

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
INCREASES ITS MONTHLY DIVIDEND 5.0% TO \$0.13 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE MKT: UTG) is pleased to announce today an increase in its monthly dividends, to a rate of \$0.13125 per common share per month. This is the 6th increase since the Fund's inception in February 2004. The increased dividend rate represents an annualized yield of 6.30% based on the current market price. As of September 20, 2012, the Fund's market price was \$24.99 per share and its net asset value was \$25.87 per share.

Ronald J. Sorenson, the Fund's portfolio manager and Chief Investment Officer at Reaves Asset Management, the Fund's investment adviser, recently commented that the Fund's ability to increase its dividend is a function of the ability of the companies in which the Fund invests to increase their dividends. "The majority of companies in which we invest have the earnings visibility and growth potential to raise their dividends nearly every year. Ultimately, it is the demonstrated dividend growth ability of our investments that give us the confidence to raise our dividend."

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: October 17, 2012

Record Date: October 19, 2012

Payable Date: October 31, 2012

Ex-Distribution Date: November 15, 2012

Record Date: November 19, 2012

Payable Date: November 30, 2012

Ex-Distribution Date: December 14, 2012

Record Date: December 18, 2012

Payable Date: December 31, 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 \$996 million of total assets under management and 29.0 million common shares outstanding as of September 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.