

PIMCO Income Strategy Fund II  
Form PREC14A  
June 17, 2013

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

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

Filed by the Registrant ..

Filed by a Party other than the Registrant

Check the appropriate box:

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

PIMCO 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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(3) Filing Party:

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[PRELIMINARY COPY – SUBJECT TO COMPLETION DATED [ ], 2013]

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

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

[ ], 2013

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 II ("PFN"). As of May 31, 2013, we beneficially owned 1,669 PFN Preferred Shares (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), making us the second largest holder of Preferred Shares of PFN. We believe that PFN's current board of trustees (the "Board") has 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 PFN (the "Annual Meeting") scheduled to be held at the offices of Allianz Global Investors Fund Management LLC, at 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019 on July 31, 2013 at 10:30 a.m., Eastern Time, for the following matters:

1. to vote "FOR" the election of Alan Bruce Miller (the "Nominee") to serve as a Class II 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 PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the 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 Annual 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 PFN, other than James A. Jacobson. This enables you to use the enclosed proxy card to vote for the total number of PFN trustees up for election at the Annual Meeting. There is no assurance that PFN's nominees will serve as trustees if the Nominee is elected.

Brigade is not seeking control of the Board. If elected, the Nominee will be only one trustee on an eight member Board. There is no guarantee that the Nominee (together with Neal P. Goldman, who was nominated by Brigade and elected to the Board at the annual meeting held on July 31, 2012) will be able to enhance shareholder value or convince the Board to approve a liquidity event for the holders of the Preferred Shares. However, Brigade expects that the Nominee's election to the Board will send a strong message to the remaining incumbent trustees not previously nominated by Brigade that the holders of Preferred Shares (the "Preferred Shareholders") are not satisfied with such

trustees' management of PFN and their treatment of the Preferred Shareholders.

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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 Annual Meeting. The attached proxy statement and the enclosed GREEN proxy card are first being furnished to the Preferred Shareholders on or about June [ ], 2013.

Thank you for your support,

/s/ Donald E. Morgan, III  
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 Annual 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

[—], 2013

FOR THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JULY 31, 2013

INTRODUCTION

This proxy statement and accompanying GREEN proxy card are being furnished to the preferred shareholders of PIMCO Income Strategy Fund II ("PFN") 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 PFN (the "Preferred Shares" and, the holders thereof, the "Preferred Shareholders"), in connection with the meeting of the holders of common shares of 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 "Annual Meeting").

The Annual Meeting is scheduled to be held on July 31, 2013, commencing at 10:30 a.m., Eastern Time, at the offices of Allianz Global Investors Fund Management LLC, at 1633 Broadway, between West 50th and West 51st Streets, 42nd Floor, New York, New York 10019. The Board of Trustees of PFN (the "Board") has fixed the close of business on May 31, 2013 as the record date (the "Record Date") for the determination of Shareholders entitled to notice of, and to vote at, the Annual 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 or about June [ ], 2013.

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

1. to vote "FOR" the election of Alan Bruce Miller (the "Nominee") to serve as a Class II 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 PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the 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 Annual Meeting or any adjournments or postponements thereof.



Please note that the Board is nominating its own trustee nominees for election at the Annual 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 PFN's nominees, other than the nominee of PFN that we specify. As a result, a Preferred Shareholder of PFN may use the GREEN proxy card to vote for our Nominee as well as for nominees of PFN or, alternatively, to withhold our authority to vote. We have determined to nominate the Nominee for election as a Preferred Shares trustee of PFN and are seeking authority to vote for PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the 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 PFN's nominees, other than James A. Jacobson. None of PFN'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" ALAN BRUCE MILLER FOR ELECTION AS A PREFERRED SHARES TRUSTEE.**

Preferred Shareholders of PFN will vote on the election of the Preferred Shares trustee, the election of two other trustees (which, for the avoidance of doubt, are to be elected by the Preferred Shareholders and the Common Shareholders voting together as a single class) and on any other matters as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Preferred Shareholders of PFN 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 Annual Meeting, the Preferred Shares trustee up for election for PFN will be voted on exclusively by the Preferred Shareholders of PFN. With respect to each other proposal to be brought before the Preferred Shareholders at the Annual Meeting (including the election of the other trustee nominees), the Preferred Shareholders will have equal voting rights (i.e., one vote per share) with PFN's Common Shareholders and will vote together with PFN's Common Shareholders as a single class. Accordingly, at the Annual Meeting, the Common Shareholders and the Preferred Shareholders of PFN, voting together as a single class, have the right to vote on the election of Bradford K. Gallagher, Deborah A. DeCotis and Alan Rappaport as trustees of PFN. The Preferred Shareholders of PFN, voting as a separate class, have the right to vote on the election of EITHER Alan Bruce Miller or James A. Jacobson as Preferred Shares trustee of PFN.

According to the joint proxy statement (the "Proxy Statement") of PFN and PIMCO Income Strategy Fund ("PFL" and, together with PFN, the "Trusts"), on the Record Date for the Annual Meeting, there were 6,440 Preferred Shares of PFN issued and outstanding and 58,853,596 Common Shares of PFN issued and outstanding. As of May 31, 2013, Brigade LCSF is the beneficial owner of 1,619 of the Preferred Shares of PFN. Brigade CM is 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 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. We believe that the Board is not acting in the best interests of the Shareholders and urge the Preferred Shareholders to support more effective representation on the Board by voting "FOR" our Nominee.

You may vote by mail by returning a properly executed proxy card or in person by attending the Annual 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 the nominee 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 PFN at 1633 Broadway, New York, NY 10019; (ii) by

properly executing and submitting a later dated proxy vote; or (iii) by attending the Annual 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 Annual Meeting and vote in person. If any proposal, other than the election of trustees set forth herein, properly comes before the Annual 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 Annual 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 PFN.

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

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 PFN, 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 Annual Meeting by delivering a written notice of revocation or a later dated proxy for the Annual Meeting or by voting in person at the Annual Meeting.

**WHETHER OR NOT YOU INTEND TO ATTEND THE ANNUAL MEETING, YOUR PROMPT ACTION IS IMPORTANT. MAKE YOUR VIEWS CLEAR TO PFN 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 PFN OR OTHERWISE AUTHORIZE A PROXY TO VOTE YOUR PREFERRED SHARES AT THE ANNUAL MEETING, NOT EVEN AS A PROTEST VOTE. IF YOU HAVE ALREADY RETURNED A PROXY CARD TO PFN OR OTHERWISE AUTHORIZED A PROXY TO VOTE YOUR PREFERRED SHARES AT THE ANNUAL 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 Annual Meeting.

It is important that your Preferred Shares be represented and voted at the Annual Meeting. Accordingly, regardless of whether you plan to attend the Annual Meeting in person, please complete, date and sign the GREEN proxy card that has been provided to you by us (and not the WHITE proxy card that has been provided to you by PFN or any other proxy card that has been provided to you) and vote "FOR" the election of Alan Bruce Miller and to grant authority to vote for PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the Board). To ensure that your vote is counted, please remember to submit your vote so that it is received by us by July 30, 2013.

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 Broadacres 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 PFN and regarding the industry in which it operates. 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 Annual 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 Alan Bruce Miller to serve as a Class II 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 PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the 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 Annual 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 Board should take action to immediately redeem the Preferred Shares. We believe that due to the current historically low interest rate environment, there are very attractive financing alternatives to the Preferred Shares that could be used to approve a liquidity event for the Preferred Shareholders. These very attractive financing opportunities would not be available in, and (unlike the Preferred Shares) would protect PFN and its portfolio against, a rising interest rate environment should one develop. Accordingly, we believe that the PFN trustees could pursue various financing opportunities to provide Preferred Shareholders with a liquidity event while at the same time protecting the interests of the Common Shareholders. We believe that the risks perceived by PFN's sub-adviser, Pacific Investment Management Company LLC (the "Sub-Adviser"), in connection with these financing alternatives are speculative and, in any event, should not outweigh the interest of the Preferred Shareholders to achieve liquidity for their securities.



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 PFN. In light of the foregoing, Brigade nominated Neal P. Goldman to serve as a Class II Preferred Shares trustee of PFL and a Class I Preferred Shares trustee of PFN for election at the annual meeting of shareholders of the Trusts held on July 31, 2012 (the "Prior Year's Annual Meeting"). Mr. Goldman currently serves as the Class II Preferred Shares trustee of PFL and the Class I Preferred Shares trustee of PFN.

As noted in PFN's Proxy Statement, as a Preferred Shares trustee, Mr. Goldman has been advocating that the Trusts redeem the Preferred Shares and explore financing alternatives to replace the Preferred Shares. Mr. Goldman's proposals have been rejected by the other trustees. We continue to believe that the Board is not acting in the best interests of the Shareholders. As a result, we are seeking new and more effective representation on the Board by nominating the Nominee who we believe has exceptional experience and will bring fresh, independent perspectives and additional insights to the Board. We urge the Preferred Shareholders to send a message to PFN by voting "FOR" our Nominee, Alan Bruce Miller.

Who is the Nominee?

We are proposing that Alan Bruce Miller, our Nominee, be elected as a Preferred Shares trustee of PFN. 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 PFN as of the date hereof, in light of PFN's business and structure.

Name and Principal Business Address	Age	Principal occupation or employment and directorships, in each case during the last 5 years
Alan Bruce Miller  767 Fifth Avenue New York, NY 10153	75	Mr. Miller co-founded and built the largest bankruptcy, finance and restructuring legal practice in the U.S. during the years between 1969 and 2005 and retired from his position as Senior Partner of Weil, Gotshal & Manges LLP in 2005. He led the restructuring efforts of large cases involving Investors Funding Corporation of New York; Texaco Pennzoil; Federated Department Stores and Macy's; Drexel Burnham Lambert; Braniff World Airways, Continental Airlines, Eastern Airlines, and American Airlines' acquisition of TWA; and Enron Corporation. Mr. Miller has counseled the boards and senior officers of client companies, as well as the officers of lenders, investors and other creditors as to their fiduciary and corporate governance obligations. Mr. Miller has held appointments as an independent member of the boards of directors of various entities since January 1, 2006, including: Trinity Place Holdings Inc.; Allion Healthcare, Inc. and its affiliates; Catalyst Paper Corporation; Eagle Hospitality Properties Trust, Inc. and its affiliates; United Retail Group, Inc. and its affiliates; Friendly Ice Cream Corporation; Big 10 Tire Stores Inc., Mervyn's Holdings, LLC, Chicago Loop Parking LLC, and CEVA Group Plc.

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In accordance with PFN's Amended and Restated Declaration of Trust (the "Declaration"), the trustees of PFN 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 PFN, and to grant authority to vote for each of PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the 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 PFN's nominees, other than James A. Jacobson. None of PFN's nominees for whom we seek authority to vote have agreed to serve with our Nominee, if elected.

If elected, the Nominee will be only one trustee on an eight member Board and would not alone (or together with Mr. Goldman who was nominated by Brigade and elected to the Board at the Prior Year's Annual Meeting) be able to adopt resolutions or otherwise cause the Board to act. However, the Nominee expects to be able to actively engage other trustees on the Board in full discussion of the issues facing PFN. By utilizing his experience, the Nominee believes he can effect positive change at PFN. There is no guarantee that he will be able to enhance shareholder value.

According to the public filings of PFN, the corporate governance guidelines of PFN 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 PFN 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 PFN because the Nominee does not meet any of the criteria set forth in such definition.

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

Who can vote at the Annual Meeting?

The Board has fixed the close of business on May 31, 2013 as the Record Date for the determination of Shareholders of PFN entitled to notice of, and to vote at, the Annual Meeting, and any adjournments or postponements thereof. Shareholders of PFN 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 PFN, 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 PFN. On each other proposal to be brought before the Annual Meeting (including the election of the other trustee nominees), such Preferred Shareholders will have equal voting rights (i.e., one vote per Share) with PFN's Common Shareholders and will vote together with Common Shareholders as a single class.

How do proxies work?

Brigade is asking you to appoint Alan Bruce Miller as your proxy holder to vote your Preferred Shares at the Annual 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 Annual Meeting, according to the directions you provide. Whether or not you are able to attend the Annual 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 Annual 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 ALAN BRUCE MILLER TO SERVE AS A CLASS II PREFERRED SHARES TRUSTEE OF PFN; (2) "FOR" THE ELECTION OF PFN'S NOMINEES, OTHER THAN JAMES A. JACOBSON (THE CLASS II PREFERRED SHARES TRUSTEE NOMINEE OF THE BOARD) AS TRUSTEES; AND (3) TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL 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 Annual 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 PFN's Fourth Amended and Restated Bylaws (the "Bylaws"), may be properly presented for action by the Shareholders at the Annual Meeting.

What is the quorum requirement for the Annual Meeting?

A quorum at the Annual Meeting will consist of the presence in person or by proxy of thirty percent (30%) of the total Shares of PFN entitled to vote at the Annual Meeting. According to PFN's Proxy Statement, votes cast by proxy or in person at the Annual Meeting will be counted by persons appointed by PFN as tellers (the "Tellers") for the Annual Meeting. For purposes of determining the presence of a quorum for PFN, the Tellers will count the total number of votes cast in favor of or in opposition to the proposal for PFN, 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 Annual Meeting, the persons named as proxies may propose one or more adjournments of the Annual Meeting after the date set for the original Meeting, with no other notice than announcement at the Annual 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 Annual 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 PFN entitled to vote thereon present in person or represented by proxy at the session of the Annual Meeting to be adjourned. The persons named as proxies will vote the proxies that they are entitled to vote. The costs of any additional solicitation and of any adjourned session will be borne by PFN. Any proposals properly before the Annual Meeting for which sufficient favorable votes have been received by the time of the Annual Meeting will be acted upon and such action will be final regardless of whether the Annual 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 PFN to the Board will require the affirmative vote of a plurality of the votes of the Preferred Shareholders (voting as a separate class) of PFN cast in the election of the Preferred Shares trustee at the Annual 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 of PFN

represented in person or by proxy at the Annual Meeting will be elected as the Preferred Shares trustee for PFN.

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 Annual 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, 2013.

**YOUR VOTE IS VERY IMPORTANT.** If you do not plan on attending the Annual 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 Annual Meeting so that your Preferred Shares will be represented and voted in accordance with your instructions. Even if you plan to attend the Annual 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 Annual 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, 2013.

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

Under the proxy rules we may solicit proxies in support of our Nominee and also seek authority to vote for PFN's nominees other than those PFN nominees that we specify. This allows a Preferred Shareholder of PFN 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 PFN's nominees for whom we are seeking authority to vote, other than the nominee as to which the Preferred Shareholder specifically withholds our

authority to vote. We have determined to nominate Alan Bruce Miller as the Preferred Shares trustee for PFN and are seeking authority to vote for up to all of PFN's nominees, other than James A. Jacobson (the Class II Preferred Shares trustee nominee of the 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 PFN's nominees, other than James A. Jacobson. None of PFN'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 Annual 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 PFN. 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 PFN a written notice of revocation at 1633 Broadway, New York, NY 10019; or
- attending the Annual 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 Annual Meeting as described in this proxy statement. Attending the Annual 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 Annual Meeting in accordance with your instructions. We request that a copy of any revocation sent to PFN 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 Broadacres 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 PFN OR OTHERWISE AUTHORIZE A PROXY TO VOTE YOUR PREFERRED SHARES AT THE Annual Meeting, NOT EVEN AS A PROTEST VOTE. IF YOU HAVE ALREADY RETURNED A PROXY CARD TO PFN OR OTHERWISE AUTHORIZED A PROXY TO VOTE YOUR PREFERRED SHARES AT THE ANNUAL 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, 16TH FLOOR, NEW YORK, NY 10022. ONLY YOUR LAST-DATED PROXY WILL BE COUNTED.**

