

REAVES UTILITY INCOME FUND
(NYSE Alternext US: UTG)

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PRESS RELEASE

FOR IMMEDIATE RELEASE
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**THE REAVES UTILITY INCOME FUND ANNOUNCES ITS
REGULAR MONTHLY DIVIDENDS OF \$0.115 PER SHARE AND
DECLARES A LONG-TERM CAPITAL GAIN DISTRIBUTION OF \$0.096 PER SHARE**

Denver, Colorado – The Reaves Utility Income Fund (NYSE Alternext US: 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 12.05% based on the current market price. As of December 18, 2008, the Fund’s market price was \$11.45 per share and its net asset value was \$14.68.

The Fund also declared today a long-term capital gain distribution of \$0.096 per share. The long-term capital gain is being paid in addition to the Fund’s regular monthly dividend to allow the Fund to meet its 2008 distribution requirement for federal excise tax purposes.

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

	Long-Term Capital Gains	Monthly Distribution – January 2009	Monthly Distribution – February 2009	Monthly Distribution – March 2009
Per share amount	\$0.096	\$0.115	\$0.115	\$0.115
Ex-Date	December 29, 2008	December 29, 2008	February 11, 2009	March 16, 2009
Record Date	December 31, 2008	December 31, 2008	February 13, 2009	March 18, 2009
Payable Date	January 7, 2009	January 16, 2009	February 27, 2009	March 31, 2009

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 2008 and 2009, 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.

Although there is earnings uncertainty in the current economic environment and price earnings ratios are fluctuating widely, Ronald Sorenson, CEO, Chief Investment Officer of W. H. Reaves & Co., and portfolio manager of the Fund, expects the companies in the portfolio to sustain their current dividends and, in many cases, to increase them. “They provide essential services to the nation’s consumers and businesses. Their

growth rates may slow or even flatten in the short-term, but they will remain profitable and fundamentally strong enterprises.”

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 \$578 million of total assets under management and 22.7 million common shares outstanding as of December 18, 2008.

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 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.

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