

PIMCO COMMERCIAL MORTGAGE SECURITIES TRUST INC  
Form DEF 14A  
March 22, 2006

**SCHEDULE 14A INFORMATION**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 240.14a-12

**PIMCO COMMERCIAL MORTGAGE SECURITIES TRUST, INC.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

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(3) Filing Party:

(4) Date Filed:

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**PIMCO COMMERCIAL MORTGAGE SECURITIES TRUST, INC.**

**840 Newport Center Drive**

**Newport Beach, California 92660**

**(866) 746-2606**

**Notice of Annual Meeting of Shareholders**

**To be held April 12, 2006**

To the Shareholders of PIMCO Commercial Mortgage Securities Trust, Inc.:

**NOTICE IS HEREBY GIVEN** that the Annual Meeting (the Meeting ) of Shareholders of PIMCO Commercial Mortgage Securities Trust, Inc. (the Fund ) will be held at 800 Newport Center Drive, 6th Floor, Newport Beach, California 92660, on April 12, 2006 at 10:00 a.m., Pacific time, or as adjourned from time to time, for the following purposes:

- (1) To consider whether to elect the nominees set forth in the Proxy Statement to serve as members of the Fund s Board of Directors for terms expiring in 2009, and until their successors are elected and qualify; and
- (2) To transact such other business as may properly come before the Meeting or any adjournment thereof.

After careful consideration, the directors of the Fund unanimously approved the proposal and recommend that shareholders vote FOR the proposal. The matters referred to above are discussed in detail in the proxy statement attached to this notice. The Board of Directors has fixed the close of business on March 13, 2006 as the record date for determining shareholders entitled to notice of and to vote at the Meeting or any adjournment thereof.

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

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

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By Order of the Board of Directors,

Garlin G. Flynn

*Secretary*

Newport Beach, California

Dated: March 24, 2006

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

**PROXY STATEMENT**

**PIMCO COMMERCIAL MORTGAGE SECURITIES TRUST, INC.**

**840 Newport Center Drive**

**Newport Beach, California 92660**

**(866) 746-2606**

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**Annual Meeting of Shareholders**

**To be held April 12, 2006**

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**INTRODUCTION**

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors (collectively the **Board** or individually a **Director**) of PIMCO Commercial Mortgage Securities Trust, Inc. (the **Fund**), a Maryland corporation, for use at the annual meeting of shareholders of the Fund to be held at 800 Newport Center Drive, 6th Floor, Newport Beach, California 92660, on April 12, 2006 at 10:00 a.m., Pacific time, or as adjourned and reconvened from time to time (the **Meeting**), for the purposes set forth in the accompanying notice. It is anticipated that the first mailing of proxies and proxy statements to shareholders will be on or about March 24, 2006.

**Shareholder Reports.** Shareholders can find important information about the Fund in the annual report dated December 31, 2005 and the semi-annual report dated June 30, 2005, each of which previously has been furnished to shareholders. Shareholders may request another copy of these reports, without charge, by writing to the Fund at the above address, or by calling the toll-free telephone number above.

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

- I. A proposal to elect Directors to the Board of Directors of the Fund; and**
  
- II. Such other business as may properly come before the Meeting.**

**PROPOSAL I: ELECTION OF DIRECTORS**

The Fund's Articles of Incorporation provide that the Fund's Board of Directors shall be divided into three classes, as nearly equal in number as possible, which shall be designated as Class I, Class II and Class III. The current terms of the Class III Directors expire this year. The current terms of the Class I and Class II Directors will expire in 2007 and 2008, respectively, when their respective successors are elected and qualify. The effect of these staggered terms is to limit the ability of other entities or persons to acquire control of the Fund by delaying for up to two years the replacement of a majority of the Board of Directors. Brent R. Harris and R. Wesley Burns, the current Class III Directors, have been nominated for re-election by the Board to serve another term, which would expire in 2009 (Messrs. Harris and Burns, collectively are the Nominees). The Nominees have indicated their willingness to serve as Directors. The Board knows of no reason why the Nominees would be unable to serve, but in the event of any such unavailability, the proxies received will be voted for such substituted nominee as the Board may recommend.

The persons named as proxies on the enclosed proxy card will vote your shares for the election of the Nominees unless you withhold authority to vote for the Nominees in your proxy. If elected by shareholders, the Nominees will continue to serve as Directors of the Fund until their term expires in 2009, unless sooner succeeded as provided in the Fund's Articles of Incorporation. It is proposed, and the Board recommends, that shareholders elect the Nominees.

The following table sets forth certain information concerning each of the Directors of the Fund, including the Nominees. However, only the Nominees are standing for election.

The Class I Directors are:

**Class I Directors (Term Expiring in 2007):**

<b>Name and Age<sup>1</sup></b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served<sup>3</sup></b>	<b>Principal Occupation(s) During the Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>	<b>Shares of Common Stock of the Fund Beneficially Owned as of 3/13/06</b>
<b>Disinterested Directors</b>						
E. Philip Cannon Age 65	Director	3/00-Present	Proprietor, Cannon & Company (a private investment firm). Formerly, President, Houston Zoo (until 2005).	88	Trustee, PIMCO Funds; and Trustee, PIMCO Variable Insurance Trust.	1,500
William J. Popejoy Age 68	Director	7/93-2/95 and 8/95-Present	Formerly, Managing Director, Pacific Capital Investors (until 2006).	88	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; and Director, New Century Financial Corporation.	0



The Class II Directors are:

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

<b>Name and Age<sup>1</sup></b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served<sup>3</sup></b>	<b>Principal Occupation(s) During the Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director</b>	<b>Other Directorships Held by Director</b>	<b>Shares of Common Stock of the Fund Beneficially Owned as of 3/13/06</b>
<b>Disinterested Directors</b>						
J. Michael Hagan Age 65	Director	3/00-Present	Private Investor and Business Advisor, primarily to manufacturing companies (since 2000).	88	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; Director, Remedy Temp (staffing); Director, Ameron International (manufacturing); and Director, Fleetwood Enterprises (manufacturer of housing and recreational vehicles).	0
Vern O. Curtis Age 71	Director	2/95-Present	Private Investor.	88	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; and Director, PS Business Parks, Inc. (a Real Estate Investment Trust).	7,500

The Class III Directors (Nominees) are:

**Class III (Term Expiring in 2006):**

<b>Name and Age<sup>1</sup></b>	<b>Position(s) Held With Fund</b>	<b>Term of Office and Length of Time Served<sup>3</sup></b>	<b>Principal Occupation(s) During the Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director or Nominee for Director</b>	<b>Other Directorships Held by Director or Nominee for Director</b>	<b>Shares of Common Stock of the Fund Beneficially Owned as of 3/13/06</b>
<b>Interested Directors</b>						
Brent R. Harris <sup>2</sup> Age: 46	Chairman of the Board and Director/Nominee	6/93-Present	Managing Director, Pacific Investment Management Company ( PIMCO ); and Board of Governors and Executive Committee, Investment Company Institute.	89	Chairman and Trustee, PIMCO Funds; Chairman and Trustee, PIMCO Variable Insurance Trust; Chairman, President and Director, PIMCO Strategic Global Government Fund, Inc.; Director, PIMCO Luxembourg; Director, PIMCO Luxembourg II; and Director and Vice President, StocksPLUS Management, Inc.	2,800
R. Wesley Burns <sup>2</sup> Age: 46	Director/Nominee	11/97-Present (President until 5/05)	Consulting Managing Director, PIMCO. Formerly, Director and Managing Director, PIMCO.	88	Trustee, PIMCO Funds; Trustee, PIMCO Variable Insurance Trust; and Director, PS Business Parks, Inc. (a Real Estate Investment Trust).	2,500

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

<sup>2</sup> Mr. Burns and Mr. Harris are interested persons of the Fund (as that term is defined in the Investment Company Act of 1940, as amended ( 1940 Act )) because of their affiliations with the Fund's investment adviser, PIMCO.

<sup>3</sup> The current terms of the Class I, Class II and Class III Directors will expire in 2007, 2008 and 2006, respectively.

During the fiscal year ended December 31, 2005, there were four meetings of the Board.

Listed below for each Director is a dollar range of securities beneficially owned in the Fund together with the aggregate dollar range of equity securities in all registered investment companies overseen by each Director that are in the same family of investment companies as the Fund, as of March 13, 2006.

Name of Director or Nominee	Dollar Range of Equity Securities in the Fund	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director or Nominee in Family of Investment Companies <sup>1</sup>
<b>Disinterested Directors</b>		
E. Philip Cannon	\$10,001-\$50,000	Over \$100,000
Vern O. Curtis	Over \$100,000	Over \$100,000
J. Michael Hagan	-0-	Over \$100,000
William J. Popejoy	-0-	Over \$100,000
<b>Interested Directors</b>		
R. Wesley Burns	\$10,001-\$50,000	Over \$100,000
Brent R. Harris	\$10,001-\$50,000	Over \$100,000

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

Set forth in the table below is information regarding each disinterested Director's (and his immediate family members') share ownership in securities of the investment adviser of the Fund, and any entity controlling, controlled by or under common control with the investment adviser of the Fund (not including registered investment companies), as of March 13, 2006.

Name of Director	Name of Owners and Relationships to Director	Company	Title of Class	Value of Securities	Percent of Class
E. Philip Cannon	None	None	None	None	None
Vern O. Curtis	None	None	None	None	None
J. Michael Hagan	None	None	None	None	None
William J. Popejoy	None	None	None	None	None

As of March 13, 2006, the Directors and officers of the Fund, as a group, owned less than one percent of the outstanding shares of the Fund in the aggregate.



## **Board of Directors Committees**

### *Audit Committee*

The Audit Committee reviews both the audit and non-audit work of the Fund's independent registered public accounting firm, submits a recommendation to the Board as to the selection of the independent registered public accounting firm, and reviews generally the maintenance of the Fund's records and the safekeeping arrangements of the Fund's custodian. During the fiscal year ended December 31, 2005, the Audit Committee met five times. Two members of the Audit Committee attended 100% of such meetings, and two members attended 80%.

The Board of Directors has adopted an Audit Committee Charter, a copy of which was attached to the 2005 Proxy Statement as Appendix A. The Audit Committee has received written disclosures and the letter required by Independence Standards Board Standard No. 1 from its independent registered public accounting firm, and has discussed with its independent registered public accounting firm its independence. The Audit Committee has also reviewed and discussed the audited financial statements with Fund management and its independent registered public accounting firm, and discussed certain matters with its independent registered public accounting firm addressed by Statements on Auditing Standards No. 61. Based on the foregoing, the Audit Committee recommended to the Board that the Fund's audited financial statements be included in the Fund's annual report for the fiscal year ended December 31, 2005. The Fund has a standing Audit Committee that consists of all of the independent Directors (Messrs. Cannon, Curtis, Hagan and Popejoy). Mr. Curtis, an independent Director, has been designated as the Audit Committee's financial expert.

### *Valuation Committee*

The Fund has a standing Valuation Committee whose function is to monitor the valuation of portfolio securities and other investments and, as required by the Fund's valuation policies, when the Board is not in session, it shall determine the fair value of portfolio holdings after consideration of all relevant factors, which determinations shall be reported to the full Board. The Valuation Committee consists of two Directors of the Fund, Mr. Harris and Mr. Burns (each of whom is a Nominee), and four officers of the Fund: Ernest L. Schmider (President), John P. Hardaway (Treasurer), Erik C. Brown (Assistant Treasurer) and Stacie D. Anctil (Assistant Treasurer). Each member of the Valuation Committee is an "interested person" of the Fund as that term is defined in the 1940 Act. During the fiscal year ended December 31, 2005, there were no meetings of the Valuation Committee.

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

The Fund has established a Governance Committee (formerly, Nominating Committee) (the "Committee") that consists of all of the Directors. One function of the Committee is to make recommendations to the Board regarding nominations for membership on the Board of Directors. It evaluates candidates' qualifications for Board membership and, with respect to nominees for positions as independent directors, their independence from the Fund's investment adviser and other principal service providers. Membership on the Governance Committee for the Fund is determined by the Board of Directors. Although all of the Directors of the Fund are eligible to serve on the Committee, the interested

Directors of the Fund who are members of the Committee do not participate in any activities that are exclusively the responsibility of the independent Directors (e.g., voting on the nomination of independent directors).

The Committee will consider potential Director nominees recommended by Fund shareholders provided that the proposed nominees: (i) satisfy any minimum qualifications of the Fund for its Directors; (ii) are not interested persons of the Fund or the Fund's investment adviser within the meaning of the 1940 Act; and (iii) are independent as defined in the New York Stock Exchange ( NYSE ) listing standards. Before fiscal year 2004, the Committee did not have a formal process for the submission of potential candidates by shareholders except as part of a shareholder proposal in accordance with the Securities Exchange Act of 1934, as amended (the 1934 Act ).

In determining procedures for the submission of potential candidates by shareholders and any eligibility requirements for such nominees and the shareholders submitting the nominations, the Committee has looked for guidance to recent promulgations by the Securities and Exchange Commission ( SEC ) regarding director nominations. Accordingly, the Committee has determined that potential director candidates recommended by Fund shareholders must satisfy the nominee requirements proposed by the SEC in its proposed Rule 14a-11(c) under the 1934 Act, and shareholders making the recommendations must satisfy the requirements proposed by the SEC in its proposed Rule 14a-11(b) under the 1934 Act.

For potential director nominees recommended by shareholders, these requirements are as follows (terms should be interpreted in accordance with the 1934 Act unless otherwise specified):

(a) The nominee may not be the nominating shareholder, a member of the nominating shareholder group, or a member of the immediate family of the nominating shareholder or any member of the nominating shareholder group;

(b) Neither the nominee nor any member of the nominee's immediate family may be currently employed or employed within the last year by any nominating shareholder entity or entity in a nominating shareholder group;

(c) Neither the nominee nor any immediate family member of the nominee is permitted to have accepted directly or indirectly, during the year of the election for which the nominee's name was submitted, during the immediately preceding calendar year, or during the year when the nominee's name was submitted, any consulting, advisory, or other compensatory fee from the nominating shareholder or any member of a nominating shareholder group;

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

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

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

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

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

A shareholder or shareholder group may not submit for consideration a proposed nominee who has previously been considered by the Committee. A nominating shareholder or shareholder group may not submit more proposed nominees than the number of Board positions open each year. All shareholder recommended nominee submissions must be received by the Fund by the deadline for submission of any shareholder proposals which would be included in the Fund's proxy statement for its 2007 Annual Meeting.

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

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

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

No nominee recommendations have been received by shareholders.

During the fiscal year ended December 31, 2005, the Committee met one time.

#### **Communications with the Board of Directors**

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

#### **Remuneration of Directors and Officers**

As of December 31, 2005, the Fund paid each Director who is not an interested person of the Fund an annual retainer of \$6,000, plus \$1,000 for each regular Board meeting attended in person and (\$500 for each special meeting attended) plus reimbursement of related expenses. The Audit Committee Chairman receives an annual retainer of \$1,000 and the Governance Committee Chairman receives an annual retainer of \$500. In addition, each member of a committee receives \$250 for each committee meeting attended.



The following table sets forth the compensation paid to each Director of the Fund for the fiscal year ended December 31, 2005. Directors who are interested persons of the Fund do not receive any compensation from the Fund.

Name	Aggregate Compensation from Fund	Total Compensation from Fund and Fund Complex <sup>1</sup>
<b>Disinterested Directors</b>		
E. Philip Cannon	\$ 11,775	\$ 176,577
Vern O. Curtis	\$ 12,614	\$ 153,791
J. Michael Hagan	\$ 10,000	\$ 131,000
William J. Popejoy	\$ 11,753	\$ 142,806
<b>Interested Directors</b>		
R. Wesley Burns	\$ 0	\$ 0
Brent R. Harris	\$ 0	\$ 0

<sup>1</sup> Fund Complex includes the Fund, PIMCO Funds, PIMCO Variable Insurance Trust, PIMCO Strategic Global Government Fund, Inc. and Allianz Funds. No compensation was paid to any Director of the Fund by PIMCO Strategic Global Government Fund, Inc.

For their services as Trustees of the PIMCO Funds, the Directors listed above received an annual retainer of \$80,000 plus \$5,000 for each Board of Trustees meeting attended in person (\$1,000 for each special meeting attended), plus reimbursement of related expenses. The Audit Committee Chairman receives an annual retainer of \$7,500 and the Governance Committee Chairman receives an annual retainer of \$1,500. In addition, each member of a committee receives \$500 for each committee meeting attended.

As of December 31, 2005 for their services as Trustees of the PIMCO Variable Insurance Trust, the Directors listed above received an annual retainer of \$15,000 plus \$2,000 for each Board of Trustees meeting attended in person (\$500 for each special meeting attended), plus reimbursement of related expenses. The Audit Committee Chairman receives an annual retainer of \$1,500 and the Governance Committee Chairman receives an annual retainer of \$500. In addition, each member of a committee receives \$500 for each committee meeting attended.

For his services as a Trustee of the Allianz Funds, Mr. Cannon received an annual retainer of \$80,000 plus \$3,000 for each Board of Trustees meeting attended in person (\$1,500 for each such meeting attended telephonically), and \$1,500 for each Performance and Audit Committee meetings attended, plus reimbursement of related expenses.

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

<u>Name and Age</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served<sup>1</sup></u>	<u>Principal Occupation(s) During the Past Five Years</u>
Ernest L. Schmider Age 48	President	5/05-present	Managing Director, PIMCO.
Mohan V. Phansalkar Age 42	Chief Legal Officer	8/03-present	Managing Director, PIMCO. Formerly, Executive Vice President, PIMCO.
Jennifer E. Durham Age 35	Chief Compliance Officer	7/04-present	Senior Vice President, PIMCO. Formerly, Vice President and Legal/ Compliance Manager, PIMCO.
Daniel J. Ivascyn Age 36	Senior Vice President	11/01-present	Executive Vice President, PIMCO. Formerly, Senior Vice President and Vice President, PIMCO.
William C. Powers Age 48	Senior Vice President	7/93-present	Managing Director, PIMCO.
Jeffrey M. Sargent Age 43	Senior Vice President. Formerly, Vice President.	6/93-present (since 2/99 as Senior Vice President)	Executive Vice President, PIMCO. Formerly, Senior Vice President, PIMCO.
William S. Thompson, Jr. Age 60	Senior Vice President. Formerly, Vice President.	7/93-present (since 2/03 as Senior Vice President)	Chief Executive Officer and Managing Director, PIMCO.
J. Stephen King, Jr. Age 43	Vice President Senior Counsel	5/05-present	Senior Vice President and Attorney, PIMCO. Formerly, Vice President, PIMCO; and Associate, Dechert LLP.
Henrik P. Larsen Age 36	Vice President	2/99-present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.
Michael J. Willemsen Age 46	Vice President. Formerly, Assistant Secretary.	2/95-present (Since 2/02 as Vice President)	Vice President, PIMCO.
Garlin G. Flynn Age 59	Secretary	8/95-present	Senior Paralegal, PIMCO. Formerly, Paralegal and Specialist, PIMCO.

<u>Name and Age</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served<sup>1</sup></u>	<u>Principal Occupation(s) During the Past Five Years</u>
John P. Hardaway Age 48	Treasurer	6/93-present	Executive Vice President, PIMCO. Formerly, Senior Vice President, PIMCO.
Erik C. Brown Age 38	Assistant Treasurer	2/01-present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.
Stacie D. Anctil Age 36	Assistant Treasurer	11/03-present	Vice President, PIMCO. Formerly, Specialist, PIMCO; and Sales Associate, ESIS.

<sup>1</sup> Officers of the Fund are appointed annually by the Board.

**Investment Adviser and Administrator**

PIMCO is located at 840 Newport Center Drive, Newport Beach, California 92660. PIMCO serves as the investment adviser and the administrator of the Fund. Subject to the supervision of the Board, PIMCO is responsible for managing the investment activities of the Fund and the Fund's business affairs and other administrative matters.

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

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**INFORMATION ON INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP ( PwC ) was selected by the Board on February 27, 2006 as independent registered public accounting firm to examine the financial statements of the Fund for the fiscal year ending December 31, 2006. A representative of PwC, if requested by any shareholder, will be present (via telephone) at the Meeting, will have the opportunity to make a statement if the representative desires to do so, and will respond to appropriate questions from shareholders.

*Fees for Services to the Fund*

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

<u>Fiscal Year Ended</u>	<u>Audit Fees</u> <sup>1</sup>	<u>Audit-Related Fees</u> <sup>2</sup>	<u>Tax Fees</u> <sup>3</sup>	<u>All Other Fees</u>	<u>Totals</u>
December 31, 2005	\$ 18,900	\$ 9,350	\$ 1,750	-0-	\$ 30,000
December 31, 2004	\$ 20,788	\$ 6,565	\$ 2,010	-0-	\$ 29,363

<sup>1</sup> Includes aggregate fees billed for professional services rendered for the audit of the Fund's annual financial statements and services normally provided in connection with statutory or regulatory filings or engagements by the Fund.

<sup>2</sup> Includes aggregate fees billed for review of the Fund's semi-annual report to shareholders.

<sup>3</sup> Includes aggregate fees billed for review of the Fund's tax returns.

*Fees for Services to PIMCO*

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

<u>Fiscal Year Ended</u>	<u>Audit Fees</u>	<u>Audit-Related Fees</u> <sup>1</sup>	<u>Tax Fees</u> <sup>2</sup>	<u>All Other Fees</u> <sup>3</sup>	<u>Totals</u>
December 31, 2005	\$ -0-	\$ 159,665	\$ -0-	\$ 247,367	\$ 407,032
December 31, 2004	\$ -0-	\$ 112,064	\$ 4,469	\$ 69,921	\$ 186,454

<sup>1</sup> Includes aggregate fees billed for regulatory review and AIMR Verification Services.

<sup>2</sup> Includes aggregate fees billed for tax consulting.

<sup>3</sup> Includes aggregate fees billed for agreed upon procedures and SAS 70.

*Additional Information on Fees for Services to the Fund and PIMCO*

The following table provides the aggregate non-audit fees billed by PwC for services rendered to the Fund and PIMCO for each of the last two fiscal years:

<b>Entity</b>	<b>Aggregate Non-Audit Fees Billed to Entity</b>	
	<b>Fiscal Year Ended 12/31/05</b>	<b>Fiscal Year Ended 12/31/04</b>
Fund	\$ 11,100	\$ 8,575
PIMCO	407,032	186,454
<b>Totals</b>	<b>\$ 418,132</b>	<b>\$ 195,029</b>

### **Pre-approval Policies and Procedures**

The pre-approval policies and procedures of the Fund require that the Audit Committee pre-approve all audit services and non-audit services provided by PwC or any other independent registered public accounting firm engaged by the Fund (the Auditor). The Audit Committee must pre-approve any engagement of the Auditor to provide non-audit services to (i) the Fund's investment adviser, and (ii) any entity controlling, controlled by, or under common control with the Fund's investment adviser that provides ongoing services to the Fund (entities in (i) and (ii), hereinafter Service Affiliates) if the services provided to such Service Affiliates relate directly to the operations and financial reporting of the Fund (Covered Non-Audit Services). The policies and procedures permit the Audit Committee to pre-approve the provision of types or categories of non-audit services to the Fund and Covered Non-Audit Services to the Service Affiliates. The Audit Committee may also pre-approve the provision of non-audit services to the Fund or its Service Affiliates on a project-by-project basis.

The policies and procedures include an exception to the pre-approval requirement for non-audit services, to be invoked only rarely and only if certain conditions are met, including that (i) the aggregate fees and costs of all non-audit services that, but for this limited exception, would require pre-approval by the Audit Committee constitutes no more than five percent of the total fees and costs paid by the Fund and Services Affiliates to the Auditor during the fiscal year during which such non-audit services are provided; (ii) at the time of engagement for such services, the Fund did not recognize that the services were non-audit services that required pre-approval; and (iii) each such service is promptly brought to the attention of and approved by the Audit Committee prior to the completion of the service. The exception to the pre-approval requirement was not invoked with respect to any of the non-audit services described on the preceding page.

### **Compliance with Section 16(a) of the 1934 Act**

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act require the Fund's officers and Directors, investment adviser, affiliates of the investment adviser, and persons who beneficially own more than ten percent of a registered class of the Fund's securities (Reporting Persons), to file reports of ownership of the Fund's securities and changes in ownership with the SEC and the NYSE. Reporting Persons are also required by such regulations to furnish the Fund with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it and written representation of certain Reporting Persons, the Fund believes that during fiscal year 2005, its Reporting Persons, except for four instances involving employees of PIMCO, complied with all applicable filing requirements. Due to an oversight, four employees, Stacie D. Anctil, Jennifer E. Durham, J. Stephen King and Ernest L. Schmider, failed to file Form 3 on a timely basis and, as a result, Mr. Schmider failed to file Form 4 on a timely basis in connection with Fund shares that he purchased. As of the date of this proxy statement, such employees have made all applicable filings.

## OTHER BUSINESS

The Directors do not know of any matters to be presented at the Meeting other than those set forth in this proxy statement. If other business should properly come before the Meeting, proxies will be voted in accordance with the judgment of the persons named in the accompanying proxy.

## ADDITIONAL INFORMATION

### Legal Proceedings

On June 1, 2004, the Attorney General of the State of New Jersey announced that it had dismissed PIMCO from a complaint filed by the New Jersey Attorney General on February 17, 2004, and that it had entered into a settlement agreement (the New Jersey Settlement) with PIMCO's parent company, Allianz Global Investors of America L.P. (AGI, formerly known as Allianz Dresdner Asset Management of America L.P.), PEA Capital LLC (an entity affiliated with PIMCO through common ownership) (PEA) and Allianz Global Investors Distributors LLC (formerly, PA Distributors LLC) (AGID), in connection with the same matter. In the New Jersey Settlement, AGI, PEA and AGID neither admitted nor denied the allegations or conclusions of law, but did agree to pay New Jersey a civil fine of \$15 million and \$3 million for investigative costs and further potential enforcement initiatives against unrelated parties. They also undertook to implement certain governance changes. The complaint relating to the New Jersey Settlement alleged, among other things, that AGI, PEA and AGID had failed to disclose that they improperly allowed certain hedge funds to engage in market timing in certain funds. The complaint sought injunctive relief, civil monetary penalties, restitution and disgorgement of profits.

Since February 2004, PIMCO, AGI, PEA, AGID, and certain of their affiliates, PIMCO Funds and Allianz Funds, have been named as defendants in 14 lawsuits filed in U.S. District Court in the Southern District of New York, the Central District of California and the Districts of New Jersey and Connecticut. Ten of those lawsuits concern market timing, and they have been transferred to and consolidated for pre-trial proceedings in the U.S. District Court for the District of Maryland; four of those lawsuits concern revenue sharing and have been consolidated into a single action in the U.S. District Court for the District of Connecticut. The lawsuits have been commenced as putative class actions on behalf of investors who purchased, held or redeemed shares of the various series of the PIMCO Funds and Allianz Funds during specified periods, or as derivative actions on behalf of the PIMCO Funds and the Allianz Funds.

The market timing actions in the District of Maryland generally allege that certain hedge funds were allowed to engage in market timing in certain of the PIMCO Funds and the Allianz Funds and this alleged activity was not disclosed. Pursuant to tolling agreements entered into with the derivative and class action plaintiffs, PIMCO, the Trustees of the PIMCO Funds and certain employees of PIMCO who were previously named as defendants have all been dropped as defendants in the market timing actions; the plaintiffs continue to assert claims on behalf of the shareholders of the PIMCO Funds or on behalf of the PIMCO Funds themselves against other defendants. By order dated November 3, 2005, the U.S. District Court for the District of Maryland granted the PIMCO Funds' motion to dismiss claims asserted against them in a consolidated amended complaint where the PIMCO Funds were named, in the complaint, as a nominal defendant. The revenue sharing action in the District of Connecticut generally alleges that fund

assets were inappropriately used to pay brokers to promote the PIMCO Funds and Allianz Funds, including directing fund brokerage transactions to such brokers, and that such alleged arrangements were not fully disclosed to shareholders. On August 11, 2005 the U.S. District Court for the District of Connecticut conducted a hearing on defendants' motion to dismiss the consolidated amended complaint in the revenue sharing action but has not yet ruled on the motion to dismiss. The market timing and revenue sharing lawsuits seek, among other things, unspecified compensatory damages plus interest and, in some cases, punitive damages, the rescission of investment advisory contracts, the return of fees paid under those contracts and restitution.

On April 11, 2005, the Attorney General of the State of West Virginia filed a complaint in the Circuit Court of Marshall County, West Virginia (the "West Virginia Complaint") against Allianz Global Investors Fund Management LLC (formerly PA Fund Management LLC) ("AGIF"), PEA and AGID alleging, among other things, that they improperly allowed broker-dealers, hedge funds and investment advisers to engage in frequent trading of various open-end funds advised or distributed by AGIF and certain of its affiliates in violation of the funds' stated restrictions on market timing. On May 31, 2005, AGIF, PEA and AGID, along with the other mutual fund defendants in the action, removed the action to the U.S. District Court for the District of West Virginia. The West Virginia Complaint also names numerous other defendants unaffiliated with AGIF in separate claims alleging improper market timing and/or late trading of open-end investment companies advised or distributed by such other defendants. The West Virginia Complaint seeks injunctive relief, civil monetary penalties, investigative costs and attorney's fees.

Under Section 9(a) of the 1940 Act, if the New Jersey Settlement or any of the lawsuits described above were to result in a court injunction against AGI, PEA, AGID and/or their affiliates, PIMCO could, in the absence of exemptive relief granted by the SEC, be barred from serving as an investment adviser to any registered investment company, including the Fund. In connection with an inquiry from the SEC concerning the status of the New Jersey Settlement under Section 9(a), PEA, AGID, AGI and certain of their affiliates (including PIMCO) (together, the

Applicants) have sought exemptive relief from the SEC under Section 9(c) of the 1940 Act. The SEC has granted the Applicants a temporary exemption from the provisions of Section 9(a) with respect to the New Jersey Settlement until the earlier of (i) September 13, 2006 and (ii) the date on which the SEC takes final action on their application for a permanent order. There is no assurance that the SEC will issue a permanent order. If the West Virginia Complaint were to result in a court injunction against AGIF, PEA or AGID, the Applicants would, in turn, seek exemptive relief under Section 9(c) with respect to that matter, although there is no assurance that such exemptive relief would be granted.

The foregoing speaks only of the date of this report. None of the aforementioned complaints alleges that any improper activity took place in the Fund. PIMCO believes that these developments will not have a material adverse effect on the Fund or on PIMCO's ability to perform its investment advisory services on behalf of the Fund.

## Expenses

The expense of preparing, printing and mailing the enclosed form of proxy and accompanying Notice and Proxy Statement will be borne by the Fund. The Fund will reimburse banks, brokers and others for



their reasonable expenses in forwarding proxy solicitation material to the beneficial owners of the shares of the Fund. In order to obtain the necessary quorum at the Meeting, supplementary solicitation may be made by mail, telephone, the Internet or personal interview by officers or agents of the Fund.

### **Quorum and Votes Required**

Shareholders of record at the close of business on March 13, 2006 (the Record Date ) are entitled to notice of, and to vote at, the Meeting. Each shareholder is entitled to one vote for each full share and an appropriate fraction of a vote for each fractional share held.

As of the Record Date, 11,298,045 shares of the Fund, representing the same number of votes, were outstanding. As of March 13, 2006, no persons owned of record or beneficially 5% or more of the shares of the Fund.

Timely and properly executed proxies will be voted as instructed by shareholders. A shareholder may revoke his or her proxy at any time prior to its exercise by written notice addressed to the Secretary of the Fund at 840 Newport Center Drive, Newport Beach, California 92660, or by voting in person at the Meeting. However, attendance in person at the Meeting, by itself, will not revoke a previously tendered proxy.

The presence in person or by proxy of the holders of a majority of the outstanding shares is required to constitute a quorum at the Meeting. Shares held by shareholders present in person or represented by proxy at the Meeting will be counted both for the purpose of determining the presence of a quorum and for calculating the votes cast on the issues before the Meeting. Abstentions will also be counted for quorum purposes.

Proxies that reflect abstentions or broker non-votes (that is, shares held by brokers or nominees as to which (a) instructions have not been received from the beneficial owner or other persons entitled to vote, and (b) the brokers or nominees do not have discretionary voting power on a particular matter) will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Pursuant to the rules and policies of the NYSE, members of the NYSE may vote on the proposal to be considered at the meeting without instructions from beneficial owners of the Fund's shares.

In the event that a quorum is present at the Meeting but sufficient votes to approve any proposal are not received, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of proxies or to obtain the vote required for approval of one or more proposals. Any such adjournment will require the affirmative vote of a majority of those shares represented at the Meeting in person or by proxy. If a quorum is present, the persons named as proxies will vote those proxies which they are entitled to vote FOR the proposal in favor of such an adjournment and will vote those proxies required to be voted AGAINST the proposal against any such adjournment. A shareholder vote may be taken prior to any adjournment of the Meeting on any proposal for which there is sufficient votes for approval, even though the Meeting is adjourned as to other proposals.

**Voting**

To vote, shareholders may sign and mail the proxy card received with the proxy statement or attend the Meeting in person.

**Required Vote**

Election of the Nominees (Proposal I) will require the affirmative vote of the holders of a majority of the Fund's shares present (or represented by proxy) and voting at the Meeting.

**Shareholders' Proposals**

The Fund holds annual meetings of shareholders. A shareholder's proposal that is intended to be presented at the Fund's Annual Meeting of Shareholders in 2007 must have been received by the Fund no later than November 24, 2006 in order to be included in the Fund's proxy statement and form of proxy relating to that meeting. A shareholder who wishes to make a proposal at the Fund's Annual Meeting of Shareholders in 2007 without including the proposal in the Fund's proxy statement must notify the Fund in writing, at the Fund's offices, of such proposal no earlier than January 12, 2007 and no later than February 11, 2007. If a shareholder fails to give timely notice, then the persons named as proxies in the proxies solicited by the Board for the Fund's Annual Meeting of Shareholders in 2007 may exercise discretionary voting power, to the extent permitted by NYSE rules, with respect to any such proposal.

To ensure the presence of a quorum at the Meeting, prompt execution and return of the enclosed proxy is requested. A self-addressed, postage-paid envelope is enclosed for your convenience.

By Order of the Board of Directors,

Garlin G. Flynn

*Secretary*

Newport Beach, California

Dated: March 24, 2006

PROXY TABULATOR

P.O. BOX 9112

FARMINGDALE, NY 11735

**PIMCO COMMERCIAL MORTGAGE SECS TRUST**  
**To vote by Mail**

- 1) Read the Proxy Statement.
- 2) Check the appropriate boxes on the proxy card below.
- 3) Sign and date the proxy card.
- 4) Return the proxy card in the envelope provided.

**AUTO DATA PROCESSING**

**INVESTOR COMM SERVICES**

**ATTENTION:**

**TEST PRINT**

**51 MERCEDES WAY**

**EDGEWOOD, NY**

**11717**

è 00000000000  
 1234567890123456789

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:    x    PMPCO1    KEEP THIS PORTION FOR YOUR RECORDS  
 DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**Vote on Directors**

**02**

**0000000000**

**214748596019**

**The Board of Directors recommends that you vote FOR each of the following Nominees.**

1 To elect the Nominees listed below to serve as members of the Fund's Board of Directors for the terms expiring in 2009, and until their successors are elected and qualify.

<b>For All</b>	<b>Withhold For All</b>	<b>For All Except</b>	<b>To withhold authority to vote for any individual nominee, mark For All Except and write the nominee's number on the line below.</b>
"	"	"	

01) Brent R. Harris    02) R. Wesley Burns

2 To transact such other business as may properly come before the Meeting or, after adjournment any reconvening thereof.

For address changes and/or comments, please check this box and write them on the back where indicated

Please sign exactly as your name(s) appears on this Proxy. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If signing for a corporation, please sign in full corporate name by authorized person. If a partnership, please sign in partnership name by authorized person.

123,456,789,012

693388100

P30499

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Signature [PLEASE SIGN WITHIN BOX]      Date

1234567890123456789

**PIMCO COMMERCIAL MORTGAGE SECURITIES TRUST, INC.**

PROXY FOR ANNUAL SHAREHOLDERS MEETING TO BE HELD APRIL 12, 2006

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints J. Stephen King and Garlin G. Flynn and each of them, as his/her attorneys and proxies with full power of substitution to vote and act with respect to all shares of PIMCO Commercial Mortgage Securities Trust, Inc. (the Fund ) held by the undersigned at the Annual Meeting of Shareholders of the Fund to be held at 800 Newport Center Drive, 6th Floor, Newport Beach, California 92660, on April 12, 2006 at 10:00 a.m. Pacific time, or as adjourned and reconvened from time to time (the Meeting ) and instructs them to vote as indicated on the matters referred to in the Proxy Statement for the Meeting, receipt of which is hereby acknowledged, with discretionary power to vote upon such other business as may properly come before the Meeting.

This proxy will be voted as specified. **IF NO SPECIFICATION IS MADE, THIS PROXY WILL BE VOTED FOR THE NOMINEES.**

**PLEASE VOTE, SIGN AND DATE THIS PROXY AND RETURN IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

Receipt of the Notice of Annual Meeting and Proxy Statement is hereby acknowledged.

**Address Changes/Comments:** \_\_\_\_\_

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

**PLEASE SIGN AND DATE ON THE REVERSE SIDE**