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PIMCO MUNICIPAL INCOME FUND II  
Form N-CSR  
August 05, 2004

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)

LAWRENCE G. ALTADONNA - 1345 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK 10105  
(Name and address of agent for service)

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

Date of fiscal year end: MAY 31

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.

ITEM 1. REPORT TO SHAREHOLDERS

Annual Report  
5.31.04

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

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PML LISTED NYSE THE NEW YORK STOCK EXCHANGE	CONTENTS  Letter to Shareholders .....1 Performance and Statistics .....2-4 Schedules of Investments .....5-23 Statements of Assets and Liabilities .....24 Statements of Operations .....25 Statements of Changes in Net Assets .....26-27 Notes to Financial Statements .....28-34 Financial Highlights .....35-37 Report of Independent Registered Public Accounting Firm .....38 Privacy Policy, Proxy Voting Policies and Procedures, Other Information .....39 Tax Information .....40 Dividend Reinvestment Plan .....41 Board of Trustees .....42
PCK LISTED NYSE THE NEW YORK STOCK EXCHANGE	
PNI LISTED NYSE THE NEW YORK STOCK EXCHANGE	

[PIMCO ADVISORS LOGO]

PIMCO MUNICIPAL INCOME FUNDS II LETTER TO SHAREHOLDERS

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July 7, 2004

Dear Shareholder:

We are pleased to provide you with the 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 II" or the "Funds") for the fiscal year ended May 31, 2004.

Please refer to the following pages for specific information for each of the PIMCO Municipal Income Funds II. 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](http://www.pimcoadvisors.com).

We at the Funds, together with PA Fund Management LLC (formerly, 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.

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Sincerely,

/s/ Stephen Treadway

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 Stephen Treadway  
 CHAIRMAN

/s/ Brian S. Shlissel

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 Brian S. Shlissel  
 PRESIDENT, CHIEF EXECUTIVE OFFICER

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PIMCO MUNICIPAL INCOME FUND II PERFORMANCE SUMMARY AND STATISTICS  
 May 31, 2004 (unaudited)

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 SYMBOL:  
 PML

OBJECTIVE:  
 To provide income exempt from federal income tax.

PRIMARY INVESTMENTS:  
 Municipal fixed-income securities, the interest from which is exempt from federal income tax.

INCEPTION DATE:  
 June 28, 2002

TOTAL NET ASSETS(1):  
 \$1,317.7 million

PORTFOLIO MANAGER:  
 Mark McCray

TOTAL RETURN(2):	MARKET PRICE	NAV
1 Year	(3.69)%	2.24%
Commencement of Operations (6/28/02) to 5/31/04	0.68%	5.84%

COMMON SHARE PRICE PERFORMANCE:  
 Commencement of Operations (6/28/02) to 5/31/04  
 [ ] at Market Price  
 [ ] at NAV

[Data below represents line chart in the printed piece]

	at NAV	at Market Price
6/28/02	14.33	15.00
	14.32	15.08
	14.35	15.17
	14.37	15.19
	14.46	15.03
	14.46	15.03
	14.52	15.06

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14.57	15.00
14.50	15.02
14.63	15.04
14.77	15.02
14.89	15.11
15.10	15.04
15.13	15.00
15.17	15.06
15.09	15.06
14.28	14.80
14.15	14.42
14.41	14.74
14.66	14.68
14.53	14.59
14.33	14.40
14.22	14.34
14.51	14.29
14.58	14.10
14.66	14.12
14.50	14.20
14.64	14.54
14.52	14.41
14.49	14.45
14.41	14.43
14.38	14.23
14.39	14.41
14.55	14.50
14.57	14.41
14.39	14.31
14.60	14.31
14.68	14.37
14.48	14.29
14.55	14.25
14.27	14.35
14.35	14.34
14.54	14.49
14.53	14.36
14.57	14.48
14.64	14.64
14.70	14.80
14.68	14.72
14.66	14.80
14.69	14.90
14.77	14.89
14.64	14.75
14.54	14.84
14.56	14.86
14.55	14.67
14.36	14.33
14.06	14.15
13.42	13.64
13.73	14.00
13.51	13.81
13.54	13.66
13.62	13.63
13.77	14.00
13.79	13.81
14.03	13.82
14.08	13.79
14.05	13.95
13.93	13.8
13.91	13.68

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	14.13	13.73
	14.19	13.77
	14.25	13.95
	14.38	13.84
	14.52	13.92
	14.64	13.82
	14.50	13.98
	14.57	13.80
	14.65	13.93
	14.65	13.90
	14.81	13.99
	14.97	14.48
	14.87	14.61
	14.90	14.53
	14.79	14.80
	14.90	14.84
	14.96	14.73
	15.01	14.52
	14.90	14.75
	14.94	14.97
	14.89	14.90
	14.80	14.80
	14.62	14.79
	14.46	14.74
	14.60	14.25
	14.48	13.98
	14.43	13.71
	14.28	13.69
	14.08	13.28
	13.81	13.20
	13.84	13.02
5/31/04	14.01	13.31

MARKET PRICE/NET ASSET VALUE:

Market Price	\$13.31
Net Asset Value	\$14.01
Discount to Net Asset Value	5.00%
Market Price Yield(3)	7.61%

(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 value at the end of the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of greater than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, price, yield and net asset value will fluctuate with changes in market

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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 current monthly per share dividend payable to common shareholders by the market price per common share at May 31, 2004.

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND II PERFORMANCE SUMMARY AND STATISTICS  
 May 31, 2004 (unaudited)

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 -----  
 SYMBOL:  
 PCK

OBJECTIVE:  
 To provide income exempt from federal and California State income tax.

Primary Investments:  
 Municipal fixed-income securities, the interest from which is exempt from federal and California State income tax.

INCEPTION DATE:  
 June 28, 2002

TOTAL NET ASSETS(1):  
 \$667.7 million

PORTFOLIO MANAGER:  
 Mark McCray

TOTAL RETURN(2):	MARKET PRICE	NAV
1 Year	(3.92)%	(1.31)%
Commencement of Operations (6/28/02) to May 31, 2004	0.07%	3.49%

COMMON SHARE PRICE PERFORMANCE:  
 Commencement of Operations (6/28/02) to May 31, 2004  
 at Market Price  
 at NAV

[Data below represents line chart in the printed piece]

at NAV at Market Price

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6/28/02

14.33	15.00
14.33	15.10
14.42	15.28
14.42	15.26
14.47	15.04
14.44	15.29
14.49	15.28
14.56	15.28
14.48	15.22
14.60	15.05
14.70	15.18
14.86	15.25
15.02	15.25
15.02	15.10
14.98	15.07
14.80	15.07
14.07	14.26
13.93	14.42
14.25	14.72
14.54	14.80
14.34	14.67
14.16	14.27
14.03	14.35
14.26	14.10
14.36	14.18
14.48	14.18
14.45	14.25
14.48	14.25
14.32	14.11
14.23	14.05
14.17	14.08
14.12	14.05
14.13	14.12
14.25	14.06
14.26	14.10
14.20	14.19
14.47	14.50
14.54	14.36
14.32	14.36
14.38	14.40
14.06	14.31
14.12	14.24
14.34	14.25
14.33	14.28
14.42	14.54
14.47	14.64
14.59	14.78
14.69	14.82
14.66	14.78
14.70	14.96
14.83	15.00
14.57	14.85
14.35	14.59
14.36	14.75
14.29	14.35
13.97	14.10
13.62	13.88
13.06	13.21
13.31	13.66
13.03	13.37
13.09	13.43
13.14	13.62

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	13.32	13.77
	13.33	13.92
	13.57	13.98
	13.64	13.90
	13.59	13.92
	13.45	13.88
	13.52	13.65
	13.68	13.81
	13.76	13.88
	13.81	13.96
	13.94	13.82
	14.08	13.74
	14.20	13.79
	14.04	13.81
	14.12	13.51
	14.22	13.59
	14.23	13.60
	14.35	13.65
	14.54	13.78
	14.44	13.98
	14.41	13.96
	14.28	14.03
	14.41	14.14
	14.49	14.09
	14.56	14.09
	14.48	14.17
	14.56	14.37
	14.51	14.44
	14.41	14.30
	14.16	14.31
	14.03	13.97
	14.13	13.70
	13.93	13.53
	13.94	13.20
	13.79	13.10
	13.57	12.91
	13.28	12.76
	13.33	13.03
5/31/04	13.53	13.27

MARKET PRICE/NET ASSET VALUE:

Market Price	\$13.27
Net Asset Value	\$13.53
Discount to Net Asset Value	1.92%
Market Price Yield(3)	7.35%

(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 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 have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total

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return for a period of greater than one year represents the average annual total return.

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(3) Market Price Yield is determined by dividing the annualized current monthly per share dividend payable to common shareholders by the market price per common share at May 31, 2004.

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### PIMCO NEW YORK MUNICIPAL INCOME FUND II PERFORMANCE SUMMARY AND STATISTICS May 31, 2004 (unaudited)

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SYMBOL:  
PNI

OBJECTIVE:  
Seeks to provide current income exempt from federal, New York State and New York City income tax.

PRIMARY INVESTMENTS:  
Municipal fixed-income securities, the interest from which is exempt from federal, New York State and New York City income tax.

INCEPTION DATE:  
June 28, 2002

TOTAL NET ASSETS(1):  
\$231.0 million

PORTFOLIO MANAGER:  
Mark McCray

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TOTAL RETURN(2):

	MARKET PRICE	NAV
1 Year	(5.15)%	0.13%
Commencement of Operations (6/28/02) to May 31, 2004	(0.82)%	3.49%

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COMMON SHARE PRICE PERFORMANCE:  
Commencement of Operations (6/28/02) to May 31, 2004  
[ ] at Market Price  
[ ] at NAV

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[Data below represents line chart in the printed piece]

	at NAV	at Market Price
6/28/02	14.33	15.00
	14.31	15.20
	14.36	15.11
	14.38	15.35
	14.42	15.02
	14.46	15.35
	14.52	15.08
	14.56	15.00
	14.48	15.16
	14.59	15.06
	14.69	15.14
	14.76	15.12
	14.91	15.14
	14.91	15.03
	15.02	15.06
	14.95	14.97
	14.29	14.65
	14.16	14.25
	14.35	14.06
	14.62	14.32
	14.51	14.30
	14.33	14.13
	14.19	14.22
	14.44	14.06
	14.55	14.10
	14.63	14.05
	14.62	14.02
	14.71	14.15
	14.544	14.17
	14.541	14.09
	14.416	13.95
	14.403	14.03
	14.44	14.00
	14.53	14.03
	14.48	14.20
	14.38	14.23
	14.51	14.34
	14.62	14.26
	14.36	14.22
	14.43	14.23
	13.78	14.29
	13.86	14.15
	14.11	14.10
	14.02	14.18
	14.08	14.16
	14.20	14.40
	14.25	14.75
	14.39	14.65
	14.44	14.71
	14.47	14.67
	14.59	14.70
	14.38	14.55
	14.31	14.81
	14.30	14.92
	14.26	14.71
	14.01	14.64
	13.75	14.08
	13.05	14.00

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	13.39	13.84
	13.12	13.85
	13.10	13.71
	13.18	13.80
	13.30	13.98
	13.28	13.90
	13.72	13.57
	13.87	13.69
	13.78	13.84
	13.65	13.64
	13.62	13.79
	13.85	13.72
	13.88	13.80
	13.94	13.85
	14.10	13.75
	14.23	13.71
	14.35	13.89
	14.26	13.90
	14.37	14.02
	14.45	13.80
	14.45	13.84
	14.54	13.82
	14.72	14.19
	14.64	14.33
	14.65	14.38
	14.55	14.45
	14.64	14.58
	14.71	14.42
	14.76	14.60
	14.68	14.76
	14.76	14.81
	14.71	14.66
	14.68	14.80
	14.54	14.76
	14.38	14.59
	14.46	14.09
	14.31	13.95
	14.19	13.48
	14.05	13.45
	13.75	13.12
	13.43	12.71
	13.44	12.74
5/31/04	13.54	13.05

MARKET PRICE/NET ASSET VALUE:

Market Price	\$13.05
Net Asset Value	\$13.54
Discount to Net Asset Value	3.62%
Market Price Yield(3)	7.47%

(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 value at the end of

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the period and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income dividends have been reinvested at prices obtained under the Fund's dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period of greater than one year represents the average annual total return.

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(3) Market Price Yield is determined by dividing the annualized current monthly per share dividend payable to common shareholders by the market price per common share at May 31, 2004.

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

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Principal  
Amount  
(000)

=====

MUNICIPAL BONDS & NOTES--88.0%

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		ALABAMA--3.8%
\$	29,145	Birmingham Waterworks & Sewer Board. Rev., Ser. B, 5.00%-5.25%, 1/1/27-1/1/37 (MBIA)
	1,750	Huntsville Health Care Auth., 5.75%, 6/1/32, Ser. B
	16,580	Jefferson Cnty. Sewer Rev., 4.75%, 2/1/38, Ser. B (FGIC)
		ALASKA--1.3%
	13,885	State Housing Fin. Corp., 5.00%, 12/1/39, Ser. A
	3,550	5.25%, 6/1/32, Ser. C (MBIA)
		ARIZONA--0.1%
	1,300	State Health Fac. Auth. Hosp. Rev., 5.75%, 12/1/32

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	CALIFORNIA--5.2%
9,610	Alameda Corridor Transportation Auth. Rev., zero coupon, 10/1/16, Ser. A
43,775	Economic Recovery GO, 5.00%, 7/1/08-7/1/23, Ser. A
12,300	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev., 6.25%-6.75%, 6/1/33-6/1/39, Ser. 2003-A-1
1,000	Rancho Cucamonga Community Facs. Dist., 6.30%, 9/1/23, Ser. A
4,000	Southern California Public Power Auth. Project Rev., zero coupon, 7/1/13
	COLORADO--4.9%
30,000	Dawson Ridge Dist. No. 1, GO, zero coupon, 10/1/22, Ser. A
5,000	Denver Co. City & Cnty. Cert. of Participation, 5.50%, 12/1/25, Ser. B (AMBAC)
25,000	Health Fac. Auth. Rev., Catholic Health Initiatives-A, 5.50%, 3/1/32
18,305	Health Fac. Auth. Rev., Exempla Inc., 5.625%, 1/1/33, Ser. A
6,500	Health Fac. Auth. Rev., Liberty Height Retirement Fac., zero coupon, 7/15/22
	DISTRICT OF COLUMBIA--1.3%
17,500	Washington DC Convention Ctr. Auth. Tax Rev., 4.75%, 10/1/28 (AMBAC)

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

	FLORIDA--3.8%
\$ 8,000	Highlands Cnty. Health Fac. Auth. Rev., 6.00%, 11/15/31, Ser. A
635	Hillsborough Cnty. Health Fac. Indl. Dev. Rev., 5.625%, 8/15/23
2,335	Hillsborough Cnty. Pollution Control Rev., Tampa Electric Co. Proj. 5.50%, 10/1/23
7,135	Jacksonville Health Facs. Auth. Rev., 5.25%, 11/15/32, Ser. A
7,500	JEA St. Johns River Power Park Syst. Rev., 5.00%, 10/1/09
11,500	Lakeland Hosp. Syst. Rev., Regional Health Sys., 5.50%, 11/15/32

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3,000	Leesburg Hosp. Rev., Leesburg Regional Medical Center, 5.50%, 7/1/32
7,550	Orange Cnty. Health Fac., Adventist Health Sys., 5.625%-6.25%, 11/15/24-11/15/32
1,500	Winter Springs Water & Sewer Rev., zero coupon, 10/1/29 (FGIC)
GEORGIA--0.7%	
4,000	Atlanta Water & Wastewater, 5.00%, 11/1/39, Ser. A (MBIA)
1,500	Grantor Trust Gov't CP, 4.75%, 6/1/28, Ser. A (MBIA)
9,600	Richmond Cnty. Dev Auth. Rev., zero coupon, 12/1/21
HAWAII--1.4%	
19,170	Honolulu City & Cnty. Wastewater Syst. Rev., First Board Resolution, 4.75%, 7/1/28 (FGIC)
ILLINOIS--16.6%	
11,760	Central Lake Cnty. Water Agy. Rev., 5.125%, 5/1/28-5/1/32, Ser. A (AMBAC)
5,000	Cicero Corp. GO, 5.25%, 12/1/31 (MBIA)
94,485	Chicago City Colleges GO, zero coupon, 1/1/37-1/1/39 (FGIC)
15,535	Chicago Board of Education School Reform GO, Ser. A, zero coupon, 12/1/16
5,000	Ser. A, zero coupon, 12/1/28 (FGIC)
4,500	zero coupon, 12/1/31 (FGIC)
10,160	Chicago GO, 5.00%-5.125%, 1/1/29-1/1/33, (AMBAC)

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

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	ILLINOIS-- (CONCLUDED)
\$ 7,000	Chicago Midway Arpt. Rev., 5.00%, 1/1/31, Ser. B (MBIA)
9,862	Chicago Special Assessment, Lake Shore East 6.625%-6.75%, 12/1/22-12/1/32
144,650	Dev. Fin. Auth. Retirement Housing Rev., zero coupon, 7/15/23-7/15/25

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20,100	Health Facs. Auth. Rev., Elmurst Memorial Healthcare, 5.625%, 1/1/28
1,000	McHenry & Kane Cnty. Community Consolidated School Dist. 158, zero coupon, 1/1/12
110,000	Metropolitan Pier & Exposition Auth., zero coupon, 12/15/30-12/15/33 (MBIA)
10,000	State GO, 5.00%, 3/1/34
68,470	State Sports Facs. Auth, zero coupon, 6/15/10 (AMBAC)
INDIANA--0.6%	
3,000	Brownsburg 1999 School Building Corp., 5.00%-5.25%, 3/15/25-9/15/25 (FSA)
4,125	Fort Wayne Pollution Control Rev., 6.20%, 10/15/25
500	State Bank Rev., 5.25%, 4/1/30, Ser. D (AMBAC)
IOWA--0.5%	
8,850	Tobacco Settlement Auth., 5.60%, 6/1/35, Ser. B
KANSAS--0.2%	
2,800	Univ. of Kansas, Hosp. Auth. Health Facs. Rev., 5.625%, 9/1/32
KENTUCKY--0.9%	
8,545	Economic Dev. Finance Auth. Hospital Facs. Rev., 5.25%, 10/1/19
2,500	5.25%, 10/1/30
LOUISIANA--4.2%	
20,400	Ochsner Clinic Foundation Pub. Facs. Auth. Rev., 5.50%, 5/15/32, Ser. B
44,395	Tobacco Settlement Financing Corp., 5.875%, 5/15/39, Ser. 2001B
MARYLAND--0.1%	
1,000	State Health & Higher Educational. Fac. Auth. Rev., Adventist Healthcare, 5.75%, 1/1/ 25, Ser. A,

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

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Principal  
Amount  
(000)

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	MASSACHUSETTS--2.2%
\$ 1,300	Massachusetts Bay Trans. Auth., 4.75%, 3/1/21, Ser. A (MBIA)
9,000	State GO, 5.00%, 8/1/11, Ser. A
4,295	State Turnpike Auth., 4.75%, 1/1/34 Ser. A (AMBAC)
12,050	State Water Reserve Auth., 4.75%, 8/1/37, Ser. A
2,300	4.75%, 12/1/21, Ser. B
	MICHIGAN--2.7%
10,250	Detroit City School Dist., 5.00%-5.125%, 5/1/31-5/1/32, Ser. A
2,500	Detroit Water Supply Sys., 5.00%, 7/1/30, Ser. A (FGIC)
2,000	State GO, 5.25%, 12/1/09
5,000	State Hosp. Fin. Auth. Rev., Ascension Health, 5.25%, 11/15/26, Ser. B
15,425	State Hosp. Fin. Auth. Rev., Oakwood Obligation Group, 5.75%-6.00%, 4/1/32, Ser. A
	MISSISSIPPI--0.3%
3,605	Business Finance Corp., Pollution Control Rev., 5.875%, 4/1/22
1,000	State Dev. Bank Oblig., Projects & Equipment Acquisitions, 5.00%, 7/1/24 (AMBAC)
	MISSOURI--0.1%
1,500	St. Louis Parking Facs. Rev., Downtown Parking Facility, 6.00%, 2/1/28
	NEVADA--1.8%
3,400	Clark Cnty. GO, 5.00%, 6/1/31 (FGIC)
17,030	Reno Lien Trans., 5.125%-5.25%, 6/1/27-6/1/41 (AMBAC)
3,290	Truckee Meadows Water Auth Rev., 5.125%, 7/1/30, Ser. A (FSA)
	NEW HAMPSHIRE--0.2%
3,000	Health & Educational Facs. Auth. Rev., 6.125%, 7/1/32

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
 May 31, 2004

Principal Amount (000)	
	NEW JERSEY--2.2%
\$ 60	Camden Cnty. Impt. Auth. Rev., Cooper Health, 5.875%-6.00%, 2/15/15-2/15/27
750	Economic Dev. Auth., Arbor Glen, 6.00%, 5/15/28, Ser. A
15,405	Economic Dev. Auth., Kapkowski Landfill Proj., 5.75%, 10/1/21-4/1/31
3,500	State Educational Fac. Auth. Rev., 6.00%, 7/1/25, Ser. D
10,030	Tobacco Settlement Financing Corp., Rev., 6.00%-6.75%, 6/1/37-6/1/43
	NEW MEXICO--0.4%
5,000	Farmington Pollution Control Rev., 5.80%, 4/1/22
	NEW YORK--2.2%
10,600	Metropolitan Trans. Auth., 5.00%, 11/15/30, Ser. A (FSA)
10,000	5.25%, 11/15/32
6,700	State Dormitory Auth. Rev., 5.00%, 7/1/34, Ser. 1
2,000	State Environmental Facilities Corp., 5.00%, 6/15/28
	OHIO--0.6%
7,500	Lorain Cnty. Hospital Rev., 5.375%, 10/1/30
	PENNSYLVANIA--3.2%
7,250	Allegheny Cnty. Hosp. Dev. Auth. Rev., 9.25%, 11/15/15-11/15/30, Ser. B
4,500	Cumberland Cnty. Auth. Rev., 7.25%, 1/1/35, Ser. A
8,750	Montgomery Cnty. Higher Education & Health Auth. Hosp. Rev., 5.125%, 6/1/27-6/1/32, Ser. A
5,000	Philadelphia Auth. Dev. Lease Rev., 5.25%, 10/1/30, Ser. B (FSA)
3,050	Philadelphia Auth. Indl. Dev. Rev., Doubletree, 6.50%, 10/1/27
3,000	Philadelphia GO, 5.25%, 9/15/25 (FSA)
8,520	Philadelphia Hosp. & Higher Ed. Facs. Auth. Rev., 6.85%, 7/1/22
500	Pittsburgh & Allegheny Cnty. Pub. Auditorium, 5.00%, 2/1/29 (AMBAC)

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

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Principal Amount (000)	
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\$ 4,200	PUERTO RICO--0.3% Electric Power Auth. Power Rev., 5.125%, 7/1/29, Ser. NN
65,000	RHODE ISLAND--4.1% Tobacco Settlement Financing. Corp., 6.25%, 6/1/42, Ser. A
27,745	SOUTH CAROLINA--5.6% Greenville Cnty. School District, 5.50%, 12/1/28
18,120	Jobs Economic Dev. Auth. Economic Dev. Rev., 5.625%, 11/15/30
23,500	Lexington Cnty. Health Services Dist. Inc. Hosp. Rev., 5.50%-5.75%, 11/1/28-5/1/37
3,250	Tobacco Settlement Rev., 6.375%, 5/15/28, Ser. B
1,180	Trans. Infrastructure Rev., 5.00%, 10/1/29, Ser. A (AMBAC)
3,750	TENNESSEE--5.2% Knox Cnty. Health Educational & Housing Facs. Board, Hospital Facs. Rev., 5.25%, 10/1/30
58,785	Memphis Electric Sys. Rev., 5.00%, 12/1/11, Ser. A (MBIA)
1,000	TEXAS--9.2% Arlington Indpt. School Dist. GO, 5.00%, 2/15/24
4,480	Aubrey Indpt. School Dist. GO, 5.50%, 2/15/33
6,500	Brazos Cnty. Health Facs. Dev. Corp., Franciscan Services Corp., 5.375%, 1/1/32
2,700	Comal Cnty. Health Facs., Mckenna Memorial Hosp., 6.25%, 2/1/32
5,000	Dallas Area Rapid Transit., 5.00%, 12/1/31 (AMBAC)
20,000	Frisco Indpt. School Dist. GO, zero coupon, 8/15/34
19,750	Harris Cnty. GO, 5.125%, 8/15/31
5,250	Harris Cnty. Health Facs. Dev. Corp. Rev., 5.375%, 2/15/26, Ser. A
25,000	Harris Cnty. Senior Lien Toll Road, 5.00%, 8/15/30 (FSA)

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7,500	Keller Indpt. School Dist. GO, 4.875%, 8/15/31
3,170	Little Elm Indpt. School Dist. GO, 5.30%, 8/15/29, Ser. A
6,250	North Dallas Thruway Auth., 4.75%, 1/1/29 (FGIC)
5,000	Quinlin Indpt. School Dist. GO, 5.10%, 2/15/32
10,000	State Turnpike Auth. Highway Imps. Rev., zero coupon, 8/15/19 (AMBAC)
8,880	5.00%, 8/15/42 (AMBAC)
4,900	State Water Financial Assistance GO, 5.00%-5.25%, 8/1/35-8/1/36
8,000	Wichita Falls Water & Sewer Rev., 5.00%, 8/1/27 (AMBAC)

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

		VIRGINIA--0.5%
\$	6,500	Fredericksburg Industrial Dev., Medicorp Health Syst., 5.125%-5.25%, 6/15/27-6/15/33, Ser. B
		WASHINGTON--0.6%
	2,250	Energy Northwest Electric Revenue, 5.25%, 7/1/09 Ser. A
	5,000	Tacoma Sewer Rev., 5.00%, 12/1/31, Ser. A (FGIC)
		WISCONSIN--1.0%
	9,135	Badger Tobacco Asset Securitization Corp., 6.125%, 6/1/27
	1,125	6.00%, 6/1/17
	2,500	State GO, 5.00%, 5/1/09
	1,000	State Health & Educational Facs. Auth. Rev., 5.375%, 10/1/30

Total Municipal Bonds & Notes (cost-\$1,156,025,263)

VARIABLE RATE NOTES--7.4% (a) (b) (g)

		ALABAMA--0.8%
	6,675	Jefferson Cnty. Sewer Rev., Residual Ctfs.,

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2,100	14.35%, 2/1/36, Ser. 352 (FGIC) Montgomery Care Fac. Residual Ctfs., 13.56%, 11/15/29, Ser. 435 (MBIA)
2,813	COLORADO--0.2% Denver City & Cnty. Airpt Rev., Residual Ctfs., 15.87%, 11/15/25, Ser. 425 (FSA)
2,228	FLORIDA--0.5% Orange Cnty. School Board Cert. of Participation, 15.98%, 8/1/24, Ser. 328 (MBIA)
4,052	State Governmental Utilities Rev., Residual Ctfs., 15.98%, 10/1/29, Ser. 327 (AMBAC)
2,225	ILLINOIS--0.8% Chicago GO, 16.48%, 1/1/28 Ser. 332, (MBIA)
3,300	15.23%, 1/1/40 Ser. 426, (FGIC)
1,932	Cook Cnty., Residual Ctfs., 13.56%, 11/15/28, Ser. 403 (FGIC)
2,200	State GO, Residual Ctfs, 19.15%, 4/1/27, Ser. 783

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal Amount (000)	
\$ 2,100	MASSACHUSETTS--2.3% Boston Water & Sewer Community Rev., Residual Ctfs., 13.68%, 11/1/28, Ser. 434 (FGIC)
2,420	State GO, 19.33%, 11/1/30, Ser. 785 (FGIC)
1,750	State College Bldg. Auth. Proj. Rev., 43.843%-45.454%, 11/1/22-11/1/31, (XLCA)
11,049	State Turnpike Auth. Rev., Residual Ctfs., 13.68%, 1/1/37, Ser. 334 (AMBAC)
4,500	13.68%, 1/1/37, Ser. 489 (AMBAC)
8,498	13.68%, 1/1/39, Ser. 335 (AMBAC)
3,300	NEVADA--0.3% State GO, Residual Ctfs., 13.54%, 5/15/28, Ser. 344 (FGIC)

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	OHIO--0.1%
1,975	Hamilton Cnty. Sales Tax Residual Ctfs., 16.01%, 12/1/27, Ser. 356 (MBIA)
	PENNSYLVANIA--0.4%
2,505	Philadelphia School Dist. Residual Ctfs., GO, 12.70%, 4/1/27, Ser. 345, (MBIA)
4,016	12.73%, 4/1/27, Ser. 496, (MBIA)
	TENNESSEE--0.5%
6,000	Memphis Electric Sys. Rev., Residual Ctfs. 8.66%, 12/1/11, Ser 880 (MBIA) (d)
	TEXAS--1.3%
3,075	Denton Util. Sys. Rev., Residual Ctfs., 16.51%, 12/1/29, Ser. 428 (MBIA)
1,650	Houston Arpt. Sys. Rev., Residual Ctfs. 13.44%, 7/1/25, Ser. 404 (FGIC)
3,838	Houston Water & Sewer Syst. Rev., Residual Ctfs., 17.01%, 12/1/30, Ser. 495
2,750	16.01%, 12/1/28, Ser. 427
3,080	State Affordable Housing, American Housing Foundation, 19.87%, 9/1/22, Ser. 780 (MBIA)
	WASHINGTON--0.2%
2,730	Central Puget Sound Regl. Tran. Auth. Sales Tax & Motor, Residual Ctfs., 12.70%, 2/1/28, Ser. 360
	Total Variable Rate Notes (cost-\$92,711,059)

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

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VARIABLE RATE DEMAND NOTES (c) (d)--3.0%  
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\$ 1,450 MASSACHUSETTS--0.1%  
State Health & Educational Facilities Auth.,  
1.09%, 6/1/04, Ser. C

MICHIGAN--0.3%

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4,000	State University Rev., 1.03%, 6/2/04, Ser. A
	MISSOURI--0.5%
4,400	State Health & Educational Facilities Auth Rev., 1.06%, 6/3/04
1,650	1.10%, 6/1/04, Ser. B
	NEW YORK--0.5%
7,000	New York City Municipal Water Finance & Auth. Water & Sewer Syst. Rev., 1.09%, 6/1/04, Ser. C (FGIC)
	NORTH CAROLINA--1.1%
3,150	Charlotte Water & Sewer Sys. Rev., 1.08%, 6/3/04, Ser. B
3,980	Mecklenburg Cnty., CP., 1.07, 6/3/04
7,000	State GO, 1.03%, 6/2/04, Ser. E
	OREGON--0.1%
1,600	State GO, 1.03%, 6/2/04
	PENNSYLVANIA--0.1%
1,400	State Hospitals & Higher Education Facilities Auth., 1.08%, 12/1/03 (MBIA)
	TEXAS--0.2%
2,200	Harris Cnty Industrial Development Corp., 0.98%, 3/1/24
	VIRGINIA--0.1%
2,000	Loudoun Cnty. Indl. Dev. Auth. Rev., Howard Hughes Med. Ctr., 1.06%, 6/1/04, Ser. C

TOTAL VARIABLE RATE DEMAND NOTES (COST-\$39,829,923)

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U.S. TREASURY BILLS (f)--1.6%

-----  
20,215 1.0148%-1.0899%, 6/3/04-6/17/04 (cost-\$20,210,967)

TOTAL INVESTMENTS BEFORE CALL OPTIONS WRITTEN  
(cost-\$1,308,777,212+)--100%

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PIMCO MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004  
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CALL OPTIONS WRITTEN (h)--(0.0)%

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Contracts

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U.S. Treasury Bond Futures, Chicago Board of Trade:

(575) Strike Price \$112, expires 8/27/04

(575) Strike Price \$113, expires 8/27/04

Total call options written (premium received-\$759,359)

TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN  
(cost-\$1,308,017,853)--100%

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+ The cost basis of portfolio securities for federal income tax purposes is \$1,308,794,043. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$20,152,677 aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$29,247,920 and net unrealized depreciation for federal income tax purposes is \$9,095,243.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31,2004

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Principal  
Amount  
(000)

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CALIFORNIA MUNICIPAL BONDS & NOTES--84.5%

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\$31,300	ABAG Financing Auth. Rev., 5.20%-5.35%, 11/15/22-11/15/32, Ser. A
2,000	ABC Unified School Dist. GO, zero coupon, 8/1/23, Ser. B (FGIC)
1,000	Alpine Union School Dist. GO, zero coupon, 8/1/24, Ser. B (FSA)
8,115	Anaheim City School Dist. GO, 5.00%, 8/1/26 (FGIC)
23,000	Bakersfield, CP, zero coupon, 4/15/21, Ser. B
1,945	Bay Area Govt. Assoc. Improvement Bd. Act 1915, 6.30%, 9/2/25
2,000	Bay Area Govt. Assoc. Lease Rev., 5.00%, 7/1/32, Ser. 2002-1 (AMBAC)
1,085	Capistrano Unified School Dist., Community Fac. Dist. Special Tax, 5.70%, 9/1/20
565	Catholic Health Facs. Fin. Auth. Rev., 5.00%, 7/1/28, Ser. A
2,300	Ceres Unified School Dist., GO, zero coupon, 8/1/27 (FGIC)
9,865	Chula Vista Special Tax, 6.05%-6.20%, 9/1/25-9/1/33
8,035	Clovis Unified School Dist. GO,

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1,410	zero coupon, 8/1/23-8/1/27, Ser. B (FGIC) Community College Financing Auth. Lease Rev., 5.00%, 8/1/27, Ser. A (AMBAC)
6,355	Corona-Norco Unified School Dist., Public Financing Auth. Special Tax, 5.55%-6.10%, 9/1/15-9/1/32, Ser. A
1,110	Corona-Norco Unified School Dist. Special Tax, 5.10%, 9/1/25 (AMBAC)
2,800	Cotati Redev. Agcy. Tax Allocation, 5.00%, 9/1/31, Ser. A (MBIA)
3,000	Dinuba Financing Auth. Lease Rev., 5.10%, 8/1/32 (MBIA)
2,825	Empire Union School Dist. Special Tax., zero coupon, 10/1/30-10/1/32 (AMBAC)
1,000	Escondido Union School Dist. GO, zero coupon, 8/1/27 (FSA)
2,440	Eureka Unified School Dist. GO, zero coupon, 8/1/27 (FSA)
32,010	Foothill Eastern Corridor Agcy. Toll Road Rev., zero coupon, 1/1/25-1/1/30, Ser. A
1,500	zero coupon, 1/15/27 (MBIA)
400	Franklin-McKinley School Dist. GO, 5.00%, 8/1/27, Ser. B (FSA)
47,900	Golden State Tobacco Securitization Corp. Rev., 6.25%-6.75%, 6/1/33-6/1/39, Ser. 2003-A-1
2,115	Health Facs. Financing Auth. Rev., 5.375%, 11/1/20
1,750	Huntington Beach Community Facs. Dist. Special Tax, 6.30%, 9/1/32
2,080	Industry Urban Dev. Agcy. Tax Allocation, 4.75%, 5/1/21 (MBIA)
7,000	Irvine Improvement Board Act 1915 Special Assessment, 5.70%, 9/2/26
1,900	Jurupa Unified School Dist. GO, zero coupon, 5/1/27 (FGIC)
2,450	Kings Canyon JT Unified School Dist. GO, zero coupon, 8/1/27 (FGIC)
5,300	Livermore-Amador Valley Water Management Agcy., Sewer Rev., 5.00%, 8/1/31 (AMBAC)

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal Amount (000)	
\$ 5,935	Long Beach Unified School Dist. GO, 5.00%, 8/1/27, Ser. C (MBIA)
9,895	Los Angeles, CP, 5.00%, 2/1/27 (MBIA)
2,685	5.00%, 10/1/27, Ser. AU (MBIA)
7,200	Los Angeles Wastewater Syst. Rev., 5.00%, 6/1/30, Ser. A (FGIC)
3,475	Loyola Marymount University Educational Facs. Auth. Rev., zero coupon, 10/1/34 (MBIA)
1,000	Manhattan Beach Unified School Dist. GO,

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	zero coupon, 9/1/25 (FGIC)
7,295	Manteca Redev. Agcy. Tax Allocation, 5.00%, 10/1/32 (FSA) Manteca Unified School Dist. Special Tax,
2,365	zero coupon, 9/1/25 (MBIA)
5,330	5.00%, 9/1/29, Ser. C
4,000	Merced Cnty. CP, 5.00%, 6/1/32 (AMBAC)
7,320	Modesto Elementary School Dist., Stanislaus Cnty. GO, zero coupon, 8/1/23-5/1/27, Ser. A (FGIC)
2,150	Modesto High School Dist., Stanislaus Cnty. GO, zero coupon, 8/1/26, Ser. A (FGIC)
1,000	Modesto Public Financing Auth. Lease Rev., 5.00%, 9/1/29 (AMBAC)
2,385	Monrovia Financing Auth. Lease Rev., 5.125%, 12/1/31 (AMBAC)
	Montebello Unified School Dist. GO, zero coupon, 8/1/24-8/1/27 (FGIC)
7,105	zero coupon, 8/1/24 (FSA)
1,485	Morgan Hill Unified School Dist. GO, zero coupon, 8/1/23 (FGIC)
2,400	Mountain View-Whisman School Dist. GO, 5.00%, 6/1/27 Ser. D (MBIA)
1,500	Murrieta Redev. Agcy. Tax, 5.00%, 8/1/32 (MBIA)
1,800	Newark Unified School Dist. GO, zero coupon, 8/1/26, Ser D (FSA)
3,245	Oakland Redev. Agcy. Tax Allocation, 5.25%, 9/1/27-9/1/33
3,580	Orange Cnty. Community Facs. Dist. Special Tax, 6.00%, 8/15/25, Ser. A
1,000	Orange Cnty. Sanitation Dist. CP, 5.25%, 2/1/30 (FGIC)
12,000	Palmdale Community Redev. Agcy. Tax Allocation, zero coupon, 12/1/30-12/1/32 (AMBAC)
3,685	Paramount Unified School Dist. GO, zero coupon, 9/1/23, Ser. B (FSA)
1,750	Perris Public Financing Auth. Rev., 4.75%, 10/1/23, Ser. B (MBIA)
1,190	5.375%-5.625%, 10/1/20-10/1/31, Ser. C
2,580	Poway Unified School Dist. Special Tax, 5.50%-6.125%, 9/1/25-9/1/33
14,200	

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

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Principal  
Amount  
(000)

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\$	2,000	Rancho Cucamonga Community Facs. Dist. Special Tax, 6.375%, 9/1/31, Ser. A
	1,500	Richmond Wastewater Rev., zero coupon, 8/1/30 (FGIC)
	3,510	Riverside CP, 5.00%, 9/1/33 (AMBAC)
	17,500	Rocklin Unified School Dist. GO,

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9,250	zero coupon, 8/1/24-8/1/27 (FGIC)
	Roseville Redev. Agcy. Tax Allocation,
	5.00%, 9/1/27-9/1/33 (MBIA)
4,500	Sacramento City Financing Auth. Rev.,
4,935	5.00%, 12/1/32, Ser. A (FSA)
12,490	6.25%, 9/1/23
	Sacramento Cnty. Airport Syst. Rev.,
16,285	5.00%, 7/1/32, Ser. A (FSA)
	San Diego Cnty. Water Auth. Water Rev., CP,
1,500	5.00%, 5/1/28-5/1/29, Ser. A (MBIA)
1,000	San Diego Public Facs. Financing Auth. Lease Rev.,
	5.00%, 4/1/32 (MBIA)
14,000	San Diego Public Facs. Financing Auth. Sewer Rev.,
	5.00%, 5/15/29, Ser. A (FGIC)
	San Diego Public Facs. Financing Auth. Water Rev.,
5,585	5.00%, 8/1/32 (MBIA)
20,300	San Francisco City & Cnty. Airport Community, Int'l Airport Rev.,
10,405	4.50%, 5/1/28, Ser. 15B (MBIA)
	5.00%, 5/1/32, Ser. 28B (MBIA)
10,190	San Joaquin Hills Transportation Corridor Agcy. Toll Road Rev.,
7,875	zero coupon, 1/1/25
	San Jose, GO, 5.125%, 9/1/31 (MBIA)
5,000	San Juan Unified School Dist. GO,
	zero coupon, 8/1/23-8/1/26 (FSA)
4,835	Santa Margarita Community Fac. Water Dist. Special Tax,
2,300	6.00%-6.25%, 9/1/29-9/1/30
1,730	San Mateo Foster City School Dist. GO, 5.10%, 8/1/31 (FGIC)
3,280	San Mateo Union High School Dist. GO,
	zero coupon, 9/1/20 (FGIC)
8,690	San Rafael City High School Dist. GO,
1,260	5.00% 8/1/23, Ser. B (FSA)
3,465	San Rafael Elementary School Dist. GO,
	5.00%, 8/1/27, Ser. B (FSA)
1,000	Santa Clara Unified School Dist. GO,
4,745	5.00%, 7/1/25-7/1/27 (MBIA)
1,800	Santa Cruz Cnty., CP, 5.25%, 8/1/32
	Saugus Hart School Facs. Financing Auth. Special Tax,
	6.10%-6.125%, 9/1/32-9/1/33
	Shasta Union High School Dist. GO, zero coupon, 8/1/24 (FGIC)
	South Tahoe JT Powers Parking Financing Auth. Rev.,
	7.00%, 12/1/27, Ser. A
	Southern Mono Health Care Dist. GO,
	zero coupon, 8/1/26 (MBIA)

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

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\$	35,000	State Economic Recovery GO, 5.00%, 7/1/11, Ser. A (MBIA)
	9,375	State Health Facs. Financing Auth. Rev., 5.125%-5.25%, 1/1/22-1/1/26
	200	State Infrastructure & Economic Dev. Bk. Rev., Bay Area Toll, 5.00%, 7/1/36, Ser. B (AMBAC)
	9,605	State Public Works Board Lease Rev., 5.00%, 10/1/22, Ser. A (FSA)
	1,710	State University Rev. & Colleges, 5.00%, 11/1/33, Ser. A (AMBAC)
	1,000	5.00%, 11/1/13, Ser. A (FSA)
	1,170	Statewide Community Dev. Auth. CP, 6.10%, 11/1/15
	6,555	Statewide Community Dev. Auth. Rev., 6.75%, 10/1/30-7/1/32 (d)
	2,770	Statewide Community Dev. Auth., Rev., 5.50%, 11/1/32, Ser. A
	9,700	Statewide Community Dev. Auth., Rev., Jewish Home Health Fac., 5.50%, 11/15/33
	1,865	Statewide Financing Auth. Tobacco Settlement Rev., 5.625%, 5/1/29, Ser. A
	20,000	6.00%, 5/1/37, Ser. B
	7,750	Tamalpais Union High School Dist. GO, 5.00%, 8/1/27 (FSA)
	15,000	Tobacco Securitization Agcy. Rev., 5.625%-6.00%, 6/1/23-6/1/35
	1,800	5.875%, 6/1/43, Ser. A
	4,500	6.00%, 6/1/42
	995	Tracy Community Facs. Dist. Special Tax, 6.00%, 9/1/27
	6,250	University Revs., 5.00%, 5/15/11, Ser. A (AMBAC)
	10,000	Ventura Cnty. Community College Dist. GO, 5.00%, 8/1/27, Ser. A (MBIA)
	1,555	Ventura Unified School Dist. GO, 5.00%, 8/1/32, Ser. F (FSA)
	2,000	Vernon Elec. Syst. Rev., 5.50%, 4/1/33
	3,535	Victor Elementary School Dist., zero coupon, 8/1/24-8/1/26, Ser. A (FGIC)
	1,000	Vista Unified School Dist. GO, zero coupon, 8/1/26, Ser. A (FSA)
	7,320	West Contra Costa University School Dist. GO, 5.00%, 8/1/26-8/1/31, Ser. A (MBIA)
	3,375	Westlands Water Dist. Rev. CP, 5.00%, 9/1/34 (MBIA)
	2,000	William S. Hart Union High School Dist. Special Tax, 5.625%, 9/1/34
	2,110	Yuba City Unified School Dist. GO, zero coupon, 9/1/25 (FGIC)
		Total California Municipal Bonds & Notes (cost-\$571,562,220)

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

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Principal  
Amount

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(000)

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OTHER MUNICIPAL BONDS & NOTES--4.3%

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		PUERTO RICO--0.7%
\$	2,000	Electric Power Auth. Rev., 5.125%, 7/1/29, Ser. NN
	2,505	Gov't Fac. Public Buildings Auth. Rev., 5.00%, 7/1/36, Ser. I

	TENNESSEE--1.3%
8,535	Memphis Elec. Syst. Rev., 5.00%, 12/1/16, Ser. A (MBIA)

	TEXAS--2.3%
13,845	State Univ. Revs., 5.25%, 8/15/11-8/15/12, Ser. A

Total Other Municipal Bonds & Notes (cost--\$29,306,664)

---

CALIFORNIA VARIABLE RATE NOTES (a) (b) (g)--3.5%

---

	Los Angeles Dept. of Water & Power Waterworks Rev., 16.60%, 7/1/41 (FGIC)
4,238	
1,875	Modesto Public Financing Auth. Lease Rev., 16.10%, 9/1/29, Ser. 354 (AMBAC)
4,952	Oakland GO, 16.10%, 1/15/32, Ser. 756 (FGIC)
2,209	San Diego Unified School Dist. GO, 16.10%, 7/1/26, Ser. 759 (FSA)
1,944	16.10%, 7/1/27, Ser. 758 (FGIC)
3,743	San Jose GO, 16.10%, 9/1/32 (MBIA)
2,288	San Jose Unified School Dist. Santa Clara Cnty. GO, 16.10%, 8/1/27 (FSA)
2,500	University Revs., 16.10%, 9/1/28, Ser. 762 (FGIC)

Total California Variable Rate Notes (cost--\$24,091,792)

---

CALIFORNIA SHORT-TERM VARIABLE RATE DEMAND NOTES (c) (d)--6.4%

---

	Bay Area Toll Auth., Toll Bridge Rev., 1.04%, 6/3/04 (AMBAC)
2,000	
4,200	Irvine Ranch Water Dist., 1.07%, 6/1/04
4,900	Irvine Ranch Water Dist. GO, 1.07%, 6/1/04,
4,400	Irvine Unified School Dist. Special Tax, 1.07%, 6/1/04 (Bank of New York)
3,320	Long Beach Unified School Dist. CP, 1.06%, 6/3/04 (AMBAC)
2,095	Los Angeles Cnty. Metropolitan Transportation Auth. Rev., Sales Tax Rev., 1.06%, 6/3/04, Ser. A (MBIA)
2,300	Los Angeles Water & Power Rev., 1.06%, 6/3/04 Ser. B-3
2,315	Northern California Transmission Agency Rev., 1.08%, 6/3/04 (FSA)
9,000	Orange Cnty. Sanitation Dist. CP, 1.07%, 6/1/04, Ser. B
3,800	State Health Facs. Fin. Auth. Rev., 1.06%, 6/1/04, Ser. B (AMBAC)
2,000	Statewide Community Dev. Auth. CP, 1.07%, 6/1/04 (AMBAC)

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PIMCO CALIFORNIA MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
 May 31, 2004

Principal  
 Amount  
 (000)

\$ 2,000 Western Muni. Water Dist. Facs. Rev.,  
 1.06%, 6/2/04, Ser. A (FSA)

Total California Short-Term Variable Rate Demand Notes  
 (cost-\$42,330,000)

U.S. TREASURY BILLS (f)--1.3%

8,650 0.83753%-0.9275%, 6/3/04-6/17/04 (cost-\$8,648,168)

TOTAL INVESTMENTS BEFORE CALL OPTION WRITTEN  
 (cost-\$675,938,844+)--100%

CALL OPTIONS WRITTEN (h)--(0.0)%

Contracts

U.S. Treasury Bond Futures, Chicago Board of Trade:  
 (290) Strike Price \$112, expires 8/27/04  
 (290) Strike Price \$113, expires 8/27/04

Total call options written (premiums received-\$382,981)

TOTAL INVESTMENTS, NET OF CALL OPTIONS WRITTEN  
 (cost-\$675,555,863)--100%

+ The cost basis of portfolio securities for federal income tax purposes is \$675,938,844. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$1,968,481; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$18,313,910, net unrealized depreciation for federal

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income tax purposes is \$16,345,429.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PIMCO NEW YORK MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal Amount (000)	
-----	
	NEW YORK MUNICIPAL BONDS & NOTES--89.2%
-----	
\$ 1,250	Buffalo Municipal Water Fin. Auth., Water Syst. Rev., 5.00%-5.125%, 7/1/27-7/1/32, Ser. B (FSA)
10,000	Erie Cnty. Tobacco Asset, 6.50%, 7/15/32
1,850	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/30, Ser. A (FSA)
10,000	5.25%, 11/15/31, Ser. E
7,000	Metropolitan Transportation Auth. Service Contract, 5.35%, 7/1/31, Ser. B
	New York City, GO
4,000	5.00%, 3/1/33, Ser. I
1,500	5.75%, 8/1/16, Ser. A
3,100	New York City Health & Hospital Corp., Rev., 5.375%-5.45%, 2/15/26, Ser. A
	New York City Municipal Water Fin. Auth., Water & Sewer Syst. Rev.,
3,055	4.75%, 6/15/25, Ser. D (MBIA-IBC)
20,000	5.00%-5.125%, 6/15/32-6/15/34, Ser. A
1,245	New York City Indl. Dev. Agcy., Civic Fac. Rev., 6.45%, 7/1/32
1,000	New York City Indl Dev. Agcy. Rev. 4.95%, 11/20/32 (GNMA)
	New York City Transitional Fin. Auth. Rev.,
7,195	5.00%, 11/15/26, Ser. A
10,000	5.00%, 11/1/27, Ser. B
2,000	5.25%, 2/1/12, Ser. C
500	5.50%, 11/1/29 (Pre-refunded @ 101, 5/1/10) (i)
3,600	Port Auth. New York & New Jersey, 5.00%, 4/15/32
6,590	Sachem Central School District of Holbrook, 5.00%, 6/15/28-6/15/29
7,500	State Dormitory Auth. Lease Rev., State Univ. Dormitory Facs., 5.00%, 7/1/32
2,000	State Dormitory Auth. Revs., FHA-Kaleida Health Hospital, 5.05%, 2/15/25 (FHA)
3,225	State Dormitory Auth. Revs., FHA-NY & Presbyterian Hospital, 4.75%, 8/1/27 (AMBAC)
5,000	State Dormitory Auth. Revs., FHA-Saint Barnabas, 5.00%, 2/1/31, Ser. A (AMBAC)
1,250	State Dormitory Auth. Revs., FIT Student Housing Corp., 5.125%, 7/1/34 (FGIC)
5,300	State Dormitory Auth. Revs., Lenox Hill Hospital, 5.50%, 7/1/30
1,400	State Dormitory Auth. Revs., Long Island Univ., 5.25%, 9/1/28
5,000	State Dormitory Auth. Revs., Memorial Sloan-Kettering Center, Ser 1, 5.00%, 7/1/34

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8,850	State Dormitory Auth. Revs., North General Hospital, 5.00%, 2/15/25
8,600	State Dormitory Auth. Revs., State Personal Income Tax, 5.00%, 3/15/32
4,270	State Dormitory Auth. Revs., Teachers College, 5.00%, 7/1/32 (MBIA)

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PIMCO NEW YORK MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

\$ 5,000	State Board Agency School Rev., 5.00%, 6/1/23 Ser. C
2,000	State Environmental Facs. Corp., State Clean Water & Drinking, 5.125%, 6/15/31
6,100	State Urban Dev. Corp., Personal Income Tax, 5.00%, 3/15/33, Ser. C
6,000	State Urban Dev. Correctional & Youth Fac. Corp., 5.50%, 1/1/17, Ser. A
25,000	TOB Settlement Asset Backed, Inc. 5.75%, 7/15/32
10,000	6.375%, 7/15/39
4,700	Triborough Bridge & Tunnel Auth. Revs., 5.00%, 1/1/32, Ser. A (FGIC)
2,000	Warren & Washington Cnty. Indl. Dev. Agcy. Fac. Rev., 5.00%, 12/1/35, Ser A (FSA)
750	Westchester Cnty. Indl Dev. Agcy. Continuing Care, 6.50%, 1/1/34

Total New York Municipal Bonds & Notes (cost-\$207,021,848)

OTHER MUNICIPAL BONDS & NOTES--3.0%

5,675	Children Trust Fund Puerto Rico Tobacco Settlement Rev., 5.625%, 5/15/43
1,500	Puerto Rico Commonwealth Highway & Transportation Auth., 5.25%, 7/1/38 Ser. D
750	Puerto Rico Electric Power Authority, Power Revenue 5.125%, 7/1/29, Ser. NN

Total Other Municipal Bonds & Notes (cost-\$7,709,765)

NEW YORK VARIABLE RATE NOTES (a) (b) (g)--3.2%

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6,994 Long Island Power Auth. Elec. Syst. Rev.,  
17.07%, 12/1/26, Ser. 339 (MBIA) (cost \$7,006,755)

OTHER VARIABLE RATE NOTES (a) (b)--1.2%

1,800 CALIFORNIA--1.2%  
State Economic Recovery GO,  
21.015%, 1/1/10, Ser. A (cost \$2,501,979)

NEW YORK SHORT-TERM VARIABLE RATE DEMAND NOTES (c) (d)--2.3%

2,100 Nasaau Cnty. Interim Fin. Auth. Rev., 1.04%, 6/2/04  
1,200 New York City, GO, 1.06%, 6/1/04 (MBIA)  
1,990 New York City, GO, 0.98%, 6/1/04 (AMBAC)

Total New York Short-Term Variable Rate Demand Notes  
(cost-\$5,290,000)

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PIMCO NEW YORK MUNICIPAL INCOME FUND II SCHEDULE OF INVESTMENTS  
May 31, 2004

Principal  
Amount  
(000)

U.S. TREASURY BILLS (f) --1.1%

\$2,615 0.88500%-0.94251%, 6/3/04-6/17/04 (cost-\$2,614,676)

TOTAL INVESTMENTS BEFORE CALL OPTIONS WRITTEN  
(cost-\$232,145,023+)--100%

CALL OPTIONS WRITTEN (h) --(0.0)%

Contracts

U.S. Treasury Bond Futures, Chicago Board of Trade:  
(100) Strike Price \$112, expires 8/27/04  
(100) Strike Price \$113, expires 8/27/04

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Total call options written (premium received-\$132,063)

TOTAL INVESTMENTS NET OF CALL OPTIONS WRITTEN  
(cost-\$232,012,960)--100%

-----  
+ The cost basis of portfolio securities for federal income tax purposes is \$232,145,023. Aggregate gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$2,155,893, aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$6,314,345 and net unrealized depreciation for federal income tax purposes is \$4,158,452.

### NOTES TO SCHEDULES OF INVESTMENTS:

-----

\* Unaudited

- (a) Private Placement. Restricted as to resale and may not have a readily available market; the aggregate cost and value of such securities is \$96,407,843 or 7.4% of investments, \$22,773,335 or 3.5% of investments and \$9,933,860 or 4.3% of investments, respectively, for Municipal II, California Municipal II and New York Municipal II.
  - (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. These securities amounted to \$96,407,843 or 7.4% of investments, \$22,773,335 or 3.5% of investments and \$9,933,860 or 4.3% of investments, respectively, for Municipal II, California Municipal II and New York Municipal II.
  - (c) 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).
  - (d) Maturity date shown is date of next call.
  - (e) Security deemed illiquid.
  - (f) All or partial principal amount segregated as initial margin on financial futures contracts.
  - (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.
  - (h) Non-income producing securities.
  - (i) 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.
- 

### GLOSSARY:

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AMBAC -- insured by American Municipal Bond Assurance Corp.  
CP -- Certificates of Participation

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FGIC -- insured by Financial Guaranty Insurance Co.  
 FNMA -- Federal National Mortgage Association  
 FSA -- insured by Financial Security Assurance, Inc.  
 GO -- General Obligation Bonds  
 MBIA -- insured by Municipal Bond Investors Assurance  
 NR -- Not Rated  
 XLCA -- insured by XL Capital Assurance

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
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PIMCO MUNICIPAL INCOME FUNDS II STATEMENTS OF ASSETS AND LIABILITIES  
 May 31, 2004

	MUNICIPAL II	
ASSETS:		
Investments, at value (cost-\$1,308,777,212, \$675,938,844 and \$232,145,023, respectively)	\$1,299,698,800	\$
Cash	4,025,605	
Interest receivable	20,640,058	
Receivable for investments sold	14,955,454	
Receivable for variation margin on futures contracts	3,170,400	
Prepaid expenses	63,320	
Total Assets	1,342,553,637	
LIABILITIES:		
Payable to custodian	--	
Payable for investments purchased	18,828,437	
Dividends payable to common and preferred shareholders	4,982,961	
Investment management fees payable	557,264	
Options written, at value (premiums received-\$759,359, \$382,981 and \$132,063)	368,359	
Accrued expenses	146,317	
Total Liabilities	24,883,338	
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	
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS	\$ 812,670,299	\$

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COMPOSITION OF NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:		
Common Stock:		
Par value (\$0.00001 per share)	\$ 580	\$
Paid-in-capital in excess of par	824,260,374	
Undistributed net investment income	7,765,501	
Accumulated net realized loss	(15,742,017)	
Net unrealized depreciation of investments, futures contracts and options written	(3,614,139)	
<b>NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>	<b>\$ 812,670,299</b>	<b>\$</b>
Common Shares Outstanding	57,992,613	
<b>NET ASSET VALUE PER COMMON SHARE</b>	<b>\$ 14.01</b>	<b>\$</b>

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

PIMCO MUNICIPAL INCOME FUNDS II STATEMENTS OF OPERATIONS  
For the year ended May 31, 2004

	MUNICIPAL II
INVESTMENT INCOME:	
Interest	\$ 76,529,156
EXPENSES:	
Investment management fees	8,693,428
Auction agent fees and commissions	1,293,163
Custodian and accounting agent fees	165,597
Reports to shareholders	121,808
Audit and tax services	73,218
Investor relations	53,477
Trustees' fees and expenses	52,808
New York Stock Exchange listing fees	50,459
Transfer agent fees	38,372

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Legal fees	36,300
Insurance expense	27,398
Miscellaneous	14,327
Total expenses	10,620,355
Less: investment management fees waived	(2,006,176)
custody credits earned on cash balances	(10,471)
Net expenses	8,603,708
NET INVESTMENT INCOME	\$ 67,925,448
=====	
REALIZED AND UNREALIZED GAIN (LOSS):	
Net realized gain (loss) on:	
Investments	2,809,851
Futures contracts	14,107,026
Options written	7,293,851
Net change in unrealized appreciation/depreciation on:	
Investments	(93,435,002)
Futures contracts	15,451,270
Options written	9,466,248
Net realized and unrealized loss on investments, futures contracts and options written	(44,306,756)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM INVESTMENT OPERATIONS	23,618,692
=====	
DIVIDENDS ON PREFERRED SHARES FROM NET INVESTMENT INCOME	(4,680,202)
NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS RESULTING FROM INVESTMENT OPERATIONS	\$ 18,938,490
=====	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
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PIMCO MUNICIPAL INCOME FUNDS II STATEMENTS OF CHANGES IN NET ASSETS  
APPLICABLE TO COMMON SHAREHOLDERS

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MUNICI

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	For the Year ended May 31, 2004 -----
INVESTMENT OPERATIONS:	
Net investment income	\$ 67,925,448
-----	-----
Net realized gain (loss) on investments, futures contracts and options written	24,210,728
-----	-----
Net change in unrealized appreciation/depreciation of investments, futures contracts and options written	(68,517,484)
-----	-----
Net increase (decrease) in net assets resulting from investment operations	23,618,692
-----	-----
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:	
Net investment income	(4,680,202)
-----	-----
Net realized gains	--
-----	-----
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	18,938,490
-----	-----
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:	
Net investment income	(56,205,302)
-----	-----
Net realized gains	--
-----	-----
Total dividends and distributions to common shareholders	(56,205,302)
=====	=====
CAPITAL SHARE TRANSACTIONS:	
Net proceeds from the sale of common stock	--
-----	-----
Preferred shares underwriting discount charged to paid-in capital in excess of par	--
-----	-----
Common stock and preferred shares offering costs charged to paid-in capital in excess of par	--
-----	-----
Reinvestment of dividends and distributions	3,051,924
-----	-----
Net increase from capital transactions	3,051,924
-----	-----
Total increase (decrease) in net assets applicable to common shareholders	(34,214,888)
=====	=====
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:	
Beginning of period	846,885,187
-----	-----
End of period (including undistributed (dividends in excess of) net investment income of \$7,765,501 and \$725,557; \$3,271,140 and \$(465,795); \$356,073 and \$(322,399); respectively)	\$ 812,670,299
=====	=====
COMMON SHARES ISSUED AND REINVESTED:	
Issued	--
-----	-----
Issued in reinvestment of dividends and distributions	211,747

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NET INCREASE	211,747
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\* Commencement of operations.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

	CALIFORNIA MUN
	For the Year ended May 31, 2004
INVESTMENT OPERATIONS:	
Net investment income	\$ 33,940,350
Net realized gain (loss) on investments, futures contracts and options written	5,655,818
Net change in unrealized appreciation/depreciation of investments, futures contracts and options written	(43,456,385)
Net increase (decrease) in net assets resulting from investment operations	(3,860,217)
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:	
Net investment income	(2,082,467)
Net realized gains	--
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	(5,942,684)
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:	
Net investment income	(28,120,948)
Net realized gains	--
Total dividends and distributions to common shareholders	(28,120,948)
CAPITAL SHARE TRANSACTIONS:	
Net proceeds from the sale of common stock	--
Preferred shares underwriting discount charged to paid-in capital in excess of par	--
Common stock and preferred shares offering costs charged to paid-in capital in excess of par	--
Reinvestment of dividends and distributions	1,752,390

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Net increase from capital transactions	1,752,390
Total increase (decrease) in net assets applicable to common shareholders	(32,311,242)
=====	
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:	
Beginning of period	439,970,398
-----	
End of period (including undistributed (dividends in excess of) net investment income of \$7,765,501 and \$725,557; \$3,271,140 and \$(465,795); \$356,073 and \$(322,399); respectively)	\$ 407,659,156
=====	
COMMON SHARES ISSUED AND REINVESTED:	
Issued	--
-----	
Issued in reinvestment of dividends and distributions	125,989
-----	
NET INCREASE	125,989
=====	

NEW YORK MUN

For the Year  
ended  
May 31, 2004  
-----

INVESTMENT OPERATIONS:	
Net investment income	\$ 11,106,041
-----	
Net realized gain (loss) on investments, futures contracts and options written	1,168,992
-----	
Net change in unrealized appreciation/depreciation of investments, futures contracts and options written	(11,274,316)
-----	
Net increase (decrease) in net assets resulting from investment operations	1,000,717
-----	
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:	
Net investment income	(718,744)
-----	
Net realized gains	--
-----	
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	281,973
-----	
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:	
Net investment income	(9,708,825)
-----	
Net realized gains	--
-----	
Total dividends and distributions to common shareholders	(9,708,825)
=====	

CAPITAL SHARE TRANSACTIONS:

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Net proceeds from the sale of common stock	--
-----	
Preferred shares underwriting discount charged to paid-in capital in excess of par	--
-----	
Common stock and preferred shares offering costs charged to paid-in capital in excess of par	--
-----	
Reinvestment of dividends and distributions	778,884
-----	
Net increase from capital transactions	778,884
-----	
Total increase (decrease) in net assets applicable to common shareholders	(8,647,968)
=====	
NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS:	
Beginning of period	149,605,601
-----	
End of period (including undistributed (dividends in excess of) net investment income of \$7,765,501 and \$725,557; \$3,271,140 and \$(465,795); \$356,073 and \$(322,399); respectively)	\$ 140,957,633
=====	
COMMON SHARES ISSUED AND REINVESTED:	
Issued	--
-----	
Issued in reinvestment of dividends and distributions	55,136
-----	
NET INCREASE	55,136
=====	

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
May 31, 2004

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. PA Fund Management LLC, (the "Investment Manager"), formerly PIMCO Advisors Fund Management LLC, serves as the Funds' Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Dresdner Asset Management of America L.P. ("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

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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 state 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 agreed to reimburse the amount by which the aggregate of each Fund's organizational and common offering costs (other than sales load) exceeded \$0.03 per common share. Common offering costs of \$1,174,197, \$682,616 and \$308,845 (representing \$0.02 per common share for Municipal II and California Municipal II and \$0.03 per common share for New York Municipal II), were offset against the proceeds of the offerings and were 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, were 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 based upon events that have not yet been asserted. However, the Funds expect the risk of any loss to be remote.

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

### (A) VALUATION OF INVESTMENTS

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. The Fund's investments are valued daily by an independent pricing service approved by the Board of Trustees. Prices obtained from an independent pricing service use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Short-term investments maturing in sixty days or less are valued at amortized cost, if their original 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. Securities for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of the security may be fair valued, pursuant to guidelines established by the Board of Trustees. The prices used by the Funds to value securities may differ from the value that would be realized if the securities were sold. The Funds net asset value is

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determined daily at the close of regular trading (normally 4:00 p.m. Eastern time) on the New York Stock Exchange.

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
May 31, 2004

=====

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (B) INVESTMENT TRANSACTIONS AND INVESTMENT INCOME

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

#### (C) FEDERAL INCOME TAXES

The Funds intend to distribute all of their taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required. In addition, by distributing substantially all of their taxable ordinary income and long-term capital gains, if any, during each calendar year, the Funds intend not to be subject to U.S. federal excise tax.

#### (D) 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, held in a segregated account in the name of the futures broker at the Fund's custodian bank, 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 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.

#### (E) 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

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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 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.

### (F) RESIDUAL INTEREST MUNICIPAL BONDS

The Funds invest in Residual Interest Tax Exempt Bonds ("RITES") whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index, RITES are created by dividing the income stream provided by the underlying bonds to create two securities, one short-term and one long-term. The interest rate on the short-term component is reset by an index or auction process normally every seven to 35 days. After income is paid on the short-term securities at current rates, the residual income from the underlying bond(s) goes to the long-term securities. Therefore, rising short-term interest rates result in lower income for the longer-term portion, and vice versa. The longer-term bonds may be more volatile and less liquid than other Municipal Bonds of comparable maturity. An investment in RITES typically will involve greater risk than an investment in a fixed rate bond.

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
May 31, 2004

### 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

#### (G) 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

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

### (H) CUSTODY CREDITS EARNED ON CASH BALANCES

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

## 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 each Fund's average daily net assets (including net assets attributable to any preferred shares that may be outstanding) from the commencement of operations through June 30, 2007, and for a declining amount thereafter through June 30, 2009.

The Investment Manager has retained its affiliate, Pacific Investment Management Company LLC (the "Sub-Adviser") to manage each Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser makes all investment decisions 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 (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 \$3,477,371, \$1,768,591 and \$614,874 in connection with sub-advisory services for Municipal II, California Municipal II and New York Municipal II, respectively, for the year ended May 31, 2004.

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
May 31, 2004

3. INVESTMENTS IN SECURITIES

(a) For the year ended May 31, 2004, purchases and sales of investments, other than short-term securities, were:

	Municipal II	California Municipal II	New York Municipal II
Purchases	\$334,230,372	\$259,463,274	\$43,529,999
Sales	324,063,491	263,853,104	42,062,310

(b) Futures contracts outstanding at May 31, 2004:

Fund	Type	# of Contracts	Unrealized Expiration Date	Appreci (Depreci
Municipal II	Short: U.S. Treasury 30 Year Bond	1,889	6/21/04	\$6,094
	Short:U.S. Treasury 30 Year Bond	3,463	9/21/04	(1,021
				----- \$5,073 =====
California Municipal II	Short: U.S. Treasury 30 Year Bond	804	6/21/04	\$3,039
	Short: U.S. Treasury 30 Year Bond	634	9/21/04	
				----- \$3,040 =====
New York Municipal II	Short: U.S. Treasury 30 Year Bond	245	6/21/04	\$547
	Short: U.S. Treasury 30 Year Bond	247	9/21/04	(71
				----- \$475 =====

(c) Transactions in options written for the year ended May 31, 2004:

	Contracts	Premiums
Municipal II:		
Options outstanding, May 31, 2003	2,587	\$2,227,143
Options written	20,854	18,212,424
Options expired	(5,310)	(3,711,673)
Options terminated in closing purchase transactions	(8,872)	(8,358,370)
Options exercised	(8,109)	(7,610,165)
	-----	-----

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Options outstanding, May 31, 2004	1,150	\$759,359
	=====	=====
California Municipal II:		
-----		
Options outstanding, May 31, 2003	947	\$ 743,511
Options written	10,204	8,444,538
Options expired	(2,198)	(1,560,661)
Options terminated in closing purchase transactions	(4,602)	(4,388,747)
Options exercised	(3,771)	(2,855,660)
	-----	-----
Options outstanding, May 31, 2004	580	\$382,981
	=====	=====
New York Municipal II:		
-----		
Options outstanding, May 31, 2003	507	\$ 453,255
Options written	2,650	2,383,558
Options expired	(603)	(535,741)
Options terminated in closing purchase transactions	(1,296)	(1,137,033)
Options exercised	(1,058)	(1,031,976)
	-----	-----
Options outstanding, May 31, 2004	200	\$132,063
	=====	=====

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
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4. INCOME TAX INFORMATION

MUNICIPAL II:

The tax character of dividends and distributions paid were:

	Year Ended May 31, 2004	June 28, 2002 (commencement of operations) through May 31, 2003
	-----	
Ordinary Income	\$ 2,962,868	\$ 4,567,905
Tax Exempt Income	57,922,636	51,126,211
Long-Term Capital Gain	--	3,249,147

At May 31, 2004, the tax character of distributable earnings of \$7,765,501 was composed entirely of tax exempt income.

At May 31, 2004, Municipal II had a capital loss carryforward of \$10,260,913, all of which will expire in 2012, 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.

CALIFORNIA MUNICIPAL II:

The tax character of dividends paid were:

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	Year Ended May 31, 2004	June 28, 2002 (commencement of operations) through May 31, 2003
Ordinary Income	\$ 649,740	\$ 406,539
Tax Exempt Income	29,553,675	26,079,301

At May 31, 2004, the tax character of distributable earnings of \$3,271,140 was composed entirely of tax exempt income.

At May 31, 2004, California Municipal II had a capital loss carryforward of \$7,337,041 (\$1,122,615 of which will expire in 2011 and \$6,214,426 of which will expire in 2012), 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.

### NEW YORK MUNICIPAL II:

The tax character of dividends paid were:

	Year Ended May 31, 2004	June 28, 2002 (commencement of operations) through May 31, 2003
Ordinary Income	\$ 66,166	\$ 35,774
Tax Exempt Income	10,361,403	9,152,497

At May 31, 2004, the tax character of distributable earnings of \$356,073 was composed entirely of tax exempt income.

At May 31, 2004, New York Municipal II had a capital loss carryforward of \$2,997,915 (\$214,685 of which expires in 2011 and \$2,783,230 of which will expire in 2012), 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.

### 5. AUCTION PREFERRED SHARES

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

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
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### 5. AUCTION PREFERRED SHARES (CONCLUDED)

California Municipal II has issued 2,080 shares of Preferred Shares Series A,

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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 year ended May 31, 2004, the annualized dividend rates ranged from:

	High	Low	At 5/31/04
-----			
MUNICIPAL II:			
Series A	2.00%	0.70%	1.05%
Series B	1.75%	0.70%	1.10%
Series C	2.00%	0.65%	1.07%
Series D	1.75%	0.45%	1.15%
Series E	1.75%	0.64%	1.05%
CALIFORNIA MUNICIPAL II:			
-----			
Series A	1.75%	0.39%	1.04%
Series B	1.75%	0.40%	1.05%
Series C	1.30%	0.40%	1.07%
Series D	1.75%	0.40%	1.07%
Series E	1.75%	0.40%	1.05%
NEW YORK MUNICIPAL II:			
-----			
Series A	1.15%	0.40%	0.95%
Series B	1.75%	0.45%	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.

### 6. SUBSEQUENT COMMON DIVIDEND DECLARATIONS

On June 1, 2004, the following dividends were declared to common shareholders payable July 1, 2004 to shareholders of record on June 11, 2004:

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 1, 2004, the following dividends were declared to common shareholders payable August 2, 2004 to shareholders of record on July 16, 2004:

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

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New York Municipal II

\$0.08125 per common share

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PIMCO MUNICIPAL INCOME FUNDS II NOTES TO FINANCIAL STATEMENTS  
May 31, 2004

## 7. LEGAL PROCEEDINGS

On May 6, 2004, the Securities and Exchange Commission (the "Commission") filed a complaint in the U.S. District Court in the Southern District of New York alleging that the Investment Manager, certain affiliates of the Investment Manager and Stephen J. Treadway (the chief executive officer of the Investment Manager as well as the Chairman and a trustee of the Funds) had, among other things, violated and/or aided and abetted violations of, various antifraud provisions of the federal securities laws in connection with alleged "market timing" arrangements in certain open-end investment companies advised by the Investment Manager. The complaint seeks injunctive relief, disgorgement plus pre-judgment interest, monetary penalties, and an order permanently enjoining the defendants from serving as investment advisers, principal underwriters, officers, directors, or members of any advisory boards to any registered investment companies.

The above complaint does not allege that any inappropriate activity took place in the Funds and the Funds are not named in the complaint.

In addition, on June 1, 2004, ADAM and certain other affiliates of the Investment Manager entered into a consent order and final judgment with the Attorney General of the State of New Jersey (the "NJAG") in settlement of a lawsuit filed by the NJAG on February 17, 2004 in connection with alleged "market timing" arrangements. Under the terms of the settlement, ADAM and certain of its affiliates agreed to pay the State of New Jersey a civil monetary penalty of \$15 million and \$3 million for investigative costs. In addition, ADAM and certain of its affiliates agreed to make several corporate governance changes. Also on June 1, 2004, the NJAG dismissed its claims against the Sub-Adviser, which had been filed as part of the same lawsuit.

If the Commission (or other regulator) were to obtain a court injunction against the Investment Manager, its affiliates or Mr. Treadway, they (including the Sub-Adviser) would, in the absence of exemptive relief granted by the Commission, be barred from serving as an investment adviser/sub-adviser or principal underwriter to any registered investment company, including the Funds. In such a case, the Investment Manager and the Sub-Adviser would in turn seek exemptive relief from the Commission, as contemplated by the Investment Company Act, although there is no assurance that such exemptive relief would be granted. The Commission also has the power by order to prohibit the Investment Manager, the Sub-Adviser and their affiliates from serving as investment advisers and underwriters, although to date it has not exercised such powers with respect to market timing arrangements involving other mutual fund complexes.

Since February, 2004, the Investment Manager, the Sub-Adviser and certain of their affiliates, various investment companies advised by the Investment Manager or the Sub-Adviser and their trustees (including Mr. Treadway) have been named as defendants in multiple lawsuits filed in U.S. District Court in the Southern District of New York, the Central District of California and the Districts of New Jersey and Connecticut. The lawsuits have been commenced as putative class actions on behalf of investors who purchased, held or redeemed shares of the specified funds during specific periods or as derivative actions on behalf of the specified funds. The lawsuits generally relate to the same facts that are

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the subject of the regulatory proceedings discussed above. The lawsuits seek, among other things, unspecified compensatory damages plus interest and, in some cases, punitive damages, the rescission of investment advisory contracts, and/or the return of fees paid under those contracts and restitution. The Funds have been named in several class action lawsuits. The Investment Manager and the Sub-Adviser believe that other similar lawsuits may be filed in U.S. federal or state courts naming ADAM, the Investment Manager, the Sub-Adviser, various investment companies they advise (which may include the Funds), their boards of trustees and/or their affiliates.

In November 2003, the Commission settled an enforcement action against an unaffiliated broker-dealer relating to the undisclosed receipt of fees from certain mutual fund companies in return for preferred marketing of their funds and announced that it would be investigating mutual funds and their distributors generally with respect to compensation arrangements relating to the sale of mutual fund shares. In that connection, the Investment Manager, the Sub-Adviser and certain of their affiliates are under investigation by the Commission relating to revenue-sharing arrangements and the use of brokerage commissions to recognize brokers effecting sales of open-end investment companies advised by the Investment Manager, the Sub-Adviser and their affiliates. In addition, the Attorney General of the State of California has publicly announced an investigation into the brokerage recognition and revenue-sharing arrangement of these open-end investment companies.

It is possible that these matters and/or other developments resulting from these matters could lead to a decrease in the market price of the Funds' shares or other adverse consequences to the Funds and its shareholders. However, the Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Funds or on the Investment Manager's or the Sub-Adviser's ability to perform its respective investment advisory services related to the Funds.

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### PIMCO MUNICIPAL INCOME FUNDS II FINANCIAL HIGHLIGHTS

For a share of common stock outstanding throughout each period

	MUNICIPAL II	
	For the Year ended May 31, 2004	For the Period June 28, 2002* through May 31, 2003
Net asset value, beginning of period	\$14.66	\$14.33**
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income	1.17	0.93
Net realized and unrealized gain (loss) on investments, futures contracts and options written	(0.77)	0.53

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Total from investment operations	0.40	1.46
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:		
Net investment income	(0.08)	(0.08)
Net realized gains	--	(0.01)
Total dividends and distributions on preferred shares	(0.08)	(0.09)
Net increase in net assets applicable to common shareholders resulting from investment operations		
	0.32	1.37
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:		
Net investment income	(0.97)	(0.84)
Net realized gains	--	(0.09)
Total dividends and distributions to common shareholders	(0.97)	(0.93)
CAPITAL SHARE TRANSACTIONS:		
Common stock offering costs charged to paid-in capital in excess of par	--	(0.02)
Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par	--	(0.09)
Total capital share transactions	--	(0.11)
Net asset value, end of period	\$14.01	\$14.66
Market price, end of period	\$13.31	\$14.80
TOTAL INVESTMENT RETURN (1)	(3.69)%	5.19%
RATIOS/SUPPLEMENTAL DATA:		
Net assets applicable to common shareholders, end of period (000)	\$812,670	\$846,885
Ratio of expenses to average net assets (2) (3) (5)	1.03%	0.95% (4)
Ratio of net investment income to average net assets (2) (5)	8.16%	6.99% (4)
Preferred shares asset coverage per share	\$65,224	\$66,920
Portfolio turnover	26%	27%

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

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- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(h) in Notes to Financial Statements).
- (4) Annualized.
- (5) During the periods 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 1.28% and 7.92%, respectively for the year ended May 31, 2004 and 1.18% (annualized) and 6.76% (annualized), respectively for the period June 28, 2002 (commencement of operations) through May 31, 2003.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS | 5.31.04 |  
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PIMCO MUNICIPAL INCOME FUNDS II FINANCIAL HIGHLIGHTS  
For a share of common stock outstanding throughout each period

	CALIFORNIA MUNICIPAL II	
	For the Year ended May 31, 2004	For the Period June 28, 2002* through May 31, 2003
Net asset value, beginning of period	\$14.66	\$14.33**
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income	1.13	0.87
Net realized and unrealized gain (loss) on investments, futures contracts and options written	(1.26)	0.46
Total from investment operations	(0.13)	1.33
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:		
Net investment income	(0.07)	(0.07)
Net realized gains	--	--
Total dividends and distributions on preferred shares	(0.07)	(0.07)
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	(0.20)	1.26
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:		
Net investment income	(0.93)	(0.81)
Net realized gains	--	--
Total dividends and distributions to common shareholders	(0.93)	(0.81)

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CAPITAL SHARE TRANSACTIONS:		
Common stock offering costs charged to paid-in capital in excess of par	--	(0.02)
Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par	--	(0.10)
Total capital share transactions	--	(0.12)
Net asset value, end of period	\$13.53	\$14.66
Market price, end of period	\$13.27	\$14.78
TOTAL INVESTMENT RETURN (1)	(3.92)%	4.23%
RATIOS/SUPPLEMENTAL DATA:		
Net assets applicable to common shareholders, end of period (000)	\$407,659	\$439,970
Ratio of expenses to average net assets (2) (3) (5)	1.07%	0.97% (4)
Ratio of net investment income to average net assets (2) (5)	8.08%	6.56% (4)
Preferred shares asset coverage per share	\$64,191	\$67,301
Portfolio turnover	43%	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 each period and a sale at the current market price on the last day for each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.

(2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.

(3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(h) in Notes to Financial Statements).

(4) Annualized.

(5) During the periods 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 1.31% and 7.83%, respectively for the year ended May 31, 2004 and 1.20% (annualized) and 6.34% (annualized), respectively for the period June 28, 2002 (commencement of operations) through May 31, 2003.

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SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

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PIMCO MUNICIPAL INCOME FUNDS II FINANCIAL

HIGHLIGHTS For a share of common stock outstanding throughout each period

	NEW YORK MUNICIPAL II	
	For the Year ended May 31, 2004	For the Period June 28, 2002* through May 31, 2003
Net asset value, beginning of period	\$14.45	\$14.33**
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income	1.06	0.86
Net realized and unrealized gain (loss) on investments, futures contracts and options written	(0.97)	0.28
Total from investment operations	0.09	1.14
DIVIDENDS AND DISTRIBUTIONS ON PREFERRED SHARES FROM:		
Net investment income	(0.07)	(0.08)
Net realized gains	--	--
Total dividends and distributions on preferred shares	(0.07)	(0.08)
Net increase in net assets applicable to common shareholders resulting from investment operations	0.02	1.06
DIVIDENDS AND DISTRIBUTIONS TO COMMON SHAREHOLDERS FROM:		
Net investment income	(0.93)	(0.81)
Net realized gains	--	--
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	--	(0.03)
Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par	--	(0.10)
Total capital share transactions	--	(0.13)
Net asset value, end of period	\$13.54	\$14.45
Market price, end of period	\$13.05	\$14.71
TOTAL INVESTMENT RETURN (1)	(5.15)%	3.76%
RATIOS/SUPPLEMENTAL DATA:		
Net assets applicable to common shareholders,		

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end of period (000)	\$140,958	\$149,606
Ratio of expenses to average net assets (2) (3) (5)	1.15%	1.02% (4)
Ratio of net investment income to average net assets (2) (5)	7.58%	6.47% (4)
Preferred shares asset coverage per share	\$64,148	\$66,552
Portfolio turnover	18%	27%

\* 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 each period and a sale at the current market price on the last day for each period reported. Dividends are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(h) in Notes to Financial Statements).
- (4) Annualized.
- (5) During the periods 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 1.39% and 7.34%, respectively for the year ended May 31, 2004, and 1.25% (annualized) and 6.25% (annualized), respectively for the period June 28, 2002 (commencement of operations) through May 31, 2003.

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
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PIMCO MUNICIPAL INCOME FUNDS II REPORT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

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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

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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, 2004, the results of each of their operations for the year then ended, and the changes in each of their net assets applicable to common shareholders and the financial highlights for the year then ended and 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 audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States), 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, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
New York, New York  
July 26, 2004

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PIMCO MUNICIPAL INCOME FUNDS II PRIVACY POLICY, PROXY VOTING POLICIES AND  
PROCEDURES, OTHER INFORMATION (unaudited)

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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

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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 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.

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### PROXY VOTING POLICIES AND PROCEDURES:

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling the Funds at (800) 331-1710 (ii) on the Funds' website at [www.pimcoadvisors.com](http://www.pimcoadvisors.com) and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

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### OTHER INFORMATION:

Since May 31, 2003, there have been no:(ii) material changes in the Funds' investment objectives or policies; (ii) changes to the Funds' charter or

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by-laws; (iii) material changes in the principal risk factors associated with investment in the Funds; or (iv) change in the persons primarily responsible for the day-to-day management of the Funds' portfolios.

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### PIMCO MUNICIPAL INCOME FUNDS II TAX INFORMATION (unaudited)

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Subchapter M of the Internal Revenue Code of 1986, as amended, requires the Funds to advise shareholders within 60 days of the Funds' tax year end (May 31, 2004) 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, 2004 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 period which are taxable were:

Municipal II	4.87%
California Municipal II	2.15%
New York Municipal II	0.63%

Since the Funds' fiscal year is not the calendar year, another notification will be sent with respect to calendar year 2004. In January 2005, 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 2004. The amount that will be reported, will be the amount to use on your 2004 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, 2004. Shareholders are advised to consult with their tax advisers as to the federal, state and local tax status of the income received from the Funds. In January 2005, 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.

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### PIMCO MUNICIPAL INCOME FUNDS II DIVIDEND REINVESTMENT PLAN (unaudited)

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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

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"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 Fund's 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 Fund will issue new shares at the greater of (i) the net asset value per Common Share on the payment date or (ii) 95% of the market price per Common Share on the payment date; or
- (2) If 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 Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market on or shortly after the payment date, but in no event later than the ex-dividend date for the next distribution. Interest will not be paid on any uninvested cash payments.

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

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

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

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

The Funds and the Plan Agent reserve the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the

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Funds reserve the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Funds' transfer agent, PFPC Inc., P.O. Box 43027, Providence, RI 02940-3027, telephone number 1-800-331-1710.

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PIMCO MUNICIPAL INCOME FUNDS II BOARD OF TRUSTEES (unaudited)

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 PRINCIPAL OCCUPATION(S) DURING PAST 5  
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STEPHEN TREADWAY  
 1345 Avenue of the Americas  
 New York, NY 10105  
 Age: 56  
 TRUSTEE SINCE: 2002  
 TERM OF OFFICE: EXPECTED TO STAND FOR  
 RE-ELECTION AT 2005 ANNUAL MEETING OF SHAREHOLDERS  
 TRUSTEE/DIRECTOR OF 62 FUNDS IN FUND COMPLEX  
 TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

Managing Director, Allianz Dresdner  
 L.P.: Managing Director and Chief Executive  
 LLC; Member of the Board of Management  
 Management GmbH. Mr. Treadway serves in  
 various executive officer positions at  
 Dresdner Asset Management of American  
 closed-end mutual funds.

PAUL BELICA  
 1345 Avenue of the Americas  
 New York, NY 10105  
 Age: 82  
 TRUSTEE SINCE: 2002  
 TERM OF OFFICE: EXPECTED TO STAND FOR  
 RE-ELECTION AT 2004 ANNUAL MEETING OF SHAREHOLDERS  
 TRUSTEE/DIRECTOR OF 20 FUNDS IN FUND COMPLEX  
 TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

Director, Student Loan Finance Corp.  
 Funding I, Inc., Goal Funding II,  
 Inc.; Formerly, senior executive at  
 Barney, Harris Upham & Co.; and the  
 Agencies.

ROBERT E. CONNOR  
 1345 Avenue of the Americas  
 New York, NY 10105  
 Age: 69  
 TRUSTEE SINCE: 2002  
 TERM OF OFFICE: EXPECTED TO STAND FOR  
 RE-ELECTION AT 2006 ANNUAL MEETING OF SHAREHOLDERS  
 TRUSTEE/DIRECTOR OF 20 FUNDS IN FUND COMPLEX  
 TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

Corporate Affairs Consultant; Former  
 Corporate Office, Smith Barney, Inc.

JOHN J. DALESSANDRO II  
 1345 Avenue of the Americas  
 New York, NY 10105  
 Age: 66  
 TRUSTEE SINCE: 2002  
 TERM OF OFFICE: EXPECTED TO STAND FOR  
 RE-ELECTION AT 2004 ANNUAL MEETING OF SHAREHOLDERS  
 TRUSTEE OF 15 FUNDS IN FUND COMPLEX  
 TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

Formerly, President and Director,  
 registered broker-dealer and member of

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HANS W. KERTESS  
1345 Avenue of the Americas  
New York, NY 10105  
Age: 64

President, H Kertess & Co.; Formerly,  
of Canada Capital Markets.

TRUSTEE SINCE: 2002  
TERM OF OFFICE: EXPECTED TO STAND FOR  
RE-ELECTION AT 2006 ANNUAL MEETING OF SHAREHOLDERS  
TRUSTEE OF 15 FUNDS IN FUND COMPLEX  
TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

R. PETER SULLIVAN III  
1345 Avenue of the Americas  
New York, NY 10105  
Age: 62

Formerly, Managing Partner, Bear Wa  
Wagner Scott Mercator LLC), special  
Exchange.

TRUSTEE SINCE: 2002  
TERM OF OFFICE: EXPECTED TO STAND FOR  
RE-ELECTION AT 2005 ANNUAL MEETING OF SHAREHOLDERS  
TRUSTEE OF 11 FUNDS IN FUND COMPLEX  
TRUSTEE OF NO FUNDS OUTSIDE OF FUND COMPLEX

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### 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.  
Vice President & Secretary

Mark V. McCray  
Vice President

Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Jennifer A. Patula  
Assistant Secretary

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INVESTMENT MANAGER  
PA 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  
PFPC Inc.  
P.O. Box 43027  
Providence, RI 02940-3027

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
PricewaterhouseCoopers LLP  
1177 Avenue of the Americas  
New York, NY 10036

LEGAL COUNSEL  
Ropes & Gray LLP  
One International Place  
Boston, MA 02210-2624

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

Information on the Funds is available at [www.pimcoadvisors.com](http://www.pimcoadvisors.com) or by calling 1-800-331-1710.

### ITEM 2. CODE OF ETHICS

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

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ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT The registrant's Board has determined that Mr. Paul Belica, a member of the Board's Audit Oversight Committee is an "audit committee financial expert," and that he is "independent," for purposes of this Item.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

- a) Audit fees. The aggregate fees billed for each of the last two fiscal years (the "Reporting Periods") for professional services rendered by the Registrant's principal accountant (the "Auditor") for the audit of the Registrant's annual financial statements, or services that are normally provided by the Auditor in connection with the statutory and regulatory filings or engagements for the Reporting Periods, were \$43,450 in 2003 and \$48,350 in 2004.
- b) Audit-Related Fees. The aggregate fees billed in the Reporting Periods for assurance and related services by the principal accountant that are reasonably related to the performance of the audit registrant's financial statements and are not reported under paragraph (e) of this Item were \$66,832 in 2003 and \$11,800 in 2004. These services consist of accounting consultations, agreed upon procedure reports (inclusive of annual review of basic maintenance testing associated with the Preferred Shares), attestation reports and comfort letters.
- c) Tax Fees. The aggregate fees billed in the Reporting Periods for professional services rendered by the Auditor for tax compliance, tax service and tax planning ("Tax Services") were \$4,700 in 2003 and \$4,700 in 2004. These services consisted of review or preparation of U.S. federal, state, local and excise tax returns.
- d) All Other Fees. There were no other fees billed in the Reporting Periods for products and services provided by the Auditor to the Registrant.
- e) 1. Audit Committee Pre-Approval Policies and Procedures. The Registrant's Audit Committee has established policies and procedures for pre-approval of all audit and permissible non-

audit services by the Auditor for the Registrant, as well as the Auditor's engagements for non-audit services to the when the engagement relates directly to the operations and financial reporting of the Registrant. The Registrant's policy is stated below.

PIMCO Municipal Income Funds (THE "FUNDS")

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

The Funds' Audit Oversight Committee ("Committee") is charged with the oversight of the Funds' financial reporting policies and practices and their internal controls. As part of this responsibility, the Committee must pre-approve any independent accounting firm's engagement to render audit and/or permissible non-audit services, as required by law. In evaluating a

proposed engagement by the independent accountants, the Committee will assess

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the effect that the engagement might reasonably be expected to have on the accountant's independence. The Committee's evaluation will be based on:

a review of the nature of the professional services expected to provided,

the fees to be charged in connection with the services expected to be provided,

a review of the safeguards put into place by the accounting firm to safeguard independence, and

periodic meetings with the accounting firm.

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

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

### AUDIT SERVICES

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

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

### AUDIT-RELATED SERVICES

The following categories of audit-related services are considered to be consistent with the role of the Fund's independent accountants and services

falling under one of these categories will be pre-approved by the Committee on an annual basis if the Committee deems those services to be consistent with the accounting firm's independence:

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

Individual audit-related services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting

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firm's independence, by the Committee Chair (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$75,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

### TAX SERVICES

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

Tax compliance services related to the filing or amendment of the following:  
Federal, state and local income tax compliance; and, sales and use tax compliance  
Timely RIC qualification reviews  
Tax distribution analysis and planning  
Tax authority examination services  
Tax appeals support services  
Accounting methods studies  
Fund merger support service  
Other tax consulting services and related projects

Individual tax services that fall within one of these categories and are not presented to the Committee as part of the annual pre-approval process described above, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$75,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

### PROSCRIBED SERVICES

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

Bookkeeping or other services related to the accounting records or financial statements of the Funds  
Financial information systems design and implementation  
Appraisal or valuation services, fairness opinions, or contribution-in-kind reports

Actuarial services  
Internal audit outsourcing services  
Management functions or human resources  
Broker or dealer, investment adviser or investment banking services  
Legal services and expert services unrelated to the audit  
Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible

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

The Committee will pre-approve annually any permitted non-audit services to be provided to PA Fund Management LLC (Formerly, PIMCO Advisors Fund Management LLC) or any other investment manager to the Funds (but not including any sub-adviser whose role is primarily portfolio management and is sub-contracted

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by the investment manager) (the "Investment Manager") and any entity controlling, controlled by, or under common control with the Investment Manager that provides ongoing services to the Funds (including affiliated sub-advisers to the Funds), provided, in each case, that the engagement relates directly to the operations and financial reporting of the Funds (such entities, including the Investment Manager, shall be referred to herein as the "Accounting Affiliates"). Individual projects that are not presented to the Committee as part of the annual pre-approval process, may be pre-approved, if deemed consistent with the accounting firm's independence, by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this responsibility has been delegated) so long as the estimated fee for those services does not exceed \$100,000. Any such pre-approval shall be reported to the full Committee at its next regularly scheduled meeting.

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

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

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

- (1) The aggregate amount of all such permitted non-audit services provided constitutes no more than (i) with respect to such services provided to the Fund, five percent (5%) of the total amount of revenues paid by the Fund to its independent accountant during the fiscal year in which the services are provided, and(ii) with respect to such services provided to Accounting Affiliates, five percent (5%)of the total amount of revenues paid to the Fund's independent accountant by the Fund and the Accounting Affiliates during the fiscal year in which the services are provided;
  - (2) Such services were not recognized by the Fund at the time of the engagement for such services to be non-audit services; and
  - (3) Such services are promptly brought to the attention of the Committee and approved prior to the completion of the audit by the Committee or by the Committee Chairman (or any other Committee member who is a disinterested trustee under the Investment Company Act to whom this Committee Chairman or other delegate shall be reported to the full Committee at its next regularly scheduled meeting.
- e) 2. No services were approved pursuant to the procedures contained in paragraph (C) (7) (i) (C) of Rule 2-01 of Registration S-X.
  - f) Not applicable
  - g) Non-audit fees. The aggregate non-audit fees billed by the Auditor for services rendered to the Registrant, and rendered to the Adviser, for the 2003 Reporting Period was \$3,475,413 and the 2004 Reporting Period was \$4,065,376.
  - h) Auditor Independence. The Registrant's Audit Oversight Committee has considered whether the provision of non-audit services that were rendered to the Adviser which were not pre-approved is compatible with maintaining the Auditor's independence.

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### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

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

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES The registrant has delegated the voting of proxies relating to its voting securities to its sub-adviser, Pacific Investment Management Co. (the "Sub-Adviser"). The Proxy Voting Policies and Procedures of the Sub-Adviser are included as an Exhibit 99.PROXYPOL hereto.

ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED COMPANIES. The registrant or any affiliated purchaser did not purchase shares or other units of any class of the registrant's equity securities that is registered by the registrant pursuant to Section 12 of the Exchange Act (15 U.S.C. 781).

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS In January 2004, the Registrant's Board of Trustees adopted a Nominating Committee Charter governing the affairs of the Nominating Committee of the Board, which is posted on the PIMCO Advisors website at [www.pimcoadvisors.com](http://www.pimcoadvisors.com). Appendix B to the Nominating Committee Charter includes "Procedures for Shareholders to Submit Nominee Candidates," which sets forth the procedures by which shareholders may recommend nominees to the Registrant's Board of Trustees. Among other requirements, the procedures provide that the recommending shareholder must submit any recommendation in writing to the Registrant to the attention of the Registrant's Secretary, at the address of the principal executive offices of the Registrant and that such submission must be received at such offices not less than 45 days nor more than 75 days prior to the date of the Board or shareholder meeting at which the nominee would be elected. Any recommendation must include certain biographical and other information regarding the candidate and the recommending shareholder, and must include a written and signed consent of the candidate to be named as a nominee and to serve as a Trustee if elected. The foregoing description of the requirements is only a summary and is qualified in its entirety by reference to Appendix B of the Nominating Committee Charter.

### ITEM 10. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Principal Financial Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the 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 11. EXHIBITS

- (a) (1) Exhibit 99.CODE ETH- Code of Ethics
- (a) (2) Exhibit 99.CERT - Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (b) Exhibit 99.906CERT - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Exhibit 99.PROXYPOL - Proxy Voting Policies and Procedures

Signature

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

PIMCO Municipal Income Fund II

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

Date: August 5, 2004

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

Date: August 5, 2004

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  
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Brian S. Shlissel, President & Chief Executive Officer

Date: August 5, 2004

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

Date: August 5, 2004