

PIMCO MUNICIPAL INCOME FUND II  
Form N-Q  
October 17, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANY**

|   |  |
|---|--|
| <b>Investment Company Act File Number:</b>          | <b>811-21076</b>   |
| <b>Registrant Name:</b>                             | <b>PIMCO Municipal Income Fund II</b>  |
| Address of Principal Executive Offices:             | 1633 Broadway, 43 <sup>rd</sup> Floor,<br>New York, NY 10019                         |
| Name and Address of Agent for Service:              | Lawrence G. Altadonna<br>1633 Broadway, 43 <sup>rd</sup> Floor<br>New York, NY 10019 |
| Registrant's telephone number, including area code: | 212-739-3371   |
| Date of Fiscal Year End:                            | May 31, 2013   |
| Date of Reporting Period:                           | August 31, 2012  |



**Item 1. Schedule of Investments****PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited)

Principal

Amount

| (000s)                                   |  | Value*        |
|--|--|---------------|
| <b>MUNICIPAL BONDS &amp; NOTES 97.9%</b> |  |               |
| <b>Alabama 1.4%</b>                      |  |               |
| \$ 10,000                                | Birmingham-Baptist Medical Centers Special Care Facs. Financing Auth. Rev.,<br>Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A | \$ 10,146,500 |
| 1,235                                    | Montgomery BMC Special Care Facs. Financing Auth. Rev.,<br>5.00%, 11/15/29, Ser. B (NPFGC)   | 1,235,531     |
| 2,000                                    | State Docks Department Rev., 6.00%, 10/1/40  | 2,297,260     |
| 2,530                                    | Tuscaloosa Public Educational Building Auth. Rev., Stillman College Project,<br>5.00%, 6/1/26, Ser. A                                | 2,147,439     |
|  |  | 15,826,730    |
| <b>Arizona 7.1%</b>                      |  |               |
| 3,500                                    | Health Facs. Auth. Rev., Banner Health,<br>5.00%, 1/1/35, Ser. A   | 3,728,130     |
| 2,860                                    | 5.50%, 1/1/38, Ser. D  | 3,163,046     |
| 29,700                                   | Pima Cnty. Industrial Dev. Auth. Rev.,<br>5.00%, 9/1/39  | 31,060,557    |
| 1,500                                    | Tucson Electric Power Co.,<br>5.25%, 10/1/40, Ser. A   | 1,627,110     |
| 1,750                                    | Pinal Cnty. Electric Dist. No. 3 Rev.,<br>5.25%, 7/1/36  | 1,930,267     |
| 3,700                                    | 5.25%, 7/1/41  | 4,052,166     |
| 10,000                                   | Salt River Project Agricultural Improvement & Power Dist. Rev.,<br>5.00%, 1/1/39, Ser. A (i)   | 11,198,100    |
| 22,400                                   | Salt Verde Financial Corp. Rev., 5.00%, 12/1/37  | 23,972,032    |
|  |  | 80,731,408    |
| <b>California 13.2%</b>                  |  |               |
| 6,000                                    | Bay Area Toll Auth. Rev., San Francisco Bay Area,<br>5.00%, 10/1/29  | 6,826,620     |
| 1,430                                    | 5.00%, 4/1/34, Ser. F-1  | 1,598,983     |
| 1,565                                    | Foothill-Eastern Transportation Corridor Agcy. Rev.,<br>5.875%, 1/15/26 (IBC-NPFGC)  | 1,627,037     |
| 7,000                                    | Golden State Tobacco Securitization Corp. Rev.,<br>5.75%, 6/1/47, Ser. A-1   | 5,967,220     |
| 2,000                                    | Hayward Unified School Dist., GO, 5.00%, 8/1/33  | 2,075,920     |
| 1,500                                    | Health Facs. Financing Auth. Rev.,<br>Scripps Health, 5.00%, 11/15/36, Ser. A  | 1,651,905     |
| 6,300                                    | Sutter Health,<br>5.00%, 11/15/42, Ser. A (IBC-NPFGC)  | 6,619,977     |
| 3,000                                    | 6.00%, 8/15/42, Ser. B   | 3,573,330     |
| 1,500                                    | Indian Wells Redev. Agcy., Tax Allocation, Whitewater Project,<br>4.75%, 9/1/34, Ser. A (AMBAC)                                      | 1,332,960     |

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|       |  |           |
|-------|--|-----------|
| 2,000 | Los Angeles Community College Dist., GO,<br>5.00%, 8/1/32, Ser. A (FGIC-NPFGC)                           | 2,239,120 |
| 4,000 | Los Angeles Department of Water & Power Rev.,<br>5.00%, 7/1/39, Ser. A-1 (AMBAC)                         | 4,324,600 |
| 5,000 | Los Angeles Unified School Dist., GO, 5.00%, 7/1/30, Ser. E (AMBAC)                                      | 5,445,000 |
| 2,000 | Montebello Unified School Dist., GO, 5.00%, 8/1/33 (AGM)   | 2,191,060 |
| 1,750 | M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B  | 2,230,235 |
| 3,145 | Municipal Finance Auth. Rev., Azusa Pacific Univ. Project,<br>7.75%, 4/1/31, Ser. B                      | 3,710,408 |
| 650   | Murrieta Valley Unified School Dist. Public Financing Auth., Special Tax,<br>4.75%, 9/1/36, Ser. A (AGC) | 666,829   |

**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s) |  | Value*       |
|-------------------------|--|--------------|
|                         | <b>California (continued)</b>  |              |
| \$ 3,000                | Newport Beach Rev., Hoag Memorial Hospital Presbyterian,<br>5.875%, 12/1/30                  | \$ 3,653,250 |
| 500                     | Peralta Community College Dist., GO, 5.00%, 8/1/39, Ser. C                                   | 530,500      |
| 2,000                   | San Diego Cnty. Water Auth., CP, 5.00%, 5/1/38, Ser. 2008-A (AGM)                            | 2,164,300    |
| 3,300                   | San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A                                   | 3,665,079    |
| 2,000                   | Santa Clara Cnty. Financing Auth. Rev., El Camino Hospital,<br>5.75%, 2/1/41, Ser. A (AMBAC) | 2,189,720    |
|                         | State, GO,   |              |
| 2,925                   | 5.00%, 11/1/32   | 3,194,948    |
| 1,590                   | 5.00%, 6/1/37  | 1,706,817    |
| 5,200                   | 5.125%, 8/1/36   | 5,716,776    |
| 2,500                   | 5.25%, 3/1/38  | 2,725,775    |
| 5,945                   | 5.25%, 11/1/40   | 6,790,320    |
| 5,750                   | 5.50%, 3/1/40  | 6,632,453    |
| 9,500                   | 6.00%, 4/1/38  | 11,274,790   |
|                         | Statewide Communities Dev. Auth. Rev.,<br>California Baptist Univ.,                          |              |
| 3,390                   | 5.75%, 11/1/17, Ser. B (a)(d)  | 3,894,669    |
| 850                     | 6.50%, 11/1/21   | 1,036,260    |
| 1,000                   | Cottage Health, 5.00%, 11/1/40<br>Methodist Hospital Project (FHA),                          | 1,069,650    |
| 5,500                   | 6.625%, 8/1/29   | 6,961,955    |
| 19,500                  | 6.75%, 2/1/38  | 24,041,745   |
| 5,690                   | Sutter Health, 6.00%, 8/15/42, Ser. A  | 6,777,416    |
| 4,725                   | Torrance Rev., Torrance Memorial Medical Center, 5.00%, 9/1/40, Ser. A                       | 5,038,598    |
|                         |  | 151,146,225  |
|                         | <b>Colorado 1.8%</b>   |              |
| 5,800                   | Aurora Rev., Children's Hospital Assoc., 5.00%, 12/1/40                                      | 6,335,514    |
| 1,000                   | Denver Health & Hospital Auth. Rev., 5.625%, 12/1/40<br>Health Facs. Auth. Rev., Ser. A,     | 1,106,350    |
| 1,000                   | American Baptist Homes, 5.90%, 8/1/37  | 1,002,460    |
| 2,500                   | Catholic Health Initiatives, 5.00%, 2/1/41   | 2,715,850    |
| 500                     | Evangelical Lutheran, 6.125%, 6/1/38, (Pre-refunded @ \$100, 6/1/14) (c)                     | 550,115      |
| 6,045                   | Sisters of Charity of Leavenworth Health System, 5.00%, 1/1/40                               | 6,580,950    |
| 1,430                   | Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38                                       | 1,820,433    |
|                         |  | 20,111,672   |
|                         | <b>Connecticut 0.3%</b>  |              |
| 1,250                   | Harbor Point Infrastructure Improvement Dist., Tax Allocation,<br>7.875%, 4/1/39, Ser. A     | 1,425,088    |
| 2,000                   | State Health & Educational Fac. Auth. Rev., Hartford Healthcare,<br>5.00%, 7/1/41, Ser. A    | 2,145,760    |
|                         |  | 3,570,848    |

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**Florida 3.6%**

|       |   |           |
|-------|---|-----------|
| 1,000 | Brevard Cnty. Health Facs. Auth. Rev., Health First, Inc. Project,<br>7.00%, 4/1/39 | 1,230,840 |
| 600   | Broward Cnty. Airport System Rev., 5.375%, 10/1/29, Ser. O                          | 688,920   |
| 8,500 | Broward Cnty. Water & Sewer Utility Rev., 5.25%, 10/1/34, Ser. A (i)                | 9,782,820 |

**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s) |  | Value*       |
|-------------------------|--|--------------|
|                         | <b>Florida (continued)</b>   |              |
| \$ 1,000                | Clearwater Water & Sewer Rev., 5.25%, 12/1/39, Ser. A                                      | \$ 1,134,890 |
| 340                     | Dev. Finance Corp. Rev., Renaissance Charter School, 6.50%, 6/15/21, Ser. A                | 383,040      |
| 3,000                   | Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.625%, 11/15/37, Ser. B | 3,478,530    |
| 7,135                   | Jacksonville Health Facs. Auth. Rev., Ascension Health, 5.25%, 11/15/32, Ser. A            | 7,255,653    |
| 3,000                   | Leesburg Hospital Rev., Leesburg Regional Medical Center Project, 5.50%, 7/1/32            | 3,002,100    |
| 500                     | Sarasota Cnty. Health Facs. Auth. Rev., 5.75%, 7/1/37                                      | 395,485      |
| 7,900                   | State Board of Education, GO, 5.00%, 6/1/38, Ser. D (i)                                    | 9,017,534    |
| 5,000                   | Sumter Landing Community Dev. Dist. Rev., 4.75%, 10/1/35, Ser. A (NPFGC)                   | 5,026,750    |
|                         |  | 41,396,562   |
|                         | <b>Georgia 0.4%</b>  |              |
| 1,500                   | Atlanta Airport Rev., 5.00%, 1/1/40, Ser. A  | 1,644,105    |
| 2,775                   | Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37      | 2,670,549    |
|                         |  | 4,314,654    |
|                         | <b>Illinois 7.5%</b>   |              |
| 10,000                  | Chicago, GO, 5.00%, 1/1/34, Ser. C (i)   | 10,962,100   |
|                         | Chicago, Special Assessment, Lake Shore East, 6.625%, 12/1/22                              | 2,855,875    |
| 2,764                   |  | 2,855,875    |
| 5,871                   |  | 6,064,391    |
| 1,250                   | Chicago Motor Fuel Tax Rev., 5.00%, 1/1/38, Ser. A (AGC)                                   | 1,321,563    |
| 5,000                   | Cicero, GO, 5.25%, 12/1/31 (NPFGC) (Pre-refunded @ \$101, 12/1/12) (c)                     | 5,109,300    |
|                         | Finance Auth. Rev.,  |              |
| 2,500                   | Christian Homes, Inc., 5.75%, 5/15/31, Ser. A  | 2,604,900    |
| 250                     | Leafs Hockey Club Project, 6.00%, 3/1/37, Ser. A (b)(f)                                    | 83,845       |
| 700                     | OSF Healthcare System, 7.125%, 11/15/37, Ser. A  | 845,061      |
| 2,000                   | Provena Health, 6.00%, 5/1/28, Ser. A  | 2,318,480    |
| 5,000                   | Univ. of Chicago, 5.50%, 7/1/37, Ser. B (i)  | 5,884,550    |
| 37,000                  | Sports Facs. Auth. Rev., 5.50%, 6/15/30 (AMBAC)  | 40,406,220   |
|                         | Village of Hillside, Tax Allocation, Mannheim Redev. Project, 6.55%, 1/1/20                | 4,254,119    |
| 4,240                   |  | 4,254,119    |
| 2,900                   |  | 2,799,457    |
|                         |  | 85,509,861   |
|                         | <b>Indiana 0.5%</b>  |              |
| 1,500                   | Finance Auth. Rev., Duke Energy Indiana, Inc., 6.00%, 8/1/39, Ser. B                       | 1,711,350    |
|                         | Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc., 5.80%, 9/1/47 (a)(d)                 | 1,010,562    |
| 990                     |  | 1,010,562    |

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|                  |   |           |
|------------------|---|-----------|
| 1,900            | 7.50%, 9/1/22                                 | 2,474,807 |
|                  |   | 5,196,719 |
| <b>Iowa 4.3%</b> |   |           |
|                  | Finance Auth. Rev.,                           |           |
|                  | Deerfield Retirement Community, Inc., Ser. A, |           |
| 250              | 5.50%, 11/15/27                               | 237,630   |
| 1,075            | 5.50%, 11/15/37                               | 979,594   |
| 4,500            | Edgewater LLC Project, 6.75%, 11/15/42        | 4,505,220 |



**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s) |   | Value*        |
|-------------------------|---|---------------|
|                         | <b>Iowa (continued)</b>   |               |
| \$ 46,000               | Tobacco Settlement Auth. Rev., 5.60%, 6/1/34, Ser. B                  | \$ 42,827,840 |
|                         |   | 48,550,284    |
|                         | <b>Kansas 0.1%</b>  |               |
| 500                     | Dev. Finance Auth. Rev., Adventist Health, 5.75%, 11/15/38            | 582,350       |
| 850                     | Manhattan Rev., Meadowlark Hills Retirement, 5.00%, 5/15/36, Ser. A   | 842,945       |
|                         |   | 1,425,295     |
|                         | <b>Kentucky 0.3%</b>  |               |
|                         | Economic Dev. Finance Auth. Rev.,                                     |               |
| 2,500                   | Catholic Healthcare Partners, 5.25%, 10/1/30                          | 2,508,800     |
| 1,000                   | Owensboro Medical Healthcare Systems, 6.375%, 6/1/40, Ser. A          | 1,185,860     |
|                         |   | 3,694,660     |
|                         | <b>Louisiana 3.7%</b>   |               |
|                         | Local Gov t Environmental Facs. & Community Dev. Auth. Rev.,          |               |
| 450                     | Westlake Chemical Corp., 6.50%, 11/1/35, Ser. A-2                     | 523,836       |
|                         | Woman s Hospital Foundation, Ser. A,                                  |               |
| 750                     | 5.875%, 10/1/40   | 847,253       |
| 1,000                   | 6.00%, 10/1/44  | 1,134,530     |
|                         | Public Facs. Auth. Rev., Ochsner Clinic Foundation Project,           |               |
| 3,300                   | 5.50%, 5/15/47, Ser. B  | 3,472,128     |
| 2,000                   | 6.50%, 5/15/37  | 2,383,340     |
| 33,395                  | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001-B | 34,155,738    |
|                         |   | 42,516,825    |
|                         | <b>Maryland 0.9%</b>  |               |
|                         | Health & Higher Educational Facs. Auth. Rev.,                         |               |
| 1,000                   | Adventist Healthcare, 5.75%, 1/1/25, Ser. A                           | 1,017,080     |
| 1,400                   | Charlestown Community, 6.25%, 1/1/41                                  | 1,598,604     |
| 1,010                   | King Farm Presbyterian Community, 5.30%, 1/1/37, Ser. A               | 928,513       |
| 2,380                   | Medstar Health, 5.00%, 8/15/41  | 2,606,076     |
| 4,050                   | Washington Cnty. Hospital, 6.00%, 1/1/43                              | 4,362,012     |
|                         |   | 10,512,285    |
|                         | <b>Massachusetts 0.9%</b>   |               |
|                         | Dev. Finance Agcy. Rev.,  |               |
|                         | Adventcare Project,   |               |
| 4,610                   | 6.75%, 10/15/37, Ser. A   | 4,852,809     |
| 580                     | 7.625%, 10/15/37  | 657,679       |

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|       |  |           |
|-------|--|-----------|
| 1,000 | Foxborough Regional Charter School, 7.00%, 7/1/42, Ser. A                          | 1,143,340 |
| 2,900 | State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A                           | 3,302,288 |
|       |  | 9,956,116 |
|       | <b>Michigan 2.6%</b>   |           |
| 1,000 | Detroit, GO, 5.25%, 11/1/35  | 1,097,110 |
| 5,000 | Detroit Water and Sewerage Department Rev., 5.25%, 7/1/39, Ser. A                  | 5,327,400 |
| 5,000 | Detroit Water Supply System Rev., 5.25%, 7/1/41, Ser. A                            | 5,277,650 |
| 800   | Public Educational Facs. Auth. Rev., Bradford Academy, 6.50%, 9/1/37 (a)(d)        | 531,384   |
| 3,000 | Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital,<br>8.25%, 9/1/39 | 3,866,640 |

**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s) |  | Value*       |
|-------------------------|--|--------------|
|                         | <b>Michigan (continued)</b>  |              |
|                         | State Hospital Finance Auth. Rev., Oakwood Group, Ser. A (Pre-refunded @ \$100, 4/1/13) (c), |              |
| \$ 3,000                | 5.75%, 4/1/32  | \$ 3,094,530 |
| 1,925                   | 6.00%, 4/1/22  | 1,988,390    |
| 10,510                  | Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A                                 | 8,758,509    |
|                         |  | 29,941,613   |
|                         | <b>Minnesota 0.6%</b>  |              |
| 150                     | Duluth Housing & Redev. Auth. Rev., 5.875%, 11/1/40, Ser. A                                  | 152,952      |
| 1,500                   | Minneapolis Rev., Providence Project, 5.75%, 10/1/37, Ser. A                                 | 1,511,655    |
| 2,640                   | North Oaks Rev., Presbyterian Homes North Oaks,  |              |
| 1,530                   | 6.00%, 10/1/33   | 2,801,647    |
| 500                     | 6.125%, 10/1/39  | 1,627,981    |
| 400                     | Oronoco Rev., Wedum Shorewood Campus Project, 5.40%, 6/1/41                                  | 495,630      |
|                         | St. Louis Park Rev., Nicollett Health Services, 5.75%, 7/1/39                                | 447,468      |
|                         |  | 7,037,333    |
|                         | <b>Mississippi 0.0%</b>  |              |
| 270                     | Dev. Bank Special Obligation Rev., Capital Projects and Equipment Acquisition,               |              |
|                         | 5.00%, 7/1/24, Ser. A-2 (AMBAC)  | 275,789      |
|                         | <b>Missouri 0.1%</b>   |              |
| 715                     | Lee s Summit, Tax Allocation, Summit Fair Project, 5.625%, 10/1/23                           | 759,030      |
|                         | <b>Nevada 0.9%</b>   |              |
| 10,000                  | Clark Cnty., GO, 4.75%, 11/1/35 (FGIC-NPFGC) (i)   | 10,600,800   |
|                         | <b>New Hampshire 0.2%</b>  |              |
| 2,000                   | Business Finance Auth. Rev., Elliot Hospital, 6.125%, 10/1/39, Ser. A                        | 2,262,020    |
| 360                     | Health & Education Facs. Auth. Rev., Catholic Medical Center,                                |              |
|                         | 6.125%, 7/1/32, Ser. A   | 364,043      |
|                         |  | 2,626,063    |
|                         | <b>New Jersey 4.9%</b>   |              |
| 950                     | Burlington Cnty. Bridge Commission Rev., The Evergreens Project,                             |              |
|                         | 5.625%, 1/1/38   | 976,021      |
| 4,000                   | Economic Dev. Auth., Special Assessment, Kapkowski Road Landfill Project,                    |              |
|                         | 5.75%, 10/1/21   | 4,359,520    |
| 11,405                  | 5.75%, 4/1/31  | 12,636,854   |
| 525                     | Economic Dev. Auth. Rev.,  |              |
|                         | Arbor Glen, 6.00%, 5/15/28, Ser. A   | 517,608      |
| 2,000                   | MSU Student Housing Project, 5.875%, 6/1/42  | 2,238,800    |
|                         | Health Care Facs. Financing Auth. Rev.,  |              |

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|        |  |            |
|--------|--|------------|
| 1,500  | AHS Hospital Corp., 6.00%, 7/1/37                            | 1,796,205  |
| 1,500  | St. Peters Univ. Hospital, 5.75%, 7/1/37                     | 1,599,690  |
| 2,000  | State Turnpike Auth. Rev., 5.25%, 1/1/40, Ser. E             | 2,265,820  |
|        | Tobacco Settlement Financing Corp. Rev., Ser. 1-A,           |            |
| 3,300  | 4.75%, 6/1/34  | 2,725,767  |
| 11,305 | 5.00%, 6/1/41  | 9,363,592  |
| 15,000 | Transportation Trust Fund Auth. Rev., 5.00%, 6/15/42, Ser. B | 16,916,100 |
|        |  | 55,395,977 |

**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s)    |  | Value*       |
|----------------------------|--|--------------|
| <b>New Mexico 0.2%</b>     |  |              |
| \$ 2,000                   | Farmington Pollution Control Rev., 5.90%, 6/1/40, Ser. D                                   | \$ 2,237,860 |
| <b>New York 13.7%</b>      |  |              |
| 1,200                      | Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project, 6.00%, 11/15/36, Ser. A | 1,224,324    |
| 29,500                     | Hudson Yards Infrastructure Corp. Rev., 5.25%, 2/15/47, Ser. A                             | 32,698,390   |
|                            | Liberty Dev. Corp. Rev.,   |              |
| 1,000                      | 5.125%, 1/15/44  | 1,103,890    |
| 2,500                      | 5.625%, 7/15/47  | 2,800,575    |
| 1,250                      | Bank of America Tower at One Bryant Park Project, 6.375%, 7/15/49                          | 1,442,713    |
|                            | Goldman Sachs Headquarters,  |              |
| 1,505                      | 5.25%, 10/1/35   | 1,749,216    |
| 10,000                     | 5.25%, 10/1/35 (i)   | 11,622,700   |
| 3,880                      | Metropolitan Transportation Auth. Rev., 5.00%, 11/15/36, Ser. D                            | 4,343,582    |
| 1,100                      | Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A    | 754,281      |
|                            | New York City Municipal Water Finance Auth. Water & Sewer Rev.,                            |              |
| 2,830                      | 5.00%, 6/15/37, Ser. D (i)   | 3,094,124    |
|                            | Second Generation Resolutions,   |              |
| 4,000                      | 4.75%, 6/15/35, Ser. DD (i)  | 4,421,560    |
| 2,000                      | 5.00%, 6/15/39, Ser. GG-1  | 2,261,820    |
|                            | New York Liberty Dev. Corp. Rev.,  |              |
| 10,000                     | 1 World Trade Center Project, 5.00%, 12/15/41  | 11,237,800   |
| 54,000                     | 4 World Trade Center Project, 5.75%, 11/15/51  | 63,989,460   |
| 1,750                      | State Dormitory Auth. Rev., The New School, 5.50%, 7/1/40                                  | 2,004,275    |
| 10,005                     | State Thruway Auth. Rev., 5.00%, 1/1/42, Ser. I  | 11,239,917   |
|                            |  | 155,988,627  |
| <b>North Carolina 0.1%</b> |  |              |
|                            | Medical Care Commission Rev.,  |              |
| 550                        | Salemtowne, 5.10%, 10/1/30   | 561,308      |
| 1,000                      | Village at Brookwood, 5.25%, 1/1/32  | 996,320      |
|                            |  | 1,557,628    |
| <b>North Dakota 0.4%</b>   |  |              |
| 3,710                      | Stark Cnty. Healthcare Rev., Benedictine Living Communities, 6.75%, 1/1/33                 | 4,045,940    |
| <b>Ohio 2.3%</b>           |  |              |
|                            | Buckeye Tobacco Settlement Financing Auth. Rev., Ser. A-2,                                 |              |
| 1,865                      | 5.75%, 6/1/34  | 1,500,486    |
| 3,570                      | 5.875%, 6/1/30   | 2,968,990    |
| 4,000                      | Hamilton Cnty. Healthcare Rev.,  |              |
|                            | Christ Hospital Project, 5.00%, 6/1/42   | 4,236,920    |
| 3,900                      | Hamilton Cnty. Sales Tax Rev., 5.00%, 12/1/30, Ser. A                                      | 4,384,302    |

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|       |   |            |
|-------|---|------------|
| 1,000 | Higher Educational Fac. Commission Rev., Univ. Hospital Health Systems,<br>6.75%, 1/15/39, Ser. 2009-A (Pre-refunded @ \$100, 1/1/15) (c) | 1,149,150  |
| 7,500 | Lorain Cnty. Hospital Rev., Catholic Healthcare,<br>5.375%, 10/1/30 (Pre-refunded @ \$100, 10/1/12) (c)                                   | 7,527,075  |
| 1,000 | Montgomery Cnty. Rev., Miami Valley Hospital, 6.25%, 11/15/39, Ser. A   | 1,071,250  |
| 3,000 | State Rev., Cleveland Clinic Health System, 5.50%, 1/1/39, Ser. B   | 3,377,190  |
|       |   | 26,215,363 |

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**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s)    |   | Value*       |
|----------------------------|---|--------------|
| <b>Oregon 0.2%</b>         |   |              |
| \$ 1,000                   | Clackamas Cnty. Hospital Fac. Auth. Rev., Legacy Health System, 5.50%, 7/15/35, Ser. A                        | \$ 1,117,730 |
| 1,155                      | State Department of Administrative Services, CP, 5.25%, 5/1/39, Ser. A  | 1,284,117    |
|                            |   | 2,401,847    |
| <b>Pennsylvania 4.7%</b>   |   |              |
| 10,000                     | Berks Cnty. Municipal Auth. Rev., Reading Hospital Medical Center, 5.00%, 11/1/44, Ser. A                     | 10,970,100   |
| 750                        | Cumberland Cnty. Municipal Auth. Rev., Messiah Village Project, Ser. A, 5.625%, 7/1/28                        | 790,762      |
| 670                        | 6.00%, 7/1/35   | 710,347      |
| 3,250                      | Harrisburg Auth. Rev., Harrisburg Univ. of Science, 6.00%, 9/1/36, Ser. B (f)                                 | 2,564,120    |
| 850                        | Higher Educational Facs. Auth. Rev., Edinboro Univ. Foundation, 6.00%, 7/1/43                                 | 956,446      |
| 400                        | Thomas Jefferson Univ., 5.00%, 3/1/40   | 436,460      |
| 500                        | Luzerne Cnty. Industrial Dev. Auth. Rev., Pennsylvania American Water Co., 5.50%, 12/1/39                     | 556,985      |
| 8,500                      | Montgomery Cnty. Industrial Dev. Auth. Rev., New Regional Medical Center, 5.375%, 8/1/38 (FHA)                | 9,826,595    |
| 17,000                     | Philadelphia, GO, 5.25%, 12/15/32, Ser. A (AGM)   | 18,925,250   |
| 6,000                      | Philadelphia Hospitals & Higher Education Facs. Auth. Rev. Temple Univ. Health System, 5.625%, 7/1/42, Ser. A | 6,321,060    |
| 500                        | Philadelphia Water & Sewer Rev., 5.25%, 1/1/36, Ser. A  | 555,180      |
| 1,000                      | Westmoreland Cnty. Industrial Dev. Auth. Rev., Excelsa Health Project, 5.125%, 7/1/30                         | 1,073,460    |
|                            |   | 53,686,765   |
| <b>Puerto Rico 0.5%</b>    |   |              |
| 5,000                      | Sales Tax Financing Corp. Rev., 5.25%, 8/1/41, Ser. C   | 5,287,750    |
| <b>Rhode Island 5.0%</b>   |   |              |
| 56,200                     | Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. A  | 57,329,620   |
| <b>South Carolina 1.3%</b> |   |              |
| 1,000                      | Greenwood Cnty. Rev., Self Regional Healthcare, 5.375%, 10/1/39   | 1,090,340    |
| 13,850                     | Jobs-Economic Dev. Auth. Rev., Bon Secours Health System, 5.625%, 11/15/30, Ser. B                            | 13,981,575   |
|                            |   | 15,071,915   |
| <b>Tennessee 1.2%</b>      |   |              |
| 1,750                      | Claiborne Cnty. Industrial Dev. Board Rev., Lincoln Memorial Univ. Project,                                   |              |

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|       |   |            |
|-------|---|------------|
|       | 6.625%, 10/1/39   | 1,979,758  |
| 1,000 | Johnson City Health & Educational Facs. Board Rev., Mountain States Health Alliance,<br>6.00%, 7/1/38, Ser. A           | 1,160,030  |
| 500   | Sullivan Cnty. Health Educational & Housing Facs. Board Rev., Wellmont Health Systems Project,<br>5.25%, 9/1/36, Ser. C | 522,440    |
|       | Tennessee Energy Acquisition Corp. Rev., Ser. C,  |            |
| 3,000 | 5.00%, 2/1/23   | 3,221,430  |
| 6,000 | 5.00%, 2/1/27   | 6,289,200  |
|       |   | 13,172,858 |



**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal Amount (000s) |   | Value*      |
|-------------------------|---|-------------|
| <b>Texas 11.0%</b>      |   |             |
| \$ 130                  | Aubrey Independent School Dist., GO, 5.50%, 2/15/33 (PSF-GTD)   | \$ 137,649  |
| 6,500                   | Brazos Cnty. Health Facs. Dev. Corp. Rev., 5.375%, 1/1/32   | 6,591,975   |
| 2,500                   | Dallas Rev., Dallas Civic Center, 5.25%, 8/15/38 (AGC)  | 2,774,000   |
| 2,000                   | Harris Cnty. Cultural Education Facs. Finance Corp. Rev.,<br>Baylor College of Medicine, 5.00%, 11/15/37 (e)      | 2,146,880   |
|                         | Texas Children s Hospital Project,<br>5.25%, 10/1/29  | 4,406,400   |
| 3,750                   | 5.50%, 10/1/39  | 14,482,953  |
| 12,700                  | 700 HFDC of Central Texas, Inc. Rev., Village at Gleannloch Farms,<br>5.50%, 2/15/37, Ser. A                      | 592,984     |
|                         | North Harris Cnty. Regional Water Auth. Rev.,<br>5.25%, 12/15/33  | 11,460,295  |
| 10,300                  | 5.50%, 12/15/38   | 11,475,539  |
|                         | North Texas Tollway Auth. Rev.,<br>5.00%, 1/1/38  | 6,263,590   |
| 5,750                   | 5.50%, 9/1/41, Ser. A   | 1,550,939   |
| 1,300                   | 5.625%, 1/1/33, Ser. B  | 5,539,500   |
| 5,000                   | 5.75%, 1/1/33, Ser. F   | 1,324,428   |
| 1,200                   | Sabine River Auth. Pollution Control Rev., TXU Energy, 5.20%, 5/1/28, Ser. C (b)                                  | 205,200     |
| 2,000                   | San Juan Higher Education Finance Auth. Rev., 6.70%, 8/15/40, Ser. A  | 291,645     |
| 250                     | State, Mobility Fund, GO, (i),<br>4.75%, 4/1/35, Ser. A   | 10,753,718  |
| 10,025                  | 4.75%, 4/1/36   | 19,017,250  |
| 17,500                  | State Public Finance Auth. Rev., Charter School Finance Corp.,<br>5.875%, 12/1/36, Ser. A                         | 1,078,900   |
| 1,000                   | Tarrant Cnty. Cultural Education Facs. Finance Corp. Rev.,<br>Baylor Health Care Systems Project, 6.25%, 11/15/29 | 3,637,650   |
| 3,000                   | Texas Municipal Gas Acquisition & Supply Corp. I Rev.,<br>6.25%, 12/15/26, Ser. D                                 | 18,548,649  |
| 15,300                  | Texas Private Activity Bond Surface Transportation Corp. Rev.,<br>7.00%, 6/30/40                                  | 2,346,547   |
| 1,920                   | Wise Cnty. Rev., Parker Cnty. Junior College Dist., 8.00%, 8/15/34  | 1,154,780   |
| 1,000                   |   | 125,781,471 |
| <b>Virginia 0.2%</b>    |   |             |
| 1,000                   | Fairfax Cnty. Industrial Dev. Auth. Rev., Inova Health Systems,<br>5.50%, 5/15/35, Ser. A                         | 1,143,340   |
| 2,050                   | James City Cnty. Economic Dev. Auth. Rev., United Methodist Homes,<br>5.50%, 7/1/37, Ser. A                       | 1,688,052   |
|                         |   | 2,831,392   |
| <b>Washington 1.5%</b>  |   |             |
|                         | Health Care Facs. Auth. Rev.,<br>Multicare Health Systems, 6.00%, 8/15/39, Ser. B (AGC)                           | 1,515,267   |
| 1,300                   | Seattle Cancer Care Alliance, 7.375%, 3/1/38  | 1,236,190   |
| 1,000                   | Virginia Mason Medical Center, 6.125%, 8/15/37, Ser. A  | 14,331,330  |
| 13,000                  |   |             |

17,082,787

**West Virginia 0.2%**

|       |   |           |
|-------|---|-----------|
| 2,000 | Hospital Finance Auth. Rev., Highland Hospital, 9.125%, 10/1/41 | 2,427,680 |
|-------|---|-----------|

**PIMCO Municipal Income Fund II Schedule of Investments**

August 31, 2012 (unaudited) (continued)

| Principal<br>Amount<br>(000s) |  | Value*                  |
|-------------------------------|--|-------------------------|
|                               | <b>Wisconsin 0.1%</b>  |                         |
|                               | Health & Educational Facs. Auth. Rev.,   |                         |
| \$ 90                         | Froedert & Community Health, 5.375%, 10/1/30   | \$ 90,191               |
| 1,000                         | Prohealth Care, Inc., 6.625%, 2/15/39  | 1,185,770               |
|                               |  | 1,275,961               |
|                               | Total Municipal Bonds & Notes (cost \$1,009,225,284)   | 1,117,492,213           |
|                               | <b>VARIABLE RATE NOTES (h) 2.1%</b>  |                         |
|                               | <b>California 0.5%</b>   |                         |
| 5,000                         | Health Facs. Financing Auth. Rev., 7.994%, 11/15/36, Ser. 3193 (a)(d)(g)                     | 6,216,900               |
|                               | <b>Florida 0.2%</b>  |                         |
| 1,830                         | Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System,<br>5.00%, 11/15/31, Ser. C | 1,930,247               |
|                               | <b>Illinois 0.6%</b>   |                         |
| 6,000                         | Chicago, GO, 9.818%, 1/1/34, Ser. 3190 (a)(d)(g)   | 7,422,360               |
|                               | <b>Texas 0.6%</b>  |                         |
| 5,365                         | State, GO, 7.555%, 4/1/37, Ser. 3197 (a)(d)(g)   | 6,601,579               |
|                               | <b>West Virginia 0.2%</b>  |                         |
| 2,000                         | Economic Dev. Auth. Rev., Appalachian Power, 5.375%, 12/1/38, Ser. A                         | 2,203,020               |
|                               | Total Variable Rate Notes (cost \$20,288,777)  | 24,374,106              |
|                               | <b>Total Investments</b> (cost \$1,029,514,061) (j) <b>100.0%</b>                            | <b>\$ 1,141,866,319</b> |

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Industry classification of portfolio holdings as a percentage of total Investments at August 31, 2012 were as follows:

|  |        |
|--|--------|
| Revenue Bonds:                         |        |
| Health, Hospital, Nursing Home Revenue | 27.8%  |
| Tobacco Settlement Funded              | 14.5   |
| Miscellaneous Taxes                    | 6.4    |
| Industrial Revenue                     | 6.3    |
| Miscellaneous Revenue                  | 5.5    |
| Natural Gas Revenue                    | 4.9    |
| Water Revenue                          | 4.4    |
| College & University Revenue           | 2.7    |
| Lease (Appropriation)                  | 2.7    |
| Electric Power & Lighting Revenue      | 2.2    |
| Highway Revenue Tolls                  | 1.9    |
| Port, Airport & Marina Revenue         | 1.4    |
| Sales Tax Revenue                      | 0.9    |
| Sewer Revenue                          | 0.5    |
| Transit Revenue                        | 0.4    |
| Resource Recovery Revenue              | 0.2    |
| Fuel Sales Tax Revenue                 | 0.1    |
| Local or Government Housing            | 0.1    |
| Lease Revenue                          | 0.1    |
| <br>                                   |        |
| Total Revenue Bonds                    | 83.0   |
| General Obligation                     | 13.5   |
| Special Assessment                     | 2.3    |
| Tax Allocation                         | 0.9    |
| Certificate Participation              | 0.2    |
| Special Tax                            | 0.1    |
| <br>                                   |        |
| Total Investments                      | 100.0% |

**Notes to Schedule of Investments:**

\* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics.

The Board of Trustees has adopted methods for valuing portfolio securities and other financial derivative instruments in circumstances where market quotes are not readily available and has delegated the responsibility for applying the valuation methods to the Investment Manager and Pacific Investment Management Company LLC (the Sub-Adviser), an affiliate of the Investment Manager. The Valuation Committee has been established by the Board of Trustees to oversee the implementation of the Fund's valuation methods and to make fair value determinations on behalf of the Board of Trustees as instructed. The Sub-Adviser monitors the continual appropriateness of methods applied and determines if adjustments should be made in light of market changes, events affecting the issuer, or other factors. If the Sub-Adviser determines that a valuation method may no longer be appropriate, another valuation method may be selected, or the Valuation Committee will be convened to consider the matter and take any appropriate action in accordance with procedures set forth by the Board. The Board of Trustees shall review the appropriateness of the valuation methods and these methods may be amended or supplemented from time to time by the Valuation Committee.

If third party evaluated vendor pricing is neither available nor deemed to be reliable of fair value, the Sub-Adviser may elect to obtain market quotations (broker quotes) directly from a broker-dealer.

Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and these differences could be material. The Fund's net asset value (NAV) is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange (NYSE) on each day the NYSE is open for business.

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$25,677,454, representing 2.2% of total investments.
- (b) Illiquid.
- (c) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date (payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (e) When-issued. To be settled after August 31, 2012.
- (f) In default.
- (g) Inverse Floater The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on August 31, 2012.
- (h) Variable Rate Notes Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on August 31, 2012.
- (i) Residual Interest Bonds held in Trust Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.
- (j) At August 31, 2012, the cost basis of portfolio securities for federal income tax purposes was \$978,458,314. Gross unrealized appreciation was \$121,049,575; gross unrealized depreciation was \$7,252,047; and net unrealized appreciation was \$113,797,528. The difference between book and tax cost basis was attributable to inverse floater transactions.

**Glossary:**

AGC insured by Assured Guaranty Corp.

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AGM insured by Assured Guaranty Municipal Corp.

AMBAC insured by American Municipal Bond Assurance Corp.

CP Certificates of Participation

FGIC insured by Financial Guaranty Insurance Co.

FHA insured by Federal Housing Administration

GO General Obligation Bond

GTD Guaranteed

IBC Insurance Bond Certificate

NPFGC insured by National Public Finance Guarantee Corp.

PSF Public School Fund

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

Level 1 quoted prices in active markets for identical investments that the Fund has the ability to access

Level 2 valuations based on other significant observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates or other market corroborated inputs.

Level 3 valuations based on significant unobservable inputs (including the Sub-Advisor's or Valuation Committee's own assumptions and single broker quotes in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles.

Municipal Bonds & Notes and Variable Rate Notes Municipal bonds & notes and variable rate notes are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond or note, state of issuance, benchmark yield curves, and bond or note insurance. To the extent that these inputs are observable, the values of municipal bonds & notes and variable rate notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

The valuation techniques used by the Fund to measure fair value during the three months ended August 31, 2012 maximized the use of observable inputs and minimized the use of unobservable inputs.

The Fund's policy is to recognize transfers between levels at the end of the reporting period. An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used. Assets categorized as Level 1 or 2 as of period end may have been transferred between Levels 1 and 2 since the prior period due to changes in the valuation method utilized in valuing the investments.

A summary of the inputs used at August 31, 2012 in valuing the Fund's assets and liabilities is listed below (refer to the Schedule of Investments for more detailed information on Investments in Securities):

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>8/31/12 |
|---|----------------------------|--|--|---------------------|
| <b>Investments in Securities Assets</b> |                            |  |  |                     |
| Municipal Bonds & Notes                 |                            | \$ 1,117,492,213                                       |  | \$ 1,117,492,213    |
| Variable Rate Notes                     |                            | 24,374,106   |  | 24,374,106          |
| <b>Total Investments</b>                |                            | \$ 1,141,866,319                                       |  | \$ 1,141,866,319    |

At August 31, 2012, there were no transfers between Levels 1 and 2.

**Item 2. Controls and Procedures**

(a) The registrant's President & Chief Executive Officer and Treasurer, Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act (17 CFR 270.30a -3(c))), are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a -3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits**

- (a) Exhibit 99.302 Cert. Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: PIMCO Municipal Income Fund II

By /s/ Brian S. Shlissel

President & Chief Executive Officer

Date: October 17, 2012

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: October 17, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Brian S. Shlissel

President & Chief Executive Officer

Date: October 17, 2012

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: October 17, 2012