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COHEN & STEERS SELECT UTILITY FUND INC

Form N-2/A

October 12, 2005

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 12, 2005

SECURITIES ACT FILE NO. 333-128080

INVESTMENT COMPANY ACT FILE NO. 811-21485

=====

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-2

(CHECK APPROPRIATE BOX OR BOXES)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PRE-EFFECTIVE AMENDMENT NO. 1

POST-EFFECTIVE AMENDMENT NO.

AND/OR

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

AMENDMENT NO. 10

COHEN & STEERS
SELECT UTILITY FUND, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

757 THIRD AVENUE
NEW YORK, NEW YORK 10017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 832-3232

ROBERT H. STEERS
COHEN & STEERS CAPITAL MANAGEMENT, INC.
757 THIRD AVENUE
NEW YORK, NEW YORK 10017
(212) 832-3232
(NAME AND ADDRESS OF AGENT FOR SERVICE)

WITH COPIES TO:

SARAH E. COGAN, ESQ.
SIMPSON THACHER & BARTLETT LLP
425 LEXINGTON AVENUE

LEONARD B. MACKEY, JR., ESQ.
CLIFFORD CHANCE US LLP
31 WEST 52ND STREET

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NEW YORK, NEW YORK 10017
(212) 455-2000

NEW YORK, NY 10019
(212) 878-8000

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING: As soon as practicable after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, as amended, other than securities offered in connection with a dividend reinvestment plan, check the following box. []

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

TITLE OF SECURITIES BEING REGISTERED	AMOUNT BEING REGISTERED (1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)
Series TH7 Auction Market Preferred Shares, par value \$0.001.....	20	\$25,000	\$500,000

(1) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457.

(2) Registration fees of \$117.60 were paid on September 2, 2005.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.
=====

COHEN & STEERS
SELECT UTILITY FUND, INC.
CROSS REFERENCE SHEET
PART A -- PROSPECTUS

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ITEM IN PART A OF FORM N-2 SPECIFIED IN PROSPECTUS -----		LOCATION IN PROSPECTUS -----
Item 1.	Outside Front Cover.....	Cover Page
Item 2.	Inside Front and Outside Back Cover Page.....	Cover Page; Inside Front Cover Page; Outside Back Cover Page
Item 3.	Fee Table and Synopsis.....	Inapplicable
Item 4.	Financial Highlights.....	Financial Highlights
Item 5.	Plan of Distribution.....	Cover Page; Prospectus Summary Underwriting
Item 6.	Selling Stockholders.....	Inapplicable
Item 7.	Use of Proceeds.....	Use of Proceeds; Investment Objectives and Policies
Item 8.	General Description of the Registrant.....	Cover Page; Prospectus Summary The Fund; Investment Objectives and Policies; Risks Factors the Fund Manages Risk
Item 9.	Management.....	Prospectus Summary; Management the Fund; How the Fund Manages Risk
Item 10.	Capital Stock, Long-Term Debt, and Other Securities.....	Capitalization; Investment Objectives and Policies; Use of Leverage; U.S. Federal Taxation Description of AMPS; Description of Common Shares
Item 11.	Defaults and Arrears on Senior Securities.....	Inapplicable
Item 12.	Legal Proceedings.....	Inapplicable
Item 13.	Table of Contents of the Statement of Additional Information.....	Table of Contents of the Statement of Additional Information

PART B -- STATEMENT OF ADDITIONAL INFORMATION

ITEMS IN PART B OF FORM N-2 -----		LOCATION IN STATEMENT OF ADDITIONAL INFORMATION -----
Item 14.	Cover Page.....	Cover Page
Item 15.	Table of Contents.....	Table of Contents
Item 16.	General Information and History.....	General Information
Item 17.	Investment Objective and Policies.....	Investment Objectives and Policies; Additional Information Regarding Fund Investments; Investment Restrictions
Item 18.	Management.....	Management of the Fund; Compensation of Directors and Certain Officers
Item 19.	Control Persons and Principal Holders of Securities.....	Management of the Fund
Item 20.	Investment Advisory and Other Services.....	Investment Advisory and Other Services

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Item 21.	Portfolio Managers.....	Management of the Fund
Item 22.	Brokerage Allocation and Other Practices.....	Portfolio Transactions and Brokerage; Determination of Asset Value
Item 23.	Tax Status.....	U.S. Federal Taxation
Item 24.	Financial Statements.....	Report of Independent Registered Public Accounting Firm; Financial Information

PART C -- OTHER INFORMATION

Items 25-33. have been answered in Part C of this Registration Statement

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS DATED , 2005

PROSPECTUS

[COHEN & STEERS
SELECT UTILITY FUND LOGO]

§
COHEN & STEERS
SELECT UTILITY FUND, INC.
AUCTION MARKET PREFERRED SHARES ('AMPS')
SHARES, SERIES TH7
LIQUIDATION PREFERENCE \$25,000 PER SHARE

Cohen & Steers Select Utility Fund, Inc. (the 'Fund') is offering Series TH7 Auction Market Preferred Shares. The shares are referred to in this prospectus as 'AMPS.' The Fund is a non-diversified, closed-end management investment company. Our investment objective is to achieve a high level of after-tax total return through investment in utility securities. In pursuing total return, the Fund equally emphasizes both current income, consisting primarily of tax-advantaged dividend income, and capital appreciation.

(continued on following page)

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INVESTING IN THE AMPS INVOLVES RISKS THAT ARE DESCRIBED IN THE 'RISK FACTORS' SECTION BEGINNING ON PAGE 42 OF THIS PROSPECTUS. THE MINIMUM PURCHASE AMOUNT OF THE AMPS IS \$25,000.

	PER SHARE	TOTAL
	-----	-----
Public offering price.....	\$25,000	\$
Sales load.....	\$	\$
Proceeds to the Fund(1).....	\$	\$

(1) Not including offering expenses payable by the Fund estimated to be \$

The public offering price per share will be increased by the amount of dividends, if any, that have accumulated from the date the AMPS are first issued.

Neither the Securities and Exchange Commission nor any State Securities Commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the AMPS subject to various conditions. The AMPS will be ready for delivery in book-entry form only through the facilities of the Depository Trust Company on or about , 2005.

MERRILL LYNCH & CO.

DEUTSCHE BANK SECURITIES

UBS INVESTMENT BANK

WACHOVIA SECURITIES

The date of this prospectus is , 2005.

(continued from previous page)

Portfolio Contents. Under normal market conditions, the Fund will invest at least 80% of its managed assets in a portfolio of common stocks, preferred stocks and other equity securities issued by companies engaged in the utility industry ('utility companies'). Managed assets equal the net asset value of the Fund's common shares plus the liquidation value of the AMPS and other

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outstanding shares of preferred stock plus the principal amount of any borrowings. In addition, under normal market conditions, the Fund may invest up to 20% of its managed assets in preferred securities and other fixed income securities issued by any type of company. The Fund also may invest up to 25% of its managed assets in preferred securities and other fixed income securities that at the time of the investment are rated below investment grade or that are unrated but judged to be below investment grade by the Fund's Investment Manager. These below investment grade quality securities are commonly referred to as 'junk bonds' and are regarded as having predominantly speculative characteristics with respect to the payment of interest and repayment of principal. In addition, the Fund may invest up to 20% of its managed assets in U.S. dollar-denominated securities of foreign issuers traded or listed on a U.S. securities exchange or in the U.S. over-the-counter market.

There can be no assurance that the Fund will achieve its investment objective. See 'Investment Objective and Policies' and 'Risk Factors.'

Investors in the AMPS will be entitled to receive cash dividends at an annual rate that may vary for the successive dividend periods for the AMPS. The AMPS have a liquidation preference of \$25,000 per share, plus any accumulated, unpaid dividends. The AMPS also have priority over the Fund's common shares as to distribution of assets as described in this prospectus. See 'Description of AMPS.' As of October , 2005, the Fund had outstanding 19,680 shares of six other series of preferred stock: 3,400 of Series M7 AMPS, par value \$.001 per share (the 'Series M7 AMPS'), 3,400 of Series T7 AMPS, par value \$.001 per share (the 'Series T7 AMPS'), 3,400 of Series W7 AMPS, par value \$.001 per share (the 'Series W7 AMPS'), 2,680 of Series T28 AMPS, par value \$0.001 per share (the 'Series T28 AMPS'), 3,400 of Series TH28 AMPS, par value \$.001 per share (the 'Series TH28 AMPS'), and 3,400 of Series F7 AMPS, par value \$.001 per share (the 'Series F7 AMPS' and together with the Series M7 AMPS, Series T7 AMPS, Series W7 AMPS, Series T28 AMPS and Series TH28 AMPS, the 'Outstanding AMPS'). The AMPS offered in this prospectus rank on a parity with the Series M7 AMPS, Series T7 AMPS, Series W7 AMPS, Series T28 AMPS, Series TH28 AMPS and Series F7 AMPS with respect to dividends and liquidation preference. The AMPS have priority over the Fund's common shares as to dividends and distribution of assets as described in this prospectus. See 'Description of AMPS.' The dividend rate for the initial dividend period will be % for the AMPS. The initial dividend period is from the date of issuance through for the AMPS. For subsequent dividend periods, the AMPS will pay dividends based on a rate set at auction, usually held every 7 days. Prospective purchasers should note: (1) a buy order (called a 'bid order') or sell order is a commitment to buy or sell the AMPS based on the results of an auction and (2) purchases and sales will be settled on the next business day after the auction. Investors may only buy or sell the AMPS through an order placed at an auction or with or through a broker-dealer in accordance with the procedures specified in this prospectus. Broker-dealers are not required to maintain a secondary market in the AMPS, and a secondary market may not provide you with liquidity. The Fund may redeem the AMPS as described under 'Description of AMPS -- Redemption.'

The AMPS do not represent a deposit or obligation of, and are not guaranteed

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or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

The AMPS will be senior to the Fund's outstanding Common Shares. The AMPS are not listed on an exchange. The Fund's common shares are traded on the New York Stock Exchange (the 'NYSE') under the symbol 'UTF.' It is a condition of closing this offering that the AMPS be offered with the highest credit quality rating from at least two of Standards & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ('S&P'), Moody's Investors Service, Inc. ('Moody's'), and Fitch Ratings ('Fitch').

This prospectus concisely sets forth information about the Fund you should know before investing. You should read the prospectus before deciding whether to invest and retain it for future reference. A Statement of Additional Information, dated _____, 2005, as it may be supplemented (the 'SAI'), containing additional information about the Fund, has been filed with the Securities and Exchange Commission and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on page 83 of this Prospectus, annual and semi-annual reports to shareholders when available, and other information about the Fund, and make shareholder inquiries by calling (800) 437-9912, by writing to the Fund or from the Fund's web site (<http://cohenandsteers.com>). You also may obtain a copy (and other information regarding the Fund) from the Securities and Exchange Commission's web site (<http://www.sec.gov>).

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YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. WE AND THE UNDERWRITERS HAVE NOT AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. WE AND THE UNDERWRITERS ARE NOT MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION IN THIS PROSPECTUS IS ACCURATE ONLY AS OF THE DATE OF THIS PROSPECTUS. OUR BUSINESS, FINANCIAL CONDITION AND PROSPECTS MAY HAVE CHANGED SINCE THAT DATE.

PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the AMPS. You should review the more detailed information contained in this prospectus and in the SAI, especially the information set forth under the heading 'Risk Factors.'

THE FUND..... Cohen & Steers Select Utility Fund, Inc. (the 'Fund') is a recently organized, non-diversified, closed-end management investment company. The Fund was organized as a Maryland corporation on January 8, 2004 and is registered under the Investment Company Act of 1940 as amended (the '1940 Act'). The Fund commenced investment operations on March 30, 2004, upon the closing of an initial public offering of 41,250,000 Common Shares, par value \$0.001 per share ('Common Shares'). The Fund issued 3,400 of Series M7 AMPS, 3,400 of Series T7 AMPS, 3,400 of Series W7 AMPS, 3,400 of Series TH28 AMPS and 3,400 of Series F7 AMPS on May 20, 2004. The Fund issued 2,680 of Series T7 AMPS on November 15, 2004. References to the Outstanding AMPS refer to Taxable Auction Market Preferred Shares. As of _____, 2005, the Fund

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had Common Shares outstanding and net assets, plus the liquidation value of the Outstanding AMPS, of \$. The Fund's principal office located at 757 Third Avenue, New York, New York 10017, and its telephone number is (212) 832-3232.

THE OFFERING.....

The Fund is offering Series TH7 AMPS, par value \$0.001 per share (the 'AMPS'), at a purchase price \$25,000 per share plus dividends, if any, that have accumulated from the date the Fund first issues the AMPS. The AMPS are offered through a group of underwriters led by Merrill Lynch, Pierce, Fenner & Smith Incorporated ('Merrill Lynch').

The AMPS entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods for the AMPS. In general, except as described under ' -- Dividends and Dividend Periods' below and 'Description of AMPS -- Dividends and Dividend Periods,' the dividend period for the AMPS will be 7 days. The auction agent will determine the dividend rate for a particular period by an auction conducted on the business day immediately prior to the start of that rate period. See 'The Auction.'

The AMPS are not listed on an exchange. Instead, investors may buy or sell the AMPS in an auction by submitting orders to broker-dealers that have entered into an agreement with the auction agent and the Fund.

Generally, investors in the AMPS will not receive certificates representing ownership of their shares. The securities depository (The Depository Trust Company ('DTC') or any successor) or its nominee for the account of the investor's broker-dealer will maintain record ownership of the AMPS in book-entry form. An investor's broker-dealer, in turn, will maintain records of that investor's beneficial ownership of the AMPS.

RATINGS.....

The Fund will issue the AMPS only if such shares have received the highest credit quality rating from at least two of S&P, Moody's or Fitch. These ratings are an assessment of the capacity and willingness of an issuer to pay preferred stock obligations. The ratings are not a recommendation to purchase, hold

sell those shares inasmuch as the rating does not comment as to the market price or suitability for particular investor. The ratings described above do not address the likelihood that an owner of AMP will be able to sell such shares in an auction or otherwise. The ratings are based on current information furnished to the rating agencies by the Fund and the Investment Manager and information obtained from other sources. The ratings may be changed, suspended or withdrawn in the rating agencies' discretion as a result of changes in, or the unavailability of, such information. See 'Description of AMPS -- Rating Agency Guidelines.'

USE OF PROCEEDS..... The net proceeds of this offering will be invested in accordance with the policies set forth under 'Investment Objective and Policies.' We estimate that the net proceeds of this offering will be fully invested in accordance with our investment objectives and policies within four months of the completion of this offering.

The Fund intends to invest the proceeds of this offering in securities of utility companies. Pending such investment, those proceeds may be invested in U.S. Government securities or high quality, short-term money market instruments.

INVESTMENT OBJECTIVE AND POLICIES..... Our investment objective is to achieve a high level of after-tax total return through investment in utility securities. In pursuing total return, the Fund equally

emphasizes both current income, consisting primarily of tax-advantaged dividend income, and capital appreciation. Our investment objective and certain investment policies are considered fundamental and may not be changed without stockholder approval. See 'Investment Objective and Policies.'

Under normal market conditions, the Fund seeks to achieve its objective by investing at least 80% of its managed assets in a portfolio of common stocks, preferred stocks and other equity securities issued by utility companies. The Fund currently invests approximately % of its managed assets in common stocks and approximately % of its managed assets in preferred securities issued by utility companies.

These percentages will vary from time to time, consistent with the Fund's investment objective and policies. At any time, under normal circumstances, at least 80% of the Fund's managed assets will be invested in common stocks, preferred stocks and other equity securities issued by utility companies.

Investment Strategies. In making investment decisions with respect to common stocks and other equity securities issued by utility companies, the Investment Manager relies on a fundamental analysis of each company. Securities are evaluated for their potential to provide an attractive total return through a combination of dividend yield and capital appreciation. The Investment Manager reviews each company's potential for success in light of general economic and industry trends, as well as the company's quality of management, financial condition, business plan, industry and sector market position, dividend payout ratio and corporate governance. The Investment Manager utilizes a value-oriented approach, and evaluates each company's valuation on the basis of relative price/cash flow and price/earnings multiples, earnings growth rate, dividend yield and price/book value, among other metrics.

In making investment decisions with respect to preferred securities and other fixed income securities, the Investment Manager seeks to select securities that it believes are undervalued on the basis of risk and return profiles. In making these determinations, the Investment Manager evaluates the fundamental characteristics of an issuer, including an issuer's creditworthiness, and also takes into account prevailing market factors. In analyzing

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credit quality, the Investment Manager considers not only fundamental analysis, but also an issuer's corporate and capital structure and the placement of the preferred or debt securities within that structure. The Investment Manager also takes into account other factors, such as call and other structural features, event risk, the likely directions of ratings and relative value versus other income security classes, among others.

Securities Issued by Utility Companies. Under normal market conditions, at least 80% of the Fund's managed

assets will be invested in common stocks, preferred stocks and other equity securities issued by utility companies. Substantially all of the securities issued by utility companies in which the Fund intends to invest are traded on a national securities exchange or in the over-the-counter market. Utility companies generally pay dividends on their equity securities that qualify for the dividends received deduction (the 'DRD') under Section 243 of the Internal Revenue Code of 1986, as amended (the 'Code'), and are considered 'qualified dividend income' eligible for reduced rates of taxation. The DRD generally allows corporations to deduct from their income 70% of dividends received. Corporate stockholders are generally permitted to claim a deduction with respect to that portion of their distributions attributable to amounts received by the Fund that qualify for the DRD. Under current law, individuals will generally be taxed at long-term capital gain rates on qualified dividend income. The Fund generally can pass the tax treatment of qualified dividend income it receives through to stockholders, provided that holding period and other requirements are met.

Utility companies derive at least 50% of their revenues from, or have at least 50% of their assets committed to, the:

generation, transmission, sale or distribution of electric energy;

distribution, purification and treatment of water;

production, transmission or distribution of natural gas; and

provision of communications services, including cable television, satellite, microwave, radio, telephone and other communications media.

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Preferred Securities. The Fund may invest in preferred securities issued by utility companies and other types of issuers. There are two basic types of preferred securities. The first, sometimes referred to in this prospectus as traditional preferred securities, consists of preferred stock issued by an entity taxable as a corporation. Preferred stocks are considered equity securities. The second basic type is referred to in this prospectus as hybrid-preferred securities. Hybrid-preferred securities are usually

issued by a trust or limited partnership and often represent preferred interests in subordinated debt instruments issued by a corporation for whose benefit the trust or partnership was established. Hybrid-preferred securities are considered debt securities. Preferred securities pay fixed or floating dividends to investors and have preference over common stock in the payment of dividends and liquidation of a company's assets. This means that a company must pay dividends on preferred stock before paying dividends on its common stock. Preferred stockholders usually have no right to vote for corporate directors or on other matters. The hybrid preferred securities in which the Fund may invest do not qualify for the DRD and are not expected to provide significant benefits under the rules relating to qualified dividend income. As a result, any corporate stockholder who otherwise would qualify for the DRD, and any individual stockholder who otherwise would qualify to be taxed at long-term capital gains rates on qualified dividend income, should assume that none of the distributions the stockholder receives from the Fund attributable to hybrid-preferred securities will qualify for the DRD or provide significant benefits under the rules relating to qualified dividend income. Distributions received from the Fund attributable to traditional preferred securities, such as the preferred securities of utility companies, generally would qualify for the DRD as to any corporate stockholder and would qualify to be taxed at long-term capital gains rates as to any individual stockholder.

Debt Securities. The Fund may invest in debt securities issued by utility companies and other types of issuers. The Fund's investments in debt securities may include investments in convertible debt securities, convertible preferred securities, U.S. dollar-denominated corporate debt securities issued by domestic and non-U.S.

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corporations and U.S. dollar-denominated government debt securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities or non-U.S. Government or its agencies or instrumentalities.

Lower Rated Securities. The Fund may invest up to 10% of its managed assets in securities that at the time of investment are rated below investment grade (be

Baa3 or BBB -) by Moody's, S&P, Fitch or an equivalent rating by a nationally recognized statistical rating agency, or that are unrated but judged to be below investment grade by the Fund's Investment Manager. A security will not be considered to be below investment grade quality if it is rated within the four highest grades (Baa or BBB or better) by Moody's, S&P, Fitch or an equivalent rating by a nationally recognized statistical rating agency, or is unrated but judged to be of comparable quality to the Fund's Investment Manager. These below investment grade quality securities are commonly referred to as 'junk bonds' and are regarded as having predominant speculative characteristics with respect to the payment of interest and repayment of principal.

While the Fund does not currently intend to invest in illiquid securities (i.e., securities that are not readily marketable), it may invest up to 10% of its managed assets in illiquid securities.

The Fund may invest up to 20% of its managed assets in preferred securities and other fixed-income securities that are not issued by utility companies.

The Fund also may invest up to 20% of its managed assets in U.S. dollar-denominated securities of foreign issuers traded or listed on a U.S. securities exchange or the U.S. over-the-counter market.

The Fund will generally not invest more than 10% of its managed assets in the securities of one issuer. The Fund may engage in portfolio trading when considered appropriate, but short-term trading will not be used as the primary means of achieving the Fund's investment objective.

There are no limits on portfolio turnover, and investments may be sold without regard to length of time held when, in the opinion of the Investment Manager, investment considerations warrant such action. A higher portfolio turnover rate results in correspondingly greater brokerage commissions and other

transactional expenses that are borne by the Fund. High portfolio turnover may result in the realization of net short-term capital gains by the Fund which, when distributed to stockholders, will be taxable

ordinary income.

Although not intended to be a significant element of the Fund's investment strategy, from time to time the Fund may use various other investment management techniques that also involve certain risks and special considerations including: engaging in interest rate and credit derivatives transactions using options and financial futures.

There can be no assurance that the Fund's investment objective will be achieved. See 'Investment Objectives and Policies.'

INVESTMENT MANAGER..... Cohen & Steers Capital Management, Inc. (the 'Investment Manager') is the investment manager of the Fund pursuant to an Investment Management Agreement. The Investment Manager was formed in 1997 and as of June 30, 2005 had approximately \$19.9 billion in assets under management. Its clients include pension plans, endowment funds and mutual funds, including some of the largest open-end and closed-end real estate funds. The Investment Manager whose principal business address is 757 Third Avenue, New York, New York 10017, is also responsible for providing administrative services and assisting the Fund with operational needs pursuant to an Administration Agreement (the 'Administration Agreement'). In accordance with the terms of the Administration Agreement, the Fund has entered into an agreement with State Street Bank and Trust Company ('State Street Bank') to perform certain administrative functions subject to the supervision of the Investment Manager (the 'Sub-Administration Agreement'). See 'Management of the Fund -- Administration and Sub-Administration Agreement.'

USE OF LEVERAGE..... The Fund may, but is not required to, use financial leverage for investment purposes. In addition to issuing the AMPS, the Fund may borrow money or issue debt securities such as commercial paper or notes. Any such borrowings will have seniority over the AMPS and any other outstanding shares of preferred stock and payments to holders of the AMPS in liquidation.

otherwise will be subject to the prior payment of borrowings. Since the Investment Manager's fee is based upon a percentage of the Fund's managed assets

which include assets attributable to any outstanding debt. If the Fund uses leverage, the investment management fee will be higher if the Fund is leveraged and the Investment Manager will have an incentive to be more aggressive and leverage the Fund. See 'Use of Leverage.'

RISK FACTORS.....

Risk is inherent in all investing. Therefore, before investing in the AMPS and the Fund you should consider certain risks carefully. The primary risks of investing in the AMPS are:

the Fund will not be permitted to declare dividends or other distributions with respect to the AMPS or redeem your AMPS unless the Fund meets certain asset coverage requirements required by the 1940 Act and the rating agencies;

if you try to sell your AMPS between auctions you may not be able to sell any or all of your shares or you may not be able to sell them for \$25,000 per share or \$25,000 per share plus accumulated but unpaid dividends, if any, whether or not earned or declared. If the Fund has designated a special rate period, changes in interest rates could affect the price you would receive if you sold your shares in the secondary market. You may transfer your shares outside of auctions only through a broker-dealer that has entered into an agreement with the auction agent and the Fund or other person as the Fund permits;

if an auction fails, you may not be able to sell some or all of your AMPS;

you may receive less than the price you paid for your AMPS if you sell them outside of the auctions, especially when market interest rates are rising;

a rating agency could downgrade the rating assigned to the AMPS, which could affect liquidity;

the Fund may be forced to redeem your AMPS to meet regulatory or rating agency requirements or may voluntarily redeem your shares in certain circumstances;

restrictions imposed by the 1940 Act and by rating agencies on the declaration and payment of dividends to the holders of the Fund's Common Shares and

AMPS and other outstanding shares of preferred stock might impair the Fund's ability to maintain its qualification as a regulated investment company for Federal income tax purposes;

in certain circumstances, the Fund may not earn sufficient income from its investments to pay dividends on the AMPS;

the AMPS will be junior to any borrowings;

any borrowings may constitute a substantial lien and burden on the AMPS by reason of its priority claim against the income of the Fund and against the net assets of the Fund in liquidation;

if the Fund leverages through borrowings, the Fund may not be permitted to declare dividends or other distributions with respect to the AMPS or purchase the AMPS unless at the time thereof the Fund meets certain asset coverage requirements and the payments of principal and of interest on any such borrowing are not in default;

the value of the Fund's investment portfolio may decline, reducing the asset coverage for the AMPS and

if an issuer of a common stock in which the Fund invests experiences financial difficulties or if an issuer's preferred stock or debt security is downgraded or defaults or if an issuer in which the Fund invests is affected by other adverse market factors, there may be a negative impact on the income and/or asset value of the Fund's investment portfolio. See 'Risk Factors -- Risk of Investing in AMPS.'

In addition, although the offering of the AMPS is conditioned upon receipt of the highest credit quality rating from at least two of S&P, Moody's or Fitch for the AMPS, there are additional risks related to the investment policies of and an investment in the Fund, such as:

Limited Operating History. We are a recently organized, non-diversified, closed-end management investment company with a limited operating history.

Investment Risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest.

Stock Market Risk. Because prices of equity securities fluctuate from day-to-day, the value of our portfolio will vary based upon general market conditions.

Interest Rate Risk. Interest rate risk is the risk that fixed-income securities such as preferred and debt securities, and to a lesser extent certain utility company common shares, will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. The Fund's investment in such securities means that the net asset value and market price of the Common Shares may tend to decline if market interest rates rise.

During periods of declining interest rates, an issuer may be able to exercise an option to prepay principal earlier than scheduled, which is generally known as call or prepayment risk. If this occurs, the Fund may be forced to reinvest in lower yielding securities. This is known as reinvestment risk. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. During periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk.

Market interest rates for investment grade fixed-income securities in which the Fund will invest have recently declined significantly below the recent historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future (which would cause the value of the Fund's net assets to decline) and the degree to which asset values may decline in such events; however, historical interest rate levels are not necessarily predictive of future interest rate levels. See 'Risk Factors -- Interest Rate Risk.'

Credit Risk and Lower-Rated Securities Risk. Credit risk is the risk that a security in the Fund's portfolio will decline in price or the issuer will fail to make dividend, interest or principal payments when due because the issuer of the security experiences a decline in its financial

status. Preferred securities normally are subordinated to bonds and other debt instruments in a company's capital structure, in terms of priority of corporate income and claim to corporate assets, and therefore will be subject to greater credit risk than other debt instruments. The Fund may invest up to 25% (measured at the time of investment) of its managed assets in securities that are rated below investment grade. A security will be considered to be investment grade if, at the time of the investment, such security has a rating of 'BBB-' or higher by S&P, 'Baa3' or higher by Moody's or an equivalent rating by a nationally recognized statistical rating agency or, if unrated, such security is determined by the Investment Manager to be of comparable quality. Lower-rated securities, or equivalent unrated securities, which are commonly known as 'junk bond' securities, generally involve greater volatility of price and risk of loss of income and principal, and may be more susceptible to real or perceived adverse economic conditions than higher grade securities. It is reasonable to expect that any adverse economic conditions could disrupt the market for lower-rated securities, have an adverse impact on the value of those securities and adversely affect the ability of the issuers of those securities to repay principal and interest on those securities. See 'Risk Factors -- Credit Risk and Lower-Rated Securities Risk.'

Counterparty Risk. The Fund will be subject to credit risk with respect to the counterparties to any derivative contracts purchased by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. See 'Risk Factors -- Counterparty Risk.'

Auction Risk. The dividend rate for the AMPS normally is set through an auction process. In the auction, holders of AMPS may indicate the dividend rate at which they would be willing to hold or sell their AMPS or purchase additional AMPS. The auction also provides liquidity for the sale of AMPS. An auction fails if there are more AMPS offered for sale than

there are buyers. You may

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not be able to sell your AMPS at an auction if the auction fails. A holder of the AMPS therefore can give no assurance that there will be sufficient clearing bids in any auction or that the holder will be able to sell its AMPS in an auction. Also, if you place bid orders (orders to retain AMPS) at an auction only at a specified dividend rate, and that rate exceeds the rate set at the auction, you will not retain your AMPS. Additionally, if you buy AMPS or elect to retain AMPS without specifying a dividend rate below which you would not wish to buy or continue to hold those AMPS, you could receive a lower rate of return on your AMPS than the market rate. Finally, the dividend periods for the AMPS may be changed by the Fund, subject to certain conditions and with notice to the holders of AMPS, which could also affect the liquidity of your investment.

As noted above, if there are more AMPS offered for sale than there are buyers for those AMPS in any auction, the auction will fail and you may not be able to sell some or all of your AMPS at that time. The relative buying and selling interest of market participants in your AMPS and in the auction rate securities market as a whole will vary over time, such variations may be affected by, among other things, news relating to the Fund, the attractiveness of alternative investments, the perceived risk of owning the security (whether related to credit, liquidity or any other risk), the tax treatment accorded the instruments, the accounting treatment accorded auction rate securities, including recent clarifications of U.S. generally accepted accounting principles relating to the treatment of auction rate securities, reactions to regulatory actions or press reports, financial reporting cycles and market sentiment generally. Shifts of demand in response to any one or simultaneous particular events cannot be predicted and may be short-lived or exist for long periods.

Securities and Exchange Commission Inquiries. Certain of the underwriters have advised the Fund that the underwriters and various other broker-dealers and other firms that participate in the auction rate securities market received letters from the staff

the Securities and Exchange Commission last spring. The letters requested that each of these firms voluntarily conduct an investigation regarding its respective practices.

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and procedures in that market. Pursuant to these requests, each of those underwriters conducted its own voluntary review and reported its findings to Securities and Exchange Commission staff. At the Securities and Exchange Commission staff's request those underwriters are engaging in discussions with Securities and Exchange Commission staff that may lead to a resolution of its inquiry. Neither those underwriters nor the Fund can predict how such a resolution may affect the market for the AMPS or the auctions.

Special Risks of Securities Linked to the Utility Industry. Since at least 80% of the Fund's managed assets normally will be concentrated in common stocks, preferred stocks and other equity securities issued by utility companies, your investment in the Fund will be significantly impacted by the performance of this industry. The Fund's emphasis on securities of utility issuers makes it more susceptible to adverse conditions affecting such industry than a fund that does not have its assets invested to a similar degree in such issuers. Certain segments of this industry and individual companies within such segments may not perform as well as the industry as a whole. Issuers in the utility industry are subject to a variety of factors that may adversely affect their business or operations, including:

high interest costs in connection with capital construction and improvement programs;

difficulty in raising capital in adequate amount on reasonable terms in periods of high inflation and unsettled capital markets;

governmental regulation of rates charged to customers;

costs associated with compliance with and changes in environmental and other regulations;

effects of economic slowdowns and surplus capacity;

increased competition from other providers of utility services;

inexperience with and potential losses resulting from a developing deregulatory environment;

costs associated with the reduced availability of certain types of fuel, occasionally reduced availability and high costs of natural gas for resale, and the effects of energy conservation policies;

effects of a national energy policy and lengthy delays and greatly increased costs and other pr

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associated with the design, construction, licensing, regulation and operation of nuclear facilities for electric generation, including, among other considerations, the problems associated with the use of radioactive material and the disposal of radioactive wastes;

technological innovations that may render existing plants, equipment or products obsolete; and

potential impact of terrorist activities on the utility industry and its customers and the impact of natural or man-made disasters.

Issuers in the utility industry may be subject to regulation by various governmental authorities and may be affected by the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. In addition, there are substantial differences between the regulatory practices and policies of various jurisdictions, and any given regulatory agency may make major shifts in policy from time to time. There is no assurance that regulatory authorities will, in the future, grant rate increases or that such increases will be adequate to permit the payment of dividends on preferred or common stocks. Prolonged changes in climatic conditions can also have a significant impact on both the revenues of an electric or gas utility as well as its expenses. See 'Risk

Factors -- Special Risks of Securities Linked to the Utility Industry.'

Special Risks Related to Preferred Securities

There are special risks associated with investing in preferred securities, including:

deferral and omission of distributions;

subordination to bonds and other debt instruments in the issuer's capital structure;

substantially less liquidity than many other securities, such as common stocks or U.S. Government securities;

limited voting rights with respect to the issuing company; and

special redemption rights of the issuer.

In addition, the Financial Accounting Standards Board currently is reviewing accounting guidelines relating to hybrid-preferred securities. To the extent that a change in the guidelines could adversely affect the market for,

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and availability of, these securities, the Fund may be adversely affected.

From time to time, preferred securities, including hybrid-preferred securities, have been, and may in the future be, offered having features other than those described herein. The Fund reserves the right to invest in these securities if the Investment Manager believes that doing so would be consistent with the Fund's investment objective and policies. Since the market for these instruments would be new, the Fund may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks such as high price volatility.

Moreover, companies principally engaged in financial services are prominent issuers of preferred securities and, therefore, the Fund may be susceptible to adverse economic or regulatory occurrences affecting that sector. See 'Risk

Factors -- Special Risks Related to Preferred Securities.'

Foreign Securities Risks. Under normal market conditions, the Fund may invest up to 20% of its managed assets in U.S. dollar-denominated securities of foreign issuers traded or listed on a U.S. securities exchange or in the U.S. over-the-counter market. Such investments involve certain risks not involved in domestic investments. Certain foreign countries may impose restrictions on the ability of issuers of foreign securities to make payments of principal and interest to investors located outside the country, due to blockage of foreign currency exchanges or otherwise. Generally, there is less publicly available information about foreign companies due to less rigorous disclosure or accounting standards and regulatory practices. In addition, the Fund will be subject to risks associated with adverse political and economic developments in foreign countries, which could cause the Fund to lose money on its investments in foreign securities. Typically, the Fund will not hold any foreign securities of issuers in so-called 'emerging markets' (or lesser developed countries), but to the extent it does, the Fund will not invest more than 10% of its managed assets in such securities. Investments in such securities are particularly speculative. See 'Risk Factors -- Foreign Securities Risk.'

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Other Investment Management Techniques Risk. The Fund may use various other investment management techniques that also involve certain risks and special considerations, including engaging in hedging and risk management transactions, such as interest rate transactions, options, futures, swaps and other derivatives transactions. These strategic transactions will be entered into to seek to manage the risks of the Fund's portfolio of securities, but may have the effect of limiting the gains from favorable market movements. See 'Risk Factors -- Other Investment Management Techniques Risk.'

Convertible Securities Risk. Although to a lesser extent than with nonconvertible fixed income securities, the market value of convertible securities tends to decline as interest rates increase and, conversely, tends to increase as interest rates decline. In addition, because of the

conversion feature, the market value of convertible securities tends to vary with fluctuations in the market value of the underlying common stock. A unique feature of convertible securities is that as the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock. While no securities investments are without risk, investments in convertible securities generally entail less risk than investments in common stock of the same issuer. See 'Risk Factors -- Convertible Securities Risk.'

Common Stock Risk. While common stock has historically generated higher average returns than fixed income securities, common stock has also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of common stock held by the Fund. Also, the price of common stock is sensitive to general movements in the stock market. A drop in the stock market may depress the price of common stock held by the Fund. See 'Risk Factors -- Common Stock Risk.'

Tax Risk. The Fund's investment program and the tax treatment of Fund distributions may be affected by Internal Revenue Service ('IRS') interpretations of the

Code and future changes in tax laws and regulation. In particular, the provisions that currently apply the favorable tax treatment of qualified dividend income are scheduled to expire on December 31, 2008, unless future legislation is passed to make the provisions effective beyond this date. There can be no assurance of what portion, if any, of the Fund's distributions will be entitled to the lower tax rates that apply to qualified dividend income. In addition, the Fund may invest in preferred securities or other securities the Federal income tax treatment of which may not be clear or may be subject to recharacterization by the IRS. It could be more difficult for the Fund to comply with the tax requirements applicable to regulated investment companies if the tax characterization of the Fund's

investments or the tax treatment of the income from such investments were successfully challenged by the IRS. See 'Risk Factors -- Tax Risk.' See also 'U.S. Federal Taxation.'

Restricted and Illiquid Securities Risk. The Fund invests, on an ongoing basis, in restricted securities and other investments that may be illiquid. Illiquid securities are securities that are not readily marketable and may include some restricted securities, which are securities that may not be resold to the public without an effective registration statement under the Securities Act of 1933, as amended (the 'Securities Act'), or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. Illiquid investments involve the risk that the securities will not be able to be sold at the time desired by the Fund or at prices approximating the value at which the Fund is carrying the securities on its books. See 'Risk Factors -- Restricted and Illiquid Securities Risk.'

Interest Rate Transactions Risk. The Fund may enter into a swap or cap transaction to attempt to protect itself from increasing dividend or interest expenses resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap or cap, which may result in a decline in the net asset value of the Fund. A sudden and dramatic decline in interest rates may result in a significant decline in the net asset value of the Fund. See 'Risk Factors -- Interest Rate Transactions Risk.'

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Portfolio Turnover Risk. We may engage in portfolio trading when considered appropriate. There are no limits on the rate of portfolio turnover. A higher turnover rate results in correspondingly greater brokerage commissions and other transactional expenses which are borne by the Fund. See 'Risk Factors -- Portfolio Turnover Risk.'

Inflation Risk. Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline and the dividend payments on the AMPS, if

any, or interest payments on any borrowings may increase. See 'Risk Factors -- Inflation Risk.'

Non-Diversified Status. Because we, as a non-diversified investment company, may invest in a smaller number of individual issuers than a diversified investment company, an investment in the Fund presents greater risk to you than an investment in a diversified company. We intend to comply with the diversification requirements of the Code applicable to regulated investment companies. See 'Risk Factors -- Non-Diversified Status.' See also 'U.S. Federal Taxation' in the SAI.

Anti-Takeover Provisions. Certain provisions of the Fund's Articles of Incorporation (which, as hereinafter amended, restated or supplemented from time to time and together with the Articles Supplementary, is referred to as the 'Charter'), and By-Laws could have the effect of limiting the ability of other entities or persons to acquire control of the Fund or to change the Fund's structure. The provisions may also have the effect of depriving you of an opportunity to redeem your AMPS and may have the effect of inhibiting conversion of the Fund to an open-end investment company. See 'Risk Factors -- Anti-Takeover Provisions.' See also 'Description of Common Shares' and 'Certain Provisions of the Charter and By-Laws'.

Market Disruption Risk. The aftermath of the war in Iraq and the continuing occupation of Iraq, instability in the Middle East and terrorist attacks in the United States and around the world have resulted in recent market volatility and may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainty in the United States and

worldwide. These events could also adversely affect individual issuers and securities markets, interest rates, auctions and auction participants, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to the AMPS. The Fund does not know how long the securities markets will continue to be affected by these events and cannot predict the effects of the occupation or similar events in the future on the U.S. economy and securities markets. See 'Risk Factors -- Market

Disruption Risk.'

Given the risks described above, an investment in AMPS may not be appropriate for all investors. You should carefully consider your ability to assume these risks before making an investment in the Fund. For further discussion of the risks associated with investing in the AMPS and the Fund, see 'Risk Factors.'

DIVIDENDS AND RATE PERIODS..... The table below shows the dividend rate, the dividend payment date and the number of days for the initial rate period for the AMPS offered in this prospectus. For subsequent rate periods, the AMPS will pay dividends based on a rate set at auctions normally held every 7 days. In most instances, dividends are payable on the first business day following the end of the rate period. The rate set at auction will not exceed the applicable maximum rate.

The dividend payment date for special rate periods will be set out in the notice designating a special rate period. Dividends on the AMPS will be cumulative from the date the AMPS are first issued and will be paid out of legally available funds.

	INITIAL DIVIDEND RATE ----	DIVIDEND PAYMENT DATE FOR INITIAL RATE PERIOD -----	NU D INI
Series TH7 AMPS	%	, 2005	

The Fund may, subject to certain conditions, designate special rate periods of more than 7 days. The Fund may not designate a special rate period unless sufficient clearing bids were made in the most recent auction for the AMPS. In addition, full cumulative dividends, any amounts due with respect to mandatory redemptions and any additional dividends payable prior to such date must be paid in full. The Fund also must have received

confirmation from any two of Moody's, S&P and Fitch. The Fund may substitute rating agency that the proposed special dividend will not adversely affect such agency's then-current rating on the AMPS and the lead broker-dealer designated to sell the Fund, initially, must not have objected to the Fund's declaration of a special rate period. See 'Description of AMPS -- Dividends and Rate Periods,' 'Description of Special Rate Periods -- Designation of Special Rate Periods' and 'The Auction.'

SECONDARY MARKET TRADING..... Broker-dealers may, but are not obligated to, maintain a secondary trading market in the AMPS outside of auctions. There can be no assurance that a secondary market will provide owners with liquidity. You may transfer shares outside of auctions only through a broker-dealer that has entered into an agreement with the auction agent and the Fund, or other persons as the Fund permits.

INTEREST RATE TRANSACTIONS..... In order to seek to reduce the interest rate risk inherent in the Fund's capital structure and underlying investments, the Fund may enter into interest rate swap or cap transactions. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the 'counterparty') a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on the AMPS and any other outstanding shares of preferred stock or any variable rate borrowing. The payment obligations would be based on the notional amount of the swap. In an interest rate cap, the Fund would pay a premium to the counterparty to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. If the counterparty to an interest rate swap or cap defaults, the Fund would be obligated to make the payments that it had intended to avoid. Depending on the general state of short-term interest rates and the returns on the Fund's portfolio securities at that point in time, this could negatively impact the Fund's ability to make dividend payments on

the AMPS and any other outstanding shares of preferred stock.

In addition, at the time an interest rate swap or transaction reaches its scheduled termination date there is a risk that the Fund will not be able to obtain a replacement transaction or that the terms of the replacement will not be as favorable as on the expiring transaction. If this occurs, it could have a negative impact on the Fund's ability to make dividend payments on the AMPS. If the Fund fails to maintain the required asset coverage on the AMPS and any other outstanding shares of preferred stock or fails to comply with other covenants, the Fund may be required to redeem some or all of these shares. Such redemption would likely result in the Fund seeking to terminate early all or a portion of any swap or cap transaction. Early termination of the swap could result in a termination payment by or to the Fund. Early termination of a cap could result in a termination payment to the Fund. We would not enter into interest rate swap or cap transactions having an aggregate notional amount that exceeded the outstanding amount of the AMPS and any other outstanding shares of preferred stock. See 'How the Fund Manages Risk -- Interest Rate Transactions' for additional information.

ASSET MAINTENANCE.....

Under the Fund's Articles Supplementary for the AMPS, which establishes and fixes the rights and preferences of the AMPS (and the respective Articles Supplementary for the Outstanding AMPS), the Fund must maintain:

asset coverage of the AMPS (and the Outstanding AMPS) as required by the rating agency or agency rating the AMPS (and the Outstanding AMPS); and

asset coverage of at least 200% with respect to senior securities that are stock, including the AMPS and the Outstanding AMPS.

In the event that the Fund does not maintain or cure these coverage tests, some or all of the AMPS will be subject to mandatory redemption. See 'Description of AMPS -- Redemption.'

Based on the composition of the Fund's portfolio as of [redacted], 2005, the asset coverage of the AMPS (and the Outstanding AMPS) as measured pursuant to the 1940 Act would be approximately [redacted] % if the Fund were to issue all of the AMPS offered in this prospectus,

representing approximately % of the Fund's managed assets (as defined below).

REDEMPTION..... The Fund does not expect to and ordinarily will not redeem the AMPS. However, under the Articles Supplementary, it may be required to redeem the AMPS in order, for example, to meet an asset coverage ratio or to correct a failure to meet a rating agency guideline in a timely manner. The Fund may also voluntarily redeem the AMPS, without the consent of holders of the AMPS, under certain conditions. See 'Description of AMPS -- Redemption.'

LIQUIDATION PREFERENCE..... The liquidation preference (that is, the amount the Fund must pay to holders of the AMPS if the Fund is liquidated) for the AMPS will be \$25,000 per share plus accumulated but unpaid dividends, if any, whether or not earned or declared.

VOTING RIGHTS..... The 1940 Act requires that holders of the AMPS, and the holders of any other series of preferred stock of the Fund, voting together as a separate class, have the right to:

elect at least two directors at all times; and

elect a majority of the directors if at any time the Fund fails to pay dividends on the AMPS, or any other series of preferred stock of the Fund, for two full years and will continue to be so represented until all dividends in arrears have been paid or otherwise provided for.

The holders of the AMPS, and the holders of any other series of preferred stock of the Fund, will vote as a separate class or series on other matters as required under the Fund's Charter, the 1940 Act and Maryland law. On all other matters, holders of the AMPS will vote together with the holders of Common Shares and each share of any other series of preferred stock of the Fund. Each Common Share, each share of the AMPS and each share of any other series of preferred stock of the Fund is entitled to one vote per share.

FEDERAL INCOME TAXATION..... The distributions with respect to the AMPS (other than distributions in redemption of the AMPS subject to Section 302(b) of the Code) will constitute

dividends to the extent of the Fund's current or accumulated earnings and profits, as calculated for Federal income tax purposes. Except in the case of distributions of qualified dividend income and net capital gains, such dividends

generally will be taxable as ordinary income to holders. Provided that holding period and other requirements are met by both the Fund and the holder receiving distributions from the Fund, a portion of each year's distributions may be eligible for the dividends received deduction and the lower tax rates that apply to qualified dividend income. The DRD generally allows corporations to deduct from their income 70% of dividends received. Under current law, individuals will generally be taxed at long-term capital gain rates on qualified dividend income. Distributions of net capital gain that are designated by the Fund as capital gain dividends will be treated as long-term capital gains in the hands of holders receiving such distributions. The IRS currently requires that a regulated investment company that has two or more classes of stock allocate to each such class proportionate amounts of each type of its income (such as ordinary income, capital gains, dividends qualifying for the DRD, qualified dividend income, interest-related dividends and short-term capital gain dividends) based upon the percentage of total dividends distributed to each class for the year. Accordingly, the Fund intends each year to allocate capital gain dividends, dividends qualifying for the dividends received deduction, dividends derived from qualified dividend income, interest-related dividends and short-term capital gain dividends, if any, among its Common Shares, the AMPS and the Outstanding AMPS in proportion to the total dividends paid to each class during or with respect to such year. See 'U.S. Federal Taxation.'

CUSTODIAN, AUCTION AGENT, TRANSFER AGENT,
DIVIDEND PAYING AGENT AND REGISTRAR.....

State Street Bank and Trust Company acts as the Fund's custodian. The Bank of New York will act as auction agent, transfer agent, dividend paying agent and registrar for the AMPS.

COHEN & STEERS
SELECT UTILITY FUND, INC.
FINANCIAL HIGHLIGHTS

The following table includes selected data for a common share outstanding throughout the periods presented. The information contained below under the headings 'Per Share Operating Performance' and 'Ratios/Supplemental Data' for the fiscal period ended December 31, 2004 has been audited by PricewaterhouseCoopers LLP, the Fund's independent registered public accounting firm, as stated in their report which is incorporated by reference into the SAI dated , 2005. The table should be read in conjunction with the Financial Statements and Notes thereto, which are incorporated by reference into the SAI.

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