

REAVES UTILITY INCOME FUND
(NYSE MKT: UTG)

PRESS RELEASE

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FOR IMMEDIATE RELEASE

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**THE REAVES UTILITY INCOME FUND
ANNOUNCES REGULAR MONTHLY DIVIDEND OF \$0.13 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE MKT: UTG) announced today the next three monthly dividends, at a rate of \$0.13125 per common share per month, unchanged from the per share rate paid for the previous quarter. The dividend represents an annualized yield of 6.55% based on the current market price. As of December 18, 2012, the Fund’s market price was \$24.06 per share and its net asset value was \$24.75 per share.

Ron Sorenson, Chief Investment Officer and CEO at Reaves Asset Management, recently commented on the impact of the Fund’s rights offering, completed this past summer, on the dividend yield outlook. “We view the rights transaction as long-term positive outcome for the Fund and its investors. The offering proceeds were invested principally in proven, current holdings of utility equities, increasing their portfolio weighting from just over 41% to 53%. The new investments enhanced the Fund’s current and potential future dividend yield.”

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.

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: December 27, 2012
Record Date: December 31, 2012
Payable Date: January 16, 2013

Ex-Distribution Date: February 13, 2013
Record Date: February 15, 2013
Payable Date: February 28, 2013

Ex-Distribution Date: March 14, 2013
Record Date: March 18, 2013
Payable Date: March 28, 2013

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 \$1.0 billion of total assets under management and 29.0 million common shares outstanding as of December 18, 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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