

REAVES UTILITY INCOME FUND
(NYSE Amex: UTG)

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PRESS RELEASE

FOR IMMEDIATE RELEASE

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

Denver, Colorado – The Reaves Utility Income Fund (NYSE 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 6.4% based on the current market price. As of October 7, 2010, the Fund's market price was \$21.71 per share and its net asset value was \$21.35 per share.

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 2010, 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.

Ronald Sorenson, CEO, Chief Investment Officer of W. H. Reaves and portfolio manager recently noted that the recovery in equity markets over the past several months permitted the Fund to realize capital gains sufficient to recover nearly all prior year realized capital losses carried into the 2010 fiscal year, which ends October 31. Mr. Sorenson reiterated the Fund's long-term goal of growing the dividend over time commensurate with the rising earnings power of the Fund's underlying investments.

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

Ex-Distribution Date: October 18, 2010

Record Date: October 20, 2010

Payable Date: October 29, 2010

Ex-Distribution Date: November 17, 2010

Record Date: November 19, 2010

Payable Date: November 30, 2010

Ex-Distribution Date: December 15, 2010

Record Date: December 17, 2010

Payable Date: December 31, 2010

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 \$740 million of total assets under management and 22.9 million common shares outstanding as of October 7, 2010.

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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