

PIMCO MUNICIPAL INCOME FUND II  
Form N-CSRS  
February 03, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act  
file number 811-21076

PIMCO Municipal Income Fund II  
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,  
(Address of principal executive offices)

New York 10105  
(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105  
(Name and address of agent for service)

Registrant's telephone  
number, including area  
code: 212-739-3371

Date of fiscal year end: May  
31, 2010

Date of reporting period:  
November 30, 2009

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e -1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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ITEM 1. REPORT TO SHAREHOLDERS

PIMCO Municipal Income Fund II  
PIMCO California Municipal Income Fund II  
PIMCO New York Municipal Income Fund II

Semi-Annual Report  
November 30, 2009

**Contents**

|  |       |
|--|-------|
| Letter to Shareholders   | 1     |
| Fund Insights/Performance & Statistics   | 2-7   |
| Schedules of Investments   | 8-25  |
| Statements of Assets and Liabilities   | 26    |
| Statements of Operations   | 27    |
| Statements of Changes in Net Assets  | 28-29 |
| Statements of Cash Flows   | 30-31 |
| Notes to Financial Statements  | 32-39 |
| Financial Highlights   | 40-42 |
| Matters Relating to the Trustees Consideration of the<br>Investment Management and Portfolio Management Agreements | 43-45 |
| Annual Shareholder Meetings Results/Proxy Voting Policies &<br>Procedures  | 46    |

**PIMCO Municipal Income Funds II Letter to Shareholders**

January 15, 2010

Dear Shareholder:

Please find enclosed the semi-annual report for PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II (collectively, the Funds ) for the fiscal six-month period ended November 30, 2009.

Municipal securities delivered solid gains during the fiscal six-month period as improved liquidity and attractive yields relative to other fixed income asset classes bolstered demand for tax-advantaged bonds. The U.S. Federal Funds rate, the key target rate on loans between member banks, was held to the record-low target range of 0% - 0.25% during the reporting period. The Federal Reserve also engaged in quantitative easing, purchasing significant amounts of securities from banks in order to add to the supply of cash available for lending. These efforts to reflate the economy brought interest rates down to historic low levels during the reporting period and resulted in yields approaching zero on money market securities. This caused investors to migrate to riskier assets. Municipal securities benefited from this sentiment-powered tailwind as a significant portion of the period's outflows from money market funds moved into the bond market.

In this economic environment, the unmanaged Barclays Capital Municipal Bond Index returned 4.75% during the six-months ended November 30, 2009. This compared favorably to the 6.21% return for the broad market of bonds as represented by the unmanaged Barclays Capital U.S. Aggregate Index on a tax-equivalent basis. Taxable equivalent yields are used to compare the after-tax income effect from a tax exempt investment to the yields of taxable income-producing investments. The calculation assumes an investor is in the highest marginal tax bracket.

For specific information on the Funds and their performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or to call the Funds' shareholder servicing agent at (800) 254 - 5197. In addition, a wide range of information and resources is available on our Web site, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

Together with Allianz Global Investors Fund Management LLC, the Funds' investment manager, and Pacific Investment Management Company LLC ( PIMCO ), the Funds' sub-adviser, we thank you for investing with us.

Sincerely,

Hans W. Kertess  
*Chairman*

Brian S. Shlissel  
*President & Chief Executive Officer*

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 1

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## **PIMCO Municipal Income Fund II Fund Insights**

November 30, 2009 (unaudited)

For the fiscal six-month period ended November 30, 2009, PIMCO Municipal Income Fund II returned 17.33% on net asset value ( NAV ) and 13.79% on market price, compared with the 10.12% and 13.65% returns, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) Average.

High-quality municipal bond yields moved lower across the yield curve during the six-month reporting period as investors continued to put money to work in the municipal bond market.

Municipal-to-U.S. Treasury yield ratios moved lower as the market continued to normalize. The 10-year ratio decreased to 86% and the 30-year ratio decreased to 101% during the reporting period. However, both ratios were within historical average levels at the end of the six-month period.

Tobacco securitization exposure contributed positively to performance. This sector was one of the strongest performers during the reporting period as spreads moved in.

Exposure to corporate-backed municipals benefited performance during the period as this sector posted positive returns due to a strong rebound in the sector similar to what occurred in the taxable corporate market.

Significant exposure to health care contributed positively to performance during the period. Exposure to the water and sewer sector detracted from performance as this sector underperformed the general market during the six-month reporting period.

Exposure to longer-maturity zero-coupon municipals benefited performance as their longer durations outperformed with yields in longer maturities moving lower during the period. The unmanaged Barclays Capital Zero Coupon Index returned 8.57% during the six-month reporting period.

The municipal yield curve was roughly unchanged during the period although it experienced significant flows into shorter-maturity municipals. The 15- and 20-year maturity AAA General Obligation yields decreased 40 and 50 basis points, respectively, while the 30-year decreased 38 basis points. The two-year yield decreased 36 basis points during the same period. Significant exposure to longer-maturity municipals benefited performance as this portion of the yield curve outperformed due to its longer duration.

Long-maturity municipal bonds slightly underperformed the broader long-maturity taxable market, with the unmanaged Barclays Capital Long Municipal Bond Index returning 7.02%, compared to the unmanaged Barclays Capital Long Government/Credit Index which advanced 12.26%. However, long-maturity municipal bonds outperformed long-maturity U.S. Treasuries, with the unmanaged Barclays Capital Long U.S. Treasury Index returning 5.56% during the six-month reporting period.

Municipal bond issuance year-to-date through November 2009 was approximately 1% higher than the comparable period in 2008 due to a pickup in refundings and strong issuance of Build America Bonds.

**PIMCO Municipal Income Fund II Performance & Statistics**

November 30, 2009 (unaudited)

| <b>Total Return<sup>(1)</sup>:</b>               | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Months                                       | 13.79%              | 17.33%     |
| 1 Year   | 42.64%              | 33.14%     |
| 5 Year   | 0.64%               | (0.51)%    |
| Commencement of Operations (6/28/02) to 11/30/09 | 1.89%               | 2.02%      |

**Market Price/NAV Performance:**

Commencement of Operations (6/28/02) to 11/30/09

**Market Price/NAV:**

|                                   |         |
|-----------------------------------|---------|
| Market Price                      | \$10.46 |
| NAV                               | \$10.10 |
| Premium to NAV                    | 3.56%   |
| Market Price Yield <sup>(2)</sup> | 7.46%   |

**Moody's Ratings**  
(as a % of total investments)

**(1) Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once

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issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to shareholders by the market price per share at November 30, 2009.

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report **3**

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## **PIMCO California Municipal Income Fund II**    **Fund Insights**

November 30, 2009 (unaudited)

For the fiscal six-month period ended November 30, 2009, PIMCO California Municipal Income Fund II returned 8.24% on net asset value ( NAV ) and 3.76% on market price, compared with the 8.31% and 10.84% returns, respectively, for the Lipper California Municipal Debt Funds Average.

High-quality municipal bond yields moved lower across the yield curve during the six-month reporting period as investors continued to put money to work in the municipal bond market.

Municipal-to-U.S. Treasury yield ratios moved lower as the market continued to normalize. The 10-year ratio decreased to 86% and the 30-year ratio decreased to 101% during the reporting period. However, both ratios were within historical average levels at the end of the six-month period.

Tobacco securitization exposure contributed positively to performance. This sector was one of the strongest performers during the reporting period as spreads moved in.

Exposure to corporate-backed municipals benefited performance during the period as this sector posted positive returns due to a strong rebound in the sector similar to what occurred in the taxable corporate market.

Significant exposure to health care contributed positively to performance during the period. Exposure to the water and sewer sector detracted from performance as this sector underperformed the general market during the six-month reporting period.

An allocation to local general obligation municipal bonds detracted from performance as revenue bonds outperformed general obligations during the period, with investors moving out the risk spectrum.

Exposure to longer-maturity zero-coupon municipals benefited performance as their longer durations outperformed with yields in longer maturities moving lower during the period. The unmanaged Barclays Capital Zero Coupon Index returned 8.57% during the six-month reporting period.

Municipal bonds within California, as represented by the California component of the Barclays Capital Municipal Bond Index, underperformed the unmanaged Barclays Capital Municipal Bond Index ( National Index ), returning 4.51%, compared to 4.75% for the National Index during the six-month period. California was able to balance its budget, which helped spur a rebound in performance during the latter part of the period. However, this has abated somewhat due to ongoing deficit concerns. Year-to-date through November 2009, California issued \$69.8 billion in municipal bonds, 34% higher than the comparable period in 2008.

Long California municipal bonds, as represented by the Barclays Capital California Municipal Bond Long Index, underperformed the long-maturity unmanaged Barclays Capital Long Municipal Bond Index ( Long-Maturity National Index ) returning 5.85%, compared to a rise of 7.02% for the Long-Maturity National Index during the six-month reporting period. The California municipal bond yield curve also steepened during the reporting period with 30-year yields decreasing 7 basis points and two-year yields decreasing 89 basis points. Significant exposure to the longer-maturity municipal bonds benefited performance, as longer-duration municipal bonds outperformed as yields moved lower.

**PIMCO California Municipal Income Fund II Performance & Statistics**

November 30, 2009 (unaudited)

| <b>Total Return<sup>(1)</sup>:</b>               | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Months                                       | 3.76%               | 8.24%      |
| 1 Year   | 49.46%              | 15.73%     |
| 5 Year   | (2.34)%             | (4.74)%    |
| Commencement of Operations (6/28/02) to 11/30/09 | (0.44)%             | (1.37)%    |

**Market Price/NAV Performance:**

Commencement of Operations (6/28/02) to 11/30/09

**Market Price/NAV:**

|                                   |         |
|-----------------------------------|---------|
| Market Price                      | \$ 8.69 |
| NAV                               | \$ 7.68 |
| Premium to NAV                    | 13.15%  |
| Market Price Yield <sup>(2)</sup> | 7.88%   |

**Moody's Ratings**  
(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to shareholders by the market price per share at November 30, 2009.



## **PIMCO New York Municipal Income Fund II Fund Insights**

November 30, 2009 (unaudited)

For the fiscal six-month period ended November 30, 2009, PIMCO New York Municipal Income Fund II returned 12.48% on net asset value ( NAV ) and 9.74% on market price, compared with the 8.82% and 11.72% declines, respectively, for the Lipper New York Municipal Debt Funds Average.

High-quality municipal bond yields moved lower across the yield curve during the six-month reporting period as investors continued to put money to work in the municipal bond market.

Municipal-to-U.S. Treasury yield ratios moved lower as the market continued to normalize. The 10-year ratio decreased to 86% and the 30-year ratio decreased to 101% during the reporting period. However, both ratios were within historical average levels at the end of the six-month period.

Tobacco securitization exposure contributed positively to performance. This sector was one of the strongest performers during the reporting period as spreads moved in.

Exposure to corporate-backed municipals benefited performance during the period as this sector posted positive returns due to a strong rebound in the sector similar to what occurred in the taxable corporate market.

Significant exposure to health care contributed positively to performance during the period. Exposure to the water and sewer sector detracted from performance as this sector underperformed the general market during the six-month reporting period.

Exposure to longer-maturity zero-coupon municipals benefited performance as their longer durations outperformed with yields in longer maturities moving lower during the period. The unmanaged Barclays Capital Zero Coupon Index returned 8.57% during the six-month reporting period.

Municipal bonds within New York, as represented by the New York component of the Barclays Capital Municipal Bond Index, marginally outperformed the unmanaged Barclays Capital Municipal Bond Index ( National Index ) returning 4.96%, compared to 4.75% for the National Index during the six-month reporting period. Year-to-date through November 2009, New York State bond issuance aggregated \$38 billion, in-line with the comparable period in 2008. New York ranked second in total municipal bond issuance at the end of November 2009.

Long New York municipal bonds, as represented by the Barclays Capital New York Municipal Bond Long Index, slightly underperformed the unmanaged Barclays Capital Long Municipal Bond Index ( Long-Maturity National Index ) returning 6.87%, compared to a rise of 7.02% for the Long-Maturity National Index during the six-month reporting period. The New York municipal bond yield curve steepened marginally during the reporting period with 30-year yields decreasing 37 basis points and two-year yields decreasing 71 basis points. New York Municipal II also held significant positions in the longer portions of the municipal bond yield curve, which benefited performance as longer-duration municipal bonds outperformed and yields moved lower.

**PIMCO New York Municipal Income Fund II Performance & Statistics**

November 30, 2009 (unaudited)

| <b>Total Return<sup>(1)</sup>:</b>               | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Months                                       | 9.74%               | 12.48%     |
| 1 Year   | 44.56%              | 26.29%     |
| 5 Year   | 0.92%               | 0.51%      |
| Commencement of Operations (6/28/02) to 11/30/09 | 2.13%               | 2.12%      |

**Market Price/NAV Performance:**

Commencement of Operations (6/28/02) to 11/30/09

**Market Price/NAV:**

|                                   |          |
|-----------------------------------|----------|
| Market Price                      | \$ 10.84 |
| NAV                               | \$ 10.33 |
| Premium to NAV                    | 4.94%    |
| Market Price Yield <sup>(2)</sup> | 7.33%    |

**Moody's Ratings  
(as a % of total investments)**

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading

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purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to shareholders by the market price per share at November 30, 2009.

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 7

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000)                |   | Credit Rating<br>(Moody s/S&P) | Value        |
|--|---|--------------------------------|--------------|
| <b>MUNICIPAL BONDS &amp; NOTES 99.0%</b> |   |                                |              |
| <b>Alabama 1.1%</b>                      |   |                                |              |
| \$ 10,000                                | Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A | Baa2/NR                        | \$ 8,109,900 |
| 1,235                                    | Montgomery BMC Special Care Facs. Financing Auth. Rev., 5.00%, 11/15/29, Ser. B (NPFGC)   | A3/A                           | 1,118,305    |
| 2,650                                    | Tuscaloosa Educational Building Auth. Rev., Stillman College Project, 5.00%, 6/1/26, Ser. A                                       | NR/BBB-                        | 2,160,889    |
|  |   |                                | 11,389,094   |
| <b>Alaska 0.7%</b>                       |   |                                |              |
| 3,550                                    | State Housing Finance Corp. Rev., 5.25%, 6/1/32, Ser. C (NPFGC)   | Aa2/AA                         | 3,568,496    |
| 5,900                                    | Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A   | Baa3/NR                        | 3,790,042    |
|  |   |                                | 7,358,538    |
| <b>Arizona 9.1%</b>                      |   |                                |              |
| 3,500                                    | Health Facs. Auth. Rev., Banner Health, 5.00%, 1/1/35, Ser. A   | NR/A+                          | 3,345,755    |
| 2,860                                    | 5.50%, 1/1/38, Ser. D   | NR/A+                          | 2,893,319    |
| 29,700                                   | Pima Cnty. Industrial Dev. Auth. Rev., 5.00%, 9/1/39  | Aa2/AA                         | 27,990,171   |
|  | Salt River Project Agricultural Improvement & Power Dist. Rev., Ser. A (j),   |                                |              |
| 41,100                                   | 5.00%, 1/1/37   | Aa1/AA                         | 42,048,999   |
| 10,000                                   | 5.00%, 1/1/39   | Aa1/AA                         | 10,308,700   |
| 10,500                                   | Salt Verde Financial Corp. Rev., 5.00%, 12/1/37   | A3/A                           | 8,632,680    |
|  |   |                                | 95,219,624   |
| <b>Arkansas 0.2%</b>                     |   |                                |              |
| 13,000                                   | Dev. Finance Auth. Rev., Arkansas Cancer Research Center Project, zero coupon, 7/1/46 (AMBAC)                                     | Aa3/NR                         | 1,907,360    |
| <b>California 5.4%</b>                   |   |                                |              |
| 6,000                                    | Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/33, Ser. A-1   | Baa3/BBB                       | 4,514,580    |
| 2,500                                    | Los Angeles Department of Water & Power Rev., 5.00%, 7/1/39, Ser. A-1 (AMBAC)   | Aa3/AA-                        | 2,510,850    |
| 1,365                                    | Lynwood Utility Auth. Rev., 5.00%, 6/1/29, Ser. A   | Aa3/AAA                        | 1,366,024    |
| 2,000                                    | Montebello Unified School Dist., GO, 5.00%, 8/1/33 (FSA)  | Aa3/AAA                        | 1,991,620    |
| 2,000                                    | San Diego Cnty. Water Auth., CP, 5.00%, 5/1/38, Ser. A (FSA)  | Aa3/AAA                        | 1,920,820    |
| 2,000                                    | Santa Clara Cnty. Financing Auth. Rev., 5.75%, 2/1/41, Ser. A (AMBAC)   | A1/A+                          | 2,069,900    |
| 10,500                                   | State, GO, 6.00%, 4/1/38  | Baa1/A                         | 10,663,800   |
| 4,305                                    | Statewide Communities Dev. Auth. Rev., Baptist Univ., 9.00%, 11/1/17, Ser. B (a)(d) Methodist Hospital Project (FHA),             | NR/NR                          | 3,679,397    |
| 5,500                                    | 6.625%, 8/1/29  | Aa2/AA                         | 6,191,240    |
| 19,500                                   | 6.75%, 2/1/38   | Aa2/AA                         | 21,802,365   |
|  |   |                                | 56,710,596   |

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value         |
|---------------------------|--|--------------------------------|---------------|
|                           | <b>Colorado 4.1%</b>   |                                |               |
| \$ 11,250                 | Denver City & Cnty. Airport Rev., 5.00%, 11/15/25, Ser. B (FSA)<br>Health Facs. Auth. Rev., Ser. A,            | Aa3/AAA                        | \$ 11,312,437 |
| 1,000                     | American Baptist Homes, 5.90%, 8/1/37  | NR/NR                          | 753,220       |
| 9,500                     | Catholic Health Initiatives, 5.50%, 3/1/32   | NR/AA                          | 10,064,395    |
| 500                       | Evangelical Lutheran, 6.125%, 6/1/38   | A3/A-                          | 494,350       |
| 18,305                    | Exempla, Inc., 5.625%, 1/1/33  | A1/A-                          | 17,899,361    |
| 2,000                     | Housing & Finance Auth. Rev., Evergreen Country Day School, Inc.<br>Project,<br>5.875%, 6/1/37 (a)(d)          | NR/BB                          | 1,364,300     |
| 1,430                     | Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38   | A2/A                           | 1,495,237     |
|                           |  |                                | 43,383,300    |
|                           | <b>Florida 5.6%</b>  |                                |               |
| 1,000                     | Brevard Cnty. Health Facs. Auth. Rev., Health First, Inc. Project,<br>7.00%, 4/1/39                            | A3/A-                          | 1,077,940     |
| 600                       | Broward Cnty. Airport Rev., 5.375%, 10/1/29, Ser. O  | A1/A+                          | 618,198       |
| 8,500                     | Broward Cnty. Water & Sewer Rev., 5.25%, 10/1/34, Ser. A (j)   | Aa3/AA                         | 8,796,735     |
| 1,000                     | Clearwater Rev., 5.25%, 12/1/39, Ser. A  | A2/AA-                         | 1,013,190     |
| 3,000                     | Highlands Cnty. Health Facs. Auth. Rev.,<br>Adventist Health System, 5.625%, 11/15/37, Ser. B                  | A1/A+                          | 2,915,580     |
| 2,335                     | Hillsborough Cnty. Industrial Dev. Auth. Pollution Control Rev.,<br>Tampa Electric Co. Project, 5.50%, 10/1/23 | Baa1/BBB                       | 2,360,965     |
| 7,135                     | Jacksonville Health Facs. Auth. Rev.,<br>Ascension Health, 5.25%, 11/15/32, Ser. A                             | Aa1/AA                         | 7,220,977     |
| 3,000                     | Leesburg Hospital Rev., Leesburg Regional Medical Center<br>Project, 5.50%, 7/1/32                             | Baa1/BBB+                      | 2,729,550     |
| 3,490                     | Miami-Dade Cnty. Airport Rev., 5.50%, 10/1/36, Ser. A  | A2/A-                          | 3,521,375     |
| 500                       | Sarasota Cnty. Health Facs. Auth. Rev., 5.75%, 7/1/37  | NR/NR                          | 390,505       |
| 7,900                     | State Board of Education, GO, 5.00%, 6/1/38, Ser. D (j)  | Aa1/AAA                        | 8,067,717     |
| 6,205                     | State Governmental Utility Auth. Rev.,<br>Barefoot Bay Utilities System, 5.00%, 10/1/29 (AMBAC)                | NR/NR                          | 6,209,902     |
| 5,000                     | Sumter Landing Community Dev. Dist. Rev.,<br>4.75%, 10/1/35, Ser. A (NPFGC)                                    | Baa1/A                         | 3,224,450     |
| 10,000                    | Tallahassee Rev., 5.00%, 10/1/37 (j)   | Aa2/AA                         | 10,135,100    |
| 1,500                     | Winter Springs Water & Sewer Rev., zero coupon,<br>10/1/29 (FGIC-NPFGC)  | NR/A+                          | 585,660       |
|                           |  |                                | 58,867,844    |
|                           | <b>Georgia 0.2%</b>  |                                |               |
| 2,775                     | Medical Center Hospital Auth. Rev.,<br>Spring Harbor Green Island Project, 5.25%, 7/1/37                       | NR/NR                          | 2,127,426     |
|                           | <b>Illinois 13.3%</b>  |                                |               |
| 2,935                     | Central Lake Cnty. JT Action Water Agcy. Rev.,<br>5.125%, 5/1/28, Ser. A (AMBAC)                               | Aa3/NR                         | 3,039,486     |
| 1,250                     | Chicago Motor Fuel Tax Rev., 5.00%, 1/1/38, Ser. A<br>Chicago, GO,   | Aa3/AAA                        | 1,274,912     |
| 10,000                    | 5.00%, 1/1/34, Ser. C (j)  | Aa3/AA-                        | 10,064,900    |
| 1,635                     | 5.125%, 1/1/29, Ser. A (FGIC-NPFGC)  | Aa3/NR                         | 1,636,880     |
| 4,065                     | 5.50%, 1/1/40, Ser. C (FGIC-NPFGC)   | Aa3/AA-                        | 4,150,568     |

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
|                           | <b>Illinois (continued)</b>  |                                |              |
| \$ 3,162                  | Chicago, Lake Shore East, Special Assessment, 6.625%, 12/1/22                        | NR/NR                          | \$ 2,967,158 |
| 6,700                     | 6.75%, 12/1/32   | NR/NR                          | 6,072,009    |
| 5,000                     | Cicero, GO, 5.25%, 12/1/31 (NPFGC)   | Baa1/A                         | 5,100,900    |
| 6,440                     | Cook Cnty., Capital Improvements, GO, 5.00%, 11/15/28, Ser. A (FGIC-NPFGC)           | Aa3/AA                         | 6,510,132    |
|                           | Finance Auth. Rev., Ser. A,  |                                |              |
| 2,500                     | Christian Homes, Inc., 5.75%, 5/15/31  | NR/NR                          | 1,888,200    |
| 250                       | Leafs Hockey Club Project, 6.00%, 3/1/37 (b)   | NR/NR                          | 75,555       |
| 700                       | OSF Healthcare System, 7.125%, 11/15/37  | A2/A                           | 774,235      |
| 1,500                     | Sedgebrook, Inc., 6.00%, 11/15/42 (f)  | NR/NR                          | 540,000      |
| 20,100                    | Health Facs. Auth. Rev., Elmhurst Memorial Healthcare, 5.625%, 1/1/28                | Baa1/NR                        | 19,104,045   |
| 68,470                    | State Sports Facs. Auth. Rev., zero coupon, 6/15/30 (AMBAC)                          | NR/A                           | 69,364,903   |
|                           | Village of Hillside, Mannheim Redev. Project, Tax Allocation,                        |                                |              |
| 4,500                     | 6.55%, 1/1/20  | NR/NR                          | 4,138,470    |
| 2,900                     | 7.00%, 1/1/28  | NR/NR                          | 2,484,981    |
|                           |  |                                | 139,187,334  |
|                           | <b>Indiana 0.3%</b>  |                                |              |
| 1,500                     | Finance Auth. Rev., Duke Energy Indiana, Inc., 6.00%, 8/1/39, Ser. B                 | NR/A                           | 1,600,680    |
| 4,125                     | Fort Wayne Pollution Control Rev., General Motors Corp. Project, 6.20%, 10/15/25 (f) | NR/NR                          | 783,750      |
| 990                       | Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc., 5.80%, 9/1/47 (a)(d)           | NR/NR                          | 810,711      |
|                           |  |                                | 3,195,141    |
|                           | <b>Iowa 4.3%</b>   |                                |              |
|                           | Finance Auth. Rev.,  |                                |              |
|                           | Deerfield Retirement Community, Inc., Ser. A,  |                                |              |
| 250                       | 5.50%, 11/15/27  | NR/NR                          | 181,190      |
| 1,075                     | 5.50%, 11/15/37  | NR/NR                          | 712,112      |
| 4,500                     | Edgewater LLC Project, 6.75%, 11/15/42   | NR/NR                          | 4,019,850    |
| 850                       | Wedum Walnut Ridge LLC Project, 5.625%, 12/1/45, Ser. A (b)                          | NR/NR                          | 489,311      |
| 46,000                    | Tobacco Settlement Auth. Rev., 5.60%, 6/1/34, Ser. B                                 | Baa3/BBB                       | 39,802,420   |
|                           |  |                                | 45,204,883   |
|                           | <b>Kansas 0.1%</b>   |                                |              |
| 500                       | Dev. Finance Auth. Rev., Adventist Health, 5.75%, 11/15/38                           | A1/A+                          | 504,505      |
|                           | <b>Kentucky 0.7%</b>   |                                |              |
|                           | Economic Dev. Finance Auth. Rev.,  |                                |              |
|                           | Baptist Healthcare Systems, Ser. A,  |                                |              |
| 2,000                     | 5.375%, 8/15/24  | Aa3/NR                         | 2,200,580    |
| 2,500                     | 5.625%, 8/15/27  | Aa3/NR                         | 2,708,700    |
| 2,500                     | Catholic Healthcare Partners, 5.25%, 10/1/30   | A1/AA-                         | 2,477,925    |
|                           |  |                                | 7,387,205    |

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody s/S&P) | Value                    |
|---------------------------|---|--------------------------------|--------------------------|
|                           | <b>Louisiana 4.1%</b>   |                                |                          |
| \$ 3,300                  | Public Facs. Auth. Rev., Ochsner Clinic Foundation Project,<br>5.50%, 5/15/47, Ser. B                           | A3/NR                          | \$ 2,996,070             |
| 44,395                    | Tobacco Settlement Financing Corp. Rev.,<br>5.875%, 5/15/39, Ser. 2001-B  | Baa3/BBB                       | 39,452,949<br>42,449,019 |
|                           | <b>Maryland 0.6%</b>  |                                |                          |
| 1,000                     | Health & Higher Educational Facs. Auth. Rev.,<br>Adventist Healthcare, 5.75%, 1/1/25, Ser. A                    | Baa2/NR                        | 1,006,070                |
| 1,010                     | King Farm Presbyterian Community, 5.30%, 1/1/37, Ser. A   | NR/NR                          | 690,042                  |
| 4,050                     | Washington Cnty. Hospital, 6.00%, 1/1/43  | NR/BBB-                        | 4,038,215<br>5,734,327   |
|                           | <b>Massachusetts 8.5%</b>   |                                |                          |
| 7,000                     | Boston Water & Sewer Rev., 5.00%, 11/1/28,<br>Ser. D (FGIC-NPFGC)   | Aa2/AA+                        | 7,005,040                |
| 4,610                     | Dev. Finance Agcy. Rev., Adventcare Project,<br>6.75%, 10/15/37, Ser. A   | NR/NR                          | 3,859,308                |
| 2,900                     | State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A<br>State Turnpike Auth. Rev., Ser. A,                  | A1/A+                          | 3,018,697                |
| 4,295                     | 4.75%, 1/1/34 (AMBAC)   | A1/AA                          | 4,087,766                |
| 51,830                    | 5.00%, 1/1/37 (NPFGC)   | Baa1/A                         | 48,755,444               |
| 10,325                    | 5.00%, 1/1/39 (AMBAC)   | A1/AA                          | 10,148,959               |
| 12,050                    | State Water Res. Auth. Rev., 4.75%, 8/1/37, Ser. A (FSA) (j)  | Aa2/AAA                        | 12,049,518<br>88,924,732 |
|                           | <b>Michigan 3.0%</b>  |                                |                          |
| 4,545                     | Garden City Hospital Finance Auth. Rev., 5.00%, 8/15/38, Ser. A   | NR/NR                          | 2,617,784                |
| 800                       | Public Educational Facs. Auth. Rev., 6.50%, 9/1/37 (a)(d)   | NR/BBB-                        | 662,320                  |
| 3,000                     | Royal Oak Hospital Finance Auth. Rev.,<br>William Beaumont Hospital, 8.25%, 9/1/39                              | A1/A                           | 3,534,270                |
| 5,000                     | State Hospital Finance Auth. Rev.,<br>Ascension Health, 5.25%, 11/15/26, Ser. B                                 | Aa1/AA                         | 5,074,550                |
| 13,500                    | Oakwood Group, Ser. A,<br>5.75%, 4/1/32   | A2/A                           | 13,039,785               |
| 1,925                     | 6.00%, 4/1/22   | A2/A                           | 1,944,423                |
| 6,000                     | Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A  | NR/BBB                         | 4,573,200<br>31,446,332  |
|                           | <b>Minnesota 0.5%</b>   |                                |                          |
| 280                       | Minneapolis, Grant Park Project, Tax Allocation, 5.35%, 2/1/30  | NR/NR                          | 223,297                  |
| 1,500                     | Minneapolis Rev., Providence Project, 5.75%, 10/1/37, Ser. A<br>North Oaks Rev., Presbyterian Homes North Oaks, | NR/NR                          | 1,141,545                |
| 2,640                     | 6.00%, 10/1/33  | NR/NR                          | 2,392,236                |
| 1,530                     | 6.125%, 10/1/39   | NR/NR                          | 1,387,817                |
| 500                       | Oronoco Rev., Wedum Shorewood Campus Project,<br>5.40%, 6/1/41  | NR/NR                          | 411,800<br>5,556,695     |

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|---|--------------------------------|--------------|
|                           | <b>Mississippi 0.4%</b>   |                                |              |
| \$ 3,605                  | Business Finance Corp. Rev., System Energy Res., Inc. Project,<br>5.875%, 4/1/22                                  | Ba1/BBB                        | \$ 3,575,691 |
| 740                       | Dev. Bank Special Obligation Rev., Capital Projects and<br>Equipment Acquisition, 5.00%, 7/1/24, Ser. A-2 (AMBAC) | NR/NR                          | 711,081      |
|                           |   |                                | 4,286,772    |
|                           | <b>Missouri 0.1%</b>  |                                |              |
| 690                       | Hanley Road & North of Folk Ave. Transportation Dist. Rev.,<br>5.00%, 10/1/25 (Pre-refunded @ \$100, 10/1/12) (c) | NR/AAA                         | 769,833      |
|                           | <b>Nevada 0.3%</b>  |                                |              |
| 1,450                     | Clark Cnty., GO, 5.00%, 6/1/31 (FGIC-NPFGC)   | Aa1/AA+                        | 1,452,479    |
| 1,620                     | State, GO, 5.00%, 5/15/28, Ser. A (FGIC-NPFGC)  | Aa2/AA+                        | 1,622,738    |
|                           |   |                                | 3,075,217    |
|                           | <b>New Hampshire 0.0%</b>   |                                |              |
| 360                       | Health & Education Facs. Auth. Rev.,<br>Catholic Medical Center, 6.125%, 7/1/32, Ser. A                           | Baa1/BBB+                      | 348,239      |
|                           | <b>New Jersey 3.0%</b>  |                                |              |
| 950                       | Burlington Cnty. Bridge Commission Rev.,<br>The Evergreens Project, 5.625%, 1/1/38                                | NR/NR                          | 832,266      |
|                           | Economic Dev. Auth. Rev.,   |                                |              |
| 525                       | Arbor Glen, 6.00%, 5/15/28, Ser. A  | NR/NR                          | 440,533      |
|                           | Kapkowski Road Landfill Project, Special Assessment,  |                                |              |
| 4,000                     | 5.75%, 10/1/21  | Baa3/NR                        | 3,482,400    |
| 11,405                    | 5.75%, 4/1/31   | Baa3/NR                        | 9,152,399    |
|                           | Health Care Facs. Financing Auth. Rev.,   |                                |              |
| 1,500                     | St. Peters Univ. Hospital, 5.75%, 7/1/37  | Baa2/BBB-                      | 1,465,455    |
| 1,830                     | Trinitas Hospital, 5.25%, 7/1/30, Ser. A  | Baa3/BBB-                      | 1,519,888    |
| 3,300                     | State Educational Facs. Auth. Rev.,   |                                |              |
|                           | Fairfield Dickinson Univ., 6.00%, 7/1/25, Ser. D  | NR/NR                          | 3,344,748    |
| 2,000                     | State Turnpike Auth. Rev., 5.25%, 1/1/40, Ser. E  | A3/A+                          | 2,030,200    |
| 13,150                    | Tobacco Settlement Financing Corp. Rev.,<br>5.00%, 6/1/41, Ser. 1A  | Baa3/BBB                       | 8,689,257    |
|                           |   |                                | 30,957,146   |
|                           | <b>New Mexico 0.5%</b>  |                                |              |
|                           | Farmington Pollution Control Rev.,  |                                |              |
| 2,000                     | 5.80%, 4/1/22, Ser. A   | Baa3/BB+                       | 2,001,580    |
| 3,000                     | 5.80%, 4/1/22, Ser. C   | Baa3/BB+                       | 3,002,370    |
|                           |   |                                | 5,003,950    |
|                           | <b>New York 2.0%</b>  |                                |              |
| 1,200                     | Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project,<br>6.00%, 11/15/36, Ser. A                     | NR/NR                          | 965,016      |
|                           | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters,  |                                |              |
| 1,505                     | 5.25%, 10/1/35  | A1/A                           | 1,481,868    |
| 10,000                    | 5.25%, 10/1/35 (j)  | A1/A                           | 9,846,300    |
| 1,100                     | Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside,<br>6.70%, 1/1/43, Ser. A                        | NR/NR                          | 962,929      |
| 2,830                     | New York City Municipal Water Finance Auth. Water & Sewer Rev.,<br>5.00%, 6/15/37, Ser. D (j)                     | Aa2/AAA                        | 2,869,506    |



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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
|                           | <b>New York (continued)</b>  |                                |              |
| \$ 4,000                  | Second Generation Resolutions,<br>4.75%, 6/15/35, Ser. DD (j)  | Aa3/AA+                        | \$ 4,004,960 |
| 2,000                     | 5.00%, 6/15/39, Ser. GG-1  | Aa3/AA+                        | 2,025,700    |
|                           |  |                                | 22,156,279   |
|                           | <b>North Carolina 0.1%</b>   |                                |              |
| 550                       | Medical Care Commission Rev.,<br>Salem town, 5.10%, 10/1/30  | NR/NR                          | 478,571      |
| 1,000                     | Village at Brookwood, 5.25%, 1/1/32  | NR/NR                          | 694,240      |
|                           |  |                                | 1,172,811    |
|                           | <b>North Dakota 0.3%</b>   |                                |              |
| 3,710                     | Stark Cnty. Healthcare Rev., Benedictine Living Communities,<br>6.75%, 1/1/33                                  | NR/NR                          | 3,515,188    |
|                           | <b>Ohio 1.2%</b>   |                                |              |
| 7,500                     | Lorain Cnty. Hospital Rev., Catholic Healthcare,<br>5.375%, 10/1/30  | A1/AA-                         | 7,457,550    |
| 1,000                     | Montgomery Cnty. Rev., Miami Valley Hospital,<br>6.25%, 11/15/39, Ser. A                                       | Aa3/NR                         | 1,039,530    |
| 1,000                     | State Higher Educational Fac. Commission Rev.,<br>Univ. Hospital Health Systems, 6.75%, 1/15/39, Ser. A        | A2/A                           | 1,059,580    |
| 3,000                     | State Rev., Cleveland Clinic, 5.50%, 1/1/39, Ser. B  | Aa2/AA-                        | 3,068,700    |
|                           |  |                                | 12,625,360   |
|                           | <b>Oregon 0.2%</b>   |                                |              |
| 1,000                     | Clackamas Cnty. Hospital Fac. Auth. Rev., Legacy Health System,<br>5.50%, 7/15/35, Ser. A                      | A2/A+                          | 1,046,300    |
| 1,155                     | State Department of Administrative Services, CP,<br>5.25%, 5/1/39, Ser. A                                      | Aa3/AA-                        | 1,196,592    |
|                           |  |                                | 2,242,892    |
|                           | <b>Pennsylvania 4.1%</b>   |                                |              |
|                           | Cumberland Cnty. Municipal Auth. Rev., Messiah Village Project,<br>Ser. A,                                     |                                |              |
| 750                       | 5.625%, 7/1/28   | NR/BBB-                        | 634,042      |
| 670                       | 6.00%, 7/1/35  | NR/BBB-                        | 573,125      |
| 3,250                     | Harrisburg Auth. Rev., Harrisburg Univ. of Science,<br>6.00%, 9/1/36, Ser. B                                   | NR/NR                          | 2,848,430    |
| 500                       | Luzerne Cnty. Industrial Dev. Auth. Rev.,<br>Pennsylvania American Water Co., 5.50%, 12/1/39 (e)               | A2/A                           | 504,975      |
|                           | Montgomery Cnty. Higher Education & Health Auth. Rev.,<br>Abington Memorial Hospital, Ser. A,                  |                                |              |
| 5,000                     | 5.125%, 6/1/27   | NR/A                           | 4,997,100    |
| 3,750                     | 5.125%, 6/1/32   | NR/A                           | 3,673,988    |
| 11,600                    | Philadelphia Hospitals & Higher Education Facs. Auth. Rev.,<br>Temple Univ. Hospital, 6.625%, 11/15/23, Ser. A | Baa3/BBB                       | 11,610,904   |
| 500                       | Philadelphia Water Rev., 5.25%, 1/1/36, Ser. A   | A3/A                           | 506,460      |
| 17,000                    | Philadelphia, GO, 5.25%, 12/15/32, Ser. A (FSA)  | Aa3/AAA                        | 17,529,890   |
| 500                       | Pittsburgh & Allegheny Cnty. Public Auditorium Auth. Rev.,<br>5.00%, 2/1/29 (AMBAC)                            | NR/NR                          | 482,635      |
|                           |  |                                | 43,361,549   |

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody s/S&P) | Value         |
|---------------------------|---|--------------------------------|---------------|
| \$ 76,200                 | <b>Rhode Island 6.6%</b><br>Tobacco Settlement Financing Corp. Rev.,<br>6.25%, 6/1/42, Ser. A                           | Baa3/BBB                       | \$ 68,908,422 |
| 1,000                     | <b>South Carolina 1.5%</b><br>Greenwood Cnty. Rev., Self Regional Healthcare,<br>5.375%, 10/1/39                        | A2/A                           | 968,880       |
| 500                       | Jobs-Economic Dev. Auth. Rev., Ser. B,<br>Anmed Health, 5.50%, 2/1/38   | NR/AAA                         | 514,455       |
| 13,850                    | Bon Secours Health System, 5.625%, 11/15/30   | A3/A-                          | 13,524,941    |
| 1,000                     | State Public Service Auth. Rev., 5.25%, 1/1/39, Ser. B  | Aa2/AA-                        | 1,050,030     |
|                           |   |                                | 16,058,306    |
|                           | <b>Tennessee 0.4%</b><br>State Energy Acquisition Corp. Rev.,<br>5.00%, 2/1/23, Ser. C                                  | Baa1/A                         | 2,812,530     |
| 700                       | 5.25%, 9/1/21, Ser. A   | Ba3/BB+                        | 681,401       |
| 700                       | 5.25%, 9/1/22, Ser. A   | Ba3/BB+                        | 664,370       |
| 500                       | Sullivan Cnty. Health Educational & Housing Facs. Board Rev.,<br>Wellmont Health Systems Project, 5.25%, 9/1/36, Ser. C | NR/BBB+                        | 440,665       |
|                           |   |                                | 4,598,966     |
|                           | <b>Texas 13.3%</b><br>Aubrey Independent School Dist., GO,<br>5.50%, 2/15/33 (PSF-GTD)                                  | Aaa/NR                         | 137,929       |
| 6,500                     | Brazos Cnty. Health Facs. Dev. Corp. Rev., 5.375%, 1/1/32   | NR/A-                          | 5,974,605     |
| 2,500                     | Dallas Civic Center Rev., 5.25%, 8/15/38  | Aa3/AAA                        | 2,528,225     |
|                           | Harris Cnty. Cultural Education Facs. Finance Corp. Rev.,<br>Texas Children s Hospital Project,<br>5.25%, 10/1/29       | Aa2/AA                         | 3,749,700     |
| 3,750                     | 5.50%, 10/1/39  | Aa2/AA                         | 12,698,984    |
| 12,700                    | HFDC of Central Texas, Inc. Rev., Village at Gleannloch Farms,<br>5.50%, 2/15/37, Ser. A                                | NR/NR                          | 507,059       |
| 700                       | Houston Airport Rev., 5.00%, 7/1/25, Ser. C (FGIC-NPFGC)  | A2/A                           | 5,502,475     |
| 5,500                     | Keller Independent School Dist., GO,<br>4.875%, 8/15/31 (PSF-GTD)   | Aaa/AAA                        | 770,077       |
| 770                       | Little Elm Independent School Dist., GO,<br>5.30%, 8/15/29, Ser. A (PSF-GTD)  | NR/AAA                         | 3,342,575     |
| 3,170                     | Municipal Gas Acquisition & Supply Corp. I Rev.,<br>5.25%, 12/15/25, Ser. A   | A2/A                           | 410,625       |
| 450                       | 6.25%, 12/15/26, Ser. D   | A2/A                           | 15,556,887    |
| 15,300                    | North Harris Cnty. Regional Water Auth. Rev.,<br>5.25%, 12/15/33  | A3/A+                          | 10,432,870    |
| 10,300                    | 5.50%, 12/15/38   | A3/A+                          | 10,475,718    |
| 10,300                    | North Texas Tollway Auth. Rev.,<br>4.75%, 1/1/29 (FGIC-NPFGC)   | A2/A                           | 5,933,750     |
| 6,250                     | 5.625%, 1/1/33, Ser. B  | A2/A-                          | 5,098,850     |
| 5,000                     | 5.75%, 1/1/33, Ser. F   | A3/BBB+                        | 1,221,648     |
| 1,200                     | 6.25%, 1/1/39, Ser. A   | A2/A-                          | 1,314,400     |
| 1,250                     | Sabine River Auth. Pollution Control Rev.,<br>5.20%, 5/1/28, Ser. C   | Caa3/CCC                       | 1,031,620     |
| 2,000                     |   |                                |               |

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

November 30, 2009 (unaudited)

| Principal Amount (000) |  | Credit Rating (Moody s/S&P) | Value         |
|------------------------|--|-----------------------------|---------------|
|                        | <b>Texas (continued)</b>   |                             |               |
| \$ 10,000              | San Antonio Electric & Gas Sys Rev., 5.00%, 2/1/32 (j)<br>State, Mobility Fund, GO (j),                                | Aa1/AA                      | \$ 10,400,100 |
| 10,025                 | 4.75%, 4/1/35, Ser. A  | Aa1/AA+                     | 10,024,398    |
| 17,500                 | 4.75%, 4/1/36, Ser. 1041   | Aa1/AA+                     | 17,291,575    |
| 3,250                  | State, Water Financial Assistance, GO, 5.00%, 8/1/36   | Aa1/AA+                     | 3,302,357     |
| 1,000                  | State Public Finance Auth. Rev., 5.875%, 12/1/36, Ser. A   | Baa3/BBB-                   | 942,710       |
| 8,880                  | State Turnpike Auth. Rev., 5.00%, 8/15/42, Ser. A (AMBAC)  | Baa1/BBB+                   | 7,902,401     |
| 3,000                  | Tarrant Cnty. Cultural Education Facs. Finance Corp. Rev.,<br>Baylor Health Care Systems Project, 6.25%, 11/15/29      | Aa2/AA-                     | 3,203,130     |
|                        |  |                             | 139,754,668   |
|                        | <b>Virginia 0.2%</b>   |                             |               |
| 1,000                  | Fairfax Cnty. Industrial Dev. Auth. Rev.,<br>Inova Health Systems, 5.50%, 5/15/35, Ser. A                              | Aa2/AA+                     | 1,076,260     |
| 2,050                  | James City Cnty. Economic Dev. Auth. Rev.,<br>United Methodist Homes, 5.50%, 7/1/37, Ser. A                            | NR/NR                       | 1,156,651     |
|                        |  |                             | 2,232,911     |
|                        | <b>Washington 1.8%</b>   |                             |               |
| 3,350                  | Central Puget Sound Regional Transportation Auth. Rev.,<br>4.75%, 2/1/28 (FGIC-NPFGC)<br>Health Care Facs. Auth. Rev., | Aa2/AAA                     | 3,349,598     |
| 1,300                  | Multicare Health Systems, 6.00%, 8/15/39, Ser. B   | Aa3/AAA                     | 1,366,196     |
| 1,000                  | Seattle Cancer Care Alliance, 7.375%, 3/1/38   | A3/NR                       | 1,099,330     |
| 13,000                 | Virginia Mason Medical Center, 6.125%, 8/15/37, Ser. A   | Baa2/BBB                    | 13,201,630    |
|                        |  |                             | 19,016,754    |
|                        | <b>Wisconsin 1.2%</b>  |                             |               |
| 90                     | Health & Educational Facs. Auth. Rev.,<br>Froedert & Community Health, 5.375%, 10/1/30                                 | NR/AA-                      | 90,075        |
| 1,000                  | Prohealth Care, Inc., 6.625%, 2/15/39  | A1/A+                       | 1,066,140     |
| 10,000                 | State Rev., 6.00%, 5/1/36, Ser. A  | A1/AA-                      | 11,043,100    |
|                        |  |                             | 12,199,315    |
|                        | Total Municipal Bonds & Notes (cost \$1,044,731,738)   |                             | 1,038,838,533 |
|                        | <b>VARIABLE RATE NOTES (h) 0.8%</b>  |                             |               |
|                        | <b>Florida 0.3%</b>  |                             |               |
| 2,830                  | Highlands Cnty. Health Facs. Auth. Rev.,<br>Adventist Health System, 5.00%, 11/15/31, Ser. C                           | A1/A+                       | 2,570,121     |
|                        | <b>Illinois 0.5%</b>   |                             |               |
| 5,000                  | State, GO, 9.606%, 4/1/27, Ser. 783 (FSA) (a)(d)(g)  | Aa3/NR                      | 5,507,500     |
|                        | Total Variable Rate Notes (cost \$7,822,512)   |                             | 8,077,621     |

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 15

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000)          |   | Credit Rating<br>(Moody s/S&P) | Value                   |
|------------------------------------|---|--------------------------------|-------------------------|
| <b>SHORT-TERM INVESTMENTS 0.2%</b> |   |                                |                         |
|                                    | <b>Corporate Notes (i) 0.2%</b>                               |                                |                         |
|                                    | International Lease Finance Corp., FRN,                       |                                |                         |
| \$ 1,400                           | 0.482%, 5/24/10   | Baa3/BBB+                      | \$ 1,362,781            |
| 1,200                              | 0.684%, 1/15/10   | Baa3/BBB+                      | 1,196,728               |
|                                    | Total Short-Term Investments (cost \$2,456,725)               |                                | 2,559,509               |
|                                    | <b>Total Investments</b> (cost \$1,055,010,975) <b>100.0%</b> |                                | <b>\$ 1,049,475,663</b> |

16 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000)                           |  | Credit Rating<br>(Moody's/S&P) | Value        |
|---|--|--------------------------------|--------------|
| <b>CALIFORNIA MUNICIPAL BONDS &amp; NOTES 93.0%</b> |  |                                |              |
| \$ 5,300  | Assoc. of Bay Area Gov't Finance Auth. for Nonprofit Corps. Rev., Odd Fellows Home of California, 5.20%, 11/15/22, Ser. A (CA Mtg. Ins.) | NR/A                           | \$ 5,348,813 |
| 2,000   | Bay Area Gov't Assoc. Lease Rev., Capital Projects, 5.00%, 7/1/32, Ser. 2002-1 (AMBAC)   | NR/AA-                         | 2,055,620    |
| 5,000   | Bay Area Toll Auth. Rev., San Francisco Bay Area, Ser. F-1, 5.00%, 4/1/34  | Aa3/AA                         | 5,040,300    |
| 20,000  | 5.00%, 4/1/39 (j)  | Aa3/AA                         | 19,907,200   |
| 1,000   | Chula Vista Rev., San Diego Gas & Electric, 5.875%, 2/15/34, Ser. B  | Aa3/A+                         | 1,084,380    |
| 5,585   | City & Cnty. of San Francisco, Capital Improvement Projects, CP, Airports Commission Rev., 4.50%, 5/1/28, Ser. 2-B (NPFGC)               | A1/A                           | 5,289,889    |
| 300   | Capital Improvement Projects, CP, 5.25%, 4/1/31, Ser. A  | A1/AA-                         | 300,195      |
| 1,410   | Community College Financing Auth. Rev., 5.00%, 8/1/27, Ser. A (AMBAC)  | NR/NR                          | 1,361,778    |
| 1,110   | Corona-Norco Unified School Dist. Public Financing Auth., Special Tax, 5.10%, 9/1/25 (AMBAC)   | NR/NR                          | 1,128,370    |
| 305   | 5.65%, 9/1/16, Ser. A  | NR/NR                          | 306,507      |
| 160   | 5.75%, 9/1/17, Ser. A  | NR/NR                          | 158,411      |
| 530   | 6.00%, 9/1/20, Ser. A  | NR/NR                          | 521,716      |
| 1,000   | 6.00%, 9/1/25, Ser. A  | NR/NR                          | 959,610      |
| 4,150   | 6.10%, 9/1/32, Ser. A  | NR/NR                          | 3,833,604    |
| 9,760   | Coronado Community Dev. Agcy., Tax Allocation, 4.875%, 9/1/35 (AMBAC)  | NR/A                           | 8,177,318    |
| 3,000   | Dinuba Financing Auth. Rev., Public Works Projects, 5.10%, 8/1/32 (NPFGC)  | Baa1/A                         | 3,047,010    |
| 8,300   | El Dorado Irrigation Dist. & El Dorado Water Agcy., CP, 5.75%, 8/1/39, Ser. A  | Aa3/AAA                        | 8,614,736    |
| 1,500   | Foothill Eastern Corridor Agcy. Toll Road Rev., 5.875%, 1/15/27 (IBC-NPFGC)  | Baa1/A                         | 1,464,330    |
| 1,440   | Fremont Community Dist. No. 1, Special Tax, 5.30%, 9/1/30  | NR/NR                          | 1,156,651    |
| 13,885  | Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/45 (AMBAC-TCRS)   | Baa2/A-                        | 11,405,833   |
| 1,500   | 5.00%, 6/1/45, Ser. A  | Baa2/A-                        | 1,232,175    |
| 6,000   | 5.00%, 6/1/45, Ser. A (FGIC-TCRS)  | Baa2/A-                        | 4,928,700    |
| 500   | Hartnell Community College Dist., GO, zero coupon, 8/1/34, Ser. D (d)  | A1/AA-                         | 215,155      |
| 500   | Health Facs. Financing Auth. Rev., Adventist Health System, Ser. A, 5.00%, 3/1/33  | NR/A                           | 443,430      |
| 250   | 5.75%, 9/1/39  | NR/A                           | 245,432      |
| 495   | Catholic Healthcare West, Ser. A, 5.00%, 7/1/28  | A2/A                           | 484,848      |
| 3,000   | 6.00%, 7/1/39  | A2/A                           | 3,156,000    |
| 500   | Children's Hospital of Orange Cnty., 6.50%, 11/1/38, Ser. A  | NR/A                           | 526,455      |
| 175   | Infrastructure & Economic Dev. Bank Rev., 5.25%, 2/1/38  | A1/A+                          | 169,488      |
| 1,000   | Lancaster Redev. Agcy., Tax Allocation, 6.875%, 8/1/39   | NR/A                           | 1,052,850    |

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 17

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
| \$ 5,300                  | Livermore-Amador Valley Water Management Agcy. Rev.,<br>5.00%, 8/1/31, Ser. A (AMBAC)                | A1/NR                          | \$ 5,308,851 |
| 7,500                     | Long Beach Bond Finance Auth. Rev., Long Beach Natural Gas,<br>5.50%, 11/15/37, Ser. A               | A2/A                           | 6,818,175    |
| 10,000                    | Long Beach Unified School Dist., GO, 5.25%, 8/1/33, Ser. A (j)                                       | Aa3/AA-                        | 10,359,600   |
| 2,685                     | Los Angeles, Equipment & Real Property Project, CP,<br>5.00%, 10/1/27, Ser. AU (NPFGC)               | A2/AA-                         | 2,684,812    |
| 4,895                     | Los Angeles, Real Property Project, CP, 5.00%, 2/1/27,<br>Ser. T (NPFGC)                             | A1/AA-                         | 4,909,587    |
| 10,000                    | Los Angeles Community College Dist., GO, 5.00%,<br>8/1/33, Ser. F-1 (j)                              | Aa2/AA                         | 9,947,100    |
| 15,000                    | Los Angeles Department of Water & Power Rev.,<br>4.75%, 7/1/30, Ser. A-2 (FSA) (j)                   | Aa3/AAA                        | 15,153,150   |
| 16,950                    | 5.125%, 7/1/41, Ser. A (FGIC-NPFGC-TCRS)   | Aa3/AA                         | 16,965,763   |
| 11,000                    | Los Angeles Unified School Dist., GO, 5.00%, 1/1/34, Ser. I<br>Manteca Redev. Agcy., Tax Allocation, | Aa3/AA-                        | 10,878,120   |
| 7,295                     | 5.00%, 10/1/32 (FSA)   | Aa3/AAA                        | 6,895,891    |
| 10,000                    | 5.00%, 10/1/36 (AMBAC)   | NR/A                           | 8,386,100    |
| 5,330                     | Manteca Unified School Dist., Special Tax,<br>5.00%, 9/1/29, Ser. C (NPFGC)                          | Baa1/A                         | 5,461,331    |
| 4,000                     | Merced Cnty., Juvenile Justice Correctional Fac., CP,<br>5.00%, 6/1/32 (AMBAC)                       | A3/NR                          | 4,026,040    |
| 5,000                     | Metropolitan Water Dist. of Southern California Rev.,<br>5.00%, 7/1/37, Ser. A (j)                   | Aa2/AAA                        | 5,091,300    |
| 4,700                     | Moreno Valley Unified School Dist. Community Facs. Dist.,<br>Special Tax, 5.20%, 9/1/36              | NR/NR                          | 3,335,167    |
| 1,400                     | M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B (d)  | NR/A                           | 1,433,572    |
| 5,000                     | Oakland Unified School Dist., Alameda Cnty., GO,<br>6.125%, 8/1/29, Ser. A                           | Baa1/BBB+                      | 5,216,100    |
| 4,750                     | Palomar Pomerado Health, CP, 6.75%, 11/1/39  | Baa2/NR                        | 4,642,318    |
| 10,000                    | Placentia-Yorba Linda Unified School Dist., CP,<br>5.00%, 10/1/32 (FGIC-NPFGC)                       | A2/A+                          | 10,176,200   |
| 3,510                     | Riverside, CP, 5.00%, 9/1/33 (AMBAC)<br>Riverside Unified School Dist., Special Tax, Ser. A,         | NR/A+                          | 3,332,078    |
| 1,000                     | 5.25%, 9/1/30  | NR/NR                          | 843,560      |
| 1,000                     | 5.25%, 9/1/35  | NR/NR                          | 825,260      |
| 3,230                     | Roseville Redev. Agcy., Tax Allocation, Ser. B (NPFGC),<br>5.00%, 9/1/27                             | A3/A                           | 3,033,358    |
| 3,365                     | 5.00%, 9/1/32  | A3/A                           | 2,963,286    |
| 1,985                     | 5.00%, 9/1/33  | A3/A                           | 1,720,459    |
| 7,500                     | San Bernardino Community College Dist., GO, 6.25%,<br>8/1/33, Ser. A                                 | Aa3/AA-                        | 8,443,725    |
| 4,300                     | San Diego Cnty. Water Auth., CP, 5.00%, 5/1/29,<br>Ser. A (NPFGC)                                    | Aa3/AA+                        | 4,334,658    |
| 655                       | San Diego Public Facs. Financing Auth. Rev.,<br>5.00%, 5/15/29, Ser. A (FGIC-NPFGC)                  | A2/A+                          | 659,795      |
| 11,000                    | 5.00%, 8/1/32 (NPFGC)  | A2/A+                          | 11,075,460   |
| 4,000                     | 5.25%, 8/1/38, Ser. A  | A1/AA-                         | 4,106,080    |
| 1,000                     | 5.25%, 5/15/39, Ser. A   | A2/A+                          | 1,016,360    |

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
| \$ 1,500                  | Fire & Life Safety Facs. Project,<br>5.00%, 4/1/32, Ser. B (NPFGC)   | Baa1/A                         | \$ 1,447,095 |
| 2,800                     | San Diego Regional Building Auth. Rev., Cnty. Operations<br>Center & Annex, 5.375%, 2/1/36, Ser. A               | A1/AA+                         | 2,859,696    |
| 5,000                     | San Diego Unified School Dist., GO, 4.75%, 7/1/27,<br>Ser. D-2 (FSA)   | Aa2/AAA                        | 5,095,400    |
| 14,970                    | San Jose, Libraries, Parks & Public Safety Projects, GO,<br>5.00%, 9/1/32 (NPFGC) (j)                            | Aa1/AAA                        | 15,249,190   |
| 10,190                    | San Jose, Libraries & Parks Project, GO, 5.125%, 9/1/31  | Aa1/AAA                        | 10,348,047   |
| 5,150                     | San Jose Unified School Dist., Santa Clara Cnty., GO,<br>5.00%, 8/1/27, Ser. A (FSA)                             | Aa3/AAA                        | 5,252,434    |
| 1,730                     | San Rafael City High School Dist., GO, 5.00%, 8/1/27,<br>Ser. B (FSA)  | Aa3/AAA                        | 1,784,927    |
| 1,280                     | San Rafael Elementary School Dist., GO, 5.00%, 8/1/27,<br>Ser. B (FSA)   | Aa3/AAA                        | 1,320,640    |
| 1,260                     | Santa Cruz Cnty., CP, 5.25%, 8/1/32  | A3/NR                          | 1,290,215    |
| 1,500                     | Santa Cruz Cnty. Redev. Agcy., Live Oak/Soquel Community,<br>Tax Allocation, 7.00%, 9/1/36, Ser. A<br>State, GO, | A2/A                           | 1,645,260    |
| 2,500                     | 5.00%, 9/1/31  | Baa1/A                         | 2,310,125    |
| 900                       | 5.00%, 12/1/37   | Baa1/A                         | 790,983      |
| 7,000                     | 5.00%, 4/1/38  | Baa1/A                         | 6,139,350    |
| 11,000                    | 6.00%, 4/1/38  | Baa1/A                         | 11,171,600   |
|                           | State Public Works Board Rev.,   |                                |              |
| 3,000                     | 5.75%, 10/1/30, Ser. G-1   | Baa2/A-                        | 2,887,080    |
| 2,000                     | California State Univ., 6.00%, 11/1/34, Ser. J (e)   | A1/A-                          | 2,007,280    |
| 7,915                     | Regents Univ., 5.00%, 3/1/33, Ser. A<br>Statewide Communities Dev. Auth. Rev.,                                   | Aa2/AA-                        | 7,650,481    |
| 3,455                     | Bentley School, 6.75%, 7/1/32 (a)(b)<br>Catholic Healthcare West,  | NR/NR                          | 3,086,628    |
| 1,800                     | 5.50%, 7/1/31, Ser. D  | A2/A                           | 1,824,390    |
| 1,800                     | 5.50%, 7/1/31, Ser. E  | A2/A                           | 1,824,390    |
| 1,250                     | Huntington Park Charter School Project, 5.25%,<br>7/1/42, Ser. A   | NR/NR                          | 859,937      |
| 500                       | International School of the Peninsula Project, 5.00%,<br>11/1/29   | NR/NR                          | 354,885      |
| 2,770                     | Kaiser Permanente, 5.50%, 11/1/32, Ser. A  | NR/A+                          | 2,770,582    |
| 9,700                     | Los Angeles Jewish Home, 5.50%, 11/15/33 (CA St. Mtg.)<br>Methodist Hospital Project (FHA),                      | NR/A                           | 9,349,830    |
| 2,000                     | 6.25%, 8/1/24  | Aa2/AA                         | 2,231,780    |
| 2,400                     | 6.625%, 8/1/29   | Aa2/AA                         | 2,701,632    |
| 8,800                     | 6.75%, 2/1/38  | Aa2/AA                         | 9,839,016    |
| 3,700                     | St. Joseph, 5.75%, 7/1/47, Ser. A (FGIC)   | A1/AA-                         | 3,775,073    |
| 1,365                     | Windrush School, 5.50%, 7/1/37   | NR/NR                          | 1,022,221    |
| 1,500                     | Statewide Financing Auth. Tobacco Settlement Rev.,<br>5.625%, 5/1/29, Ser. A                                     | Baa3/NR                        | 1,419,495    |

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 19

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

November 30, 2009 (unaudited)

| Principal Amount (000)                               |  | Credit Rating (Moody s/S&P) | Value        |
|--|--|-----------------------------|--------------|
| \$ 4,500   | Tobacco Securitization Agcy. Rev., Alameda Cnty., 6.00%, 6/1/42                            | Baa3/NR                     | \$ 3,547,935 |
| 1,800  | Stanislaus Cnty., 5.875%, 6/1/43, Ser. A   | Baa3/NR                     | 1,373,040    |
| 5,500  | Univ. of California Rev., 4.75%, 5/15/35, Ser. F (FSA) (j)                                 | Aa1/AAA                     | 5,504,235    |
| 5,000  | 4.75%, 5/15/35, Ser. G (FGIC-NPFGC) (j)  | Aa1/AA                      | 4,941,650    |
| 5,650  | 4.75%, 5/15/38, Ser. B   | Aa2/AA-                     | 5,298,287    |
| 10,000   | Ventura Cnty. Community College Dist., GO, 5.00%, 8/1/27, Ser. A (NPFGC) (j)               | Aa3/AA                      | 10,319,700   |
| 5,000  | 5.50%, 8/1/33, Ser. C  | Aa3/AA                      | 5,180,750    |
| 1,555  | Ventura Unified School Dist., GO, 5.00%, 8/1/32, Ser. F (FSA)                              | Aa3/AAA                     | 1,561,811    |
|  | Total California Municipal Bonds & Notes (cost \$414,761,258)                              |                             | 431,697,130  |
| <b>CALIFORNIA VARIABLE RATE NOTES (a)(d)(h) 3.4%</b> |  |                             |              |
| 6,035  | Desert Community College Dist., GO, 9.359%, 8/1/32, Ser. 3016-1 (FSA) (g)                  | NR/AAA                      | 6,206,273    |
| 4,000  | Los Angeles Community College Dist., GO, 13.698%, 8/1/33, Ser. 3096 (g)                    | NR/AA                       | 3,936,520    |
| 5,000  | San Diego Community College Dist., GO, zero coupon, 2/1/17                                 | NR/AA+                      | 5,512,650    |
|  | Total California Variable Rate Notes (cost \$14,959,600)                                   |                             | 15,655,443   |
| <b>OTHER MUNICIPAL BONDS &amp; NOTES 1.7%</b>        |  |                             |              |
| <b>New York 0.7%</b>                                 |  |                             |              |
| 1,250  | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.25%, 10/1/35                        | A1/A                        | 1,230,788    |
| 1,900  | New York City Municipal Water Finance Auth. Water & Sewer Rev., 5.00%, 6/15/37, Ser. D (j) | Aa2/AAA                     | 1,926,524    |
|  |  |                             | 3,157,312    |
| <b>Puerto Rico 1.0%</b>                              |  |                             |              |
| 2,200  | Aqueduct & Sewer Auth. Rev., 6.00%, 7/1/38, Ser. A   | Baa3/BBB-                   | 2,253,152    |
| 2,505  | Public Building Auth. Gov t Facs. Rev., 5.00%, 7/1/36, Ser. I (GTD)                        | Baa3/BBB-                   | 2,216,449    |
|  |  |                             | 4,469,601    |
|  | Total Other Municipal Bonds & Notes (cost \$7,194,230)                                     |                             | 7,626,913    |
| <b>CORPORATE NOTES (i) 0.6%</b>                      |  |                             |              |
| <b>Financial Services 0.6%</b>                       |  |                             |              |
| 3,540  | International Lease Finance Corp., 5.40%, 2/15/12 (cost \$2,846,944)                       | Baa3/BBB+                   | 3,018,615    |

20 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09



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

November 30, 2009 (unaudited)

| Principal Amount (000)             |   | Credit Rating (Moody s/S&P) | Value                 |
|------------------------------------|---|-----------------------------|-----------------------|
| <b>SHORT-TERM INVESTMENTS 1.3%</b> |   |                             |                       |
| <b>Corporate Notes 1.3%</b>        |   |                             |                       |
| <b>Financial Services 1.3%</b>     |   |                             |                       |
|                                    | International Lease Finance Corp., FRN (i),                 |                             |                       |
| \$ 700                             | 0.482%, 5/24/10   | Baa3/BBB+                   | \$ 681,391            |
| 500                                | 0.684%, 1/15/10   | Baa3/BBB+                   | 498,636               |
| 5,000                              | SLM Corp., 0.442%, 7/26/10, FRN                             | Ba1/BBB-                    | 4,848,735             |
|                                    | Total Corporate Notes (cost \$5,863,809)                    |                             | 6,028,762             |
|                                    | <b>Total Investments</b> (cost \$445,625,841) <b>100.0%</b> |                             | <b>\$ 464,026,863</b> |

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 21

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

November 30, 2009 (unaudited)

| Principal Amount<br>(000)                         |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---|--|--------------------------------|--------------|
| <b>NEW YORK MUNICIPAL BONDS &amp; NOTES 86.5%</b> |  |                                |              |
| \$ 2,400  | Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project,<br>6.00%, 11/15/36, Ser. A    | NR/NR                          | \$ 1,930,032 |
| 4,120   | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters,<br>5.25%, 10/1/35 (j)                       | A1/A                           | 4,056,675    |
| 3,000   | 5.25%, 10/1/35   | A1/A                           | 2,953,890    |
| 3,500   | 5.50%, 10/1/37   | A1/A                           | 3,499,720    |
| 500   | Long Island Power Auth. Rev., 5.00%, 9/1/34, Ser. A (AMBAC)                                      | A3/A-                          | 504,585      |
| 1,850   | Metropolitan Transportation Auth. Rev.,<br>5.00%, 11/15/30, Ser. A (FSA)                         | Aa3/AAA                        | 1,863,561    |
| 2,000   | 5.00%, 11/15/34, Ser. B  | NR/AA                          | 2,066,480    |
| 8,000   | 5.25%, 11/15/31, Ser. E  | A2/A                           | 8,121,840    |
| 7,000   | 5.35%, 7/1/31, Ser. B  | A1/AAA                         | 7,110,670    |
| 5,000   | 5.50%, 11/15/39, Ser. A  | NR/AA                          | 5,315,650    |
| 2,870   | Mortgage Agcy. Rev., 4.75%, 10/1/27, Ser. 128  | Aa1/NR                         | 2,878,811    |
| 2,400   | Nassau Cnty. Industrial Dev. Agcy. Rev.,<br>Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A       | NR/NR                          | 2,100,936    |
| 4,000   | New York City, GO, 5.00%, 3/1/33, Ser. I   | Aa3/AA                         | 4,048,640    |
| 1,100   | New York City Health & Hospital Corp. Rev., Ser. A,<br>5.375%, 2/15/26                           | A1/A+                          | 1,116,874    |
| 2,000   | 5.45%, 2/15/26   | A1/A+                          | 2,033,780    |
| 975   | New York City Industrial Dev. Agcy. Rev.,<br>Eger Harbor Project, 4.95%, 11/20/32, Ser. A (GNMA) | NR/AA+                         | 980,090      |
| 1,415   | Liberty Interactive Corp., 5.00%, 9/1/35   | Ba2/BB+                        | 1,064,434    |
| 1,500   | Queens Baseball Stadium, 6.50%, 1/1/46   | Aa3/AAA                        | 1,672,935    |
| 1,190   | Staten Island Univ. Hospital Project, 6.45%, 7/1/32, Ser. C                                      | Ba2/NR                         | 1,099,750    |
| 1,500   | United Jewish Appeal Federation Project, 5.00%, 7/1/27,<br>Ser. A                                | Aa1/NR                         | 1,567,245    |
| 5,000   | Yankee Stadium,<br>5.00%, 3/1/31 (FGIC)  | Baa3/BBB-                      | 4,754,700    |
| 2,400   | 5.00%, 3/1/36 (NPFGC)  | Baa1/A                         | 2,196,840    |
| 4,900   | 7.00%, 3/1/49  | Aa3/AAA                        | 5,665,037    |
| 1,500   | New York City Municipal Water Finance Auth. Water<br>& Sewer Rev.,<br>5.25%, 6/15/40, Ser. EE    | Aa3/AA+                        | 1,553,445    |
| 500   | Second Generation Resolutions, 5.00%, 6/15/39, Ser. GG-1   | Aa3/AA+                        | 506,425      |
| 9,000   | New York City Transitional Finance Auth. Rev.,<br>5.00%, 11/1/27, Ser. B                         | Aa1/AAA                        | 9,242,190    |
| 5,000   | 5.25%, 1/15/39, Ser. S-3   | A1/AA-                         | 5,149,400    |
| 2,700   | New York City Trust for Cultural Res. Rev.,<br>Julliard School, 5.00%, 1/1/34, Ser. A            | Aa2/AA                         | 2,826,252    |
| 7,785   | Wildlife Conservation Society, 5.00%, 2/1/34 (FGIC-NPFGC)  | Aa3/AA-                        | 7,892,433    |
| 3,600   | Port Auth. of New York & New Jersey Rev.,<br>5.00%, 4/15/32, Ser. 125 (FSA)                      | Aa3/AAA                        | 3,707,352    |
| 3,000   | State Dormitory Auth. Rev.,<br>5.00%, 3/15/38, Ser. A  | NR/AAA                         | 3,062,340    |
| 1,320   | 5.25%, 9/1/28 (Radian)   | Baa3/NR                        | 1,280,083    |
| 7,490   | 5.50%, 5/15/31, Ser. A (AMBAC)   | A1/AA-                         | 8,051,076    |
| 2,600   | Catholic Health of Long Island, 5.10%, 7/1/34  | Baa1/BBB+                      | 2,369,380    |

22 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09

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

November 30, 2009 (unaudited)

| Principal Amount (000)                        |   | Credit Rating (Moody s/S&P) | Value        |
|---|---|-----------------------------|--------------|
| \$ 2,000                                      | Kaleida Health Hospital, 5.05%, 2/15/25 (FHA)   | NR/AAA                      | \$ 2,042,300 |
| 5,300   | Lenox Hill Hospital, 5.50%, 7/1/30  | Ba1/NR                      | 4,600,347    |
| 500   | Memorial Sloan-Kettering Cancer Center, 4.50%, 7/1/35, Ser. A-1   | Aa2/AA                      | 464,120      |
| 2,750   | 5.00%, 7/1/35, Ser. 1   | Aa2/AA                      | 2,749,890    |
| 2,000   | 5.00%, 7/1/36, Ser. A-1   | Aa2/AA                      | 1,997,000    |
| 2,100   | New York Univ., 5.00%, 7/1/38, Ser. A   | Aa3/AA-                     | 2,133,600    |
| 1,000   | New York Univ. Hospital Center, 5.625%, 7/1/37, Ser. B  | Baa2/BB+                    | 970,660      |
| 5,850   | North General Hospital, 5.00%, 2/15/25  | NR/AA-                      | 5,951,556    |
| 600   | North Shore-Long Island Jewish Health System, 5.50%, 5/1/37, Ser. A   | Baa1/A-                     | 604,788      |
| 5,000   | Rochester General Hospital, 5.00%, 12/1/35 (Radian) Teachers College,   | NR/NR                       | 4,522,150    |
| 4,270   | 5.00%, 7/1/32 (NPFGC)   | A1/NR                       | 4,320,215    |
| 3,000   | 5.50%, 3/1/39   | A1/NR                       | 3,102,960    |
| 3,000   | Yeshiva Univ., 5.125%, 7/1/34 (AMBAC)   | Aa3/NR                      | 3,065,490    |
| 5,000   | State Environmental Facs. Corp. Rev., 5.125%, 6/15/38, Ser. A   | Aa1/AA+                     | 5,232,100    |
| 1,000   | State Thruway Auth. Rev., 4.75%, 1/1/29, Ser. G (FSA)   | Aa3/AAA                     | 1,010,700    |
| 6,000   | State Urban Dev. Corp. Rev., 5.00%, 3/15/36, Ser. B-1 (j) Triborough Bridge & Tunnel Auth. Rev.,                  | NR/AAA                      | 6,142,800    |
| 710   | 5.00%, 1/1/32, Ser. A (FGIC-TCRS)   | Aa2/AA-                     | 720,174      |
| 5,000   | 5.25%, 11/15/34, Ser. A-2 (j)   | Aa2/AA-                     | 5,224,900    |
| 1,815   | Ulster Cnty. Industrial Dev. Agcy. Rev., 6.00%, 9/15/37, Ser. A   | NR/NR                       | 1,389,564    |
| 2,000   | Warren & Washington Cntys. Industrial Dev. Agcy. Rev., Glens Falls Hospital Project, 5.00%, 12/1/35, Ser. A (FSA) | Aa3/AAA                     | 2,005,740    |
| 600   | Yonkers Industrial Dev. Agcy. Rev., Sarah Lawrence College Project, 6.00%, 6/1/41, Ser. A (e)                     | NR/BBB+                     | 605,178      |
|   | Total New York Municipal Bonds & Notes (cost \$170,008,012)   |                             | 173,099,783  |
| <b>OTHER MUNICIPAL BONDS &amp; NOTES 8.1%</b> |   |                             |              |
|   | <b>California 0.5%</b>  |                             |              |
| 1,000   | Health Facs. Financing Auth. Rev., Catholic Healthcare West, 6.00%, 7/1/39, Ser. A                                | A2/A                        | 1,052,000    |
|   | <b>Florida 1.0%</b>   |                             |              |
| 1,000   | Clearwater Rev., 5.25%, 12/1/39, Ser. A   | A2/AA-                      | 1,013,190    |
| 1,000   | Miami-Dade Cnty. Airport Rev., 5.50%, 10/1/36, Ser. A   | A2/A-                       | 1,008,990    |
|   |   |                             | 2,022,180    |
|   | <b>Louisiana 0.5%</b>   |                             |              |
| 1,000   | Parish of East Baton Rouge Sewer Rev., 5.25%, 2/1/39, Ser. A  | A1/AA-                      | 1,031,480    |
|   | <b>Puerto Rico-6.1%</b>   |                             |              |
| 4,600   | Aqueduct & Sewer Auth. Rev., 6.00%, 7/1/38, Ser. A  | Baa3/BBB-                   | 4,711,136    |
| 5,675   | Children s Trust Fund Rev., 5.625%, 5/15/43   | Baa3/BBB                    | 4,798,894    |
|   | Sales Tax Financing Corp. Rev., Ser. A,   |                             |              |
| 14,250  | zero coupon, 8/1/54 (AMBAC)   | Aa3/AA-                     | 858,562      |
| 12,900  | zero coupon, 8/1/56   | Aa3/AA-                     | 685,377      |
| 1,000   | 5.75%, 8/1/37   | A2/A+                       | 1,014,720    |
|   |   |                             | 12,068,689   |
|   | Total Other Municipal Bonds & Notes (cost \$17,455,331)   |                             | 16,174,349   |

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 23

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

November 30, 2009 (unaudited)

| Principal<br>Amount<br>(000)                       |  | Credit Rating<br>(Moody s/S&P) | Value                 |
|--|--|--------------------------------|-----------------------|
| <b>NEW YORK VARIABLE RATE NOTES (a)(d)(h) 3.0%</b> |  |                                |                       |
| \$ 5,000   | JPMorgan Chase Putters/Drivers Trust Rev.,<br>9.25%, 7/1/33, Ser. 3382 | Aa1/NR                         | \$ 5,394,450          |
| 500  | 9.772%, 6/15/31, Ser. 3223   | NR/AA+                         | 559,635               |
|  | Total New York Variable Rate Notes (cost \$5,393,556)                  |                                | 5,954,085             |
| <b>SHORT-TERM INVESTMENTS 2.4%</b>                 |  |                                |                       |
| <b>Corporate Notes (i) 2.4%</b>                    |  |                                |                       |
| <b>Financial Services 2.4%</b>                     |  |                                |                       |
| 4,300  | American General Finance Corp., 4.625%, 9/1/10                         | Baa3/BB+                       | 4,257,710             |
| 300  | International Lease Finance Corp. FRN,<br>0.482%, 5/24/10              | Baa3/BBB+                      | 292,024               |
| 200  | 0.684%, 1/15/10  | Baa3/BBB+                      | 199,455               |
|  | Total Corporate Notes (cost \$3,898,929)                               |                                | 4,749,189             |
|  | <b>Total Investments</b> (cost \$196,755,828) <b>100.0%</b>            |                                | <b>\$ 199,977,406</b> |

24 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09

## PIMCO Municipal Income Funds II Notes to Schedule of Investments

November 30, 2009 (unaudited)

### Notes to Schedules of Investments:

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$12,024,228, representing 1.1% of total investments in PIMCO Municipal Income Fund II, \$18,742,071, representing 4.0% of total investments in PIMCO California Municipal Income Fund II and of \$5,954,085, representing 3.0% of total investments in PIMCO New York Municipal Income Fund II.
- (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 or delayed-delivery. To be settled/delivered after November 30, 2009.
- (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 November 30, 2009.
- (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 November 30, 2009.
- (i) All or partial amount segregated as collateral for reverse repurchase agreements.
- (j) 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.

### Glossary:

AMBAC insured by American Municipal Bond Assurance Corp.  
CA Mtg. Ins. insured by California Mortgage Insurance  
CA St. Mtg. insured by California State Mortgage  
CP Certificates of Participation  
FHA insured by Federal Housing Administration  
FGIC insured by Financial Guaranty Insurance Co.  
FRN Floating Rate Note. The interest rate disclosed reflects the rate in effect on November 30, 2009.  
FSA insured by Financial Security Assurance, Inc.  
GNMA insured by Government National Mortgage Association  
GO General Obligation Bond  
GTD Guaranteed  
IBC Insurance Bond Certificate  
NPFGC insured by National Public Finance Guarantee Corporation  
NR Not Rated  
PSF Public School Fund  
Radian insured by Radian Guaranty, Inc.  
TCRS Temporary Custodian Receipts

See accompanying Notes to Financial Statements | 11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 25

**PIMCO Municipal Income Funds II**    **Statements of Assets and Liabilities**

November 30, 2009 (unaudited)

|  | Municipal II         | California<br>Municipal II | New York<br>Municipal II |
|--|----------------------|----------------------------|--------------------------|
| <b>Assets:</b>   |                      |                            |                          |
| Investments, at value (cost \$1,055,010,975, \$445,625,841 and \$196,755,828, respectively)  | \$1,049,475,663      | \$464,026,863              | \$199,977,406            |
| Cash   | 419,308              |                            | 735,824                  |
| Interest receivable  | 18,327,987           | 7,224,162                  | 2,929,316                |
| Prepaid expenses and other assets  | 57,127               | 58,691                     | 25,171                   |
| <b>Total Assets</b>  | <b>1,068,280,085</b> | <b>471,309,716</b>         | <b>203,667,717</b>       |
| <b>Liabilities:</b>  |                      |                            |                          |
| Payable to custodian for cash overdraft  |                      | 1,199,823                  |                          |
| Payable for floating rate notes issued   | 89,161,972           | 53,505,833                 | 8,186,394                |
| Dividends payable to common and preferred shareholders   | 3,905,281            | 1,950,512                  | 712,627                  |
| Payable for reverse repurchase agreements  | 2,356,000            | 8,465,000                  | 4,091,000                |
| Interest payable   | 787,459              | 162,202                    | 9,249                    |
| Investment management fees payable   | 518,606              | 214,798                    | 101,150                  |
| Payable for investments purchased  | 500,000              | 1,987,080                  | 607,356                  |
| Interest payable for reverse repurchase agreements   | 432                  | 3,362                      | 1,750                    |
| Accrued expenses and other liabilities   | 350,507              | 2,116,077                  | 261,244                  |
| <b>Total Liabilities</b>   | <b>97,580,257</b>    | <b>69,604,687</b>          | <b>13,970,770</b>        |
| <b>Preferred shares (\$0.00001 par value and \$25,000 net asset and liquidation value per share applicable to an aggregate of 14,680, 6,520 and 3,160 shares issued and outstanding, respectively)</b> | <b>367,000,000</b>   | <b>163,000,000</b>         | <b>79,000,000</b>        |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$603,699,828</b> | <b>\$238,705,029</b>       | <b>\$110,696,947</b>     |
| <b>Composition of Net Assets Applicable to Common Shareholders:</b>  |                      |                            |                          |
| Common Stock:  |                      |                            |                          |
| Par value (\$0.00001 per share)  | \$598                | \$311                      | \$107                    |
| Paid-in-capital in excess of par   | 847,304,732          | 432,544,238                | 151,773,259              |
| Undistributed (dividends in excess of) net investment income   | 7,975,480            | (3,096,840)                | 371,488                  |
| Accumulated net realized loss on investments   | (246,043,465)        | (209,144,881)              | (44,694,127)             |
| Net unrealized appreciation (depreciation) of investments  | (5,537,517)          | 18,402,201                 | 3,246,220                |
| <b>Net Assets Applicable to Common Shareholders</b>  | <b>\$603,699,828</b> | <b>\$238,705,029</b>       | <b>\$110,696,947</b>     |
| Common Shares Outstanding  | 59,776,077           | 31,067,714                 | 10,720,528               |
| <b>Net Asset Value Per Common Share</b>  | <b>\$10.10</b>       | <b>\$7.68</b>              | <b>\$10.33</b>           |

26 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09 | See accompanying Notes to Financial Statements

**PIMCO Municipal Income Funds II**    **Statements of Operations**

Six Months ended November 30, 2009 (unaudited)

|  | <b>Municipal II</b> | <b>California<br/>Municipal II</b> | <b>New York<br/>Municipal II</b> |
|--|---------------------|------------------------------------|----------------------------------|
| <b>Investment Income:</b>  |                     |                                    |                                  |
| Interest   | \$31,178,877        | \$13,993,479                       | \$6,184,804                      |
| <b>Expenses:</b>   |                     |                                    |                                  |
| Investment management fees   | 3,052,365           | 1,293,817                          | 604,302                          |
| Interest expense   | 465,204             | 566,284                            | 116,850                          |
| Auction agent fees and commissions   | 291,578             | 136,059                            | 67,801                           |
| Shareholder communications   | 71,400              | 29,598                             | 14,811                           |
| Legal fees   | 66,772              | 25,593                             | 10,850                           |
| Trustees' fees and expenses  | 60,361              | 30,369                             | 11,369                           |
| Custodian and accounting agent fees  | 53,296              | 61,995                             | 29,912                           |
| Audit and tax services   | 32,646              | 27,173                             | 24,397                           |
| New York Stock Exchange listing fees   | 28,819              | 14,980                             | 12,911                           |
| Insurance expense  | 14,857              | 6,949                              | 3,193                            |
| Transfer agent fees  | 14,448              | 15,751                             | 13,250                           |
| Excise tax expense   | 32,563              |                                    |                                  |
| Miscellaneous  | 6,245               | 6,369                              | 3,915                            |
| Total expenses   | 4,190,554           | 2,214,937                          | 913,561                          |
| Less: investment management fees waived  | (36,532)            | (15,844)                           | (7,362)                          |
| custody credits earned on cash balances  | (15)                | (16)                               | (10)                             |
| Net expenses   | 4,154,007           | 2,199,077                          | 906,189                          |
| <b>Net Investment Income</b>   | <b>27,024,870</b>   | <b>11,794,402</b>                  | <b>5,278,615</b>                 |
| <b>Realized and Change In Unrealized Gain (Loss)</b>   |                     |                                    |                                  |
| Net realized gain (loss) on investments  | 371,775             | (2,693,375)                        | (697,622)                        |
| Net change in unrealized appreciation/depreciation of investments  | 64,371,221          | 9,913,720                          | 8,062,125                        |
| Net realized and change in unrealized gain on investments  | 64,742,996          | 7,220,345                          | 7,364,503                        |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>                                   | <b>91,767,866</b>   | <b>19,014,747</b>                  | <b>12,643,118</b>                |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | <b>(860,282)</b>    | <b>(382,088)</b>                   | <b>(183,746)</b>                 |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b> | <b>\$90,907,584</b> | <b>\$18,632,659</b>                | <b>\$12,459,372</b>              |

See accompanying Notes to Financial Statements | 11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 27

**PIMCO Municipal Income Funds II**      **Statements of Changes in Net Assets  
Applicable to Common Shareholders**

|   | <b>Municipal II</b>                                     |                            |
|---|---|----------------------------|
|   | Six Months<br>ended<br>November 30, 2009<br>(unaudited) | Year ended<br>May 31, 2009 |
| <b>Investment Operations:</b>   |   |                            |
| Net investment income   | \$27,024,870  | \$60,464,037               |
| Net realized gain (loss) on investments   | 371,775   | (169,917,405)              |
| Net change in unrealized appreciation/depreciation of investments   | 64,371,221  | (122,853,789)              |
| Net increase (decrease) in net assets resulting from investment operations  | 91,767,866  | (232,307,157)              |
| <b>Dividends on Preferred Shares from Net Investment Income</b>   |   |                            |
| Net increase (decrease) in net assets applicable to common shareholders<br>resulting from investment operations   | (860,282)   | (11,200,932)               |
| <b>Dividends to Common Shareholders from:</b>   |   |                            |
| Net investment income   | (23,279,891)  | (46,297,957)               |
| Return of capital   |   |                            |
| <b>Capital Share Transactions:</b>  |   |                            |
| Reinvestment of dividends   | 2,025,844   | 4,112,714                  |
| Total increase (decrease) in net assets applicable to common shareholders   | 69,653,537  | (285,693,332)              |
| <b>Net Assets Applicable to Common Shareholders:</b>  |   |                            |
| Beginning of period   | 534,046,291   | 819,739,623                |
| End of period (including undistributed (dividends in excess of) net investment<br>income of \$7,975,480 and \$5,090,783; \$(3,096,840) and \$(2,178,470); \$371,488<br>and \$(467,589); respectively) | \$603,699,828   | \$534,046,291              |
| <b>Common Shares Issued in Reinvestment of Dividends</b>  | 207,709   | 419,882                    |

28 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09 | See accompanying Notes to Financial Statements



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| <b>California Municipal II</b>                          |                            | <b>New York Municipal II</b>                            |                            |
|---|----------------------------|---|----------------------------|
| Six Months<br>ended<br>November 30, 2009<br>(unaudited) | Year ended<br>May 31, 2009 | Six Months<br>ended<br>November 30, 2009<br>(unaudited) | Year ended<br>May 31, 2009 |
| \$11,794,402  | \$26,314,683               | \$5,278,615   | \$10,661,737               |
| (2,693,375)   | (157,389,702)              | (697,622)   | (34,859,903)               |
| 9,913,720   | (17,820,169)               | 8,062,125   | (9,038,410)                |
| 19,014,747  | (148,895,188)              | 12,643,118  | (33,236,576)               |
| (382,088)   | (5,697,951)                | (183,746)   | (2,025,371)                |
| 18,632,659  | (154,593,139)              | 12,459,372  | (35,261,947)               |
| (12,330,684)  | (24,711,497)               | (4,255,792)   | (8,466,985)                |
| (1,187,791)   | (1,187,791)                |   |                            |
| 988,537   | 2,137,595                  | 367,490   | 754,665                    |
| 7,290,512   | (178,354,832)              | 8,571,070   | (42,974,267)               |
| 231,414,517   | 409,769,349                | 102,125,877   | 145,100,144                |
| \$238,705,029   | \$231,414,517              | \$110,696,947   | \$102,125,877              |
| 117,574   | 229,213                    | 35,725  | 70,913                     |

See accompanying Notes to Financial Statements | 11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 29

**PIMCO Municipal Income Fund II**      **Statement of Cash Flows**

Six Months ended November 30, 2009 (unaudited)

**Increase in Cash from:**

**Cash Flows provided by Operating Activities:**

Net increase in net assets resulting from investment operations \$91,767,866

**Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment Operations to**

**Net Cash Provided by Operating Activities:**

|  |                   |
|--|-------------------|
| Purchases of long-term investments                             | (71,830,520)      |
| Proceeds from sales of long-term investments                   | 67,203,684        |
| Sales of short-term portfolio investments, net                 | 17,052,535        |
| Net change in unrealized appreciation of investments           | (64,372,471)      |
| Net realized gain on investments                               | (371,775)         |
| Net amortization on investments                                | (2,749,294)       |
| Decrease in receivable for investments sold                    | 1,560,000         |
| Increase in interest receivable                                | (95,041)          |
| Increase in prepaid expenses and other assets                  | (10,810)          |
| Increase in payable for investments purchased                  | 500,000           |
| Decrease in payable to broker for collateral                   | (300,000)         |
| Increase in investment management fees payable                 | 65,399            |
| Decrease in interest payable for reverse repurchase agreements | (4,804)           |
| Increase in accrued expenses and other liabilities             | 20,460            |
| <b>Net cash provided by operating activities</b>               | <b>38,435,229</b> |

**Cash Flows used for Financing Activities:**

|  |                     |
|--|---------------------|
| Decrease in payable for reverse repurchase agreements                    | (15,390,000)        |
| Cash dividends paid (excluding reinvestment of dividends of \$2,025,844) | (22,107,919)        |
| Decrease in payable to custodian   | (518,002)           |
| <b>Net cash used for financing activities</b>                            | <b>(38,015,921)</b> |

**Net increase in cash** 419,308

**Cash at beginning of period**

**Cash at end of period** \$419,308

The Fund paid \$47,462 in cash for interest on reverse repurchase agreements.

30 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09 | See accompanying Notes to Financial Statements

**PIMCO California Municipal Income Fund II**      **Statement of Cash Flows**

Six Months ended November 30, 2009 (unaudited)

**Decrease in Cash from:****Cash Flows provided by Operating Activities:**Net increase in net assets resulting from investment operations \$19,014,747**Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment Operations to Net****Cash Provided by Operating Activities:**

|  |                   |
|--|-------------------|
| Purchases of long-term investments                             | (26,398,783)      |
| Proceeds from sales of long-term investments                   | 17,843,505        |
| Sales of short-term portfolio investments, net                 | 14,257,502        |
| Net change in unrealized appreciation of investments           | (10,093,229)      |
| Net realized loss on investments                               | 2,788,375         |
| Net amortization on investments                                | (1,121,472)       |
| Decrease in receivable for investments sold                    | 349,600           |
| Increase in interest receivable                                | (622,051)         |
| Increase in prepaid expenses and other assets                  | (16,244)          |
| Increase in payable for investments purchased                  | 1,987,080         |
| Increase in investment management fees payable                 | 13,586            |
| Decrease in interest payable for reverse repurchase agreements | (3,874)           |
| Increase in accrued expenses and other liabilities             | 22,164            |
| <b>Net cash provided by operating activities</b>               | <b>18,020,906</b> |

**Cash Flows used for Financing Activities:**

|  |                     |
|--|---------------------|
| Decrease in payable for reverse repurchase agreements                  | (9,941,000)         |
| Cash dividends paid (excluding reinvestment of dividends of \$988,537) | (11,952,194)        |
| Cash receipts on issuance of floating rate notes                       | 2,500,000           |
| Increase in payable to custodian                                       | 1,199,823           |
| <b>Net cash used for financing activities</b>                          | <b>(18,193,371)</b> |

|                             |                  |
|-----------------------------|------------------|
| <b>Net decrease in cash</b> | <b>(172,465)</b> |
|-----------------------------|------------------|

|                                    |                |
|------------------------------------|----------------|
| <b>Cash at beginning of period</b> | <b>172,465</b> |
|------------------------------------|----------------|

|                              |           |
|------------------------------|-----------|
| <b>Cash at end of period</b> | <b>\$</b> |
|------------------------------|-----------|

The Fund paid \$58,706 in cash for interest on reverse repurchase agreements.

See accompanying Notes to Financial Statements | 11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report 31

**PIMCO Municipal Income Funds II**    **Notes to Financial Statements**

November 30, 2009 (unaudited)

**1. Organization and Significant Accounting Policies**

PIMCO Municipal Income Fund II ( Municipal II ), PIMCO California Municipal Income Fund II ( California Municipal II ) and PIMCO New York Municipal Income Fund II ( New York Municipal II ), collectively referred to as the Funds or PIMCO Municipal Income Funds II , were organized as Massachusetts business trusts on March 29, 2002. Prior to commencing operations on June 28, 2002, the Funds had no operations other than matters relating to their organization and registration as non-diversified, closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager ) serves as the Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Global Investors of America L.P. ( Allianz Global ). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has an unlimited amount of \$0.00001 par value per share of common stock authorized.

Under normal market conditions, Municipal II invests substantially all of its assets in a portfolio of municipal bonds, the interest from which is exempt from federal income taxes. Under normal market conditions, California Municipal II invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal and California state income taxes. Under normal market conditions, New York Municipal II invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal, New York State and New York City income taxes. The Funds will generally seek to avoid investing in bonds generating interest income which could potentially subject individuals to alternative minimum tax. The issuers' abilities to meet their obligations may be affected by economic and political developments in a specific state or region. There is no guarantee that the Funds will meet their stated objectives.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the Funds financial statements. Actual results could differ from those estimated.

In the normal course of business, the Funds enter into contracts that contain a variety of representations that provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds expect the risk of any loss to be remote.

The following is a summary of significant accounting policies consistently followed by the Funds:

**(a) Valuation 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.

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Funds' 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 for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. 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. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily until settlement at the forward settlement value. 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 Funds to value securities may differ from the value that would be realized if the securities were sold and these differences could be material to the Funds' financial statements. Each Funds' net asset value 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.



**PIMCO Municipal Income Funds II**    **Notes to Financial Statements**

November 30, 2009 (unaudited)

**1. Organization and Significant Accounting Policies (continued)****(b) 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 Funds have the ability to access

Level 2    valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges

Level 3    valuations based on significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

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 technique used.

The valuation techniques used by the Funds to measure fair value during the six months ended November 30, 2009 maximized the use of observable inputs and minimized the use of unobservable inputs.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A summary of the inputs used at November 30, 2009 in valuing each Fund's assets and liabilities is listed below:

Municipal II:

|  | Level 1<br>Quoted<br>Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>11/30/09 |
|--|-----------------------------|--|--|----------------------|
| <b>Investments in Securities    Assets</b> |                             |  |  |                      |
| Municipal Bonds & Notes                    |                             | \$1,038,838,533                                      |  | \$1,038,838,533      |
| Variable Rate Notes                        |                             | 8,077,621  |  | 8,077,621            |
| Short-Term Investments                     |                             | 2,559,509  |  | 2,559,509            |
| Total Investments                          |                             | \$1,049,475,663                                      |  | \$1,049,475,663      |

California Municipal II:

|  | Level 1<br>Quoted<br>Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>11/30/09 |
|--|-----------------------------|--|--|----------------------|
| <b>Investments in Securities    Assets</b> |                             |  |  |                      |

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|                                    |               |               |
|------------------------------------|---------------|---------------|
| California Municipal Bonds & Notes | \$431,697,130 | \$431,697,130 |
| California Variable Rate Notes     | 15,655,443    | 15,655,443    |
| Other Municipal Bonds & Notes      | 7,626,913     | 7,626,913     |
| Corporate Notes                    | 3,018,615     | 3,018,615     |
| Short-Term Investments             | 6,028,762     | 6,028,762     |
| Total Investments                  | \$464,026,863 | \$464,026,863 |

11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report **33**

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**PIMCO Municipal Income Funds II**    **Notes to Financial Statements**

November 30, 2009 (unaudited)

**1. Organization and Significant Accounting Policies (continued)****(b) Fair Value Measurements (continued)**New York Municipal II:

|  | Level 1<br>Quoted<br>Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>11/30/09 |
|--|-----------------------------|--|--|----------------------|
| <b>Investments in Securities    Assets</b> |                             |  |  |                      |
| New York Municipal Bonds & Notes           |                             | \$173,099,783  |  | \$173,099,783        |
| Other Municipal Bonds & Notes              |                             | 16,174,349   |  | 16,174,349           |
| New York Variable Rate Notes               |                             | 5,954,085  |  | 5,954,085            |
| Short-Term Investments                     |                             | 4,749,189  |  | 4,749,189            |
| Total Investments                          |                             | \$199,977,406  |  | \$199,977,406        |

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discounts and amortization of premiums is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income over the lives of the respective securities.

**(d) Federal Income Taxes**

The Funds intend to distribute all of their taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. The Funds may be subject to excise tax to the extent of distributions to shareholders.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Funds' management has determined that its evaluation has resulted in no material impact to the Funds' financial statements at November 30, 2009. The Funds' federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**(e) Dividends and Distributions    Common Stock**

The Funds declare dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. The Funds record dividends and distributions to their shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment. Temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes; they are reported as dividends and/or distributions of paid-in-capital in excess of par.

**(f) Reverse Repurchase Agreements**

In a reverse repurchase agreement, the Funds sell securities to a bank or broker-dealer and agree to repurchase the securities at a mutually agreed date and price. Generally, the effect of such a transaction is that the Funds can recover and reinvest all or most of the cash invested in portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the returns associated with those portfolio securities. Such transactions are advantageous if the interest cost to the Funds of the



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reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. Unless the Funds cover their positions in reverse repurchase agreements (by segregating liquid assets at least equal in amount to the forward purchase commitment), their obligations under the agreements will be subject to the Funds' limitations on borrowings. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Funds are obligated to repurchase under the agreement may decline below the repurchase price.

34 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09

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**PIMCO Municipal Income Funds II Notes to Financial Statements**

November 30, 2009 (unaudited)

**1. Organization and Significant Accounting Policies (continued)****(f) Reverse Repurchase Agreements (continued)**

In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Funds use of the proceeds of the agreement may be restricted pending determination by the other party, or its trustee or receiver, whether to enforce the Funds' obligation to repurchase the securities.

**(g) Inverse Floating Rate Transactions Residual Interest Municipal Bonds ( RIBs ) / Residual Interest Tax Exempt Bonds ( RITEs )**

The Funds may invest in interest rates of RIBs and RITEs, ( Inverse Floaters ) whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. In inverse floating rate transactions, the Funds sell a fixed rate municipal bond ( Fixed Rate Bond ) to a broker who places the Fixed Rate Bond in a special purpose trust ( Trust ) from which floating rate bonds ( Floating Rate Notes ) and Inverse Floaters are issued. The Funds simultaneously or within a short period of time, purchase the Inverse Floaters from the broker. The Inverse Floaters held by the Funds provide the Funds with the right to: (1) cause the holders of the Floating Rate Notes to tender their notes at par, and (2) cause the broker to transfer the Fixed-Rate Bond held by the Trust to the Funds, thereby collapsing the Trust. The Funds account for the transaction described above as a secured borrowing by including the Fixed Rate Bond in their Schedules of Investments, and account for the Floating Rate Notes as a liability under the caption Payable for floating rate notes issued in the Funds' Statements of Assets and Liabilities. The Floating Rate Notes have interest rates that generally reset weekly and their holders have the option to tender their notes to the broker for redemption at par at each reset date.

The Funds may also invest in Inverse Floaters without transferring a fixed rate municipal bond into a special purpose trust, which are not accounted for as secured borrowings.

The Inverse Floaters are created by dividing the income stream provided by the underlying bonds to create two securities, one short-term and one long-term. The interest rate on the short-term component is reset by an index or auction process typically every 7 to 35 days. After income is paid on the short-term securities at current rates, the residual income from the underlying bond(s) goes to the long-term securities. Therefore, rising short-term rates result in lower income for the long-term component and vice versa. The longer-term bonds may be more volatile and less liquid than other municipal bonds of comparable maturity. Investments in Inverse Floaters typically will involve greater risk than investments in Fixed Rate Bonds. The Funds may also invest in Inverse Floaters for the purpose of increasing leverage.

The Funds' restrictions on borrowings do not apply to the secured borrowings deemed to have occurred for accounting purposes. Inverse Floaters held by the Funds are exempt from registration under Rule 144A of the Securities Act of 1933.

In addition to general market risks, the Funds' investments in Inverse Floaters may involve greater risk and volatility than an investment in a fixed rate bond, and the value of Inverse Floaters may decrease significantly when market interest rates increase. Inverse Floaters have varying degrees of liquidity, and the market for these securities may be volatile. These securities tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Although volatile, Inverse Floaters typically offer the potential for yields exceeding the yields available on fixed rate bonds with comparable credit quality, coupon, call provisions and maturity. Trusts in which Inverse Floaters may be held could be terminated due to market, credit or other events beyond the Funds' control, which could require the Funds to reduce leverage and dispose of portfolio investments at inopportune times and prices.

**(h) When-Issued/Delayed-Delivery Transactions**

When-issued or delayed-delivery transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Funds will set aside and maintain, until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations; consequently, such fluctuations are taken into account when determining the net asset value. The Funds may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security is sold on a delayed-delivery basis, the Funds do not participate in future gains and losses with respect to the security.



## **PIMCO Municipal Income Funds II**    **Notes to Financial Statements**

November 30, 2009 (unaudited)

### **1. Organization and Significant Accounting Policies (continued)**

#### **(i) Custody Credits on Cash Balances**

The Funds benefit from an expense offset arrangement with their custodian bank, whereby uninvested cash balances earn credits which reduce monthly custodian and accounting agent expenses. Had these cash balances been invested in income-producing securities, they would have generated income for the Funds.

#### **(j) Interest Expense**

Interest expense relates primarily to the Funds' liability in connection with floating rate notes held by third parties in conjunction with Inverse Floater transactions and reverse repurchase agreements. Interest expense on reverse repurchase agreements is recorded as it is incurred.

### **2. Principal Risk**

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (credit/counterparty risk). The main risks from derivative instruments are interest rate and credit/counterparty risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Funds is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (*i.e.* yield) movements.

The Funds will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default. The Funds seek to minimize concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognized and reputable exchanges. The Funds could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Funds may be exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments.

The Funds' sub-adviser, Pacific Investment Management Company LLC (the Sub-Adviser), an affiliate of the Investment Manager, seeks to minimize the Funds' counterparty risks by performing reviews of each counterparty. Generally, all transactions in listed securities are settled/paid for upon delivery. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

### **3. Investment Manager/Sub-Adviser**

Each Fund has an Investment Management Agreement (each an Agreement) with the Investment Manager. Subject to the supervision of the Funds' Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, each Fund's investment activities, business affairs and administrative matters. Pursuant to the Agreements, the Investment Manager receives an annual fee, payable on a monthly basis, at an annual rate of 0.65% of each Fund's average daily net assets, inclusive of net assets attributable to any Preferred Shares that may be outstanding. In order to reduce each Fund's expenses, the Investment Manager has contractually agreed to waive a portion of its investment management fees for each Fund at the annual rate of 0.05% of each Fund's average daily net assets, inclusive of net assets attributable to any Preferred Shares that may be outstanding, through June 30, 2009. For the six months ended November 30, 2009, each Fund paid investment management fees at an annualized effective rate of 0.64% of each Fund's average daily net assets, inclusive of net assets attributable to any Preferred Shares that may be outstanding.

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The Investment Manager has retained the Sub-Adviser to manage each Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all of the Funds' investment decisions. The Investment Manager, not the Funds, pays a portion of the fees it receives to the Sub-Adviser in return for its services.

**PIMCO Municipal Income Funds II**    **Notes to Financial Statements**

November 30, 2009 (unaudited)

**4. Investments in Securities**

Purchases and sales of investments, other than short-term securities and U.S. government obligations for the six months ended November 30, 2009, were:

|           | Municipal II | California Municipal II | New York Municipal II |
|-----------|--------------|-------------------------|-----------------------|
| Purchases | \$71,830,520 | \$26,398,783            | \$8,822,604           |
| Sales     | 67,203,684   | 17,843,505              | 6,922,834             |

(a) Open reverse repurchase agreements at November 30, 2009 were:

| Counterparty                    | Rate  | Trade Date | Maturity Date | Principal & Interest | Principal    |
|---------------------------------|-------|------------|---------------|----------------------|--------------|
| <u>Municipal II:</u>            |       |            |               |                      |              |
| Credit Suisse First Boston      | 0.55% | 11/19/09   | 12/16/09      | \$ 2,356,432         | \$ 2,356,000 |
| <u>California Municipal II:</u> |       |            |               |                      |              |
| Barclays Bank                   | 0.65% | 11/9/09    | 12/4/09       | \$ 8,468,362         | \$ 8,465,000 |
| <u>New York Municipal II:</u>   |       |            |               |                      |              |
| Barclays Bank                   | 0.75% | 11/9/09    | 12/4/09       | \$ 3,639,667         | \$ 3,638,000 |
| Credit Suisse First Boston      | 0.55% | 11/19/09   | 12/16/09      | 453,083              | 453,000      |
|                                 |       |            |               |                      | \$ 4,091,000 |

The weighted average daily balance of reverse repurchase agreements outstanding during the six months ended November 30, 2009 for Municipal II, California Municipal II and New York Municipal II was \$10,745,530, \$13,672,353 and \$4,952,207 at a weighted average interest rate of 0.78%, 0.79% and 0.78%, respectively. The total market value of underlying collateral (refer to the Schedules of Investments for positions segregated as collateral for reverse repurchase agreements) for open reverse repurchase agreements at November 30, 2009 was \$2,559,509, \$9,047,377 and \$4,749,189 for Municipal II, California Municipal II and New York Municipal II, respectively.

New York Municipal II received \$195,508 in U.S. Government Agency Securities as collateral for repurchase agreements. Collateral received as securities cannot be pledged.

**5. Income Tax Information**

The cost of investments for federal income tax purposes and gross unrealized appreciation and gross unrealized depreciation of investments at November 30, 2009 were:

| Cost of Investments | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Appreciation (Depreciation) |
|---------------------|-------------------------------|-------------------------------|--|
|---------------------|-------------------------------|-------------------------------|--|

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|                         |               |              |              |               |
|-------------------------|---------------|--------------|--------------|---------------|
| Municipal II            | \$965,685,788 | \$40,745,720 | \$46,287,059 | \$(5,541,339) |
| California Municipal II | 391,734,997   | 23,853,331   | 7,024,630    | 16,828,701    |
| New York Municipal II   | 188,341,907   | 8,677,790    | 5,424,320    | 3,253,470     |

**6. Auction-Rate Preferred Shares**

Municipal II has outstanding 2,936 shares of Preferred Shares Series A, 2,936 shares of Preferred Shares Series B, 2,936 shares of Preferred Shares Series C, 2,936 shares of Preferred Shares Series D and 2,936 shares of Preferred Shares Series E, each with a net asset and liquidation value of \$25,000 per share plus any accumulated, unpaid dividends.

California Municipal II has issued 1,304 shares of Preferred Shares Series A, 1,304 shares of Preferred Shares Series B, 1,304 shares of Preferred Shares Series C, 1,304 shares of Preferred Shares Series D and 1,304 shares of Preferred Shares Series E, each with a net asset and liquidation value of \$25,000 per share plus any accumulated, unpaid dividends.

New York Municipal II has issued 1,580 shares of Preferred Shares Series A and 1,580 shares of Preferred Shares Series B, each with a net asset and liquidation value of \$25,000 per share plus any accumulated, unpaid dividends.

**PIMCO Municipal Income Funds II**    **Notes to Financial Statements**

November 30, 2009 (unaudited)

**6. Auction-Rate Preferred Shares (continued)**

Dividends are accumulated daily at an annual rate (typically re-set every seven days) through auction procedures. Distributions of net realized capital gains, if any, are paid annually.

For the six months ended November 30, 2009, the annualized dividend rates for each Fund ranged from:

|                                 | High  | Low   | At November 30,<br>2009 |
|---------------------------------|-------|-------|-------------------------|
| <u>Municipal II:</u>            |       |       |                         |
| Series A                        | 0.58% | 0.38% | 0.46%                   |
| Series B                        | 0.58% | 0.37% | 0.44%                   |
| Series C                        | 0.58% | 0.35% | 0.44%                   |
| Series D                        | 0.58% | 0.35% | 0.44%                   |
| Series E                        | 0.58% | 0.35% | 0.44%                   |
| <u>California Municipal II:</u> |       |       |                         |
| Series A                        | 0.58% | 0.38% | 0.46%                   |
| Series B                        | 0.58% | 0.37% | 0.44%                   |
| Series C                        | 0.58% | 0.35% | 0.44%                   |
| Series D                        | 0.58% | 0.35% | 0.44%                   |
| Series E                        | 0.58% | 0.35% | 0.44%                   |
| <u>New York Municipal II:</u>   |       |       |                         |
| Series A                        | 0.58% | 0.35% | 0.44%                   |
| Series B                        | 0.58% | 0.35% | 0.44%                   |

The Funds are subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Funds from declaring any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation value plus any accumulated, unpaid dividends.

Preferred shareholders, who are entitled to one vote per share, generally vote with the common shareholders but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shareholders.

Since mid-February 2008, holders of auction-rate preferred shares ( ARPS ) issued by the Funds have been directly impacted by an unprecedented lack of liquidity, which has similarly affected ARPS holders in many of the nation's closed-end funds. Since then, regularly scheduled auctions for ARPS issued by the Funds have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, ARPS holders cannot sell all, and may not be able to sell any, of their shares tendered for sale. While repeated auction failures have affected the liquidity for ARPS, they do not constitute a default or automatically alter the credit quality of the ARPS, and ARPS holders have continued to receive dividends at the defined maximum rate the higher of the 30-day AA Composite Commercial Paper Rate multiplied by 110% or the Taxable Equivalent of the Short-Term Municipal Obligations Rate-defined as 90% of the quotient of (A) the per annum rate expressed on an interest equivalent basis equal to the Kenny S&P 30-day High Grade Index divided by (B) 1.00 minus the Marginal Tax Rate (expressed as a decimal) multiplied by 110% (which is a function of short-term interest rates and typically higher than the rate that would have otherwise been set through a successful auction). If the Funds ARPS auctions continue to fail and the maximum rate payable on the ARPS rises as a result of changes in short-term interest rates, returns for the Funds common shareholders could be adversely affected.



**PIMCO Municipal Income Funds II    Notes to Financial Statements**

November 30, 2009 (unaudited)

**7. Legal Proceedings**

In June and September 2004, the Investment Manager and certain of its affiliates (including PEA Capital LLC ( PEA ), Allianz Global Investors Distributors LLC and Allianz Global Investors of America, L.P.), agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission ( SEC ) and the New Jersey Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. The settlements related to an alleged market timing arrangement in certain open-end funds formerly sub-advised by PEA. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, and consented to cease and desist orders and censures. Subsequent to these events, PEA deregistered as an investment adviser and dissolved. None of the settlements alleged that any inappropriate activity took place with respect to the Funds.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning market timing, which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multi-district litigation proceeding in the U.S. District Court for the District of Maryland. Any potential resolution of these matters may include, but not be limited to, judgments or settlements for damages against the Investment Manager or its affiliates or related injunctions.

In addition, the Sub-Adviser is the subject of a lawsuit in the Northern District of Illinois Eastern Division in which the complaint alleges that plaintiffs each purchased and sold a 10-year Treasury note futures contract and suffered damages from an alleged shortage when the Sub-Adviser held both physical and futures positions in 10-year Treasury notes for its client accounts. In July 2007, the court granted class certification of a class consisting of those persons who purchased futures contracts to offset short positions between May 9, 2005 and June 30, 2005. The Sub-Adviser currently believes that the complaint is without merit and the Sub-Adviser intends to vigorously defend against this action.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Funds or on their ability to perform their respective investment advisory activities relating to the Funds.

**8. Resignation of Trustee**

Diana L. Taylor resigned as a Trustee of the Funds on September 10, 2009.

**9. Subsequent Events**

Fund management has evaluated subsequent events following the six months ended November 30, 2009 through January 25, 2010, which is the date the financial statements were issued. The subsequent events were as follows:

On December 1, 2009, the following dividends were declared to common shareholders payable December 30, 2009 to shareholders of record on December 11, 2009:

|                         |                            |
|-------------------------|----------------------------|
| Municipal II            | \$0.065 per common share   |
| California Municipal II | \$0.0625 per common share  |
| New York Municipal II   | \$0.06625 per common share |

On December 14, 2009, James A. Jacobson joined the Board of Trustees of each Fund.

On January 4, 2010, the following dividends were declared to common shareholders payable February 1, 2010 to shareholders of record on January 14, 2010:

|                         |                            |
|-------------------------|----------------------------|
| Municipal II            | \$0.065 per common share   |
| California Municipal II | \$0.0625 per common share  |
| New York Municipal II   | \$0.06625 per common share |

**PIMCO Municipal Income Fund II Financial Highlights**

For a share of common stock outstanding throughout each period:

|  | <b>Six Months<br/>ended<br/>November 30,<br/>2009<br/>(unaudited)</b> | <b>2009</b> | <b>2008</b> | <b>Year ended May 31,<br/>2007</b> | <b>2006</b> | <b>2005</b> |
|--|---|-------------|-------------|------------------------------------|-------------|-------------|
| Net asset value, beginning of period   | \$8.97  | \$13.86     | \$15.05     | \$14.71                            | \$14.81     | \$14.01     |
| <b>Investment Operations:</b>  |   |             |             |                                    |             |             |
| Net investment income  | 0.45  | 1.02        | 1.13        | 1.13                               | 1.08        | 1.11        |
| Net realized and change in unrealized gain (loss) on investments, futures contracts, options written and swaps | 1.08  | (4.94)      | (1.24)      | 0.33                               | 0.01        | 0.84        |
| Total from investment operations   | 1.53  | (3.92)      | (0.11)      | 1.46                               | 1.09        | 1.95        |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | (0.01)  | (0.19)      | (0.30)      | (0.30)                             | (0.23)      | (0.14)      |
| Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations   | 1.52  | (4.11)      | (0.41)      | 1.16                               | 0.86        | 1.81        |
| <b>Dividends to Common Shareholders from Net Investment Income</b>   | (0.39)  | (0.78)      | (0.78)      | (0.82)                             | (0.96)      | (1.01)      |
| Net asset value, end of period   | \$10.10   | \$8.97      | \$13.86     | \$15.05                            | \$14.71     | \$14.81     |
| Market price, end of period  | \$10.46   | \$9.56      | \$14.14     | \$15.42                            | \$14.45     | \$15.02     |
| <b>Total Investment Return (1)</b>   | 13.79%  | (26.46)%    | (3.09)%     | 12.64%                             | 2.63%       | 21.00%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |   |             |             |                                    |             |             |
| Net assets applicable to common shareholders, end of period (000)  | \$603,700   | \$534,046   | \$819,740   | \$886,815                          | \$862,832   | \$862,290   |
| Ratio of expenses to average net assets including interest expense (2)(3)(4)(5)                                | 1.45%*  | 1.73%       | 1.68%       | 1.50%                              | 1.30%       | 1.05%       |
| Ratio of expenses to average net assets, excluding interest expense (2)(3)(5)                                  | 1.29%*  | 1.35%       | 1.19%       | 1.01%                              | 1.05%       | 1.02%       |
| Ratio of net investment income to average net assets (2)(5)  | 9.46%*  | 10.23%      | 7.90%       | 7.45%                              | 7.31%       | 7.71%       |
| Preferred shares asset coverage per share  | \$66,122  | \$61,376    | \$65,570    | \$68,889                           | \$67,701    | \$67,676    |
| Portfolio turnover   | 7%  | 42%         | 21%         | 4%                                 | 20%         | 9%          |

\* Annualized.

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each 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 investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions and reverse repurchase agreements.
- (5) During the periods indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.01% (annualized), 0.10%, 0.17%, 0.24%, 0.24% and 0.24% for the six months ended November 30, 2009 and the years ended May 31, 2009, May 31, 2008, May 31, 2007, May 31, 2006 and May 31, 2005, respectively.



**PIMCO California Municipal Income Fund II Financial Highlights**

For a share of common stock outstanding throughout each period:

|  | <b>Six Months<br/>ended<br/>November 30,<br/>2009<br/>(unaudited)</b> | <b>2009</b>             | <b>2008</b> | <b>Year ended May 31,<br/>2007</b> | <b>2006</b> | <b>2005</b> |
|--|---|-------------------------|-------------|------------------------------------|-------------|-------------|
| Net asset value, beginning of period   | \$7.48  | \$13.34                 | \$14.89     | \$14.58                            | \$14.61     | \$13.53     |
| <b>Investment Operations:</b>  |   |                         |             |                                    |             |             |
| Net investment income  | 0.38  | 0.85                    | 1.06        | 1.08                               | 1.06        | 1.05        |
| Net realized and change in unrealized gain (loss) on investments, futures contracts, options written and swaps | 0.23  | (5.69)                  | (1.49)      | 0.34                               | 0.05        | 1.13        |
| Total from investment operations   | 0.61  | (4.84)                  | (0.43)      | 1.42                               | 1.11        | 2.18        |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  |   |                         |             |                                    |             |             |
|  | (0.01)  | (0.18)                  | (0.28)      | (0.27)                             | (0.21)      | (0.12)      |
| Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations   | 0.60  | (5.02)                  | (0.71)      | 1.15                               | 0.90        | 2.06        |
| <b>Dividends to Common Shareholders from:</b>  |   |                         |             |                                    |             |             |
| Net Investment Income  | (0.40)  | (0.80)                  | (0.84)      | (0.84)                             | (0.93)      | (0.98)      |
| Return of Capital  |   | (0.04)                  |             |                                    |             |             |
| Net asset value, end of period   | \$7.68  | \$7.48                  | \$13.34     | \$14.89                            | \$14.58     | \$14.61     |
| Market price, end of period  | \$8.69  | \$8.78                  | \$14.25     | \$15.96                            | \$14.62     | \$14.76     |
| <b>Total Investment Return (1)</b>   | 3.76%   | (32.26)% <sup>(1)</sup> | (5.17)%     | 15.35%                             | 5.50%       | 19.14%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |   |                         |             |                                    |             |             |
| Net assets applicable to common shareholders, end of period (000)  | \$238,705   | \$231,415               | \$409,769   | \$455,284                          | \$443,379   | \$441,596   |
| Ratio of expenses to average net assets including interest expense (2)(3)(4)(5)                                | 1.87%*  | 3.15%                   | 3.23%       | 2.89%                              | 2.02%       | 1.36%       |
| Ratio of expenses to average net assets, excluding interest expense (2)(3)(5)                                  | 1.39%*  | 1.43%                   | 1.18%       | 1.01%                              | 1.06%       | 1.06%       |
| Ratio of net investment income to average net assets (2)(5)  | 10.05%*   | 9.31%                   | 7.65%       | 7.28%                              | 7.24%       | 7.37%       |
| Preferred shares asset coverage per share  | \$61,609  | \$60,490                | \$64,390    | \$68,765                           | \$67,620    | \$67,451    |
| Portfolio turnover   | 4%  | 62%                     | 6%          | 3%                                 | 12%         | 5%          |

\* Annualized.

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each 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 investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions and reverse repurchase agreements.
- (5) During the periods indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.01% (annualized), 0.10%, 0.17%, 0.24%, 0.24% and 0.24% for the six months ended November 30, 2009 and the years ended May 31, 2009, May 31, 2008, May 31, 2007, May 31, 2006 and May 31, 2005,

respectively.

**See accompanying Notes to Financial Statements** | 11.30.09 | PIMCO Municipal Income Funds II Semi-Annual Report **41**

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**PIMCO New York Municipal Income Fund II Financial Highlights**

For a share of common stock outstanding throughout each period:

|  | <b>Six Months<br/>ended<br/>November<br/>30,<br/>2009<br/>(unaudited)</b> | <b>2009</b> | <b>2008</b> | <b>Year ended May 31,</b> |             |             |
|--|---|-------------|-------------|---------------------------|-------------|-------------|
|  |   |             |             | <b>2007</b>               | <b>2006</b> | <b>2005</b> |
| Net asset value, beginning of period   | \$9.56  | \$13.67     | \$14.79     | \$14.66                   | \$14.62     | \$13.54     |
| <b>Investment Operations:</b>  |   |             |             |                           |             |             |
| Net investment income  | 0.50  | 1.00        | 1.07        | 1.10                      | 1.07        | 1.07        |
| Net realized and change in unrealized gain (loss) on investments, futures contracts, options written and swaps | 0.69  | (4.13)      | (1.11)      | 0.11                      | 0.11        | 1.12        |
| Total from investment operations   | 1.19  | (3.13)      | (0.04)      | 1.21                      | 1.18        | 2.19        |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | (0.02)  | (0.19)      | (0.29)      | (0.28)                    | (0.23)      | (0.13)      |
| Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations   | 1.17  | (3.32)      | (0.33)      | 0.93                      | 0.95        | 2.06        |
| <b>Dividends to Common Shareholders from Net Investment Income</b>   | (0.40)  | (0.79)      | (0.79)      | (0.80)                    | (0.91)      | (0.98)      |
| Net asset value, end of period   | \$10.33   | \$9.56      | \$13.67     | \$14.79                   | \$14.66     | \$14.62     |
| Market price, end of period  | \$10.84   | \$10.26     | \$14.42     | \$15.49                   | \$14.14     | \$14.80     |
| <b>Total Investment Return (1)</b>   | 9.74%   | (22.95)%    | (1.46)%     | 15.51%                    | 1.65%       | 21.45%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |   |             |             |                           |             |             |
| Net assets applicable to common shareholders, end of period (000)  | \$110,697   | \$102,126   | \$145,100   | \$156,218                 | \$154,088   | \$152,812   |
| Ratio of expenses to average net assets including interest expense (2)(3)(4)(5)                                | 1.70%*  | 1.88%       | 2.07%       | 2.13%                     | 1.89%       | 1.25%       |
| Ratio of expenses to average net assets, excluding interest expense (2)(3)(5)                                  | 1.48%*  | 1.51%       | 1.25%       | 1.14%                     | 1.13%       | 1.14%       |
| Ratio of net investment income to average net assets (2)(5)  | 9.89%*  | 9.63%       | 7.69%       | 7.33%                     | 7.29%       | 7.53%       |
| Preferred shares asset coverage per share  | \$60,030  | \$57,316    | \$65,294    | \$68,386                  | \$67,785    | \$67,439    |
| Portfolio turnover   | 4%  | 33%         | 9%          | 3%                        | 26%         | 11%         |

\* Annualized.

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each 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 investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions and reverse repurchase agreements.
- (5) During the periods indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.01% (annualized), 0.10%, 0.17%, 0.24%, 0.24% and 0.24% for the six months ended November 30, 2009 and the years ended May 31, 2009, May 31, 2008, May 31, 2007, May 31, 2006 and May 31, 2005, respectively.



## PIMCO Municipal Income Funds II

### Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements (unaudited)

The Investment Company Act of 1940, as amended, requires that both the full Board of Trustees (the Trustees) and a majority of the non-interested Trustees (the Independent Trustees), voting separately, approve the Funds' Management Agreements (the Management Agreements) with the Investment Manager and Portfolio Management Agreements (the Sub-Advisory Agreements), and together with the Advisory Agreements, the Agreements) between the Investment Manager and the Sub-Adviser. The Trustees met in person on June 16-17, 2009 (the contract review meeting) for the specific purpose of considering whether to approve the continuation of the Advisory Agreements and the Sub-Advisory Agreements. The Independent Trustees were assisted in their evaluation of the Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the contract review meeting.

Based on their evaluation of factors that they deemed to be material, including those factors described below, the Board of Trustees, including a majority of the Independent Trustees, concluded that the continuation of the Funds' Advisory Agreements and the Sub-Advisory Agreements, as amended, should be approved for a one-year period commencing July 1, 2009.

In connection with their deliberations regarding the continuation of the Agreements, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality, and extent of the various investment management, administrative and other services performed by the Investment Manager or the Sub-Adviser under the applicable Agreement.

In connection with their contract review meetings, the Trustees received and relied upon materials provided by the Investment Manager which included, among other items: (i) information provided by Lipper Inc. (Lipper) on the total return investment performance (based on net assets) of the Funds for various time periods and the investment performance of a group of funds with substantially similar investment classifications/objectives as the Funds identified by Lipper and the performance of applicable benchmark indices, (ii) information provided by Lipper on the Funds' management fees and other expenses and the management fees and other expenses of comparable funds identified by Lipper, (iii) information regarding the investment performance and management fees of comparable portfolios of other clients of the Sub-Advisers, (iv) the estimated profitability to the Investment Manager and the Sub-Adviser from their relationship with the Funds for the one year period ended March 31, 2009, (v) descriptions of various functions performed by the Investment Manager and the Sub-Adviser for the Funds, such as portfolio management, compliance monitoring and portfolio trading practices, and (vi) information regarding the overall organization of the Investment Manager and the Sub-Adviser, including information regarding senior management, portfolio managers and other personnel providing investment management, administrative and other services to the Funds.

The Trustees' conclusions as to the continuation of the Agreements were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors.

As part of their review, the Trustees examined the Investment Manager's and the Sub-Adviser's abilities to provide high quality investment management and other services to the Funds. The Trustees considered the investment philosophy and research and decision-making processes of the Sub-Adviser; the experience of key advisory personnel of the Sub-Adviser responsible for portfolio management of the Funds; the ability of the Investment Manager and the Sub-Adviser to attract and retain capable personnel; the capability and integrity of the senior management and staff of the Investment Manager and the Sub-Adviser; and the level of skill required to manage the Funds. In addition, the Trustees reviewed the quality of the Investment Manager's and the Sub-Adviser's services with respect to regulatory compliance and compliance with the investment policies of the Funds; the nature and quality of certain administrative services the Investment Manager is responsible for providing to the Funds; and conditions that might affect the Investment Manager's or the Sub-Adviser's ability to provide high quality services to the Funds in the future under the Agreements, including each organization's respective business reputation, financial condition and operational stability. Based on the foregoing, the Trustees concluded that the Sub-Adviser's investment process, research capabilities and philosophy were well suited to each of the Funds given their respective investment objectives and policies, and that the Investment Manager and the Sub-Adviser would be able to continue to meet any reasonably foreseeable obligations under the Agreements.



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Based on information provided by Lipper, the Trustees also reviewed each Fund's total return investment performance as well as the performance of comparable funds identified by Lipper. In the course of their deliberations, the Trustees took into account information provided by the Investment Manager in connection with the contract review meeting, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding each Fund's performance.

## **PIMCO Municipal Income Funds II**

### **Matters Relating to the Trustees Consideration of the Investment Management and Portfolio Management Agreements (unaudited)**

In assessing the reasonableness of each Fund's fees under the Agreements, the Trustees considered, among other information, each Fund's management fee and the total expense ratio as a percentage of average net assets attributable to common and preferred shares and the management fee and total expense ratios of comparable funds identified by Lipper.

For each of the Funds, the Trustees specifically took note of how each Fund compared to its Lipper peers as to performance, management fee expenses and total expenses. The Trustees noted that the Investment Manager had provided a memorandum containing comparative information on the performance and expenses information of the Funds compared to their Lipper peer categories. The Trustees noted that while the Funds are not charged a separate administration fee, it was not clear whether the peer funds in the Lipper categories were charged such a fee by their investment managers.

#### **Municipal Income II:**

The Trustees noted that the expense group for Municipal Income II consisted of twelve funds. The Trustees also noted that the actual management fees were the same as the median and the actual total expenses were worse than the median. The Trustees discussed Municipal Income II's fifth quintile performance for the one-, three-, five-year periods ended March 31, 2009, with over 56 funds in the peer group for the one- and three-year periods and 55 funds in the peer group for the five-year period. The Trustees also noted that for the 3-months and year-to-date period ended May 31, 2009, Municipal Income II had top quintile performance.

#### **California Municipal Income II**

The Trustees noted that the expense group for California Municipal II consisted of fourteen funds. The Trustees also noted the actual management fees and the actual total expenses were both worse than the median. The Trustees discussed California Municipal Income II's bottom quintile performance for the 1-, 3- and 5-year periods ended March 31, 2009 with 22 funds in the peer group. However, for the 3-months and year-to-date periods ended May 31, 2009, the Trustees noted California Municipal Income II had top quintile performance for the 3-month period and second quintile performance for the year-to-date period ended May 31, 2009.

#### **New York Municipal Income II**

The Trustees noted that the expense group for New York Municipal Income II consisted of thirteen funds. The Trustees also noted that the actual management fees and the actual total expenses were both worse than the median. The Trustees discussed New York Municipal Income II's bottom quintile performance for the 1-, 3- and 5-year periods ended March 31, 2009 with 15 funds in the peer group. However, for the 3-months and year-to-date periods ended May 31, 2009, the Trustees noted that New York Municipal Income II had moved into the top quintile.

At the request of the Trustees, the Investment Manager and Sub-Adviser agreed to provide performance information related to the Funds on a monthly basis.

After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, that they were satisfied with the Investment Manager's and the Sub-Adviser's responses and efforts to continue to improve the Funds' investment performance. The Trustees agreed to reassess the services provided by the Investment Manager and Sub-Adviser under the Agreements in light of the Funds' ongoing performance at each quarterly Board meeting.

The Trustees also considered the management fees charged by Sub-Adviser to other clients. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by the open-end funds offered for comparison but were advised that there are often additional portfolio management challenges in managing the Funds, such as the use of leverage and meeting a regular dividend.

The Trustees also took into account that the Funds have preferred shares outstanding, which increases the amount of fees received by the Investment Manager and the Sub-Adviser under the Agreements (because the fees are calculated based on either a Fund's net assets or total managed assets, including assets attributable to preferred shares and other forms of leverage outstanding, as applicable). In this regard, the Trustees took into account that the Investment Manager and the Sub-Adviser have a financial incentive for the Funds to continue to have preferred shares and other forms of leverage outstanding, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on one hand, and a Fund's common shareholders, on the other. In this regard, the Trustees considered information provided by the Investment Manager and the Sub-Adviser indicating that each Fund's use of leverage through preferred shares continues to be appropriate and in the interests of the respective Fund's common shareholders.



## **PIMCO Municipal Income Funds II**

### **Matters Relating to the Trustees Consideration of the Investment Management and Portfolio Management Agreements (unaudited)**

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the estimated profitability of the Investment Manager and the Sub-Adviser from their relationship with each Fund and determined that such profitability was down from last year and did not appear to be excessive.

The Trustees also took into account that, as closed-end investment companies, the Funds do not currently intend to raise additional assets, so the assets of the Funds will grow (if at all) only through the investment performance of each Fund. Therefore, the Trustees did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements.

Additionally, the Trustees considered so-called fall-out benefits to the Investment Manager and the Sub-Adviser, such as reputational value derived from serving as Investment Manager and Sub-Adviser to the Funds.

After reviewing these and other factors described herein, the Trustees concluded with respect to each Fund, within the context of their overall conclusions regarding the Agreements and based on the information provided and related representations made by management, that the fees payable under the Agreements represent reasonable compensation in light of the nature and quality of the services being provided by the Investment Manager and Sub-Adviser to the Funds.

**PIMCO Municipal Income Funds II****Annual Shareholder Meetings Results/  
Proxy Voting Policies & Procedures**  
(unaudited)**Annual Shareholder Meetings Results:**

The Funds held their joint annual meetings of shareholders on December 18, 2009. Common/Preferred shareholders voted as indicated below:

|   | Affirmative | Withheld<br>Authority |
|---|-------------|-----------------------|
| <b><u>Municipal II:</u></b>   |             |                       |
| Re-election of Robert E. Connor Class I to serve until 2012   | 53,806,374  | 2,503,163             |
| Re-election of William B. Ogden IV Class I to serve until 2012  | 53,725,888  | 2,583,649             |
| Re-election of Hans W. Kertess* Class I to serve until 2012   | 11,601      | 7                     |
| <b><u>California Municipal II:</u></b>  |             |                       |
| Re-election of Robert E. Connor Class I to serve until 2012   | 26,616,435  | 1,428,355             |
| Re-election of William B. Ogden IV Class I to serve until 2012  | 26,609,463  | 1,435,327             |
| Re-election of Hans W. Kertess* Class I to serve until 2012   | 4,109       | 69                    |
| <b><u>New York Municipal II:</u></b>  |             |                       |
| Re-election of Robert E. Connor Class I to serve until 2012   | 9,809,420   | 332,045               |
| Re-election of William B. Ogden IV Class I to serve until 2012  | 9,810,091   | 331,373               |
| Re-election of Hans W. Kertess* Class I to serve until 2012   | 2,467       |                       |
| Messrs. Paul Belica, John C. Maney, James A. Jacobson and R. Peter Sullivan continue to serve as Trustees of the Funds. |             |                       |

\* Preferred Shares Trustee  
Interested Trustee

**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 254-5197; (ii) on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov).

46 PIMCO Municipal Income Funds II Semi-Annual Report | 11.30.09

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### **Board of Trustees**

Hans W. Kertess  
Chairman of the Board of Trustees  
Paul Belica  
Robert E. Connor  
James A. Jacobson  
John C. Maney  
William B. Ogden, IV  
R. Peter Sullivan III

### **Fund Officers**

Brian S. Shlissel  
President & Chief Executive Officer  
Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer  
Thomas J. Fuccillo  
Vice President, Secretary & Chief Legal Officer  
Scott Whisten  
Assistant Treasurer  
Richard J. Cochran  
Assistant Treasurer  
Youse E. Guia  
Chief Compliance Officer  
Kathleen A. Chapman  
Assistant Secretary  
Lagan Srivastava  
Assistant Secretary

### **Investment Manager**

Allianz Global Investors Fund Management LLC  
1345 Avenue of the Americas  
New York, NY 10105

### **Sub-Adviser**

Pacific Investment Management Company LLC  
840 Newport Center Drive  
Newport Beach, CA 92660

### **Custodian & Accounting Agent**

State Street Bank & Trust Co.  
225 Franklin Street  
Boston, MA 02110

### **Transfer Agent, Dividend Paying Agent and Registrar**

PNC Global Investment Servicing  
P.O. Box 43027  
Providence, RI 02940-3027

### **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

### **Legal Counsel**

Ropes & Gray LLP  
One International Place  
Boston, MA 02110-2624

*This report, including the financial information herein, is transmitted to the shareholders of PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and PIMCO New York Income Fund II for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.*

*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

*Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Funds may purchase shares of their common stock in the open market.*

*The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of their fiscal year on Form N-Q. The Funds' Form N-Q s are available on the SEC s website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).*



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*On December 18, 2009, the Funds submitted CEO annual certifications to the New York Stock Exchange ( NYSE ) on which the Funds' principal executive officer certified that he was not aware, as of the date, of any violation by the Funds of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Funds' principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Funds' disclosure controls and procedures and internal control over financial reporting, as applicable.*

*Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds' shareholder servicing agent at (800) 254-5197.*

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ITEM 2. CODE OF ETHICS

Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing.

ITEM 6. SCHEDULE OF INVESTMENTS

Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not required in this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing.

ITEM 9.

Purchase of Equity Securities by Closed-End Management Investment Company and Affiliated Companies

None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Treasurer, Principal Financial Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Act (17 CFR 270.30a -3(c))), as amended 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 over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a -3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrants control over financial reporting.

ITEM 12. EXHIBITS

- (a) Exhibit 99.302 Cert. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (b) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

A-2

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Signature

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: February 3, 2010

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Date: February 3, 2010

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: February 3, 2010

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Date: February 3, 2010

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