

**REAVES UTILITY INCOME FUND**  
(NYSE Amex: UTG)

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**PRESS RELEASE**

FOR IMMEDIATE RELEASE  
November 4, 2009

**FITCH APPLIES ITS NEW RATINGS CRITERIA RESULTING  
IN A RATING DOWNGRADE OF FUND'S AMPS**

Denver, Colorado – The Reaves Utility Income Fund (NYSE Amex: UTG) was recently informed by Fitch Ratings that the rating on the Fund's Auction Market Preferred Shares (AMPS) had been downgraded from "AAA" to "A" based on Fitch's application of its new rating standards on sector funds. As a result, the cost of the AMPS as leverage increased from 125 basis points over LIBOR to 200 basis points over LIBOR. Fitch also indicated that this result was part of its review of sector funds as a whole. The Fund has not made any fundamental change to its investment strategy or objective and currently maintains compliance with the applicable asset coverage rules under the Investment Company Act of 1940, as well as the covenants governing the Fund's AMPS under its Statement of Preferences.

Ronald Sorenson, CEO, Chief Investment Officer of W. H. Reaves & Company, Inc. and portfolio manager of the Fund, noted that "The Fund's balance sheet has dramatically improved since March, 2009. The Fund's NAV has risen from a low of \$9.16 on March 9, 2009 to \$15.91 on November 3, 2009, resulting in a strengthening of the Fund's financial position." Mr. Sorenson added, "We expect to be able to maintain the Fund's dividend to both its common and preferred shareholders for the foreseeable future."

**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 \$600 million of total assets under management and 22.7 million common shares outstanding as of November 2, 2009.

**W. H. Reaves & Company, Inc.**

W. H. Reaves & Company, Inc. is a New Jersey-based investment advisory firm specializing in the utility and energy sectors and, as of September 30, 2009, had approximately \$1.5 billion in total assets under management.

**Forward-Looking Statements**

This press release and other statements that Reaves Utility Income Fund (the "Fund") may make may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which reflect the Fund's current views with respect to, among other things, its operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or

will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. The Fund undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. The following factors, among others, could cause actual results to differ materially from forward-looking statements: (1) the ability of the Fund to maintain compliance with the applicable asset coverage rules under the Investment Company Act of 1940, as well as the covenants governing the Fund's AMPS under its Statement of Preferences; and (2) the ability of the Fund to maintain the Fund's dividend to both its common and preferred shareholders for the foreseeable future.

**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.**

*Past performance is not a guarantee of future results.*

*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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