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 x 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

x 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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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¨ Fee paid previously with preliminary materials.

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(4) Date Filed:

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

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Overview

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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

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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)

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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

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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 perfo
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.

 Morningstar and/or its content providers

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the
proprietors
of
this
information;
do
not
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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.

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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

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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 p
investment will fluctuate and shares may be worth more or less than their original cost. Current performance may be lower or h

RTU

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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 perfo
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.

Overall Morningstar
Rating

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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

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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 P
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

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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.

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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

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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

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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

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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

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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

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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

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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

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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

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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

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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.

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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

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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

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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

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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

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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

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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.