

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II  
Form N-CSR  
August 06, 2007

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,  
(Address of principal executive offices)

New York 10105  
(Zip code)

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

Registrant's telephone number, including area code: 212-739-3371  
Date of fiscal year end: May 31, 2007  
Date of reporting period: May 31, 2007

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.

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

Annual Report  
May 31, 2007

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Board of Trustees 50-51

Principal Officers 52

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

July 10, 2007

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, 2007.

The U.S. bond market delivered stable, positive returns during the period as economic growth moderated, although a correction in the US housing market caused some weakness for bonds. The Federal Reserve (the "Fed") raised the Federal Funds rate to 5.25% at the beginning of the period and has held the key rate at that level for nearly one year. Inflation continued to track somewhat higher than the central bank's stated comfort level.

For specific information on the Funds and their performance during the reporting period, 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) 331-1710. In addition, a wide range of information and resources is available on our Web site, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

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

Sincerely,

Hans W. Kertess  
*Chairman*

Brian S. Shlissel  
*President & Chief Executive Officer*

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

May 31, 2007 (unaudited)

- ¢ For the fiscal year ended May 31, 2007, PIMCO Municipal Income Fund II returned 8.02% on net asset value (NAV) and 12.64% on market price, compared to 5.92% and 10.37%, respectively for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.
- ¢ Municipal bond yields decreased for the twelve month period (except for the short end of the municipal yield curve) as the appetite for tax free municipals remained strong
- ¢ Interest rates for Treasuries and LIBOR Swaps also moved lower for the twelve month period
- ¢ Municipal bond issuance increased
- ¢ significantly over the period, supply levels were at \$436 billion, with the largest increase coming from year-to-date 2007 as supply increased 35% versus the same five-month period in 2006.
- ¢ The municipal yield curve flattened over the period: 10-year, 20-year and 30-year maturity AAA General Obligation yields decreased by 11, 19, and 28 basis points, respectively
- ¢ Municipal to Treasury yield ratios ended the twelve month period with 10-year ratios at 79.9% and 30-year ratios at 84.8%
- ¢ Long municipals underperformed long Treasuries and the taxable debt sector; the Lehman Long
- Municipal Bond Index returned 6.28%, while the Long Government/Credit and the Lehman Long Treasury Indices returned 8.80% and 7.70%, respectively
- ¢ Tobacco securitization sector holdings performed well due to favorable news related to underlying tobacco companies and the advance refunding of older higher cost debt.
- ¢ Exposure to zero coupon municipals was positive for performance. The Lehman Zero Coupon Municipal Bond Index returned 8.14% for the period versus 6.28% for the Lehman Long Municipal Bond Index.

| <b>Total Return(1):</b>                         | <b>Market Price</b> | <b>Net Asset Value (NAV)</b> |
|---|---------------------|------------------------------|
| 1 Year  | 12.64%              | 8.02%                        |
| 3 Year  | 11.84%              | 9.09%                        |
| Commencement of Operations (6/28/02) to 5/31/07 | 7.34%               | 7.81%                        |

| <b>Common Share Market Price/NAV Performance:</b> | <b>Market Price/NAV:</b> |         |
|---|--------------------------|---------|
| Commencement of Operations (6/28/02) to 5/31/07   | Market Price             | \$15.42 |
|   | NAV                      | \$15.05 |
|   | Premium to NAV           | 2.46%   |
|   | Market Price Yield(2)    | 5.06%   |

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

(1) **Past performance is no guarantee of future results.** Total return is determined by subtracting the initial investment from the value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, 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. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public

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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 payable to common shareholders by the market price per common share at May 31, 2007.

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

May 31, 2007 (unaudited)

- ¢ For the fiscal year ended May 31, 2007, PIMCO California Municipal Income Fund II returned 8.06% on net asset value (NAV) and 15.35% on market price, compared to 5.88% and 10.15%, respectively for the Lipper California Municipal Debt Funds (Leveraged) average.
- ¢ The municipal yield curve flattened over the period: 10-year, 20-year and 30-year maturity AAA General Obligation yields decreased by 11, 19, and 28 basis points, respectively
- ¢ Exposure to zero coupon municipals was positive for performance. The Lehman Zero Coupon Municipal Bond Index returned 8.14% for the period versus 6.28% for the Lehman Long Municipal Bond Index.
- ¢ Municipal bond yields decreased for the twelve month period (except for the short end of the municipal yield curve) as the appetite for tax free municipals remained strong
- ¢ Municipal to Treasury yield ratios ended the twelve month period with 10-year ratios at 79.9% and 30-year ratios at 84.8%
- ¢ Municipal bonds within California outperformed the national index for the period. The Long California Index returned 6.64% versus the Long National Index return of 6.28%. California was the largest issuer of tax-exempt debt during the 12 months.
- ¢ Interest rates for Treasuries and LIBOR Swaps also moved lower for the twelve month period
- ¢ Long municipals underperformed long Treasuries and the taxable debt sector; the Lehman Long Municipal Bond Index returned 6.28%, while the Long Government/Credit and the Lehman Long Treasury Indices returned 8.80% and 7.70%, respectively
- ¢ The shape of the California State AAA insured municipal yield curve flattened over the 12 months: 5-year maturity credits increased by 12 basis points, 10-year maturities decreased by 5 basis points, and 30-year maturities decreased by 20 basis points.
- ¢ Municipal bond issuance increased significantly over the period, supply levels were at \$436 billion, with the largest increase coming from year-to-date 2007 as supply increased 35% versus the same five-month period in 2006.
- ¢ Tobacco securitization sector holdings performed well due to favorable news related to underlying tobacco companies and the advance refunding of older higher cost debt.

| <b>Total Return(1):</b>                           | <b>Market Price</b>      | <b>Net Asset Value (NAV)</b> |
|---|--------------------------|------------------------------|
| 1 Year  | 15.35%                   | 8.06%                        |
| 3 Year  | 13.18%                   | 9.96%                        |
| Commencement of Operations (6/28/02) to 5/31/07   | 7.87%                    | 7.39%                        |
| <br>  |                          |                              |
| <b>Common Share Market Price/NAV Performance:</b> | <b>Market Price/NAV:</b> |                              |
| Commencement of Operations (6/28/02) to 5/31/07   | Market Price             | \$15.96                      |
|   | NAV                      | \$14.89                      |
|   | Premium to NAV           | 7.19%                        |
|   | Market Price Yield(2)    | 5.26%                        |

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

(1) **Past performance is no guarantee of future results.** Total return is determined by subtracting the initial investment from the value at the end of the period and dividing the the remainder by the initial investment value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year

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represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, 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. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time 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 payable to common shareholders by the market price per common share at May 31, 2007.

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

May 31, 2007 (unaudited)

¢ For the fiscal year ended May 31, 2007, PIMCO New York Municipal Income Fund II returned 6.41% on net asset value (NAV) and 15.51% on market price, compared to 5.51% and 10.41%, respectively for the Lipper New York Municipal Debt Funds (Leveraged) average.

¢ Municipal bond yields decreased for the twelve month period (except for the short end of the municipal yield curve) as the appetite for tax free municipals remained strong

¢ Interest rates for Treasuries and LIBOR Swaps also moved lower for the twelve month period

¢ Municipal bond issuance increased significantly over the 12 month period, supply levels were at \$436 billion, with the largest increase coming from year-to-date 2007 as supply increased 35% versus the same five-month period in 2006.

¢ The municipal yield curve flattened over the period: 10-year, 20-year and 30-year maturity AAA General Obligation yields decreased by 11, 19, and 28 basis points, respectively

¢ Municipal to Treasury yield ratios ended the twelve month period with 10-year ratios at 79.9% and 30-year ratios at 84.8%

¢ Long municipals underperformed long Treasuries and the taxable debt sector; the Lehman Long Municipal Bond Index returned 6.28%, while the Long Government/Credit and the Lehman Long Treasury Indices returned 8.80% and 7.70%, respectively

¢ Tobacco securitization sector holdings performed well due to favorable news related to underlying tobacco companies and the advance refunding of older higher cost debt.

¢ Exposure to zero coupon municipals was positive for performance. The Lehman Zero Coupon Municipal Bond Index returned 8.14% for the period versus 6.28% for the Lehman Long Municipal Bond Index.

¢ Municipal bonds within New York underperformed the national index for the period. The Long New York Index returned 6.13% versus the Long National Index return of 6.28%. New York was the second largest issuer of tax-exempt debt during the 12 months.

¢ The shape of the New York Insured AAA municipal yield curve flattened over the quarter: 5-year maturity AAA credits increased by 9 basis points, 10-year maturities decreased by 13 basis points, and 30-year maturities decreased by 25 basis points.

| <b>Total Return(1):</b>                         | <b>Market Price</b> | <b>Net Asset Value (NAV)</b> |
|---|---------------------|------------------------------|
| 1 Year  | 15.51%              | 6.41%                        |
| 3 Year  | 12.56%              | 9.54%                        |
| Commencement of Operations (6/28/02) to 5/31/07 | 7.13%               | 7.14%                        |

**Common Share Market Price/NAV Performance:**

Commencement of Operations (6/28/02) to 5/31/07

**Market Price/NAV:**

|                       |         |
|-----------------------|---------|
| Market Price          | \$15.49 |
| NAV                   | \$14.79 |
| Premium to NAV        | 4.73%   |
| Market Price Yield(2) | 5.13%   |

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

(1) **Past performance is no guarantee of future results.** Total return is determined by subtracting the initial investment from the value at the end of the period and dividing the remainder by the initial investment value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all income dividends have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period more than one year represents the average annual total return.

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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 payable to common shareholders by the market price per common share at May 31, 2007.

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

May 31, 2007

| Principal Amount (000)                   |   | Credit Rating (Moody's/S&P)* | Value         |
|--|---|------------------------------|---------------|
| <b>MUNICIPAL BONDS &amp; NOTES 95.2%</b> |   |                              |               |
| <b>Alabama 4.0%</b>                      |   |                              |               |
| \$ 10,000                                | Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., 5.00%, 11/15/30, Ser. A | Baa1/NR                      | \$ 10,102,600 |
|  | Birmingham Waterworks & Sewer Board Rev., Ser. B, (Pre-refunded @ \$100, 1/1/13) (MBIA)(b),         |                              |               |
| 1,145                                    | 5.00%, 1/1/27   | Aaa/AAA                      | 1,205,742     |
| 10,000                                   | 5.00%, 1/1/37   | Aaa/AAA                      | 10,530,500    |
| 18,000                                   | 5.25%, 1/1/33 (c)(h)  | NR/NR                        | 19,178,100    |
| 1,750                                    | Huntsville Health Care Auth. Rev., 5.75%, 6/1/32, Ser. B, (Pre-refunded @ \$101, 6/1/12) (b)        | A2/NR                        | 1,904,105     |
| 16,580                                   | Jefferson Cnty. Sewer Rev., 4.75%, 2/1/38, Ser. B, (Pre-refunded @ \$100, 8/1/12) (FGIC)(b)         | Aaa/AAA                      | 17,231,594    |
|  |   |                              | 60,152,641    |
| <b>Alaska 0.2%</b>                       |   |                              |               |
| 3,550                                    | State Housing Finance Corp. Rev., 5.25%, 6/1/32, Ser. C (MBIA)                                      | Aaa/AAA                      | 3,604,706     |
| <b>Arizona 2.4%</b>                      |   |                              |               |
| 1,300                                    | Health Facs. Auth. Hospital System Rev.,  |                              |               |
|  | 5.75%, 12/1/32, (Pre-refunded @ \$101, 12/1/12) (b)   | NR/BBB                       | 1,423,591     |
| 33,000                                   | Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/37, Ser. A (c)(h)        | Aa1/AA                       | 34,568,160    |
|  |   |                              | 35,991,751    |
| <b>Arkansas 0.1%</b>                     |   |                              |               |
| 13,000                                   | Arkansas Dev. Finance Auth. Rev., zero coupon, 7/1/46 (AMBAC)                                       | Aaa/NR                       | 2,037,360     |
| <b>California 3.1%</b>                   |   |                              |               |
| 9,610                                    | Alameda Corridor Transportation Auth. Rev., zero coupon, 10/1/16, Ser. A (AMBAC)                    | Aaa/AAA                      | 6,487,327     |
|  | Golden State Tobacco Securitization Corp. Tobacco Settlement Rev.,                                  |                              |               |
| 15,000                                   | 5.00%, 6/1/33, Ser. A-1   | Baa3/BBB                     | 14,827,800    |
| 3,300                                    | 6.25%, 6/1/33, Ser. 2003-A-1  | Aaa/AAA                      | 3,616,833     |
| 9,000                                    | 6.75%, 6/1/39, Ser. 2003-A-1, (Pre-refunded @ \$100, 6/1/13) (b)                                    | Aaa/AAA                      | 10,358,190    |
| 1,000                                    | Rancho Cucamonga Community Facs. Dist., Special Tax, 6.30%, 9/1/23, Ser. A                          | NR/NR                        | 1,053,210     |
| 4,000                                    | Southern California Public Power Auth., Transmission Project Rev., zero coupon, 7/1/13              | Aa3/A+                       | 3,115,160     |
|  | Univ. of California Rev.,   |                              |               |
| 4,430                                    | 4.75%, 5/15/37, Ser. C (MBIA)   | Aaa/AAA                      | 4,505,886     |
| 2,900                                    | 4.75%, 5/15/38, Ser. B  | Aa3/AA-                      | 2,932,393     |
|  |   |                              | 46,896,799    |
| <b>Colorado 5.3%</b>                     |   |                              |               |
| 30,000                                   | Dawson Ridge Dist. No. 1, GO, zero coupon, 10/1/22, Ser. A  | Aaa/NR                       | 15,238,800    |

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|       |   |         |           |
|-------|---|---------|-----------|
| 5,000 | Denver City & Cnty., CP, 5.50%, 12/1/25, Ser. B,<br>(Pre-refunded @ \$101, 12/1/10) (AMBAC) (b) | Aaa/AAA | 5,315,750 |
|-------|---|---------|-----------|

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

May 31, 2007

| Principal Amount (000)           |   | Credit Rating (Moody's/S&P)* | Value        |
|----------------------------------|---|------------------------------|--------------|
| <b>Colorado (continued)</b>      |   |                              |              |
| \$ 20,000                        | E-470 Public Highway Auth. Rev., Ser. B (MBIA), zero coupon, 9/1/35   | Aaa/AAA                      | \$ 5,189,200 |
| 15,000                           | zero coupon, 9/1/37   | Aaa/AAA                      | 3,511,350    |
| 25,000                           | Health Facs. Auth. Rev., Catholic Health Initiatives, 5.50%, 3/1/32   | Aa2/AA                       | 26,558,250   |
| 18,305                           | Exempla, Inc., 5.625%, 1/1/33, Ser. A   | A1/A-                        | 19,080,400   |
| 6,500                            | Retirement Fac., Liberty Height, zero coupon, 7/15/22   | Aaa/AAA                      | 3,332,680    |
|                                  |   |                              | 78,226,430   |
| <b>District of Columbia 1.2%</b> |   |                              |              |
| 17,500                           | Washington D.C. Convention Center Auth. Tax Rev., 4.75%, 10/1/28, (Pre-refunded @ \$100, 10/1/08) (AMBAC) (b)         | Aaa/AAA                      | 17,736,425   |
| <b>Florida 3.9%</b>              |   |                              |              |
| 6,520                            | Brevard Cnty. Health Facs. Auth. Rev., 5.00%, 4/1/34  | A2/A                         | 6,631,231    |
| 2,830                            | Highlands Cnty. Health Facs. Auth. Rev., Adventist, 5.00%, 11/15/31, Ser. C   | A2/A+                        | 2,859,036    |
| 8,000                            | Adventist/Sunbelt, 6.00%, 11/15/31, Ser. A, (Pre-refunded @ \$101, 11/15/11) (b)                                      | A2/NR                        | 8,722,720    |
| 2,335                            | Hillsborough Cnty. Industrial Dev. Auth., Pollution Control Rev., Tampa Electric Co. Project, 5.50%, 10/1/23          | Baa2/BBB-                    | 2,430,805    |
| 635                              | Hillsborough Cnty. Industrial Dev. Auth. Rev., Health Fac. Project, 5.625%, 8/15/23                                   | Baa2/BBB                     | 656,018      |
| 7,135                            | Jacksonville Health Facs. Auth. Rev., 5.25%, 11/15/32, Ser. A   | Aa2/AA                       | 7,435,312    |
| 11,500                           | Lakeland Hospital System Rev., Regional Health System, 5.50%, 11/15/32, (Pre-refunded @ \$101, 11/15/12) (b)          | A2/NR                        | 12,487,620   |
| 3,000                            | Leesburg Hospital Rev., Leesburg Regional Medical Center Project, 5.50%, 7/1/32                                       | Baa1/BBB+                    | 3,093,420    |
| 2,550                            | Orange Cnty. Health Facs. Auth. Rev., Adventist Health System (b), 5.625%, 11/15/32, (Pre-refunded @ \$101, 11/15/12) | A2/A+                        | 2,777,944    |
| 5,000                            | 6.25%, 11/15/24, (Pre-refunded @ \$100, 11/15/12)   | A2/A+                        | 5,558,300    |
| 5,000                            | Sumter Landing Community Dev. Dist. Rev., 4.75%, 10/1/35, Ser. A (MBIA) (c)(h)  | NR/AAA                       | 5,040,750    |
| 1,500                            | Winter Springs Water & Sewer Rev., zero coupon, 10/1/29 (FGIC)  | Aaa/AAA                      | 535,260      |
|                                  |   |                              | 58,228,416   |
| <b>Georgia 0.7%</b>              |   |                              |              |
| 4,000                            | Atlanta Water & Wastewater Rev., 5.00%, 11/1/39, Ser. A (MBIA)  | Aaa/AAA                      | 4,126,080    |
| 1,500                            | Grantor Trust Gov't, CP, 4.75%, 6/1/28, Ser. A (MBIA)   | Aaa/AAA                      | 1,563,060    |
| 9,600                            | Richmond Cnty. Dev. Auth. Rev., zero coupon, 12/1/21  | Aaa/NR                       | 5,066,496    |
|                                  |   |                              | 10,755,636   |
| <b>Hawaii 1.3%</b>               |   |                              |              |
| 19,170                           | Honolulu City & Cnty. Wastewater System Rev., First Board Resolution, 4.75%, 7/1/28 (FGIC)                            | Aaa/NR                       | 19,404,257   |



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

May 31, 2007

| Principal Amount (000) |  | Credit Rating (Moody's/S&P)* | Value        |
|------------------------|--|------------------------------|--------------|
| <b>Illinois 19.3%</b>  |  |                              |              |
| \$ 3,610               | Central Lake Cnty. Water Agcy. Rev., Ser. A (AMBAC),<br>5.125%, 5/1/28, Ser. A                                     | Aaa/NR                       | \$ 3,766,313 |
| 8,150                  | 5.125%, 5/1/32, Ser. A, (Pre-refunded @ \$100,<br>11/1/12) (b)   | Aaa/NR                       | 8,652,448    |
| 5,050                  | Chicago, GO, 5.125%, 1/1/29 Ser. A (FGIC),<br>Chicago, Lake Shore East, Special Assessment,                        | Aaa/AAA                      | 5,171,250    |
| 3,162                  | 6.625%, 12/1/22  | NR/NR                        | 3,408,288    |
| 6,700                  | 6.75%, 12/1/32   | NR/NR                        | 7,234,660    |
| 15,535                 | Chicago Board of Education School Reform, GO (FGIC),<br>zero coupon, 12/1/16, Ser. A                               | Aaa/AAA                      | 10,413,577   |
| 5,000                  | zero coupon, 12/1/28, Ser. A   | Aaa/AAA                      | 1,850,300    |
| 4,500                  | zero coupon, 12/1/31   | Aaa/AAA                      | 1,439,100    |
| 32,670                 | Chicago City Colleges, GO (FGIC),<br>zero coupon, 1/1/37   | Aaa/AAA                      | 8,151,492    |
| 29,145                 | zero coupon, 1/1/38  | Aaa/AAA                      | 6,917,857    |
| 32,670                 | zero coupon, 1/1/39  | Aaa/AAA                      | 7,375,252    |
| 7,000                  | Chicago Midway Airport Rev., 5.00%, 1/1/31, Ser. B (MBIA)  | Aaa/AAA                      | 7,135,730    |
| 5,000                  | Cicero, GO, 5.25%, 12/1/31 (MBIA)  | Aaa/AAA                      | 5,289,650    |
| 10,000                 | Dev. Finance Auth. Retirement Housing Rev., Regency Park,<br>zero coupon, 7/15/23                                  | NR/AAA                       | 4,851,700    |
| 134,650                | zero coupon, 7/15/25   | NR/AAA                       | 59,400,848   |
| 5,000                  | Health Facs. Auth. Rev.,<br>Condell Medical Center, 5.50%, 5/15/32   | Baa2/NR                      | 5,156,700    |
| 20,100                 | Elmhurst Memorial Healthcare, 5.625%, 1/1/28   | A2/NR                        | 21,142,185   |
| 60,000                 | Metropolitan Pier & Exposition Auth. Rev. (MBIA),<br>zero coupon, 12/15/30   | Aaa/AAA                      | 20,532,600   |
| 50,000                 | zero coupon, 12/15/33  | Aaa/AAA                      | 14,847,000   |
| 2,460                  | zero coupon, 6/15/38   | Aaa/AAA                      | 589,096      |
| 4,500                  | Schaumburg, GO, 5.00%, 12/1/41, Ser. B (FGIC)  | Aaa/AAA                      | 4,641,705    |
| 10,000                 | Springfield Rev., 5.00%, 3/1/35 (MBIA)   | Aaa/AAA                      | 10,438,100   |
| 5,000                  | State, GO, 5.00%, 3/1/34, Ser. A   | Aa3/AA                       | 5,170,050    |
| 68,470                 | State Sports Facs. Auth. Rev., zero coupon, 6/15/30 (AMBAC)  | Aaa/AAA                      | 63,993,431   |
|                        |  |                              | 287,569,332  |
| <b>Indiana 0.5%</b>    |  |                              |              |
| 1,000                  | Brownsburg 1999 School Building Corp. Rev., Ser. A,<br>(Pre-refunded @ \$100, 9/15/13) (FSA)(b),<br>5.00%, 9/15/25 | Aaa/AAA                      | 1,061,820    |
| 2,000                  | 5.25%, 3/15/25   | Aaa/AAA                      | 2,151,240    |
| 4,125                  | Fort Wayne Pollution Control Rev., 6.20%, 10/15/25   | Caa1/B-                      | 4,278,491    |
| 500                    | State Bank Rev., Hendricks, 5.25%, 4/1/30, Ser. D,<br>(Pre-refunded @ \$100, 4/1/12) (AMBAC) (b)                   | Aaa/AAA                      | 530,510      |
|                        |  |                              | 8,022,061    |





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

May 31, 2007

| Principal Amount (000) |   | Credit Rating (Moody's/S&P)* | Value        |
|------------------------|---|------------------------------|--------------|
|                        | <b>Iowa 4.0%</b>  |                              |              |
| \$ 2,300               | Higher Education Loan Auth. Rev., Grandview College, 5.10%, 10/1/36   | NR/NR                        | \$ 2,347,725 |
| 46,000                 | Tobacco Settlement Auth. of Iowa Rev., Ser. B, zero coupon, 6/1/34  | Baa3/BBB                     | 47,289,840   |
| 8,850                  | 5.60%, 6/1/35, (Pre-refunded @ \$101, 6/1/11) (b)   | NR/AAA                       | 9,480,032    |
|                        |   |                              | 59,117,597   |
|                        | <b>Kansas 0.2%</b>  |                              |              |
| 2,800                  | Univ. of Kansas Hospital Auth. Health Facs. Rev., 5.625%, 9/1/32, (Pre-refunded @ \$100, 9/1/12) (b)          | NR/AAA                       | 3,030,832    |
|                        | <b>Kentucky 0.3%</b>  |                              |              |
| 2,500                  | Economic Dev. Finance Auth., Hospital Facs. Rev., Catholic Healthcare Partners, 5.25%, 10/1/30                | Aa3/AA-                      | 2,586,500    |
| 1,945                  | St. Luke's Hospital, 6.00%, 10/1/19, Ser. B   | A3/A                         | 2,132,265    |
|                        |   |                              | 4,718,765    |
|                        | <b>Louisiana 4.6%</b>   |                              |              |
| 20,400                 | Public Facs. Auth. Rev., Ochsner Clinic Foundation, 5.50%, 5/15/32, Ser. B                                    | A3/NR                        | 21,226,608   |
| 36,395                 | Tobacco Settlement Financing Corp. Rev., Ser. 2001-B, 5.875%, 5/15/39   | Baa3/BBB                     | 38,979,773   |
| 8,000                  | 5.875%, 5/15/39 (c)(h)  | Baa3/BBB                     | 8,568,160    |
|                        |   |                              | 68,774,541   |
|                        | <b>Maryland 0.1%</b>  |                              |              |
| 1,000                  | State Health & Higher Educational Facs. Auth. Rev., Adventist Healthcare, 5.75%, 1/1/25, Ser. A               | Baa2/NR                      | 1,054,690    |
|                        | <b>Massachusetts 3.7%</b>   |                              |              |
| 14,500                 | Bay Transportation Auth., Special Assessment, 4.75%, 7/1/34, Ser. A, (Pre-refunded @ \$100, 7/1/15) (b)(c)(h) | NR/NR                        | 15,315,190   |
| 1,300                  | Bay Transportation Auth. Rev., General Transportation System, 4.75%, 3/1/21, Ser. A (MBIA)                    | Aaa/AAA                      | 1,319,773    |
| 5,560                  | State College Building Auth. Project Rev., Ser. B (XCLA), 5.50%, 5/1/28                                       | Aaa/AAA                      | 6,448,544    |
| 7,645                  | 5.50%, 5/1/33   | Aaa/AAA                      | 8,950,078    |
| 5,000                  | 5.50%, 5/1/39   | Aaa/AAA                      | 5,909,050    |
| 4,295                  | State Turnpike Auth. Rev., 4.75%, 1/1/34, Ser. A (AMBAC)  | Aaa/AAA                      | 4,311,364    |
| 12,050                 | State Water Res. Auth. Rev., 4.75%, 8/1/37, Ser. A (FSA)  | Aaa/AAA                      | 12,069,400   |
|                        |   |                              | 54,323,399   |
|                        | <b>Michigan 2.3%</b>  |                              |              |
| 8,500                  | Detroit City School Dist., GO, Ser. A (b), 5.00%, 5/1/32, (Pre-refunded @ \$100, 5/1/13) (FGIC)               | Aaa/AAA                      | 8,984,075    |
| 1,750                  | 5.125%, 5/1/31, (Pre-refunded @ \$100, 5/1/12) (FSA)  | Aaa/AAA                      | 1,844,815    |
| 2,500                  | Detroit Water Supply System Rev., 5.00%, 7/1/30, Ser. A (FGIC)  | Aaa/AAA                      | 2,567,475    |



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

May 31, 2007

| Principal Amount (000)      |   | Credit Rating (Moody's/S&P)* | Value        |
|-----------------------------|---|------------------------------|--------------|
| <b>Michigan (continued)</b> |   |                              |              |
| \$ 5,000                    | State Hospital Finance Auth. Rev.,<br>Ascension Health, 5.25%, 11/15/26, Ser. B                           | Aa2/AA                       | \$ 5,204,800 |
| 13,500                      | Oakwood Group, Ser. A,<br>5.75%, 4/1/32   | A2/A                         | 14,185,665   |
| 1,925                       | 6.00%, 4/1/22   | A2/A                         | 2,067,238    |
|                             |   |                              | 34,854,068   |
| <b>Minnesota 0.1%</b>       |   |                              |              |
| 280                         | City of Minneapolis, Tax Allocation, Grant Park Project,<br>5.35%, 2/1/30                                 | NR/NR                        | 282,363      |
| 500                         | Oronoco Multifamily Housing Rev., 5.40%, 6/1/41   | NR/NR                        | 495,000      |
|                             |   |                              | 777,363      |
| <b>Mississippi 0.3%</b>     |   |                              |              |
| 3,605                       | Business Finance Corp., Pollution Control Rev., 5.875%, 4/1/22  | Ba1/BBB                      | 3,613,976    |
| 740                         | Dev. Bank Special Obligation, Projects & Equipment<br>Acquisitions Rev., 5.00%, 7/1/24 (AMBAC)            | Aaa/AAA                      | 740,814      |
|                             |   |                              | 4,354,790    |
| <b>Missouri 0.2%</b>        |   |                              |              |
| 860                         | Hanley Road & North of Folk Ave. Transportation Dist. Rev.,<br>5.00%, 10/1/25                             | NR/NR                        | 864,730      |
| 1,500                       | St. Louis Parking Facs. Rev., Downtown Parking Fac.,<br>6.00%, 2/1/28, (Pre-refunded @ \$100, 2/1/12) (b) | NR/NR                        | 1,631,505    |
|                             |   |                              | 2,496,235    |
| <b>Nevada 1.7%</b>          |   |                              |              |
| 1,450                       | Clark Cnty., GO (FGIC),<br>5.00%, 6/1/31  | Aaa/AAA                      | 1,485,772    |
| 1,950                       | 5.00%, 6/1/31, (Pre-refunded @ \$100, 6/1/11) (b)   | Aaa/AAA                      | 2,032,173    |
| 3,960                       | Reno Transportation Project Rev., (Pre-refunded @ \$100,<br>6/1/12) (AMBAC)(b),<br>5.125%, 6/1/27         | Aaa/AAA                      | 4,181,641    |
| 2,000                       | 5.125%, 6/1/32  | Aaa/AAA                      | 2,111,940    |
| 3,500                       | 5.125%, 6/1/37  | Aaa/AAA                      | 3,695,895    |
| 7,570                       | 5.25%, 6/1/41   | Aaa/AAA                      | 8,036,236    |
| 3,290                       | Truckee Meadows Water Auth. Rev.,<br>5.125%, 7/1/30, Ser. A, (Pre-refunded @ \$100,<br>7/1/11) (FSA) (b)  | Aaa/AAA                      | 3,446,604    |
|                             |   |                              | 24,990,261   |
| <b>New Hampshire 0.2%</b>   |   |                              |              |
| 360                         | Health & Education Facs. Auth. Rev., Catholic Medical Center,<br>6.125%, 7/1/32                           | Baa1/BBB+                    | 387,259      |
| 2,640                       | 6.125%, 7/1/32, (Pre-refunded @ \$101, 7/1/12) (b)  | Baa1/BBB+                    | 2,926,995    |
|                             |   |                              | 3,314,254    |
| <b>New Jersey 2.4%</b>      |   |                              |              |
| 4,000                       | Economic Dev. Auth., Kapkowski Road Landfill, Special<br>Assessment,<br>5.75%, 10/1/21                    | Baa3/NR                      | 4,431,000    |

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11,405

5.75%, 4/1/31

Baa3/NR

12,521,892

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

May 31, 2007

| Principal Amount (000)        |  | Credit Rating (Moody's/S&P)* | Value      |
|-------------------------------|--|------------------------------|------------|
| <b>New Jersey (continued)</b> |  |                              |            |
|                               | Economic Dev. Auth. Rev.,<br>Arbor Glen,   |                              |            |
| \$ 525                        | 6.00%, 5/15/28   | NR/NR                        | \$ 539,411 |
| 225                           | 6.00%, 5/15/28, Ser. A, (Pre-refunded @ \$102,<br>5/15/09) (b)                             | NR/NR                        | 238,327    |
| 250                           | Seashore Gardens, 5.375%, 11/1/36  | NR/NR                        | 254,123    |
| 3,500                         | State Educational Facs. Auth. Rev., 6.00%, 7/1/25, Ser. D                                  | NR/NR                        | 3,799,320  |
|                               | Tobacco Settlement Financing Corp. Rev. (b),   |                              |            |
| 1,285                         | 6.00%, 6/1/37, (Pre-refunded @ \$100, 6/1/12)  | Aaa/AAA                      | 1,406,869  |
| 3,095                         | 6.125%, 6/1/42, (Pre-refunded @ \$100, 6/1/12)   | Aaa/AAA                      | 3,408,864  |
| 6,150                         | 6.25%, 6/1/43, (Pre-refunded @ \$100, 6/1/13)  | Aaa/AAA                      | 6,908,295  |
| 2,500                         | 6.75%, 6/1/39, (Pre-refunded @ \$100, 6/1/13)  | Aaa/AAA                      | 2,874,400  |
|                               |  |                              | 36,382,501 |
| <b>New Mexico 0.3%</b>        |  |                              |            |
| 5,000                         | Farmington Pollution Control Rev., 5.80%, 4/1/22   | Baa2/BBB                     | 5,044,250  |
| <b>New York 3.7%</b>          |  |                              |            |
| 1,200                         | Erie Cnty. Industrial Dev. Agcy., Orchard Park Rev., 6.00%,<br>11/15/36                    | NR/NR                        | 1,262,652  |
| 10,000                        | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters,<br>5.25%, 10/1/35 (c)(h)              | Aa3/AA-                      | 11,124,700 |
|                               | Metropolitan Transportation Auth. Rev.,  |                              |            |
| 10,600                        | 5.00%, 11/15/30, Ser. A (FSA)  | Aaa/AAA                      | 10,987,748 |
| 10,000                        | 5.25%, 11/15/32, Ser. B, (Pre-refunded @ \$100,<br>11/15/13) (b)                           | A2/AAA                       | 10,803,900 |
|                               | New York City Municipal Water Finance Auth., Water &<br>Sewer System Rev.,                 |                              |            |
| 4,750                         | 5.00%, 6/15/37, Ser. D (c)(h)  | Aa2/AA+                      | 4,940,950  |
| 7,000                         | 5.00%, 6/15/39, Ser. A   | Aa2/AA+                      | 7,247,170  |
| 6,700                         | State Dormitory Auth. Rev., Sloan-Kettering Center Memorial,<br>5.00%, 7/1/34, Ser. 1      | Aa2/AA                       | 6,911,988  |
| 2,000                         | State Environmental Facs. Corp. Rev., 5.00%, 6/15/28                                       | Aaa/AAA                      | 2,087,640  |
|                               |  |                              | 55,366,748 |
| <b>North Carolina 0.0%</b>    |  |                              |            |
| 550                           | North Carolina Medical Care Commission Rev., Salemtowne,<br>5.10%, 10/1/30                 | NR/NR                        | 553,614    |
| <b>Ohio 0.5%</b>              |  |                              |            |
| 7,500                         | Lorain Cnty. Hospital Rev., Catholic Healthcare,<br>5.375%, 10/1/30                        | Aa3/AA-                      | 7,817,850  |
| <b>Oklahoma 0.5%</b>          |  |                              |            |
| 6,500                         | Tulsa Cnty. Industrial Auth. Rev., Legacy Apartments,<br>4.90%, 11/20/46 (FHA-GNMA)        | Aaa/NR                       | 6,658,405  |
| <b>Pennsylvania 2.4%</b>      |  |                              |            |
|                               | Allegheny Cnty. Hospital Dev. Auth. Rev., Ser. B,<br>(Pre-refunded @ \$102, 11/15/10) (b), |                              |            |
| 530                           | 9.25%, 11/15/15  | Ba3/B+                       | 611,949    |

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|       |                 |        |           |
|-------|-----------------|--------|-----------|
| 1,000 | 9.25%, 11/15/22 | Ba3/B+ | 1,185,850 |
| 5,700 | 9.25%, 11/15/30 | Ba3/B+ | 6,759,345 |

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

May 31, 2007

| Principal Amount (000)          |   | Credit Rating (Moody's/S&P)* | Value        |
|---------------------------------|---|------------------------------|--------------|
| <b>Pennsylvania (continued)</b> |   |                              |              |
| \$ 4,500                        | Cumberland Cnty. Auth., Retirement Community Rev., Wesley Affiliated Services,<br>7.25%, 1/1/35, Ser. A, (Pre-refunded @ \$101, 1/1/13) (b) | NR/NR                        | \$ 5,247,675 |
| 1,250                           | Harrisburg Auth. Rev., 6.00%, 9/1/36  | NR/NR                        | 1,298,312    |
| 5,000                           | Montgomery Cnty. Higher Education & Health Auth. Hospital Rev., Ser. A, Abington Memorial Hospital,<br>5.125%, 6/1/27                       | NR/A                         | 5,143,950    |
| 3,750                           | 5.125%, 6/1/32  | NR/A                         | 3,844,125    |
| 3,000                           | Philadelphia, GO, 5.25%, 9/15/25, Ser. 2001 (FSA)   | Aaa/AAA                      | 3,114,090    |
| 5,000                           | Philadelphia Auth. Industrial Dev. Lease Rev., 5.25%,<br>10/1/30, Ser. B (FSA)  | Aaa/AAA                      | 5,206,600    |
| 500                             | Pittsburgh & Allegheny Cnty. Public Auditorium Auth. Rev., 5.00%, 2/1/29 (AMBAC)  | Aaa/AAA                      | 508,870      |
| 1,670                           | Radnor Township School Dist., GO, Ser. B (FSA),<br>5.00%, 2/15/35   | Aaa/NR                       | 1,748,740    |
| 830                             | 5.00%, 2/15/35, (Pre-refunded @ \$100, 8/15/15) (b)   | Aaa/NR                       | 891,661      |
|                                 |   |                              | 35,561,167   |
| <b>Puerto Rico 0.3%</b>         |   |                              |              |
| 4,200                           | Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN   | A3/BBB+                      | 4,487,364    |
| <b>Rhode Island 4.6%</b>        |   |                              |              |
| 62,000                          | Tobacco Settlement Financing Corp. Rev.,<br>6.25%, 6/1/42, Ser. A   | Baa3/BBB                     | 67,725,080   |
| <b>South Carolina 5.3%</b>      |   |                              |              |
| 27,745                          | Greenville Cnty. School Dist. Rev., Building Equity<br>Sooner Tomorrow,<br>5.50%, 12/1/28, (Pre-refunded @ \$101, 12/1/12) (b)              | Aaa/AA-                      | 30,186,837   |
| 18,120                          | Jobs Economic Dev. Auth. Rev., Bon Secours Health System,<br>5.625%, 11/15/30   | A3/A-                        | 18,969,466   |
| 15,000                          | Lexington Cnty., Health Services Dist. Hospital Rev.,<br>5.50%, 11/1/32   | A2/A+                        | 15,826,050   |
| 3,500                           | 5.50%, 5/1/37   | A2/A+                        | 3,697,120    |
| 5,000                           | 5.75%, 11/1/28  | A2/A+                        | 5,350,000    |
| 3,250                           | Tobacco Settlement Rev. Management Auth. Rev.,<br>6.375%, 5/15/28, Ser. B   | Baa3/BBB                     | 3,476,915    |
| 1,180                           | Transportation Infrastructure Rev.,<br>5.00%, 10/1/29, Ser. A, (Pre-refunded @ \$100, 10/1/11)<br>(AMBAC) (b)                               | Aaa/NR                       | 1,234,929    |
|                                 |   |                              | 78,741,317   |
| <b>Tennessee 0.3%</b>           |   |                              |              |
| 3,750                           | Knox Cnty. Health Educational & Housing Facs.,<br>Board Hospital Facs. Rev.,<br>Catholic Healthcare Partners, 5.25%, 10/1/30                | Aa3/AA-                      | 3,886,950    |





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

May 31, 2007

| Principal Amount (000) |   | Credit Rating (Moody's/S&P)* | Value       |
|------------------------|---|------------------------------|-------------|
|                        | <b>Texas 10.7%</b>  |                              |             |
| \$ 10                  | Arlington Independent School Dist., GO (PSF-GTD),<br>5.00%, 2/15/24   | Aaa/NR                       | \$ 10,136   |
| 990                    | 5.00%, 2/15/24, (Pre-refunded @ \$100, 2/15/09) (b)   | Aaa/NR                       | 1,010,077   |
| 130                    | Aubrey Independent School Dist., GO (PSF-GTD),<br>5.50%, 2/15/33  | Aaa/AAA                      | 141,148     |
| 4,350                  | 5.50%, 2/15/33, (Pre-refunded @ \$100, 8/15/14) (b)   | Aaa/AAA                      | 4,771,254   |
| 6,500                  | Brazos Cnty. Health Facs. Dev. Corp., Franciscan Services<br>Corp. Rev., 5.375%, 1/1/32   | NR/A-                        | 6,760,260   |
| 2,700                  | Comal Cnty. Health Facs. Dev., McKenna Memorial Hospital<br>Project Rev., 6.25%, 2/1/32   | Baa2/BBB-                    | 2,941,299   |
| 5,000                  | Dallas Area Rapid Transit Rev.,<br>5.00%, 12/1/31, (Pre-refunded @ \$100, 12/1/11)<br>(AMBAC) (b)                               | Aaa/AAA                      | 5,234,950   |
| 20,000                 | Frisco Independent School Dist., GO, zero coupon,<br>8/15/34 (PSF-GTD)  | Aaa/NR                       | 5,520,600   |
| 19,750                 | Harris Cnty.,<br>GO, 5.125%, 8/15/31, (Pre-refunded @ \$100, 8/15/12) (b)   | Aa1/AA+                      | 20,876,540  |
| 5,250                  | Health Facs. Dev. Corp. Rev., St. Luke's Episcopal Hospital,<br>5.375%, 2/15/26, Ser. A, (Pre-refunded @ \$100,<br>8/15/11) (b) | NR/AAA                       | 5,552,872   |
| 25,000                 | Senior Lien Toll Road Rev., 5.00%, 8/15/30 (FSA)  | Aaa/AAA                      | 25,770,250  |
| 700                    | HFDC of Central Texas, Inc., Village at Gleannloch Farms Rev.,<br>5.50%, 2/15/37, Ser. A  | NR/NR                        | 713,958     |
| 770                    | Keller Independent School Dist., GO (PSF-GTD),<br>4.875%, 8/15/31   | Aaa/AAA                      | 776,722     |
| 6,730                  | 4.875%, 8/15/31, (Pre-refunded @ \$100, 8/15/09) (b)  | Aaa/AAA                      | 6,887,684   |
| 3,170                  | Little Elm Independent School Dist., GO, 5.30%, 8/15/29,<br>Ser. A (PSF-GTD)  | NR/AAA                       | 3,352,941   |
| 6,250                  | North Dallas Thruway Auth. Rev., 4.75%, 1/1/29 (FGIC)   | Aaa/AAA                      | 6,280,813   |
| 5,000                  | Quinlan Independent School Dist., GO, 5.10%,<br>2/15/32 (PSF-GTD)   | Aaa/NR                       | 5,155,200   |
| 2,000                  | Sabine River Auth. Rev., 5.20%, 5/1/28<br>State, GO,  | Baa2/BB                      | 2,016,160   |
| 10,025                 | 4.75%, 4/1/35, Ser. A (c)(h)  | Aa1/AA                       | 10,141,992  |
| 17,500                 | 4.75%, 4/1/36   | Aa1/AA                       | 17,700,200  |
| 10,000                 | State Turnpike Auth. Central Turnpike System Rev.,<br>Ser. A (AMBAC),<br>zero coupon, 8/15/19                                   | Aaa/AAA                      | 5,860,700   |
| 8,880                  | 5.00%, 8/15/42  | Aaa/AAA                      | 9,099,602   |
| 3,250                  | State Water Financial Assistance, GO,<br>5.00%, 8/1/36  | Aa1/AA                       | 3,343,405   |
| 1,650                  | 5.25%, 8/1/35   | Aa1/AA                       | 1,725,586   |
| 8,000                  | Wichita Falls Water & Sewer Rev.,<br>5.00%, 8/1/27, (Pre-refunded @ \$100, 8/1/11) (AMBAC) (b)                                  | Aaa/AAA                      | 8,349,760   |
|                        |   |                              | 159,994,109 |



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

May 31, 2007

| Principal Amount (000) |   | Credit Rating (Moody's/S&P)* | Value         |
|------------------------|---|------------------------------|---------------|
|                        | <b>Utah 3.0%</b>  |                              |               |
| \$ 44,150              | Utah Transit Auth. Rev.,<br>4.75%, 6/15/35, Ser. B, (Pre-refunded @ \$100,<br>12/15/15) (FSA) (b)(c)(h) | NR/NR                        | \$ 44,892,603 |
|                        | <b>Virginia 0.5%</b>  |                              |               |
|                        | Fredericksburg Industrial Dev. Auth., Medicorp Health<br>System Rev., Ser. B,                           |                              |               |
| 2,500                  | 5.125%, 6/15/33   | A3/NR                        | 2,547,050     |
| 4,000                  | 5.25%, 6/15/27  | A3/NR                        | 4,113,680     |
|                        |   |                              | 6,660,730     |
|                        | <b>Washington 0.3%</b>  |                              |               |
| 5,000                  | Tacoma Sewer Rev., 5.00%, 12/1/31, Ser. A (FGIC)  | Aaa/AAA                      | 5,129,150     |
|                        | <b>Wisconsin 0.7%</b>   |                              |               |
|                        | Badger Tobacco Asset Securitization Corp. Rev.,   |                              |               |
| 1,125                  | 6.00%, 6/1/17   | Baa3/BBB                     | 1,213,706     |
| 7,750                  | 6.125%, 6/1/27  | Baa3/BBB                     | 8,278,627     |
|                        | State Health & Educational Facs. Auth. Rev.,<br>Froedert & Community Health Obligation,                 |                              |               |
| 90                     | 5.375%, 10/1/30   | NR/AA-                       | 93,685        |
| 910                    | 5.375%, 10/1/30, (Pre-refunded @ \$101, 10/1/11) (b)  | NR/AA-                       | 967,949       |
|                        |   |                              | 10,553,967    |
|                        | Total Municipal Bonds & Notes (cost-\$1,302,938,997)  |                              | 1,419,888,414 |

**VARIABLE RATE NOTES (d) (e) 4.5%**

|       |   |        |           |
|-------|---|--------|-----------|
|       | <b>Alabama 0.5%</b>   |        |           |
| 4,450 | Jefferson Cnty. Sewer Rev., 10.03%, 2/1/36, Ser. 352 (FGIC) (c)                             | Aaa/NR | 5,175,350 |
| 1,400 | Montgomery Special Care Facs. Financing Auth. Rev.,<br>8.85%, 11/15/29, Ser. 435 (MBIA) (c) | Aaa/NR | 1,538,530 |
|       |   |        | 6,713,880 |
|       | <b>Colorado 0.2%</b>  |        |           |
| 2,250 | Denver City & Cnty. Airport Rev., 8.85%, 11/15/25,<br>Ser. 425 (FSA) (c)                    | Aaa/NR | 2,488,500 |
|       | <b>Florida 0.4%</b>   |        |           |
| 1,782 | Orange Cnty. School Board, CP, 8.85%, 8/1/24,<br>Ser. 328 (MBIA) (c)                        | Aaa/NR | 2,092,335 |
| 3,241 | State Governmental Utilities Auth. Rev., 8.85%,<br>10/1/29, Ser. 327 (AMBAC) (c)            | Aaa/NR | 3,678,373 |
|       |   |        | 5,770,708 |
|       | <b>Illinois 0.6%</b>  |        |           |
|       | Chicago, GO (c),  |        |           |
| 1,780 | 9.47%, 1/1/28, Ser. 332 (MBIA)  | Aaa/NR | 2,136,979 |
| 2,200 | 11.34%, 1/1/40, Ser. 426 (FGIC)   | Aaa/NR | 2,730,530 |
| 1,288 | Cook Cnty., GO, 8.85%, 11/15/28, Ser. 403 (FGIC) (c)  | Aaa/NR | 1,495,239 |
| 2,000 | State, GO, 10.10%, 4/1/27, Ser. 783 (FSA) (c)   | Aaa/NR | 2,484,600 |
|       |   |        | 8,847,348 |



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

May 31, 2007

| Principal Amount (000)              |   | Credit Rating (Moody's/S&P)* | Value                   |
|-------------------------------------|---|------------------------------|-------------------------|
| <b>Massachusetts 1.4%</b>           |   |                              |                         |
| \$ 1,400                            | Boston Water & Sewer Community Rev., 8.88%, 11/1/28, Ser. 434 (FGIC) (c)                              | Aaa/NR                       | \$ 1,531,390            |
| 2,200                               | State, GO, 10.13%, 11/1/30, Ser. 785 (FGIC-TCRS) (c)  | Aaa/NR                       | 2,933,590               |
| 7,366                               | State Turnpike Auth. Rev. (c), 8.88%, 1/1/37, Ser. 334 (MBIA)   | Aaa/NR                       | 8,004,632               |
| 3,000                               | 8.88%, 1/1/37, Ser. 489 (MBIA)  | NR/AAA                       | 3,260,100               |
| 5,668                               | 8.88%, 1/1/39, Ser. 335 (AMBAC)   | Aaa/NR                       | 6,129,118               |
|                                     |   |                              | 21,858,830              |
| <b>Nevada 0.2%</b>                  |   |                              |                         |
| 2,200                               | State, GO, 8.85%, 5/15/28, Ser. 344 (FGIC) (c)  | Aaa/NR                       | 2,308,790               |
| <b>Ohio 0.1%</b>                    |   |                              |                         |
| 1,580                               | Hamilton Cnty. Sales Tax Rev., 8.85%, 12/1/27, Ser. 356 (MBIA) (c)                                    | Aaa/NR                       | 1,758,066               |
| <b>Pennsylvania 0.3%</b>            |   |                              |                         |
| 1,670                               | Philadelphia School Dist., GO (MBIA) (c), 7.60%, 4/1/27, Ser. 345                                     | Aaa/NR                       | 1,819,799               |
| 2,677                               | 7.60%, 4/1/27, Ser. 496   | NR/AAA                       | 2,917,127               |
|                                     |   |                              | 4,736,926               |
| <b>Texas 0.7%</b>                   |   |                              |                         |
| 2,460                               | Denton Utility System Rev., 9.47%, 12/1/29, Ser. 428 (MBIA) (c)                                       | Aaa/NR                       | 2,713,380               |
| 1,100                               | Houston Airport System Rev., 8.85%, 7/1/25, Ser. 404 (FGIC) (c)                                       | Aaa/NR                       | 1,149,500               |
| 2,200                               | Houston Water & Sewer System Rev. (c), 8.85%, 12/1/28, Ser. 427 (FSA)                                 | Aaa/NR                       | 2,518,560               |
| 3,070                               | 10.10%, 12/1/30, Ser. 495 (FGIC)  | NR/AAA                       | 3,765,202               |
|                                     |   |                              | 10,146,642              |
| <b>Washington 0.1%</b>              |   |                              |                         |
| 1,820                               | Central Puget Sound Regional Transit Auth. Sales Tax & Motor Rev., 7.60%, 2/1/28, Ser. 360 (FGIC) (c) | Aaa/NR                       | 1,922,921               |
|                                     | Total Variable Rate Notes (cost-\$56,795,248)   |                              | 66,552,611              |
| <b>U.S. TREASURY BILLS (g) 0.3%</b> |   |                              |                         |
| 5,255                               | 4.95%-4.955%, 6/14/07 (cost-\$5,245,597)  |                              | 5,245,597               |
|                                     | <b>Total Investments</b> (cost-\$1,364,979,842) <b>100.0%</b>   |                              | <b>\$ 1,491,686,622</b> |

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

May 31, 2007

| Principal Amount (000)                              |   | Credit Rating (Moody's/S&P)* | Value      |
|---|---|------------------------------|------------|
| <b>CALIFORNIA MUNICIPAL BONDS &amp; NOTES 96.2%</b> |   |                              |            |
| <b>California 96.2%</b>                             |   |                              |            |
| \$ 2,000  | ABC Unified School Dist., GO, zero coupon, 8/1/23, Ser. B (FGIC)  | Aaa/AAA                      | \$ 963,820 |
| 1,000   | Alpine Union School Dist., GO, zero coupon, 8/1/24, Ser. B (FSA)  | Aaa/AAA                      | 465,280    |
| 8,115   | Anaheim City School Dist., GO, 5.00%, 8/1/26, (Pre-refunded @ \$101, 8/1/11) (FGIC) (b)                               | Aaa/AAA                      | 8,580,801  |
| 5,300   | Assoc. of Bay Area Gov't Finance Auth. Rev., Odd Fellows Home, 5.20%, 11/15/22  | NR/A+                        | 5,497,955  |
| 26,000  | 5.35%, 11/15/32   | NR/A+                        | 27,132,560 |
| 23,000  | Bakersfield, CP, zero coupon, 4/15/21   | NR/AAA                       | 12,598,480 |
|   | Bay Area Gov't. Assoc.,   |                              |            |
| 2,000   | Lease Rev., 5.00%, 7/1/32, Ser. 2002-1 (AMBAC)  | Aaa/AAA                      | 2,070,920  |
| 1,945   | Windmere Ranch Dist. 99-1, Special Assessment, 6.30%, 9/2/25  | NR/NR                        | 2,068,858  |
| 1,085   | Capistrano Unified School Dist., Community Fac. Dist., Special Tax, 5.70%, 9/1/20, (Pre-refunded @ \$102, 9/1/09) (b) | NR/NR                        | 1,151,380  |
| 1,090   | Cathedral City Cove Improvements Dist. 04-02, Special Assessment, 5.00%, 9/2/30                                       | NR/NR                        | 1,090,610  |
| 2,300   | Ceres Unified School Dist., GO, zero coupon, 8/1/27 (FGIC)  | Aaa/AAA                      | 752,859    |
|   | Chula Vista Community Facs. Dist., Special Tax,   |                              |            |
| 3,000   | 5.125%, 9/1/36  | NR/NR                        | 3,031,650  |
| 1,825   | 6.15%, 9/1/26   | NR/NR                        | 1,936,599  |
| 4,380   | 6.20%, 9/1/33   | NR/NR                        | 4,652,655  |
|   | Chula Vista, Special Tax, (Pre-refunded @ \$102, 9/1/10) (b),   |                              |            |
| 1,160   | 6.05%, 9/1/25   | NR/NR                        | 1,260,410  |
| 2,500   | 6.10%, 9/1/32   | NR/NR                        | 2,720,175  |
|   | Clovis Unified School Dist., GO, Ser. B (FGIC),   |                              |            |
| 2,000   | zero coupon, 8/1/23   | Aaa/AAA                      | 971,460    |
| 3,535   | zero coupon, 8/1/25   | Aaa/AAA                      | 1,550,840  |
| 2,500   | zero coupon, 8/1/27   | Aaa/AAA                      | 997,675    |
| 1,410   | Community College Financing Auth. Lease Rev., 5.00%, 8/1/27, Ser. A (AMBAC)   | Aaa/AAA                      | 1,462,804  |
|   | Corona-Norco Unified School Dist., Public Financing Auth.,  |                              |            |
|   | Special Tax,  |                              |            |
| 1,110   | 5.10%, 9/1/25 (AMBAC)   | Aaa/AAA                      | 1,144,354  |
| 210   | 5.55%, 9/1/15, Ser. A   | NR/NR                        | 212,642    |
| 305   | 5.65%, 9/1/16, Ser. A   | NR/NR                        | 309,243    |
| 160   | 5.75%, 9/1/17, Ser. A   | NR/NR                        | 162,656    |
| 530   | 6.00%, 9/1/20, Ser. A   | NR/NR                        | 539,938    |
| 1,000   | 6.00%, 9/1/25, Ser. A (c)   | NR/NR                        | 1,019,660  |
| 4,150   | 6.10%, 9/1/32, Ser. A   | NR/NR                        | 4,244,537  |
| 10,000  | Coronado Community Dev. Agcy., Tax Allocation, 4.875%, 9/1/35 (AMBAC) (h)   | NR/NR                        | 10,074,800 |

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|       |  |         |           |
|-------|--|---------|-----------|
| 2,800 | Cotati Redev. Agcy., Tax Allocation, 5.00%, 9/1/31,<br>Ser. A (MBIA) | Aaa/AAA | 2,860,872 |
| 3,000 | Dinuba Financing Auth. Lease Rev., 5.10%, 8/1/32 (MBIA)              | Aaa/AAA | 3,110,760 |

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

May 31, 2007

| Principal Amount (000)                          |   | Credit Rating (Moody's/S&P)* | Value      |
|---|---|------------------------------|------------|
| <b>California (continued)</b>                   |   |                              |            |
| Educational Facs. Auth. Rev.,                   |   |                              |            |
| \$ 3,475  | Loyola Marymount Univ., zero coupon, 10/1/34 (MBIA)   | Aaa/NR                       | \$ 971,402 |
| 2,000   | Woodbury Univ., 5.00%, 1/1/36   | Baa3/BBB-                    | 2,030,140  |
| 4,520   | Elk Grove Unified School Dist., Community Facs. Dist. No. 1, Special Tax, 4.75%, 12/1/33 (MBIA)     | Aaa/AAA                      | 4,602,174  |
| Empire Union School Dist., Special Tax (AMBAC), |   |                              |            |
| 1,560   | zero coupon, 10/1/30  | Aaa/AAA                      | 523,146    |
| 1,265   | zero coupon, 10/1/32  | Aaa/AAA                      | 384,370    |
| 1,000   | Escondido Union School Dist., GO, zero coupon, 8/1/27 (FSA)   | Aaa/AAA                      | 395,160    |
| 2,440   | Eureka Union School Dist., GO, zero coupon, 8/1/27 (FSA)  | Aaa/AAA                      | 954,723    |
| Foothill Eastern Corridor Agcy. Toll Road Rev., |   |                              |            |
| 7,100   | zero coupon, 1/1/25, Ser. A   | Aaa/AAA                      | 3,220,418  |
| 3,270   | zero coupon, 1/1/26, Ser. A   | Aaa/AAA                      | 1,415,387  |
| 1,500   | zero coupon, 1/15/27 (MBIA-IBC)   | Aaa/AAA                      | 1,460,280  |
| 3,780   | zero coupon, 1/1/28, Ser. A   | Aaa/AAA                      | 1,483,083  |
| 17,860  | zero coupon, 1/1/30, Ser. A   | Aaa/AAA                      | 6,341,907  |
| 400   | Franklin-McKinley School Dist., GO, 5.00%, 8/1/27, Ser. B, (Pre-refunded @ \$100, 8/1/13) (FSA) (b) | Aaa/AAA                      | 426,556    |
| 1,440   | Fremont Community Facs. Dist. No. 1, Special Tax, 5.30%, 9/1/30                                     | NR/NR                        | 1,457,899  |
| Golden State Tobacco Securitization Corp. Rev., |   |                              |            |
| 2,000   | zero coupon, 6/1/37, Ser. A-2   | Baa3/BBB                     | 1,533,720  |
| 8,000   | 5.00%, 6/1/33, Ser. A-1   | Baa3/BBB                     | 7,908,160  |
| 10,000  | 5.00%, 6/1/35, Ser. A-1 (FGIC) (c)(h)   | Aaa/AAA                      | 10,400,400 |
| 45,000  | 5.00%, 6/1/38, Ser. A-1 (FGIC) (c)(h)   | Aaa/AAA                      | 46,740,600 |
| 12,485  | 5.00%, 6/1/45, Ser. A-1 (AMBAC-TCRS) (c)(h)   | Aaa/AAA                      | 12,883,022 |
| 6,000   | 5.00%, 6/1/45, Ser. A-1 (FGIC-TCRS) (c)(h)  | Aaa/AAA                      | 6,191,280  |
| 11,700  | 6.25%, 6/1/33, Ser. 2003-A-1  | Aaa/AAA                      | 12,823,317 |
| 36,200  | 6.75%, 6/1/39, Ser. 2003-A-1, (Pre-refunded @ \$100, 6/1/13) (b)                                    | Aaa/AAA                      | 41,662,942 |
| Health Facs. Finance Auth. Rev.,                |   |                              |            |
| 4,000   | Adventist Health System, 5.00%, 3/1/33  | NR/A                         | 4,033,440  |
| Catholic Healthcare West (b),                   |   |                              |            |
| 495   | 5.00%, 7/1/28, (Partially pre-refunded @ \$101, 7/1/08)   | A2/A                         | 503,410    |
| 70  | 5.00%, 7/1/28, (Pre-refunded @ \$101, 7/1/08)   | A2/A                         | 71,709     |
| 2,115   | Hope Rehabilitation, 5.375%, 11/1/20 (CA Mtg. Ins.)   | NR/A+                        | 2,216,943  |
| Paradise VY Estates (CA Mtg. Ins.),             |   |                              |            |
| 5,500   | 5.125%, 1/1/22  | NR/A+                        | 5,703,225  |
| 3,875   | 5.25%, 1/1/26   | NR/A+                        | 4,028,295  |
| 1,750   | Huntington Beach Community Facs. Dist., Special Tax, 6.30%, 9/1/32                                  | NR/NR                        | 1,806,385  |
| 1,045   | Industry Urban Dev. Agcy., Transportation Dist. 2, Tax Allocation, 4.75%, 5/1/21 (MBIA)             | Aaa/AAA                      | 1,065,283  |
| 200   | Infrastructure & Economic Dev. Bank Rev., Bay Area Toll Bridges, 5.00%, 7/1/36,                     |                              |            |



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(Pre-refunded @ \$100, 1/1/28) (AMBAC) (b)

Aaa/AAA

221,012

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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        |
|-------------------------------|--|------------------------------|--------------|
| <b>California (continued)</b> |  |                              |              |
| \$ 7,000                      | Irvine Improvement Board Act 1915, Special Assessment, 5.70%, 9/2/26                       | NR/NR                        | \$ 7,219,170 |
| 1,000                         | Irvine Unified School Dist., Special Tax, 5.125%, 9/1/36, Ser. A                           | NR/NR                        | 1,012,250    |
| 1,900                         | Jurupa Unified School Dist., GO, zero coupon, 5/1/27 (FGIC)                                | Aaa/AAA                      | 758,233      |
| 2,450                         | Kings Canyon JT Unified School Dist., GO, zero coupon, 8/1/27 (FGIC)                       | Aaa/AAA                      | 968,142      |
| 5,300                         | Livermore-Amador Valley Water Management Agcy. Rev., 5.00%, 8/1/31, Ser. A (AMBAC)         | Aaa/AAA                      | 5,463,929    |
| 5,935                         | Long Beach Unified School Dist., GO, 5.00%, 8/1/27, Ser. C (MBIA)                          | Aaa/NR                       | 6,091,269    |
| 9,895                         | Los Angeles, CP (MBIA), 5.00%, 2/1/27  | Aaa/AAA                      | 10,204,911   |
| 2,685                         | 5.00%, 10/1/27, Ser. AU  | Aaa/AAA                      | 2,773,390    |
| 15,000                        | Los Angeles Department of Water & Power Rev., Ser. A (h), 4.75%, 7/1/30 (FSA) (c)          | Aaa/AAA                      | 15,332,550   |
| 30,000                        | 5.00%, 7/1/35 (FSA) (c)  | Aaa/AAA                      | 31,418,400   |
| 16,950                        | 5.125%, 7/1/41 (FGIC-TCRS) (c)   | Aaa/AAA                      | 17,453,923   |
| 7,200                         | Los Angeles Wastewater System Rev., 5.00%, 6/1/30, Ser. A (FGIC)                           | Aaa/AAA                      | 7,430,616    |
| 1,000                         | Manhattan Beach Unified School Dist., GO, zero coupon, 9/1/25 (FGIC)                       | Aaa/AAA                      | 433,170      |
| 7,295                         | Manteca Redev. Agcy., Tax Allocation, 5.00%, 10/1/32 (FSA)                                 | Aaa/AAA                      | 7,570,605    |
| 10,000                        | 5.00%, 10/1/36 (AMBAC) (c)(h)  | NR/NR                        | 10,406,700   |
| 2,365                         | Manteca Unified School Dist., Special Tax (MBIA), zero coupon, 9/1/25                      | Aaa/AAA                      | 1,015,365    |
| 5,330                         | 5.00%, 9/1/29, Ser. C  | Aaa/AAA                      | 5,485,369    |
| 4,000                         | Merced Cnty., CP, Juvenile Justice Correctional Fac., 5.00%, 6/1/32 (AMBAC)                | Aaa/NR                       | 4,108,240    |
| 2,615                         | Modesto Elementary School Dist. Stanislaus Cnty., GO, Ser. A (FGIC), zero coupon, 8/1/23   | Aaa/AAA                      | 1,250,284    |
| 2,705                         | zero coupon, 8/1/24  | Aaa/AAA                      | 1,227,313    |
| 2,000                         | zero coupon, 5/1/27  | Aaa/AAA                      | 791,720      |
| 2,150                         | Modesto High School Dist. Stanislaus Cnty., GO, zero coupon, 8/1/26, Ser. A (FGIC)         | Aaa/AAA                      | 891,304      |
| 55                            | Modesto Public Financing Auth. Lease Rev. (AMBAC), 5.00%, 9/1/29                           | Aaa/AAA                      | 56,279       |
| 945                           | 5.00%, 9/1/29, (Pre-refunded @ \$100, 9/1/08) (b)  | Aaa/AAA                      | 970,345      |
| 2,385                         | Monrovia Financing Auth. Lease Rev., Hillside Wilderness Preserve, 5.125%, 12/1/31 (AMBAC) | Aaa/AAA                      | 2,505,156    |
| 1,500                         | Montebello Unified School Dist., GO, zero coupon, 8/1/24 (FGIC)                            | Aaa/AAA                      | 686,310      |
| 1,485                         | zero coupon, 8/1/24 (FSA)  | Aaa/AAA                      | 679,447      |
| 2,830                         | zero coupon, 8/1/25 (FGIC)   | Aaa/AAA                      | 1,230,569    |

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|       |   |         |           |
|-------|---|---------|-----------|
| 2,775 | zero coupon, 8/1/27 (FGIC)  | Aaa/AAA | 1,096,569 |
| 4,700 | Moreno Valley Unified School Dist. Community Facs. Dist.,<br>Special Tax, 5.20%, 9/1/36 | NR/NR   | 4,763,732 |

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

May 31, 2007

| Principal Amount (000) |   | Credit Rating (Moody's/S&P)* | Value        |
|------------------------|---|------------------------------|--------------|
|                        | <b>California (continued)</b>   |                              |              |
| \$ 2,400               | Morgan Hill Unified School Dist., GO, zero coupon, 8/1/23 (FGIC)  | Aaa/AAA                      | \$ 1,184,328 |
| 1,500                  | Mountain View-Whisman School Dist., GO, 5.00%, 6/1/27, Ser. D, (Pre-refunded @ \$101, 6/1/12) (MBIA) (b)                            | Aaa/AAA                      | 1,597,050    |
| 1,800                  | Murrieta Redev. Agcy., Tax Allocation, 5.00%, 8/1/32 (MBIA)   | Aaa/AAA                      | 1,866,690    |
| 3,245                  | Newark Unified School Dist., GO, zero coupon, 8/1/26, Ser. D (FSA)  | Aaa/AAA                      | 1,332,722    |
| 19,805                 | Oakland, GO, 5.00%, 1/15/32, Ser. G (FGIC) (c)(h)<br>Oakland Redev. Agcy., Tax Allocation, (Pre-refunded @ \$100, 3/1/13) (b),      | NR/NR                        | 20,386,673   |
| 1,395                  | 5.25%, 9/1/27   | NR/A                         | 1,498,342    |
| 2,185                  | 5.25%, 9/1/33   | NR/A                         | 2,349,181    |
| 1,000                  | Orange Cnty. Community Facs. Dist., Special Tax, No. 01-1-Ladera Ranch, 6.00%, 8/15/25, Ser. A, (Pre-refunded @ \$101, 8/15/10) (b) | NR/AAA                       | 1,077,530    |
| 12,000                 | Orange Cnty. Sanitation Dist., CP, 5.25%, 2/1/30, (Pre-refunded @ \$100, 8/1/13) (FGIC) (b)   | Aaa/AAA                      | 12,960,120   |
|                        | Palmdale Community Redev. Agcy., Tax Allocation (AMBAC),  |                              |              |
| 1,230                  | zero coupon, 12/1/30  | Aaa/AAA                      | 413,993      |
| 1,230                  | zero coupon, 12/1/31  | Aaa/AAA                      | 394,301      |
| 1,225                  | zero coupon, 12/1/32  | Aaa/AAA                      | 373,931      |
| 1,750                  | Paramount Unified School Dist., GO, zero coupon, 9/1/23, Ser. B (FSA)   | Aaa/AAA                      | 840,175      |
|                        | Perris Public Financing Auth. Rev., Tax Allocation,   |                              |              |
| 1,190                  | 4.75%, 10/1/23, Ser. B (MBIA)   | Aaa/AAA                      | 1,224,022    |
| 780                    | 5.375%, 10/1/20, Ser. C   | NR/BBB+                      | 814,702      |
| 1,800                  | 5.625%, 10/1/31, Ser. C   | NR/BBB+                      | 1,910,016    |
| 10,000                 | Placentia-Yorba Linda Unified School Dist., CP, 5.00%, 10/1/35 (FGIC) (h)   | Aaa/AAA                      | 10,420,800   |
| 10,150                 | Placer Union High School Dist., GO, zero coupon, 8/1/33 (FSA)<br>Poway Unified School Dist., Special Tax,                           | Aaa/AAA                      | 3,003,689    |
|                        | Community Facs. Dist. No. 6,  |                              |              |
| 2,700                  | 5.125%, 9/1/28  | NR/NR                        | 2,733,264    |
| 2,300                  | 5.125%, 9/1/28, Area B  | NR/NR                        | 2,337,674    |
| 1,500                  | 5.50%, 9/1/25   | NR/NR                        | 1,530,495    |
| 3,000                  | 5.60%, 9/1/33   | NR/NR                        | 3,062,010    |
| 1,000                  | 6.05%, 9/1/25, Area A   | NR/NR                        | 1,053,610    |
| 5,500                  | 6.125%, 9/1/33, Area A  | NR/NR                        | 5,787,430    |
|                        | Community Facs. Dist. No. 10,   |                              |              |
| 1,000                  | 5.65%, 9/1/25   | NR/NR                        | 1,014,370    |
| 2,200                  | 5.70%, 9/1/32   | NR/NR                        | 2,229,722    |
| 2,000                  | Rancho Cucamonga Community Facs. Dist., Special Tax, 6.375%, 9/1/31, Ser. A   | NR/NR                        | 2,107,380    |
| 1,500                  | Richmond Wastewater Rev., zero coupon, 8/1/30 (FGIC)  | Aaa/AAA                      | 531,645      |

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|       |                                      |         |           |
|-------|--------------------------------------|---------|-----------|
| 3,510 | Riverside, CP, 5.00%, 9/1/33 (AMBAC) | Aaa/AAA | 3,625,514 |
|-------|--------------------------------------|---------|-----------|

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

May 31, 2007

| Principal Amount (000)        |   | Credit Rating (Moody's/S&P)* | Value        |
|-------------------------------|---|------------------------------|--------------|
| <b>California (continued)</b> |   |                              |              |
|                               | Riverside Unified School Dist., Community Facs., Dist. No. 15, Special Tax, Ser. A,                             |                              |              |
| \$ 1,000                      | 5.15%, 9/1/25   | NR/NR                        | \$ 1,020,100 |
| 1,000                         | 5.25%, 9/1/30   | NR/NR                        | 1,021,370    |
| 1,000                         | 5.25%, 9/1/35   | NR/NR                        | 1,018,930    |
|                               | Rocklin Unified School Dist., GO (FGIC),  |                              |              |
| 5,000                         | zero coupon, 8/1/24   | Aaa/AAA                      | 2,268,600    |
| 4,000                         | zero coupon, 8/1/25   | Aaa/AAA                      | 1,723,960    |
| 4,000                         | zero coupon, 8/1/26   | Aaa/AAA                      | 1,642,800    |
| 4,500                         | zero coupon, 8/1/27   | Aaa/AAA                      | 1,760,760    |
|                               | Roseville Redev. Agcy., Tax Allocation (MBIA),  |                              |              |
| 3,730                         | 5.00%, 9/1/27   | Aaa/AAA                      | 3,872,001    |
| 3,365                         | 5.00%, 9/1/32   | Aaa/AAA                      | 3,486,712    |
| 2,115                         | 5.00%, 9/1/33   | Aaa/AAA                      | 2,191,500    |
| 4,500                         | Sacramento City Financing Auth. Rev., Ser. A,   |                              |              |
|                               | 5.00%, 12/1/32, (Pre-refunded @ \$100, 12/1/12) (FSA) (b)   | Aaa/AAA                      | 4,776,705    |
| 4,610                         | North Natomas CFD No. 2, 6.25%, 9/1/23  | NR/NR                        | 4,735,899    |
| 12,490                        | Sacramento Cnty. Airport System Rev., 5.00%, 7/1/32, Ser. A (FSA)   | Aaa/AAA                      | 12,861,328   |
| 14,350                        | Sacramento Cnty. Sanitation Dist. Rev., 5.00%, 12/1/35, Ser. A, (Pre-refunded @ \$100, 12/1/14) (AMBAC) (b) (h) | Aaa/AAA                      | 15,443,757   |
|                               | San Diego Cnty. Water Auth., CP, Ser. A (MBIA),   |                              |              |
| 8,285                         | 5.00%, 5/1/28   | Aaa/AAA                      | 8,601,818    |
| 8,000                         | 5.00%, 5/1/29   | Aaa/AAA                      | 8,301,680    |
|                               | San Diego Community Facs. Dist. No. 3, Special Tax, Ser. A (c),   |                              |              |
| 1,200                         | 5.60%, 9/1/21   | NR/NR                        | 1,214,352    |
| 800                           | 5.70%, 9/1/26   | NR/NR                        | 809,584      |
| 2,300                         | 5.75%, 9/1/36   | NR/NR                        | 2,330,521    |
|                               | San Diego Public Facs. Financing Auth. Lease Rev.,  |                              |              |
| 1,000                         | 5.00%, 5/15/29, Ser. A (FGIC)   | Aaa/AAA                      | 1,025,500    |
| 1,500                         | Fire & Life Safety Facs., 5.00%, 4/1/32 (MBIA)  | Aaa/AAA                      | 1,539,285    |
| 14,000                        | San Diego Public Facs. Financing Auth. Water Rev., 5.00%, 8/1/32 (MBIA)   | Aaa/AAA                      | 14,487,340   |
| 7,775                         | San Diego Unified School Dist., GO, 5.00%, 7/1/27, Ser. D (FGIC) (c)(h)   | NR/NR                        | 8,172,225    |
|                               | San Francisco City & Cnty. Airport Community, International Airport Rev., Ser. 2 (MBIA),                        |                              |              |
| 5,585                         | 4.50%, 5/1/28   | Aaa/AAA                      | 5,577,293    |
| 11,585                        | 5.00%, 5/1/32   | Aaa/AAA                      | 11,996,731   |
| 8,715                         | 5.00%, 5/1/32, (Pre-refunded @ \$100, 5/1/12) (b)   | Aaa/AAA                      | 9,198,682    |
| 10,405                        | San Joaquin Hills Transportation Corridor Agcy. Toll Road Rev., zero coupon, 1/1/25                             | Aaa/AAA                      | 4,719,500    |
| 14,970                        | San Jose, Libraries & Parks, GO, 5.00%, 9/1/32 (MBIA) (c)(h)  | NR/NR                        | 15,498,441   |

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|        |  |         |            |
|--------|--|---------|------------|
| 10,190 | 5.125%, 9/1/31   | Aa1/AA+ | 10,559,897 |
| 9,150  | San Jose Unified School Dist., GO, 5.00%, 8/1/27,<br>Ser. A (FSA) (c)(h) | NR/NR   | 9,528,718  |

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

May 31, 2007

| Principal Amount (000)        |  | Credit Rating (Moody's/S&P)* | Value      |
|-------------------------------|--|------------------------------|------------|
| <b>California (continued)</b> |  |                              |            |
| \$ 1,770                      | San Juan Unified School Dist., GO (FSA),<br>zero coupon, 8/1/23  | Aaa/AAA                      | \$ 859,742 |
| 6,105                         | zero coupon, 8/1/26  | Aaa/AAA                      | 2,554,698  |
| 4,835                         | San Mateo Foster City School Dist., GO,<br>5.10%, 8/1/31, (Pre-refunded @ \$101, 8/1/11) (FGIC) (b)    | Aaa/AAA                      | 5,130,950  |
| 2,300                         | San Mateo Union High School Dist., GO, zero coupon,<br>9/1/20 (FGIC)                                   | Aaa/AAA                      | 1,304,445  |
| 1,730                         | San Rafael City High School Dist., GO, 5.00%, 8/1/27,<br>Ser. B (FSA)                                  | Aaa/AAA                      | 1,785,360  |
| 3,280                         | San Rafael Elementary School Dist., GO, 5.00%, 8/1/27,<br>Ser. B (FSA)                                 | Aaa/AAA                      | 3,384,960  |
| 2,755                         | Santa Clara Unified School Dist., GO (MBIA),<br>5.00%, 7/1/25  | Aaa/AAA                      | 2,857,210  |
| 3,040                         | 5.00%, 7/1/27  | Aaa/AAA                      | 3,142,965  |
| 1,260                         | Santa Cruz Cnty. Rev., 5.25%, 8/1/32   | A3/NR                        | 1,321,904  |
| 2,000                         | Santa Margarita Water Dist., Special Tax,<br>6.00%, 9/1/30   | NR/NR                        | 2,102,600  |
| 3,000                         | 6.25%, 9/1/29  | NR/NR                        | 3,171,750  |
| 2,000                         | Santa Monica Community College Dist., GO, zero coupon,<br>8/1/26, Ser. C (MBIA)                        | Aaa/AAA                      | 782,780    |
| 1,140                         | Saugus Hart School Facs. Financing Auth., Special Tax,<br>Community Facs. Dist. 00-1,<br>6.10%, 9/1/32 | NR/NR                        | 1,168,899  |
| 2,225                         | 6.125%, 9/1/33   | NR/NR                        | 2,279,245  |
| 1,000                         | Shasta Union High School Dist., GO, zero coupon, 8/1/24 (FGIC)   | Aaa/AAA                      | 457,540    |
| 2,745                         | South Tahoe JT Powers Parking Financing Auth. Rev.,<br>7.00%, 12/1/27, Ser. A                          | NR/NR                        | 2,756,035  |
| 1,800                         | Southern Mono Health Care Dist., GO, zero coupon,<br>8/1/26 (MBIA)                                     | Aaa/AAA                      | 732,366    |
| 9,605                         | State Public Works Board Lease Rev., UCLA Replacement<br>Hospital,<br>5.00%, 10/1/22, Ser. A (FSA)     | Aaa/AAA                      | 9,981,420  |
| 2,095                         | 5.00%, 4/1/26  | Aa2/AA-                      | 2,182,927  |
| 1,710                         | State Univ. Rev., 5.00%, 11/1/33, Ser. A (AMBAC)   | Aaa/AAA                      | 1,763,797  |
| 3,555                         | Statewide Community Dev. Auth.,<br>Bentley School Rev., 6.75%, 7/1/32 (a)                              | NR/NR                        | 3,828,060  |
| 9,700                         | Jewish Home Rev., 5.50%, 11/15/33 (CA St. Mtg.)  | NR/A+                        | 10,326,426 |
| 2,770                         | Kaiser Permanente Rev., 5.50%, 11/1/32, Ser. A   | NR/A+                        | 2,898,777  |
| 3,000                         | Live Oak School Rev., 6.75%, 10/1/30   | NR/NR                        | 3,136,950  |
| 500                           | Peninsula Project Rev., 5.00%, 11/1/29   | NR/NR                        | 497,310    |
| 1,170                         | Wildwood Elementary School, CP, 6.10%, 11/1/15 (a)   | NR/NR                        | 1,177,289  |
| 1,725                         | Statewide Financing Auth. Tobacco Settlement Rev.,<br>5.625%, 5/1/29                                   | Baa3/NR                      | 1,801,780  |
| 20,000                        | 6.00%, 5/1/37, Ser. B (h)  | NR/NR                        | 21,397,200 |
| 7,750                         | Tamalpais Union High School Dist., GO, 5.00%, 8/1/27 (FSA)   | Aaa/AAA                      | 8,016,135  |



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|       |  |         |           |
|-------|--|---------|-----------|
| 4,500 | Tobacco Securitization Agcy. Rev.,<br>Alameda Cnty., 6.00%, 6/1/42 | Baa3/NR | 4,808,970 |
|-------|--|---------|-----------|

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

May 31, 2007

| Principal Amount (000)        |   | Credit Rating (Moody's/S&P)* | Value        |
|-------------------------------|---|------------------------------|--------------|
| <b>California (continued)</b> |   |                              |              |
|                               | Fresno Cnty.,   |                              |              |
| \$ 3,750                      | 5.625%, 6/1/23  | Baa3/BBB                     | \$ 3,779,137 |
| 10,000                        | 6.00%, 6/1/35   | Baa3/BBB                     | 10,709,700   |
| 6,875                         | Gold Cnty., zero coupon, 6/1/33   | NR/BBB                       | 1,567,569    |
| 1,800                         | Stanislaus Funding, 5.875%, 6/1/43, Ser. A  | Baa3/NR                      | 1,880,874    |
| 8,000                         | Tobacco Securitization Auth. of Southern California Rev.,<br>5.00%, 6/1/37, Ser. A-1                          | Baa3/BBB                     | 7,901,920    |
| 995                           | Tracy Community Facs. Dist., Special Tax, No. 99-2<br>South Macarthur Area, 6.00%, 9/1/27                     | NR/NR                        | 1,026,542    |
|                               | Univ. Rev. (c)(h),  |                              |              |
| 5,500                         | 4.75%, 5/15/35, Ser. F (FSA)  | Aaa/AAA                      | 5,597,515    |
| 5,000                         | 4.75%, 5/15/35, Ser. G (FGIC)   | NR/NR                        | 5,088,650    |
| 5,650                         | 4.75%, 5/15/38, Ser. B  | Aa3/AA-                      | 5,713,110    |
| 10,000                        | 5.00%, 9/1/27, Ser. O, (Pre-refunded @ \$101,<br>9/1/10) (FGIC) (b)   | NR/NR                        | 10,481,600   |
| 10,000                        | Ventura Cnty. Community College Dist., GO, 5.00%,<br>8/1/27, Ser. A (MBIA)                                    | Aaa/AAA                      | 10,429,400   |
| 1,555                         | Ventura Unified School Dist., GO, 5.00%, 8/1/32, Ser. F (FSA)   | Aaa/AAA                      | 1,609,130    |
| 2,000                         | Vernon Electric System Rev., Malburg Generating Station,<br>5.50%, 4/1/33, (Pre-refunded @ \$100, 4/1/08) (b) | Aaa/NR                       | 2,031,060    |
|                               | Victor Elementary School Dist., GO, Ser. A (FGIC),  |                              |              |
| 1,125                         | zero coupon, 8/1/24   | Aaa/AAA                      | 514,733      |
| 2,410                         | zero coupon, 8/1/26   | Aaa/AAA                      | 999,090      |
| 1,000                         | Vista Unified School Dist., GO, zero coupon,<br>8/1/26, Ser. A (FSA)  | Aaa/AAA                      | 414,560      |
|                               | West Contra Costa Unified School Dist., GO, Ser. A (MBIA),  |                              |              |
| 2,740                         | 5.00%, 8/1/26   | Aaa/AAA                      | 2,817,049    |
| 2,690                         | 5.00%, 8/1/28   | Aaa/AAA                      | 2,764,056    |
| 1,890                         | 5.00%, 8/1/31   | Aaa/AAA                      | 1,940,898    |
| 3,375                         | Westlands Water Dist. Rev., CP, 5.00%, 9/1/34 (MBIA)  | Aaa/AAA                      | 3,484,215    |
| 2,000                         | William S. Hart JT School Financing Auth. Rev., 5.625%, 9/1/34  | NR/BBB+                      | 2,099,060    |
| 2,110                         | Yuba City Unified School Dist., GO, zero coupon, 9/1/25 (FGIC)  | Aaa/AAA                      | 930,447      |
|                               | Total California Municipal Bonds & Notes (cost-\$845,713,554)   |                              | 893,830,474  |

**OTHER MUNICIPAL BONDS & NOTES 2.7%**

|        |   |           |            |
|--------|---|-----------|------------|
|        | <b>Iowa 1.8%</b>  |           |            |
| 16,100 | Tobacco Settlement Auth. of Iowa Rev., zero coupon,<br>6/1/34, Ser. B   | Baa3/BBB  | 16,551,444 |
|        | <b>New York 0.4%</b>  |           |            |
| 3,250  | State Dormitory Auth. Hospital Rev., 6.25%, 8/15/15 (FHA)               | Aa2/AAA   | 3,588,097  |
|        | <b>Puerto Rico 0.5%</b>   |           |            |
| 2,000  | Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN               | A3/BBB+   | 2,136,840  |
| 2,505  | Public Building Auth. Rev., Gov't Facs.,<br>5.00%, 7/1/36, Ser. I (GTD) | Baa3/BBB- | 2,577,019  |

|   |            |
|---|------------|
|   | 4,713,859  |
| Total Other Municipal Bonds & Notes (cost-\$23,521,914) | 24,853,400 |

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

May 31, 2007

| Principal<br>Amount<br>(000)                           |  | Credit Rating<br>(Moody/S&P)* | Value                 |
|--|--|-------------------------------|-----------------------|
| <b>CALIFORNIA VARIABLE RATE NOTES (c) (d) (e) 0.2%</b> |  |                               |                       |
| \$ 1,500   | Modesto Public Financing Auth. Lease Rev.,<br>9.01%, 9/1/29, Ser. 354 (AMBAC) (cost-\$1,482,309) | Aaa/NR                        | \$ 1,639,275          |
| <b>OTHER VARIABLE RATE NOTES (d) (e) 0.6%</b>          |  |                               |                       |
| <b>Puerto Rico 0.6%</b>                                |  |                               |                       |
| 5,300  | Public Finance Corp. Rev., 5.75%, 8/1/27, Ser. A<br>(cost-\$5,580,416)                           | Ba1/BBB-                      | 5,625,367             |
| <b>U.S. TREASURY BILLS (g) 0.3%</b>                    |  |                               |                       |
| 3,375  | 4.955%, 6/14/07 (cost-\$3,368,961)   |                               | 3,368,961             |
|  | <b>Total Investments (cost-\$879,667,154) 100.0%</b>   |                               | <b>\$ 929,317,477</b> |

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

May 31, 2007

| Principal Amount<br>(000)                         |   | Credit Rating<br>(Moody's/S&P)* | Value      |
|---|---|---------------------------------|------------|
| <b>NEW YORK MUNICIPAL BONDS &amp; NOTES 89.3%</b> |   |                                 |            |
|   | Buffalo Municipal Water Finance Auth., Water System Rev.,<br>Ser. B, (Pre-refunded @ \$100, 7/1/12) (FSA) (b),<br>5.00%, 7/1/27 | Aaa/AAA                         | \$ 263,715 |
| \$ 250  |   |                                 |            |
| 1,000   | 5.125%, 7/1/32  | Aaa/AAA                         | 1,060,580  |
| 2,400   | Erie Cnty. Industrial Dev. Agcy., Orchard Park Rev.,<br>6.00%, 11/15/36   | NR/NR                           | 2,525,304  |
| 10,000  | Erie Cnty. Tobacco Asset Securitization Corp. Rev.,<br>6.50%, 7/15/32, (Pre-refunded @ \$101, 7/15/10) (b)                      | NR/AAA                          | 10,867,500 |
| 2,500   | Liberty Dev. Corp. Rev., 5.25%, 10/1/35 (c)(h)  | Aa3/AA-                         | 2,781,175  |
|   | Metropolitan Transportation Auth. Rev.,<br>5.00%, 11/15/30, Ser. A (FSA)  | Aaa/AAA                         | 1,917,673  |
| 1,850   |   |                                 |            |
| 10,000  | 5.25%, 11/15/31, Ser. E   | A2/A                            | 10,471,300 |
| 7,000   | 5.35%, 7/1/31, Ser. B   | A1/AAA                          | 7,373,870  |
| 4,130   | Mortgage Agcy. Rev., 4.75%, 10/1/27, Ser. 128 (c)(h)  | Aa1/NR                          | 4,209,214  |
| 4,000   | New York City, GO, 5.00%, 3/1/33, Ser. I  | A1/AA                           | 4,110,080  |
|   | New York City Health & Hospital Corp. Rev., Ser. A,<br>5.375%, 2/15/26  | A2/A                            | 1,133,671  |
| 1,100   |   |                                 |            |
| 2,000   | 5.45%, 2/15/26  | A2/A                            | 2,077,740  |
|   | New York City Industrial Dev. Agcy. Rev.,<br>Eger Harbor, 4.95%, 11/20/32 (GNMA)  | NR/AA+                          | 1,018,700  |
| 1,000   |   |                                 |            |
|   | United Jewish Appeal Fed.,<br>5.00%, 7/1/27   | Aa1/NR                          | 1,560,615  |
| 1,500   |   |                                 |            |
| 1,220   | 6.45%, 7/1/32   | B2/NR                           | 1,278,743  |
|   | New York City Municipal Water Finance Auth.,<br>Water & Sewer System Rev.,<br>4.50%, 6/15/33, Ser. C (c)(h)                     | NR/NR                           | 7,308,975  |
| 7,500   |   |                                 |            |
| 3,055   | 4.75%, 6/15/25, Ser. D (MBIA-IBC)   | Aaa/AAA                         | 3,081,976  |
| 5,000   | 5.00%, 6/15/32, Ser. A (c)(h)   | Aa2/AA+                         | 5,122,550  |
| 15,000  | 5.125%, 6/15/34, Ser. A (h)   | Aa2/AA+                         | 15,629,700 |
| 10,000  | New York City Transitional Finance Auth. Rev.,<br>5.00%, 11/1/27, Ser. B  | Aa1/AAA                         | 10,358,400 |
| 7,785   | New York City Trust for Cultural Res. Rev.,<br>5.00%, 2/1/34 (FGIC) (c)(h)  | Aaa/AAA                         | 8,115,391  |
| 3,600   | Port Auth. New York & New Jersey Rev.,<br>5.00%, 4/15/32, Ser. 125 (FSA)  | Aaa/AAA                         | 3,765,996  |
| 7,500   | State Dormitory Auth. Lease Rev., State Univ. Dormitory Facs.,<br>5.00%, 7/1/32, (Pre-refunded @ \$100, 7/1/12) (b)             | Aa3/AA-                         | 7,904,400  |
|   | State Dormitory Auth. Rev.,<br>Catholic Health of Long Island, 5.10%, 7/1/34  | Baa1/BBB                        | 2,649,348  |
| 2,600   |   |                                 |            |
| 7,490   | Court Facs., 5.50%, 5/15/31, Ser. A (AMBAC) (c)(h)  | NR/NR                           | 8,825,364  |
| 2,000   | Kaleida Health Hospital, 5.05%, 2/15/25 (FHA)   | NR/AAA                          | 2,055,860  |
| 5,300   | Lenox Hill Hospital, 5.50%, 7/1/30  | Ba2/NR                          | 5,513,431  |
|   | Long Island Univ. (Radian),<br>5.25%, 9/1/28  | Aa3/AA                          | 1,374,159  |
| 1,320   |   |                                 |            |

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|       |  |        |           |
|-------|--|--------|-----------|
| 80    | 5.25%, 9/1/28, (Pre-refunded @ \$102, 9/1/09) (b)      | Aa3/AA | 84,163    |
| 8,850 | North General Hospital, 5.00%, 2/15/25                 | NR/AA- | 9,042,753 |
| 5,000 | Rochester Hospital, 5.00%, 12/1/35 (Radian) (h)        | NR/NR  | 5,203,400 |
| 1,500 | Sloan-Kettering Center Memorial, 5.00%, 7/1/34, Ser. 1 | Aa2/AA | 1,547,460 |

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

May 31, 2007

| Principal Amount (000) |  | Credit Rating (Moody's/S&P)* | Value        |
|------------------------|--|------------------------------|--------------|
| \$ 5,000               | St. Barnabas Hospital, 5.00%, 2/1/31, Ser. A (AMBAC-FHA)   | Aaa/AAA                      | \$ 5,190,450 |
| 8,600                  | State Personal Income Tax, 5.00%, 3/15/32,<br>(Pre-refunded @ \$100, 3/15/13) (b)                                  | Aa3/AAA                      | 9,116,602    |
| 1,250                  | Student Housing Corp., 5.125%, 7/1/34,<br>(Pre-refunded @ \$100, 7/1/14) (FGIC) (b)                                | Aaa/AAA                      | 1,323,213    |
| 4,270                  | Teachers College, 5.00%, 7/1/32 (MBIA)   | Aaa/NR                       | 4,430,381    |
| 2,000                  | Yeshiva Univ., 5.125%, 7/1/34 (AMBAC)  | Aaa/NR                       | 2,117,140    |
| 2,000                  | State Environmental Facs. Corp., State Clean<br>Water & Drinking Rev., 5.125%, 6/15/31                             | Aaa/AAA                      | 2,087,640    |
| 6,100                  | State Urban Dev. Corp., Personal Income Tax Rev.,<br>5.00%, 3/15/33, Ser. C-1, (Pre-refunded @ \$100, 3/15/13) (b) | Aa3/AAA                      | 6,466,427    |
| 25,000                 | Tobacco Settlement Asset Backed, Inc. Rev., Ser. 1,<br>5.00%, 6/1/34   | NR/BBB                       | 25,434,500   |
| 25,000                 | 5.75%, 7/15/32, (Pre-refunded @ \$100, 7/15/12) (b)  | Aaa/AAA                      | 27,159,500   |
| 10,000                 | 6.375%, 7/15/39, (Pre-refunded @ \$101, 7/15/09) (b)   | Aaa/AAA                      | 10,622,100   |
| 710                    | Triborough Bridge & Tunnel Auth. Rev. (FGIC-TCRS),<br>5.00%, 1/1/32  | Aaa/AAA                      | 734,282      |
| 3,990                  | 5.00%, 1/1/32, (Pre-refunded @ \$100, 1/1/12) (b)  | Aaa/AAA                      | 4,189,101    |
| 2,000                  | Warren & Washington Cntys. Industrial Dev. Agcy. Fac. Rev.,<br>Glens Falls Hospital, 5.00%, 12/1/35, Ser. A (FSA)  | Aaa/AAA                      | 2,076,240    |
| 750                    | Westchester Cnty. Industrial Dev. Agcy. Continuing Care<br>Retirement Rev., Kendal on Hudson, 6.50%, 1/1/34        | NR/NR                        | 799,590      |
|                        | Total New York Municipal Bonds & Notes (cost-\$239,214,868)  |                              | 251,980,372  |

**OTHER MUNICIPAL BONDS & NOTES 6.0%****California 3.0%**

|       |   |         |           |
|-------|---|---------|-----------|
| 3,500 | Alameda Unified School Dist., Alameda Cnty., GO, Ser. A (FSA),<br>zero coupon, 8/1/24 | Aaa/AAA | 1,601,390 |
| 3,000 | zero coupon, 8/1/25   | Aaa/AAA | 1,304,490 |
| 5,000 | California Cnty., Tobacco Securitization Agcy. Rev.,<br>zero coupon, 6/1/28           | Baa3/NR | 4,349,400 |
| 3,130 | Covina Valley Unified School Dist., GO, zero coupon,<br>6/1/25, Ser. B (FGIC)         | Aaa/AAA | 1,371,472 |
|       |   |         | 8,626,752 |

**Colorado 0.0%**

|     |  |        |         |
|-----|--|--------|---------|
| 210 | Dawson Ridge Dist. No. 1, GO, zero coupon, 10/1/22, Ser. A | Aaa/NR | 106,672 |
|-----|--|--------|---------|

**Puerto Rico 3.0%**

|       |  |          |           |
|-------|--|----------|-----------|
| 5,675 | Children's Trust Fund, Tobacco Settlement Rev.,<br>5.625%, 5/15/43   | Baa3/BBB | 5,972,994 |
| 1,500 | Commonwealth Highway & Transportation Auth. Rev.,<br>5.25%, 7/1/38, Ser. D, (Pre-refunded @ \$100, 7/1/12) (b) | Baa3/AAA | 1,598,010 |
| 750   | Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN  | A3/BBB+  | 801,315   |
|       |  |          | 8,372,319 |

|  |   |  |            |
|--|---|--|------------|
|  | Total Other Municipal Bonds & Notes (cost-\$15,803,590) |  | 17,105,743 |
|--|---|--|------------|





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

May 31, 2007

| Principal<br>Amount<br>(000)                            |   | Credit Rating<br>(Moody's/S&P)* | Value                 |
|---|---|---------------------------------|-----------------------|
| <b>NEW YORK VARIABLE RATE NOTES (c) (d) (e) 2.8%</b>    |   |                                 |                       |
| \$ 5,595  | Long Island Power Auth. Electric System Rev.,<br>10.10%, 12/1/26, Ser. 339 (MBIA-IBC) | Aaa/NR                          | \$ 6,301,089          |
| 1,300   | State Urban Dev. Corp. Rev., 8.977%, 3/15/35  | NR/AAA                          | 1,558,440             |
|   | Total New York Variable Rate Notes (cost-\$7,022,153)                                 |                                 | 7,859,529             |
| <b>OTHER VARIABLE RATE NOTES (e) 0.7%</b>               |   |                                 |                       |
|   | <b>Puerto Rico 0.7%</b>   |                                 |                       |
| 1,900   | Public Finance Corp. Rev., 5.75%, 8/1/27, Ser. A<br>(cost-\$2,000,526)                | Ba1/BBB-                        | 2,016,641             |
| <b>NEW YORK VARIABLE RATE DEMAND NOTES (e) (f) 0.8%</b> |   |                                 |                       |
| 100   | Long Island Power Auth. Electric System Rev.,<br>3.83%, 6/1/07, Ser. 1B               | VMIG1/A-1+                      | 100,000               |
| 300   | New York City, GO (MBIA),<br>3.88%, 6/1/07, Ser. B                                    | VMIG1/A-1+                      | 300,000               |
| 400   | 3.89%, 6/1/07, Ser. H   | VMIG1/A-1                       | 400,000               |
| 1,000   | New York City Transitional Finance Auth. Rev.,<br>3.83%, 6/1/07, Ser. 1               | VMIG1/A-1+                      | 1,000,000             |
| 500   | 3.89%, 6/1/07   | VMIG1/A-1+                      | 500,000               |
|   | Total New York Variable Rate Demand Notes (cost-\$2,300,000)                          |                                 | 2,300,000             |
| <b>U.S. TREASURY BILLS (g) 0.4%</b>                     |   |                                 |                       |
| 1,045   | 4.95%-4.955%, 6/14/07 (cost-\$1,043,130)  |                                 | 1,043,130             |
|   | <b>Total Investments (cost-\$267,384,267) 100.0%</b>                                  |                                 | <b>\$ 282,305,415</b> |

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

May 31, 2007

**Notes to Schedules of Investments:**

- \* Unaudited
- (a) Illiquid security.
- (b) 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).
- (c) 144A Security—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.
- (d) Inverse Floater—The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index.
- (e) 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, 2007.
- (f) Maturity date shown is date of next put.
- (g) All or partial amount segregated as collateral for futures contracts.
- (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 Funds 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

CP — Certificates of Participation

CA St. Mtg. — insured by California State Mortgage

FGIC — insured by Financial Guaranty Insurance Co.

FHA — insured by Federal Housing Administration

FSA — insured by Financial Security Assurance, Inc.

GNMA — insured by Government National Mortgage Association

GO — General Obligation Bond

GTD — Guaranteed

IBC — Insurance Bond Certificate

MBIA — insured by Municipal Bond Investors Assurance

NR — Not Rated

PSF — Public School Fund

Radian — insured by Radian Guaranty, Inc.

TCRS — Temporary Custodian Receipts

XLCA — insured by XL Capital Assurance

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

May 31, 2007

|   | <b>Municipal II</b>   | <b>California<br/>Municipal II</b> | <b>New York<br/>Municipal II</b> |
|---|-----------------------|------------------------------------|----------------------------------|
| <b>Assets:</b>  |                       |                                    |                                  |
| Investments, at value (cost□\$1,364,979,842, \$879,667,154<br>and \$267,384,267, respectively)  | \$ 1,491,686,622      | \$ 929,317,477                     | \$ 282,305,415                   |
| Cash  | 1,664,936             | 98,840                             | 1,503,419                        |
| Interest receivable   | 18,494,935            | 13,155,037                         | 4,701,654                        |
| Receivable for investments sold   | 420,000               | 323,055                            | 10,000                           |
| Receivable for variation margin on futures contracts  | 34,131                | 50,313                             | 3,719                            |
| Prepaid expenses and other assets   | 2,083,287             | 38,083                             | 347,251                          |
| Total Assets  | 1,514,383,911         | 942,982,805                        | 288,871,458                      |
| <b>Liabilities:</b>   |                       |                                    |                                  |
| Payable for floating rate notes   | 115,540,000           | 220,964,639                        | 41,028,367                       |
| Dividends payable to common and preferred shareholders  | 3,978,280             | 2,212,594                          | 716,107                          |
| Interest payable  | 1,837,961             | 3,045,103                          | 571,861                          |
| Investment management fees payable  | 593,157               | 304,529                            | 104,966                          |
| Payable for variation margin on futures contracts   | 355,219               | 138,925                            | 17,719                           |
| Accrued expenses and other payables   | 264,534               | 1,032,925                          | 214,548                          |
| Total Liabilities   | 122,569,151           | 227,698,715                        | 42,653,568                       |
| <b>Preferred shares (\$0.00001 par value and \$25,000 net<br/>asset and liquidation value per share applicable<br/>to an aggregate of 20,200, 10,400 and 3,600 shares<br/>issued and outstanding, respectively)</b> |                       |                                    |                                  |
|   | 505,000,000           | 260,000,000                        | 90,000,000                       |
| <b>Net Assets Applicable to Common Shareholders</b>   | <b>\$ 886,814,760</b> | <b>\$ 455,284,090</b>              | <b>\$ 156,217,890</b>            |
| <b>Composition of Net Assets Applicable to<br/>Common Shareholders:</b>   |                       |                                    |                                  |
| Common Stock:   |                       |                                    |                                  |
| Par value (\$0.00001 per share)   | \$589                 | \$306                              | \$106                            |
| Paid-in-capital in excess of par  | 838,015,300           | 434,511,918                        | 149,968,350                      |
| Dividends in excess of net investment income  | (719,429)             | (1,935,976)                        | (524,386)                        |
| Accumulated net realized loss   | (87,630,352)          | (30,451,047)                       | (9,345,609)                      |
| Net unrealized appreciation of investments and futures<br>contracts   | 137,148,652           | 53,158,889                         | 16,119,429                       |
| <b>Net Assets Applicable to Common Shareholders</b>   | <b>\$ 886,814,760</b> | <b>\$ 455,284,090</b>              | <b>\$ 156,217,890</b>            |
| Common Shares Outstanding   | 58,924,633            | 30,570,529                         | 10,565,374                       |
| <b>Net Asset Value Per Common Share</b>   | <b>\$15.05</b>        | <b>\$14.89</b>                     | <b>\$14.79</b>                   |

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

For the year ended May 31, 2007

|  | <b>Municipal II</b>  | <b>California<br/>Municipal II</b> | <b>New York<br/>Municipal II</b> |
|--|----------------------|------------------------------------|----------------------------------|
| <b>Investment Income:</b>  |                      |                                    |                                  |
| Interest   | \$ 78,724,118        | \$ 46,041,982                      | \$ 14,795,288                    |
| <b>Expenses:</b>   |                      |                                    |                                  |
| Investment management fees   | 9,013,152            | 4,636,117                          | 1,606,003                        |
| Interest expense   | 4,370,148            | 8,521,828                          | 1,565,412                        |
| Auction agent fees and commissions   | 1,289,922            | 676,722                            | 235,991                          |
| Custodian and accounting agent fees  | 239,821              | 82,291                             | 136,131                          |
| Trustees' fees and expenses  | 86,795               | 47,230                             | 22,695                           |
| Reports to shareholders  | 70,450               | 31,990                             | 29,260                           |
| Audit and tax services   | 61,410               | 52,635                             | 38,290                           |
| New York Stock Exchange listing fees   | 47,735               | 24,580                             | 21,483                           |
| Transfer agent fees  | 32,405               | 35,405                             | 34,785                           |
| Legal fees   | 30,040               | 14,410                             | 5,840                            |
| Insurance expense  | 28,365               | 15,358                             | 6,619                            |
| Excise tax expense   | 20,419               | 6,171                              | 679                              |
| Investor relations   | 9,125                | 6,570                              | 2,025                            |
| Miscellaneous  | 19,830               | 18,800                             | 16,450                           |
| Total expenses   | 15,319,617           | 14,170,107                         | 3,721,663                        |
| Less: investment management fees waived  | (2,079,958)          | (1,069,873)                        | (370,616)                        |
| custody credits earned on cash balances  | (206,886)            | (64,076)                           | (72,691)                         |
| Net expenses   | 13,032,773           | 13,036,158                         | 3,278,356                        |
| <b>Net Investment Income</b>   | <b>65,691,345</b>    | <b>33,005,824</b>                  | <b>11,516,932</b>                |
| <b>Realized and Change in Unrealized Gain (Loss):</b>  |                      |                                    |                                  |
| Net realized gain (loss) on:   |                      |                                    |                                  |
| Investments  | (48,885)             | (226,090)                          | 350,653                          |
| Futures contracts  | (824,014)            | (1,060,084)                        | (416,343)                        |
| Options written  | 960,514              | 355,013                            | 204,225                          |
| Net change in unrealized appreciation/depreciation of:   |                      |                                    |                                  |
| Investments  | 27,692,419           | 15,976,904                         | 1,212,450                        |
| Futures contracts  | (8,177,757)          | (4,657,552)                        | (190,383)                        |
| Net realized and change in unrealized gain on investments,<br>futures contracts and options written          | 19,602,277           | 10,388,191                         | 1,160,602                        |
| <b>Net Increase in Net Assets Resulting from<br/>Investment Operations</b>                                   | <b>85,293,622</b>    | <b>43,394,015</b>                  | <b>12,677,534</b>                |
| <b>Dividends on Preferred Shares from<br/>Net Investment Income</b>  | <b>(17,388,694)</b>  | <b>(8,273,822)</b>                 | <b>(2,954,143)</b>               |
| <b>Net Increase in Net Assets Applicable to Common<br/>Shareholders Resulting from Investment Operations</b> | <b>\$ 67,904,928</b> | <b>\$ 35,120,193</b>               | <b>\$ 9,723,391</b>              |

See accompanying Notes to Financial Statements | 5.31.07 | PIMCO Municipal Income Funds II Annual Report 29

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

|  | <b>Municipal II</b> |                |
|--|---------------------|----------------|
|  | Year ended May 31,  |                |
|  | 2007                | 2006           |
| <b>Investment Operations:</b>  |                     |                |
| Net investment income  | \$ 65,691,345       | \$ 62,797,656  |
| Net realized gain (loss) on investments, futures contracts and options written   | 87,615              | (15,393,416)   |
| Net change in unrealized appreciation/depreciation of investments,<br>futures contracts and options written  | 19,514,662          | 16,506,689     |
| Net increase in net assets resulting from investment operations  | 85,293,622          | 63,910,929     |
| <b>Dividends to Preferred Shareholders from Net investment income:</b>   | (17,388,694)        | (13,697,379)   |
| Net increase in net assets applicable to common shareholders<br>resulting from investment operations   | 67,904,928          | 50,213,550     |
| <b>Dividends to Common Shareholders from Net investment income:</b>  | (47,920,349)        | (55,835,634)   |
| <b>Capital Share Transactions:</b>   |                     |                |
| Reinvestment of dividends  | 3,998,399           | 6,163,881      |
| Total increase in net assets applicable to common shareholders   | 23,982,978          | 541,797        |
| <b>Net Assets Applicable to Common Shareholders:</b>   |                     |                |
| Beginning of year  | 862,831,782         | 862,289,985    |
| End of year (including dividends in excess of net investment income of<br>\$(719,429) and \$(1,251,379); \$(1,935,976) and \$(1,032,143) \$(524,386)<br>and \$(733,605); respectively) | \$ 886,814,760      | \$ 862,831,782 |
| <b>Common Shares Issued in Reinvestment of Dividends:</b>  | 266,561             | 417,928        |

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| <b>California Municipal II</b> |                | <b>New York Municipal II</b> |                |
|--------------------------------|----------------|------------------------------|----------------|
| Year ended May 31,             |                | Year ended May 31,           |                |
| 2007                           | 2006           | 2007                         | 2006           |
| \$33,005,824                   | \$32,096,363   | \$11,516,932                 | \$11,187,579   |
| (931,161)                      | (2,003,450)    | 138,535                      | 143,004        |
| 11,319,352                     | 3,500,999      | 1,022,067                    | 1,000,321      |
| 43,394,015                     | 33,593,912     | 12,677,534                   | 12,330,904     |
| (8,273,822)                    | (6,356,144)    | (2,954,143)                  | (2,367,860)    |
| 35,120,193                     | 27,237,768     | 9,723,391                    | 9,963,044      |
| (25,618,929)                   | (28,205,349)   | (8,378,638)                  | (9,597,690)    |
| 2,403,958                      | 2,750,671      | 784,927                      | 910,722        |
| 11,905,222                     | 1,783,090      | 2,129,680                    | 1,276,076      |
| 443,378,868                    | 441,595,778    | 154,088,210                  | 152,812,134    |
| \$ 455,284,090                 | \$ 443,378,868 | \$ 156,217,890               | \$ 154,088,210 |
| 158,649                        | 187,096        | 52,337                       | 61,504         |

**See accompanying Notes to Financial Statements | 5.31.07 | PIMCO Municipal Income Funds II Annual Report 31**

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

For the year ended May 31, 2007

**Cash Flows used for Operating Activities:**

|   |                  |
|---|------------------|
| Purchases of long-term investments            | \$ (55,863,816)  |
| Proceeds from sales of long-term investments  | 25,241,927       |
| Interest received                             | 33,811,513       |
| Net cash provided by options written          | 363,979          |
| Operating expenses paid                       | (4,485,025)      |
| Net cash provided by futures transactions     | (5,308,146)      |
| Net increase in short-term investments        | 6,004,550        |
| <b>Net cash used for operating activities</b> | <b>(235,018)</b> |

**Cash Flows from Financing Activities:**

|  |              |
|--|--------------|
| Proceeds from issuance of floating rate notes                          | 21,361,644   |
| Cash dividends paid (excluding reinvestment of dividends of \$722,333) | (31,483,959) |

**Net cash used for financing activities\*** (10,122,315)

**Net decrease in cash** (10,357,333)

**Cash at beginning of period** 10,456,173

**Cash at end of period** 98,840

**Reconciliation of Net Increase in Net Assets From Investment****Operations to Net Cash Used for Operating Activities:**

|   |              |
|---|--------------|
| Net increase in net assets resulting from investment operations | 43,394,015   |
| Decrease in payable for investments purchased                   | (1,483,300)  |
| Increase in receivable for investments sold                     | (193,055)    |
| Decrease in interest receivable                                 | 273,948      |
| Increase in prepaid expenses and other assets                   | (12,498)     |
| Increase in investment management fees payable                  | 6,370        |
| Increase in variation margin payable on futures contracts       | 81,740       |
| Decrease in variation margin receivable on futures contracts    | 327,749      |
| Increase in accrued expenses and other payables                 | 35,434       |
| Net increase in investments                                     | (42,665,421) |

**Net cash used for operating activities** \$(235,018)

**\* Supplemental Disclosure**

Non-cash financing activity not included consists of interest expense on floating rate notes issued of \$8,521,828.



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

For the year ended May 31, 2007

**Cash Flows provided by Operating Activities:**

|  |                   |
|--|-------------------|
| Purchases of long-term investments               | \$ (7,157,636)    |
| Proceeds from sales of long-term investments     | 7,503,752         |
| Interest received                                | 12,368,413        |
| Net cash provided by options written             | 210,661           |
| Operating expenses paid                          | (1,711,458)       |
| Net cash used for futures transactions           | (516,146)         |
| Net decrease in short-term investments           | 35,624            |
| <b>Net cash provided by operating activities</b> | <b>10,733,210</b> |

**Cash Flows from Financing Activities:**

|  |                     |
|--|---------------------|
| Cash dividends paid (excluding reinvestment of dividends of \$705,924) | (10,565,352)        |
| <b>Net cash used for financing activities*</b>                         | <b>(10,565,352)</b> |

|                                    |                  |
|------------------------------------|------------------|
| <b>Net increase in cash</b>        | <b>167,858</b>   |
| <b>Cash at beginning of period</b> | <b>1,335,562</b> |
| <b>Cash at end of period</b>       | <b>1,503,420</b> |

**Reconciliation of Net Increase in Net Assets From Investment****Operations to Net Cash Provided by Operating Activities:**

|   |             |
|---|-------------|
| Net increase in net assets resulting from investment operations | 12,677,534  |
| Increase in receivable for investments sold                     | (10,000)    |
| Increase in interest receivable                                 | (134,767)   |
| Decrease in prepaid expenses and other assets                   | 303         |
| Increase in investment management fees payable                  | 1,601       |
| Decrease in variation margin payable on futures contracts       | (26,203)    |
| Decrease in variation margin receivable on futures contracts    | 116,783     |
| Decrease in accrued expenses and other payables                 | (418)       |
| Net increase in investments                                     | (1,891,623) |

|  |                      |
|--|----------------------|
| <b>Net cash provided by operating activities</b> | <b>\$ 10,733,210</b> |
|--|----------------------|

**\* Supplemental Disclosure**

Non-cash financing activity not included consists of interest expense on floating rate notes issued of \$1,565,412.

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**See accompanying Notes to Financial Statements | 5.31.07 | PIMCO Municipal Income Funds II Annual Report 33**

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

May 31, 2007

### **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□, 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 majority-owned subsidiary of Allianz SE, a publicly traded insurance and financial services company. The Funds have an unlimited amount of \$0.00001 par value common stock authorized.

Under normal market conditions, Municipal II invests substantially all of its total assets in a portfolio of municipal bonds, the interest from which is exempt from federal income taxes. Under normal market conditions, California Municipal II invests substantially all of its total 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 total 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 seek to avoid bonds generating interest income which could potentially subject individuals to alternative minimum tax. The issuers' abilities to meet their obligations may be affected by economic and political developments in a specific state or region.

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 financial statements. Actual results could differ from those estimates.

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 based upon events that have not been asserted. However, the Funds expect the risk of any loss to be remote.

In July 2006, the Financial Accounting Standards Board 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 Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. Fund management has recently begun to evaluate the application of the Interpretation, and is not in a position at this time to estimate the significance of its impact, if any, on the Funds' financial statements. On December 22, 2006, the Securities & Exchange Commission announced that it would not object if a fund implements the Interpretation in its NAV calculation as late as its last NAV calculation in the first required financial statement reporting period for its fiscal year beginning after December 15, 2006. Consequently, the Funds will be required to comply with the Interpretation by November 30, 2007.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (□SFAS□) 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. At this time, the Funds are in the process of reviewing the SFAS 157 against their current valuation policies to determine future applicability.

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

May 31, 2007

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

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

**(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or 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 and futures are valued at the settlement price determined by the relevant exchange. 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 the differences could be material to the financial statements. Each Fund's net asset value is normally determined daily 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.

**(b) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Interest income is recorded on an accrual basis. Original issue discounts or premiums on debt securities purchased are accreted or amortized, respectively daily to non-taxable interest income. Market discount, if any, is accreted daily to taxable income.

**(c) 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.

**(d) 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. Each Fund records dividends and distributions to its 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.

**(e) 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. 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 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 of counterparties to meet the terms of their contracts.

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

May 31, 2007

**1. Organization and Significant Accounting Policies (continued)****(f) Option Transactions**

The Funds may purchase and write (sell) put and call options on securities for hedging purposes, risk management purposes or as part of its investment strategy. 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.

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

The Funds 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 these 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.

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 visa 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 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.

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

May 31, 2007

**1. Organization and Significant Accounting Policies (continued)****(h) When-Issued/Delayed-Delivery Transactions**

When-issued or delayed-delivery basis 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 its 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 on a delayed-delivery basis is sold, the Funds do not participate in future gains and losses with respect to the security.

**(i) Custody Credits Earned 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. Interest expense is recorded as incurred.

**2. Investment Manager/Sub-Adviser**

Each Fund has entered into an Investment Management Agreement (collectively the "Agreements") with the Investment Manager. Subject to the supervision by each Fund's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund's investment activities, business affairs and other administrative matters. Pursuant to the Agreements, the Investment Manager receives an annual fee, payable monthly, at the 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 Fund expenses, the Investment Manager has contractually agreed to waive a portion of its investment management fee for each Fund at the annual rate of 0.15% of each Fund's average daily net assets, including net assets attributable to any preferred shares that may be outstanding, from the commencement of operations through June 30, 2007, and for a declining amount thereafter through June 30, 2009.

The Investment Manager has retained its affiliate, Pacific Investment Management Company LLC (the "Sub-Adviser") to manage each Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser makes all investment decisions for the Funds. The Investment Manager, not the Funds, pays a portion of the fees it receives to the Sub-Adviser in return for its services.

**3. Investments in Securities**

For the year ended May 31, 2007, purchases and sales of investments, other than short-term securities, were:

|           | Municipal II  | California<br>Municipal II | New York<br>Municipal II |
|-----------|---------------|----------------------------|--------------------------|
| Purchases | \$108,875,007 | \$54,371,550               | \$7,151,200              |
| Sales     | 52,212,994    | 25,434,982                 | 7,513,750                |

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

May 31, 2007

**3. Investments in Securities (continued)**

(a) Futures contracts outstanding at May 31, 2007:

|   | Contracts | Market Value (000) | Expiration Date | Unrealized Appreciation (Depreciation) |
|---|-----------|--------------------|-----------------|--|
| <b>Municipal II</b>                     |           |                    |                 |  |
| Long: Financial Future Euro□90 day      | 23        | \$ 5,442           | 6/18/07         | \$ (27,312)                            |
| Financial Future Euro□90 day            | 23        | 5,443              | 9/17/07         | (26,738)                               |
| Financial Future Euro□90 day            | 23        | 5,446              | 12/17/07        | (24,438)                               |
| Financial Future Euro□90 day            | 23        | 5,450              | 3/17/08         | (19,550)                               |
| U.S. Treasury Notes 5 yr. Futures       | 3,789     | 395,714            | 9/28/07         | (473,625)                              |
| Short: U.S. Treasury Bond Futures       | (34)      | (3,712)            | 6/20/07         | 137,333                                |
| U.S. Treasury Bond Futures              | (2,575)   | (281,077)          | 6/30/07         | 10,400,580                             |
| U.S. Treasury Bond Futures              | (924)     | (100,832)          | 9/19/07         | 137,156                                |
| U.S. Treasury Notes 10 yr. Futures      | (362)     | (38,508)           | 9/19/07         | 90,500                                 |
|   |           |                    |                 | \$ 10,193,906                          |
| <b>California Municipal II</b>          |           |                    |                 |  |
| Long: Financial Future Euro□90 day      | 261       | \$ 61,753          | 6/18/07         | \$ (250,712)                           |
| Financial Future Euro□90 day            | 251       | 59,402             | 9/17/07         | (229,988)                              |
| Financial Future Euro□90 day            | 261       | 61,798             | 12/17/07        | (215,513)                              |
| Financial Future Euro□90 day            | 261       | 61,847             | 3/17/08         | (160,050)                              |
| U.S. Treasury Notes 5 yr. Futures       | 960       | 100,260            | 9/28/07         | (120,000)                              |
| Short: U.S. Treasury Bond Futures       | (1,116)   | (121,818)          | 6/20/07         | 4,237,313                              |
| U.S. Treasury Bond Futures              | (560)     | (61,110)           | 9/19/07         | 83,125                                 |
| U.S. Treasury Notes 10 yr. Futures      | (576)     | (61,272)           | 9/19/07         | 144,000                                |
|   |           |                    |                 | \$ 3,488,175                           |
| <b>New York Municipal II</b>            |           |                    |                 |  |
| Long: U.S. Treasury Notes 5 yr. Futures | 189       | \$ 19,739          | 9/28/07         | \$ (23,625)                            |
| Short: U.S. Treasury Bond Futures       | (303)     | (33,074)           | 6/30/07         | 1,150,453                              |
| U.S. Treasury Bond Futures              | (65)      | (7,093)            | 9/19/07         | 9,649                                  |
| U.S. Treasury Notes 10 yr. Futures      | (34)      | (3,617)            | 6/20/07         | 55,781                                 |
|   |           |                    |                 | \$ 1,192,258                           |

(b) Transactions in options written for the year ended May 31, 2007:

|  | Contracts | Premiums  |
|--|-----------|-----------|
| <b>Municipal II</b>                        |           |           |
| Options outstanding, May 31, 2006          | □         | \$ 0      |
| Options written                            | 5,811     | 988,770   |
| Options terminated in closing transactions | (1,497)   | (205,650) |
| Options expired                            | (4,314)   | (783,120) |
| Options outstanding, May 31, 2007          | □         | \$ 0      |
| <b>California Municipal II</b>             |           |           |
| Options outstanding, May 31, 2006          | □         | \$ 0      |
| Options written                            | 1,997     | 363,979   |
| Options terminated in closing transactions | (475)     | (65,254)  |
| Options expired                            | (1,522)   | (298,725) |

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|  |       |           |
|--|-------|-----------|
| Options outstanding, May 31, 2007          | □     | \$0       |
| New York Municipal II                      |       |           |
| Options outstanding, May 31, 2006          | □     | \$ 0      |
| Options written                            | 1,287 | 210,661   |
| Options terminated in closing transactions | (341) | (46,845)  |
| Options expired                            | (946) | (163,816) |
| Options outstanding, May 31, 2007          | □     | \$0       |

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

May 31, 2007

**4. Income Tax Information**

Municipal II:

The tax character of dividends paid were:

|                   | Year ended<br>May 31, 2007 | Year ended<br>May 31, 2006 |
|-------------------|----------------------------|----------------------------|
| Ordinary Income   | \$ 6,763,575               | \$ 4,296,868               |
| Tax Exempt Income | \$ 58,545,468              | \$ 65,236,145              |

At May 31, 2007, there were no distributable earnings.

At May 31, 2007, Municipal II had a capital loss carryforward of \$77,152,498 (\$10,260,913 of which will expire in 2012, \$54,505,416 of which will expire in 2013, \$4,473,237 of which will expire in 2014 and \$7,912,932 of which will expire in 2015), 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, 2007, permanent "book-tax" differences were primarily attributable to the differing treatment of inverse floater transactions and non-deductible excise taxes. These adjustments were to decrease distribution in excess of net investment income by \$149,648, decrease paid-in capital by \$19,711 and increase accumulated net realized loss by \$129,937.

California Municipal II:

The tax character of dividends paid were:

|                   | Year ended<br>May 31, 2007 | Year ended<br>May 31, 2006 |
|-------------------|----------------------------|----------------------------|
| Ordinary Income   | \$ 1,663,293               | \$ 1,211,673               |
| Tax Exempt Income | \$ 32,229,458              | \$ 33,349,820              |

At May 31, 2007, there were no distributable earnings.

At May 31, 2007, California Municipal II had a capital loss carryforward of \$25,780,263 (\$3,919,943 of which will expire in 2012, \$16,328,922 of which will expire in 2013 and \$5,531,398 of which will expire in 2015), 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, 2007, permanent "book-tax" differences were primarily attributable to the differing treatment of inverse floater transactions and non-deductible excise taxes. These adjustments were to increase distribution in excess of net investment income by \$16,906, decrease paid-in capital by \$5,957 and decrease accumulated net realized loss by \$22,863.

New York Municipal II:

The tax character of dividends paid were:

|                   | Year ended<br>May 31, 2007 | Year ended<br>May 31, 2006 |
|-------------------|----------------------------|----------------------------|
| Ordinary Income   | \$ 341,156                 | \$ 358,930                 |
| Tax Exempt Income | \$ 10,991,625              | \$ 11,606,620              |



At May 31, 2007, there were no distributable earnings.

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

May 31, 2007

**4. Income Tax Information (continued)**

At May 31, 2007, New York Municipal II had a capital loss carryforward of \$6,186,327 (\$378,802 of which will expire in 2012, \$5,755,677 of which will expire in 2013 and \$51,848 of which will expire in 2015) 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, 2007, permanent book-tax differences were primarily attributable to the differing treatment of inverse floater transactions and non-deductible excise taxes. These adjustments were to decrease distribution in excess of net investment income by \$25,068, decrease paid-in capital by \$655 and increase accumulated net realized loss by \$24,413.

The cost of investments for federal income tax purposes and gross unrealized appreciation and gross unrealized depreciation of investments at May 31, 2007 were:

|                         | Cost of<br>Investments | Gross<br>Unrealized<br>Appreciation | Gross<br>Unrealized<br>Depreciation | Net<br>Unrealized<br>Appreciation |
|-------------------------|------------------------|-------------------------------------|-------------------------------------|-----------------------------------|
| Municipal II            | \$1,251,592,975        | \$126,591,806                       | \$ 57,999                           | \$126,533,807                     |
| California Municipal II | 660,209,194            | 47,282,632                          | □                                   | 47,282,632                        |
| New York Municipal II   | 230,462,609            | 11,577,724                          | 560,187                             | 11,017,537                        |

The difference between book and tax appreciation is primarily attributable to wash sales and inverse floater transactions.

**5. Auction Preferred Shares**

Municipal II has issued 4,040 shares of Preferred Shares Series A, 4,040 shares of Preferred Shares Series B, 4,040 shares of Preferred Shares Series C, 4,040 shares of Preferred Shares Series D and 4,040 shares of Preferred Shares Series E, each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

California Municipal II has issued 2,080 shares of Preferred Shares Series A, 2,080 shares of Preferred Shares Series B, 2,080 shares of Preferred Shares Series C, 2,080 shares of Preferred Shares Series D and 2,080 shares of Preferred Shares Series E, each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

New York Municipal II has issued 1,800 shares of Preferred Shares Series A and 1,800 shares of Preferred Shares Series B, each with a net asset and liquidation value of \$25,000 per share plus accrued dividends.

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

For the year ended May 31, 2007, the annualized dividend rates ranged from:

|                          | High  | Low    | At May 31,<br>2007 |
|--------------------------|-------|--------|--------------------|
| Municipal II:            |       |        |                    |
| Series A                 | 5.32% | 2.90%  | 3.00%              |
| Series B                 | 5.32% | 3.00%  | 3.50%              |
| Series C                 | 5.30% | 3.00%  | 3.15%              |
| Series D                 | 4.00% | 3.15%  | 3.50%              |
| Series E                 | 5.32% | 3.10%  | 3.30%              |
| California Municipal II: |       |        |                    |
| Series A                 | 5.32% | 2.00%  | 3.00%              |
| Series B                 | 5.32% | 2.105% | 3.50%              |

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|          |        |       |       |
|----------|--------|-------|-------|
| Series C | 4.875% | 2.75% | 3.25% |
| Series D | 3.80%  | 2.20% | 3.25% |
| Series E | 5.32%  | 2.50% | 3.00% |

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

May 31, 2007

**5. Auction Preferred Shares (continued)**

New York Municipal II:

|          |       |       |       |
|----------|-------|-------|-------|
| Series A | 4.00% | 2.85% | 3.50% |
| Series B | 5.32% | 2.75% | 3.20% |

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 triggering the mandatory redemption of Preferred Shares at their liquidation value.

Preferred Shares, which are entitled to one vote per share, generally vote separately as a class to elect two Trustees and on any matters affecting the rights of the Preferred Shares.

**6. Subsequent Common Dividend Declarations**

On June 1, 2007, the following dividends were declared to common shareholders payable July 2, 2007 to shareholders of record on June 11, 2007:

|                         |                            |
|-------------------------|----------------------------|
| 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 2, 2007 the following dividends were declared to common shareholders payable August 1, 2007 to shareholders of record on July 12, 2007:

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

**7. Legal Proceedings**

In June and September 2004, the Investment Manager, certain of its affiliates (including Allianz Global Investors Distributors LLC, PEA Capital LLC and Allianz Global), agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission (the "Commission"), the New Jersey Attorney General and the California 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. Two settlements (with the Commission and New Jersey) related to an alleged "market timing" arrangement in certain open-end funds sub-advised by PEA Capital LLC. Two settlements (with the Commission and California) related to the alleged use of cash and fund portfolio commissions to finance "shelf-space" arrangements with broker-dealers for open-end funds. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims related to market timing and \$20.6 million to settle the claims related to shelf space. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, brokerage commissions, revenue sharing and shelf space arrangements, and consented to cease and desist orders and censures. None of the settlements alleged that any inappropriate activity took place with respect to the Funds.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants a number of pending lawsuits concerning "market timing" and "revenue sharing/shelf-space/directed brokerage" 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 United States District Court for the District of Maryland and the revenue sharing/shelf-space/directed brokerage lawsuits have been consolidated in the United States District Court for the District of Connecticut. Any potential resolution of these matters may include, but not be limited to, judgements or settlements for damages against the Investment Manager or its 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.

**PIMCO Municipal Income Fund II Financial Highlights**

For a share of common stock outstanding throughout each period:

|   | Year ended May 31, |            |            |            | For the    |
|---|--------------------|------------|------------|------------|------------|
|   | 2007               | 2006       | 2005       | 2004       | June 28    |
|   |                    |            |            |            | thro       |
|   |                    |            |            |            | May 31     |
|   | \$                 | \$         | \$         | \$         | \$         |
| Net asset value, beginning of period  | 14.71              | 14.81      | 14.01      | 14.66      | 14.66      |
| <b>Investment Operations:</b>   |                    |            |            |            |            |
| Net investment income   | 1.13               | 1.08       | 1.11       | 1.17       | 0.98       |
| Net realized and unrealized gain (loss) on<br>investments, futures contracts, options written,<br>swaps and foreign currency transactions | 0.33               | 0.01       | 0.84       | (0.77)     | 0.00       |
| Total from investment operations  | 1.46               | 1.09       | 1.95       | 0.40       | 1.00       |
| <b>Dividends and Distributions on<br/>Preferred Shares from:</b>  |                    |            |            |            |            |
| Net investment income   | (0.30)             | (0.23)     | (0.14)     | (0.08)     | (0.00)     |
| Net realized gains  | □                  | □          | □          | □          | (0.00)     |
| Total dividends and distributions on<br>preferred shares  | (0.30)             | (0.23)     | (0.14)     | (0.08)     | (0.00)     |
| Net increase in net assets applicable to<br>common shareholders resulting from<br>investment operations                                   | 1.16               | 0.86       | 1.81       | 0.32       | 1.00       |
| <b>Dividends and Distributions to Common<br/>Shareholders from:</b>   |                    |            |            |            |            |
| Net investment income   | (0.82)             | (0.96)     | (1.01)     | (0.97)     | (0.00)     |
| Net realized gains  | □                  | □          | □          | □          | (0.00)     |
| Total dividends and distributions to common<br>shareholders   | (0.82)             | (0.96)     | (1.01)     | (0.97)     | (0.00)     |
| <b>Capital Share Transactions:</b>  |                    |            |            |            |            |
| Common stock offering costs charged to<br>paid-in capital in excess of par  | □                  | □          | □          | □          | (0.00)     |
| Preferred shares offering costs/underwriting<br>discounts charged to paid-in capital in<br>excess of par                                  | □                  | □          | □          | □          | (0.00)     |
| Total capital share transactions  | □                  | □          | □          | □          | (0.00)     |
| Net asset value, end of period  | 15.05              | 14.71      | 14.81      | 14.01      | 14.66      |
| Market price, end of period   | 15.42              | 14.45      | 15.02      | 13.31      | 14.66      |
| <b>Total Investment Return (1)</b>  | 12.64%             | 2.63%      | 21.00%     | (3.69)%    | 5.00%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>  |                    |            |            |            |            |
| Net assets applicable to common<br>shareholders, end of period (000)  | \$ 886,815         | \$ 862,832 | \$ 862,290 | \$ 812,670 | \$ 846,815 |
| Ratio of expenses to average net assets,<br>including interest expense (2)(3)(4)(5)   | 1.50%              | 1.30%□     | 1.05%□     | 1.08%□     | 0.00%      |
| Ratio of expenses to average net assets,<br>excluding interest expense (2)(3)(5)  | 1.01%              | 1.05%      | 1.02%      | 1.03%      | 0.00%      |
| Ratio of net investment income to average<br>net assets (2)(5)  | 7.45%              | 7.31%      | 7.71%      | 8.16%      | 6.00%      |
| Preferred shares asset coverage per share   | \$ 68,889          | \$ 67,701  | \$ 67,676  | \$ 65,224  | \$ 66,815  |
| Portfolio turnover  | 4%                 | 20%        | 9%         | 26%        | 0%         |



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

For a share of common stock outstanding throughout each period:

|   | Year Ended May 31, |            |            |            | For the    |
|---|--------------------|------------|------------|------------|------------|
|   | 2007               | 2006       | 2005       | 2004       | June 28    |
|   |                    |            |            |            | thro       |
|   |                    |            |            |            | May 31     |
|   | \$                 | \$         | \$         | \$         | \$         |
| Net asset value, beginning of period  | 14.58              | 14.61      | 13.53      | 14.66      | 14.66      |
| <b>Investment Operations:</b>   |                    |            |            |            |            |
| Net investment income   | 1.08               | 1.06       | 1.05       | 1.13       | 0.98       |
| Net realized and unrealized gain (loss) on<br>investments, futures contracts, options written,<br>swaps and foreign currency transactions | 0.34               | 0.05       | 1.13       | (1.26)     | 0.00       |
| Total from investment operations  | 1.42               | 1.11       | 2.18       | (0.13)     | 1.00       |
| <b>Dividends on Preferred Shares from:</b>  |                    |            |            |            |            |
| Net investment income   | (0.27)             | (0.21)     | (0.12)     | (0.07)     | (0.00)     |
| Net increase (decrease) in net assets applicable<br>to common shareholders resulting from<br>investment operations                        | 1.15               | 0.90       | 2.06       | (0.20)     | 1.00       |
| <b>Dividends to Common Shareholders from:</b>   |                    |            |            |            |            |
| Net investment income   | (0.84)             | (0.93)     | (0.98)     | (0.93)     | (0.00)     |
| <b>Capital Share Transactions:</b>  |                    |            |            |            |            |
| Common stock offering costs charged to<br>paid-in capital in excess of par  | □                  | □          | □          | □          | (0.00)     |
| Preferred shares offering costs/underwriting<br>discounts charged to paid-in capital in<br>excess of par                                  | □                  | □          | □          | □          | (0.00)     |
| Total capital share transactions  | □                  | □          | □          | □          | (0.00)     |
| Net asset value, end of period  | \$ 14.89           | \$ 14.58   | \$ 14.61   | \$ 13.53   | \$ 14.66   |
| Market price, end of period   | \$ 15.96           | \$ 14.62   | \$ 14.76   | \$ 13.27   | \$ 14.66   |
| <b>Total Investment Return (1)</b>  | 15.35%             | 5.50%      | 19.14%     | (3.92)%    | 4.00%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>  |                    |            |            |            |            |
| Net assets applicable to common<br>shareholders, end of period (000)  | \$ 455,284         | \$ 443,379 | \$ 441,596 | \$ 407,659 | \$ 439,000 |
| Ratio of expenses to average net assets,<br>including interest expense (2)(3)(4)(6)   | 2.89%              | 2.02%      | 1.36%      | 1.60%      | 1.60%      |
| Ratio of expenses to average net assets,<br>excluding interest expense (2)(3)(6)  | 1.01%              | 1.06%      | 1.06%      | 1.07%      | 0.90%      |
| Ratio of net investment income to average<br>net assets (2)(6)  | 7.28%              | 7.24%      | 7.37%      | 8.05%      | 6.00%      |
| Preferred shares asset coverage per share   | \$ 68,765          | \$ 67,620  | \$ 67,451  | \$ 64,191  | \$ 67,000  |
| Portfolio turnover  | 3%                 | 12%        | 5%         | 20%        | 20%        |

See accompanying Notes to Financial Statements | 5.31.07 | PIMCO Municipal Income Funds II Annual Report 43



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

For a share of common stock outstanding throughout each period:

|   | Year Ended May 31, |            |            |            | For the    |
|---|--------------------|------------|------------|------------|------------|
|   | 2007               | 2006       | 2005       | 2004       | June 28    |
|   |                    |            |            |            | thro       |
|   |                    |            |            |            | May 31     |
|   | \$                 | \$         | \$         | \$         | \$         |
| Net asset value, beginning of period  | 14.66              | 14.62      | 13.54      | 14.45      | 14.45      |
| <b>Investment Operations:</b>   |                    |            |            |            |            |
| Net investment income   | 1.10               | 1.07       | 1.07       | 1.06       | 0.99       |
| Net realized and unrealized gain (loss) on<br>investments, futures contracts, options written,<br>swaps and foreign currency transactions | 0.11               | 0.11       | 1.12       | (0.97)     | 0.00       |
| Total from investment operations  | 1.21               | 1.18       | 2.19       | 0.09       | 1.00       |
| <b>Dividends on Preferred Shares from:</b>  |                    |            |            |            |            |
| Net investment income   | (0.28)             | (0.23)     | (0.13)     | (0.07)     | (0.00)     |
| Net increase in net assets applicable to<br>common shareholders resulting from<br>investment operations                                   | 0.93               | 0.95       | 2.06       | 0.02       | 1.00       |
| <b>Dividends to Common Shareholders from:</b>   |                    |            |            |            |            |
| Net investment income   | (0.80)             | (0.91)     | (0.98)     | (0.93)     | (0.00)     |
| <b>Capital Share Transactions:</b>  |                    |            |            |            |            |
| Common stock offering costs charged to<br>paid-in capital in excess of par  | □                  | □          | □          | □          | (0.00)     |
| Preferred shares offering costs/underwriting<br>discounts charged to paid-in capital in<br>excess of par                                  | □                  | □          | □          | □          | (0.00)     |
| Total capital share transactions  | □                  | □          | □          | □          | (0.00)     |
| Net asset value, end of period  | 14.79              | 14.66      | 14.62      | 13.54      | 14.45      |
| Market price, end of period   | 15.49              | 14.14      | 14.80      | 13.05      | 14.45      |
| <b>Total Investment Return (1)</b>  | 15.51%             | 1.65%      | 21.45%     | (5.15)%    | 3.00%      |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>  |                    |            |            |            |            |
| Net assets applicable to common<br>shareholders, end of period (000)  | \$ 156,218         | \$ 154,088 | \$ 152,812 | \$ 140,958 | \$ 149,000 |
| Ratio of expenses to average net<br>assets, including interest expense (2)(3)(4)(7)   | 2.13%              | 1.89%      | 1.25%      | 1.16%      | 1.16%      |
| Ratio of expenses to average net assets,<br>excluding interest expense (2)(3)(7)  | 1.14%              | 1.13%      | 1.14%      | 1.15%      | 1.15%      |
| Ratio of net investment income to average<br>net assets (2)(7)  | 7.33%              | 7.29%      | 7.53%      | 7.58%      | 6.00%      |
| Preferred shares asset coverage per share   | \$ 68,386          | \$ 67,785  | \$ 67,439  | \$ 64,148  | \$ 66,000  |
| Portfolio turnover  | 3%                 | 26%        | 11%        | 14%        | 14%        |

**PIMCO Municipal Income Funds II Financial Highlights**

\* Commencement of operations.

\*\* Initial public offering price of \$15.00 per share less underwriting discount of \$0.675 per share.

# Annualized.

Previously reported in prior years' financial statements as 1.05%, 1.02%, 1.03% and 0.95% (annualized) for the years ended May 31, 2006, May 31, 2005, May 31, 2004 and for the period June 28, 2002 (commencement of operations) through May 31, 2003, respectively. Revised due to the impact of inverse floater transactions.

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions.
- (5) During the periods indicated, 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 0.24%, 0.24%, 0.24%, 0.25%, and 0.23% (annualized) for the years ended May 31, 2007, May 31, 2006, May 31, 2005, May 31, 2004 and for the period June 28, 2002 (commencement of operations) through May 31, 2003, respectively.
- (6) During the periods indicated, 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 0.24%, 0.24%, 0.24%, 0.24% and 0.23% (annualized) for the years ended May 31, 2007, May 31, 2006, May 31, 2005, May 31, 2004 and for the period June 28, 2002 (commencement of operations) through May 31, 2003, respectively.
- (7) During the periods indicated, 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 0.24%, 0.24%, 0.24%, 0.24% and 0.23% (annualized) for the years ended May 31, 2007, May 31, 2006, May 31, 2005, May 31, 2004 and for the period June 28, 2002 (commencement of operations) through May 31, 2003, respectively.

**See accompanying Notes to Financial Statements | 5.31.07 | PIMCO Municipal Income Funds II Annual Report 45**

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

**To the Shareholders and the 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 California Municipal Income Fund II and PIMCO New York 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, 2007, the results of each of their operations and cash flows (for PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II only) for the year ended, the 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 four years in the period then ended and for the period June 29, 2001 (commencement of operations) through April 30, 2002, 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, 2007 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
July 26, 2007

**PIMCO Municipal Income Funds II Tax Information/Corporate Changes**  
(unaudited)

**Tax Information:**

Subchapter M of the Internal Revenue Code of 1986, as amended, requires the Funds to advise shareholders within 60 days of the Funds' tax year-end (May 31, 2007) as to the federal tax status of dividends and distributions received by shareholders during such tax period. Accordingly, please note that substantially all dividends paid from net investment income from the Funds during the tax period ended May 31, 2007 were federally exempt interest dividends. However, the Funds invested in municipal bonds containing market discount, whose accretion is taxable. Accordingly, the percentage of dividends paid from net investment income during the tax period which are taxable were:

|                                |       |
|--------------------------------|-------|
| Municipal Income II            | 10.4% |
| California Municipal Income II | 4.9%  |
| New York Municipal Income II   | 3.0%  |

Since the Funds' tax year is not the calendar year, another notification will be sent with respect to calendar year 2007. In January 2008, shareholders will be advised on IRS Form 1099 DIV as to the federal tax status of the dividends and distributions received during calendar 2007. The amount that will be reported will be the amount to use on your 2007 federal income tax return and may differ from the amount which must be reported in connection with each Fund's tax year ended May 31, 2007. Shareholders are advised to consult their tax advisers as to the federal, state and local tax status of the dividend income received from the Funds. In January 2008, an allocation of interest income by state will be provided which may be of value in reducing a shareholder's state and local tax liability, if any.

**Corporate Changes:**

On December 12, 2006, the Funds' Board of Trustees appointed Hans W. Kertess as Chairman of the Board of Trustees, effective January 1, 2007.

**PIMCO Municipal Income Funds II Privacy Policy, Proxy Voting Policies & Procedures** (unaudited)

**Privacy Policy:**

**Our Commitment to You**

We consider customer privacy to be a fundamental aspect of our relationship with clients. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients' personal information. To ensure clients' privacy, we have developed policies designed to protect this confidentiality, while allowing client needs to be served.

**Obtaining Personal Information**

In the course of providing you with products and services, we and certain service providers to the Funds, such as the Funds' investment adviser, may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

**Respecting Your Privacy**

As a matter of policy, we do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law or as necessary for such third parties to perform their agreements with respect to the Funds. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to your personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. In most cases you will be clients of a third party, but we may also provide your personal and account information to your respective brokerage or financial advisory firm and/or to your financial adviser or consultant.

**Sharing Information with Third Parties**

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, we may disclose information about a shareholder's accounts to a non-affiliated third party with the consent of the shareholder.

**Sharing Information with Affiliates**

We may share client information with our affiliates in connection with servicing your account or to provide you with information about products and services that we or our affiliates believe may be of interest to you. The information we share may include, for example, your participation in our mutual funds or other investment programs sponsored by us or our affiliates, your ownership of certain types of accounts (such as IRAs), or other data about your accounts. Our affiliates, in turn, are not permitted to share your information with non-affiliated entities, except as required or permitted by law.

**Procedures to Safeguard Private Information**

We take seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, we have also implemented procedures that are designed to restrict access to your non-public personal information only to internal personnel who need to know that information in order to provide products or services to you. In order to guard your non-public personal information, physical, electronic and procedural safeguards are in place.

**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the twelve months ended June 30, 2007 is or will be available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 331-1710; (ii) on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).



**PIMCO Municipal Income Funds II Dividend Reinvestment Plan** (unaudited)

Pursuant to the Funds' Dividend Reinvestment Plan (the "Plan"), all Common Shareholders whose shares are registered in their own names will have all dividends, including any capital gain dividends, reinvested automatically in additional Common Shares by PFPC Inc., as agent for the Common Shareholders (the "Plan Agent"), unless the shareholder elects to receive cash. An election to receive cash may be revoked or reinstated at the option of the shareholder. In the case of record shareholders such as banks, brokers or other nominees that hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder as representing the total amount registered in such shareholder's name and held for the account of beneficial owners who are to participate in the Plan. Shareholders whose shares are held in the name of a bank, broker or nominee should contact the bank, broker or nominee for details. All distributions to investors who elect not to participate in the Plan (or whose broker or nominee elects not to participate on the investor's behalf), will be paid cash by check mailed, in the case of direct shareholder, to the record holder by PFPC Inc., as the Funds' dividend disbursement agent.

Unless you elect (or your broker or nominee elects) not to participate in the Plan, the number of Common Shares you will receive will be determined as follows:

- (1) If on the payment date the net asset value of the Common Shares is equal to or less than the market price per Common Share plus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market, the Fund will issue new shares at the greater of (i) the net asset value per Common Share on the payment date or (ii) 95% of the market price per Common Share on the payment date; or
- (2) If on the payment date the net asset value of the Common Shares is greater than the market price per Common Share plus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price on the payment date, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market on or shortly after the payment date, but in no event later than the ex-dividend date for the next distribution. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving notice to the Plan Agent. If you withdraw or the Plan is terminated, you will receive a certificate for each whole share in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions.

The Plan Agent maintains all shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. The Plan Agent will also furnish each person who buys Common Shares with written instructions detailing the procedures for electing not to participate in the Plan and to instead receive distributions in cash. Common Shares in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions.

The Funds and the Plan Agent reserve the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Funds reserve the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Funds' shareholder servicing agent, PFPC Inc., P.O. Box 43027, Providence, RI 02940-3027, telephone number (800) 331-1710.

**PIMCO Municipal Income Funds II Board of Trustees** (unaudited)

**Name, Date of Birth, Position(s) Held with Funds, Length of Service, Other Trusteeships/ Directorships Held by Trustee; Number of Portfolios in Fund Complex/Outside Fund Complexes Currently Overseen by Trustee**

**Principal Occupation(s) During Past 5 years:**

*The address of each trustee is 1345 Avenue of the Americas, New York, NY 10105*

**Hans W. Kertess**

*Date of Birth: 7/12/39*

*Chairman of the Board of Trustees since: 2007*

*Trustee since: 2002*

*Term of office: Expected to stand for re-election at 2009 annual meeting of shareholders.*

*Trustee/Director of 27 Funds in Fund Complex;*

*Trustee/Director of no funds outside of Fund Complex*

President, H. Kertess & Co., a financial advisory company; Formerly, Managing Director, Royal Bank of Canada Capital Markets.

**Paul Belica**

*Date of Birth: 9/27/21*

*Trustee since: 2002*

*Term of office: Expected to stand for re-election at 2007 annual meeting of shareholders.*

*Trustee/Director of 27 funds in Fund Complex*

*Trustee/Director of no funds outside of Fund Complex*

Retired. Formerly Director, Student Loan Finance Corp., Education Loans, Inc., Goal Funding, Inc., Goal Funding II, Inc. and Surety Loan Fund, Inc.; formerly, Manager of Stratigos Fund LLC, Whistler Fund LLC, Xanthus Fund LLC & Wynstone Fund LLC.

**Robert E. Connor**

*Date of Birth: 9/17/34*

*Trustee since: 2002*

*Term of office: Expected to stand for re-election at 2009 annual meeting of shareholders.*

*Trustee/Director of 27 funds in Fund Complex*

*Trustee/Director of no funds outside of Fund Complex*

Corporate Affairs Consultant. Formerly, Senior Vice President, Corporate Office, Smith Barney Inc.

**John J. Dalessandro II**

*Date of Birth: 7/26/37*

*Trustee since: 2002*

*Term of office: Expected to stand for re-election at 2007 annual meeting of shareholders.*

*Trustee/Director of 27 funds in Fund Complex*

*Trustee/Director of no funds outside of Fund complex*

Retired. Formerly, President and Director, J.J. Dalessandro II Ltd., registered broker-dealer and member of the New York Stock Exchange.

**William B. Ogden, IV**

*Date of Birth: 1/11/45*

*Trustee since: 2006*

*Term of office: Expected to stand for re-election at 2009 annual meeting of shareholders.*

*Trustee/Director of 27 Funds in Fund Complex;*

Asset Management Industry Consultant; Formerly, Managing Director, Investment Banking Division of Citigroup Global Markets Inc.



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*Trustee/Director of no funds outside of Fund Complex*

**R. Peter Sullivan III**

*Date of Birth: 9/4/41*

*Trustee since: 2002*

*Term of office: Expected to stand for re-election at  
2008 annual meeting of shareholders.*

*Trustee/Director of 27 funds in Fund Complex*

*Trustee/Director of no funds outside of Fund Complex*

Retired. Formerly, Managing Partner, Bear Wagner Specialists LLC,  
specialist firm on the New York Stock Exchange.

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**PIMCO Municipal Income Funds II Board of Trustees** (unaudited)

**Name, Date of Birth, Position(s) Held with Funds, Length of Service, Other Trusteeships/ Directorships Held by Trustee; Number of Portfolios in Fund Complex/Outside Fund Complexes Currently Overseen by Trustee**

**John C. Maney** □

*Date of Birth: 8/3/59*

*Trustee since 2006*

*Term of office: Expected to stand for election at 2007 annual meeting of shareholders.*

*Trustee/Director of 65 Funds in Fund Complex*

*Trustee/Director of no Funds outside the Fund Complex*

**Principal Occupation(s) During Past 5 years:**

Chief Financial Officer of Allianz Global Investors Fund Management LLC; Managing Director and Chief Financial Officer of AGIFM and Allianz Global Investors of America L.P. since Jan. 2005 and Chief Operating Officer of Allianz Global Investors of America since Nov. 2006, Executive Vice President and Chief Financial Officer since 2001. Chief Financial Officer of PIMCO, Oppenheimer Capital LLC, NFJ Investment Group and a number of other affiliated entities. Chief Financial Officer and Executive Vice President of Allianz Global Investors Distributors LLC. Formerly, Executive Vice President and Chief Financial Officer of Apria Healthcare Group, Inc. (1998-2001)

Mr. Maney is an "interested person" of each Fund due to his affiliation with Allianz Global Investors of America L.P. ("AGI"). In addition to Mr. Maney's positions set forth in the table above, he holds the following positions with affiliated persons: Managing Director, Chief Operating Officer and Chief Financial Officer of AGI, Allianz Global Investors of America Holdings Inc., Allianz Global Investors of America LLC, Allianz Global Investors NY Holdings LLC and Allianz Global Investors U.S. Equities LLC; Managing Director and Chief Financial Officer of Allianz Hedge Fund Partners Holding L.P., Allianz-Pac Life Partners LLC and Allianz Global Investors U.S. Retail LLC; Chief Financial Officer of Allianz Global Investors Advertising Agency Inc.; Allianz Global Investors Managed Accounts LLC, Allianz Global Investors Distributors LLC, Allianz Global Investors Fund Management LLC, Allianz Hedge Fund Partners Inc., Alpha Vision LLC, Alpha Vision Capital Management LLC, NFJ Investment Group L.P., NFJ Management Inc., Nicholas-Applegate Capital Management LLC, Nicholas-Applegate Holdings LLC, Nicholas-Applegate Securities LLC, OpCap Advisors LLC, Oppenheimer Capital LLC, Pacific Investment Management Company LLC, PIMCO Australia Pty Ltd, PIMCO Canada Holding LLC, PIMCO Canada Management Inc., PIMCO Canada Corp., PIMCO Europe Limited, PIMCO Global Advisors LLC, PIMCO Global Advisors (Resources) Limited, StocksPLUS Management, Inc. and Vision Holdings LLC; Chief Operating Officer and Chief Financial Officer of Oppenheimer Group, Inc.; and Executive Vice President and Chief Financial Officer of PIMCO Japan Ltd.

*Further information about Funds' Trustees is available in the Funds' Statements of Additional Information, dated June 25, 2002, which can be obtained upon request, without charge, by calling the Funds' shareholder servicing agent at (800) 331-1710.*

**PIMCO Municipal Income Funds II Principal Officers** (unaudited)

**Name, Date of Birth, Position(s) Held with Funds**

**Brian S. Shlissel**

*Date of Birth: 11/14/64*

*President & Chief Executive Officer since: 2002*

**Principal Occupation(s) During Past 5 years:**

Executive Vice President, Director of Fund Administration, Allianz Global Investors Fund Management LLC; Director of 8 funds in the Fund Complex; President and Chief Executive Officer of 35 funds in the Fund Complex; Treasurer; Principal Financial and Accounting Officer of 36 funds in the Fund Complex.

**Lawrence G. Altadonna**

*Date of Birth: 3/10/66*

*Treasurer, Principal Financial and Accounting Officer since: 2002*

Senior Vice President, Allianz Global Investors Fund Management LLC; Treasurer, Principal Financial and Accounting officer of 35 funds in the Fund Complex; Assistant Treasurer of 36 funds in the Fund Complex.

**Thomas J. Fuccillo**

*Date of Birth: 3/22/68*

*Vice President, Secretary & Chief Legal Officer since: 2004*

Senior Vice President, Senior Counsel, Allianz Global Investors of America L.P., Secretary of 71 funds in the Fund Complex. Formerly, Vice President and Associate General Counsel, Neuberger Berman LLC.

**Scott Whisten**

*Date of Birth: 3/13/71*

*Assistant Treasurer since: 2007*

Vice President, Allianz Global Investors Fund Management LLC; Assistant Treasurer of 71 funds in the Fund Complex. Formerly Accounting Manager Prudential Investments (2002-2005).

**Youse E. Guia**

*Date of Birth: 9/3/72*

*Chief Compliance Officer since: 2004*

Senior Vice President, Group Compliance Manager, Allianz Global Investors of America L.P., Chief Compliance Officer of 71 funds in the Fund Complex. Formerly, Vice President, Group Compliance Manager, Allianz Global Investors of America L.P. (2002-2004), Audit Manager, Pricewaterhouse Coopers LLP (1996-2002).

**William V. Healey**

*Date of Birth: 7/28/53*

*Assistant Secretary since: 2006*

Executive Vice President and Chief Legal Officer, Allianz Global Investors of America L.P., Executive Vice President, Chief Legal Officer and Secretary, Allianz Global Investors Fund Management LLC, Allianz Global Investors Distributors LLC, Allianz Global Investors Advertising Agency Inc., Allianz Global Investors Managed Accounts LLC, Allianz Global Investors U.S. Retail LLC and OpCap Advisors LLC. Assistant Secretary of 71 funds in the Fund Complex; formerly, Chief Legal Officer, Vice President and Associate General Counsel of The Prudential Insurance Company of America (1998-2005).

**Richard H. Kirk**

*Date of Birth: 4/6/61*

*Assistant Secretary since: 2006*

Senior Vice President, Allianz Global Investors of America L.P. (since 2004). Senior Vice President, Associate General Counsel, Allianz Global Investors Distributors LLC. Assistant Secretary of 71 funds in the Fund Complex; formerly, Vice President, Counsel, The Prudential Insurance Company of America/American Skandia (2002-2004).

**Kathleen A. Chapman**

*Date of Birth: 11/11/54*

*Assistant Secretary since: 2006*

Assistant Secretary of 71 funds in the Fund Complex; Manager IIG Advisory Law, Morgan Stanley (2004-2005); The Prudential Insurance Company of America and Assistant Corporate Secretary of affiliated American Skandia companies (1996-2004).

**Lagan Srivastava**

*Date of Birth: 9/20/77*

*Assistant Secretary since: 2006*

Assistant Secretary of 71 funds in the Fund Complex; formerly Research Assistant, Dechert LLP (2004-2005); Research Assistant, Swidler Berlin Shereff Friedman LLP (2002-2004).

*Officers hold office at the pleasure of the Board and until their successors are appointed and qualified or until their earlier resignation or removal.*

## **Trustees and Principal Officers**

Hans W. Kertess

Trustee, Chairman of the Board of Trustees

Paul Belica

Trustee

Robert E. Connor

Trustee

John J. Dalessandro II

Trustee

John C. Maney

Trustee

William B. Ogden, IV

Trustee

R. Peter Sullivan III

Trustee

Brian S. Shlissel

President & Chief Executive Officer

Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Thomas J. Fuccillo

Vice President, Secretary & Chief Legal Officer

Scott Whisten

Assistant Treasurer

Youse E. Guia

Chief Compliance Officer

Kathleen A. Chapman

Assistant Secretary

William V. Healey

Assistant Secretary

Richard H. Kirk

Assistant Secretary

Lagan Srivastava

Assistant Secretary

## **Investment Manager**

Allianz Global Investors Fund Management LLC

1345 Avenue of the Americas

New York, NY 10105

## **Sub-Adviser**

Pacific Investment Management Company LLC

840 Newport Center Drive

Newport Beach, CA 92660

## **Custodian & Accounting Agent**

State Street Bank & Trust Co.

801 Pennsylvania

Kansas City, MO 64105-1307

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

PFPC Inc.

P.O. Box 43027

Providence, RI 02940-3027

## **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, NY 10017

## **Legal Counsel**

Ropes & Gray LLP

One International Place

Boston, MA 02210-2624

*This report, including the financial information herein, is transmitted to the shareholders of PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and PIMCO New York Municipal Income Fund II for their information. It is not a*

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*prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.*

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

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

*On January 3, 2007, each Fund submitted a CEO annual certification to the New York Stock Exchange (NYSE) on which the Fund's principal executive officer certified that he was not aware, as of the date, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, each Fund's principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Funds' disclosure controls and procedures and internal control over financial reporting, as applicable.*

*Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds' shareholder servicing agent at (800) 331-1710.*

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ITEM 2. CODE OF ETHICS

- (a) As of the end of the period covered by this report, the registrant has adopted a code of ethics (the "Section 406 Standards for Investment Companies" Ethical Standards for Principal Executive and Financial Officers) that applies to the registrant's Principal Executive Officer and Principal Financial Officer; the registrant's Principal Financial Officer also serves as the Principal Accounting Officer. The registrant undertakes to provide a copy of such code of ethics to any person upon request, without charge, by calling 1-800-331-1710. The code of ethics are included as an Exhibit 99.CODE ETH hereto.
- (b) During the period covered by this report, there were not any amendments to a provision of the code of ethics adopted in 2(a) above.
- (c) During the period covered by this report, there were not any waivers or implicit waivers to a provision of the code of ethics adopted in 2(a) above.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

The registrant's Board has determined that Mr. Paul Belica, a member of the Board's Audit Oversight Committee is an "audit committee financial expert," and that he is "independent," for purposes of this Item.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

- a) Audit fees. The aggregate fees billed for each of the last two fiscal years (the "Reporting Periods") for professional services rendered by the Registrant's principal accountant (the "Auditor") for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$32,971 in 2006 and \$33,775 in 2007.
- b) Audit-Related Fees. The aggregate fees billed in the Reporting Periods for assurance and related services by the principal accountant that are reasonably related to the performance of the audit registrant's financial statements and are not reported under paragraph (e) of this Item were \$7,327 in 2006 and \$7,966 in 2007. These services consist of accounting consultations, agreed upon procedure reports (inclusive of annual review of basic maintenance testing associated with the Preferred Shares), attestation reports and comfort letters.
- c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax service and tax planning ("Tax Services") were \$9,000 in 2006 and \$9,000 in 2007. These services consisted of review or preparation of U.S. federal, state, local and excise tax returns.
- d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor to the Registrant.
- e) 1. Audit Committee Pre-Approval Policies and Procedures. The Registrant's Audit Committee has established policies and procedures for pre-approval of all audit and permissible non-audit services by the Auditor for the Registrant, as well as the Auditor's engagements related directly to the operations and financial reporting of the Registrant. The Registrant's policy is stated below.

PIMCO California Municipal Income Fund II (the "Fund")

AUDIT OVERSIGHT COMMITTEE POLICY FOR PRE-APPROVAL OF SERVICES PROVIDED BY THE INDEPENDENT ACCOUNTANTS

The Fund's Audit Oversight Committee ("Committee") is charged with the oversight of the Fund's financial reporting policies and practices and their internal controls. As part of this responsibility, the

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Committee must pre-approve any independent accounting firm's engagement to render audit and/or permissible non-audit services, as required by law. In evaluating a proposed engagement by the independent accountants, the Committee will assess the effect that the engagement might reasonably be expected to have on the accountant's independence. The Committee's evaluation will be based on:

a review of the nature of the professional services expected to be provided,  
the fees to be charged in connection with the services expected to be provided,  
a review of the safeguards put into place by the accounting firm to safeguard independence, and  
periodic meetings with the accounting firm.

### POLICY FOR AUDIT AND NON-AUDIT SERVICES TO BE PROVIDED TO THE FUNDS

On an annual basis, the Fund's Committee will review and pre-approve the scope of the audit of the Fund and proposed audit fees and permitted non-audit (including audit-related) services that may be performed by the Fund's independent accountants. At least annually, the Committee will receive a report of all audit and non-audit services that were rendered in the previous calendar year pursuant to this Policy. In addition to the Committee's pre-approval of services pursuant to this Policy, the engagement of the independent accounting firm for any permitted non-audit service provided to the Funds will also require the separate written pre-approval of the President of the Fund, who will confirm, independently, that the accounting firm's engagement will not adversely affect the firm's independence. All non-audit services performed by the independent accounting firm will be disclosed, as required, in filings with the Securities and Exchange Commission.

### AUDIT SERVICES

The categories of audit services and related fees to be reviewed and pre-approved annually by the Committee are:

- Annual Fund financial statement audits
- Seed audits (related to new product filings, as required)
- SEC and regulatory filings and consents
- Semiannual financial statement reviews

### AUDIT-RELATED SERVICES

The following categories of audit-related services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

- Accounting consultations
- Fund merger support services
- Agreed upon procedure reports (inclusive of quarterly review of Basic Maintenance testing associated with issuance of Preferred Shares and semiannual report review)
- Other attestation reports
- Comfort letters
- Other internal control reports

Individual audit-related services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chair (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$150,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

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## TAX SERVICES

The following categories of tax services are considered to be consistent with the role of the Fund's independent accountants and services falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

Tax compliance services related to the filing or amendment of the following:

- Federal, state and local income tax compliance; and, sales and use tax compliance
- Timely RIC qualification reviews
- Tax distribution analysis and planning
- Tax authority examination services
- Tax appeals support services
- Accounting methods studies
- Fund merger support service
- Other tax consulting services and related projects

Individual tax services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$150,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

## PROSCRIBED SERVICES

The Fund's independent accountants will not render services in the following categories of non-audit services:

- Bookkeeping or other services related to the accounting records or financial statements of the Fund
- Financial information systems design and implementation
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
- Actuarial services
- Internal audit outsourcing services
- Management functions or human resources
- Broker or dealer, investment adviser or investment banking services
- Legal services and expert services unrelated to the audit

Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

## PRE-APPROVAL OF NON-AUDIT SERVICES PROVIDED TO OTHER ENTITIES WITHIN THE FUND COMPLEX

The Committee will pre-approve annually any permitted non-audit services to be provided to Allianz Global Investors Fund Management LLC (Formerly, PA Fund Management LLC) or any other investment manager to the Funds (but not including any sub-adviser whose role is primarily portfolio management and is sub-contracted by the investment manager) (the "Investment Manager") and any entity controlling, controlled by, or under common control with the Investment Manager that provides ongoing services to the Fund (including affiliated sub-advisers to the Fund), provided, in each case, that the engagement relates directly to the operations and financial reporting of the Fund (such entities, including the Investment Manager, shall be referred to herein as the "Accounting Affiliates"). Individual projects that are not presented to the Committee as part of the annual pre-approval process, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$150,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

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Although the Committee will not pre-approve all services provided to the Investment Manager and its affiliates, the Committee will receive an annual report from the Fund's independent accounting firm showing the aggregate fees for all services provided to the Investment Manager and its affiliates.

### DE MINIMUS EXCEPTION TO REQUIREMENT OF PRE-APPROVAL OF NON-AUDIT SERVICES

With respect to the provision of permitted non-audit services to a Fund or Accounting Affiliates, the pre-approval requirement is waived if:

- (1) The aggregate amount of all such permitted non-audit services provided constitutes no more than (i) with respect to such services provided to the Fund, five percent (5%) of the total amount of revenues paid by the Fund to its independent accountant during the fiscal year in which the services are provided, and (ii) with respect to such services provided to Accounting Affiliates, five percent (5%) of the total amount of revenues paid to the Fund's independent accountant by the Fund and the Accounting Affiliates during the fiscal year in which the services are provided;
- (2) Such services were not recognized by the Fund at the time of the engagement for such services to be non-audit services; and
- (3) Such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this Committee Chairman or other delegate shall be reported to the full Committee at its next regularly scheduled meeting.
  - e) 2. No services were approved pursuant to the procedures contained in paragraph (C) (7) (i) (C) of Rule 2-01 of Registration S-X.
  - f) Not applicable
  - g) Non-audit fees. The aggregate non-audit fees billed by the Auditor for services rendered to the Registrant, and rendered to the Adviser, for the 2006 Reporting Period was \$2,205,889 and the 2007 Reporting Period was \$2,331,204.
  - h) Auditor Independence. The Registrant's Audit Oversight Committee has considered whether the provision of non-audit services that were rendered to the Adviser which were not pre- approved is compatible with maintaining the Auditor's independence.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

The Fund has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The audit committee of the Fund is comprised of Robert E. Connor, Paul Belica, John J. Dalessandro II, Hans W. Kertess, R. Peter Sullivan III and William B. Ogden, IV.

ITEM 6. SCHEDULE OF INVESTMENTS Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.

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

**PIMCO MUNICIPAL INCOME FUND II**  
**PIMCO CALIFORNIA MUNICIPAL INCOME FUND II**  
**PIMCO NEW YORK MUNICIPAL INCOME FUND II**  
**(each a "Trust")**

**PROXY VOTING POLICY**

1. It is the policy of each Trust that proxies should be voted in the interest of its shareholders, as determined by those who are in the best position to make this determination. Each Trust believes that the firms and/or persons purchasing and selling securities for the Trust and analyzing the performance of the Trust's securities are in the best position and have the information necessary to vote proxies in the best interests of the Trust and its shareholders, including in situations where conflicts of interest may arise between the interests of shareholders, on one hand, and the interests of the investment adviser, a sub-adviser and/or any other affiliated person of the Trust, on the other. Accordingly, each Trust's policy shall be to delegate proxy voting responsibility to those entities with portfolio management responsibility for the Trust.
2. Each Trust delegates the responsibility for voting proxies to Allianz Global Investors Fund Management LLC ("AGIFM"), which will in turn delegate such responsibility to the sub-adviser of the particular Trust. AGIFM's Proxy Voting Policy Summary is attached as Appendix A hereto. Summary of the detailed proxy voting policies of the Trust's current sub-adviser is set forth in Appendix B attached hereto. Such summaries may be revised from time to time to reflect changes to the sub-advisers' detailed proxy voting policies.
3. The party voting the proxies (i.e., the sub-adviser or portfolio manager) shall vote such proxies in accordance with such party's proxy voting policies and, to the extent consistent with such policies, may rely on information and/or recommendations supplied by others.
4. AGIFM and the sub-adviser of a Trust with proxy voting authority shall deliver a copy of its respective proxy voting policies and any material amendments thereto to the applicable Board of the Trust promptly after the adoption or amendment of any such policies.
5. The party voting the proxy shall: (i) maintain such records and provide such voting information as is required for the Trusts' regulatory filings including, without limitation, Form N-PX and the required disclosure of policy called for by Item 18 of Form N-2 and Item 7 of Form N-CSR; and (ii) shall provide such additional

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information as may be requested, from time to time, by the Board or the Trusts' Chief Compliance Officer.

6. This Proxy Voting Policy Statement (including Appendix B), the Proxy Voting Policy Summary of AGIFM and summary of the detailed proxy voting policy of the sub-adviser of a Trust with proxy voting authority, shall be made available (i) without charge, upon request, by calling 1-800-426- 0107 and (ii) on the Trusts' website at [www.allianzinvestors.com](http://www.allianzinvestors.com). In addition, to the extent required by applicable law or determined by the Trusts' Chief Compliance Officer or Board of Trustees, the Proxy Voting Policy Summary of AGIFM and summaries of the detailed proxy voting policies of each sub-adviser with proxy voting authority shall also be included in the Trusts' Registration Statements or Form N-CSR filings.

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**ALLIANZ GLOBAL INVESTORS FUND MANAGEMENT LLC (AGIFM)**

1. It is the policy of AGIFM that proxies should be voted in the interest of the shareholders of the applicable fund, as determined by those who are in the best position to make this determination. AGIFM believes that the firms and/or persons purchasing and selling securities for the funds and analyzing the performance of the funds' securities are in the best position and have the information necessary to vote proxies in the best interests of the funds and their shareholders, including in situations where conflicts of interest may arise between the interests of shareholders, on one hand, and the interests of the investment adviser, a sub-adviser and/or any other affiliated person of the fund, on the other. Accordingly, AGIFM's policy shall be to delegate proxy voting responsibility to those entities with portfolio management responsibility for the funds.
2. AGIFM, for each fund which it acts as an investment adviser, delegates the responsibility for voting proxies to the sub-adviser for the respective fund, subject to the terms hereof.
3. The party voting the proxies (e.g., the sub-adviser) shall vote such proxies in accordance with such party's proxy voting policies and, to the extent consistent with such policies, may rely on information and/or recommendations supplied by others.
4. AGIFM and each sub-adviser of a fund shall deliver a copy of its respective proxy voting policies and any material amendments thereto to the board of the relevant fund promptly after the adoption or amendment of any such policies.
5. The party voting the proxy shall: (i) maintain such records and provide such voting information as is required for such funds' regulatory filings including, without limitation, Form N-PX and the required disclosure of policy called for by Item 18 of Form N-2 and Item 7 of Form N-CSR; and (ii) shall provide such additional information as may be requested, from time to time, by such funds' respective boards or chief compliance officers.
6. This Proxy Voting Policy Summary and summaries of the proxy voting policies for each sub-adviser of a fund advised by AGIFM shall be available (i) without charge, upon request, by calling 1-800-426-0107 and (ii) at [www.allianzinvestors.com](http://www.allianzinvestors.com). In addition, to the extent required by applicable law or determined by the relevant fund's board of directors/trustees or chief compliance officer, this Proxy Voting Policy Summary and summaries of the detailed proxy voting policies of each sub-adviser and each other entity with proxy voting authority for a fund advised by AGIFM shall also be included in the Registration Statement or Form N-CSR filings for the relevant fund.

**PACIFIC INVESTMENT MANAGEMENT COMPANY LLC**

Pacific Investment Management Company LLC (PIMCO) has adopted written proxy voting policies and procedures (Proxy Policy) as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. PIMCO has implemented the Proxy Policy for each of its clients as required under applicable law, unless expressly directed by a client in writing to refrain from voting that client's proxies. Recognizing that proxy voting is a rare event in the realm of fixed income investing and is typically limited to solicitation of consent to changes in features of debt securities, the Proxy Policy also applies to any voting rights and/or consent rights of PIMCO, on behalf of its clients, with respect to debt securities, including but not limited to, plans of reorganization, and waivers and consents under applicable indentures.

The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of PIMCO's clients. Each proxy is voted on a case-by-case basis taking into consideration any relevant contractual obligations as well as other relevant facts and circumstances at the time of the vote. In general, PIMCO reviews and considers corporate governance issues related to proxy matters and generally supports proposals that foster good corporate governance practices. PIMCO may vote proxies as recommended by management on routine matters related to the operation of the issuer and on matters not expected to have a significant economic impact on the issuer and/or its shareholders.

PIMCO will supervise and periodically review its proxy voting activities and implementation of the Proxy Policy. PIMCO will review each proxy to determine whether there may be a material conflict between PIMCO and its client. If no conflict exists, the proxy will be forwarded to the appropriate portfolio manager for consideration. If a conflict does exist, PIMCO will seek to resolve any such conflict in accordance with the Proxy Policy. PIMCO seeks to resolve any material conflicts of interest by voting in good faith in the best interest of its clients. If a material conflict of interest should arise, PIMCO will seek to resolve such conflict in the client's best interest by pursuing any one of the following courses of action: (i) convening a committee to assess and resolve the conflict; (ii) voting in accordance with the instructions of the client; (iii) voting in accordance with the recommendation of an independent third-party service provider; (iv) suggesting that the client engage another party to determine how the proxy should be voted; (v) delegating the vote to a third-party service provider; or (vi) voting in accordance with the factors discussed in the Proxy Policy.

Clients may obtain a copy of PIMCO's written Proxy Policy and the factors that PIMCO may consider in determining how to vote a client's proxy. Except as required by law, PIMCO will not disclose to third parties how it voted on behalf of a client. However, upon request from an appropriately authorized individual, PIMCO will disclose to its clients or the entity delegating the voting authority to PIMCO for such clients, how PIMCO voted such client's proxy. In addition, a client may obtain copies of PIMCO's Proxy Policy and information as to how its proxies have been voted by contacting PIMCO.

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

(a)(1)

As of August 6, 2007 the following individual has primary responsibility for the day-to-day implementation of the PIMCO Municipal Income Fund II (PML), PIMCO California Municipal Income Fund II (PCK) and PIMCO New York Municipal Income Fund II (PNI) (each a "Fund" and collectively, the "Funds"):

**Mark V. McCray**

Mr. McCray has been the portfolio manager for each of the Funds since inception (June 2002). Mr. McCray is a Managing Director and portfolio manager responsible for the firm's municipal bond portfolios and tax-sensitive portfolios, and has managed the subject portfolios since their inception. He currently serves as Chairman of PIMCO's Shadow Investment Committee. He joined the firm in 2000 from Goldman, Sachs & Co. in New York, where he was Vice President and co-head of municipal bond trading, with primary responsibility for the firm's proprietary municipal trading. Mr. McCray has nineteen years of investment experience and holds bachelor's degrees in finance and real estate from Temple University and an MBA from The Wharton School of the University of Pennsylvania, with concentrations in finance, accounting, and strategic management.

(a)(2)

The following summarizes information regarding each of the accounts, excluding the Funds that were managed by the Portfolio Manager as of May 31, 2007, including accounts managed by a team, committee, or other group that includes the Portfolio Manager. Unless mentioned otherwise, the advisory fee charged for managing each of the accounts listed below is not based on performance.

| PM                    | Fund | Registered Investment Companies |                | Other Pooled Investment Vehicles |                | Other Accounts |                |
|-----------------------|------|---------------------------------|----------------|----------------------------------|----------------|----------------|----------------|
|                       |      | #                               | AUM(\$million) | #                                | AUM(\$million) | #              | AUM(\$million) |
| <b>Mark V. McCray</b> | PML  | 13                              | 4,742.83       | 2                                | 807.74         | 18             | 1,497.53       |
|                       | PCK  | 13                              | 5,422.43       | 2                                | 807.74         | 18             | 1,497.53       |
|                       | PNI  | 13                              | 5,893.69       | 2                                | 807.74         | 18             | 1,497.53       |

From time to time, potential conflicts of interest may arise between a portfolio manager's management of the investments of a Fund, on the one hand, and the management of other accounts, on the other. The other accounts might have similar investment objectives or strategies a Fund, track the same index a Fund tracks or otherwise hold, purchase, or sell securities that are eligible to be held, purchased or sold by the Funds. The other accounts might also have different investment objectives or strategies than the Funds.

*Knowledge and Timing of Fund Trades.* A potential conflict of interest may arise as a result of the portfolio manager's day-to-day management of a Fund. Because of their positions with the Funds, the portfolio



managers know the size, timing and possible market impact of a Fund's trades. It is theoretically possible that the portfolio managers could use this information to the advantage of other accounts they manage and to the possible detriment of a Fund.

*Investment Opportunities.* A potential conflict of interest may arise as result of the portfolio manager's management of a number of accounts with varying investment guidelines. Often, an investment opportunity may be suitable for both a Fund and other accounts managed by the portfolio manager, but may not be available in sufficient quantities for both the Fund and the other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by a Fund and another account. PIMCO has adopted policies and procedures reasonably designed to allocate investment opportunities on a fair and equitable basis over time.

Under PIMCO's allocation procedures, investment opportunities are allocated among various investment strategies based on individual account investment guidelines and PIMCO's investment outlook. PIMCO has also adopted additional procedures to complement the general trade allocation policy that are designed to address potential conflicts of interest due to the side-by-side management of the Funds and certain pooled investment vehicles, including investment opportunity allocation issues.

*Performance Fees.* A portfolio manager may advise certain accounts with respect to which the advisory fee is based entirely or partially on performance. Performance fee arrangements may create a conflict of interest for the portfolio manager in that the portfolio manager may have an incentive to allocate the investment opportunities that he or she believes might be the most profitable to such other accounts instead of allocating them to a Fund. PIMCO has adopted policies and procedures reasonably designed to allocate investment opportunities between the Funds and such other accounts on a fair and equitable basis over time.

(a) (3)

As of May 31, 2007, the following explains the compensation structure of the individual that has primary responsibility for day-to-day portfolio management of the Funds:

### **Portfolio Manager Compensation**

PIMCO has adopted a "Total Compensation Plan" for its professional level employees, including its portfolio managers, that is designed to pay competitive compensation and reward performance, integrity and teamwork consistent with the firm's mission statement. The Total Compensation Plan includes a significant incentive component that rewards high performance standards, work ethic and consistent individual and team contributions to the firm. The compensation of portfolio managers consists of a base salary, a bonus, and may include a retention bonus. Portfolio managers who are Managing Directors of PIMCO also receive compensation from PIMCO's profits. Certain employees of PIMCO, including portfolio managers, may elect to defer compensation through PIMCO's deferred compensation plan. PIMCO also offers its employees a non-contributory defined contribution plan through which PIMCO makes a contribution based on the employee's compensation. PIMCO's contribution rate increases at a specified compensation level, which is a level that would include portfolio managers.

*Salary and Bonus.* Base salaries are determined by considering an individual portfolio manager's experience and expertise and may be reviewed for adjustment annually. Portfolio managers are entitled to receive bonuses, which may be significantly more than their base salary, upon attaining certain performance objectives based on predetermined measures of group or department success. These goals are specific to individual portfolio managers and are mutually agreed upon annually by each portfolio manager and his or her manager. Achievement of these goals is an important, but not exclusive, element of the bonus decision process.

In addition, the following non-exclusive list of qualitative criteria (collectively, the "Bonus Factors") may be considered when determining the bonus for portfolio managers:

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- 3-year, 2-year and 1-year dollar-weighted and account-weighted, pre-tax investment performance as judged against the applicable benchmarks for each account managed by a portfolio manager and relative to applicable industry peer groups;
- Appropriate risk positioning that is consistent with PIMCO's investment philosophy and the Investment Committee/CIO approach to the generation of alpha;
- Amount and nature of assets managed by the portfolio manager;
- Consistency of investment performance across portfolios of similar mandate and guidelines (reward low dispersion);
- Generation and contribution of investment ideas in the context of PIMCO's secular and cyclical forums, portfolio strategy meetings, Investment Committee meetings, and on a day-to-day basis;
- Absence of defaults and price defaults for issues in the portfolios managed by the portfolio manager;
- Contributions to asset retention, gathering and client satisfaction;
- Contributions to mentoring, coaching and/or supervising; and
- Personal growth and skills added.

A portfolio manager's compensation is not based directly on the performance of any portfolio or any other account managed by that portfolio manager. Final bonus award amounts are determined by the PIMCO Compensation Committee.

*Retention Bonuses.* Certain portfolio managers may receive a discretionary, fixed amount retention bonus, based upon the Bonus Factors and continued employment with PIMCO. Each portfolio manager who is a Senior Vice President or Executive Vice President of PIMCO receives a variable amount retention bonus, based upon the Bonus Factors and continued employment with PIMCO.

Investment professionals, including portfolio managers, are eligible to participate in a Long Term Cash Bonus Plan (Cash Bonus Plan), which provides cash awards that appreciate or depreciate based upon the performance of PIMCO's parent company, Allianz Global Investors, and PIMCO over a three-year period. The aggregate amount available for distribution to participants is based upon Allianz Global Investors's profit growth and PIMCO's profit growth. Participation in the Cash Bonus Plan is based upon the Bonus Factors, and the payment of benefits from the Cash Bonus Plan, is contingent upon continued employment at PIMCO.

*Profit Sharing Plan.* Instead of a bonus, portfolio managers who are Managing Directors of PIMCO receive compensation from a non-qualified profit sharing plan consisting of a portion of PIMCO's net profits. Portfolio managers who are Managing Directors receive an amount determined by the Managing Director Compensation Committee, based upon an individual's overall contribution to the firm and the Bonus Factors.

From time to time, under the PIMCO Class B Unit Purchase Plan, Managing Directors and certain executive management (including Executive Vice Presidents) of PIMCO may become eligible to purchase Class B Units of PIMCO. Upon their purchase, the Class B Units are immediately exchanged for Class A Units of PIMCO Partners, LLC, a California limited liability company that holds a minority interest in PIMCO and is owned by the Managing Directors and certain executive management of PIMCO. The Class A Units of PIMCO Partners, LLC entitle their holders to distributions of a portion of the profits of PIMCO. The PIMCO Compensation Committee determines which Managing Directors and executive management may purchase Class B Units and the number of Class B Units that each may purchase. The Class B Units are purchased pursuant to full recourse notes issued to the holder. The base compensation of each Class B Unit holder is increased in an amount equal to the principal amortization applicable to the notes given by the Managing Director or member of executive management.

Portfolio managers who are Managing Directors also have long-term employment contracts, which guarantee severance payments in the event of involuntary termination of a Managing Director's employment with PIMCO.

(a)(4)

The following summarizes the dollar range of securities the portfolio manager for the Funds beneficially owned of the Funds that he managed as of 05/31/07.

|                       | PIMCO Municipal Income Fund II<br>PIMCO California Municipal Income Fund II<br>PIMCO New York Municipal Income Fund II |
|-----------------------|--|
| Portfolio Manager     | Dollar Range of Equity Securities in the Funds   |
| <b>Mark V. McCray</b> | None   |

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## ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES.

| <b>PERIOD</b>  | <b>TOTAL NUMBER<br/>OF SHARES<br/>PURCHASED</b> | <b>AVERAGE<br/>PRICE PAID<br/>PER SHARE</b> | <b>TOTAL NUMBER<br/>OF SHARES PURCHASED<br/>AS PART OF PUBLICLY<br/>ANNOUNCED PLANS OR<br/>PROGRAMS</b> | <b>MAXIMUM NUMBER OF<br/>SHARES THAT MAY YET<br/>BE PURCHASED UNDER<br/>THE PLANS OR PROGRAMS</b> |
|----------------|---|---|---|---|
| June 2006      | N/A   | 14.58                                       | 13,747  | N/A   |
| July 2006      | N/A   | 14.31                                       | 13,915  | N/A   |
| August 2006    | N/A   | 14.55                                       | 13,564  | N/A   |
| September 2006 | N/A   | 14.77                                       | 13,464  | N/A   |
| October 2006   | N/A   | 15.06                                       | 13,110  | N/A   |
| November 2006  | N/A   | 15.29                                       | 12,975  | N/A   |
| December 2006  | N/A   | 15.38                                       | 12,888  | N/A   |
| January 2007   | N/A   | 15.60                                       | 13,010  | N/A   |
| February 2007  | N/A   | 15.54                                       | 12,962  | N/A   |
| March 2007     | N/A   | 15.17                                       | 13,289  | N/A   |
| April 2007     | N/A   | 15.75                                       | 13,060  | N/A   |
| May 2007       | N/A   | 15.99                                       | 12,665  | N/A   |

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

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

ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Act (17 CFR 270.30a-3(c))), as amended are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrants control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) Exhibit 99.CODE ETH - Code of Ethics

(a) (2) Exhibit 99 Cert. - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

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

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Signature

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

(Registrant) PIMCO California Municipal Income Fund II

By /s/ Brian S. Shlissel  
President and Chief Executive Officer

Date August 6, 2007

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

Date August 6, 2007

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

By /s/ Brian S. Shlissel  
President and Chief Executive Officer

Date August 6, 2007

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

Date August 6, 2007

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