

PIMCO MUNICIPAL INCOME FUND II
Form N-Q
October 27, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

OMB APPROVAL
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FORM N-Q

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

Investment Company Act File Number: 811-21076

Registrant Name: PIMCO Municipal Income Fund II

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

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

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

Date of Fiscal Year End: May 31, 2007

Date of Reporting Period: August 31, 2006

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

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (□OMB□) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Schedule of Investments

PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|--|--|--------------------------------|-------------------|
| MUNICIPAL BONDS & NOTES 91.5% | | | |
| Alabama 3.0% | | | |
| \$10,000 | Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., 5.00%, 11/15/30, Ser. A | Baa1/NR | \$10,154,000 |
| 1,145 | Birmingham Waterworks & Sewer Board Rev., Ser. B (MBIA), 5.00%, 1/1/27 | Aaa/AAA | 1,190,800 |
| 10,000 | 5.00%, 1/1/37 | Aaa/AAA | 10,288,400 |
| 1,750 | Huntsville Health Care Auth. Rev., 5.75%, 6/1/32, Ser. B | A2/NR | 1,882,125 |
| 16,580 | Jefferson Cnty. Sewer Rev., 4.75%, 2/1/38, Ser. B, (Pre-refunded @ \$100, 8/1/12) (FGIC)(a) | Aaa/AAA | 17,522,076 |
| | | | <u>41,037,401</u> |
| Alaska 0.3% | | | |
| 3,550 | State Housing Finance Corp. Rev., 5.25%, 6/1/32, Ser. C (MBIA) | Aaa/AAA | 3,607,013 |
| Arizona 0.1% | | | |
| 1,300 | Health Facs. Auth. Hospital System Rev., 5.75%, 12/1/32 | NR/BBB | 1,375,452 |
| Arkansas 0.1% | | | |
| 13,000 | Arkansas Dev. Finance Auth. Rev., zero coupon, 7/1/46 (AMBAC) | Aaa/AAA | 1,826,370 |
| California 2.3% | | | |
| 9,610 | Alameda Corridor Transportation Auth. Rev., zero coupon, 10/1/16, Ser. A (AMBAC) | Aaa/AAA | 6,360,955 |
| 3,300 | Golden State Tobacco Securitization Corp. Tobacco Settlement Rev., Ser. 2003-A-1, 6.25%, 6/1/33 | Baa3/BBB | 3,628,086 |
| 9,000 | 6.75%, 6/1/39 | Baa3/BBB | 10,153,530 |
| 1,000 | Rancho Cucamonga Community Facs. Dist., Special Tax, 6.30%, 9/1/23, Ser. A | NR/NR | 1,059,110 |
| 4,000 | Southern California Public Power Auth., Transmission Project Rev., zero coupon, 7/1/13 | Aa3/A+ | 3,055,280 |
| 4,430 | Univ. of California Rev., 4.75%, 5/15/37, Ser. C (MBIA) | AAA/AAA | 4,512,620 |
| 2,900 | 4.75%, 5/15/38, Ser. B | Aa3/AA- | 2,942,746 |
| | | | <u>31,712,327</u> |
| Colorado 5.1% | | | |
| 30,000 | Dawson Ridge Dist. No. 1, GO, zero coupon, 10/1/22, Ser. A | Aaa/NR | 14,651,100 |

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| | | | |
|--------|--|---------|------------|
| 5,000 | Denver City & Cnty., CP, 5.50%, 12/1/25, Ser. B, (Pre-refunded @ \$101, 12/1/10) (AMBAC)(a) | Aaa/AAA | 5,414,900 |
| | Health Facs. Auth. Rev., | | |
| 25,000 | Catholic Health Initiatives, 5.50%, 3/1/32 | Aa2/AA | 26,628,000 |
| 18,305 | Exempla, Inc., 5.625%, 1/1/33, Ser. A | A1/A- | 19,240,569 |
| 6,500 | Retirement Facs. Rev., Liberty Height, zero coupon, 7/15/22 | Aaa/AAA | 3,204,435 |
| | | | <hr/> |
| | | | 69,139,004 |
| | | | <hr/> |
| | District of Columbia 1.3% | | |
| 17,500 | Washington D.C. Convention Center Auth. Tax Rev., 4.75%, 10/1/28 (AMBAC) | Aaa/AAA | 17,633,175 |
| | | | <hr/> |
| | Florida 3.9% | | |
| 6,520 | Brevard Cnty. Health Facs. Auth. Rev., 5.00%, 4/1/34 | A2/A | 6,730,009 |
| | Highlands Cnty. Health Facs. Auth. Rev., | | |
| 2,830 | Adventist, 5.00%, 11/15/31, Ser. C | A2/A+ | 2,903,212 |
| 8,000 | Adventist/Sunbelt, 6.00%, 11/15/31, Ser. A, (Pre-refunded @ \$101, 11/15/11) (a) | A2/A+ | 8,939,600 |

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PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|----------------------------|--|--------------------------------|-------------|
| Florida (continued) | | | |
| \$ 2,335 | Hillsborough Cnty. Industrial Dev. Auth., Pollution Control Rev., Tampa Electric Co. Project, 5.50%, 10/1/23 | Baa2/BBB- | \$2,448,878 |
| 635 | Hillsborough Cnty. Industrial Dev. Rev., Health Fac. Project, 5.625%, 8/15/23 | Baa2/BBB | 661,632 |
| 7,135 | Jacksonville Health Facs. Auth. Rev., 5.25%, 11/15/32, Ser. A | Aa2/AA | 7,495,960 |
| 11,500 | Lakeland Hospital System Rev., Regional Health System, 5.50%, 11/15/32 | A2/NR | 12,253,250 |
| 3,000 | Leesburg Hospital Rev., Leesburg Regional Medical Center Project, 5.50%, 7/1/32 | Baa1/BBB+ | 3,114,570 |
| 2,550 | Orange Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.625%, 11/15/32 | A2/A+ | 2,731,279 |
| 5,000 | 6.25%, 11/15/24 | A2/A+ | 5,559,150 |
| 1,500 | Winter Springs Water & Sewer Rev., zero coupon, 10/1/29 (FGIC) | Aaa/AAA | 521,805 |
| | | | 53,359,345 |
| Georgia 0.8% | | | |
| 4,000 | Atlanta Water & Wastewater Rev., 5.00%, 11/1/39, Ser. A (MBIA) | Aaa/AAA | 4,110,680 |
| 1,500 | Grantor Trust Gov't, CP, 4.75%, 6/1/28, Ser. A (MBIA) | Aaa/AAA | 1,583,700 |
| 9,600 | Richmond Cnty. Dev. Auth. Rev., zero coupon, 12/1/21 | Aaa/NR | 4,873,152 |
| | | | 10,567,532 |
| Hawaii 1.4% | | | |
| 19,170 | Honolulu City & Cnty. Wastewater System Rev., First Board Resolution, 4.75%, 7/1/28 (FGIC) | Aaa/NR | 19,523,878 |
| Illinois 21.3% | | | |
| 3,610 | Central Lake Cnty. Water Agcy. Rev., Ser. A (AMBAC), 5.125%, 5/1/28 | Aaa/NR | 3,791,186 |
| 8,150 | 5.125%, 5/1/32 | Aaa/NR | 8,518,624 |
| 5,050 | Chicago, GO, 5.125%, 1/1/29, Ser. A (FGIC) | Aaa/AAA | 5,223,821 |
| 3,162 | Chicago, Lake Shore East, Special Assessment, 6.625%, 12/1/22 | NR/NR | 3,413,316 |
| 6,700 | 6.75%, 12/1/32 | NR/NR | 7,239,283 |
| 5,110 | Chicago, Neighborhoods Alive 21 Project, GO, 5.00%, 1/1/33 (AMBAC) | Aaa/AAA | 5,277,148 |
| 15,535 | Chicago Board of Education School Reform, GO (FGIC), zero coupon, 12/1/16, Ser. A | Aaa/AAA | 10,090,759 |
| 5,000 | zero coupon, 12/1/28, Ser. A | Aaa/AAA | 1,791,300 |
| 4,500 | zero coupon, 12/1/31 | Aaa/AAA | 1,383,075 |
| 32,670 | Chicago City Colleges, GO (FGIC), zero coupon, 1/1/37 | Aaa/AAA | 7,987,815 |

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| | | | |
|---------|---|---------|------------|
| 29,145 | zero coupon, 1/1/38 | Aaa/AAA | 6,781,750 |
| 32,670 | zero coupon, 1/1/39 | Aaa/AAA | 7,256,334 |
| 7,000 | Chicago Midway Airport Rev., 5.00%, 1/1/31, Ser. B (MBIA) | Aaa/AAA | 7,165,410 |
| 5,000 | Cicero, GO, 5.25%, 12/1/31 (MBIA) | Aaa/AAA | 5,320,850 |
| 10,000 | City of Springfield Rev., 5.00%, 3/1/35 (MBIA) | AAA/AAA | 10,437,500 |
| 10,000 | Dev. Finance Auth. Retirement Housing Rev., Regency Park, zero coupon, 7/15/23 | NR/AAA | 4,660,800 |
| 134,650 | zero coupon, 7/15/25 Health Facs. Auth. Rev., | NR/AAA | 56,901,744 |
| 5,000 | Condell Medical Center Rev., 5.50%, 5/15/32 | Baa2/NR | 5,192,300 |
| 20,100 | Elmhurst Memorial Healthcare, 5.625%, 1/1/28 | A2/NR | 21,341,778 |

PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|------------------------------|--|--------------------------------|--------------------|
| Illinois (continued) | | | |
| | Met. Pier & Exposition Auth. Rev. (MBIA), | | |
| \$60,000 | zero coupon, 12/15/30 | Aaa/AAA | \$19,380,000 |
| 50,000 | zero coupon, 12/15/33 | Aaa/AAA | 13,896,000 |
| 2,460 | zero coupon, 6/15/38 | Aaa/AAA | 548,358 |
| 4,500 | Schaumburg, GO, 5.00%, 12/1/41, Ser. B (FGIC) | Aaa/AAA | 4,656,240 |
| 10,000 | State, GO, 5.00%, 3/1/34, Ser. A | Aa3/AA | 10,340,400 |
| 68,470 | State Sports Facs. Auth. Rev., zero coupon, 6/15/30 (AMBAC) | Aaa/AAA | 62,000,270 |
| | | | <u>290,596,061</u> |
| Indiana 0.6% | | | |
| | Brownsburg 1999 School Building Corp. Rev., Ser. A, (Pre-refunded @ \$100, 9/15/13) (FSA)(a), | | |
| 1,000 | 5.00%, 9/15/25 | Aaa/AAA | 1,078,480 |
| 2,000 | 5.25%, 3/15/25 | Aaa/AAA | 2,187,620 |
| 4,125 | Fort Wayne Pollution Control Rev., 6.20%, 10/15/25 | Caa1/B- | 4,186,628 |
| 500 | State Bank Rev., Hendricks, 5.25%, 4/1/30, Ser. D (AMBAC) | Aaa/AAA | 525,560 |
| | | | <u>7,978,288</u> |
| Iowa 3.9% | | | |
| 46,000 | Tobacco Settlement Auth. of Iowa Rev., zero coupon, 6/1/34, Ser. B | Baa3/BBB | 43,813,160 |
| 8,850 | Tobacco Settlement Auth. Rev., 5.60%, 6/1/35, Ser. B, (Pre-refunded @ \$101, 6/1/11) (a) | Baa3/AAA | 9,640,128 |
| | | | <u>53,453,288</u> |
| Kansas 0.2% | | | |
| 2,800 | Univ. of Kansas, Hospital Auth. Health Facs. Rev., 5.625%, 9/1/32 | NR/A- | 2,983,316 |
| Kentucky 0.8% | | | |
| | Economic Dev. Finance Auth. Hospital Facs. Rev., | | |
| 2,500 | Catholic Healthcare Partners, 5.25%, 10/1/30 | Aa3/AA- | 2,606,625 |
| 7,855 | St. Luke's Hospital, 6.00%, 10/1/19 | A3/A | 8,751,805 |
| | | | <u>11,358,430</u> |
| Louisiana 4.4% | | | |
| 20,400 | Public Facs. Auth. Rev., Ochsner Clinic Foundation, 5.50%, 5/15/32, Ser. B | A3/NR | 21,136,644 |
| 36,395 | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001-B | Baa3/BBB | 38,403,640 |

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59,540,284

Maryland 0.1%

| | | | |
|-------|--|---------|-----------|
| 1,000 | State Health & Higher Educational Facs. Auth. Rev., Adventist Healthcare, 5.75%, 1/1/25, Ser. A | Baa2/NR | 1,063,650 |
|-------|--|---------|-----------|

Massachusetts 2.9%

| | | | |
|-------|---|---------|-----------|
| 1,300 | Bay Transportation Auth. Rev., General Transportation System, 4.75%, 3/1/21, Ser. A (MBIA) | Aaa/AAA | 1,328,457 |
| 5,560 | State College Building Auth. Project Rev., Ser. B (XLCA), 5.50%, 5/1/28 | Aaa/AAA | 6,528,385 |
| 7,645 | 5.50%, 5/1/33 | Aaa/AAA | 9,010,244 |
| 5,000 | 5.50%, 5/1/39 | Aaa/AAA | 5,967,550 |

PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|----------------------------------|--|--------------------------------|-------------------|
| Massachusetts (continued) | | | |
| \$4,295 | State Turnpike Auth. Rev., 4.75%, 1/1/34, Ser. A (AMBAC) | Aaa/AAA | \$4,320,942 |
| 12,050 | State Water Res. Auth. Rev., 4.75%, 8/1/37, Ser. A (FSA) | Aaa/AAA | 12,103,864 |
| | | | <u>39,259,442</u> |
| Michigan 2.6% | | | |
| 8,500 | Detroit City School Dist., GO, Ser. A (a), 5.00%, 5/1/32, (Pre-refunded @ \$100, 5/1/13) (FGIC) | Aaa/AAA | 9,135,630 |
| 1,750 | 5.125%, 5/1/31, (Pre-refunded @ \$100, 5/1/12) (FSA) | Aaa/AAA | 1,874,215 |
| 2,500 | Detroit Water Supply System Rev., 5.00%, 7/1/30, Ser. A (FGIC) | Aaa/AAA | 2,581,875 |
| 5,000 | State Hospital Finance Auth. Rev., Ascension Health, 5.25%, 11/15/26, Ser. B | Aa2/AA | 5,243,550 |
| 13,500 | Oakwood Group, Ser. A, 5.75%, 4/1/32 | A2/A | 14,316,210 |
| 1,925 | 6.00%, 4/1/22 | A2/A | 2,088,721 |
| | | | <u>35,240,201</u> |
| Mississippi 0.3% | | | |
| 3,605 | Business Finance Corp., Pollution Control Rev., 5.875%, 4/1/22 | Ba1/BBB- | 3,610,263 |
| 1,000 | Dev Bank Special Obligation, Projects & Equipment Acquisitions Rev., 5.00%, 7/1/24 (AMBAC) | Aaa/AAA | 1,016,490 |
| | | | <u>4,626,753</u> |
| Missouri 0.2% | | | |
| 940 | Hanley Road & North of Folk Ave Transportation Dist. Rev., 5.00%, 10/1/25 | NR/NR | 940,451 |
| 1,500 | St. Louis Parking Facs. Rev., Downtown Parking Fac., 6.00%, 2/1/28 | NR/NR | 1,523,355 |
| | | | <u>2,463,806</u> |
| Nevada 1.9% | | | |
| 3,400 | Clark Cnty., GO, 5.00%, 6/1/31 (FGIC) | Aaa/AAA | 3,497,852 |
| 3,960 | Reno Transportation Project Rev., (Pre-refunded @ \$100, 6/1/12) (AMBAC)(a), 5.125%, 6/1/27 | Aaa/AAA | 4,255,376 |
| 2,000 | 5.125%, 6/1/32 | Aaa/AAA | 2,149,180 |
| 3,500 | 5.125%, 6/1/37 | Aaa/AAA | 3,761,065 |
| 7,570 | 5.25%, 6/1/41 | Aaa/AAA | 8,183,170 |
| 3,290 | Truckee Meadows Water Auth. Rev., 5.125%, 7/1/30, Ser. A (FSA) | Aaa/AAA | 3,428,608 |
| | | | <u>25,275,251</u> |

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New Hampshire 0.2%

Health & Education Facs. Auth., Catholic Medical Center,

| | | | |
|-------|--|-----------|-----------|
| 360 | 6.125%, 7/1/32 | Baa1/BBB+ | 393,376 |
| 2,640 | 6.125%, 7/1/32, (Pre-refunded @ \$101, 6/1/12) (a) | Baa1/BBB+ | 2,983,226 |
| | | | <hr/> |
| | | | 3,376,602 |
| | | | <hr/> |

New Jersey 2.6%

Camden Cnty. Improvement Auth. Rev., Cooper Health System,
(Pre-refunded @ \$102, 2/15/07) (a),

| | | | |
|----|-----------------|----------|--------|
| 20 | 5.875%, 2/15/15 | Baa3/BBB | 20,588 |
| 40 | 6.00%, 2/15/27 | Baa3/BBB | 41,197 |

PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|-------------------------------|---|--------------------------------|-------------|
| New Jersey (continued) | | | |
| | Economic Dev. Auth., Kapkowski Landfill, | | |
| \$4,000 | 5.75%, 10/1/21 | Baa3/NR | \$4,430,040 |
| 11,405 | 5.75%, 4/1/31 | Baa3/NR | 12,475,017 |
| | Economic Dev. Auth. Rev., Arbor Glen, | | |
| 525 | 6.00%, 5/15/28 | NR/NR | 541,139 |
| 225 | 6.00%, 5/15/28, Ser. A, (Pre-refunded @ \$102, 5/15/09) (a) | NR/NR | 242,386 |
| 3,500 | State Educational Facs. Auth. Rev., 6.00%, 7/1/25, Ser. D | NR/NR | 3,822,280 |
| | Tobacco Settlement Financing Corp. Rev., | | |
| 1,285 | 6.00%, 6/1/37 | Baa3/BBB | 1,363,398 |
| 3,095 | 6.125%, 6/1/42 | Baa3/BBB | 3,301,436 |
| 6,150 | 6.25%, 6/1/43 | Baa3/BBB | 6,716,661 |
| 2,500 | 6.75%, 6/1/39 | Baa3/BBB | 2,801,950 |
| | | | 35,756,092 |
| New Mexico 0.4% | | | |
| 5,000 | Farmington Pollution Control Rev., 5.80%, 4/1/22 | Baa2/BBB | 5,054,050 |
| New York 2.9% | | | |
| 1,200 | Erie Cnty. Industrial Dev. Agcy., Orchard Park Rev., 6.00%, 11/15/36 | NR/NR | 1,266,348 |
| | Met. Transportation Auth. Rev., | | |
| 10,600 | 5.00%, 11/15/30, Ser. A (FSA) | Aaa/AAA | 11,022,304 |
| 10,000 | 5.25%, 11/15/32, Ser. B | A2/A | 10,613,400 |
| 7,000 | New York City Municipal Water Finance Auth., Water & Sewer System Rev., 5.00%, 6/15/39, Ser. A | Aa2/AA+ | 7,250,250 |
| 6,700 | State Dormitory Auth. Rev., Sloan-Kettering Center Memorial, 5.00%, 7/1/34, Ser. 1 | Aa2/AA | 6,930,212 |
| 2,000 | State Environmental Facs. Corp. Rev., 5.00%, 6/15/28 | Aaa/AAA | 2,100,580 |
| | | | 39,183,094 |
| Ohio 0.6% | | | |
| 7,500 | Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30 | Aa3/AA- | 7,848,975 |
| Oklahoma 0.5% | | | |
| 6,500 | Tulsa Cnty. Industrial Auth. Rev., Legacy Apartments, 4.90%, 11/20/46 (FHA-GNMA) | Aaa/NR | 6,658,600 |
| Pennsylvania 2.5% | | | |
| | Allegheny Cnty. Hospital Dev. Auth. Rev., Ser. B, | | |
| 550 | 9.25%, 11/15/15 | Ba3 /B+ | 655,149 |
| 1,000 | 9.25%, 11/15/22 | Ba3/B+ | 1,190,750 |
| 5,700 | 9.25%, 11/15/30 | Ba3/B+ | 6,792,120 |
| | Cumberland Cnty. Auth. Retirement Community Rev., | | |

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| | | | |
|-------|--|---------|-----------|
| | Wesley Affiliated Services, Ser. A, | | |
| 1,255 | 7.25%, 1/1/35 | NR/NR | 1,354,597 |
| 3,245 | 7.25%, 1/1/35, (Pre-refunded @ \$101, 1/1/13) (a) | NR/NR | 3,889,976 |
| | Montgomery Cnty. Higher Education & Health Auth. Hospital Rev., | | |
| | Abington Memorial Hospital, Ser. A, | | |
| 5,000 | 5.125%, 6/1/27 | NR/A | 5,182,450 |
| 3,750 | 5.125%, 6/1/32 | NR/A | 3,873,637 |
| 3,000 | Philadelphia, GO, 5.25%, 9/15/25 (FSA) | Aaa/AAA | 3,144,930 |
| 5,000 | Philadelphia Auth. Industrial Dev. Lease Rev., 5.25%, 10/1/30, Ser. B (FSA) | Aaa/AAA | 5,240,350 |
| 500 | Pittsburgh & Allegheny Cnty. Public Auditorium Auth. Rev., 5.00%, 2/1/29 (AMBAC) | Aaa/AAA | 511,530 |

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August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|---------------------------------|--|-----------------------------|-------------------|
| Pennsylvania (continued) | | | |
| \$2,500 | Radnor Township School Dist., GO, 5.00%, 2/15/35, Ser. B (FSA) | Aaa/NR | \$2,626,825 |
| | | | <u>34,462,314</u> |
| Puerto Rico 0.3% | | | |
| 4,200 | Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN | A3/BBB+ | <u>4,374,930</u> |
| Rhode Island 4.8% | | | |
| 62,000 | Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. A | Baa3/BBB | <u>65,344,280</u> |
| South Carolina 5.8% | | | |
| 27,745 | Greenville Cnty. School Dist. Rev., Building Equity Sooner Tomorrow, 5.50%, 12/1/28, (Pre-refunded @ \$101, 12/1/12) (a) | Aa3/AA- | 30,689,854 |
| 18,120 | Jobs Economic Dev. Auth. Rev., Bon Secours Health System, 5.625%, 11/15/30 | A3/A- | 19,139,431 |
| 15,000 | Lexington Cnty., Health Services Dist. Hospital Rev., 5.50%, 11/1/32 | A2 /A | 15,973,800 |
| 3,500 | 5.50%, 5/1/37 | A2 /A | 3,726,590 |
| 5,000 | 5.75%, 11/1/28 | A2/A | 5,429,200 |
| 3,250 | Tobacco Settlement Rev. Management Auth. Rev., 6.375%, 5/15/28, Ser. B | Baa3/BBB | 3,488,485 |
| 1,180 | Transportation Infrastructure Rev., 5.00%, 10/1/29, Ser. A, (Pre-refunded @ \$100, 10/1/11) (AMBAC)(a) | Aaa/NR | 1,254,777 |
| | | | <u>79,702,137</u> |
| Tennessee 0.3% | | | |
| 3,750 | Knox Cnty. Health Educational & Housing Facs., Board Hospital Facs. Rev., 5.25%, 10/1/30 | Aa3/AA- | <u>3,918,037</u> |
| Texas 11.0% | | | |
| 10 | Arlington Independent School Dist. GO (PSF-GTD), 5.00%, 2/15/24 | Aaa/AAA | 10,230 |
| 990 | 5.00%, 2/15/24, (Pre-refunded @ \$100, 2/15/09) (a) | Aaa/AAA | 1,022,799 |
| 4,480 | Aubrey Independent School Dist., GO, 5.50%, 2/15/33 (PSF-GTD) | Aaa/NR | 4,895,027 |
| 6,500 | Brazos Cnty. Health Facs. Dev. Corp., Franciscan Services Corp. Rev., 5.375%, 1/1/32 | NR/A- | 6,813,755 |
| 2,700 | Comal Cnty. Health Facs., McKenna Memorial Hospital Project Rev., 6.25%, 2/1/32 | Baa3/BBB- | 2,924,613 |
| 5,000 | Dallas Area Rapid Transit Rev., 5.00%, 12/1/31 (AMBAC) | Aaa/AAA | 5,150,400 |
| 20,000 | Frisco Independent School Dist., GO, zero coupon, 8/15/34 (PSF-GTD) | Aaa/NR | 5,256,400 |
| 19,750 | Harris Cnty. , GO, 5.125%, 8/15/31, (Pre-refunded @ \$100, 8/15/12) (a) | Aa1/AA+ | 21,162,323 |

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| | | | |
|--------|--|-----------|------------|
| 5,250 | Health Facs. Dev. Corp. Rev., St. Luke's Episcopal Hospital, 5.375%, 2/15/26, Ser. A, (Pre-refunded @ \$100, 8/15/11) (a) | NR/AAA | 5,651,048 |
| 25,000 | Senior Lien Toll Road Rev., 5.00%, 8/15/30 (FSA) | Aaa/AAA | 25,895,000 |
| 7,500 | Keller Independent School Dist., GO, 4.875%, 8/15/31 (PSF-GTD) | Aaa/AAA | 7,601,250 |
| 3,170 | Little Elm Independent School Dist., GO, 5.30%, 8/15/29, Ser. A (PSF-GTD) | NR/AAA | 3,399,698 |
| 6,250 | North Dallas Thruway Auth. Rev., 4.75%, 1/1/29 (FGIC) | Aaa/AAA | 6,300,125 |
| 5,000 | Quinlan Independent School Dist., GO, 5.10%, 2/15/32 (PSF-GTD) | Aaa/NR | 5,179,850 |
| 2,000 | Sabine River Auth. Rev., 5.20%, 5/1/28 | Baa2/BBB- | 2,075,080 |
| 17,500 | State, GO, 4.75%, 4/1/36 | Aa1/AA | 17,782,100 |
| | State Turnpike Auth. Central Turnpike System Rev., Ser. A (AMBAC), | | |
| 10,000 | zero coupon, 8/15/19 | Aaa/AAA | 5,707,900 |
| 8,880 | 5.00%, 8/15/42 | Aaa/AAA | 9,127,663 |

PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|--|--|--------------------------------|----------------------|
| Texas (continued) | | | |
| | State Water Financial Assistance, GO, | | |
| \$3,250 | 5.00%, 8/1/36 | Aa1/AA | \$3,367,358 |
| 1,650 | 5.25%, 8/1/35 | Aa1/AA | 1,737,928 |
| 8,000 | Wichita Falls Water & Sewer Rev., 5.00%, 8/1/27 (AMBAC) | Aaa/AAA | 8,269,840 |
| | | | <u>149,330,387</u> |
| Virginia 0.5% | | | |
| | Fredericksburg Industrial Dev. Medicorp Health System Rev., Ser. B, | | |
| 2,500 | 5.125%, 6/15/33 | A3/NR | 2,561,900 |
| 4,000 | 5.25%, 6/15/27 | A3/NR | 4,128,200 |
| | | | <u>6,690,100</u> |
| Washington 0.8% | | | |
| 5,000 | Douglas Cnty. Public Utility Dist. No. 1, Wells Hydroelectric, 5.00%, 9/1/30, Ser. B (FGIC) | AAA/AAA | 5,239,550 |
| 5,000 | Tacoma Sewer Rev., 5.00%, 12/1/31, Ser. A (FGIC) | Aaa/AAA | 5,152,750 |
| | | | <u>10,392,300</u> |
| Wisconsin 0.8% | | | |
| | Badger Tobacco Asset Securitization Corp., | | |
| 1,125 | 6.00%, 6/1/17 | Baa3/BBB | 1,190,745 |
| 8,240 | 6.125%, 6/1/27 | Baa3/BBB | 8,806,583 |
| | State Health & Educational Facs. Auth. Rev., Froedert & Community Health Oblig., | | |
| 90 | 5.375%, 10/1/30 | NR/AA- | 94,480 |
| 910 | 5.375%, 10/1/30, (Pre-refunded @ \$101, 10/1/11) (a) | NR/AA- | 990,926 |
| | | | <u>11,082,734</u> |
| | Total Municipal Bonds & Notes (cost \$1,136,304,256) | | <u>1,246,794,899</u> |
| VARIABLE RATE NOTES (c)(d) 8.2% | | | |
| Alabama 0.9% | | | |
| 3,600 | Birmingham Waterworks & Sewer Board Rev., 11.57%, 1/1/33, Ser. 947 (MBIA)(b) | Aaa/NR | 4,658,940 |
| 4,450 | Jefferson Cnty. Sewer Rev., 11.51%, 2/1/36, Ser. 352 (FGIC)(b) | Aaa/NR | 5,494,726 |
| 1,400 | Montgomery Special Care Facs., Financing Auth. Rev., 10.32%, 11/15/29, Ser. 435 (MBIA)(b) | Aaa/NR | 1,573,670 |
| | | | <u>11,727,336</u> |

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Arizona 0.8%

| | | | |
|-------|---|-------|------------|
| 8,200 | Salt River Project Agricultural Improvement & Power Dist., 10.35%, 1/1/37, Ser. 1430 (b) | NR/AA | 10,285,670 |
|-------|---|-------|------------|

Colorado 0.2%

| | | | |
|-------|---|--------|-----------|
| 2,250 | Denver City & Cnty. Airport Rev., 10.32%, 11/15/25, Ser. 425 (FSA)(b) | Aaa/NR | 2,598,300 |
|-------|---|--------|-----------|

Florida 0.5%

| | | | |
|-------|---|---------|-----------|
| 1,782 | Orange Cnty. School Board, CP, 10.32%, 8/1/24, Ser. 328 (MBIA)(b) | Aaa/NR | 2,210,482 |
| 3,241 | State Governmental Utilities Auth. Rev., 10.32%, 10/1/29, Ser. 327 (AMBAC)(b) | Aaa/NR | 3,804,934 |
| 1,000 | Sumter Landing Community Dev. Dist. Rev., 9.10%, 10/1/35, Ser. 1208 (MBIA)(b) | Aaa/AAA | 1,073,500 |

7,088,916

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PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|------------------------------|--|--------------------------------|-------------------|
| Illinois 0.7% | | | |
| | Chicago, GO (b), | | |
| \$1,780 | 10.95%, 1/1/28, Ser. 332 (MBIA) | Aaa/NR | \$2,101,557 |
| 2,200 | 12.82%, 1/1/40, Ser. 426 (FGIC) | Aaa/NR | 2,881,010 |
| 1,288 | Cook Cnty., GO, 10.32%, 11/15/28, Ser. 403 (FGIC)(b) | Aaa/NR | 1,543,410 |
| 2,000 | State, GO, 11.57%, 4/1/27, Ser. 783 (FSA)(b) | Aaa/NR | 2,618,300 |
| | | | <u>9,144,277</u> |
| Louisiana 0.3% | | | |
| 4,000 | Tobacco Settlement Financing Corp. Rev., 7.159%, 5/15/39 (b) | NR/NR | <u>4,441,520</u> |
| Massachusetts 1.9% | | | |
| 1,400 | Boston Water & Sewer Community Rev., 10.36%, 11/1/28, Ser. 434 (FGIC)(b) | Aaa/NR | 1,584,170 |
| 2,900 | Massachusetts Bay Transportation Auth., Special Assessment, 9.43%, 7/1/34 | Aa1/NR | 3,160,565 |
| 2,200 | State, GO, 11.62%, 11/1/30, Ser. 785 (FGIC-TCRS) | Aaa/NR | 3,117,400 |
| | State Turnpike Auth. Rev. (b), | | |
| 7,366 | 10.36%, 1/1/37, Ser. 334 (MBIA) | Aaa/NR | 7,918,818 |
| 3,000 | 10.36%, 1/1/37, Ser. 489 (MBIA) | NR/AAA | 3,225,150 |
| 5,668 | 10.36%, 1/1/39, Ser. 335 (AMBAC) | Aaa/NR | 6,297,443 |
| | | | <u>25,303,546</u> |
| Nevada 0.2% | | | |
| 2,200 | State, GO, 10.32%, 5/15/28, Ser. 344 (FGIC)(b) | Aaa/NR | <u>2,368,058</u> |
| New York 0.3% | | | |
| 2,000 | Liberty Dev. Corp. Rev., 11.68%, 10/1/35, Ser. 1207 (b) | Aa3/NR | 3,315,000 |
| 950 | New York City Municipal Water Finance Auth., Water & Sewer System Rev., 10.43%, 6/15/37, Ser. 1226 (b) | Aa2/NR | 1,144,750 |
| | | | <u>4,459,750</u> |
| Ohio 0.1% | | | |
| 1,580 | Hamilton Cnty. Sales Tax Rev., 10.32%, 12/1/27, Ser. 356 (MBIA)(b) | Aaa/NR | <u>1,772,049</u> |
| Pennsylvania 0.6% | | | |
| 3,050 | Philadelphia Auth. Industrial Dev. Rev., Doubletree, 6.50%, 10/1/27, (Pre-refunded @ \$102, 2/1/07) (a) Philadelphia School Dist., GO (MBIA)(b), | NR/NR | 3,144,581 |

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| | | | |
|-------|---|---------|------------|
| 1,670 | 9.07%, 4/1/27, Ser. 345 | Aaa/NR | 1,768,363 |
| 2,677 | 9.07%, 4/1/27, Ser. 496 | NR/AAA | 2,834,675 |
| | | | <hr/> |
| | | | 7,747,619 |
| | | | <hr/> |
| | Texas 0.9% | | |
| 2,460 | Denton Utility System Rev., 10.95%, 12/1/29, Ser. 428 (MBIA)(b) | Aaa/NR | 2,736,504 |
| 1,100 | Houston Airport System Rev., 10.32%, 7/1/25, Ser. 404 (FGIC)(b) | Aaa/NR | 1,192,400 |
| | Houston Water & Sewer System Rev. (b), | | |
| 2,200 | 10.32%, 12/1/28, Ser. 427 (FSA) | Aaa/NR | 2,676,080 |
| 3,070 | 11.57%, 12/1/30, Ser. 495 (FGIC) | NR/AAA | 4,031,217 |
| 2,005 | State, GO, 9.07%, 4/1/35, Ser. 1147 (b) | NR/NR | 2,145,651 |
| | | | <hr/> |
| | | | 12,781,852 |
| | | | <hr/> |
| | Utah 0.7% | | |
| 8,830 | Utah Transit Auth. Rev., 9.10%, 6/15/35, Ser. 1197 (FSA)(b) | Aaa/AAA | 9,622,934 |
| | | | <hr/> |

PIMCO Municipal Income Fund II Schedule of Investments

August 31, 2006 (unaudited)

| Principal Amount (000) | | Credit Rating (Moody's/S&P) | Value* |
|-------------------------------------|--|--------------------------------|------------------------|
| Washington 0.1% | | | |
| \$1,820 | Central Puget Sound Regional Transit Auth. Sales Tax & Motor Rev., 9.07%, 2/1/28, Ser. 360 (FGIC)(b) | Aaa/NR | \$1,960,413 |
| | Total Variable Rate Notes (cost \$94,678,189) | | 111,302,240 |
| U.S. TREASURY BILLS (e) 0.4% | | | |
| 6,100 | 4.72%-4.85%, 9/14/06 (cost \$6,089,402) | | 6,089,402 |
| | Total Investments before options written (cost \$1,237,071,847) 100.1% | | 1,364,186,541 |
| OPTIONS WRITTEN (f) 0.1% | | | |
| <u>Contracts</u> | | | |
| Call Options 0.1% | | | |
| 1,497 | U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$108, expires 11/21/06 (premiums received -\$275,822) | | (795,281) |
| | Total Investments net of options written (cost \$1,236,796,025) 100.0% | | \$1,363,391,260 |

Notes to Schedule of Investments:

- * Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees. The Fund's investments are valued daily using prices supplied by an independent pricing service or dealer quotations, by using the last sale price on the exchange that is the primary market for such securities, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange traded options and futures are valued at the settlement price determined by the relevant exchange. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold. The Fund's net asset value is determined daily as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the New York Stock Exchange ("NYSE") on each day the NYSE is open for business.
- (a) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date (payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).
 - (b) 144A Security - Security exempt from registration, under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
 - (c) Residual Interest Municipal Bonds ("RIBS")/Residual Interest Tax Exempt Bonds ("RITES") - The interest rate shown bears an inverse relationship to the interest rate on
 - (d) Variable Rate Notes - Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest another security or the value of an index. rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on August 31, 2006.
 - (e) All or partial amount segregated as collateral for futures contracts.
 - (f) Non-income producing.

Glossary

AMBAC - insured by American Municipal Bond Assurance Corp.

CP - Certificates of Participation

FGIC - insured by Financial Guaranty Insurance Co.

FHA - insured by Federal Housing Administration FSA - insured by Financial Security Assurance, Inc.

GNMA - insured by Government National Mortgage Association

GO - General Obligation Bond

MBIA - insured by Municipal Bond Investors Assurance

NR - Not Rated

PSF-GTD - Permanent School Fund Guaranteed

TCRS - Temporary Custodian Receipts

XLCA - insured by XL Capital Assurance

Other Investments:

(1) Futures contracts outstanding at August 31, 2006:

| Type | Notional Amount (000) | Expiration Date | Unrealized Appreciation (Depreciation) |
|---|-----------------------|-----------------|--|
| Long: | | | |
| Financial Future Euro □ 90 day, June 2007 | \$575 | 6/18/07 | \$(10,925) |
| Financial Future Euro □ 90 day, September 2007 | 575 | 9/17/07 | (4,888) |
| Financial Future Euro □ 90 day, December 2007 | 575 | 12/17/07 | (1,438) |
| Financial Future Euro □ 90 day, March 2008 | 575 | 3/17/08 | 0 |
| U.S. Treasury Notes 5 yr. Futures December 2006 | 46,890 | 12/31/06 | 1,150,391 |
| Short: | | | |
| U.S. Treasury Bond Futures September 2006 | (51,590) | 9/20/06 | (16,496,048) |
| U.S. Treasury Notes 10 yr. Futures September 2006 | (3,650) | 9/20/06 | (153,984) |
| | | | <u>\$(15,516,892)</u> |

(2) Transactions in options written for the three months ended August 31, 2006:

| | Contracts | Premiums |
|--|--------------|------------------|
| Options outstanding, May 31, 2006 | 0 | \$0 |
| Options written | 5,221 | 741,782 |
| Options expired | (2,227) | (260,309) |
| Options terminated in closing transactions | (1,497) | (205,651) |
| Options outstanding, August 31, 2006 | <u>1,497</u> | <u>\$275,822</u> |

Item 2. 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 3. Exhibits

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

SIGNATURES

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

Registrant: PIMCO Municipal Income Fund II

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

Date: October 27, 2006

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

Date: October 27, 2006

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 dated indicated.

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

Date: October 27, 2006

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

Date: October 27, 2006
