

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
INCREASES ITS MONTHLY DIVIDEND 8.7% TO \$0.125 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE Amex: UTG) is pleased to announce today an increase in its monthly dividend, to a rate of \$0.125 per common share per month. This is the 5th increase since the Fund's inception in February 2004. The increased dividend rate represents an annualized yield of 6.6% based on the current market price. As of March 7, 2011, the Fund's market price was \$22.59 per share and its net asset value was \$22.85 per share.

Ronald Sorenson, CEO and Chief Investment Officer of W. H. Reaves & Co., commented that the increased dividend is 30% greater than the dividend at the Fund's inception in 2004. All monthly dividends paid since inception were paid out of net income. Companies capable of periodically increasing their dividend, with a dividend policy committing them to maintain and grow their dividend, comprise the core holdings in the Fund's portfolio. The fund's long-term goal is to periodically grow its dividend time commensurate with the rising earnings power of the Fund's underlying investments.

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.

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: April 18, 2011

Record Date: April 20, 2011

Payable Date: April 29, 2011

Ex-Distribution Date: May 17, 2011

Record Date: May 19, 2011

Payable Date: May 31, 2011

Ex-Distribution Date: June 15, 2011

Record Date: June 17, 2011

Payable Date: June 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 \$764 million of total assets under management and 22.9 million common shares outstanding as of March 7, 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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