

Reaves Utility Income Fund (AMEX: UTG)

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PRESS RELEASE

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REAVES UTILITY INCOME FUND ANNOUNCES NET ASSET VALUE ADJUSTMENT

Denver, Colorado—The Reaves Utility Income Fund (AMEX: UTG) announced an increase in its Net Asset Value of \$0.27 per share due to an investment security valuation adjustment. The adjustment was made on May 23, 2007.

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 \$932 million of total assets under management and 22.7 million common shares outstanding as of May 23, 2007.

W.H. Reaves & Company

W.H. Reaves is an investment advisor specializing in utilities, founded in 1961 with approximately \$2.5 billion in total assets under management. The firm has a 29-year track record for institutional clients and portfolio managers are supported by a highly experienced management team including seven senior analysts with an average of 27 years of industry experience.

An investor should consider investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which 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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