

## PIMCO INTERNAL ANNOUNCEMENT

To my dear PIMCO colleagues:

Greetings. I hope that you are all well.

I am writing to you to inform you that, having first joined the company in 1999 and after six wonderful years as CEO and co-CIO, the time has come for me to step down as of mid-March.

It has been an amazing privilege and great honor to work with you all. I thank you all from the bottom of my heart for your many years of wonderful companionship and kind support, and for your extraordinary efforts and amazing accomplishment in serving our clients.

A couple of Sunday's ago, when reading the op-ed section of the NYT, I was particularly struck by a column by Frank Bruni – so much so, that I would like to thank him and use his insightful approach in this note to you.

Mr. Bruni's column spoke brilliantly to the interactions between "I", "We" and "You." Reading it made me realize even more how incredibly privileged I have been to work at PIMCO.

I was so fortunate back in April 1999 to join such an exceptional firm. I vividly remember how I immediately felt at home in a culture that always puts the client first, that is determined to excel, and that values thought leadership as a foundation for continued success.

During my wonderful time at PIMCO, I worked with amazing colleagues who taught and inspired me. I grew professionally and personally. I made lasting friendships. And I had great fun.

But the significance of the "I" pales when compared to the "we" and "you."

Collectively as a firm, we have achieved amazing things for our clients around the world.

It is hard to believe when you see today's PIMCO but, back then, I joined in 1999 a firm that had some \$150 billion in assets under management, serving essentially US clients. We offered primarily core fixed income U.S. products. And we were around 500 colleagues working in 4 offices.

Today we are around 2,500 in 13 offices around the world. Our truly global client base has entrusted us with some \$2 trillion in assets to manage. And we provide them with a much more diversified set of investment products whose performance continues to excel – once again, over 90 percent of our assets under management are out-performing their benchmarks for the last 5-year period (as of December 31, 2013, before fees).

Yes, collectively, we have been on a meaningful and amazing journey – of serving well more clients, in more places, and with an expanding set of investment solutions to help them meet their objectives.

As you can imagine, the last six years have been particularly exciting and significant as we have helped our clients navigate a global financial crisis and its aftermath. Together, we have worked very hard to safeguard and grow their retirement funds, pensions, investments and savings. And because PIMCO delivered, they have rewarded the firm's hard and effective work by almost tripling our assets under management during this six year period. Or, from another perspective, it took PIMCO 39 years to reach the first \$1 trillion mark and just over 3 years to reach the \$2 trillion mark.

It has been a period of amazing growth in other meaningful ways too. We are a much stronger and more diversified firm.

Our increasing revenues achieved yet another new record in 2013, as did the level of PIMCO's profits. Our assets under management are more diversified with the share of non-traditional (non-core fixed income) assets, which stood at 56 percent of our business in December 2007 when I rejoined as CEO and co-CIO, now at 66 percent – and this is despite that fact that PIMCO's traditional business continued to grow strongly over this period.

We are also a much more global firm, and getting more so by the day. In the last six years alone, the share of our non-US business has risen to over 30 percent, and again notwithstanding solid growth in our U.S.-based business.

Together, we have done more than successfully expand and diversify PIMCO – we have also successfully grown and made significant strides in diversifying our people.

Our expanding Inclusion and Diversity programs have become an integral part of our talent management and, already, are an important contributor to our success. That, together with our closely-related collective emphasis on promoting and engendering cognitive diversity, puts PIMCO in an even better position to deliver more for our clients in the future.

Because of the way we have done all this – namely, by never losing sight of our mission to deliver to clients superior long-term investment performance, world class client servicing, innovative products, and the right mix of business resilience and agility – PIMCO's success has been recognized worldwide; and not just by the multiple awards (including last week's Morningstar award for Alfred Murata and Dan Ivascyn, joining Bill Gross and Mark Kiesel as past winners) but also, most importantly, by the very high level of client satisfaction.

All of which brings me to the “you.” Simply put, none of the “I” and “we” would have been possible without you – the best of the best in the investment management industry.

You are extremely talented, dedicated, and hard working in serving clients. You provide a level of investment excellence, intellectual stimulation and operational efficiency that also allow others to grow and shine. You interact in a way that make the whole much bigger than the sum of the parts. You find a way to maintain your composure and effectiveness regardless of the volatility of markets. And, somehow, you do all this again and again!

What is really impressive about you is not limited to what you consistently deliver to our clients and how you do so; it is also about how you find the time and energy to also give back to our local communities.

Last year alone, about 2,000 of you volunteered your time through the PIMCO Foundation to help those in need, including highly vulnerable segments of our society. Indeed, among my many wonderful PIMCO memories – and there are lots and lots – there will always be a special place for the images of you and your families working on the assembly lines to pack food boxes for the needy, painting the walls at homeless shelters, serving at food kitchens, stocking shelves at food banks, cleaning up beaches and rivers, helping athletes at the Special Olympics, tutoring at-risk youth, and so many more.

Thank YOU for the incredible privilege of working alongside you at PIMCO. Thank YOU for providing me such a superb professional home since 1999. Thank YOU for showing me, day after day, what excellence and integrity mean in our industry. Thank YOU for the fun times, the laughter, and the lasting friendships.

I would like to express particularly strong and deep gratitude to Bill Gross. I have been truly honored and fortunate to work alongside one of the very best investors in the world. His talents are exceptional, as is his dedication.

I would also like to convey huge thanks to Michael Diekmann – particularly for the wonderful interactions and for how his impressive leadership of Allianz has continually fostered PIMCO’s success.

Given all this, you can imagine that the decision to step down from PIMCO has not been an easy one. To ensure a seamless transition, I am scheduled to remain at the firm until mid-March. I look forward to continuing to work closely with you and serve our clients during my remaining time here, including by doing all that I can to ensure the very best of handoffs to my talented successors on both the investment and business sides.

After mid-March, I will remain a member of the Allianz International Executive Committee and advise the Management Board on global economic and policy issues. I will also be doing some writing, particularly on central banking and market related issues (and, who knows, there could even be a second book for me).

What happens longer-term is an open question. I have no plans as of now. What I do know is that I am looking forward to something different after an initial 15 year career in international public policy (at the International Monetary Fund, and straight out of universities) and an immediate second 16 year career in finance and investment management (overwhelmingly at PIMCO).

In closing this rather lengthy note (my apologies!), please allow me to re-iterate my thanks to each and every one of you. I wish you and your families continued great success. Indeed, with the company's best years still ahead of it, I very much look forward to reading in the media about your additional achievements, and those of this great firm.

With my eternal gratitude and very best wishes to you and your families.

Mohamed

P.S. In addition to the opportunity to see you at PIMCO in the next couple of months, I look forward to keeping in touch with many of you after I leave the firm. I will be sending around my new contact information closer to my departure date.

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