

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II
Form N-CSR
August 06, 2009

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 811-21077

PIMCO California Municipal Income Fund II

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York,

New York 10105

(Address of principal executive offices)

(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, 2009

Date of reporting period: May 31, 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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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

Annual Report
May 31, 2009

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PIMCO Municipal Income Funds II Letter to Shareholders

July 15, 2009

Dear Shareholder:

We are pleased to provide you with the 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 year ended May 31, 2009.

During the first part of the reporting period, greater risk-aversion brought on by the deepening financial crisis led to more sellers than buyers in the municipal bond market. This was a primary factor in causing prices on municipal securities to decline and yields to increase during the reporting period. Municipal bond markets rallied slightly during the second part of the reporting period, as improved liquidity and attractive yields due to oversold conditions encouraged investors to re-enter the market. The municipal bond market is transitioning from a market focused on rates to one primarily focused on credit quality, in part due to the loss of the large municipal bond insurers who provided guarantees on many municipal bonds. Additionally, while liquidity returned somewhat in the second part of the reporting period, large institutional investors, such as insurance companies and banks, remained on the sidelines as they focused on rebuilding their balance sheets, and much of the buying came from individual investor activity.

The unprecedented liquidity constraints and resulting imbalances in the financial markets during the reporting period initiated the following important actions by the Funds:

PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II resumed payment of previously declared but postponed common share dividends. Severe market disruptions during the first portion of the reporting period negatively impacted prices for securities, causing asset ratios to decline below an asset coverage level of at least 200%. This prevented the Funds from paying common share dividends until the asset coverage level returned to a level of at least 200%.

In January 2009, the Funds redeemed portions of their Auction Rate Preferred Shares (ARPS). PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II redeemed \$138 million, \$97 million and \$11 million, respectively. All ARPS redemptions were executed at the full liquidation preference of \$25,000 per share. The redemptions were intended to resolve issues that served as impediments to the goal of regular, uninterrupted dividend payments on the Funds' common shares.

On April 6, 2009, the Funds announced a change increasing the amount of Residual Interest Municipal Bonds (RIBs) in which a Fund may invest to 15% from 10% of their total assets. The change potentially allows the Funds to earn additional tax-free income. In addition, the use of RIBs, which results in a form of economic leverage, may allow the Funds to replace or increase leverage to some degree.

Press releases that include further information on these Fund actions, including more detailed descriptions of potential benefits and risks, are available at www.allianzinvestors.com/closedendfunds.

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 call the Funds' shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources is available on our website 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

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PIMCO Municipal Income Fund II Fund Insights

May 31, 2009 (unaudited)

For the fiscal year ended May 31, 2009, PIMCO Municipal Income Fund II declined 29.83% on net asset value (NAV) and 26.46% on market price, compared with declines of 5.77% on net asset value and 7.68% on market price for the Lipper Analytical General Municipal Debt Funds (Leveraged) Average.

High-quality municipal bond yields moved lower across the yield curve during the twelve-month period, with a more pronounced decline at the front end of the yield curve. Yields moved higher during the second half of 2008, but thus far in 2009 there has been a rebound across the yield curve, with municipal bond yields moving lower.

Duration hedging strategies in longer-maturity swaps detracted from performance as longer maturity swap rates moved significantly lower during the reporting period, with much of the move occurring in the fourth quarter of 2008.

Municipal-to-U.S. Treasury yield ratios were very volatile during the period, crossing levels in late 2008 that were not experienced before. However, this ratio moved lower in the first part of 2009, with the 10-year ratio decreasing to 87% and the 30-year ratio increasing to 106%.

Holdings in the tobacco-securitization sector detracted from performance as this sector underperformed primarily in the fourth quarter of 2008 due to the extreme flight-to-quality. However, the sector partially rebounded year-to-date, especially during May 2009.

Exposure to corporate-backed municipals detracted from performance as this sector underperformed during the reporting period, which was similar to the underperformance in the taxable corporate securities sector. However, this sector experienced a partial rebound in the latter part of the reporting period.

Exposure to both pre-refunded and general obligation issues benefited returns as both sectors performed well due to increased investor risk aversion resulting from the financial crisis. However, these sectors underperformed in the last few months of the period, as investors moved further out on the risk spectrum.

Exposure to zero-coupon municipals detracted from performance as this sector underperformed the unmanaged Barclays Capital Zero Coupon Index, which declined 6.83% during the reporting period. However, this sector experienced a partial rebound in the latter part of the period and zero coupon municipal yields moved lower.

The municipal yield curve steepened significantly during the twelve-month period, with investor demand more concentrated on shorter maturities. Longer-maturity yields increased slightly and shorter-maturity yields moved significantly lower. The 15- and 20-year maturity AAA general obligation yields decreased 38 and 11 basis points, respectively, while the 30-year maturity yield increased 12 basis points. The two-year yield decreased 131 basis points during the comparable period. Significant exposure to longer-maturity municipals detracted from performance as the long portion of the yield curve underperformed.

Compared to long-taxable sectors, long municipal issues underperformed primarily due to the rally in U.S. Treasuries in the fourth quarter of 2008. The Barclays Capital Long Municipal Bond Index (an unmanaged index generally representative of the long-term tax-exempt bond market) declined 2.50%, while the Barclays Capital Long Government/Credit (an unmanaged index generally representative of long-term government and investment grade corporate debt securities) and the Barclays Capital Long U.S. Treasury (an unmanaged index of Treasury securities of varying maturities greater than 10 years) Indices advanced 3.00% and 8.47%, respectively.

Municipal bond issuance in 2008 was approximately 9% lower than in 2007. Year-to-date issuance has been more robust with a variety of issuers re-entering the market. Municipal bond issuance for the period from January through May 2009 was \$152.85 billion, 15% lower than in the period from January through May 2008 when issuance reached \$180.72 billion.

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PIMCO Municipal Income Fund II Fund Insights/Performance & Statistics

May 31, 2009 (unaudited)

Total Return(1):	Market Price	Net Asset Value (NAV)
1 Year	(26.46)%	(29.83)%
5 Year	(0.06)%	(2.39)%
Commencement of Operations (6/28/02) to 5/31/09	0.14%	(0.17)%

Common Share Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 5/31/09

Market Price

NAV

Market Price/NAV:

Market Price	\$9.56
NAV	\$8.97
Premium to NAV	6.58%
Market Price Yield ⁽²⁾	8.16%

**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 or market share price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of more

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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 distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information 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. Net asset value is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

- (2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised from net investment income) payable to common shareholders by the market price per common share at May 31, 2009.

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PIMCO California Municipal Income Fund II Fund Insights

May 31, 2009 (unaudited)

For the fiscal year ended May 31, 2009, PIMCO California Municipal Income Fund II declined 38.32% on net asset value (NAV) and 32.26% on market price, compared with declines of 6.65% on net asset value and 11.32% on market price for the Lipper California Municipal Debt Funds Average.

High-quality municipal bond yields moved lower across the yield curve during the twelve-month period, with a more pronounced decline at the front end of the yield curve. Yields moved higher during the second half of 2008, but thus far in 2009 there has been a rebound across the yield curve, with municipal bond yields moving lower.

Duration hedging strategies in longer-maturity swaps detracted from performance as longer maturity swap rates moved significantly lower during the reporting period, with much of the move occurring in the fourth quarter of 2008.

Municipal-to-U.S. Treasury yield ratios were very volatile during the period, crossing levels in late 2008 that were not experienced before. However, this ratio moved lower in the first part of 2009, with the 10-year ratio decreasing to 87% and the 30-year ratio increasing to 106%.

Holdings in the tobacco-securitization sector detracted from performance as this sector underperformed primarily in the fourth quarter of 2008 due to the extreme flight-to-quality. However, the sector has partially rebounded year-to-date, especially in the month of May 2009.

Exposure to corporate-backed municipals detracted from performance as this sector underperformed during the reporting period, which was similar to the underperformance in the taxable corporate securities sector. However, this sector experienced a partial rebound in the latter part of the reporting period.

Exposure to both pre-refunded and general obligation issues benefited returns as both sectors performed well due to increased investor risk aversion resulting from the financial crisis. However, these sectors underperformed in the last few months of the period, as investors moved further out on the risk spectrum.

Exposure to zero-coupon municipals detracted from performance as this sector underperformed the unmanaged Barclays Capital Zero Coupon Index, which declined 6.83% during the reporting period. However, this sector rebounded in the latter part of the period and zero coupon municipal yields moved lower.

Municipal bonds within California, as represented by the California component of the Barclays Capital Municipal Bond Index, underperformed the Barclays Capital Municipal Bond Index (National Index), returning 1.47%, compared to 3.57% for the National Index. Year-to-date through May 2009, California issued \$30.58 billion in new municipal bonds, 2% lower than the comparable period in 2008.

Long California municipal bonds, as represented by the Barclays Capital California Municipal Bond Long (22+) Index, declined 4.90% and underperformed the Barclays Capital Long Municipal Bond Index, an unmanaged index generally representative of the long-term tax-exempt bond market, which declined 2.50%. The California municipal yield curve steepened with 30-year yields increasing 95 basis points, while two-year yields decreased 34 basis points. Significant exposure to longer maturities detracted from performance as the long portion of the California municipal yield curve underperformed during the twelve-month period.

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PIMCO California Municipal Income Fund II Fund Insights/Performance & Statistics

May 31, 2009 (unaudited)

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
1 Year	(32.26)%	(38.32)%
5 Year	(1.41)%	(4.84)%
Commencement of Operations (6/28/02) to 5/31/09	(1.00)%	(2.59)%

Common Share Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 5/31/09

Market Price

NAV

Market Price/NAV:

Market Price	\$8.78
NAV	\$7.48
Premium to NAV	17.38%
Market Price Yield ⁽²⁾	9.13%

Moody's Rating
(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 or market share price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of more

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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 distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information 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. Net asset value is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

- (2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised from net investment income) payable to common shareholders by the market price per common share at May 31, 2009.

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PIMCO New York Municipal Income Fund II Fund Insights

May 31, 2009 (unaudited)

For the fiscal year ended May 31, 2009, PIMCO New York Municipal Income Fund II declined 24.34% on net asset value (NAV) and 22.95% on market price, compared with declines of 6.05% on net asset value and 8.50% on market price for the Lipper New York Municipal Debt Funds Average.

High-quality municipal bond yields moved lower across the yield curve during the twelve-month period, with a more pronounced decline at the front end of the yield curve. Yields moved higher during the second half of 2008, but thus far in 2009 there has been a rebound across the yield curve, with municipal bond yields moving lower.

Duration hedging strategies in longer-maturity swaps detracted from performance as longer maturity swap rates moved significantly lower during the reporting period, with much of the move occurring in the fourth quarter of 2008.

Municipal-to-U.S. Treasury yield ratios were very volatile during the period, crossing levels in late 2008 that were not experienced before. However, this ratio moved lower in the first part of 2009, with the 10-year ratio decreasing to 87% and the 30-year ratio increasing to 106%.

Holdings in the tobacco-securitization sector detracted from performance as this sector underperformed primarily in the fourth quarter of 2008 due to the extreme flight-to-quality. However, the sector has partially rebounded year-to-date, especially in the month of May 2009.

Exposure to corporate-backed municipals detracted from performance as this sector underperformed during the reporting period, which was similar to the underperformance in the taxable corporate securities sector. However, this sector experienced a partial rebound in the latter part of the reporting period.

Exposure to both pre-refunded and general obligation issues benefited returns as both sectors performed well due to increased investor risk aversion resulting from the financial crisis. However, these sectors underperformed in the last few months of the period, as investors moved further out on the risk spectrum.

Exposure to zero-coupon municipals detracted from performance as this sector underperformed the unmanaged Barclays Capital Zero Coupon Index, which declined 6.83% during the reporting period. However this sector rebounded in the latter part of the period and zero coupon municipal yields moved lower.

Municipal bonds within New York, as represented by the New York component of the Barclays Capital Municipal Bond Index, slightly outperformed the Barclays Capital Municipal Bond Index (National Index) returning 3.71%, as compared to 3.57% for the National Index. Year-to-date through May 2009, issuers in New York State issued \$15.43 billion in bonds, 5% lower than the comparable period in 2008. New York ranks second nationwide in total issuance of municipal bonds.

Long New York municipal bonds, as represented by the Barclays Capital New York Municipal Bond Long (22+) Index, declined 1.49% and slightly outperformed the Barclays Capital Long Municipal Bond Index, an unmanaged index generally representative of the long-term tax-exempt bond market, which declined 2.50%. The New York yield curve steepened with 30-year yields increasing 30 basis points, while two-year yields decreased 89 basis points. The New York municipal funds also had significant positions in the longer portion of the yield curve, which detracted from performance as that portion of the yield curve underperformed shorter maturities during the twelve-month period.

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PIMCO New York Municipal Income Fund II Fund Insights/Performance & Statistics

May 31, 2009 (unaudited)

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
1 Year	(22.95)%	(24.34)%
5 Year	1.60%	(0.55)%
Commencement of Operations (6/28/02) to 5/31/09	0.92%	0.55%

Common Share Market Price/NAV Performance:

Commencement of Operations (6/28/02) to 5/31/09

Market Price

NAV

Market Price/NAV:

Market Price	\$10.26
NAV	\$9.56
Premium to NAV	7.32%
Market Price Yield ⁽²⁾	7.75%

Moody s Ratings
(as a % of total investments)

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PIMCO Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
MUNICIPAL BONDS & NOTES 97.1%			
Alabama 1.0%			
\$ 10,000	Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A	Baa1/NR	\$ 7,285,900
1,235	Montgomery BMC Special Care Facs. Financing Auth. Rev., 5.00%, 11/15/29, Ser. B (NPFGC)	A3/AA	1,058,210
2,650	Tuscaloosa Educational Building Auth. Rev., Stillman College Project, 5.00%, 6/1/26, Ser. A	NR/BBB-	1,931,982
			10,276,092
Alaska 0.7%			
5,900	Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A	Baa3/NR	3,405,185
3,550	State Housing Finance Corp. Rev., 5.25%, 6/1/32, Ser. C (NPFGC)	Aa2/AA	3,526,570
			6,931,755
Arizona 9.5%			
3,500	Health Facs. Auth. Rev., Banner Health, 5.00%, 1/1/35, Ser. A	NR/AA-	3,248,350
2,860	5.50%, 1/1/38, Ser. D	NR/AA-	2,824,078
29,700	Pima Cnty. Industrial Dev. Auth. Rev., Correctional Facs., 5.00%, 9/1/39	Aa2/AA	27,936,711
41,100	Salt River Project Agricultural Improvement & Power Dist. Rev., Ser. A (h), 5.00%, 1/1/37	Aa1/AA	41,487,984
10,000	5.00%, 1/1/39	Aa1/AA	10,113,400
10,500	Salt Verde Financial Corp. Rev., 5.00%, 12/1/37	A3/A	8,391,810
			94,002,333
Arkansas 0.2%			
13,000	Dev. Finance Auth. Rev., Arkansas Cancer Research Center Project, zero coupon, 7/1/46 (AMBAC)	Aa3/NR	1,680,640
California 4.9%			
6,000	Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/33, Ser. A-1	Baa3/BBB	4,166,400
1,365	Lynwood Utility Auth. Rev., 5.00%, 6/1/29, Ser. A	Aa2/AAA	1,326,343
2,000	Montebello Unified School Dist., GO, 5.00%, 8/1/33 (FSA)	Aa3/AAA	1,958,660
10,500	State, GO, 6.00%, 4/1/38	A2/A	10,821,195
4,700	Statewide Communities Dev. Auth. Rev., Baptist Univ., 9.00%, 11/1/17, Ser. B (a)(d)	NR/NR	3,917,309
5,500	Methodist Hospital Project (FHA), 6.625%, 8/1/29	Aa2/AA	5,945,115
19,500	6.75%, 2/1/38	Aa2/AA	20,920,770
			49,055,792
Colorado 5.8%			
500	Colorado Health Facs. Auth. Rev.,		

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11,250	Evangelical Lutheran, 6.125%, 6/1/38, Ser. A	A3/A-	497,645
8	Denver City & Cnty. Rev., 5.00%, 11/15/25, Ser. B (FSA)	Aa3/AAA	11,280,825

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PIMCO Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	Colorado (continued)		
	Health Facs. Auth. Rev.,		
\$ 1,000	American Baptist Homes, 5.90%, 8/1/37, Ser. A	NR/NR	\$ 663,940
25,000	Catholic Health Initiatives, 5.50%, 3/1/32, Ser. A	NR/AA	25,718,000
18,305	Exempla, Inc., 5.625%, 1/1/33, Ser. A	A1/A-	16,446,676
2,000	Evergreen Country Day School, Inc. Project, 5.875%, 6/1/37 (a)(d)	NR/BB	1,277,500
1,430	Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38	A2/A	1,407,821
			57,292,407
	Florida 5.0%		
8,500	Broward Cnty. Water & Sewer Utility Rev., 5.25%, 10/1/34, Ser. A (h)	Aa3/AA	8,599,365
1,000	Clearwater Water Rev., 5.25%, 12/1/39, Ser. A	A2/AA-	971,870
2,335	Hillsborough Cnty. Industrial Dev. Auth. Pollution Control Rev., Tampa Electric Co. Project, 5.50%, 10/1/23	Baa2/BBB-	2,341,842
7,135	Jacksonville Health Facs. Auth. Rev., Ascension Health, 5.25%, 11/15/32, Ser. A	Aa1/AA	7,002,717
3,000	Leesburg Hospital Rev., Leesburg Regional Medical Center Project, 5.50%, 7/1/32	Baa1/BBB+	2,441,430
990	Miami-Dade Cnty. Rev., 5.50%, 10/1/36, Ser. A	A2/A-	965,329
500	Sarasota Cnty. Health Fac. Auth. Rev., 5.75%, 7/1/37	NR/NR	354,625
7,900	State Board of Education, GO, 5.00%, 6/1/38, Ser. D (h)	Aa1/AAA	7,745,871
6,205	State Governmental Utility Auth. Rev., Barefoot Bay Utilities System, 5.00%, 10/1/29 (AMBAC)	NR/NR	6,212,694
5,000	Sumter Landing Community Dev. Dist. Rev., 4.75%, 10/1/35, Ser. A (NPFGC)	Baa1/AA-	2,810,550
10,000	Tallahassee Water & Sewer Rev., 5.00%, 10/1/37 (h)	Aa2/AA	9,820,900
1,500	Winter Springs Water & Sewer Rev., zero coupon, 10/1/29 (FGIC-NPFGC)	NR/AA-	530,415
			49,797,608
	Georgia 0.2%		
2,775	Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37	NR/NR	1,883,254
	Illinois 13.1%		
2,935	Central Lake Cnty. JT Action Water Agcy. Rev., 5.125%, 5/1/28, Ser. A (AMBAC)	Aa3/NR	3,017,503
1,250	Chicago Motor Fuel Tax Rev., 5.00%, 1/1/38, Ser. A Chicago, GO,	Aa2/AAA	1,248,062
10,000	5.00%, 1/1/34, Ser. C (h)	Aa3/AA-	9,832,900
1,635	5.125%, 1/1/29, Ser. A (FGIC-NPFGC)	Aa3/NR	1,638,025
4,065	5.50%, 1/1/40, Ser. C (FGIC-NPFGC) Chicago, Lake Shore East, Special Assessment,	Aa3/AA-	4,084,553
3,162	6.625%, 12/1/22	NR/NR	2,515,086
6,700	6.75%, 12/1/32	NR/NR	4,963,829
5,000	Cicero, GO, 5.25%, 12/1/31 (NPFGC)	Baa1/AA-	5,126,500
6,440	Cook Cnty., GO, 5.00%, 11/15/28, Ser. A (FGIC-NPFGC) Finance Auth. Rev., Ser. A,	Aa2/AA	6,449,596
2,500	Christian Homes, Inc., 5.75%, 5/15/31	NR/NR	1,727,800

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PIMCO Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Illinois (continued)			
\$ 250	Leafs Hockey Club Project, 6.00%, 3/1/37	NR/NR	\$ 100,153
700	OSF Healthcare Systems, 7.125%, 11/15/37	A2/A	732,697
1,500	Sedgebrook, Inc., 6.00%, 11/15/42	NR/NR	894,555
20,100	Health Facs. Auth. Rev., Elmhurst Memorial Healthcare, 5.625%, 1/1/28	Baa1/NR	17,821,866
4,500	Hillside, Tax Allocation, Mannheim Redev. Project, 6.55%, 1/1/20	NR/NR	3,773,520
2,900	7.00%, 1/1/28	NR/NR	2,253,909
68,470	State Sports Facs. Auth. Rev., zero coupon, 6/15/30, (converts to 5.50% on 6/15/10) (AMBAC)	NR/A	63,568,917
			129,749,471
Indiana 0.1%			
4,125	Fort Wayne Pollution Control Rev., General Motors Corp. Project, 6.20%, 10/15/25	Caa3/C	519,750
990	Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc., 5.80%, 9/1/47 (a)(d)	NR/NR	688,406
			1,208,156
Iowa 3.8%			
	Finance Auth. Rev., Deerfield Retirement Community, Inc., Ser. A,		
250	5.50%, 11/15/27	NR/NR	156,962
1,075	5.50%, 11/15/37	NR/NR	607,461
4,500	Edgewater LLC Project, 6.75%, 11/15/42	NR/NR	3,467,880
850	Wedum Walnut Ridge LLC Project, 5.625%, 12/1/45, Ser. A	NR/NR	442,578
46,000	Tobacco Settlement Auth. Rev., 5.60%, 6/1/34, Ser. B	Baa3/BBB	32,748,780
			37,423,661
Kentucky 0.7%			
	Economic Dev. Finance Auth. Hospital Facs. Rev., Baptist Healthcare System, Ser. A,		
2,000	5.375%, 8/15/24	Aa3/NR	2,103,280
2,500	5.625%, 8/15/27	Aa3/NR	2,591,100
2,500	Catholic Healthcare Partners, 5.25%, 10/1/30	A1/AA-	2,371,200
			7,065,580
Louisiana 4.4%			
	Public Facs. Auth. Rev., Ochsner Clinic Foundation Project, Ser. B,		
4,000	5.50%, 5/15/32, (Pre-refunded @ \$100, 5/15/26) (c)	Aaa/NR	4,717,040
3,300	5.50%, 5/15/47	A3/NR	2,593,503
44,395	Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser.2001-B	Baa3/BBB	36,351,070
			43,661,613
Maryland 0.5%			
	Health & Higher Educational Facs. Auth. Rev.,		

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1,000	Adventist Healthcare, 5.75%, 1/1/25, Ser. A	Baa2/NR	980,810
1,010	King Farm Presbyterian Community, 5.30%, 1/1/37, Ser. A	NR/NR	580,497
4,050	Washington Cnty. Hospital, 6.00%, 1/1/43	NR/BBB-	3,523,905
			5,085,212

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PIMCO Municipal Income Fund II Schedule of Investments

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Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Massachusetts 7.9%			
\$ 7,000	Boston Water Rev., 5.00%, 11/1/28, Ser. D (FGIC-NPFGC)	Aa2/AA+	\$ 7,017,850
4,610	Dev. Finance Agcy. Rev., Adventcare Project, 6.75%, 10/15/37, Ser. A	NR/NR	3,441,180
2,900	State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A	A1/A+	3,000,630
4,295	State Turnpike Auth. Rev., Ser. A, 4.75%, 1/1/34 (AMBAC)	Baa3/A	3,304,917
51,830	5.00%, 1/1/37 (NPFGC)	Baa1/AA-	41,747,510
10,325	5.00%, 1/1/39 (AMBAC)	Baa3/A	8,176,987
12,050	State Water Res. Auth. Rev., 4.75%, 8/1/37, Ser. A (FSA) (h)	Aaa/AAA	11,579,086
			78,268,160
Michigan 2.9%			
4,545	Garden City Hospital Finance Auth. Rev., 5.00%, 8/15/38, Ser. A	NR/NR	2,775,495
800	Public Educational Facs. Auth. Rev., 6.50%, 9/1/37 (a)(d)	NR/BBB-	620,568
3,000	Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital, 8.25%, 9/1/39	A1/A	3,357,840
5,000	State Hospital Finance Auth. Rev., Ascension Health, 5.25%, 11/15/26, Ser. B	Aa1/AA	4,999,850
13,500	Oakwood Group, Ser. A, 5.75%, 4/1/32	A2/A	11,376,990
1,925	6.00%, 4/1/22	A2/A	1,798,836
6,000	Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A	NR/BBB	4,137,240
			29,066,819
Minnesota 0.5%			
1,500	Minneapolis Rev., Providence Project, 5.75%, 10/1/37, Ser. A	NR/NR	1,012,830
280	Minneapolis, Tax Allocation, Grant Park Project, 5.35%, 2/1/30	NR/NR	183,117
2,640	North Oaks Presbyterian Homes Rev., 6.00%, 10/1/33	NR/NR	2,171,901
1,530	6.125%, 10/1/39	NR/NR	1,253,055
500	Oronoco Multifamily Housing Rev., Wedum Shorewood Campus Project, 5.40%, 6/1/41	NR/NR	316,925
			4,937,828
Mississippi 0.4%			
3,605	Business Finance Corp. Pollution Control Rev., System Energy Resources, Inc. Project, 5.875%, 4/1/22	Ba1/BBB	3,333,796
740	Dev. Bank Special Obligation Projects & Equipment Acquisitions Rev., 5.00%, 7/1/24, Ser. A2 (AMBAC)	NR/A	722,366
			4,056,162
Missouri 0.1%			
690	Hanley Road & North of Folk Ave. Transportation Dist. Rev., 5.00%, 10/1/25	NR/NR	503,058
Nevada 0.3%			
1,450	Clark Cnty., GO, 5.00%, 6/1/31 (FGIC-NPFGC)	Aa1/AA+	1,456,540
1,620	State, GO, 5.00%, 5/15/28, Ser. A (FGIC-NPFGC)	Aa1/AAA	1,547,375

3,003,915

360	New Hampshire 0.0% Health & Education Facs. Auth. Rev., Catholic Medical Center, 6.125%, 7/1/32, Ser. A	Baa1/BBB+	312,746
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PIMCO Municipal Income Fund II Schedule of Investments

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Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
New Jersey 2.9%			
\$ 950	Burlington Cnty. Bridge Commission Rev., Evergreens Project, 5.625%, 1/1/38	NR/NR	\$ 635,712
525	Economic Dev. Auth. Rev., Arbor Glen, 6.00%, 5/15/28, Ser. A	NR/NR	404,880
4,000	Kapkowski Road Landfill Project, Special Assessment, 5.75%, 10/1/21	Baa3/NR	3,338,040
11,405	5.75%, 4/1/31	Baa3/NR	8,641,683
1,500	Health Care Facs. Financing Auth. Rev., St. Peters Univ. Hospital, 5.75%, 7/1/37	Baa2/BBB-	1,231,575
1,830	Trinitas Hospital, 5.25%, 7/1/30, Ser. A	Baa3/BBB-	1,361,465
3,300	State Educational Facs. Auth. Rev., Fairfield Dickinson Univ., 6.00%, 7/1/25, Ser. D	NR/NR	3,110,085
2,000	State Turnpike Auth. Rev., 5.25%, 1/1/40, Ser. E	A3/A+	2,026,960
13,150	Tobacco Settlement Financing Corp. Rev., 5.00%, 6/1/41, Ser. 1A	Baa3/BBB	7,940,364
			28,690,764
New Mexico 0.5%			
2,000	Farmington Pollution Control Rev., 5.80%, 4/1/22, Ser. A	Baa3/BB+	1,959,120
3,000	5.80%, 4/1/22, Ser. C	Baa3/BB+	2,938,680
			4,897,800
New York 1.9%			
1,200	Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project, 6.00%, 11/15/36, Ser. A	NR/NR	794,904
10,000	Liberty Dev. Corp. Rev., 5.25%, 10/1/35 (h)	A1/A	9,199,100
1,505	5.25%, 10/1/35	A1/A	1,384,465
1,100	Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A	NR/NR	860,552
4,000	New York City Municipal Water Finance Auth. Rev. (h), Second Gen. Resolution, 4.75%, 6/15/35, Ser. DD	Aa3/AA+	3,838,360
2,830	5.00%, 6/15/37, Ser. D	Aa2/AAA	2,834,330
			18,911,711
North Carolina 0.1%			
550	Medical Care Commission Rev., Salem towne, 5.10%, 10/1/30	NR/NR	370,420
1,000	Village at Brookwood, 5.25%, 1/1/32	NR/NR	633,580
			1,004,000
North Dakota 0.3%			
3,710	Stark Cnty. Healthcare Rev., Benedictine Living Communities, 6.75%, 1/1/33	NR/NR	3,210,708
Ohio 0.9%			
1,000	Cnty. of Montgomery Rev., Miami Valley Hospital, 6.25%, 11/15/39, Ser. A	Aa3/NR	1,042,010

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7,500 Lorain Cnty. Hospital Rev., Catholic Healthcare,
5.375%, 10/1/30
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A1/AA-

7,218,375

PIMCO Municipal Income Fund II Schedule of Investments

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Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	Ohio (continued)		
\$ 1,000	State Higher Educational Fac. Commission Rev., Univ. Hospital Health Systems, 6.75%, 1/15/39, Ser. A	A2/A	\$ 1,054,030
			9,314,415
	Oregon 0.2%		
1,000	Clackamas Cnty. Hospital Fac. Auth. Rev., Legacy Health Systems, 5.50%, 7/15/35, Ser. A	A2/A+	976,920
1,155	State Department of Administrative Services, CP, 5.25%, 5/1/39, Ser. A	Aa3/AA-	1,179,105
			2,156,025
	Pennsylvania 4.1%		
750	Cumberland Cnty. Auth. Retirement Community Rev., Messiah Village Project, Ser. A, 5.625%, 7/1/28	NR/BBB-	577,148
670	6.00%, 7/1/35	NR/BBB-	517,562
3,250	Harrisburg Auth. Rev., Harrisburg Univ. of Science, 6.00%, 9/1/36, Ser. B	NR/NR	2,651,837
	Montgomery Cnty. Higher Education & Health Auth. Hospital Rev., Abington Memorial Hospital, Ser. A, 5.125%, 6/1/27	NR/A	4,492,050
5,000	5.125%, 6/1/32	NR/A	3,182,100
3,750			
11,600	Philadelphia Hospitals & Higher Education Facs. Auth. Rev., Temple Univ. Hospital, 6.625%, 11/15/23, Ser. A	Baa3/BBB	11,016,288
500	Philadelphia Water Rev., 5.25%, 1/1/36, Ser. A	A3/A	493,625
17,000	Philadelphia, GO, 5.25%, 12/15/32, Ser. A (FSA)	Aa3/AAA	17,024,990
500	Pittsburgh & Allegheny Cntys. Public Auditorium Auth. Rev., 5.00%, 2/1/29, (AMBAC)	NR/A	491,975
			40,447,575
	Rhode Island 6.0%		
76,200	Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. A	Baa3/BBB	59,747,658
	South Carolina 1.4%		
500	Jobs-Economic Dev. Auth. Rev., Ser. B, Anmed Health, 5.50%, 2/1/38	NR/AAA	490,065
13,850	Bon Secours, 5.625%, 11/15/30	A3/A-	12,371,097
1,000	State Public Service Auth. Rev., 5.25%, 1/1/39, Ser. A	Aa2/AA-	1,028,000
			13,889,162
	Tennessee 0.4%		
3,000	State Energy Acquisition Corp. Rev., 5.00%, 2/1/23, Ser. C	Baa1/A	2,641,620
700	5.25%, 9/1/21, Ser. A	Ba1/BBB+	649,054
700	5.25%, 9/1/22, Ser. A	Ba1/BBB+	639,842
500	Sullivan Cnty. Health Educational & Housing Facs. Rev., Wellmont Health Systems Project, 5.25%, 9/1/36, Ser. C	NR/BBB+	332,355

4,262,871

Texas 12.3%
10 Arlington Independent School Dist., GO,
5.00%, 2/15/24 (PSF-GTD)

Aaa/NR 10,009

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PIMCO Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	Texas (continued)		
\$ 130	Aubrey Independent School Dist., GO (PSF-GTD), 5.50%, 2/15/33	Aaa/NR	\$ 136,635
2,850	5.50%, 2/15/33, (Pre-refunded @ \$100, 8/15/14) (c)	Aaa/NR	3,351,002
6,500	Brazos Cnty. Health Facs. Dev. Corp. Rev., Franciscan Services Corp., 5.375%, 1/1/32	NR/A-	5,204,550
2,500	Dallas Water Rev., 5.25%, 8/15/38	Aa2/AAA	2,485,000
700	HFDC of Central Texas, Inc. Rev., Village at Gleannloch Farms, 5.50%, 2/15/37, Ser. A	NR/NR	475,300
5,500	Houston Rev., 5.00%, 7/1/25, Ser. C (FGIC-NPFGC)	A1/AA-	5,500,000
770	Keller Independent School Dist., GO, 4.875%, 8/15/31 (PSF-GTD)	Aaa/AAA	770,239
3,170	Little Elm Independent School Dist., GO, 5.30%, 8/15/29, Ser. A (PSF-GTD)	NR/AAA	3,317,690
450	Municipal Gas Acquisition & Supply Corp. I Rev., 5.25%, 12/15/25, Ser. A	A2/A	392,152
15,300	6.25%, 12/15/26, Ser. D	A2/A	14,980,995
6,250	North Dallas Thruway Auth. Rev., 4.75%, 1/1/29 (FGIC-NPFGC)	A2/AA-	6,234,000
10,300	North Harris Cnty. Regional Water Auth. Rev., 5.25%, 12/15/33	A3/A+	9,995,738
10,300	5.50%, 12/15/38	A3/A+	10,195,867
5,000	North Texas Tollway Auth. Rev., 5.625%, 1/1/33, Ser. B	A2/A-	4,970,700
1,200	5.75%, 1/1/33, Ser. F	A3/BBB+	1,174,188
2,000	Sabine River Auth. Rev., 5.20%, 5/1/28, Ser. C	Caa2/CCC	1,064,120
10,000	San Antonio Electric & Gas System Rev., 5.00%, 2/1/32 (h)	Aa1/AA	10,132,600
1,000	State Public Finance Auth. Rev., 5.875%, 12/1/36, Ser. A	Baa3/BBB-	719,240
8,880	State Turnpike Auth. Central Turnpike System Rev., 5.00%, 8/15/42, Ser. A (AMBAC)	Baa1/A	7,459,289
3,250	State Water Financial Assistance, GO, 5.00%, 8/1/36	Aa1/AA	3,275,285
10,025	State, Mobility Fund, GO (h), 4.75%, 4/1/35, Ser. A	Aa1/AA	9,892,168
17,500	4.75%, 4/1/36	Aa1/AA	17,569,826
3,000	Tarrant Cnty. Cultural Education Facs. Finance Corp. Rev., Baylor Health Care Systems Project, 6.25%, 11/15/29	Aa2/AA-	3,238,890
			122,545,483
	Virginia 0.2%		
1,000	Fairfax Cnty. Industrial Dev. Auth. Rev., Inova Health System, 5.50%, 5/15/35, Ser. A	Aa2/AA+	1,029,310
2,050	James City Cnty. Economic Dev. Auth. Rev., 5.50%, 7/1/37, Ser. A	NR/NR	1,217,926
			2,247,236
	Washington 2.0%		
6,350	Central Puget Sound Regional Transportation Auth. Rev., 4.75%, 2/1/28, (FGIC-NPFGC)	Aa2/AAA	6,380,798
1,300	Health Care Facs. Auth. Rev., Multicare Health Systems, 6.00%, 8/15/39, Ser. B	Aa2/AAA	1,319,669
1,000	Seattle Cancer Care Alliance, 7.375%, 3/1/38	A3/NR	1,057,120

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PIMCO Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	Washington (continued)		
\$ 13,000	Virginia Mason Medical Center, 6.125%, 8/15/37, Ser. A	Baa2/BBB	\$ 11,020,100
			19,777,687
	Wisconsin 1.9%		
1,125	Badger Tobacco Asset Securitization Corp. Rev., 6.00%, 6/1/17, (Pre-refunded @ \$100, 6/1/12) (c)	Aaa/AAA	1,252,035
5,520	6.125%, 6/1/27	Aaa/AAA	5,881,726
90	Health & Educational Facs. Auth. Rev., Froedert & Community Health, 5.375%, 10/1/30	NR/AA-	89,036
1,000	Prohealth Care, Inc., 6.625%, 2/15/39	A1/A+	1,023,200
10,000	State Rev., 6.00%, 5/1/36, Ser. A	A1/AA-	10,581,200
			18,827,197
	Total Municipal Bonds & Notes (cost \$1,035,370,952)		965,192,554
VARIABLE RATE NOTES (f) 0.8%			
	Florida 0.3%		
2,830	Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.00%, 11/15/31, Ser. C	A1/A+	2,538,878
	Illinois 0.5%		
5,000	State, GO, 7.97%, 4/1/27, Ser. 783 (FSA) (a)(e)	Aa3/NR	5,205,000
	Total Variable Rate Notes (cost \$7,822,419)		7,743,878
SHORT-TERM INVESTMENTS (g) 2.1%			
	Corporate Notes 2.1%		
900	American General Finance Corp., 3.875%, 10/1/09	Baa2/BB+	838,596
	CIT Group, Inc., 0.974%, 8/17/09, FRN	Ba2/BBB-	2,144,991
2,200	4.125%, 11/3/09	Ba2/BBB-	6,252,928
6,485	Goldman Sachs Group, Inc., 0.934%, 11/16/09, FRN	A1/A	7,788,706
7,800	International Lease Finance Corp., FRN, 0.881%, 5/24/10	Baa2/BBB+	1,287,948
1,400	1.531%, 1/15/10	Baa2/BBB+	1,142,966
1,200	National City Bank, 1.414%, 9/9/09, FRN	A1/A+	1,988,298
2,000			
	Total Corporate Notes (cost \$21,087,058)		21,444,433
	Total Investments (cost \$1,064,280,429) 100.0%		\$ 994,380,865

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PIMCO California Municipal Income Fund II Schedule of Investments

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Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
CALIFORNIA MUNICIPAL BONDS & NOTES 91.2%			
\$ 5,300	Assoc. of Bay Area Gov't Finance Auth. Rev., Odd Fellows Home, 5.20%, 11/15/22, Ser. A (CA Mtg. Ins.)	NR/A	\$ 5,359,837
2,000	Bay Area Gov't Assoc. Lease Rev., 5.00%, 7/1/32, Ser. 2002-1 (AMBAC)	NR/AA-	2,015,080
5,000	Bay Area Toll Auth. Rev., 5.00%, 4/1/34, Ser. F1	Aa3/AA	4,915,850
20,000	San Francisco Bay Area, 5.00%, 4/1/39, Ser. F-1 (h)	Aa3/AA	19,543,800
1,410	Community College Financing Auth. Lease Rev., 5.00%, 8/1/27, Ser. A (AMBAC)	NR/A	1,408,238
9,945	Coronado Community Dev. Agcy., Tax Allocation, 4.875%, 9/1/35 (AMBAC)	NR/A	7,848,594
1,110	Corona-Norco Unified School Dist. Public Financing Auth., Special Tax, 5.10%, 9/1/25 (AMBAC)	NR/A	1,113,197
305	5.65%, 9/1/16, Ser. A	NR/NR	284,169
160	5.75%, 9/1/17, Ser. A	NR/NR	147,517
530	6.00%, 9/1/20, Ser. A	NR/NR	456,563
1,000	6.00%, 9/1/25, Ser. A	NR/NR	812,840
4,150	6.10%, 9/1/32, Ser. A	NR/NR	3,443,463
3,000	Dinuba Financing Auth. Lease Rev., 5.10%, 8/1/32 (NPFGC)	Baa1/AA-	3,091,650
8,300	El Dorado Irrigation Dist. & El Dorado Water Agcy., CP, 5.75%, 8/1/39, Ser. A	Aa2/AAA	8,391,466
1,500	Foothill Eastern Corridor Agcy. Toll Road Rev., zero coupon, 1/15/27, (converts to 5.875% on 7/15/09) (IBC-NPFGC)	Baa1/AA-	1,142,460
1,440	Fremont Community Dist., Special Tax, 5.30%, 9/1/30	NR/NR	1,063,166
13,885	Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/45 (AMBAC-TCRS)	A2/A	11,522,606
1,500	5.00%, 6/1/45, Ser. A	A3/A	1,244,790
6,000	5.00%, 6/1/45, Ser. A (FGIC-TCRS)	A2/A	4,979,160
500	Health Facs. Financing Auth. Rev., Ser. A, Adventist Health System, 5.00%, 3/1/33	NR/A	438,595
250	5.75%, 9/1/39	NR/A	246,448
495	Catholic Healthcare West, 5.00%, 7/1/28	A2/A	450,069
3,000	6.00%, 7/1/39	A2/A	3,011,850
175	Infrastructure & Economic Dev. Bank Rev., 5.25%, 2/1/38	A1/A+	162,997
5,300	Livermore-Amador Valley Water Management Agcy. Rev., 5.00%, 8/1/31, Ser. A (AMBAC)	A1/A	5,093,724
7,500	Long Beach Bond Finance Auth. Rev., 5.50%, 11/15/37, Ser. A	A2/A	6,376,350
10,000	Long Beach Unified School Dist., GO, 5.25%, 8/1/33, Ser. A (h)	Aa3/AA-	10,085,500
9,895	Los Angeles, CP (NPFGC), 5.00%, 2/1/27	A1/AA-	9,916,274
2,685	5.00%, 10/1/27, Ser. AU	A2/AA-	2,692,142
10,000	Los Angeles Community College Dist., GO, 5.00%, 8/1/33, Ser. F-1 (h)	Aa2/AA	9,806,800
15,000	Los Angeles Department of Water & Power Rev., 4.75%, 7/1/30, Ser. A-2 (FSA) (h)	Aaa/AAA	15,022,950
16,950	5.125%, 7/1/41, Ser. A (FGIC-TCRS)	Aa3/AA	16,725,921
11,000	Los Angeles Unified School Dist., GO, 5.00%, 1/1/34, Ser. I	Aa3/AA-	10,740,950

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Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
\$ 7,295	Manteca Redev. Agcy., Tax Allocation, 5.00%, 10/1/32 (FSA)	Aa3/AAA	\$ 7,584,684
10,000	5.00%, 10/1/36 (AMBAC)	NR/A	8,809,400
5,330	Manteca Unified School Dist., Special Tax, 5.00%, 9/1/29, Ser. C (NPFGC)	Baa1/AA-	5,364,485
4,000	Merced Cnty., CP, Juvenile Justice Correctional Fac., 5.00%, 6/1/32 (AMBAC)	A3/NR	3,930,240
5,000	Metropolitan Water Dist. Rev., 5.00%, 7/1/37, Ser. A (h)	Aa2/AAA	5,089,550
4,700	Moreno Valley Unified School Dist. Community Facs. Dist., Special Tax, 5.20%, 9/1/36	NR/NR	3,260,155
10,000	Placentia-Yorba Linda Unified School Dist., CP, 5.00%, 10/1/32 (FGIC-NPFGC)	A2/AA-	9,717,600
	Riverside Unified School Dist. Community Facs. Dist. No. 15, Special Tax, Ser. A,		
1,000	5.15%, 9/1/25	NR/NR	763,470
1,000	5.25%, 9/1/30	NR/NR	738,940
1,000	5.25%, 9/1/35	NR/NR	716,840
3,510	Riverside, CP, 5.00%, 9/1/33 (AMBAC)	NR/A+	3,252,015
	Roseville Redev. Agcy., Tax Allocation (NPFGC),		
3,730	5.00%, 9/1/27, Ser. B	A3/AA-	3,359,499
3,365	5.00%, 9/1/32	A3/AA-	2,826,364
2,030	5.00%, 9/1/33	A3/AA-	1,687,092
7,500	San Bernardino Community College Dist., GO, 6.25%, 8/1/33, Ser. A	Aa3/AA-	8,158,725
8,000	San Diego Cnty. Water Auth., CP, 5.00%, 5/1/29, Ser. A (NPFGC)	Aa3/AA+	8,156,000
	San Diego Public Facs. Financing Auth. Lease Rev.,		
655	5.00%, 5/15/29, Ser. A (FGIC-NPFGC)	A2/AA-	644,428
1,500	Fire & Life Safety Facs., 5.00%, 4/1/32, Ser. B (NPFGC)	Baa1/AA-	1,331,325
1,000	San Diego Public Facs. Financing Auth. Rev., 5.25%, 5/15/39, Ser. A	A2/A+	992,500
	San Diego Public Facs. Financing Auth. Water Rev.,		
11,000	5.00%, 8/1/32 (NPFGC)	A2/AA-	10,590,360
4,000	5.25%, 8/1/38, Ser. A	A1/AA-	3,946,800
2,800	San Diego Regional Building Auth. Rev., Cnty. Operations Center & Annex, 5.375%, 2/1/36, Ser. A	A1/AA+	2,807,112
5,000	San Diego Unified School Dist., GO, 4.75%, 7/1/27, Ser. D-2 (FSA)	Aa2/AAA	5,046,600
300	San Francisco City & Cnty.,	A1/AA-	298,050
5,585	5.25%, 4/1/31, CP, Ser. A		
	Airports Commission Rev., 4.50%, 5/1/28, Ser. 2 (NPFGC)	A1/AA-	4,925,188
	San Jose Libraries & Parks, GO,		
14,970	5.00%, 9/1/32, Ser. 760 (NPFGC) (h)	Aaa/AAA	15,134,071
10,190	5.125%, 9/1/31	Aa1/AAA	10,334,698
9,150	San Jose Unified School Dist., GO,		
	Santa Clara Cnty., 5.00%, 8/1/27, Ser. A (FSA)	Aa3/AAA	9,334,190
1,730	San Rafael City High School Dist., GO,		
	5.00%, 8/1/27, Ser. B (FSA)	Aa3/AAA	1,764,825
3,280	San Rafael Elementary School Dist., GO,		
	5.00%, 8/1/27, Ser. B (FSA)	Aa3/AAA	3,346,026

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PIMCO California Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
\$ 1,260	Santa Cruz Cnty., CP, 5.25%, 8/1/32	A3/NR	\$ 1,307,124
1,500	Santa Cruz Cnty. Redev. Agcy., Tax Allocation, 7.00%, 9/1/36, Ser. A	A2/A	1,608,630
2,500	5.00%, 9/1/31	A2/A	2,295,250
1,400	5.00%, 12/1/37	A2/A	1,237,068
7,000	5.00%, 4/1/38	A2/A	6,172,740
11,000	6.00%, 4/1/38	A2/A	11,336,490
7,915	State Public Works Board Rev., Regents Univ., 5.00%, 3/1/33, Ser. A	Aa2/AA-	7,554,630
3,495	Statewide Communities Dev. Auth. Rev., Bentley School, 6.75%, 7/1/32 (a)(b)	NR/NR	2,924,197
1,800	Catholic Healthcare West, 5.50%, 7/1/31, Ser. D	A2/A	1,737,108
1,800	5.50%, 7/1/31, Ser. E	A2/A	1,737,090
1,250	Huntington Park Chapter School Project, 5.25%, 7/1/42, Ser. A	NR/NR	816,850
9,700	Jewish Home, 5.50%, 11/15/33 (CA St. Mtg.)	NR/A	9,200,741
2,770	Kaiser Permanente, 5.50%, 11/1/32, Ser. A	NR/A+	2,560,865
2,000	Methodist Hospital Project (FHA), 6.25%, 8/1/24	Aa2/AA	2,146,000
2,400	6.625%, 8/1/29	Aa2/AA	2,594,232
8,800	6.75%, 2/1/38	Aa2/AA	9,441,168
500	Peninsula Project, 5.00%, 11/1/29	NR/NR	331,015
3,700	St. Joseph, 5.75%, 7/1/47, Ser. A (FGIC)	Aa3/AA-	3,559,585
1,365	Windrush School, 5.50%, 7/1/37	NR/NR	950,258
1,510	Statewide Financing Auth. Tobacco Settlement Rev., 5.625%, 5/1/29, Ser. A	Baa3/NR	1,199,000
4,500	Tobacco Securitization Agcy. Rev., Alameda Cnty., 6.00%, 6/1/42	Baa3/NR	3,143,340
1,800	Stanislaus Funding, 5.875%, 6/1/43, Ser. A	Baa3/NR	1,230,498
5,500	Univ. Rev., 4.75%, 5/15/35, Ser. F (FSA) (h)	Aaa/AAA	5,194,365
5,000	4.75%, 5/15/35, Ser. G (FGIC-NPFGC) (h)	Aa1/AA	4,722,150
5,650	4.75%, 5/15/38, Ser. B	Aa2/AA-	5,122,799
10,000	Ventura Cnty. Community College Dist., GO, 5.00%, 8/1/27, Ser. A (NPFGC) (h)	Aa3/AA	10,126,600
5,000	5.50%, 8/1/33, Ser. C	Aa3/AA	5,111,500
1,555	Ventura Unified School Dist., GO, 5.00%, 8/1/32, Ser. F (FSA)	Aa3/AAA	1,558,048
	Total California Municipal Bonds & Notes (cost \$412,653,759)		420,385,589

CALIFORNIA VARIABLE RATE NOTES (a)(d)(f) 2.4%

6,035	Desert Community College Dist., GO, 7.84%, 8/1/32, Ser. 3016 (FSA) (e)	NR/AAA	5,903,015
5,000	San Diego Community College Dist., GO, 8.215%, 8/1/33	NR/AA+	5,203,500

Total California Variable Rate Notes (cost \$10,977,691) 11,106,515

PIMCO California Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
OTHER MUNICIPAL BONDS & NOTES 1.6%			
New York 0.7%			
\$ 1,250	Liberty Dev. Corp. Rev., 5.25%, 10/1/35	A1/A	\$ 1,149,887
1,900	New York City Municipal Water Finance Auth. Rev., 5.00%, 6/15/37, Ser. D (h)	Aa2/AAA	1,902,907
			3,052,794
Puerto Rico 0.9%			
2,200	Aqueduct & Sewer Auth. Rev., 6.00%, 7/1/38, Ser. A	Baa3/BBB-	2,187,878
2,505	Public Building Auth. Rev., Gov t Facs., 5.00%, 7/1/36, Ser. I (GTD)	Baa3/BBB-	2,095,608
			4,283,486
	Total Other Municipal Bonds & Notes (cost \$7,190,749)		7,336,280
CORPORATE BONDS & NOTES (g) 0.9%			
5,000	SLM Corp., 1.252%, 7/26/10, FRN (cost \$4,539,087)	Ba1/BBB-	4,400,255
SHORT-TERM INVESTMENTS (g) 3.9%			
Corporate Notes 3.9%			
500	American General Finance Corp., 3.875%, 10/1/09	Baa2/BB+	465,887
1,100	CIT Group, Inc., 0.974%, 8/17/09, FRN	Ba2/BBB-	1,072,496
9,200	4.125%, 11/3/09	Ba2/BBB-	8,870,769
2,900	Goldman Sachs Group, Inc., 0.934%, 11/16/09, FRN	A1/A	2,895,801
	International Lease Finance Corp., 0.881%, 5/24/10, FRN	Baa2/BBB+	643,974
700	1.531%, 1/15/10, FRN	Baa2/BBB+	476,236
500	4.375%, 11/1/09	Baa2/BBB+	1,763,516
1,839	4.75%, 7/1/09	Baa2/BBB+	1,625,089
1,651			
	Total Corporate Notes (cost \$17,633,681)		17,813,768
	Total Investments (cost \$452,994,967) 100.0%		\$ 461,042,407

PIMCO New York Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
NEW YORK MUNICIPAL BONDS & NOTES 85.8%			
\$ 2,400	Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project, 6.00%, 11/15/36, Ser. A	NR/NR	\$ 1,589,808
4,120	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.25%, 10/1/35 (h)	A1/A	3,790,029
3,000	5.25%, 10/1/35	A1/A	2,759,730
3,500	5.50%, 10/1/37	A1/A	3,331,160
1,850	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/30, Ser. A (FSA)	Aa3/AAA	1,869,203
2,000	5.00%, 11/15/34, Ser. B	NR/AA	1,980,060
8,000	5.25%, 11/15/31, Ser. E	A2/A	8,012,240
7,000	5.35%, 7/1/31, Ser. B	A1/AAA	7,019,320
5,000	5.50%, 11/15/39, Ser. A	NR/AA	5,129,500
3,570	Mortgage Agcy. Rev., 4.75%, 10/1/27, Ser. 128	Aa1/NR	3,513,987
2,400	Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A	NR/NR	1,877,568
1,100	New York City Health & Hospital Corp. Rev., Ser. A, 5.375%, 2/15/26	A1/A+	1,109,108
2,000	5.45%, 2/15/26	A1/A+	2,020,300
975	New York City Industrial Dev. Agcy. Rev., Eger Harbor Project, 4.95%, 11/20/32, Ser. A (GNMA)	NR/AA+	920,985
1,415	Liberty Interactive Corp., 5.00%, 9/1/35	Ba2/BB+	997,886
1,500	Queens Baseball Stadium, 6.50%, 1/1/46	Aa2/AAA	1,616,235
1,190	Staten Island Univ. Hospital Project, 6.45%, 7/1/32, Ser. C	Ba2/NR	1,036,252
1,500	United Jewish Appeal Fed. Project, 5.00%, 7/1/27, Ser. A	Aa1/NR	1,543,950
5,000	Yankee Stadium, 5.00%, 3/1/31 (FGIC)	Baa3/BBB-	4,256,550
2,400	5.00%, 3/1/36 (NPFGC)	Baa1/AA-	1,953,792
4,900	7.00%, 3/1/49	Aa2/AAA	5,359,179
1,500	New York City Municipal Water Finance Auth. Rev., 5.25%, 6/15/40, Ser. EE	Aa3/AA+	1,536,405
10,000	New York City Transitional Finance Auth. Rev., 5.00%, 11/1/27, Ser. B	Aa1/AAA	10,171,900
5,000	5.25%, 1/15/39, Ser. S-3	A1/AA-	4,933,100
2,700	New York City Trust for Cultural Res. Rev., Julliard School, 5.00%, 1/1/34, Ser. A	Aa2/AA	2,738,907
7,785	Wildlife Conservation Society, 5.00%, 2/1/34 (FGIC-NPFGC)	Aa3/AA-	7,852,107
4,000	New York City, GO, 5.00%, 3/1/33, Ser. I	Aa3/AA	3,966,720
3,600	Port Auth. of New York & New Jersey Rev., 5.00%, 4/15/32, Ser. 125 (FSA)	Aa3/AAA	3,671,388
3,000	State Dormitory Auth. Rev., 5.00%, 3/15/38, Ser. A	NR/AAA	2,986,170
80	5.25%, 9/1/28, (Pre-refunded @ \$102, 9/1/09) (Radian) (c)	Baa3/BBB-	82,514
1,320	5.25%, 9/1/28 (Radian)	Baa3/BBB-	1,234,900
7,490	5.50%, 5/15/31, Ser. A (AMBAC)	A1/AA-	7,781,810
2,600	Catholic Health of Long Island, 5.10%, 7/1/34	Baa1/BBB	2,089,880
2,000	Kaleida Health Hospital, 5.05%, 2/15/25 (FHA)	NR/AAA	1,995,560
5,300	Lenox Hill Hospital, 5.50%, 7/1/30	Ba1/NR	4,387,764

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PIMCO New York Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
\$ 2,750	Memorial Sloan-Kettering Cancer Center, 5.00%, 7/1/35, Ser. 1	Aa2/AA	\$ 2,691,068
2,000	5.00%, 7/1/36, Ser. A1	Aa2/AA	1,950,660
1,000	New York Univ. Hospital, 5.625%, 7/1/37, Ser. B	Baa2/BB+	876,060
5,850	North General Hospital, 5.00%, 2/15/25	NR/AA-	5,851,521
5,000	Rochester General Hospital, 5.00%, 12/1/35 (Radian)	NR/BBB-	4,004,800
	Teachers College,		
4,270	5.00%, 7/1/32 (NPFGC)	A1/NR	4,331,787
3,000	5.50%, 3/1/39	A1/NR	3,013,200
3,000	Yeshiva Univ., 5.125%, 7/1/34 (AMBAC)	Aa2/NR	2,851,680
5,000	State Environmental Facs. Corp. Rev., 5.125%, 6/15/38, Ser. A	Aa1/AA+	5,076,350
1,000	State Thruway Auth. Rev., 4.75%, 1/1/29, Ser. G (FSA)	Aa3/AAA	982,450
6,000	State Urban Dev. Corp. Rev., 5.00%, 3/15/36, Ser. B-1 (h)	NR/AAA	6,022,620
	Triboro Bridge & Tunnel Auth. Rev.,		
710	5.00%, 1/1/32, Ser. A (FGIC-TCRS)	Aa2/AA-	712,868
5,000	5.25%, 11/15/34, Ser. A-2 (h)	Aa2/AA-	5,127,150
1,815	Ulster Cnty. Industrial Dev. Agcy. Rev., 6.00%, 9/15/37, Ser. A	NR/NR	1,284,929
2,000	Warren & Washington Cntys. Industrial Dev. Agcy. Rev.,		
	Glens Falls Hospital Project, 5.00%, 12/1/35, Ser. A (FSA)	Aa3/AAA	2,006,380
750	Westchester Cnty. Industrial Dev. Agcy. Continuing Care Retirement Rev., Kendal on Hudson Project, 6.50%, 1/1/34, Ser. A, (Pre-refunded @ \$100, 1/1/13) (c)	NR/NR	869,055
	Total New York Municipal Bonds & Notes (cost \$167,715,075)		164,768,545
OTHER MUNICIPAL BONDS & NOTES 7.2%			
California 0.5%			
1,000	Health Facs. Financing Auth. Rev., Catholic Healthcare West, 6.00%, 7/1/39, Ser. A	A2/A	1,003,950
Florida 1.0%			
1,000	Clearwater Water Rev., 5.25%, 12/1/39, Ser. A	A2/AA-	971,870
1,000	Miami-Dade Cnty. Rev., 5.50%, 10/1/36, Ser. A	A2/A-	975,080
			1,946,950
Louisiana 0.5%			
1,000	Parish of East Baton Rouge Rev., 5.25%, 2/1/39, Ser. A	A1/AA-	988,070
Puerto Rico 5.2%			
4,600	Aqueduct & Sewer Auth. Rev., 6.00%, 7/1/38, Ser. A	Baa3/BBB-	4,574,654
5,675	Children s Trust Fund Tobacco Settlement Rev., 5.625%, 5/15/43	Baa3/BBB	3,974,827
	Sales Tax Financing Corp. Rev., Ser. A,		
14,250	zero coupon, 8/1/54 (AMBAC)	A1/AA-	745,845
12,900	zero coupon, 8/1/56	A1/A+	592,497
			9,887,823
	Total Other Municipal Bonds & Notes (cost \$16,434,218)		13,826,793

PIMCO New York Municipal Income Fund II Schedule of Investments

May 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
NEW YORK VARIABLE RATE NOTES (a)(d)(f) 3.0%			
\$5,000	JP Morgan Chase Putters/Drivers Trust Rev., 7.804%, 7/1/33, Ser. 3382	Aa1/NR	\$ 5,241,700
500	8.295%, 6/15/31, Ser. 3223	NR/AA+	535,255
Total New York Variable Rate Notes (cost \$5,393,458)			5,776,955
CORPORATE BONDS & NOTES (g) 2.5%			
4,300	American General Finance Corp., 4.625%, 9/1/10	Baa2/BB+	3,223,306
1,900	CIT Group, Inc., 5.80%, 7/28/11	Ba2/BBB-	1,484,702
Total Corporate Bonds & Notes (cost \$4,402,252)			4,708,008
SHORT-TERM INVESTMENTS (g) 1.5%			
Corporate Notes 1.5%			
700	American General Finance Corp., 1.542%, 10/2/09, FRN	Baa2/BB+	556,648
1,900	CIT Group, Inc., 4.125%, 11/3/09	Ba2/BBB-	1,832,007
300	International Lease Finance Corp., FRN, 0.881%, 5/24/10	Baa2/BBB+	275,989
200	1.531%, 1/15/10	Baa2/BBB+	190,494
Total Corporate Notes (cost \$2,860,699)			2,855,138
Total Investments (cost \$196,805,702) 100.0%			\$ 191,935,439

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PIMCO Municipal Income Funds II Notes to Schedule of Investments

May 31, 2009

Notes to Schedule of Investments:

* Unaudited.

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$11,708,783, representing 1.18% of total investments in PIMCO Municipal Income Fund II, \$14,030,712, representing 3.04% of total investments in PIMCO California Municipal Income Fund II and \$5,776,955, representing 3.01% of total investments in PIMCO New York Municipal Income Fund II.
- (b) Illiquid security.
- (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 Security 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) 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 May 31, 2009.
- (f) 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 May 31, 2009.
- (g) All or partial amount segregated as collateral for reverse repurchase agreements.
- (h) 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

FGIC insured by Financial Guaranty Insurance Co.

FHA insured by Federal Housing Administration

FRN Floating Rate Note. The interest rate disclosed reflects the rate in effect on May 31, 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 | 5.31.09 | PIMCO Municipal Income Funds II Annual Report 23

PIMCO Municipal Income Funds II Statements of Assets and Liabilities

May 31, 2009

	Municipal II	California Municipal II	New York Municipal II
Assets:			
Investments, at value (cost \$1,064,280,429, \$452,994,967 and \$196,805,702, respectively)	\$994,380,865	\$461,042,407	\$ 191,935,439
Cash		172,465	1,517,165
Interest receivable	17,802,442	6,636,778	2,672,394
Receivable for investments sold	1,560,000	349,600	15,000
Prepaid expenses and other assets	46,317	27,905	33,289
Total Assets	1,013,789,624	468,229,155	196,173,287
Liabilities:			
Payable for floating rate notes	89,161,972	51,012,500	8,186,394
Payable for reverse repurchase agreements	17,746,000	18,406,000	5,679,000
Dividends payable to common and preferred shareholders	3,898,871	2,178,471	713,876
Payable to custodian for cash overdraft	518,002		
Investment management fees payable	453,207	201,212	91,623
Interest payable	356,955	196,908	118,873
Payable to broker for collateral	300,000		
Interest payable for reverse repurchase agreements	5,236	7,236	2,550
Accrued expenses and other liabilities	303,090	1,812,311	255,094

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Total Liabilities	112,743,333	73,814,638	15,047,410
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)	367,000,000	163,000,000	79,000,000
Net Assets Applicable to Common Shareholders	\$534,046,291	\$231,414,517	\$ 102,125,877
Composition of Net Assets Applicable to Common Shareholders:			
Common Stock:			
Par value (\$0.00001 per share)	\$596	\$310	\$107
Paid-in-capital in excess of par	845,278,890	431,555,702	151,405,769
Undistributed (dividends in excess of) net investment income	5,090,783	(2,178,470)	(467,589)
Accumulated net realized loss on investments	(246,424,252)	(206,204,674)	(43,979,691)
Net unrealized appreciation (depreciation) of investments	(69,899,726)	8,241,649	(4,832,719)
Net Assets Applicable to Common Shareholders	\$534,046,291	\$231,414,517	\$ 102,125,877
Common Shares Outstanding	59,568,368	30,950,140	10,684,803
Net Asset Value Per Common Share	\$8.97	\$7.48	\$9.56

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PIMCO Municipal Income Funds II Statements of Operations

For the year ended May 31, 2009

	Municipal II	California Municipal II	New York Municipal II
Investment Income:			
Interest	\$ 70,639,002	\$ 35,207,403	\$ 12,729,278
Expenses:			
Investment management fees	6,766,778	3,276,166	1,280,627
Interest expense	2,233,432	4,852,198	403,258
Auction agent fees and commissions	1,074,430	542,608	220,433
Legal fees	156,839	102,921	47,304
Shareholder communications	138,590	61,856	29,321
Trustees' fees and expenses	113,817	62,743	30,495
Custodian and accounting agent fees	105,898	143,498	51,846
Audit and tax services	77,515	60,771	53,565
New York Stock Exchange listing fees	47,641	24,880	21,482
Transfer agent fees	39,164	36,741	37,676
Insurance expense	25,851	13,168	5,496
Miscellaneous	12,075	7,371	4,960
Total expenses	10,792,030	9,184,921	2,186,463
Less: investment management fees waived	(574,290)	(279,190)	(108,084)

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custody credits earned on cash balances	(42,775)	(13,011)	(10,838)
Net expenses	10,174,965	8,892,720	2,067,541
Net Investment Income	60,464,037	26,314,683	10,661,737
Realized and Change In Unrealized Gain (Loss)			
Net realized gain (loss) on:			
Investments	(30,986,906)	(89,820,349)	(13,662,767)
Futures contracts	(7,068,849)	(2,876,398)	(960,187)
Swaps	(131,861,650)	(64,692,955)	(20,236,949)
Net change in unrealized appreciation/depreciation of:			
Investments	(116,288,436)	(13,317,190)	(7,840,767)
Futures contracts	(6,565,353)	(4,502,979)	(1,197,643)
Net realized and change in unrealized loss on investments, futures contracts and swaps	(292,771,194)	(175,209,871)	(43,898,313)
Net Decrease in Net Assets Resulting from Investment Operations	(232,307,157)	(148,895,188)	(33,236,576)
Dividends on Preferred Shares from Net Investment Income	(11,200,932)	(5,697,951)	(2,025,371)
Net Decrease in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	\$ (243,508,089)	\$ (154,593,139)	\$ (35,261,947)

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

	Municipal II	
	Year ended May 31,	
	2009	2008
Investment Operations:		
Net investment income	\$ 60,464,037	\$ 66,423,523
Net realized gain (loss) on investments, futures contracts and swaps	(169,917,405)	5,404,191
Net change in unrealized appreciation/depreciation of investments and futures contracts	(122,853,789)	(78,458,658)
Net decrease in net assets resulting from investment operations	(232,307,157)	(6,630,944)
Dividends to Preferred Shareholders from Net Investment Income	(11,200,932)	(17,559,291)
Net decrease in net assets applicable to common shareholders resulting from investment operations	(243,508,089)	(24,190,235)
Dividends to Common Shareholders from:		
Net Investment Income	(46,297,957)	(46,046,478)
Return of Capital		
Capital Share Transactions:		
Reinvestment of dividends	4,112,714	3,161,576
Total decrease in net assets applicable to common shareholders	(285,693,332)	(67,075,137)
Net Assets Applicable to Common Shareholders:		
Beginning of year	819,739,623	886,814,760

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End of year (including undistributed (dividends in excess of) net investment income of \$5,090,783 and \$2,155,462; \$(2,178,470) and \$(2,219,623); \$(467,589) and \$(621,423); respectively)

\$ 534,046,291 \$ 819,739,623

Common Shares Issued in Reinvestment of Dividends

419,882 223,853

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	California Municipal II		New York Municipal II	
	Year ended May 31,		Year ended May 31,	
	2009	2008	2009	2008
Investment Operations:				
Net investment income	\$ 26,314,683	\$ 32,439,150	\$ 10,661,737	\$ 11,390,311
Net realized gain (loss) on investments, futures contracts and swaps	(157,389,702)	(9,422,890)	(34,859,903)	436,283
Net change in unrealized appreciation/depreciation of investments and futures contracts	(17,820,169)	(36,237,871)	(9,038,410)	(12,133,193)
Net decrease in net assets resulting from investment operations	(148,895,188)	(13,221,611)	(33,236,576)	(306,599)
Dividends to Preferred Shareholders from Net Investment Income	(5,697,951)	(8,660,050)	(2,025,371)	(3,073,529)
Net decrease in net assets applicable to common shareholders resulting from investment operations	(154,593,139)	(21,881,661)	(35,261,947)	(3,380,128)
Dividends to Common Shareholders from:				
Net Investment Income	(24,711,497)	(25,748,032)	(8,466,985)	(8,420,559)
Return of Capital	(1,187,791)			
Capital Share Transactions:				
Reinvestment of dividends	2,137,595	2,114,952	754,665	682,941
Total decrease in net assets applicable to common shareholders	(178,354,832)	(45,514,741)	(42,974,267)	(11,117,746)
Net Assets Applicable to Common Shareholders:				
Beginning of year	409,769,349	455,284,090	145,100,144	156,217,890
End of year (including undistributed (dividends in excess of) net investment income of \$5,090,783 and \$2,155,462; \$(2,178,470) and \$(2,219,623); \$(467,589) and \$(621,423); respectively)	\$ 231,414,517	\$ 409,769,349	\$ 102,125,877	\$ 145,100,144
Common Shares Issued in Reinvestment of Dividends	229,213	150,398	70,913	48,516

PIMCO Municipal Income Fund II Statement of Cash Flows

For the year ended May 31, 2009

Decrease in Cash from:**Cash flows provided by operating activities:**

Net decrease in net assets resulting from investment operations \$ (232,307,157)

Adjustments to reconcile net decrease in net assets resulting from investment operations to net cash provided by operating activities:

Purchases of long-term investments (508,734,403)

Proceeds from sales of long-term investments 831,016,398

Sale of short-term portfolio investments, net (17,619,754)

Net change in unrealized appreciation/depreciation of investments and futures contracts 126,194,696

Net realized loss on investments, futures contracts and swaps 166,575,709

Net amortization on investments (9,629,032)

Decrease in interest receivable 2,169,213

Proceeds from futures contracts transactions, net (15,444,085)

Decrease in deposits with brokers for future collateral 12,085,100

Increase in prepaid expense and other assets (3,410)

Increase in interest payable for reverse repurchase agreements 5,236

Periodic and termination payments of swaps, net (131,861,650)

Decrease in investment management fees payable (162,093)

Decrease in accrued expenses and other liabilities (85,073)

Net cash provided by operating activities 222,199,695**Cash flows used for financing activities:**

Increase in payable to broker for collateral 300,000

Increase in reverse repurchase agreements 17,746,000

Cash dividends paid (excluding reinvestment of dividends of \$4,112,714) (53,466,278)

Payments to retire floating rate notes issued (133,044,337)

Cash receipts on issuance of floating rate notes 63,358,626

Cash overdraft at custodian 518,002

Redemptions of preferred shares (138,000,000)

Net cash used for financing activities (242,587,987)

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Net decrease in cash	(20,388,292)
Cash at beginning of year	20,388,292
Cash at end of year	\$

The Fund paid \$73,872 in cash for interest on reverse repurchase agreements.

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PIMCO California Municipal Income Fund II Statement of Cash Flows

For the year ended May 31, 2009

Decrease in Cash from:**Cash flows provided by operating activities:**

Net decrease in net assets resulting from investment operations \$ (148,895,188)

Adjustments to reconcile net decrease in net assets resulting from investment operations to net cash provided by operating activities:

Purchases of long-term investments (396,916,857)

Proceeds from sales of long-term investments 721,948,191

Sale of short-term portfolio investments, net (15,773,079)

Net change in unrealized appreciation/depreciation of investments and futures contracts 8,164,948

Net realized loss on investments, futures contracts and swaps 166,878,734

Net amortization on investments (3,142,666)

Decrease in interest receivable 3,565,368

Proceeds from futures contracts transactions, net (8,364,012)

Decrease in deposits with brokers for future collateral 5,940,000

Increase in prepaid expense and other assets (6,493)

Increase in interest payable for reverse repurchase agreements 7,236

Periodic and termination payments of swaps, net (64,692,955)

Decrease in investment management fees payable (109,925)

Increase in accrued expenses and other liabilities 14,727

Net cash provided by operating activities 268,618,029**Cash flows used for financing activities:**

Increase in reverse repurchase agreements 18,406,000

Cash dividends paid (excluding reinvestment of dividends of \$2,137,595) (29,500,797)

Payments to retire floating rate notes issued (199,581,237)

Cash receipts on issuance of floating rate notes 28,796,948

Redemptions of preferred shares (97,000,000)

Net cash used for financing activities (278,879,086)

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Net decrease in cash	(10,261,057)
Cash at beginning of year	10,433,522
Cash at end of year	\$ 172,465

The Fund paid \$64,093 in cash for interest on reverse repurchase agreements.

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PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

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 currently 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 currently 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 currently 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, political and other developments in a specific state or region.

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 which 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 last quoted mean 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. Exchange-traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. 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 Fund's 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

May 31, 2009

1. Organization and Significant Accounting Policies (continued)

(b) Fair Value Measurement

The Funds have adopted the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. Under SFAS 157, 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 under SFAS 157 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 assets or liability s level within the fair value hierarchy is based on the lowest level input, individually or in the aggregate, that is significant to fair value measurement.

The valuation techniques used by the Funds to measure fair value during the year ended May 31, 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.

The following is a summary of the inputs used as of May 31, 2009 in valuing each Fund s investments carried at value:

	Municipal II	California Municipal II	New York Municipal II
Valuation Inputs	Investments In Securities	Investments In Securities	Investments In Securities
Level 1 Quoted Prices	\$	\$	\$
Level 2 Other Significant Observable Inputs	994,380,865	461,042,407	191,935,439
Level 3 Significant Unobservable Inputs			
Total	\$ 994,380,865	\$ 461,042,407	\$ 191,935,439

In April 2009, the FASB issued FASB Staff Position No. 157-4. Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP 157-4). FSP 157-4 provides additional guidance for estimating fair value in accordance with SFAS 157, when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. The Funds management is currently evaluating the impact the adoption of FSP 157-4 will have on the Funds financial statement disclosures.

(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 using the effective yield method.

(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.

PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

1. Organization and Significant Accounting Policies (continued)

The FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (an Interpretation of FASB Statement No. 109 (the Interpretation)). The Interpretation 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 of the Interpretation has resulted in no material impact to the Funds' financial statements at May 31, 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 the 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 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. 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 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. Pursuant to Statement of Financial Accounting Standards No. 140 (FASB Statement No. 140), 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 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.

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PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

1. Organization and Significant Accounting Policies (continued)

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 in an investment 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 pursuant to FASB Statement No. 140. Inverse Floaters held by the Funds are exempt from registration under Rule 144A of the Securities Act of 1933.

Effective April 6, 2009, each Fund's investment policy was revised to increase the amount of Inverse Floaters in which each Fund may invest from 10% to 15% of their respective total assets. This change potentially allows the Funds to earn additional tax-free income. In addition, the use of Inverse Floaters, which results in a form of economic leverage, will allow the Funds to replace or increase leverage to some degree.

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

These 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.

(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 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 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 changes in the market (market risk) or failure of the other party to a transaction to perform (credit risk). The main risks from derivative instruments are interest rate, market price and credit risks.

PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

2. Principal Risk (continued)

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 a Fund 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 useful 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 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 financial statements. Financial assets, which potentially expose the Funds to credit risk, consist principally of cash due from counterparties and investments.

The Funds' Sub-Adviser, Pacific Investment Management Company LLC (PIMCO or the Sub-Adviser), minimizes credit risks to the Funds by performing extensive reviews of each counterparty and obtaining approval from their Counterparty Risk Committee prior to entering into transactions with a third party. All transactions in listed securities are settled/paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once a Fund has 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. Financial Derivative Instruments

The FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (FAS 161 or the Statement) requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The disclosure requirements of FAS 161 distinguish between derivatives which are accounted for as hedges under FAS 133 and those that do not qualify for such accounting. The Funds reflect derivatives at fair value and recognize changes in fair value through the statement of operations, and such derivatives do not qualify for FAS 133 hedge accounting treatment.

(a) Futures Contracts

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. The Funds may use futures contracts to manage its exposure to the securities markets or to movements in interest rates, and currency values. Upon entering into such a contract, the Funds are required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange. Pursuant to the contracts, the Funds agree to receive from or pay to the broker an amount of cash or securities equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as variation margin and are recorded by the Funds as unrealized appreciation or depreciation. When the contracts are closed, the Funds record a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The use of futures transactions involves various risks, including the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability or unwillingness of counterparties to meet the terms of their contracts.

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PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

3. Financial Derivative Instruments (continued)**(b) Option Transactions**

The Funds purchase and write (sell) put and call options on securities for hedging purposes, risk management purposes or as part of their investment strategies. The risk associated with purchasing an option is that the Funds pay a premium whether or not the option is exercised. Additionally, the Funds bear the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from securities sold through the exercise of put options is decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability which is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written in the Statements of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchased transactions, as a realized loss. If a call option written by the Funds is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option written by the Funds is exercised, the premium reduces the cost basis of the security. In writing an option, the Funds bear the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of a written option could result in the Funds purchasing a security at a price different from its current market value.

(c) Swap Agreements

Swap agreements are privately negotiated agreements between the Funds and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. The Funds may enter into credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements in order to manage their exposure to credit, currency and interest rate risk. In connection with these agreements, securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Payments received or made at the beginning of the measurement period are reflected as such on the Statements of Assets and Liabilities and represent payments made or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront payments are recorded as realized gains or losses on the Statements of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statements of Operations. Net periodic payments received or paid by the Funds are included as part of realized gains or losses on the Statements of Operations.

Entering into these agreements involves, to varying degrees, elements of credit, legal, market and documentation risk in excess of the amounts recognized on the Statements of Assets and Liabilities. Such risks include the possibility that there will be no liquid market for these agreements, that the counterparties to the agreements may default on their obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

Interest rate swap agreements involve the exchange by the Funds with another party of their respective commitments to pay or receive interest (e.g., an exchange of floating rate payments for fixed rate payments), with respect to the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap, (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or floor, (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the counterparty may terminate the swap transaction in whole at zero cost by a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swap, under which two parties can exchange variable interest rates based on different money markets.

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PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

3. Financial Derivative Instruments (continued)

Fair Value of Derivative Instruments as of May 31, 2009

Municipal II The Fund has no open derivatives at year-end that would be impacted by risk exposures.

The effect of derivative instruments on the Statements of Operations for the six months ended May 31, 2009:

Location	Interest Rate Contracts	Total
Realized Gain (Loss) on:		
Futures contracts	\$	\$
Options written		
Swaps	(119,491,496)	(119,491,496)
Foreign currency transactions		
Total Realized Gain (Loss)	\$ (119,491,496)	\$ (119,491,496)
Net change in unrealized appreciation/depreciation of:		
Futures contracts		
Options written		
Swaps	89,128,259	89,128,259
Foreign currency transactions		
Total change in unrealized appreciation/depreciation	\$ 89,128,259	\$ 89,128,259

Municipal II had \$350,800,000 maximum notional amount outstanding of interest rate swap agreements for the six months ended May 31, 2009.

PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

3. Financial Derivative Instruments (continued)

California Municipal II The Fund has no open derivatives at year-end that would be impacted by risk exposures.

The effect of derivative instruments on the Statement of Operations for the six months ended May 31, 2009:

Location	Interest Rate Contracts	Total
Realized Gain (Loss) on:		
Futures contracts	\$	\$
Options written		
Swaps	(57,992,455)	(57,992,455)
Foreign currency transactions		
Total Realized Gain (Loss)	\$ (57,992,455)	\$ (57,992,455)
Net change in unrealized appreciation/depreciation of:		
Futures contracts		
Options written		
Swaps	49,067,968	49,067,968
Foreign currency transactions		
Total change in unrealized appreciation/depreciation	\$ 49,067,968	\$ 49,067,968

California Municipal II had \$193,400,000 maximum notional amount outstanding of interest rate swap agreements for the six months ended May 31, 2009.

PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

3. Financial Derivative Instruments (continued)

New York Municipal II The Fund has no open derivatives at year-end that would be impacted by risk exposures.

The effect of derivative instruments on the Statement of Operations for the six months ended May 31, 2009:

Location	Interest Rate Contracts	Total
Realized Gain (Loss) on:		
Futures contracts	\$	\$
Options written		
Swaps	(18,175,257)	(18,175,257)
Foreign currency transactions		
Total Realized Gain (Loss)	\$ (18,175,257)	\$ (18,175,257)

Net change in unrealized appreciation/depreciation of:

Futures contracts		
Options written		
Swaps	14,172,628	14,172,628
Foreign currency transactions		
Total change in unrealized appreciation/depreciation	\$ 14,172,628	\$ 14,172,628

New York Municipal II had \$56,000,000 maximum notional amount outstanding of interest rate swap agreements for the six months ended May 31, 2009.

4. Investment Manager/Sub-Adviser

The Funds have Investment Management Agreements (collectively the Agreements) with the Investment Manager. Subject to the supervision of each Fund's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Funds 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 0.10% of each Fund's average daily net assets, inclusive of net assets attributable to any preferred shares that may be outstanding through June 30, 2008. Effective July 1, 2008, the contractual fee waiver was reduced to 0.05% of each Fund's average daily net assets, including net assets attributable to any preferred shares that may be outstanding through June 30, 2009. For the fiscal year ended May 31, 2009, each Fund paid investment management fees at an annualized effective rate of 0.59%.

The Investment Manager has retained its affiliate, 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 Fund's 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

May 31, 2009

5. Investments in Securities

For the year ended May 31, 2009, purchases and sales of investments, other than short-term securities and U.S. government obligations were:

	Municipal II	California Municipal II	New York Municipal II
Purchases	\$ 501,334,403	\$ 396,916,857	\$ 72,634,486
Sales	830,793,338	720,385,312	115,521,303

(a) The weighted average daily balance of reverse repurchase agreements outstanding during the year ended May 31, 2009 for Municipal II, California Municipal II and New York Municipal II was \$17,809,255, \$16,277,076 and \$5,645,917 at a weighted average interest rate of 1.02%, 1.01% and 1.03%, 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 May 31, 2009 was \$21,444,433, \$22,214,023 and \$7,563,146 for Municipal II, California Municipal II and New York Municipal II, respectively.

Open reverse repurchase agreements at May 31, 2009 were:

Counterparty	Rate	Trade Date	Maturity Date	Principal & Interest	Principal
<u>Municipal II:</u>					
Barclays Bank	0.75%	5/8/09	6/5/09	\$ 681,341	\$ 681,000
	0.75%	5/18/09	6/3/09	15,092,401	15,088,000
Credit Suisse First Boston	0.75%	5/20/09	6/3/09	1,977,494	1,977,000
					\$ 17,746,000
<u>California Municipal II:</u>					
Barclays Bank	0.75%	5/8/09	6/5/09	\$ 8,969,482	\$ 8,965,000
	0.75%	5/18/09	6/3/09	9,443,754	9,441,000
					\$ 18,406,000
<u>New York Municipal II:</u>					
Barclays Bank	0.75%	5/8/09	6/5/09	\$ 4,368,183	\$ 4,366,000
	0.75%	5/18/09	6/3/09	934,272	934,000

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Credit Suisse First Boston	0.75%	5/20/09	6/3/09	379,095	379,000
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\$ 5,679,000

Municipal II, California Municipal II and New York Municipal II received \$174,447, \$176,006 and \$764,226, respectively, in U.S. government agency securities and Municipal II received \$300,000 in cash as collateral for open reverse repurchase agreements. Cash collateral received may be invested in accordance with each Fund's investment strategy. Collateral received as securities cannot be pledged.

6. Income Tax Information

Municipal II:

The tax character of dividends paid were:

	Year ended May 31, 2009	Year ended May 31, 2008
Ordinary Income	\$ 5,154,570	\$ 5,121,811
Tax Exempt Income	\$ 52,344.319	\$ 58,483,958

At May 31, 2009, the tax character of distributable earnings of \$5,090,783 was comprised entirely from tax-exempt income.

In accordance with U.S. Treasury regulations, the Fund elected to defer realized capital losses of \$165,173,378 arising after October 31, 2008. Such losses are treated as arising on June 1, 2009.

PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

6. Income Tax Information (continued)

At May 31, 2009, Municipal II had a capital loss carryforward of \$81,236,790 (\$6,389,744 of which will expire in 2012 \$54,505,416 of which will expire in 2013, \$4,473,237 of which will expire in 2014, \$7,912,932 of which will expire in 2015, and \$7,955,461 of which will expire in 2017), available as a reduction, to the extent provided in the regulations, of any future net realized capital gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

For the year ended May 31, 2009, permanent book-tax differences were primarily attributable to the differing treatment of inverse floater transactions and swap payments. These adjustments were to decrease undistributed net investment income and decrease accumulated net realized loss by \$29,827.

California Municipal II:

The tax character of distributions paid were:

	Year ended May 31, 2009	Year ended May 31, 2008
Ordinary Income	\$ 6,111,678	\$ 2,997,085
Tax Exempt Income	\$ 24,297,770	\$ 31,410,997
Return of Capital	\$ 1,187,791	

At May 31, 2009, there were no distributable earnings.

In accordance with U.S. Treasury regulations, the Fund elected to defer realized capital losses of \$155,667,522 arising after October 31, 2008. Such losses are treated as arising on June 1, 2009.

At May 31, 2009, California Municipal II had a capital loss carryforward of \$49,030,973 (\$3,919,943 of which will expire in 2012, \$16,328,922 of which will expire in 2013, \$5,531,398 of which will expire in 2015, \$4,849,597 of which will expire in 2016 and \$18,401,113 of which will expire in 2017), available as a reduction, to the extent provided in the regulations, of any future net realized capital gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

For the year ended May 31, 2009, permanent book-tax differences were primarily attributable to the differing treatment of inverse floater transactions and taxable overdistributions. These adjustments were to decrease dividends in excess of net investment income by \$4,135,918, decrease paid-in capital by \$4,302,108 and decrease accumulated net realized loss by \$166,190.

New York Municipal II:

The tax character of dividends paid were:

	Year ended May 31, 2009	Year ended May 31, 2008
Ordinary Income	\$ 1,081,822	\$ 284,260
Tax Exempt Income	\$ 9,410,534	\$ 11,209,828

At May 31, 2009, there were no distributable earnings.

In accordance with U.S. Treasury regulations, the Fund elected to defer realized capital losses of \$33,679,109 arising after October 31, 2008. Such losses are treated as arising on June 1, 2009.

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At May 31, 2009, New York Municipal II had a capital loss carryforward of \$10,319,392 (\$378,802 of which will expire in 2012, \$5,755,677 of which will expire in 2013, \$51,848 of which will expire in 2015, \$1,171,157 of which will expire in 2016 and \$2,961,908 of which will expire in 2017), available as a reduction, to the extent provided in the regulations, of any future net realized capital gains. To the extent that these losses are used to offset future realized capital gains, such gains will not be distributed.

For the year ended May 31, 2009, permanent book-tax differences were primarily attributable to the differing treatment of inverse floater transactions and swap payments. These adjustments were to increase dividends in excess of net investment income by \$15,547, decrease paid-in capital by \$186 and decrease accumulated net realized loss by \$15,733.

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PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

6. Income Tax Information (continued)

The cost of investments for federal income tax purposes and gross unrealized appreciation and gross unrealized depreciation of investments at May 31, 2009 were:

	Cost of Investments	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation (Depreciation)
Municipal II	\$ 974,690,419	\$ 25,102,990	\$ (95,016,800)	\$ (69,913,810)
California Municipal II	401,604,124	18,881,925	(12,146,454)	6,735,471
New York Municipal II	188,391,781	5,025,869	(9,839,776)	(4,813,907)

7. 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.

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 year ended May 31, 2009, the annualized dividend rates for each Fund ranged from:

	High	Low	At May 31, 2009
<u>Municipal II:</u>			
Series A	11.347%	0.579%	0.579%
Series B	12.565%	0.563%	0.563%
Series C	12.261%	0.518%	0.518%
Series D	11.728%	0.518%	0.518%
Series E	10.205%	0.579%	0.579%
<u>California Municipal II:</u>			
Series A	11.347%	0.579%	0.579%

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Series B	12.565%	0.563%	0.563%
Series C	12.261%	0.518%	0.518%
Series D	11.728%	0.518%	0.518%
Series E	10.205%	0.579%	0.579%

New York Municipal II:

Series A	12.261%	0.518%	0.518%
Series B	10.205%	0.579%	0.579%

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.

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.

PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

7. Auction-Rate Preferred Shares (continued)

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).

These developments with respect to ARPS have not affected the management or investment policies of the Funds, and the Funds outstanding common shares continue to trade on the NYSE without any change. 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.

During the fiscal year ended May 31, 2009, the Funds redeemed, at their liquidation preference, a portion of their ARPS. The redemptions were intended to increase asset coverage of each Fund s ARPS above the 200% Level (subject to future market conditions), permitting the Funds to pay previously declared common share dividends and to declare and pay future common share dividends. The Funds redeemed, their ARPs, at the full liquidation preference of \$25,000 per share plus accumulated but unpaid dividends, across each Fund s series of ARPS on their respective dates of redemption.

	Municipal II (a)	California Municipal II (a)	New York Municipal II (b)
Beginning balance, May 31, 2008	\$ 505,000,000	\$ 260,000,000	\$ 90,000,000
Redemptions	(138,000,000)	(97,000,000)	(11,000,000)
Ending balance, May 31, 2009	\$ 367,000,000	\$ 163,000,000	\$ 79,000,000

(a) Redeemed January 5, 2009 January 9, 2009

(b) Redeemed January 26, 2009 January 29, 2009

8. Subsequent Common Dividend Declarations

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

Municipal II \$0.065 per common share
 California Municipal II \$0.07 per common share
 New York Municipal II \$0.06625 per common share

On July 1, 2009, the following dividends were declared to common shareholders payable August 3, 2009 to shareholders of record on July 13, 2009:

Municipal II \$0.065 per common share
 California Municipal II \$0.07 per common share
 New York Municipal II \$0.06625 per common share

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PIMCO Municipal Income Funds II Notes to Financial Statements

May 31, 2009

9. 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 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, the Sub-Adviser, and certain of their 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, the Sub-Adviser, or their affiliates or related injunctions.

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.

The foregoing speaks only as of the date hereof.

See accompanying Notes to Financial Statements | 5.31.09 | PIMCO Municipal Income Funds II Annual Report 43

PIMCO Municipal Income Fund II Financial Highlights

For a share of common stock outstanding throughout each year:

	Year ended May 31,				
	2009	2008	2007	2006	2005
Net asset value, beginning of year	\$ 13.86	\$ 15.05	\$ 14.71	\$ 14.81	\$ 14.01
Investment Operations:					
Net investment income	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	(4.94)	(1.24)	0.33	0.01	0.84
Total from investment operations	(3.92)	(0.11)	1.46	1.09	1.95
Dividends on Preferred Shares from Net Investment Income					
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	(4.11)	(0.41)	1.16	0.86	1.81
Dividends to Common Shareholders from Net Investment Income					
Net asset value, end of year	\$ 8.97	\$ 13.86	\$ 15.05	\$ 14.71	\$ 14.81
Market price, end of year	\$ 9.56	\$ 14.14	\$ 15.42	\$ 14.45	\$ 15.02
Total Investment Return (1)	(26.46)%	(3.09)%	12.64%	2.63%	21.00%
RATIOS/SUPPLEMENTAL DATA:					
Net assets applicable to common shareholders, end of year (000)	\$ 534,046	\$ 819,740	\$ 886,815	\$ 862,832	\$ 862,290
Ratio of expenses to average net assets including interest expense (2)(3)(4)(5)	1.73%	1.68%	1.50%	1.30%	1.05%
Ratio of expenses to average net assets, excluding interest expense (2)(3)(5)	1.35%	1.19%	1.01%	1.05%	1.02%
Ratio of net investment income to average net assets (2)(5)	10.23%	7.90%	7.45%	7.31%	7.71%
Preferred shares asset coverage per share	\$ 61,376	\$ 65,570	\$ 68,889	\$ 67,701	\$ 67,676
Portfolio turnover	42%	21%	4%	20%	9%

- (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.
- (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 0.10%, 0.17%, 0.24%, 0.24% and 0.24% for the years ended May 31, 2009, May 31, 2008, May 31, 2007, May 31, 2006 and May 31, 2005, respectively.

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PIMCO California Municipal Income Fund II Financial Highlights

For a share of common stock outstanding throughout each year:

	Year ended May 31,				
	2009	2008	2007	2006	2005
Net asset value, beginning of year	\$ 13.34	\$ 14.89	\$ 14.58	\$ 14.61	\$ 13.53
Investment Operations:					
Net investment income	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	(5.69)	(1.49)	0.34	0.05	1.13
Total from investment operations	(4.84)	(0.43)	1.42	1.11	2.18
Dividends on Preferred Shares from Net Investment Income	(0.18)	(0.28)	(0.27)	(0.21)	(0.12)
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	(5.02)	(0.71)	1.15	0.90	2.06
Dividends to Common Shareholders from:					
Net Investment Income	(0.80)	(0.84)	(0.84)	(0.93)	(0.98)
Return of Capital	(0.04)				
Net asset value, end of year	\$ 7.48	\$ 13.34	\$ 14.89	\$ 14.58	\$ 14.61
Market price, end of year	\$ 8.78	\$ 14.25	\$ 15.96	\$ 14.62	\$ 14.76
Total Investment Return (1)	(32.26)%	(5.17)%	15.35%	5.50%	19.14%
RATIOS/SUPPLEMENTAL DATA:					
Net assets applicable to common shareholders, end of year (000)	\$ 231,415	\$ 409,769	\$ 455,284	\$ 443,379	\$ 441,596
Ratio of expenses to average net assets including interest expense (2)(3)(4)(5)	3.15%	3.23%	2.89%	2.02%	1.36%
Ratio of expenses to average net assets, excluding interest expense (2)(3)(5)	1.43%	1.18%	1.01%	1.06%	1.06%
Ratio of net investment income to average net assets (2)(5)	9.31%	7.65%	7.28%	7.24%	7.37%
Preferred shares asset coverage per share	\$ 60,490	\$ 64,390	\$ 68,765	\$ 67,620	\$ 67,451
Portfolio turnover	62%	6%	3%	12%	5%

(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

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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.

- (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 0.10%, 0.17%, 0.24%, 0.24% and 0.24% for the years ended May 31, 2009, May 31, 2008, May 31, 2007, May 31, 2006 and May 31, 2005, respectively.

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PIMCO New York Municipal Income Fund II Financial Highlights

For a share of common stock outstanding throughout each year:

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

(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.

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- (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 0.10%, 0.17%, 0.24%, 0.24% and 0.24% for the years ended May 31, 2009, May 31, 2008, May 31, 2007, May 31, 2006, May 31, 2005, respectively.

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**PIMCO Municipal Income Funds II Report of Independent Registered
Public Accounting Firm**

To the Shareholders and Board of Trustees of:

**PIMCO Municipal Income Fund II,
PIMCO California Municipal Income Fund II and
PIMCO New York Municipal Income Fund II**

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets applicable to common shareholders and of cash flows (for PIMCO Municipal Income Fund II and PIMCO California Municipal Income Fund II only) and the financial highlights present fairly, in all material respects, the financial position of PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II (collectively hereafter referred to as the Funds) at May 31, 2009, the results of each of their operations and of cash flows (for PIMCO Municipal Income Fund II and PIMCO California Municipal Income Fund II only) for the year then ended, changes in each of their net assets applicable to common shareholders for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Funds management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
July 21, 2009

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**PIMCO Municipal Income Funds II Portfolio Manager Change/Change
to the Funds Investment Policies and
Related Risks**

Portfolio Manager Change

Effective December 11, 2008, Mr. John Cummings assumed primary responsibility for the day-to-day portfolio management of each of the Funds. Mr. Cummings is an Executive Vice President at PIMCO. He joined PIMCO in 2002, and previously was at Goldman Sachs as an institutional trader responsible for a number of municipal sectors including industrials, airlines, utilities, healthcare and high-yield. Mr. Cummings has over 20 years of investment experience and earned an MBA and undergraduate degree from Rutgers University.

Change to the Funds Investment Policies and Related Risks

Effective April 6, 2009, each Fund's investment policy was revised to increase the amount of Inverse Floaters in which each Fund may invest to 15% from 10% of its total assets. The Board of Trustees approved the changes based on the recommendation of the Funds' Investment Manager and Sub-Adviser that this limit increase in Inverse Floaters would be in the best interest of the Funds and the Funds' shareholders. In addition, this change potentially allows the Funds to earn additional tax-free income. In addition, the use of Inverse Floaters, which results in a form of economic leverage, will allow the Funds to replace or increase leverage to some degree.

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 a Fund to reduce leverage and dispose of portfolio investments at inopportune times and prices.

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**PIMCO Municipal Income Funds II Tax Information/Annual Shareholder
Meetings Results** (unaudited)