

PIMCO Income Strategy Fund II  
Form PRRN14A  
June 11, 2012

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934  
(Amendment No. 2)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Joint Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

PIMCO Income Strategy Fund  
PIMCO Income Strategy Fund II

(Name of Registrant as Specified in its Charter)

Brigade Leveraged Capital Structures Fund Ltd.

Brigade Capital Management, LLC

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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- (1) Title of each class of securities to which transaction applies:
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- (1) Amount Previously Paid:
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[PRELIMINARY COPY – SUBJECT TO COMPLETION DATED JUNE 11, 2012]

BRIGADE LEVERAGED CAPITAL STRUCTURES FUND LTD.  
AND  
BRIGADE CAPITAL MANAGEMENT, LLC

399 Park Avenue, Suite 1600, New York, NY 10022

[ ], 2012

Dear Fellow Preferred Shareholder:

Brigade Leveraged Capital Structures Fund Ltd. ("Brigade LCSF") and Brigade Capital Management, LLC ("Brigade CM" and, together with Brigade LCSF, "Brigade") are beneficial owners of Auction Rate Preferred Shares, par value \$.00001 per share (the "Preferred Shares") of PIMCO Income Strategy Fund ("PFL") and PIMCO Income Strategy Fund II ("PFN" and, together with PFL, the "Funds"). As of May 31, 2012, we beneficially owned 1,037 PFL Preferred Shares and 1,669 PFN Preferred Shares, making us the second largest holder of Preferred Shares of each of the Funds. We believe that the Funds' current boards of trustees (each, the "Board" and, together, the "Boards") have not acted in the best interests of the shareholders as discussed in further detail in the attached proxy statement. We are therefore seeking your support at the annual meeting of shareholders of each Fund (the "Meeting") scheduled to be held at 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019, on July 31, 2012 at 10:30 A.M., Eastern Time, for the following matters:

1. to vote "FOR" the election of Neal P. Goldman (the "Nominee") to serve as a Class II Preferred Shares trustee of PFL and a Class I Preferred Shares trustee of PFN, to hold office for the term indicated and until his successor shall have been elected and qualified;
2. to grant authority to vote for each of the Funds' nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board), each to hold office for the term indicated and until his or her successor shall have been elected and qualified; and
3. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Through the attached proxy statement, Brigade is soliciting proxies to elect not only the Nominee, but also the candidates who have been nominated by PFL and PFN, other than James A. Jacobson and Alan Rappaport. This enables you to use the enclosed proxy card to vote for the total number of trustees up for election at the Meeting. There is no assurance that any of the Funds' nominees will serve as trustees if the Nominee is elected.

Brigade is not seeking control of the Boards. If elected, the Nominee will represent only one trustee on each of the Boards and there is no guarantee that the Nominee will be able to enhance shareholder value. However, Brigade expects that the Nominee's election to the Boards will send a strong message to the remaining incumbent trustees that the holders of Preferred Shares (the "Preferred Shareholders") are not satisfied with their management of the Funds and their treatment of the Preferred Shareholders, including the 7 month postponement of the Meeting from the anticipated December 2011 date.



Brigade urges you to carefully consider the information contained in the attached proxy statement and then support its efforts by signing, dating, and returning the enclosed GREEN proxy card today. If you have already voted for the trustees you have every right to change your vote by signing, dating, and returning a later dated GREEN proxy card or by voting in person at the Meeting. The attached proxy statement and the enclosed GREEN proxy card are first being furnished to the Preferred Shareholders on or about [ ], 2012.

Thank you for your support,

/s/ Donald E. Morgan  
Donald E. Morgan, III, Director of Brigade Leveraged  
Capital Structures Fund Ltd. and Managing Member of  
Brigade Capital Management, LLC

If you have any questions, require assistance in voting your GREEN proxy card,  
or need additional copies of Brigade's proxy materials, please call the firm  
assisting us in the solicitation of proxies, Alliance Advisors, LLC, toll free at 877-777-8749 .

#### Important Notice Regarding the Availability of Proxy Materials for the Meeting

The attached proxy statement and GREEN proxy card are available at the SEC's web site at [www.sec.gov](http://www.sec.gov) or by calling the firm assisting us in the solicitation of proxies, Alliance Advisors, LLC, toll free at 877-777-8749, banks and brokers at 973-873-7710, or by contacting a representative of Alliance Advisors, LLC at the following address:  
200 Broadacres Drive, 3rd floor, Bloomfield, NJ 07003.

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BRIGADE LEVERAGED CAPITAL STRUCTURES FUND LTD.  
BRIGADE CAPITAL MANAGEMENT, LLC

PROXY STATEMENT

[—], 2012

FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JULY 31, 2012

INTRODUCTION

This proxy statement and accompanying GREEN proxy card are being furnished to the preferred shareholders of PIMCO Income Strategy Fund ("PFL") and PIMCO Income Strategy Fund II ("PFN") (each, a "Fund" and, collectively, the "Funds") by Brigade Leveraged Capital Structures Fund Ltd., a Cayman Islands exempted company ("Brigade LCSF") and Brigade Capital Management, LLC, a Delaware limited liability company ("Brigade CM") (collectively, "Brigade" and sometimes referred to throughout this proxy statement as "we," "our" or "us") in connection with the solicitation of proxies from you, the holders of Auction-Rate Preferred Shares, par value \$.00001 per share of PFL and/or PFN (the "Preferred Shares" and, the holders thereof, the "Preferred Shareholders"), in connection with the joint meeting of the holders of common shares of PFL and PFN (the "Common Shares" and, the holders thereof, the "Common Shareholders" and, together with the Preferred Shareholders, the "Shareholders") and the Preferred Shareholders, including any and all adjournments, postponements, continuations or reschedulings thereof, or any other meeting of Shareholders held in lieu thereof (the "Meeting").

The Meeting is scheduled to be held on July 31, 2012, commencing at 10:30 A.M., Eastern Time, at 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019. The Board of Trustees of each Fund (each, the "Board" and, together, the "Boards") has fixed the close of business on May 31, 2012 as the record date (the "Record Date") for the determination of Shareholders entitled to notice of, and to vote at, the Meeting or any adjournments or postponements thereof. This proxy statement and the accompanying GREEN proxy card are first being sent or given to all Preferred Shareholders as of the Record Date on May 31, 2012

We intend to vote all solicited proxies at the Meeting in order to take the following actions:

1. to vote "FOR" the election of Neal P. Goldman (the "Nominee") to serve as a Class II Preferred Shares trustee of PFL and a Class I Preferred Shares trustee of PFN, to hold office for the term indicated and until his successor shall have been elected and qualified;
2. to grant authority to vote for each of the Funds' nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board), each to hold office for the term indicated and until his or her successor shall have been elected and qualified; and
3. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Please note that the Board of each Fund is nominating its own trustee nominees for election at the Meeting. Under the proxy rules, we may (i) solicit proxies in support of our Nominee and also (ii) seek authority from you to vote for each



Fund's respective nominees, other than those nominees of each Fund that we specify.

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As a result, a Preferred Shareholder of each respective Fund may use the GREEN proxy card to vote for our Nominee as well as for those nominees of each Fund that we recommend or, alternatively, to withhold our authority to vote. We have determined to nominate the Nominee for election as a Preferred Shares trustee of each Fund and are seeking authority to vote for each Fund's respective nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board). As a result, should a Shareholder so authorize us on the GREEN proxy card, we would cast votes for our Nominee and all of the Funds' nominees other than James A. Jacobson and Alan Rappaport. None of the respective Fund's nominees for whom we seek authority to vote have agreed to serve with our Nominee, if elected.

**WE URGE YOU TO VOTE THE GREEN PROXY CARD  
"FOR" NEAL P. GOLDMAN FOR ELECTION AS A PREFERRED SHARES TRUSTEE.**

The Shareholders of each Fund are expected to consider and vote on similar matters. Preferred Shareholders of each Fund will vote on the election of the Preferred Shares trustee, the election of three other trustees in the case of PFL and four other trustees in the case of PFN (which, for the avoidance of doubt, are to be elected by the Preferred Shareholders and Common Shareholders voting together as a single class) and on any other matters that properly came before the Meeting or any adjournments or postponements thereof. An unfavorable vote on the election of the Preferred Shares trustee by the Preferred Shareholders of one Fund will not affect the election by the other Fund if the election is approved by the Preferred Shareholders of such other Fund.

Preferred Shareholders of each Fund as of the Record Date will be entitled to one vote per share on each matter on which they are entitled to vote, and a fractional vote with respect to fractional shares, with no cumulative voting rights in the election of trustees. At the Meeting, the Preferred Shares trustee up for election for each Fund will be voted on exclusively by the Preferred Shareholders of each Fund. With respect to each other proposal to be brought before the Preferred Shareholders at the Meeting (including the election of the other trustee nominees), the Preferred Shareholders will have equal voting rights (i.e., one vote per share) with such Fund's Common Shareholders and will vote together with such Fund's Common Shareholders as a single class as follows:

**PFL:** At the Meeting, the Common and Preferred Shareholders of PFL, voting together as a single class, have the right to vote on the election of Bradford K. Gallagher and Deborah A. DeCotis as trustees of PFL. The Preferred Shareholders of PFL, voting as a separate class, have the right to vote on the election of EITHER Neal P. Goldman or James A. Jacobson as Preferred Shares trustee of PFL.

**PFN:** At the Meeting, the Common and Preferred Shareholders of PFN, voting together as a single class, have the right to vote on the election of Bradford K. Gallagher, William B. Ogden, IV and Deborah A. DeCotis as trustees of PFN. The Preferred Shareholders of PFN, voting as a separate class, have the right to vote on the election of EITHER Neal P. Goldman or Alan Rappaport as Preferred Shares trustee of PFN.

According to the Funds' proxy statement (the "Proxy Statement"), on the Record Date for the Meeting, there were 3,159 Preferred Shares of PFL issued and outstanding, 6,440 Preferred Shares of PFN issued and outstanding, [—] Common Shares of PFL issued and outstanding and [—] Common Shares of PFN issued and outstanding. As of May 31, 2012, Brigade LCSF and Brigade CM are the beneficial owners of 1,037 of the Preferred Shares of PFL and Brigade LCSF is the beneficial owner of 1,619 of the Preferred Shares of PFN. Brigade CM is the beneficial owner of 1,037 of the Preferred Shares of PFL and the beneficial owner of 1,669 of the Preferred Shares of PFN (45 of which are beneficially owned by a managed account of Brigade CM and 5 of which are beneficially owned by a private investment fund managed by Brigade CM). Neither Brigade LCSF nor Brigade CM is a direct record owner of any Preferred Shares of PFL or PFN. Details of Brigade's ownership of shares are set forth on Annex A attached hereto which is incorporated herein by reference.



For the reasons described in this proxy statement, we are soliciting your vote in an effort to seek new and more effective representation on the Board of each Fund. We believe that the Boards are not acting in the best interests of the Shareholders and urge the Preferred Shareholders to support our cause by voting "FOR" our Nominee.

You may vote by mail by returning a properly executed proxy card or in person by attending the Meeting. Shares represented by duly executed and timely delivered proxies will be voted as instructed on the proxy. If you execute and mail the enclosed proxy and no choice is indicated for the election of the trustees listed on the attached notice, your proxy will be voted in favor of the election of all nominees recommended by Brigade. At any time before it has been voted, your proxy may be revoked in one of the following ways: (i) by delivering a signed, written letter of revocation to the Secretary of the appropriate Fund at 1345 Avenue of the Americas, New York, NY 10105; (ii) by properly executing and submitting a later dated proxy vote; or (iii) by attending the Meeting and voting in person. We request that a copy of any revocation be sent to the firm assisting us in the solicitation of proxies, Alliance Advisors, LLC at the following address: 200 Broadacres Drive, 3rd floor, Bloomfield, NJ 07003, so that we may be aware of any revocation of a proxy. Please call 1-800-254-5197 to obtain directions to be able to attend the Meeting and vote in person. If any proposal, other than the election of trustees set forth herein, properly comes before the Meeting, including any adjournment thereof, the persons named as proxies will vote on such proposals in their sole discretion.

Brigade will pay all costs of the solicitation of proxies on behalf of Brigade for the Meeting. Any out-of-pocket expenses incurred in connection with the solicitation of votes for the Nominee will be borne by Brigade. Brigade does not intend to seek reimbursement of those costs from the Funds.

This proxy solicitation is being made by Brigade and not on behalf of the Board of each Fund or the management of each Fund.

Brigade urges you to sign, date and return the GREEN proxy card in favor of the election of the Nominee. If you have already signed and returned a proxy card furnished by the Funds, you may revoke that proxy and vote for the proposal described in this proxy statement by signing, dating and returning the enclosed GREEN proxy card. The latest dated proxy is the only one that counts. Any proxy may be revoked at any time before the Meeting by delivering a written notice of revocation or a later dated proxy for the Meeting or by voting in person at the Meeting.

**WHETHER OR NOT YOU INTEND TO ATTEND THE MEETING, YOUR PROMPT ACTION IS IMPORTANT.  
MAKE YOUR VIEWS CLEAR TO THE FUNDS BY AUTHORIZING A PROXY TO VOTE "FOR" OUR  
NOMINEE BY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED GREEN PROXY CARD TODAY.**

**YOUR VOTE IS IMPORTANT, NO MATTER HOW MANY OR HOW FEW PREFERRED SHARES YOU OWN.**

**IMPORTANT VOTING INFORMATION**

If your Preferred Shares are held in your own name, please authorize a proxy to vote your Preferred Shares by signing and returning the enclosed GREEN proxy card in the postage-paid envelope provided to you by us to 399 Park Avenue, 16th Floor, New York, NY 10022.

If you hold your Preferred Shares in "street name" with a bank, brokerage firm, dealer, trust company or other nominee, only they can exercise your right to vote with respect to your Preferred Shares and they can do so only upon receipt of your specific instructions. Accordingly, it is critical that you promptly give instructions to your bank, brokerage firm, dealer, trust company or other nominee to ensure that a GREEN proxy card is submitted on your behalf. Please follow the instructions to authorize a proxy to vote on the enclosed GREEN proxy card provided to you by us. If your bank, brokerage firm, dealer, trust company or other nominee provides for voting instructions to be delivered to them by Internet or telephone, instructions will be included with the enclosed GREEN proxy card.

**PLEASE DO NOT RETURN ANY PROXY CARD YOU MAY RECEIVE FROM THE FUNDS OR OTHERWISE AUTHORIZE A PROXY TO VOTE YOUR PREFERRED SHARES AT THE MEETING, NOT EVEN AS A PROTEST VOTE. IF YOU HAVE ALREADY RETURNED A PROXY CARD TO THE FUNDS OR OTHERWISE AUTHORIZED A PROXY TO VOTE YOUR PREFERRED SHARES AT THE MEETING, IT IS NOT TOO LATE TO CHANGE YOUR VOTE. TO REVOKE YOUR PRIOR PROXY AND CHANGE YOUR VOTE, SIMPLY DATE, SIGN AND RETURN THE ENCLOSED GREEN PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED. ONLY YOUR LATEST DATED PROXY WILL BE COUNTED.**

Only the Shareholders of record on the Record Date are entitled to vote at the Meeting.

It is important that your Preferred Shares be represented and voted at the Meeting. Accordingly, regardless of whether you plan to attend the Meeting in person, please complete, date and sign the GREEN proxy card that has been provided to you by us (and not the proxy card that has been provided to you by the Funds or any other proxy card that has been provided to you) and vote "FOR" the election of Neal P. Goldman and to grant authority to vote for the Fund's nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board). To ensure that your vote is counted, please remember to submit your vote so that it is received by us by July 30, 2012.

If you have any questions, require assistance in voting your GREEN proxy card, or need additional copies of Brigade's proxy materials, please contact the firm assisting us in the solicitation of proxies: Alliance Advisors, LLC at:

Alliance Advisors, LLC  
200 Broadacre Drive, 3rd floor  
Bloomfield, NJ 07003  
Shareholders May Call Toll-Free: 877-777-8749  
Banks and Brokers May Call Collect: 973-873-7710

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains "forward-looking statements." Specific forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts and include, without limitation, words such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," "seeks," "could" or the negative of such terms or other variations on such terms or comparable terminology. Similarly, statements that describe Brigade's objectives, plans or goals are forward-looking. Brigade's forward-looking statements are based on Brigade's current intent, belief, expectations and estimates regarding the Funds and regarding the industry in which they operate. These statements are not guarantees of future performance and involve risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to differ materially. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results. Actual results may vary materially from what is expressed in or indicated by the forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this proxy statement and the material accompanying this proxy statement.

## QUESTIONS AND ANSWERS RELATING TO THIS PROXY SOLICITATION

The following are some of the questions you may have as a Preferred Shareholder, as well as the answers to those questions. The following is not a substitute for the information contained in this proxy statement. The information contained below is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement, which we urge you to read carefully and in its entirety.

Who is making this solicitation?

Brigade LCSF is a Cayman Islands exempted company and Brigade CM is a Delaware limited liability company. The principal business of both Brigade LCSF and Brigade CM is to purchase, sell, trade and invest in securities.

The solicitation for election of the Nominee at the Meeting is being made by Brigade. Donald E. Morgan, III, a managing member of Brigade CM and a director of Brigade LCSF, is also a participant in the solicitation. For further information regarding Brigade and Mr. Morgan, please see Annex A attached hereto.

What are we asking you to vote for?

We are asking you to vote on the following actions on the GREEN proxy card:

1. to vote "FOR" the election of Neal P. Goldman to serve as a Class II Preferred Shares trustee of PFL and a Class I Preferred Shares trustee of PFN, to hold office for the term indicated and until his successor shall have been elected and qualified;
2. to grant authority to vote for each of the Funds' nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board), each to hold office for the term indicated and until his or her successor shall have been elected and qualified; and
3. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

Please see the sections entitled "Proposal: Election of Trustees" for a more complete description of the proposal.

Why are we soliciting your vote?

We are initiating this proxy solicitation because we believe that the Boards should take action to immediately redeem the Preferred Shares. In this historically low interest rate environment, Brigade believes that there are a number of attractive financing alternatives to replace the Preferred Shares that the Funds should be exploring and that would be in the Funds' best interests. We have also expressed our concern with respect to the performance, investment strategy, concentration of investments in financial companies and corporate governance policies and practices of the Funds. The Funds, however, have yet to provide substantive responses to any of our concerns. We believe that the Boards are not acting in the best interests of the Shareholders. We further believe that the decision of the Boards of each Fund to delay the date of the Meeting by over seven months without any public explanation for this action and in our view in violation of the Funds' Bylaws is further evidence that the incumbent trustees are not acting in accordance with recognized principles of good corporate governance or in the interests of shareholders. As a result, we are seeking new and more effective representation on the Boards by nominating the Nominee who we believe has exceptional experience and will bring fresh, independent perspectives and additional insights to the Boards. We urge the Preferred Shareholders to send a message to the Funds by voting "FOR" our Nominee, Neal P. Goldman.





## Who is the Nominee?

We are proposing that Neal P. Goldman, our Nominee, be elected as a Preferred Shares trustee of each of the Funds. Set forth below is the age, business address, business experience for the past five years of the Nominee and certain other information with respect to the Nominee. This information has been furnished to us by the Nominee. In addition, the table below sets forth a brief discussion of the specific experience, qualifications, attributes and skills that led to the conclusion that the Nominee should serve as a Preferred Shares trustee for each of the Funds as of the date hereof, in light of the Funds' business and structure.

Name and Principal Business Address	Age	Principal occupation or employment and directorships, in each case during the last 5 years
Neal P. Goldman 399 Park Avenue 16th Floor New York, NY 10022	42	Mr. Goldman is one of the founding partners of Brigade Capital Management, LLC which was formed in 2007. Brigade is an asset management firm specializing in high yield and distressed debt investing with over \$9 billion of assets under management. Prior to this, Mr. Goldman was a Managing Director at MacKay Shields, LLC working in the high yield division from 2001-2006. Prior to joining MacKay Shields, Mr. Goldman was a Principal in the Special Situations Group at Banc of America Securities, where he specialized in distressed debt investing. Before Banc of America, Mr. Goldman worked at Salomon Brothers in the Merger and Acquisitions Group and as a Vice President in the High Yield Bond Department. Mr. Goldman has served on several boards including NII Holdings, Inc., a Nasdaq-listed company which provides wireless communication services under the Nextel brand name to businesses and individuals in Mexico, Brazil, Argentina, Peru and Chile, and Catalyst Paper Corp. While at NII Holdings, Mr. Goldman served on the company's nominating and compensation committees and helped create hundreds of millions of dollars in shareholder value during his tenure. He has an MBA from the University of Illinois and a BA from the University of Michigan. Mr. Goldman's relevant experience in turnaround management, his valuable financial expertise, familiarity with mergers and acquisitions, capital markets transactions and private equity and his substantial board experience and corporate governance knowledge well qualifies him to serve as Preferred Shares trustee of each of the Funds.

In accordance with each Fund's Amended and Restated Declaration of Trust (the "Declaration"), the trustees of each Fund have been divided into the following three classes: Class I, Class II and Class III. This proxy statement is soliciting proxies to elect the Nominee as a Class II Preferred Shares trustee of PFL and a Class I Preferred Shares trustee of PFN, and to grant authority to vote for each of the Fund's respective nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board). Therefore, should a Preferred Shareholder so authorize us on the GREEN proxy card, we will cast votes for our Nominee as a Preferred Shares trustee and all of the Funds' nominees other

than James A. Jacobson and Alan Rappaport. None of the respective Fund's nominees for whom we seek authority to vote have agreed to serve with our Nominee, if elected.

If elected, the Nominee will represent only one trustee on each of the Boards and would not alone be able to adopt resolutions or otherwise cause the Boards to act. However, the Nominee expects to be able to actively engage other trustees on the Boards in full discussion of the issues facing the Funds. By utilizing his experience, the Nominee believes he can effect positive change at the Funds. There is no guarantee that he will be able to enhance Shareholder value.

According to the public filings of each Fund, the corporate governance guidelines of each of the Funds provide that determinations of independence shall be made in accordance with the criteria for independence required by the meaning of "interested person" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")). We believe the Nominee is independent within the meaning of the corporate governance guidelines of the Funds and the listing standards of the New York Stock Exchange ("NYSE"). In addition, we believe that the Nominee is independent under the heightened independence standards applicable to audit committee members under the rules of the NYSE and the Securities and Exchange Commission (the "SEC"). We do not believe the Nominee is or will be an "interested person" (as defined in the 1940 Act) of either of the Funds because the Nominee does not meet any of the criteria set forth in such definition.

You should refer to the Funds' Proxy Statement and form of proxy distributed by the Funds for the names, backgrounds, qualifications and other information concerning each Fund's nominees.

Who can vote at the Meeting?

The Board of each Fund has fixed the close of business on May 31, 2012 as the Record Date for the determination of Shareholders of each Fund entitled to notice of, and to vote at, the Meeting, and any adjournments or postponements thereof. Shareholders of each Fund on the Record Date will be entitled to one vote per Common Share and one vote per Preferred Share (together, the "Shares") on each matter to which they are entitled to vote and that is to be voted on by Shareholders of the Fund, and a fractional vote with respect to fractional Shares, with no cumulative voting rights in the election of trustees.

The election of Preferred Shares trustees will be voted on exclusively by the Preferred Shareholders of each Fund. On each other proposal to be brought before the meeting (including the election of the other trustee nominees), such Preferred Shareholders will have equal voting rights (i.e., one vote per Share) with such Fund's Common Shareholders and will vote together with Common Shareholders as a single class.

How do proxies work?

Brigade is asking you to appoint [—] and [—] as your proxy holders to vote your Preferred Shares at the Meeting. You make this appointment by executing the enclosed GREEN proxy card. Giving us your proxy means you authorize the proxy holders to vote your Preferred Shares at the Meeting, according to the directions you provide. Whether or not you are able to attend the Meeting, you are urged to complete the enclosed GREEN proxy card and return it in the enclosed self-addressed, prepaid envelope. All valid proxies received prior to the Meeting will be voted by the proxy holders. If you specify a choice with respect to any item by marking the appropriate box on the proxy, the Preferred Shares will be voted in accordance with that specification. IF NO SPECIFICATION IS MADE, THE PREFERRED SHARES WILL BE VOTED: (1) "FOR" THE ELECTION OF NEAL P. GOLDMAN TO SERVE AS A CLASS II PREFERRED SHARES TRUSTEE OF PFL AND A CLASS I PREFERRED SHARES TRUSTEE OF PFN; (2) "FOR" THE ELECTION OF EACH OF THE FUND'S NOMINEES OTHER THAN JAMES A. JACOBSON (THE CLASS II PREFERRED SHARES TRUSTEE NOMINEE OF THE PFL BOARD) AND ALAN RAPPAPORT (THE CLASS I PREFERRED SHARES TRUSTEE NOMINEE OF THE PFN BOARD) AS TRUSTEES; AND (3) TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF.

We do not know of any other matters to be presented for approval by the Shareholders at the Meeting. Unless you indicate otherwise on the GREEN proxy card, you also authorize your proxy holders to vote your Preferred Shares in their discretion on any matters not known by Brigade at the time this proxy statement was printed and that, under each of the Fund's respective Fourth Amended and Restated Bylaws (the "Bylaws"), may be properly presented for action by the Shareholders at the Meeting.

What is the quorum requirement for the Meeting?

A quorum for each Fund at the Meeting will consist of the presence in person or by proxy of thirty percent (30%) of the total Shares of each Fund entitled to vote at the Meeting. According to the Funds' Proxy Statement, votes cast by proxy or in person at the Meeting will be counted by persons appointed by PFL and PFN as tellers (the "Tellers") for the Meeting. For purposes of determining the presence of a quorum for each Fund, the Tellers will count the total number of votes cast in favor of or in opposition to the proposal for that Fund, as well as Shares represented by proxies that reflect abstentions and "broker non-votes" (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or the persons entitled to vote and the broker or

nominee does not have the discretionary voting power on a particular matter). Abstentions and broker non-votes will not be counted as votes cast. You may either vote for or withhold authority to vote for the Nominee. If you withhold authority to vote, your Shares will only be counted for purposes of establishing a quorum. Your broker is not permitted to vote your Preferred Shares on the proposal to elect the Nominee without receiving instructions from you. If you hold your Preferred Shares in your own name, you must vote such Shares in person or by proxy or they will not be voted.

In the event that a quorum is not present at the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting after the date set for the original Meeting, with no other notice than announcement at the Meeting, to permit further solicitation of proxies with respect to the proposal. In addition, if, in the judgment of the persons named as proxies, it is advisable to defer action on the proposal, the persons named as proxies may propose one or more adjournments of the Meeting with respect to the proposal for a reasonable time. Any adjournments with respect to the proposal will require the affirmative vote of a plurality of the Shares of PFL and PFN entitled to vote thereon present in person or represented by proxy at the session of the Meeting to be adjourned. The persons named as proxies will vote the proxies that they are entitled to vote. They will vote against any such adjournment those proxies required to be voted against the proposal. The costs of any additional solicitation and of any adjourned session will be borne by the applicable Fund. Any proposals properly before the Meeting for which sufficient favorable votes have been received by the time of the Meeting will be acted upon and such action will be final regardless of whether the Meeting is adjourned to permit additional solicitation with respect to any other proposal.

How many Preferred Shares must be voted in favor of the Nominee to elect him?

The election of the Preferred Shares trustees of PFL and PFN to the Board of each Fund will require the affirmative vote of a plurality of the votes of the Preferred Shareholders (voting as a separate class) of the relevant Fund cast in the election of the Preferred Shares trustee at the Meeting, in person or by proxy. "Plurality" means that the individuals receiving the largest number of votes are elected as trustees, up to the maximum number of trustees to be elected. Accordingly, the Preferred Shares trustee nominee receiving the greatest number of votes cast by the Preferred Shareholders for each respective Fund represented in person or by proxy at the Meeting will be elected as the Preferred Shares trustee for each respective Fund.

What should I do in order to vote for the Nominee?

If your Preferred Shares are held of record in your own name, please authorize a proxy to vote by marking, signing, dating and returning the enclosed GREEN proxy card in the postage-paid envelope provided to you by us to 399 Park Avenue, 16th Floor, New York, NY 10022.

Any Shares held for you in the name of a bank, broker, or other nominee holder on the Record Date can only be voted by the nominee holder in whose name the Shares are held, and only upon receipt of your specific voting instructions. As the beneficial owner, you have the right to tell your nominee holder how to vote the Shares they hold for you. Accordingly, it is critical that you promptly give instructions to your bank, brokerage firm, dealer, trust company or other nominee to ensure that a GREEN proxy card is submitted on your behalf. We urge you to confirm in writing your instructions to the person responsible for your account. Please return every voting instruction card that your bank, broker, or other nominee has provided to you as early as possible to ensure that all of your shares are voted in accordance with your instructions, or contact the person responsible for your account and instruct them to execute and return a GREEN proxy card for your Shares as soon as possible. In the alternative, you may attend the annual meeting and vote your Shares in person. Because you are not the shareholder of record for any Shares held for you by a nominee holder, you must specifically request and obtain a document called a "legal proxy" from your bank, broker or other nominee holder and bring it with you to the Meeting to be able to vote your Shares.

A "broker non-vote" occurs when a broker identified as the record holder of shares is not permitted by the rules of the NYSE to vote on a given item without instruction from the beneficial owner of the shares and when no such instruction has been received. Under the NYSE rules, brokers may vote on "routine" matters (e.g., ratification of auditors) even without instructions from the street name holder. The election of trustees is not a "routine" matter for purposes of broker voting. If you do not instruct your broker how to vote with respect to that proposal, your broker may not vote with respect to that proposal and your votes will be counted as "broker non-votes." Abstentions and broker non-votes will not be counted as votes cast. To ensure that your vote is counted, please instruct your broker how to vote or submit your vote so that it is received by us no later than July 30, 2012.

**YOUR VOTE IS VERY IMPORTANT.** If you do not plan on attending the Meeting, we encourage you to read this proxy statement and date, sign and return your completed GREEN proxy card provided to us prior to the Meeting so that your Preferred Shares will be represented and voted in accordance with your instructions. Even if you plan to attend the Meeting in person, we recommend that you authorize a proxy to vote your Preferred Shares in advance as described above so that your vote will be counted if you later decide not to attend the Meeting. To ensure that your vote is counted, please remember to submit your vote so that it is received by us no later than July 30, 2012.

Can I use the GREEN proxy card to vote for any of the Funds' nominees?

Under the proxy rules we may solicit proxies in support of our Nominee and also seek authority to vote for each of the Fund's nominees other than those Fund nominees that we specify. This allows a Preferred Shareholder of each of the Funds who desires to vote for the complete list of trustee nominees to use the GREEN proxy card to vote for our Nominee as well as each of the Fund's nominees for whom we are seeking authority to vote, other than those nominees as to which the Preferred Shareholder specifically withholds our authority to vote. We have determined to nominate Neal P. Goldman as the Preferred Shares trustee for each of the Funds and are seeking authority to vote for up to all of each of the Fund's respective nominees other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the PFL Board) and Alan Rappaport (the Class I Preferred Shares trustee nominee of the PFN Board). As a result, should a Shareholder so authorize us on the GREEN proxy card, we would cast votes for our Nominee and all of the Funds' nominees other than James A. Jacobson and Alan Rappaport. None of the respective Fund's nominees for whom we seek authority to vote have agreed to serve with our Nominee, if elected.

What is the deadline for submitting proxies?

Proxies can be submitted until the polls are closed at the Meeting. However, to be sure that we receive your proxy in time to utilize it, we request that you provide your proxy to us as early as possible.

How do I revoke a proxy?

Any Preferred Shareholder has the power to revoke a previously submitted proxy at any time before it is exercised even if you submitted a proxy card sent to you by the Funds. If you are a registered holder of Preferred Shares, you may revoke a previously submitted proxy by:

signing, dating and returning the enclosed GREEN proxy card in the postage-paid envelope provided;

delivering to the Secretary of the Funds a written notice of revocation at 1345 Avenue of the Americas, New York, NY 10105; or

attending the Meeting and voting in person.

Please note, however, that only your last-dated proxy will count. Any proxy may be revoked at any time prior to its exercise at the Meeting as described in this proxy statement. Attending the Meeting alone without taking one of the actions above will not revoke your proxy.

Shareholders who hold their shares in "street name" with a bank, brokerage firm, dealer, trust company or other nominee will need to notify the person responsible for their account to revoke or withdraw previously given instructions. Unless revoked in the manner set forth above and subject to the foregoing, duly authorized proxies in the form enclosed will be voted at the Meeting in accordance with your instructions. We request that a copy of any revocation sent to the Funds or any revocation notification sent to the person responsible for a bank or brokerage account also be sent to the firm assisting us in the solicitation of proxies, Alliance Advisors, LLC, at the following address: 200 Broadacre Drive, 3rd floor, Bloomfield, NJ 07003, so that we may be aware of any revocation of a proxy.

**PLEASE DO NOT RETURN ANY PROXY CARD YOU MAY RECEIVE FROM THE FUNDS OR OTHERWISE AUTHORIZE A PROXY TO VOTE YOUR PREFERRED SHARES AT THE MEETING, NOT EVEN AS A PROTEST VOTE. IF YOU HAVE ALREADY RETURNED A PROXY CARD TO THE FUNDS OR OTHERWISE AUTHORIZED A PROXY TO VOTE YOUR PREFERRED SHARES AT THE MEETING, IT IS NOT TOO LATE TO CHANGE YOUR VOTE. TO REVOKE YOUR PRIOR PROXY AND CHANGE YOUR VOTE, SIMPLY SIGN AND RETURN THE ENCLOSED GREEN PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED TO 399 PARK AVENUE,**