

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 6.01% based on the current market price. As of September 16, 2011, the Fund's market price was \$24.94 per share and its net asset value was \$23.28 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 on the 2.1 percentage point spread between the yield on utilities as represented by the Philadelphia Utility Index (UTY) and the yield on ten-year Treasuries. "We believe this is an historical anomaly. Regulated utilities have a history of raising dividends even during severe downturns like that of 2008 – 2009. Given the increasing dividend and the relatively high yield compared to Treasuries, we believe utilities provide a superior investment opportunity to fixed income securities at present."

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: October 17, 2011
Record Date: October 19, 2011
Payable Date: October 31, 2011

Ex-Distribution Date: November 16, 2011
Record Date: November 18, 2011
Payable Date: November 30, 2011

Ex-Distribution Date: December 14, 2011
Record Date: December 16, 2011
Payable Date: December 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 \$782 million of total assets under management and 22.97 million common shares outstanding as of September 16, 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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