

REAVES UTILITY INCOME FUND

(NYSE Amex: UTG)

PRESS RELEASE

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FOR IMMEDIATE RELEASE

June 21, 2012

**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 5.58% based on the current market price. As of June 20, 2012, the Fund’s market price was \$26.86 per share and its net asset value was \$25.01 per share.

The Fund declares that \$0.125 per share of the \$0.125 per share July distribution, and \$0.01 per share of the \$0.125 per share August distribution, will be paid as long-term capital gain in accordance with Internal Revenue Code section 855(a) for the fiscal year ended October 31, 2011.

The Fund has formally implemented the 19b-1 exemption received from the Securities and 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, the Fund’s portfolio manager and Chief Investment Officer at Reaves Asset Management, the Fund’s investment adviser, recently commented about the dividend growth potential of the Fund’s underlying portfolio. “Companies representing 64% of the underlying portfolio’s equity market value as of June 20, 2012 raised their dividend at least three times in the last five years; 50% raised their dividend at least four times in the last five years, and fully 35% raised their dividend at least five times in the last five years. The strong track record of dividend growth is especially attractive in today’s high-volatility, low-interest rate environment and supports the higher multiples the market has accorded these companies in recent months”

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: June 28, 2012

Record Date: July 2, 2012

Payable Date: July 31, 2012

Ex-Distribution Date: August 22, 2012

Record Date: August 24, 2012

Payable Date: August 31, 2012

Ex-Distribution Date: September 14, 2012

Record Date: September 18, 2012

Payable Date: September 28, 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 \$821 million of total assets under management and 23.1 million common shares outstanding as of June 20, 2012.

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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