

**REAVES UTILITY INCOME FUND**  
(NYSE Amex: UTG)

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**PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

December 20, 2011

**THE REAVES UTILITY INCOME FUND ANNOUNCES ITS REGULAR MONTHLY  
DIVIDEND OF \$0.125 PER SHARE AND DECLARES A SPECIAL CAPITAL GAIN  
DISTRIBUTION OF \$0.332 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE Amex: UTG) announced today the next three monthly dividends, at a rate of \$0.125 per common share per month, unchanged from the per share rate paid for the previous quarter. The dividend represents an annualized yield of 5.83% based on the current market price. As of December 19, 2011, the Fund’s market price was \$25.75 per share and its net asset value was \$23.21 per share.

The Fund also declared today a special distribution of \$0.332 per share. The special distribution is being paid in addition to the Fund’s regular monthly dividend to allow the Fund to meet its 2011 distribution requirement for federal excise tax purposes. Of the \$0.332 per share \$0.287 represents short-term capital gain and \$0.045 represents long-term capital gain. For calendar 2011 the total of distributions per share was \$1.812 or 7.04% of the closing price December 19, 2011.

The Fund has formally implemented the 19b-1 exemption received from the Securities & 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.

Ronald J. Sorenson, Portfolio Manager of the Fund, Chief Executive Officer and Chief Investment Officer of Reaves Asset Management stated that the Fund’s capital gains, both realized and unrealized, are consistently monitored with a view toward managing the amount and the nature of capital gains available for distribution to shareholders. Selection of securities for the portfolio takes into consideration total return potential in addition to the current yield.

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.

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

	Special Capital Gain Distribution	Monthly Distribution – January 2012	Monthly Distribution – February 2012	Monthly Distribution – March 2012
Per share amount	\$0.332	\$0.125	\$0.125	\$0.125
Ex-Date	December 28, 2011	December 28, 2011	February 15, 2012	March 15, 2012
Record Date	December 30, 2011	December 30, 2011	February 17, 2012	March 19, 2012
Payable Date	January 13, 2012	January 13, 2012	February 29, 2012	March 30, 2012

**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 \$722 million of total assets under management and 23.01 million common shares outstanding as of December 19, 2011.

**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](http://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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