ABERDEEN GLOBAL INCOME FUND INC
Form N-CSR
January 09, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number: 811-06342

Aberdeen Global Income Fund, Inc.

Exact name of registrant as specified in charter:

800 Scudders Mill Road,

Plainsboro,

New Jersey 08536

Address of principal executive offices:

Megan Kennedy

Aberdeen Asset Management Inc.

1735 Market Street

37th Floor

Philadelphia, PA 19103

Name and address of agent for service:

Registrant s telephone number, including area code: 866-839-5233

Date of fiscal year end: 10/31/08

Date of reporting period: 10/31/08

Item 1 Reports to Stockholders.

08

Invests primarily in global fixed-income securities

Aberdeen Global Income Fund, Inc.

Annual Report

October 31, 2008

Letter to Shareholders (unaudited)

December 11, 2008

Dear Shareholder,

We present this Annual Report which covers the activities of Aberdeen Global Income Fund, Inc. (the Fund) for the year ended October 31, 2008. The Fund s principal investment objective is to provide high current income by investing primarily in fixed income securities. As a secondary investment objective, the Fund seeks capital appreciation, but only when consistent with its principal investment objective.

Net Asset Value Performance

The Fund s total return based on net asset value (NAV) was 25.87% for the year ended October 31, 2008 and 6.05% per annum since inception, assuming the reinvestment of distributions.

Share Price Performance

The Fund s share price decreased by 36.8% over the year, from $12.97 on October 31, 2007 to $8.20 on October 31, 2008. The Fund s share price on October 31, 2008 represented a discount of 14.7% to the NAV per share of $9.61 on that date, compared with a discount of 8.6% to the NAV per share of $14.19 on October 31, 2007. At the date of this letter, the share price was $7.90, representing a discount of 20.0% to the NAV per share of $9.88.

Credit Quality: 76.1% of Securities Rated or Deemed Equivalent to A or Better

As of October 31, 2008, 76.1% of the Fund s portfolio was invested in securities where either the issue or the issuer was rated A or better, or judged by Aberdeen Asset Management Asia Limited (the Investment Manager) to be of equivalent quality.

Distributions

Distributions to common shareholders for the twelve months ended October 31, 2008 totaled $1.02 per share (including a special distribution of 20 cents per share). Based on the share price of $8.20 on October 31, 2008, the distribution rate over the twelve months then ended was 12.4% (10.0% excluding the special distribution). Since all distributions are paid after deducting applicable withholding taxes, the effective distribution rate may be higher for those U.S. investors who are able to claim a tax credit.

On December 9, 2008, the Board of Directors authorized a monthly distribution of 7.0 cents per share, payable on January 16, 2009 to common shareholders of record as of December 31, 2008 and authorized a special distribution of 75.0 cents per common share payable on January 16, 2009 to common shareholders of record as of December 31, 2008.

The Board of Directors (Board) policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in-capital. It is the Board s intention that a monthly distribution of at least 7.0 cents per share be maintained for twelve months, beginning with the July 11, 2008 distribution payment. This policy is subject to regular review at the Board s quarterly meetings, unless market conditions require an earlier evaluation. The next review is scheduled to take place in March 2009.

Share Repurchase Policy

The Board s policy is generally to buy back Fund shares on the open market when the Fund trades at certain discounts to NAV. During the fiscal year ended October 31, 2008, the Fund repurchased 283,400 shares through this program.

Revolving Credit Facility and Leverage

The Fund has entered into a $30 million loan facility with The Bank of Nova Scotia. Under the terms of the loan facility, the Fund agreed that it would not permit the NAV to be less than $90 million at any time. Following broad market declines in October 2008, the Board authorized the renegotiation with The Bank of Nova Scotia of this covenant in order to lower the minimum NAV allowable from $90 million to $75 million in return for the payment of a renegotiation fee of $15,000 and an increase in the interest rate payable under the facility from 75 basis points over the applicable rate (e.g. LIBOR) to 100 basis points over the applicable rate. The Fund s Board of Directors continues to evaluate the use of leverage for the Fund. In December 2008, the Fund s Board of Directors authorized the Fund to use reverse repurchase agreements as another form of leverage. The Fund may implement a reverse repurchase agreement program if the Board determines it would be advantageous for the Fund and stockholders to do so.

Portfolio Holdings Disclosure

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund s Forms N-Q are available on the SEC s website at http://www.sec.gov and may be reviewed and copied at the SEC s Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund makes the information on Form N-Q available to shareholders on the Fund s website or upon request and without charge by calling Investor Relations toll-free at 1-866-839-5233.

Amendments to Bylaws

In December 2008, the Fund s Board of Directors adopted amendments to the Fund s Amended and Restated Bylaws dated as of December 12, 2007 (Bylaws) pertaining to certain corporate governance matters. Many of these amendments reflect recent changes to the Maryland

Letter to Shareholders (unaudited) (concluded)

general corporation law; other amendments were also approved to conform the Bylaws to those of the other closed-end funds managed by the Investment Manager. The amended Bylaws include:

- Updates to the procedures required for shareholders to call a special meeting of shareholders, including provisions that (a) clarify which shareholders may call a special meeting; (b) establish procedures to fix a record date; (c) establish procedures to set the date, time and place of special shareholders meetings; (d) address revocation of requests for special shareholders meetings; and (e) allow for verification of the validity of a shareholder request for a special meeting.
- Enhancements to the advance notice provisions of the Bylaws. These amendments require shareholders to notify the Secretary of the Fund of Director nominations and other shareholder proposals to be brought at an annual meeting, beginning with the 2010 annual meeting of shareholders, not earlier than the 150th day and not later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the preceding year s proxy statement.
- Additionally, the enhanced advance notice provisions (a) expand the information required to be provided by the shareholder making the proposal or nomination, including information regarding hedging activities and investment strategies of such shareholder and the shareholder s affiliates; and (b) require shareholders to update or correct any previously-submitted information.
- Clarification that only those individuals nominated in compliance with the advance notice provisions of the Bylaws are eligible to serve as Directors, and that individuals must meet the substantive qualification requirements at both the time of nomination and at the time of election.
- Revisions to the vote required to elect Directors of the Fund; the vote required to elect a Director will be the affirmative vote of a majority of the shares of stock outstanding and entitled to vote in the election of such Director.
- Clarification that the Board and shareholders may ratify prior actions or inactions by the Fund, and amendments providing that matters questioned in litigation may be ratified and that any such ratification bars any claim or execution of any judgment as to such questioned matter.

- Other amendments relating to corporate governance and the conduct of shareholder meetings.
- Amendments that vest in the Board the exclusive power to amend the Bylaws.
- Amendments providing that directors and officers are entitled to indemnification and reimbursement to the maximum extent permitted by Maryland law and the Investment Company Act of 1940 as amended.

Any shareholder may obtain a copy of the Fund s Bylaws by calling Investor Relations toll-free at 1-866-839-5233 or by visiting the Web site of the Securities and Exchange Commission at http://www.sec.gov.

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies related to portfolio securities during the twelve months ended June 30, 2008, is available: (i) upon request and without charge by calling Investor Relations toll-free at 1-866-839-5233; and (ii) on the SEC s website at http://www.sec.gov.

Investor Relations Information

For information about the Fund, daily updates of share price, NAV, and details of recent distributions, contact Aberdeen Asset Management Inc. by:

calling toll free at 1-866-839-5233 in the United States,
emailing InvestorRelations@aberdeen-asset.com, or
visiting the website at www.aberdeenfco.com.

For information about the Aberdeen Group, visit the Aberdeen website at www.aberdeen-asset.com.

Yours sincerely,

Vincent Esposito

President

All amounts are U.S. dollars unless otherwise stated.

Distribution Disclosure Classification (unaudited)

Your Board s policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital.

The Fund is subject to U.S. corporate, tax and securities laws. Under U.S. tax accounting rules, the amount of distributable income for each fiscal period depends on the actual exchange rates during the entire year between the U.S. dollar and the currencies in which Fund assets are denominated and on the aggregate gains and losses realized by the Fund during the entire year.

Therefore, the exact amount of distributable income for each fiscal year can only be determined as of the end of the Fund s fiscal year, October 31. However, under the U.S. Investment Company Act of 1940, as amended (the 1940 Act), the Fund may be required to indicate the sources of certain distributions to shareholders. This estimated distribution composition may vary from month to month because it may be materially impacted by future realized gains and losses on securities and fluctuations in the value of the currencies in which Fund assets are denominated.

The distributions for the fiscal year ended October 31, 2008 consisted entirely of net investment income.

In January 2009, a Form 1099-DIV will be sent to shareholders, which will state the amount and composition of distributions and provide information with respect to their appropriate tax treatment for the 2008 calendar year.

Automatic Dividend Reinvestment and Cash Purchase Plan (unaudited)

Common shareholders are automatically enrolled in the Fund s Automatic Dividend Reinvestment and Cash Purchase Plan (the Plan), which allows you to automatically reinvest your distributions in shares of the Fund s common stock at favorable commission rates, unless an election is made to receive distributions in cash. Distributions made under the Plan are taxable to the same extent as are cash distributions. The Plan also enables you to make additional cash investments in shares of at least $100 per transaction, with a maximum of $10,000 per month, and an aggregate annual limit of $120,000. Under this arrangement, The Bank of New York Mellon Corporation (the Plan Agent) will purchase shares for you on the New York Stock Exchange or otherwise on the open market on or before the investment date. The investment date is the 15th day of each month, but if such date is not a business day, the preceding business day.

As a participant in the Plan you will benefit from:

- **Automatic reinvestment** the Plan Agent will automatically reinvest your distributions, allowing you to gradually grow your holdings in the Fund;
- **Lower costs** shares are purchased on your behalf under the Plan at low brokerage rates. Brokerage on share purchases is currently 2 cents per share;
- **Convenience** the Plan Agent will hold your shares in non-certificated form and will provide a detailed plan account statement of your holdings at the end of each month.

To request a brochure containing information on the Plan, please contact the Plan Agent;

The Bank of New York Mellon Corporation

Shareholder Relations Department

480 Washington Blvd.

Jersey City, NJ 07310

or call toll free at **1-866-221-1606.**

Report of the Investment Manager (unaudited)

Share Price Performance

On October 31, 2008, the Fund s share price was $8.20, which represented a discount of 14.7% to the NAV per share of $9.61. As of December 11, 2008, the share price was $7.90, representing a discount of 20.0% to the NAV per share of $9.88.

Redemption of the Auction Market Preferred Stock

On March 7, 2008, the Fund announced that it would redeem all the issued and outstanding shares of the series of Auction Market Preferred Stock (the AMPS) pursuant to their terms and replace the AMPS with debt financing from a loan of an equivalent amount from The Bank of Nova Scotia. The Fund undertook this transaction in response to liquidity issues in the AMPS market. In early February 2008, for the first time in the history of the Fund s AMPS program, the Fund did not receive sufficient hold orders and purchase requests for its AMPS. As a result, the amount sold by each selling AMPS holder was reduced pro rata or to zero. In addition, the dividend rate on the AMPS, which was normally set by means of a Dutch Auction procedure, automatically reset to the maximum rate permitted under the AMPS program.

On March 7, 2008, the Fund entered into the loan facility with The Bank of Nova Scotia in the amount of $30 million to fund the redemption of the AMPS. For the year ended, October 31, 2008, the average interest rate on the loan facility was 3.50% and the average balance of the loan facility was $30,000,000.

Loan Facility and the Use of Leverage

The Fund utilizes leverage to seek to increase the yield for its common stockholders. Until March 13, 2008, the Fund had issued AMPS for its leverage. The AMPS were redeemed and the leverage for investment purposes now involves borrowing under a loan facility. The amounts borrowed from the line of credit may be invested at higher rates in the Fund s portfolio. However, the cost of leverage could exceed the income earned by the Fund on the proceeds of such leverage. To the extent that the Fund is unable to invest the proceeds from the use of leverage in assets which pay interest at a rate which exceeds the rate paid on the leverage, the yield on the Fund s common stock will decrease. In addition, in the event of a general market decline in the value of assets in which the Fund invests, the effect of that decline will be magnified in the Fund because of the additional assets purchased with the proceeds of the leverage. Non-recurring expenses in connection with the implementation of the loan facility and the redemption of the AMPS will reduce the Fund s performance.

The Fund s leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. The funds borrowed pursuant to the loan facility may constitute a substantial lien and burden by reason of their prior claim against the income of the Fund and against the net assets of the Fund in liquidation. The Fund is not permitted to declare dividends or other distributions in the event of default under the loan facility. As described below, in the event of a default under the credit agreement, the lenders have the right to cause a liquidation of the collateral (i.e., sell portfolio securities and other assets of the Fund) and, if any such default is not cured, the lenders may be able to control the liquidation as well. The loan facility has a term of 364 days and is not a perpetual form of leverage; there can be no assurance that the loan facility will be available for renewal on acceptable terms, if at all.

The credit agreement governing the loan facility includes usual and customary covenants for this type of transaction. These covenants impose on the Fund asset coverage requirements, fund composition requirements and limits on certain investments, such as illiquid investments, which are more stringent than those imposed on the Fund by the 1940 Act. The covenants or guidelines could impede the Investment Manager or Investment Adviser from fully managing the Fund s portfolio in accordance with the Fund s investment objective and policies. These covenants also include limits on the Fund s ability to (i) issue preferred shares or forms of indebtedness, (ii) incur liens, (iii) change its investment objective or fundamental investment restrictions without the approval of the lender, (iv) amend the Fund s organizational documents in a manner which could adversely affect the rights and remedies of the lender, or (v) create, incur, assume or permit to exist certain debt except for certain specified types of debt. In addition, the credit agreement does not permit the Fund s asset coverage ratio (as defined in the agreement) to fall below 300% at any time.

Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the loan facility. These other events include, but are not limited to:

- Non-payment by the Fund of certain obligations to the lender and other parties;
- Involuntary or voluntary liquidation, reorganization or other debt relief proceedings are commenced against or by the Fund;
- Aberdeen Asset Management Limited ceases to be the Investment Adviser to the Fund; State Street Bank and Trust Company ceases to be the Fund s custodian, or Aberdeen Asset Management Inc. ceases to be the Fund s administrator;
- Aberdeen Asset Management Asia Limited ceases to be owned or controlled by Aberdeen Asset Management PLC.

Report of the Investment Manager (unaudited) (continued)

The covenants also included a requirement that the Fund maintain an NAV of no less than $90 million. Following broad market declines in October 2008, the Board authorized the renegotiation with The Bank of Nova Scotia of this covenant in order to lower the minimum NAV allowable from $90 million to $75 million in return for the payment of a renegotiation fee and an adjustment in the interest rate payable under the facility.

The credit agreement permits, in certain circumstances, the Fund to cure non-compliance or seek waivers or approvals from the lenders. However, in the event that the loan facility were cancelled or were not available for renewal, the Fund may not be able to find other financing on acceptable terms, if at all. Should the Fund be unable to find other sources for financing, it would be forced to de-leverage by making significant sales of its portfolio investments. De-leveraging could involve the sales of some securities under unfavorable market conditions in order to repay the lenders. This could result in the portfolio s securities being sold for less than their expected value. Furthermore, these sales may realize capital gains. Because capital gains must be distributed to the Fund s stockholders, the Fund may need to sell additional portfolio securities under unfavorable market conditions in order to fund such distributions. Prices and availability of leverage are extremely volatile in the current market environment. The Fund s Board of Directors continues to evaluate the use of leverage for the Fund and will explore other forms of leverage. In December 2008, the Fund s Board of Directors authorized the Fund to use reverse repurchase agreements as another form of leverage. The Fund may implement a reverse repurchase agreement program if the Board determines it would be advantageous for the Fund and stockholders to do so. A reverse repurchase agreement involves the sale of a security, with an agreement to repurchase the same or substantially similar securities at an agreed upon price and date. Whether such a transaction produces a gain for a Fund depends upon the costs of the agreements and the income and gains of the securities purchased with the proceeds received from the sale of the security. If the income and gains on the securities purchased fail to exceed the costs, the Fund s NAV will decline faster than otherwise would be the case. Reverse repurchase agreements, as with any leveraging techniques, may increase the Fund s return; however, such transactions also increase the Fund s risks in down markets.

Interest Rate Swaps

The Fund previously entered into interest rate swap agreements, based on an aggregate notional amount of $12.0 million, which represented 40% of the total borrowings and AMPS outstanding. These interest rate swaps agreements, with a nominal value of $12.0 million, were terminated on June 24, 2008. On June 24, 2008, the Fund entered into interest rate swap agreements with an aggregate notional amount of $19.4 million, which represented 65% of the total borrowings. Under the terms of the agreements currently in effect, the Fund receives a floating rate of interest (three month USD-LIBOR BBA rate) and pays fixed rates of interest for the terms and based upon the notional amounts set forth below:

Remaining Term as of October 31, 2008	**Amount (in $ million)**	**Fixed Rate Payable (%)**
32 months	7.0	4.140
24 months	5.4	3.980
8 months	7.0	3.370

A significant risk associated with interest rate swaps is the risk that the counterparty may default or file for bankruptcy, in which case the Fund would bear the risk of loss of the amount expected to be received under the swap agreements. There can be no assurance that the Fund will have an interest rate swap in place at any given time nor can there be any assurance that, if an interest rate swap is in place, it will be successful in hedging the Fund s interest rate risk with respect to the loan facility. The implementation of this strategy is at the discretion of the Leverage Committee of the Board of Directors.

Economic Review

The main focus for fixed income markets has continued to be the health of the financial system and in particular events in credit markets. The credit crunch has tightened monetary conditions in most economies and as a result growth is expected to be weaker going forward.

Up until recently, the monetary response we had seen from central banks was divergent as they sought to balance growth and inflation. Interest rates were cut in the U.S., U.K. and Canada and increased in Europe, with the European Central Bank expressing concerns about inflation.

The financial crisis accelerated in September with a total of twelve major financial institutions either bailed out by their government, nationalized, declared bankrupt or forced into a merger. The U.S. brokerage sector was heavily impacted through the month with Lehman Brothers filing for Chapter 11 bankruptcy protection after the U.S. Federal Reserve refused to provide a risk shield and acquisition discussions failed. Merrill Lynch agreed to a take-over by Bank of America. The two remaining brokers Morgan Stanley and Goldman Sachs both announced capital injections, however their share prices plummeted as investors were concerned about their reliance on wholesale funding. AIG, the world s largest insurance company was downgraded by the ratings agencies, thus triggering cash collateral calls. Other banks affected were HBOS in the U.K.,

Report of the Investment Manager (unaudited) (concluded)

which was bought by Lloyds TSB, Wachovia in the U.S. and Dexia in Europe among others. The rapid demise of these financial institutions on both sides of the Atlantic shocked markets causing risk aversion and volatility to spike higher with liquidity being virtually eradicated.

Against this background it became clear global authorities needed to act and over the past two months, we have seen several significant measures in order to restore confidence in the financial system. The Emergency Economic Stabilization Act provides up to $700 billion for the U.S. Treasury to relieve stresses in the sector such as by purchasing troubled assets. Moreover, up to $250 billion would be used to purchase senior preferred shares in certain financial institutions to help recapitalize balance sheets.

October was an extremely volatile month for markets as risk aversion was at an all time high and concerns spread beyond the ongoing financial crisis to the prospects of an imminent global slowdown. Systemic risk in the banking sector spiraled out of control, equity markets plummeted, volatility reached historical highs and liquidity hoarding was rampant. Central bank focus moved away from the previous inflationary concerns to the economic downturn being experienced in most major economies. Government bonds performed well in the month especially at the short end as interest rates were cut.

In October, there were multiple coordinated interest rate cuts. The Fed, Bank of England, Bank of Canada, European Central Bank and Riksbank all cut by 0.5%. The Swiss National Bank cut by 0.25%, followed by cuts from Australia and New Zealand.

Although sidelined in the past few months, economic data has been extremely weak across the board, fuelling bearish sentiment with declining GDP growth, falling housing prices, rising unemployment, weak manufacturing data and poor consumer confidence being experienced in most markets. Although inflation remains high, it is expected to fall sharply as the economic issues take hold and the consumer is affected.

The unprecedented volatility in global financial markets weighed heavily on emerging market debt. The collapse of Lehman Brothers sparked concerns about counterparty risk which caused bid-offer spreads to widen to unforeseen levels, adding to liquidity woes. Ongoing deleveraging from investors, exacerbated by the illiquid conditions, prompted further spread widening in sub-investment grade debt markets.

High yielding currencies were the worst affected within the last quarter including the Australian and New Zealand dollar both falling sharply.

We remain negative on the U.S. and expect downside risks to continue to weaken the economy for a sustained period. We believe that persistent balance sheet consolidation amongst banks and, more crucially, within households will delay a recovery. The recent decline in gas prices is a positive factor causing the normalization of money markets. However, policy is likely to remain stimulative for some time to offset the structural de-leveraging and wealth destruction taking place. With rates expected to remain low, we are bullish towards government bonds. Sentiment remains fragile, downside risks to the economy and asset prices are still large; coupled with policy tools are rapidly being exhausted. Non-conventional stimulative measures to reduce rates further out the curve are a small possibility, but not at this time a significant one.

At current levels, spreads on emerging market debt appear very attractive on a fundamental basis, but valuations will be driven by the volatility in global markets over the short-term. As liquidity returns and bid-offer spreads narrow, we would expect less-liquid holdings in the portfolio to outperform. A further round of de-leveraging would be a negative for risk assets, although recent indications suggest the worst of the selling pressure has abated for now. As conditions normalize, we would expect to see renewed spread compression on emerging market debt as default risk remains low.

Portfolio Composition (unaudited)

Quality of Investments

As of October 31, 2008, 76.1% of the Fund s total investments were invested in securities where either the issue or the issuer was rated at least A by Standard & Poor s Corporation or Moody s Investors Service, Inc. or, if unrated, judged to be of equivalent quality by the Investment Manager. The table below shows the asset quality of the Fund s portfolio as of October 31, 2008, compared with the previous six and twelve months:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %
October 31, 2008	48.9	15.6	11.6	9.3	11.5	3.1
April 30, 2008	43.3	15.3	12.0	7.5	16.0	5.9
October 31, 2007	45.3	14.5	11.7	8.1	15.3	5.1

* Below investment grade

Geographic Composition

The Fund s investments are divided into three categories: Developed Markets, Investment Grade Developing Markets and Sub-Investment Grade Developing Markets. The table below shows the geographic composition (i.e., with U.S. dollar denominated bonds issued by foreign issuers allocated into country of issuance) of the Fund s total investments as of October 31, 2008, compared with the previous six and twelve months:

Date	Developed Markets %	Investment Grade Developing Markets %	Sub-Investment Grade Developing Markets %
October 31, 2008	75.9	4.5	19.6
April 30, 2008	70.4	5.6	24.0
October 31, 2007	70.2	5.5	24.3

Currency Composition

The table below shows the currency composition of the Fund s total investments as of October 31, 2008, compared with the previous six and twelve months:

Date	Developed Markets %	Investment Grade Developing Markets %	Sub-Investment Grade Developing Markets %

October 31, 2008	96.7	0.4	2.9
April 30, 2008	82.6	11.8	5.6
October 31, 2007	88.5	3.9	7.6

Maturity Composition

As of October 31, 2008, the average maturity of the Fund s total investments was 7.1 years, compared with 7.9 years on October 31, 2007. The table below shows the maturity composition of the Fund s investments as of October 31, 2008, compared with the previous six and twelve months:

Date	Under 3 Years %	3 to 5 Years %	5 to 10 Years %	10 Years & Over %
October 31, 2008	27.9	18.5	37.3	16.3
April 30, 2008	23.9	21.2	37.4	17.5
October 31, 2007	26.7	20.7	31.7	20.9

Summary of Key Rates (unaudited)

The following table summarizes the movements of key interest rates and currencies from the previous six and twelve month periods.

	October 31, 2008	April 30, 2008	October 31, 2007
Australia			
90 day bank bills	5.81%	7.80%	7.01%
10 year bonds	5.17%	6.29%	6.15%
Australian Dollar	$0.66	$0.94	$0.93
Canada			
90 day bank bills	1.90%	2.64%	3.95%
10 year bonds	3.76%	3.59%	4.31%
Canadian Dollar	$0.82	$0.99	$1.05
Malaysia			
90 day T-bills	3.59%	3.34%	3.49%
10 year bonds	4.35%	3.75%	3.72%
Malaysian Ringgit*	Ɍ3.55	Ɍ3.16	Ɍ3.34
New Zealand			
90 day bank bills	7.16%	8.85%	8.68%
10 year bonds	6.03%	6.54%	6.45%
New Zealand Dollar	$0.58	$0.78	$0.77
Philippines			
90 day T-bills	6.84%	N/A	N/A
10 year bonds	9.48%	N/A	N/A
Philippines Peso*	₱48.92	₱42.27	₱43.68
Singapore			
90 day T-bills	0.87%	0.95%	2.27%
10 year bonds	2.95%	2.44%	5.56%
Singapore Dollar*	S$1.48	S$1.36	S$1.45
South Korea			
90 day T-bills	5.01%	4.99%	6.15%
10 year bonds	5.50%	5.14%	5.56%
South Korean Won*	₩1,290.95	₩1,002.65	₩900.70
Thailand			
90 day deposits	2.38%	2.25%	2.25%
10 year bonds	3.77%	4.74%	4.81%
Thai Baht*	฿35.08	฿31.71	฿33.99
United Kingdom			
90 day bank bills	N/A	4.85%	5.65%
10 year bonds	4.52%	4.67%	4.93%
British Pound	£ 1.62	£ 1.98	£ 2.08
U.S.$ Bonds**			
Malaysia	2.83%	3.45%	4.68%
Philippines	8.24%	6.16%	4.58%
South Korea	7.39%	4.79%	5.10%

* These currencies are quoted Asian currency per U.S. dollar. The Australian, Canadian and New Zealand dollars and British pound are quoted U.S. dollars per currency.

** Sovereign issues.

Portfolio of Investments

As of October 31, 2008

Principal Amount (000)		Description	Value (US$)
	LONG-TERM INVESTMENTS 117.9%		
	ARGENTINA 0.7%		
USD	2,660	Republic of Argentina, 7.00%, 4/17/17	$ **604,127**
	AUSTRALIA 27.8%		
AUD	500	ABN Amro Bank NV, 6.50%, 5/17/13 (a)(b)	296,310
AUD	500	Australia and New Zealand Banking Group, Ltd., 6.25%, 5/23/11 (a)(b)	319,220
AUD	500	AXA SA, 7.50%, 10/26/16 (a)(b)	234,417
AUD	1,000	Brisbane Airport Corporation, Ltd., 7.30%, 6/30/10	666,135
AUD	1,200	Caisse d Amortissement de la Dette Sociale, 7.50%, 2/28/13	854,462
AUD	500	CFS Retail Property Trust, 6.25%, 12/22/14	276,227
AUD	500	Cie de Financement Foncier, 6.25%, 1/30/17	331,497
AUD	250	Commonwealth of Australia, 5.75%, 6/15/11	171,233
AUD	500	Deutsche Bank AG, 7.50%, 10/19/12	335,945
AUD	200	Eurofima, 6.00%, 1/28/14	134,514
AUD	500	FGL Finance Australia, Ltd., 6.25%, 3/17/10	330,434
AUD	500	General Electric Capital Australia Funding Pty, 6.00%, 5/15/13	264,567
AUD	600	General Electric Capital Australia Funding Pty, 6.00%, 4/15/15	286,946
AUD	900	General Electric Capital Australia Funding Pty, 6.50%, 11/15/11	526,861
AUD	500	Goldman Sachs Group, Inc., 6.35%, 4/12/16	265,154
AUD	500	HBOS PLC, 6.75%, 5/01/12 (a)(b)	296,506
AUD	2,000	HSBC Bank Australia, 7.91%, 5/20/11 (a)(b)	1,258,137
AUD	1,000	ING Bank Australia, Ltd., 7.00%, 4/24/12	

By: Steel Partners II GP LLC
General Partner

By: /s/ Sanford Antignas
Sanford Antignas
as Attorney-In-Fact for Warren G. Lichtenstein,
Managing Member

STEEL PARTNERS LLC

By: /s/ Sanford Antignas
Sanford Antignas

as Attorney-In-Fact for Warren G. Lichtenstein,
Manager

WEBFINANCIAL L.P.

By: Steel Partners II GP LLC
General Partner

By: /s/ Sanford Antignas
Sanford Antignas
as Attorney-In-Fact for Warren G. Lichtenstein,
Managing Member

/s/ Sanford Antignas
SANFORD ANTIGNAS
as Attorney-In-Fact for Warren G. Lichtenstein

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CUSIP NO. 692830508

SCHEDULE A

Executive Officers of Steel Partners LLC

Name and Position	Present Principal Occupation	Business Address
Warren G. Lichtenstein, Chairman and Chief Executive Officer	Chairman and Chief Executive Officer of Steel Partners LLC, a global management firm	c/o Steel Partners LLC 590 Madison Avenue, 32nd Floor New York, NY 10022
Jack L. Howard, President	President of Steel Partners LLC, a global management firm, and a principal of Mutual Securities, Inc., a registered broker dealer	c/o Steel Partners LLC 590 Madison Avenue, 32nd Floor New York, NY 10022
Sanford Antignas, Managing Director, Chief Operating Officer and Secretary	Managing Director, Chief Operating Officer and Secretary of Steel Partners LLC, a global management firm	c/o Steel Partners LLC 590 Madison Avenue, 32nd Floor New York, NY 10022
Michael Falk, Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Steel Partners LLC, a global management firm	c/o Steel Partners LLC 590 Madison Avenue, 32nd Floor New York, NY 10022