

**REAVES UTILITY INCOME FUND**

(NYSE Amex: UTG)

**PRESS RELEASE**1290 Broadway  
Suite 1100  
Denver, Colorado 80203  
800-644-5571

FOR IMMEDIATE RELEASE

December 22, 2009

**THE REAVES UTILITY INCOME FUND ANNOUNCES ITS  
REGULAR MONTHLY DIVIDENDS OF \$0.115 PER SHARE AND DECLARES A  
SPECIAL ORDINARY INCOME DISTRIBUTION OF \$0.065 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE Amex: UTG) today announced the next three monthly dividends at a rate of \$0.115 per common share, per month, unchanged from the per share rate paid for the previous quarter. The dividend represents an annualized yield of 7.53% based on the current market price. As of December 18, 2009, the Fund’s market price was \$18.32 per share and its net asset value was \$18.60.

The Fund also declared today a special ordinary income distribution of \$0.065 per share. The special ordinary income distribution is being paid in addition to the Fund’s regular monthly dividend to allow the Fund to meet its 2009 distribution requirement for federal excise tax purposes.

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

	Special Ordinary Income Distribution	Monthly Distribution – January 2010	Monthly Distribution – February 2010	Monthly Distribution – March 2010
Per share amount	\$0.065	\$0.115	\$0.115	\$0.115
Ex-Date	December 24, 2009	December 29, 2009	February 16, 2010	March 17, 2010
Record Date	December 29, 2009	December 31, 2009	February 18, 2010	March 19, 2010
Payable Date	December 31, 2009	January 19, 2010	February 26, 2010	March 31, 2010

A portion of the 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 all distributions in 2009 and 2010, including the percentage of qualified dividend income, will be made after 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.

Recently Ron Sorenson, portfolio manager for the Fund and Chief Investment Officer at W. H. Reaves and Co. Inc. commented: “The improvement in stock and bond prices, liquidity in the equity markets and sustained low interest rates have benefited your Fund. The rising market for utility and telecommunications stocks enabled the Fund to realize short term capital gains sufficient to offset all realized short term capital losses carried forward from the fiscal year ended October 31, 2009. Energy companies, a relatively small percentage of Fund assets, made a meaningful contribution to realized short term capital gains. Reinvestment of proceeds from sales to realize short term capital gains has allowed your Fund to maintain its expected level of annual income nearly unchanged as of this date. In the fourth

quarter there have been no dividend cuts by Fund-owned companies and dividend increases have occurred as expected.”

**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 \$667 million of total assets under management and 22.7 million common shares outstanding as of December 18, 2009.

**An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus that contains this and other information visit [www.utilityincomefund.com](http://www.utilityincomefund.com) or call 1-800-644-5571. Read the prospectus carefully before investing or sending money.**

*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.*

###