

PCM FUND, INC.  
Form PRE 14A  
February 27, 2008

## **SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**PCM FUND, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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

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

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(1) Amount Previously Paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**PCM FUND, INC.**

**840 Newport Center Drive**

**Newport Beach, California 92660**

**(866) 746-2606**

Dear Shareholder:

On behalf of the Board of Directors of PCM Fund, Inc. (the "Fund"), we are pleased to invite you to the annual meeting of shareholders of the Fund to be held at 800 Newport Center Drive, Newport Beach, California 92660 on April 10, 2008 at 10:00 a.m., Pacific time.

At the meeting, shareholders of the Fund will be asked to approve a new Investment Management Agreement between the Fund and Allianz Global Investors Fund Management LLC ("AGIFM") and a new Portfolio Management Agreement between AGIFM and Pacific Investment Management Company LLC ("PIMCO"). If each of these Agreements is approved by shareholders, AGIFM will be responsible for providing investment management services and administration services to the Fund, and PIMCO will retain day-to-day portfolio management responsibilities as sub-adviser to the Fund. Shareholders will also be asked at the meeting to replace the current directors of the Fund with a slate of new directors, each of whom currently serves as a director of closed-end bond funds advised by AGIFM. The Board of Directors is also recommending that in the event either the proposed Investment Management Agreement or the proposed Portfolio Management Agreement is not approved by shareholders, shareholders re-elect those current Directors of the Fund whose terms expire this year.

As discussed in greater detail in the proxy statement, the purpose of these proposals is to more efficiently manage and administer the Fund within the AGIFM and PIMCO fund complexes. The proposals would also allow the Fund to more efficiently utilize the administrative support of AGIFM and its affiliates while permitting PIMCO to focus solely on managing the Fund's investments. In addition, repopulating the Board of Directors with individuals who currently serve as directors of AGIFM-advised closed-end funds would help the Fund leverage the knowledge and expertise of those individuals, each of whom is familiar with a wide range of oversight issues related to closed-end funds as well as the AGIFM management model. The same team of investment professionals at PIMCO will continue to manage the Fund's portfolio if these proposals are approved by shareholders. In addition, as described in the proxy statement, approval of the proposals would also result in the Fund paying lower fees for investment management and administrative services than it currently pays.

On behalf of the Board of Directors, I ask you to review the proposals and vote. The Board of Directors recommends that you vote FOR the proposal to appoint AGIFM as investment adviser of the Fund, FOR the proposal to appoint PIMCO as sub-adviser of the Fund, FOR the proposal to elect new directors of the Fund, and FOR the proposal to re-elect the current Directors of the Fund whose term expires this year. For more information about the issues requiring your vote, please refer to the accompanying proxy statement.

If you are not able to attend the meeting, then please complete, sign, date and mail the enclosed proxy card(s) promptly. If you have any questions regarding the proxy statement, please call 1-866-746-2602.

Thank you in advance for your participation.

Sincerely,

Brent R. Harris

Chairman of the Board

March 12, 2008

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IMPORTANT INFORMATION TO HELP YOU UNDERSTAND AND VOTE ON THE PROPOSALS

The following questions and answers provide an overview of the matters on which you are being asked to vote. The enclosed proxy statement contains more detailed information about each proposal, and we encourage you to read it in its entirety before voting. Your vote is important.

QUESTIONS AND ANSWERS

Q: WHAT IS BEING PROPOSED?

A: Although no changes are being proposed to the team of investment professionals that is responsible for managing the assets of PCM Fund, Inc. (the Fund), the Board of Directors (the Board) of the Fund is recommending that Allianz Global Investors Fund Management LLC (AGIFM) replace Pacific Investment Management Company LLC (PIMCO) as the investment manager and administrator of the Fund. The Board is also recommending that PIMCO continue to provide day-to-day investment management services for the Fund as sub-adviser to the Fund. In addition, in connection with the appointment of AGIFM, the Board is proposing that you vote to replace the current Directors of the Fund with a slate of new directors, each of whom currently serves as a director of closed-end funds advised by AGIFM.

Q: WHY AM I BEING ASKED TO VOTE ON A PROPOSAL TO APPOINT AGIFM AS INVESTMENT MANAGER AND ADMINISTRATOR OF THE FUND AND A PROPOSAL TO APPOINT PIMCO AS SUB-ADVISER OF THE FUND?

A: As described in greater detail in the proxy statement, the purpose of the proposals is to more efficiently manage the Fund within the AGIFM and PIMCO fund complexes. The Board of Directors believes that under the proposed structure the Fund would more efficiently utilize the administrative support offered by affiliates of AGIFM. The proposed structure would also allow PIMCO to focus solely on portfolio management of the Fund. The same team of investment professionals at PIMCO will continue to manage the Fund's investment portfolio. In addition, under the proposed agreements with AGIFM and PIMCO, the Fund would pay less for investment management and administrative services than it currently pays.

Q: WHY AM I BEING ASKED TO ELECT NEW DIRECTORS FOR THE FUND?

A: In connection with the proposed transfer of investment management and administrative responsibilities to AGIFM, the Board is proposing that you elect a new slate of directors, each of whom currently serves as a director of AGIFM-advised closed-end funds. Each of the nominees are familiar with the AGIFM management model and has experience with a wide range of issues relating to closed-end bond funds. Election of the nominees would allow the Fund to hold consolidated board meetings with other AGIFM-advised closed-end funds, which may result in cost savings to the Fund. Consolidated board meetings would also allow PIMCO and AGIFM to focus greater resources on issues that directly benefit shareholders and less time and resources addressing common issues with multiple boards of directors.

The Board is also recommending that in the event either the proposed Investment Management Agreement or the proposed Portfolio Management Agreement is not approved by shareholders, shareholders re-elect those current Directors of the Fund whose terms expire this year.

Q: IS THE FUND'S MANAGEMENT FEE EXPECTED TO INCREASE IF THE PROPOSALS ARE APPROVED?

A: No. In fact, as described in the enclosed proxy statement, approval of the proposals would result in the Fund paying less for investment management and administrative services than it currently pays.

Q: HOW DOES THE BOARD RECOMMEND THAT I VOTE?

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A: The Board recommends that you vote FOR each proposal and nominee described in the enclosed proxy statement.

Q: WILL THE FUND PAY FOR THIS PROXY SOLICITATION?

A: No. PIMCO has agreed to bear these costs.

Q: HOW DO I VOTE MY SHARES?

A: By Mail: Vote, sign and return the enclosed proxy card in the enclosed self-addressed, postage-paid envelope.  
In Person: Attend the shareholder meeting as described in the enclosed proxy statement.

**PCM FUND, INC.**

**840 Newport Center Drive**

**Newport Beach, California 92660**

**(866) 746-2606**

**Notice of Annual Meeting of Shareholders**

**To be held April 10, 2008**

To the Shareholders of PCM Fund, Inc.:

**NOTICE IS HEREBY GIVEN** that the Annual Meeting (the Meeting ) of Shareholders of PCM Fund, Inc. (the Fund ) will be held at 800 Newport Center Drive, 6th Floor, Newport Beach, California 92660, on April 10, 2008 at 10:00 a.m., Pacific time, or as adjourned from time to time, for the following purposes:

- (1) To consider approval of an Investment Management Agreement between the Fund and Allianz Global Investors Fund Management LLC ( AGIFM );
- (2) Contingent on approval of Proposal 1 above, to consider approval of a Portfolio Management Agreement between AGIFM and Pacific Investment Management Company LLC ( PIMCO );
- (3) Contingent on approval of Proposal 1 and Proposal 2 above, to consider the election of the nominees set forth in the Proxy Statement to serve as members of the Fund s Board of Directors for terms expiring as described therein, and until their successors are elected and qualify;
- (4) In the event that either Proposal 1 or Proposal 2 is not approved by shareholders, to consider the re-election of the current Directors of the Fund whose terms expire this year, so that those current Directors will continue to hold office until the end of those current Directors stated terms; and

- (5) To transact such other business as may properly come before the Meeting or any adjournment thereof.

After careful consideration, the Board of Directors of the Fund unanimously approved each of the Proposals and recommends that shareholders vote **FOR** Proposals 1, 2, 3 and 4. The matters referred to above are discussed in detail in the proxy statement attached to this notice. The Board of Directors has fixed the close of business on March 7, 2008 as the record date for determining shareholders entitled to notice of and to vote at the Meeting or any adjournment thereof.

Each share of the Fund is entitled to one vote, with fractional votes for fractional shares.

Regardless of whether you plan to attend the Meeting, PLEASE COMPLETE, SIGN, DATE AND RETURN PROMPTLY THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED, SO THAT YOU WILL BE REPRESENTED AT THE MEETING. If you have returned a proxy card and are present at the Meeting, you may change the vote specified in the proxy at that time. However, attendance in person at the Meeting, by itself, will not revoke a previously tendered proxy.

By Order of the Board of Directors,

J. Stephen King, Jr.

*Secretary*



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Newport Beach, California

Dated: March 12, 2008

**YOUR VOTE IS IMPORTANT NO MATTER HOW LARGE OR SMALL YOUR HOLDINGS MAY BE. IN ORDER TO AVOID THE UNNECESSARY EXPENSE OF FURTHER SOLICITATION, WE URGE YOU TO INDICATE VOTING INSTRUCTIONS ON THE ENCLOSED PROXY CARD.**

**PROXY STATEMENT**

**PCM FUND, INC.**

**840 Newport Center Drive**

**Newport Beach, California 92660**

**(866) 746-2606**

**Annual Meeting of Shareholders**

**To be held April 10, 2008**

**INTRODUCTION**

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors (collectively the **Board** or individually a **Director**) of PCM Fund, Inc. (the **Fund** or **PCM**), a Maryland corporation, for use at the annual meeting of shareholders of the Fund to be held at 800 Newport Center Drive, 6th Floor, Newport Beach, California 92660, on April 10, 2008 at 10:00 a.m., Pacific time, or as adjourned and reconvened from time to time (the **Meeting**), for the purposes set forth in the accompanying notice. It is anticipated that the first mailing of proxies and proxy statements to shareholders will be on or about March 12, 2008.

**Shareholder Reports.** Shareholders can find important information about the Fund in the annual report dated December 31, 2007 and the semi-annual report dated June 30, 2007, each of which previously has been furnished to shareholders. Shareholders may request another copy of these reports, without charge, by writing to the Fund at the above address, or by calling the toll-free telephone number above.

**The Board is soliciting proxies from shareholders of the Fund with respect to the following:**

- 1. To consider approval of an Investment Management Agreement between the Fund and Allianz Global Investors Fund Management LLC ( **AGIFM** );**
- 2. Contingent on approval of Proposal 1 above, to consider approval of a Portfolio Management Agreement between AGIFM and Pacific Investment Management Company LLC ( **PIMCO** );**
- 3. Contingent on approval of Proposal 1 and Proposal 2 above, to consider the election of the nominees set forth herein to serve as members of the Fund's Board of Directors for terms expiring as described herein, and until their successors are elected and qualify;**
- 4. In the event that either Proposal 1 or Proposal 2 is not approved by shareholders, to consider the re-election of the current Directors of the Fund whose terms expire this year, so that those current Directors will continue to hold office until the end of those current Directors' stated terms; and**

**5. Such other business as may properly come before the Meeting.**

If any of Proposals 1, 2, 3 or 4 is not approved by shareholders of the Fund, or if any Nominee (as defined herein) or Current Director Nominee (as defined herein) is not elected, the Board of Directors will consider what steps should be taken with respect to the ongoing management of the Fund.

**PROPOSAL 1: APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT BETWEEN THE FUND AND AGIFM**

**PROPOSAL 2: CONTINGENT ON APPROVAL OF PROPOSAL 1, APPROVAL OF A PORTFOLIO MANAGEMENT AGREEMENT BETWEEN AGIFM AND PIMCO**

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The Board of Directors is proposing that shareholders approve an Investment Management Agreement between the Fund and AGIFM (the Investment Management Agreement ). The Board of Directors is also proposing that, contingent on shareholder approval of the Investment Management Agreement, shareholders approve a Portfolio Management Agreement between AGIFM and PIMCO (the Portfolio Management Agreement ). A copy of the Investment Management Agreement is attached as Appendix A and a copy of the Portfolio Management Agreement is attached as Appendix B. The description of the Investment Management Agreement and Portfolio Management Agreement that follows is qualified in its entirety by reference to Appendix A and Appendix B.

### **Summary of Proposal 1 and Proposal 2**

If Proposal 1 and Proposal 2 are approved by shareholders, AGIFM would be responsible for providing investment management and administration services to the Fund, and PIMCO would retain day-to-day portfolio management responsibility for the Fund. The purpose of these Proposals is to rationalize the management and administration of all closed end funds within the AGIFM and PIMCO fund complexes, including the Fund, under one unified model. The Board of Directors believes that this proposed structure would more efficiently utilize the administrative support offered by affiliates of AGIFM, while freeing PIMCO of administrative burdens and allowing PIMCO to focus solely on portfolio management. It should be noted that the same team of investment professionals at PIMCO will continue to manage the Fund's portfolio if these Proposals are approved by shareholders. It should also be noted that, as described below under Proposed Portfolio Management Agreement, shareholder approval of the Proposals would result in the Fund paying lower fees for investment management and administrative services.

Set forth below is a summary of the Investment Management Agreement and Portfolio Management Agreement, information about AGIFM and PIMCO, and a discussion of the factors considered by the Board in approving the Investment Management Agreement and Portfolio Management Agreement.

### **Proposed Investment Management Agreement**

The Board of Directors unanimously approved the Investment Management Agreement at an in-person meeting held on February 25, 2008, subject to the approval of shareholders of the Fund. If approved by shareholders, the Investment Management Agreement would take effect as soon as practicable after the shareholder meeting. The Investment Management Agreement will have an initial two-year term and can be renewed for successive 12-month periods, subject to annual approval in conformity with the Investment Company Act of 1940, as amended (the 1940 Act ) (i.e., approval by the Board of Directors or a majority of the Fund's outstanding voting securities (as defined in the 1940 Act) and, in either event, by the vote cast in person by a majority of the Directors who are not interested persons of the Fund ( Independent Directors )). It can also be terminated, without penalty, by (i) a vote of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act); (ii) a vote of a majority of the Independent Directors upon 60 days' written notice; or (iii) AGIFM upon 60 days' written notice. The Investment Management Agreement will terminate automatically in the event of its assignment (as defined in the 1940 Act).

Under the terms of the Investment Management Agreement, AGIFM shall, subject to the supervision of the Board of Directors, furnish continuously an investment program for the Fund, make investment decisions on behalf of the Fund, place all orders for the purchase and sale of portfolio securities, and provide administrative services reasonably necessary for the operation of the Fund, including but not limited to furnishing office space and equipment, providing bookkeeping and clerical services (excluding determination of net asset value and shareholder accounting services) and paying all salaries, fees and expenses of the officers and Directors of the Fund who are affiliated with AGIFM. The Investment Management Agreement provides that AGIFM may, at its expense, select and contract with sub-advisers for the Fund, in which case the obligation of AGIFM under the Investment Management Agreement with respect to the investment management of the Fund shall be to determine and review with the sub-adviser the investment policies of the Fund, and the sub-adviser shall be responsible for furnishing continuously an investment program and making investment decisions for the Fund. AGIFM (and not the Fund) would be responsible for compensating any such sub-adviser under the Investment Management Agreement. The Investment Management Agreement and the Current Management Agreement (as defined below) between the Fund and PIMCO are substantially similar in most material respects except for the change in the identity of the investment manager. The provisions of the Investment Management Agreement which relate to AGIFM's provision of administrative services to the Fund are substantially similar in most material respects to the applicable provisions of the Current Administrative Services Agreement (as defined below) between the Fund and PIMCO.

The Fund will pay to AGIFM as compensation for AGIFM's services rendered under the Investment Management Agreement, and for the facilities furnished and for the expenses borne by AGIFM, a fee, computed and paid monthly, at the annual rate of 0.80% of the average daily total managed assets of the Fund. As stated in the Fund's most recent annual report, the Fund currently pays to PIMCO a quarterly investment manager fee at an annual rate of 0.725% based on average weekly net assets of the Fund, and a quarterly administration fee at an annual rate of 0.10% based on the average weekly net assets of the Fund. Accordingly, if Proposals 1 and 2 are approved by shareholders, the Fund will pay approximately 0.025% less for administration and investment management services than it currently pays. See "Information about the Current Investment Management Agreement and Administrative Services Agreement" below.

The Investment Management Agreement provides that in the absence of willful misfeasance, bad faith or gross negligence on the part of AGIFM, or reckless disregard of its obligations under the Investment Management Agreement, AGIFM shall not be subject to any liability to the Fund for any act or omission in the course of, or in connection with, rendering services under the Investment Management Agreement.

#### **Information about the Current Investment Management Agreement and Current Administrative Services Agreement**

PIMCO currently serves as the Fund's investment manager pursuant to an Investment Management Agreement dated May 5, 2000 (the "Current Management Agreement"), which was last submitted to shareholders for their approval at the annual meeting held on March 3, 2000. The Current Management Agreement was submitted to shareholders in connection with Allianz of America's acquisition of majority ownership of PIMCO, thereby resulting in the assignment (as defined in the 1940 Act) of the investment management agreement between PIMCO and the Fund dated November 15, 1994. Under the Current Management Agreement, PIMCO provides investment guidance and policy direction in connection with the management of the Fund, including research, analysis, advice, and statistical and economic data and information. The Current Management Agreement may be terminated at any time, without payment of any penalty, by a vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund or by a vote of the majority of the Fund's Board of Directors on 60 days' written notice to PIMCO or by PIMCO on 60 days' written notice to the Fund.

PIMCO also currently serves as administrator of the fund pursuant to an Administrative Services Agreement (the "Current Administrative Services Agreement"). As administrator, PIMCO is responsible for providing all management and administrative services reasonably necessary for the operation of the Fund, other than those management and administrative services provided by PIMCO under the Current Management Agreement, and the custody and transfer agency services provided to the Fund by State Street Bank & Trust Co. and Computershare Trust Co., N.A., respectively. The Current Administrative Services Agreement may be terminated at any time, without payment of any penalty, by a vote of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act) or by a vote of a majority of the Independent Directors and who have no direct or indirect financial interest in the Current Administrative Services Agreement on 60 days' written notice to PIMCO or by PIMCO on 60 days' written notice to the Fund.

On August 13, 2007, the Board of Directors of the Fund, including each of the Independent Directors, approved the renewal of the Current Management Agreement and the Current Administrative Services Agreement.

Pursuant to the Current Investment Management Agreement, PIMCO is paid a quarterly fee at the annual rate of 0.725% of the Fund's average weekly net assets, calculated at the end of each quarter on the basis of the average net assets of the Fund for each week during the respective quarter, and pursuant to the Current Administrative Services Agreement, PIMCO is paid a quarterly administration fee at an annual rate of 0.10% based on the average weekly net assets of the Fund. Fees paid to PIMCO between January 1, 2007 and December 31, 2007 were \$945,372 under the Current Investment Management Agreement and were \$130,396 under the Current Administrative Services Agreement, for a combined total of \$1,075,768. As explained above, the fees to be charged under the Investment Management Agreement between the Fund and AGIFM are 0.80%. Had this Investment Management Agreement been in effect between January 1, 2007 and December 31, 2007, fees payable under this Agreement would have been \$1,046,235, a decrease of 2.75%.

**Information about Allianz Global Investors Fund Management LLC**

AGIFM is located at 1345 Avenue of the Americas, New York, New York 10105. Organized in 2000, AGIFM provides investment management and advisory services to a number of closed-end and open-end investment company clients. AGIFM is a wholly-owned indirect subsidiary of Allianz SE ( Allianz ), a publicly-traded European insurance and financial services company. As of December 31, 2007, AGIFM and its investment management affiliates had approximately \$801 billion in assets under management.

If Proposals 1 and 2 are approved, AGIFM will retain its affiliate, PIMCO, to manage the Fund's investments. See Proposed Portfolio Management Agreement below. AGIFM has agreed that it will only assume portfolio management and administrative responsibilities for the Fund in the event shareholders approve the appointment of PIMCO as sub-adviser to the Fund under Proposal 2. AGIFM and PIMCO are each majority-owned indirect subsidiaries of Allianz.

**Principal Executive Officers and Directors of Allianz Global Investors Fund Management LLC**

<b>Name</b>	<b>Office Title</b>	<b>Business Address</b>
Marna C. Whittington	Management Board	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Bruce Koepfgen	Management Board	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Udo Frank	Management Board	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
E. Blake Moore, Jr.	Management Board	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
John C. Maney	Management Board	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Andrew Meyers	Managing Director and Chief Operating Officer	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Michael J. Puntoriero	Chief Financial Officer	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
William V. Healey	Executive Vice President, Chief Legal Officer and Secretary	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Brian Shlissel	Executive Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Larry G. Altadonna	Senior Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Thomas J. Fuccillo	Senior Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Derek Hayes	Senior Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Colleen Martin	Senior Vice President and Controller	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Vinh T. Nguyen	Senior Vice President and Treasurer	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Cindy Colombo	Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Richard J. Lavery	Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Kevin F. Murphy	Vice President, Chief Compliance Officer	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Scott Whisten	Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Orhan Dzemaili	Assistant Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Lydia Lawrence	Assistant Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Manuel Madero	Assistant Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Daisy S. Ramraj-Singh	Assistant Vice President	680 Newport Center Drive, Suite 250, Newport Beach, California 92660
Kellie E. Davidson	Assistant Secretary	680 Newport Center Drive, Suite 250, Newport Beach, California 92660

**Proposed Portfolio Management Agreement**

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The Board of Directors unanimously approved the Portfolio Management Agreement at an in-person meeting held on February 25, 2008, subject to the approval of shareholders of the Fund. The Portfolio Management Agreement would take effect as soon as practicable after it is approved by shareholders of the Fund. The Portfolio Management Agreement will have an initial two-year term and can be renewed for successive 12-month periods, subject to annual approval in conformity with the 1940 Act (i.e., approval by the Board of Directors or a majority of the Fund's outstanding voting securities (as defined in the 1940 Act) and, in either event, by the vote cast in person by a majority of the Independent Directors). It can also be terminated, without penalty, by (i) a vote of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act); (ii) a vote of a majority of the Independent Directors upon 60 days' written notice; (iii) PIMCO upon 60 days' written notice; or (iv) AGIFM upon 60 days' written notice. The Investment Management Agreement will terminate automatically in the event of its assignment (as defined in the 1940 Act).

PIMCO currently serves as the Fund's investment manager and administrator. If Proposals 1 and 2 are approved by shareholders, PIMCO will continue to provide day-to-day investment management services to the Fund, but administrative services will be provided by AGIFM. Under the Portfolio Management Agreement, PIMCO shall, subject to the supervision of the Fund's Board of Directors and AGIFM, furnish continuously an investment program for the Fund and make all related investment decisions on behalf of the Fund and place all orders for the purchase and sale of portfolio securities and all other investments. PIMCO would be responsible for daily monitoring of the investment activities and portfolio holdings of the Fund in connection with the Fund's compliance with its investment objective, policies and restrictions. The portfolio management personnel currently managing the day-to-day investment activity of the Fund shall continue to do so under the Proposed Portfolio Management Agreement.

AGIFM will pay to PIMCO as compensation for its services rendered under the Portfolio Management Agreement, and for the facilities furnished and for the expenses borne by PIMCO, a fee, computed and paid monthly, at the annual rate of 0.675% of the average daily total managed assets of the Fund.

The Portfolio Management Agreement provides that in the absence of willful misfeasance, bad faith or gross negligence on the part of PIMCO, or reckless disregard of its obligations and duties hereunder, PIMCO shall not be subject to any liability to AGIFM or the Fund for any act or omission in the course of, or connected with, rendering services under the Portfolio Management Agreement.

### Information about PIMCO

PIMCO is a majority owned subsidiary of Allianz Global Investors of America L.P. ( AGI ) with a minority interest held by PIMCO Partners, LLC. PIMCO Partners, LLC is owned by the current managing directors and executive management of PIMCO. AGI was organized as a limited partnership under Delaware law in 1987. AGI's sole general partner is Allianz-Pacliffe Partners LLC. Allianz-Pacliffe Partners LLC is a Delaware limited

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liability company whose sole member is Allianz Global Investors U.S. Holding LLC, a Delaware limited liability company. The sole member of Allianz Global Investors U.S. Holding LLC is Allianz Global Investors of America LLC. Allianz Global Investors of America LLC has two members, Allianz of America, Inc. (Allianz of America), a Delaware corporation which owns a 99.9% non-managing interest, and Allianz Global Investors of America Holding Inc., a Delaware corporation which owns a 0.1% managing interest. Allianz of America is a wholly-owned subsidiary of Allianz SE. Allianz Global Investors of America Holding Inc. is a wholly-owned subsidiary of Allianz Global Investors Aktiengesellschaft, which is owned 25.53% by Allianz-Argos 6 Vermögensverwaltungsgesellschaft mbH and 74.47% by Allianz SE. Allianz-Argos 6 Vermögensverwaltungsgesellschaft is wholly-owned by Allianz Finanzbeteiligungs GmbH which is wholly owned by Allianz SE. Allianz of America, Inc. is wholly-owned by Allianz SE. Allianz SE indirectly holds a controlling interest in Allianz Global Investors of America L.P. Allianz is a European-based, multinational insurance and financial services holding company. The address for Allianz-PacLife Partners LLC, Allianz Global Investors U.S. Holding LLC, Allianz Global Investors of America LLC and Allianz Global Investors of America Holding Inc. is 680 Newport Center Drive, Suite 250, Newport Beach, California 92660. The address for Allianz Global Investors Aktiengesellschaft is Nymphenburger Strausse 112-116, 80636 Munich, Germany. Allianz's address is Koeniginstrasse 28, D-80802, Munich, Germany. AGI's address is 680 Newport Center Drive, Suite 250, Newport Beach, California 92660.

Principal Executive Officers and Directors of PIMCO

<b>Name</b>	<b>Business Address</b>	<b>Officer Title</b>
Arnold, Tammie J.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Baker, Brian P.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Benz II, William R.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Bhansali, Vineer	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Brynjolfsson, John B	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Cupps, Wendy W.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Dawson, Craig A.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Dialynas, Chris P.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
El-Erian, Mohamed A.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Gross, William H.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Hamalainen, Pasi M.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director



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Harris, Brent Richard	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Hodge, Douglas M.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Holden, Brent L.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Isberg, Margaret E.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Ivascyn, Daniel J.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Jacobs IV, Lew W.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Lown, David C.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Mariappa, Sudesh N.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director

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Name	Business Address	Officer Title
Mather, Scott A.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
McCray, Mark V.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
McCulley, Paul A.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
McDevitt, Joseph V.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Mewbourne, Curtis A.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Muzzy, James Frederic	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Otterbein, Thomas J.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Powers, William C.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Ravano, Emanuele	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Schmider, Ernest L.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Simon, W Scott	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Takano, Makoto	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Thompson, William S.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Weil, Richard M.	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Zhu, Changhong	840 Newport Center Drive, Newport Beach, CA 92660	Managing Director
Burns, Robert Wesley	840 Newport Center Drive,	Consulting MD

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Newport Beach, CA 92660

Loftus, John S.

840 Newport Center Drive,

Consulting MD

Newport Beach, CA 92660

### The Directors' Considerations and Recommendations Regarding the Investment Management Agreement and Portfolio Management Agreement

On February 25, 2008, the Board of Directors of the Fund, including a majority of the Independent Directors, approved the Fund's Investment Management Agreement and Portfolio Management Agreement (together, the "Agreements"). The information, material factors and conclusions that formed the basis for the Board's approval are described below.

#### **1. Information Received**

##### **A. Materials Reviewed**

The Directors received a wide variety of materials relating to the services to be provided by AGIFM and PIMCO. The Board considered information relating to the nature, extent and quality of services to be offered by the AGIFM and PIMCO, including the investment performance of each. The Directors also considered matters relating to fund operations, including the Fund's compliance program, shareholder services, valuation and custody, and other information relating to the nature, extent and quality of services to be provided by AGIFM and PIMCO. In considering whether to approve the Agreements, the Board also reviewed supplementary information, including comparative industry data with regard to investment performance, advisory fees and expenses, financial and profitability information regarding AGIFM and PIMCO, and information about the personnel who would be providing investment management and administrative services to the Fund.

**B. Review Process**

In connection with the approval of the Agreements, the Board reviewed written materials prepared by AGIFM and PIMCO in response to requests from Fund counsel. The Board also received assistance and advice regarding applicable legal standards from Fund counsel, and reports prepared by AGIFM and PIMCO containing comparative performance and expense ratio information. The Board also heard oral presentations on matters related to the Agreements and met both as a full Board and as the Independent Directors alone, without management present. In deciding to recommend the approval of the Agreements, the Board did not identify any single factor or particular information that, in isolation, was controlling. This summary describes the most important, but not all, of the factors considered by the Board.

**2. Nature, Extent and Quality of Services**

**A. Personnel and Resources**

The Board considered the depth and quality of each of AGIFM's and PIMCO's investment management process, including: its global research capabilities; the experience, capability and integrity of its senior management and other personnel; the low turnover rates of its key personnel; the overall financial strength and stability of its organization; and the ability of its organizational structure to address the recent growth in assets under management. The Board also considered that PIMCO and AGIFM make available to its investment professionals a variety of resources and systems relating to investment management, compliance, trading, performance and portfolio accounting. The Board considered AGIFM's and PIMCO's commitment to investing in information technology supporting investment management and compliance, as well as AGIFM's and PIMCO's continuing efforts to attract and retain qualified personnel and to maintain and enhance its resources and systems. The Board also considered that the portfolio management personnel at PIMCO who manage the day-to-day investment decisions for the Fund would continue to do so under the Portfolio Management Agreement.

**B. Other Services**

The Board considered each of AGIFM's and PIMCO's policies, procedures and systems to assure compliance with applicable laws and regulations and its commitment to these programs; their anticipated efforts to keep the Directors informed about matters relevant to the Fund and its shareholders; and their attention to matters that may involve conflicts of interest with the Fund. The Board also considered the terms of each Agreement, the nature, extent, quality and cost of the services to be provided by AGIFM to the Fund under the Investment Management Agreement, and the nature, extent, quality and cost of the services to be provided by PIMCO to the Fund under the Portfolio Management Agreement. The Board also considered whether the services to be provided under the Agreements would result in better utilization of the management resources offered by AGI and its affiliates and would relieve PIMCO of administrative burdens, thus freeing PIMCO to focus on portfolio management. In addition, the Board considered AGIFM's ability to monitor and oversee sub-advisers. The Board considered that the Investment Management Agreement is substantially identical in most material respects to the Current Management Agreement, except for the identity of the investment manager. The Board also considered that the provisions of the Investment Management Agreement which relate to AGIFM's provision of administrative services to the Fund are substantially similar in most material respects to the applicable provisions of the Current Administrative Services Agreement between the Fund and PIMCO. Ultimately, the Board concluded that the nature, extent and quality of the services to be provided by AGIFM and PIMCO will likely benefit the Fund and its shareholders.

**3. Investment Performance**

The Board received and examined information from PIMCO concerning the Fund's one-, three-, five- and ten-year performance for the periods ended December 31, 2007. The Board noted that shares of the Fund had generally been trading at a premium for the one-, three-, five- and ten-year periods ended December 31, 2007, with shares trading at a discount during some periods, including the final six months of 2007. The Board also noted that for each of these periods except the one-year period, the Fund had beaten its benchmark index based on its NAV performance, but had generally trailed the benchmark index with respect to market price performance. The Board also noted that the Fund had generally outperformed most of its peer group funds and peer group average based on its NAV performance for these periods, with periods of outperformance and underperformance with respect to its

market price for these periods. The Board also noted that while the Fund had underperformed its peer group funds based on NAV performance during certain periods, the Fund outperformed its peer group average for the one-, three-, five- and ten-year periods ended December 31, 2007.

Overall, the Board determined that the Fund's investment performance was strong, and concluded that PIMCO's performance record in managing the Fund indicates that its continued management is likely to benefit the Fund and its shareholders.

#### **4. Fees**

AGIFM and PIMCO reported to the Board that, in proposing fees for the Fund, they considered a number of factors, including the type and complexity of the services provided, the cost of providing services, the risk assumed by AGIFM and PIMCO in the provision of services, the impact on potential returns from different levels of fees, the competitive marketplace for financial products, and the attractiveness of potential Fund returns to current and potential investors.

The Board considered the services to be provided and the fees to be charged under the Agreements. The Board also considered that the Fund was expected to pay lower fees for investment management and administrative services under the Agreement than it currently pays. With respect to overall levels of Fund expenses, the Board observed that bond funds are more fee- and expense-ratio sensitive than equity funds, given the tangible impact of fees and expenses on yield. The Board compared the Fund's total expenses to other funds in the expense group provided by AGIFM and PIMCO, and found the Fund's total expenses to be reasonable. The Board noted that the Fund's expense ratio was lower than certain of the comparative funds presented. AGIFM and PIMCO do not manage any separate accounts with a similar investment strategy to the Fund; therefore the Board could not consider the fees charged by AGIFM and PIMCO to comparable separate accounts. The Board concluded that the proposed advisory and administrative fees were reasonable in relation to the value of the services provided.

Based on the information presented by AGIFM and PIMCO, members of the Board then determined, in the exercise of their business judgment, that the level of the advisory and administrative fees to be charged by AGIFM and PIMCO, as well as the total expenses of the Fund, are reasonable and approval of the Agreements will likely benefit the Fund and its shareholders.

#### **5. Costs, Level of Profits and Economies of Scale**

The Board reviewed information regarding AGIFM's and PIMCO's anticipated costs of providing services to the Fund as a whole, as well as the resulting level of anticipated profits to AGIFM and PIMCO, noting that those results were comparable to the reported results of several large publicly held investment management companies. The Board noted that it had also received information regarding the structure and manner in which AGIFM's and PIMCO's investment professionals were compensated, and AGIFM's and PIMCO's views of the relationship of such compensation to the attraction and retention of quality personnel. The Board considered AGIFM's and PIMCO's need to invest in technology, infrastructure and staff to reinforce and offer new services and to accommodate changing regulatory requirements.

With respect to potential economies of scale, the Board noted that, as a closed-end fund, the Fund was not expected to materially increase in size. The Board also noted that although neither the Investment Management Agreement nor Portfolio Management Agreement contain breakpoints, advisory agreements for closed-end funds generally do not contain breakpoints.

#### **6. Ancillary Benefits**

The Board considered other benefits received by AGIFM and PIMCO and their affiliates as a result of AGIFM's and PIMCO's relationship with the Fund, including possible ancillary benefits to AGIFM's and PIMCO's institutional investment management businesses due to the reputation and market penetration of the Fund. The Board also reviewed AGIFM's and PIMCO's soft dollar policies and procedures, noting that AGIFM and PIMCO have adopted policies not to accept soft dollars.

## 7. Conclusion

Based on their review, including their consideration of each of the factors referred to above, the Board concluded that the nature, extent and quality of the services to be rendered to the Fund by AGIFM and PIMCO will likely be excellent and favored approval of the Agreements. The Board concluded that the Agreements are each fair and reasonable to the Fund and its shareholders, that the Fund's shareholders would receive reasonable value in return for the advisory fees and other amounts paid to AGIFM by the Fund and to PIMCO by AGIFM, and that the approval of the Agreements was in the best interests of the Fund and its shareholders.

**THE FUND'S BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, RECOMMENDS THAT SHAREHOLDERS VOTE FOR APPROVAL OF THE INVESTMENT MANAGEMENT AGREEMENT UNDER PROPOSAL 1 AND FOR APPROVAL OF THE PORTFOLIO MANAGEMENT AGREEMENT UNDER PROPOSAL 2. UNMARKED PROXIES WILL BE SO VOTED.**

**PROPOSAL 3: Contingent on approval of Proposal 1 and Proposal 2 above, to elect the nominees set forth herein to serve as members of the Fund's Board of Directors for terms expiring on the dates described herein, until their successors are elected and qualify.**

The current Directors of the Fund have indicated that, if the Agreements referenced in Proposals 1 and 2 are approved, they will resign in order to facilitate the oversight of the Fund by individuals who serve as directors of the closed-end funds advised by AGIFM. Accordingly, the Board of Directors proposes that shareholders elect Paul Belica, Robert E. Connor, John J. Dalessandro II, Hans W. Kertess, William B. Ogden, IV, R. Peter Sullivan III and John C. Maney (the Nominees), each of whom currently serves as a director of AGIFM-advised closed-end funds, as a Director of the Fund. By electing the Nominees to the Board of Directors, the Fund can leverage the knowledge and expertise of these individuals, each of whom is familiar with the AGIFM management model as well as with a wide range of oversight issues relating to closed-end bond funds, and each of whom would provide the benefit of different experiences and diversity of viewpoints. Election of the Nominees could also result in direct cost savings to the Fund. For example, by holding consolidated board meetings with other AGIFM-advised closed-end funds, travel and related expenses, including support staff expenses and other similar costs necessary to support multiple board meetings, could be reduced. Furthermore, by reducing the number of separate boards, PIMCO and AGIFM can focus greater resources on issues that will directly benefit shareholders and less time and resources addressing common issues with multiple boards of directors.

At a meeting held on February 25, 2008, the Board, including the Independent Directors, nominated each Nominee for election by shareholders of the Fund. The Nominees have indicated their willingness to serve. The Board knows of no reason why any Nominee would be unable to serve, but in the event of any such unavailability, the proxies received will be voted for such substituted nominee as the Board may recommend. The persons named as proxies on the enclosed proxy card will vote your shares for the election of the Nominees unless you withhold authority to vote for the Nominees in your proxy. If elected by shareholders, the Nominees will continue to serve as Directors of the Fund until their term expires, unless sooner succeeded as provided in the Fund's Articles of Incorporation.

The Fund's Articles of Incorporation provide that the Fund's Board of Directors shall be divided into three classes, as nearly equal in number as possible, which shall be designated as Class I, Class II and Class III. The term of service for each Class of Directors is staggered, such that each year shareholders vote for the re-election of one Class of Directors. The effect of these staggered terms is to limit the ability of other entities or persons to acquire control of the Fund by delaying for up to two years the replacement of a majority of the Directors. It is being proposed that Messrs. John J. Dalessandro II and William B. Ogden, IV serve as Class I Directors, whose terms will expire in 2010, that Messrs. Hans W. Kertess, John C. Maney and R. Peter Sullivan III serve as Class II Directors, whose terms will expire in 2011, and that Messrs. Paul Belica and Robert E. Connor serve as Class III Directors, whose terms will expire in 2009.

The current Directors of the Fund are expected to resign effective upon the Nominees taking office.

It is proposed and the Board recommends that shareholders elect the Nominees.

The following table sets forth certain information concerning each of the Nominees.

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**Nominees**

Name, Address* and Date of Birth Independent Director Nominees	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number	
				Complex Overseen by Director/ Nominee	Other Directorships Held by Director/ Nominee
Paul Belica 09/27/1921 Class III	None (Director Nominee)	None (Director Nominee)	Retired. Formerly Director, Student Loan Finance Corp., Education Loans, Inc., Goal Funding, Inc., Goal Funding II, Inc. and Surety Loan Fund, Inc.. Formerly, Manager of Stratigos Fund LLC, Whistler Fund LLC, Xanthus Fund LLC & Wynstone Fund LLC.	29	None
Robert E. Connor 09/17/1934 Class III	None (Director Nominee)	None (Director Nominee)	Corporate Affairs Consultant. Formerly, Senior Vice President, Corporate Office, Smith Barney Inc.	29	None
John J. Dalessandro II 07/26/1937 Class I	None (Director Nominee)	None (Director Nominee)	Retired. Formerly, President and Director, J.J. Dalessandro II Ltd., registered broker-dealer and member of the New York Stock Exchange.	29	None
Hans W. Kertess 07/12/1939 Class II	None (Director Nominee)	None (Director Nominee)	President, H. Kertess & Co., a financial advisory company; formerly, Managing Director, Royal Bank of Canada Capital Markets.	29	None
William B. Ogden, IV 01/11/1945 Class I	None (Director Nominee)	None (Director Nominee)	Asset Management Industry Consultant. Formerly, Managing Director, Investment Banking Division of Citigroup Global Markets Inc.	27	None

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R. Peter Sullivan III	None (Director Nominee)	None (Director Nominee)	Retired. Formerly, Managing Partner, Bear Wagner Specialists LLC, specialist firm on the New York Stock Exchange.	27	None
09/04/1941					

Class II

**Interested**

**Director Nominee**

John C. Maney**	None (Director Nominee)	None (Director Nominee)	Management Board of Allianz Global Investors Fund Management LLC; Chief Financial Officer of Allianz Global Investors Managed Accounts LLC and Allianz Global Investors Distributors LLC; Management Board and Managing Director of Allianz Global Investors of America L.P. since January 2005 and also Chief Operating Officer of Allianz Global Investors of America L.P. since November 2006; Formerly, Executive Vice President and Chief Financial Officer of Apria Healthcare Group, Inc. (1998-2001)	65	None
08/03/1959					

Class II

\* Unless otherwise indicated, the business address of the persons listed above is c/o Allianz Global Investors Fund Management LLC, 1345 Avenue of the Americas, New York, New York 10105.

\*\* Mr. Maney will be an interested person of the Fund due to his affiliation with Allianz Global Investors of America L.P. and its affiliates. Mr. Maney holds the following positions with affiliated persons: Management Board, Managing Director and Chief Operating Officer of Allianz Global Investors of America L.P., Allianz Global Investors of America LLC and Allianz-Pac Life Partners LLC; Member Board of Directors and Chief Operating Officer of Allianz Global Investors of America Holdings Inc. and Oppenheimer Group, Inc.; Managing Director and Chief Operating Officer of Allianz Global Investors NY Holdings LLC and Allianz Global Investors U.S. Equities LLC; Management Board and Managing Director of Allianz Global Investors U.S. Holding LLC; Managing Director and Chief Financial Officer of Allianz Hedge Fund Partners Holding L.P.; Managing Director of Allianz Global Investors U.S. Retail LLC; Member Board of Directors and Managing Director of Allianz Global Investors Advertising Agency Inc.; Compensation Committee of NFJ Investment Group L.P.; Management Board of Allianz Global Investors Fund Management LLC, Nicholas-Applegate Holdings LLC and OpCap Advisors LLC; Member Board of Directors of NFJ Management Inc. and PIMCO Global Advisors (Resources) Limited; and Executive Vice President of PIMCO Japan Ltd.

**Board of Director Committees**

The Nominees have indicated that if they are elected, they intend to organize committees of the board as follows:

*Audit Oversight Committee.* The Board would establish an Audit Oversight Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the 1934 Act ). It is anticipated that the Audit Oversight Committee would consist of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan, each of whom would be an Independent Director. It is anticipated that Mr. Belica would be Chairman of the Fund's Audit Oversight Committee.



The Audit Oversight Committee would provide oversight with respect to the internal and external accounting and auditing procedures of the Fund and, among other things, would determine the selection of the independent registered public accounting firm for the Fund and consider the scope of the audit, approve all audit and permitted non-audit services proposed to be performed by those auditors on behalf of the Fund, and services to be performed by the auditors for certain affiliates, including AGIFM, PIMCO and entities in a control relationship with AGIFM or PIMCO, that provide services to the Fund where the engagement relates directly to the operations and financial reporting of the Fund. The Committee would consider the possible effect of those services on the independence of the Fund's independent registered public accounting firm.

Each member of the Fund's Audit Oversight Committee would be independent, as independence for audit committee members is defined in the currently applicable listing standards of the New York Stock Exchange, on which the shares of the Fund are listed.

The Fund's Board would adopt a written charter for its Audit Oversight Committee.

*Nominating Committee.* The Board would establish a Nominating Committee which would be composed solely of Independent Directors. It is anticipated that the Nominating Committee would consist of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan. The Nominating Committee would be responsible for reviewing and recommending qualified candidates to the Board in the event that a position is vacated or created or when Directors are to be re-elected. The Nominating Committee of the Fund would adopt a charter.

It is anticipated that each member of the Nominating Committee would be independent, as independence for nominating committee members is defined in the currently applicable listing standards of the New York Stock Exchange, on which the Common Shares of the Fund are listed.

*Qualifications, Evaluation and Identification of Director Nominees.* It is anticipated that the Nominating Committee of the Fund would require that Director candidates have a college degree or equivalent business experience. When evaluating candidates, the Nominating Committee could take into account a wide variety of factors including, but not limited to: (i) availability and commitment of a candidate to attend meetings and perform his or her responsibilities on the Board, (ii) relevant industry and related experience, (iii) educational background, (iv) financial expertise, (v) an assessment of the candidate's ability, judgment and expertise and (vi) overall Board composition. It is anticipated that the process of identifying nominees would involve the consideration of candidates recommended by one or more of the following sources: (i) the Fund's Directors, (ii) the Fund's officers, (iii) the Fund's shareholders and (iv) any other source the Committee deems to be appropriate. The Nominating Committee would be permitted, but would not be required to, retain a third party search firm at the Fund's expense to identify potential candidates.

*Consideration of Candidates Recommended by Shareholders.* The Nominating Committee would review and consider nominees recommended by shareholders to serve as Director, provided that the recommending shareholder follows certain procedures for shareholders to submit nominee candidates. Among other requirements, it is anticipated that these procedures would provide that the recommending shareholder submit any recommendation in writing to the Fund, to the attention of the Fund's Secretary, at the address of the principal executive offices of the Fund and that such submission must be received at such offices not less than 45 days nor more than 75 days prior to the date of the Board or stockholder meeting at which the nominee would be elected. It is anticipated that any recommendation would be required to include certain biographical and other information regarding the candidate and the recommending stockholder, and must include a written and signed consent of the candidate to be named as a nominee and to serve as a Director if elected. The foregoing description of the requirements is only a summary of the procedures that the Nominating Committee is expected to adopt.

The Nominating Committee would have full discretion to reject nominees recommended by shareholders, and there is no assurance that any such person properly recommended and considered by the Committee would be nominated for election to the Board of the Fund.

*Valuation Committee.* The Board would establish a Valuation Committee, which is anticipated to consist of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan. The Board would delegate to the Valuation Committee the responsibility to determine or cause to be determined the fair value of the Fund's portfolio securities and other assets when market quotations are not readily available. The Valuation Committee would review and

approve procedures for the fair valuation of the Fund's portfolio securities and periodically review information from AGIFM and PIMCO regarding fair value and liquidity determinations made pursuant to Board-approved procedures, and would make related recommendations to the full Board and assist the full Board in resolving particular fair valuation and other valuation matters.

*Compensation Committee.* The Board would establish a Compensation Committee, which is anticipated to consist of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan. The Compensation Committee would meet as the Board deemed necessary to review and make recommendations regarding compensation payable to the Directors of the Fund who are not directors, officers, partners or employees of AGIFM or PIMCO or any entity controlling, controlled by or under common control with AGIFM or PIMCO.

The establishment and composition of Board Committees, the qualifications of and process for identifying director nominees and the consideration of director nominees submitted by shareholders are each subject to the final determination of the Nominees in their discretion, if elected.

Listed below for each Nominee is a dollar range of securities beneficially owned in the Fund together with the aggregate dollar range of equity securities in all registered investment companies overseen by each Nominee that are in the same family of investment companies as the Fund, as of January 31, 2008.

Name of Director or Nominee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director/Nominee in the Family of Investment Companies <sup>1</sup>
<b>Independent Director Nominees</b>		
Paul Belica	\$0	\$0
Robert E. Connor	\$0	\$0
John J. Dalessandro II	\$0	\$0
Hans W. Kertess	\$0	\$0
William B. Ogden, IV	\$0	\$0
R. Peter Sullivan III	\$0	\$0
<b>Interested Director Nominees</b>		
John C. Maney	\$0	\$0

<sup>1</sup> Family of Investment Companies includes the Fund, PIMCO Funds, PIMCO Variable Insurance Trust and PIMCO Strategic Global Government Fund, Inc.

Set forth in the table below is information regarding share ownership in securities of PIMCO, and any entity controlling, controlled by or under common control with PIMCO (not including registered investment companies), as of January 31, 2008 for each Nominee who would be an Independent Director if elected and his or her immediate family members.

Name of Director or Nominee	Name of Owners and Relationships to Director	Company	Title of Class	Value of Securities	Percent of Class
<b>Current Independent Directors</b>					
Paul Belica	None	None	None	None	None
Robert E. Connor	None	None	None	None	None
John J. Dalessandro II	None	None	None	None	None
Hans W. Kertess	None	None	None	None	None
William B. Ogden, IV	None	None	None	None	None
R. Peter Sullivan III	None	None	None	None	None

**THE BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE NOMINEES UNDER PROPOSAL 3. UNMARKED PROXIES WILL BE SO VOTED.**

**PROPOSAL 4: In the event that either Proposal 1 or Proposal 2 is not approved by shareholders, to consider re-election of the current Directors of the Fund whose terms expire this year, so that those Directors will continue to hold office until the end of those current Directors' stated terms.**

As described above under Proposal 3, the Directors are divided into three Classes, each having a term of three years, with the term of each Class expiring in a different year. The Board of Directors is nominating the Fund's current Class II Directors, each of whose term expires in 2008 (the Current Director Nominees), for re-election to serve for the term set forth below in the event that either Proposal 1 or Proposal 2 is not approved by shareholders.

At a meeting held on February 25, 2008, the Board, including the Independent Directors, nominated each Current Director Nominee for election. The Current Director Nominees have indicated their willingness to serve as Directors. The Board knows of no reason why the Current Director Nominees would be unable to serve, but in the event of any such unavailability, the proxies received will be voted for such substituted nominee as the Board may recommend. The persons named as proxies on the enclosed proxy card will vote your shares for the election of the Current Director Nominees unless you withhold authority to vote for the Current Director Nominees in your proxy. If elected by shareholders, the Current Director Nominees will continue to serve as Directors of the Fund until their term expires in 2011 unless sooner succeeded as provided in the Fund's Articles of Incorporation.

It is proposed, and the Board recommends, that shareholders elect the Current Director Nominees.

The following table sets forth certain information concerning each of the current Directors of the Fund, including the Current Director Nominees. However, only the Current Director Nominees and the Nominees discussed in Proposal 3 are standing for election at the Meeting, and the Current Director Nominees are only standing for election on the conditions set forth above.

The Class II Directors (the Current Director Nominees) are:

**Class II Directors (Current Term Expiring in 2008):**

Name, Address and Age <sup>1</sup> Independent Directors	Position(s) Held With Fund	Term of Office and Length of Time Served <sup>2</sup>	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director	Shares of Common Stock of the Fund Beneficially Owned
						as of [TBD]
J. Michael Hagan Age 68	Director/Nominee	3/00-Present	Private Investor and Business Adviser (primarily to manufacturing companies).	94	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; Director, Ameron International (manufacturing); and Director, Fleetwood Enterprises (manufacturer of housing and recreational vehicles). Formerly, Director, Remedy Temp (staffing).	900
Vern O. Curtis Age 73	Director/Nominee	2/95-Present	Private Investor.	94	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; and Director.	7500

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The current Class III Directors are:

**Class III Directors (Current Term Expiring in 2009):**

Name, Address and Age <sup>1</sup> Interested Directors	Position(s) Held	Term of Office and Length of	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock of the Fund Beneficially Owned
	With Fund	Time Served <sup>2</sup>				as of [date]
Brent R. Harris <sup>3</sup> Age: 48	Chairman of the Board and Director	6/93-Present	Managing Director and member of Executive Committee, PIMCO.	94	Trustee and Chairman of the Board, PIMCO Funds and PIMCO Variable Insurance Trust; Director and Vice President, StocksPLUS <sup>®</sup> Management, Inc.; and member of Board of Governors and Executive Committee, Investment Company Institute.	TBD
R. Wesley Burns <sup>3</sup> Age: 48	Director	11/97-Present (President until 5/05)	Consulting Managing Director, PIMCO. Formerly, Managing Director, PIMCO.	95	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; Director and Chairman of the Board, PIMCO Strategic Global Government Fund, Inc.; and Director, PS Business Parks, Inc. (a Real Estate Investment Trust).	TBD

The current Class I Directors are:

**Class I Directors (Current Term Expiring in 2010)**

Name, Address and Age <sup>1</sup> Independent Directors	Position(s) Held	Term of Office and Length of	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director or Nominee for Director	Shares of Common Stock of the Fund Beneficially Owned
	With Fund	Time Served <sup>2</sup>				as of [date]
E. Philip Cannon Age 67	Director	3/00-Present	Proprietor, Cannon & Company (a private investment firm). Formerly, President, Houston Zoo (until 2005).	94	Trustee, PIMCO Funds; and Trustee, PIMCO Variable Insurance Trust. Formerly, Trustee, Allianz Funds (formerly, PIMCO Funds: Multi-Manager Series).	1500
William J. Popejoy Age 70	Director	7/93-2/95 and 8/95-Present	Private Investor.	94	Trustee, PIMCO Funds; and Trustee, PIMCO Variable Insurance Trust. Formerly, Director, New Century Financial Corporation (mortgage banking).	17,800

<sup>1</sup> Directors can be reached at the Fund's address above.

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- <sup>2</sup> The current terms of the Class I, Class II and Class III Directors will expire in 2010, 2008 and 2009, respectively.
- <sup>3</sup> Mr. Burns and Mr. Harris are interested persons of the Fund (as that term is defined in the Investment Company Act of 1940, as amended ( 1940 Act )) because of their affiliations with the Fund's investment adviser, PIMCO.
- During the fiscal year ended December 31, 2007, there were 6 meetings of the Board.

Listed below for each current Director is a dollar range of securities beneficially owned in the Fund together with the aggregate dollar range of equity securities in all registered investment companies overseen by each Director that are in the same family of investment companies as the Fund, as of [date], 2008.

Name of Director or Nominee	Dollar Range of	
	Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Director/Nominee in the Family of Investment Companies <sup>1</sup>
<b>Current Independent Directors</b>		
E. Philip Cannon	TBD	TBD
William J. Popejoy	TBD	TBD
J. Michael Hagan	TBD	TBD
Vern O. Curtis	TBD	TBD
<b>Current Interested Directors</b>		
Brent R. Harris	TBD	TBD
R. Wesley Burns	TBD	TBD

<sup>1</sup> Family of Investment Companies includes the Fund, PIMCO Funds, PIMCO Variable Insurance Trust and PIMCO Strategic Global Government Fund, Inc.

As of [date], Ernest L. Schmider, the Fund's President, beneficially owned [ ] shares of common stock of the Fund. [No other named executive officers of the Fund, as defined in Item 402(a)(3) of Regulation S-K, owned shares of common stock of the Fund.]

Set forth in the table below is information regarding share ownership in securities of PIMCO, and any entity controlling, controlled by or under common control with PIMCO (not including registered investment companies), as of [\_\_\_\_\_, 2008] for each Current Director Nominee who would be an Independent Director if elected and his or her immediate family members. This information is also provided with respect to each of the Fund's current Independent Directors.

Name of Director or Nominee	Name of Owners and Relationships to Director	Company	Title of Class	Value of Securities	Percent of Class
<b>Current Independent Directors</b>					
E. Philip Cannon	TBD	TBD	TBD	TBD	TBD
William J. Popejoy	TBD	TBD	TBD	TBD	TBD
J. Michael Hagan	TBD	TBD	TBD	TBD	TBD
Vern O. Curtis	TBD	TBD	TBD	TBD	TBD

As of [date], the Directors and officers of the Fund, as a group, owned less than one percent of the outstanding shares of the Fund in the aggregate. To the knowledge of the Fund, as of the Record Date, no persons owned of record or beneficially 5% or more of the shares of the Fund.

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## Board of Directors Committees

### *Audit Committee*

The Fund has a standing Audit Committee that currently consists of all of the Independent Directors (presently Messrs. Cannon, Curtis, Hagan and Popejoy). Mr. Curtis, an Independent Director, has been designated as the Audit Committee's financial expert. The Audit Committee reviews both the audit and non-audit work of the Fund's independent registered public accounting firm, submits a recommendation to the Board as to the selection of the independent registered public accounting firm, and reviews generally the maintenance of the Fund's records and the safekeeping arrangements of the Fund's custodian. During the fiscal year ended December 31, 2007, the Audit Committee met four times. Four members of the Audit Committee attended 100% of such meetings, and one member attended 75%.

The Board of Directors has adopted an Audit Committee Charter, a copy of which was attached to the 2005 Proxy Statement as Appendix A and which is available on the Fund's website at [www.pcmfund.com](http://www.pcmfund.com). The Audit Committee has received written disclosures and the letter required by Independence Standards Board Standard No. 1 from its independent registered public accounting firm, and has discussed with its independent registered public accounting firm its independence. The Audit Committee has also reviewed and discussed the audited financial statements with Fund management and its independent registered public accounting firm, and discussed certain matters with its independent registered public accounting firm addressed by Statements on Auditing Standards No. 61. Based on the foregoing, the Audit Committee recommended to the Board that the Fund's audited financial statements be included in the Fund's annual report for the fiscal year ended December 31, 2007.

### *Valuation Committee*

The Fund has a standing Valuation Committee whose function is to monitor the valuation of portfolio securities and other investments and, as required by the Fund's valuation policies, when the Board is not in session, it shall determine the fair value of portfolio holdings after consideration of all relevant factors, which determinations shall be reported to the full Board. The Valuation Committee consists of two Directors of the Fund, presently Mr. Harris and Mr. Burns, and four officers of the Fund: Ernest L. Schmider (President), John P. Hardaway (Treasurer), Erik C. Brown (Assistant Treasurer) and Stacie D. Antcil (Assistant Treasurer). Each member of the Valuation Committee is an interested person of the Fund as that term is defined in the 1940 Act. During the fiscal year ended December 31, 2007, there were twelve meetings of the Valuation Committee.

### *Governance Committee: Consideration of Potential Director Nominees*

The Fund has established a Governance Committee (formerly, Nominating Committee) (the Committee) that consists of all of the Directors. One function of the Committee is to make recommendations to the Board regarding nominations for membership on the Board of Directors. It evaluates candidates' qualifications for Board membership and, with respect to nominees for positions as independent directors, their independence from the Fund's investment adviser and other principal service providers. Although all of the Directors of the Fund are eligible to serve on the Committee, the interested Directors of the Fund who are members of the Committee do not participate in any activities that are exclusively the responsibility of the independent Directors (e.g., voting on the nomination of independent directors).

The Committee will consider potential director nominees recommended by Fund shareholders provided that the proposed nominees: (i) satisfy any minimum qualifications of the Fund for its Directors; (ii) are not interested persons of the Fund or the Fund's investment adviser within the meaning of the 1940 Act; and (iii) are independent as defined in the New York Stock Exchange (NYSE) listing standards.

In addition, potential director nominees recommended by shareholders must fulfill the following requirements:

- (a) The nominee may not be the nominating shareholder, a member of the nominating shareholder group, or a member of the immediate family of the nominating shareholder or any member of the nominating shareholder group;
- (b) Neither the nominee nor any member of the nominee's immediate family may be currently employed or employed within the last year by any nominating shareholder entity or entity in a nominating shareholder group;
- (c) Neither the nominee nor any immediate family member of the nominee is permitted to have accepted directly or indirectly, during the year of the election for which the nominee's name was submitted, during the immediately preceding calendar year, or during the year when the nominee's name was submitted, any consulting, advisory, or other compensatory fee from the nominating shareholder or any member of a nominating shareholder group;

(d) The nominee may not be an executive officer or director (or person performing similar functions) of the nominating shareholder or any member of the nominating shareholder group, or of an affiliate of the nominating shareholder or any such member of the nominating shareholder group; and

(e) The nominee may not control (as "control" is defined in the 1940 Act) the nominating shareholder or any member of the nominating shareholder group (or in the case of a shareholder or member that is a fund, an interested person of such shareholder or member as defined by Section 2(a)(19) of the 1940 Act).

The nominating shareholder or shareholder group must meet the following requirements:

(a) Any shareholder or shareholder group submitting a proposed nominee must beneficially own, either individually or in the aggregate, more than 5% of the Fund's securities that are eligible to vote at the time of submission of the nominee and at the time of the annual meeting where the nominee may be elected. Each of the securities used for purposes of calculating this ownership must have been held continuously for at least two years as of the date of the nomination. In addition, such securities must continue to be held through the date of the meeting. The nominating shareholder or shareholder group must also bear the economic risk of the investment and the securities used for purposes of calculating the ownership cannot be held "short"; and

(b) The nominating shareholder or shareholder group must also submit a certification which provides the number of shares which the person or group has (i) sole power to vote or direct the vote; (ii) shared power to vote or direct the vote; (iii) sole power to dispose or direct the disposition of such shares; and (iv) shared power to dispose or direct the disposition of such shares. In addition, the certification shall provide that the shares have been held continuously for at least two years.

A nominating shareholder or shareholder group may not submit more proposed nominees than the number of Board positions open each year. All shareholder recommended nominee submissions must be received by the Fund by the deadline for submission of any shareholder proposals (see "Shareholders' Proposals" below) which would be included in the Fund's proxy statement for its 2009 Annual Meeting.

Shareholders recommending potential director nominees must substantiate compliance with these requirements at the time of submitting their proposed director nominee to the attention of the Fund's Secretary. Notice to the Fund's Secretary should be provided in accordance with the deadline specified above and include, (i) the shareholder's contact information; (ii) the director nominee's contact information and the number of Fund shares owned by the proposed nominee; (iii) all information regarding the proposed nominee that would be required to be disclosed in solicitations of proxies for elections of directors required by Regulation 14A of the 1934 Act; and (iv) a notarized letter executed by the proposed nominee, stating his or her intention to serve as a nominee and be named in the Fund's proxy statement, if nominated by the Board of Directors, to be named as a director if so elected.

The Board of Directors has adopted a Charter for the Committee, a copy of which was attached to the 2005 Proxy Statement as Appendix B and is available on the Fund's website at [www.pcmfund.com](http://www.pcmfund.com). The Committee identifies prospective director nominees from any reasonable source and has the ability to engage third-party services for the identification and evaluation of potential nominees. The Charter of the Committee provides that each prospective director candidate have a college degree or equivalent business experience. In addition, it is the Board's policy that directors on the Board may not serve in a similar capacity on the board of a registered investment company which is not sponsored or advised by the Fund's investment adviser or its affiliates. Although there are no minimum qualifications other than as described above, the Committee may take into account a wide variety of factors in considering prospective director nominees, including (but not limited to) the overall diversity of the Board's composition and the prospective nominee's: (i) availability and commitment to attend meetings and perform his or her responsibilities on the Board; (ii) relevant industry and related experience; (iii) educational background; (iv) financial expertise; and (v) ability, judgment and expertise.

The Committee may recommend that the Board modify any nominee qualifications from time to time. The Committee meets periodically to identify and evaluate nominees for director and makes its recommendations to the Board at the time of the Board's February meeting. Other than compliance with the requirements mentioned above for submission of a director candidate, the Committee does not otherwise evaluate potential director nominees recommended by shareholders in a different manner. The standard of the Committee is to treat all equally qualified potential nominees in the same manner.



During the fiscal year ended December 31, 2007, the Committee met two times.

### Communications with the Board of Directors

The Fund provides a means for shareholders to send communications to the Board of Directors. Shareholders may obtain information regarding the ability to communicate with the Board of Directors, as well as the Fund's policy concerning attendance by Directors at annual meetings of shareholders, by consulting the Fund's website at [www.pcmfund.com](http://www.pcmfund.com).

### Remuneration of Directors and Officers

As of December 31, 2007, the Fund paid each Independent Director an annual retainer of \$6,000, plus \$1,000 for each regular Board meeting attended in person and (\$500 for each special meeting attended) plus reimbursement of related expenses. The Audit Committee Chairman receives an annual retainer of \$1,000 and the Governance Committee Chairman receives an annual retainer of \$500. In addition, each member of a committee receives \$250 for each committee meeting attended.

The following table sets forth the compensation paid to each Director of the Fund for the fiscal year ended December 31, 2007. Directors who are interested persons of the Fund do not receive any compensation from the Fund.

Name	Aggregate Compensation from Fund <sup>1</sup>	Total Compensation from Fund and Fund Complex <sup>2</sup>
<b>Independent Directors</b>		
Marilyn A. Alexander <sup>3</sup>	\$ 8,500	\$ 125,000
E. Philip Cannon	\$ 12,000	\$ 175,375
Vern O. Curtis	\$ 13,000	\$ 192,125
J. Michael Hagan	\$ 12,000	\$ 175,375
William J. Popejoy	\$ 12,500	\$ 175,625
<b>Interested Directors</b>		
R. Wesley Burns	\$ 0	\$ 0
Brent R. Harris	\$ 0	\$ 0

<sup>1</sup> The amounts shown in this column represent the aggregate compensation before deferral with respect to the Fund's fiscal year ended December 31, 2007. [Mr. Cannon deferred compensation of \$11,750 from the Fund during the fiscal year ended December 31, 2007. The cumulative deferred compensation (including interest) accrued with respect to Mr. Cannon from the Fund, as of the Fund's fiscal year ended December 31, 2007, is \$89,351.96].

<sup>2</sup> Fund Complex includes the Fund, PIMCO Funds, PIMCO Variable Insurance Trust, and PIMCO Strategic Global Government Fund, Inc. No compensation was paid to any Director of the Fund by PIMCO Strategic Global Government Fund, Inc.

<sup>3</sup> Marilyn A. Alexander resigned as a Director of the Fund effective August 23, 2007.

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For their services as Trustees of the PIMCO Funds, the Directors who are not interested persons of PIMCO Funds listed above received an annual retainer of \$100,000 plus \$9,500 for each Board of Trustees meeting attended in person (\$1,500 for each special meeting attended), plus reimbursement of related expenses. The Audit Committee Chairman receives an annual retainer of \$15,000 and the Governance Committee Chairman receives an annual retainer of \$1,500. In addition, the Audit Committee Chairman receives \$1,000 for each Audit Committee meeting attended and each member of a committee receives \$750 for each committee meeting attended.

For their services as Trustees of the PIMCO Variable Insurance Trust, the Directors who are not interested persons of PIMCO Variable Insurance Trust listed above received an annual retainer of \$15,000 plus \$2,375 for each Board of Trustees meeting attended in person (\$750 for each special meeting attended), plus reimbursement of related expenses. The Audit Committee Chairman receives an annual retainer of \$2,000 and the Governance Committee Chairman receives an annual retainer of \$500. In addition, the Audit Committee Chairman receives \$500 for each Audit Committee meeting attended and each member of a committee receives \$500 for each committee meeting attended.

The following table shows the executive officers of the Fund, their ages, positions with the Fund and principal occupations during the past five years.

Name, Address and Age <sup>1</sup>	Position(s) Held with Fund	Term of Office	Principal Occupation(s) During the Past Five Years
		and Length of Time Served <sup>2</sup>	
Ernest L. Schmider  Age 50	President	5/05-present	Managing Director, PIMCO.
David C. Flattum  Age 43	Chief Legal Officer	11/06-present	Executive Vice President and General Counsel, PIMCO. Formerly, Managing Director, Chief Operating Officer and General Counsel, AGI and Partner at Latham and Watkins LLP.
Jennifer E. Durham  Age 37	Chief Compliance Officer	7/04-present	Senior Vice President, PIMCO. Formerly, Vice President and Legal/Compliance Manager, PIMCO.
Daniel J. Ivascyn  Age 38	Senior Vice President	11/01-present	Managing Director, PIMCO. Formerly, Executive Vice President, PIMCO.
William C. Powers  Age 50	Senior Vice President	7/93-present	Managing Director, PIMCO.
Jeffrey M. Sargent  Age 45	Senior Vice President. Formerly, Vice President.	6/93-present  (since 2/99 as Senior Vice President)	Executive Vice President, PIMCO. Formerly, Senior Vice President, PIMCO.
William S. Thompson, Jr.  Age 62	Senior Vice President	7/93-present  (since 2/03 as Senior Vice President)	Chief Executive Officer and Managing Director, PIMCO.
J. Stephen King, Jr.  Age 45	Vice President Senior Counsel & Secretary	5/05-present  (since 10/2007 as Secretary)	Senior Vice President and Attorney, PIMCO. Formerly, Vice President, PIMCO and Associate, Dechert LLP.
Henrik P. Larsen  Age 37	Vice President	2/99-present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.



Joshua D. Ratner Age 31	Assistant Secretary	10/2007 to present	Vice President and Attorney, PIMCO. Formerly, Associate, Skadden, Arps, Slate, Meagher & Flom LLP and Associate, Ropes & Gray LLP
Michael J. Willemsen Age 48	Vice President	2/95-present (Since 2/02 as Vice President)	Vice President, PIMCO.
John P. Hardaway Age 50	Treasurer	6/93-present	Executive Vice President, PIMCO. Formerly, Senior Vice President, PIMCO.
Erik C. Brown Age 40	Assistant Treasurer	2/01-present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.
Trent W. Walker Age 33	Assistant Treasurer	5/07-present	Vice President, PIMCO. Formerly, Senior Manager, PricewaterhouseCoopers LLP.
Stacie D. Anctil Age 38	Assistant Treasurer	11/03-present	Vice President, PIMCO. Formerly, Specialist, PIMCO.

<sup>1</sup> Executive officers can be reached at the Fund's address above.

<sup>2</sup> Officers of the Fund are appointed annually by the Board.

**THE BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS, RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE CURRENT DIRECTOR NOMINEES UNDER PROPOSAL 4. UNMARKED PROXIES WILL BE SO VOTED.**

**INFORMATION ON INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP ( PwC ) was selected by the Board on February 25, 2008 as independent registered public accounting firm to examine the financial statements of the Fund for the fiscal year ending December 31, 2008. A representative of PwC, if requested by any shareholder, will be present (via telephone) at the Meeting, will have the opportunity to make a statement if the representative desires to do so, and will respond to appropriate questions from shareholders.

*Fees for Services to the Fund*

The following table provides information on the aggregate fees billed by PwC for services rendered to the Fund for each of the last two fiscal years.

Fiscal Year Ended	Audit Fees <sup>1</sup>	Audit-Related Fees <sup>2</sup>	Tax Fees <sup>3</sup>	All Other Fees	Totals
December 31, 2007	\$ 21,262	\$ 1,000	\$ -0-	-0-	\$ 22,262
December 31, 2006	\$				