COHEN & STEERS INC
Form 424B3
February 10, 2006
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-128633

PROSPECTUS SUPPLEMENT

(To Prospectus dated November 18, 2005)

1,750,000 Shares

Cohen & Steers, Inc.

Common Stock

The selling stockholders identified in this prospectus supplement are offering 1,750,000 shares of common stock.

No securities are being offered or sold by us pursuant to this prospectus supplement. We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders.

The shares of common stock are listed on the New York Stock Exchange under the symbol CNS. The last reported sale price of the shares of common stock on the New York Stock Exchange on February 9, 2006 was $21.65 per share.

Investing in the common stock involves risks that are described in the Risk Factors section beginning on page 2 of the accompanying prospectus.

	Per Share	Total
Public offering price	$21.40	$37,450,000
Underwriting discount	$.428	$749,000
Proceeds, before expenses, to the selling stockholders	$20.972	$36,701,000

The underwriter may also purchase up to an additional 262,500 shares from the selling stockholders at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about February 15, 2006.

Merrill Lynch & Co.

The date of this prospectus supplement is February 9, 2006.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. The shares of common stock are being offered and sold only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of those documents.

FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 relating to our operations and our results of operations that are based on our current expectations, estimates and projections. You can identify these forward-looking statements by the use of words such as outlook, believes, expects, potential, continues, may, will, should, seeks, approximately, predicts, estimates, anticipates or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those described in the Risk Factors section of the accompanying prospectus. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus supplement and the accompanying prospectus. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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SUMMARY

This summary does not contain all the information that may be important to you. We urge you to read this entire prospectus supplement and the accompanying prospectus and incorporated information carefully, including the Risk Factors section and our historical financial statements and related notes included or incorporated by reference in this prospectus supplement or the accompanying prospectus, before making an investment decision.

Cohen & Steers

Cohen & Steers, Inc., a Delaware corporation formed in 2004, together with its wholly-owned subsidiaries, is a manager of high-income equity portfolios, specializing in U.S. real estate investment trusts (REITs), international real estate securities, preferred securities, utilities and large cap value stocks. We serve individual and institutional investors through a wide range of open-end mutual funds, closed-end mutual funds and institutional separate accounts. As a complement to our asset management business, we also provide investment banking services to companies in real estate and real estate intensive businesses.

We operate in two distinct business segments:

Asset Management. Our Asset Management business derives revenue primarily from investment advisory, administration, distribution and service fees received from mutual funds and investment advisory fees received from institutional separate accounts. These fees are based on contractually specified percentages of the assets of each client s portfolio. Asset Management s revenue fluctuates with changes in the total value of the portfolios and is recognized over the period that the assets are managed.

Investment Banking. Our Investment Banking business derives revenue primarily from advising our clients on mergers, acquisitions, corporate restructurings, recapitalizations and similar corporate finance transactions and placing securities both as agent and underwriter for our clients. These fees are generally earned upon the consummation of the transaction pursuant to the terms of individual agreements.

Our principal executive offices are located at 280 Park Avenue, New York, NY 10017, and our telephone number is (212) 832-3232.

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The Offering

Shares of common stock offered by the selling stockholders	1,750,000 shares.
Shares of common stock to be outstanding after this offering (net of treasury)	36,199,354 shares.
Overallotment option	262,500 shares.
Use of proceeds	We will not receive any proceeds from the sale of shares of common stock in this offering. The selling stockholders will receive all of the net proceeds from the sale of the shares of common stock in this offering.
New York Stock Exchange symbol	CNS.
Risk Factors	Investing in the shares of common stock involves risks. See Risk Factors in the accompanying prospectus.

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Preliminary Results for the Fourth Quarter and Year Ended December 31, 2005

Our consolidated financial statements for the fourth quarter of 2005 and the year ended December 31, 2005 are not yet available and our independent registered public accounting firm has not completed its audit of our consolidated financial statements for the year ended December 31, 2005. Our expectations with respect to our results discussed below are based upon management estimates and are subject to quarterly and annual review procedures and final reconciliations and adjustments. Our actual results may differ from these estimates, and those differences may be material.

Cohen & Steers, Inc. expects to report net income of $8.3 million, or $0.21 per share (diluted and basic) for the quarter ended December 31, 2005, which includes a $0.03 per share after-tax, non-recurring charge attributable to the relocation of the Company s corporate headquarters. In the comparable period in 2004, net income was $9.9 million, or $0.25 per share (diluted and basic). The 2004 results include a $0.06 per share after-tax benefit resulting from the reversal of non-cash, stock-based compensation expense. Total revenue is expected to be $37.4 million for the fourth quarter ended December 31, 2005, up 16.7% from $32.1 million in the 2004 period.

Net income for the year 2005 is expected to be $31.9 million, or $0.79 per diluted share and $0.80 per basic share, including the aforementioned $0.03 per share after-tax charge as well as the previously disclosed $0.02 per share tax expense in the second quarter attributable to a decrease in the Company s net deferred tax asset, resulting from a change in the New York State tax law, and the $0.03 per share first quarter after-tax expense associated with the launch of four mutual funds. Total revenue is expected to be $146.2 million for the year ended December 31, 2005, up 28.1% from $114.1 million in 2004.

Total revenue for the asset management segment is expected to be $35.4 million for the three months ended December 31, 2005, an increase of 16.0% from $30.6 million in the 2004 period. Pretax income is expected to be $13.9 million for the three months ended December 31, 2005, down 21.4% from $17.7 million in the fourth quarter of 2004.

Houlihan Rovers is expected to record net income of $478,000 during the quarter ended December 31, 2005, compared with $570,000 for the quarter ended September 30, 2005. The Company records 50% of Houlihan Rovers net income. The expected decline in net income was due to an increase in local taxes as Houlihan Rovers net operating loss carry forwards have been fully utilized.

Total revenue for the investment banking segment is expected to be $2.2 million for the three months ended December 31, 2005 compared with $1.5 million in the 2004 period and $1.2 million in the third quarter of 2005. The investment banking segment had its second best full year ever, recording an expected $11.8 million in revenue for the year ended December 31, 2005, up from $8.1 million in the 2004 period. Investment banking revenue was generated in connection with financial advisory and capital raising transactions. The revenue from investment banking activity is dependent on the completion of transactions, the timing of which cannot be predicted.

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The following tables sets forth more detailed information regarding our expected results of operations and financial condition as of and for the fourth quarter and year ended December 31, 2005, together with previously-reported information for the corresponding periods of 2004.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2005	**2004**	**2005**	**2004**
	(unaudited)	**(unaudited)**	**(unaudited)**	
Revenue				
Investment advisory and administration fees	$ 31,463	$ 26,770	$ 119,195	$ 92,847
Distribution and service fee revenue	3,014	2,904	11,955	10,150
Portfolio consulting and other	730	872	3,245	3,008
Investment banking fees	2,205	1,509	11,823	8,108
Total revenue	37,412	32,055	146,218	114,113
Expenses				
Employee compensation and benefits	8,306	2,967	36,269	73,973
Distribution and service fee expenses	7,524	6,273	29,385	22,475
General and administrative	6,900	4,058	23,300	12,974
Depreciation and amortization	2,139	1,389	6,283	2,843
Amortization, deferred commissions	734	944	3,359	4,239
Total expenses	25,603	15,631	98,596	116,504
Operating income	11,809	16,424	47,622	(2,391)
Non-operating income (expense)				
Interest and dividend income	1,390	726	3,622	1,241
Gain from sale of marketable securities	558		2,534	
Gain from sale of property and equipment			289	
Foreign currency transaction loss	(22)		(86)	
Interest expense		(21)	(102)	(132)
Total non-operating income	1,926	705	6,257	1,109
Income before provision for income taxes and equity in earnings of affiliate	13,735	17,129	53,879	(1,282)
Provision for income taxes	5,630	7,202	22,880	(8,551)
Equity in earnings of affiliate	239	19	922	19
Net income	$ 8,344	$ 9,946	$ 31,921	$ 7,288
Earnings per share				
Basic	$ 0.21	$ 0.25	$ 0.80	$ 0.23

Diluted	$ 0.21	$ 0.25	$ 0.79	$ 0.23
Weighted average shares outstanding				
Basic	39,982	39,888	39,991	31,816
Diluted	40,393	40,015	40,324	31,942

Certain prior period amounts have been reclassified to conform with the current period s presentation.

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CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

(in thousands, except share data)

	December 31, 2005
	(unaudited)
ASSETS	
Cash and cash equivalents	$ 39,092
Marketable securities available-for-sale	87,276
Accounts receivable	19,044
Property and equipment-net	8,936
Intangible asset-net	9,252
Deferred commissions-net	4,471
Equity investment	4,427
Deferred income tax asset-net	21,604
Other assets	4,446
Total assets	$ 198,548
LIABILITIES AND STOCKHOLDERS EQUITY	
Liabilities:	
Accrued compensation	$ 15,681
Dividends payable	4,385
Deferred rent	1,674
Other liabilities and accrued expenses	12,113
Total liabilities	33,853
Stockholders equity:	
Common stock, $0.01 par value; 500,000,000 shares authorized; 35,426,202 shares issued and outstanding at December 31, 2005	354
Additional paid-in capital	183,860
Accumulated deficit	(6,377)
Accumulated other comprehensive income, net of tax	354
Less: Treasury stock, at cost, 1,043 shares at December 31, 2005	(20)
Unearned compensation	(13,476)
Total stockholders equity	164,695
Total liabilities and stockholders equity	$ 198,548

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Assets Under Management

Assets under management reached $20.5 billion at December 31, 2005. This represents an increase of 1.6% from $20.2 billion at September 30, 2005 and an increase of 12.0% from $18.3 billion at December 31, 2004. This year-over-year increase resulted from net inflows of $1.4 billion combined with market appreciation of $836 million. The Company s assets under management, excluding U.S. REIT common stocks, totaled $6.2 billion at December 31, 2005, an increase of 30.0% from $4.8 billion at December 31, 2004. At January 31, 2006, assets under management were $21.6 billion and the Company s assets under management, excluding U.S. REIT common stocks, at that date totaled $6.6 billion.

During the quarter ended December 31, 2005, the Company recorded overall net inflows of $767 million, led by $685 million of net inflows from institutional separate accounts. Open-end mutual funds had $8 million of net inflows, with net inflows of $132 million from international real estate securities more than offsetting net outflows from U.S. REIT funds. Closed-end mutual funds issued $74 million of preferred shares. For the year, the Company recorded net inflows of $1.4 billion, with closed-end mutual funds and institutional separate accounts accounting for $829 million and $575 million, respectively. Open-end mutual funds had net outflows of $50 million.

Assets managed by Houlihan Rovers, the Company s Brussels-based investment manager affiliate, increased 30.1% to $1.6 billion at December 31, 2005, from $1.2 billion at September 30, 2005, and increased 177.5% from $569 million at December 31, 2004. The Company s assets under management at December 31, 2005 and September 30, 2005 included $543 million and $387 million, respectively, of assets sub-advised by Houlihan Rovers.

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The following table sets forth more detailed information regarding our assets under management as of and for the fourth quarter and year ended December 31, 2005, together with previously-reported information for the corresponding periods of 2004.

Assets Under Management

	Three Months Ended December 31,		Year Ended December 31,	
(in millions)	2005	2004	2005	2004
	(unaudited)	(unaudited)	(unaudited)	
Closed-End Mutual Funds				
Assets under management, beginning of period	$ 10,085	$ 8,005	$ 8,984	$ 4,791
Inflows	74	361	829	3,292
Market appreciation (depreciation)	(485)	618	(139)	901
Total increase (decrease)	(411)	979	690	4,193
Assets under management, end of period	$ 9,674	$ 8,984	$ 9,674	$ 8,984
Open-End Mutual Funds				