

REAVES UTILITY INCOME FUND
(AMEX: UTG)

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PRESS RELEASE

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FOR IMMEDIATE RELEASE
October 3, 2008

**THE REAVES UTILITY INCOME FUND
ANNOUNCES REGULAR MONTHLY DIVIDEND OF \$0.115 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (AMEX: UTG) today announced the next three monthly dividends at a rate of \$0.115 per common share per month, unchanged from the per share rate paid for the previous quarter. The dividend represents an annualized yield of 8.2% based on the current market price. As of September 30, 2008, the Fund's market price was \$16.82 per share and its net asset value was \$20.56.

A portion of the 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 all distributions in 2008, including the percentage of qualified dividend income, will be made after year-end.

Not less than eighty percent of the Fund's assets will continue to be invested in the securities of utility companies. 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 dividend income and capital appreciation.

Noting the recent market turmoil, Ronald Sorenson, CEO, Chief Investment Officer of W. H. Reaves & Co., and portfolio manager of the Fund, observed that the underlying fundamentals for the companies held by the fund remain strong. "The companies we invest in provide essential services and are characterized primarily by strong balance sheets and growing cash flow from operations."

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

Ex-Distribution Date: October 14, 2008
Record Date: October 16, 2008
Payable Date: October 31, 2008

Ex-Distribution Date: November 17, 2008
Record Date: November 19, 2008
Payable Date: November 28, 2008

Ex-Distribution Date: December 15, 2008
Record Date: December 17, 2008
Payable Date: December 31, 2008

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 dividend income and capital appreciation. There were approximately \$714

million of total assets under management and 22.7 million common shares outstanding as of September 30, 2008.

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

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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