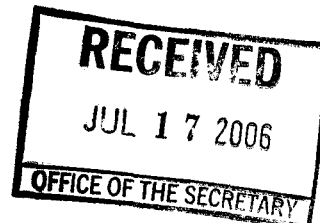


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CANNON & COMPANY

June 28, 2006

Mr. Jonathan A. Katz
Secretary, Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609



Dear Mr. Katz,

I am an independent director of The PIMCO funds. The letter is in response to your recent request for comment on both monetary and non-monetary costs of the 75 percent and independent chair requirements.

It is for the accountants to give estimates of hard costs of complying with those two requirements. Any competent person will no doubt express the clear caveats that the estimates are imprecise, by their nature. But is there anyone who doubts that there would be very significant out of pocket costs, over time, to both the individual fund groups and to the industry? And is there not general agreement that there will be other significant "soft costs" associated with the requirements—those pesky costs that are difficult to isolate and assign, but very real?

I hope that your good organization may take the time to reflect on yet another kind of cost, the unanticipated ones. They are perhaps the most difficult from every perspective. It was, I recall, Oscar Wilde who described a skeptic as a person who knows the price of everything and the value of nothing. The successful advertising of one of the major credit cards vibrates in many of us when it describes something positive as "priceless." What we have in this country, between honest businessmen and our government is a relationship that is, at its best, priceless.

While miscreants in business and accounting brought about Sarbanes-Oxley and the destruction of Arthur Andersen & Co., many thoughtful observers fear that both of those reactions were over reactions, with unfortunate, unanticipated consequences. I fear that the good intentions of the SEC have perhaps been distilled into language and requirements that are onerous and will do little to improve the management oversight and, especially, the integrity of mutual fund complexes. I urge you to reflect upon the many honest mutual fund managers and independent directors who would behave honorably and appropriately if there were no SEC, and I urge you not to require two things that will complicate oversight without necessarily improving it. At the same time, I urge you and other branches of our government to prosecute vigorously and make examples of crooks who abuse the system and the mutual respect and trust between business and government in this country.

Sincerely yours,

A handwritten signature in black ink, appearing to read "E. Philip Cannon".

E. Philip Cannon