

PIMCO MUNICIPAL INCOME FUND
Form DEF 14A
November 22, 2006

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

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 Joint Proxy Statement
Definitive Additional Materials

Soliciting Material Under Rule 14a-12

PIMCO MUNICIPAL INCOME FUND
PIMCO CALIFORNIA MUNICIPAL INCOME FUND
PIMCO NEW YORK MUNICIPAL INCOME FUND
PIMCO MUNICIPAL INCOME FUND II
PIMCO CALIFORNIA MUNICIPAL INCOME FUND II
PIMCO NEW YORK MUNICIPAL INCOME FUND II
PIMCO MUNICIPAL INCOME FUND III
PIMCO CALIFORNIA MUNICIPAL INCOME FUND III
PIMCO NEW YORK MUNICIPAL INCOME FUND III

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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No fee required.

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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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):

4) Proposed maximum aggregate value of transaction:

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1) Amount previously paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

NOTICE OF JOINT ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 20, 2006

c/o Allianz Global Investors Fund Management LLC
1345 Avenue of the Americas
New York, New York 10105

To the Shareholders of PIMCO Municipal Income Fund (“PMF”), PIMCO California Municipal Income Fund (“PCQ”), PIMCO New York Municipal Income Fund (“PNF”), PIMCO Municipal Income Fund II (“PML”), PIMCO California Municipal Income Fund II (“PCK”), PIMCO New York Municipal Income Fund II (“PNI”), PIMCO Municipal Income Fund III (“PMX”), PIMCO California Municipal Income Fund III (“PZC”) and PIMCO New York Municipal Income Fund III (“PYN”) (each a “Fund” and, collectively, the “Funds”):

Notice is hereby given that a Joint Annual Meeting of Shareholders (the “Meeting”) of the Funds will be held at the offices of Allianz Global Investors Fund Management LLC (“AGIFM” or the “Manager”), 1345 Avenue of the Americas, 49th Floor, New York, New York 10105, on Wednesday, December 20, 2006 at 9:30 A.M., Eastern Time, for the following purposes, all of which are more fully described in the accompanying Proxy Statement dated November 22, 2006:

1. To elect Trustees of the Funds, each to hold office for the term indicated and until his successor shall have been elected and qualified; and
2. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The Board of Trustees of each Fund has fixed the close of business on November 2, 2006 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting or any postponement or adjournment thereof. The enclosed proxy is being solicited on behalf of the Board of Trustees of each Fund.

By order of the Board of Trustees
of each Fund
Thomas J. Fuccillo
Secretary

New York, New York
November 22, 2006

It is important that your shares be represented at the Meeting in person or by proxy, no matter how many shares you own. If you do not expect to attend the Meeting, please complete, date, sign and return the applicable enclosed proxy or proxies in the accompanying envelope, which requires no postage if mailed in the United States. Please mark and mail your proxy or proxies promptly in order to save the Funds any additional costs of further proxy solicitations and in order for the Meeting to be held as scheduled.

PIMCO MUNICIPAL INCOME FUND (“PMF”)
PIMCO CALIFORNIA MUNICIPAL INCOME FUND (“PCQ”)
PIMCO NEW YORK MUNICIPAL INCOME FUND (“PNF”)
PIMCO MUNICIPAL INCOME FUND II (“PML”)
PIMCO CALIFORNIA MUNICIPAL INCOME FUND II (“PCK”)
PIMCO NEW YORK MUNICIPAL INCOME FUND II (“PNI”)
PIMCO MUNICIPAL INCOME FUND III (“PMX”)
PIMCO CALIFORNIA MUNICIPAL INCOME FUND III (“PZC”)
PIMCO NEW YORK MUNICIPAL INCOME FUND III (“PYN”)

c/o Allianz Global Investors Fund Management LLC
1345 Avenue of the Americas
New York, New York 10105

PROXY STATEMENT

FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON DECEMBER 20, 2006

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Trustees (the “Board”) of PIMCO Municipal Income Fund (“PMF”), PIMCO California Municipal Income Fund (“PCQ”), PIMCO New York Municipal Income Fund (“PNF”), PIMCO Municipal Income Fund II (“PML”), PIMCO California Municipal Income Fund II (“PCK”), PIMCO New York Municipal Income Fund II (“PNI”), PIMCO Municipal Income Fund III (“PMX”), PIMCO California Municipal Income Fund III (“PZC”), PIMCO New York Municipal Income Fund III (“PYN”) (each a “Fund” and, collectively, the “Funds”) of proxies to be voted at the Joint Annual Meeting of Shareholders of the Funds and any adjournment or postponement thereof (the “Meeting”). The Meeting will be held at the offices of Allianz Global Investors Fund Management LLC (“AGIFM” or the “Manager”), 1345 Avenue of the Americas, 14th Floor, New York, New York 10105, on Wednesday, December 20, 2006 at 9:30 A.M., Eastern Time.

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The Notice of Joint Annual Meeting of Shareholders (the “Notice”), this Proxy Statement and the enclosed Proxy Cards are first being sent to Shareholders on or about November 22, 2006.

The Meeting is scheduled as a joint meeting of the holders of common shares (the “Common Shareholders”) and preferred shares (the “Preferred Shareholders”) and, together with the Common Shareholders, the “Shareholders”) of each Fund because the Shareholders of each Fund are expected to consider and vote on similar matters. Shareholders of each Fund will vote on the proposal set forth herein (the “Proposal”) and on any other matters that may arise for that Fund, and an unfavorable vote on the Proposal by the Shareholders of one Fund will not affect the implementation of the Proposal by another Fund if the Proposal is approved by the Shareholders of such other Fund.

The Board of each Fund has fixed the close of business on November 2, 2006 as the record date (the “Record Date”) for the determination of Shareholders of the Fund entitled to notice of, and to vote at, the Meeting, and any postponement or adjournment thereof. Shareholders of each Fund on the Record Date will be entitled to one vote on each matter to which they are entitled to vote and that is to be voted on by Shareholders of the Fund for each share held, and a fractional vote with respect to fractional shares, with no cumulative voting rights. The following table sets forth the

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number of shares of common stock (“Common Shares”) and shares of preferred stock (“Preferred Shares”) and, together with the Common Shares, the “Shares”) issued and outstanding of each Fund at the close of business on the Record Date:

	Outstanding Common Shares	Outstanding Preferred Shares
PMF	24,575,553	8,000
PCQ	17,958,353	6,000
PNF	7,482,973	2,520
PML	58,795,859	20,200
PCK	30,492,654	10,400
PNI	10,536,914	3,600
PMX	31,350,487	10,800
PZC	21,470,526	7,400
PYN	5,494,324	1,880

The classes of stock listed for each Fund in the table above are the only classes of stock currently authorized by that Fund.

At the Meeting, Preferred Shareholders of each Fund will have equal voting rights (i.e., one vote per Share) with the Fund’s Common Shareholders and, except as discussed below, will vote together with Common Shareholders as a single class on all proposals to be brought before the Meeting. As summarized in the table below, (i) the Common and Preferred Shareholders of PMF, PCQ, PNF, PML, PCK and PNI, voting together as a single class, have the right to vote on the election of Robert E. Connor and William B. Ogden, IV as Trustees of the applicable Fund, (ii) the Preferred Shareholders of PMF, PCQ, PNF, PML, PCK and PNI, voting as a separate class, have the right to vote on

the election of Hans W. Kertess as a Trustee of the applicable Funds, (iii) the Common and Preferred Shareholders of PMX, PZC and PYN, voting together as a single class, have the right to vote on the election of Hans W. Kertess and William B. Ogden, IV as Trustees of the applicable Fund, (iv) the Preferred Shareholders of PMX, PZC and PYN, voting as a separate class, have the right to vote on the election of Robert E. Connor as a Trustee of the applicable Funds.

Summary

Proposal	Common Shareholders	Preferred Shareholders
Election of Trustees		
PMF/PCQ/PNF/PML/PCK/PNI		
Independent Trustees*		
Election of Robert E. Connor	X	X
Election of Hans W. Kertess	N/A	X
Election of William B. Ogden, IV	X	X
PMX/PZC/PYN		
Independent Trustees*		
Election of Robert E. Connor	N/A	X
Election of Hans W. Kertess	X	X
Election of William B. Ogden, IV	X	X

*“Independent Trustees” or “Independent Nominees” are those Trustees or nominees who are not “interested persons,” as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), of the Fund.

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You may vote by mailing the enclosed proxy card. Shares represented by duly executed and timely delivered proxies will be voted as instructed on the proxy. If you mail the enclosed proxy and no choice is indicated for the Proposal listed in the attached Notice, your proxy will be voted in favor of the election of all nominees. At any time before it has been voted, your proxy may be revoked in one of the following ways: (i) by delivering a signed, written letter of revocation to the Secretary of the appropriate Fund at 1345 Avenue of the Americas, New York, NY 10105, (ii) by properly executing and delivering a later-dated proxy, or (iii) by attending the Meeting, requesting return of any previously delivered proxy and voting in person. If any proposal, other than the Proposal set forth herein, properly comes before the Meeting, Shares represented by the proxies will be voted on all such proposals in the discretion of the person, or persons, voting the proxies.

The principal executive offices of the Funds are located at 1345 Avenue of the Americas, New York, New York 10105. AGIFM serves as the investment manager of each Fund and retains its affiliate, Pacific Investment Management Company LLC (“PIMCO” or the “Sub-Adviser”), to serve as each Fund’s sub-adviser. Additional information regarding the Manager and PIMCO may be found under “Additional Information — Investment Manager and Sub-Adviser” below.

The solicitation will be by mail primarily and the cost of soliciting proxies for a Fund will be borne by that Fund. Certain officers of the Funds and certain officers and employees of the Manager or its affiliates (none of whom will

receive additional compensation therefore) may solicit proxies by telephone, mail, e-mail and personal interviews. Any out-of pocket expenses incurred in connection with the solicitation will be borne by each of the Funds based on each Fund's relative net assets.

As of November 2, 2006, the Trustees and nominees and the officers of each Fund as a group and individually beneficially owned less than one percent (1%) of each Fund's outstanding Shares and, to the knowledge of the Funds, no person beneficially owned more than five percent (5%) of the outstanding Shares of any class of any Fund.

PROPOSAL: ELECTION OF TRUSTEES

In accordance with each Fund's Amended and Restated Agreement and Declaration of Trust (each a "Declaration"), the Trustees have been divided into the following three classes (each a "Class"): Class I, Class II and Class III.

With respect to the Funds, the term of office of the Class I Trustees will expire at the Meeting; the term of office of the Class II Trustees will expire at the 2007 annual meeting of shareholders; and the term of office of the Class III Trustees will expire at the 2008 annual meeting of shareholders. Currently, Robert E. Connor and Hans W. Kertess are the Class I Trustees on the Board of each of the Funds. In September 2006, William B. Ogden, IV was appointed to fill a Class I vacancy then existing on the Board of each such Fund due to an increase in the size of the Board. In accordance with each Fund's Declaration, Mr. Ogden shall serve as a Trustee until the Meeting, at which time the term of the Class I Trustees will expire. The Nominating Committee has recommended to the Board that Messrs. Connor and Kertess, whose terms will expire at the Meeting, be nominated for re-election as Class I Trustees and William B. Ogden, IV be nominated for election as a Class I Trustee at the Meeting. Consistent with each Fund's Declaration, if elected at the Meeting, the nominees shall hold office for terms coinciding with the Class of Trustees to which they have been designated. Therefore, if elected at the Meeting, Messrs. Connor, Kertess and Ogden will serve a term consistent with the Class I Trustees, which will expire at the Funds' 2009 annual meeting.

All members of each Board are and will remain, if elected, "Continuing Trustees," as such term is defined in the Declarations, having either served as Trustee since the inception of the Funds or having been nominated by at least a majority of the Continuing Trustees then members of the Boards.

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At any annual meeting of shareholders, any Trustee elected to fill a vacancy that has arisen since the preceding annual meeting of shareholders (whether or not such vacancy has been filled by election of a new Trustee by the Board) shall hold office for a term that coincides with the remaining term of the Class of Trustees to which such office was previously assigned or (in the event such vacancy arose by an increase in the number of Trustees) to which such office has been apportioned in accordance with the Declarations, and until his successor shall be elected and shall qualify.

The following table summarizes the nominees who will stand for election at the Meeting, the respective Class of Trustees to which they have been designated and the expiration of their respective terms if elected:

Trustee/Nominee	Class	Expiration of Term if Elected*
PMF/PCQ/PNF/PML/PCK/PNI/PMX/PZC/PYN		

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Robert E. Connor	Class I	2009 Annual Meeting
Hans W. Kertess	Class I	2009 Annual Meeting
William B. Ogden, IV	Class I	2009 Annual Meeting

*A Trustee elected at an annual meeting shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and shall qualify, subject, however, to prior death, resignation, retirement, disqualification or removal from office.

Under this classified Board structure, only those Trustees in a single Class may be replaced in any one year, and it would require a minimum of two years to change a majority of the Board under normal circumstances. This structure, which may be regarded as an “anti-takeover” provision, may make it more difficult for a Fund’s Shareholders to change the majority of Trustees of the Fund and, thus, promotes the continuity of management.

Unless authority is withheld, it is the intention of the persons named in the enclosed proxy for a Fund to vote each proxy for the persons listed above for that Fund. Each of the nominees has indicated he will serve if elected, but if he should be unable to serve for a Fund, the proxy holders may vote in favor of such substitute nominee as the Board may designate (or the Board may determine to leave a vacancy).

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Information Regarding Trustees and Nominees.

The following table provides information concerning the Trustees/Nominees of the Funds.

Name, Address* and Date of Birth	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Other Directorships Held by Trustee/ Nominee
Independent Trustees/Nominees Paul Belica 09/27/1921 PMF/PCQ/PNF/PML/PCK/PNI – Class II PMX/PZC/PYN – Class III	Trustee	PMF/PCQ/PNF – Since inception (June 2001) PML/PCK/PNI – Since inception (June 2002) PMX/PZC/PYN – Since inception	Retired. Formerly Director, Student Loan Finance Corp., Education Loans, Inc., Goal Funding, Inc., Goal Funding II, Inc. and Surety Loan Fund, Inc.; and formerly, Manager of Stratigos Fund LLC, Whistler Fund LLC, Xanthus Fund LLC & Wynstone Fund LLC.	24	None.

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Robert E. Connor 09/17/1934 Class I	Trustee and Chairman of the Board	(September 2002) PMF/PCQ/PNF – Since inception (June 2001) PML/PCK/PNI – Since inception (June 2002)	Corporate Affairs Consultant. Formerly, Senior Vice President, Corporate Office, Smith Barney Inc.	24	None.
John J. Dalessandro II 07/26/1937 Class II	Trustee	PMX/PZC/PYN – Since inception (September 2002) PMF/PCQ/PNF – Since August 2001 PML/PCK/PNI – Since inception (June 2002) PMX/PZC/PYN – Since inception (September 2002)	Retired. Formerly, President and Director, J.J. Dalessandro II Ltd., registered broker-dealer and member of the New York Stock Exchange.	24	None.

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Name, Address* and Date of Birth	Position(s) Held with the Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee/ Nominee	Other Directorships Held by Trustee/ Nominee
Hans W. Kertess 07/12/1939 Class I	Trustee	PMF/PCQ/PNF – Since inception (June 2001) PML/PCK/PNI – Since inception (June 2002) PMX/PZC/PYN	President, H. Kertess & Co., a financial advisory company; formerly, Managing Director, Royal Bank of Canada Capital Markets.	24	None.

			– Since October 2003		
William B. Ogden, IV 01/11/1945 Class I	Nominee	PMF/PCQ/PNF/ PML/PCK/PNI/ PMX/PZC/PYN	– Since September 2006	Asset Management Industry Consultant. Formerly, Managing Director, Investment Banking Division of Citigroup Global Markets Inc.	24 None.
R. Peter Sullivan III 09/04/1941 PMF/PCQ/PNF/PML/PCK/PNI – Class III PMX/PZC/PYN – Class II	Trustee	PMF/PCQ/PNF – Since April 2002 PML/PCK/PNI – Since inception (June 2002) PMX/PZC/PYN – Since January 2004		Retired. Formerly, Managing Partner, Bear Wagner Specialists LLC, specialist firm on the New York Stock Exchange.	24 None.

*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.

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Effective October 10, 2006, David C. Flattum, an Interested Trustee, resigned as a Class III Trustee of the Funds.

The following table states the dollar range of equity securities beneficially owned as of November 2, 2006 by each Trustee and nominee of each Fund and, on an aggregate basis, of any registered investment companies overseen by the Trustee or nominee in the “family of investment companies,” including the Funds.

Name of Trustee/Nominee Independent Trustees/Nominees	Dollar Range of Equity Securities in the Funds*	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee/Nominee in the Family of Investment Companies*
Paul Belica	None.	None.
Robert E. Connor	None.	None.
John J. Dalessandro II	None.	None.
Hans W. Kertess	None.	None.
William B. Ogden, IV	None.	None.
R. Peter Sullivan III	None.	None.

*Securities are valued as of November 2, 2006.

To the knowledge of the Funds, as of November 2, 2006, Trustees and nominees who are Independent Trustees or Independent Nominees and their immediate family members did not own securities of an investment adviser or principal underwriter of the Funds or a person (other than a registered investment company) directly or indirectly controlling, controlled by, or under common control with an investment adviser or principal underwriter of the Funds.

Compensation. The Funds, PIMCO Corporate Income Fund, PIMCO Corporate Opportunity Fund, Nicolas-Applegate Convertible & Income Fund, Nicolas-Applegate Convertible & Income Fund II, PIMCO High Income Fund, PIMCO Floating Rate Income Fund, PIMCO Floating Rate Strategy Fund, NFJ Dividend, Interest & Premium Strategy Fund, Nicholas-Applegate International & Premium Strategy Fund, PIMCO Global StocksPLUS & Income Fund and Municipal Advantage Fund Inc. (collectively, the "AGIFM Closed-End Funds") are expected to hold joint meetings of their Boards of Trustees whenever possible. Each Trustee, other than any Trustee who is a director, officer, partner or employee of the Manager or the Sub-Adviser or any entity controlling, controlled by or under common control with the Manager or the Sub-Adviser, receives compensation for their attendance at joint meetings and for their service on Board committees. Trustees will receive compensation equal to (i) \$1,750 per AGIFM Closed-End Fund for each quarterly joint meeting for the first four joint meetings in each year, (ii) \$5,000 for each additional joint meeting in such year if the meeting is attended in person and (iii) \$1,000 per AGIFM Closed-End Fund for joint meetings attended telephonically. The Independent Chairman of the Boards receives an additional \$2,500 per AGIFM Closed-End Fund per year. In addition, each Trustee who serves as a member of an Audit Oversight Committee will receive \$1,000 per AGIFM Closed-End Fund for any results meeting or fund-specific meeting of the Audit Oversight Committee and \$5,000 for any joint audit scope meeting. An Audit Oversight Committee Chairman annually receives an additional \$500 per AGIFM Closed-End Fund for which he serves as Chairman.

Each Trustee's compensation and other meeting-related expenses are allocated pro rata among the AGIFM Closed-End Funds on whose Boards the Trustee serves based on each such Fund's net assets, including net assets attributable to any preferred shares issued by a fund that may be outstanding.

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The AGIFM Closed-End Funds do not provide any pension or other retirement benefits to their Trustees.

The following table provides information concerning the compensation paid to the Trustees and nominees for the Funds' fiscal year ended April 30, 2006 for PMF, PCQ and PNF, May 31, 2006 for PML, PCK and PNI and September 30, 2006 for PMX, PZC and PYN. For the fiscal years ended April 30, 2006, May 31, 2006 and September 30, 2006, the Trustees and nominees received the compensation set forth in the following table for serving as Trustees of the Funds. For the calendar year ended December 31, 2005, the Trustees received the compensation set forth in the table below for serving as trustees of the Funds and other funds in the same "Fund Complex" as the Funds. Each officer and Trustee, who is a director, officer, partner, member or employee of the Manager or the Sub-Adviser, or any entity controlling, controlled by or under common control with the Manager or the Sub-Adviser, including any Interested Trustee, serves without any compensation from the Funds.

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Compensation Table

Name of Trustee	Aggregate Compensation from PMF, PCQ and PNF for the Fiscal Year Ended April 30, 2006	Aggregate Compensation from PML, PCK and PNI for the Fiscal Year Ended May 31, 2006	Aggregate Compensation from PMX, PZC and PYN for the Fiscal Year Ended September 30, 2006	Total Compensation from the Funds and Fund Complex Paid to Trustees for the Calendar Year Ended December 31, 2005*
Independent Trustees/Nominees				
Paul Belica	\$ 14,960	\$ 24,326	\$ 15,427	\$ 173,433
Robert E. Connor	\$ 15,747	\$ 27,527	\$ 18,179	\$ 235,058
John J. Dalessandro II	\$ 13,226	\$ 22,429	\$ 15,172	\$ 178,733
Hans W. Kertess	\$ 14,804	\$ 24,008	\$ 15,172	\$ 185,233
William B. Ogden, IV†	\$ 0	\$ 0	\$ 0	\$ 0
R. Peter Sullivan III	\$ 13,078	\$ 21,945	\$ 14,628	\$ 165,045
Interested Trustees/Nominees				
David C. Flattum††	\$ 0	\$ 0	\$ 0	\$ 0

*In addition to the AGIFM Closed-End Funds (except for Municipal Advantage Fund Inc.), during the most recently completed fiscal year, all of the Trustees served as Trustees of one open-end investment company (comprising four separate investment portfolios) advised by the Manager and Messrs. Belica and Connor also served as Directors of Municipal Advantage Fund Inc. These investment companies are considered to be in the same "Fund Complex" as the Funds.

†William B. Ogden, IV did not serve as a Trustee of the Funds during the fiscal year and did not serve as a trustee of other investment companies in the Fund Complex during the period.

††Effective October 10, 2006, David C. Flattum resigned as a Class III Trustee of the Funds

The Funds have no employees. The Funds' officers and Mr. Flattum are compensated by the Manager, the Sub-Adviser or one of their affiliates.

Board Committees and Meetings.

Audit Oversight Committee. The Board of each Fund has established an Audit Oversight Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Each Fund's Audit Oversight Committee consists of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan, each of whom is an Independent Trustee. Messrs. Belica and Kertess are Co-Chairmen of each Fund's Audit Oversight Committee. Each Fund's Audit Oversight Committee provides oversight with respect to the internal and external accounting and auditing procedures of each Fund and, among other things, determines the selection of the independent registered public accounting firm for each Fund and considers the scope of the audit, approves all audit and permitted non-audit services proposed to be performed by those auditors on behalf of each Fund, and services to be performed by the auditors for certain affiliates, including the Manager, the Sub-Adviser and entities in a control relationship with the Manager or the Sub-Adviser that provide services to each Fund where the engagement relates directly to the

operations and financial reporting of that Fund. The Committee considers the possible effect of those services on the independence of the Funds' independent registered public accounting firm.

Each member of each Fund's Audit Oversight Committee is "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 each Fund are listed.

The Board of each Fund has adopted a written charter for its Audit Oversight Committee. A copy of the written charter for each Fund, dated June 16, 2005, is attached to this Proxy Statement as

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Exhibit A. A joint report of the Audit Oversight Committee of PMF, PCQ and PNF, dated June 21, 2006, is attached to this Proxy Statement as Exhibit B-1. A joint report of the Audit Oversight Committee of PML, PCK and PNI, dated July 18, 2006, is attached to this Proxy Statement as Exhibit B-2 and a joint report of the Audit Oversight Committee of PMX, PZC and PNY, dated November 21, 2006, is attached to this Proxy Statement as Exhibit B-3.

Nominating Committee. The Board of each Fund has a Nominating Committee composed solely of Independent Trustees, consisting of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan. The Nominating Committee is responsible for reviewing and recommending qualified candidates to the Board in the event that a position is vacated or created or when Trustees are to be re-elected. The Nominating Committee of each Fund has adopted a charter, which is posted on the following website:
<http://www.allianzinvestors.com/closedendfunds/literature>.

Each member of the Nominating Committee is "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 each Fund are listed.

Qualifications, Evaluation and Identification of Trustee Nominees. The Nominating Committee of each Fund requires that Trustee candidates have a college degree or equivalent business experience. When evaluating candidates, each Fund's Nominating Committee may 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. The process of identifying nominees involves the consideration of candidates recommended by one or more of the following sources: (i) the Fund's current Trustees, (ii) the Fund's officers, (iii) the Fund's Shareholders and (iv) any other source the Committee deems to be appropriate. The Nominating Committee may, but is not 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 of each Fund will review and consider nominees recommended by Shareholders to serve as Trustee, provided that the recommending Shareholder follows the Procedures for Shareholders to Submit Nominee Candidates, which are set forth as Appendix B to the Fund's Nominating Committee Charter. Among other requirements, these procedures provide that the recommending Shareholder must 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 shareholder meeting at

which the nominee would be elected. Any recommendation must include certain biographical and other information regarding the candidate and the recommending Shareholder, and must include a written and signed consent of the candidate to be named as a nominee and to serve as a Trustee if elected. The foregoing description of the requirements is only a summary. Please refer to Appendix B to the Nominating Committee Charter, which is available at <http://www.allianzinvestors.com/closedendfunds/literature>, for details.

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

Valuation Committee. The Board of each Fund has a Valuation Committee, consisting of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan. The Board of each Fund has delegated to the Committee the responsibility to determine or cause to be determined the fair value of the Fund's

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portfolio securities and other assets when market quotations are not readily available. The Valuation Committee reviews and approves procedures for the fair valuation of the Fund's portfolio securities and periodically reviews information from the Manager and the Sub-Adviser regarding fair value and liquidity determinations made pursuant to Board-approved procedures, and makes related recommendations to the full Board and assists the full Board in resolving particular fair valuation and other valuation matters.

Compensation Committee. The Board of each Fund has a Compensation Committee, consisting of Messrs. Belica, Connor, Dalessandro, Kertess, Ogden and Sullivan. The Compensation Committee meets as the Board deems necessary to review and make recommendations regarding compensation payable to the Trustees of the Funds who are not directors, officers, partners or employees of the Manager, the Sub-Adviser or any entity controlling, controlled by or under common control with the Manager or the Sub-Adviser.

Meetings. With respect to PMF, PCQ and PNF, during the fiscal year ended April 30, 2006, the Board of Trustees of each Fund held 4 regular meetings and one special meeting. The Audit Oversight Committees met in separate session twice and the Nominating Committees, the Valuation Committees and the Compensation Committees did not meet in separate sessions. Each Trustee attended at least 75% of the regular meetings of the Board and meetings of the committees on which such Trustee served for these three Funds that were held during the fiscal year ended April 30, 2006, except Mr. Ogden, who was not appointed to the Board of each Fund until September 2006. With respect to PML, PCK and PNI, during the fiscal year ended May 31, 2006, the Board of Trustees of each Fund held 4 regular meetings and two special meetings. The Audit Oversight Committees met in separate session two times and the Nominating Committees, the Valuation Committees and the Compensation Committees did not meet in separate sessions. Each Trustee attended at least 75% of the regular meetings of the Board and meetings of the committees on which such Trustee served for these three Funds that were held during the fiscal year ended May 31, 2006, except Mr. Ogden, who was not appointed to the Board of each Fund until September 2006. With respect to PMX, PZC and PYN, during the fiscal year ended September 30, 2006, the Board of Trustees of each Fund held 4 regular meetings and two special meetings. The Audit Oversight Committees met in separate session two times, the Nominating Committees met in separate session once and the Valuation Committees and the Compensation Committees did not meet in separate sessions. Each Trustee attended at least 75% of the regular meetings of the Board and meetings of the committees on which such Trustee served for these three Funds that were held during the fiscal year ended September 30, 2006, except Mr. Ogden, who was not appointed to the Board of each Fund until September 2006.

Shareholder Communications with the Board of Trustees. The Board of Trustees of each Fund has adopted procedures by which Fund Shareholders may send communications to the Board. Shareholders may mail written communications to the Board to the attention of the Board of Trustees, [name of Fund], c/o Brian Shlissel, Executive Vice President, Allianz Global Investors Fund Management LLC, 1345 Avenue of the Americas, New York, NY 10105. Shareholder communications must (i) be in writing and be signed by the Shareholder and (ii) identify the class and number of Shares held by the Shareholder. The President of the Fund is responsible for reviewing properly submitted shareholder communications. The President shall either (i) provide a copy of each properly submitted shareholder communication to the Board at its next regularly scheduled Board meeting or (ii) if the President determines that the communication requires more immediate attention, forward the communication to the Trustees promptly after receipt. The President may, in good faith, determine that a shareholder communication should not be provided to the Board because it does not reasonably relate to the Fund or its operations, management, activities, policies, service providers,

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Board, officers, shareholders or other matters relating to an investment in the Fund or is otherwise ministerial in nature. These procedures do not apply to (i) any communication from an officer or Trustee of the Fund, (ii) any communication from an employee or agent of the Fund, unless such communication is made solely in such employee's or agent's capacity as a shareholder, or (iii) any shareholder proposal submitted pursuant to Rule 14a-8 under the Exchange Act or any communication made in connection with such a proposal. A Fund's Trustees are not required to attend the Fund's annual shareholder meetings or to otherwise make themselves available to shareholders for communications, other than by the aforementioned procedures.

Section 16(a) Beneficial Ownership Reporting Compliance. Each Fund's Trustees and certain officers, investment advisers, certain affiliated persons of the investment advisers and persons who own more than 10% of any class of outstanding securities of a Fund (i.e., a Fund's Common Shares or Preferred Shares) are required to file forms reporting their affiliation with the Fund and reports of ownership and changes in ownership of the Fund's securities with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange. These persons and entities are required by SEC regulation to furnish the Fund with copies of all such forms they file. Based solely on a review of these forms furnished to each Fund, each Fund believes that each of the Trustees and relevant officers, investment advisers and relevant affiliated persons of the investment advisers has complied with all applicable filing requirements during the Fund's respective fiscal years ended April 30, 2006 for PMF, PCQ and PNF, May 21, 2006 for PML, PCK and PNI and September 30, 2006 for PMX, PZC and PYN, except that, due to administrative oversight, four late filings were made on Form 3 for the Funds in August 2005 on behalf of Clifton Hoover, Marna Whittington, Blake Moore and Bruce Koepfgen, each a member of the AGIFM management board.

Required Vote. The election of Messrs. Connor and Ogden to the Board of PMF, PCQ, PNF, PML, PCK and PNI and the election of Messrs. Kertess and Ogden to the Board of PMX, PZC and PYN, will require the affirmative vote of a plurality of the votes of Common Shareholders and Preferred Shareholders (voting together as a single class) of the relevant Fund cast in the election of Trustees at the Meeting, in person or by proxy. The election of Mr. Kertess to the Board of Trustees of PMF, PCQ, PNF, PML, PCK and PNI and the election of Mr. Connor to the Board of Trustees of PMX, PZC and PYN, will require the affirmative vote of a plurality of the votes of the Preferred Shareholders of the relevant Fund (voting as a separate class) cast in the election of Trustees at the Meeting, in person or by proxy.

The Board of Trustees of the Funds Unanimously Recommends that You Vote FOR this Proposal.

ADDITIONAL INFORMATION

Executive and Other Officers of the Funds. The table below provides certain information concerning the executive officers of the Funds and certain other officers who perform similar duties. Officers hold office at the pleasure of the Board and until their successors are appointed and qualified or until their earlier resignation or removal. Officers and employees of the Funds who are principals, officers, members or employees of the Manager or the Sub-Adviser are not compensated by the Funds.

Name, Address and Date of Birth	Position(s) Held with Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years
Brian S. Shlissel 1345 Avenue of the Americas, 47 th Floor New York, NY 10105 11/14/1964	President & Chief Executive Officer	PMF/PCQ/PNF – Since September 2002. Formerly, Treasurer and Principal Financial and Accounting Officer (June 2001 to September 2002)	Executive Vice President, Allianz Global Investors Fund Management LLC; Trustee of 8 funds in the Fund Complex; President and Chief Executive Officer of 32 funds in the Fund Complex; Treasurer, Principal Financial and Accounting Officer of 35 funds in the Fund Complex since 2005.
Lawrence G. Altadonna 1345 Avenue of the Americas, 47 th Floor New York, NY 10105 03/10/1966	Treasurer, Principal Financial and Accounting Officer	PMX/PZC/PYN – Since inception (September 2002) PMF/PCQ/PNF/PML/PCK/PNI – Since September 2002 PMX/PZC/PYN – Since inception (September 2002)	Senior Vice President, Allianz Global Investors Fund Management LLC; Treasurer, Principal Financial and Accounting Of