

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

PIMCO MUNICIPAL INCOME FUND II
Form N-CSR
July 31, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-21076

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

1345 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10105

(Address of principal executive offices) (Zip code)

BRIAN S. SHLISSEL - 1345 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10105

(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3369

Date of fiscal year end: MAY 31

Date of reporting period: MAY 31

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. ss. 3507.

Annual Report

5.31.03

ITEM 1. Report to Shareholders

PIMCO MUNICIPAL INCOME FUND II
PIMCO CALIFORNIA MUNICIPAL INCOME FUND II
PIMCO NEW YORK MUNICIPAL INCOME FUND II

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

CONTENTS

Letter to Shareholders	1
Performance Summary and Statistics	2-4
Schedules of Investments	5-21
Statements of Assets and Liabilities	22
Statements of Operations	23
Statements of Changes in Net Assets	24
Notes to Financial Statements	25-30
Financial Highlights	31
Report of Independent Auditors	32
Tax Information	33
Dividend Reinvestment Plan	34
Board of Trustees	35
Privacy Policy	36

[LOGO]
PML
Listed
THE NEW YORK STOCK EXCHANGE

[LOGO]
PCK
Listed
THE NEW YORK STOCK EXCHANGE

[LOGO]
PNI
Listed
THE NEW YORK STOCK EXCHANGE

PIMCO

ADVISORS

PIMCO MUNICIPAL INCOME FUNDS II LETTER TO SHAREHOLDERS

July 16, 2003

Dear Shareholder:

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

We are pleased to provide you with the initial annual report of PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II, and PIMCO New York Municipal Income Fund II ("PIMCO Municipal Income Funds" or the "Funds") for the fiscal year ended May 31, 2003.

Please refer to the following pages for specific information for each of the Funds. If you have any questions regarding the information provided, please contact your financial advisor or call our shareholder services area at 1-800-331-1710. Please note that a wide range of information and resources can be accessed through our Web site, www.pimcoadvisors.com.

We at the Funds, together with PIMCO Advisors Fund Management LLC, the Funds' investment manager and Pacific Investment Management Co. LLC, the Funds' sub-adviser, thank you for investing with us. We remain dedicated to serving your investment needs.

Sincerely,

/s/ Stephen Treadway

Stephen Treadway
CHAIRMAN

/s/ Brian S. Shlissel

Brian S. Shlissel
PRESIDENT, CHIEF EXECUTIVE OFFICER

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. There is no guarantee that these or any other investment techniques will be effective under all market conditions.

5.31.03 | PIMCO Municipal Income Funds II Annual Report 1

PIMCO MUNICIPAL INCOME FUND II PERFORMANCE SUMMARY AND STATISTICS (UNAUDITED)

SYMBOL:	PRIMARY INVESTMENTS:	INCEPTION DATE:
PML	Municipal fixed-income securities, the interest from which is exempt from federal income tax.	June 28, 2002
OBJECTIVE:		TOTAL NET ASSETS(1):
PIMCO Municipal Income Fund II seeks to provide income exempt from federal income tax.		\$1,351.9 million (at 5/31/03)
		PORTFOLIO MANAGER:
		Mark McCray

TOTAL RETURN(2):	Market Price	NAV
-----	-----	-----
Commencement of Operations (6/28/02) to 5/31/03	5.20%	9.11%

COMMON SHARE PRICE PERFORMANCE (WEEKLY):
Commencement of Operations (6/28/02) to 5/31/03

[Table below represents a line chart in the printed report.]

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

	at Market Price	at NAV
	-----	-----
6/28/02	15	14.32
	15.08	14.32
	15.17	14.35
	15.19	14.37
	15.03	14.46
	15.03	14.46
	15.06	14.52
	15	14.57
	15.02	14.5
	15.04	14.63
	15.02	14.77
	15.11	14.89
	15.04	15.1
	15	15.13
	15.06	15.17
	15.06	15.09
	14.8	14.28
	14.42	14.15
	14.74	14.41
	14.68	14.66
	14.59	14.53
	14.4	14.33
	14.34	14.22
	14.29	14.51
	14.1	14.58
	14.12	14.66
	14.2	14.5
	14.54	14.64
	14.41	14.52
	14.45	14.49
	14.43	14.41
	14.23	14.38
	14.41	14.39
	14.5	14.55
	14.41	14.57
	14.31	14.39
	14.31	14.6
	14.37	14.67
	14.29	14.48
	14.25	14.55
	14.35	14.27
	14.34	14.35
	14.49	14.54
	14.36	14.53
	14.48	14.57
	14.64	14.64
	14.8	14.7
	14.72	14.68
5/31/03	14.8	14.66

PORTFOLIO STATISTICS:

Market Price	\$14.80
Net Asset Value	\$14.66
Market Price Yield(3)	6.84%

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the redeemable 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 by the Fund have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

An investment in the Fund involves risk, including the loss of principal. Investment 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 total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(3) Market Price Yield is determined by dividing the annualized per share dividend payable to common shareholders by the market price per common share.

2 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II PERFORMANCE SUMMARY AND STATISTICS (UNAUDITED)

<p>SYMBOL: PCK</p> <p>OBJECTIVE: PIMCO California Municipal Income Fund II seeks to provide current income exempt from federal and California State income tax.</p>	<p>PRIMARY INVESTMENTS: Municipal fixed-income securities, the interest from which is exempt from federal and California State income tax.</p>	<p>INCEPTION DATE: June 28, 2002</p> <p>TOTAL NET ASSETS(1): \$700.0 million (at 5/31/03)</p> <p>PORTFOLIO MANAGER: Mark McCray</p>
---	--	---

TOTAL RETURN(2):	Market Price	NAV

Commencement of Operations (6/28/02) to 5/31/03	4.23%	8.25%

COMMON SHARE PRICE PERFORMANCE (WEEKLY):
Commencement of Operations (6/28/02) to 5/31/03

[Table below represents a line chart in the printed report.]

	at Market Price -----	at NAV -----
6/28/02	15	14.33
	15.1	14.33
	15.28	14.42
	15.26	14.42

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

	15.04	14.47
	15.29	14.44
	15.28	14.49
	15.28	14.56
	15.22	14.48
	15.05	14.6
	15.18	14.7
	15.25	14.86
	15.25	15.02
	15.1	15.02
	15.07	14.98
	15.07	14.8
	14.26	14.07
	14.42	13.93
	14.72	14.25
	14.8	14.54
	14.67	14.34
	14.27	14.16
	14.35	14.03
	14.1	14.26
	14.18	14.36
	14.18	14.48
	14.25	14.45
	14.25	14.48
	14.11	14.32
	14.05	14.23
	14.08	14.17
	14.05	14.11
	14.12	14.13
	14.06	14.25
	14.1	14.26
	14.19	14.2
	14.5	14.47
	14.36	14.54
	14.36	14.32
	14.4	14.38
	14.31	14.06
	14.24	14.12
	14.25	14.34
	14.28	14.33
	14.54	14.42
	14.64	14.47
	14.78	14.59
	14.82	14.69
5/31/03	14.78	14.66

PORTFOLIO STATISTICS:

Market Price	\$14.78
Net Asset Value	\$14.66
Market Price Yield(3)	6.60%

(1) Inclusive of net assets to attributable Preferred Shares outstanding.

(2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the redeemable 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

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

dividends and capital gain distributions by the Fund have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

An investment in the Fund involves risk, including the loss of principal. Investment 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 total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(3) Market Price Yield is determined by dividing the annualized per share dividend payable to common shareholders by the market price per common share.

5.31.03 | PIMCO Municipal Income Funds II Annual Report 3

PIMCO NEW YORK MUNICIPAL INCOME FUND II PERFORMANCE SUMMARY AND STATISTICS (UNAUDITED)

<p>SYMBOL: PNI</p> <p>OBJECTIVE: PIMCO New York Municipal Income Fund II seeks to provide current income exempt from federal, New York State and New York City income tax.</p>	<p>PRIMARY INVESTMENTS: Municipal fixed-income securities, the interest from which is exempt from federal, New York State and New York City income tax.</p>	<p>INCEPTION DATE: June 28, 2002</p> <p>TOTAL NET ASSETS(1): \$239.5 million (at 5/31/03)</p> <p>PORTFOLIO MANAGER: Mark McCray</p>
--	--	--

TOTAL RETURN(2):	Market Price	NAV
Commencement of Operations (6/28/02) to 5/31/03	3.76%	6.61%

COMMON SHARE PRICE PERFORMANCE (WEEKLY): Commencement of Operations (6/28/02) to 5/31/03

[Table below represents a line chart in the printed report.]

	at Market Price	at NAV
6/28/02	15	14.33
	15.2	14.31
	15.11	14.36
	15.35	14.38
	15.02	14.42
	15.35	14.46
	15.08	14.52
	15	14.56
	15.16	14.48

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

	15.06	14.59
	15.14	14.69
	15.12	14.76
	15.14	14.91
	15.03	14.91
	15.06	15.02
	14.97	14.95
	14.65	14.29
	14.25	14.16
	14.06	14.35
	14.32	14.62
	14.3	14.51
	14.13	14.33
	14.22	14.19
	14.06	14.44
	14.1	14.55
	14.05	14.63
	14.02	14.62
	14.15	14.71
	14.17	14.54
	14.09	14.54
	13.95	14.42
	14.03	14.4
	14	14.44
	14.03	14.53
	14.2	14.48
	14.23	14.38
	14.34	14.51
	14.26	14.62
	14.22	14.36
	14.23	14.43
	14.29	13.78
	14.15	13.86
	14.1	14.11
	14.18	14.02
	14.16	14.08
	14.4	14.2
	14.75	14.25
	14.65	14.39
5/31/03	14.71	14.45

PORTFOLIO STATISTICS:

Market Price	\$14.71
Net Asset Value	\$14.45
Market Price Yield(3)	6.63%

(1) Inclusive of net assets to Preferred Shares outstanding.

(2) PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. Total return is determined by subtracting the initial investment from the redeemable 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 by the Fund have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized.

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

An investment in the Fund involves risk, including the loss of principal. Investment 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 total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(3) Market Price Yield is determined by dividing the annualized per share dividend payable to common shareholders by the market price per common share.

4 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*

MUNICIPAL BONDS & NOTES--89.2%		
ALABAMA--4.9%		
\$ 45,645	Birmingham Waterworks & Sewer Board. Rev., Ser. B, 5.00%, 1/1/27-1/1/43 (MBIA)	Aaa/AAA
1,750	Huntsville Health Care Auth., Ser. B, 5.75%, 6/1/32	A2/NR
16,580	Jefferson Cnty. Sewer Rev., Ser. B, 4.75%, 2/1/38 (FGIC)	Aaa/AAA
ALASKA--1.3%		
13,885	State Housing Fin. Corp., Ser. A, 5.00%, 12/1/39	Aaa/AAA
3,550	Ser. C, 5.25%, 6/1/32 (MBIA)	Aaa/AAA
ARIZONA--0.1%		
1,300	State Health Fac. Auth. Hosp. Rev., 5.75%, 12/1/32	NR/BBB
CALIFORNIA--2.3%		
12,300	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev., Ser. 2003-A-1, 6.25%-6.75%, 6/1/33-6/1/39	Baa2/A-
17,955	State, GO, 5.25%, 2/1/29-4/1/32	A2/A
1,000	Rancho Cucamonga Community Facs. Dist. Ser. A, 6.30%, 9/1/23	NR/NR
COLORADO--4.9%		

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

30,000	Dawson Ridge Dist. No. 1, GO, Ser. A, zero coupon, 10/1/22	Aaa/NR
5,000	Denver Co. City & Cnty. Cert. of Participation, Ser. B, 5.50%, 12/1/25 (AMBAC)	Aaa/AAA
25,000	Health Fac. Auth. Rev., Catholic Health Initiatives-A, 5.50%, 3/1/32	Aa2/AA
18,305	Health Fac. Auth. Rev., Exempla Inc., Ser. A, 5.625%, 1/1/33	A1/A
6,500	Health Fac. Auth. Rev., Liberty Height, Retirement Fac., zero coupon, 7/15/22	Aaa/AAA
DISTRICT OF COLUMBIA--1.3%		
17,500	Washington DC Convention Ctr. Auth. Tax Rev., 4.75%, 10/1/28 (AMBAC)	Aaa/AAA
FLORIDA--4.2%		
8,000	Highlands Cnty. Health Fac. Auth. Rev., Ser. A, 6.00%, 11/15/31	A3/A-
635	Hillsborough Cnty. Health Fac. Incl. Dev. Rev., 5.625%, 8/15/23	Baa2/BBB
2,335	Hillsborough Cnty. Pollution Control Rev., Tampa Electric Co. Proj., 5.50%, 10/1/23	aa/BBB-
7,135	Jacksonville Health Facs. Auth. Rev., Ser. A, 5.25%, 11/15/32	Aa2/AA
5,350	Lakeland Elec. & Water Rev., Ser. A, 5.00%, 10/1/28 (MBIA)	Aaa/AAA

5.31.03 | PIMCO Municipal Income Funds II Annual Report 5

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*

FLORIDA--(CONTINUED)		
\$ 11,500	Lakeland Hosp. Syst. Rev., Regional Health Sys., 5.50%, 11/15/32	A1/NR
3,000	Leesburg Hosp. Rev., Leesburg Regional Medical Center, 5.50%, 7/1/32	A2/A
1,410	Melbourne Water & Sewer Rev., Ser. A, 5.00%, 10/1/32 (FGIC)	Aaa/AAA
7,550	Orange Cnty. Health Fac., Adventist Health Sys., 5.625%-6.25%, 11/15/24-11/15/32	A3/A-
6,615	State Board Education Ser. B, GO, 5.00%, 6/1/27 (FGIC)	Aaa/AAA
1,500	Winter Springs Water & Sewer Rev., zero coupon, 10/1/29 (FGIC)	Aaa/AAA
GEORGIA--1.1%		

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

9,000	Atlanta Water & Wastewater, Ser. A, 5.00%, 11/1/39 (MBIA)	Aaa/AAA
1,500	Grantor Trust Gov't Cert. of Participation Ser. A, 4.75%, 6/1/28 (MBIA)	Aaa/AAA
9,600	Richmond Cnty. Dev Auth. Rev., zero coupon, 12/1/21	Aaa/NR
HAWAII--1.5%		
19,170	Honolulu City & Cnty. Wastewater Syst. Rev., First Board Resolution, 4.75%, 7/1/28 (FGIC)	Aaa/NR
ILLINOIS--16.9%		
11,760	Central Lake Cnty. Water Agy. Rev., Ser. A, 5.125%, 5/1/28-5/1/32 (AMBAC)	Aaa/NR
5,000	Cicero Corp. GO, 5.25%, 12/1/31 (MBIA)	Aaa/AAA
5,050	Chicago GO, Ser. A, 5.125%, 1/1/29 (FGIC)	Aaa/AAA
94,485	Chicago City Colleges GO, zero coupon, 1/1/37-1/1/39 (FGIC)	Aaa/AAA
5,000	Chicago Board of Education School Reform GO, Ser. A, zero coupon, 12/1/28 (FGIC)	Aaa/AAA
4,500	zero coupon, 12/1/31 (FGIC)	Aaa/AAA
7,000	Chicago Midway Arpt. Rev., Ser. B, 5.00%, 1/1/31 (MBIA)	Aaa/AAA
9,862	Chicago Special Assessment, Lake Shore East 6.625%-6.75%, 12/1/22-12/1/32	NR/NR
144,650	Dev. Fin. Auth. Retirement Housing Rev., zero coupon, 7/15/23-7/15/25	NR/AAA
20,100	Health Facs. Auth. Rev., Elmurst Memorial Healthcare, 5.625%, 1/1/28	A2/A-
110,000	Metropolitan Pier & Exposition Auth., zero coupon, 12/15/30-12/15/33 (MBIA)	Aaa/AAA
68,470	State Sports Facs. Auth, 5.50%, 6/15/30 (AMBAC)	Aaa/AAA
17,720	Univ. of Chicago Edl. Facs. Auth. Rev., Ser. A, 5.25%, 7/1/41	Aa1/AA

6 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*

	INDIANA--0.4%	
\$ 500	State Bank Rev., Ser. D, 5.25%, 4/1/30 (AMBAC)	Aaa/AAA
4,125	Fort Wayne Pollution Control Rev., 6.20%, 10/15/25	A3/BBB

KANSAS--0.2%

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

2,800	Univ. of Kansas, Hosp. Auth. Health Facs. Rev., 5.625%, 9/1/32	NR/A-
	KENTUCKY--0.2%	
2,500	Economic Dev. Finance Auth. Hospital Facs. Rev., 5.25%, 10/1/30	A1/AA-
	IOWA--0.5%	
8,850	Tobacco Settlement Auth., Ser. B, 5.60%, 6/1/35	Baa1/A-
	LOUISIANA--4.3%	
20,400	Ochsner Clinic Foundation Pub. Facs. Auth. Rev., Ser. B, 5.50%, 5/15/32	A3/NR
44,395	Tobacco Settlement Financing Corp., Ser. 2001B, 5.875%, 5/15/39.	A1/A
	MARYLAND--0.1%	
1,000	State Health & Higher Educational. Fac. Auth. Rev. John Hopkins Univ., Ser. B, 5.00%, 1/1/25	Aa2/Baa1
	MASSACHUSETTS--6.2%	
1,300	Massachusetts Bay Trans. Auth., Ser. A, 4.75%, 3/1/21 (MBIA)	Aaa/AAA
32,000	Massachusetts Bay Trans. Auth., Sales Tax Rev., Ser. A, 5.00%, 7/1/32	Aaa2/AAA
20,000	State GO, Ser. C, 5.25%, 11/1/30	Aa2/AA-
4,295	State Turnpike Auth., Ser. A, 4.75%, 1/1/34 (AMBAC)	Aaa/AAA
19,300	State Water Reserve Auth., Ser. A 4.75%, 8/1/37	Aaa/AAA
2,300	Ser. B, 4.75%, 12/1/21	Aaa/AAA
	MICHIGAN--3.8%	
10,250	Detroit City School Dist. Ser. A, 5.00%-5.125%, 5/1/31-5/1/32	Aaa/AAA
2,500	Detroit Water Supply Sys. Ser. A, 5.00%, 7/1/30 (FGIC)	Aaa/AAA
15,425	State Hosp. Fin. Auth. Rev., Oakwood Obligation Group, Ser. A, 5.75%-6.00%, 4/1/22-4/1/32	A2/A
5,000	State Hosp. Fin. Auth. Rev., Ascension Health, Ser. B, 5.25%, 11/15/26	Aa2/AA
7,775	West Ottawa Pub. School Dist., Ser. A, 5.00%, 5/1/32	Aaa/AAA
8,000	Whitehall Dist. Schools, 5.00%, 5/1/27	Aaa/AAA
	MISSISSIPPI--0.4%	
3,605	Business Finance Corp., Pollution Control Rev., 5.875%, 4/1/22	Ba1/BBB-

5.31.03 | PIMCO Municipal Income Funds II Annual Report 7

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

Principal Amount (000)		Credit Ratings Moody's/S&P*
	MISSISSIPPI--(CONTINUED)	
\$ 1,000	State Dev. Bank Oblig., Projects & Equipment Acquisitions, 5.00%, 7/1/24 (AMBAC)	Aaa/AAA
	MISSOURI--0.1%	
1,500	St. Louis Parking Facs. Rev., Downtown Parking Facility, 6.00%, 2/1/28	NR/NR
	NEVADA--1.9%	
3,400	Clark Cnty. GO, 5.00%, 6/1/31 (FGIC)	Aaa/AAA
17,030	Reno Lien Transp., 5.125%-5.25%, 6/1/27-6/1/41 (AMBAC)	Aaa/AAA
3,290	Truckee Meadows Water Auth Rev., Ser. A, 5.125%, 7/1/30 (FSA)	Aaa/AAA
	NEW HAMPSHIRE--0.2%	
3,000	Health & Educational Facs. Auth. Rev., 6.125%, 7/1/32	Baa1/BBB+
	NEW JERSEY--2.0%	
60	Camden Cnty. Impt. Auth. Rev., Cooper Health, 5.875%-6.00%, 2/15/15-2/15/27	Ba3/NR
15,405	Economic Dev. Auth., Kapkowski Landfill Proj., 5.75%, 10/1/21-4/1/31	Baa3/NR
750	Economic Dev. Auth., Arbor Glen, Ser. A, 6.00%, 5/15/28	NR/NR
3,500	State Educational Fac. Auth. Rev., Ser. D, 6.00%, 7/1/25	NR/NR
6,000	Tobacco Settlement Financing Corp., Rev., 6.125%-6.75%, 6/1/39-6/1/42	Baa2/A-
	NEW MEXICO--0.4%	
3,000	Farmington Pollution Control Rev., 5.80%, 4/1/22	Baa3/NR
2,000	Farmington Pollution Control Rev., 5.80%, 4/1/22	Baa3/BBB-
	NEW YORK--0.8%	
10,600	Metropolitan Trans. Auth., Ser. A, 5.00%, 11/15/30 (FSA)	Aaa/AAA
	NORTH CAROLINA--1.5%	
11,105	Cap. Facs. Fin. Agy. Rev., Duke Univ., Ser. A, 5.125%, 7/1/42	Aa1/AA+
7,500	Lorian Cnty. Hospital Rev., 5.375%, 10/1/30	A1/AA-
	PENNSYLVANIA--3.2%	
7,250	Allegheny Cnty. Hosp. Dev. Auth. Rev., Ser. B, 9.25%, 11/15/15-11/15/30	B1/B+
4,500	Cumberland Cnty. Auth. Rev., Ser A, 7.25%, 1/1/35	NR/NR

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

8,750	Montgomery Cnty. Higher Education & Health Auth. Hosp. Rev. Ser. A, 5.125%, 6/1/27-6/1/32	NR/A
5,000	Philadelphia Auth. Dev. Lease Rev., Ser. B, 5.25%, 10/1/30 (FSA)	Aaa/AAA
3,050	Philadelphia Auth. Incl. Dev. Rev. Doubletree, 6.50%, 10/1/27	NR/NR
3,000	Philadelphia GO, 5.25%, 9/15/25 (FSA)	Aaa/AAA

8 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*

	PENNSYLVANIA--(CONTINUED)	
\$ 8,520	Philadelphia Hosp. & Higher Ed. Facs. Auth. Rev., 6.85%, 7/1/22	Baa2/BBB
500	Pittsburgh & Allegheny Cnty. Pub. Auditorium, 5.00%, 2/1/29 (AMBAC)	Aaa/AAA
	RHODE ISLAND--4.2%	
65,000	Tobacco Settlement Financing. Corp., Ser. A, 6.25%, 6/1/42	Baa2/A-
	SOUTH CAROLINA--5.5%	
27,745	Greenville Cnty. School District, 5.50%, 12/1/28	A1/AA-
18,120	Jobs Economic Dev. Auth. Economic Dev. Rev., 5.625%, 11/15/30	A3/A-
20,000	Lexington Cnty. Health Services Dist. Inc. Hosp. Rev., 5.50%-5.75%, 11/1/28-11/1/32	A2/A
3,250	Tobacco Settlement Rev., Ser. B, 6.375%, 5/15/28	A1/A
1,180	Transp. Infrastructure Rev., Ser. A, 5.00%, 10/1/29 (AMBAC)	Aaa/NR
	TENNESSEE--0.3%	
3,750	Knox Cnty. Health Educational & Housing Facs. Board, Hospital Facs. Rev., 5.25%, 10/1/30	A1/AA-
	TEXAS--11.6%	
1,000	Arlington Indpt. School Dist, GO, 5.00%, 2/15/24	Aaa/NR
4,480	Aubrey Indpt. School Dist., GO, 5.50%, 2/15/33	Aaa/NR
6,500	Brazos Cnty. Health Facs. Dev. Corp., Franciscan Services Corp., 5.375%, 1/1/32	NR/A-
2,700	Comal Cnty. Health Facs., Mckenna Memorial Hosp., 6.25%, 2/1/32	Baa2/BBB
9,070	Dallas Area Rapid Transit., 5.00%, 12/1/31 (AMBAC)	Aaa/AAA
12,975	5.00%, 12/1/32 (FGIC)	Aaa/AAA

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

500	El Paso Intl. Airport Rev., Marriott Corp., 7.875%, 3/1/22	Ba3/NR
20,000	Frisco Indpt. School Dist. GO, zero coupon, 8/15/34	Aaa/NR
10,260	Galena Park Indpt. School Dist., GO, zero coupon, 8/15/31	Aaa/AAA
19,750	Harris Cnty. GO, 4.75%, 8/15/31	Aa1/AA+
5,250	Harris Cnty. Health Facs. Dev. Corp. Rev., Ser. A, 5.375%, 2/15/26	NR/AA-
25,000	Harris Cnty. Senior Lien Toll Road, 5.00%, 8/15/30 (FSA)	Aaa/AAA
7,500	Keller Indpt. School Dist. GO, 4.875%, 8/15/31	Aaa/AAA
3,170	Little Elm Indpt. School Dist. Ser. A, GO, 5.30%, 8/15/29	NR/AAA
6,250	North Dallas Thruway Auth., 4.75%, 1/1/29 (FGIC)	Aaa/AAA
5,000	Quinlin Indpt. School Dist. Go, 5.10%, 2/15/32	Aaa/NR
10,000	State Turnpike Auth. Highway Imps. Rev., zero coupon, 8/15/19 (AMBAC)	Aaa/AAA
8,880	5.00%, 8/15/42 (AMBAC)	Aaa/AAA
4,900	State Water Financial Assistance, GO, 5.00%-5.25%, 8/1/35-8/1/36	Aa1/AA
7,400	University Rev., Ser. B, 5.00%, 8/15/33	Aaa/AAA

5.31.03 | PIMCO Municipal Income Funds II Annual Report 9

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*

	TEXAS--(CONTINUED)	
\$ 8,000	Wichita Falls Water & Sewer Rev., 5.00%, 8/1/27 (AMBAC)	Aaa/AAA
	VIRGINIA--0.5%	
6,500	Fredericksburg Industrial Dev., Medicorp Health Syst., Ser. B, 5.125%-5.25%, 6/15/27-6/15/33	A3/NR
	WASHINGTON--1.6%	
15,000	King Cnty. Sewer Rev., Ser. A, 5.00%, 1/1/35 (FSA)	Aaa/AAA
5,000	Tacoma Sewer Rev., Ser. A, 5.00%, 12/1/31 (FGIC)	Aaa/AAA
	WISCONSIN--0.8%	
9,725	Badger Tobacco Asset Securitization Corp., 6.125%, 6/1/27	Baa2/A-
1,000	State Health & Educational Facs. Auth. Rev., 5.375%, 10/1/30	NR/A+
	Total Municipal Bonds & Notes (cost-\$1,130,991,337)	

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

VARIABLE RATE NOTES (a) (b) (g) --9.4%

ALABAMA--1.3%		
3,960	Birmingham Waterworks & Sewer Board. Rev., Ser. 781, 18.65%, 1/1/33 (MBIA)	Aaa/NR
6,675	Jefferson Cnty. Sewer Rev., Ser. 352, 14.02%, 2/1/36 (FGIC)	Aaa/NR
2,100	Montgomery Care Fac., Ser. 435, 13.23%, 11/15/29 (MBIA)	Aaa/NR
COLORADO--0.2%		
2,813	Denver City & Cnty. Airtpt Rev., Ser. 425, 15.47%, 11/15/25 (FSA)	Aaa/NR
FLORIDA--0.6%		
2,228	Orange Cnty. School Board, Ser. 328, 15.38%, 8/1/24 (MBIA)	Aaa/NR
4,052	State Governmental Utilities Rev., Ser. 327, 15.38%, 10/1/29 (AMBAC)	Aaa/NR
ILLINOIS--0.9%		
Chicago GO,		
2,225	Ser. 332, 15.88%, 1/1/28 (MBIA)	Aaa/NR
3,300	Ser. 426, 14.90%, 1/1/40 (FGIC)	Aaa/NR
1,932	Cook Cnty., Ser. 403, 13.23%, 11/15/28 (FGIC)	Aaa/NR
2,200	State GO, Ser. 783, 18.65%, 4/1/27	Aaa/NR
INDIANA--0.6%		
6,429	Indianapolis Local Public Improvement Bond Bank, Ser. 784, 18.65%, 7/1/33 (MBIA).	Aaa/NR

10 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
------------------------------	--	--------------------------------

\$ 2,100	MASSACHUSETTS--2.8% Boston Water & Sewer Community Rev., Ser. 434, 13.37%, 11/1/28 (FGIC)	Aa2/NR
----------	---	--------

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

2,420	State GO, Ser. 785, 18.87%, 11/1/30 (FGIC)	Aaa/NR
1,190	State College Bldg. Auth. Proj. Rev., 66.986%-67.852%, 11/1/22-11/1/31	NR/NR
8,498	State Turnpike Auth. Rev., Ser. 335, 13.37%, 1/1/39 (AMBAC)	Aaa/NR
4,500	Ser. 489, 13.37%, 1/1/37 (AMBAC)	Aaa/NR
11,049	Ser. 334, 13.37%, 1/1/37 (AMBAC)	Aaa/NR
4,950	MICHIGAN--0.5% Detroit Water Supply Sys., Ser. 782, 18.65%, 7/1/32 (MBIA)	Aaa/NR
3,300	NEVADA--0.3% State GO, Ser. 344, 13.07%, 5/15/28 (FGIC)	Aaa/NR
1,975	OHIO--0.2% Hamilton Cnty. Sales Tax, Ser. 356, 15.59%, 12/1/27 (MBIA)	Aaa/NR
2,505	PENNSYLVANIA--0.5% Philadelphia School Dist., GO, Ser. 345, 12.24%, 4/1/27 (MBIA)	Aaa/NR
4,016	Ser. 496, 12.42%, 4/1/27 (MBIA)	Aaa/NR
3,075	TEXAS--1.3% Denton Util. Sys. Rev., Ser. 428, 16.09%, 12/1/29 (MBIA)	Aaa/NR
1,650	Houston Arpt. Sys. Rev., Ser. 404, 13.02%, 7/1/25 (FGIC)	Aaa/NR
2,750	Houston Water & Sewer Syst. Rev., Ser. 427, 15.59%, 12/1/28	Aaa/NR
3,838	Ser. 495, 16.59%, 12/1/30	NR/AAA
3,080	State Affordable Housing, American Housing Foundation, Ser. A, Ser. 780, 19.34%, 9/1/22 (MBIA)	
2,730	WASHINGTON--0.2% Central Puget Sound Regl. Tran. Auth. Sales Tax & Motor, Ser. 360, 12.24%, 2/1/28	Aaa/NR

Total Variable Rate Notes (cost-\$102,468,100)

U.S. TREASURY BILLS (e)--2.2%

29,285	1.0148%-1.0899%, 8/7/03-8/14/03 Total U.S. Treasury Bills (cost-\$29,223,729)	Aaa/AAA
TOTAL INVESTMENTS, BEFORE CALL OPTIONS WRITTEN (cost-\$1,262,683,166+)--100.8%		

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

5.31.03 | PIMCO Municipal Income Funds II Annual Report 11

PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Credit Ratings
Moody's/S&P*

CALL OPTIONS WRITTEN (f)--(0.8)%

Contracts

	U.S. Treasury Bond Futures, Chicago Board of Trade:	
(686)	Strike price \$116, expires 6/20/03	\$
(393)	Strike price \$114, expires 6/20/03	
(1,508)	Strike price \$116, expires 8/22/03	

Total call options written (premiums received-\$2,227,143)

TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN
(cost-\$1,260,456,023)--100%

+ The cost basis of portfolio securities for federal income tax purposes is \$1,262,683,166. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$96,259,339 aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$11,902,749 and net unrealized depreciation for federal income tax purposes is \$84,356,590.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

12 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal
Amount

Credit Ratings

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

(000)

Moody's/S&P*

CALIFORNIA MUNICIPAL BONDS & NOTES--83.0%

\$ 34,300	ABAG Financing Auth. Rev., Ser. A, 5.20%-5.35%, 11/15/22-11/15/32	NR/A	\$
2,000	ABC Unified School Dist. GO, zero coupon, 8/1/23, Ser. B (FGIC)	Aaa/AAA	
2,150	zero coupon, 8/1/30-8/1/31 (FGIC)	Aaa/AAA	
1,000	Alpine Union School Dist. GO, Ser. B, zero coupon, 8/1/24 (FSA)	Aaa/AAA	
8,115	Anaheim City School Dist. GO, 5.00%, 8/1/26 (FGIC)	Aaa/AAA	
53,000	Bakersfield, CP, Ser. B, zero coupon, 4/15/21	NR/AAA	
1,965	Bay Area Govt. Assoc. Improvement Bd. Act 1915, 6.30%, 9/2/25	NR/NR	
2,000	Bay Area Govt. Assoc. Lease Rev., Ser. 2002-1, 5.00%, 7/1/32 (AMBAC)	Aaa/AAA	
1,085	Capistrano Unified School Dist., Community Fac. Dist. Special Tax, 5.70%, 9/1/20	NR/NR	
565	Catholic Health Facs. Fin. Auth. Rev., Ser. A, 5.00%, 7/1/28	Baa2/BBB	
2,300	Ceres Unified School Dist., GO, zero coupon, 8/1/27 (FGIC)	Aaa/AAA	
9,865	Chula Vista Special Tax, 6.05%-6.20%, 9/1/25-9/1/33	NR/NR	
8,035	Clovis Unified School District, GO, Ser. B, zero coupon, 8/1/23-8/1/27 (FGIC)	Aaa/AAA	
1,410	Community College Financing Auth. Lease Rev., Ser. A, 5.00%, 8/1/27 (AMBAC)	Aaa/AAA	
6,355	Corona-Norco Unified School Dist., Public Financing Auth. Special Tax, Ser. A, 5.55%-6.10%, 9/1/15-9/1/32	NR/NR	
1,110	Corona-Norco Unified School Dist. Special Tax, 5.10%, 9/1/25 (AMBAC)	Aaa/AAA	
2,800	Cotati Redev. Agcy. Tax Allocation, Ser. A, 5.00%, 9/1/31 (MBIA)	Aaa/AAA	
3,000	Dinuba Financing Auth. Lease Rev., 5.10%, 8/1/32 (MBIA)	Aaa/AAA	
2,825	Empire Union School Dist. Special Tax., zero coupon, 10/1/30-10/1/32 (AMBAC)	Aaa/AAA	
1,000	Escondido Union School Dist. GO, zero coupon, 8/1/27 (FSA)	Aaa/AAA	
2,440	Eureka Unified School Dist. GO, zero coupon, 8/1/27 (FSA)	Aaa/AAA	
42,010	Foothill Eastern Corridor Agcy. Toll Road Rev., zero coupon, 1/1/25-1/1/30, Ser. A	Aaa/AAA	
1,500	zero coupon, 1/15/27 (MBIA)	Aaa/AAA	
400	Franklin-McKinley School Dist. GO, 5.00%, 8/1/27 Ser. B (FSA)	Aaa/AAA	
47,900	Golden State Tobacco Securitization Corp. Rev., Ser. 2003-A-1, 6.25%-6.75%, 6/1/33-6/1/39	A3/A-	
850	Golden Valley Unified School Dist. GO, Ser. B, zero coupon, 8/1/35 (FGIC)	Aaa/AAA	
2,115	Health Facs. Financing Auth. Rev., 5.375%, 11/1/20	NR/A	
1,750	Huntington Beach Community Facs. Dist. Special Tax, 6.30%, 9/1/32	NR/NR	

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
\$ 2,080	Industry Urban Dev. Agcy. Tax Allocation, 4.75%, 5/1/21 (MBIA)	Aaa/AAA
7,000	Irvine Improvement Board Act 1915 Special Assessment, 5.70%, 9/2/26	NR/NR
1,900	Jurupa Unified School Dist. GO, zero coupon, 5/1/27 (FGIC)	Aaa/AAA
2,450	Kings Canyon JT Unified School Dist. GO, zero coupon, 8/1/27 (FGIC)	Aaa/AAA
5,300	Livermore-Amador Valley Water Management Agcy., Sewer Rev., 5.00%, 8/1/31 (AMBAC)	Aaa/AAA
5,935	Long Beach Unified School Dist., GO, Ser. C, 5.00%, 8/1/27 (MBIA)	Aaa/NR
9,895	Los Angeles, CP, 5.00%, 2/1/27 (MBIA)	Aaa/AAA
2,685	5.00%, 10/1/27, Ser. AU (MBIA)	Aaa/AAA
7,200	Los Angeles Wastewater Syst. Rev., Ser. A, 5.00%, 6/1/30 (FGIC)	Aaa/AAA
3,475	Loyola Marymount University Educational Facs. Auth. Rev., zero coupon, 10/1/34 (MBIA)	Aaa/NR
1,000	Manhattan Beach Unified School Dist. GO, zero coupon, 9/1/25 (FGIC)	Aaa/AAA
7,295	Manteca Redev. Agcy. Tax Allocation, 5.00%, 10/1/32 (FSA)	Aaa/AAA
5,330	Manteca Unified School Dist. Special Tax, 5.00%, 9/1/29, Ser. C	Aaa/AAA
2,365	zero coupon, 9/1/25 (MBIA)	Aaa/AAA
4,000	Merced Cnty., CP, 5.00%, 6/1/32 (AMBAC)	Aaa/NR
7,320	Modesto Elementary School Dist., Stanislaus Cnty. GO, Ser. A, zero coupon, 8/1/23-5/1/27 (FGIC)	Aaa/AAA
2,150	Modesto High School Dist., Stanislaus Cnty. GO, Ser. A, zero coupon, 8/1/26 (FGIC)	Aaa/AAA
1,000	Modesto Public Financing Auth. Lease Rev., 5.00%, 9/1/29 (AMBAC)	Aaa/AAA
2,385	Monrovia Financing Auth. Lease Rev., 5.125%, 12/1/31 (AMBAC)	Aaa/AAA
7,105	Montebello Unified School Dist. GO, zero coupon, 8/1/24-8/1/27 (FGIC)	Aaa/AAA
1,485	zero coupon, 8/1/24 (FSA)	Aaa/AAA
2,400	Morgan Hill Unified School Dist. GO, zero coupon, 8/1/23 (FGIC)	Aaa/AAA
1,500	Mountain View-Whisman School Dist. GO, Ser. D, 5.00%, 6/1/27 (MBIA)	Aaa/AAA
1,800	Murrieta Redev. Agcy. Tax, 5.00%, 8/1/32 (MBIA)	Aaa/AAA
3,245	Newark Unified School Dist. GO, Ser. D, zero coupon, 8/1/26 (FSA)	Aaa/AAA
2,750	North City West School Facs. Financing Auth., Special Tax, zero coupon, 9/1/27 (AMBAC)	Aaa/AAA
3,580	Oakland Redev. Agcy. Tax Allocation, 5.25%, 9/1/27-9/1/33	NR/A-

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
 May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
\$ 1,000	Orange Cnty. Community Facs. Dist. Special Tax, Ser. A, 6.00%, 8/15/25	NR/NR
7,625	Orange Cnty. Water Dist. CP, Rev., Ser. B, 5.00%, 8/15/34 (MBIA)	Aaa/AAA
3,685	Palmdale Community Redev. Agcy. Tax Allocation, zero coupon, 12/1/30-12/1/32 (AMBAC)	Aaa/AAA
1,750	Paramount Unified School Dist. GO, Ser. B, zero coupon, 9/1/23 (FSA)	Aaa/AAA
1,190	Perris Public Financing Auth. Rev., 4.75%, 10/1/23, Ser. B (MBIA)	Aaa/AAA
2,580	5.375%-5.625%, 10/1/20-10/1/31, Ser. C	NR/BBB
14,200	Poway Unified School Dist. Special Tax, 5.50%-6.125%, 9/1/25-9/1/33	NR/NR
2,000	Rancho Cucamonga Community Facs. Dist., Special Tax, Ser. A, 6.375%, 9/1/31	NR/NR
1,500	Richmond Wastewater Rev., zero coupon, 8/1/30 (FGIC)	Aaa/AAA
17,500	Rocklin Unified School Dist. GO, zero coupon, 8/1/24-8/1/27 (FGIC)	Aaa/AAA
9,250	Roseville Redev. Agcy. Tax Allocation, 5.00%, 9/1/27-9/1/33 (MBIA)	Aaa/AAA
4,500	Sacramento City Financing Auth. Rev., Ser. A, 5.00%, 12/1/32 (FSA)	Aaa/AAA
4,935	6.25%, 9/1/23	NR/NR
16,000	Sacramento Cnty. Airport Syst. Rev., Ser. A, 5.00%, 7/1/32 (FSA)	Aaa/AAA
1,500	San Diego Public Facs. Financing Auth. Lease Rev., 5.00%, 4/1/32 (MBIA)	Aaa/AAA
1,000	San Diego Public Facs. Financing Auth. Sewer Rev., Ser. A, 5.00%, 5/15/29 (FGIC)	Aaa/AAA
16,285	San Diego Cnty. Water Auth. Water Rev., CP, Ser. A, 5.00%, 5/1/28-5/1/29 (MBIA)	Aaa/AAA
5,585	San Francisco City & Cnty. Airport Community, Int'l Airport Rev., 4.50%, 5/1/28, Ser. 15B (MBIA)	Aaa/AAA
20,300	5.00%, 5/1/32, Ser. 28B (MBIA)	Aaa/AAA
7,660	San Francisco City & Cnty. Public Utilities Community Water Rev., Ser. A, 5.00%, 11/1/27 (MBIA)	Aaa/AAA
10,405	San Joaquin Hills Transportation Corridor Agcy. Toll Road Rev., zero coupon, 1/1/25	AAA/AAA
10,190	San Jose, GO, 5.125%, 9/1/31 (MBIA)	Aa1/AA+
7,875	San Juan Unified School Dist. GO, zero coupon, 8/1/23-8/1/26 (FSA)	Aaa/AAA
5,000	Santa Margarita Community Fac. Water Dist. Special Tax, 6.00%-6.25%, 9/1/29-9/1/30	NR/NR
2,300	San Mateo Union High School Dist. GO, zero coupon, 9/1/20 (FGIC)	Aaa/AAA
4,835	San Mateo Foster City School Dist. GO, 5.10%, 8/1/31 (FGIC)	Aaa/AAA

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

5.31.03 | PIMCO Municipal Income Funds II Annual Report 15

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
\$ 1,730	San Rafael City High School Dist. GO, Ser. B, 5.00% 8/1/27 (FSA)	Aaa/AAA
3,280	San Rafael Elementary School Dist. GO, Ser. B, 5.00%, 8/1/27 (FSA)	Aaa/AAA
8,690	Santa Clara Unified School Dist. GO, 5.00%, 7/1/25-7/1/27 (MBIA)	NR/AAA
1,260	Santa Cruz Cnty., CP, 5.25%, 8/1/32	A2/NR
3,500	Saugus Hart School Facs. Financing Auth. Special Tax, 6.10%-6.125%, 9/1/32-9/1/33	NR/NR
1,000	Shasta Union High School Dist. GO, zero coupon, 8/1/24 (FGIC)	Aaa/AAA
12,975	South Gate Utility Auth. Rev., 5.00%, 10/1/32 (FGIC)	NR/AAA
4,745	South Tahoe JT Powers Parking Financing Auth. Rev., Ser. A, 7.00%, 12/1/27	NR/NR
1,800	Southern Mono Health Care Dist. GO, zero coupon, 8/1/26 (MBIA)	Aaa/AAA
1,650	State GO, 5.00%, 4/1/27 (AMBAC)	Aaa/AAA
7,780	5.25%, 2/1/30 (XLCA)	Aaa/AAA
9,375	State Health Facs. Financing Auth. Rev., 5.125%-5.25%, 1/1/22-1/1/26	NR/A
9,605	State Public Works Board Lease Rev., Ser. A, 5.00%, 10/1/22 (FSA)	Aaa/AAA
1,710	State University Rev. & Colleges, Ser. A, 5.00%, 11/1/33 (AMBAC)	Aaa/AAA
1,170	Statewide Community Dev. Auth. CP, 6.10%, 11/1/15	NR/NR
5,000	Statewide Community Dev. Auth. Rev., 6.75%, 10/1/30-7/1/32	NR/NR
2,770	Statewide Community Dev. Auth., Rev., Ser. A, 5.50%, 11/1/32	A3/A
1,955	Statewide Financing Auth. Tobacco Settlement Rev., 5.625%, 5/1/29, Ser. A	A3/NR
20,000	6.00%, 5/1/37, Ser. B	A3/NR
7,750	Tamalpais Union High School Dist. GO, 5.00%, 8/1/27 (FSA)	Aaa/AAA
15,000	Tobacco Securitization Agcy. Rev., 5.625%-6.00%, 6/1/23-6/1/35	A3/A-
1,800	5.875%, 6/1/43, Ser. A	A3/NR
4,500	6.00%, 6/1/42	A3/NR
1,000	Tracy Community Facs. Dist. Special Tax, 6.00%, 9/1/27	NR/NR
7,815	Tustin Unified School Dist. Special Tax, 5.00%, 9/1/38 (FSA)	Aaa/AAA
1,555	Ventura Unified School Dist. GO, Ser. F, 5.00%, 8/1/32 (FSA)	Aaa/AAA
10,000	Ventura Cnty. Community College Dist. GO, Ser. A, 5.00%, 8/1/27 (MBIA)	Aaa/AAA

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

2,000

Vernon Elec. Syst. Rev., 5.50%, 4/1/33

A2/BBB+

16 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
\$ 3,535	Victor Elementary School Dist., Ser. A, zero coupon, 8/1/24-8/1/26 (FGIC)	Aaa/AAA
1,000	Vista Unified School Dist. GO, Ser. A, zero coupon, 8/1/26 (FSA)	Aaa/AAA
7,320	West Contra Costa University School Dist. GO, Ser. A, 5.00%, 8/1/26-8/1/31 (MBIA)	Aaa/AAA
3,375	Westlands Water Dist. Rev. CP, 5.00%, 9/1/34 (MBIA)	Aaa/AAA
2,110	Yuba City Unified School Dist. GO, zero coupon, 9/1/25 (FGIC)	Aaa/AAA
Total California Municipal Bonds & Notes (cost-\$549,953,619)		

OTHER MUNICIPAL BONDS & NOTES--0.5%		

3,500	PUERTO RICO--0.5% Public Building Auth. Rev., Ser. G, 4.75%, 7/1/32 (cost-\$3,494,280)	Baa1/A-

CALIFORNIA VARIABLE RATE NOTES (a) (b) (g)--12.1%		

4,238	Los Angeles Dept. of Water & Power, Waterworks Rev., 16.27%, 7/1/41 (FGIC) (c)	Aaa/NR
2,500	16.12%, 7/1/41 (MBIA) (c)	Aaa/NR
12,465	Los Angeles Unified School Dist. GO, 27.68%-31.46%, 1/11/11 (FSA) (c)	NR/NR
1,875	Modesto Public Financing Auth. Lease Rev., Ser. 354, 15.77%, 9/1/29 (AMBAC) (c)	AAA/NR
4,952	Oakland, GO, Ser. 756, 15.77%, 1/15/32 (FGIC) (c)	Aaa/NR
6,615	San Diego Public Facs. Financing Auth. Water Rev., 15.77%, 8/1/32 (MBIA) (c)	Aaa/NR
1,944	San Diego Unified School Dist. GO, 15.77%, 7/1/27 Ser. 758 (FGIC) (c)	Aaa/NR
2,209	15.77%, 7/1/26 Ser. 759 (FSA) (c)	NR/NR
3,743	San Jose GO, 15.77%, 9/1/32 (MBIA) (c)	Aaa/NR
2,288	San Jose Unified School Dist. Santa Clara Cnty. GO, 15.77%, 8/1/27 (FSA) (c)	Aaa/NR

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

6,220	State GO, 49.39%, 9/1/12 (MBIA) (c)	Aaa/NR
5,228	University Revs., Ser. 762, 15.77%, 9/1/28 (FGIC) (c)	Aaa/NR

Total California Variable Rate Notes (cost-\$67,112,067)

CALIFORNIA SHORT-TERM VARIABLE RATE DEMAND NOTES (d)--3.1%

2,000	Eastern Municipal Water & Sewer Dist. Rev. CP, Ser. B, 1.10%, 6/5/03 (FGIC)	VMIG1/A1+
2,850	Irvine Ranch Water Dist. GO, Ser. B, 1.25%, 6/2/03	NR/A1+
700	Los Angeles Dept. Water & Power Waterworks Rev., Ser. B-2, 1.20%, 6/2/03	VMIG1/A1+
5,500	Metropolitan Water Dist. Southern Waterworks Rev., Ser. C-1, 1.25%, 6/2/03	VMIG1/A1+
800	Orange Cnty. Sanitation Dist. CP, Ser. B, 1.25%, 6/2/03	VMIG1/A1+
2,600	State Health Facs. Fin. Auth. Rev., Ser. B, 1.30%, 6/2/03 (AMBAC)	VMIG1/A1+

5.31.03 | PIMCO Municipal Income Funds II Annual Report 17

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
\$ 3,900	State Infrastructure & Economic Dev. Bk. Rev., Ser. B, 1.30%, 6/2/03 (AMBAC)	Aaa/A1+
2,000	State RAN, 1.32%, 6/20/03	MIG2/SP2
800	Statewide Community Dev. Auth. CP, 1.25%, 6/2/03 (AMBAC)	VMIG1/A1
	Total California Short-Term Variable Rate Demand Notes (cost-\$21,149,105)	

U.S. TREASURY BILLS (e)--1.9%

1,820	1.03%, 8/7/03	Aaa/AAA
11,450	1.04%, 8/14/03	Aaa/AAA

Total U.S. Treasury Bills (cost-\$13,241,616)

TOTAL INVESTMENTS, BEFORE CALL OPTIONS WRITTEN
(cost-\$654,950,687++)--100.6%

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

CALL OPTIONS WRITTEN (f)--(0.6)%

Contracts

U.S. Treasury Bond Futures, Chicago Board of Trade:
 (201) Strike Price \$114, expires 6/20/03
 (373) Strike Price \$116, expires 6/20/03
 (373) Strike Price \$116, expires 8/22/03

Total call options written (premiums received-\$743,511)

TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN
 (cost-\$654,207,176)--100.0%

++ The cost basis of portfolio securities for federal income tax purposes is \$654,950,687. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$45,964,508; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$7,641,342, net unrealized appreciation for federal income tax purposes is \$38,323,166.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

18 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO NEW YORK MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
 May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
------------------------------	--	--------------------------------

NEW YORK MUNICIPAL BONDS & NOTES--90.5%

\$ 1,250	Buffalo Municipal Water Fin. Auth., Water Syst. Rev., Ser. B, 5.00%-5.125%, 7/1/27-7/1/32 (FSA)	Aaa/AAA
10,000	Erie Cnty. Tobacco Asset 6.50%, 7/15/32	Baa2/A-
5,000	Metropolitan Transportation Auth. Dedicated Tax Fund, Ser. A, 5.00%, 11/15/30	A1/AA-
1,850	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/30, Ser. A (FSA)	Aaa/AAA

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

10,000	5.25%, 11/15/31, Ser. E	A2/A
7,000	Metropolitan Transportation Auth. Service Contract, Ser. B, 5.35%, 7/1/31	A3/AAA
	New York City, GO	
1,500	5.75%, 8/1/16, Ser. A	A2/A
4,000	5.00%, 3/1/33, Ser. I	A2/A
3,100	New York City Health & Hospital Corp., Rev., Ser. A, 5.375%-5.45%, 2/15/26	A3/BBB
1,250	New York City Indl. Dev. Agcy., Civic Fac. Rev., 6.45%, 7/1/32	Baa3/NR
1,000	New York City Indl Dev. Agcy. Rev., 4.95%, 11/20/32 (GNMA)	NR/AAA
	New York City Municipal Water Fin. Auth., Water & Sewer Sys. Rev., Ser. A,	
5,000	5.00%, 6/15/32	Aa2/AA
15,000	5.125%, 6/15/34	Aa2/AA
	New York City Transitional Fin. Auth. Rev.,	
7,195	5.00%, 11/15/26, Ser. A.	Aa2/AA+
10,000	5.00%, 11/1/27, Ser. B	Aa2/AA+
3,600	Port Auth. New York & New Jersey, 5.00%, 4/15/32	Aaa/AAA
6,590	Sachem Central School District of Holbrook, 5.00%, 6/15/28-6/15/29	Aaa/AAA
7,500	State Dormitory Auth. Lease Rev., State Univ. Dormitory Facs., 5.00%, 7/1/32	A1/AA-
3,225	State Dormitory Auth. Revs., FHA-NY & Presbyterian Hospital, 4.75%, 8/1/27 (AMBAC)	Aaa/AAA
5,000	State Dormitory Auth. Revs., FHA-Saint Barnabas, Ser. A, 5.00%, 2/1/31 (AMBAC)	Aaa/AAA
8,850	State Dormitory Auth. Revs., North General Hospital, 5.00%, 2/15/25	NR/AA-
5,300	State Dormitory Auth. Revs., Lenox Hill Hospital, 5.50%, 7/1/30	A3/NR
1,400	State Dormitory Auth. Revs., Long Island Univ., 5.25%, 9/1/28	Baa3/AA
7,000	State Dormitory Auth. Revs., Memorial Sloan-Kettering Center, Ser. 1, 5.00%, 7/1/34	Aa2/AA
4,270	State Dormitory Auth. Rev., Teachers College, 5.00%, 7/1/32 (MBIA)	Aaa/NR
8,600	State Dormitory Auth. Rev., State Personal Income Tax, 5.00%, 3/15/32	NR/AA

5.31.03 | PIMCO Municipal Income Funds II Annual Report 19

PIMCO NEW YORK MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

Principal Amount (000)		Credit Ratings Moody's/S&P*
\$ 2,000	State Environmental Facs. Corp., State Clean Water & Drinking, 5.125%, 6/15/31	Aaa/AAA
2,500	State Power Auth., Ser. A, 4.75%, 11/15/22	Aa2/AA-
6,000	State Urban Dev. Corp., Correctional & Youth Facs. Services,	

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

	Ser. A, 5.50%, 1/1/17	NR/AA-
6,100	State Urban Dev. Corp., Personal Income Tax, Ser. C, 5.00%, 3/15/33	A1/AA
25,000	Tobacco Trust II Settlement Asset Backed, Inc. 5.75%, 7/15/32	A3/A-
10,000	6.375%, 7/15/39	A3/A
4,700	Triborough Bridge & Tunnel Auth. Revs., Ser. A, 5.00%, 1/1/32 (FGIC)	Aaa/AAA
6,000	5.00%, 1/1/27	Aa3/AA-
750	Westchester Cnty. Incl Dev. Agcy. Continuing Care, 6.50%, 1/1/34	NR/NR

Total New York Municipal Bonds & Notes (cost-\$206,712,172)

OTHER MUNICIPAL BONDS & NOTES--2.7%

	PUERTO RICO--2.7%	
5,675	Children Trust Fund Puerto Rico Tobacco Settlement Rev., 5.625%, 5/15/43	Baa2/A-
1,500	Puerto Rico Commonwealth Highway & Transportation Auth., Ser. D, 5.25%, 7/1/38	Baa1/A

Total Other Municipal Bonds & Notes (cost-\$6,967,227)

NEW YORK VARIABLE RATE NOTES (a) (b) (g)--5.6%

6,994	Long Island Power Auth. Elec. Syst. Rev., Ser. 339, 16.71%, 12/1/26 (MBIA)	Aaa/NR
3,939	New York City Municipal Water Fin. Auth., Water & Sewer Sys. Rev., Ser. 364, 12.31%, 6/15/25 (MBIA)	Aaa/NR

Total New York Variable Rate Notes (cost-\$10,526,506)

U.S. TREASURY BILLS (e)--2.1%

4,960	1.00-1.07%, 8/7/03-8/14/03 (cost-\$4,949,474)	Aaa/AAA
-------	---	---------

TOTAL INVESTMENTS BEFORE CALL OPTIONS WRITTEN
(cost-\$229,155,379+++)--100.9%

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

20 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO NEW YORK MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS
May 31, 2003

CALL OPTIONS WRITTEN (f)--(0.9)%

Contracts	U.S. Treasury Bond Futures, Chicago Board of Trade:
(116)	Strike price \$116, expires 6/20/03
(114)	Strike price \$114, expires 6/20/03
(116)	Strike price \$116, expires 8/22/03

Total call options written (premiums received-\$453,255)

TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN
(cost-\$228,702,123)--100%

+++ The cost basis of portfolio securities for federal income tax purposes is \$229,155,379. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$12,671,179, aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$3,092,789 and net unrealized appreciation for federal income tax purposes is \$9,578,390.

NOTES TO SCHEDULES OF INVESTMENTS:

* Unaudited

** Long-term debt securities are valued by an independent price service authorized by the Board of Trustees.

(a) Variable Rate Notes are 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).

(b) Security exempt from registration under Rule 144a of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically to qualified institutional investors. At May 31, 2003, these securities amounted to \$126,550,817 or 9.4% of investments, \$85,224,940 or 12.4% of investments and \$13,327,412 or 5.6% of investments, respectively, for Municipal, California and New York Municipal.

(c) Security deemed illiquid.

(d) Maturity date shown is date of next call.

(e) All or partial principal amount segregated as initial margin on futures contracts.

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

(f) Non-income producing security.

(g) Residual Interest Municipal Bonds. The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index.

GLOSSARY:

AMBAC -- insured by American Municipal Bond Assurance Corp.
 CP -- Certificates of Participation
 FGIC -- insured by insured Financial Guaranty Insurance Co.
 FSA -- insured by Financial Security Assurance, Inc.
 GNMA -- Government National Mortgage Association
 GO -- General Obligation Bonds
 MBIA -- insured by Municipal Bond Investors Assurance
 NR -- Not Rated
 RAN -- Revenue Anticipation Note
 XLCA -- insured by XL Capital Assurance

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

5.31.03 | PIMCO Municipal Income Funds II Annual Report 21

PIMCO MUNICIPAL INCOME FUNDS II STATEMENTS OF ASSETS AND LIABILITIES
 May 31, 2003

	MUNICIPAL II	CALIFORNIA MUNICIPAL II	NE MUNI
ASSETS:			
Investments, at value (cost-\$1,262,683,166, \$654,950,687 and \$229,155,379, respectively)	\$1,347,039,756	\$693,273,853	\$238,
Cash	--	115,742	
Interest receivable	21,860,250	11,735,657	4,
Receivable for investments sold	--	1,600,095	
Receivable for variation margin on futures contracts	212,069	97,859	
Prepaid expenses	76,700	50,198	
Total Assets	1,369,188,775	706,873,404	243,
LIABILITIES:			
Due to custodian	324,177	--	
Dividends payable to common and preferred shareholders	4,934,476	2,460,782	

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

Options written, at value (premiums received- \$2,227,143, \$743,511, \$453,255, respectively)	11,302,391	4,066,609	2,
Investment management fees payable	573,773	295,722	
Accrued expenses	168,771	79,893	
Total Liabilities	17,303,588	6,903,006	3,
PREFERRED SHARES (\$0.00001 PAR VALUE AND \$25,000 NET ASSET AND LIQUIDATION VALUE PER SHARE APPLICABLE TO AN AGGREGATE OF 20,200, 10,400 AND 3,600 SHARES ISSUED AND OUTSTANDING, RESPECTIVELY)	505,000,000	260,000,000	90,
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$846,885,187	\$439,970,398	\$149,
COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:			
Common Stock:			
Par value (\$0.00001 per share)	\$ 578	\$ 300	\$
Paid-in-capital in excess of par	821,208,452	426,317,796	146,
Undistributed (dividends in excess of) net investment income	725,557	(465,795)	(3
Accumulated net realized loss	(39,952,745)	(16,230,403)	(4,
Net unrealized appreciation of investments, futures contracts and options written	64,903,345	30,348,500	7,
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$846,885,187	\$439,970,398	\$149,
Common Shares Outstanding	57,780,866	30,006,873	10,
NET ASSET VALUE PER COMMON SHARE	\$14.66	\$14.66	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

22 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II STATEMENTS OF OPERATIONS
For the period June 28, 2002* through May 31, 2003

MUNICIPAL II	CALIFORNIA MUNICIPAL II	NE MUNI
--------------	----------------------------	------------

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

INVESTMENT INCOME:			
Interest	\$60,992,145	\$29,744,348	\$10,

EXPENSES:			
Investment management fees	7,555,858	3,891,841	1,

Auction agent fees and commissions	997,739	522,827	

Custodian and accounting agent fees	214,821	118,107	

Trustees' fees and expenses	92,930	42,690	

Legal fees	33,795	17,200	

Audit and tax service fees	59,655	57,816	

New York Stock Exchange listing fees	48,264	33,120	

Reports to shareholders	47,361	22,324	

Transfer agent fees	26,031	24,974	

Insurance expenses	6,207	3,479	

Miscellaneous	7,426	5,139	

Total expenses	9,090,087	4,739,517	1,

Less: investment management fees waived	(1,743,658)	(898,117)	(

custody credits earned on cash balances	(130,921)	(117,097)	

Net expenses	7,215,508	3,724,303	1,

NET INVESTMENT INCOME	53,776,637	26,020,045	8,

REALIZED AND UNREALIZED GAIN (LOSS):			
Net realized gain (loss) on:			
Investments	5,189,194	1,919,963	

Futures contracts	(39,249,756)	(18,150,366)	(4,

Net unrealized appreciation of investments, futures contracts and options written	64,903,345	30,348,500	7,

Net realized and unrealized gain on investments, futures contracts and options written	30,842,783	14,118,097	2,

NET INCREASE IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	84,619,420	40,138,142	11,

DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:			
Net Investment Income	(4,384,249)	(2,140,933)	(

Net Realized Gains	(504,626)	--	

NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM INVESTMENT OPERATIONS	\$79,730,545	\$37,997,209	\$11,

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

* Commencement of operations

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

5.31.03 | PIMCO Municipal Income Funds II Annual Report 23

PIMCO MUNICIPAL INCOME FUNDS II STATEMENTS OF CHANGES IN NET ASSETS
 APPLICABLE TO COMMON SHAREHOLDERS

For the period June 28, 2002* through May 31, 2003

	MUNICIPAL II	CALIFORNIA MUNICIPAL II	NE MUNI
	-----	-----	-----
INVESTMENT OPERATIONS:			
Net investment income	\$ 53,776,637	\$ 26,020,045	\$ 8,
-----	-----	-----	-----
Net realized loss on investments and futures contracts	(34,060,562)	(16,230,403)	(4,
-----	-----	-----	-----
Net unrealized appreciation on investments, futures contracts and options written	64,903,345	30,348,500	7,
-----	-----	-----	-----
Net increase in net assets resulting from investment operations	84,619,420	40,138,142	11,
-----	-----	-----	-----
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:			
Net investment income	(4,384,249)	(2,140,933)	(
-----	-----	-----	-----
Net realized gains	(504,626)	--	
-----	-----	-----	-----
Net increase in net assets applicable to common shareholders resulting from investment operations.	79,730,545	37,997,209	11,
-----	-----	-----	-----
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:			
Net investment income	(48,666,775)	(24,344,907)	(8,
-----	-----	-----	-----
Net realized gains	(5,387,613)	--	
-----	-----	-----	-----
Total dividends and distributions to common shareholders	(54,054,388)	(24,344,907)	(8,
-----	-----	-----	-----
CAPITAL SHARE TRANSACTIONS:			
Net proceeds from the sale of common stock	823,703,945	428,317,500	147,
-----	-----	-----	-----
Preferred shares underwriting discount charged to paid-in capital in excess of par	(5,050,000)	(2,600,000)	(
-----	-----	-----	-----
Common stock and preferred shares offering costs charged to			

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

paid-in capital in excess of par	(1,540,514)	(951,964)	(
-----	-----	-----	-----
Reinvestment of dividends and distributions	3,995,596	1,452,557	
-----	-----	-----	-----
Net increase from capital transactions	821,109,027	426,218,093	146,
-----	-----	-----	-----
Total increase in net assets applicable to common shareholders	846,785,184	439,870,395	149,
-----	-----	-----	-----
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:			
Beginning of period	100,003	100,003	
-----	-----	-----	-----
End of period (including undistributed (dividends in excess of) net investment income of \$725,557, \$(465,795) and \$(322,399), respectively.	\$846,885,187	\$439,970,398	\$149,
-----	-----	-----	-----
COMMON SHARES ISSUED AND REINVESTED:			
Issued	57,501,148	29,900,000	10,
-----	-----	-----	-----
Issued in reinvestment of dividends and distributions	272,737	99,892	
-----	-----	-----	-----
NET INCREASE	57,773,885	29,999,892	10,
-----	-----	-----	-----

* Commencement of operations

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

24 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS
May 31, 2003

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

PIMCO Municipal Income Fund II ("Municipal II"), PIMCO California Municipal Income Fund II ("California Municipal II") and PIMCO New York Municipal Income Fund II ("New York Municipal II") collectively referred to as the "Funds" or "PIMCO Municipal Income Funds II", were organized as Massachusetts business trusts on March 29, 2002. Prior to commencing operations on June 28, 2002, the Funds had no operations other than matters relating to their organization and registration as closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended, and the sale and issuance of 6,981 shares of beneficial interest of each Fund at an aggregate purchase price of \$100,003 per Fund to Allianz Dresdner Asset Management of America L.P., ("ADAM"). PIMCO Advisors Fund Management LLC, (the "Investment Manager"), serves as the Fund's Investment Manager and is an indirect, wholly-owned subsidiary of ADAM. ADAM is an indirect, majority-owned subsidiary of Allianz AG. The Funds have an unlimited amount of \$0.00001 par value common stock authorized.

Municipal II invests substantially all of its assets in a portfolio of municipal

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

bonds, the interest from which is exempt from federal income taxes. California Municipal II invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal and California income taxes. New York Municipal II invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal, New York State and New York City income taxes. The Funds will 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.

Municipal II, California Municipal II and New York Municipal II issued 50,500,000, 26,000,000 and 9,000,000 shares of common stock, respectively, in their initial public offerings. An additional 7,001,148, 3,900,000 and 1,294,833 shares of Municipal II, California Municipal II and New York Municipal II, respectively, were issued in connection with the exercises of the underwriters' over-allotment option on July 15, 2002 and August 6, 2002. These shares were all issued at \$15.00 per share before an underwriting discount of \$0.675 per share. The Investment Manager has agreed to reimburse the amount by which the aggregate of each Fund's organizational and offering cost (other than sales load) exceeds \$0.03 per share. Offering costs of \$1,174,197, \$682,616 and \$308,845 (representing \$0.02 per share for Municipal II and California Municipal II and \$0.03 per share for New York Municipal II), were offset against the proceeds of the offerings and have been charged to paid-in capital in excess of par.

In addition, the underwriters discount and offering costs associated with the Funds' issuance of Preferred Shares in the amounts of \$5,050,000 and \$366,317, \$2,600,000 and \$269,348 and \$900,000 and \$149,609, for Municipal II, California Municipal II and New York Municipal II, respectively, have been charged to paid-in capital in excess of par.

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 that have not yet occurred. However, the Funds expect the risk of any loss to be remote.

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

(a) VALUATION OF INVESTMENTS

Portfolio securities and other assets for which market quotations are readily available are valued each day at market value. Market value is generally determined on the basis of the last reported sales price, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or independent pricing services approved by the Board of Trustees. Any security or other asset for which market quotations are not readily available is valued at fair value as determined in good faith under procedures established by the Board of Trustees.

(b) 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. In addition, by distributing substantially all of their taxable ordinary income and long-term capital gains, if any, during

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

each calendar year, the Funds intend not to be subject to U.S. federal excise tax.

5.31.03 | PIMCO Municipal Income Funds II Annual Report 25

PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS
May 31, 2003

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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 daily to non-taxable interest income. Market discount, if any, is accreted daily to taxable income.

(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 either considered temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes they are reported as dividends and/or distributions of paid-in capital in excess of par.

(e) 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 expenses. Had these cash balances been invested in income producing securities, they would have generated income for the Funds.

(f) 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 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

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

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.

Futures contracts outstanding at May 31, 2003 were as follows:

Fund	Type	# of Contracts	Expiration Date	Unrealized Appreciati (Depreciati
Municipal II	Short: U.S. Treasury 30 Year Bond	1,622	6/19/03	\$ (10,180,77
	U.S. Treasury 30 Year Bond	765	9/19/03	(197,22
				----- \$ (10,377,99 =====
California Municipal II	Short: U.S. Treasury 30 Year Bond	751	6/19/03	\$ (4,561,33
	U.S. Treasury 30 Year Bond	350	9/30/03	(90,23
				----- \$ (4,651,56 =====
New York Municipal II	Short: U.S. Treasury 30 Year Bond	22	6/30/03	\$ (133,54 =====

26 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS May 31, 2003

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

(g) OPTION TRANSACTIONS

For hedging purposes, the Funds may purchase and write (sell) put and call options on Municipal Bonds, U.S. government securities, swap agreements, indexes or futures contracts which are standardized and traded on a U.S. or other exchange, boards of trade, or similar entity, or quoted on an automated quotation system. 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 the 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 adjusted to the current market value of the option written. Premiums received from writing options which expire

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

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 purchase transactions, as a realized loss. If a call option 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 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 an option written could result in the Funds purchasing a security at a price different from the current market price.

Transactions in options written for the period ended May 31, 2003 were:

	Contracts	Premiums

Municipal II:		

Options outstanding, beginning of period	--	--
Options written	2,587	\$2,227,143
	-----	-----
Options outstanding, May 31, 2003	2,587	\$2,227,143
	=====	=====
California Municipal II:		

Options outstanding, beginning of period	--	--
Options written	947	\$ 743,511
	-----	-----
Options outstanding, May 31, 2003	947	\$ 743,511
	=====	=====
New York Municipal II:		

Options outstanding, beginning of period	--	--
Options written	507	\$ 453,255
	-----	-----
Options outstanding, May 31, 2003	507	\$ 453,255
	=====	=====

2. INVESTMENT MANAGER AND SUB-ADVISER

Each Fund has entered into an Investment Management Agreement (the "Agreements") with the Investment Manager to serve as Investment Manager to each Fund. 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 investment activities of the Fund and the Fund's business affairs and other administrative matters. Pursuant to the Agreements, the Investment Manager will receive an annual fee, payable monthly, at the annual rate of 0.65% of each Fund's average daily net assets (including net assets attributable to any preferred shares that may be outstanding). In order to reduce Fund expenses, the Investment Manager has contractually agreed to reimburse each Fund for fees and expenses at the annual rate of 0.15% of the 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

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

the supervision of the Investment Manager, the Sub-Adviser makes all investment decisions with respect to each Fund's assets. The Investment Manager (not the Funds) pays a portion of the fees it receives to the Sub-Adviser in return for its services, at the maximum annual rate of 0.50% of each Fund's average daily net assets

5.31.03 | PIMCO Municipal Income Funds II Annual Report 27

PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS
May 31, 2003

2. INVESTMENT MANAGER AND SUB-ADVISER (CONCLUDED)

(including net assets attributable to any preferred shares that may be outstanding). The Sub-Adviser has contractually agreed to waive a portion of the fees it is entitled to receive from the Investment Manager, such that the Sub-Adviser will receive 0.26% of each Fund's average daily net assets (including net assets attributable to any preferred shares that may be outstanding) from the commencement of the Funds' operations through June 30, 2007, and will receive an increasing amount (not to exceed 0.50% of each Fund's average daily net assets, including net assets attributable to any preferred shares that may be outstanding) thereafter through June 30, 2009. The Investment Manager informed the Funds that it paid the Sub-Adviser \$3,022,340, \$1,556,737 and \$538,110 in connection with sub-advisory services for Municipal II, California Municipal II and New York Municipal II, respectively, for the period ended May 31, 2003.

3. INVESTMENTS IN SECURITIES

For the period ended May 31, 2003, purchases and sales of investments, other than short-term securities, were as follows:

	Municipal II	California Municipal II	New York Municipal II
Purchases	\$1,521,993,996	\$882,949,540	\$285,262,209
Sales	300,096,771	480,587,216	51,546,891

4. INCOME TAX INFORMATION

Municipal II:

The tax character of dividends and distributions paid for the period June 28, 2002 (commencement of operations) through May 31, 2003 were:

Ordinary Income	\$ 4,567,905
Tax Exempt Income	\$51,126,211
Long-Term Capital Gain	\$ 3,249,147

At May 31, 2003, the tax character of distributable earnings of \$725,557 was composed entirely of tax exempt income.

In accordance with U.S. Treasury regulations, Municipal II elected to defer realized capital losses of \$59,405,989, arising after October 31, 2002. Such

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

losses are treated for tax purposes as arising on June 1, 2003.

California Municipal II:

The tax character of dividends paid for the period June 28, 2002 (commencement of operations) through May 31, 2003 were:

Ordinary Income	\$ 406,539
Tax Exempt Income	\$26,079,301

At May 31, 2003, the tax basis of overdistributed earnings of \$465,795 was composed entirely of tax exempt income.

At May 31, 2003, California Municipal II had a capital loss carryforward of \$1,122,615, all of which will expire in 2011, 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.

In accordance with U.S. Treasury regulations, California Municipal II elected to defer realized capital losses of \$23,082,454, arising after October 31, 2002. Such losses are treated for tax purposes as arising on June 1, 2003.

New York Municipal II:

The tax character of dividends paid for the period June 28, 2002 (commencement of operations) through May 31, 2003 were:

Ordinary Income	\$ 35,774
Tax Exempt Income	\$9,152,497

At May 31, 2003, the tax basis of overdistributed earnings of \$322,399 was composed entirely of tax exempt income.

28 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS

May 31, 2003

4. INCOME TAX INFORMATION (CONCLUDED)

At May 31, 2003, New York Municipal II had a capital loss carryforward of \$214,685, all of which expires in 2011, 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.

In accordance with U.S. Treasury regulations, New York Municipal II elected to defer realized capital losses of \$6,147,656, arising after October 31, 2002. Such losses are treated for tax purposes as arising on June 1, 2003.

5. AUCTION PREFERRED SHARES

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

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 are accumulated daily at an annual rate set through auction procedures. Distributions of net realized capital gains, if any, are paid annually.

For the period ended May 31, 2003, the annualized dividend rates ranged from:

	High	Low	At 5/31/03

Municipal II:			

Series A	1.75%	0.85%	1.15%
Series B	1.90%	0.80%	1.10%
Series C	1.75%	0.90%	1.10%
Series D	1.97%	0.80%	1.10%
Series E	1.80%	0.90%	1.10%
 California Municipal II:			

Series A	1.50%	0.60%	0.65%
Series B	1.50%	0.60%	0.85%
Series C	1.50%	0.60%	0.65%
Series D	1.50%	0.65%	1.05%
Series E	1.55%	0.60%	1.05%
 New York Municipal II:			

Series A	1.50%	0.60%	1.05%
Series B	1.60%	0.85%	1.05%

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

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

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS
May 31, 2003

6. SUBSEQUENT DIVIDEND DECLARATIONS--COMMON SHAREHOLDERS

On June 16, 2003, the following dividends were declared to common shareholders payable July 15, 2003 to shareholders of record on June 27, 2003:

Municipal II	\$0.084375 per common share
California Municipal II	\$0.08125 per common share
New York Municipal II	\$0.08125 per common share

On July 15, 2003, the following dividends were declared to common shareholders payable August 15, 2003 to shareholders of record on July 25, 2003:

Municipal II	\$0.084375 per common share
California Municipal II	\$0.08125 per common share
New York Municipal II	\$0.08125 per common share

7. CHANGE IN INVESTMENT POLICY

On December 17, 2002, the Board of Trustees approved a change in the investment policy of each Fund to invest, under normal market conditions, at least 90% of each of its "total" assets in municipal bonds to at least 90% of each of its "net" assets (and not "total" assets) in municipal bonds.

30 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II FINANCIAL HIGHLIGHTS

For a share of common stock outstanding for the period June 28, 2002* through May 31, 2003

	MUNICIPAL II	CALIFORNIA MUNICIPAL II	NE MUNI
Net asset value, beginning of period	\$14.33**	\$14.33**	\$1
<hr style="border-top: 1px dashed black;"/>			
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income	0.93	0.87	
<hr style="border-top: 1px dashed black;"/>			
Net realized and unrealized gain on investments, futures contracts and options written	0.53	0.46	

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

Total from investment operations	1.46	1.33	
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:			
Net investment income	(0.08)	(0.07)	(
Net realized gains	(0.01)	--	
Total dividends and distributions on preferred shares	(0.09)	(0.07)	(
Net increase in net assets applicable to common shareholders resulting from investment operations			
	1.37	1.26	
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:			
Net investment income	(0.84)	(0.81)	(
Net realized gains	(0.09)	--	
Total dividends and distributions to common shareholders	(0.93)	(0.81)	(
CAPITAL SHARE TRANSACTIONS:			
Common stock offering costs charged to paid-in capital in excess of par	(0.02)	(0.02)	(
Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par	(0.09)	(0.10)	(
Total capital share transactions	(0.11)	(0.12)	(
Net asset value, end of period	\$14.66	\$14.66	\$1
Market price, end of period	\$14.80	\$14.78	\$1
TOTAL INVESTMENT RETURN (1)	5.2%	4.2%	
RATIOS/SUPPLEMENTAL DATA:			
Net assets applicable to common shareholders, end of period (000)	\$846,885	\$439,970	\$149
Ratio of expenses to average net assets (2) (3) (4)	0.95% (5)	0.97% (6)	
Ratio of net investment income to average net assets (2) (4)	6.99% (5)	6.56% (6)	
Preferred shares asset coverage per share	\$66,920	\$67,301	\$66
Portfolio turnover	27%	84%	

* Commencement of operations

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

(1) Total investment return is calculated assuming a purchase of common stock at the current market price on the first day of the period and a sale at the current market price on the last day for the period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

- (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 on cash balances from custodian bank. (See note 1(e) in Notes to Financial Statements).
- (4) Annualized.
- (5) During the period indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.18% (annualized) and 6.76% (annualized), respectively.
- (6) During the period indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.20% (annualized) and 6.34% (annualized), respectively.
- (7) During the period indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.25% (annualized) and 6.25% (annualized), respectively.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

5.31.03 | PIMCO Municipal Income Funds II Annual Report 31

PIMCO MUNICIPAL INCOME FUNDS II REPORT OF INDEPENDENT AUDITORS

To the Shareholders and Board of Trustees of
PIMCO Municipal Income Fund II, PIMCO California Municipal Income Fund II and
PIMCO New York Municipal Income Fund II

In our opinion, the accompanying statements of assets and liabilities, including the schedules of investments, and the related statements of operations and of changes in net assets applicable to common shareholders and 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, 2003, and the results of each of their operations, the changes in each of their net assets applicable to common shareholders and the financial highlights for the period June 28, 2002 (commencement of operations) through May 31, 2003, 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 audit. We conducted our audit of these financial statements in accordance with auditing standards generally accepted in the United States of America, which 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,

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

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 audit, which included confirmation of securities at May 31, 2003 by correspondence with the custodian and broker, provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
July 16, 2003

32 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II TAX INFORMATION (UNAUDITED)

Subchapter M of the Internal Revenue Code of 1986, as amended, required the Funds to advise shareholders within 60 days of the Funds' tax year end (May 31, 2003) as to the federal tax status of dividends and distributions received by shareholders during such tax year. Accordingly, please note that substantially all dividends paid from net investment income from the Funds during the tax period ended May 31, 2003 were federally exempt interest dividends. However, these 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 year which are taxable were:

Municipal II	8.20%
California Municipal II	1.53%
New York Municipal II	0.39%

Municipal II distributed \$3,249,147 of long-term capital gains. California Municipal II and New York Municipal II did not distribute long-term capital gains.

Since the Funds' fiscal year is not the calendar year, another notification will be sent with respect to calendar year 2003. In January 2004, you will be advised on IRS Form 1099 DIV as to the federal tax status of the dividends and distributions received during the calendar year 2003. The amount that will be reported, will be the amount to use on your 2003 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, 2003. Shareholders are advised to consult with their tax advisors as to the federal, state and local tax status of the income received from the Funds. In January 2004, an allocation of interest by state will be provided which may be of value in reducing a shareholder's state or local tax liability, if any.

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, whose broker or nominee elects not to participate on the investor's behalf), will be paid in 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 (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 Common Shares are trading at or above net asset value on the payment date, the Funds 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 Common Shares are trading below net asset value (minus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market) on the payment date, 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 Funds. 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

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

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 PFPC Inc., 400 Belleview Parkway, Wilmington, DE 19809, telephone number 1-800-331-1710.

OTHER INFORMATION:

Since June 28, 2002, there has been no: (i) material changes in the Funds' investment objectives or policies; (ii) changes to the Funds' charter or by-laws; (iii) material changes in the principal risk factors associated with investment in the Funds; or (iv) change in the person primarily responsible for the day-to-day management of each Fund's portfolio.

34 PIMCO Municipal Income Funds II Annual Report | 5.31.03

PIMCO MUNICIPAL INCOME FUNDS II BOARD OF TRUSTEES

STEPHEN TREADWAY, TRUSTEE, CHAIRMAN, CHAIRMAN OF THE BOARD

1345 Avenue of the Americas, New York, NY 10105

Age: 55

Trustee since: 2002

Term of office: After initial term, expected to stand for re-election at 2005 annual meeting of shareholders.

Trustee/Director of 51 funds in Fund Complex; Trustee/Director of no funds outside of Fund Complex

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS: Managing Director of Allianz Dresdner Asset Management of America L.P.; Managing Director and Chief Executive Officer of PIMCO Advisors Distributors LLC; Managing Director and Chief Executive Officer PIMCO Advisors Fund Management; Member of the Board of Management of Allianz Dresdner Asset Management GmbH. Mr. Treadway serves as a director/trustee and holds various executive officer positions in connection with Allianz Dresdner Asset Management of America L.P.'s affiliated open- and closed-end mutual funds.

PAUL BELICA, TRUSTEE

1345 Avenue of the Americas, New York, NY 10105

Age: 81

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

Trustee since: 2002

Term of office: After initial term, expected to stand for re-election at 2004 annual meeting of shareholders.

Trustee of 14 funds in Fund Complex; Trustee of 2 funds outside of Fund Complex

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS: Trustee of thirteen open- and closed-end management investment companies affiliated with Allianz Dresdner Asset Management of America L.P.; Manager, Stratigos Fund, L.L.C., Whistler Fund, L.L.C., Xanthus Fund, L.L.C., and Wynstone Fund, L.L.C.; Director, Student Loan Finance Corp., Education Loans, Inc., Goal Funding, Inc. Surety Loan Funding, Inc.; Formerly, Advisor, Smith Barney, Inc.; Director, The Central European Value Fund, Inc.; Deck House Inc.

ROBERT E. CONNOR, TRUSTEE

1345 Avenue of the Americas, New York, NY 10105

Age: 68

Trustee since: 2002

Term of office: After initial term, expected to stand for re-election at 2006 annual meeting of shareholders.

Trustee/Director of 16 funds in Fund Complex; Trustee/Director of no funds outside of Fund Complex

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS: Director/Trustee of fifteen open- and closed-end management investment companies affiliated with Allianz Dresdner Asset Management of America L.P.; Corporate Affairs Consultant; Formerly, Senior Vice President, Corporate Office, Smith Barney Inc.

JOHN J. DALESSANDRO II, TRUSTEE

1345 Avenue of the Americas, New York, NY 10105

Age: 65

Trustee since: 2002

Term of office: After initial term, expected to stand for re-election at 2004 annual meeting of shareholders.

Trustee of 13 funds in Fund Complex; Trustee of no funds outside of Fund Complex

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS: President and Director, J.J. Dalessandro II ltd., registered broker-dealer and member of the New York Stock exchange; Trustee of thirteen closed-end management investment companies affiliated with Allianz Dresdner Asset Management of America L.P.

HANS W. KERTESS, TRUSTEE

1345 Avenue of the Americas, New York, NY 10105

Age: 63

Trustee since: 2002

Term of office: After initial term, expected to stand for re-election at 2006 annual meeting of shareholders.

Trustee of 8 funds in Fund Complex; Trustee of no funds outside of Fund Complex

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS: Consultant, Dain Raucher Inc; Trustee of eight closed-end management investment companies affiliated with Allianz Dresdner Asset Management of America L.P. Formerly, Managing Director, Salomon Brothers; Managing Director, Dain Rauscher Inc.

R. PETER SULLIVAN III, TRUSTEE

1345 Avenue of the Americas, New York, NY 10105

Age: 61

Trustee since: 2002

Term of office: After initial term, expected to stand for re-election at 2005 annual meeting of shareholders.

Trustee of 7 funds in Fund Complex; Trustee of no funds outside of Fund Complex

PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS: Trustee of seven closed-end

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

management investment companies affiliated with Allianz Dresdner Asset Management of America L.P. Formerly, Managing Partner, Bear Wagner Specialists LLC (formerly, Wagner Stott Mercator LLC), specialist firm on the New York Stock Exchange.

5.31.03 | PIMCO Municipal Income Funds II Annual Report 35

PIMCO MUNICIPAL INCOME FUNDS II 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. 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 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

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. 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. We may also provide your personal and account information to your 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 you or your accounts to a non-affiliated third party at your request or if you consent in writing to the disclosure.

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 believe may be of interest to you. The information we share may include, for

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

example, your participation in our mutual funds or other investment programs, 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.

IMPLEMENTATION OF PROCEDURES

We take seriously the obligation to safeguard your non-public personal information. We have implemented procedures designed to restrict access to your non-public personal information to our personnel who need to know that information to provide products or services to you. To guard your non-public personal information, physical, electronic, and procedural safeguards are in place.

36 PIMCO Municipal Income Funds II Annual Report | 5.31.03

TRUSTEES AND PRINCIPAL OFFICERS

Stephen Treadway

Trustee, Chairman, Chairman of the Board

Paul Belica

Trustee

Robert E. Connor

Trustee

John J. Dalessandro II

Trustee

Hans W. Kertess

Trustee

R. Peter Sullivan, III

Trustee

Brian S. Shlissel

President & Chief Executive Officer

Newton B. Schott, Jr.

Executive Vice President & Secretary

Mark V. McCray

Vice President

Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

INVESTMENT MANAGER

PIMCO Advisors 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

TRANSFER AGENT, DIVIDEND PAYING AGENT AND REGISTRAR

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

PFPC Inc.
400 Bellevue Parkway
Wilmington, DE 19809

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036

LEGAL COUNSEL

Ropes & Gray
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 prospectus, circular or representation intended for use in the purchase of shares of the Funds 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 each Fund may purchase shares of its common stock in the open market.

Daily information on the Funds is available at www.pimcoadvisors.com or by calling 1-800-331-1710.

PIMCO

ADVISORS

ITEM 2. CODE OF ETHICS Disclosure requirement not currently effective

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT Disclosure requirement not currently

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES Disclosure requirement not currently effective

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT Disclosure requirement not currently effective

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES Disclosure requirement not currently effective

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls

Edgar Filing: PIMCO MUNICIPAL INCOME FUND II - Form N-CSR

and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, 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 in the registrant's internal controls or in factors that could affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 10. EXHIBITS

- (a) Disclosure requirement not currently effective.
(b) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2).

SIGNATURES

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

(Registrant) PIMCO MUNICIPAL INCOME FUND II

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

Date July 31, 2003

By /s/ Lawrence G. Altadonna
Treasurer

Date July 31, 2003

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 July 31, 2003

By /s/ Lawrence G. Altadonna
Treasurer

Date July 31, 2003

