

PIMCO INCOME STRATEGY FUND

Form SC TO-I

September 19, 2014

As filed with the Securities and Exchange Commission on September 19, 2014

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**SCHEDULE TO**

**Tender Offer Statement Under Section 14(D)(1) or 13(E)(1) of the**

**Securities Exchange Act Of 1934**

**PIMCO Income Strategy Fund**

**(Name of Subject Company (Issuer))**

**PIMCO Income Strategy Fund**

**(Name of Filing Person (Issuer))**

**Auction-Rate Preferred Shares, Series T, Series W and Series TH, Par Value \$0.00001**

**(Title of Class of Securities)**

**72201H207**

**72201H306**

**72201H405**

**(CUSIP Number of Class of Securities)**

**Joshua D. Ratner**

**PIMCO Income Strategy Fund**

**1633 Broadway**

**New York, NY 10019**

**Telephone: (212) 739-3064**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on Behalf of the Person(s) Filing Statement)**

*With a Copy to:*

**David C. Sullivan**

**Ropes & Gray LLP**

**Prudential Tower**

**800 Boylston Street**

**Boston, MA 02199-3600**

**Telephone: (617) 951-7000**

**Calculation of Filing Fee**

**Transaction Valuation**

**Amount of Filing Fee**

\$78,975,000 (a)

\$10,171.98 (b)

(a) Calculated as the aggregate book value of 3,159 shares in the offer, based on a book value of the liquidation preference of \$25,000 per share.

(b) Calculated at \$128.80 per \$1,000,000 of the Transaction Valuation.

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

Amount Previously Paid: Not Applicable

Filing Party: Not Applicable

Form or Registration No.: Not Applicable

Date Filed: Not Applicable

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer.

**ITEMS 1 THROUGH 9 AND ITEM 11.**

This Tender Offer Statement on Schedule TO is filed by PIMCO Income Strategy Fund, a Massachusetts business trust (the Fund ). This Schedule TO relates to the Fund's offer to purchase for cash up to 100% of its outstanding shares of preferred stock, \$0.00001 par value and a liquidation preference of \$25,000 per share, designated Auction-Rate Preferred Shares, Series T, Series W and Series TH (the Preferred Stock ), upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 19, 2014 (the Offer to Purchase ) and in the Fund's related Letter of Transmittal (the Letter of Transmittal which, together with the Offer to Purchase, as each may be amended and supplemented from time to time, the Offer ), copies of which are attached hereto as Exhibits (a)(1)(i) and (a)(1)(ii), respectively. The price to be paid for the Preferred Stock is an amount per share, net to the seller in cash, equal to 90% of the liquidation preference of \$25,000 per share (or \$22,500 per share) in cash, plus any unpaid dividends accrued through October 31, 2014, or such later date to which the Offer is extended, and one non-transferrable contingent payment right ( CPR ), which represents the contractual right to receive the CPR Payment (as defined in the Offer to Purchase), if any, less any applicable withholding taxes and without interest, and subject to the conditions set forth in the Offer, if properly tendered and not withdrawn prior to the Expiration Date (as defined in the Offer). The information set forth in the Offer is incorporated herein by reference with respect to Items 1 through 9 and Item 11 of this Schedule TO.

**ITEM 10.**

Not applicable.

**ITEM 12. EXHIBITS.**

<b>Exhibit No.</b>	<b>Document</b>
(a)(1)(i)	Offer to Purchase dated September 19, 2014.
(a)(1)(ii)	Form of Letter of Transmittal.
(a)(1)(iii)	Form of Notice of Guaranteed Delivery.
(a)(1)(iv)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(v)	Form of Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(vi)	Form of Notice of Withdrawal.
(a)(5)(i)	Press Release issued on September 18, 2014.
(d)(i)	Tender Offer and Standstill Agreement, dated September 18, 2014, by and between PIMCO Income Strategy Fund, PIMCO Income Strategy Fund II, Allianz Global Investors Fund Management LLC, Pacific Investment Management Company LLC, Brigade Capital Management, LP, Brigade Leveraged Capital Structures Fund Ltd. and Donald E. Morgan, III.

**ITEM 13.**

Not applicable.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

PIMCO Income Strategy Fund

By: /s/ Peter G. Strelow

Name: **Peter G. Strelow**

Title: **President & Principal Executive  
Officer**

Dated as of: September 19, 2014

**EXHIBIT INDEX**

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