CALAMOS CONVERTIBLE & HIGH INCOME FUND
Form POS 8C
February 23, 2009

As filed with the Securities and Exchange Commission on February 20, 2009

1933 Act File No. 333-146947
1940 Act File No. 811-21319

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form N-2
(Check appropriate box or boxes)

þ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

o **Pre-Effective Amendment No.**

þ **Post-Effective Amendment No. 2**

and

þ **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940**

þ **Amendment No. 16**

CALAMOS CONVERTIBLE AND HIGH INCOME FUND
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John P. Calamos, Sr.
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Approximate Date of Proposed Public Offering: From time to time after the effective date of the Registration Statement.

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. þ

It is proposed that this filing will become effective (check appropriate box)

þ when declared effective pursuant to section 8(c)

If appropriate, check the following box:

o This [post-effective] amendment designates a new effective date for a previously filed [post-effective amendment] [registration statement].

o This form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration number of the earlier effective registration statement for the same offering is __________.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2009

Base Prospectus

$250,000,000

Calamos Convertible and High Income Fund
Common Shares
Preferred Shares
Debt Securities

Calamos Convertible and High Income Fund (the Fund, we or our) is a diversified, closed-end management investment company which commenced investment operations in May 2003. Our investment objective is to provide total return through a combination of capital appreciation and current income.

We may offer, on an immediate, continuous or delayed basis, up to $250,000,000 aggregate initial offering price of our common shares (no par value per share), preferred shares (no par value per share) or debt securities, which we refer to in this prospectus collectively as our securities, in one or more offerings. We may offer our common shares, preferred shares and debt securities separately or together, in amounts, at prices and on terms set forth in a prospectus supplement to this prospectus. You should read this prospectus and the related prospectus supplement carefully before you decide to invest in any of our securities.

We may offer our securities directly to one or more purchasers, through agents that we or they designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the particular offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and such agents or underwriters or among the underwriters or the basis upon which such amount may be calculated. For more information about the manner in which we may offer our securities, see Plan of Distribution. Our securities may not be sold through agents, underwriters or dealers without delivery or deemed delivery of a prospectus supplement and a prospectus.

Our common shares are listed on the New York Stock Exchange under the symbol CHY. As of January 15, 2009, the last reported sale price for our common shares was $8.27.

Investing in our securities involves certain risks. You could lose some or all of your investment. See Risk Factors beginning on page of this prospectus. Shares of closed-end investment companies frequently trade at a discount to their net asset value and this may increase the risk of loss of purchasers of our securities. You should consider carefully these risks together with all of the other information contained in this prospectus and any prospectus supplement before making a decision to purchase our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated , 2009

This prospectus, together with any prospectus supplement, sets forth concisely the information that you should know before investing. You should read the prospectus and prospectus supplement, which contain important information, before deciding whether to invest in our securities. You should retain the prospectus and prospectus supplement for future reference. A statement of additional information, dated , 2009, as supplemented from time to time, containing additional information, has been filed with the Securities and Exchange Commission (Commission) and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the statement of additional information, the table of contents of which is on page of this prospectus, request a free copy of our annual and semi-annual reports, request other information or make shareholder inquiries, by calling toll-free 1-800-582-6959 or by writing to the Fund at 2020 Calamos Court, Naperville, Illinois 60563. The Fund s annual and semi-annual reports also are available on our website at www.calamos.com, which also provides a link to the Commission s website, as described below, where the Fund s statement of additional information can be obtained. Information included on our website does not form part of this prospectus. You can review and copy documents we have filed at the Commission s Public Reference Room in Washington, D.C. Call 1-202-551-8090 for information. The Commission charges a fee for copies. You can get the same information free from the Commission s website (http://www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the Commission s Public Reference Section, Washington, D.C. 20549-0102.

Our securities do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and is not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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You should rely only on the information contained or incorporated by reference in this prospectus and any related prospectus supplement in making your investment decisions. We have not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus and any prospectus supplement do not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus and in any prospectus supplement is accurate only as of the dates on their covers. Our business, financial condition and prospects may have changed since such dates. We will advise investors of any material changes to the extent required by applicable law.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the statement of additional information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such terms. Such forward-looking statements may be contained in this prospectus as well as in any accompanying prospectus supplement. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the price at which our shares will trade in the public markets and other factors discussed in our periodic filings with the Commission.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus or any accompanying prospectus supplement are made as of the date of this prospectus or the accompanying prospectus supplement, as the case may be. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this prospectus, any accompanying prospectus supplement and the statement of additional information are excluded from the safe harbor protection provided by section 27A of the Securities Act of 1933, as amended (the 1933 Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors section of this prospectus. We urge you to review carefully that section for a more detailed discussion of the risks of an investment in our securities.

PROSPECTUS SUMMARY

The following summary contains basic information about us and our securities. It is not complete and may not contain all of the information you may want to consider. You should review the more detailed information contained in this prospectus and in any related prospectus supplement and in the statement of additional information, especially the information set forth under the heading Risk Factors beginning on page of this prospectus.

The Fund

The Fund is a diversified, closed-end management investment company. We commenced operations in May 2003 following our initial public offering. As of December 31, 2008, we had $80 million of Auction Market Preferred Shares (Preferred Shares or Auction Market Preferred Shares) outstanding and $190 million in aggregate principal amount of senior debt. Our fiscal year ends on October 31. Our investment objective is to provide total return through a combination of capital appreciation and current income.

Investment Adviser

Calamos Advisors LLC (the Adviser or Calamos) serves as our investment adviser. Calamos is responsible on a day-to-day basis for investment of the Fund s portfolio in accordance with its investment objective and policies. Calamos makes all investment decisions for the Fund and places purchase and sale orders for the Fund s portfolio securities. As of December 31, 2008, Calamos managed approximately $24.0 billion in assets of individuals and institutions. Calamos is a wholly-owned subsidiary of Calamos Holdings, LLC (Holdings) and an indirect subsidiary of Calamos Asset Management, Inc., a publicly traded holding company.

The Fund pays Calamos an annual fee, payable monthly, for its investment management services equal to 0.80% of the Fund s average weekly managed assets. Calamos has contractually agreed to waive a portion of its management fee at the annual rate of 0.10% of the average weekly managed assets of the Fund for the first five full years of the Fund s operations (through May 31, 2008), and to waive a declining amount for an additional three years through May 31, 2011. Managed assets means the total assets of the Fund (including any assets attributable to any leverage that may be outstanding) minus the sum of accrued liabilities (other than debt representing financial leverage). See Management of the Fund.

The principal business address of the Adviser is 2020 Calamos Court, Naperville, Illinois 60563.

The Offering

We may offer, on an immediate, continuous or delayed basis, up to $250,000,000 of our securities on terms to be determined at the time of the offering. Our securities will be offered at prices at or above net asset value and on terms to be set forth in one or more prospectus supplements to this prospectus. Preferred shares and debt securities (collectively, senior securities) may be auction rate securities, in which case the senior securities will not be listed on any exchange or automated quotation system. Rather, investors generally may only buy and sell senior securities through an auction conducted by an auction agent and participating broker-dealers.

We may offer our securities directly to one or more purchasers, through agents that we or they designate from time to time, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our securities, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and such agents or underwriters or among underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. Our securities may not be sold through agents, underwriters or dealers without delivery or deemed delivery of a prospectus and prospectus supplement describing the method and terms of the offering of our securities.

Recent Developments

On May 14, 2008, the Refinancing Committee of the Fund s Board of Trustees approved the redemption of 14,000 of the 17,200 outstanding Auction Market Preferred Shares of the Fund. Beginning June 2, 2008, those shares were redeemed at a price of $25,000 per share (which was equal to the per share liquidation preference) plus any accrued and unpaid dividends (an aggregate price of $350 million).

The Fund has entered into a Revolving Credit and Security Agreement (the Credit Agreement) with conduit lenders and a bank that allows it to borrow up to an initial limit of $413.4 million, subject to certain restrictions. Initially, the Fund borrowed $350 million under the Credit Agreement for the purpose of redeeming an equal amount of Auction Market Preferred Shares, as described above. The Credit Agreement has an initial maturity of May 13, 2009. The Fund may request that the lenders extend the availability of the Credit Agreement for up to two years, in one-year increments. Borrowings under the Credit Agreement are secured by assets of the Fund. Interest is charged at a rate above the conduits commercial paper issuance rate and is payable monthly. Under the current terms of the Credit Agreement, the Fund also pays a program fee on its outstanding borrowings to administer the facility and a liquidity fee on the total borrowing limit. Program and liquidity fees for the year ended October 31, 2008 totaled $1,605,986. For the year ended October 31, 2008, the average borrowings under the Credit Agreement and the average interest rate were $325,705,592 and 2.93%, respectively. As of October 31, 2008, the amount of such outstanding borrowings was $231 million. The interest rate applicable to the borrowings on December 31, 2008 was 2.88%.

Under the terms of the Credit Agreement, we will have to comply with certain prudential limitations on investment concentration, and give the lender a perfected security interest in our securities holdings, with exceptions made for certain permitted liens. At present, we do not believe that these prudential limitations on investment concentration will affect our investment activities in any material way.

Beginning on October 7, 2008, the Fund began to pay down its indebtedness under the Credit Agreement as necessary to maintain compliance with the Fund s non-fundamental restriction regarding leverage, which acts as a buffer against the asset coverage requirements imposed by the Investment Company Act of 1940 (1940 Act), as described below under Leverage. This required deleveraging occurred in smaller increments in reaction to the value of the Fund s assets moving downward on a day-to-day basis. As of December 31, 2008, the aggregate principal amount of senior debt outstanding under the Credit Agreement was $190 million. See Risk Factors Reduction of Leverage Risk.

On February 10, 2009, the U.S. Securities and Exchange Commission issued an order under Section 6(c) of the 1940 Act exempting the Fund from certain provisions of Section 18(a)(1)(A) and 18(a)(1)(B) of the 1940 Act. See Use of Leverage by the Fund.

For further information about leveraging, see Risk Factors Additional Risks to Common Shareholders Leverage Risk on page of this prospectus.

Use of Proceeds

Unless otherwise specified in a prospectus supplement, we currently intend to use the net proceeds from the sale of our securities primarily to invest in accordance with our investment objective and policies within approximately three months of receipt of such proceeds. We may also use proceeds from the sale of our securities to (i) retire all or a portion of any short-term debt we incur in pursuit of our investment objective and policies, (ii) redeem any outstanding senior securities, including, to the extent any are outstanding, our Auction Market Preferred Shares, and (iii) for working capital purposes, including the payment of interest and operating expenses, although there is currently no intent to issue securities primarily for this purpose.

Dividends and Distributions on Common Shares

The Fund has made regular monthly distributions to its common shareholders of $0.1219 per share from August 2003 through October 2008, and monthly distributions of $0.0850 since November 2008. Additionally, the Fund has made distributions of $0.0920, $0.0232, and $0.1052 in January 2006, January 2007, and January

2008, respectively. The Fund intends to distribute to common shareholders all or a portion of its net investment income monthly and net realized capital gains, if any, at least annually.

The Fund currently intends to make monthly distributions to common shareholders at a level rate established by the Board of Trustees. The rate may be modified by the Board of Trustees from time to time. Monthly distributions may include net investment income, net realized short-term capital gain and, if necessary to maintain a level distribution, return of capital. The Fund may at times in its discretion pay out less than the entire amount of net investment income earned in any particular period and may at times pay out such accumulated undistributed income in addition to net investment income earned in other periods in order to permit the Fund to maintain a more stable level of distributions. As a result, the distributions paid by the Fund to holders of common shares for any particular period may be more or less than the amount of net investment income earned by the Fund during such period. Net realized short-term capital gains distributed to shareholders will be taxed as ordinary income for federal income tax purposes. Generally, there may be at least one additional distribution per calendar year that may include net realized long-term capital gain (if any), which will be taxed for federal income tax purposes at long-term capital gain rates. To date, however, none of the Fund s distributions have included a return of capital as determined on a tax basis during any calendar year. To the extent the Fund distributes an amount in excess of the Fund s current and accumulated earnings and profits, such excess, if any, will be treated by a shareholder for federal income tax purposes as a tax-free return of capital to the extent of the shareholder s adjusted tax basis in his, her or its shares and thereafter as a gain from the sale or exchange of such shares. Any such distributions made by the Fund will reduce the shareholder s adjusted tax basis in his, her or its shares to the extent that the distribution constitutes a return of capital on a tax basis during any calendar year. To the extent that the Fund s distributions exceed the Fund s current and accumulated earnings and profits, the distribution payout rate will exceed the yield generated from the Fund s investments. There is no guarantee that the Fund will realize capital gain in any given year. Pursuant to the requirements of the 1940 Act and other applicable laws, a notice would accompany each monthly distribution with respect to the estimated source of the distribution made. Distributions are subject to re-characterization for federal income tax purposes after the end of the fiscal year.

On November 4, 2008, the Commission granted Calamos, on behalf of itself and certain funds that it manages, including the Fund, an order under the 1940 Act facilitating the implementation of a dividend policy calling for monthly distributions of a fixed percentage of its net asset value (Managed Dividend Policy). As a result, the Fund may implement a Managed Dividend Policy, although it has not done so as of the date of this prospectus. Under a Managed Dividend Policy, if, for any distribution, net investment income and net realized capital gains were less than the amount of the distribution, the differences would be distributed from the Fund s other assets. Notwithstanding receipt of the exemptive relief, currently the Fund does not intend to implement a Managed Dividend Policy until such time as its implementation is in the best interests of the Fund and our shareholders. In addition, it is not contemplated that we will change the terms of our distribution policy in connection with any future implementation of the managed distribution order.

Pursuant to the Fund s Automatic Dividend Reinvestment Plan, unless a shareholder is ineligible or elects otherwise, all dividends and capital gain distributions on common shares are automatically reinvested in additional common shares of the Fund. However, an investor can choose to receive dividends and distributions in cash. Since investors can participate in the automatic dividend reinvestment plan only if their broker or nominee participates in our plan, you should contact your broker or nominee to confirm that you are eligible to participate in the plan. See Dividends and Distributions; Automatic Dividend Reinvestment Plan.

Investment Policies

Primary Investments. Under normal circumstances, the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (high yield/high risk) non-convertible debt securities. The portion of the Fund s assets invested in convertible securities and below investment grade (high yield/high risk) non-convertible debt securities will vary from time to time consistent with the Fund s investment objective, changes in equity prices and changes in interest rates and other economic and market factors, although, under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities and at least 20% of its managed assets in below investment grade (high yield/high risk) non-convertible debt securities (so long as the combined total equals at least 80% of the Fund s managed assets). The Fund invests in securities with a broad range of maturities. The average term to maturity of the Fund s securities typically will range from five to ten years. See Investment Objective and Principal Investment Strategies Principal Investment Strategies.

Convertible Securities. Investment in convertible securities forms an important part of the Fund s investment strategies. Under normal circumstances, the Fund will invest at least 20% of its managed assets in convertible securities. A convertible security is a debt security or preferred stock that is exchangeable for an equity security (typically of the same issuer) at a predetermined price (the conversion price). Depending upon the relationship of the conversion price to the market value of the underlying security, a convertible security may trade more like an equity security than a debt instrument. The Fund may invest in convertible securities of any rating. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Convertible Securities.

Synthetic Convertible Securities. The Fund may invest in synthetic convertible securities. A synthetic convertible security is a financial instrument that is designed to simulate the characteristics of another instrument (i.e., a convertible security) through the combined features of a collection of other securities or assets. Calamos may create a synthetic convertible security by combining separate securities that possess the two principal characteristics of a true convertible security, i.e., a fixed-income security (fixed-income component , which may be a convertible or non-convertible security) and the right to acquire an equity security (convertible component). The fixed-income component is achieved by investing in non-convertible, fixed-income securities such as bonds, preferred stocks and money market instruments. The convertible component is achieved by investing in warrants or options to buy common stock at a certain exercise price, or options on a stock index.

The Fund may also invest in synthetic convertible securities created by third parties, typically investment banks. Synthetic convertible securities created by such parties may be designed to simulate the characteristics of traditional convertible securities or may be designed to alter or emphasize a particular feature. Traditional convertible securities typically offer stable cash flows with the ability to participate in capital appreciation of the underlying common stock. Because traditional convertible securities are exercisable at the option of the holder, the holder is protected against downside risk. Synthetic convertible securities may alter these characteristics by offering enhanced yields in exchange for reduced capital appreciation or less downside protection, or any combination of these features. Synthetic convertible instruments may include structured notes, equity-linked notes, mandatory convertibles and combinations of securities and instruments, such as a debt instrument combined with a forward contract. The Fund s holdings of synthetic convertible securities are considered convertible securities for purposes of the Fund s policy to invest at least 20% of its managed assets in convertible securities and 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (high yield/high risk) non-convertible debt securities. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Synthetic Convertible Securities.

High Yield Securities. Investment in high yield securities forms an important part of the Fund s investment strategies. The Fund will invest in high yield securities for either current income or capital appreciation or both. Under normal circumstances, the Fund will invest at least 20% of its managed assets in high yield non-convertible debt securities. These securities are rated Ba or lower by Moody s or BB or lower by Standard & Poor s or are unrated securities of comparable quality as determined by Calamos, the Fund s investment adviser. The Fund may invest in high yield securities of any rating. The Fund may, but currently does not intend to, invest up to 5% of its managed assets in distressed securities that are in default or the issuers of which are in bankruptcy. Non-convertible debt securities rated below investment grade are commonly referred to as junk bonds and are considered speculative with respect to the issuer s capacity to pay interest and repay principal. They involve greater risk of loss, are subject to greater price volatility and are less liquid, especially during periods of economic uncertainty or change, than higher rated securities. See Investment Objective and Principal Investment Strategies Principal Investment Strategies High Yield Securities.

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Foreign Securities. Although the Fund primarily invests in securities of U.S. issuers, the Fund may invest up to 25% of its net assets in securities of foreign issuers in developed and emerging markets, including debt and equity securities of corporate issuers and debt securities of government issuers. The Fund may invest up to 15% of its managed assets in securities of foreign issuers in emerging markets. A foreign issuer is a foreign government or a company organized under the laws of a foreign country. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Foreign Securities.

Rule 144A Securities. The Fund may invest without limit in certain securities (Rule 144A Securities), such as convertible and debt securities, that are typically purchased in transactions exempt from the registration requirements of the 1933 Act pursuant to Rule 144A under that act. Rule 144A Securities may only be sold to qualified institutional buyers, such as the Fund. Any resale of these securities must generally be effected through a sale that is registered under the 1933 Act or otherwise exempted or excepted from such registration requirements. Under the supervision of the Fund s Board of Trustees, Calamos will determine whether Rule 144A Securities are illiquid. Typically, the Fund purchases Rule 144A Securities only if Calamos has determined them to be liquid. If any Rule 144A Security held by the Fund should become illiquid, the value of the security may be reduced and a sale of the security may be more difficult. See Investment Objective and Principal Investment Strategies Principal Investment Strategies Rule 144A Securities.

Options Writing. The Fund may seek to generate income from option premiums by writing (selling) options. The Fund may write (sell) call options (i) on a portion of the equity securities (including securities that are convertible into equity securities) in the Fund s portfolio and (ii) on broad-based securities indexes (such as the S&P 500 or MSCI EAFE) or certain ETFs (exchange traded funds) that trade like common stocks but seek to replicate such market indexes.

In addition, to seek to offset some of the risk of a potential decline in value of certain long positions, the Fund may also purchase put options on individual securities, broad-based securities indexes (such as the S&P 500 or MSCI EAFE), or certain ETFs that trade like common stocks but seek to replicate such market indexes.

Other Securities. The Fund may invest in other securities of various types to the extent consistent with its investment objective. Normally, the Fund invests substantially all of its assets to meet its investment objective. For temporary defensive purposes, the Fund may depart from its principal investment strategies and invest part or all of its assets in securities with remaining maturities of less than one year, cash equivalents, or may hold cash. During such periods, the Fund may not be able to achieve its investment objective. There are no restrictions as to the ratings of debt securities acquired by the Fund or the portion of the Fund s assets that may be invested in debt securities in a particular ratings category. See Investment Objective and Principal Investment Strategies Principal Investment Strategies.

Use of Leverage by the Fund

The Fund currently uses, and may in the future use, financial leverage. On July 28, 2003, the Fund issued Auction Market Preferred Shares with an aggregate liquidation preference of $430 million. In June 2008, the Fund redeemed $350 million aggregate liquidation preference of its outstanding Auction Market Preferred Shares with the proceeds of a renewable commercial paper conduit facility that has a maturity of 364 days. As of December 31, 2008, the Fund had outstanding Auction Market Preferred Shares with $80 million in aggregate liquidation preference and outstanding senior debt under the renewable commercial paper conduit facility with an aggregate principal amount of $190 million. Together such leverage represented, as of December 31, 2008, approximately 33% of the Fund s managed assets. The Fund may make further use of financial leverage through the issuance of additional preferred shares or may borrow money or issue additional debt securities to the extent permitted under the 1940 Act. As a non-fundamental policy, the aggregate liquidation preference of preferred shares and the aggregate principal amount of debt securities or borrowings may not exceed 38% of the Fund s total assets. However, subject to the following paragraph, the Board of Trustees reserves the right to issue preferred shares or debt securities or borrow to the extent permitted by the 1940 Act. See Prospectus Summary Recent Developments.

On February 10, 2009, the U.S. Securities and Exchange Commission issued an order under Section 6(c) of the 1940 Act exempting the Fund from certain provisions of Sections 18(a)(1)(A) and 18(a)(1)(B) of the 1940 Act (the Order). Under the terms of the Order, the Fund may issue or incur debt subject to asset coverage of 200% that would be used to refinance the Fund s Auction Market Preferred Shares issued prior to February 1, 2008 that are outstanding at the time the order was issued. In addition, the Order permits the Fund to declare dividends or any other distributions on, or purchase, capital stock during the term of the order, subject to maintaining 200% asset coverage. The relief granted by the Order is conditioned, among other things, on the Fund s Board of Trustees (including a majority of the Trustees who are not deemed to be interested persons under the 1940 Act) determining that such borrowings are in the best interest of the Fund, the Fund s common shareholders, and the Fund s Auction Market Preferred shareholders. There is no guarantee that the Fund s Board of Trustees will make this finding, such that the Fund can borrow in reliance upon the Order. Assuming that the Fund is able to meet the conditions of the Order, it may rely upon this exemptive relief until October 31, 2010. If the Fund is unable to refinance the borrowings made pursuant to the Order with an alternative form of equity-based senior security before that date, or if the Fund s Board of Trustees determines prior to that date that the borrowings made in reliance upon the Order are no longer in the best interests of the Fund s common shareholders, the Fund would be forced to reduce its leverage until its borrowings have an asset coverage of no less than 300%. See Leverage.

The Fund may not be leveraged at all times and the amount of leverage, if any, may vary depending upon a variety of factors, including Calamos outlook for the market and the costs that the Fund would incur as a result of such leverage. The Fund s leveraging strategy may not be successful. By leveraging its investment portfolio, the Fund creates an opportunity for increased net income or capital appreciation. However, the use of leverage also involves risks to common shareholders, which can be significant. These risks include the possibility that the value of the assets acquired with the proceeds of leverage decreases although the Fund s liability to holders of preferred shares or other types of leverage is fixed, greater volatility in the Fund s net asset value and the market price of the Fund s common shares, and higher expenses. In addition, the rights of lenders, the holders of preferred shares and the holders of debt securities issued by the Fund will be senior to the rights of the holders of common shares with respect to the payment of dividends or to the payment of the Fund s assets upon liquidation. Holders of preferred shares have, and holders of debt securities may have, voting rights in addition to, and separate from, the voting rights of common shareholders. See Description of Securities Preferred Shares and Certain Provisions of the Agreement and Declaration of Trust and By-Laws. The holders of preferred shares or debt, on the one hand, and the holders of the common shares, on the other, may have interests that conflict with each other in certain situations.

Because Calamos management fee is based upon a percentage of the Fund s managed assets, which include assets attributable to any outstanding leverage, Calamos fee is higher when the Fund is leveraged and Calamos will have an incentive to leverage the Fund. See Leverage and Risk Factors Leverage.

Interest Rate Transactions

In order to seek to reduce the interest rate risk inherent in the Fund s underlying investments and capital structure, the Fund, if Calamos deems market conditions favorable, may enter into interest rate swap or cap transactions to attempt to protect itself from increasing dividend or interest expenses on its leverage. The use of interest rate swaps and caps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions.

In an interest rate swap, the Fund would agree to pay to the other party to the interest rate swap (which is known as the counterparty) a fixed rate payment in exchange for the counterparty agreeing to pay to the Fund a payment at a variable rate that is expected to approximate the rate on any variable rate payment obligation on the Fund s leverage. The payment obligations would be based on the notional amount of the swap.

In an interest rate cap, the Fund would pay a premium to the counterparty to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Depending on the state of interest rates in general, the Fund s use of interest rate swap or cap transactions could enhance or harm the overall performance of the common shares. See Interest Rate Transactions.

Conflicts of Interest

Conflicts of interest may arise from the fact that Calamos and its affiliates carry on substantial investment activities for other clients, in which we have no interest. Calamos or its affiliates may have financial incentives to favor certain of these accounts over us. Any of their proprietary accounts or other customer accounts may compete with us for specific trades. Calamos or its affiliates may give advice and recommend securities to, or buy or sell securities for, other accounts and customers, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for, us, even though their investment objectives may be the same as, or similar to, our objective.

Situations may occur when we could be disadvantaged because of the investment activities conducted by Calamos and its affiliates for their other accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for us or the other accounts, thereby limiting the size of our position; or (2) the difficulty of liquidating an investment for us or the other accounts where the market cannot absorb the sale of the combined position. See Investment Objective and Principal Investment Strategies Conflicts of Interest.

Fund Risks

Convertible Securities Risk. The value of a convertible security is influenced by both the yield of non-convertible securities of comparable issuers and by the value of the underlying common stock. The value of a convertible security viewed without regard to its conversion feature (i.e., strictly on the basis of its yield) is sometimes referred to as its investment value. A convertible security s investment value tends to decline as prevailing interest rate levels increase. Conversely, a convertible security s investment value increases as prevailing interest rate levels decline.

However, the convertible s market value tends to reflect the market price of the common stock of the issuing company when that stock price is greater than the convertible s conversion price. The conversion price is defined as the predetermined price at which the convertible could be exchanged for the associated stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, the convertible security may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company s common stockholders. Consequently, the issuer s convertible securities generally entail less risk than its common stock. See Risk Factors Fund Risks Convertible Securities Risk.

Synthetic Convertible Securities Risk. The value of a synthetic convertible security may respond differently to market fluctuations than a convertible security because a synthetic convertible is composed of two or more separate securities or instruments, each with its own market value. In addition, if the value of the underlying common stock or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value. See Risk Factors Fund Risks Synthetic Convertible Securities Risk.

High Yield Securities Risk. Investment in high yield securities involves substantial risk of loss. Below investment grade non-convertible debt securities or comparable unrated securities are commonly referred to as junk bonds and are considered predominantly speculative with respect to the issuer s ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for high yield securities tend to be very volatile, and these securities are less liquid than investment grade debt securities. For these reasons, your investment in the Fund is subject to the following specific risks:

increased price sensitivity to changing interest rates and to a deteriorating economic environment;

greater risk of loss due to default or declining credit quality;

adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and

if a negative perception of the high yield market develops, the price and liquidity of high yield securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a high yield issuer to make principal payments and interest payments than an investment grade issuer. The principal amount of high yield securities outstanding has proliferated in the past decade as an increasing number of issuers have used high yield securities for corporate financing. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity.

The secondary market for high yield securities may not be as liquid as the secondary market for more highly rated securities, a factor which may have an adverse effect on the Fund s ability to dispose of a particular security. There are fewer dealers in the market for high yield securities than for investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for high yield securities could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Fund s net asset value. See Risk Factors Fund Risks High Yield Securities Risk.

Interest Rate Risk. In addition to the risks discussed above, debt securities are subject to certain risks, including:

if interest rates go up, the value of debt securities in the Fund s portfolio generally will decline;

during periods of declining interest rates, the issuer of a security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer;

during periods of rising interest rates, the average life of certain types of securities may be extended because of slower than expected principal payments. This may lock in a below market interest rate, increase the security s duration (the estimated period until the security is paid in full) and reduce the value of the security. This is known as extension risk; and

market interest rates currently are near historically low levels. See Risk Factors Fund Risks Interest Rate Risk.

Liquidity Risk. Illiquid securities may be difficult to dispose of at a fair price at the times when the Fund believes it is desirable to do so. Investment of the Fund s assets in illiquid securities may restrict the Fund s ability to take advantage of market opportunities. The risks associated with illiquid securities may be particularly acute in situations in which the Fund s operations require cash and could result in the Fund borrowing to meet its short-term needs or incurring losses on the sale of illiquid securities. See Risk Factors Fund Risks Liquidity Risk.

Foreign Securities Risk. Investments in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers. These risks are more pronounced to the extent that the Fund invests a significant portion of its non-U.S investments in one region or in the securities of emerging market issuers. These risks may include:

- less information about non-U.S. issuers or markets may be available due to less rigorous disclosure or accounting standards or regulatory practices;

many non-U.S. markets are smaller, less liquid and more volatile. In a changing market, Calamos may not be able to sell the Fund s portfolio securities at times, in amounts and at prices it considers reasonable;

an adverse effect of currency exchange rates or controls on the value of the Fund s investments;

the economies of non-U.S. countries may grow at slower rates than expected or may experience a downturn or recession;

economic, political and social developments may adversely affect the securities markets, including expropriation and nationalization;

the difficulty in obtaining or enforcing a court judgment in non-U.S. countries;

restrictions on foreign investments in non-U.S. jurisdictions;

difficulties in effecting the repatriation of capital invested in non-U.S. countries; and

withholding and other non-U.S. taxes may decrease the Fund s return. See Risk Factors Fund Risks Foreign Securities Risk.

Risks Associated with Options. There are several risks associated with transactions in options. For example, there are significant differences between the securities markets and options markets that could result in an imperfect correlation among these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. The Fund s ability to utilize options successfully will depend on Calamos ability to predict pertinent market movements, which cannot be assured.

The Fund may sell call options on individual securities and securities indices. All calls sold by the Fund must be covered. Even though the Fund will receive the option premium to help protect it against loss, a call option sold by the Fund exposes the Fund during the term of the option to possible loss of opportunity to realize appreciation in the market price of the underlying security or instrument and may require the Fund to hold a security or instrument that it might otherwise have sold. The Fund may purchase and sell put options on individual securities and securities indices. In selling put options, there is a risk that the Fund may be required to buy the underlying security at a disadvantageous price above the market price. See Risk Factors Fund Risks Risks Associated with Options.

Management Risk. Calamos judgment about the attractiveness, relative value or potential appreciation of a particular sector, security or investment strategy may prove to be incorrect. See Risk Factors Fund Risks Management Risk.

Tax Risk. The Fund may invest in certain securities, such as certain convertible securities, for which the federal income tax treatment may not be clear or may be subject to re-characterization by the Internal Revenue Service. It could be more difficult for the Fund to comply with the tax requirements applicable to regulated investment companies if the tax characterization of the Fund s investments or the tax treatment of the income from such investments were successfully challenged by the Internal Revenue Service. See Certain Federal Income Tax Matters.

Antitakeover Provisions. The Fund s Agreement and Declaration of Trust and By-laws include provisions that could limit the ability of other entities or persons to acquire control of the Fund or to change the composition of its Board of Trustees. Such provisions could limit the ability of shareholders to sell their shares at a premium over prevailing market prices by discouraging a third party from seeking to obtain control of the Fund. These provisions include staggered terms of office for the Trustees, advance notice requirements for shareholder proposals, and super-majority voting requirements for certain transactions with affiliates, converting the Fund to an open-end investment company or a merger, asset sale or similar transaction. Holders of preferred shares will have voting rights in addition to and separate from the voting rights of common shareholders with respect to certain of these matters. See Description of Shares Preferred Shares and Certain Provisions of the Agreement and Declaration of Trust and By-Laws. The holders of preferred shares, on the one hand, and the holders of the common shares, on the other, may have interests that conflict in these situations. See Risk Factors Fund Risks Antitakeover Provisions.

Market Disruption Risk. Certain events have a disruptive effect on the securities markets, such as terrorist attacks, war and other geopolitical events, earthquakes, storms and other disasters. The Fund cannot predict the effects of similar events in the future on the U.S. economy or any foreign economy. See Risk Factors Fund Risks Market Disruption Risk.

Additional Risks to Common Shareholders

Additional risks of investing in common shares include the following:

Leverage Risk. The Fund has issued preferred shares and indebtedness and may issue additional preferred shares or borrow money or issue debt securities. The borrowing of money or issuance of debt securities and preferred shares, including the outstanding Auction Market Preferred Shares and indebtedness, represents the leveraging of the Fund s common shares. As a non-fundamental policy, the aggregate liquidation preference of preferred shares and the aggregate principal amount of debt securities or borrowings may not exceed 38% of the Fund s total assets. However, the Board of Trustees reserves the right to issue preferred shares or debt securities or borrow to the extent permitted by the 1940 Act or under any order issued by the Commission. See Leverage. Leverage creates risks which may adversely affect the return for the holders of common shares, including:

- the likelihood of greater volatility of net asset value and market price of the Fund s common shares;
- fluctuations in the dividend rates on any preferred shares or in interest rates on borrowings and short-term debt;
- increased operating costs, which are effectively borne by common shareholders, may reduce the Fund s total return; and
- the potential for a decline in the value of an investment acquired with borrowed funds, while the Fund s obligations under such borrowing or preferred shares remain fixed.

In addition, the rights of lenders and the holders of preferred shares and debt securities issued by the Fund will be senior to the rights of the holders of common shares with respect to the payment of dividends or to the payment of assets upon liquidation. Holders of preferred shares have voting rights in addition to and separate from the voting rights of common shareholders. See Description of Shares Preferred Shares and Certain Provisions of the Agreement and Declaration of Trust and By-Laws. The holders of preferred shares, on the one hand, and the holders of the common shares, on the other, may have interests that conflict in certain situations.

Leverage is a speculative technique that could adversely affect the returns to common shareholders. Leverage can cause the Fund to lose money and can magnify the effect of any losses. To the extent the income or capital appreciation derived from securities purchased with funds received from leverage exceeds the cost of leverage, the Fund s return will be greater than if leverage had not been used. Conversely, if the income or capital appreciation from the securities purchased with such funds is not sufficient to cover the cost of leverage or if the Fund incurs capital losses, the return of the Fund will be less than if leverage had not been used, and therefore the amount available for distribution to common shareholders as dividends and other distributions will be reduced or potentially eliminated.

The Fund will pay, and common shareholders will effectively bear, any costs and expenses relating to any borrowings and to the issuance and ongoing maintenance of preferred shares or debt securities. Such costs and expenses include the higher management fee resulting from the use of any such leverage, offering and/or issuance costs, and interest and/or dividend expense and ongoing maintenance. In addition, the markets for auction rate securities have continued to face widening spreads, reduced demand and, more recently, an increased number of failed auctions. These conditions may, directly or indirectly, result in higher leverage costs to common shareholders.

Certain types of borrowings may result in the Fund being subject to covenants in credit agreements, including those relating to asset coverage, borrowing base and portfolio composition requirements and additional covenants that may affect the Fund s ability to pay dividends and distributions on common shares in certain instances. The Fund may also be required to pledge its assets to the lenders in connection with certain types of borrowings. The Fund may be subject to certain restrictions on investments imposed by guidelines of one or more NRSROs which may issue ratings for the preferred shares or short-term debt instruments issued by the Fund. These guidelines may impose asset coverage or portfolio composition requirements that are more stringent than those imposed by the 1940 Act. See Prospectus Summary Recent Developments.

Interest Rate Transactions Risk. The Fund may enter into an interest rate swap or cap transaction to attempt to protect itself from increasing dividend or interest expenses on its leverage resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap or cap, which may result in a decline in the net asset value of the Fund. See Risk Factors Interest Rate Transactions Risk.

Reduction of Leverage Risk. We have previously taken, and may in the future take, action to reduce the amount of leverage employed by the Fund. See Prospectus Summary Recent Developments. In addition, subject to then current market conditions and portfolio management assessment, we may use the proceeds of any offering under this prospectus and related prospectus supplement to redeem preferred shares, including the Auction Market Preferred Shares, to the extent that any such securities are outstanding. Reduction of the leverage employed by the Fund, including by redemption of preferred shares, will in turn reduce the amount of assets available for investment in portfolio securities. This reduction in leverage may negatively impact our financial performance, including our ability to sustain current levels of distributions on common shares.

Market Impact Risk. The sale of our common shares (or the perception that such sales may occur) may have an adverse effect on prices in the secondary market for our common shares by increasing the number of shares available, which may put downward pressure on the market price for our common shares. These sales also might make it more difficult for us to sell additional equity securities in the future at a time and price we deem appropriate.

Dilution Risk. The voting power of current shareholders will be diluted to the extent that such shareholders do not purchase shares in any future common share offerings or do not purchase sufficient shares to maintain their percentage interest. In addition, if we are unable to invest the proceeds of such offering as intended, our per share distribution may decrease (or may consist of return of capital) and we may not participate in market advances to the same extent as if such proceeds were fully invested as planned.

Market Discount Risk. The Fund s common shares have traded both at a premium and at a discount relative to net asset value. Common shares of closed-end investment companies frequently trade at prices lower than their net asset value. Depending on the premium of the Fund s common shares, the Fund s net asset value may be reduced immediately following an offering of the Fund s common shares by the offering expenses paid by the Fund. See Use of Proceeds.

In addition to net asset value, the market price of the Fund s common shares may be affected by such factors as the Fund s use of leverage, dividend stability, portfolio credit quality, liquidity, market supply and demand of the common shares and the Fund s dividends paid (which are, in turn, affected by expenses), call protection for portfolio securities and interest rate movements. See Leverage, Risk Factors and Description of Securities. The Fund s common shares ar designed primarily for long-term investors, and you should not purchase common shares if you intend to sell them shortly after purchase.

See Risk Factors Additional Risks to Common Shareholders for a more detailed discussion of these risks.

Additional Risks to Senior Security Holders

Additional risks of investing in senior securities include the following:

Interest Rate Risk. Rising market interest rates could impact negatively the value of our investment portfolio, reducing the amount of assets serving as asset coverage for the senior securities.

Senior Leverage Risk. Our preferred shares will be junior in liquidation and with respect to distribution rights to our debt securities and any other borrowings. Senior securities representing indebtedness may constitute a substantial lien and burden on preferred shares by reason of their prior claim against our income and against our net assets in liquidation. We may not be permitted to declare dividends or other distributions with respect to any series of our preferred shares unless at such time we meet applicable asset coverage requirements and the payment of principal or interest is not in default with respect to any borrowings.

Ratings and Asset Coverage Risk. To the extent that senior securities are rated, a rating does not eliminate or necessarily mitigate the risks of investing in our senior securities, and a rating may not fully or accurately reflect all of the credit and market risks associated with that senior security. A rating agency could downgrade the rating of our preferred shares or debt securities, which may make such securities less liquid in the secondary market, though probably with higher resulting interest rates. If a rating agency downgrades the rating assigned to a senior security, we may alter our portfolio or redeem the senior security. We may voluntarily redeem senior securities under certain circumstances.

Inflation Risk. Inflation is the reduction in the purchasing power of money resulting from an increase in the price of goods and services. Inflation risk is the risk that the inflation adjusted or real value of an investment in preferred shares or debt securities or the income from that investment will be worth less in the future. As inflation occurs, the real value of the preferred shares or debt securities and the dividend payable to holders of preferred shares or interest payable on debt securities declines.

Decline in Net Asset Value Risk. A material decline in our net asset value (NAV) may impair our ability to maintain required levels of asset coverage for our preferred shares or debt securities.

See Risk Factors Additional Risks to Senior Security Holders for a more detailed discussion of these risks.

SUMMARY OF FUND EXPENSES

The following table and example contain information about the costs and expenses that common shareholders will bear directly or indirectly. In accordance with Commission requirements, the table below shows our expenses, including leverage costs, as a percentage of our average net assets as of October 31, 2008, and not as a percentage of gross assets or managed assets. By showing expenses as a percentage of average net assets, expenses are not expressed as a percentage of all of the assets we invest. The table and example are based on our capital structure as of October 31, 2008, including expenses incurred in connection with borrowings under a renewable commercial paper conduit facility. See Prospectus Summary Recent Developments. The table and example reflect interest expense and related expenses associated with such borrowings, the aggregate principal amount of which was $231 million as of October 31, 2008. The proceeds of such borrowings were utilized entirely to redeem an equal aggregate liquidation amount of Auction Market Preferred Shares in June 2008. As of October 31, 2008, the Fund had outstanding Auction Market Preferred Shares with $80 million in aggregate liquidation preference and outstanding senior debt under the renewable commercial paper conduit facility with an aggregate principal amount of $231 million. Together such leverage represented, as of October 31, 2008, approximately 36% of the Fund s managed assets.

Shareholder Transaction Expense

Sales Load (as a percentage of offering price)	(1)
Offering Expenses Borne by the Fund (as a percentage of offering price)	(1)
Automatic Dividend Reinvestment Plan Fees(2)	None

Annual Expenses	**Percentage of Net Assets Attributable to Common Shareholders**
Management Fee(3)	1.18
Leverage Costs(4)	2.12
Acquired Fund Fees and Expenses(5)	.01
Other Expenses	.10
Total Annual Expenses	3.41
Less Fee Reductions and Expense Reimbursements(6)	(0.14)
Net Annual Expenses	3.27

Example:

The following example illustrates the expenses that common shareholders would pay on a $1,000 investment in common shares, assuming (1) net annual expenses of 3.31% of net assets attributable to common shares in year 1 and increasing to 3.34% in year 2, 3.38% in year 3, and 3.41% in years 4 through 10; (2) a 5% annual return; and (3) all distributions are reinvested at net asset value:

	1 Year	**3 Years**	**5 Years**	**10 Years**
Total Expenses Paid by Common Shareholders(7)	$ 33	$ 103	$ 175	$ 368

The example should not be considered a representation of future expenses. Actual expenses may be greater or less than those assumed. Moreover, our actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

(1) If the securities to which this prospectus relates are sold to or through underwriters, the prospectus supplement will set forth any applicable sales load and the estimated offering expenses borne by us.

(2) Shareholders will pay a transaction fee plus brokerage charges if they direct the Plan Agent to sell common shares held in a Plan account. See Automatic Dividend Reinvestment Plan.

(3) The Fund pays Calamos an annual management fee, payable monthly, for its investment management services equal to 0.80% of the Fund s average weekly managed assets. In accordance with the requirements of the

Commission, the table above shows the Fund s management fee as a percentage of average net assets. By showing the management fee as a percentage of net assets, the management fee is not expressed as a percentage of all of the assets the Fund intends to invest. For purposes of the table, the management fee has been converted to 1.18% of the Fund s average weekly net assets as of October 31, 2008 by dividing the total dollar amount of the management fee by the Fund s average weekly net assets (managed assets less outstanding leverage).

(4) Leverage Costs in the table reflect (a) the cost of auction agent and rating agency fees on the Auction Market Preferred Shares, expressed as a percentage of net assets, (b) the cost of dividends on the Auction Market Preferred Shares, and (c) interest expense on borrowings under the renewable commercial paper conduit facility we utilized in connection with refinancing certain of the Auction Market Preferred Shares and related costs. The table assumes average outstanding Auction Market Preferred Shares of $289 million and average indebtedness of $135 million, which reflects leverage in an amount representing approximately 32% of the Fund s average weekly managed assets.

(5) The Fund may invest a portion of its assets in Calamos Government Money Market Fund, a series of Calamos Investment Trust (GMMF). The Adviser has contractually agreed to waive, through February 28, 2009, a portion of its advisory fee charged to the Fund, in an amount equal to the advisory fee payable by GMMF to Calamos that is attributable to the Fund s investment in GMMF, based on daily net assets.

(6) Assumes contractual waiver of fees of 0.07% of average weekly managed assets as of October 31, 2008 which may not be recaptured by Calamos. For purposes of the table, this waiver amount has been converted to 0.13% of the Fund s net assets as of October 31, 2008 by dividing the total dollar amount of the waiver by the Fund s net assets (managed assets less outstanding leverage).

(7) The example does not include sales load or estimated offering costs. The example assumes a contractual waiver of advisory fees of 0.07% of average weekly managed assets in 2009, 0.05% in 2010 and 0.03% in 2011.

The purpose of the table and the example above is to help investors understand the fees and expenses that they, as common shareholders, would bear directly or indirectly. For additional information with respect to our expenses, see Management of the Fund.

FINANCIAL HIGHLIGHTS

The information in the following table shows selected data for a common share outstanding throughout each period listed below. Deloitte & Touche LLP, an independent registered public accounting firm, has audited the information for the fiscal years ended October 31, 2008, October 31, 2007, October 31, 2006, October 31, 2005, and October 31, 2004 and the period May 28, 2003 through October 31, 2003. The report of Deloitte & Touche LLP is contained in our 2008 Annual Report and included in the statement of additional information, both of which are available from us.

	For the Year Ended October 31					May 28, 2003 through October 31, 2003
	2008	2007	2006	2005	2004	
Net asset value, beginning of period	$ 15.64	$ 15.44	$ 15.21	$ 15.47	$ 14.80	$ 14.32(e)
Income from investment operations:						
Net investment income (loss)	1.05*	1.27*	1.34	1.49	1.60	0.44
Net realized and unrealized gain (loss) from investments, written options, foreign currency and interest rate swaps	(6.63)	0.75	0.75	(0.09)	0.63	0.46
Distributions to preferred shareholders from:						
Net investment income (common share equivalent basis)	(0.12)	(0.30)	(0.29)	(0.20)	(0.10)	(0.02)
Capital gains (common share equivalent basis)	(0.07)	(0.03)	(0.02)			
Total from investment operations	(5.77)	1.69	1.78	1.20	2.13	(0.88)
Less distributions to common shareholders from:						

Net investment income	(1.34)	(1.22)	(1.29)	(1.34)	(1.46)	(0.37)
Capital gains	(0.23)	(0.27)	(0.26)	(0.12)		
Capital charge resulting from issuance of common and preferred shares	**		**			(0.03)
Net asset value, end of period	$ 8.30	$ 15.64	$ 15.44	$ 15.21	$ 15.47	$ 14.80
Market value, end of period	$ 8.74	$ 14.67	$ 16.98	$ 15.52	$ 16.74	$ 16.00
Total investment return based on(a):						
Net asset value	(39.96)%	11.31%	12.16%	7.99%	14.91%	5.92%
Market value	(32.59)%	(5.06)%	20.88%	1.83%	15.02%	9.36%
Ratios and supplemental data:						
Net assets applicable to common shareholders, end of period (000 s omitted)	$ 563,187	$ 1,054,614	$ 1,030,741	$ 940,736	$ 945,037	$ 891,152
Preferred shares, at redemption value ($25,000 per share liquidation preference) (000 s omitted)	$ 80,000	$ 430,000	$ 430,000	$ 430,000	$ 430,000	$ 430,000
Ratios to average net assets applicable to common shareholders:						
Net expenses(b)	1.91%	1.18%	1.20%	1.23%	1.25%	1.11%
Gross expenses prior to expense reductions and earnings credits(b)	2.04%	1.33%	1.34%	1.38%	1.40%	1.24%
Net investment income (loss)(b)	7.77%	8.20%	8.76%	9.55%	10.56%	7.85%
Preferred share distributions	0.87%	1.95%	1.88%	1.30%	0.65%	0.34%
Net investment income (loss), net of preferred share distributions from net investment income(b)	6.90%	6.25%	6.88%	8.25%	9.91%	7.51%
	55%	57%	38%	55%	27%	20%

Portfolio turnover rate						
Asset coverage per preferred share, at end of period(c)	$ 201,006	$ 86,333	$ 84,945	$ 79,708	$ 79,952	$ 76,811
Asset coverage per $1,000 of loan outstanding(d)	3,438					

Commencement of operations.

* Net investment income allocated based on average shares method.

** Amount equated to less than $0.005 per common share.

(a) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of the period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund s dividend reinvestment plan. Total return is not annualized for periods less than one year. Brokerage commissions are not reflected. NAV per share is determined by dividing the value of the Fund s portfolio securities, cash and other assets, less all liabilities, by the total number of common shares outstanding. The common share market price is the price the market is willing to pay for shares of the Fund at a given time. Common share market price is influenced by a range of factors, including supply and demand and market conditions.

(b) Does not reflect the effect of dividend payments to Preferred Shareholders.

(c) Calculated by subtracting the Fund s total liabilities (not including Preferred Shares) from the Fund s total assets and dividing this by the number of Preferred Shares outstanding.

(d) Calculated by subtracting the Fund s total liabilities (not including note payable) and preferred shares from the Fund s total assets and dividing this by the Note payable outstanding.

(e) Net of sales load of $0.675 on initial shares issued and beginning net asset value of $14.325.

MARKET AND NET ASSET VALUE INFORMATION

Our common shares are listed on the New York Stock Exchange (NYSE) under the symbol CHY. Our common shares commenced trading on the NYSE in May 2003.

Our common shares have traded both at a premium and a discount to NAV. We cannot predict whether our shares will trade in the future at a premium or discount to NAV. The provisions of the 1940 Act generally require that the public offering price of common shares (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company s common stock (calculated within 48 hours of pricing). Our issuance of common shares may have an adverse effect on prices in the secondary market for our common shares by increasing the number of common shares available, which may put downward pressure on the market price for our common shares. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV. See Risk Factors Additional Risks to Common Shareholders Market Discount Risk.

The following table sets forth for each of the periods indicated the high and low closing market prices for our common shares on the NYSE, the NAV per share and the premium or discount to NAV per share at which our common shares were trading. NAV is determined on the last business day of each month. See Determination of Net Asset Value for information as to the determination of our NAV.

	Market Price(1)		Net Asset	Premium/ (Discount) to Net Asset Value(3)	
Quarter Ended	**High**	**Low**	**Value(2)**	**High**	**Low**
July 31, 2003	15.66	14.87	14.12	10.91%	5.31%
October 31, 2003	16.00	14.70	14.80	8.11%	(0.68)%
January 31, 2004	17.10	15.72	15.43	10.82%	1.88%
April 30, 2004	17.05	14.80	15.07	13.14%	(1.79)%
July 31, 2004	15.90	14.00	14.81	7.36%	(5.47)%
October 31, 2004	16.74	15.72	15.47	8.21%	1.62%
January 31, 2005	17.18	16.25	15.80	8.73%	2.85%
April 30, 2005	17.00	14.72	15.02	13.18%	(2.00)%
July 31, 2005	16.83	15.26	15.76	6.79%	(3.17)%
October 31, 2005	16.74	15.25	15.21	10.06%	0.26%
January 31, 2006	16.31	15.50	15.60	4.55%	(0.64)%
April 30, 2006	16.60	15.73	15.56	6.68%	1.09%
July 31, 2006	16.86	15.87	15.03	12.18%	5.59%
October 31, 2006	17.22	16.13	15.44	11.53%	4.47%
January 31, 2007	17.38	16.69	15.71	10.63%	6.24%
April 30, 2007	17.43	16.33	15.98	9.07%	2.19%
July 31, 2007	17.33	14.56	14.81	17.02%	(1.69)%
October 31, 2007	15.51	12.93	15.64	(0.83)%	(17.33)%
January 31, 2008	14.43	12.47	14.01	3.00%	(10.99)%
April 30, 2008	14.67	11.59	14.10	4.04%	(17.80)%
July 31, 2008	14.65	11.29	13.03	12.43%	(13.35)%
October 31, 2008	13.13	7.40	8.30	58.19%	(10.84)%
January 31, 2009	9.41	5.77	8.52	10.45%	(32.28)%

Source: Bloomberg Financial and Fund Accounting Records.

(1) Based on high and low closing market price during the respective quarter.

(2) Based on the NAV calculated on the close of business on the last business day of each calendar quarter.

(3) Based on the Fund s computations.

The last reported sale price, NAV per common share and percentage premium to NAV per common share on December 31, 2008 were $8.48, $8.23 and 3.04%, respectively. As of December 31, 2008, we had 67,963,523 common shares outstanding and net assets of approximately $559,027,908.

USE OF PROCEEDS

Subject to the remainder of this section, and unless otherwise specified in a prospectus supplement, we currently intend to invest the net proceeds of any sales of our securities pursuant to this prospectus in accordance with our investment objective and policies as described under Investment Objective and Principal Investment Strategies within approximately three months of receipt of such proceeds. Such investments may be delayed if suitable investments are unavailable at the time or for other reasons. Pending such investment, we anticipate that we will invest the proceeds in securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations. We may also use proceeds from the sale of our securities to (i) retire all or a portion of any short-term debt we incur in pursuit of our investment objective and policies, (ii) redeem any outstanding senior securities, including, to the extent any are outstanding, our Auction Market Preferred Shares, and (iii) for working capital purposes, including the payment of interest and operating expenses, although there is currently no intent to issue securities primarily for this purpose. A delay in the anticipated use of proceeds could lower returns, reduce our distribution to common shareholders and reduce the amount of cash available to make dividend and interest payments on preferred shares and debt securities, respectively.

THE FUND

Calamos Convertible and High Income Fund is a diversified, closed-end management investment company which commenced investment operations in May 2003. The Fund was organized under the laws of the State of Delaware on March 12, 2003, and has registered under the 1940 Act. On May 27, 2003, the Fund issued an aggregate 52,200,000 common shares, no par value, in an initial public offering and commenced its operations. On June 11, 2003 and July 15, 2003, the Fund issued an additional 4,000,000 and 3,800,000 common shares, respectively, in connection with exercises by the underwriters of their over-allotment option. The net proceeds of the initial public offering and subsequent exercises of the over-allotment option were approximately $858.2 million after the payment of offering expenses. As of December 31, 2008, the Fund had issued an additional 251,549 common shares in connection with a continuous, at-the-market offering that commenced in June 2008. The net proceeds of that offering through December 31, 2008 were approximately $2,560,741 after the payment of offering expenses. On July 28, 2003, the Fund issued Auction Market Preferred Shares, liquidation preference $25,000 per share ($430,000,000 in the aggregate). In June 2008, the Fund redeemed $350 million aggregate liquidation preference of its outstanding Auction Market Preferred Shares with the proceeds of a renewable commercial paper conduit facility that has a maturity of 364 days. As of December 31, 2008, the Fund had outstanding Auction Market Preferred Shares with $80 million in aggregate liquidation preference and outstanding senior debt under the renewable commercial paper conduit facility with an aggregate principal amount of $190 million. Together such leverage represented, as of December 31, 2008, approximately 33% of the Fund s managed assets. The Fund s common shares are listed on the NYSE under the symbol CHY. The Fund s principal office is located at 2020 Calamos Court, Naperville, Illinois 60563, and its telephone number is 1-800-582-6959.

The following table provides information about our outstanding securities as of December 31, 2008:

Title of Class	**Amount Authorized**	**Amount Held by the Fund or for**	**Amount Outstanding**

		its Account	
Common Shares	Unlimited	0	67,963,523
Auction Market Preferred Shares	Unlimited	0	3,200
Series M		0	558
Series TU		0	558
Series W		0	558
Series TH		0	558
Series F		0	558
Series A		0	410

The following sets forth information about the Fund s outstanding Auction Market Preferred Shares as of the dates indicated below:

Fiscal Year Ended	Total Liquidation Preference Outstanding	Asset Coverage per Share ($25,000 Liquidation Preference)	Average Fair Value per $25,000 Denomination or per Share Amount(a)(b)
October 31, 2008	$ 80,000,000	$ 201,006	$ 25,000
October 31, 2007	$ 430,000,000	$ 86,333	$ 25,000
October 31, 2006	$ 430,000,000	$ 84,945	$ 25,000
October 31, 2005	$ 430,000,000	$ 79,708	$ 25,000
October 31, 2004	$ 430,000,000	$ 79,952	$ 25,000
October 31, 2003	$ 430,000,000	$ 76,811	$ 25,000

(a) Fair value of the Auction Market Preferred Shares approximates the liquidation preference because dividend rates payable on the Auction Market Preferred Shares are determined at auctions and fluctuate with changes in current market interest rates.

(b) In June 2008, the Fund redeemed $350 million aggregate liquidation preference of its outstanding Auction Market Preferred Shares with the proceeds of the renewable commercial paper conduit facility. See Prospectus Summary Recent Developments.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

Investment Objective

The Fund s investment objective is to provide total return through a combination of capital appreciation and current income. The Fund s investment objective may be changed by the Board of Trustees without a shareholder vote, although the Fund will give shareholders at least 60 days notice of any change to the Fund s investment objective. The Fund makes no assurance that it will realize its objective. An investment in the Fund may be speculative in that it involves a high degree of risk and should not constitute a complete investment program. See Risk Factors.

Principal Investment Strategies

Under normal circumstances, the Fund will invest at least 80% of its managed assets in a diversified portfolio of convertible securities and below investment grade (hi