

REAVES UTILITY INCOME FUND
(NYSE Amex: UTG)

PRESS RELEASE

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FOR IMMEDIATE RELEASE

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**THE REAVES UTILITY INCOME FUND
ANNOUNCES REGULAR MONTHLY DIVIDEND OF \$0.125 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 6.0% based on the current market price. As of July 5, 2011, the Fund's market price was \$25.01 per share and its net asset value was \$24.55 per share.

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 at Reaves Asset Management, recently commented in his semi-annual letter to shareholders that the Fund continues to invest in financially strong companies with above average dividend paying ability. In the twelve months ended April 30, 2011, there were forty-one dividend increases by companies owned by the Fund. Mr. Sorenson noted that the 19b-1 exemption implemented by the Fund this year and the substantial unrealized capital appreciation of the Fund's holdings provide flexibility in the determination of the Fund's distribution policy.

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:

Ex-Distribution Date: July 18, 2011
Record Date: July 20, 2011
Payable Date: July 29, 2011

Ex-Distribution Date: August 16, 2011
Record Date: August 18, 2011
Payable Date: August 31, 2011

Ex-Distribution Date: September 14, 2011
Record Date: September 16, 2011
Payable Date: September 30, 2011

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 \$804 million of total assets under management and 22.9 million common shares outstanding as of July 5, 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 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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