



The Korea Fund, Inc. (NYSE: KF)

THE KOREA FUND INC. CHAIRMAN'S STATEMENT FOR THE AGM 2007

Fellow Stockholders, Ladies and Gentlemen, a very warm welcome to this our 2007 Annual Meeting of Stockholders.

INTRODUCTION OF DIRECTORS

PRESENTATION FROM RAYMOND CHAN

We live in exciting times and none less so than in Korea. In only yesterday's Financial Times' of England in its review of South Korea it highlighted these exciting developments.

A decade ago South Korea:

- Was in tumultuous financial crisis
- With its currency in free fall
- Banks and industrial companies collapsing and
- The coffers empty.

Today:

- South Korea is the 3rd largest economy of Asia, and ranks 12th in the world
- forex reserves stand at over \$250B
- the KOSPI is making new highs
- exports are booming
- democracy is thriving with the upcoming 5th democratic Presidential election
- geopolitically, the North Korean crisis is high on the agenda
- whilst culturally, Ms. Jean Do Yeon recently won the best actress award at the Cannes film festival.

Somewhat alike, your directors have lived through a further exciting year finally positioning your Fund to what, we believe, is an optimal position in which to capitalize on these opportunities.

If I may recap the events of the year and make a few comments where appropriate.

THE APPOINTMENT OF A NEW INVESTMENT MANAGER

Undoubtedly the most exciting event realized in this past year has been the appointment of the new investment manager, the RCM Group, headquartered in

San Francisco and with a significant presence in Asia. Stockholders of more than one year's standing will be well aware that your board has been working for some time on this event – analyzing performance, reviewing the competitor peer group, identifying, short listing, interviewing and thereafter selecting what your board deems as the most appropriate investment manager candidate. As you will also be aware this has taken a great deal of time, for both your board as well as for stockholders with whom we have shared both the process and seeking the ultimate approval.

In short, your Board identified RCM as possessing:

- impressive and focused research, at both the macro and micro levels;
- a concentrated portfolio construction methodology, driven by its research;
- a risk management process which is independent of the individual portfolio manager;
- a strong Asian presence;
- a boutique asset management culture with strong and supportive ownership by Allianz SE (parent company to RCM);
- performance that has been historically successful in the Korean stock market as well as other equity markets;
- strong and well-integrated U.S. and local compliance oversight; and
- infrastructure and marketing support from its affiliate, Allianz Global Investors Fund Management LLC, especially in the closed-end investment company field, a key growth area for the group.

Our managers Raymond Chan and Sang Won Kim have provided us an insight into the Korean market and their investment process. Whilst the time horizon is very short -- and I am hasten to add that it is too soon to speak of long term trends from our newly appointed managers -- the short term investment results are very encouraging with outperformance of our Fund against both the KOSPI index, the Fund's benchmark, and the MCI Korean index, the other Korean index which is utilized by many managers, by 2.21% and 0.93% respectively since July 1, which is the date on which we deem the portfolio transition to have been completed.

I have referred in previous correspondence to the need to distribute capital gains profits realized in the year in order to avoid the Fund itself having to pay tax thereon. This has presented special challenges in the current year due to the need to permit our new manager the opportunity to re-orientate the portfolio to its own investment thinking. Given the very high level of unrealized capital gains in our funds portfolio over 80% at the time of the manager change, the level of gains realized in the portfolio transition has also been significant. I am delighted to report that the transition of the portfolio in the second quarter of 2007 went extremely well. RCM's Asian office concentrated the holdings and reduced the number of listed companies from 73 to 41 whilst reinvesting the proceeds so realized in either existing other positions or some new names including stocks in Korea's shipbuilding sector. The capital gains realized in this transition exercise represent a major portion of the \$15.94 per share, being distributed to shareholders in the coming month.

This amount will be distributed on November 28, 2007, to stockholders of record as at October 26, 2007. As we have announced previously, this payment will be made in newly issued Fund shares unless stockholders elect to receive the distribution in cash. That is the good news! The bad news, I am afraid, is that tax-paying stockholders – as against exempt investors – will be liable for tax on this distribution regardless of the form of payment. This is one reason why we are making the payment earlier than the usual January distribution, namely to permit recipients further time to consider their tax planning needs. Again, and as I have written previously, I fully appreciate that many stockholders would prefer to take gains, and pay the necessary tax, at a time of their choosing. Certainly, going forward, your board hopes to minimize the build-up of such retained capital gains.

DISCOUNT MANAGEMENT

Whilst it is probably fair to say that there is no single solution for management of closed end fund share discounts -- that is the Share price relative to its NAV and stated as a premium or discount percentage -- your Board has put in place measures that should help in the improved management of the discount issue. Further, may I remind stockholders that as a result of the discount management measures introduced by the Board in December 2004, one final tender offer for 15% of the Fund's shares will be made in the first quarter of 2008 if the Fund's shares trade at a discount of more than 7.5% over a measuring period in the fourth quarter of 2007.

INNOVATION

Your Board, in a constant endeavor to be at the forefront in terms of both innovation and good corporate governance, has established several committees, over and above the mandatory audit and nominating committees. These include committees focusing on: Valuations, Investments, Korean Affairs and most recently Compliance. Each of these committees is chaired by a colleague on the Board and provides directors the opportunity to focus, in a more specific manner, on the issues of each committee.

Further, the issue of investor relations and communications remains uppermost amongst your Board and we are endeavoring to identify and reach out to as many stockholders as possible and simultaneously improve the quality of both the layout and content of your Fund's website.

As a further example of your Board's desire to be at the forefront of industry standards, we are looking closely at all aspects of the Fund's existing valuation practices, including the possibility of calculating the Fund's NAV as of the time of the closing of the Korean Stock Exchange and making this information available to markets at the beginning of the trading day on the New York Stock Exchange. There are a number of significant operational challenges in implementing such a second daily pricing, but we are hopeful that these can be overcome, as we believe the information may be of interest to many stockholders.

We look towards the future of the Korean market and your Fund with optimism, with our new investment manager who, we believe, demonstrates a strong process across research, risk management, portfolio selection and administration. As previously mentioned, your Board views the performance measuring clock as commencing on July 1, and looks forward to monitoring investment performance and reporting it regularly to you in terms of our benchmark, the KOSPI index, as well as the MSCI Korea index.

Now perhaps we can come to the more interesting part of the proceedings, namely communication with our stockholders, hearing your views and endeavoring to respond to your questions.

May I thank you all for your attendance.