

**IMPORTANT NOTICE REGARDING CASH ELECTION FOR
DISTRIBUTION PAYABLE JANUARY 29, 2009**

The Korea Fund, Inc. (the "Fund")
(CUSIP: 500634 209)

No action is required to receive your entire distribution in shares.

December 31, 2008

Dear Stockholder:

On December 22, 2008, the Board of Directors of the Fund declared a capital gain distribution aggregating \$220.3 million (\$90.30 per share). **If you would like to receive your entire distribution in shares, no further action is required.**

The distribution will be payable on January 29, 2009 to stockholders of record on December 31, 2008 with an ex-dividend date of December 29, 2008. The distribution is inclusive of realized capital gains for the fiscal year ended June 30, 2008.

The distribution will be made in newly issued Fund shares unless you elect to receive the distribution in cash in the manner described below. However, the cash component is limited to 20% of the aggregate dollar amount of the total distribution being paid by the Fund (excluding cash paid in lieu of fractional shares). Thus, if the cash elections would cause the total amount of cash to be distributed by the Fund to exceed the 20% cap (or \$44.06 million), and you request cash, you will receive a pro rata portion of the cash distributed to all stockholders who have made cash elections. The pro rata portion will be based on the total amount of the distribution to be paid to you relative to the total amount of the distribution to be paid to all stockholders requesting cash.

If you make a cash election, it must be made for the entire distribution payable to you. If you elect cash and do not receive 100% of your distribution in cash, you will receive the balance in newly issued shares of the Fund's common stock. If you do not elect to receive this distribution in cash, you will receive all of your distribution in newly issued shares of the Fund's common stock. However, you will receive cash in lieu of a fraction of a share.

To receive your entire distribution in cash (subject to proration as described above), contact your financial advisor by 4:00 p.m. (Eastern Standard Time) on January 22, 2009. Your financial advisor will be instructed to send the cash elections to the Fund through Depository Trust & Clearing Corporation by 8:00 p.m. (Eastern Standard Time) on January 22, 2009.

As described above, the total cash to be distributed is limited to 20% of the aggregate dollar amount of the total distribution being paid by the Fund (excluding any cash paid in lieu of fractional shares).

As described in more detail in the press release dated December 22, 2008, the Fund is subject to market risk prior to the pricing date that might result in the payment of a distribution of less than \$90.30 per share and a corresponding reduction in the dollar value of the cap on the total cash to be distributed (although the cap will remain at 20% of the aggregate dollar amount of the total distribution as described above).

If you do not contact your financial advisor by 4:00 p.m. (Eastern Standard Time) on January 22, 2009 to make a cash election, you will receive this distribution in newly issued full shares of common stock of the Fund plus cash in lieu of any fraction of a share.

How Distribution in Shares will be Calculated

The number of shares to be issued to stockholders receiving all or a portion of the distribution in Fund shares will be based on the market price per share of the Fund's common stock as of the close of the New York Stock Exchange on January 26, 2009.

If the Fund's shares are issued at less than the net asset value, the issuance of shares will result in dilution to the net asset value per share of the remaining shares of the Fund. Stockholders electing to receive the distribution in cash would not fully realize the offsetting benefit of acquiring shares at a discount.

You should also be aware that by electing to receive cash rather than shares, your percentage ownership of the Fund will be reduced. However the reduction that would result by electing to receive the distribution in cash would be limited by the 20% cap on the cash component of the distribution if the number of cash elections made by stockholders would cause the total amount of cash to be distributed by the Fund to exceed the 20% cap.

Tax Information

Whether you receive this distribution in newly issued Fund shares or in cash (or a combination of both), this distribution generally will be taxable to you and reportable on your 2008 federal income tax return. The Fund will, in January 2009, send notices to stockholders regarding the federal income tax status of all distributions made for the 2008 calendar year. The Fund's distributions may also be subject to state and local taxes, and you should consult your tax advisor regarding your tax situation.

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Additional information regarding the capped cash election dividend can be found on the Fund's website, www.thekoreafund.com. Further information about the Fund is contained in the Fund's Annual Report (including its audited financial statements for the fiscal year ended June 30, 2008) and the Fund's proxy statement dated September 22, 2008, which are available on the Fund's website, or can be obtained, without charge, by calling the Fund at (800) 331-1710.