

PIMCO MUNICIPAL INCOME FUND II  
Form N-Q  
October 16, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM N-Q**

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

Investment Company Act File Number: 811-21076

Registrant Name: PIMCO Municipal Income Fund II

Address of Principal Executive Offices: 1345 Avenue of the Americas New York, New York 10105

Name and Address of Agent for Service: Lawrence G. Altadonna – 1345 Avenue of the Americas New York, New York 10105

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

Date of Fiscal Year End: May 31, 2009

Date of Reporting Period: August 31, 2008

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b 1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q 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 the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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

August 31, 2008 (unaudited)

| Principal Amount<br>(000)                |  | Credit Rating<br>(Moody's/S&P) | Value*      |
|--|--|--------------------------------|-------------|
| <b>MUNICIPAL BONDS &amp; NOTES—96.8%</b> |  |                                |             |
| <b>Alabama—2.4%</b>                      |  |                                |             |
| \$10,000                                 | Birmingham Baptist Medical Centers Special Care Facs.<br>Financing Auth. Rev., 5.00%, 11/15/30, Ser. A | Baa1/NR                        | \$8,509,300 |
| 1,750                                    | Huntsville Health Care Auth. Rev.,<br>5.75%, 6/1/32, Ser. B, (Pre-refunded @ \$101, 6/1/12) (b)        | A2/NR                          | 1,949,850   |
| 16,580                                   | Jefferson Cnty. Sewer Rev.,<br>4.75%, 2/1/38, Ser. B, (Pre-refunded @ \$100, 8/1/12) (FGIC) (b)        | Aaa/AAA                        | 17,547,940  |
|  | Montgomery BMC Special Care Facs. Financing Auth. Rev. (MBIA),   |                                |             |
| 1,235                                    | 5.00%, 11/15/29, Ser. B  | A2/AA                          | 1,203,409   |
| 2,200                                    | Baptist Health, 5.00%, 11/15/24  | A2/AA                          | 2,232,252   |
| 2,650                                    | Tuscaloosa Educational Building Auth. Rev., Stillman College,<br>5.00%, 6/1/26                         | NR/BBB-                        | 2,282,312   |
|  |  |                                | 33,725,063  |
| <b>Alaska—0.5%</b>                       |  |                                |             |
| 5,900                                    | Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A                                      | Baa3/NR                        | 4,214,075   |
| 3,550                                    | State Housing Finance Corp. Rev., 5.25%, 6/1/32, Ser. C (MBIA)   | A2/AA                          | 3,516,417   |
|  |  |                                | 7,730,492   |
| <b>Arizona—5.8%</b>                      |  |                                |             |
|  | Health Facs. Auth. Rev.,   |                                |             |
| 6,500                                    | Beatitudes Project, 5.20%, 10/1/37   | NR/NR                          | 5,100,810   |
| 1,300                                    | Hospital System, 5.75%, 12/1/32, (Pre-refunded @ \$101, 12/1/12) (b)                                   | NR/BBB                         | 1,446,185   |
|  | Pima Cnty. Industrial Dev. Auth. Rev.,   |                                |             |
| 3,500                                    | Center for Academic Success, 5.50%, 7/1/37 (c)   | NR/BBB-                        | 3,010,070   |
| 29,700                                   | Correctional Facs., 5.00%, 9/1/39  | Aa2/AA                         | 29,239,650  |
| 33,000                                   | Salt River Project Agricultural Improvement & Power Dist. Rev.,<br>5.00%, 1/1/37, Ser. A (f)           | Aa1/AA                         | 33,421,740  |
| 10,500                                   | Salt Verde Financial Corp. Rev., 5.00%, 12/1/37  | Aa3/AA-                        | 8,789,340   |
|  |  |                                | 81,007,795  |
| <b>Arkansas—0.1%</b>                     |  |                                |             |
| 13,000                                   | Arkansas Dev. Finance Auth. Rev., zero coupon, 7/1/46 (AMBAC)  | Aa3/NR                         | 1,622,140   |
| <b>California—5.1%</b>                   |  |                                |             |
| 9,610                                    | Alameda Corridor Transportation Auth. Rev.,<br>zero coupon, 10/1/16, Ser. A (AMBAC)                    | Aa3/AA                         | 6,588,328   |
|  | Golden State Tobacco Securitization Corp. Rev., Ser. A-1,  |                                |             |
| 6,000                                    | 5.00%, 6/1/33  | Baa3/BBB                       | 4,745,940   |
| 3,080                                    | 6.25%, 6/1/33  | Aaa/AAA                        | 3,367,518   |
| 9,000                                    | 6.75%, 6/1/39, (Pre-refunded @ \$100, 6/1/13) (b)  | Aaa/AAA                        | 10,411,830  |
| 1,000                                    | Rancho Cucamonga Community Facs. Dist., Special Tax,<br>6.30%, 9/1/23, Ser. A                          | NR/NR                          | 1,005,580   |

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|        |   |       |            |
|--------|---|-------|------------|
|        | State, GO,  |       |            |
| 800    | 5.00%, 6/1/37   | A1/A+ | 782,040    |
| 28,600 | 5.00%, 11/1/37, Ser. 2670 (f)   | A1/A+ | 27,954,212 |
| 10,900 | 5.00%, 12/1/37  | A1/A+ | 10,669,574 |
| 4,700  | Statewide Community Dev. Auth. Rev., Baptist Univ.,<br>9.00%, 11/1/17, Ser. B (c) | NR/NR | 4,810,591  |
|        |   |       | 70,335,613 |

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

August 31, 2008 (unaudited)

| Principal Amount (000)           |   | Credit Rating (Moody's/S&P) | Value*       |
|----------------------------------|---|-----------------------------|--------------|
| <b>Colorado—5.2%</b>             |   |                             |              |
| \$30,000                         | Dawson Ridge Dist. No. 1, GO, zero coupon, 10/1/22, Ser. A E-470 Public Highway Auth. Rev., Ser. B (MBIA),                              | Aaa/NR                      | \$15,558,000 |
| 20,000                           | zero coupon, 9/1/35   | A2/AA                       | 3,868,600    |
| 15,000                           | zero coupon, 9/1/37   | A2/AA                       | 2,547,300    |
|                                  | Health Facs. Auth. Rev.,  |                             |              |
| 1,000                            | American Baptist Homes, 5.90%, 8/1/37, Ser. A   | NR/NR                       | 859,900      |
| 25,000                           | Catholic Health Initiatives, 5.50%, 3/1/32  | Aa2/AA                      | 26,263,000   |
| 18,305                           | Exempla, Inc., 5.625%, 1/1/33, Ser. A   | A1/A-                       | 18,195,353   |
| 6,500                            | Liberty Height, zero coupon, 7/15/22  | Aaa/AAA                     | 3,358,485    |
| 2,000                            | Housing & Finance Auth. Rev., Evergreen Country Day School, 5.875%, 6/1/37 (c)  | NR/BB                       | 1,776,660    |
|                                  |   |                             | 72,427,298   |
| <b>District of Columbia—1.3%</b> |   |                             |              |
| 17,500                           | Washington D.C. Convention Center Auth. Tax Rev., 4.75%, 10/1/28, (Pre-refunded @ \$100, 10/1/08) (AMBAC)(b)                            | Aa3/AA                      | 17,539,200   |
| <b>Florida—4.8%</b>              |   |                             |              |
| 2,310                            | Dev. Finance Corp. Rev., Learning Gate Community School, 6.00%, 2/15/37   | NR/BBB-                     | 2,119,217    |
| 8,000                            | Highlands Cnty. Health Facs. Auth. Rev., Adventist/Sunbelt Health System, 6.00%, 11/15/31, Ser. A, (Pre-refunded @ \$101, 11/15/11) (b) | A1/NR                       | 8,827,200    |
|                                  | Hillsborough Cnty. Industrial Dev. Auth. Rev.,  |                             |              |
| 635                              | Health Facs. Project, 5.625%, 8/15/23, Ser. A, (Pre-refunded @ \$101, 8/15/09) (b)  | Baa3/BBB                    | 664,686      |
| 2,335                            | Pollution Control Rev., Tampa Electric Co., 5.50%, 10/1/23  | Baa2/BBB-                   | 2,192,005    |
| 7,135                            | Jacksonville Health Facs. Auth. Rev., 5.25%, 11/15/32, Ser. A   | Aa1/AA                      | 7,009,709    |
| 11,500                           | Lakeland Hospital System Rev., Regional Health System, 5.50%, 11/15/32, (Pre-refunded @ \$101, 11/15/12) (b)                            | A2/NR                       | 12,789,495   |
| 3,000                            | Leesburg Hospital Rev., Leesburg Regional Medical Center Project, 5.50%, 7/1/32   | Baa1/BBB+                   | 2,832,600    |
|                                  | Orange Cnty. Health Facs. Auth. Rev., Adventist Health System (b),  |                             |              |
| 2,550                            | 5.625%, 11/15/32, (Pre-refunded @ \$101, 11/15/12)  | A1/NR                       | 2,843,072    |
| 5,000                            | 6.25%, 11/15/24, (Pre-refunded @ \$100, 11/15/12)   | A1/NR                       | 5,652,950    |
| 500                              | Sarasota Cnty. Health Fac. Auth. Rev., 5.75%, 7/1/37  | NR/NR                       | 419,725      |
| 6,205                            | State Governmental Utility Auth. Rev., Barefoot Bay Utilities System, 5.00%, 10/1/29 (AMBAC)  | Aa3/NR                      | 6,206,489    |
| 5,000                            | Sumter Landing Community Dev. Dist. Rev., 4.75%, 10/1/35, Ser. A (MBIA)   | A2/AA                       | 4,541,150    |
| 10,000                           | Tallahassee Rev., 5.00%, 10/1/37, Ser. 2617 (f)   | Aa2/AA                      | 10,101,400   |
| 1,500                            | Winter Springs Water & Sewer Rev., zero coupon, 10/1/29 (FGIC)  | Baa3/A+                     | 524,340      |
|                                  |   |                             | 66,724,038   |
| <b>Georgia—0.5%</b>              |   |                             |              |
| 2,775                            | Medical Center Hospital Auth. Rev., 5.25%, 7/1/37   | NR/NR                       | 2,210,815    |

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|        |   |        |                        |
|--------|---|--------|------------------------|
| 9,600  | Richmond Cnty. Dev. Auth. Rev., zero coupon, 12/1/21  | Aaa/NR | 5,229,792<br>7,440,607 |
|        | <b>Hawaii—1.4%</b>  |        |                        |
| 19,170 | Honolulu City & Cnty. Wastewater System Rev., First Board Resolution,<br>4.75%, 7/1/28 (FGIC) | Aa3/NR | 18,998,620             |

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

August 31, 2008 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody's/S&P) | Value*                    |
|---------------------------|--|--------------------------------|---------------------------|
| <b>Illinois—18.3%</b>     |  |                                |                           |
|                           | Central Lake Cnty. JT Action Water Agcy. Rev., Ser. A (AMBAC),                       |                                |                           |
| \$2,935                   | 5.125%, 5/1/28   | Aa3/NR                         | \$2,975,914               |
| 675                       | 5.125%, 5/1/28, (Pre-refunded @ \$100, 11/1/12) (b)                                  | Aa3/NR                         | 741,184                   |
|                           | Chicago, GO (FGIC),  |                                |                           |
| 1,635                     | 5.125%, 1/1/29, Ser. A   | Aa3/AAA                        | 1,646,641                 |
| 3,415                     | 5.125%, 1/1/29, Ser. A, (Pre-refunded @ \$101, 1/1/09) (b)                           | Aa3/AA-                        | 3,487,398                 |
| 4,065                     | 5.50%, 1/1/40  | Aa3/AA-                        | 4,192,885                 |
|                           | Chicago, Lake Shore East, Special Assessment,  |                                |                           |
| 3,162                     | 6.625%, 12/1/22  | NR/NR                          | 3,189,636                 |
| 6,700                     | 6.75%, 12/1/32   | NR/NR                          | 6,715,946                 |
|                           | Chicago Board of Education School Reform, GO (FGIC),                                 |                                |                           |
| 15,535                    | zero coupon, 12/1/16, Ser. A   | A1/AA-                         | 10,958,078                |
| 5,000                     | zero coupon, 12/1/28, Ser. A   | A1/AA-                         | 1,730,850                 |
| 4,500                     | zero coupon, 12/1/31   | A1/AA-                         | 1,283,805                 |
|                           | Chicago City Colleges, GO (FGIC),  |                                |                           |
| 32,670                    | zero coupon, 1/1/37  | Aa3/AA-                        | 6,522,239                 |
| 29,145                    | zero coupon, 1/1/38  | Aa3/AA-                        | 5,481,300                 |
| 32,670                    | zero coupon, 1/1/39  | Aa3/AA-                        | 5,786,837                 |
| 5,000                     | Cicero, GO, 5.25%, 12/1/31 (MBIA)  | A2/AA                          | 5,123,750                 |
|                           | Finance Auth. Rev.,  |                                |                           |
| 2,500                     | Christian Homes, Inc., 5.75%, 5/15/31, Ser. A  | NR/NR                          | 2,149,450                 |
| 250                       | Leafs Hockey Club, 6.00%, 3/1/37, Ser. A   | NR/NR                          | 215,760                   |
|                           | Regency Park,  |                                |                           |
| 10,000                    | zero coupon, 7/15/23   | NR/AAA                         | 4,883,900                 |
| 134,650                   | zero coupon, 7/15/25   | NR/AAA                         | 58,548,513                |
| 1,500                     | Sedgebrook, Inc., 6.00%, 11/15/42, Ser. A  | NR/NR                          | 1,314,600                 |
|                           | Health Facs. Auth. Rev.,   |                                |                           |
| 5,000                     | Condell Medical Center, 5.50%, 5/15/32   | Baa3/NR                        | 4,476,750                 |
| 20,100                    | Elmhurst Memorial Healthcare, 5.625%, 1/1/28   | Baa1/NR                        | 19,556,094                |
|                           | Hillside, Tax Allocation, Mannheim Redev. Project,                                   |                                |                           |
| 4,500                     | 6.55%, 1/1/20  | NR/NR                          | 4,446,450                 |
| 2,900                     | 7.00%, 1/1/28  | NR/NR                          | 2,845,480                 |
|                           | Metropolitan Pier & Exposition Auth. Rev. (MBIA),                                    |                                |                           |
| 60,000                    | zero coupon, 12/15/30  | A1/AAA                         | 18,665,400                |
| 50,000                    | zero coupon, 12/15/33  | A1/AAA                         | 12,841,500                |
| 2,460                     | zero coupon, 6/15/38   | A1/AAA                         | 488,876                   |
| 68,470                    | State Sports Facs. Auth. Rev., 5.50% (zero coupon until 6/15/10),<br>6/15/30 (AMBAC) | Aa3/AA                         | 64,358,376<br>254,627,612 |
| <b>Indiana—0.3%</b>       |  |                                |                           |
| 4,125                     | Fort Wayne Pollution Control Rev., 6.20%, 10/15/25                                   | Caa2/B-                        | 2,796,585                 |
| 990                       | Vigo Cnty. Hospital Auth. Rev., 5.80%, 9/1/47 (a)(c)                                 | NR/NR                          | 833,016<br>3,629,601      |

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**Iowa—4.1%**

Finance Auth. Rev.,

Deerfield Retirement Community, Inc.,

|       |   |       |           |
|-------|---|-------|-----------|
| 250   | 5.50%, 11/15/27, Ser. A   | NR/NR | 192,195   |
| 1,075 | 5.50%, 11/15/37   | NR/NR | 767,410   |
| 4,500 | Edgewater LLC, 6.75%, 11/15/42                                      | NR/NR | 4,221,540 |
| 1,000 | Wedum Walnut Ridge LLC, 5.625%, 12/1/45, Ser. A                     | NR/NR | 814,160   |
| 2,300 | Higher Education Loan Auth. Rev., Grandview College, 5.10%, 10/1/36 | NR/NR | 2,017,698 |

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

August 31, 2008 (unaudited)

| Principal Amount (000)    |   | Credit Rating (Moody's/S&P) | Value*       |
|---------------------------|---|-----------------------------|--------------|
| <b>Iowa (continued)</b>   |   |                             |              |
| \$46,000                  | Tobacco Settlement Auth. of Iowa Rev., Ser. B, 5.60%, 6/1/34  | Baa3/BBB                    | \$38,985,920 |
| 8,850                     | 5.60%, 6/1/35, (Pre-refunded @ \$101, 6/1/11) (b)   | NR/AAA                      | 9,583,577    |
|                           |   |                             | 56,582,500   |
| <b>Kansas—0.2%</b>        |   |                             |              |
| 2,800                     | Univ. of Kansas Hospital Auth. Rev., 5.625%, 9/1/32, (Pre-refunded @ \$100, 9/1/12) (b)                         | NR/AAA                      | 3,111,304    |
| <b>Kentucky—0.2%</b>      |   |                             |              |
| 2,500                     | Economic Dev. Finance Auth. Rev., Hospital Facs. Rev., Catholic Healthcare Partners, 5.25%, 10/1/30             | A1/AA-                      | 2,455,825    |
| <b>Louisiana—4.8%</b>     |   |                             |              |
| 20,400                    | Public Facs. Auth. Rev., Ochsner Clinic Foundation, Ser. B, 5.50%, 5/15/32, (Pre-refunded @ \$100, 5/15/26) (b) | Aaa/NR                      | 23,137,680   |
| 3,300                     | 5.50%, 5/15/47  | A3/NR                       | 3,043,359    |
| 44,395                    | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001-B   | Baa3/BBB                    | 39,910,661   |
|                           |   |                             | 66,091,700   |
| <b>Maryland—0.4%</b>      |   |                             |              |
| 1,010                     | Health & Higher Educational Facs. Auth. Rev., 5.30%, 1/1/37   | NR/NR                       | 808,929      |
| 4,050                     | 6.00%, 1/1/43   | NR/BBB-                     | 3,974,508    |
| 1,000                     | Adventist Healthcare, 5.75%, 1/1/25, Ser. A   | Baa2/NR                     | 988,450      |
|                           |   |                             | 5,771,887    |
| <b>Massachusetts—3.3%</b> |   |                             |              |
| 12,050                    | Austin Trust Rev., 4.75%, 8/1/37 (FSA)(f)   | Aaa/AAA                     | 11,555,950   |
| 14,500                    | Bay Transportation Auth. Rev., 4.75%, 7/1/34, Ser. A, (Pre-refunded @ \$100, 7/1/15) (b)(f)                     | Aa1/AAA                     | 15,904,904   |
| 4,610                     | Dev. Finance Agcy. Rev., 6.75%, 10/15/37, Ser. A  | NR/NR                       | 4,238,019    |
| 4,295                     | State Turnpike Auth. Rev., Ser. A (AMBAC), 4.75%, 1/1/34  | Aa3/AA                      | 4,183,588    |
| 10,325                    | 5.00%, 1/1/39   | Aa3/AA                      | 10,118,913   |
|                           |   |                             | 46,001,374   |
| <b>Michigan—2.8%</b>      |   |                             |              |
| 8,500                     | Detroit City School Dist., GO, 5.00%, 5/1/32, Ser. A, (Pre-refunded @ \$100, 5/1/13) (FGIC)(Q-SBLF)(b)          | Aa3/AA-                     | 9,283,870    |
| 4,545                     | Garden City Hospital Finance Auth. Rev., 5.00%, 8/15/38, Ser. A   | NR/NR                       | 3,292,898    |
| 800                       | Public Educational Facs. Auth. Rev., 6.50%, 9/1/37 (c)  | NR/BBB-                     | 763,952      |
| 500                       | Star International Academy, CP, 6.125%, 3/1/37  | NR/BB+                      | 444,620      |
| 5,000                     | State Hospital Finance Auth. Rev., Ascension Health, 5.25%, 11/15/26, Ser. B                                    | Aa1/AA                      | 4,964,850    |



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|        |  |        |            |
|--------|--|--------|------------|
| 13,500 | Oakwood Group, Ser. A,<br>5.75%, 4/1/32                      | A2/A   | 13,220,685 |
| 1,925  | 6.00%, 4/1/22  | A2/A   | 1,974,299  |
| 6,000  | Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A | NR/BBB | 4,989,600  |
|        |  |        | 38,934,774 |

**Minnesota—0.5%**

|       |  |       |           |
|-------|--|-------|-----------|
| 1,300 | Meeker Cnty. Rev., 5.75%, 11/1/37                              | NR/NR | 1,204,983 |
| 1,500 | Minneapolis Rev., Providence Project, 5.75%, 10/1/37, Ser. A   | NR/NR | 1,288,005 |
| 280   | Minneapolis, Tax Allocation, Grant Park Project, 5.35%, 2/1/30 | NR/NR | 249,250   |

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August 31, 2008 (unaudited)

| Principal Amount (000)       |   | Credit Rating (Moody's/S&P) | Value*      |
|------------------------------|---|-----------------------------|-------------|
| <b>Minnesota (continued)</b> |   |                             |             |
|                              | North Oaks Presbyterian Homes Rev.,   |                             |             |
| \$2,640                      | 6.00%, 10/1/33  | NR/NR                       | \$2,515,155 |
| 1,530                        | 6.125%, 10/1/39   | NR/NR                       | 1,467,484   |
| 500                          | Oronoco Multifamily Housing Rev., 5.40%, 6/1/41   | NR/NR                       | 437,270     |
|                              |   |                             | 7,162,147   |
| <b>Mississippi—0.3%</b>      |   |                             |             |
| 3,605                        | Business Finance Corp., Pollution Control Rev., 5.875%, 4/1/22                                    | Ba1/BBB                     | 3,546,960   |
| 740                          | Dev. Bank Special Obligation Projects & Equipment Acquisitions Rev., 5.00%, 7/1/24 (AMBAC)        | Aa3/AA                      | 709,475     |
|                              |   |                             | 4,256,435   |
| <b>Missouri—0.3%</b>         |   |                             |             |
| 2,600                        | Branson Regional Airport Transportation Dev. Dist. Rev., 6.00%, 7/1/37, Ser. A                    | NR/NR                       | 2,192,580   |
| 800                          | Hanley Road & North of Folk Ave. Transportation Dist. Rev., 5.00%, 10/1/25                        | NR/NR                       | 723,944     |
| 1,500                        | St. Louis Parking Rev., Downtown Parking Facs., 6.00%, 2/1/28, (Pre-refunded @ \$100, 2/1/12) (b) | NR/NR                       | 1,662,690   |
|                              |   |                             | 4,579,214   |
| <b>Nevada—0.5%</b>           |   |                             |             |
| 1,450                        | Clark Cnty., GO, 5.00%, 6/1/31 (FGIC)   | Aa1/AA+                     | 1,453,944   |
|                              | Reno Transportation Project Rev., (Pre-refunded @ \$100, 6/1/12) (AMBAC)(b),                      |                             |             |
| 2,000                        | 5.125%, 6/1/32  | Aa3/AA                      | 2,173,660   |
| 3,500                        | 5.125%, 6/1/37  | Aa3/AA                      | 3,803,905   |
|                              |   |                             | 7,431,509   |
| <b>New Hampshire—0.2%</b>    |   |                             |             |
|                              | Health & Education Facs. Auth. Rev., Catholic Medical Center,                                     |                             |             |
| 360                          | 6.125%, 7/1/32  | Baa1/BBB+                   | 361,624     |
| 2,640                        | 6.125%, 7/1/32, (Pre-refunded @ \$101, 7/1/12) (b)  | Baa1/BBB+                   | 2,988,163   |
|                              |   |                             | 3,349,787   |
| <b>New Jersey—3.5%</b>       |   |                             |             |
| 950                          | Burlington Cnty. Bridge Commission Rev., 5.625%, 1/1/38   | NR/NR                       | 817,380     |
|                              | Economic Dev. Auth. Rev.,   |                             |             |
|                              | Arbor Glen,   |                             |             |
| 525                          | 6.00%, 5/15/28  | NR/NR                       | 500,488     |
| 225                          | 6.00%, 5/15/28, Ser. A, (Pre-refunded @ \$102, 5/15/09) (b)                                       | NR/NR                       | 236,151     |
|                              | Kapkowski Road Landfill, Special Assessment,  |                             |             |
| 4,000                        | 5.75%, 10/1/21  | Baa3/NR                     | 4,038,280   |
| 11,405                       | 5.75%, 4/1/31   | Baa3/NR                     | 10,813,879  |
| 1,100                        | Seabrook Village, 5.25%, 11/15/36   | NR/NR                       | 900,141     |

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|       |  |           |           |
|-------|--|-----------|-----------|
| 250   | Seashore Gardens, 5.375%, 11/1/36                | NR/NR     | 202,378   |
|       | Health Care Facs. Financing Auth. Rev.,          |           |           |
| 1,500 | St. Peter's Univ. Hospital, 5.75%, 7/1/37        | Baa2/BBB- | 1,421,250 |
| 1,830 | Trinitas Hospital, 5.25%, 7/1/30, Ser. A         | Baa3/BBB- | 1,529,606 |
| 3,500 | State Educational Facs. Auth. Rev.,              |           |           |
|       | Fairfield Dickinson Univ., 6.00%, 7/1/25, Ser. D | NR/NR     | 3,551,660 |

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

August 31, 2008 (unaudited)

| Principal Amount (000)        |  | Credit Rating (Moody's/S&P) | Value*      |
|-------------------------------|--|-----------------------------|-------------|
| <b>New Jersey (continued)</b> |  |                             |             |
|                               | Tobacco Settlement Financing Corp. Rev.,   |                             |             |
| \$13,150                      | 5.00%, 6/1/41, Ser. 1A   | Baa3/BBB                    | \$9,398,436 |
| 1,285                         | 6.00%, 6/1/37, (Pre-refunded @ \$100, 6/1/12) (b)  | Aaa/AAA                     | 1,433,918   |
| 3,095                         | 6.125%, 6/1/42, (Pre-refunded @ \$100, 6/1/12) (b)   | Aaa/AAA                     | 3,467,359   |
| 6,150                         | 6.25%, 6/1/43, (Pre-refunded @ \$100, 6/1/13) (b)  | Aaa/AAA                     | 7,053,312   |
| 2,500                         | 6.75%, 6/1/39, (Pre-refunded @ \$100, 6/1/13) (b)  | Aaa/AAA                     | 2,922,175   |
|                               |  |                             | 48,286,413  |
| <b>New Mexico—0.3%</b>        |  |                             |             |
| 5,000                         | Farmington Pollution Control Rev., 5.80%, 4/1/22   | Baa3/BB+                    | 4,765,100   |
| <b>New York—1.2%</b>          |  |                             |             |
| 1,200                         | Erie Cnty. Industrial Dev. Agcy., Orchard Park Rev., 6.00%, 11/15/36                               | NR/NR                       | 1,051,728   |
| 10,000                        | Liberty Dev. Corp. Rev., 5.25%, 10/1/35 (f)  | Aa3/AA-                     | 10,130,100  |
| 1,100                         | Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A            | NR/NR                       | 1,081,014   |
| 4,750                         | New York City Municipal Water Finance Auth., Water & Sewer System Rev., 5.00%, 6/15/37, Ser. D (f) | Aa2/AAA                     | 4,793,130   |
|                               |  |                             | 17,055,972  |
| <b>North Carolina—0.1%</b>    |  |                             |             |
|                               | Medical Care Commission Rev.,  |                             |             |
| 550                           | Salemtowne, 5.10%, 10/1/30   | NR/NR                       | 470,102     |
| 1,000                         | Village at Brookwood, 5.25%, 1/1/32  | NR/NR                       | 812,880     |
|                               |  |                             | 1,282,982   |
| <b>North Dakota—0.3%</b>      |  |                             |             |
| 3,710                         | Stark Cnty. Healthcare Rev., Benedictine Living Communities, 6.75%, 1/1/33                         | NR/NR                       | 3,490,850   |
| <b>Ohio—0.5%</b>              |  |                             |             |
| 7,500                         | Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30                                   | A1/AA-                      | 7,477,425   |
| <b>Pennsylvania—3.2%</b>      |  |                             |             |
|                               | Allegheny Cnty. Hospital Dev. Auth. Rev.,  |                             |             |
| 22,600                        | 5.375%, 11/15/40, Ser. A   | Ba3/BB                      | 17,052,830  |
| 505                           | 9.25%, 11/15/15, Ser. B, (Pre-refunded @ \$102, 11/15/10) (b)                                      | Ba3/AAA                     | 574,553     |
| 1,000                         | 9.25%, 11/15/22, Ser. B, (Pre-refunded @ \$102, 11/15/10) (b)                                      | Ba3/AAA                     | 1,166,330   |
| 5,700                         | 9.25%, 11/15/30, Ser. B, (Pre-refunded @ \$102, 11/15/10) (b)                                      | Ba3/AAA                     | 6,648,081   |
|                               | Cumberland Cnty. Auth., Retirement Community Rev.,   |                             |             |
|                               | Messiah Village, Ser. A,   |                             |             |
| 750                           | 5.625%, 7/1/28   | NR/BBB-                     | 697,868     |
| 670                           | 6.00%, 7/1/35  | NR/BBB-                     | 634,959     |
| 4,500                         | Wesley Affiliated Services,  |                             |             |
|                               | 7.25%, 1/1/35, Ser. A, (Pre-refunded @ \$101, 1/1/13) (b)  | NR/NR                       | 5,335,830   |

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|       |  |        |            |
|-------|--|--------|------------|
| 3,250 | Harrisburg Auth. Rev., 6.00%, 9/1/36   | NR/NR  | 3,099,948  |
|       | Montgomery Cnty. Higher Education & Health Auth. Hospital Rev.,<br>Abington Memorial Hospital, Ser. A, |        |            |
| 5,000 | 5.125%, 6/1/27   | NR/A   | 4,798,900  |
| 3,750 | 5.125%, 6/1/32   | NR/A   | 3,494,025  |
| 500   | Pittsburgh & Allegheny Cntys. Public Auditorium Auth. Rev.,<br>5.00%, 2/1/29 (AMBAC)                   | Aa3/AA | 502,595    |
|       |  |        | 44,005,919 |

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

August 31, 2008 (unaudited)

| Principal Amount (000)     |   | Credit Rating (Moody's/S&P) | Value*      |
|----------------------------|---|-----------------------------|-------------|
| <b>Puerto Rico—0.3%</b>    |   |                             |             |
| \$3,320                    | Electric Power Auth. Power Rev.,<br>5.125%, 7/1/29, Ser. NN, (Pre-refunded @ \$100, 7/1/13) (b)   | A3/AAA                      | \$3,680,220 |
| <b>Rhode Island—4.9%</b>   |   |                             |             |
| 76,200                     | Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. A  | Baa3/BBB                    | 68,781,168  |
| <b>South Carolina—4.1%</b> |   |                             |             |
| 7,745                      | Greenville Cnty. School Dist. Rev., Building Equity Sooner Tomorrow,<br>5.50%, 12/1/28, (Pre-refunded @ \$101, 12/1/12) (b)               | Aaa/AA                      | 8,687,334   |
| 14,350                     | Jobs-Economic Dev. Auth. Rev., Bon Secours,<br>5.625%, 11/15/30   | A3/A-                       | 14,267,631  |
| 3,770                      | 5.625%, 11/15/30, (Pre-refunded @ \$100, 11/15/12) (b)  | A3/A-                       | 4,201,477   |
| 15,000                     | Lexington Cnty. Health Services Dist. Hospital Rev. (b),<br>5.50%, 11/1/32, (Pre-refunded @ \$100, 11/1/13)                               | A2/A+                       | 16,809,600  |
| 3,500                      | 5.50%, 5/1/37, (Pre-refunded @ \$100, 5/1/14)   | A2/A+                       | 3,942,400   |
| 5,000                      | 5.75%, 11/1/28, (Pre-refunded @ \$100, 11/1/13)   | A2/A+                       | 5,662,600   |
| 3,250                      | Tobacco Settlement Rev. Management Auth. Rev.,<br>6.375%, 5/15/28, Ser. B, (Pre-refunded @ \$101, 5/11/15) (b)                            | Baa3/BBB                    | 3,575,325   |
|                            |   |                             | 57,146,367  |
| <b>Tennessee—0.5%</b>      |   |                             |             |
| 3,000                      | Energy Acquisition Corp. Rev., 5.00%, 2/1/23, Ser. C  | A2/AA-                      | 2,744,670   |
| 3,750                      | Knox Cnty. Health Educational & Housing Facs. Board Rev.,<br>5.25%, 10/1/30   | A1/AA-                      | 3,683,738   |
| 500                        | Sullivan Cnty. Health Educational & Housing Facs. Rev.,<br>5.25%, 9/1/36, Ser. C  | NR/BBB+                     | 433,105     |
|                            |   |                             | 6,861,513   |
| <b>Texas—8.5%</b>          |   |                             |             |
| 10                         | Arlington Independent School Dist., GO, 5.00%, 2/15/24 (PSF-GTD)  | Aaa/NR                      | 10,029      |
| 130                        | Aubrey Independent School Dist., GO (PSF-GTD),<br>5.50%, 2/15/33  | Aaa/NR                      | 136,300     |
| 4,350                      | 5.50%, 2/15/33, (Pre-refunded @ \$100, 8/15/14) (b)   | Aaa/NR                      | 4,938,250   |
| 17,500                     | Austin Trust, GO, 4.75%, 4/1/36 (f)   | Aa1/AA                      | 16,797,900  |
| 6,500                      | Brazos Cnty. Health Facs. Dev. Corp. Rev., Franciscan Services Corp.,<br>5.375%, 1/1/32   | NR/A-                       | 6,220,630   |
| 2,700                      | Comal Cnty. Health Facs. Dev. Rev., McKenna Memorial Hospital Project,<br>6.25%, 2/1/32, (Pre-refunded @ \$100, 2/1/13) (b)               | Baa2/AAA                    | 3,081,294   |
| 20,000                     | Frisco Independent School Dist., GO, zero coupon, 8/15/34 (PSF-GTD)   | Aaa/NR                      | 4,856,600   |
| 5,250                      | Harris Cnty. Health Facs. Dev. Corp. Rev., St. Luke's Episcopal Hospital,<br>5.375%, 2/15/26, Ser. A, (Pre-refunded @ \$100, 8/15/11) (b) | NR/AAA                      | 5,670,000   |
| 700                        | HFDC of Central Texas, Inc. Rev., Village at Gleannloch Farms,<br>5.50%, 2/15/37, Ser. A  | NR/NR                       | 556,087     |
| 770                        | Keller Independent School Dist., GO (PSF-GTD),<br>4.875%, 8/15/31   | Aaa/AAA                     | 770,932     |

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|        |  |         |            |
|--------|--|---------|------------|
| 6,730  | 4.875%, 8/15/31, (Pre-refunded @ \$100, 8/15/09) (b)   | Aaa/AAA | 6,937,620  |
| 3,170  | Little Elm Independent School Dist., GO,<br>5.30%, 8/15/29, Ser. A (PSF-GTD)                           | NR/AAA  | 3,275,593  |
| 6,250  | North Dallas Thruway Auth. Rev., 4.75%, 1/1/29 (FGIC)<br>North Harris Cnty. Regional Water Auth. Rev., | A2/A-   | 6,177,375  |
| 10,300 | 5.25%, 12/15/33  | A3/A+   | 10,073,503 |
| 10,300 | 5.50%, 12/15/38  | A3/A+   | 10,268,894 |

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

August 31, 2008 (unaudited)

| Principal Amount (000)              |   | Credit Rating (Moody's/S&P) | Value*        |
|-------------------------------------|---|-----------------------------|---------------|
| <b>Texas (continued)</b>            |   |                             |               |
| \$5,000                             | North Texas Tollway Auth. Rev., 5.625%, 1/1/33, Ser. B  | A2/A-                       | \$4,944,050   |
| 2,000                               | Sabine River Auth. Rev., 5.20%, 5/1/28  | Caa1/CCC                    | 1,451,100     |
| 10,025                              | State, GO, 4.75%, 4/1/35, Ser. A (f)  | Aa1/AA                      | 9,644,050     |
| 1,000                               | State Public Finance Auth. Rev., 5.875%, 12/1/36, Ser. A                                      | Baa3/BBB-                   | 932,930       |
| 10,000                              | State Turnpike Auth. Central Turnpike System Rev., Ser. A (AMBAC), zero coupon, 8/15/19       | Aa3/AA                      | 5,842,500     |
| 8,880                               | 5.00%, 8/15/42  | Aa3/AA                      | 8,369,134     |
| 3,250                               | State Water Financial Assistance, GO, 5.00%, 8/1/36   | Aa1/AA                      | 3,267,030     |
| 4,150                               | Willacy Cnty. Rev., 6.875%, 9/1/28, Ser. A-1  | NR/NR                       | 3,955,531     |
|                                     |   |                             | 118,177,332   |
| <b>Utah—3.5%</b>                    |   |                             |               |
| 44,150                              | Utah Transit Auth. Rev., 4.75%, 6/15/35, Ser. B, (Pre-refunded @ \$100, 12/15/15) (FSA)(b)(f) | Aaa/AAA                     | 48,681,556    |
| <b>Virginia—0.6%</b>                |   |                             |               |
| 2,500                               | Fredericksburg Industrial Dev. Auth., Medicorp Health System Rev., Ser. B, 5.125%, 6/15/33    | A3/NR                       | 2,325,875     |
| 4,000                               | 5.25%, 6/15/27  | A3/NR                       | 3,938,680     |
| 2,050                               | James City Cnty. Economic Dev. Auth. Rev., 5.50%, 7/1/37, Ser. A                              | NR/NR                       | 1,630,816     |
|                                     |   |                             | 7,895,371     |
| <b>Washington—1.3%</b>              |   |                             |               |
| 13,000                              | Health Care Facs. Auth. Rev., Virginia Mason Medical Center, 6.125%, 8/15/37, Ser. A          | Baa2/BBB                    | 12,235,210    |
| 6,800                               | State Housing Finance Commission Rev., Skyline at First Hill, 5.625%, 1/1/38, Ser. A          | NR/NR                       | 5,707,240     |
|                                     |   |                             | 17,942,450    |
| <b>Wisconsin—0.7%</b>               |   |                             |               |
| 1,125                               | Badger Tobacco Asset Securitization Corp. Rev., 6.00%, 6/1/17                                 | Baa3/BBB                    | 1,128,229     |
| 7,150                               | 6.125%, 6/1/27  | Baa3/BBB                    | 6,998,062     |
| 90                                  | Health & Educational Facs. Auth. Rev., Froedert & Community Health Oblig., 5.375%, 10/1/30    | NR/AA-                      | 90,110        |
| 910                                 | 5.375%, 10/1/30, (Pre-refunded @ \$101, 10/1/11) (b)  | NR/AA-                      | 995,667       |
|                                     |   |                             | 9,212,068     |
|                                     | Total Municipal Bonds & Notes (cost—\$1,334,326,608)  |                             | 1,346,279,241 |
| <b>VARIABLE RATE NOTES (e)—3.2%</b> |   |                             |               |
| <b>Alabama—0.4%</b>                 |   |                             |               |
| 4,450                               | Jefferson Cnty. Sewer Rev., 17.75%, 2/1/36, Ser. 352 (FGIC)(a)(c)(d)                          | Aaa/NR                      | 4,974,966     |
| <b>Colorado—0.2%</b>                |   |                             |               |
| 2,250                               | Denver City & Cnty. Airport Rev.,   |                             |               |



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|                     |  |        |           |
|---------------------|--|--------|-----------|
|                     | 15.76%, 11/15/25, Ser. 425 (FSA)(a)(c)(d)  | Aaa/NR | 2,330,550 |
| <b>Florida—0.3%</b> |  |        |           |
| 2,830               | Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System,<br>5.00%, 11/15/31, Ser. C | A1/A+  | 2,572,187 |
| 1,782               | Orange Cnty. School Board, CP,<br>16.56%, 8/1/24, Ser. 328 (MBIA)(a)(c)(d)                   | A1/NR  | 2,135,192 |
|                     |  |        | 4,707,379 |

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

August 31, 2008 (unaudited)

| Principal<br>Amount<br>(000)                                   |  | Credit Rating<br>(Moody's/S&P) | Value*                 |
|--|--|--------------------------------|------------------------|
| <b>Illinois—0.4%</b>   |  |                                |                        |
| \$1,780  | Chicago, GO, 16.35%, 1/1/28, Ser. 332 (MBIA)(a)(c)(d)  | A2/NR                          | \$2,057,235            |
| 1,288  | Cook Cnty., GO, 15.72%, 11/15/28, Ser. 403 (FGIC)(a)(c)(d)   | Aa2/NR                         | 1,346,153              |
| 2,000  | State, GO, 17.61%, 4/1/27, Ser. 783 (FSA)(a)(c)(d)   | Aaa/NR                         | 2,321,400              |
|  |  |                                | 5,724,788              |
| <b>Massachusetts—1.1%</b>                                      |  |                                |                        |
| 1,400  | Boston Water & Sewer Community Rev.,<br>15.60%, 11/1/28, Ser. 434 (FGIC)(a)(c)(d)                                    | Aa2/NR                         | 1,435,490              |
| 2,200  | State, GO, 17.85%, 11/1/30, Ser. 785 (FGIC-TCRS)(a)(c)(d)<br>State Turnpike Auth. Rev. (MBIA)(a)(c)(d),              | Aa2/NR                         | 3,196,380              |
| 7,366  | 0.12%, 1/1/37, Ser. 334  | A2/NR                          | 7,197,687              |
| 3,000  | 0.12%, 1/1/37, Ser. 489  | NR/AAA                         | 2,931,450              |
|  |  |                                | 14,761,007             |
| <b>Nevada—0.0%</b>   |  |                                |                        |
| 325  | State, GO, 15.52%, 5/15/28, Ser. 344 (FGIC)(a)(c)(d)   | Aa1/NR                         | 324,902                |
| <b>Pennsylvania—0.1%</b>                                       |  |                                |                        |
| 1,670  | Philadelphia School Dist., GO, 15.32%, 4/1/27, Ser. 345 (MBIA)(a)(c)(d)  | Aa3/NR                         | 1,818,380              |
| <b>Texas—0.5%</b>  |  |                                |                        |
| 1,100  | Houston Airport System Rev., 0.12%, 7/1/25, Ser. 404 (FGIC)(a)(c)(d)<br>Houston Water & Sewer System Rev. (a)(c)(d), | A1/NR                          | 1,101,870              |
| 2,200  | 16.56%, 12/1/28, Ser. 427 (FSA)  | Aaa/NR                         | 2,620,310              |
| 3,070  | 17.82%, 12/1/30, Ser. 495 (FGIC)   | NR/NR                          | 4,112,419              |
|  |  |                                | 7,834,599              |
| <b>Washington—0.2%</b>   |  |                                |                        |
| 2,275  | Central Puget Sound Regional Transit Auth. Sales Tax & Motor Rev.,<br>11.92%, 2/1/28, Ser. 360 (FGIC)(a)(c)(d)       | Aa2/NR                         | 2,286,921              |
|  | Total Variable Rate Notes (cost—\$39,653,600)  |                                | 44,763,492             |
| <b>Total Investments</b> (cost—\$1,373,980,208)— <b>100.0%</b> |  |                                | <b>\$1,391,042,733</b> |

**Notes to Schedule of Investments:**

\* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Prices obtained by Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded options and futures are valued at the settlement price determined by the relevant exchange. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold. The Fund's net asset value is normally determined daily as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange ("NYSE") on each day the NYSE is open for business.

- (a) Private Placement—Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$43,024,321, representing 3.09% of total investments.
- (b) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date (payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).
- (c) 144A Security—Security exempt from registration, under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (d) Inverse Floater—The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on August 31, 2008.
- (e) Variable Rate Notes—Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on August 31, 2008.
- (f) Residual Interest Bonds held in trust—Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.

**Glossary:**

AMBAC—insured by American Municipal Bond Assurance Corp.

CP—Certificates of Participation

FGIC—insured by Financial Guaranty Insurance Co.

FSA—insured by Financial Security Assurance, Inc.

GO—General Obligation Bond

GTD—Guaranteed

MBIA—insured by Municipal Bond Investors Assurance

NR—Not Rated

PSF—Public School Fund

Q-SBLF—Qualified School Bond Loan Fund

TCRS—Temporary Custodian Receipts

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**Other Investments:**

(1) Futures contracts outstanding at August 31, 2008:

| The Fund            | Contracts | Market Value (000) | Expiration Date | Unrealized Appreciation |
|---------------------|-----------|--------------------|-----------------|-------------------------|
| U.S. Treasury Bonds |           |                    |                 |                         |
| Short: Futures      | (1,208)   | \$(141,714)        | 12/19/08        | \$745,576               |

The Fund pledged \$3,147,500 in cash to brokers as collateral for futures contracts.

(2) Interest rate swap agreements outstanding at August 31, 2008:

| Swap Counterparty      | Notional Amount (000) | Termination Date | Rate Type             |                           | Unrealized Depreciation |
|------------------------|-----------------------|------------------|-----------------------|---------------------------|-------------------------|
|                        |                       |                  | Payments Made by Fund | Payments Received by Fund |                         |
| Morgan Stanley         | \$207,600             | 12/18/33         | 5.00%                 | USD-LIBOR 3-Month         | \$(4,048,613)           |
| Royal Bank of Scotland | 79,800                | 12/18/33         | 5.00%                 | USD-LIBOR                 | (1,353,603)             |
|                        |                       |                  |                       |                           | \$(5,402,216)           |

LIBOR - London Inter-bank Offered Rate

The Fund received \$5,500,000 par value in U.S. Treasury Bills as collateral for swap contracts.

**Fair Value Measurements**—Effective June 1, 2008, the Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“FAS 157”). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below.

- a Level 1 – quoted prices in active markets for identical investments
- a Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- a Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The valuation techniques used by the Fund to measure fair value during the period ended August 31, 2008 maximized the use of observable inputs and minimized the use of unobservable inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. At August 31, 2008, the Fund did not hold securities deemed as Level 3.

The following is a summary of the inputs used at August 31, 2008 in valuing the Fund's investments carried at value:

| Valuation Inputs            | Investments in Securities | Other Financial Instruments |
|-----------------------------|---------------------------|-----------------------------|
| Level 1 - Quoted Prices     | \$—                       | \$745,576                   |
| Level 2 - Other Significant |                           |                             |
| Observable Inputs           | 1,391,042,733             | (5,402,216)                 |
| Level 3 - Significant       |                           |                             |
| Unobservable Inputs         | —                         | —                           |
| <b>Total</b>                | <b>\$1,391,042,733</b>    | <b>\$(4,656,640)</b>        |



**Item 2. Controls and Procedures**

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

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

**Item 3. Exhibits**

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

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**SIGNATURES**

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

Registrant: PIMCO Municipal Income Fund II

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

Date: October 16, 2008

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

Date: October 16, 2008

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

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

Date: October 16, 2008

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

Date: October 16, 2008

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