

COHEN & STEERS SELECT UTILITY FUND INC  
Form DEFA14A  
March 17, 2008

## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT

#### SCHEDULE 14A INFORMATION

#### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

**Cohen & Steers Select Utility Fund, Inc.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: COHEN & STEERS SELECT UTILITY FUND INC - Form DEFA14A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Cohen & Steers Select Utility Fund, Inc. (UTF)  
Cohen & Steers REIT and Utility Income Fund, Inc. (RTU)  
Annual Meeting of Stockholders

2  
CPRET8164  
Table of Contents  
Auction Market Preferred Shares  
VI.  
Shareholder Proposal  
V.  
Election of Directors  
IV.  
RTU  
III.  
UTF  
II.  
Overview  
I.

Overview

4

CPRET8164

About Cohen & Steers

Leading manager of high-income equity portfolios with a focus on:

Global real estate securities

Preferred stocks

Utilities

Large cap value equities

Global presence through offices in New York, Seattle, Brussels and Hong Kong

\$29.8 billion in assets under management as of December 31, 2007

Advises 11 open-end funds and 11 closed-end funds

Record of 32 dividend increases (never missing or reducing distributions on any existing Cohen & Steers closed-end funds)

First closed-end fund launched September 1988

5

CPRET8164

Matters for the 2008 Annual Meeting

Elect three directors, each for a three-year term

Two directors elected by common and preferred voting together

One director elected by preferred shareholders voting separately

Actions of Western Investment LLC, controlled by Arthur Lipson

Soliciting for an alternate slate of three directors

Activist stockholder proposal by Bulldog Investors advocating for an extensive and continuous partial tender offer policy (UTF only)



6

CPRET8164

Summary

Cohen & Steers

Our Fund board is independent and engaged. The Directors have:

Overseen outstanding performance for the life of the Funds

Delivered  
substantial  
shareholder  
value  
and  
met  
the  
Funds  
investment  
objectives

Taken  
actions  
to  
enhance  
the  
net  
asset  
value  
(NAV)  
and  
narrow  
the  
Funds  
discounts

Dissident Shareholder

Lipson is self-motivated his interests are not aligned with all shareholders

Short-term hedge fund speculator looking for a quick profit

Told us directly that the long-term interests of the shareholders is the directors  
problem not his!

Only recently acquired large positions in the Funds (at a discount), augmented by swaps  
that expire in May

Lipson's approach will have an adverse impact on all long-term shareholders

UTF

8

CPRET8164

UTF Performance Strong and Improving

Investment Objective: The Fund's investment objective is to seek a high level of after-tax total return through investment in utility securities with an emphasis on current income

Invests primarily in common stocks, preferred stocks and other equity securities issued by utility companies

Strong market performance benefiting all shareholders

Outperformed the S&P 1500 Utilities Index and the S&P 500 Index for the one-

and three-year periods ended December 31, 2007

Overall Morningstar

Rating

The overall Morningstar Rating is derived from a weighted average of the performance figures associated with its three-, five-, Morningstar calculates its ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance of 10%

of

funds  
in  
each  
category  
receive  
five  
stars,  
the  
next  
22.5%  
receive  
four  
stars,  
the  
next  
35%  
receive  
three  
stars,  
the  
next  
22.5%  
receive  
two  
stars  
and  
the  
bottom  
10%  
receive  
one  
star.  
Cohen  
&  
Steers  
Select  
Utility  
Fund  
received three stars in the three year category out of 8 funds.

©2008  
Morningstar,  
Inc.  
All  
Rights  
Reserved.  
Morningstar  
and/or  
its  
content  
providers

are  
the  
proprietors  
of  
this  
information;  
do  
not  
permit  
its  
unauthorized  
copying  
or  
distribution;  
do  
not  
warrant  
it  
to  
be  
accurate,  
complete  
or  
timely;  
and are not responsible for damages or losses arising from its use.

9  
CPRET8164  
UTF Performance Strong and Improving (continued)  
Original distribution rate \$1.02; current distribution rate is \$2.22 per share; a **118% increase**  
NYSE traded; market cap \$1.0 billion as of March 13, 2008  
Leveraged fund triple AAA rated with auction market preferred shares (AMPS)

Aggregate liquidation preference \$652 million as of March 13, 2008

Cohen & Steers has managed UTF since its inception in 2004

The  
portfolio  
managers,  
Robert  
S.  
Becker  
and  
William

F.  
Scapell,  
have  
been  
with  
Cohen  
&  
Steers  
since inception of the Fund



10  
CPRET8164  
UTF Performance Strong and Improving (continued)  
9.32%  
8.63%  
5.49%  
S&P 500  
18.90%  
17.68%  
16.46%  
S&P 1500 Utilities  
17.02%  
20.62%  
25.34%  
UTF  
Since Inception  
(3/30/2004)  
3 Years

1 Year

Total returns as of December 31, 2007, based on market price. The performance data quoted represent past performance. Past performance does not guarantee a similar outcome. Investment in the fund will fluctuate and shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance shown.

RTU

12

CPRET8164

RTU Performance Strong and Improving

Investment Objective: The Fund's primary investment objective is to seek high current income

Invests

primarily

in

securities

issued

by

real

estate

companies,

such

as

real

estate

investment

trusts,

or

REITs, and companies engaged in the utilities industry

Strong market performance benefiting all shareholders

Outperformed the FTSE NAREIT Equity Index and the Fund's blended index for

the one-

and three-year periods ended December 31, 2007

The overall Morningstar Rating is derived from a weighted average of the performance figures associated with its three-, five-,

Morningstar calculates its ratings based on a risk-adjusted return measure that accounts for variation in a fund's monthly performance

10%

of

funds

in

each

category

receive

five

stars,

the

next

22.5%

receive

four

stars,

the

next

35%

receive

three

stars,

the

next

22.5%

receive

two

stars

and

the

bottom

10%

receive

one

star.

Cohen

&

Steers

Select

REIT

and

Utility

Income Fund received four stars in the three year category out of 8 funds.

©2008 Morningstar, Inc. All Rights Reserved. Morningstar and/or its content providers are the proprietors of this information; not permit its unauthorized copying or distribution; do not warrant it to be accurate, complete or timely; and are not responsible for damages or losses arising from its use.

Overall Morningstar

Rating

13

CPRET8164

RTU Performance Strong and Improving (continued)

Original distribution rate \$1.26; current distribution rate is \$1.65 per share, a **31% increase**

NYSE traded; market cap approximately \$1.02 billion as of March 13, 2008

Leveraged fund triple AAA rated with AMPS

Aggregate liquidation preference \$795 million as of March 13, 2008

Cohen & Steers has managed RTU since its inception in 2004

The  
portfolio  
management  
team  
consisting  
of  
Martin  
Cohen,

Joseph

M.

Harvey,

Robert

S.

Becker,

Thomas N. Bohjalian, Robert H. Steers and William F. Scapell, has been with Cohen & Steers since inception of the Fund



14

CPRET8164

RTU Performance Strong and Improving (continued)

12.92%

10.40%

-2.63%

Blended Index

(1)

12.95%

8.50%

-15.69%

FTSE NAREIT Equity Index

9.48%

12.75%

-1.24%

RTU

Since Inception

(1/30/2004)

3 Years

1 Year

(1) Blended Index consists of 40% NAREIT Equity REIT Index, 40% S&P 1500 Utilities and 20% Merrill Lynch Fixed Rate Index. Past performance does not represent past performance. Past performance is no guarantee of future results. The investment return will vary and the market performance may be lower or higher than the performance data quoted.

Election of Directors

16

CPRET8164

Independent and Engaged Board

Meeting the Fund's investment objectives for shareholders

Approved additional investment strategies designed to increase income return of the Fund

Fully supported Management's build-out of a dedicated team

Responsible for implementing a covered call writing strategy designed to further enhance the Fund's investment objectives and help meet the firm's goal of increasing the distribution rate  
The Board has increased UTF's distribution level three times in the past 12 months and a total of five times since the Fund was launched in March 2004

The  
distribution

level

has

increased

80%

in  
the  
past  
12  
months  
and  
118%  
since  
inception  
UTF s  
annual  
distribution  
rate  
is  
now  
equal  
to  
\$2.22  
per  
share,  
a  
8.9%  
annualized  
rate

(1)  
The Board has a solid history of taking steps to increase shareholder value  
and narrow the discount to NAV

UTF

(1) Based upon NYSE closing price on February 25, 2008.

17

CPRET8164

Independent and Engaged Board (continued)

A \$10,000 investment in UTF at the Fund's inception in 2004 would have been worth \$17,092 as of December 31, 2007

(1)

As of March 13, 2008, UTF's discount to NAV was 8.98%, down from 13.95% on December 29, 2006. The discount was 6.97% on December 31, 2007, 5.32% on January 31, 2008 and 5.09% on February 29, 2008

The  
Directors  
actions  
have  
improved  
the  
Fund's

discount  
and  
management  
believes  
any

recent increase in the discount is a result of industry-wide issues affecting all leveraged closed-end funds

The Board has a solid history of taking steps to increase shareholder value and narrow the discount to NAV

UTF

(1) Includes the reinvestment of distributions, which are generally reinvested at NAV if the shares are trading at a discount. Do

18

CPRET8164

Independent and Engaged Board (continued)

UTF's discount to NAV has declined as a result of strong performance and distribution increases

UTF Distribution/Premium Discount History

0.103

0.133

0.108

0.185

0.100

0.085

\$0.08

\$0.09

\$0.10

\$0.11



\$0.12

\$0.13

\$0.14

\$0.15

\$0.16

\$0.17

\$0.18

\$0.19

\$0.20

4/2004

12/2004

6/2005

3/2006

12/2006

6/2007

12/2007

-20%

-15%

-10%

-5%

0%

5%

10%

Distribution Rate

Premium/Discount

12/13/07: Fifth distribution increase

2007: Amended filing for

closed-end managed

distribution order

2004: Filed for

closed-end managed

distribution order

3/8/05: First distribution increase

19

CPRET8164

Independent and Engaged Board (continued)

Meeting the Fund's investment objectives for shareholders

Approved additional investment strategies designed to increase income return of the Fund

Fully supported Management's build-out of a dedicated team

Responsible for implementing a covered call writing strategy designed to further enhance the Fund's investment objectives and help meet the firm's goal of increasing the distribution rate

The

Board

has

increased

RTU's

distribution

level

each

year  
since  
the  
fund  
was  
launched  
in  
January 2004  
RTU  
has  
paid  
total  
distributions  
of  
\$6.99  
per  
share  
since  
inception  
RTU

The Board has a solid history of taking steps to increase shareholder value  
and narrow the discount to NAV

20

CPRET8164

Independent and Engaged Board (continued)

A \$10,000 investment in RTU at the Fund's inception in 2004 would have been worth \$14,006 as of December 31, 2007

(1)

As of March 13, 2008, RTU's discount to NAV was 10.78%, down from 11.38% on December 29, 2006. The discount was 9.13% on December 31, 2007, 7.75% on January 31, 2008 and 8.44% on February 29, 2008

The  
Directors  
actions  
have  
improved  
the  
Fund's

discount  
and  
management  
believes  
any  
recent

increase in the discount is a result of industry-wide issues affecting all leveraged  
closed-end funds

(1) Includes the reinvestment of distributions, which are generally reinvested at NAV if the shares are trading at a discount. Do  
RTU

The Board has a solid history of taking steps to increase shareholder value  
and narrow the discount to NAV

21  
CPRET8164  
0.105  
0.115  
0.118  
0.120  
0.138  
\$0.10  
\$0.11  
\$0.12  
\$0.13  
\$0.14  
\$0.15  
\$0.16  
2/2004  
12/2004

6/2005

3/2006

12/2006

6/2007

12/2007

-20%

-15%

-10%

-5%

0%

5%

10%

Distribution Rate

Premium/Discount

Independent and Engaged Board (continued)

RTU Distribution/Premium Discount History

RTU's discount to NAV has declined as a result of  
strong performance and distribution increases

2007: Amended filing for

closed-end managed

distribution order

3/8/05: First distribution increase

6/13/07: Fourth distribution increase

2004: Filed for

closed-end managed

distribution order

22

CPRET8164

Independent and Engaged Board Focused on Discount to NAV

In December 2004, the Funds applied to the SEC for an exemption to permit the Funds to adopt a managed distribution plan

The Funds submitted an amended application in 2007

If and when this relief is granted, Management expects to recommend to the Board that they consider

additional

distribution

increases,

further

reducing

the

discount

to

NAV

Since 2005, the Board has been working with UBS Investment Bank exploring additional ways to



decrease the discount in a responsible manner

UBS has presented to the Board on multiple occasions and was engaged well before the recent public filings by Lipson and Bulldog Investors

Regular updates by Management on NAV, distribution and the discount level (if any) on all Funds

Commitment to monitor a Fund's discount level and take action when appropriate

23

CPRET8164

Independent and Engaged Board (continued)

With the help of UBS and other advisors, during the last two years, the Board has evaluated numerous alternatives for possibly reducing the discount, including the following:

Increasing the distribution rate

Self-tender offers

Converting to an interval fund

Open-ending

Liquidating

Merging with another closed-end fund

Repositioning  
the  
Funds  
focus

Instituting a share buyback program

After analyzing each of the options, each time the Board concluded that increasing the distribution rate is the only proven way to reduce the discount over the long-term while continuing to serve the interests of all shareholders

24

CPRET8164

Independent and Engaged Board (continued)

Lipson wants to initiate a large self-tender aimed at exiting the Funds and unwinding a leveraged derivatives position

UBS and other advisors have counseled the Board that share buybacks and self-tenders may hurt long-term shareholders by:

Decreasing  
the  
Funds  
assets  
as  
short-term  
investors  
like  
Lipson

sell  
their  
shares  
back  
to  
the  
Funds, resulting in higher expense ratios for remaining shareholders

Increasing costs like brokerage and other trading expenses as the Funds sell securities to raise cash

Triggering substantial capital gains and taxes

Forcing  
the  
Funds  
to  
redeem/reduce  
some  
of  
their  
preferred  
shares/financing,  
effectively  
reducing the Fund's leverage and possibly their returns  
While the Board may in the future consider buybacks and self-tenders, it will only do so in a responsible manner and for the benefit of ALL shareholders

25

CPRET8164

Independent, Engaged and Experienced Directors

Each of the Board's nominees has been a director since 2004, regularly assessing, along with the rest of the Board, how best to maintain each Fund's strong performance while increasing value for all stockholders. Cohen & Steers does not nominate or select any of the independent directors.

Bonnie Cohen

(1)

consultant; former Undersecretary of State, United States Department of State;

Director of NASD quoted Reis, Inc., formerly Wellsford Real Property

Richard E. Kroon

lead

independent

director;

member

of

Investment

Committee,

Monmouth

University; retired chairman and managing partner of the Sprout Group venture capital funds, then an affiliate of Donaldson, Lufkin & Jenrette Securities Corporation; former chairman of the National Venture Capital Association

Willard H. Smith Jr.

board  
member  
of  
NYSE  
listed  
companies,  
Essex  
Property  
Trust,  
Inc.,  
Realty

Income Corporation and Crest Net Lease, Inc.; managing director at Merrill Lynch & Co., Equity  
Capital Markets Division (1983 - 1995)

(1) Not related to Martin Cohen

26

CPRET8164

Lipson Director Nominees Less Qualified

The Board's three nominees are better qualified to serve as closed-end fund directors than Lipson's nominees

Cohen & Steers doesn't believe Lipson's nominees will reliably represent all shareholders

Lipson's nominees are conflicted

will they serve the interests of the shareholders in the Funds or the investors in his hedge funds?

These nominees will advocate Lipson's short-term strategy, which is adverse to long-term holders

Arthur

D.

Lipson

sole

managing

member



of  
Western  
Investment.  
Less  
than  
one  
year  
of  
experience  
as a director of a closed-end fund.

William  
J.

Roberts  
no  
financial  
markets  
experience  
(per  
his  
bio  
in  
Lipson's  
proxy  
statement).

No  
experience as a director of a public company or investment company.

Matthew  
S.

Crouse  
employed  
by  
Lipson.

No  
experience  
as  
a  
director  
of  
a  
public  
company  
or  
investment company.

27

CPRET8164

Lipson's Interests Are Not Aligned With All Shareholders

Western Investment is a hedge fund manager controlled by Lipson with a history of closed-end fund activism

In

a

telephone

meeting

on

December

19,

2007,

Lipson

told

us

I'm

not  
interested  
in  
long-term  
solutions; the long-term is the directors' problem

He clearly doesn't care about any shareholders but himself and his hedge funds

No value was placed on performance and history of distribution increases as an effective strategy

Lipson's strategy is likely to impair the ability to maintain the current distribution rate and put further pressure on the discount

Lipson's  
nominees  
would  
detract  
from  
the  
Funds  
focus  
on  
sustainable  
and  
long-term  
performance

They will seek to implement proposals to allow Lipson and his hedge funds to sell their shares back to the funds and earn a profit on his expiring derivatives transaction

28  
CPRET8164  
Correcting the Record  
Lipson  
claims  
that  
Cohen  
&  
Steers  
is  
unresponsive  
to  
shareholder  
concerns  
and  
that  
Cohen

&  
Steers  
cancelled a meeting with him  
Cohen & Steers was in fact responsive to Lipson's request for a meeting

Cohen & Steers co-chairmen and CEO s had a conference call with Lipson in December

At the December meeting, Lipson repeatedly demanded a large share tender be effected

Cohen & Steers agreed to meet with Lipson in January

While  
the  
firm  
was  
fully  
prepared  
to  
have  
a  
second  
dialogue  
with  
Lipson,  
at  
the  
last  
minute  
Lipson said that he planned to bring along a reporter

After  
Cohen  
&  
Steers  
indicated  
that  
it  
would  
not  
be  
constructive  
to  
invite  
the  
press  
and  
confirmed its willingness to meet privately, Lipson abruptly cancelled the meeting

29  
CPRET8164  
December 2007 By-Law Amendments  
The  
Board  
reviewed  
the  
Funds  
corporate  
governance  
provisions  
at  
its  
regular  
December  
meeting  
to

ensure that it would be in a position to act in accordance with its responsibilities under Maryland corporate law and to protect the interests of all shareholders.

Lipson complains of several provisions some of which were in place at the time of the 2004 IPOs and were fully disclosed when he acquired his positions. For example, the December changes did not affect the voting threshold percentage for the call of a special shareholder meeting.

The  
Board  
adopted  
provisions  
designed  
to  
improve  
transparency  
of  
shareholder  
information  
and  
the

proper conduct of meetings. For example, shareholders that make proposals are required to disclose hedging activities to determine whether they are in a similar position as all other shareholders. The

Board  
did  
not  
adopt  
any  
poison  
pills  
or  
similar  
anti-takeover  
measures.

The  
Board  
also  
amended  
the  
by-laws to deal with certain procedural matters.

Each measure was standard in Maryland corporate law and was adopted for the purpose of permitting the Board to carry out its responsibilities in the best interests of the Funds and their shareholders.

Nothing was done to impede Lipson from instituting a proxy contest or shareholders from submitting proposals, which they have proceeded to do.

Corporate Governance

Shareholder Proposal



31

CPRET8164

Shareholder Proposal

Bulldog Investors is requesting that UTF shareholders approve the following proposal

If the Fund's shares trade at an average discount of more than 7.5% during any calendar quarter the Fund shall commence a self-tender offer within twenty days of the end of such quarter for 15% of its shares at 98% of net asset value.

Issue the tender proposal would create an ongoing and burdensome obligation, potentially forcing the Fund into a liquidation as implementing the proposal could result in 60% of the Fund's assets being liquidated in the fiscal year and harming shareholders who want to remain invested in the Fund  
Please refer to slide 24 for information about the Board's actions and reasons for not implementing such a strategy

Auction Market Preferred Shares

33

CPRET8164

Auction Market Preferred Shares

The Board is very sensitive to the recent lack of liquidity in the AMPS

The  
Board  
of  
Directors,  
along  
with  
management,  
is  
addressing  
the  
situation  
and

evaluating

the

best long-term solution for the Funds one that balances the interests of common and preferred shareholders

Lipson, through his hedge fund owns only four AMPS of the Funds totaling \$100,000 which was purchased on February 25, 2008, the record date. Together, the Funds have \$1.45 billion of AMPS outstanding.

Lipson's proposal would result in the redemption of only a limited number of AMPS, leaving most AMPS outstanding, and would not address the industry-wide issues in the AMPS market

Lipson's proposal to reduce leverage would decrease the distributions to common shareholders and potentially increase the discount

34  
CPRET8164  
Forward-Looking Statements  
Statements made in this presentation that look forward in time involve risks and uncertainties and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such risks and uncertainties include, without limitation, the adverse effect from a decline in the securities markets or a decline in the Funds performance, a general downturn in the economy, competition from other closed-end investment companies, changes in government policy or regulation, inability of the Funds investment adviser to attract or retain key employees, inability of the Funds to implement its investment strategy, inability of the Fund to manage unforeseen costs and other effects related to legal proceedings or investigations of governmental and self-regulatory organizations.