SL GREEN REALTY CORP
Form S-3
June 22, 2005

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As filed with the Securities and Exchange Commission on June 22, 2005

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

**REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933**

SL GREEN REALTY CORP.

(Exact name of Registrant as specified in its Charter)

Maryland (State or other jurisdiction of incorporation or organization)	**420 Lexington Avenue** **New York, New York 10170** **(212) 594-2700** (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	**13-3956775** (I.R.S. Employer Identification No.)

Marc Holliday
Chief Executive Officer and President
420 Lexington Avenue
New York, New York 10170
(212) 594-2700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

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31 West 52nd Street
New York, New York 10019
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**Approximate Date of Commencement of Proposed Sale to the Public:
From time to time after this registration statement becomes effective.**

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the

following box. ý

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common stock, $.01 par value per share	733,738	$65.81	$48,287,298	$5,684

(1) Represents 733,738 shares of common stock of SL Green Realty Corp. that may be issued upon redemption of units of limited partnership interest in SL Green Operating Partnership, L.P. Plus such additional number of shares as may be required in the event of a stock dividend, reverse stock split, split-up recapitalization or other similar event.

(2) Estimated solely for purposes of calculating the registration fee, pursuant to Rule 457(c) based on the average of the high and low reported sales prices on the New York Stock Exchange on June 14, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. No person may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION. DATED JUNE 22, 2005.

PROSPECTUS

733,738 Shares

Common Stock

The selling stockholders identified in this prospectus, and any of their pledgees, donees, transferees or other successors in interest, may offer and sell from time to time up to 733,738 shares of our common stock issued to that stockholder in exchange for units of limited partnership interest in SL Green Operating Partnership, L.P.

The registration of the shares does not necessarily mean that any of the unitholders will redeem their units or that any of the shares will be offered or sold by any of the selling stockholders. We will receive no proceeds of any sales of the shares, but will incur expenses in connection with the offering. See "Selling Stockholders" and "Plan of Distribution."

We will acquire units from the redeeming unitholders in exchange for shares of our common stock that we issue. Upon any redemption, we may elect to pay cash for the units tendered rather than shares of our common stock.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol "SLG." On June 14, 2005, the closing sale price of our common stock on the NYSE was $65.81 per share.

The selling stockholders from time to time may offer and sell the shares held by them directly or through agents or broker-dealers on terms to be determined at the time of sale. To the extent required, the names of any agent or broker-dealer and applicable commissions or discounts and any other required information with respect to any particular offer will be set forth in the section of this prospectus entitled "Plan of Distribution" or in an accompanying prospectus supplement. Each of the selling stockholders reserves the sole right to accept or reject, in whole or in part, any proposed purchase of the shares to be made directly or through agents.

See "Risk Factors" beginning on page 2 of this prospectus for a description of risk factors that should be considered by purchasers of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense. The date of this Prospectus is , 2005.

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INFORMATION ABOUT SL GREEN

We are a self-managed real estate investment trust, or a REIT, with in-house capabilities in property management, acquisitions, financing, development, construction and leasing. We are the only such REIT to own, manage, lease, acquire and reposition office properties predominantly located in Manhattan. We own all of our assets and conduct substantially all of our business through our operating partnership, SL Green Operating Partnership, L.P. We are the managing general partner of our operating partnership and as of March 31, 2005, we owned 94.2% of the outstanding partnership interests in our operating partnership. Unless the context requires otherwise, all references to "we," "our" and "us" in this prospectus means SL Green Realty Corp. and all entities owned or controlled by SL Green Realty Corp., including our operating partnership.

Our primary business objective is to maximize total return to stockholders through growth in funds from operations and appreciation in the value of our assets during any business cycle. We seek to achieve this objective by assembling a high quality portfolio of Manhattan office properties and capitalizing on current opportunities in the Manhattan office market through: (i) property acquisitions (directly or through joint ventures) acquiring office properties at significant discounts to replacement costs with market rents at a premium to fully escalated in-place rents which provide attractive initial yields and the potential for cash flow growth; (ii) property repositioning repositioning acquired properties that are under-performing through renovations, active management and proactive leasing; (iii) property dispositions; (iv) integrated leasing and property management; and (v) structured finance investments in the greater New York area, subject to certain limitations, where Gramercy Capital Corp., or Gramercy (NYSE: GKK) has determined that such investments do not fit its investment profile or where investments represent the refinancing of one of our existing investments or in connection with the sale of one of our properties. Generally, we focus on properties that are within a ten-minute walk of midtown Manhattan's primary commuter stations.

Our management team has developed a comprehensive knowledge of the Manhattan commercial market, an extensive network of tenant and other business relationships and experience in acquiring underperforming office properties and repositioning them into profitable properties through intensive full-service management and leasing efforts.

As of March 31, 2005, our wholly-owned properties consisted of 21 commercial properties encompassing approximately 9.2 million rentable square feet, which had a weighted average occupancy (total occupied square feet divided by total available square feet) of 94.7%. Our portfolio also includes ownership interests in unconsolidated joint ventures, which own eight commercial properties in Manhattan, encompassing approximately 8.2 million rentable square feet, and which had a weighted average occupancy of 96.8% as of March 31, 2005. In addition, we manage three office properties owned by third parties and affiliated companies encompassing approximately 1.0 million rentable square feet.

We were incorporated in the State of Maryland on June 10, 1997. Our executive offices are located at 420 Lexington Avenue, New York, New York 10170 and our telephone number is (212) 594-2700. We maintain a website at www.slgreen.com. The information on our website is not, and you must not consider the information to be, a part of this prospectus.

RISK FACTORS

This section describes some, but not all, of the risks of purchasing our common stock. You should carefully consider these risks, in addition to the other information contained in this document, in an applicable prospectus supplement, or incorporated by reference herein, before purchasing any of our securities. In connection with the forward-looking statements that appear in this prospectus, you should carefully review the factors discussed below and the cautionary statements referred to in "Forward-Looking Statements May Prove Inaccurate" beginning on page 14 of this prospectus.

Declines in the demand for office space in New York City, and in particular, in midtown Manhattan, resulting from general economic conditions could adversely affect the value of our real estate portfolio and our results of operations and, consequently, our ability to service current debt and to pay dividends to stockholders.

Most of our office properties are located in midtown Manhattan. As a result, our business is dependent on the condition of the New York City economy in general and the market for office space in midtown Manhattan, in particular. Weakness in the New York City economy could materially reduce the value of our real estate portfolio and our revenues, and thus adversely affect our ability to service current debt and to pay dividends to stockholders.

We may be unable to renew leases or relet space as leases expire. When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Even if tenants do renew or we can relet the space, the terms of renewal or reletting, including the cost of required renovations, may be less favorable than current lease terms. Over the next five years, through the end of 2009, leases will expire on approximately 36.9% and 37.4% of the rentable square feet at our wholly owned and joint venture properties, respectively. As of March 31, 2005, approximately 3.3 million and 2.9 million square feet are scheduled to expire by December 31, 2009 at our wholly owned and joint venture properties, respectively, and these leases currently have annualized escalated rental income totaling $128.5 million and $128.2 million, respectively. If we are unable to promptly renew the leases or relet this space at similar rates, our cash flow and ability to service debt and pay dividends to stockholders would be adversely affected.

The expiration of long term leases or operating sublease interests could adversely affect our results of operations. Our interest in six of our properties is through either long-term leasehold or operating sublease interests in the land and the improvements, rather than by a fee interest in the land. Unless we can purchase a fee interest in the underlying land or extend the terms of these leases before their expiration, we will lose our right to operate these properties and our interest in the improvements upon expiration of the leases, which will significantly adversely affect our results of operations. These properties are 673 First Avenue, 420 Lexington Avenue, 1140 Avenue of the Americas, 461 Fifth Avenue, 711 Third Avenue and 625 Madison Avenue. The average remaining term of these long term leases, including our unilateral extension rights on six of the properties, is 43 years. Pursuant to the operating sublease arrangements, we, as tenant under the operating sublease, perform the functions traditionally performed by landlords with respect to our subtenants. We are responsible for not only collecting rent from our subtenants, but also maintaining the property and paying expenses relating to the property. The annualized escalated rents of these properties at March 31, 2005 totaled $132.6 million, or 40%, of our total annualized revenue associated with wholly-owned properties.

Reliance on major tenants and insolvency or bankruptcy of these and other tenants could adversely affect our results of operations. Giving effect to leases in effect as of March 31, 2005 for wholly owned and joint venture properties as of that date, our five largest tenants, based on square footage leased, accounted for approximately 22.7% of our share of total annualized rental revenues, and other than two tenants, Teachers Insurance Annuity Society and Viacom International Inc., who accounted for 8.6% and 7.3% of our share of annualized rent, respectively, no tenant accounted for more than 3.1%

of that total. Our business would be adversely affected if any of these tenants or any other tenants became insolvent, declared bankruptcy or otherwise refused to pay rent in a timely fashion or at all.

We may suffer adverse consequences if our revenues decline since our operating costs do not necessarily decline in proportion to our revenue.

We earn a significant portion of our income from renting our properties. Our operating costs, however, do not necessarily fluctuate in relation to changes in our rental revenue. This means that our costs will not necessarily decline even if our revenues do. Our operating costs could also increase while our revenues do not. If our operating costs increase but our rental revenues do not, we may be forced to borrow to cover our costs, we may incur losses and we may not have cash available for distributions to our stockholders.

We face risks associated with property acquisitions.

Since our initial public offering, we have made large acquisitions of properties and portfolios of properties. We intend to continue to acquire properties and portfolios of properties, including large portfolios that could continue to significantly increase our size and alter our capital structure. Our acquisition activities and their success may be exposed to the following risks:

- we may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including publicly traded REITs, institutional investment funds and private investors;

- even if we enter into an acquisition agreement for a property, it is usually subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;

- even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price;

- we may be unable to finance acquisitions on favorable terms;

- acquired properties may fail to perform as we expected;

- our estimates of the costs of repositioning or redeveloping acquired properties may be inaccurate;

- acquired properties may be located in new markets where we may face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area and unfamiliarity with local governmental and permitting procedures; and

- we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations, and as a result our results of operations and financial condition could be adversely affected.

We may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against us based upon those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow. Unknown liabilities with respect to properties acquired might include:

- liabilities for clean-up of undisclosed environmental contamination;

- claims by tenants, vendors or other persons dealing with the former owners of the properties;

liabilities incurred in the ordinary course of business; and

claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

We rely on three large properties for a significant portion of our revenue.

As of March 31, 2005, three of our properties, 420 Lexington Avenue, 1221 Avenue of the Americas and 1515 Broadway, accounted for over 31% of our annualized rent, including our share of joint venture annualized rent, and 420 Lexington Avenue alone accounted for approximately 11% of our annualized rent, including our share of joint venture annualized rent. Our revenue and cash available for distribution to our stockholders would be materially adversely affected if the groundlease for the 420 Lexington Avenue property were terminated for any reason or if one or all of these properties were materially damaged or destroyed. Additionally, our revenue and cash available for distribution would be materially adversely affected if our tenants at these properties experienced a downturn in their business which may weaken their financial condition and result in their failure to timely make rental payments, default under their leases or file for bankruptcy.

The continuing threat of terrorist attacks may adversely affect the value of our properties and our ability to generate cash flow.

There may be a decrease in demand for space in New York City because it is considered at risk for future terrorist attacks, and this decrease may reduce our revenues from property rentals. In the aftermath of a terrorist attack, tenants in the New York City area may choose to relocate their business to less populated, lower-profile areas of the United States that are not as likely to be targets of future terrorist activity. This in turn would trigger a decrease in the demand for space in the New York City area, which could increase vacancies in our properties and force us to lease our properties on less favorable terms. As a result, the value of our properties and the level of our revenues could materially decline.

A terrorist attack could cause insurance premiums to increase significantly.

The real estate industry witnessed a sharp rise in property insurance costs after the terrorist attacks on September 11, 2001. While there was some stabilizing of these costs, primarily as a result of the Terrorism Risk Insurance Act, or TRIA, enacted in November 2002, that required insurance companies to provide certain forms of terrorism coverage while providing a financial backstop in the event of a non-domestic terrorist attack, it is not clear whether Congress will extend or modify TRIA, which is set to expire on January 1, 2006. Accordingly, there could be disruption/repricing to the insurance coverage that is available to us. We recently renewed our insurance policy at a modestly reduced cost. We carry comprehensive all risk (fire, flood, extended coverage and rental loss insurance) and liability insurance with respect to our property portfolio. This policy has a limit of $350.0 million of terrorism coverage for the properties in our portfolio and expires in October 2005. 1515 Broadway has stand-alone insurance coverage, which provides for full all risk coverage, but has a limit of $425.0 million in terrorism coverage. This policy will expire in October 2005. We also have a separate policy for 1221 Avenue of the Americas in which we participate with the Rockefeller Group Inc. in a blanket policy providing $1.4 billion of all risk property insurance along with $1.0 billion of insurance for terrorism. While we believe our insurance coverage is appropriate, in the event of a major catastrophe resulting from an act of terrorism, we may not have sufficient coverage to replace a significant property. We do not know if sufficient insurance coverage will be available when the current policies expire, nor do we know the costs for obtaining renewal policies containing terms similar to our current policies. In addition, our policies may not cover properties that we may acquire in the future, and additional insurance may need to be obtained prior to October 2005.

Our debt instruments, consisting of mortgage loans secured by our properties (which are generally non-recourse to us), mezzanine loans, ground leases and our secured and unsecured revolving credit facilities and unsecured term loans, contain customary covenants requiring us to maintain insurance. There can be no assurance that the lenders or ground lessors under these instruments will not take the position that a total or partial exclusion from all risk insurance coverage for losses due to terrorist acts

is a breach of these debt and ground lease instruments that allows such lenders or ground lessors to declare an event of default and accelerate repayment of debt or recapture of ground lease positions. In addition, if lenders insist on full coverage for these risks, it could adversely affect our ability to finance and/or refinance our properties and to expand our portfolio or result in substantially higher insurance premiums.

Our dependence on smaller and growth-oriented businesses to rent our office space could adversely affect our cash flow and results of operations.

Many of the tenants in our properties are smaller, growth-oriented businesses that may not have the financial strength of larger corporate tenants. Smaller companies generally experience a higher rate of failure than large businesses. Growth-oriented firms may also seek other office space, including Class A space, as they develop. Dependence on these companies could create a higher risk of tenant defaults, turnover and bankruptcies, which could adversely affect our distributable cash flow and results of operations.

Debt financing, financial covenants, degree of leverage, and increases in interest rates could adversely affect our economic performance.

Scheduled debt payments could adversely affect our results of operations. The total principal amount of our outstanding consolidated indebtedness was $1.3 billion as of March 31, 2005, $125.0 million of which was borrowings under our secured credit facility, $165.0 million under our unsecured credit facility, $325.0 million under our unsecured term loan, $100.0 million under our secured term loan and $600.3 million of which was non-recourse mortgage loans on seven of our properties. Cash flow could be insufficient to pay distributions at expected levels and meet the payments of principal and interest required under our current mortgage indebtedness and our credit facilities and term loan. Our secured credit facility matures in December 2006. Our unsecured credit facility matures on March 16, 2006. Our unsecured term loan matures in August 2009. Our secured term loan matures in December 2008. As of March 31, 2005, the total principal amount of non-recourse indebtedness outstanding at the joint venture properties was $1.3 billion, of which our proportionate share was $564.9 million.

If we are unable to make payments under our secured or unsecured credit facilities and unsecured term loan, all amounts due and owing at such time shall accrue interest at a rate equal to 4% higher than the rate at which each such loan was made. If a property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the property, resulting in loss of income and asset value. Foreclosure on mortgaged properties or an inability to make scheduled payments under the credit facility would have a negative impact on our financial condition and results of operations.

We may not be able to refinance existing indebtedness, which in all cases requires substantial principal payments at maturity. In 2005, $47.5 million of debt on one of our wholly owned buildings will mature. In 2005, $46.5 million of debt on one of our joint venture properties will mature. At the present time we intend to exercise extension options or refinance the debt associated with these properties on or prior to their respective maturity dates. If any principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt. At the time of refinancing, prevailing interest rates or other factors, such as the possible reluctance of lenders to make commercial real estate loans, may result in higher interest rates. Increased interest expense on the refinanced debt would adversely affect cash flow and our ability to service debt and make distributions to stockholders.

Financial covenants could adversely affect our ability to conduct our business. The mortgages on our properties contain customary negative covenants that limit our ability to further mortgage the property, to enter into new leases or materially modify existing leases, and to discontinue insurance coverage. In addition, our secured and unsecured credit facilities contain customary restrictions and requirements on our method of operations. Our secured and unsecured credit facilities also require us to maintain designated ratios of total debt to assets, debt service coverage and unencumbered assets to unsecured debt. Restrictions on our ability to conduct business could adversely affect our results of operations and our ability to make distributions to stockholders.

Rising interest rates could adversely affect our cash flow. Advances under our secured and unsecured credit facilities and unsecured term loan and certain property-level mortgage debt bear interest at a variable rate. These variable rate borrowings totaled $290.0 million at March 31, 2005. Borrowings under our unsecured credit facility and unsecured term loan bear interest at a spread equal to the London Interbank Offered Rate, which we refer to as LIBOR, plus 120 basis points. Borrowings under our secured credit facility bear interest at a spread equal to the LIBOR plus 120 basis points. As of March 31, 2005 borrowings under the secured and unsecured credit facilities and secured and unsecured term loans totaled $125.0 million, $165.0 million, $100.0 million and $325.0 million and bore interest at 3.79%, 3.70%, 3.83% and 4.86%, respectively. We may incur indebtedness in the future that also bears interest at a variable rate or may be required to refinance our debt at higher rates. Accordingly, increases in interest rates above that which we anticipated based upon historical trends could adversely affect our ability to continue to make distributions to stockholders. At March 31, 2005, a hypothetical 100 basis point increase in interest rates along the entire interest rate curve would increase our annual interest costs by approximately $2.7 million and would increase our share of joint venture annual interest costs by approximately $3.2 million.

Failure to hedge effectively against interest rate changes may adversely affect results of operations. We seek to manage some of our exposure to interest rate volatility by using interest rate hedging arrangements that involve risk, such as the risk that counterparties may fail to honor their obligations under these arrangements. However, these arrangements may not be effective in reducing our exposure to interest rate changes. Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

Our policy of no limitation on debt could adversely affect our cash flow. Our organizational documents do not contain any limitation on the amount of indebtedness we may incur. As of March 31, 2005, assuming the conversion of all outstanding units of the operating partnership into shares of our common stock, our consolidated debt to market capitalization ratio, excluding our share of joint venture debt of $564.9 million, was approximately 32.4%. However, our policy is to incur debt only if upon a conversion our consolidated debt to market capitalization ratio would be 55.0% or less. Our board of directors can alter or eliminate this policy and would do so if our board of directors determines that this action is in the best interests of our business. If this policy is changed and we become more highly leveraged, an increase in debt service could adversely affect cash available for distribution to stockholders and could increase the risk of default on our indebtedness. In addition, any change that increases our debt to market capitalization percentage could be viewed negatively by investors. As a result, our share price could decrease.

We have established our debt policy relative to the total market capitalization of our business rather than relative to the book value of our assets. We use total market capitalization because we believe that the book value of our assets, which to a large extent is the depreciated original cost of our properties, and our primary tangible assets, does not accurately reflect our ability to borrow and to meet debt service requirements. Our market capitalization, however, is more variable than book value, and does not necessarily reflect the fair market value of our assets at all times. We also will consider factors other than market capitalization in making decisions regarding the incurrence of indebtedness,

such as the purchase price of properties to be acquired with debt financing, the estimated market value of our properties upon refinancing and the ability of particular properties and our business as a whole to generate cash flow to cover expected debt service.

Structured finance investments could cause expenses which could adversely affect our results of operations.

We owned mezzanine loans, junior participations and preferred equity interests in seventeen properties with an aggregate book value of $375.1 million at March 31, 2005. To the extent we invest in mezzanine loans, junior participations and preferred equity, such investments may or may not be recourse obligations of the borrower and are not insured or guaranteed by governmental agencies or otherwise. In the event of a default under these obligations, we may have to foreclose our mortgages or protect our investments by acquiring title to a property and thereafter making substantial improvements or repairs in order to maximize the property's investment potential. Borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce their obligation to us. Relatively high loan-to-value ratios and declines in the value of the property may prevent us from realizing an amount equal to our investment upon foreclosure.

Joint investments could be adversely affected by our lack of sole decision-making authority and reliance upon a co-venturer's financial condition.

We co-invest with third parties through partnerships, joint ventures, co-tenancies or other entities, acquiring non-controlling interests in, or sharing responsibility for managing the affairs of, a property, partnership, joint venture, co-tenancy or other entity. Therefore, we will not be in a position to exercise sole decision-making authority regarding that property, partnership, joint venture or other entity. Investments in partnerships, joint ventures, or other entities may involve risks not present were a third party not involved, including the possibility that our partners, co-tenants or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, our partners or co-venturers might at any time have economic or other business interests or goals which are inconsistent with our business interests or goals. These investments may also have the potential risk of impasses on decisions such as a sale, because neither we nor the partner, co-tenant or co-venturer would have full control over the partnership or joint venture. Consequently, actions by such partner, co-tenant or co-venturer might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in specific circumstances be liable for the actions of our third-party partners, co-tenants or co-venturers. As of March 31, 2005, we were participating in eight unconsolidated joint ventures encompassing eight commercial properties and had an aggregate cost basis in the joint ventures totaling $509.0 million. As of March 31, 2005, our share of joint venture debt totaled $564.9 million.

Our joint venture agreements contain terms in favor of our partners that may have an adverse effect on the value of our investments in the joint ventures.

Each of our joint venture agreements has been individually negotiated with our partner in the joint venture and, in some cases, we have agreed to terms that are favorable to our partner in the joint venture. For example, our partner may be entitled to a specified portion of the profits of the joint venture before we are entitled to any portion of such profits and our partner may have rights to buy our interest in the joint venture, to force us to buy the partner's interest in the joint venture or to compel the sale of the property owned by such joint venture. These rights may permit our partner in a particular joint venture to obtain a greater benefit from the value or profits of the joint venture than us, which may have an adverse effect on the value of our investment in the joint venture and on our

financial condition and results of operations. We may also enter into similar arrangements in the future.

We are subject to possible environmental liabilities and other possible liabilities.

We are subject to various federal, state and local environmental laws. These laws regulate our use, storage, disposal and management of hazardous substances and wastes, and can impose liability on property owners or operators for the clean-up of certain hazardous substances released on a property and any associated damage to natural resources without regard to whether the release was legal or whether it was caused by the property owner or operator. The presence of hazardous substances on our properties may adversely affect occupancy and our ability to develop or sell or borrow against those properties. In addition to potential liability for clean-up costs, private plaintiffs may bring claims for personal injury, property damage or for similar reasons. Various laws also impose liability for the clean-up of contamination at any facility (e.g., a landfill) to which we have sent hazardous substances for treatment or disposal, without regard to whether the materials were transported, treated and disposed in accordance with law.

Our properties may be subject to other risks relating to current or future laws including laws benefiting disabled persons, and other state or local zoning, construction or other regulations. These laws may require significant property modifications in the future for which we may not have budgeted and could result in fines being levied against us. In addition, although we believe that we adequately insure our properties, we are subject to the risk that our insurance may not cover all of the costs to restore a property which is damaged by a fire or other similar catastrophic event. The occurrence of any of these events could have an adverse impact on our cash flows and ability to make distributions to stockholders.

We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Under the Americans with Disabilities Act, or ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Additional federal, state and local laws also may require modifications to our properties, or restrict our ability to renovate our properties. We have not conducted an audit or investigation of all of our properties to determine our compliance. If one or more of our properties is not in compliance with the ADA or other legislation, then we would be required to incur additional costs to bring the property into compliance. We cannot predict the ultimate amount of the cost of compliance with ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations and cash flow and/or ability to satisfy our debt service obligations and to pay dividends to our stockholders could be adversely affected.

Our charter documents and applicable law may hinder any attempt to acquire us, which could discourage takeover attempts and prevent our stockholders from receiving a premium over the market price of our stock.

Provisions of our articles of incorporation and bylaws could inhibit changes in control. A change of control of our company could benefit stockholders by providing them with a premium over the then-prevailing market price of the stock. However provisions contained in our articles of incorporation and bylaws may delay or prevent a change in control of our company. These provisions, discussed more fully below, are:

- staggered board of directors;
- ownership limitations for tax purposes;

the board of director's ability to issue additional common stock and preferred stock without stockholder approval; and

stockholder rights plan.

Our board of directors is staggered into three separate classes. The board of directors of our company is divided into three classes. The terms of the class I, class II and class III directors expire in 2006, 2007 and 2008, respectively. Our staggered board may deter changes in control because of the increased time period necessary for a third party to acquire control of the board.

We have a share ownership limit for REIT tax purposes. To remain qualified as a REIT for federal income tax purposes, not more than 50% in value of our outstanding capital stock may be owned by five or fewer individuals at any time during the last half of any taxable year. For this purpose, stock may be "owned" directly, as well as indirectly under certain constructive ownership rules, including, for example, rules that attribute stock held by one family member to another family member. To avoid violating this rule regarding share ownership limitations and maintain our REIT qualification, our articles of incorporation prohibit ownership by any single stockholder of more than 9.0% in value or number of shares of our common stock. Limitations on the ownership of preferred stock may also be imposed by us.

The board of directors has the discretion to raise or waive this limitation on ownership for any stockholder if deemed to be in our best interest. To obtain a waiver, a stockholder must present the board and our tax counsel with evidence that ownership in excess of this limit will not affect our present or future REIT status.

Absent any exemption or waiver, stock acquired or held in excess of the limit on ownership will be transferred to a trust for the exclusive benefit of a designated charitable beneficiary, and the stockholder's rights to distributions and to vote would terminate. The stockholder would be entitled to receive, from the proceeds of any subsequent sale of the shares transferred to the charitable trust, the lesser of: the price paid for the stock or, if the owner did not pay for the stock, the market price of the stock on the date of the event causing the stock to be transferred to the charitable trust; and the amount realized from the sale.

This limitation on ownership of stock could delay or prevent a change in control.

We have a stockholder rights plan. We adopted a stockholder rights plan which provides, among other things, that when specified events occur, our stockholders will be entitled to purchase from us a newly created series of junior preferred shares, subject to our ownership limit described below. The preferred share purchase rights are triggered by the earlier to occur of (1) ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 17% or more of our outstanding shares of common stock or (2) ten business days after the commencement of or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the acquiring person becoming the beneficial owner of 17% or more of our outstanding common stock. The preferred share purchase rights would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our board of directors.

Certain provisions of Maryland law could inhibit changes in control. Certain provisions of the Maryland General Corporation Law, which we refer to as the Maryland corporation law, may have the effect of inhibiting a third party from making an acquisition proposal for our company or of impeding a change in control of our company under circumstances that otherwise could provide the holders of securities with the opportunity to realize a premium over the then-prevailing market price of such securities. We have opted out of these provisions of the Maryland corporation law, but our board of

directors may elect to adopt these provisions in the future. See "Certain Anti-takeover Provisions of Maryland Law" beginning on page 17 of this prospectus.

Future issuances of common stock and preferred stock could dilute existing stockholders' interests.

Our articles of incorporation authorize our board of directors to issue additional shares of common stock and preferred stock without stockholder approval. Any such issuance could dilute our existing stockholders' interests. Also, any future series of preferred stock may have voting provisions that could delay or prevent a change of control.

Changes in market conditions could adversely affect the market price of our common stock.

As with other publicly traded equity securities, the value of our common stock depends on various market conditions which may change from time to time. Among the market conditions that may affect the value of our common stock are the following:

- the extent of your interest in us;
- the general reputation of REITs and the attractiveness of our equity securities in comparison to other equity securities, including securities issued by other real estate-based companies;
- our financial performance; and
- general stock and bond market conditions.

The market value of our common stock is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. Consequently, our common stock may trade at prices that are higher or lower than our net asset value per share of common stock. If our future earnings or cash dividends are less than expected, it is likely that the market price of our common stock will diminish.

Market interest rates may have an effect on the value of our common stock.

If market interest rates go up, prospective purchasers of shares of our common stock may expect a higher distribution rate on our common stock. Higher market interest rates would not, however, result in more funds for us to distribute and, to the contrary, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to go down.

There are potential conflicts of interest between us and Mr. Green.

There is a potential conflict of interest relating to the disposition of the property contributed to us by Stephen L. Green, and his family. Mr. Green serves as the chairman of our board of directors and is an executive officer. As part of our formation, Mr. Green contributed appreciated property, with a net book value of $73.5 million, to the operating partnership in exchange for units of limited partnership interest in the operating partnership. He did not recognize any taxable gain as a result of the contribution. The operating partnership, however, took a tax basis in the contributed property equal to that of the contributing unitholder. The fair market value of the property contributed by him exceeded his tax basis by approximately $34.0 million at the time of contribution. The difference between fair market value and tax basis at the time of contribution represents a built-in gain. If we sell a property in a transaction in which a taxable gain is recognized, for tax purposes the built-in gain would be allocated solely to him and not to us. As a result, Mr. Green has a conflict of interest if the sale of a property which he contributed is in our best interest but not his.

There is a potential conflict of interest relating to the refinancing of indebtedness allocated to Mr. Green. Mr. Green would recognize gain if he were to receive a distribution of cash from the

operating partnership in an amount that exceeds his tax basis in his partnership units. His tax basis includes his share of debt, including mortgage indebtedness, owed by the operating partnership. If the operating partnership were to retire such debt, then he would experience a decrease in his share of liabilities which, for tax purposes, would be treated as a distribution of cash to him. To the extent the deemed distribution of cash exceeded his tax basis, he would recognize gain.

Limitations on our ability to sell or reduce the indebtedness on specific mortgaged properties could adversely affect the value of the stock.

We have agreed to restrictions relating to future transactions involving 673 First Avenue and 470 Park Avenue South. During the period of time that these restrictions apply, our ability to manage or use these properties in a manner that is in our overall best interests may be impaired. In particular, these restrictions could preclude us from participating in major transactions otherwise favorable to us if a disposition of these restricted assets is required. These restrictions may also inhibit a change in control of our company even though a disposition or change in control might be in the best interests of the stockholders.

Specifically, we have agreed not to sell our interest in these properties until August 20, 2009 without the approval of unitholders holding at least 75% of the units issued in consideration for these properties. The current gross carrying value of the commercial real estate of these properties totaled $84.2 million at March 31, 2005. We have also agreed not to reduce the mortgage indebtedness ($34.9 million at March 31, 2005), other than pursuant to scheduled amortization, on 673 First Avenue until one year prior to its maturity date without the same consent. In addition, we are obligated to use commercially reasonable efforts to refinance this mortgage prior to its maturity date in an amount not less than the principal amount outstanding on the maturity date. With respect to 673 First Avenue, Stephen Green controls at least 75% of the units whose approval is necessary. With respect to 470 Park Avenue South, Stephen Green controls at least 65% of the units whose approval is necessary. Finally, during this period, we may not incur debt secured by any of these properties if the amount of our new debt would exceed the greater of 75% of the value of the property securing the debt or the amount of existing debt being refinanced plus associated costs. The maturity date for the mortgage loan for 673 First Avenue is February 11, 2013.

In addition, on May 15, 2002, we acquired the property located at 1515 Broadway, New York, New York. Under a tax protection agreement established to protect the limited partners of the partnership that transferred 1515 Broadway to us, we have agreed not to take certain action that would adversely affect the limited partners' tax positions before December 31, 2011. We also acquired the property located at 220 East 42nd Street, New York, New York, on February 13, 2003 and condominium interests in the property located at 125 Broad Street, New York, New York on March 28, 2003. We have agreed not to take certain action that would adversely affect the tax positions of certain of the partners who held interests in these properties prior to the acquisitions for a period of seven years, in the case of 220 East 42nd Street, and a period of three years, in the case of 125 Broad Street, after the respective acquisitions. We also acquired the property located at 625 Madison Avenue, New York, New York, on October 19, 2004 and have agreed not to take certain action that would adversely affect the tax positions of certain of the partners who held interests in this property prior to the acquisition for a period of seven years after the acquisition.

In connection with future acquisitions of interests in properties, we may agree to similar restrictions on our ability to sell or refinance the acquired properties with similar potential adverse consequences.

We face potential conflicts of interest.

Members of management may have a conflict of interest over whether to enforce terms of agreements with entities in which senior management, directly or indirectly, has an interest. Two entities owned by one of Mr. Green's sons, First Quality Maintenance, L.P. and Classic Security LLC, currently provide cleaning, exterminating and security services to all of our office properties, with the exception of cleaning services at one property. Our company and our tenants accounted for approximately 15.76% of First Quality Maintenance, L.P.'s 2004 total revenue and 42.11% of Classic Security LLC's 2004 total revenue. In addition, Bright Star Courier, LLC, a messenger service company owned by one of Mr. Green's sons, has provided messenger services at eight of our properties since May 1, 2002. We accounted for approximately 66.3% of Bright Star Courier, LLC's 2004 total revenue. While the contracts pursuant to which these services are provided are reviewed by our board of directors, they are not the result of arm's length negotiations and, therefore, there can be no assurance that the terms and conditions are not less favorable than those which could be obtained from third parties providing comparable services.

Members of management may have a conflict of interest over whether to enforce terms of senior management's employment and noncompetition agreements. Stephen Green, Marc Holliday, Gregory Hughes, Andrew Levine, Gerard Nocera and Andrew Mathias entered into employment and noncompetition agreements with us pursuant to which they have agreed not to engage in the acquisition, development or operation of office real estate in the New York City metropolitan area. For the most part these restrictions apply to the executive both during his employment and for a period of time thereafter. Each executive is also prohibited from otherwise disrupting or interfering with our business through the solicitation of our employees or clients or otherwise. To the extent that we choose to enforce our rights under any of these agreements, we may determine to pursue available remedies, such as actions for damages or injunctive relief, less vigorously than we otherwise might because of our desire to maintain our ongoing relationship with the individual involved. Additionally, the non-competition provisions of these agreements despite being limited in scope and duration, could be difficult to enforce, or may be subject to limited enforcement, should litigation arise over them in the future. Mr. Green has interests in two properties in Manhattan which are exempt from the non-competition provisions of his employment and non-competition agreement.

Our failure to qualify as a REIT would be costly.

We believe we have operated in a manner to qualify as a REIT for federal income tax purposes and intend to continue to so operate. Many of these requirements, however, are highly technical and complex. The determination that we are a REIT requires an analysis of factual matters and circumstances. These matters, some of which may not be totally within our control, can affect our qualification as a REIT. For example, to qualify as a REIT, at least 95% of our gross income must come from designated sources that are listed in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income excluding capital gains. The fact that we hold our assets through the operating partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the Internal Revenue Service, which we refer to as the IRS, might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible for us to remain qualified as a REIT.

If we fail to qualify as a REIT, we would be subject to federal income tax at regular corporate rates. Also, unless the IRS grants us relief under specific statutory provisions, we would remain disqualified as a REIT for four years following the year we first failed to qualify. If we failed to qualify as a REIT, we would have to pay significant income taxes and would therefore have less money available for investments or for distributions to stockholders. This would likely have a significant

adverse effect on the value of our securities. In addition, the REIT tax laws would no longer require us to make any distributions to stockholders.

Previously enacted tax legislation reduces tax rates for dividends paid by non-REIT corporations.

Under certain previously enacted tax legislation, the maximum tax rate on dividends to individuals has generally been reduced from 38.6% to 15% (from January 1, 2003 through December 31, 2008). The reduction in rates on dividends is generally not applicable to dividends paid by a REIT except in limited circumstances that we do not contemplate. Although this legislation will not adversely affect the taxation of REITs or dividends paid by REITs, the favorable treatment of regular corporate dividends could cause investors who are individuals to consider stock of non-REIT corporations that pay dividends as relatively more attractive than stocks of REITs. It is not possible to predict whether such a change in perceived relative value will occur or what the effect, if any, this legislation will have on the market price of our stock.

We are dependent on external sources of capital.

Because of distribution requirements imposed on us to qualify as a REIT, it is not likely that we will be able to fund all future capital needs, including acquisitions, from income from operations. We therefore will have to rely on third-party sources of capital, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings. In addition, we anticipate having to raise money in the public equity and debt markets with some regularity, and our ability to do so will depend upon the general conditions prevailing in these markets. Recent conditions have demonstrated that conditions may exist which effectively prevent us, and REITs in general, from accessing these markets. Moreover, additional equity offerings may result in substantial dilution of our stockholders' interests, and additional debt financing may substantially increase our leverage.

We face significant competition for tenants.

The leasing of real estate is highly competitive. The principal means of competition are rent charged, location, services provided and the nature and condition of the facility to be leased. We directly compete with all lessors and developers of similar space in the areas in which our properties are located. Demand for retail space has been impacted by the recent bankruptcy of a number of retail companies and a general trend toward consolidation in the retail industry which could adversely affect the ability of our company to attract and retain tenants.

Our office building properties are concentrated in highly developed areas of midtown Manhattan. Manhattan is the largest office market in the United States. The number of competitive office properties in Manhattan could have a material adverse effect on our ability to lease office space at our properties, and on the effective rents we are able to charge. These competing properties may be newer or better located. In addition, we may compete with other property owners (including other REITs that currently invest in markets other than Manhattan) that are willing to acquire properties in transactions that are more highly leveraged than we are willing to undertake and therefore, our ability to make future acquisitions may be limited.

Loss of our key personnel could harm our operations.

We are dependent on the efforts of Stephen L. Green, the chairman of our board of directors and an executive officer, and Marc Holliday, our chief executive officer and president. A loss of the services of either of these individuals could adversely affect our operations.

FORWARD-LOOKING STATEMENTS MAY PROVE INACCURATE

This document and the documents that are incorporated by reference herein contain forward-looking statements that are subject to risks and uncertainties. Forward-looking statements include information concerning possible or assumed future results of our operations, including any forecasts, projections and plans and objectives for future operations. You can identify forward-looking statements by the use of forward-looking expressions such as "may," "will," "should," "expect," "believe," "anticipate," "estimate," "intend," "project," or "continue" or any negative or other variations on such expressions. Many factors could affect our actual financial results, and could cause actual results to differ materially from those in the forward-looking statements. These factors include those listed under "Risk Factors" beginning on page 2 of this prospectus and the following:

- general economic or business conditions, either nationally or in New York City, being less favorable than expected;
- reduced demand for office space;
- risks of real estate acquisitions;
- risks of structured finance investments;
- availability and creditworthiness of prospective tenants;
- adverse changes in the real estate markets, including decreasing rental revenue and increasing insurance costs;
- availability of capital (debt and equity);
- unanticipated increases in financing and other costs, including a rise in interest rates;
- market interest rates could adversely affect the market price for our common stock, as well as our performance and cash flow;
- our ability to satisfy complex rules in order for us to qualify as a REIT, for federal income tax purposes, our operating partnership's ability to satisfy the rules in order for it to qualify as a partnership for federal income tax purposes, and the ability of certain of our subsidiaries to qualify as REITs and certain or our subsidiaries to qualify as Taxable REIT Subsidiaries (as defined below) for federal income tax purposes, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;
- competition with other companies;
- the continuing threat of terrorist attacks on the national, regional and local economies including, in particular, the New York City area and our tenants;
- legislative or regulatory changes adversely affecting REITs and the real estate business; and
- environmental and/or safety requirements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus might

not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statement.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus is accurate as of any date other than the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

USE OF PROCEEDS

We will not receive any of the proceeds from sales of common stock by the selling stockholders. All costs and expenses incurred in connection with the registration under the Securities Act of 1933, as amended, or the Securities Act, of the offering made hereby will be paid by us, other than any brokerage fees and commissions, fees and disbursements of legal counsel for the selling stockholders and share transfer and other taxes attributable to the sale of the shares, which will be paid by the selling stockholders.

SELLING STOCKHOLDERS

We may issue the shares to selling stockholders holding up to an aggregate of 733,738 units, if and to the extent that such selling stockholders tender their units for redemption and we issue them shares of common stock in exchange therefor. The shares, upon redemption of units, will be issued by us in offerings exempt from the registration requirements of the Securities Act. The stockholders in those offerings or their pledgees, donees, transferees or other successors in interest who we collectively refer to in this prospectus as selling stockholders, may from time to time offer and sell any and all of the common stock offered under this prospectus.

The following table sets forth information as of June 22, 2005 with respect to shares covered by this prospectus. Because the selling stockholders may offer all, some or none of the common stock that are covered by this prospectus, no estimate can be made of the number of shares that will be offered under this prospectus or the number of shares that will be owned by any of the selling stockholders upon completion of the offering to which this prospectus relates. None of the selling stockholders listed in the table below holds any position, office or has had any other material relationship with us during the past three years. In addition, none of the selling stockholders listed in the table below are, or are affiliates of, a broker-dealer registered under the Securities Exchange Act of 1934, as amended.

Name of Selling Stockholder	Number of Shares of Common Stock that may be Offered Hereby
Steven Witkoff	366,667
Martin Witkoff	9,167
SCW Recipient A LLC	41,334
JAG Recipient A LLC	10,333
Sylvia G. Kaplan	260,475
Trust U/W of Elsie G. Robinson	14,850
Hortense Ginsberg	15,785
Rona Jaffe	9,900
Fisher-NYC Limited Partnership	5,227
Total	733,738

DESCRIPTION OF COMMON STOCK

General

Our articles of incorporation provide that we may issue up to 100,000,000 shares of common stock, $.01 par value per share. Subject to the provisions of the articles of incorporation regarding excess stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of stock, the holders of this stock will possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election and the holders of the remaining shares will not be able to elect any directors. On March 31, 2005, there were 41,622,290 shares of common stock outstanding.

All shares of common stock offered hereby have been duly authorized, and will be fully paid and nonassessable. Subject to the preferential rights of any other shares or series of stock and to the provisions of the articles of incorporation regarding excess stock, holders of shares of common stock are entitled to receive dividends on this stock if, as and when authorized and declared by our board of directors out of assets legally available therefor and to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all of our known debts and liabilities.

Holders of shares of common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the provisions of the articles of incorporation regarding excess stock, shares of common stock will have equal dividend, liquidation and other rights.

Provisions of Our Articles of Incorporation

The articles of incorporation authorize our board of directors to reclassify any unissued shares of common stock into other classes or series of classes of stock and to establish the number of shares in each class or series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations and restrictions on ownership, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series.

Our board of directors is divided into three classes of directors, each class constituting approximately one-third of the total number of directors, with the classes serving staggered terms. At each annual meeting of stockholders, the class of directors to be elected at the meeting will be elected for a three-year term and the directors in the other two classes will continue in office. We believe that classified directors will help to assure the continuity and stability of our board of directors and our business strategies and policies as determined by our board of directors. The use of a staggered board may delay or defer a change in control of our company or removal of incumbent management.

Restrictions on Ownership

For us to qualify as a REIT under the Internal Revenue Code of 1986, as amended, which we refer to as the Code, not more than 50% in value of our outstanding common stock may be owned, directly or indirectly, by five or fewer individuals, according to the definition in the Code, during the last half of a taxable year and the common stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. To satisfy the above ownership requirements and other requirements for qualification as a REIT, our board of directors has adopted, and the stockholders prior to the initial public offering approved, a provision in the articles of incorporation restricting the ownership or acquisition of shares of our capital stock. See "Restrictions on Ownership of Capital Stock" beginning on page 19 of this prospectus.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is The Bank of New York.

CERTAIN ANTI-TAKEOVER PROVISIONS OF MARYLAND LAW

The following summary of certain anti-takeover provisions of Maryland law does not purport to be complete and is subject to and qualified in its entirety by reference to Maryland law.

Business Combinations

Under the Maryland corporation law, certain "business combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or transfer of equity securities or reclassification of equity securities) between a Maryland corporation and any person who beneficially, directly or indirectly, owns 10% or more of the voting power of the corporation or an affiliate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation, an interested stockholder, or an affiliate of such an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares of voting stock held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected, unless, among other conditions, the corporation's common stockholders receive a minimum price (as defined in the Maryland corporation law) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. These provisions of the Maryland corporation law do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder. A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which the person otherwise would have become an interested stockholder.

Our board of directors may provide that its approval is subject to compliance with any terms and conditions determined by it. However, pursuant to the statute, our board of directors has by resolution opted out of these provisions of the Maryland corporation law and, consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations between us and any interested stockholder of our company. As a result, anyone who later becomes an interested stockholder may be able to enter into business combinations with us that may not be in the best interest of our stockholders without compliance by our company with the super-majority vote requirements and the other provisions of the statute.

Control Share Acquisitions

The Maryland corporation law provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved at a special meeting by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of shares of stock of the corporation in the election of directors: (i) a person who makes or proposes to make a control share acquisition, (ii) an officer of the corporation or (iii) an employee of the corporation who is also a director of the corporation. "Control shares" are voting shares of stock which, if aggregated with all other such shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror, directly or indirectly, to exercise or direct the exercise of, voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control shares do not include shares the

acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition, directly or indirectly, of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Pursuant to the statute, our board of directors has by resolution opted out of the control share provisions of the Maryland corporation law, but our board of directors may elect to adopt these provisions of the Maryland corporation law in the future.

Anti-Takeover Effect of Certain Provisions of Maryland Law

The business combination provisions and the control share acquisition provisions of the Maryland corporation law could delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for holders of securities or otherwise be in their best interests.

RESTRICTIONS ON OWNERSHIP OF CAPITAL STOCK

Excess Stock

Our articles of incorporation provide that we may issue up to 75,000,000 shares of excess stock, par value $.01 per share. For a description of excess stock, see " Restrictions on Ownership" below.

Restrictions on Ownership

For us to qualify as a REIT under the Code, among other things, not more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of a taxable year, other than the first year, and the shares of capital stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months, other than the first year, or during a proportionate part of a shorter taxable year. Pursuant to the Code, common stock held by specific types of entities, such as pension trusts qualifying under Section 401(a) of the Code, United States investment companies registered under the Investment Company Act of 1940, as amended, partnerships, trusts and corporations, will be attributed to the beneficial owners of these entities for purposes of the five or fewer requirement. Generally, for the purposes of restrictions on ownership, the beneficial owners of these entities will be counted as our stockholders.

In order to protect us against the risk of losing our status as a REIT due to a concentration of ownership among our stockholders, our articles of incorporation, subject to exceptions, provide that no stockholder may own, or be deemed to own by virtue of certain attribution provisions of the Code, more than 9.0%, which we refer to as the "Ownership Limit," of the aggregate number or value of our outstanding shares of common stock. Limitations on the ownership of preferred stock may also be imposed by us. Any direct or indirect ownership of shares of stock in excess of the Ownership Limit or that would result in our disqualification as a REIT, including any transfer that results in shares of capital stock being owned by fewer than 100 persons or results in our being "closely held" within the meaning of Section 856(h) of the Code, shall be null and void, and the intended transferee will acquire no rights to the shares of capital stock. The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. Our board of directors may, in its sole discretion, waive the Ownership Limit if evidence satisfactory to the board of directors and our tax counsel is presented that the changes in ownership will not then or in the future jeopardize our REIT status and our board of directors otherwise decides that this action is in our best interest.

Shares of capital stock owned, or deemed to be owned, or transferred to a stockholder in excess of the Ownership Limit will automatically be converted into shares of excess stock that will be transferred, by operation of law, to the trustee of a trust for the exclusive benefit of one or more charitable organizations described in Section 170(b)(1)(A) and 170(c) of the Code. The trustee of the trust will be deemed to own the excess stock for the benefit of the charitable beneficiary on the date of the violative transfer to the original transferee-stockholder. Any dividend or distribution paid to the original transferee-stockholder of excess stock prior to the discovery by us that capital stock has been transferred in violation of the provisions of our articles of incorporation shall be repaid to the trustee upon demand. Any dividend or distribution authorized and declared but unpaid shall be rescinded as void from the beginning with respect to the original transferee-stockholder and shall instead be paid to the trustee of the trust for the benefit of the charitable beneficiary. Any vote cast by an original transferee-stockholder of shares of capital stock constituting excess stock prior to the discovery by us that shares of capital stock have been transferred in violation of the provisions of the articles of incorporation shall be rescinded as void from the beginning. While the excess stock is held in trust, the original transferee-stockholder will be deemed to have given an irrevocable proxy to the trustee to vote the capital stock for the benefit of the charitable beneficiary. The trustee of the trust may transfer the

interest in the trust representing the excess stock to any person whose ownership of the shares of capital stock converted into this excess stock would be permitted under the Ownership Limit. If this transfer is made, the interest of the charitable beneficiary shall terminate and the proceeds of the sale shall be payable to the original transferee stockholder and to the charitable beneficiary as described herein. The original transferee-stockholder shall receive the lesser of (a) the price paid by the original transferee-stockholder for the shares of capital stock that were converted into excess stock or, if the original transferee-stockholder did not give value for the shares, the average closing price for the class of shares from which the shares of capital stock were converted for the ten trading days immediately preceding the sale or gift, and (b) the price received by the trustee from the sale or other disposition of the excess stock held in trust. The trustee may reduce the amount payable to the original transferee-stockholder by the amount of dividends and distributions relating to the shares of excess stock which have been paid to the original transferee-stockholder and are owed by the original transferee-stockholder to the trustee. Any proceeds in excess of the amount payable to the original transferee-stockholder shall be paid by the trustee to the charitable beneficiary. Any liquidation distributions relating to excess stock shall be distributed in the same manner as proceeds of a sale of excess stock. If the foregoing transfer restrictions are determined to be void or invalid by virtue of any legal decision, statute, rule or regulations, then the original transferee-stockholder of any shares of excess stock may be deemed, at our option, to have acted as an agent on behalf of us in acquiring the shares of excess stock and to hold the shares of excess stock on our behalf.

In addition, we will have the right, for a period of 90 days during the time any shares of excess stock are held in trust, to purchase all or any portion of the shares of excess stock at the lesser of (a) the price initially paid for the shares by the original transferee-stockholder, or if the original transferee-stockholder did not give value for the shares, the average closing price for the class of stock from which the shares of excess stock were converted for the ten trading days immediately preceding the sale or gift, and (b) the average closing price for the class of stock from which the shares of excess stock were converted for the ten trading days immediately preceding the date we elect to purchase the shares. We may reduce the amount payable to the original transferee-stockholder by the amount of dividends and distributions relating to the shares of excess stock which have been paid to the original transferee- stockholder and are owed by the original transferee-stockholder to the trustee. We may pay the amount of the reductions to the trustee for the benefit of the charitable beneficiary. The 90-day period begins on the later date of which notice is received of the violative transfer if the original transferee- stockholder gives notice to us of the transfer or, if no notice is given, the date the board of directors determines that a violative transfer has been made.

These restrictions will not preclude settlement of transactions through the NYSE.

All certificates representing shares of stock will bear a legend referring to the restrictions described above.

Each stockholder shall upon demand be required to disclose to us in writing any information with respect to the direct, indirect and constructive ownership of capital stock of our company as the board of directors deems necessary to comply with the provisions of the Code applicable to REITs, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

The Ownership Limit may have the effect of delaying, deferring or preventing a change in control of our company unless the board of directors determines that maintenance of REIT status is no longer in the best interest of our company.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion summarizes the material federal income tax consequences that are generally applicable to prospective holders of the offered securities. The specific tax consequences of owning the offered securities will vary depending on the circumstances of a particular stockholder. The discussion contained herein does not address all aspects of federal income taxation that may be relevant to particular holders. Therefore, we strongly recommend that stockholders review the following discussion and then consult with a tax advisor to determine the anticipated tax consequences of owning the offered securities.

The information in this section and the opinions of Solomon and Weinberg LLP are based on the Code, existing and proposed Treasury regulations thereunder, current administrative interpretations and court decisions. We cannot assume that future legislation, Treasury regulations, administrative interpretations and court decisions will not significantly change current law or affect existing interpretations of current law in a manner which is adverse to stockholders. Any such change could apply retroactively to transactions preceding the date of change. We cannot assume that the opinions and statements set forth herein, which do not bind the IRS or the courts, will not be challenged by the IRS or will be sustained by a court if so challenged.

This summary does not discuss state, local or foreign tax considerations. Except where indicated, the discussion below describes general federal income tax considerations applicable to individuals who are U.S. persons for federal income tax purposes (as described below) and who hold the offered securities as "capital assets" within the meaning of Section 1221 of the Code. Accordingly, the following discussion has limited application to domestic corporations and persons subject to specialized federal income tax treatment, such as foreign persons, trusts, estates, tax-exempt entities, regulated investment companies and insurance companies.

Under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice is (i) given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (ii) is directly relevant to the determination of an entry on a tax return. Accordingly, prospective stockholders should consult their respective tax advisors and tax return preparers regarding the preparation of any item on a tax return, even where the anticipated tax treatment has been discussed herein. **In addition, prospective stockholders are urged to consult with their own tax advisors with regard to the application of the federal income tax laws to such stockholders' respective personal tax situations, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.**

Taxation of SL Green

We elected to be taxed as a REIT under Sections 856 through 860 of the Code effective for our taxable year ended December 31, 1997. We believe that we have been organized and have operated, and we intend to continue to operate, in a manner to qualify as a REIT. In the opinion of Solomon and Weinberg LLP, commencing with our taxable year ended December 31, 2000, we have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and our method of operation enables us to continue to meet the requirements for qualification and taxation as a REIT. This opinion is based on factual representations relating to the organization and operation of SL Green, the operating partnership, their respective subsidiaries, factual representations relating to our continued efforts to comply with the various REIT tests and such documents that Solomon and Weinberg LLP has considered necessary or appropriate to review as a basis for rendering this opinion. Qualification and taxation as a REIT depends upon our ability to meet on a continuing basis, through actual annual operating results, the various qualification tests imposed

under the Code. Solomon and Weinberg LLP will not review compliance with these tests on a continuing basis. See "Failure to Qualify" below.

The following is a general summary of the material Code provisions that govern the federal income tax treatment of a REIT and its stockholders. These provisions of the Code are highly technical and complex.

If we qualify for taxation as a REIT, we generally will not be subject to federal corporate income taxes on net income that we distribute currently to stockholders. This treatment substantially eliminates the double taxation (taxation at both the corporate and stockholder levels) that generally results from investment in a corporation. However, we will be subject to federal income and excise tax in specific circumstances, including the following:

- we will be taxed at regular corporate rates on any undistributed REIT taxable income, including undistributed net capital gains, other than retained capital gains as discussed below.

- we may be subject to the alternative minimum tax on our items of tax preference.

- if we have (a) net income from the sale or other disposition of foreclosure property (which is, in general, property acquired by foreclosure or otherwise on default of a loan secured by the property) held primarily for sale to customers in the ordinary course of business or (b) other nonqualifying income from foreclosure property, we will be subject to tax at the highest corporate rate on such income.

- if we have net income from prohibited transactions, which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, such income will be subject to a 100% tax.

- if we fail to satisfy either the 75% gross income test or the 95% gross income test, but nonetheless maintain our qualification as a REIT because other requirements have been met, we will be subject to a 100% tax on (i) the greater of (a) the amount by which we fail the 75% test and (b) the amount by which we fail the 95% test, multiplied by (ii) a fraction intended to reflect our profitability.

- if we fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain net income for such year and (c) any undistributed taxable income from prior years, we will be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed.

- if we acquire any asset from a corporation generally subject to full corporate level tax in a transaction in which the basis of the asset in our hands is determined by reference to the basis of the asset in the hands of the corporation and we recognize gain on the disposition of such asset during the ten-year period beginning on the date on which such asset was acquired by us, then we will be subject to the built-in gain rule. Built-in gain is the excess of the fair market value of such property at the time of acquisition by us over the adjusted basis in such property at such time. Under the built-in gain rule, such gain will be subject to tax at the highest regular corporate rate applicable.

- if it is determined that amounts of certain income and expense were not allocated between us and a Taxable REIT Subsidiary (as defined herein) on the basis of arm's length dealing, or to the extent we change a Taxable REIT Subsidiary interest in excess of a commercially reasonable rate, we will be subject to a tax equal to 100% of those amounts.

Requirements for Qualification

The Code defines a REIT as a corporation, trust, or association:

(a) that is managed by one or more trustees or directors;

(b) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest;

(c) that would be taxable as a domestic corporation, but for Sections 856 through 859 of the Code;

(d) that is neither a financial institution nor an insurance company subject to specific provisions of the Code;

(e) the beneficial ownership of which is held by 100 or more persons;

(f) during the last half of each taxable year not more than 50% in value of the outstanding stock of which is owned, directly or indirectly, by five or fewer individuals; and

(g) that meets other tests, described below, regarding the nature of its income and assets.

The Code provides that conditions (a) through (d), inclusive, must be met during the entire taxable year and that condition (e) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months. Conditions (e) and (f), however, will not apply until after the first taxable year for which an election is made to be taxed as a REIT. We believe we have issued and have outstanding sufficient shares of stock with sufficient diversity of ownership to allow us to satisfy conditions (e) and (f). In addition, we intend to comply with Treasury regulations requiring us to ascertain the actual ownership of our outstanding shares. Our articles of incorporation include restrictions regarding the transfer of shares of capital stock that are intended to assist us in continuing to satisfy the share ownership requirements described in (e) and (f) above. See "Restrictions on Ownership of Capital Stock" beginning on page 22 of this prospectus.

If a REIT owns a corporate subsidiary that is a qualified REIT subsidiary (generally, a corporation wholly owned by the REIT), that subsidiary is disregarded for federal income tax purposes and all assets, liabilities and items of income, deduction and credit of the subsidiary are treated as assets, liabilities and items of the REIT itself. Similarly, a single member limited liability company owned by the REIT or by the operating partnership is generally disregarded as a separate entity for federal income tax purposes.

In the case of a REIT that is a partner in a partnership, Treasury regulations provide that for purposes of the gross income tests and asset tests, the REIT will be deemed to own its proportionate share, based on its interest in partnership capital, of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to such share. In addition, the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and asset tests, that they have in the hands of the partnership. Thus, our proportionate share of the assets, liabilities and items of gross income of the operating partnership will be treated as our assets, liabilities and items of gross income for purposes of applying the requirements described herein.

Finally, a corporation may not elect to become a REIT unless its taxable year is the calendar year. Our taxable year is the calendar year.

Income Tests. In order to maintain qualification as a REIT, we must annually satisfy two gross income tests. First, at least 75% of the REIT's gross income, excluding gross income from prohibited transactions, for each taxable year must be derived directly or indirectly from investments relating to real property or mortgages on real property, including rents from real property and, in specific

circumstances, from certain types of temporary investments. Second, at least 95% of the REIT's gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from such real property investments described above and from dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. If we fail to satisfy one or both of the 75% or the 95% gross income tests for any taxable year, we nevertheless may qualify as a REIT for such year if we are entitled to relief under specific provisions of the Code. These relief provisions generally are available if our failure to meet any such tests was due to reasonable cause and not due to willful neglect, we attach a schedule of the sources of our income to our federal corporate income tax return and any incorrect information on the schedule was not due to fraud with intent to evade tax. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. As discussed above, even if these relief provisions were to apply, a tax would be imposed with respect to the non-qualifying net income.

For purposes of the income tests, rents received by a REIT will qualify as rents from real property only if the following conditions are met:

- the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales.

- rents received from a tenant generally will not qualify as rents from real property in satisfying the gross income tests if the REIT, or a direct or indirect owner of 10% or more of the REIT, directly or constructively, owns 10% or more of such tenant.

- if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as rents from real property.

- the REIT generally must not operate or manage the property or furnish or render services to tenants, except through a Taxable REIT Subsidiary (as defined herein) or through an independent contractor who is adequately compensated and from whom the REIT derives no income.

The independent contractor requirement, however, does not apply to the extent the services provided by the REIT are usually or customarily rendered in connection with the rental of space for occupancy only and are not otherwise considered rendered to the occupant. Additionally, under the *de minimis* rule for noncustomary services, if the value of the noncustomary service income with respect to a property, valued at no less than 150% of the REIT's direct costs of performing such services, is 1% or less of the total income derived from the property, then the noncustomary service income will not cause other income from the property to fail to qualify as rents from real property (but the noncustomary service income itself will never qualify as rents from real property).

We have received a favorable ruling from the IRS with respect to our provision of telecommunication services, including high-speed Internet access, to our tenants. Under the ruling, providing these services to a property will not disqualify rents received from the property. In addition, amounts that we receive for providing these services will constitute rents from real property.

Asset Tests. In order to maintain qualification as a REIT, we must also satisfy, at the close of each quarter of our taxable year, the following tests relating to the nature of our assets:

- at least 75% of the value of our total assets must be represented by real estate assets, including (a) our allocable share of real estate assets held by the operating partnership or any partnerships in which the operating partnership owns an interest and (b) stock or debt instruments held for

not more than one year purchased with the proceeds of a stock offering or long-term (i.e., at least five-year) public debt offering of SL Green, cash, cash items and government securities;

no more than 20% of the value of our total assets may be securities of one or more Taxable REIT Subsidiaries; and

except for securities in the 75% asset class and securities of a Taxable REIT Subsidiary or a qualified REIT subsidiary: (a) the value of any one issuer's securities owned by us may not exceed 5% of the value of our total assets; (b) we may not own more than 10% of the total voting power of any one issuer's outstanding securities; and (c) we may not own more than 10% of the total value of any one issuer's outstanding securities (other than certain "straight debt" securities).

We own approximately 66.7% of the stock of One Park Avenue Realty Corp., 55% of the stock of each of 1250 Broadway Realty Corp. and 1515 Broadway Realty Corp., and 45% of Rock-Green Inc., each of which has elected or (in the case of Rock-Green, Inc., intends to elect) to be taxed as a REIT for federal income tax purposes. As a REIT, each of these companies is subject to the various REIT qualification requirements. We believe that each of these companies has been organized and has operated in a manner to qualify for taxation as a REIT for federal income tax purposes and will continue to be organized and operated in this manner. If any of these companies were to fail to qualify as a REIT, our interest in the stock of such company could cease to be a qualifying real estate asset for purposes of the 75% asset test and could thus become subject to the 5% asset test, the 10% voting stock limitation and the 10% value limitation applicable to our ownership in corporations generally (other than REITs, qualified REIT subsidiaries and Taxable REIT Subsidiaries). As a result, we could fail to qualify as a REIT.

A "Taxable REIT Subsidiary" is a corporation in which we own an interest that may earn income that would not be qualifying income if we earned it directly and may hold assets that would not be qualifying assets if we held them directly. We may hold up to 100% of the stock in a Taxable REIT Subsidiary. To treat a corporation as a Taxable REIT Subsidiary, we and the corporation must make a joint election by filing a Form 8875 with the IRS. A Taxable REIT Subsidiary will be liable for tax at corporate rates on any income it earns. Moreover, to prevent shifting of income and expenses between us and a Taxable REIT Subsidiary, the Code imposes on us a tax equal to 100% of certain items of income and expense that are not allocated between us and the Taxable REIT Subsidiary at arm's length. The 100% tax is also imposed to the extent we charge a Taxable REIT Subsidiary interest in excess of a commercially reasonable rate.

After initially meeting an asset test at the close of any quarter, we will not lose our status as a REIT for failure to satisfy that asset test at the end of a later quarter solely by reason of changes in asset values. If the failure to satisfy the asset test results from an acquisition of securities or other property during a quarter, the failure can be cured by disposition of sufficient nonqualifying assets within 30 days after the close of that quarter.

Under recently enacted legislation effective beginning with our 2005 taxable year, we would not lose our REIT status as the result of a failure of the 5% test, the 10% vote test or the 10% value test if value of the assets causing the violation did not exceed the lesser of 1% of the value of our assets at the end of the quarter in which the violation occurred or $10,000,000 and we were to cure the violation by disposing of assets within six months of the end of the quarter in which we identified the failure. In addition, for a failure of the 5% test, the 10% vote test or the 10% value test that is larger than this amount, and for a failure of the 75% test or the 20% test, we would not lose our REIT status if the failure were for reasonable cause and not due to willful neglect and we were to (i) file a schedule with the IRS describing the assets causing the violation, (ii) cure the violation by disposing of assets within six months of the end of the quarter in which we identified the failure and (iii) pay a tax equal to the greater of $50,000 or the product derived by multiplying the highest federal corporate income tax rate by the net income generated by the non-qualifying assets during the period of the failure. It is not possible, however, to state whether in all cases we would be entitled to these relief provisions.

Annual Distribution Requirements. In order to qualify as a REIT, we are required to distribute dividends, other than capital gain dividends, to our stockholders in an amount at least equal to (a) the sum of (A) 90% of our REIT taxable income (computed without regard to the dividends paid deduction and our net capital gain) and (B) 90% of the net income, after tax, if any, from foreclosure property, minus (b) the sum of specific items of non-cash income. We must pay the distribution during the taxable year to which the distributions relate, or during the following taxable year, if declared before we timely file our tax return for the preceding year and paid on or before the first regular dividend payment after the declaration. In addition, a dividend declared and payable to a stockholder of record in October, November or December of any year may be treated as paid and received on December 31 of such year even if paid in January of the following year. To the extent that we do not distribute all of our net capital gain or distribute at least 90%, but less than 100%, of our REIT ordinary taxable income, we will be subject to tax on the undistributed amount at regular corporate capital gain and ordinary income rates, respectively. Furthermore, if we fail to distribute during each calendar year at least the sum of (a) 85% of our REIT ordinary income for such year, (b) 95% of our REIT capital gain income for such year and (c) any undistributed taxable income from prior periods, we will be subject to a 4% excise tax on the excess of such amounts over the amounts actually distributed.

We intend to make timely distributions sufficient to satisfy the annual distribution requirements. In this regard, it is expected that our REIT taxable income will be less than our cash flow due to the allowance of depreciation and other non-cash charges in computing REIT taxable income. Moreover, the partnership agreement of the operating partnership authorizes us, as general partner, to take such steps as may be necessary to cause the operating partnership to make distributions to its partners in amounts sufficient to permit us to meet these distribution requirements. It is possible, however, that we may not have sufficient cash or other liquid assets to meet the 90% distribution requirement. In the event that such circumstances do occur, then in order to meet the 90% distribution requirement, we may cause the operating partnership to arrange for short-term, or possibly long-term, borrowings to permit the payment of required distributions.

Under specific circumstances, we may rectify a failure to meet the distribution requirement for a year by paying deficiency dividends to stockholders in a later year that may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. However, we would be required to pay to the IRS interest based upon the amount of any deduction taken for deficiency dividends.

Failure to Qualify

If we fail to qualify for taxation as a REIT in any taxable year and certain relief provisions do not apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. Distributions to stockholders in any year in which we fail to qualify as a REIT will not be deductible by us, nor will we be required to make distributions. Unless entitled to relief under specific statutory provisions, we also will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. It is not possible to state whether in all circumstances we would be entitled to such statutory relief.

Under recently enacted legislation, effective beginning with our 2005 taxable year, we would not lose our REIT status as the result of a failure to satisfy certain REIT requirements, such as requirements involving our organizational structure, if the failure was due to reasonable cause and not due to willful neglect and we were to pay a tax of $50,000. It is not possible, however, to state whether in all cases we would be entitled to this statutory relief.

Taxation of Stockholders

This discussion does not address all of the tax consequences that may be relevant to particular stockholders in light of their particular circumstances. Stockholders should consult their own tax advisors for a complete description of the tax consequences of investing in the offered stock.

U.S. Stockholders

As used herein, the term U.S. Stockholder means a stockholder who is a U.S. Person. A U.S. Person is defined as a citizen or resident of the United States, a corporation or partnership (including an entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any State of the United States or the District of Columbia (other than a partnership that is not treated as a U.S. Person under any applicable Treasury regulations), an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations, specific trusts in existence on August 20, 1996, and treated as U.S. Persons prior to such date, that elect to continue to be treated as U.S. Persons, also will be U.S. Persons.

Distributions. As long as we qualify as a REIT, distributions made to our taxable U.S. Stockholders out of current or accumulated earnings and profits and not designated as capital gain dividends will be taken into account by them as ordinary income. Corporate stockholders will not be eligible for the dividends received deduction as to such amounts. Earnings and profits are allocated to distributions with respect to preferred stock before they are allocated to distributions with respect to common stock. Distributions that are designated as capital gain dividends will be taxed as capital gains to the extent they do not exceed our actual net capital gain for the taxable year without regard to the period for which the stockholder has held our stock. If we elect to retain and pay income tax on any net capital gain, U.S.

Stockholders would include in their income as capital gain their proportionate share of such net capital gain. A U.S. Stockholder would also receive the right to claim a refundable tax credit for such stockholder's proportionate share of the tax paid by us on such retained capital gains and an increase in its basis in our stock. This increase in basis will be in an amount equal to the excess of the undistributed capital gains over the amount of tax paid thereon by us. Distributions in excess of current and accumulated earnings and profits will not be taxable to a U.S. Stockholder to the extent that they do not exceed the adjusted basis of the stock, but rather will reduce the adjusted basis of the stock. To the extent that such distributions exceed a U.S. Stockholder's adjusted basis in the stock, such distribution will be included in income as capital gain, assuming the stock is a capital asset in the hands of the stockholder.

Any dividend declared by us in October, November or December of any year payable to a stockholder of record on a specific date in any such month shall be treated as both paid by us and received by the stockholder on December 31 of such year, provided the dividend is actually paid by us during January of the following calendar year.

Sale or Exchange. In general, a U.S. Stockholder realizes capital gain or loss on the sale or exchange of the stock equal to the difference between (a) the amount of cash and the fair market value of any property received on such disposition, and (b) the stockholder's adjusted basis in the stock. To the extent a U.S. Stockholder who is an individual, a trust or an estate holds the stock for more than one year, any gain realized would be subject to tax rates applicable to long-term capital gains. However, any loss recognized by a U.S. Stockholder from selling or otherwise disposing of stock held for six months or less will be treated as long-term capital loss to the extent of dividends received by the stockholder that were required to be treated as long-term capital gains.

Recent Tax Legislation. Under legislation recently enacted, the maximum tax rate on long-term capital gains to individuals has generally been reduced from 20% to 15% (from May 6, 2003 through December 31, 2008) and the maximum tax rate on dividends to individuals has generally been reduced from 38.6% to 15% (from January 1, 2003 through December 31, 2008). The reduction in long-term capital gain rates will generally be applicable to sales of stock of a REIT and capital gain dividends received from a REIT (except to the extent representing real estate depreciation recapture, which continues to be taxed at a 25% rate). For capital gain dividends attributable to our capital gains for periods prior to May 6, 2003, non-corporate U.S. stockholders may continue to be taxed at a 20% rate with respect to such dividends. The reduction in rates on dividends is generally not applicable to dividends paid by a REIT except in limited circumstances that we do not contemplate.

Backup Withholding. We will report to our U.S. Stockholders and the IRS the amount of dividends paid during each calendar year and the amount of tax withheld, if any, with respect thereto. Under the backup withholding rules, a stockholder may be subject to backup withholding at a rate of 28% with respect to dividends paid unless the holder (a) is a corporation or comes within other exempt categories and, when required, demonstrates this fact, or (b) provides a taxpayer identification number and certifies as to no loss of exemption, and otherwise complies with the applicable requirements of the backup withholding rules. In addition, we may be required to withhold a portion of capital gain distributions made to any stockholders who fail to certify their non-foreign status to us.

An individual who is a U.S. Stockholder may satisfy the requirements for avoiding backup withholding by providing us with an appropriately prepared IRS Form W-9. If a U.S. Stockholder does not provide us with their correct taxpayer identification number, then the U.S. Stockholder may also be subject to penalties imposed by the IRS.

Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding tax rules will be refunded or credited against the U.S. Stockholders federal income tax liability, provided the U.S. Stockholder furnishes the required information to the IRS.

Taxation of Tax-Exempt Stockholders

The IRS has ruled that amounts distributed as dividends by a qualified REIT generally do not constitute unrelated business taxable income ("UBTI") when received by a tax-exempt entity. Based on that ruling, the dividend income from our stock will not be UBTI to a tax-exempt stockholder, provided that the tax-exempt stockholder has not held stock as debt financed property within the meaning of the Code and such stock is not otherwise used in a trade or business unrelated to the tax-exempt stockholder's exempt purpose. Similarly, income from the sale of the stock will not constitute UBTI unless such tax-exempt stockholder has held such stock as debt financed property within the meaning of the Code or has used the shares in a trade or business.

Notwithstanding the above paragraph, if we are a pension-held REIT, then any qualified pension trust that holds more than 10% of our stock will have to treat dividends as UBTI in the same proportion that our gross income would be UBTI. A qualified pension trust is any trust described in Section 401(a) of the Code that is exempt from tax under Section 501(a). In general, we will be treated as a pension-held REIT if both (a) we are predominantly owned by qualified pension trusts (i.e., if one such trust holds more than 25% of the value of our stock or one or more such trusts, each holding more than 10% of the value of our stock, collectively hold more than 50% of the value of our stock) and (b) we would not be a REIT if we had to treat our stock held by qualified pension trust as owned by the qualified pension trust (instead of treating such stock as owned by the qualified pension trust's multiple beneficiaries). Although we do not anticipate being classified as a pension-held REIT, we cannot assume that this will always be the case.

In addition, if you are a tax-exempt stockholder described in Section 512(a)(3) of the Code, then distributions received from us may also constitute UBTI. You are described in Section 512(a)(3) if you qualify for exemption under Sections 501(c)(7), (9), (17), or (20).

Taxation of Non-U.S. Stockholders

The rules governing U.S. federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships and other foreign stockholders, which are referred to collectively as Non-U.S. Stockholders are complex and no attempt will be made herein to provide more than a limited summary of such rules. Non-U.S. Stockholders should consult with their own tax advisors to determine the impact of U.S. Federal, state and local income tax laws with regard to an investment in the stock, including any reporting requirements.

Ordinary Dividends. Distributions, other than distributions that are treated as attributable to gain from sales or exchanges by us of U.S. real property interests and other than distributions designated by us as capital gain dividends, will be treated as ordinary income to the extent that they are made out of our current or accumulated earnings and profits. Such distributions to Non-U.S. Stockholders will ordinarily be subject to a withholding tax equal to 30% of the gross amount of the distribution, unless an applicable tax treaty reduces that tax rate. However, if income from the investment in the shares of the stock is treated as effectively connected with the Non-U.S. Stockholder's conduct of a U.S. trade or business, the Non-U.S. Stockholder generally will be subject to a tax at graduated rates in the same manner as U.S. stockholders are taxed with respect to such dividends and may also be subject to the 30% branch profits tax if the stockholder is a foreign corporation.

Dividends paid to an address in a country outside the United States are not presumed to be paid to a resident of such country for purposes of determining the applicability of withholding discussed above and the applicability of a tax treaty rate. A Non-U.S. Stockholder who wishes to claim the benefit of an applicable treaty rate may need to satisfy certification and other requirements, such as providing an IRS Form W-8BEN. A Non-U.S. Stockholder who wishes to claim that distributions are effectively connected with a United States trade or business, may need to satisfy certification and other requirements in order to avoid withholding, such as providing IRS Form W-8ECI. Other requirements may apply to Non-U.S. Stockholders that hold their shares through a financial intermediary or foreign partnership.

Return of Capital. Distributions in excess of our current and accumulated earnings and profits, which are not treated as attributable to the gain from the disposition by us of a U.S. real property interest, will not be taxable to a Non-U.S. Stockholder to the extent that they do not exceed the adjusted basis of the stock, but rather will reduce the adjusted basis of such stock. To the extent that such distributions exceed the adjusted basis of the stock, they will give rise to tax liability if the Non-U.S. Stockholder otherwise would be subject to tax on any gain from the sale or disposition of its stock, as described below. If it cannot be determined at the time a distribution is made whether such distribution will be in excess of current and accumulated earnings and profits, the distribution will be subject to withholding at the rate applicable to dividends. However, the Non-U.S. Stockholder may seek a refund of such amounts from the IRS to the extent it is subsequently determined that such distribution was, in fact, in excess of our current and accumulated earnings and profits.

Capital Gain Dividends. For any year in which we qualify as a REIT, distributions that are attributable to gain from sales or exchanges by us of U.S. real property interests will be taxed to a Non-U.S. Stockholder under the provisions of the Foreign Investment in Real Property Tax Act of 1980, as amended ("FIRPTA"). Under FIRPTA, these distributions are taxed to a Non-U.S. Stockholder as if such gain were effectively connected with a U.S. business. Thus, Non-U.S. Stockholders will be taxed on such distributions at the same capital gain rates applicable to U.S. stockholders, subject to any applicable alternative minimum tax and special alternative minimum tax (in

the case of nonresident alien individuals), without regard to whether such distributions are designated by us as capital gain dividends. Also, distributions subject to FIRPTA may be subject to a 30% branch profits tax in the hands of a corporate Non-U.S. Stockholder not entitled to treaty relief or exemption. We are required by applicable Treasury Regulations under FIRPTA to withhold 35% of any distribution that could be designated by us as a capital gain dividend. Under recently enacted legislation, capital gain dividends paid to a Non-U.S. Stockholder with respect to a class of REIT stock that is regularly traded on an established securities market in the United States will be treated as ordinary dividends, and not as capital gain dividends subject to FIRPTA, if the Non-U.S. Stockholder owns no more than 5% of the class of stock at any time during the taxable year in which the dividend is received.

Sale or Exchange of Stock. Gain recognized by a Non-U.S. Stockholder upon a sale or exchange of stock, including a redemption that is treated as a sale, generally will not be taxed under FIRPTA if we are a domestically controlled REIT. A REIT is a "domestically controlled REIT" if at all times during a specified testing period less than 50% in value of its stock is held directly or indirectly by Non-U.S. persons. However, gain not subject to FIRPTA will be taxable to a Non-U.S. Stockholder if (a) investment in the stock is treated as effectively connected with the Non-U.S. Stockholder's U.S. trade or business, in which case the Non-U.S. Stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain, or (b) the Non-U.S. Stockholder is a nonresident alien individual who was present in the United States for 183 days or more during the taxable year, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains. A similar rule will apply to capital gain dividends not subject to FIRPTA.

Although we anticipate that we will qualify as a domestically controlled REIT, we cannot assume that we will continue to so qualify. If we were not a domestically controlled REIT, whether or not a Non-U.S. Stockholder's sale of stock would be subject to tax under FIRPTA would depend on whether or not the stock was regularly traded on an established securities market and on the size of the selling Non-U.S. Stockholder's interest in us. If the gain on the sale of the stock were to be subject to tax under FIRPTA, the Non-U.S. Stockholder would be subject to the same treatment as U.S. Stockholders with respect to such gain, subject to any applicable alternative minimum tax and a special alternative minimum tax (in the case of nonresident alien individuals) and the purchaser of such stock may be required to withhold 10% of the gross purchase price.

Other Tax Considerations

Effect of Tax Status of Operating Partnership and Other Entities on REIT Qualification

All of our significant investments are held through the operating partnership. The operating partnership may hold interests in properties through property-owning entities. The operating partnership and the property-owning entities, as well as SL Green Management LLC, involve special tax considerations. These tax considerations include:

- allocations of income and expense items of the operating partnership and the property-owning entities, which could affect the computation of taxable income of SL Green;

- the status of the operating partnership, the property-owning entities and SL Green Management LLC as partnerships or entities that are disregarded as entities separate from their owners as, opposed to associations taxable as corporations, for income tax purposes, and

- the taking of actions by the operating partnership or any of the property-owning entities that could adversely affect our qualification as a REIT.

In the opinion of Solomon and Weinberg LLP, based on the factual representations by our company and the operating partnership, as set forth in the first paragraph of this section, for federal income tax purposes, the operating partnership will be treated as a partnership and neither SL Green Management LLC nor any of the property-owning entities will be treated as an association taxable as a

corporation (other than a Taxable REIT Subsidiary or corporation qualified to make a REIT election). If, however, the operating partnership or any of such other entities were treated as an association taxable as a corporation, we would fail to qualify as a REIT for a number of reasons.

The partnership agreement requires that the operating partnership be operated in a manner that will enable us to satisfy the requirements for classification as a REIT. In this regard, we will control the operation of the operating partnership through its rights as the sole general partner of the operating partnership.

Tax Allocations with Respect to the Properties

When property is contributed to a partnership in exchange for an interest in the partnership, the partnership generally takes a carryover basis in that property for tax purposes. Therefore, the partnership's basis is equal to the adjusted basis of the contributing partner in the property, rather than a basis equal to the fair market value of the property at the time of contribution. Pursuant to Section 704(c) of the Code, income, gain, loss and deductions attributable to such contributed property must be allocated in a manner such that the contributing partner is charged with, or benefits from, respectively, the unrealized gain or unrealized loss associated with the property at the time of the contribution. The amount of unrealized gain or unrealized loss is generally equal to the difference between the fair market value of the contributed property at the time of contribution and the adjusted tax basis of such property at the time of contribution, which we refer to as a "Book-Tax Difference." Such allocations are solely for federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. The operating partnership was funded by way of contributions of appreciated property to the operating partnership in the transactions leading to its formation. Consequently, the partnership agreement requires these allocations to be made in a manner consistent with Section 704(c) of the Code and the Treasury regulations thereunder, which we refer to as the "Section 704(c) Regulations."

The Section 704(c) Regulations require partnerships to use a "reasonable method" for allocation of items affected by Section 704(c) of the Code and they outline three methods which may be considered reasonable for these purposes. The operating partnership generally uses the "traditional method" of Section 704(c) allocations, which is the least favorable method from our perspective because of technical limitations. Under the traditional method, depreciation with respect to a contributed property for which there is a Book-Tax Difference first will be allocated to SL Green and other partners who did not have an interest in the property until they have been allocated an amount of depreciation equal to what they would have been allocated if the operating partnership had purchased such property for its fair market value at the time of contribution. In addition, if this property is sold, gain equal to the Book-Tax Difference at the time of sale will be specially allocated to the contributor of the property. These allocations tend to eliminate the Book-Tax Differences with respect to the contributed properties over the depreciable lives of the contributed property. However, they may not always entirely eliminate the Book-Tax Difference on an annual basis or with respect to a specific taxable transaction such as a sale. This could cause us (a) to be allocated lower depreciation deductions for tax purposes than would be allocated to us if all properties were to have a tax basis equal to their fair market value at the time of contribution and (b) to be allocated lower amounts of taxable loss in the event of a sale of such contributed interests in the properties at a book loss, than the economic or book loss allocated to us as a result of such sale, with a corresponding benefit to the other partners in the operating partnership. These allocations might adversely affect our ability to comply with REIT distribution requirements, although we do not anticipate that this will occur. These allocations may also affect our earnings and profits for purposes of determining the portion of distributions taxable as dividend income. The application of these rules over time may result in a higher portion of distributions being taxed as dividends than would have occurred had we purchased our interests in the properties at their agreed values.

Interests in the properties purchased by the operating partnership for cash simultaneously with or subsequent to our admission to the operating partnership initially will have a tax basis equal to their fair market value. Thus, Section 704(c) of the Code will not apply to such interests.

Sunset of Reduced Tax Rate Provisions

Several of the tax considerations described herein are subject to a sunset provision. The sunset provisions generally provide that for taxable years beginning after December 31, 2008, certain provisions that are currently in the Internal Revenue Code will revert back to a prior version of those provisions. These include provisions related to the reduced maximum income tax rate for capital gains of 15% (rather than 20%) for taxpayers taxed at individual rates, the application of the 15% capital gains rate to qualified dividend income, and certain other tax rate provisions described herein. The impact of this reversion is not discussed herein. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of sunset provisions on an investment in our stock.

Tax Shelter Reporting

Under recently promulgated Treasury regulations, if a stockholder recognizes a loss with respect to the shares of $2 million or more for an individual stockholder or $10 million or more for a corporate stockholder, the stockholder may be required to file a disclosure statement with the Internal Revenue Service on Form 8886. Direct stockholders of portfolio securities are in many cases exempt from this reporting requirement, but stockholders of a REIT currently are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Federal Estate Taxes

In general, if an individual who is not a citizen or resident (as defined in the Code) of the United States owns (or is treated as owning) our stock at the date of death, such stock will be included in the individual's estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

State and Local Tax

SL Green and our stockholders may be subject to state and local tax in states and localities in which it does business or owns property. Our tax treatment and the tax treatment of the stockholders in such jurisdictions may differ from the federal income tax treatment described above.

PLAN OF DISTRIBUTION

Any of the selling stockholders may from time to time, in one or more transactions, sell all or a portion of the offered shares on the NYSE, in the over-the-counter market, on any other national securities exchange on which the common stock is listed or traded, in negotiated transactions, in underwritten transactions or otherwise, at prices then prevailing or related to the then current market price or at negotiated prices. The offering price of the offered shares from time to time will be determined by the selling stockholders and, at the time of the determination, may be higher or lower than the market price of the common stock on the NYSE. In connection with an underwritten offering, underwriters or agents may receive compensation in the form of discounts, concessions or commissions from a selling stockholder or from purchasers of offered shares for whom they may act as agents, and underwriters may sell offered shares to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Under agreements that may be entered into by us, underwriters, dealers and agents who participate in the distribution of offered shares may be entitled to indemnification by us against specific liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. The offered shares may be sold directly or through broker-dealers acting as principal or agent, or pursuant to a distribution by one or more underwriters on a firm commitment or best-efforts basis. The methods by which the offered shares may be sold include: (a) a block trade in which the broker-dealer so engaged will attempt to sell the offered shares as agent but may position and resell a portion of the block as principal to facilitate the transaction; (b) purchases by a broker-dealer as principal and resale by such broker-dealer for its account pursuant to this prospectus; (c) ordinary brokerage transactions and transactions in which the broker solicits purchasers; (d) an exchange distribution in accordance with the rules of the NYSE; (e) privately negotiated transactions; and (f) underwritten transactions. The selling stockholders and any underwriters, dealers or agents participating in the distribution of the offered shares may be deemed to be "underwriters" within the meaning of the Securities Act, and any profit on the sale of the offered shares by the selling stockholders and any commissions received by an such broker-dealers may be deemed to be underwriting commissions under the Securities Act.

When a selling stockholder elects to make a particular offer of offered shares, a prospectus supplement, if required, will be distributed which will identify any underwriters, dealers or agents and any discounts, commissions and other terms constituting compensation from such selling stockholder and any other required information.

In order to comply with state securities laws, if applicable, the offered shares may be sold only through registered or licensed brokers or dealers. In addition, in specific states, the offered shares may not be sold unless they have been registered or qualified for sale in such state or an exemption from such registration or qualification requirement is available and is complied with.

We have agreed to pay all costs and expenses incurred in connection with the registration under the Securities Act of the offered shares, including, without limitation, all registration and filing fees, printing expenses and fees and disbursements of our counsel and our accountants. The selling stockholders will pay any brokerage fees and commissions, fees and disbursements of legal counsel for the selling stockholders and stock transfer and other taxes attributable to the sale of the offered shares. We have also has agreed to indemnify each of the selling stockholders and their respective officers, directors and trustees and each person who controls, within the meaning of the Securities Act, such selling stockholder against specified losses, claims, damages, liabilities and expenses arising under the securities laws in connection with this offering. Each of the selling stockholders has agreed to indemnify us, our officers and directors and each person who controls, within the meaning of the Securities Act, our company, and each of the other selling stockholders, against any losses, claims, damages, liabilities and expenses arising under the securities laws in connection with this offering with respect to written information furnished to us by such selling stockholder; provided, however, that the indemnification obligation is several, not joint, as to each selling stockholder.

LEGAL MATTERS

The validity of the issuance of the common stock offered hereby will be passed upon for us by Clifford Chance US LLP, New York, New York and the legal matters described under "Material Federal Income Tax Consequences" will be passed upon by Solomon and Weinberg LLP, New York, New York.

EXPERTS

The consolidated financial statements of SL Green Realty Corp. appearing in SL Green Realty Corp.'s Current Report (Form 8-K) dated June 22, 2005 for the year ended December 31, 2004 (including the schedule appearing therein), and SL Green Realty Corp. management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 included in SL Green Realty Corp.'s Annual Report (Form 10-K), have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, we file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any reports, statements or other information we file at the SEC's public reference rooms located at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the SEC and at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at "*http://www.sec.gov.*" We maintain a web site at "*http://www.slgreen.com.*" The information on our web site is not, and you must not consider the information to be, a part of this prospectus. Our securities are listed on the NYSE and all such material filed by us with the NYSE also can be inspected at the offices of the NYSE, 20 Broad Street, New York 10005.

We have filed with the SEC a registration statement on Form S-3, of which this prospectus is a part, under the Securities Act, with respect to the securities. This prospectus does not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information concerning our company and the securities, reference is made to the registration statement. Statements contained in this prospectus as to the contents of any contract or other documents are not necessarily complete, and in each instance, reference is made to the copy of such contract or documents filed as exhibits to the registration statement, each such statement being qualified in all respects by such reference.

The SEC allows us to "incorporate by reference" information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in this prospectus. This prospectus

incorporates by reference the documents set forth below that we have previously filed with the SEC. These documents contain important information about us, our business and our finances.

Document	Period
Annual Report on Form 10-K and Amendment to Form 10-K on Form 10-K/A (File No. 1-13199)	Year ended December 31, 2004
Quarterly Report on Form 10-Q (File No. 1-113199)	Quarter ended March 31, 2005
	Filed
Current Reports on Form 8-K (File No. 1-113199)	June 22, 2005
	June 16, 2005
	May 25, 2005
	May 10, 2005
	April 1, 2005
	February 3, 2005
	January 25, 2005 (reporting property acquisition)
Definitive Proxy Statement on Schedule 14A (File No. 1-13199)	April 19, 2005
Description of our common stock in Registration Statement on Form 8-A (File No. 1-13199)	July 21, 1997

All documents which we file pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this prospectus but before the end of any offering of securities made under this prospectus will also be considered to be incorporated by reference.

If you request, either orally or in writing, we will provide you with a copy of any or all documents which are incorporated by reference. Such documents will be provided to you free of charge, but will not contain any exhibits, unless those exhibits are incorporated by reference into the document. Requests should be addressed to Andrew S. Levine, Esq., SL Green Realty Corp., 420 Lexington Avenue, New York, NY 10170, telephone number (212) 594-2700.

733,738 Shares

Common Stock

PROSPECTUS , 2005

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following sets forth the estimated expenses in connection with the issuance and distribution of our securities being registered hereby, other than underwriting discounts and commissions, all of which will be borne by us:

Securities and Exchange Commission registration fee	$	5,684
Printing and engraving expenses(1)	$	10,000
Legal fees and expenses(1)	$	40,000
Accounting fees and expenses(1)	$	20,000
Miscellaneous	$	15,000
Total	$	90,684

(1)
Does not include expenses of preparing prospectus supplements and other expenses relating to offerings of particular securities.

Item 15. Indemnification of Directors and Officers.

The Maryland General Corporation Law, or MGCL, permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from actual receipt of an improper benefit or profit in money, property or services or active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates such liability to the maximum extent permitted by Maryland law.

Our articles of incorporation authorize us, to the maximum extent permitted by Maryland law, to obligate itself to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any present or former director or officer or (b) any individual who, while a director of our company and at the request of us, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of the corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The bylaws of our company obligate it, to the maximum extent permitted by Maryland law, to indemnify and to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any present or former director or officer who is made a party to the proceeding by reason of his service in that capacity or (b) any individual who, while a director of our company and at the request of us, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or any other enterprise as a director, officer, partner or trustee of the corporation, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made a party to the proceeding by reason of his service in that capacity. The articles of incorporation and bylaws also permit us to indemnify and advance expenses to any person who served a predecessor of our company in any of the capacities described above and to any employee or agent of our company or a predecessor of our company.

The MGCL requires a corporation to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he is made a party by reason of his service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was

unlawful. However, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation. In addition, the MGCL requires us, as a condition to advancing expenses, to obtain (a) a written affirmation by the director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification by us as authorized by the bylaws and (b) a written statement by or on his behalf to repay the amount paid or reimbursed by us if it shall ultimately be determined that the standard of conduct was not met.

We have entered into indemnification agreements with each of its executive officers and directors. The indemnification agreements require, among other matters, that we indemnify our executive officers and directors to the fullest extent permitted by law and advance to the executive officers and directors all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. Under these agreements, we must also indemnify and advance all expenses incurred by executive officers and directors seeking to enforce their rights under the indemnification agreements and may cover executive officers and directors under our directors' and officers' liability insurance. Although indemnification agreements offer substantially the same scope of coverage afforded the bylaws, they provide greater assurance to directors and executive officers that indemnification will be available, because, as contracts, they cannot be modified unilaterally in the future by the board of directors or to eliminate the rights they provide.

Item 16. Exhibits.

1.1	Form of Underwriting Agreement, if applicable.( )
4.1	Specimen Common Stock certificate incorporated by reference to the Company's Registration statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.
5.1	Opinion of Clifford Chance US LLP regarding the legality of common stock, filed herewith.
8.1	Opinion of Solomon and Weinberg LLP regarding certain tax matters, filed herewith.
23.1	Consent of Clifford Chance US LLP (included in Exhibit 5.1), filed herewith.
23.2	Consent of Solomon and Weinberg LLP (included in Exhibit 8.1), filed herewith.
23.3	Consent of Ernst & Young LLP, filed herewith.
24.1	Power of Attorney (included on signature page of this registration statement).

( ) To be filed by amendment or in a Current Report on Form 8-K.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the registration statement;

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement, or the most recent post-effective amendment thereof, which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume

and price represent no more than a 20% change in the maximum offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii)

To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to the information in the registration statement;

provided, however, that paragraphs (1)(A) and (1)(B) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, that are incorporated by reference in the registration statement.

(2)

That, for the purpose of determining any liability under the Securities Act of 1933, as amended, each of these post-effective amendments shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(3)

To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b)

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, as amended, each filing of the annual report of the registrant pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended, that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(c)

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable. In the event that a claim for indemnification against these liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of this issue.

(d)

The undersigned registrant hereby undertakes that:

(1)

For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) under the Securities Act of 1933, as amended, shall be deemed to be part of this registration statement as of the time it was declared effective.

(2)

For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES AND POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, as amended, SL Green Realty Corp. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in New York, on June 22, 2005.

SL GREEN REALTY CORP.

By: /s/ GREGORY F. HUGHES

Name: Gregory F. Hughes
Title: Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of SL Green Realty Corp., hereby severally constitute Marc Holliday, Gregory F. Hughes and Andrew S. Levine, and each of them singly, our due and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the registration statement filed herewith and any and all amendments to said registration statement, and generally to do all similar things in our names and in our capacities as officers and directors to enable SL Green Realty Corp. to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signatures as they may be signed by our said attorneys, or any of them, to said registration statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ MARC HOLLIDAY Marc Holliday	Chief Executive Officer, President and Director (Principal Executive Officer)	June 22, 2005
/s/ GREGORY F. HUGHES Gregory F. Hughes	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	June 22, 2005
/s/ STEPHEN L. GREEN Stephen L. Green	Chairman of the Board of Directors	June 22, 2005
/s/ EDWIN T. BURTON, III Edwin T. Burton, III	Director	June 22, 2005
/s/ JOHN H. ALSCHULER, JR. John H. Alschuler, Jr.	Director	June 22, 2005
/s/ JOHN S. LEVY John S. Levy	Director	June 22, 2005

INDEX TO EXHIBITS

1.1	Form of Underwriting Agreement, if applicable.
4.1	Specimen Common Stock certificate incorporated by reference to the Company's Registration statement on Form S-11 (No. 333-29329), declared effective by the Commission on August 14, 1997.
5.1	Opinion of Clifford Chance US LLP regarding the legality of common stock, filed herewith.
8.1	Opinion of Solomon and Weinberg LLP regarding certain tax matters, filed herewith.
23.1	Consent of Clifford Chance US LLP (included in Exhibit 5.1), filed herewith.
23.2	Consent of Solomon and Weinberg LLP (included in Exhibit 8.1), filed herewith.
23.3	Consent of Ernst & Young LLP, filed herewith.
24.1	Power of Attorney (included on signature page of this registration statement).

To be filed by amendment or in a Current Report on Form 8-K.

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ttom"> 10/22/2015 (39,002) (39,106) 1.363% 05/18/2015 11/18/2015 (15,208) (15,233) 1.363% 05/19/2015 11/19/2015 (12,231) (12,251) 1.616

RYL

0.400% 05/04/2015 08/04/2015 EUR (3,750) (4,183) 0.700% 04/16/2015 07/16/2015 (6,478) (7,233) 0.950% 05/12/2015 08/12/2015 GBP (8,0

SOG

0.250% 04/16/2015 07/16/2015 EUR (11,065) (12,342) 0.350% 06/15/2015 07/15/2015 (15,595) (17,389) 0.550% 05/18/2015 08/18/2015 (1,1

 See Accompanying Notes

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June 30, 2015

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date		Amount Borrowed [2]	Payable for Reverse Repurchase Agreements
SOG	0.730%	06/23/2015	08/21/2015	$	(1,572)	$ (1,572)
	0.750%	05/12/2015	08/12/2015		(5,860)	(5,866)
	0.750%	05/22/2015	08/24/2015		(9,535)	(9,543)
	0.750%	05/27/2015	08/27/2015		(9,610)	(9,617)
	0.750%	06/26/2015	08/21/2015		(8,936)	(8,937)
	0.750%	06/26/2015	09/10/2015		(8,068)	(8,069)
	0.780%	05/22/2015	08/24/2015		(12,856)	(12,867)
	0.780%	06/15/2015	07/15/2015	GBP	(11,446)	(17,991)
	1.529%	04/27/2015	07/28/2015	$	(24,735)	(24,803)
	1.724%	04/07/2015	10/07/2015		(9,437)	(9,475)
	1.733%	06/17/2015	12/17/2015		(45,786)	(45,817)
	1.736%	06/19/2015	12/17/2015		(6,329)	(6,333)
	2.038%	06/12/2015	06/10/2016		(8,390)	(8,399)
UBS	0.650%	04/23/2015	07/23/2015	EUR	(5,027)	(5,612)
	0.700%	01/20/2015	07/20/2015	$	(4,050)	(4,063)
	0.700%	05/04/2015	08/04/2015		(1,525)	(1,527)
	0.700%	05/11/2015	08/11/2015		(4,688)	(4,693)
	0.750%	01/14/2015	07/14/2015		(15,158)	(15,211)
	0.750%	01/15/2015	07/15/2015		(53,162)	(53,347)
	0.750%	02/06/2015	08/13/2015		(14,492)	(14,492)
	0.750%	02/13/2015	08/13/2015		(6,734)	(6,753)
	0.750%	05/06/2015	08/06/2015		(3,424)	(3,428)
	0.750%	05/07/2015	08/07/2015		(13,444)	(13,459)
	0.750%	05/11/2015	08/11/2015		(7,927)	(7,935)
	0.750%	05/15/2015	08/17/2015		(12,271)	(12,283)
	0.750%	05/18/2015	08/17/2015		(4,391)	(4,395)
	0.750%	05/21/2015	08/24/2015		(3,481)	(3,484)
	0.750%	06/25/2015	08/13/2015		(19,189)	(19,191)
	0.750%	06/29/2015	07/14/2015		(1,610)	(1,610)
	0.800%	01/23/2015	07/23/2015		(3,877)	(3,891)
	0.800%	03/19/2015	09/21/2015		(9,068)	(9,089)
	0.800%	03/26/2015	09/28/2015		(3,887)	(3,895)
	0.800%	04/27/2015	07/28/2015		(9,556)	(9,570)
	0.800%	05/04/2015	08/04/2015		(517)	(518)
	0.800%	05/07/2015	08/07/2015		(14,381)	(14,399)
	0.800%	05/08/2015	08/10/2015		(5,010)	(5,016)
	0.800%	05/13/2015	08/13/2015		(6,946)	(6,953)
	0.800%	05/28/2015	08/28/2015		(632)	(632)
	0.800%	06/22/2015	08/13/2015		(1,908)	(1,908)
	0.850%	01/28/2015	07/28/2015		(21,068)	(21,145)
	0.850%	05/12/2015	07/14/2015		(2,935)	(2,938)
	0.850%	05/12/2015	08/17/2015		(7,960)	(7,960)
	0.850%	05/15/2015	08/17/2015		(11,895)	(11,908)
	0.850%	05/21/2015	08/24/2015		(17,123)	(17,140)
	0.850%	05/26/2015	08/26/2015		(9,901)	(9,909)
	0.850%	05/28/2015	08/28/2015		(9,226)	(9,226)
	0.850%	06/23/2015	08/24/2015	EUR	(4,849)	(5,407)
	0.900%	05/26/2015	08/26/2015	$	(8,177)	(8,184)
	0.900%	06/10/2015	09/10/2015		(2,869)	(2,871)
	0.950%	04/16/2015	07/16/2015	GBP	(3,427)	(5,395)
	0.950%	04/23/2015	07/23/2015		(1,674)	(2,635)
	1.000%	04/16/2015	10/16/2015	$	(9,269)	(9,289)
	1.000%	06/22/2015	07/22/2015	GBP	(11,847)	(18,620)
	1.050%	04/16/2015	07/16/2015		(3,801)	(5,984)

1.470%	04/23/2015	07/23/2015		(2,920)	(4,601)
1.534%	06/02/2015	09/02/2015	$	(14,012)	(14,029)
1.690%	03/24/2015	01/04/2016		(21,572)	(21,672)
Total Reverse Repurchase Agreements					**$ (2,257,227)**

(2) As of June 30, 2015, there were no open sale-buyback transactions. The average amount of borrowings outstanding during the period ended June 30, 2015 was $2,089,034 at a weighted average interest rate of 0.964%.

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Consolidated Schedule of Investments PIMCO Dynamic Credit Income Fund (Cont.)

BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of June 30, 2015:

(i) Securities with an aggregate market value of $2,724,657 and cash of $5,147 have been pledged as collateral under the terms of the following master agreements as of June 30, 2015.

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Payable for Short Sales	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure [3]
Global/Master Repurchase Agreement							
BCY	$ 0	$ (387,602)	$ 0	$ 0	$ (387,602)	$ 520,879	$ 133,277
BPG	0	(99,164)	0	0	(99,164)	126,788	27,624
BRC	0	(87,682)	0	0	(87,682)	104,264	16,582
CFR	0	(31,726)	0	0	(31,726)	32,266	540
DBL	0	(89,849)	0	0	(89,849)	109,918	20,069
DEU	0	(50,889)	0	0	(50,889)	56,790	5,901
JML	0	(49,204)	0	0	(49,204)	59,293	10,089
NOM	116,100	0	0	0	116,100	(118,337)	(2,237)
RBC	0	(67,836)	0	0	(67,836)	79,051	11,215
RDR	18,200	(166,266)	0	0	(148,066)	190,080	42,014
RTA	0	(428,120)	0	0	(428,120)	536,285	108,165
RYL	0	(24,010)	0	0	(24,010)	25,708	1,698
SOG	38,613	(368,612)	0	0	(329,999)	396,059	66,060
UBS	0	(406,267)	0	0	(406,267)	434,054	27,787
Total Borrowings and Other Financing Transactions	**$ 172,913**	**$ (2,257,227)**	**$ 0**	**$ 0**			

[3] Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. The Fund and Subsidiary are recognized as two separate legal entities. As such, exposure cannot be netted. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS

Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
Reverse Repurchase Agreements					
Asset-Backed Securities	$ 0	$ (68,376)	$ (108,810)	$ (508,509)	$ 685,695
Corporate Bonds & Notes	(2,370)	(510,911)	(469,565)	(122,806)	(1,105,652)
Mortgage-Backed Securities	0	(67,545)	(111,462)	(214,433)	(393,440)
Sovereign Issues	0	(2,612)	(2,733)	0	(5,345)
U.S. Government Agencies	0	(9,088)	(1,394)	(7,319)	(17,801)
Total Borrowings	**$ (2,370)**	**$ (658,532)**	**$ (693,964)**	**$ (853,067)**	**$ (2,207,933)**
Gross amount of recognized liabilities for reverse repurchase agreements [4]					**$ (2,207,933)**

[4] Unsettled reverse repurchase agreements liability of $(49,294) is outstanding at period end.

(j) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION [1]

Index/Tranches	Fixed Deal Receive Rate	Maturity Date	Notional Amount [2]	Market Value [3]	Unrealized (Depreciation)	Variation Margin Asset	Variation Margin Liability
CDX.HY-24 5-Year Index	5.000%	06/20/2020	$ 182,457	$ 11,621	$ (1,872)	$ 923	$ 0

[1] If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

[2] The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

[3] The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

June 30, 2015

INTEREST RATE SWAPS

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount		Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
Pay	3-Month CAD-Bank Bill	3.300%	06/19/2024	CAD	102,200	$ 8,862	$ 4,115	$ 1,386	$ 0
Receive	3-Month CAD-Bank Bill	3.500%	06/20/2044		46,900	(6,196)	(4,525)	0	(1,339)
Pay	3-Month USD-LIBOR	2.250%	06/17/2020	$	271,600	6,533	(876)	0	(70)
Pay	3-Month USD-LIBOR	2.000%	03/20/2023		171,000	(1,982)	(1,313)	0	(59)
Receive	3-Month USD-LIBOR	2.750%	12/16/2045		367,400	18,793	(1,193)	850	0
Pay	6-Month AUD-BBR-BBSW	3.631%	03/06/2019	AUD	150,000	4,931	4,931	159	0
Pay	6-Month AUD-BBR-BBSW	3.635%	03/06/2019		175,000	5,773	5,773	186	0
Pay	6-Month AUD-BBR-BBSW	3.500%	06/17/2025		41,800	450	(585)	144	0
						$ 37,164	$ 6,327	$ 2,725	$ (1,468)
Total Swap Agreements						**$ 48,785**	**$ 4,455**	**$ 3,648**	**$ (1,468)**

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of June 30, 2015:

(k) **Securities with an aggregate market value of $46,306 and cash of $14,669 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2015.**

	Financial Derivative Assets: Market Value Purchased Options	Financial Derivative Assets: Variation Margin Asset Futures	Financial Derivative Assets: Variation Margin Asset Swap Agreements	Financial Derivative Assets: Total	Financial Derivative Liabilities: Market Value Written Options	Financial Derivative Liabilities: Variation Margin Liability Futures	Financial Derivative Liabilities: Variation Margin Liability Swap Agreements	Financial Derivative Liabilities: Total
Total Exchange-Traded or Centrally Cleared	**$ 0**	**$ 0**	**$ 3,648**	**$ 3,648**	**$ 0**	**$ 0**	**$ (1,468)**	**$ (1,468)**

(l) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
BOA	08/2015	$	21,543	BRL	67,741	$ 0	$ (6)
BPS	07/2015	JPY	658,822	$	5,332	0	(51)
	07/2015	MXN	6,918		446	6	0
	07/2015	$	1,716	AUD	2,247	18	0
CBK	07/2015	EUR	4,967	$	5,407	0	(130)
	07/2015	$	1,352	AUD	1,745	0	(6)
	07/2015		14,743	EUR	13,085	0	(155)
	08/2015		1,862	GBP	1,182	0	(5)
DUB	07/2015	BRL	156,834	$	50,750	306	0
	07/2015	GBP	48,303		74,018	0	(1,878)
	07/2015	$	50,549	BRL	156,834	0	(106)
FBF	07/2015	BRL	565,469	$	182,257	381	0
	07/2015	$	182,793	BRL	565,469	0	(917)
	08/2015	BRL	565,469	$	180,753	972	0
GLM	07/2015	AUD	12,357		9,528	15	(21)
	07/2015	BRL	400,864		146,167	17,235	0
	07/2015	GBP	391		620	6	0
	07/2015	$	129,202	BRL	400,864	0	(270)
	07/2015		2,083	GBP	1,344	29	0
JPM	07/2015	EUR	20,440	$	23,224	458	(22)
	07/2015	GBP	5,486		8,642	22	0
	07/2015	$	1,979	EUR	1,817	47	0
MSB	07/2015	BRL	7,771	$	2,829	329	0
	07/2015	$	2,505	BRL	7,771	0	(5)
	07/2015		11,905	EUR	10,638	0	(45)
	07/2015		83,039	GBP	52,836	0	(20)
	07/2015		5,340	JPY	658,822	43	0
	08/2015	EUR	88,617	$	99,565	717	0
	08/2015	GBP	52,836		83,021	21	0
	08/2015	JPY	658,822		5,343	0	(43)
	08/2015	$	24,616	BRL	78,158	233	0

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Consolidated Schedule of Investments PIMCO Dynamic Credit Income Fund (Cont.)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Liability
UAG	07/2015	EUR	133	$	150	$ 2	$ 0
	07/2015	$	6,445	AUD	8,365	9	0
	08/2015	AUD	8,365	$	6,434	0	(8)
	08/2015	EUR	650		729	4	0
	08/2015	GBP	1,299		2,042	1	0
Total Forward Foreign Currency Contracts						**$ 20,854**	**$ (3,688)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE AND SOVEREIGN ISSUES - SELL PROTECTION [1]

Counterparty	Reference Entity	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at June 30, 2015 [2]	Notional Amount [3]	Premiums (Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value Asset	Liability
BOA	Gazprom OAO Via Gaz Capital S.A.	1.000%	03/20/2019	4.276%	$ 10,000	$ (876)	$ (218)	$ 0	$ (1,094)
	Gazprom OAO Via Gaz Capital S.A.	1.000%	06/20/2020	4.467%	500	(75)	1	0	(74)
	Russia Government International Bond	1.000%	06/20/2024	3.530%	2,300	(223)	(179)	0	(402)
	Russia Government International Bond	1.000%	09/20/2024	3.534%	1,000	(102)	(76)	0	(178)
BPS	Petrobras International Finance Co.	1.000%	03/20/2019	3.907%	20,000	(1,735)	(237)	0	(1,972)
BRC	Abengoa S.A.	5.000%	12/20/2019	10.649%	EUR 2,700	(131)	(399)	0	(530)
	Russia Government International Bond	1.000%	06/20/2019	3.207%	$ 1,700	(105)	(31)	0	(136)
	Russia Government International Bond	1.000%	06/20/2024	3.530%	4,900	(574)	(282)	0	(856)
	Russia Government International Bond	1.000%	09/20/2024	3.534%	1,000	(83)	(95)	0	(178)
CBK	Gazprom OAO Via Gaz Capital S.A.	1.000%	03/20/2019	4.276%	15,000	(1,276)	(365)	0	(1,641)
	Russia Government International Bond	1.000%	06/20/2019	3.207%	7,900	(489)	(143)	0	(632)
	Russia Government International Bond	1.000%	06/20/2024	3.530%	3,900	(434)	(247)	0	(681)
	Russia Government International Bond	1.000%	09/20/2024	3.534%	2,600	(226)	(238)	0	(464)
GST	Gazprom OAO Via Gaz Capital S.A.	1.000%	06/20/2020	4.467%	2,100	(318)	9	0	(309)
	Petrobras International Finance Co.	1.000%	03/20/2019	3.907%	15,000	(1,295)	(184)	0	(1,479)

	Russia Government International Bond	1.000%	06/20/2019	3.207%	3,300	(204)	(60)	0	(264)
	Russia Government International Bond	1.000%	03/20/2020	3.327%	300	(56)	27	0	(29)
	Russia Government International Bond	1.000%	06/20/2020	3.365%	200	(27)	6	0	(21)
	Russia Government International Bond	1.000%	06/20/2024	3.530%	400	(45)	(25)	0	(70)
HUS	Russia Government International Bond	1.000%	09/20/2024	3.534%	593	(81)	(25)	0	(106)
JPM	Gazprom OAO Via Gaz Capital S.A.	1.000%	03/20/2019	4.276%	15,000	(1,295)	(346)	0	(1,641)
	Russia Government International Bond	1.000%	06/20/2024	3.530%	700	(64)	(58)	0	(122)
MYC	Gazprom OAO Via Gaz Capital S.A.	1.000%	03/20/2019	4.276%	10,000	(876)	(218)	0	(1,094)
						$ (10,590)	$ (3,383)	$ 0	$ (13,973)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION [(1)]

Counterparty	Index/Tranches	Fixed Deal Receive Rate	Maturity Date	Notional Amount [(3)]	Premiums (Received)	Unrealized Appreciation	Swap Agreements, at Value [(4)] Asset	Liability
BRC	ABX.HE.AAA.6-2 Index	0.110%	05/25/2046	$ 12,186	$ (2,630)	$ 354	$ 0	$ (2,276)

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity s credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(3) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(4) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

June 30, 2015

INTEREST RATE SWAPS

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date		Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Swap Agreements, at Value Asset	Swap Agreements, at Value Liability
FBF	Pay	1-Year BRL-CDI	12.230%	01/04/2021	BRL	550,000	$ (277)	$ 8	$ 0	$ (269)
GLM	Pay	1-Year BRL-CDI	12.230%	01/04/2021		250,000	(156)	0	0	(156)
	Pay	3-Month USD-LIBOR	2.150%	08/24/2020	$	366,200	314	2,788	3,102	0
MYC	Pay	1-Year BRL-CDI	11.680%	01/04/2021	BRL	218,000	129	(1,602)	0	(1,473)
							$ 10	$ 1,194	$ 3,102	$ (1,898)
Total Swap Agreements							**$ (13,210)**	**$ (1,835)**	**$ 3,102**	**$ (18,147)**

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of June 30, 2015:

(m) Securities with an aggregate market value of $19,144 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2015.

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral (Received)/Pledged	Net Exposure (5)
BOA	$ 0	$ 0	$ 0	$ 0	$ (6)	$ 0	$ (1,748)	$ (1,754)	$ (1,754)	$ 1,782	$ 28
BPS	24	0	0	24	(51)	0	(1,972)	(2,023)	(1,999)	2,017	18
BRC	0	0	0	0	0	0	(3,976)	(3,976)	(3,976)	3,866	(110)
CBK	0	0	0	0	(296)	0	(3,418)	(3,714)	(3,714)	3,697	(17)
DUB	306	0	0	306	(1,984)	0	0	(1,984)	(1,678)	(1,138)	(2,816)
FBF	1,353	0	0	1,353	(917)	0	(269)	(1,186)	167	0	167
GLM	17,285	0	3,102	20,387	(291)	0	(156)	(447)	19,940	(20,790)	(850)
GST	0	0	0	0	0	0	(2,172)	(2,172)	(2,172)	2,144	(28)
HUS	0	0	0	0	0	0	(106)	(106)	(106)	192	86
JPM	527	0	0	527	(22)	0	(1,763)	(1,785)	(1,258)	1,339	81
MSB	1,343	0	0	1,343	(113)	0	0	(113)	1,230	(905)	325
MYC	0	0	0	0	0	0	(2,567)	(2,567)	(2,567)	2,675	108
UAG	16	0	0	16	(8)	0	0	(8)	8	0	8

Total Over the Counter	**$ 20,854**	**$ 0**	**$ 3,102**	**$ 23,956**	**$ (3,688)**	**$ 0**	**$ (18,147)**	**$ (21,835)**

[5] Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC derivatives can only be netted across transactions governed under the same master agreement with the same legal entity. The Fund and Subsidiary are recognized as two separate legal entities. As such, exposure cannot be netted. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting agreements.

FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

The following is a summary of the fair valuation of the Fund s derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

Fair Values of Financial Derivative Instruments on the Consolidated Statements of Assets and Liabilities as of June 30, 2015:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 923	$ 0	$ 0	$ 2,725	$ 3,648
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 20,854	$ 0	$ 20,854
Swap Agreements	0	0	0	0	3,102	3,102
	$ 0	$ 0	$ 0	$ 20,854	$ 3,102	$ 23,956
	$ 0	$ 923	$ 0	$ 20,854	$ 5,827	$ 27,604

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Consolidated Schedule of Investments PIMCO Dynamic Credit Income Fund (Cont.)

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 0	$ 0	$ 0	$ 1,468	$ 1,468
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 3,688	$ 0	$ 3,688
Swap Agreements	0	16,249	0	0	1,898	18,147
	$ 0	$ 16,249	$ 0	$ 3,688	$ 1,898	$ 21,835
	$ 0	$ 16,249	$ 0	$ 3,688	$ 3,366	$ 23,303

The Effect of Financial Derivative Instruments on the Consolidated Statements of Operations for the period ended June 30, 2015 [(1)]:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 4,937	$ 0	$ 0	$ 3,707	$ 8,644
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 23,463	$ 0	$ 23,463
Swap Agreements	0	(1,659)	0	0	(1,998)	(3,657)
	$ 0	$ (1,659)	$ 0	$ 23,463	$ (1,998)	$ 19,806
	$ 0	$ 3,278	$ 0	$ 23,463	$ 1,709	$ 28,450
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ (3,122)	$ 0	$ 0	$ 2,828	$ (294)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (1,934)	$ 0	$ (1,934)
Swap Agreements	0	9,744	(2,073)	0	2,019	9,690
	$ 0	$ 9,744	$ (2,073)	$ (1,934)	$ 2,019	$ 7,756
	$ 0	$ 6,622	$ (2,073)	$ (1,934)	$ 4,847	$ 7,462

(1) Fiscal year end changed from December 31st to June 30th.

The Effect of Financial Derivative Instruments on the Consolidated Statements of Operations for the year ended December 31, 2014:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Futures	$ 0	$ 0	$ 0	$ 0	$ 3,491	$ 3,491
Swap Agreements	0	20,945	0	0	(86,367)	(65,422)
	$ 0	$ 20,945	$ 0	$ 0	$ (82,876)	$ (61,931)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (1,651)	$ 0	$ (1,651)
Swap Agreements	0	1,850	0	0	0	1,850
	$ 0	$ 1,850	$ 0	$ (1,651)	$ 0	$ 199
	$ 0	$ 22,795	$ 0	$ (1,651)	$ (82,876)	$ (61,732)
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Futures	$ 0	$ 0	$ 0	$ 0	$ (3,494)	$ (3,494)
Swap Agreements	0	(14,969)	0	0	43,993	29,024
	$ 0	$ (14,969)	$ 0	$ 0	$ 40,499	$ 25,530
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 24,865	$ 0	$ 24,865
Swap Agreements	0	(13,362)	2,073	0	(823)	(12,112)
	$ 0	$ (13,362)	$ 2,073	$ 24,865	$ (823)	$ 12,753
	$ 0	$ (28,331)	$ 2,073	$ 24,865	$ 39,676	$ 38,283

 See Accompanying Notes

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June 30, 2015

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2015 in valuing the Fund s assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2015
Investments in Securities, at Value				
Bank Loan Obligations	$ 0	$ 204,153	$ 12,437	$ 216,590
Corporate Bonds & Notes				
Banking & Finance	0	428,557	211,030	639,587
Industrials	0	581,756	23,392	605,148
Utilities	0	304,551	4,636	309,187
Municipal Bonds & Notes				
Iowa	0	1,580	0	1,580
New Jersey	0	0	6,972	6,972
West Virginia	0	12,301	0	12,301
U.S. Government Agencies	0	29,385	0	29,385
Mortgage-Backed Securities	0	1,242,230	33,505	1,275,735
Asset-Backed Securities	0	1,791,942	2,855	1,794,797
Sovereign Issues	0	142,260	0	142,260
Common Stocks				
Financials	0	0	2,666	2,666
Preferred Securities				
Banking & Finance	0	3,091	0	3,091

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2015
Short-Term Instruments				
Repurchase Agreements	$ 0	$ 172,912	$ 0	$ 172,912
Short-Term Notes	0	21,697	0	21,697
U.S. Treasury Bills	0	68,111	0	68,111
Total Investments	$ 0	$ 5,004,526	$ 297,493	$ 5,302,019
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	0	3,648	0	3,648
Over the counter	0	23,956	0	23,956
	$ 0	$ 27,604	$ 0	$ 27,604
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	0	(1,468)	0	(1,468)
Over the counter	0	(21,835)	0	(21,835)
	$ 0	$ (23,303)	$ 0	$ (23,303)
Totals	$ 0	$ 5,008,827	$ 297,493	$ 5,306,320

There were no significant transfers between Levels 1 and 2 during the period ended June 30, 2015.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended June 30, 2015:

Category and Subcategory	Beginning Balance at 12/31/2014	Net Purchases (1)	Net Sales (1)	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) (2)	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 06/30/2015	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 06/30/2015 (2)
Investments in Securities, at Value										
Bank Loan Obligations	$ 33,325	$ 70	$ (32,430)	$ (226)	$ (765)	$ 2,388	$ 10,075	$ 0	$ 12,437	$ 956
Corporate Bonds & Notes										
Banking & Finance	87,749	22,061	(512)	102	9	(3,194)	105,280	(465)	211,030	(3,125)
Industrials	86,156	1,025	0	99	0	4,163	0	(68,051)	23,392	115
Utilities	4,333	0	(79)	0	0	382	0	0	4,636	377
Municipal Bonds & Notes										
New Jersey	7,049	0	(70)	(1)	0	(6)	0	0	6,972	(5)
Mortgage-Backed Securities	6,685	58,557	(24,870)	15	9	289	0	(7,180)	33,505	(47)
Asset-Backed Securities	3,302	0	(476)	(1)	(4)	34	0	0	2,855	54
Common Stocks										
Financials	0	3,931	0	0	0	(1,265)	0	0	2,666	(1,265)
	$ 228,599	$ 85,644	$ (58,437)	$ (12)	$ (751)	$ 2,791	$ 115,355	$ (75,696)	$ 297,493	$ (2,940)
Financial Derivative Instruments - Assets										
Over the counter	8,238	3,302	(4,565)	0	(1,600)	(5,375)	0	0	0	0
Totals	$ 236,837	$ 88,946	$ (63,002)	$ (12)	$ (2,351)	$ (2,584)	$ 115,355	$ (75,696)	$ 297,493	$ (2,940)

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Consolidated Schedule of Investments PIMCO Dynamic Credit Income Fund (Cont.)

June 30, 2015

The following is a summary of significant unobservable inputs used in the fair valuations of assets and liabilities categorized within Level 3 of the fair value hierarchy:

Category and Subcategory		Ending Balance at 06/30/2015	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
Investments in Securities, at Value					
Bank Loan Obligations	$	2,362	Other Valuation Techniques [3]		
		10,075	Third Party Vendor	Broker Quote	100.75
Corporate Bonds & Notes					
Banking & Finance		211,030	Proxy Pricing	Base Price	100.00-107.95
Industrials		23,392	Proxy Pricing	Base Price	100.00
Utilities		4,636	Proxy Pricing	Base Price	101.88
Municipal Bonds & Notes					
New Jersey		6,972	Proxy Pricing	Base Price	101.15
Mortgage-Backed Securities		33,505	Proxy Pricing	Base Price	29.68-97.88
Asset-Backed Securities		2,855	Proxy Pricing	Base Price	106.50
Common Stocks					
Financials		2,666	Other Valuation Techniques [3]		
Total	$	297,493			

[1] Net Purchases and Sales for Financial Derivative Instruments may include payments made or received upon entering into swap agreements to compensate for differences between the stated terms of the swap agreement and prevailing market conditions.

[2] Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at June 30, 2015 may be due to an investment no longer held or categorized as Level 3 at period end.

[3] Includes valuation techniques not defined in the Notes to Financial Statements as securities valued using such techniques that are not considered significant to the Fund.

 See Accompanying Notes

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Consolidated Schedule of Investments PIMCO Dynamic Income Fund

June 30, 2015

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 163.8%				
BANK LOAN OBLIGATIONS 1.0%				
Energy Future Intermediate Holding Co. LLC				
4.250% due 06/19/2016	$	14,214	$	14,249
OGX				
TBD% - 13.000% due 04/10/2049		646		725
Total Bank Loan Obligations (Cost $14,729)				**14,974**
CORPORATE BONDS & NOTES 23.7%				
BANKING & FINANCE 11.3%				
AGFC Capital Trust				
6.000% due 01/15/2067 (h)		12,900		9,675
Banco Continental SAECA				
8.875% due 10/15/2017 (h)		9,100		9,607
Banco do Brasil S.A.				
3.875% due 10/10/2022 (h)		10,600		9,646
Cantor Fitzgerald LP				
7.875% due 10/15/2019 (h)		9,600		10,573
Credit Suisse AG				
6.500% due 08/08/2023 (h)		800		877
Eksportfinans ASA				
2.000% due 09/15/2015 (h)		700		701
5.500% due 05/25/2016 (h)		1,700		1,751
5.500% due 06/26/2017 (h)		1,900		2,018
Exeter Finance Corp.				
9.750% due 05/20/2019		9,700		9,703
Jefferies LoanCore LLC				
6.875% due 06/01/2020 (h)		4,181		4,076
KGH Intermediate Holdco LLC				
8.500% due 08/08/2019 (f)		17,760		16,755
Pinnacol Assurance				
8.625% due 06/25/2034 (f)		10,200		10,444
Programa Cedulas TDA Fondo de Titulizacion de Activos				
0.078% due 04/08/2016 (h)	EUR	900		1,001
Rabobank Group				
6.875% due 03/19/2020 (h)		7,900		10,393
Royal Bank of Scotland PLC				
6.934% due 04/09/2018 (h)		7,900		9,883
Sberbank of Russia Via SB Capital S.A.				
3.352% due 11/15/2019		10,000		10,145
6.125% due 02/07/2022 (h)	$	7,800		7,547
Springleaf Finance Corp.				
6.500% due 09/15/2017 (h)		2,300		2,418
TIG FinCO PLC				
8.500% due 03/02/2020	GBP	997		1,650
TIG FinCo PLC				
8.750% due 04/02/2020		5,647		8,806
Toll Road Investors Partnership LP				
0.000% due 02/15/2045 (d)	$	35,561		7,379
Vnesheconombank Via VEB Finance PLC				

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
5.375% due 02/13/2017 (h)		3,000		3,048
6.902% due 07/09/2020 (h)		13,700		13,426
				161,522
INDUSTRIALS 7.1%				
Alliance Oil Co. Ltd.				
10.000% due 03/11/2019		4,000		2,880
Buffalo Thunder Development Authority				
0.000% due 11/15/2029 (f)		2,488		50
11.000% due 12/09/2022		5,598		4,423
Caesars Entertainment Operating Co., Inc.				
9.000% due 02/15/2020 ^		18,800		15,322
Desarrolladora Homex S.A.B. de C.V.				
9.750% due 03/25/2020 ^(h)	$	5,000	$	380
Energizer SpinCo, Inc.				
5.500% due 06/15/2025		185		183
Enterprise Inns PLC				
6.500% due 12/06/2018	GBP	1,100		1,841
First Data Corp.				
7.375% due 06/15/2019 (h)	$	5,000		5,210
GCI, Inc.				
6.750% due 06/01/2021		947		964
Intrepid Aviation Group Holdings LLC				
6.875% due 02/15/2019		8,490		7,938
Millar Western Forest Products Ltd.				
8.500% due 04/01/2021 (h)		5,214		5,044
Numericable SFR S.A.S.				
6.000% due 05/15/2022 (h)		1,700		1,680
OGX Austria GmbH				
8.500% due 06/01/2018 ^		16,700		84
Petroleos de Venezuela S.A.				
5.500% due 04/12/2037		7,000		2,436
Reynolds Group Issuer, Inc.				
7.875% due 08/15/2019 (h)		9,000		9,394
Rockies Express Pipeline LLC				
6.875% due 04/15/2040 (h)		1,744		1,840
Spirit Issuer PLC				
5.472% due 12/28/2034 (h)	GBP	12,120		20,567
UCP, Inc.				
8.500% due 10/21/2017	$	10,600		10,642
Unique Pub Finance Co. PLC				
6.542% due 03/30/2021	GBP	5,492		9,064
Urbi Desarrollos Urbanos S.A.B. de C.V.				
9.750% due 02/03/2022 ^	$	5,000		550
				100,492
UTILITIES 5.3%				
Gazprom Neft OAO Via GPN Capital S.A.				
4.375% due 09/19/2022 (h)		13,700		11,713
6.000% due 11/27/2023 (h)		40,000		36,900
Gazprom OAO Via Gaz Capital S.A.				
7.288% due 08/16/2037 (h)		3,000		2,970
Petrobras Global Finance BV				
4.875% due 03/17/2020		3,100		2,955
5.375% due 01/27/2021 (h)		15,800		15,244
6.250% due 12/14/2026	GBP	1,500		2,099
6.625% due 01/16/2034		700		937
7.875% due 03/15/2019 (h)	$	2,900		3,087
				75,905
				337,919

Total Corporate Bonds & Notes (Cost $349,384)				
U.S. GOVERNMENT AGENCIES 2.2%				
Fannie Mae				
5.733% due 07/25/2041 (a)(h)		10,481		1,593
5.883% due 10/25/2040 (a)(h)		16,704		2,224
6.163% due 12/25/2037 (a)		526		79
6.253% due 03/25/2037 - 04/25/2037 (a)(h)		35,655		6,153
6.313% due 02/25/2037 (a)		383		62
6.333% due 09/25/2037 (a)(h)		1,302		285
6.463% due 11/25/2036 (a)		304		42
6.533% due 06/25/2037 (a)(h)		1,167		149
6.563% due 10/25/2035 (a)(h)		3,745		768
6.793% due 03/25/2038 (a)(h)		3,600		742
6.813% due 02/25/2038 (a)(h)		2,347		391
6.913% due 06/25/2023 (a)(h)		3,135		510
11.954% due 01/25/2041 (h)		5,985		7,541

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
Freddie Mac				
0.875% due 10/25/2020 (a)	$	95,607	$	3,165
6.225% due 05/15/2037 (a)		418		58
6.285% due 07/15/2036 (a)(h)		4,502		861
6.395% due 09/15/2036 (a)(h)		1,676		324
6.515% due 04/15/2036 (a)(h)		3,509		515
7.595% due 09/15/2036 (a)(h)		2,885		598
10.937% due 03/25/2025		3,300		3,903
13.998% due 09/15/2041		602		870
16.411% due 09/15/2034		348		436
Total U.S. Government Agencies (Cost $32,914)				**31,269**
MORTGAGE-BACKED SECURITIES 95.8%				
Alba PLC				
0.831% due 12/15/2038	GBP	11,427		15,897
American Home Mortgage Assets Trust				
0.477% due 08/25/2037 ^	$	11,633		5,613
0.727% due 11/25/2035 (h)		3,524		3,100
6.250% due 06/25/2037 (h)		10,999		7,599
American Home Mortgage Investment Trust				
0.487% due 09/25/2045 (h)		8,543		7,189
1.087% due 02/25/2044		9,739		6,131
BAMLL Re-REMIC Trust				
5.383% due 12/15/2016		13,000		13,455
Banc of America Alternative Loan Trust				
0.587% due 05/25/2035 ^(h)		1,420		1,090
6.000% due 06/25/2037		617		495
6.000% due 06/25/2046		237		204
Banc of America Funding Trust				
0.000% due 06/26/2035		10,469		8,671
0.000% due 07/26/2036		15,300		8,967
0.397% due 04/20/2047 ^(h)		27,515		21,629
0.397% due 08/25/2047 ^		10,255		7,742
0.637% due 02/20/2035		4,612		3,365
2.607% due 03/20/2036 ^(h)		3,363		2,917
2.801% due 01/25/2035		633		308
2.813% due 01/20/2047 ^		393		325
Banc of America Mortgage Trust				
2.497% due 10/20/2046 ^		422		254
2.701% due 01/25/2036		1,562		1,405
Banc of America Re-REMIC Trust				
5.675% due 02/17/2051 (h)		38,264		40,097
Bancaja Fondo de Titulizacion de Activos				

0.108% due 10/25/2037 (h)	EUR	3,123	3,336
BCAP LLC Trust			
2.178% due 07/26/2045	$	7,018	6,142
2.355% due 11/26/2035		9,500	8,121
2.501% due 02/26/2036		8,163	5,695
2.607% due 03/26/2035		8,051	7,596
2.719% due 05/26/2036		14,000	10,812
3.513% due 07/26/2035		4,770	3,917
4.552% due 04/26/2037		25,279	17,355
5.236% due 10/26/2035		6,052	5,146
5.500% due 12/26/2035		11,339	9,020
5.582% due 06/26/2036		6,392	5,331
6.000% due 08/26/2037		7,469	6,367
Bear Stearns Adjustable Rate Mortgage Trust			
4.827% due 06/25/2047 ^		6,944	6,255
Bear Stearns ALT-A Trust			
0.387% due 02/25/2034 (h)		10,116	8,528
4.492% due 09/25/2035 ^(h)		14,197	10,936
BRAD Resecuritization Trust			
2.774% due 03/12/2021		29,508	2,186
6.550% due 03/12/2021		5,515	5,386
Celtic Residential Irish Mortgage Securitisation PLC			
0.178% due 11/13/2047 (h)	EUR	26,089	27,417

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Consolidated Schedule of Investments PIMCO Dynamic Income Fund (Cont.)

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
0.186% due 03/18/2049	EUR	5,147	$	5,257
0.246% due 12/14/2048		7,229		7,516
0.254% due 04/10/2048		9,848		10,174
Chase Mortgage Finance Trust				
2.600% due 03/25/2037 ^(h)	$	5,490		4,624
Citigroup Mortgage Loan Trust, Inc.				
2.510% due 03/25/2036 ^		1,276		1,216
2.695% due 10/25/2035 ^(h)		10,246		9,140
2.757% due 09/25/2037 ^(h)		9,462		8,552
Countrywide Alternative Loan Trust				
0.377% due 09/25/2046 ^(h)		20,929		17,369
0.774% due 12/25/2035 (a)		14,615		325
0.917% due 11/25/2035 (h)		28,141		24,504
1.619% due 12/25/2035 (a)		16,345		1,326
2.931% due 06/25/2047		355		299
5.500% due 02/25/2020		400		396
5.500% due 07/25/2035 ^(h)		3,533		3,284
5.500% due 11/25/2035 ^		1,232		1,153
5.500% due 12/25/2035 ^(h)		13,733		12,466
5.500% due 01/25/2036 ^		258		246
5.500% due 04/25/2037 (h)		4,333		3,575
5.750% due 01/25/2036		403		341
5.750% due 01/25/2037 ^(h)		13,188		11,457
5.750% due 04/25/2037 ^(h)		4,399		4,004
6.000% due 06/25/2036 ^(h)		661		608
6.000% due 11/25/2036 ^		714		654
6.000% due 12/25/2036		314		247
6.000% due 01/25/2037 ^(h)		3,304		2,999
6.000% due 02/25/2037 ^		1,184		944
6.000% due 04/25/2037 ^(h)		9,471		7,039
6.000% due 05/25/2037 ^(h)		9,185		7,595
6.000% due 07/25/2037 ^(h)		3,439		3,529
6.963% due 07/25/2036 (a)		17,080		5,579
37.878% due 05/25/2037 ^		1,842		3,997
Countrywide Home Loan Mortgage Pass-Through Trust				
0.527% due 03/25/2036		3,592		1,872
0.787% due 03/25/2035		306		277
5.000% due 11/25/2035 ^		98		91
5.060% due 06/25/2047 ^(h)		12,554		11,792
5.500% due 12/25/2034		234		221
5.500% due 11/25/2035 ^		118		115
6.000% due 07/25/2037 ^		472		444
6.000% due 08/25/2037 (h)		10,943		9,613
6.000% due 08/25/2037 ^		6		5
6.000% due 01/25/2038 ^		368		333
Credit Suisse Commercial Mortgage Trust				
5.639% due 02/15/2039 (h)		12,950		13,151
6.500% due 07/26/2036 ^(h)		15,352		9,291
Credit Suisse Mortgage Capital Certificates				
2.285% due 07/26/2049		10,755		7,504
2.864% due 04/26/2035		27,326		22,487
4.525% due 07/26/2037 (h)		13,663		10,577
4.634% due 02/27/2047 (h)		72,364		48,243
5.692% due 04/16/2049 (h)		10,000		10,522
7.000% due 08/26/2036		19,785		9,623
7.000% due 08/27/2036		5,030		3,309
Credit Suisse Mortgage Capital Mortgage-Backed Trust				

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
5.896% due 04/25/2036 (h)		11,612	8,930
Debussy PLC			
5.930% due 07/12/2025	GBP	18,250	28,747
8.250% due 07/12/2025		5,000	6,324
Deutsche ALT-A Securities, Inc.			
6.000% due 10/25/2021 ^	$	1,478	1,303
Diversity Funding Ltd.			
1.458% due 02/10/2046	GBP	4,331	6,652
1.808% due 02/10/2046		1,310	1,661
2.308% due 02/10/2046		1,193	989
2.808% due 02/10/2046		1,170	315
4.058% due 02/10/2046	GBP	702	$ 85
4.558% due 02/10/2046 ^		234	0
4.658% due 02/10/2046 ^		247	0
Emerald Mortgages PLC			
0.178% due 07/15/2048	EUR	28,055	29,494
First Horizon Alternative Mortgage Securities Trust			
2.260% due 08/25/2035 ^	$	8,696	2,482
6.913% due 11/25/2036 (a)		2,247	557
First Horizon Mortgage Pass-Through Trust			
5.500% due 08/25/2037 ^		914	783
GreenPoint Mortgage Funding Trust			
0.387% due 12/25/2046 ^		4,924	2,968
GSR Mortgage Loan Trust			
2.751% due 11/25/2035		372	340
6.500% due 08/25/2036 ^		1,366	1,115
HarborView Mortgage Loan Trust			
0.428% due 03/19/2036 (h)		24,980	18,143
0.438% due 01/19/2036 (h)		12,477	8,638
0.837% due 06/20/2035 (h)		15,209	13,537
1.087% due 06/20/2035 (h)		3,461	2,922
Impac CMB Trust			
0.907% due 10/25/2034		437	373
Impac Secured Assets Trust			
0.297% due 05/25/2037		24	17
IndyMac Mortgage Loan Trust			
0.387% due 11/25/2046 (h)		8,809	6,242
0.437% due 02/25/2037		4,700	2,970
0.487% due 07/25/2036		895	707
2.815% due 06/25/2037 ^(h)		7,665	5,727
2.910% due 02/25/2035		639	561
4.745% due 03/25/2037		91	80
JPMorgan Alternative Loan Trust			
0.387% due 06/25/2037 (h)		47,035	28,352
3.002% due 11/25/2036 ^(h)		8,478	8,219
5.960% due 12/25/2036 (h)		9,944	8,394
6.310% due 08/25/2036 ^(h)		4,891	4,022
JPMorgan Chase Commercial Mortgage Securities Trust			
1.926% due 06/15/2045 (a)(h)		60,952	4,373
JPMorgan Mortgage Trust			
2.542% due 06/25/2037 ^(h)		8,381	7,643
4.925% due 04/25/2037 ^(h)		7,245	6,615
5.534% due 10/25/2036		2,076	1,840
KGS Alpha SBA Trust			
1.034% due 04/25/2038		5,671	245
Lavender Trust			
5.500% due 09/26/2035		7,050	5,898
5.999% due 11/26/2036		16,315	11,777
LB Commercial Mortgage Trust			
6.101% due 07/15/2044 (h)		10,913	11,790
LB-UBS Commercial Mortgage Trust			
0.739% due 02/15/2040 (a)(h)		209,930	1,953
5.452% due 09/15/2039 (h)		7,751	8,058
Lehman Mortgage Trust			
5.500% due 11/25/2035 ^		138	131
6.000% due 08/25/2036 ^(h)		1,676	1,433
6.000% due 09/25/2036 ^(h)		1,183	984

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
6.500% due 09/25/2037 ^(h)		7,439		6,310
7.250% due 09/25/2037 ^(h)		39,687		21,211
Lehman XS Trust				
0.465% due 07/25/2037		28,431		9,289
0.685% due 07/25/2047		4,299		1,407
MASTR Adjustable Rate Mortgages Trust				
0.387% due 05/25/2047 (h)		28,867		24,051
0.527% due 05/25/2047 ^		5,487		2,545
MASTR Alternative Loan Trust				
0.537% due 03/25/2036 (h)		25,254		6,122
0.587% due 03/25/2036		33,380		8,203
Morgan Stanley Re-REMIC Trust				
2.550% due 07/26/2035	$	26,634	$	20,667
2.617% due 01/26/2035		11,082		9,648
2.617% due 02/26/2037		6,285		5,299
5.201% due 09/26/2035		4,998		4,372
6.000% due 04/26/2036		7,969		7,048
Newgate Funding PLC				
0.771% due 12/15/2050	GBP	2,200		2,859
1.236% due 12/15/2050	EUR	2,541		2,624
1.486% due 12/15/2050		4,852		4,851
1.821% due 12/15/2050	GBP	3,835		5,664
NovaStar Mortgage Funding Trust				
0.377% due 09/25/2046	$	902		775
RBSSP Resecuritization Trust				
2.248% due 07/26/2045		20,150		17,091
2.714% due 05/26/2037		13,141		10,140
2.733% due 02/26/2036 (h)		9,505		6,433
4.738% due 11/21/2035 ^(h)		16,498		13,661
5.295% due 11/26/2035 ^(h)		29,290		19,484
6.000% due 03/26/2036 ^		8,873		7,394
Residential Accredit Loans, Inc. Trust				
0.367% due 07/25/2036 (h)		12,774		8,559
0.377% due 05/25/2037 (h)		26,433		22,205
1.158% due 01/25/2046 (h)		10,568		7,438
4.317% due 01/25/2036		1,388		1,086
6.000% due 08/25/2035 ^		1,334		1,243
6.000% due 06/25/2036 ^(h)		2,464		2,072
6.000% due 06/25/2036		656		552
6.000% due 08/25/2036 (h)		9,491		7,836
7.000% due 10/25/2037 (h)		17,649		14,793
Residential Asset Securitization Trust				
5.500% due 07/25/2035		1,524		1,389
6.250% due 08/25/2037 ^		4,940		2,896
Residential Funding Mortgage Securities, Inc. Trust				
5.813% due 08/25/2036 ^(h)		4,231		3,794
5.850% due 11/25/2035 ^		359		341
6.000% due 04/25/2037 ^		3,008		2,727
Rite Aid Pass-Through Certificates				
6.790% due 01/02/2021		11,000		11,401
Sequoia Mortgage Trust				
0.557% due 07/20/2036		1,850		1,363
1.387% due 10/20/2027		1,290		1,079
Southern Pacific Securities PLC				
4.069% due 12/10/2042	GBP	2,722		4,320
Structured Adjustable Rate Mortgage Loan Trust				
2.733% due 04/25/2047 (h)	$	4,495		3,573
4.380% due 02/25/2037 ^(h)		14,607		10,720
4.398% due 08/25/2036 (h)		5,180		2,965
Structured Asset Mortgage Investments Trust				
0.357% due 03/25/2037 ^		3,140		869
0.377% due 07/25/2046 (h)		27,856		22,219
SunTrust Alternative Loan Trust				
6.963% due 04/25/2036 ^(a)		6,507		2,200
TBW Mortgage-Backed Trust				
6.500% due 07/25/2036 (h)		26,015		15,489
WaMu Mortgage Pass-Through Certificates Trust				

0.607% due 06/25/2044 (h)	390	364
0.908% due 06/25/2047 ^	13,548	5,394
0.968% due 07/25/2047 (h)	31,744	27,266
1.038% due 10/25/2046	747	611
1.158% due 02/25/2046	94	87
1.937% due 07/25/2047 ^	1,228	913
4.214% due 03/25/2037 ^(h)	7,023	6,454
4.362% due 02/25/2037 ^	511	478
Washington Mutual Mortgage Pass-Through Certificates Trust		
0.427% due 01/25/2047 ^(h)	17,276	12,964
0.787% due 07/25/2036 ^(h)	11,612	7,170
6.000% due 04/25/2037 ^(h)	6,704	5,762

 See Accompanying Notes

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June 30, 2015

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
Wells Fargo Alternative Loan Trust				
2.707% due 07/25/2037 ^(h)	$	8,298	$	7,059
5.750% due 07/25/2037 ^		968		885
Wells Fargo Mortgage Loan Trust				
5.676% due 04/27/2036		28,600		26,156
Wells Fargo Mortgage-Backed Securities Trust				
2.686% due 10/25/2035 (h)		754		756
6.000% due 07/25/2036 ^		482		487
6.000% due 09/25/2036 ^		978		939
6.000% due 04/25/2037 ^		310		305
6.000% due 06/25/2037 ^		722		725
6.000% due 08/25/2037 ^		1,745		1,726
Total Mortgage-Backed Securities (Cost $1,146,449)				**1,367,051**
ASSET-BACKED SECURITIES 25.3%				
Asset-Backed Funding Certificates Trust				
1.237% due 03/25/2034		1,933		1,548
Bear Stearns Asset-Backed Securities Trust				
0.737% due 06/25/2036 (h)		8,846		7,681
2.547% due 10/25/2036		2,032		1,528
Bombardier Capital Mortgage Securitization Corp.				
7.440% due 12/15/2029 (h)		2,719		1,543
Citigroup Mortgage Loan Trust, Inc.				
5.387% due 03/25/2036 ^(h)		3,196		2,350
5.597% due 05/25/2036 ^(h)		698		479
Conseco Finance Securitizations Corp.				
7.960% due 05/01/2031 (h)		9,502		7,363
7.970% due 05/01/2032 (h)		16,663		10,769
8.200% due 05/01/2031 (h)		28,165		22,348
9.163% due 03/01/2033 (h)		9,740		8,760
Conseco Financial Corp.				
7.060% due 02/01/2031 (h)		6,666		6,940
Countrywide Asset-Backed Certificates				
0.357% due 06/25/2047 (h)		13,006		12,322
0.387% due 04/25/2036 (h)		4,864		4,656
0.447% due 01/25/2046 ^		8,561		7,841
0.607% due 06/25/2036 ^		2,130		547
0.987% due 03/25/2033		27		25
1.567% due 12/25/2032		1,513		1,400
4.758% due 02/25/2036 (h)		684		703
5.034% due 07/25/2036		2,183		2,163
5.505% due 04/25/2036		1,705		1,691
5.588% due 08/25/2036 (h)		1,764		1,733
Countrywide Asset-Backed Certificates Trust				
0.427% due 03/25/2047		8,000		5,200
5.033% due 10/25/2046 ^(h)		3,765		3,466
Countrywide Home Equity Loan Trust				
5.657% due 03/25/2034		1,996		3,450
Credit-Based Asset Servicing and Securitization LLC				
5.328% due 10/25/2036 (h)		10,800		10,551
CSAB Mortgage-Backed Trust				
5.500% due 05/25/2037 ^(h)		8,563		7,521
EMC Mortgage Loan Trust				
0.635% due 12/25/2042		181		173

		PRINCIPAL AMOUNT (000S)		MARKET VALUE (000S)
0.655% due 04/25/2042 (h)		9,602		8,824
2.437% due 04/25/2042		2,813		2,067
GMAC Mortgage Corp. Home Equity Loan Trust				
6.249% due 12/25/2037 (h)	$	7,647	$	7,692
GSAMP Trust				
2.062% due 06/25/2034		2,719		2,297
IndyMac Home Equity Mortgage Loan Asset-Backed Trust				
7.420% due 12/25/2031 ^		1,383		473
Lehman XS Trust				
5.343% due 06/24/2046 (h)		7,934		7,166
Long Beach Mortgage Loan Trust				
1.237% due 02/25/2034		226		218
MASTR Asset-Backed Securities Trust				
0.337% due 03/25/2036 (h)		10,001		6,711
0.567% due 01/25/2036		400		309
Mid-State Capital Corp. Trust				
6.742% due 10/15/2040		7,569		8,105
Morgan Stanley Home Equity Loan Trust				
0.417% due 04/25/2037 (h)		37,934		23,096
Oakwood Mortgage Investors, Inc.				
5.920% due 06/15/2031		9,114		4,302
6.610% due 06/15/2031		5,562		2,915
7.400% due 07/15/2030		23,821		15,428
7.405% due 06/15/2031		7,226		4,217
7.840% due 11/15/2029 (h)		4,987		5,157
8.490% due 10/15/2030 ^		1,755		450
Popular ABS Mortgage Pass-Through Trust				
1.437% due 08/25/2035		3,663		3,219
Residential Asset Mortgage Products Trust				
1.160% due 04/25/2034 (h)		11,800		10,215
Residential Asset Securities Corp. Trust				
0.347% due 06/25/2036 (h)		5,681		5,473
0.427% due 08/25/2036 (h)		11,000		7,517
Sorin Real Estate CDO Ltd.				
0.809% due 10/28/2046		7,400		6,031
Soundview Home Loan Trust				
0.467% due 06/25/2037 (h)		11,180		6,978
0.687% due 03/25/2036		16,905		12,314
South Coast Funding Ltd.				
0.531% due 01/06/2041		5,308		1,606
0.531% due 01/06/2041 (h)		175,348		53,043
Structured Asset Securities Corp.				
6.185% due 05/25/2032 ^		7,438		5,951
Tropic CDO Ltd.				
1.155% due 07/15/2034		22,500		13,950
Vanderbilt Acquisition Loan Trust				
7.330% due 05/07/2032 (h)		1,280		1,387
Total Asset-Backed Securities (Cost $314,510)				**361,862**
SOVEREIGN ISSUES 6.2%				
Brazil Notas do Tesouro Nacional				
6.000% due 05/15/2045	BRL	8,443		2,683
6.000% due 08/15/2050		234,678		75,152
10.000% due 01/01/2021		13,618		3,951
10.000% due 01/01/2025		23,699		6,598
Total Sovereign Issues (Cost $106,222)				**88,384**

	SHARES		MARKET VALUE (000S)
COMMON STOCKS 0.6%			
FINANCIALS 0.1%			
EME Reorganization Trust	5,207,199	$	65

TIG TopCo Ltd. (f)		662,196	666
			731
UTILITIES 0.5%			
PPL Corp.		245,814	7,244
Talen Energy Corp. (b)		30,703	527
			7,771
Total Common Stocks (Cost $9,782)			**8,502**
PREFERRED SECURITIES 0.3%			
BANKING & FINANCE 0.3%			
AgriBank FCB			
6.875% due 01/01/2024 (e)		36,000	3,791
Total Preferred Securities (Cost $3,600)			**3,791**
		PRINCIPAL AMOUNT (000S)	
SHORT-TERM INSTRUMENTS 8.7%			
REPURCHASE AGREEMENTS (g) 4.0%			
			56,487
SHORT-TERM NOTES 3.4%			
Federal Home Loan Bank			
0.040% due 07/08/2015 - 07/15/2015	$	11,300	11,300
0.070% due 08/14/2015		1,500	1,500
0.075% due 08/12/2015		4,100	4,100
0.090% due 09/08/2015 - 09/16/2015		23,500	23,497
0.091% due 09/08/2015		5,300	5,299
0.154% due 11/18/2015		2,300	2,299
			47,995
U.S. TREASURY BILLS 1.3%			
0.036% due 08/06/2015 - 11/05/2015 (c)(j)(l)		19,121	19,121
Total Short-Term Instruments (Cost $123,600)			**123,603**
Total Investments in Securities (Cost $2,101,190)			**2,337,355**
Total Investments 163.8% (Cost $2,101,190)		$	**2,337,355**
Financial Derivative Instruments (i)(k) (0.3%)			
(Cost or Premiums, net $(27,278))			**(4,449)**
Other Assets and Liabilities, net (63.5%)			**(906,015)**
Net Assets 100.0%		$	**1,426,891**

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS (AMOUNTS IN THOUSANDS*):

*** A zero balance may reflect actual amounts rounding to less than one thousand.**
^ Security is in default.
(a) Interest only security.
(b) Security did not produce income within the last twelve months.
(c) Coupon represents a weighted average yield to maturity.
(d) Zero coupon bond.

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Consolidated Schedule of Investments PIMCO Dynamic Income Fund (Cont.)

(e) Perpetual maturity; date shown, if applicable, represents next contractual call date.

(f) RESTRICTED SECURITIES:

Issuer Description	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
Buffalo Thunder Development Authority 0.000% due 11/15/2029	12/08/2014	$ 0	$ 50	0.00%
KGH Intermediate Holdco LLC 8.500% due 08/08/2019	08/07/2014	17,458	16,755	1.17%
Pinnacol Assurance 8.625% due 06/25/2034	06/23/2014	10,200	10,444	0.73%
TIG TopCo Ltd.	04/02/2015	982	666	0.05%
		$ 28,640	$ 27,915	1.95%

BORROWINGS AND OTHER FINANCING TRANSACTIONS

(g) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral Received, at Value	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received [(1)]
SCX	0.250%	06/30/2015	07/01/2015	$ 53,300	U.S. Treasury Notes 1.250% - 2.500% due 01/31/2020 - 05/15/2024	$ (54,383)	$ 53,300	$ 53,300
SSB	0.000%	06/30/2015	07/01/2015	3,187	Fannie Mae 2.260% due 10/22/2022	(3,253)	3,187	3,187
Total Repurchase Agreements						**$ (57,636)**	**$ 56,487**	**$ 56,487**

(1) Includes accrued interest.

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date	Amount Borrowed [(2)]	Payable for Reverse Repurchase Agreements

BCY	0.550%	05/20/2015	04/14/2016	$ (5,041)	$ (5,044)
	0.700%	05/07/2015	08/07/2015	(7,741)	(7,749)
	0.800%	03/19/2015	07/01/2015	(1,666)	(1,666)
	0.900%	06/11/2015	09/11/2015	(8,199)	(8,203)
	1.013%	05/18/2015	11/18/2015	(1,581)	(1,583)
	1.400%	06/16/2015	09/16/2015	(6,324)	(6,328)
	1.400%	06/18/2015	09/18/2015	(2,261)	(2,262)
	1.626%	04/22/2015	07/22/2015	(26,025)	(26,107)
	1.626%	05/07/2015	08/07/2015	(6,943)	(6,960)
	1.627%	04/23/2015	07/23/2015	(17,872)	(17,928)
	1.631%	06/08/2015	09/08/2015	(9,154)	(9,164)
	1.631%	06/22/2015	09/22/2015	(1,903)	(1,904)
	1.631%	06/25/2015	09/25/2015	(11,553)	(11,556)
	1.633%	06/02/2015	09/02/2015	(8,489)	(8,500)
	1.635%	05/27/2015	08/27/2015	(5,448)	(5,457)
	1.900%	06/30/2015	04/04/2016	(4,356)	(4,356)
	1.943%	06/22/2015	12/22/2015	(12,656)	(12,662)
	2.117%	03/24/2015	09/26/2016	(1,387)	(1,395)
	2.117%	03/25/2015	09/26/2016	(19,192)	(19,303)
	2.126%	05/20/2015	11/21/2016	(24,313)	(24,373)
	2.158%	04/30/2015	10/30/2015	(1,889)	(1,896)
BOS	1.539%	06/12/2015	07/15/2015	(14,241)	(14,253)
	1.585%	05/27/2015	08/27/2015	(5,811)	(5,820)
	1.776%	05/20/2015	11/20/2015	(23,549)	(23,598)
BPG	1.781%	03/23/2015	03/22/2016	(29,414)	(29,426)
	1.792%	06/12/2015	12/11/2015	(8,836)	(8,844)
BRC	0.600%	04/14/2015	07/14/2015	(518)	(519)
	0.750%	04/14/2015	07/14/2015	(11,015)	(11,033)
	0.750%	06/19/2015	07/14/2015	(5,453)	(5,454)
	0.850%	04/08/2015	07/07/2015	(6,299)	(6,312)
DBL	2.431%	06/09/2015	09/12/2016	(26,951)	(26,991)
FOB	1.732%	05/05/2015	07/06/2015	(1,368)	(1,372)
	1.732%	05/22/2015	07/22/2015	(56,079)	(56,187)
	1.735%	06/10/2015	08/10/2015	(7,716)	(7,724)
	1.737%	06/02/2015	08/03/2015	(1,146)	(1,148)

See Accompanying Notes

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June 30, 2015

Counterparty	Borrowing Rate	Borrowing Date	Maturity Date		Amount Borrowed (2)	Payable for Reverse Repurchase Agreements
JML	0.800%	05/28/2015	07/08/2015	$	(6,984)	$ (6,989)
	0.800%	05/29/2015	07/06/2015		(1,661)	(1,662)
	0.800%	06/01/2015	07/08/2015		(9,691)	(9,697)
	0.850%	06/17/2015	07/14/2015		(1,830)	(1,831)
	0.850%	06/18/2015	07/14/2015		(143)	(143)
	0.850%	06/19/2015	07/14/2015		(1,035)	(1,035)
	0.850%	06/24/2015	07/07/2015		(1,327)	(1,327)
	0.850%	06/24/2015	07/14/2015		(147)	(147)
	0.850%	06/25/2015	07/07/2015		(335)	(335)
	0.850%	06/26/2015	07/07/2015		(1,647)	(1,647)
JPS	1.536%	06/19/2015	09/11/2015		(7,029)	(7,033)
MSC	1.100%	04/15/2015	07/16/2015		(11,420)	(11,447)
	1.150%	04/15/2015	07/16/2015		(6,926)	(6,943)
RDR	0.500%	06/15/2015	09/15/2015		(10,043)	(10,045)
	0.730%	04/28/2015	07/28/2015		(6,655)	(6,664)
	0.730%	05/12/2015	08/10/2015		(6,618)	(6,625)
	0.800%	05/06/2015	11/06/2015		(4,141)	(4,146)
	1.160%	01/15/2015	07/15/2015		(35,861)	(36,054)
	1.350%	01/22/2015	07/22/2015		(6,007)	(6,043)
	1.350%	01/28/2015	07/28/2015		(12,065)	(12,135)
	1.390%	02/25/2015	08/25/2015		(3,063)	(3,078)
	1.410%	04/22/2015	10/22/2015		(1,804)	(1,809)
	1.410%	05/06/2015	11/06/2015		(14,954)	(14,987)
	1.416%	05/21/2015	11/23/2015		(18,863)	(18,893)
	1.420%	05/28/2015	11/30/2015		(1,037)	(1,038)
RTA	0.840%	03/23/2015	09/23/2015		(3,956)	(3,965)
	0.860%	05/12/2015	11/12/2015		(1,572)	(1,574)
	1.345%	03/24/2015	09/24/2015		(10,609)	(10,648)
	1.611%	04/07/2015	04/07/2016		(32,567)	(32,691)
	1.619%	04/13/2015	04/13/2016		(8,672)	(8,703)
	1.660%	05/14/2015	05/16/2016		(44,710)	(44,809)
	1.661%	05/12/2015	05/12/2016		(42,099)	(42,196)
	1.678%	06/01/2015	05/31/2016		(8,496)	(8,508)
	1.697%	06/11/2015	06/10/2016		(11,247)	(11,258)
SBI	1.153%	04/22/2015	10/22/2015		(14,003)	(14,034)
	1.172%	06/04/2015	12/04/2015		(8,943)	(8,951)
SOG	0.680%	05/15/2015	07/17/2015		(4,821)	(4,825)
	0.700%	04/23/2015	07/23/2015		(1,624)	(1,626)
	0.700%	05/29/2015	08/27/2015		(14,327)	(14,336)
	1.729%	04/27/2015	10/27/2015		(16,681)	(16,733)
	1.729%	05/08/2015	11/09/2015		(5,201)	(5,215)
	1.729%	06/08/2015	12/08/2015		(16,438)	(16,456)
	1.732%	05/27/2015	11/27/2015		(25,928)	(25,972)
	2.036%	06/15/2015	06/15/2016		(22,164)	(22,184)
	2.236%	06/15/2015	06/15/2016		(4,308)	(4,312)
UBS	0.500%	04/23/2015	07/23/2015	EUR	(826)	(921)
	0.550%	04/23/2015	07/23/2015		(8,696)	(9,704)
	0.600%	04/23/2015	07/23/2015		(7,996)	(8,925)
	0.700%	05/27/2015	08/03/2015	$	(868)	(869)
	0.750%	02/02/2015	08/03/2015		(1,154)	(1,158)
	0.750%	04/15/2015	07/15/2015		(1,894)	(1,897)
	0.800%	03/23/2015	09/23/2015		(8,606)	(8,625)
	0.800%	06/30/2015	09/23/2015		(3,038)	(3,038)
	0.850%	03/18/2015	09/18/2015		(3,594)	(3,603)

	0.900%	04/30/2015	07/23/2015	EUR	(2,424)	(2,706)
	0.900%	05/04/2015	07/06/2015		(19,002)	(21,216)
	1.150%	04/16/2015	07/16/2015	GBP	(10,315)	(16,246)
	1.556%	01/23/2015	07/23/2015	$	(1,728)	(1,740)
	1.606%	01/23/2015	07/23/2015		(2,676)	(2,695)
	1.790%	03/24/2015	01/04/2016		(2,974)	(2,989)
Total Reverse Repurchase Agreements						**$ (940,158)**

(2) As of June 30, 2015, there were no open sale-buyback transactions. The average amount of borrowings outstanding during the period ended June 30, 2015 was $1,007,662 at a weighted average interest rate of 1.351%.

See Accompanying Notes

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Consolidated Schedule of Investments PIMCO Dynamic Income Fund (Cont.)

BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral (received)/pledged as of June 30, 2015:

(h) **Securities with an aggregate market value of $1,231,239 and cash of $784 have been pledged as collateral under the terms of the following master agreements as of June 30, 2015.**

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Payable for Short Sales	Total Borrowings and Other Financing Transactions	Collateral (Received)/Pledged	Net Exposure [3]
Global/Master Repurchase Agreement							
BCY	$ 0	$ (184,396)	$ 0	$ 0	$ (184,396)	$ 235,624	$ 51,228
BOS	0	(43,671)	0	0	(43,671)	62,670	18,999
BPG	0	(38,270)	0	0	(38,270)	51,220	12,950
BRC	0	(23,318)	0	0	(23,318)	27,988	4,670
DBL	0	(26,991)	0	0	(26,991)	53,043	26,052
FOB	0	(66,431)	0	0	(66,431)	91,474	25,043
JML	0	(24,813)	0	0	(24,813)	30,217	5,404
JPS	0	(7,033)	0	0	(7,033)	9,235	2,202
MSC	0	(18,390)	0	0	(18,390)	21,596	3,206
RDR	0	(121,517)	0	0	(121,517)	148,016	26,499
RTA	0	(164,352)	0	0	(164,352)	223,803	59,451
SBI	0	(22,985)	0	0	(22,985)	26,961	3,976
SCX	53,300	0	0	0	53,300	(54,383)	(1,083)
SOG	0	(111,659)	0	0	(111,659)	144,390	32,731
SSB	3,187	0	0	0	3,187	(3,253)	(66)
UBS	0	(86,332)	0	0	(86,332)	102,142	15,810
Total Borrowings and Other Financing Transactions	**$ 56,487**	**$ (940,158)**	**$ 0**	**$ 0**			

[3] Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. The Fund and Subsidiary are recognized as two separate legal entities. As such, exposure cannot be netted. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting arrangements.

CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS

Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
Reverse Repurchase Agreements					
Asset-Backed Securities	$ 0	$ (25,986)	$ (19,657)	$ (115,622)	$ (161,265)
Corporate Bonds & Notes	0	(92,277)	(70,181)	(6,618)	(169,076)
Mortgage-Backed Securities	0	(190,838)	(59,335)	(338,960)	(589,133)
U.S. Government Agencies	0	(6,664)	(6,625)	(5,729)	(19,018)
Total Borrowings	**$ 0**	**$ (315,765)**	**$ (155,798)**	**$ (466,929)**	**$ (938,492)**
Gross amount of recognized liabilities for reverse repurchase agreements [4]					**$ (938,492)**

[4] Unsettled reverse repurchase agreements liability of $(1,666) is outstanding at period end.

(i) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

SWAP AGREEMENTS:

INTEREST RATE SWAPS

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
Pay	3-Month USD-LIBOR	2.000%	12/16/2019	$ 240,100	$ 1,831	$ 651	$ 0	$ (61)
Pay	3-Month USD-LIBOR	2.000%	12/16/2020	114,400	(95)	361	0	(32)
Receive	3-Month USD-LIBOR	4.000%	06/20/2022	134,000	(16,700)	9,517	47	0
Pay	3-Month USD-LIBOR	2.500%	12/16/2025	127,400	(1,160)	533	0	(69)
Receive	3-Month USD-LIBOR	2.750%	03/20/2043	102,200	2,861	813	203	0
Receive	3-Month USD-LIBOR	3.750%	06/18/2044	12,200	(2,051)	(2,024)	28	0
Receive	3-Month USD-LIBOR	3.500%	12/17/2044	44,200	(5,201)	(2,594)	102	0
Receive	3-Month USD-LIBOR	3.250%	06/17/2045	40,700	(2,690)	2,044	95	0
Receive	3-Month USD-LIBOR	2.750%	12/16/2045	3,800	183	23	10	0
					$ (23,022)	$ 9,324	$ 485	$ (162)
Total Swap Agreements					**$ (23,022)**	**$ 9,324**	**$ 485**	**$ (162)**

 See Accompanying Notes

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June 30, 2015

FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of June 30, 2015:

(j) Securities with an aggregate market value of $2,206 and cash of $24,903 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2015.

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin Asset			Market Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 0**	**$ 0**	**$ 485**	**$ 485**	**$ 0**	**$ 0**	**$ (162)**	**$ (162)**

(k) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
BOA	07/2015	BRL	4,323	$	1,563	$ 173	$ 0
	07/2015	GBP	66,723		102,530	0	(2,309)
	07/2015	$	1,393	BRL	4,323	0	(3)
BPS	07/2015	BRL	59,919	$	21,840	2,568	0
	07/2015	$	19,313	BRL	59,919	0	(40)
CBK	07/2015	EUR	9,465	$	10,304	0	(248)
DUB	07/2015	BRL	20,664		6,687	40	0
	07/2015	$	6,660	BRL	20,664	0	(14)
FBF	07/2015	BRL	281,632	$	90,773	190	0
	07/2015	$	91,040	BRL	281,632	0	(457)
	08/2015	BRL	281,632	$	90,024	484	0
GLM	07/2015		117,652		42,900	5,058	0
	07/2015	$	37,920	BRL	117,652	0	(79)

JPM	07/2015	BRL	79,074	$	29,093	3,660	0
	07/2015	EUR	4,902		5,452	0	(13)
	07/2015	GBP	980		1,542	3	0
	07/2015	$	25,486	BRL	79,073	0	(53)
	07/2015		1,024	GBP	661	15	0
SCX	07/2015		81,629	EUR	72,847	0	(415)
	08/2015	EUR	72,847	$	81,664	416	0
UAG	07/2015		64,564		70,423	0	(1,557)
	07/2015	$	6,849	EUR	6,084	0	(66)
	07/2015		105,259	GBP	67,042	80	0
	08/2015	GBP	67,042	$	105,237	0	(79)
Total Forward Foreign Currency Contracts						**$ 12,687**	**$ (5,333)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION (1)

Counterparty	Index/Tranches	Fixed Deal Receive Rate	Maturity Date	Notional Amount (2)	Premiums (Received)	Unrealized Appreciation	Swap Agreements, at Value (3) Asset	Liability
FBF	ABX.HE.AA.6-2 Index	0.170%	05/25/2046	$ 30,678	$ (27,265)	$ 15,206	$ 0	$ (12,059)

(1) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(3) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

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Consolidated Schedule of Investments PIMCO Dynamic Income Fund (Cont.)

INTEREST RATE SWAPS

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount		Premiums (Received)	Unrealized (Depreciation)	Swap Agreements, at Value Asset	Swap Agreements, at Value Liability
GLM	Pay	1-Year BRL-CDI	11.680%	01/04/2021	BRL	9,900	$ (13)	$ (54)	$ 0	$ (67)
Total Swap Agreements							**$ (27,278)**	**$ 15,152**	**$ 0**	**$ (12,126)**

FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of June 30, 2015:

(l) Securities with an aggregate market value of $16,685 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2015.

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral (Received)/ Pledged	Net Exposure [4]
BOA	$ 173	$ 0	$ 0	$ 173	$ (2,312)	$ 0	$ 0	$ (2,312)	$ (2,139)	$ 2,233	$ 94
BPS	2,568	0	0	2,568	(40)	0	0	(40)	2,528	(2,650)	(122)
CBK	0	0	0	0	(248)	0	0	(248)	(248)	371	123
DUB	40	0	0	40	(14)	0	0	(14)	26	(410)	(384)
FBF	674	0	0	674	(457)	0	(12,059)	(12,516)	(11,842)	12,240	398
GLM	5,058	0	0	5,058	(79)	0	(67)	(146)	4,912	(5,140)	(228)
JPM	3,678	0	0	3,678	(66)	0	0	(66)	3,612	(3,800)	(188)
SCX	416	0	0	416	(415)	0	0	(415)	1	0	1
UAG	80	0	0	80	(1,702)	0	0	(1,702)	(1,622)	1,841	219
Total Over the Counter	**$ 12,687**	**$ 0**	**$ 0**	**$ 12,687**	**$ (5,333)**	**$ 0**	**$ (12,126)**	**$ (17,459)**			

[4] Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC derivatives can only be netted across transactions governed under the same master agreement with the same legal entity. The Fund and Subsidiary are recognized as two separate legal entities. As such, exposure cannot be netted. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting agreements.

FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

The following is a summary of the fair valuation of the Fund s derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Fund.

Fair Values of Financial Derivative Instruments on the Consolidated Statements of Assets and Liabilities as of June 30, 2015:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 0	$ 0	$ 0	$ 485	$ 485
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 12,687	$ 0	$ 12,687
	$ 0	$ 0	$ 0	$ 12,687	$ 485	$ 13,172
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 0	$ 0	$ 0	$ 162	$ 162
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 5,333	$ 0	$ 5,333
Swap Agreements	0	12,059	0	0	67	12,126
	$ 0	$ 12,059	$ 0	$ 5,333	$ 67	$ 17,459
	$ 0	$ 12,059	$ 0	$ 5,333	$ 229	$ 17,621

 See Accompanying Notes

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June 30, 2015

The Effect of Financial Derivative Instruments on the Consolidated Statements of Operations for the period ended June 30, 2015 (1):

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 0	$ 0	$ 0	$ (5,423)	$ (5,423)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 255	$ 0	$ 255
Swap Agreements	0	(410)	0	0	0	(410)
	$ 0	$ (410)	$ 0	$ 255	$ 0	$ (155)
	$ 0	$ (410)	$ 0	$ 255	$ (5,423)	$ (5,578)
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Swap Agreements	$ 0	$ 0	$ 0	$ 0	$ 22,234	$ 22,234
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (15,936)	$ 0	$ (15,936)
Swap Agreements	0	(364)	0	0	21	(343)
	$ 0	$ (364)	$ 0	$ (15,936)	$ 21	$ (16,279)
	$ 0	$ (364)	$ 0	$ (15,936)	$ 22,255	$ 5,955

(1) Fiscal year end changed from March 31st to June 30th.

The Effect of Financial Derivative Instruments on the Consolidated Statements of Operations for the year ended March 31, 2015:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						

Swap Agreements	$	0	$	0	$	0	$	0	$	(9,188)	$	(9,188)
Over the counter												
Forward Foreign Currency Contracts	$	0	$	0	$	0	$	37,630	$	0	$	37,630
Swap Agreements		0		5,589		0		0		0		5,589
	$	0	$	5,589	$	0	$	37,630	$	0	$	43,219
	$	0	$	5,589	$	0	$	37,630	$	(9,188)	$	34,031
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments												
Exchange-traded or centrally cleared												
Swap Agreements	$	0	$	0	$	0	$	0	$	(39,067)	$	(39,067)
Over the counter												
Forward Foreign Currency Contracts	$	0	$	0	$	0	$	27,596	$	0	$	27,596
Swap Agreements		0		887		(20)		0		(74)		793
	$	0	$	887	$	(20)	$	27,596	$	(74)	$	28,389
	$	0	$	887	$	(20)	$	27,596	$	(39,141)	$	(10,678)

See Accompanying Notes

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Consolidated Schedule of Investments PIMCO Dynamic Income Fund (Cont.)

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2015 in valuing the Fund s assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2015
Investments in Securities, at Value				
Bank Loan Obligations	$ 0	$ 14,249	$ 725	$ 14,974
Corporate Bonds & Notes				
Banking & Finance	0	124,620	36,902	161,522
Industrials	0	89,850	10,642	100,492
Utilities	0	75,905	0	75,905
U.S. Government Agencies	0	31,269	0	31,269
Mortgage-Backed Securities	0	1,347,833	19,218	1,367,051
Asset-Backed Securities	0	361,862	0	361,862
Sovereign Issues	0	88,384	0	88,384
Common Stocks				
Financials	65	0	666	731
Utilities	7,771	0	0	7,771
Preferred Securities				
Banking & Finance	0	3,791	0	3,791
Short-Term Instruments				
Repurchase Agreements	0	56,487	0	56,487

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2015
Short-Term Notes	$ 0	$ 47,995	$ 0	$ 47,995
U.S. Treasury Bills	0	19,121	0	19,121
Total Investments	$ 7,836	$ 2,261,366	$ 68,153	$ 2,337,355
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	0	485	0	485
Over the counter	0	12,687	0	12,687
	$ 0	$ 13,172	$ 0	$ 13,172
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	0	(162)	0	(162)
Over the counter	0	(17,459)	0	(17,459)
	$ 0	$ (17,621)	$ 0	$ (17,621)
Totals	$ 7,836	$ 2,256,917	$ 68,153	$ 2,332,906

There were no significant transfers between Levels 1 and 2 during the period ended June 30, 2015.

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Fund during the period ended June 30, 2015:

Category and Subcategory	Beginning Balance at 03/31/2015	Net Purchases [1]	Net Sales [1]	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) [2]	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 06/30/2015	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 06/30/2015 [2]
Investments in Securities, at Value										
Bank Loan Obligations	$ 20,759	$ 0	$ (21,879)	$ (98)	$ 265	$ 1,678	$ 0	$ 0	$ 725	$ 325
Corporate Bonds & Notes										
Banking & Finance	37,680	0	(226)	23	4	(579)	0	0	36,902	(588)
Industrials	13,664	0	0	5	0	(97)	0	(2,930)	10,642	(6)
Mortgage-Backed Securities	49,069	11,359	(97)	5	5	(1,026)	0	(40,097)	19,218	(347)
Common Stocks										
Financials	0	982	0	0	0	(316)	0	0	666	(316)
	$ 121,172	$ 12,341	$ (22,202)	$ (65)	$ 274	$ (340)	$ 0	$ (43,027)	$ 68,153	$ (932)
Financial Derivative Instruments - Assets										
Over the counter	2,065	696	(1,169)	0	(405)	(1,187)	0	0	0	0
Totals	$ 123,237	$ 13,037	$ (23,371)	$ (65)	$ (131)	$ (1,527)	$ 0	$ (43,027)	$ 68,153	$ (932)

 See Accompanying Notes

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June 30, 2015

The following is a summary of significant unobservable inputs used in the fair valuations of assets and liabilities categorized within Level 3 of the fair value hierarchy:

Category and Subcategory	Ending Balance at 06/30/2015	Valuation Technique	Unobservable Inputs	Input Value(s) (% Unless Noted Otherwise)
Investments in Securities, at Value				
Bank Loan Obligations	$ 725	Other Valuation Techniques [3]		
Corporate Bonds & Notes				
Banking & Finance	36,902	Proxy Pricing	Base Price	100.00-102.67
Industrials	10,642	Proxy Pricing	Base Price	100.00
Mortgage-Backed Securities	2,431	Other Valuation Techniques [3]		
	16,787	Proxy Pricing	Base Price	97.50-103.26
Common Stocks				
Financials	666	Other Valuation Techniques [3]		
Total	$ 68,153			

[1] Net Purchases and Sales for Financial Derivative Instruments may include payments made or received upon entering into swap agreements to compensate for differences between the stated terms of the swap agreement and prevailing market conditions.

[2] Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at June 30, 2015 may be due to an investment no longer held or categorized as Level 3 at period end.

[3] Includes valuation techniques not defined in the Notes to Financial Statements as securities valued using such techniques that are not considered significant to the Fund.

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Notes to Financial Statements

1. ORGANIZATION

PCM Fund, Inc., PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Strategic Income Fund, Inc., PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund (each a Fund and collectively the Funds) are organized as closed-end management investment companies registered under the Investment Company Act of 1940, as amended, and the rules and regulations thereunder (the Act). PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund (each a Fund and collectively the Funds) were organized as Massachusetts business trusts on the dates shown in the table below. PCM Fund, Inc. and PIMCO Strategic Income Fund, Inc. were organized as Maryland corporations on the dates shown in the table below. PCM Fund, Inc., PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Strategic Income Fund, Inc. and PIMCO Dynamic Income Fund are classified as diversified funds and PIMCO Dynamic Credit Income Fund is classified as a non-diversified fund. Pacific Investment Management Company LLC (PIMCO or the Manager) serves as the Funds investment manager.

Fund Name	Formation Date
PCM Fund, Inc.	June 23, 1993
PIMCO Global StocksPLUS® & Income Fund	February 16, 2005
PIMCO Income Opportunity Fund	September 12, 2007
PIMCO Strategic Income Fund, Inc.	December 9, 1993
PIMCO Dynamic Credit Income Fund	September 27, 2012
PIMCO Dynamic Income Fund	January 19, 2011

Prior to the close of business on September 5, 2014, Allianz Global Investors Fund Management LLC (AGIFM) and PIMCO served as the

Funds investment manager and sub-adviser, respectively. Effective at the close of business on September 5, 2014, each Fund entered into a new investment management agreement (the Agreement) with PIMCO, pursuant to which PIMCO replaced AGIFM as the investment manager to the Funds. Under the Agreement, PIMCO continues to provide the day-to-day portfolio management services it provided to each Fund as its sub-adviser and also assumed responsibility for providing the supervisory and administrative services previously provided by AGIFM to each Fund as its investment manager. PIMCO personnel have replaced AGIFM personnel as Fund officers and in other roles to provide and oversee the administrative, accounting/financial reporting, compliance, legal, marketing, transfer agency, shareholder servicing and other services required for the daily operations of each Fund. Please see Fees and Expenses below for additional information.

PCM Fund, Inc. has the authority to issue 300 million shares of $0.001 par value common stock. PIMCO Strategic Income Fund, Inc. has the authority to issue 500 million shares of $0.00001 par value common stock. PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund have authorized an unlimited number of Common Shares at a par value of $0.00001 per share. PIMCO Dynamic Credit Income Fund issued 121,000,000 shares in its initial public offering. An additional 16,204,500 shares were issued in connection with the underwriter s over-allotment option. These shares were all issued at $25.00 per share before an underwriting discount of $1.125 per share. Offering costs of $1,895,440 (representing approximately $0.01 per share) were offset against the proceeds of the offering and over-allotment option and have been charged to paid-in capital in excess of par.

The Boards of Trustees/Directors (collectively, the Board) of the Funds approved a change of the fiscal year end of each Fund on December 16, 2014 as set forth in the table below:

Fund Name	Prior Fiscal Year End	Current Fiscal Year End	Effective Date
PCM Fund, Inc.	December 31	June 30	Immediately following December 31, 2014
PIMCO Global StocksPLUS® & Income Fund	March 31	June 30	Immediately following March 31, 2015
PIMCO Income Opportunity Fund	October 31	June 30	Immediately following December 16, 2014
PIMCO Strategic Income Fund, Inc.	January 31	June 30	Immediately following January 31, 2015
PIMCO Dynamic Credit Income Fund	December 31	June 30	Immediately following December 31, 2014
PIMCO Dynamic Income Fund	March 31	June 30	Immediately following March 31, 2015

Hereinafter, the terms Trustee or Trustees shall refer to a Director or Directors of applicable Funds.

The preparation of each Fund s financial statements reflects the change in the fiscal year end.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by each Fund in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Each fund is treated as

June 30, 2015

an investment company under the reporting requirements of U.S. GAAP. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(a) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled 15 days or more after the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as a Fund is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation/depreciation on investments on the Statements of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain/loss on investments on the Statements of Operations. Paydown gains and losses on mortgage-related and other asset-backed securities are recorded as components of interest income on the Statements of Operations. Income or short-term capital gain distributions received from underlying funds are recorded as dividend income. Long-term capital gain distributions received from underlying funds are recorded as realized gains.

Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

(b) Cash and Foreign Currency The functional and reporting currency for the Funds is the U.S. dollar. The market values of foreign securities, currency holdings and other assets and liabilities are translated into U.S. dollars based on the current exchange rates each business day. Purchases and sales of securities and income and expense items denominated in foreign currencies, if any, are translated into U.S. dollars at the exchange rate in effect on the transaction date. The Funds do not separately report the effects of changes in foreign

exchange rates from changes in market prices on securities held. Such changes are included in net realized and net changes in unrealized gain or loss from investments on the Statements of Operations. The Funds may invest in foreign currency-denominated securities and may engage in foreign currency transactions either on a spot (cash) basis at the rate prevailing in the currency exchange market at the time or through a forward foreign currency contract (see Financial Derivative Instruments). Realized foreign exchange gains or losses arising from sales of spot foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid are included in net realized gain or loss on foreign currency transactions on the Statements of Operations. Net unrealized foreign exchange gains and losses arising from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period are included in net change in unrealized appreciation or depreciation on foreign currency assets and liabilities on the Statements of Operations.

(c) Distributions Common Shares The Funds intend to declare distributions from net investment income and gains from the sale of portfolio securities and other sources to common shareholders monthly. Net realized capital gains earned by each Fund, if any, will be distributed no less frequently than once each year. A Fund may engage in investment strategies, including the use of derivatives, to, among other things, generate current, distributable income without regard to possible declines in the Fund s net asset value. A Fund s income and gain-generating strategies, including certain derivatives strategies, may generate current income and gains for monthly distributions even in situations when the Fund has

experienced a decline in net assets, including losses due to adverse changes in securities markets or the Fund s portfolio of investments, including derivatives. Consequently, common shareholders may receive distributions and owe tax at a time when their investment in a Fund has declined in value, which tax may be at ordinary income rates. Also, the tax treatment of certain derivatives may be open to different interpretations. Any recharacterization of payments made or received by a Fund pursuant to derivatives potentially could affect the amount, timing or character of Fund distributions. In addition, the tax treatment of such investment strategies may be changed by regulation or otherwise.

Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. Differences between tax regulations and U.S. GAAP may cause timing differences between income and capital gain recognition. Examples of events that give rise to timing differences include wash sales, straddles and capital loss carryforwards. Further, the character of

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Notes to Financial Statements (Cont.)

investment income and capital gains may be different for certain transactions under the two methods of accounting. Examples of characterization differences include the treatment of paydowns on mortgage-backed securities, swaps, foreign currency transactions and contingent debt instruments. As a result, income distributions and capital gain distributions declared during a fiscal period may differ significantly from the net investment income (loss) and realized gains (losses) reported on each Fund s annual financial statements presented under U.S. GAAP.

Distributions classified as a tax basis return of capital, if any, are reflected on the accompanying Statements of Changes in Net Assets and have been recorded to paid in capital. In addition, other amounts have been reclassified between undistributed (overdistributed) net investment income, accumulated undistributed/(overdistributed) net realized gains or losses and/or paid in capital to more appropriately conform financial accounting to tax characterizations of distributions.

(d) Statements of Cash Flows U.S. GAAP requires entities providing financial statements that report both financial position and results of operations to also provide a statement of cash flows for each period for which results of operations are provided, but exempts investment companies meeting certain conditions. One of the conditions is that substantially all of the enterprise s investments were carried at fair value during the period and classified as Level 1 or Level 2 in the fair value hierarchy in accordance with the requirements of U.S. GAAP. Another condition is that the enterprise had little or no debt, based on the average debt outstanding during the period, in relation to average total assets. Funds with certain degrees of borrowing activity, typically through the use of reverse repurchase agreements, or sale-buyback transactions, have been determined to be at a level requiring a Statement of Cash Flows. Statements of Cash Flows, as applicable, have been prepared using the indirect method which requires net change in net assets resulting from operations to be adjusted to reconcile to net cash flows from operating activities.

(e) New Accounting Pronouncements In June 2013, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU), ASU 2013-08, providing updated guidance for assessing whether an entity is an investment company and for the measurement of noncontrolling ownership interests in other investment companies. This update became effective for interim or annual periods beginning on or after December 15, 2013. The Funds have adopted the ASU as they follow the investment company reporting requirements under U.S. GAAP. The implementation of the ASU did not have an impact on the Funds financial statements.

In June 2014, the FASB issued ASU 2014-11 that expanded secured borrowing accounting for certain repurchase agreements. The ASU also

sets forth additional disclosure requirements for certain transactions accounted for as sales in order to provide financial statement users with information to compare to similar transactions accounted for as secured borrowings. The ASU became effective prospectively for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015. All the Funds except for PIMCO Income Opportunity Fund have adopted the ASU. The financial statements have been modified to provide enhanced disclosures surrounding secured borrowing transactions. See the Notes to Schedule of Investments for additional details. At this time, management is evaluating the implications of these changes on the financial statements of PIMCO Income Opportunity Fund.

In May 2015, the FASB issued ASU 2015-07 which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU is effective for annual periods beginning after December 15, 2015 and interim periods within those annual periods. At this time, management is evaluating the implications of these changes on the financial statements.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

(a) Investment Valuation Policies The NAV of a Fund s shares is determined by dividing the total value of a Fund s portfolio investments and other assets, less any liabilities, by the total number of shares outstanding. Fund shares are ordinarily valued as of the NYSE Close on each day that the NYSE is open. Information that becomes known to the Funds or their agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. Each Fund reserves the right to change the time its respective NAV is calculated if the Fund closes earlier, or as permitted by the SEC.

For purposes of calculating NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Funds approved pricing services, quotation reporting systems and other third-party sources (together, Pricing Services). The Funds will normally use pricing data for domestic equity securities received shortly after the NYSE Close and do not normally take into account trading, clearances or settlements that take place after the NYSE Close. A foreign (non-U.S.) equity security traded on a foreign exchange or on more than one

June 30, 2015

exchange is typically valued using pricing information from the exchange considered by the manager to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services or other pricing sources. With respect to any portion of a Fund s assets that are invested in one or more open-end management investment companies, a Fund s NAV will be calculated based upon the NAVs of such investments.

If a foreign (non-U.S.) equity security s value has materially changed after the close of the security s primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees. Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, a Fund may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, a Fund may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. A Fund may utilize modeling tools provided by third-party vendors to determine fair values of non-U.S. securities. Foreign (non-U.S.) exchanges may permit trading in foreign (non-U.S.) equity securities on days when a Fund is not open for business, which may result in a Fund s portfolio investments being affected when you are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active

secondary market does not exist to a reliable degree will be valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the NAV of a Fund s shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that a Fund is not open for business. As a result, to the extent that a Fund holds foreign (non-U.S.) securities, the NAV of a Fund s shares may change at times when you cannot buy or sell shares. Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board of Trustees or persons acting at their direction. The Board of Trustees has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to PIMCO the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Valuation Oversight Committee of the Board of Trustees, generally based on recommendations provided by PIMCO. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, broker quotes, Pricing Services prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of a Fund s securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading

for the entire day and no other market prices are available. The Board has delegated to PIMCO the responsibility for monitoring significant events that may materially affect the values of a Fund s securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

When a Fund uses fair valuation to determine its NAV, securities will not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board of Trustees or persons acting at their direction believe reflects

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Notes to Financial Statements (Cont.)

fair value. Fair valuation may require subjective determinations about the value of a security. While the Funds policy is intended to result in a calculation of a Fund s NAV that fairly reflects security values as of the time of pricing, the Funds cannot ensure that fair values determined by the Board of Trustees or persons acting at their direction would accurately reflect the price that a Fund could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by a Fund may differ from the value that would be realized if the securities were sold.

(b) Fair Value Hierarchy U.S. GAAP describes fair value as the price that a Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2, or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

- Level 1 Inputs using (unadjusted) quoted prices in active markets or exchanges for identical assets or liabilities.

- Level 2 Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

- Level 3 Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

Assets or liabilities categorized as Level 2 or 3 as of period end have been transferred between Levels 2 and 3 since the prior period due to changes in the valuation method utilized in valuing the investments. Transfers from Level 2 to Level 3 are a result of a change, in the normal course of business, from the use of valuation methods used by third-party pricing services (Level 2) to the use of a broker quote or valuation technique which utilizes significant unobservable inputs due to an absence of current or reliable market-based data (Level 3). Transfers from Level 3 to Level 2 are a result of the availability of current and reliable market-based data provided by third-party pricing services or other valuation techniques which utilize significant observable inputs. In accordance with the requirements of U.S. GAAP, the amounts of

transfers between Levels 1 and 2 and transfers in and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments of each respective Fund.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. The end of period timing recognition is used for the transfers between Levels of a Fund s assets and liabilities. Additionally, U.S. GAAP requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of U.S. GAAP, a fair value hierarchy, and if material, a Level 3 reconciliation and details of significant unobservable inputs, have been included in the Notes to Schedule of Investments for each respective Fund.

(c) Valuation Techniques and the Fair Value Hierarchy Level 1 and Level 2 trading assets and trading liabilities, at fair value The valuation methods (or techniques) and significant inputs used in determining the fair values of portfolio securities or other assets categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued on the basis of quotes obtained from brokers and dealers or pricing service providers that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The service providers internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by pricing service providers that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporate deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

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Common stocks, exchange-traded funds, exchange-traded notes and financial derivative instruments, such as futures contracts or options on futures that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy.

Investments valued (denominated) in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates (currency spot and forward rates) obtained from pricing service providers. As a result, the NAV of a Fund s shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that a Fund is not open for business. Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the NYSE Close. These securities are valued using pricing service providers that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as

Level 2 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost value of such short-term debt instrument is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. Prior to July 31, 2015, short-term investments having a maturity of 60 days or less and repurchase agreements were generally valued at amortized cost which approximates fair value. These investments are categorized as Level 2 of the fair value hierarchy.

Equity exchange-traded options and over the counter financial derivative instruments, such as foreign currency contracts, options contracts, or swap agreements, derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. Other than swap agreements, which are valued using a broker-dealer bid quotation or on market-based prices provided by pricing services or other pricing sources, these contracts are normally valued on the basis of quotes obtained from a quotation reporting system, established market makers or Pricing Services (normally determined at the close of the New York market). Depending on the product and the terms of the transaction, financial derivative instruments can be valued by a pricing service provider using a series of

techniques, including simulation pricing models. The pricing models use

inputs that are observed from actively quoted markets such as quoted prices, issuer details, indices, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange, are valued at the daily settlement price determined by the respective exchange (if available). For centrally cleared credit default swaps the clearing facility requires its members to provide actionable price levels across complete term structures. These levels, along with external third-party prices, are used to produce daily settlement prices. These securities are categorized as Level 2 of the fair value hierarchy. Centrally cleared interest rate swaps are valued using a pricing model that references the underlying rates including the overnight index swap rate and London Interbank Offered Rate

(LIBOR) forward rate to produce the daily settlement price. These securities are categorized as Level 2 of the fair value hierarchy.

Level 3 trading assets and trading liabilities, at fair value When a fair valuation method is applied by PIMCO that uses significant unobservable inputs, securities will be priced by a method that the Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy. The valuation techniques and significant inputs used in determining the fair values of portfolio assets and liabilities categorized as Level 3 of the fair value hierarchy are as follows:

Proxy pricing procedures set the base price of a fixed income security and subsequently adjust the price proportionally to market value changes of a pre-determined security deemed to be comparable in duration, generally a U.S. Treasury or sovereign note based on country of issuance. The base price may be a broker-dealer quote, transaction price, or an internal value as derived by analysis of market data. The base price of the security may be reset on a periodic basis based on the availability of market data and procedures approved by the Valuation Oversight Committee. Significant changes in the unobservable inputs of the proxy pricing process (the base price) would result in direct and proportional changes in the fair value of the security. These securities are categorized as Level 3 of the fair value hierarchy.

If third-party evaluated vendor pricing is not available or not deemed to be indicative of fair value, the Manager may elect to obtain indicative market quotations (broker quotes) directly from the broker-dealer or passed through from a third-party vendor. In the event that fair value is based upon a single sourced broker quote, these securities are categorized as Level 3 of the fair value hierarchy. Broker quotes are typically received from established market participants. Although independently received, the Manager does not have the transparency to view the underlying inputs which support the market quotation.

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Significant changes in the broker quote would have direct and proportional changes in the fair value of the security.

The validity of the fair value is reviewed by PIMCO on a periodic basis and may be amended as the availability of market data indicates a material change.

4. SECURITIES AND OTHER INVESTMENTS

(a) Investments in Securities

Loan Participations, Assignments and Originations Certain Funds may invest in direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. A Fund s investments in loans may be in the form of direct investments, participations in loans or assignments of all or a portion of loans from third parties, or originations of loans by a Fund or Funds. A loan is often administered by a bank or other financial institution (the lender) that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. A Fund may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. A Fund generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, a Fund may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement.

In the event of the insolvency of the lender selling a participation, a Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower. When a Fund purchases assignments from lenders it acquires direct rights against the borrower of the loan. These loans may include participations in bridge loans, which are loans taken out by borrowers for a short period (typically less than one year) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high yield bonds issued for the purpose of acquisitions.

Investments in loans are generally subject to risks similar to those of investments in other types of debt obligations, including, among others, credit risk, interest rate risk, variable and floating rate securities risk, and risks associated with mortgage-related securities. In addition, in many cases loans are subject to the risks associated with below-investment grade securities. The Funds may be subject to heightened or additional risks and potential liabilities and costs by investing in mezzanine and other subordinated loans or acting as an originator of loans, including those arising under bankruptcy, fraudulent conveyance, equitable subordination, lender liability, environmental and other laws and regulations, and risks and costs associated with debt servicing and taking foreclosure actions associated with the loans. To the extent that a Fund originates a loan, it may be responsible for all or a substantial portion of the expenses associated with initiating the loan. This may include significant legal and due diligence expenses,

which will be indirectly borne by the Fund and its shareholders. A Fund may pay fees and expenses associated with originating a loan, including significant legal and due diligence expenses, irrespective of whether the loan transaction is ultimately consummated or closed.

The types of loans and related investments in which the Funds may invest include, among others, senior loans, subordinated loans (including second lien loans, B-Notes and mezzanine loans), whole loans, commercial real estate and other commercial loans and structured loans. The Funds may originate loans or acquire direct interests in loans through primary loan distributions and/or in private transactions. In the case of subordinated loans, there may be significant indebtedness ranking ahead of the borrower s obligation to the holder of such a loan, including in the

event of the borrower s insolvency. Mezzanine loans are typically secured by a pledge of an equity interest in the mortgage borrower that owns the real estate rather than an interest in a mortgage.

Investments in loans may include unfunded loan commitments, which are contractual obligations for future funding. Unfunded loan commitments may include revolving credit facilities, which may obligate a Fund to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the committed amount may not be utilized by the borrower. When investing in a loan participation, a Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan agreement and only upon receipt of payments by the lender from the borrower. A Fund may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, a Fund may receive a penalty fee upon the prepayment of a loan by a borrower. Fees earned or paid are recorded as a component of interest income or interest expense, respectively, on the Statements of Operations. As of June 30, 2015, the Funds had no unfunded loan commitments outstanding.

Mortgage-Related and Other Asset-Backed Securities Certain Funds may invest in mortgage-related and other asset-backed securities that directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is

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guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

Collateralized Mortgage Obligations (CMOs) are debt obligations of a legal entity that are collateralized by whole mortgage loans or private mortgage bonds and divided into classes. CMOs are structured into multiple classes, often referred to as tranches, with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

As CMOs have evolved, some classes of CMO bonds have become more common. For example, the Funds may invest in parallel-pay and planned amortization class (PAC) CMOs and multi-class pass-through certificates. Parallel-pay CMOs and multi-class pass-through certificates are structured to provide payments of principal on each payment date to more than one class. These simultaneous payments are taken into account in calculating the stated maturity date or final distribution date of each class, which, as with other CMO and multi-class pass-through structures, must be retired by its stated maturity date or final distribution date but may be retired earlier. PACs generally require payments of a specified amount of principal on each payment date. PACs are parallel-pay CMOs with the required principal amount on such securities having the highest priority after interest has been paid to all classes. Any CMO or multi-class pass through structure that includes PAC securities must also have support tranches known as support bonds, companion bonds or non-PAC bonds which lend or absorb principal cash flows to allow the PAC securities to maintain their stated maturities and final distribution dates within a range of actual prepayment experience. These support tranches are subject to a higher level of maturity risk compared to other mortgage-related securities, and usually provide a higher yield to compensate investors. If principal cash flows are received in amounts outside a pre-determined range such that the support bonds cannot lend or absorb sufficient cash flows to the PAC securities as intended, the PAC securities are

subject to heightened maturity risk. The Funds may invest in various tranches of CMO bonds, including support bonds.

Collateralized Debt Obligations (CDOs) include Collateralized Bond Obligations (CBOs), Collateralized Loan Obligations (CLOs) and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is typically backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. For both CBOs and CLOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the equity tranche which bears the bulk of defaults from the bonds or loans in the trust and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults, a senior tranche from a CBO trust or CLO trust typically has higher ratings and lower yields than the underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, CBO or CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CBO or CLO securities as a class. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which a Fund invests. CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the collateral may decline in value or default, (iii) a Fund may invest in CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

Stripped Mortgage-Backed Securities (SMBS) are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. An SMBS will have one class that will receive all of the interest (the interest-only or IO class), while the other class will receive the entire principal (the principal-only or PO class). IOs and POs can be extremely volatile in response to changes in interest rates. As interest rates rise and fall, the value of IOs tends to move in the same direction as interest rates. POs perform best when prepayments on the underlying mortgages rise since this increases the rate at which the principal is returned and the yield to maturity on the PO. When payments on mortgages underlying a PO are slower than anticipated, the life of the PO is lengthened and the yield to maturity is reduced. The yield to maturity on an IO class is extremely

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sensitive to the rate of principal payments (including prepayments) on the related underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on a Fund s yield to maturity from these securities. If the underlying mortgage assets experience greater than anticipated prepayments of principal, the Funds may fail to recoup some or all of its initial investment in these securities even if the security is in one of the highest rating categories. Payments received for IOs are included in interest income on the Statements of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statements of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

Payment In-Kind Securities Certain Funds may invest in payment in-kind securities (PIKs). PIKs may give the issuer the option at each interest payment date of making interest payments in either cash or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro rata adjustment from the unrealized appreciation or depreciation on investments to interest receivable on the Statements of Assets and Liabilities.

Restricted Securities Certain Funds may invest in securities that are subject to legal or contractual restrictions on resale. These securities may be sold privately, but are required to be registered or exempted from such registration before being sold to the public. Private placement securities are generally considered to be restricted except for those securities traded between qualified institutional investors under the provisions of Rule 144A of the Securities Act of 1933. Disposal of restricted securities may involve time-consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult to achieve. Restricted securities outstanding at June 30, 2015 are disclosed in the Notes to Schedules of Investments.

U.S. Government Agencies or Government-Sponsored Enterprises Certain Funds may invest in securities of U.S. Government agencies or government-sponsored enterprises. U.S. Government securities are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association (GNMA or Ginnie Mae), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the U.S. Treasury); and others, such as those of the Federal National Mortgage Association (FNMA or Fannie Mae), are supported by the discretionary

authority of the U.S. Government to purchase the agency s obligations. U.S. Government securities may include zero coupon securities. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac). FNMA is a government-sponsored corporation. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates (PCs), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The following disclosures contain information on a Fund s ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by a Fund. The location and fair value amounts of these instruments are described below. For a detailed description of credit and counterparty risks that can be associated with borrowings and other financing transactions, please see Note 7, Principal Risks.

(a) Repurchase Agreements Certain Funds may engage in repurchase agreements. Under the terms of a typical repurchase agreement, a Fund takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and a Fund to resell, the obligation at an agreed-upon price and time. The underlying securities for all repurchase agreements are held in safekeeping at the Fund s custodian or designated subcustodians under tri-party repurchase agreements. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, including accrued interest, are included on the Statements of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statements of Operations. In periods of increased demand for collateral, a Fund may pay a fee for receipt of collateral, which may result in interest expense to the Fund.

(b) Reverse Repurchase Agreements Certain Funds may enter into reverse repurchase agreements. In a reverse repurchase agreement, a Fund delivers a security in exchange for cash to a financial institution,

the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. A Fund is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by a Fund to counterparties are reflected as a liability on the Statements of Assets and Liabilities. Interest payments made by a Fund to counterparties are recorded as a component of interest expense on the Statements of Operations. In periods of increased demand for the security, a Fund may receive a fee for use of the security by the counterparty, which may result in interest income to the Fund. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, a Fund s use of the proceeds of the agreement may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund s obligation to repurchase the securities. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities to be repurchased may decline below the repurchase price (see Note 7, Principal Risks).

(c) Sale-Buybacks Certain Funds may enter into financing transactions referred to as sale-buybacks . A sale-buyback transaction consists of a sale of a security by a Fund to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date. A Fund is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. The agreed-upon proceeds for securities to be repurchased by a Fund are reflected as a liability on the Statements of Assets and Liabilities. A Fund will recognize net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the price drop . A price drop consists of (i) the foregone interest and inflationary income adjustments, if any, a Fund would have otherwise received had the security not been sold and (ii) the negotiated financing terms between a Fund and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statements of Operations. Interest payments based upon negotiated financing terms made by a Fund to counterparties are recorded as a component of interest expense on the Statements of Operations. In periods of increased demand for the security, a Fund may receive a fee for use of the security by the counterparty, which may result in interest income to the Fund. A Fund will segregate assets determined to be liquid by PIMCO or will otherwise cover its obligations under sale-buyback transactions. Sale-buybacks involve leverage risk and also the risk that the market value of the securities to be repurchased may decline below the repurchase price (see Note 7, Principal Risks).

(d) Short Sales Certain Funds may enter into short sales transactions. A short sale is a transaction in which a Fund sells a security or other instrument it does not own. When a Fund engages in a short sale of a security, it must borrow the security sold short and deliver it to the counterparty. Short sales expose a Fund to the risk that it will be required to cover its short position at a time when the securities have appreciated in value, thus resulting in a loss to the Fund. A Fund s loss on a short sale could theoretically be unlimited in a case in which the Fund is unable, for whatever reason, to close out its short position. Securities sold in short sale transactions and the interest payable on such securities, if any, are reflected as a liability on the Statements of Assets and Liabilities.

(e) Mortgage Dollar Rolls Certain Funds may enter into mortgage dollar roll transactions. Mortgage dollar rolls involve a Fund selling securities for delivery in the current month and simultaneously contracting to repurchase substantially similar (same type, same or similar interest and maturity) securities on a specified future date. The difference between the selling price and future purchase price is an adjustment to interest income on the Statement of Operations. During the roll period, a Fund forgoes principal and interest paid on the securities. A Fund accounts for rolls as financing transactions. A Fund s dollar roll transactions are intended to enhance the Fund s yield by earning a spread between the yield on the underlying mortgage securities and short-term interest rates. Dollar rolls involve leverage risk and also the risk that the market value of the securities to be repurchased may decline below the repurchase price (see Note 7, Principal Risks).

6. FINANCIAL DERIVATIVE INSTRUMENTS

The following disclosures contain information on how and why the Funds use financial derivative instruments, the credit-risk-related contingent features in certain financial derivative instruments, and how financial derivative instruments affect the Funds financial position, results of operations and cash flows. The location and fair value amounts of these instruments on the Statements of Assets and Liabilities and the realized and changes in unrealized gains and losses on the Statements of Operations, each categorized by type of financial derivative contract and related risk exposure, are included in a table in the Notes to Schedules of Investments. The financial derivative instruments outstanding as of period end and the amounts of realized and changes in unrealized gains and losses on financial derivative instruments during the period, as disclosed in the Notes to Schedules of Investments, serve as indicators of the volume of financial derivative activity for the Funds.

PIMCO Global StocksPLUS® & Income Fund is subject to regulation as a commodity pool under the Commodity Exchange Act pursuant to

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recent rule changes by the Commodity Futures Trading Commission (the CFTC). The Manager has registered with the CFTC as a Commodity Pool Operator and a Commodity Trading Adviser with respect to the Fund, and is a member of the National Futures Association. As a result, additional CFTC-mandated disclosure, reporting and recordkeeping obligations apply to PIMCO Global StocksPLUS® & Income Fund. Compliance with the CFTC s regulatory requirements could increase PIMCO Global StocksPLUS® & Income Fund s expenses, adversely affecting its total return.

(a) Forward Foreign Currency Contracts Certain Funds may enter into forward foreign currency contracts in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of a Fund s securities or as a part of an investment strategy. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by a Fund as an unrealized gain or loss. Realized gains or losses are equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed and are recorded upon delivery or receipt of the currency. The contractual obligations of a buyer or seller of a forward foreign currency contract may generally be satisfied by taking or making physical delivery of the underlying currency, establishing an opposite position in the contract and recognizing the profit or loss on both positions simultaneously on the delivery date or, in some instances, paying a cash settlement before the designated date of delivery. These contracts may involve market risk in excess of the unrealized gain or loss reflected on the Statements of Assets and Liabilities. Although forwards may be intended to minimize the risk of loss due to a decline in the value of the hedged currencies, at the same time, they tend to limit any potential gain which might result should the value of such currencies increase. In addition, a Fund could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

(b) Futures Contracts Certain Funds may enter into futures contracts. A Fund may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. Generally, a futures contract provides for the future sale by one party and purchase by another party of a specified quantity of the security or other financial instrument at a specified price and time. The primary risks associated with the use of futures contracts involve the imperfect correlation between the change in market value of the securities held by a Fund and the prices of futures contracts and the

possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, a Fund is required to deposit with its futures broker an amount of cash, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Fund (variation margin). Gains or losses are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of variation margin disclosed within exchange traded or centrally cleared financial derivative instruments on the Statements of Assets and Liabilities.

(c) Options Contracts Certain Funds may write call and put options on securities and financial derivative instruments they own or in which they may invest. An option on an instrument (or an index) is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the instrument underlying the option (or the cash value of the index) at a specified exercise price at any time during the term of the option. Writing put options tends to increase a Fund s exposure to the underlying instrument. Writing call options tends to decrease a Fund s exposure to the underlying instrument. When a Fund writes a call or put, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. These liabilities are included on the Statements of Assets and Liabilities. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realized gain or loss. Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. A Fund as a writer of an option has no control over whether the underlying instrument may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the instrument underlying the written option. There is the risk a Fund

may not be able to enter into a closing transaction because of an illiquid market.

Certain Funds may also purchase put and call options. Purchasing call options tends to increase a Fund s exposure to the underlying instrument. Purchasing put options tends to decrease a Fund s exposure to the underlying instrument. A Fund pays a premium which is included as an asset on the Statements of Assets and Liabilities and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated

as realized losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain or loss when the underlying transaction is executed.

Options on Exchange-Traded Futures Contracts Certain Funds may write or purchase options on exchange-traded futures contracts (Futures Option) to hedge an existing position or future investment, for speculative purposes or to manage exposure to market movements. A Futures Option is an option contract in which the underlying instrument is a single futures contract.

Options on Securities Certain Funds may write or purchase options on securities. An option uses a specified security as the underlying instrument for the option contract. A Fund may write or purchase options to enhance returns or to hedge an existing position or future investment.

(d) Swap Agreements Certain Funds may invest in swap agreements. Swap agreements are bilaterally negotiated agreements between a Fund and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market (OTC swaps) or may be cleared through a third party, known as a central counterparty or derivatives clearing organization (centrally cleared swaps). A Fund may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation/(depreciation) on the Statements of Operations. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a variation margin on the Statements of Assets and Liabilities. OTC swap payments received or paid at the beginning of the measurement period are included on the Statements of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and

prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gains or losses on the Statements of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statements of Operations. Net periodic payments received or paid by a Fund are included as part of realized gains or losses on the Statements of Operations.

Entering into these agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognized on the Statements of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

A Fund s maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract s remaining life, to the extent that amount is positive. The risk is mitigated by having a master netting arrangement between a Fund and the counterparty and by the posting of collateral to a Fund to cover a Fund s exposure to the counterparty.

Credit Default Swap Agreements Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, a Fund will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, a Fund would effectively add leverage to its portfolio because, in addition to its total net assets, a Fund would be subject to investment exposure on the notional amount of the swap.

If a Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, a Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If a Fund is a buyer of protection and a credit

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event occurs, as defined under the terms of that particular swap agreement, a Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

Credit default swap agreements on corporate or sovereign issues involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. If a credit event occurs and cash settlement is not elected, a variety of other deliverable obligations may be delivered in lieu of the specific referenced obligation. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection s right to choose the deliverable obligation with the lowest value following a credit event). Credit default swaps on corporate or sovereign issues may be used to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Fund owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer s default.

Credit default swap agreements on asset-backed securities involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. Unlike credit default swaps on corporate or sovereign issues, deliverable obligations in most instances would be limited to the specific referenced obligation, as performance for asset-backed securities can vary across deals. Prepayments, principal paydowns, and other writedown or loss events on the underlying mortgage loans will reduce the outstanding principal balance of the referenced obligation. These reductions may be temporary or permanent as defined under the terms of the swap agreement and the notional amount for the swap agreement will be adjusted by corresponding amounts. Credit default swaps on asset-backed securities may be used to provide a measure of protection against defaults of the referenced obligation or to take an active long or short position with respect to the likelihood of a particular referenced obligation s default.

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right

to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name s weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. Credit default swaps on credit indices may be used to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect or to take an active long or short position with respect to the likelihood of a particular referenced obligation s default. Credit default swaps on indices are instruments often used to attempt to protect investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end are disclosed in the Notes to Schedules of Investments. They serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the

agreement. Wider credit spreads represent a deterioration of the referenced entity s credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity s credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that a Fund as a seller of protection could be required to make under a credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap

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agreement outstanding as of period end for which a Fund is the seller of protection are disclosed in the Notes to Schedules of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by a Fund for the same referenced entity or entities.

Interest Rate Swap Agreements Certain Funds are subject to interest rate risk exposure in the normal course of pursuing their investment objectives. If a Fund holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, a Fund may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by a Fund with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap , (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or floor , (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

Total Return Swap Agreements Certain Funds may enter into total return swap agreements to gain or mitigate exposure to the underlying reference. Total return swap agreements involve commitments where single or multiple cash flows are exchanged based on the price of an underlying reference and on a fixed or variable interest rate. Total return swap agreements may involve commitments to pay interest in exchange for a market-linked return. One counterparty pays out the total return of a specific reference asset, which may include an underlying equity, index, or bond, and in return receives a fixed or variable rate. At the maturity date, a net cash flow is exchanged where the total return is equivalent to the return of the underlying reference less a financing rate, if any. As a receiver, a Fund would receive payments based on any positive total return and would owe payments in the event of a negative total return. As the payer, a Fund would owe payments on any net positive total

return, and would receive payments in the event of a negative total return. A Fund s use of a total return swap exposes the Fund to credit loss in the event of nonperformance by the swap counterparty. Risk may also arise from the unanticipated movements in value of exchange rates, interest rates, securities, or the index.

Asset Segregation Certain of the transactions described above can be viewed as constituting a form of borrowing or financing transaction by the Fund. In such event, the Fund may, but is not required to, elect to cover its commitment under such transactions by segregating or earmarking assets in accordance with procedures adopted by the Board of Trustees, in which case such transactions will not be considered senior securities by the Fund. With respect to forwards, futures contracts, options and swaps that are contractually permitted or required to cash settle (i.e., where physical delivery of the underlying reference asset is not required), the Fund is permitted to segregate or earmark liquid assets equal to the Fund s daily marked-to-market net obligation under the derivative instrument, if any, rather than the derivative s full notional value. By segregating or earmarking liquid assets equal to only its net marked-to-market obligation under derivatives that are required to cash settle, the Fund will have the ability to employ leverage to a greater extent than if the Fund were to segregate or earmark liquid assets equal to the full notional value of the derivative.

7. PRINCIPAL RISKS

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to such things as changes in the market (market risk) or failure or inability of the other party to a transaction to perform (credit and counterparty risk). See below for a detailed description of select principal risks. For a more comprehensive list of potential risks the Funds may be subject to, please see the Important Information About the Funds.

Market Risks A Fund s investments in financial derivatives and other financial instruments expose the Fund to various risks such as, but not limited to, interest rate, foreign currency, equity and commodity risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by a Fund is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Interest rate changes can be sudden and unpredictable, and a Fund may lose money if these changes are not anticipated by Fund management. A Fund may not be able to hedge against changes in interest rates or may choose not to do so for cost or other reasons. In addition, any hedges may not work as intended. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more

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volatile than securities with shorter durations. Duration is useful primarily as a measure of the sensitivity of a security s market price to interest rate (i.e. yield) movements. At present, the U.S. is experiencing historically low interest rates. This, combined with recent economic recovery and the Federal Reserve Board s conclusion of its quantitative easing program, could potentially increase the probability of an upward interest rate environment in the near future. Further, while U.S. bond markets have steadily grown over the past three decades, dealer market making ability has remained relatively stagnant. Given the importance of intermediary market making in creating a robust and active market, fixed income securities may face increased volatility and liquidity risks. All of these factors, collectively and/or individually, could cause a Fund to lose value.

Foreign (non U.S.) securities in this report are classified by the country of incorporation of a holding. In certain instances, a security s country of incorporation may be different from its country of economic exposure.

If a Fund invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Fund, or, in the case of hedging positions, that the Fund s base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, a Fund s investments in foreign currency denominated securities may reduce the Fund s returns.

The market values of the Fund s investments may decline due to general market conditions which are not specifically related to a particular company or issuer, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity related investments generally have greater market price volatility than fixed income securities, although under certain market conditions fixed income securities may have comparable or greater price volatility. Credit ratings downgrades may also negatively affect securities held by a Fund. Even when markets perform well, there is no assurance that the investments held by a Fund will increase in value along with the broader market. In addition, market risk includes the risk that geopolitical events will disrupt the economy on a national or global level.

Credit and Counterparty Risks A Fund will be exposed to credit risk to parties with whom it trades and will also bear the risk of settlement default. A Fund seeks to minimize concentrations of credit risk by undertaking transactions with a large number of counterparties on recognized and reputable exchanges, where applicable. A Fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a financial derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, a Fund may be exposed to counterparty risk, or the risk that an institution or other entity with which a Fund has unsettled or open transactions will default. PIMCO, as Manager, seeks to minimize counterparty risks to a Fund in a number of ways. Prior to entering into transactions with a new counterparty, the PIMCO Counterparty Risk Committee conducts an extensive credit review of such counterparty and must approve the use of such counterparty. Furthermore, pursuant to the terms of the underlying contract, to the extent that unpaid amounts owed to a Fund exceed a predetermined threshold, such counterparty is required to advance collateral to a Fund in the form of cash or securities equal in value to the unpaid amount owed to a Fund. A Fund may invest such collateral in securities or other instruments and will typically pay interest to the counterparty on the collateral received. If the unpaid amount owed to a Fund subsequently decreases, a Fund would be required to return to the counterparty all or a portion of the collateral previously advanced to a Fund.

All transactions in listed securities are settled/paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once a Fund has received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

Master Netting Arrangements The Funds may be subject to various netting arrangements with select counterparties (Master Agreements). Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow a Fund to close out and net its total exposure to a counterparty in the event of a default with respect to all the

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transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statements of Assets and Liabilities generally show derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under the Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to $250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper or sovereign securities may be used. Securities and cash pledged as collateral are reflected as assets in the Statements of Assets and Liabilities as either a component of Investments at value (securities) or Deposits due from Counterparties (cash). Cash collateral received is typically not held in a segregated account and as such is reflected as a liability in the Statements of Assets and Liabilities as Deposits due to Counterparties. The market value of any securities received as collateral is not reflected as a component of net asset value. The Fund s overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively Master Repo Agreements) govern repurchase, reverse repurchase, and sale-buyback transactions between the Funds and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

Master Securities Forward Transaction Agreements (Master Forward Agreements) govern the considerations and factors surrounding the settlement of certain forward settling transactions, such as To-Be-Announced securities, delayed-delivery or sale-buyback transactions by and between the Funds and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral. The market value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Notes to Schedule of Investments.

Customer Account Agreements and related addendums govern cleared derivatives transactions such as futures, options on futures, and cleared

OTC derivatives. Cleared derivatives transactions require posting of initial margin as determined by each relevant clearing agency which is segregated at a broker account registered with the Commodity Futures Trading Commission (CFTC), or the applicable regulator. In the United States, counterparty risk is significantly reduced as creditors of a futures broker do not have a claim to Fund assets in the segregated account. Additionally, portability of exposure in the event of default further reduces risk to the Funds. Variation margin, or changes in market value, are exchanged daily, but may not be netted between futures and cleared OTC derivatives. The market value or accumulated unrealized appreciation or depreciation, initial margin posted, and any unsettled variation margin as of period end is disclosed in the Notes to Schedule of Investments.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes (ISDA Master Agreements) govern OTC financial derivative transactions entered into by the Funds and select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any

election to terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third-party custodian. The market value of OTC financial derivative instruments, collateral received or pledged, and net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

8. BASIS FOR CONSOLIDATION

PDILS I LLC and PCILS I LLC (each a Subsidiary and, collectively, the Subsidiaries), both Delaware LLC exempted companies, were formed as wholly owned subsidiaries acting as investment vehicles for PIMCO Dynamic Income Fund and PIMCO Dynamic Credit Income Fund (for purposes of this section, each a Fund and, collectively, the Funds), respectively, in order to effect certain investments consistent with each Fund s objectives and policies in effect from time to time. PIMCO Dynamic Income Fund s and PIMCO Dynamic Credit Income Fund s investment portfolios have been consolidated and include the portfolio holdings of each Fund s respective Subsidiary. Accordingly, the consolidated financial statements for each Fund include the accounts of each Fund s respective subsidiary. All inter-company transactions and balances have been eliminated. This structure was established so that certain loans could be held by a separate legal entity from the Funds. As of the date of this report, the only assets held in the Subsidiaries

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were cash. See the table below for details regarding the structure, incorporation and relationship as of period end of the Subsidiaries (amounts in thousands).

	PIMCO Dynamic Credit Income Fund PCILS LLC	PIMCO Dynamic Income Fund PDILS I LLC
Date of Formation	03/07/2013	03/12/2013
Consolidated Fund Net Assets	$ 3,155,689	$ 1,426,891
Subsidiary % of Consolidated Fund Net Assets	0.7%	0.7%
Subsidiary Financial Statement Information		
Total assets	$ 22,809	$ 9,775
Total liabilities	0	0
Net assets	22,809	9,775
Total income	806	140
Net investment income (loss)	806	140
Net realized gain (loss)	743	318
Net change in unrealized appreciation (depreciation)	0	0
Increase (decrease) in net assets resulting from operations	$ 1,549	$ 458

A zero balance may reflect actual amounts rounding to less than one thousand.

9. FEES AND EXPENSES

Management Fee Effective at the close of business on September 5, 2014, each Fund entered into an Investment Management Agreement with PIMCO (the Agreement). Pursuant to the Agreement, subject to the supervision of the Board, PIMCO is responsible for providing to each Fund investment guidance and policy direction in connection with the management of the Fund, including oral and written research, analysis, advice, and statistical and economic data and information. In addition, pursuant to the Agreement and subject to the general supervision of the Board, PIMCO, at its expense, provides or causes to be furnished most other supervisory and administrative services the Funds require, including but not limited to, expenses of most third-party service providers (e.g., audit, custodial, legal, transfer agency, printing) and other expenses, such as those associated with insurance, proxy solicitations and mailings for shareholder meetings, New York Stock Exchange listing and related fees, tax services, valuation services and other services the Funds require for their daily operations.

Prior to the close of business on September 5, 2014, AGIFM served as the investment manager to each Fund and received annual fees, payable monthly, at the annual rates below. Prior to the close of business on September 5, 2014, AGIFM retained PIMCO as sub-adviser to manage the Funds investments. AGIFM, and not the Funds, paid a portion of the fees it received as investment manager to PIMCO in return for its services. Management fees, as applicable, paid to AGIFM prior to the close of business on September 5, 2014, are disclosed in the Statements of Operations.

Pursuant to the Agreement, PIMCO receives an annual fee, payable monthly, at the annual rates below:

Fund Name	Annual Rate	AGIFM Annual Rate
PCM Fund, Inc.	0.900%(1)	0.800%(1)
PIMCO Global StocksPLUS® & Income Fund	1.105%(2)	1.000%(2)

PIMCO Income Opportunity Fund	1.055%[1]	1.000%[1]
PIMCO Strategic Income Fund, Inc.	0.955%[3]	0.850%[3]
PIMCO Dynamic Credit Income Fund	1.150%[4]	1.150%[4]
PIMCO Dynamic Income Fund	1.150%[4]	1.150%[4]

(1) Management fees calculated based on the Fund s total managed assets . Total managed assets includes the total assets of each Fund (including assets attributable to any reverse repurchase agreements, borrowings and preferred shares that may be outstanding) minus accrued liabilities (other than liabilities representing reverse repurchase agreements and borrowings).

(2) Management fees calculated based on the Fund s total managed assets . Total managed assets includes the total assets of each Fund (including assets attributable to any preferred shares and borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing borrowings).

(3) Management fees calculated based on the Fund s average daily net asset value (including daily net assets attributable to any preferred shares of the Fund that may be outstanding).

(4) Management fees calculated based on the Fund s total managed assets . Total managed assets includes total assets of each Fund (including assets attributable to any reverse repurchase agreements, dollar rolls, borrowings and preferred shares that may be outstanding) minus accrued liabilities (other than liabilities representing reverse repurchase agreements, dollar rolls and borrowings).

Prior to the close of business on September 5, 2014, in addition to the management fee paid to AGIFM, as described above, each Fund directly had borne expenses for other administrative services and costs, including expenses associated with various third-party service providers, such as audit, custodial, legal, transfer agency, printing and other services the Funds require. Effective beginning at the close of business on September 5, 2014, PIMCO (and not the Funds) bears such expenses with respect to each Fund pursuant to its management fee arrangements under the Agreement described above under Management Fee.

Fund Expenses Each Fund bears other expenses, which may vary and affect the total level of expenses paid by shareholders, such as (i) salaries and other compensation or expenses, including travel expenses of any of the Fund s executive officers and employees, if any, who are not officers, directors, shareholders, members, partners or employees of PIMCO or its subsidiaries or affiliates; (ii) taxes and governmental fees, if any, levied against the Fund; (iii) brokerage fees and commissions and other portfolio transaction expenses incurred by or for the Fund (including, without limitation, fees and expenses of outside legal counsel or third-party consultants retained in connection with reviewing, negotiating and structuring specialized loan and other investments made by the Fund, subject to specific or general authorization by the Fund s Board); (iv) expenses of the Fund s securities lending (if any), including any securities lending agent fees, as governed by a separate securities lending agreement; (v) costs,

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including interest expense, of borrowing money or engaging in other types of leverage financing, including, without limitation, through the use by the Fund of reverse repurchase agreements, tender option bonds, bank borrowings and credit facilities; (vi) costs, including dividend and/or interest expenses and other costs (including, without limitation, offering and related legal costs, fees to brokers, fees to auction agents, fees to transfer agents, fees to ratings agencies and fees to auditors associated with satisfying ratings agency requirements for preferred shares or other securities issued by the Fund and other related requirements in the Fund s organizational documents) associated with the Fund s issuance, offering, redemption and maintenance of preferred shares, commercial paper or other senior securities for the purpose of incurring leverage; (vii) fees and expenses of any underlying funds or other pooled investment vehicles in which the Fund invests; (viii) dividend and interest expenses on short positions taken by the Fund; (ix) fees and expenses, including travel expenses, and fees and expenses of legal counsel retained for their benefit, of Trustees who are not officers, employees, partners, shareholders or members of PIMCO or its subsidiaries or affiliates; (x) extraordinary expenses, including extraordinary legal expenses, as may arise, including expenses incurred in connection with litigation, proceedings, other claims, and the legal obligations of the Fund to indemnify its Trustees, officers, employees, shareholders, distributors, and agents with respect thereto; (xi) organizational and offering expenses of the Fund, including with respect to share offerings, such as rights offerings and shelf offerings, following the Fund s initial offering, and expenses associated with tender offers and other share repurchases and redemptions; and (xii) expenses of the Fund which are capitalized in accordance with generally accepted accounting principles.

Each of the Trustees of the Funds who is not an interested person under Section 2(a)(19) of the Act, (the Independent Trustees) also serves as a trustee of a number of other closed- end funds for which PIMCO serves as investment manager (together with the Funds, the PIMCO Closed-End Funds), as well as PIMCO Managed Accounts Trust, an open-end investment company with multiple series for which PIMCO serves as investment manager (PMAT and, together with the PIMCO Closed-End Funds, the PIMCO-Managed Funds). In addition, each of the Independent Trustees also serves as a trustee of certain investment companies (together, the Allianz-Managed Funds), for which AGIFM, an affiliate of PIMCO that served as the investment manager of the PIMCO Managed Funds prior to the close of business on September 5, 2014, serves as investment adviser.

Prior to the close of business on September 5, 2014, including during the period of this report, each of the PIMCO-Managed Funds and Allianz-Managed Funds held joint meetings of their Boards of Trustees whenever possible, and each Trustee, other than any Trustee who was a director, officer, partner or employee of PIMCO, AGIFM or any entity

controlling, controlled by or under common control with PIMCO or AGIFM, received annual compensation of $250,000 for service on the Boards of all of the PIMCO-Managed Funds and Allianz-Managed Funds, payable quarterly. The Independent Chairman of the Boards received an additional $75,000 per year, payable quarterly. The Audit Oversight Committee Chairman received an additional $50,000 annually, payable quarterly. Trustees were also reimbursed for meeting-related expenses.

During periods prior to September 5, 2014, each Trustee s compensation and other costs in connection with joint meetings were allocated among the PIMCO-Managed Funds and Allianz- Managed Funds, as applicable, on the basis of fixed percentages as between such groups of Funds. Trustee compensation and other costs were then further allocated pro rata among the individual funds within each grouping based on the complexity of issues relating to each such fund and relative time spent by the Trustees in addressing them, and on each such fund s relative net assets.

Subsequent to September 5, 2014, in connection with the new investment management agreement between the PIMCO-Managed Funds and PIMCO and the termination of the investment management agreement between the PIMCO-Managed Funds and AGIFM, each of the PIMCO-Managed Funds began holding, and are expected to continue to hold, joint meetings of their Boards of Trustees whenever possible, but will generally no longer hold joint meetings with the Allianz-Managed Funds. Under the new Board structure, each Independent Trustee currently receives annual compensation of $225,000 for his or her service on the Boards of the PIMCO-Managed Funds, payable quarterly. The

Independent Chairman of the Boards receives an additional $75,000 per year, payable quarterly. The Audit Oversight Committee Chairman receives an additional $50,000 annually, payable quarterly. Trustees are also reimbursed for meeting-related expenses.

Each Trustee s compensation for his or her service as a Trustee on the Boards of the PIMCO-Managed Funds and other costs in connection with joint meetings of such Funds are allocated among the PIMCO-Managed Funds, as applicable, on the basis of fixed percentages as between PMAT and the PIMCO Closed-End Funds. Trustee compensation and other costs will then be further allocated pro rata among the individual Funds within each grouping based on each such Fund s relative net assets.

10. RELATED PARTY TRANSACTIONS

The Manager is a related party. Fees payable to this party are disclosed in Note 9 and the accrued related party fee amounts are disclosed on the Statements of Assets and Liabilities.

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Notes to Financial Statements (Cont.)

Certain Funds are permitted to purchase or sell securities from or to certain related affiliated funds under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Funds from or to another fund or portfolio that are, or could be, considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the Act. Further, as defined under the procedures, each transaction is effected at the current market price. During the periods ended June 30, 2015, as indicated below, the Funds below engaged in purchases and sales of securities pursuant to Rule 17a-7 of the Act (amounts in thousands):

Fund Name	Purchases	Sales
PCM Fund, Inc. [(1)]	$ 1,656	$ 5,164
PIMCO Global StocksPLUS® & Income Fund [(2)]	218	120
PIMCO Income Opportunity Fund [(3)]	7,756	49,459
PIMCO Strategic Income Fund, Inc. [(4)]	2,609	1,386
PIMCO Dynamic Credit Income Fund [(1)]	169,420	267,669
PIMCO Dynamic Income Fund [(2)]	1,148	8,627

[(1)] Period from January 1, 2015 to June 30, 2015
[(2)] Period from April 1, 2015 to June 30, 2015
[(3)] Period from November 1, 2014 to June 30, 2015
[(4)] Period from February 1, 2015 to June 30, 2015

11. GUARANTEES AND INDEMNIFICATIONS

Under the organizational documents of PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Dynamic Income Fund and PIMCO Dynamic Credit Income Fund each Trustee and officer is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Funds. Under the organizational documents of PCM Fund, Inc., and PIMCO Strategic Income Fund, Inc., each Director and officer is indemnified to the fullest extent permitted, and in accordance with the procedures required, by Maryland law. For PCM Fund, Inc., Directors, officers, employees and agents are indemnified to the maximum extent permitted by Maryland Law and the Act. For PIMCO Strategic Income Fund, Inc., employees and agents may be indemnified to the extent determined by the Board and subject to the limitations of the Act. Additionally, in the normal course of business, the Funds enter into contracts that contain a variety of indemnification clauses. The Funds maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts.

12. PURCHASES AND SALES OF SECURITIES

The length of time a Fund has held a particular security is not generally a consideration in investment decisions. A change in the securities held by a Fund is known as portfolio turnover. Each Fund may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover involves correspondingly greater expenses to a Fund, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at

ordinary income tax rates). The trading costs and tax effects associated with portfolio turnover may adversely affect a Fund s performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the periods ended June 30, 2015, as indicated below, were as follows (amounts in thousands):

	U.S. Government/Agency		All Other	
Fund Name	**Purchases**	**Sales**	**Purchases**	**Sales**
PCM Fund, Inc. (1)	$ 0	$ 0	$ 41,167	$ 43,140
PIMCO Global StocksPLUS® & Income Fund (2)	0	0	4,399	8,388
PIMCO Income Opportunity Fund (3)	0	0	98,339	161,118
PIMCO Strategic Income Fund, Inc. (4)	248,284	98,452	70,628	43,618
PIMCO Dynamic Credit Income Fund (1)	0	29,406	1,700,774	1,547,661
PIMCO Dynamic Income Fund (2)	0	7,251	109,176	234,896

(1) Period from January 1, 2015 to June 30, 2015
(2) Period from April 1, 2015 to June 30, 2015
(3) Period from November 1, 2014 to June 30, 2015
(4) Period from February 1, 2015 to June 30, 2015
A zero balance may reflect actual amounts rounding to less than one thousand.

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June 30, 2015

13. REGULATORY AND LITIGATION MATTERS

The Funds are not named as defendants in any material litigation or arbitration proceedings and are not aware of any material litigation or claim pending or threatened by or against them.

PIMCO has received a Wells Notice from the staff of the U.S. Securities and Exchange Commission (SEC) that relates to the PIMCO Total Return Active Exchange-Traded Fund (BOND), a series of PIMCO ETF Trust. The notice indicates the staff s preliminary determination to recommend that the SEC commence a civil action against PIMCO stemming from a nonpublic investigation relating to BOND. A Wells Notice is neither a formal allegation of wrongdoing nor a finding that any law was violated.

This matter principally pertains to the valuation of smaller sized positions in non-agency mortgage-backed securities purchased by BOND between its inception on February 29, 2012 and June 30, 2012, BOND s performance disclosures for that period, and PIMCO s compliance policies and procedures related to these matters.

The Wells process provides PIMCO with its opportunity to demonstrate to the SEC staff why it believes its conduct was appropriate, in keeping with industry standards, and that no action should be taken. PIMCO believes that this matter is unlikely to have a material adverse effect on any Fund or on PIMCO s ability to provide investment management services to any Fund.

The foregoing speaks only as of the date of this report.

14. FEDERAL INCOME TAX MATTERS

Each Fund intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the Code) and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

The Funds may be subject to local withholding taxes, including those imposed on realized capital gains. Any applicable foreign capital gains tax is accrued daily based upon net unrealized gains, and may be payable following the sale of any applicable investments.

In accordance with U.S. GAAP, the Manager has reviewed the Funds tax positions for all open tax years. As of June 30, 2015, the Funds have recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions they have taken or expect to take in future tax returns.

Each Fund files U.S. tax returns. While the statute of limitations remains open to examine the Funds U.S. tax returns filed for the fiscal years from 2012-2014, no examinations are in progress or anticipated at this time. No Fund is aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

As of June 30, 2015, the components of distributable taxable earnings are as follows (amounts in thousands):

	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Net Tax Basis Unrealized Appreciation/ (Depreciation) [(1)]	Other Book-to-Tax Accounting Differences [(2)]	Accumulated Capital Losses [(3)]	Qualified Post-October Loss Deferral Capital [(4)]	Qualified Late-Year Loss Deferral Ordinary [(5)]
PCM Fund, Inc.	$ 1,114	$	$ 15,993	$ (923)	$ (18,502)	$	$
PIMCO Global StocksPLUS® & Income Fund	795		28,208	(1,929)	(123,795)		
PIMCO Income Opportunity Fund			52,888	(2,844)	(4,299)		(495)
PIMCO Strategic Income Fund, Inc.	6,667		22,604	(3,336)	(94,107)		
PIMCO Dynamic Credit Income Fund	35,949		(58,466)	(21,441)	(74,579)		
PIMCO Dynamic Income Fund	57,996	38,491	253,318	(9,551)			

(1) Adjusted for open wash sale loss deferrals and accelerated recognition of unrealized gain or loss on certain futures, options and forward contracts for federal income tax purposes. Also adjusted for differences between book and tax realized and unrealized gain/loss on swap contracts, market discount and premium amortization, sale of corporate actions, interest-only basis adjustments, and Lehman securities.

(2) Represents differences in income tax regulations and financial accounting principles generally accepted in the United States of America, namely for distributions payable at fiscal year-end.

(3) Capital losses available to offset future net capital gains expire in varying amounts in the years shown below.

(4) Capital losses realized during the period November 1, 2014 through June 30, 2015, which the Funds elected to defer to the following taxable year pursuant to income tax regulations.

(5) Specified losses realized during the period November 1, 2014 through June 30, 2015 and Ordinary losses realized during the period January 1, 2015 through June 30, 2015, which the Funds elected to defer to the following taxable year pursuant to income tax regulations.

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Notes to Financial Statements (Cont.)

As of June 30, 2015, the Funds had accumulated capital losses expiring in the following years (amounts in thousands). The Funds will resume capital gain distributions in the future to the extent gains are realized in excess of accumulated capital losses.

	Expiration of Accumulated Capital Losses			
	06/30/2016	06/30/2017	06/30/2018	06/30/2019
PCM Fund, Inc.	$ 916	$ 16,168	$ 1,418	$
PIMCO Global StocksPLUS® & Income Fund		89,083	5,575	
PIMCO Income Opportunity Fund				
PIMCO Strategic Income Fund, Inc.	61,816	13,338		
PIMCO Dynamic Credit Income Fund				
PIMCO Dynamic Income Fund				

Under the Regulated Investment Company Modernization Act of 2010, a fund is permitted to carry forward any new capital losses for an unlimited period. Additionally, such capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term under previous law.

	Short-Term	Long-Term
PCM Fund, Inc.	$	$
PIMCO Global StocksPLUS® & Income Fund	29,137	
PIMCO Income Opportunity Fund	2,825	1,474
PIMCO Strategic Income Fund, Inc.	18,953	
PIMCO Dynamic Credit Income Fund	74,579	
PIMCO Dynamic Income Fund		

As of June 30, 2015, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands):

	Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation) [6]
PCM Fund, Inc.	$ 196,427	$ 19,020	$ (5,881)	$ 13,139
PIMCO Global StocksPLUS® & Income Fund	171,039	24,893	(6,225)	18,668
PIMCO Income Opportunity Fund	601,831	68,253	(21,664)	46,589
PIMCO Strategic Income Fund, Inc.	888,352	34,996	(11,605)	23,391
PIMCO Dynamic Credit Income Fund	5,352,587	138,500	(189,068)	(50,568)
PIMCO Dynamic Income Fund	2,100,662	304,936	(68,243)	236,693

(6) Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) on investments are attributable to wash sale loss deferrals, interest-only basis adjustments, market discount and premium amortization, sale of corporate actions, and Lehman securities for federal income tax purposes.

For the fiscal year ended June 30, 2015 and each Fund s respective previous fiscal year ends, the Funds made the following tax basis distributions (amounts in thousands):

	Period from January 1, 2015 to June 30, 2015			Year Ended December 31, 2014			Year Ended December 31, 2013		
	Ordinary Income Distributions (7)	Long-Term Capital Gain Distributions	Return of Capital (8)	Ordinary Income Distributions (7)	Long-Term Capital Gain Distributions	Return of Capital (8)	Ordinary Income Distributions (7)	Long-Term Capital Gain Distributions	Return of Capital (8)
PCM Fund, Inc.	$ 5,537	$	$	$ 12,094	$	$	$ 12,602	$	$

	Period from April 1, 2015 to June 30, 2015			Year Ended March 31, 2015			Year Ended March 31, 2014		
	Ordinary Income Distributions (7)	Long-Term Capital Gain Distributions	Return of Capital (8)	Ordinary Income Distributions (7)	Long-Term Capital Gain Distributions	Return of Capital (8)	Ordinary Income Distributions (7)	Long-Term Capital Gain Distributions	Return of Capital (8)
PIMCO Global StocksPLUS® & Income Fund	$ 5,782	$	$	$ 23,021	$	$	$ 22,853	$	$

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June 30, 2015

	Period from November 1, 2014 to June 30, 2015			Year Ended October 31, 2014			Year Ended October 31, 2013		
	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]
PIMCO Income Opportunity Fund	$ 34,865	$ 11,498	$ 224	$ 42,972	$	$	$ 42,006	$	$

	Period from February 1, 2015 to June 30, 2015			Year Ended January 31, 2015			Year Ended January 31, 2014		
	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]
PIMCO Strategic Income Fund, Inc.	$ 16,651	$	$	$ 42,226	$	$	$ 45,351	$	$

	Period from January 1, 2015 to June 30, 2015			Year Ended December 31, 2014			Year Ended December 31, 2013		
	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]
PIMCO Dynamic Credit Income Fund	$ 128,645	$	$	$ 336,546	$ 2,940	$	$ 264,432	$	$

	Period from April 1, 2015 to June 30, 2015			Year Ended March 31, 2015			Year Ended March 31, 2014		
	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]	Ordinary Income Distributions [7]	Long-Term Capital Gain Distributions	Return of Capital [8]
PIMCO Dynamic Income Fund	$ 28,651	$	$	$ 187,696	$	$	$ 157,539	$ 2,203	$

[7] Includes short-term capital gains distributed, if any.
[8] A portion of the distributions made represents a tax return of of capital. Return of capital distributions have been reclassified from undistributed net investment income to paid-in capital to more appropriately conform financial accounting to tax accounting.

15. SUBSEQUENT EVENTS

In preparing these financial statements, the Funds management has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

On July 1, 2015, the following distributions were declared to common shareholders payable August 3, 2015 to shareholders of record on July 13, 2015:

PCM Fund, Inc.	$	0.08000 per common share
PIMCO Global StocksPLUS® & Income Fund	$	0.18335 per common share
PIMCO Income Opportunity Fund	$	0.19000 per common share
PIMCO Strategic Income Fund, Inc.	$	0.08000 per common share
PIMCO Dynamic Credit Income Fund	$	0.15625 per common share
PIMCO Dynamic Income Fund	$	0.21000 per common share

On August 3, 2015, the following distributions were declared to common shareholders payable September 1, 2015 to shareholders of record on August 13, 2015:

PCM Fund, Inc.	$	0.08000 per common share
PIMCO Global StocksPLUS & Income Fund	$	0.18335 per common share
PIMCO Income Opportunity Fund	$	0.19000 per common share
PIMCO Strategic Income Fund, Inc.	$	0.08000 per common share
PIMCO Dynamic Credit Income Fund	$	0.15625 per common share
PIMCO Dynamic Income Fund	$	0.21000 per common share

There were no other subsequent events identified that require recognition or disclosure.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors/Trustees of PCM Fund, Inc., PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Strategic Income Fund, Inc., PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund

In our opinion, the accompanying statements of assets and liabilities (consolidated statements of assets and liabilities for PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund), including the schedules of investments (consolidated schedules of investments for PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund), and the related statements of operations (consolidated statements of operations for PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund), of changes in net assets (consolidated statements of changes in net assets for PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund), and of cash flows (consolidated statements of cash flows for PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund) and the financial highlights (consolidated financial highlights for PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund), present fairly, in all material respects, the financial position of PCM Fund, Inc., PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Strategic Income Fund, Inc., PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund (the Funds) at June 30, 2015, the results of each of their operations, the changes in each of their net assets, the cash flows and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Funds management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at June 30, 2015 by correspondence with the custodian, agent banks and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Kansas City, Missouri

August 20, 2015

Glossary: (abbreviations that may be used in the preceding statements)

(Unaudited)

Counterparty Abbreviations:					
BCY	Barclays Capital, Inc.	**FOB**	Credit Suisse Securities (USA) LLC	**RDR**	RBC Dain Rausher, Inc.
BOA	Bank of America N.A.	**GLM**	Goldman Sachs Bank USA	**RTA**	Bank of New York Mellon Corp.
BOS	Banc of America Securities LLC	**GST**	Goldman Sachs International	**RYL**	Royal Bank of Scotland Group PLC
BPG	BNP Paribas Securities Corp.	**HUS**	HSBC Bank USA N.A.	**SAL**	Citigroup Global Markets, Inc.
BPS	BNP Paribas S.A.	**JML**	JP Morgan Securities Plc	**SBI**	Citigroup Global Markets Ltd.
BRC	Barclays Bank PLC	**JPM**	JPMorgan Chase Bank N.A.	**SCX**	Standard Chartered Bank
CBK	Citibank N.A.	**JPS**	JPMorgan Securities, Inc.	**SOG**	Societe Generale
CFR	Credit Suisse Securities (Europe) Ltd.	**MSB**	Morgan Stanley Bank, N.A	**SSB**	State Street Bank and Trust Co.
DBL	Deutsche Bank AG London	**MSC**	Morgan Stanley & Co., Inc.	**TDM**	TD Securities (USA) LLC
DEU	Deutsche Bank Securities, Inc.	**MYC**	Morgan Stanley Capital Services, Inc.	**UAG**	UBS AG Stamford
DUB	Deutsche Bank AG	**RBC**	Royal Bank of Canada	**UBS**	UBS Securities LLC
FBF	Credit Suisse International				

Currency Abbreviations:					
AUD	Australian Dollar	**EUR**	Euro	**NOK**	Norwegian Krone
BRL	Brazilian Real	**GBP**	British Pound	**SEK**	Swedish Krona
CAD	Canadian Dollar	**HKD**	Hong Kong Dollar	**SGD**	Singapore Dollar
CHF	Swiss Franc	**JPY**	Japanese Yen	**USD (or $)**	United States Dollar
DKK	Danish Krone	**MXN**	Mexican Peso		

Exchange Abbreviations:	
OTC	Over the Counter

Index/Spread Abbreviations:			
ABX.HE	Asset-Backed Securities Index - Home Equity	**EAFE**	Europe, Australasia, and Far East Stock Index

Other Abbreviations:					
ABS	Asset-Backed Security	**CDI**	Brazil Interbank Deposit Rate	**MSCI**	Morgan Stanley Capital International
ALT	Alternate Loan Trust	**CLO**	Collateralized Loan Obligation	**PIK**	Payment-in-Kind
BBR	Bank Bill Rate	**JSC**	Joint Stock Company	**REMIC**	Real Estate Mortgage Investment Conduit
BBSW	Bank Bill Swap Reference Rate	**LIBOR**	London Interbank Offered Rate	**TBD%**	Interest rate to be determined when loan settles

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Federal Income Tax Information

(Unaudited)

As required by the Internal Revenue Code (Code) and Treasury Regulations, if applicable, shareholders must be notified within 60 days of the Fund s fiscal year end regarding the status of qualified dividend income, the dividend received deduction, foreign source income earned by the Fund, and any foreign tax credits being passed through to shareholders.

Qualified Dividend Income. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the Act), the following percentages of ordinary dividends paid during the fiscal year ended June 30, 2015 are designated as qualified dividend income , as defined in the Act, subject to reduced tax rates.

PCM Fund, Inc.	0.04%
PIMCO Global StocksPLUS® & Income Fund	0.12%
PIMCO Income Opportunity Fund	4.14%
PIMCO Strategic Income Fund, Inc.	0.04%
PIMCO Dynamic Credit Income Fund	1.33%
PIMCO Dynamic Income Fund	0.58%

Dividend Received Deduction. Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Fund s dividend distribution that qualifies under tax law. The percentage of each Fund s fiscal 2015 ordinary income dividends that qualifies for the corporate dividend received deduction is set forth below.

PCM Fund, Inc.	0.04%
PIMCO Global StocksPLUS® & Income Fund	0.12%
PIMCO Income Opportunity Fund	4.14%
PIMCO Strategic Income Fund, Inc.	0.04%
PIMCO Dynamic Credit Income Fund	1.01%
PIMCO Dynamic Income Fund	0.58%

Qualified Interest Income and Qualified Short-Term Capital Gain (for non-U.S. resident shareholders only). Under the American Jobs Creation Act of 2004, the following amounts of ordinary dividends paid during the fiscal year ended June 30, 2015 are considered to be derived from qualified interest income, as defined in Section 871(k)(1)(E) of the Code, and therefore are designated as interest-related dividends, as defined in Section 871(k)(1)(C) of the Code. Further, the following amounts of ordinary dividends paid during the fiscal year ended June 30, 2015 are considered to be derived from qualified short-term capital gain, as defined in Section 871(k)(2)(D) of the Code, and therefore are designated as qualified short-term gain dividends, as defined by Section 871(k)(2)(C) of the code.

	Qualified Interest Income (000s)	Qualified Short Term Capital Gain (000s)
PCM Fund, Inc.	$ 5,323	$
PIMCO Global StocksPLUS® & Income Fund	2,315	
PIMCO Income Opportunity Fund	12,212	

PIMCO Strategic Income Fund, Inc.	8,053
PIMCO Dynamic Credit Income Fund	61,658
PIMCO Dynamic Income Fund	20,485

Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Trust. In January 2016, you will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received by you in calendar year 2015.

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Shareholder Meeting Results

(Unaudited)

Annual Shareholder Meeting Results

PCM Fund, Inc., PIMCO Income Opportunity Fund and PIMCO Dynamic Credit Income Fund held their annual meetings of shareholders on April 30, 2015. Shareholders voted as indicated below:

PIMCO Income Opportunity Fund	Affirmative	Withheld Authority
Election of Craig Dawson Class III to serve until the annual meeting for the 2016-2017 fiscal year	12,865,579	335,855
Re-election of Hans W. Kertess Class I to serve until the annual Meeting for the 2017-2018 fiscal year	12,829,785	371,649
Re-election of William B. Ogden, IV Class I to serve until the annual Meeting for the 2017-2018 fiscal year	12,833,222	368,212
Re-election of Deborah A. DeCotis Class I to serve until the annual Meeting for the 2017-2018 fiscal year	12,891,211	310,223

The other members of the Board of Trustees at the time of the meeting, namely, Messrs. Bradford K. Gallagher, James A. Jacobson, Alan Rappaport and John C. Maney continued to serve as Trustees of the Fund.

Interested Trustee

PCM Fund, Inc.	Affirmative	Withheld Authority
Election of Craig Dawson Class III to serve until the annual meeting for the 2017-2018 fiscal year	9,850,645	119,336
Re-election of Alan Rappaport Class III to serve until the annual Meeting for the 2017-2018 fiscal year	9,826,450	143,531
Re-election of Deborah A. DeCotis Class III to serve until the annual Meeting for the 2017-2018 fiscal year	9,818,906	151,075

The other members of the Board of Directors at the time of the meeting, namely, Messrs. Hans W. Kertess, Bradford K. Gallagher, William B. Ogden, IV, James A. Jacobson, and John C. Maney continued to serve as Directors of the Fund.

Interested Director

PIMCO Dynamic Credit Income Fund	Affirmative	Withheld Authority
Election of Craig Dawson Class II to serve until the annual meeting for the 2017-2018 fiscal year	49,163,825	2,003,392
Re-election of Bradford K. Gallagher Class II to serve until the annual Meeting for the 2017-2018 fiscal year	49,153,845	2,013,372
Re-election of James A. Jacobson Class II to serve until the annual Meeting for the 2017-2018 fiscal year	49,152,523	2,014,695
Election of Richard W. Cohen Class II to serve until the annual Meeting for the 2017-2018 fiscal year	7,584,384	252,135
Election of Robert C. Knapp Class II to serve until the annual Meeting for the 2017-2018 fiscal year	7,583,062	253,457

The other members of the Board of Trustees at the time of the meeting, namely, Messrs. Hans W. Kertess, William B. Ogden, IV, Alan Rappaport and John C. Maney and Ms. Deborah A. DeCotis continued to serve as Trustees of the Fund.

Interested Trustee

Annual Shareholder Meeting Results

PIMCO Strategic Income Fund, Inc., PIMCO Global StocksPLUS® & Income Fund and PIMCO Dynamic Income Fund held their annual meetings of shareholders on June 30, 2015. Shareholders voted as indicated below.

PIMCO Global StocksPLUS® & Income Fund	Affirmative	Withheld Authority
Election of Craig A. Dawson Class I to serve until the annual meeting for the 2018-2019 fiscal year	8,939,058	365,237
Re-election of Hans W. Kertess Class I to serve until the annual meeting for the 2018-2019 fiscal year	8,935,370	368,925
Re-election of William B. Ogden, IV Class I to serve until the annual Meeting for the 2018-2019 fiscal year	8,927,833	376,462

The other members of the Board of Trustees at the time of the meeting, namely, Ms. Deborah A. DeCotis and Messrs. Bradford K. Gallagher, James A. Jacobson, Alan Rappaport and John C. Maney continued to serve as Trustees of the Fund.

Interested Trustee

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Shareholder Meeting Results (Cont.)

(Unaudited)

PIMCO Dynamic Income Fund		Affirmative	Withheld Authority
Re-election of Deborah A. DeCotis	Class III to serve until the annual Meeting for the 2018-2019 fiscal year	37,557,762	903,213
Re-election of John C. Maney	Class III to serve until the annual Meeting for the 2018-2019 fiscal year	37,848,808	612,167

The other members of the Board of Trustees at the time of the meeting, namely, Messrs. Hans W. Kertess, Bradford K. Gallagher, William B. Ogden, IV, James A. Jacobson, Alan Rappaport and Craig A. Dawson continued to serve as Trustees of the Fund.

Interested Trustee

PIMCO Strategic Income Fund, Inc.		Affirmative	Withheld Authority
Election of Craig A. Dawson	Class III to serve until the annual meeting for the 2018-2019 fiscal year	34,479,915	1,589,182
Re-election of Deborah A. DeCotis	Class III to serve until the annual Meeting for the 2018-2019 fiscal year	34,532,595	1,536,503
Re-election of Alan Rappaport	Class III to serve until the annual Meeting for the 2018-2019 fiscal year	34,441,637	1,627,460

The other members of the Board of Directors at the time of the meeting, namely, Messrs. Hans W. Kertess, Bradford K. Gallagher, William B. Ogden, IV, James A. Jacobson and John C. Maney continued to serve as Directors of the Fund.

Interested Director

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Investment Strategy Updates

(Unaudited)

Effective December 22, 2014, each Fund (except PCM Fund, Inc.) amended an existing non-fundamental investment policy, such that each Fund may now invest up to 40% of its total assets in securities and instruments that are economically tied to emerging market countries (this limitation does not apply to investment grade sovereign debt denominated in the relevant country s local currency with less than 1 year remaining to maturity). Prior to the amendment, PIMCO Income Opportunity Fund, PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund could invest up to 40% of their total assets in securities of issuers economically tied to emerging market countries, PIMCO Global StocksPLUS® & Income Fund could invest up to 30% of its total assets in debt securities of issuers economically tied to emerging market countries, PIMCO Strategic Income Fund, Inc. could invest up to 20% of its total assets in emerging market debt instruments, and these limitations did not include an exception for investment grade sovereign debt denominated in the relevant country s local currency with less than 1 year remaining to maturity.

In addition, effective December 22, 2014, each Fund (except PCM Fund, Inc.) adopted a non-fundamental investment policy permitting each Fund to invest without limitation in investment grade sovereign debt denominated in the relevant country s local currency with less than 1 year remaining to maturity, subject to applicable law and any other restrictions described in each Fund s prospectus, Statement of Information or shareholder reports in effect from time to time.

Effective December 22, 2014, PIMCO Strategic Income Fund, Inc. also rescinded its non-fundamental policy to invest not more than 10% of its total assets in Brady Bonds and its non-fundamental policy to invest not more than 3% of its total assets in securities of issuers and instruments that are economically tied to South Africa.

The following risks are associated with the policies described above:

Investments in emerging market countries pose a greater degree of risk (i.e., the risk of a cascading collapse of multiple institutions within a country, and even multiple national economies). Governments of

emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. There is also a greater risk that an emerging market government may take action that impedes or prevents the Fund from taking income and/or capital gains earned in the local currency and converting into U.S. dollars (i.e., repatriating local currency investments or profits). Other heightened risks associated with emerging market investments include without limitation: (i) risks due to less social, political and economic stability; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Fund s investment opportunities; (iv) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in the United States; (v) less publicly available financial and other information regarding issuers; (vi) potential difficulties in enforcing contractual obligations; and (vii) higher rates of inflation, higher interest rates and other economic concerns.

Investments in debt obligations of foreign (non-U.S.) governments or their sub-divisions, agencies and government sponsored enterprises (together Foreign Government Securities) can involve risk. The foreign governmental entity that controls the repayment of debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. In the event of a default by a governmental entity, there may be few or no effective legal remedies for collecting on such debt. These risks are heightened with respect to the Fund s

investments in Foreign Government Securities of emerging market countries.

Brady Bonds involve various risk factors including residual risk and the history of defaults with respect to commercial bank loans by public and private entities of countries issuing Brady Bonds. There can be no assurance that Brady Bonds in which a Fund may invest will not be subject to restructuring arrangements or to requests for new credit, which may cause the Fund to suffer a loss of interest or principal on any of its holdings.

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Dividend Reinvestment Plan

Each Fund has adopted a Dividend Reinvestment Plan (the Plan) which allows common shareholders to reinvest Fund distributions in additional common shares of the Fund. American Stock Transfer & Trust Company, LLC (the Plan Agent) serves as agent for common shareholders in administering the Plan. It is important to note that participation in the Plan and automatic reinvestment of Fund distributions does not ensure a profit, nor does it protect against losses in a declining market.

Automatic enrollment/voluntary participation Under the Plan, common shareholders whose shares are registered with the Plan Agent (registered shareholders) are automatically enrolled as participants in the Plan and will have all Fund distributions of income, capital gains and returns of capital (together, distributions) reinvested by the Plan Agent in additional common shares of a Fund, unless the shareholder elects to receive cash. Registered shareholders who elect not to participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholder of record (or if the shares are held in street or other nominee name, to the nominee) by the Plan Agent. Participation in the Plan is voluntary. Participants may terminate or resume their enrollment in the Plan at any time without penalty by notifying the Plan Agent online at www.amstock.com, by calling (844) 33PIMCO (844-337-4626), by writing to the Plan Agent, American Stock Transfer & Trust Company, LLC, at P.O. Box 922, Wall Street Station, New York, NY 10269-0560, or, as applicable, by completing and returning the transaction form attached to a Plan statement. A proper notification will be effective immediately and apply to each Fund s next distribution if received by the Plan Agent at least three (3) days prior to the record date for the distribution; otherwise, a notification will be effective shortly following the Fund s next distribution and will apply to the Fund s next succeeding distribution thereafter. If you withdraw from the Plan and so request, the Plan Agent will arrange for the sale of your shares and send you the proceeds, minus a transaction fee and brokerage commissions.

How shares are purchased under the Plan For each Fund distribution, the Plan Agent will acquire common shares for participants either (i) through receipt of newly issued common shares from each Fund (newly issued shares) or (ii) by purchasing common shares of the Fund on the open market (open market purchases). If, on a distribution payment date, the net asset value per common shares of each Fund (NAV) is equal to or less than the market price per common shares plus estimated brokerage commissions (often referred to as a market premium), the Plan Agent will invest the distribution amount on behalf of participants in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per common share on the payment date. If the NAV is greater than the

market price per common shares plus estimated brokerage commissions (often referred to as a market discount) on a distribution payment date, the Plan agent will instead attempt to invest the distribution amount through open market purchases. If the Plan Agent is unable to invest the full distribution amount in open market purchases, or if the market discount shifts to a market premium during the purchase period, the Plan Agent will invest any un-invested portion of the distribution in newly issued shares at a price equal to the greater of (i) NAV or (ii) 95% of the market price per share as of the last business day immediately prior to the purchase date (which, in either case, may be a price greater or lesser than the NAV per common shares on the distribution payment date). No interest will be paid on distributions awaiting reinvestment. Under the Plan, the market price of common shares on a particular date is the last sales price on the exchange where the shares are listed on that date or, if there is no sale on the exchange on that date, the mean between the closing bid and asked quotations for the shares on the exchange on that date.

The NAV per common share on a particular date is the amount calculated on that date (normally at the close of regular trading on the New York Stock Exchange) in accordance with each Fund s then current policies.

Fees and expenses No brokerage charges are imposed on reinvestments in newly issued shares under the Plan. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases. There are currently no direct service charges imposed on participants in the Plan, although each Fund reserves the right to amend the Plan to include such charges. The Plan Agent imposes a transaction fee (in addition to brokerage commissions that are incurred) if it arranges for the sale of your common shares held under the Plan.

Shares held through nominees In the case of a registered shareholder such as a broker, bank or other nominee (together, a nominee) that holds common shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of common shares certified by the nominee/record shareholder as representing the total amount registered in such shareholder s name and held for the account of beneficial owners who are to participate in the Plan. If your common shares are held through a nominee and are not registered with the Plan Agent, neither you nor the nominee will be participants in or have distributions reinvested under the Plan. If you are a beneficial owner of common shares and wish to participate in the Plan, and your nominee is unable or unwilling to become a registered shareholder and a Plan participant on your behalf, you may request that your nominee arrange to have all or a portion of your shares re-registered with the Plan Agent in your

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name so that you may be enrolled as a participant in the Plan. Please contact your nominee for details or for other possible alternatives. Participants whose shares are registered with the Plan Agent in the name of one nominee firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

Tax consequences Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions i.e., automatic reinvestment in additional shares does not relieve shareholders of, or defer the need to pay, any income tax that may be payable (or that is required to be withheld) on Fund dividends and distributions. The Funds and the Plan Agent reserve the right to amend or terminate the Plan. Additional information about the Plan, as well as a copy of the full Plan itself, may be obtained from the Plan Agent, American Stock Transfer & Trust Company, LLC, at P.O. Box 922, Wall Street Station, New York, NY 10269-0560; telephone number: (844) 33-PIMCO (844-337-4626); website: www.amstock.com.

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Management of the Funds

The chart below identifies Trustees/Directors and Officers of the Funds. Unless otherwise indicated, the address of all persons below is c/o Pacific Investment Management Company LLC, 1633 Broadway, New York, New York 10019.

Trustees/Directors

Name And Year 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/ Director	Other Directorships Held by Trustee/Director During the Past 5 Years
Independent Trustees/Directors					
Hans W. Kertess 1939	Chairman of the Board, Trustee/Director	Director of PCM and RCS since 2008 and Trustee of PCI since 2013, Trustee of PGP since 2005, Trustee of PKO since 2007 and Trustee of PDI since 2012, expected to stand for re-election at the annual meeting of shareholders for the 2016-2017 fiscal year for PDI, PCI and PCM, the 2017-2018 fiscal year for RCS and PKO and 2018-2019 fiscal year for PGP.	President, H. Kertess & Co., a financial advisory company. Senior Adviser, Royal Bank of Canada Capital Markets. Formerly, Managing Director and Consultant, Royal Bank of Canada Capital Markets.	93	None
Deborah A. DeCotis 1952	Trustee/Director	Trustee/Director of RCS, PGP, PCM and PKO since 2011, Trustee of PDI since 2012 and Trustee of PCI since 2013, expected to stand for re-election at the annual meeting of shareholders for the 2015-2016 fiscal year for PCI, the 2016-2017 fiscal year for PGP for the 2017-2018 fiscal year for PCM and PKO and the 2018-2019 fiscal year for RCS and PDI.	Advisory Director, Morgan Stanley & Co., Inc. (since 1996); Co-Chair Special Projects Committee, Memorial Sloan Kettering (since 2005); Member, Circle Financial Group (since 2011); Trustee, Stanford University (since 2010); and Member, Council on Foreign Relations (since 2013). Formerly, Principal, LaLoop LLC, a retail accessories company (1999-2014) and Director, Helena Rubenstein Foundation (1997-2010).	93	None
Bradford K. Gallagher 1944	Trustee/Director	Trustee/Director of RCS, PCM, PGP and PKO since 2010, Trustee of PDI since 2012 and Trustee of PCI since 2013, expected to stand for re-election at the annual meeting of shareholders for the 2016-2017 fiscal year for PGP, PKO and PCM and the 2017-2018 fiscal year for RCS, PCI and PDI.	Retired. Founder, Spyglass Investments LLC, a private investment vehicle (since 2001). Formerly, Chairman and Trustee, Commonfund (2005-2014); Partner, New Technology Ventures Capital Management LLC, a venture capital fund (2011-2013); Chairman and Trustee, Atlantic Maritime Heritage Foundation (2007-2012)	93	Formerly, Chairman and Trustee of Grail Advisors ETF Trust (2009-2010) and Trustee of Nicholas-Applegate Institutional Funds (2007-2010).

			and Founder, President and CEO, Cypress Holding Company and Cypress Tree Investment Management Company (1995-2001).		
James A. Jacobson 1945	Trustee/Director	Trustee/Director of RCS, PCM, PGP and PKO since 2009, Trustee of PDI since 2012 and Trustee of PCI since 2013, expected to stand for re-election at the annual meeting of shareholders for the 2015-2016 fiscal year for PCM and PKO, the 2016-2017 fiscal year for RCS and PGP and the 2017-2018 fiscal year for PDI and PCI.	Retired. Trustee and Chairman of Investment Committee, Ronald McDonald House of New York (since 2002); Trustee, Taft School, Watertown, CT (since 2007); Trustee, New Jersey City University, Jersey City, NJ (since 2014). Formerly, Vice Chairman and Managing Director, Spear, Leeds & Kellogg Specialists, LLC, a specialist firm on the New York Stock Exchange. (2003-2008).	93	Trustee, Alpine Mutual Funds Complex consisting of 18 funds.
William B. Ogden, IV 1945	Trustee/Director	Trustee/Director of PCM, RCS and PKO since 2008, Trustee of PGP since 2006, Trustee of PDI since 2012 and Trustee of PCI since 2013, expected to stand for re-election at the annual meeting of shareholders for the 2015-2016 fiscal year for PCM, the 2016-2017 fiscal year for RCS, PCI and PDI, the 2017-2018 fiscal year for PKO, and the 2018-2019 fiscal year for PGP.	Retired. Formerly, Managing Director, Investment Banking Division of Citigroup Global Markets Inc.	93	None

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(Unaudited)

Name And Year 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/ Director	Other Directorships Held by Trustee/ Director During the Past 5 Years
Alan Rappaport 1953	Trustee/Director	Trustee/Director of RCS, PCM, PGP and PKO since 2010, Trustee of PDI since 2012 and Trustee of PCI since 2013, expected to stand for re-election at the annual meeting of shareholders for the 2016-2017 fiscal year for PDI, PCI and PKO, the 2017-2018 fiscal year for PGP and PCM and the 2018-2019 fiscal year for RCS.	Advisory Director (formerly Vice Chairman) (since 2009), Roundtable Investment Partners; Chairman (formerly President), Private Bank of Bank of America; Vice Chairman, US Trust (2001-2008); Adjunct Professor, New York University Stern School of Business (since 2011); Lecturer, Stanford University Graduate School of Business (2013-2014); Trustee, American Museum of Natural History (since 2005) and Trustee, NYU Langone Medical Center (since 2007), Director, Victory Capital Holdings, Inc., an asset management firm.	93	None
Interested Trustees/Directors					
Craig A. Dawson* 1968	Trustee/Director	Trustee/Director of the Funds since 2014, expected to stand for re-election at the annual meeting of shareholders for the 2016-2017 fiscal year for PKO, the 2017-2018 fiscal year for PDI, PCI and PCM and the 2018-2019 fiscal year for RCS and PGP.	Managing Director and Head of Strategic Business Management, PIMCO (since 2014). Director of a number of PIMCO s European investment vehicles and affiliates (since 2008). Formerly, head of PIMCO s Munich office and head of European product management for PIMCO.	25	None
John C. Maney** 1959	Trustee/Director	Director of RCS and PCM since 2008, Trustee of PGP since 2006, Trustee of PKO since 2007, Trustee of PDI since 2012 and Trustee of PCI since 2013, expected to stand for re-election at the annual meeting of shareholders for the 2015-2016 fiscal year for PKO and PCI, the 2016-2017 fiscal year for PCM, the 2017-2018 fiscal year for PGP and RCS and the 2018-2019 fiscal year for PDI.	Managing Director of Allianz Asset Management of America L.P. (since January 2005) and a member of the Management Board and Chief Operating Officer of Allianz Asset Management of America L.P. (since November 2006). Formerly, Member of the Management Board of Allianz Global Investors Fund Management LLC (2007-2014) and Managing Director of Allianz Global Investors Fund Management LLC (2011-2014).	25	None

* Mr. Dawson is an interested person of the Funds, as defined in Section 2(a)(19) of the Act, due to his affiliation with PIMCO and its affiliates. Mr. Dawson s address is 650 Newport Center Drive, Newport Beach, CA 92660.

** Mr. Maney is an interested person of the Funds, as defined in Section 2(a)(19) of the Act, due to his affiliation with Allianz Asset Management of America L.P. and its affiliates. Mr. Maney s address is 680 Newport Center Drive, Suite 250, Newport Beach, CA 92660.

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Management of the Funds (Cont.)

(Unaudited)

Officers

Name And Year of Birth	Position(s) Held with Funds	Term of Office and Length of Time Served	Principal Occupation(s) During the Past 5 Years
Peter G. Strelow[1] 1970	President	Since 2014	Managing Director, PIMCO. President, PIMCO-Managed Funds, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Youse Guia[1] 1972	Chief Compliance Officer	Since 2014	Senior Vice President and Deputy Chief Compliance Officer, PIMCO. Chief Compliance Officer, PIMCO-Managed Funds. Formerly, Head of Compliance, Allianz Global Investors U.S. Holdings LLC and Chief Compliance Officer of the Allianz Funds, Allianz Multi-Strategy Trust, Allianz Global Investors Sponsored Closed-End Funds, Premier Multi-Series VIT and The Korea Fund, Inc.
Joshua D. Ratner 1976	Vice President, Secretary and Chief Legal Officer	Since 2014	Executive Vice President and Senior Counsel, PIMCO. Chief Legal Officer, PIMCO Investments LLC. Vice President, Secretary and Chief Legal Officer, PIMCO-Managed Funds. Vice President Senior Counsel, Secretary, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Stacie D. Anctil[1] 1969	Vice President	Since 2015	Senior Vice President, PIMCO. Vice President, PIMCO-Managed Funds, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Eric D. Johnson 1970	Vice President	Since 2014	Executive Vice President, PIMCO. Vice President, PIMCO-Managed Funds, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
William G. Galipeau[1] 1974	Treasurer	Since 2014	Executive Vice President, PIMCO. Treasurer, PIMCO-Managed Funds. Vice President, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, Vice President, Fidelity Investments.
Erik C. Brown[1] 1967	Assistant Treasurer	Since 2015	Executive Vice President, PIMCO. Assistant Treasurer, PIMCO-Managed Funds, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Jason J. Nagler 1982	Assistant Treasurer	Since 2015	Vice President, PIMCO. Assistant Treasurer, PIMCO-Managed Funds, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, Head of Mutual Fund Reporting, GMO, and Assistant Treasurer, GMO Trust and GMO Series Trust Funds.
Trent W. Walker[1] 1974	Assistant Treasurer	Since 2014	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO-Managed Funds. Treasurer, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
Vadim Avdeychik 1979	Assistant Secretary	Since 2015	Vice President and Counsel, PIMCO. Assistant Secretary, PIMCO-Managed Funds. Formerly, Associate, Willkie Farr and Gallagher LLP and ERISA Enforcement Advisor, Employee Benefits Security Administration.
Ryan G. Leshaw[1]	Assistant Secretary	Since 2014	Vice President and Counsel, PIMCO. Assistant Secretary, PIMCO-Managed Funds, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity

1980	Series VIT. Formerly, Associate, Willkie Farr & Gallagher LLP.

[1] The address of these officers is Pacific Investment Management Company LLC, 650 Newport Center Drive, Newport Beach, California 92660.

AGIFM personnel served as Fund officers through the close of business on September 5, 2014, but were replaced with the PIMCO personnel listed above effective as of the close of business on September 5, 2014, in connection with the transition to PIMCO as the Funds investment manager.

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Matters Relating to the Trustees /Directors Consideration of the Annual Renewal of the Investment Management Agreement

(Unaudited)

At an in-person meeting held on June 2, 2015 (the Approval Meeting), the Board of Trustees or Directors (for purposes of this disclosure, all Board members are hereinafter referred to as Trustees) of the Funds (the Board), including the Trustees who are not interested persons (as that term is defined in the Act) of the Funds or PIMCO (the Independent Trustees), formally considered and unanimously approved the continuation of the Investment Management Agreement between each Fund and PIMCO (the Agreement) for an additional one-year period commencing on September 5, 2015. For purposes of the annual contract review process, the Independent Trustees designated one Independent Trustee to lead the process on their behalf (the Lead Independent Trustee). Prior to the Approval Meeting, the Independent Trustees or the Lead Independent Trustee, on April 3, April 8, April 16 and April 30, 2015, participated in conference calls and in-person meetings with members of management and PIMCO personnel. In addition, in each case, on April 3, April 8, April 16 and April 30, 2015, counsel to the Independent Trustees (Independent Counsel) also participated to discuss the process for the Board s review of the Agreement and to consider certain information relating to the Funds, including, among other information, information relating to PIMCO s profitability with respect to the Agreement, comparative fees and expenses and Fund performance. On May 8, 2015, PIMCO provided materials to the Independent Trustees for their consideration of the Agreement in response to a request from Independent Counsel (the Manager Request Letter), as well as other materials and information PIMCO believed was useful in evaluating the continuation of the Agreement. On May 19, 2015, the Lead Independent Trustee met with PIMCO to discuss certain aspects of those materials.

On May 22, 2015, the Independent Trustees held a meeting *via* conference call (collectively with the April 3, April 8, April 16, April 30 and May 19, 2015 meetings and the Approval Meeting, the Contract Renewal Meetings), at which they gave preliminary consideration to the materials and information provided by PIMCO bearing on the continuation of the Agreement. The Independent Trustees also received and reviewed a memorandum from counsel to the Funds regarding the Trustees responsibilities in evaluating the Agreement, which they discussed with Independent Counsel. Following the May 22 meeting, the Independent Trustees requested certain follow-up information from PIMCO, which PIMCO provided in connection with the Approval Meeting.

At the Approval Meeting, PIMCO presented certain additional supplemental information to the Independent Trustees regarding the Funds and responded either orally or in writing to various follow-up questions and requests from the Independent Trustees. Following the presentation, the Independent Trustees met separately in executive

session with Independent Counsel to review and discuss all relevant information, including information provided in response to the Manager Request Letter and information presented and discussed at the prior Contract Renewal Meetings.

In connection with their deliberations regarding the proposed continuation of the Agreement, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. The Trustees also considered the nature, quality and extent of the various investment management, administrative and other services performed by PIMCO under the Agreement.

It was noted that, in connection with their Contract Renewal Meetings, the Trustees relied upon materials provided by PIMCO which included, among other items: (i) information provided by Lipper Inc. (Lipper), an independent third party, on the total return investment performance (based on net asset value and common share market price) of the Funds for various time periods, the investment performance of a group of funds with investment classifications/objectives comparable to those of the Funds identified by Lipper (the Lipper performance universe) and, with respect to each Fund, the performance of an applicable benchmark index, if any, (ii) information provided by Lipper on each Fund s management

fees and other expenses under the Agreement and the management fees and other expenses of a smaller sample of comparable funds identified by Lipper (the Lipper expense group) as well as of a larger sample of comparable funds identified by Lipper (the Lipper expense universe), (iii) information regarding the market value performance of each Fund s common shares and related share price premium and/or discount information, (iv) information regarding the investment performance and fees for other funds and accounts managed by PIMCO, if any, with similar investment strategies to those of the Funds, or information regarding the investment performance and fees for other funds and accounts managed by PIMCO, if any, with strategies that have similarities (but are not substantially similar) to those of the Funds, (v) the estimated profitability to PIMCO with respect to the Funds for the one-year period ended December 31, 2014, based on its role as sub-adviser to the Funds prior to September 5, 2014 and as investment manager to the Funds from September 5, 2014 through December 31, 2014, (vi) descriptions of various functions performed by PIMCO for the Funds, such as portfolio management, compliance monitoring and portfolio trading practices, (vii) information regarding PIMCO s compliance policies applicable to the Funds, (viii) information regarding the Funds use of leverage, (ix) a comparison of each Fund s annualized total expense ratio as a percentage of average net assets (excluding interest and borrowing

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Matters Relating to the Trustees /Directors Consideration of the Annual Renewal of the Investment Management Agreement (Cont.)

expenses) under the unified fee arrangements (the Unified Fee Arrangements) for the period from September 6, 2014 to December 31, 2014 with each Fund s annualized total expense ratio as a percentage of average net assets (excluding interest and borrowing expenses) under its prior investment management agreement with Allianz Global Investors Fund Management LLC (AGIFM) for the period from January 1, 2014 to September 5, 2014, (x) a summary composite of each Fund s management fees, total expense ratio as a percentage of average net assets attributable to common shares and performance information presented relative to the median performance and expense ratio of the Fund s Lipper performance universe and Lipper expense universe, respectively (the Fund Scoring Summary), (xi) fact cards for each Fund that included comparisons of each Fund s total expense ratio based on average net assets and average managed assets (excluding interest and borrowing expenses) relative to its Lipper expense group, and (xii) information regarding the overall organization of PIMCO, including information regarding senior management, portfolio managers and other personnel providing investment management, administrative, compliance and other services to the Funds.

The Trustees conclusions as to the continuation of the Agreement were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, attributing different weights to various factors. The Trustees also took into account that the Funds current fee and expense arrangements were closely reviewed in 2014 in connection with the proposed transition from AGIFM to PIMCO as the Funds investment manager, and that the Agreement had been approved by the shareholders of each Fund at special shareholder meetings in 2014.

As part of their review, the Trustees examined PIMCO s abilities to provide high-quality investment management and other services to the Funds. Among other information, the Trustees considered the investment philosophy and research and decision-making processes of PIMCO; the experience of key advisory personnel of PIMCO responsible for portfolio management of the Funds; the ability of PIMCO to attract and retain capable personnel; and the capabilities of the senior management and staff of PIMCO. In addition, the Trustees reviewed the quality of PIMCO s services with respect to regulatory compliance and compliance with the investment policies of the Funds; the nature and quality of the supervisory and administrative services PIMCO is responsible for providing to the Funds; and conditions that might affect PIMCO s ability to provide high-quality services to the Funds in the future under the Agreement, including PIMCO s financial

condition and operational stability. Based on the foregoing, the Trustees concluded that PIMCO s investment process, research capabilities and philosophy were well suited to the Funds given their investment objectives and policies, and that PIMCO would be able to continue to meet any reasonably foreseeable obligations under the Agreement.

In assessing the reasonableness of each Fund s fees under the Agreement, the Trustees considered, among other information, the Fund s management fee and its total expense ratio as a percentage of average net assets attributable to common shares and as a percentage of total managed assets (including assets attributable to common shares and leverage outstanding combined), and the management fee and total expense ratios of the Lipper expense group and Lipper expense universe for each Fund. Fund-specific comparative fees/expenses reviewed by the Trustees are discussed below. The Fund-specific fee and expense results discussed below were prepared and provided by Lipper and were not independently verified by the Trustees.

The Trustees specifically took note of how each Fund compared to its Lipper peers as to performance, management fee expense and total net expenses. The Trustees noted that, while the Funds are not currently charged a separate administration fee (recognizing that their management fees include a component for administrative services under the Unified Fee Arrangements), it was not clear in all cases whether the peer funds in the Lipper categories were separately charged such a fee by their investment managers, so that the total expense ratio, as opposed to any individual expense component, represented the most relevant comparison. The Trustees also considered that the total expense ratio seems to provide a more apt comparison than management fee expense because the Funds Unified Fee Arrangements cover Operating Expenses (defined

below) that are typically paid for or incurred by peer funds directly in addition to their management fees as discussed below. It was noted that the total expense ratio comparisons reflect the effect of expense waivers/reimbursements, if any. The Trustees considered total expense ratio comparisons both including and excluding interest and borrowing expenses. The Trustees noted that only leveraged closed-end funds were considered for inclusion in the Lipper expense groups and Lipper expense universes presented for comparison with the Funds.

The Trustees noted that, for each Fund, the contractual management fee rate for the Fund under its Unified Fee Arrangement was above the median contractual management fee of the other funds in its Lipper expense group, calculated both on average net assets and on average total managed assets (except PCM, the management fee of which was at its Lipper expense group median calculated both on average net

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assets and on average total managed assets). However, in this regard, the Trustees took into account that each Fund s Unified Fee Arrangement covers substantially all of the Fund s other supervisory and administrative services required by the Fund that are typically paid for or incurred by closed-end funds directly in addition to a fund s management fee (such fees and expenses, Operating Expenses) and therefore would tend to be higher than the contractual management fee rates of other funds in the Lipper expense groups, which generally do not have a unified fee structure and bear Operating Expenses directly and in addition to the management fee. The Trustees determined that a review of each Fund s total expense ratio with the total expense ratios of peer funds would generally provide more meaningful comparisons than considering contractual management fee rates in isolation.

In this regard, the Trustees noted PIMCO s view that the Unified Fee Arrangements have benefited and will continue to benefit common shareholders because they provide a management fee expense structure (including Operating Expenses) that is essentially fixed as a percentage of managed assets, making it more predictable under ordinary circumstances in comparison to fee and expense structures, such as the structure in place for the Funds prior to September 6, 2014, under which the Funds Operating Expenses (including certain third-party fees and expenses) can vary significantly over time. The Trustees also considered that the Unified Fee Arrangements generally insulate the Funds and common shareholders from increases in applicable third-party and certain other expenses because PIMCO, rather than the Funds, would bear the risk of such increases (though the Trustees also noted that PIMCO would benefit from any reductions in such expenses). In this regard, the Trustees noted that PIMCO has already borne significant costs that would have otherwise been borne directly by the Funds, such as the costs associated with a contested Trustee election and related proxy solicitation efforts with respect to PCI and costs associated with aligning the Funds fiscal year ends.

The Trustees noted that each Fund s total expense ratio as a percentage of average net assets (excluding interest and borrowing expenses) under the investment management agreement with AGIFM from January 1, 2014 to September 5, 2014 (presented on a pro forma, annualized basis) was generally similar to the total expense ratio (excluding interest and borrowing expenses) under the Unified Fee Arrangements with PIMCO from September 6, 2014 to December 31, 2014 (presented on a pro forma, annualized basis). The Trustees noted that the total expense ratios (excluding interest and borrowing expenses) as a percentage of average net assets attributable to common shareholders for PGP, PCI, PCM and PKO were higher under the Unified Fee Arrangements than they were under the investment management agreement with AGIFM (the

pre-transition period), while the total expense ratios (excluding interest and borrowing expenses) as a percentage of average net assets attributable to common shareholders for RCS and PDI under the Unified Fee Arrangements were slightly lower than they were during the pre-transition period. It was noted that, with respect to PCI, PCM and PKO, the increase was largely due to increases in managed assets from increased leverage and, for PCI, PCM, PKO and PGP, decreased average net assets attributable to common shares. The Trustees noted that the total expense ratio as a percentage of average managed assets for PCI was lower under the Unified Fee Arrangement because PCI s unified management fee rate is the same as its non-unified management fee rate during the pre-transition period.

Fund-specific comparative performance results for the Funds reviewed by the Trustees are discussed below. The comparative performance information was prepared and provided by Lipper and was not independently verified by the Trustees. Due to the passage of time, these performance results may differ from the performance results for more recent periods. With respect to all Funds, the Trustees reviewed, among other information, comparative information showing performance of the Funds against the Lipper performance universes for the one-year, three-year, five-year and ten-year periods (to the extent each such Fund had been in existence) ended December 31, 2014. The Trustees also reviewed the Fund Scoring Summaries prepared by PIMCO at the Independent Trustees request comparing each Fund s fees/expenses and performance against those of its Lipper performance universe and Lipper expense universe by identifying a Fund s ranking among its Lipper performance universe and Lipper expense universe as above-median or below median with respect to various fee/expense categories (management fees and total expenses) and performance periods (one-year, three-year and five-year), as well as averages of such rankings for each Fund. In addition, the Trustees also reviewed fact cards for each Fund that included comparisons of each Fund s total expense ratio based on average net assets (excluding interest and borrowing expenses) and average managed assets (excluding interest and borrowing expenses) relative to its Lipper expense group.

In addition, it was noted that the Trustees considered matters bearing on the Funds and their advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting.

Among other information, the Trustees took into account the following regarding particular Funds.

PGP

With respect to the Fund s common share total return performance (based on net asset value) relative to its respective Lipper performance

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Matters Relating to the Trustees /Directors Consideration of the Annual Renewal of the Investment Management Agreement (Cont.)

universe, consisting of two funds, the Trustees noted that the Fund ranked second out of two funds for the one-year period and first out of two funds for the three-year and five-year periods ended December 31, 2014.

The Trustees noted that the Lipper expense group for the Fund consisted of a total of seven funds, including the Fund. The Trustees also noted that the average net assets of the common shares of the funds in the group ranged from $123.1 million to $287.1 million, and that three of the funds in the group were larger in asset size than the Fund. With respect to the Fund s total expense ratio calculated on average net assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was above the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was below the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average net assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was below the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s Lipper expense universe, consisting of 14 funds, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) when calculated on average net assets and was below the median total expense ratio (including interest and borrowing expenses) when calculated on total managed assets.

PKO

With respect to the Fund s common share total return performance (based on net asset value) relative to its respective Lipper performance universe, consisting of 12 funds for one-year performance and eight funds for three- and five-year performance, the Trustees noted that the Fund had first quintile performance for the one-year, three-year and five-year periods ended December 31, 2014.

The Trustees noted that the Lipper expense group for the Fund consisted of a total of five funds, including the Fund. The Trustees also noted that the average net assets of the common shares of the funds in the group ranged from $220.3 million to $428.7 million, and that no funds in the group were larger in asset size than the Fund. With respect to the Fund s total expense ratio calculated on average net assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was at the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was below the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average net assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was at the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was below the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s Lipper expense universe, consisting of 12 funds, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) when calculated on average net assets and was below the median total expense ratio (including interest and borrowing expenses) when calculated on total managed assets.

PCM

With respect to the Fund s common share total return performance (based on net asset value) relative to its respective Lipper performance universe, consisting of nine funds for one-year performance, eight funds for three-year performance, six funds for five-year performance and four funds for ten-year performance, the Trustees noted that the Fund had fourth quintile performance for the one-year period, third quintile performance for the three-year period, and first quintile performance for the five-year and ten-year periods ended December 31, 2014.

The Trustees noted that the Lipper expense group for the Fund consisted of a total of five funds, including the Fund. The Trustees also noted that the average net assets of the common shares of the funds

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in the group ranged from $67.1 million to $309.9 million, and that two of the funds in the group were larger in asset size than the Fund. With respect to the Fund s total expense ratio calculated on both average net assets and average managed assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was below the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average net assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was at the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s Lipper expense universe, consisting of eight funds, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) when calculated on average net assets and was below the median total expense ratio (including interest and borrowing expenses) when calculated on total managed assets.

RCS

With respect to the Fund s common share total return performance (based on net asset value) relative to its respective Lipper performance universe, consisting of 12 funds for one-year performance, eight funds for three- and five-year performance and five funds for ten-year performance, the Trustees noted that the Fund had second quintile performance for the one-year period and first quintile performance for the three-year, five-year and ten-year periods ended December 31, 2014.

The Trustees noted that the Lipper expense group for the Fund consisted of a total of five funds, including the Fund. The Trustees also noted that the average net assets of the common shares of the funds in the expense group ranged from $220.3 million to $420.1 million, and that one of the funds in the group was larger in asset size than the Fund. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) calculated both on average net assets and average managed assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was below the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on both average net assets and average managed assets, the Trustees noted that the Fund s total

expense ratio (including interest and borrowing expenses) was below the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s Lipper expense universe, consisting of 12 funds, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) calculated on both average net assets and average managed assets was below the median total expense ratio (including interest and borrowing expenses). It was noted that RCS s management fees are based on daily net assets, including net assets attributable to any preferred shares that may be outstanding, but that RCS does not have any preferred shares outstanding.

PCI

With respect to the Fund s common share total return performance (based on net asset value) relative to its respective Lipper performance universe, consisting of 12 funds, the Trustees noted that the Fund had second quintile performance for the one-year period ended December 31, 2014 and first quintile performance for the period from the Fund s inception on January 31, 2013 until December 31, 2014.

The Trustees noted that the Lipper expense group for the Fund consisted of a total of five funds, including the Fund. The Trustees also noted that the average net assets of the common shares of the funds in the group ranged from $220.3 million to $3.373 billion, and that none of the funds in the group were larger in asset size than the Fund. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) calculated on average net assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was above the median total expense ratio of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio was at the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average net assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on average managed assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was at the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s Lipper expense universe, consisting of 12 funds, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses)

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Matters Relating to the Trustees /Directors Consideration of the Annual Renewal of the Investment Management Agreement (Cont.)

calculated on both average net assets and average managed assets was above the median total expense ratio (including interest and borrowing expenses).

PDI

With respect to the Fund s common share total return performance (based on net asset value) relative to its respective Lipper performance universe, consisting of 12 funds, the Trustees noted that the Fund had first quintile performance for the one-year period ended December 31, 2014 and for the period from the Fund s inception on May 30, 2012 until December 31, 2014.

The Trustees noted that the Lipper expense group for the Fund consisted of a total of five funds, including the Fund. The Trustees also noted that the average net assets of the common shares of the funds in the group ranged from $220.3 million to $1.409 billion, and that none of the funds in the group were larger in asset size than the Fund. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) calculated on average net assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was above the median total expense ratio (excluding interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (excluding interest and borrowing expenses) on average managed assets, the Trustees noted that the Fund s total expense ratio (excluding interest and borrowing expenses) was below the median total expense ratio of the funds in its Lipper expense group. With respect to the Fund s total expense ratio (including interest and borrowing expenses) calculated on both average net assets and average managed assets, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) was above the median total expense ratio (including interest and borrowing expenses) of the funds in its Lipper expense group. With respect to the Fund s Lipper expense universe, consisting of 12 funds, the Trustees noted that the Fund s total expense ratio (including interest and borrowing expenses) calculated on both average net assets and average managed assets was above the median total expense ratio (including interest and borrowing expenses).

In addition to their review of Fund performance based on net asset value, the Trustees also considered the market value performance of each Fund s common shares and related share price premium and/or discount information based on the materials provided by Lipper and PIMCO.

The Trustees also considered the management fees charged by PIMCO to other funds and accounts with similar strategies to those of the Funds, if any, including any similar open-end funds. With respect to

PKO, PCM and RCS, the Trustees were advised that PIMCO does not manage any funds or separate accounts with investment strategies or return profiles bearing a substantial similarity to those of the Funds. However, the Trustees considered the management fees charged by PIMCO to other funds with strategies that have similarities (but are not substantially similar) to those of PKO, PCM and RCS. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by any open-end funds offered for comparison, but were advised by PIMCO that there are additional portfolio management challenges in managing closed-end funds such as the Funds, such as those associated with less liquid holdings, the use of leverage, issues relating to trading on a national exchange and attempting to meet a regular dividend. With respect to PGP and PCI, the Trustees were advised that PIMCO does not manage any funds or accounts which have an investment strategy or return profile bearing any reasonable similarity to those Funds.

The Trustees also took into account that all Funds, with the exception of RCS, pay management fees on assets attributable to types of leverage that they use (such as reverse repurchase agreements) under the Agreement (because each Fund s fees, except those of RCS, are calculated based on total managed assets, including assets attributable to reverse repurchase agreements and/or certain other forms of leverage outstanding). They noted that RCS s management fees are based on daily net assets, including net assets attributable to any preferred shares that may be outstanding, but that RCS does not have any preferred shares outstanding. In this regard, the Trustees took into account that PIMCO has a financial incentive for the Funds to continue to use leverage, which may create a conflict of interest between PIMCO, on one hand, and the Funds common shareholders, on the other. The Trustees further noted that this incentive may be greater under the Unified Fee Arrangements because the contractual management fee rates under the Unified Fee Agreements are higher for each Fund than the Fund s management fee would otherwise be if it did not cover the Fund s Operating Expenses i.e., in comparison to their non-unified management fee rates in place prior to September 6, 2014 with the exception of PCI and PDI, which have the same management fee rates at they did prior to September 6, 2014. Therefore, with the exception of PCI and PDI, the total fees paid by each Fund to PIMCO under the Unified Fee Arrangements will therefore vary more with increases and decreases in applicable leverage incurred by a Fund than under its prior non-unified fee arrangement, all things being equal. The Trustees considered information provided by PIMCO and related presentations as to why each Fund s use of leverage continues to be appropriate and in the best interests of the respective Fund under current market conditions. The Trustees also considered PIMCO s representation that it will use

(Unaudited)

leverage for the Funds solely as it determines to be in the best interests of the Funds from an investment perspective and without regard to the level of compensation PIMCO receives. The Trustees noted that RCS does not pay fees on assets attributable to the types of leverage that the Fund currently employs.

The Trustees also considered estimated profitability analyses provided by PIMCO, which included, among other information, (i) information regarding the estimated profitability to PIMCO with respect to the Funds for the one-year period ended December 31, 2014 for serving as the Funds sub-adviser from January 1, 2014 through the close of business on September 5, 2014, and for serving as the Funds investment manager from September 6, 2014 through December 31, 2014; and (ii) a comparison of the estimated pro forma profitability for the one-year period ended December 31, 2014 previously provided to the Board in connection with the initial approval of the Agreement, which assumed that PIMCO served as the Funds investment manager for the entire one-year period, against the estimated profitability to PIMCO during calendar year 2014. The Trustees also took into account explanations from PIMCO regarding how certain corporate and shared expenses were allocated among the Funds and other funds and accounts managed by PIMCO for purposes of developing profitability estimates. Based on the profitability analyses provided by PIMCO, the Trustees determined, taking into account the various assumptions made, that such profitability did not appear to be excessive.

The Trustees also took into account that the Funds do not currently have any breakpoints in their management fees and, as closed-end investment companies, the Funds did not at the time of the review intend to raise additional assets, so the assets of the Funds were expected to grow (if at all) principally through the investment performance of each Fund and/or the increased use of leverage. The Trustees also considered that the Unified Fee Arrangements provide inherent economies of scale because a Fund maintains competitive fixed unified fees even if the particular Fund s assets decline and/or operating costs rise. The Trustees further considered that, in contrast, breakpoints are a proxy for charging higher fees on lower asset levels and that when a fund s assets decline, breakpoints may reverse, which causes expense ratios to increase. The Trustees also considered that, unlike the Funds Unified Fee Arrangements, funds with pass through administrative fee structures may experience increased expense ratios when fixed dollar fees are charged against declining fund assets. The Trustees also considered that the Unified Fee Arrangements protect shareholders from a rise in operating costs that may result from, including, among other things, PIMCO s investments in various business enhancements and infrastructure. The Trustees noted that PIMCO has made extensive investments in these areas.

Additionally, the Trustees considered so-called fall-out benefits to PIMCO, such as reputational value derived from serving as investment manager to the Funds and research, statistical and quotation services PIMCO may receive from broker-dealers executing the Funds portfolio transactions on an agency basis.

After reviewing these and other factors described herein, the Trustees concluded, with respect to each Fund, within the context of their overall conclusions regarding the Agreement and based on the information provided and related representations made by management, that they were satisfied with PIMCO s responses and efforts relating to the investment performance of the Funds. The Trustees also concluded that the fees payable under the Agreement represent reasonable compensation in light of the nature, extent and quality of services provided by PIMCO. Based on their evaluation of factors that they deemed to be material, including those factors described above, the Trustees, including the Independent Trustees, unanimously concluded that the continuation of the Agreement was in the interests of each Fund and its shareholders, and should be approved.

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Privacy Policy[1]

The Funds[2] consider customer privacy to be a fundamental aspect of their relationships with shareholders and are committed to maintaining the confidentiality, integrity and security of their current, prospective and former shareholders non-public personal information. The Funds have developed policies that are designed to protect this confidentiality, while allowing shareholder needs to be served.

Obtaining Personal Information

In the course of providing shareholders with products and services, the Funds and certain service providers to the Funds, such as the Funds investment adviser or sub-adviser (Adviser), may obtain non-public personal information about shareholders, which may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from shareholder transactions, from a shareholder s brokerage or financial advisory firm, financial advisor or consultant, and/or from information captured on applicable websites.

Respecting Your Privacy

As a matter of policy, the Funds do not disclose any non-public personal information provided by shareholders or gathered by the Funds to non-affiliated third parties, except as required or permitted by law or as necessary for such third parties to perform their agreements with respect to the Funds. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on shareholder satisfaction and gathering shareholder proxies. The Funds or their affiliates may also retain non-affiliated companies to market Fund shares or products which use Fund shares and enter into joint marketing arrangements with them and other companies. These companies may have access to a shareholder s personal and account information, but are permitted to use this information solely to provide the specific service or as otherwise permitted by law. In most cases, the shareholders will be clients of a third party, but the Funds may also provide a shareholder s personal and account information to the shareholder s respective brokerage or financial advisory firm and/or financial advisor or consultant.

Sharing Information with Third Parties

The Funds reserve the right to disclose or report personal or account information to non-affiliated third parties in limited circumstances where the Funds believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect their rights or property, or upon reasonable request by any fund advised by PIMCO in which a shareholder has invested. In addition, the Funds may disclose information about a shareholder or a shareholder s accounts to a non-affiliated third party at the shareholder s request or with the consent of the shareholder.

Sharing Information with Affiliates

The Funds may share shareholder information with their affiliates in connection with servicing shareholders accounts, and subject to applicable law may provide shareholders with information about products and services that the Funds or their Adviser or its affiliates (Service Affiliates) believe may be of interest to such shareholders. The information that the Funds may share may include, for example, a shareholder s participation in the Funds or in other investment programs sponsored by a Service Affiliate, a shareholder s ownership of certain types of accounts (such as

IRAs), information about the Funds experiences or transactions with a shareholder, information captured on applicable websites, or other data about a shareholder s accounts, subject to applicable law. The Funds Service Affiliates, in turn, are not permitted to share shareholder information with non-affiliated entities, except as required or permitted by law.

Procedures to Safeguard Private Information

The Funds take seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, the Funds have implemented procedures that are designed to restrict access to a shareholder s non-public personal information to internal personnel who need to know that information to perform their jobs, such as servicing shareholder accounts or notifying shareholders of new products or services. Physical, electronic and procedural safeguards are in place to guard a shareholder s non-public personal information.

Information Collected from Websites

Websites maintained by the Funds or their service providers may use a variety of technologies to collect information that help the Funds and their service providers understand how the website is used. Information collected from your web browser (including small files stored on your device that are commonly referred to as cookies) allow the websites to recognize your web browser and help to personalize and improve your user experience and enhance navigation of the website. In addition, the Funds or their Service Affiliates may use third parties to place advertisements for the Funds on other websites, including banner advertisements. Such third parties may collect anonymous information through the use of cookies or action tags (such as web beacons). The information these third parties collect is generally limited to technical and web navigation information, such as your IP address, web pages visited and browser type, and does not include personally identifiable information such as name, address, phone number or email address.

You can change your cookie preferences by changing the setting on your web browser to delete or reject cookies. If you delete or reject cookies, some website pages may not function properly.

(Unaudited)

Changes to the Privacy Policy

From time to time, the Funds may update or revise this privacy policy. If there are changes to the terms of this privacy policy, documents containing the revised policy on the relevant website will be updated.

[1] Effective as of September 5, 2014.

[2] When distributing this Policy, a Fund may combine the distribution with any similar distribution of its investment adviser s privacy policy. The distributed, combined policy may be written in the first person (i.e., by using we instead of the Funds).

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General Information

Investment Manager

Pacific Investment Management Company LLC

1633 Broadway

New York, NY 10019

Custodian

State Street Bank and Trust Company

801 Pennsylvania Avenue

Kansas City, MO 64105

Transfer Agent, Dividend Paying Agent and Registrar

American Stock Transfer & Trust Company, LLC

6201 15th Avenue

Brooklyn, NY 11219

Legal Counsel

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

1100 Walnut Street, Suite 1300

Kansas City, MO 64106

This report is submitted for the general information of the shareholders of PCM Fund, Inc., PIMCO Global StocksPLUS® & Income Fund, PIMCO Income Opportunity Fund, PIMCO Strategic Income Fund, Inc., PIMCO Dynamic Credit Income Fund and PIMCO Dynamic Income Fund.

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Item 2. Code of Ethics.
As of the end of the period covered by this report, the Registrant has adopted a code of ethics (the Code) that applies to the Registrant s principal executive officer and principal financial & accounting officer. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code to the principal executive officer or principal financial & accounting officer during the period covered by this report.

A copy of the Code is included as an exhibit to this report.

Item 3. Audit Committee Financial Expert.
(a) The Board of Directors has determined that James A. Jacobson, who serves on the Board s Audit Oversight Committee, qualifies as an audit committee financial expert as such term is defined in the instructions to this Item 3. The Board has also determined that Mr. Jacobson is independent as such term is interpreted under this Item 3.

Item 4. Principal Accountant Fees and Services.

(a)	Fiscal Year Ended	Audit Fees	
	June 30, 2015	$	31,031
	January 31, 2015	$	38,828
(b)	Fiscal Year Ended	Audit-Related Fees[(1)]	
	June 30, 2015	$	
	January 31, 2015	$	
(c)	Fiscal Year Ended	Tax Fees	
	June 30, 2015	$	16,470
	January 31, 2015	$	23,740
(d)	Fiscal Year Ended	All Other Fees[(1)]	
	June 30, 2015	$	
	January 31, 2015	$	

Audit Fees represents fees billed for each of the last two fiscal years for professional services rendered for the audit and review of the Registrant s annual financial statements for those fiscal years or services that are normally provided by the accountant in connection with statutory or regulatory filings or engagements for those fiscal years.

Audit-Related Fees represents fees billed for each of the last two fiscal years for assurance and related services that are reasonably related to the performance of the audit or review of the Registrant s financial statements, but not reported under Audit Fees above, and that include accounting consultations, attestation reports and comfort letters for those fiscal years.

Tax Fees represents fees billed for each of the last two fiscal years for professional services related to tax compliance, tax advice and tax planning, including services relating to the filing or amendment of federal, state or local income tax returns, regulated investment company qualification reviews, and tax distribution and analysis reviews.

All Other Fees represents fees, if any, billed for other products and services rendered by the principal accountant to the Registrant other than those reported above under Audit Fees, Audit-Related Fees and Tax Fees for the last two fiscal years.

(1) There were no Audit-Related Fees and All Other Fees for the last two fiscal years.

(e) Pre-approval policies and procedures

(1) The Registrant s Audit Oversight Committee has adopted pre-approval policies and procedures (the Procedures) to govern the Audit Oversight Committee s pre-approval of (i) all audit services and permissible non-audit services to be provided to the Registrant by its independent accountant, and (ii) all permissible non-audit services to be provided by such independent accountant to the Registrant s investment adviser and to any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the Registrant (collectively, the Service Affiliates) if the services provided directly relate to the Registrant s operations and financial reporting. In accordance with the Procedures, the Audit Oversight Committee is responsible for the engagement of the independent accountant to certify the Registrant s financial statements for each fiscal year. With respect to the pre-approval of non-audit services provided to the Registrant and its Service Affiliates, the Procedures provide that the Audit Oversight Committee may annually pre-approve a list of types or categories of non-audit services that may be provided to the Registrant or its Service Affiliates, or the Audit Oversight Committee may pre-approve such services on a project-by-project basis as they arise. Unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Oversight Committee if it is to be provided by the independent accountant. The Procedures also permit the Audit Oversight Committee to delegate authority to one or more of its members to pre-approve any proposed non-audit services that have not been previously pre-approved by the Audit Oversight Committee, subject to the ratification by the full Audit Oversight Committee no later than its next scheduled meeting.

(2) With respect to the services described in paragraphs (b) through (d) of this Item 4, no amount was approved by the Audit Oversight Committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

f) Not applicable.

g)

Entity	Aggregate Non-Audit Fees Billed to Entity June 30, 2015	January 31, 2015
PIMCO Strategic Income Fund	$ 16,470	$ 23,740
Pacific Investment Management Company LLC (PIMCO)	9,815,893	8,200,269
Total	$ 9,832,363	$ 8,224,009

h) The Registrant s Audit Oversight Committee has considered whether the provision of non-audit services that were rendered to the Registrant s investment adviser, and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the Registrant which were not pre-approved (not requiring pre-approval) is compatible with maintaining the principal accountant s independence.

Item 5. Audit Committee of Listed Registrants.

The Registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The audit committee is comprised of:

Deborah A. DeCotis;

Bradford K. Gallagher;

James A. Jacobson;

Hans W. Kertess;

William B. Ogden, IV; and

Alan Rappaport.

Item 6. Schedule of Investments.

The Schedule of Investments is included as part of the reports to shareholders under Item 1.

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Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

PIMCO has adopted written proxy voting policies and procedures (Proxy Policy) as required by Rule 206(4)-6 under the Advisers Act. In addition to covering the voting of equity securities, the Proxy Policy also applies generally to voting and/or consent rights of fixed income securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures. The Proxy Policy does not apply, however, to consent rights that primarily entail decisions to buy or sell investments, such as tender or exchange offers, conversions, put options, redemption and Dutch auctions. The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights (collectively, proxies) are exercised in the best interests of accounts.

With respect to the voting of proxies relating to equity securities, PIMCO has selected an unaffiliated third party proxy research and voting service (Proxy Voting Service), to assist it in researching and voting proxies. With respect to each proxy received, the Proxy Voting Service researches the financial implications of the proposals and provides a recommendation to PIMCO as to how to vote on each proposal based on the Proxy Voting Service s research of the individual facts and circumstances and the Proxy Voting Service s application of its research findings to a set of guidelines that have been approved by PIMCO. Upon the recommendation of the applicable portfolio managers, PIMCO may determine to override any recommendation made by the Proxy Voting Service. In the event that the Proxy Voting Service does not provide a recommendation with respect to a proposal, PIMCO may determine to vote on the proposals directly.

With respect to the voting of proxies relating to fixed income securities, PIMCO s fixed income credit research group (the Credit Research Group) is responsible for researching and issuing recommendations for voting proxies. With respect to each proxy received, the Credit Research Group researches the financial implications of the proxy proposal and makes voting recommendations specific for each account that holds the related fixed income security. PIMCO considers each proposal regarding a fixed income security on a case-by-case basis taking into consideration any relevant contractual obligations as well as other relevant facts and circumstances at the time of the vote. Upon the recommendation of the applicable portfolio managers, PIMCO may determine to override any recommendation made by the Credit Research Group. In the event that the Credit Research Group does not provide a recommendation with respect to a proposal, PIMCO may determine to vote the proposal directly.

PIMCO may determine not to vote a proxy for an equity or fixed income security if: (1) the effect on the applicable account s economic interests or the value of the portfolio holding is insignificant in relation to the account s portfolio; (2) the cost of voting the proxy outweighs the possible benefit to the applicable account, including, without limitation, situations where a jurisdiction imposes share blocking restrictions which may affect the ability of the portfolio managers to effect trades in the related security; or (3) PIMCO otherwise has determined that it is consistent with its fiduciary obligations not to vote the proxy.

In the event that the Proxy Voting Service or the Credit Research Group, as applicable, does not provide a recommendation or the portfolio managers of a client account propose to override a recommendation by the Proxy Voting Service, or the Credit Research Group, as applicable, PIMCO will review the proxy to determine whether there is a material conflict between PIMCO and the applicable account or among PIMCO-advised accounts. If no material conflict exists, the proxy will be voted according to the portfolio managers recommendation. If a material conflict does exist, PIMCO will seek to resolve the conflict in good faith and in the best interests of the applicable client account, as provided by the Proxy Policy. The Proxy Policy permits PIMCO to seek to resolve material conflicts of interest by pursuing any one of several courses of action. With respect to material conflicts of interest between PIMCO and a client account, the Proxy Policy permits PIMCO to either: (i) convene a committee to assess and resolve the conflict (the Proxy Conflicts Committee); or (ii) vote in accordance with protocols previously established by the Proxy Policy, the Proxy Conflicts Committee and/or other relevant procedures approved by PIMCO s Legal and

Compliance department with respect to specific types of conflicts. With respect to material conflicts of interest between one or more PIMCO-advised accounts, the Proxy Policy permits PIMCO to: (i) designate a PIMCO portfolio manager who is not subject to the conflict to determine how to vote the proxy if the conflict exists between two accounts with at least one portfolio manager in common; or (ii) permit the respective portfolio managers to vote the proxies in accordance with each client account s best interests if the conflict exists between client accounts managed by different portfolio managers.

PIMCO will supervise and periodically review its proxy voting activities and the implementation of the Proxy Policy. PIMCO s Proxy Policy, and information about how PIMCO voted a client s proxies, is available upon request.

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Item 8. Portfolio Managers of Closed-End Management Investment Companies.
(a)(1)

As of August 27, 2015, the following individuals have primary responsibility for the day-to-day implementation of the PIMCO Strategic Income Fund, Inc. (the Fund):

Daniel J. Ivascyn

Mr. Ivascyn has been a lead portfolio manager of the Fund since May 2002. Mr. Ivascyn is Group Chief Investment Officer and a managing director in the Newport Beach office. Prior to joining PIMCO in 1998, he worked as Bear Stearns in the asset-backed securities group, as well as T. Rowe Price and Fidelity Investments.

Daniel H. Hyman

Mr. Hyman has been a portfolio manager of the Fund since June 2012. Mr. Hyman is an executive vice president in the Newport Beach office. Mr. Hyman is a portfolio manager focusing on mortgage-backed securities and derivatives. Prior to joining PIMCO in 2008, he was vice president at Credit Suisse where he traded Agency pass-throughs.

(a)(2)

The following summarizes information regarding each of the accounts, excluding the Fund, managed by the Portfolio Managers as of June 30, 2015, including accounts managed by a team, committee, or other group that includes a Portfolio Manager. Unless mentioned otherwise, the advisory fee charged for managing each of the accounts listed below is not based on performance.

	Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
PM	#	AUM($million)	#	AUM($million)	#	AUM($million)
Daniel J. Ivascyn	13	61,683.07	13	14,697.38*	108	9,625.43**
Daniel H. Hyman	4	4,422.19	4	395.84	16	13,302.97

*Of these Other Pooled Investment Vehicles, 1 account totaling 0.01 million in assets pay(s) an advisory fee that is based in part on the performance of the accounts.

**Of these Other Accounts, 2 accounts totaling 2,691.98 million in assets pay(s) an advisory fee that is based in part on the performance of the accounts.

From time to time, potential and actual conflicts of interest may arise between a portfolio manager s management of the investments of the Fund, on the one hand, and the management of other accounts, on the other. Potential and actual conflicts of interest may also arise as a result of PIMCO s other business activities and PIMCO s possession of material non-public information about an issuer. Other accounts managed by a portfolio manager might have similar investment objectives or strategies as the Fund, track the same index as the Fund or otherwise hold, purchase, or sell securities that are eligible to be held, purchased or sold by the Fund. The other accounts might also have different investment objectives or strategies than the Fund. Potential and actual conflicts of interest may also arise as a result of PIMCO serving as investment adviser to accounts that invest in the Fund. In this case, such conflicts of interest could in theory give rise to incentives for PIMCO to, among other things, vote proxies of the Fund in a manner beneficial to the investing account but detrimental to the Fund. Conversely, PIMCO s duties to the Fund, as well as regulatory or other limitations applicable to the Fund, may affect the courses of action available to PIMCO-advised accounts (including certain funds) that invest in the Fund in a manner that is detrimental to such investing accounts.

Because PIMCO is affiliated with Allianz, a large multi-national financial institution, conflicts similar to those described below may occur between the Fund and other accounts managed by PIMCO and PIMCO s affiliates or accounts managed by those affiliates. Those affiliates (or their clients), which generally operate autonomously from PIMCO, may take actions that are adverse to the Fund or other accounts managed by PIMCO. In many cases, PIMCO will not be in a position to mitigate those actions or address those conflicts, which could adversely affect the performance of the Fund or other accounts managed by PIMCO.

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Knowledge and Timing of Fund Trades. A potential conflict of interest may arise as a result of the portfolio manager s day-to-day management of the Fund. Because of their positions with the Fund, the portfolio managers know the size, timing and possible market impact of the Fund s trades. It is theoretically possible that the portfolio managers could use this information to the advantage of other accounts they manage and to the possible detriment of the Fund.

Investment Opportunities. A potential conflict of interest may arise as a result of the portfolio manager s management of a number of accounts with varying investment guidelines. Often, an investment opportunity may be suitable for both the Fund and other accounts managed by the portfolio manager, but may not be available in sufficient quantities for both the Fund and the other accounts to participate fully. In addition, regulatory issues applicable to PIMCO or the Fund or other accounts may result in the Fund not receiving securities that may otherwise be appropriate for it. Similarly, there may be limited opportunity to sell an investment held by the Fund and another account. PIMCO has adopted policies and procedures reasonably designed to allocate investment opportunities on a fair and equitable basis over time.

Under PIMCO s allocation procedures, investment opportunities are allocated among various investment strategies based on individual account investment guidelines and PIMCO s investment outlook. PIMCO has also adopted additional procedures to complement the general trade allocation policy that are designed to address potential conflicts of interest due to the side-by-side management of the Fund and certain pooled investment vehicles, including investment opportunity allocation issues.

Conflicts potentially limiting the Fund s investment opportunities may also arise when the Fund and other PIMCO clients invest in different parts of an issuer s capital structure, such as when the Fund owns senior debt obligations of an issuer and other clients own junior tranches of the same issuer. In such circumstances, decisions over whether to trigger an event of default, over the terms of any workout, or how to exit an investment may result in conflicts of interest. In order to minimize such conflicts, a portfolio manager may avoid certain investment opportunities that would potentially give rise to conflicts with other PIMCO clients or PIMCO may enact internal procedures designed to minimize such conflicts, which could have the effect of limiting the Fund s investment opportunities. Additionally, if PIMCO acquires material non-public confidential information in connection with its business activities for other clients, a portfolio manager may be restricted from purchasing securities or selling securities for the Fund. Moreover, the Fund or other accounts managed by PIMCO may invest in a transaction in which one or more other funds or accounts managed by PIMCO are expected to participate, or already have made or will seek to make, an investment. Such funds or accounts may have conflicting interests and objectives in connection with such investments, including, for example and without limitation, with respect to views on the operations or activities of the issuer involved, the targeted returns from the investment, and the timeframe for, and method of, exiting the investment. When making investment decisions where a conflict of interest may arise, PIMCO will endeavor to act in a fair and equitable manner as between the Fund and other clients; however, in certain instances the resolution of the conflict may result in PIMCO acting on behalf of another client in a manner that may not be in the best interest, or may be opposed to the best interest, of the Fund.

Performance Fees. A portfolio manager may advise certain accounts with respect to which the advisory fee is based entirely or partially on performance. Performance fee arrangements may create a conflict of interest for the portfolio manager in that the portfolio manager may have an incentive to allocate the investment opportunities that he or she believes might be the most profitable to such other accounts instead of allocating them to the Fund. PIMCO has adopted policies and procedures reasonably designed to allocate investment opportunities between the Fund and certain pooled investment vehicles on a fair and equitable basis over time.

(a)(3)

As of June 30, 2015, the following explains the compensation structure of the individuals who have primary responsibility for day-to-day portfolio management of the Fund:

Portfolio Manager Compensation

PIMCO has adopted a Total Compensation Plan for its professional level employees, including its portfolio managers, that is designed to pay competitive compensation and reward performance, integrity and teamwork consistent with the firm s mission statement. The Total Compensation Plan includes an incentive component that rewards high performance standards, work ethic and consistent individual and team contributions to the firm. The compensation of portfolio managers consists of a base salary and discretionary performance bonuses, and may include an equity or long term incentive component.

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Certain employees of PIMCO, including portfolio managers, may elect to defer compensation through PIMCO s deferred compensation plan. PIMCO also offers its employees a non-contributory defined contribution plan through which PIMCO makes a contribution based on the employee s compensation. PIMCO s contribution rate increases at a specified compensation level, which is a level that would include portfolio managers.

Key Principles on Compensation Philosophy include:

- PIMCO s pay practices are designed to attract and retain high performers.
- PIMCO s pay philosophy embraces a corporate culture of rewarding strong performance, a strong work ethic and meritocracy.
- PIMCO s goal is to ensure key professionals are aligned to PIMCO s long-term success through equity participation.
- PIMCO s Discern and Differentiate discipline is exercised where individual performance ranking is used for guidance as it relates to total compensation levels.

The Total Compensation Plan consists of three components:

Base Salary Base salary is determined based on core job responsibilities, positions/levels and market factors. Base salary levels are reviewed annually, when there is a significant change in job responsibilities or position, or a significant change in market levels. Base salary is paid in regular installments throughout the year and payment dates are in line with local practice.

Performance Bonus Performance bonuses are designed to reward individual performance. Each professional and his or her supervisor will agree upon performance objectives to serve as a basis for performance evaluation during the year. The objectives will outline individual goals according to pre-established measures of the group or department success. Achievement against these goals as measured by the employee and supervisor will be an important, but not exclusive, element of the bonus decision process. Award amounts are determined at the discretion of the Compensation Committee (and/or certain senior portfolio managers, as appropriate) and will also consider firm performance.

Long-term Incentive Compensation - Long-Term Incentive Plan (LTIP) is awarded to key professionals. Employees who reach a total compensation threshold are delivered their annual compensation in a mix of cash and long-term incentive awards. PIMCO incorporates a progressive allocation of long-term incentive awards as a percentage of total compensation, which is in line with market practices. The LTIP provides participants with cash awards that appreciate or depreciate based on PIMCO s operating earnings over a rolling three-year period. The plan provides a link between longer term company performance and participant pay, further motivating participants to make a long-term commitment to PIMCO s success. Participation in LTIP is contingent upon continued employment at PIMCO.

In addition, the following non-exclusive list of qualitative criteria may be considered when specifically determining the total compensation for portfolio managers:

- 3-year, 2-year and 1-year dollar-weighted and account-weighted, pre-tax investment performance as judged against the applicable benchmarks for each account managed by a portfolio manager (including the Funds) and relative to applicable industry peer groups;

- Appropriate risk positioning that is consistent with PIMCO s investment philosophy and the Investment Committee/CIO approach to the generation of alpha;
- Amount and nature of assets managed by the portfolio manager;
- Consistency of investment performance across portfolios of similar mandate and guidelines (reward low dispersion);
- Generation and contribution of investment ideas in the context of PIMCO s secular and cyclical forums, portfolio strategy meetings, Investment Committee meetings, and on a day-to-day basis;
- Absence of defaults and price defaults for issues in the portfolios managed by the portfolio manager;
- Contributions to asset retention, gathering and client satisfaction;
- Contributions to mentoring, coaching and/or supervising; and
- Personal growth and skills added.

A portfolio manager s compensation is not based directly on the performance of any Fund or any other account managed by that portfolio manager.

Profit Sharing Plan. Portfolio managers who are Managing Directors of PIMCO receive compensation from a non-qualified profit sharing plan consisting of a portion of PIMCO s net profits. Portfolio managers who are Managing Directors receive an amount determined by the Compensation Committee, based upon an individual s overall contribution to the firm.

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(a)(4)

The following summarizes the dollar range of securities of the Fund the Portfolio Managers beneficially owned as of June 30, 2015:

Portfolio Manager	Dollar Range of Equity Securities of the Fund Owned as of June 30, 2015
Daniel J. Ivascyn	$100,001-$500,000
Daniel H. Hyman	None

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

None.

Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund s Board of Directors since the Fund last provided disclosure in response to this item.

Item 11. Controls and Procedures.

(a) The principal executive officer and principal financial & accounting officer have concluded that the Registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the 1940 Act) provide reasonable assurances that material information relating to the Registrant is made known to them by the appropriate persons, based on their evaluation of these controls and procedures as of a date within 90 days of the filing of this report.

(b) There were no changes in the Registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 12. Exhibits.

(a)(1) Exhibit 99.CODE Code of Ethics pursuant to Section 406 of the Sarbanes-Oxley Act of 2002.

(a)(2) Exhibit 99.CERT Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(b) Exhibit 99.906CERT Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PIMCO Strategic Income Fund, Inc.

By: /s/ PETER G. STRELOW
Peter G. Strelow
President (Principal Executive Officer)

Date: August 27, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ PETER G. STRELOW
Peter G. Strelow
President (Principal Executive Officer)

Date: August 27, 2015

By: /s/ WILLIAM G. GALIPEAU
William G. Galipeau
Treasurer (Principal Financial & Accounting Officer)

Date: August 27, 2015