 2016
Record Date: October 21, 2016
Payable Date: October 31, 2016

Ex-Distribution Date: November 16, 2016
Record Date: November 18, 2016
Payable Date: November 30, 2016

Ex-Distribution Date: December 14, 2016
Record Date: December 16, 2016
Payable Date: December 30, 2016

The Reaves Utility Income Fund

The investment objective of the Fund is to provide a high level of income and total return consisting primarily of tax-advantaged distributions and capital appreciation. There were approximately \$1.5 billion of total assets under management and 34.3 million common shares outstanding as of September 30, 2016.

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus, annual report or semi-annual report which contains this and other information visit www.utilityincomefund.com or call 1-800-644-5571. Read them carefully before investing.

The Reaves Utility Income Fund is a closed-end fund and closed-end funds do not continuously issue shares for sale as open-end mutual funds do. Since the initial public offering, the Fund now trades in the secondary market. Investors wishing to buy or sell shares need to place orders through an intermediary or broker. The share price of a closed-end fund is based on the market's value.

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