

PIMCO MUNICIPAL INCOME FUND  
Form N-CSRS  
January 06, 2010

**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 811-10377  
PIMCO Municipal Income Fund  
(Exact name of registrant as specified in charter)**

**1345 Avenue of the Americas, New York, NY**

**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: **April 30, 2010**

Date of reporting period: **October 31, 2009**

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles. A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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**ITEM 1. REPORT TO SHAREHOLDERS**

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

Semi-Annual Report  
October 31, 2009

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**PIMCO Municipal Income Funds Letter to Shareholders**

December 15, 2009

Dear Shareholder:

Please find enclosed, the semi-annual report for PIMCO Municipal Income Fund, PIMCO California Municipal Income Fund and PIMCO New York Municipal Income Fund (the Funds ) for the fiscal six-month period ended October 31, 2009.

The U.S. bond market provided positive returns during the fiscal six-month period amid subdued inflationary pressures and adequate, government-supplied liquidity. In this environment, municipal bonds, as represented by the unmanaged Barclay s Capital Municipal Bond Index, returned a tax-advantaged 4.99% return during the six-month reporting period. That compared favorably with the 5.61% taxable return for the broad market of bonds, represented by the unmanaged Barclay s Capital U.S. Aggregate Index.

The Federal Reserve left the Federal Funds rate unchanged during the reporting period, holding the benchmark rate on loans between member banks to a target of 0% 0.25%. In addition, the central bank continued to pursue a policy of quantitative easing, purchasing securities from banks in order to add to the supply of cash available for lending.

For specific information on the Funds and their performance, please review the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources are available on our Web site, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

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

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess  
*Chairman*

Brian S. Shlissel  
*President & Chief Executive Officer*

10.31.09 PIMCO Municipal Income Funds Semi-Annual Report 1

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## **PIMCO Municipal Income Fund Fund Insights**

October 31, 2009 (unaudited)

For the fiscal six-month period ended October 31, 2009, PIMCO Municipal Income Fund returned 24.96% on net asset value ( NAV ) and 12.99% on market price, which compares to the returns of 14.96% and 16.27%, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.

Yields on longer-maturity high-quality municipal bonds moved lower, while yields on short and intermediate maturities moved higher during the six-month reporting period.

Municipal-to-U.S. Treasury yield ratios continued to trend lower as the market normalized during the reporting period. The 10-year ratio decreased to 89% and the 30-year ratio decreased to 100%, both were back to within historical average levels.

Exposure to the tobacco securitization sector contributed positively to performance as the sector posted strong positive returns due to investors' increased appetite for riskier assets.

Exposure to corporate-backed municipal bonds contributed significantly to performance as the sector outperformed all other municipal bond sectors. Similar to the taxable corporate sector, this area of the municipal bond market continued to rebound and experience strong performance after struggling at the end of 2008.

A focus on revenue bonds contributed positively to performance as these bonds outperformed both pre-refunded and general obligation municipal bonds. Holdings in pre-refunded and general obligation municipal bonds detracted from returns as they underperformed due to investors moving further out on the risk spectrum in search of higher yields.

Exposure to longer-maturity zero coupon municipal bonds benefited performance as the longer durations outperformed and yields on longer maturities moved lower during the reporting period. The unmanaged Barclays Capital Zero Coupon Index advanced 10.25% during the six-month reporting period.

The municipal bond yield curve flattened during the reporting period as investors continued to move further out on the yield curve in search of higher yields. 15- and 20-year maturity AAA General Obligation yields decreased 27 and 44 basis points, respectively, while the 30-year AAA General Obligation yield decreased 35 basis points. Two-year AAA General Obligation yields decreased 23 basis points during the six-month reporting period. Significant exposure to longer-maturity municipal bonds benefited performance as this portion of the yield curve outperformed due to its longer duration.

Long-maturity municipal bonds slightly underperformed the broader long-maturity taxable market with the unmanaged Barclays Capital Long Municipal Bond Index returning 9.88% compared to the unmanaged Barclays Capital Long Government/Credit Index which advanced 11.88%. However, long-maturity municipal bonds significantly outperformed long-maturity U.S. Treasuries with the unmanaged Barclays Capital Long U.S. Treasury Index returning 0.92% during the six-months ended October 31, 2009.

Municipal bond issuance year-to-date in 2009 was approximately 3% lower than the comparable period in 2008, with a pickup in refundings, helping to increase issuance year-to-date. Municipal bond issuance was reduced by increased supply of taxable Build America Bonds, especially in the longer portion of the yield curve as issuers took advantage of the interest subsidy.



**PIMCO Municipal Income Fund Performance & Statistics**

October 31, 2009 (unaudited)

| <b>Total Return(1):</b>                            | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Months   | 12.99%              | 24.96%     |
| 1 Year   | 15.83%              | 24.02%     |
| 5 Year   | 3.85%               | 2.60%      |
| Commencement of Operations (6/29/2001) to 10/31/09 | 4.65%               | 4.33%      |

**Market Price/NAV Performance:**

Commencement of Operations (6/29/2001) to 10/31/09

**Market Price/NAV:**

|                        |         |
|------------------------|---------|
| Market Price           | \$12.37 |
| NAV                    | \$11.18 |
| Premium to NAV         | 10.64%  |
| Market Price Yield (2) | 7.88%   |

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

(1)

**Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to shareholders by the market price per share at October 31, 2009.

## **PIMCO California Municipal Income Fund Fund Insights**

October 31, 2009 (unaudited)

For the fiscal six-month period ended October 31, 2009, PIMCO California Municipal Income Fund returned 21.53% on net asset value ( NAV ) and 6.45% on market price, which compares to the returns of 12.45% and 15.80%, respectively, for the Lipper Analytical California Municipal Debt Funds average.

Yields on longer-maturity high-quality municipal bonds moved lower, while yields on short and intermediate maturities moved higher during the six-month reporting period.

Municipal-to-U.S. Treasury yield ratios continued to trend lower as the market normalized during the reporting period. The 10-year ratio decreased to 89% and the 30-year ratio decreased to 100%, both were back to within historical average levels.

Exposure to the tobacco securitization sector contributed positively to performance as the sector posted strong positive returns due to investors' increased appetite for riskier assets.

Exposure to corporate-backed municipal bonds contributed significantly to performance as the sector outperformed all other municipal bond sectors. Similar to the taxable corporate sector, this area of the municipal bond market continued to rebound and experience strong performance after struggling at the end of 2008.

A focus on revenue bonds contributed positively to performance as these bonds outperformed both pre-refunded and general obligation municipal bonds. Holdings in pre-refunded and general obligation municipal bonds detracted from returns as they underperformed due to investors moving further out on the risk spectrum in search of higher yields.

Exposure to longer-maturity zero coupon municipal bonds benefited performance as the longer durations outperformed and yields on longer maturities moved lower during the reporting period. The unmanaged Barclays Capital Zero Coupon Index advanced 10.25% during the six-month reporting period.

Municipal bonds within California performed in-line with the unmanaged Barclays Capital Municipal Bond Index returning 5.00% compared to 4.99% for the national index during the six-month reporting period. California was able to balance its budget, which helped spur a rebound in performance during the latter part of the period. However, more recently the State of California issued a large amount of municipal bonds, which placed upward pressure on yields. Year-to-date through September of 2009, California issued \$57.5 billion in municipal bonds, 14% higher than the comparable period in 2008.

Long-maturity California municipal bonds slightly underperformed the long-maturity unmanaged Barclays Capital Long Municipal Bond Index returning 9.46% compared to a rise of 9.88% for the long-maturity national index during the six-months ended October 31, 2009. The California municipal bond yield curve steepened during the reporting period with 30-year yields decreasing 6 basis points, while two-year yields decreased 24 basis points. Significant exposure to longer-maturity municipal bonds benefited performance as longer-duration municipal bonds outperformed as yields moved lower.



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

October 31, 2009 (unaudited)

| <b>Total Return(1):</b>                            | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Months   | 6.45%               | 21.53%     |
| 1 Year   | 21.08%              | 23.43%     |
| 5 Year   | 4.40%               | 4.10%      |
| Commencement of Operations (6/29/2001) to 10/31/09 | 4.43%               | 5.03%      |

**Market Price/NAV Performance:**

Commencement of Operations (6/29/2001) to 10/31/09

**Market Price/NAV:**

|                        |         |
|------------------------|---------|
| Market Price           | \$12.47 |
| NAV                    | \$12.38 |
| Premium to NAV         | 0.73%   |
| Market Price Yield (2) | 7.41%   |

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

(1)

**Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to shareholders by the market price per share at October 31, 2009.

## **PIMCO New York Municipal Income Fund Fund Insights**

October 31, 2009 (unaudited)

For the fiscal six-month period ended October 31, 2009, PIMCO New York Municipal Income Fund returned 15.29% on net asset value ( NAV ) and 9.78% on market price, which compares to the returns of 11.69% and 13.59%, respectively, for the Lipper Analytical New York Municipal Debt Funds average.

Yields on longer-maturity high-quality municipal bonds moved lower, while yields on short and intermediate maturities moved higher during the six-month reporting period.

Municipal-to-U.S. Treasury yield ratios continued to trend lower as the market normalized during the reporting period. The 10-year ratio decreased to 89% and the 30-year ratio decreased to 100%, and both were back to within historical average levels.

Exposure to the tobacco securitization sector contributed positively to performance as the sector posted strong positive returns due to investors' increased appetite for riskier assets.

Exposure to corporate-backed municipal bonds contributed significantly to performance as the sector outperformed all other municipal bond sectors. Similar to the taxable corporate sector, this area of the municipal bond market continued to rebound and experience strong performance after struggling at the end of 2008.

A focus on revenue bonds contributed positively to performance as these bonds outperformed both pre-refunded and general obligation municipal bonds. Holdings in pre-refunded and general obligation municipal bonds detracted from returns as they underperformed due to investors moving further out on the risk spectrum in search of higher yields.

Exposure to longer-maturity zero coupon municipal bonds benefited performance as the longer durations outperformed and yields on longer maturities moved lower during the reporting period. The unmanaged Barclays Capital Zero Coupon Index advanced 10.25% during the six-month reporting period.

Municipal bonds within New York marginally underperformed the unmanaged Barclays Capital Municipal Bond Index returning 4.79% compared to 4.99% for the national index during the six-month reporting period. Year-to-date through October of 2009, issuers in New York State raised \$34.3 billion in bonds, 3% lower than the comparable period in 2008. New York ranks second in total municipal bond issuance.

Long-maturity New York municipal bonds slightly underperformed the unmanaged Barclays Capital Long Municipal Bond Index returning 8.45% compared to a rise of 9.88% for the long-maturity national index during the six-month reporting period. The New York municipal bond yield curve steepened marginally during the reporting period with 30-year yields decreasing 42 basis points and two-year yields decreased 62 basis points. Significant exposure to the longer portion of the municipal bond yield curve benefited performance as the longer-duration municipal bonds outperformed as yields moved lower.

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

October 31, 2009 (unaudited)

| <b>Total Return(1):</b>                            | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Months   | 9.78%               | 15.29%     |
| 1 Year   | 11.27%              | 11.65%     |
| 5 Year   | 0.55%               | 0.49%      |
| Commencement of Operations (6/29/2001) to 10/31/09 | 2.01%               | 2.28%      |

**Market Price/NAV Performance:**

Commencement of Operations (6/29/2001) to 10/31/09

**Market Price/NAV:**

|                        |         |
|------------------------|---------|
| Market Price           | \$10.50 |
| NAV                    | \$10.23 |
| Premium to NAV         | 2.64%   |
| Market Price Yield (2) | 6.51%   |

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

(1)

**Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value ( NAV ) or market price (as applicable) in the specified period. The calculation assumes that all income dividends and capital gain distributions if any, have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is equal to total assets less total liabilities divided by the number of shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to shareholders by the market price per share at October 31, 2009.

**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000)                |   | Credit Rating<br>(Moody s/S&P) | Value        |
|--|---|--------------------------------|--------------|
| <b>MUNICIPAL BONDS &amp; NOTES 94.3%</b> |   |                                |              |
| <b>Alabama 0.9%</b>                      |   |                                |              |
| \$ 2,500                                 | Birmingham Baptist Medical Centers Special Care Facs. Financing,<br>Auth. Rev. Baptist Health Systems, Inc., 5.875%, 11/15/24, Ser. A<br>Huntsville-Redstone Village Special Care Facs. Financing Auth.<br>Rev.,<br>Redstone Village Project, | Baa2/NR                        | \$ 2,529,950 |
| 250                                      | 5.50%, 1/1/28   | NR/NR                          | 199,555      |
| 885                                      | 5.50%, 1/1/43   | NR/NR                          | 645,377      |
| 1,350                                    | Montgomery Medical Clinic Board Rev., Jackson Hospital &<br>Clinic,<br>5.25%, 3/1/31  | Baa2/BBB-                      | 1,230,471    |
|  |   |                                | 4,605,353    |
| <b>Alaska 1.2%</b>                       |   |                                |              |
| 3,280                                    | Borough of Matanuska-Susitna Rev., Goose Creek Correctional<br>Center, 6.00%, 9/1/32  | Aa2/AAA                        | 3,739,725    |
| 900                                      | Industrial Dev. & Export Auth. Rev., Boys & Girls Home,<br>6.00%, 12/1/36   | NR/NR                          | 628,272      |
| 2,400                                    | Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A   | Baa3/NR                        | 1,550,928    |
|  |   |                                | 5,918,925    |
| <b>Arizona 5.2%</b>                      |   |                                |              |
| 5,000                                    | Apache Cnty. Industrial Dev. Auth. Rev., Tucson Electric Power<br>Co. Project, 5.875%, 3/1/33, Ser. B<br>Health Facs. Auth. Rev.,   | Baa3/BBB-                      | 4,921,550    |
| 2,050                                    | Banner Health, 5.50%, 1/1/38, Ser. D  | NR/A+                          | 2,087,576    |
| 2,750                                    | Beatitudes Campus Project, 5.20%, 10/1/37<br>Pima Cnty. Industrial Dev. Auth. Rev., Tucson Electric Power Co.,<br>Ser. A,   | NR/NR                          | 1,989,680    |
| 4,000                                    | 4.95%, 10/1/20  | Baa3/BBB-                      | 4,009,840    |
| 4,150                                    | 6.375%, 9/1/29  | Baa3/BBB-                      | 4,225,945    |
| 5,000                                    | Salt River Project Agricultural Improvement & Power Dist. Rev.,<br>5.00%, 1/1/39, Ser. A (j)  | Aa1/AA                         | 5,212,350    |
| 4,200                                    | Salt Verde Financial Corp. Rev., 5.00%, 12/1/37   | A3/A                           | 3,596,922    |

26,043,863

**Arkansas 0.4%**

|       |  |        |           |
|-------|--|--------|-----------|
| 8,500 | Dev. Finance Auth. Rev., Arkansas Cancer Research Center Project,<br>zero coupon, 7/1/36 (AMBAC) | Aa3/NR | 2,207,365 |
|-------|--|--------|-----------|

**California 8.1%**

|       |   |          |           |
|-------|---|----------|-----------|
| 3,000 | Chula Vista Rev., San Diego Gas & Electric, 5.875%, 2/15/34,<br>Ser. B                | Aa3/A+   | 3,271,590 |
| 6,000 | Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/33,<br>Ser. A-1            | Baa3/BBB | 4,623,960 |
| 2,000 | Health Facs. Financing Auth. Rev., Catholic Healthcare West,<br>6.00%, 7/1/39, Ser. A | A2/A     | 2,104,600 |
| 4,175 | Montebello Unified School Dist., GO, 5.00%, 8/1/33 (FSA)                              | Aa3/AAA  | 4,201,136 |
| 5,000 | Orange Cnty. Airport Rev., 5.25%, 7/1/39, Ser. A                                      | Aa3/AA-  | 5,160,250 |

**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000)        |  | Credit Rating<br>(Moody s/S&P) | Value      |
|----------------------------------|--|--------------------------------|------------|
| <b>California (continued)</b>    |  |                                |            |
| \$ 300                           | State, GO,<br>5.00%, 6/1/37  | Baa1/A                         | \$ 275,736 |
| 4,200                            | 6.00%, 4/1/38  | Baa1/A                         | 4,466,574  |
| 1,000                            | Statewide Communities Dev. Auth. Rev.,<br>Catholic Healthcare West, 5.50%, 7/1/31, Ser. E        | A2/A                           | 1,013,010  |
| 2,600                            | Methodist Hospital Project (FHA),<br>6.625%, 8/1/29  | Aa2/AA                         | 2,924,558  |
| 9,500                            | 6.75%, 2/1/38  | Aa2/AA                         | 10,628,790 |
| 4,000                            | Whittier Union High School Dist., GO, zero coupon, 8/1/25  | NR/AA-                         | 1,577,240  |
|                                  |  |                                | 40,247,444 |
| <b>Colorado 0.5%</b>             |  |                                |            |
| 500                              | Confluence Metropolitan Dist. Rev., 5.45%, 12/1/34   | NR/NR                          | 355,040    |
| 500                              | Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38   | A2/A                           | 531,300    |
| 1,500                            | Univ. of Colorado Rev., 5.375%, 6/1/38, Ser. A   | Aa3/AA-                        | 1,613,220  |
|                                  |  |                                | 2,499,560  |
| <b>Connecticut 0.2%</b>          |  |                                |            |
| 1,000                            | State Dev. Auth. Rev., Connecticut Light & Power Co., 5.85%,<br>9/1/28                           | Baa1/BBB                       | 1,018,360  |
| <b>District of Columbia 1.4%</b> |  |                                |            |
| 2,500                            | Dist. of Columbia Rev., Brookings Institution, 5.75%, 10/1/39                                    | Aa3/A+                         | 2,731,425  |
| 4,175                            | Tobacco Settlement Financing Corp. Rev., 6.25%, 5/15/24  | Baa3/BBB                       | 4,123,982  |
|                                  |  |                                | 6,855,407  |
| <b>Florida 4.0%</b>              |  |                                |            |
| 905                              | Beacon Lakes Community Dev. Dist., Special Assessment,<br>6.00%, 5/1/38, Ser. A                  | NR/NR                          | 668,931    |
| 4,000                            | Broward Cnty. Water & Sewer Rev., 5.25%, 10/1/34, Ser. A (j)                                     | Aa3/AA                         | 4,167,320  |
| 500                              | Lee Cnty. Industrial Dev. Auth. Rev., Sara Lee Charter<br>Foundation,<br>5.375%, 6/15/37, Ser. A | NR/BB                          | 363,295    |
| 3,000                            | Miami-Dade Cnty. Airport Rev., 5.50%, 10/1/36, Ser. A  | A2/A-                          | 3,034,110  |
| 1,250                            | Miami-Dade Cnty. School Board, CP, 5.375%, 2/1/34, Ser. A  | Aa2/AAA                        | 1,286,112  |



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|       |   |         |            |
|-------|---|---------|------------|
| 3,900 | State Board of Education, GO, 5.00%, 6/1/38, Ser. D (j)                               | Aa1/AAA | 4,025,697  |
| 5,685 | State Board of Governors Rev., Florida Univ., 6.50%, 7/1/33                           | Aa2/AA  | 6,517,909  |
|       |   |         | 20,063,374 |
|       | <b>Georgia 0.4%</b>   |         |            |
| 2,300 | Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37 | NR/NR   | 1,782,937  |
|       | <b>Illinois 5.5%</b>  |         |            |
|       | Chicago, GO,  |         |            |
| 5,000 | 5.00%, 1/1/34, Ser. C (j)   | Aa3/AA- | 5,073,100  |
| 2,935 | 5.375%, 1/1/34, Ser. A (FGIC-NPFGC)   | Aa3/AA- | 2,940,019  |

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**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000)   |   | Credit Rating<br>(Moody s/S&P) | Value        |
|-----------------------------|---|--------------------------------|--------------|
| <b>Illinois (continued)</b> |   |                                |              |
| \$ 10,115                   | Chicago Board of Education School Reform, GO, zero coupon, 12/1/31, Ser. A (FGIC-NPFGC) | A1/AA-                         | \$ 2,784,356 |
| 1,250                       | Chicago Motor Fuel Tax Rev., 5.00%, 1/1/38, Ser. A                                      | Aa2/AAA                        | 1,275,937    |
| 190                         | Educational Facs. Auth. Rev., Univ. of Chicago, 5.25%, 7/1/41, Ser. A                   | Aa1/AA                         | 193,236      |
| 400                         | Finance Auth. Rev., OSF Healthcare System, 7.125%, 11/15/37, Ser. A                     | A2/A                           | 442,080      |
| 10,000                      | Univ. of Chicago, 5.50%, 7/1/37, Ser. B (j)   | Aa1/AA                         | 11,003,500   |
| 1,900                       | Springfield Electric Rev., 5.00%, 3/1/36  | Aa3/AA-                        | 1,903,724    |
| 1,495                       | Univ. of Illinois Rev., 5.25%, 4/1/32, Ser. B (FGIC-NPFGC)                              | Aa3/AA-                        | 1,505,405    |
|                             |   |                                | 27,121,357   |
| <b>Indiana 0.5%</b>         |   |                                |              |
| 1,500                       | Finance Auth. Rev., Duke Energy Indiana, Inc., 6.00%, 8/1/39, Ser. B                    | NR/A                           | 1,602,495    |
| 1,000                       | Municipal Power Agcy. Rev., 6.00%, 1/1/39, Ser. B                                       | A1/A+                          | 1,059,870    |
|                             |   |                                | 2,662,365    |
| <b>Iowa 1.7%</b>            |   |                                |              |
| 4,890                       | Finance Auth. Rev., Deerfield Retirement Community, Inc., 5.50%, 11/15/37, Ser. A       | NR/NR                          | 3,274,931    |
| 3,500                       | Edgewater LLC Project, 6.75%, 11/15/37  | NR/NR                          | 3,194,310    |
| 1,500                       | 6.75%, 11/15/42   | NR/NR                          | 1,354,755    |
| 1,600                       | Wedum Walnut Ridge LLC Project, 5.625%, 12/1/45, Ser. A (b)                             | NR/NR                          | 908,448      |
|                             |   |                                | 8,732,444    |
| <b>Kansas 4.5%</b>          |   |                                |              |
| 1,000                       | Dev. Finance Auth. Rev., Adventist Health, 5.75%, 11/15/38                              | A1/A+                          | 1,033,070    |
| 1,000                       | Lenexa City, Tax Allocation, Center East Project, 6.00%, 4/1/27                         | NR/NR                          | 840,080      |
| 650                         | Manhattan Rev., Meadowlark Hills Retirement, 5.125%, 5/15/42, Ser. B                    | NR/NR                          | 489,164      |
| 5,000                       | Wichita Hospital Rev., Facs. Improvements, 5.625%, 11/15/31, Ser. III                   | NR/A+                          | 5,076,950    |
| 14,370                      | 6.25%, 11/15/24, Ser. XI  | NR/A+                          | 14,636,707   |

22,075,971

**Kentucky 0.6%**

Economic Dev. Finance Auth. Rev.,  
Baptist Healthcare Systems, Ser. A,

|       |   |        |           |
|-------|---|--------|-----------|
| 1,000 | 5.375%, 8/15/24                             | Aa3/NR | 1,097,590 |
| 1,200 | 5.625%, 8/15/27                             | Aa3/NR | 1,296,900 |
| 760   | St. Luke s Hospital, 6.00%, 10/1/19, Ser. B | A3/A   | 760,046   |
|       |   |        | 3,154,536 |

**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
|                           | <b>Louisiana 5.8%</b>  |                                |              |
| \$ 3,930                  | Local Gov t Environmental Facs. & Community Dev. Auth. Rev.,<br>Capital Projects & Equipment Acquisition, 6.55%, 9/1/25 (ACA)  | NR/NR                          | \$ 3,510,158 |
| 27,895                    | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39,<br>Ser. 2001B  | Baa3/BBB                       | 25,448,051   |
|                           |  |                                | 28,958,209   |
|                           | <b>Massachusetts 0.4%</b>  |                                |              |
| 550                       | Dev. Finance Agcy. Rev., Linden Ponds, Inc. Fac.,<br>5.75%, 11/15/35, Ser. A   | NR/NR                          | 403,634      |
| 1,500                     | State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A   | A1/A+                          | 1,565,340    |
|                           |  |                                | 1,968,974    |
|                           | <b>Michigan 2.3%</b>   |                                |              |
| 1,000                     | Detroit, GO, 5.375%, 4/1/17, Ser. A-1 (NPFGC)  | Baa1/A                         | 909,920      |
| 4,550                     | Garden City Hospital Finance Auth. Rev., 5.00%, 8/15/38, Ser. A<br>Royal Oak Hospital Finance Auth. Rev., William Beaumont<br>Hospital,<br>5.25%, 11/15/35, Ser. M (NPFGC) | NR/NR                          | 2,645,825    |
| 50                        | 8.25%, 9/1/39  | A1/A                           | 43,205       |
| 1,500                     | State Hospital Finance Auth. Rev., Detroit Medical Center,<br>6.25%, 8/15/13, Ser. A   | A1/A                           | 1,764,480    |
| 4,000                     | Strategic Fund Rev., Detroit Edison Co. Pollution Control,<br>5.45%, 9/1/29, Ser. C  | Ba3/BB-                        | 4,004,640    |
| 2,000                     |  | A2/A-                          | 2,023,700    |
|                           |  |                                | 11,391,770   |
|                           | <b>Minnesota 0.1%</b>  |                                |              |
| 95                        | Agricultural & Economic Dev. Board Rev., Health Care Systems,<br>6.375%, 11/15/29, Ser. A  | A2/A                           | 96,867       |
| 500                       | Washington Cnty. Housing & Redev. Auth. Rev., Birchwood &<br>Woodbury Projects, 5.625%, 6/1/37, Ser. A   | NR/NR                          | 393,780      |
|                           |  |                                | 490,647      |
|                           | <b>Missouri 0.2%</b>   |                                |              |
| 1,000                     | Joplin Industrial Dev. Auth. Rev., Christian Homes, Inc.,  |                                |              |

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|        |   |          |            |
|--------|---|----------|------------|
|        | 5.75%, 5/15/26, Ser. F  | NR/NR    | 807,370    |
|        | <b>Nevada 3.5%</b>  |          |            |
| 5,000  | Clark Cnty., GO, 4.75%, 6/1/30 (FSA)  | Aa1/AAA  | 4,928,800  |
| 12,185 | Washoe Cnty., Water & Sewer, GO, 5.00%, 1/1/35 (NPFGC)  | Aa2/AA   | 12,325,737 |
|        |   |          | 17,254,537 |
|        | <b>New Hampshire 0.6%</b>   |          |            |
| 3,000  | Business Finance Auth. Pollution Control Rev., Connecticut<br>Light & Power Co., 5.85%, 12/1/22, Ser. A | Baa1/BBB | 3,063,720  |
|        | <b>New Jersey 4.9%</b>  |          |            |
| 16,550 | Economic Dev. Auth., Special Assessment, Kapkowski Road<br>Landfill Project, 5.75%, 4/1/31              | Baa3/NR  | 13,380,509 |

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**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000)     |  | Credit Rating<br>(Moody s/S&P) | Value        |
|-------------------------------|--|--------------------------------|--------------|
| <b>New Jersey (continued)</b> |  |                                |              |
| \$ 2,000                      | Economic Dev. Auth. Rev., School Facs. Construction,<br>5.50%, 12/15/34, Ser. Z  | Aa2/AAA                        | \$ 2,199,880 |
| 1,000                         | Health Care Facs. Financing Auth. Rev., Trinitas Hospital,<br>5.25%, 7/1/30, Ser. A  | Baa3/BBB-                      | 838,950      |
| 2,000                         | State Turnpike Auth. Rev., 5.25%, 1/1/40, Ser. E   | A3/A+                          | 2,049,540    |
| 9,100                         | Tobacco Settlement Financing Corp. Rev., 5.00%, 6/1/41, Ser. 1A  | Baa3/BBB                       | 6,124,391    |
|                               |  |                                | 24,593,270   |
| <b>New Mexico 0.5%</b>        |  |                                |              |
| 2,500                         | Farmington Pollution Control Rev., 5.80%, 4/1/22, Ser. A   | Baa3/BB+                       | 2,503,400    |
| <b>New York 6.3%</b>          |  |                                |              |
| 5,000                         | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters,<br>5.25%, 10/1/35   | A1/A                           | 4,882,150    |
| 3,000                         | 5.50%, 10/1/37   | A1/A                           | 3,021,210    |
| 4,200                         | Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at<br>Harborside,<br>6.70%, 1/1/43, Ser. A                                  | NR/NR                          | 3,588,816    |
| 13,000                        | New York City Municipal Water Finance Auth. Water<br>& Sewer Rev. (j),<br>5.00%, 6/15/26, Ser. E                               | Aa2/AAA                        | 13,280,280   |
| 670                           | 5.00%, 6/15/37, Ser. D   | Aa2/AAA                        | 685,088      |
| 3,000                         | New York City Municipal Water Finance Auth. Water & Sewer<br>Rev.,<br>Second Generation Resolutions, 5.00%, 6/15/39, Ser. GG-1 | Aa3/AA+                        | 3,066,480    |
| 1,000                         | State Dormitory Auth. Rev., 5.00%, 3/15/38, Ser. A   | NR/AAA                         | 1,028,570    |
| 1,625                         | Westchester Cnty. Healthcare Corp. Rev., 5.875%, 11/1/25, Ser. A   | Baa3/BBB-                      | 1,605,939    |
|                               |  |                                | 31,158,533   |
| <b>North Carolina 0.3%</b>    |  |                                |              |
| 570                           | Capital Facs. Finance Agcy. Rev., Duke Univ. Project,<br>5.125%, 10/1/41, Ser. A   | Aa1/AA+                        | 578,607      |
| 1,500                         | Medical Care Commission Rev., Village at Brookwood, 5.25%,<br>1/1/32   | NR/NR                          | 1,051,125    |
|                               |  |                                | 1,629,732    |

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| <b>Ohio 2.9%</b> |   |          |            |
|------------------|---|----------|------------|
| 11,000           | Buckeye Tobacco Settlement Financing Auth. Rev.,<br>5.875%, 6/1/47, Ser. A-2                            | Baa3/BBB | 8,130,540  |
|                  | Lorain Cnty. Hospital Rev., Catholic Healthcare, Ser. A,  |          |            |
| 2,500            | 5.625%, 10/1/17   | A1/AA-   | 2,585,325  |
| 2,565            | 5.75%, 10/1/18  | A1/AA-   | 2,648,824  |
| 500              | Montgomery Cnty. Rev., Miami Valley Hospital, 6.25%, 11/15/39,<br>Ser. A                                | Aa3/NR   | 520,055    |
| 500              | State Higher Educational Fac. Commission Rev.,<br>Univ. Hospital Health Systems, 6.75%, 1/15/39, Ser. A | A2/A     | 530,185    |
|                  |   |          | 14,414,929 |

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**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
| <b>Oregon 0.6%</b>        |  |                                |              |
| \$ 2,000                  | Oregon Health & Science Univ. Rev., 5.75%, 7/1/39, Ser. A  | A2/BBB+                        | \$ 2,154,960 |
| 600                       | State Department of Administrative Services, CP,<br>5.25%, 5/1/39, Ser. A                                      | Aa3/AA-                        | 624,102      |
|                           |  |                                | 2,779,062    |
| <b>Pennsylvania 5.9%</b>  |  |                                |              |
| 1,000                     | Allegheny Cnty. Industrial Dev. Auth. Rev., Environmental<br>Improvements, USX Corp., 5.60%, 9/1/30            | Baa1/BBB+                      | 1,000,150    |
| 5,000                     | Geisinger Auth. Rev., 5.25%, 6/1/39, Ser. A  | Aa2/AA                         | 4,992,300    |
| 2,000                     | Harrisburg Auth. Rev., Harrisburg Univ. of Science,<br>6.00%, 9/1/36, Ser. B                                   | NR/NR                          | 1,767,920    |
| 6,200                     | Higher Educational Facs. Auth. Rev., UPMC Health System,<br>6.00%, 1/15/31, Ser. A                             | Aa3/A+                         | 6,354,566    |
|                           | Lancaster Cnty. Hospital Auth. Rev., Brethren Village Project,<br>Ser. A,                                      |                                |              |
| 750                       | 6.25%, 7/1/26  | NR/NR                          | 711,308      |
| 85                        | 6.375%, 7/1/30   | NR/NR                          | 78,970       |
| 7,000                     | Philadelphia, GO, 5.25%, 12/15/32, Ser. A (FSA)  | Aa3/AAA                        | 7,224,700    |
| 4,700                     | Philadelphia Hospitals & Higher Education Facs. Auth. Rev.,<br>Temple Univ. Hospital, 6.625%, 11/15/23, Ser. A | Baa3/BBB                       | 4,715,980    |
| 500                       | Philadelphia Water Rev., 5.25%, 1/1/36, Ser. A   | A3/A                           | 507,590      |
| 2,000                     | Turnpike Commission Rev., 5.125%, 12/1/40, Ser. D  | A2/A-                          | 1,952,820    |
|                           |  |                                | 29,306,304   |
| <b>Puerto Rico 0.7%</b>   |  |                                |              |
| 135                       | Commonwealth of Puerto Rico, Public Improvements, GO,<br>5.00%, 7/1/35, Ser. B                                 | Baa3/BBB-                      | 121,326      |
|                           | Sales Tax Financing Corp. Rev., Ser. A,  |                                |              |
| 32,550                    | zero coupon, 8/1/54 (AMBAC)  | Aa3/AA-                        | 1,934,446    |
| 29,200                    | zero coupon, 8/1/56  | Aa3/AA-                        | 1,509,056    |
|                           |  |                                | 3,564,828    |
| <b>Rhode Island 4.4%</b>  |  |                                |              |
| 23,800                    | Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. A   | Baa3/BBB                       | 21,660,142   |



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**South Carolina 1.4%**

|       |  |         |           |
|-------|--|---------|-----------|
| 3,500 | Greenwood Cnty. Hospital Rev., Self Memorial Hospital,<br>5.50%, 10/1/21 | A2/A    | 3,551,030 |
| 2,000 | 5.50%, 10/1/26   | A2/A    | 2,012,820 |
| 450   | Jobs-Economic Dev. Auth. Rev., Lutheran Homes, 5.50%, 5/1/28             | NR/NR   | 355,828   |
| 1,000 | State Public Service Auth. Rev., 5.25%, 1/1/39, Ser. B                   | Aa2/AA- | 1,054,190 |
|       |  |         | 6,973,868 |

**Tennessee 3.7%**

|     |  |       |         |
|-----|--|-------|---------|
| 940 | Memphis Health Educational & Housing Fac. Board Rev.,<br>Wesley Housing Corp. Project, 6.95%, 1/1/20 (a)(b)(e) | NR/NR | 470,000 |
|-----|--|-------|---------|

**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal Amount<br>(000)    |   | Credit Rating<br>(Moody s/S&P) | Value        |
|------------------------------|---|--------------------------------|--------------|
| <b>Tennessee (continued)</b> |   |                                |              |
| \$ 5,000                     | Metropolitan Gov t Nashville & Davidson Cnty. Health & Educational Vanderbilt Univ., 5.00%, 10/1/39, Ser. B (j) | Aa2/AA                         | \$ 5,210,050 |
| 370                          | Tennessee Energy Acquisition Corp. Rev., 5.00%, 2/1/21, Ser. C  | Baa1/A                         | 360,658      |
| 6,460                        | 5.25%, 9/1/17, Ser. A   | Ba3/BB+                        | 6,484,160    |
| 600                          | 5.25%, 9/1/21, Ser. A   | Ba3/BB+                        | 587,034      |
| 300                          | 5.25%, 9/1/22, Ser. A   | Ba3/BB+                        | 291,795      |
| 5,000                        | 5.25%, 9/1/24, Ser. A   | Ba3/BB+                        | 4,770,150    |
|                              |   |                                | 18,173,847   |
| <b>Texas 8.5%</b>            |   |                                |              |
| 10,000                       | Coppell Independent School Dist., GO, zero coupon, 8/15/29 (PSF-GTD)  | Aaa/AAA                        | 3,853,100    |
| 1,200                        | Dallas Civic Center Rev., 5.25%, 8/15/38  | Aa2/AAA                        | 1,227,552    |
| 20                           | Duncanville Independent School Dist., GO, 5.25%, 2/15/32, Ser. B (PSF-GTD)                                      | Aaa/AAA                        | 20,477       |
| 285                          | Mansfield Independent School Dist., GO, 5.25%, 2/15/23 (PSF-GTD)  | Aaa/AAA                        | 291,863      |
| 150                          | Municipal Gas Acquisition & Supply Corp. I Rev., 5.25%, 12/15/25, Ser. A  | A2/A                           | 139,698      |
| 6,500                        | 6.25%, 12/15/26, Ser. D   | A2/A                           | 6,728,280    |
| 4,200                        | North Harris Cnty. Regional Water Auth. Rev., 5.25%, 12/15/33   | A3/A+                          | 4,245,234    |
| 4,200                        | 5.50%, 12/15/38   | A3/A+                          | 4,287,234    |
| 3,000                        | North Texas Tollway Auth. Rev., 5.25%, 1/1/44, Ser. C (d)   | A2/A-                          | 2,832,000    |
| 6,050                        | 5.625%, 1/1/33, Ser. A  | A2/A-                          | 6,158,355    |
| 600                          | 5.75%, 1/1/33, Ser. F   | A3/BBB+                        | 609,702      |
| 400                          | State Public Finance Auth. Rev., 5.875%, 12/1/36, Ser. A  | Baa3/BBB-                      | 380,512      |
| 4,000                        | Tarrant Cnty. Cultural Education Facs. Finance Corp. Rev., Baylor Health Care Systems Project, 6.25%, 11/15/29  | Aa2/AA-                        | 4,266,880    |
| 6,500                        | Texas Municipal Gas Acquisition & Supply Corp. Rev., 5.25%, 12/15/23, Ser. A                                    | A2/A                           | 6,151,340    |
| 1,000                        | Uptown Development Auth., Tax Allocation, Infrastructure Improvement Facs., 5.50%, 9/1/29                       | NR/BBB+                        | 985,560      |
|                              |   |                                | 42,177,787   |

|       |  |          |           |
|-------|--|----------|-----------|
|       | <b>U.S. Virgin Islands 0.1%</b>                                    |          |           |
| 500   | Virgin Islands Public Finance Auth. Rev., 5.00%, 10/1/39, Ser. A-1 | Baa2/BBB | 487,105   |
|       | <b>Utah 1.5%</b>   |          |           |
| 7,000 | Salt Lake Cnty. Rev., IHC Health Services, 5.125%, 2/15/33 (AMBAC) | NR/AA+   | 7,238,210 |

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**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|------------------------------|--|--------------------------------|--------------|
|                              | <b>Virginia 0.6%</b>   |                                |              |
| \$ 1,000                     | Fairfax Cnty. Industrial Dev. Auth. Rev.,<br>Inova Health Systems, 5.50%, 5/15/35, Ser. A  | Aa2/AA+                        | \$ 1,076,790 |
| 2,000                        | Peninsula Town Center Community Dev. Auth. Rev., 6.45%,<br>9/1/37  | NR/NR                          | 1,735,080    |
|                              |  |                                | 2,811,870    |
|                              | <b>Washington 1.2%</b>   |                                |              |
|                              | Health Care Facs. Auth. Rev.,  |                                |              |
| 700                          | Multicare Health Systems, 6.00%, 8/15/39, Ser. B   | Aa2/AAA                        | 738,598      |
| 250                          | Seattle Cancer Care Alliance, 7.375%, 3/1/38   | A3/NR                          | 274,998      |
| 2,000                        | Virginia Mason Medical Center, 6.125%, 8/15/37, Ser. A<br>State Housing Finance Commission Rev., Skyline at First Hill<br>Project, Ser. A, | Baa2/BBB                       | 2,042,540    |
| 275                          | 5.25%, 1/1/17  | NR/NR                          | 247,519      |
| 3,600                        | 5.625%, 1/1/38   | NR/NR                          | 2,614,068    |
|                              |  |                                | 5,917,723    |
|                              | <b>Wisconsin 2.8%</b>  |                                |              |
| 2,230                        | Health & Educational Facs. Auth. Rev.,<br>Kenosha Hospital & Medical Center Project, 5.625%, 5/15/29                                       | NR/A                           | 2,230,111    |
| 500                          | Prohealth Care, Inc., 6.625%, 2/15/39  | A1/A+                          | 533,290      |
| 10,000                       | State Rev., 6.00%, 5/1/36, Ser. A  | A1/AA-                         | 11,075,000   |
|                              |  |                                | 13,838,401   |
|                              | Total Municipal Bonds & Notes (cost \$464,560,145)   |                                | 468,153,499  |
|                              | <b>VARIABLE RATE NOTES (a)(c)(g) 3.4%</b>  |                                |              |
|                              | <b>Illinois 1.5%</b>   |                                |              |
| 7,253                        | Cook Cnty., GO, 7.68%, 11/15/28, Ser. 458 (FGIC) (f)   | Aa3/NR                         | 7,392,473    |
|                              | <b>Texas 0.4%</b>  |                                |              |
| 1,000                        | JPMorgan Chase Putters/Drivers Trust, GO,<br>7.901%, 2/1/17, Ser. 3480<br>JPMorgan Chase Putters/Drivers Trust Rev.,                       | NR/AA+                         | 1,091,510    |

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|     |                            |        |         |
|-----|----------------------------|--------|---------|
| 200 | 8.34%, 2/1/27, Ser. 3224   | Aa1/NR | 234,992 |
| 600 | 8.424%, 10/1/31, Ser. 3227 | NR/AAA | 709,488 |

2,035,990

**Washington 1.5%**

|       |   |        |           |
|-------|---|--------|-----------|
| 6,670 | JPMorgan Chase Putters/Drivers Trust, GO,<br>11.478%, 8/1/28, Ser. 3388 | NR/AA+ | 7,301,983 |
|-------|---|--------|-----------|

Total Variable Rate Notes (cost \$15,301,251) 16,730,446

**SHORT-TERM INVESTMENTS 2.3%**

**Corporate Notes 2.1%**

**Financial Services 2.1%**

|        |  |          |           |
|--------|--|----------|-----------|
| 10,000 | American General Finance Corp., 4.625%, 9/1/10 (i) | Baa3/BB+ | 9,309,760 |
|--------|--|----------|-----------|

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**PIMCO Municipal Income Fund Schedule of Investments**

October 31, 2009 (unaudited)

| Principal<br>Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value                 |
|------------------------------|--|--------------------------------|-----------------------|
|                              | <b>Financial Services (continued)</b>                          |                                |                       |
| \$ 600                       | International Lease Finance Corp., FRN,<br>0.627%, 5/24/10     | Baa3/BBB+                      | \$ 570,032            |
| 500                          | 0.684%, 1/15/10  | Baa3/BBB+                      | 491,275               |
|                              | Total Corporate Notes (cost \$8,797,788)                       |                                | 10,371,067            |
|                              | <b>Variable Rate Demand Notes (g)(h) 0.2%</b>                  |                                |                       |
|                              | <b>Colorado 0.0%</b>   |                                |                       |
| 285                          | City & Cnty. of Denver, CP, 0.18%, 11/2/09, Ser. A1            | VMIG1/NR                       | 285,000               |
|                              | <b>Massachusetts 0.2%</b>                                      |                                |                       |
| 1,000                        | Health & Educational Facs. Auth. Rev., 0.20%, 11/4/09, Ser. A2 | VMIG1/A-1+                     | 1,000,000             |
|                              | Total Variable Rate Demand Notes (cost \$1,285,000)            |                                | 1,285,000             |
|                              | Total Short-Term Investments (cost \$10,082,788)               |                                | 11,656,067            |
|                              | <b>Total Investments (cost \$489,944,184) 100.0%</b>           |                                | <b>\$ 496,540,012</b> |

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

October 31, 2009 (unaudited)

| Principal Amount<br>(000)                           |  | Credit Rating<br>(Moody's/S&P) | Value        |
|---|--|--------------------------------|--------------|
| <b>CALIFORNIA MUNICIPAL BONDS &amp; NOTES 92.2%</b> |  |                                |              |
| \$ 1,000  | Assoc. of Bay Area Gov't Finance Auth. for Nonprofit Corps. Rev.,<br>Poway Housing, Inc. Project, 5.375%, 11/15/25, Ser. A<br>(CA Mtg. Ins.) | NR/A                           | \$ 1,000,130 |
| 1,000   | Channing House, CP, 5.375%, 11/15/34   | NR/BBB-                        | 962,100      |
| 10,000  | Bay Area Toll Auth. Rev., San Francisco Bay Area,<br>5.00%, 4/1/34, Ser. F1  | Aa3/AA                         | 10,240,900   |
| 5,000   | Chula Vista Rev., San Diego Gas & Electric, 5.875%, 2/15/34,<br>Ser. B   | Aa3/A+                         | 5,452,650    |
| 720   | City & Cnty. of San Francisco Redev. Agcy. Rev.,<br>Special Tax, 6.125%, 8/1/31, Ser. B  | NR/NR                          | 637,653      |
| 650   | City & Cnty. of San Francisco,<br>Capital Improvement Projects, CP, 5.25%, 4/1/31, Ser. A  | A1/AA-                         | 659,607      |
| 350   | Contra Costa Cnty. Public Financing Auth., Tax Allocation,<br>5.85%, 8/1/33, Ser. A  | NR/NR                          | 349,517      |
| 2,150   | Pleasant Hill 5.125%, 8/1/19   | NR/BBB                         | 2,105,473    |
| 3,635   | Cucamonga Cnty. Water Dist., CP, 5.125%, 9/1/35<br>(FGIC-NPFGC)  | A2/AA-                         | 3,632,165    |
| 5,000   | Desert Community College Dist., GO, 5.00%, 8/1/37, Ser. C<br>(FSA)   | Aa3/AAA                        | 5,076,600    |
| 310   | Dublin Unified School Dist., GO, zero coupon, 8/1/23, Ser. E   | A1/AA-                         | 146,494      |
| 6,300   | Eastern Municipal Water Dist., CP, 5.00%, 7/1/35, Ser. H<br>Educational Facs. Auth. Rev.,<br>Claremont McKenna College,<br>5.00%, 1/1/39     | Aa3/AA                         | 6,419,322    |
| 1,400   | 5.00%, 1/1/39  | Aa2/NR                         | 1,432,970    |
| 10,200  | 5.00%, 1/1/39 (j)<br>Univ. of Southern California, Ser. A,<br>5.00%, 10/1/38   | Aa2/NR                         | 10,440,210   |
| 5,000   | 5.00%, 10/1/39 (j)   | Aa1/AA+                        | 5,174,200    |
| 10,000  | 5.00%, 10/1/39 (j)   | Aa1/AA+                        | 10,340,999   |
| 2,975   | El Dorado Irrigation Dist. & El Dorado Water Agcy., CP,<br>5.75%, 8/1/39, Ser. A   | Aa2/AAA                        | 3,102,300    |
| 10,790  | El Monte, Department of Public Social Services Fac., CP<br>(AMBAC),<br>4.75%, 6/1/30   | A3/A+                          | 10,364,982   |
| 14,425  | Phase II, 5.25%, 1/1/34  | A3/NR                          | 14,472,170   |
| 1,000   | Folsom Redev. Agcy., Tax Allocation, 5.50%, 8/1/36<br>Fremont Community Dist. No. 1, Special Tax,<br>6.00%, 9/1/18                           | NR/A                           | 965,970      |
| 165   |  | NR/NR                          | 156,722      |

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|       |  |          |           |
|-------|--|----------|-----------|
| 505   | 6.00%, 9/1/19  | NR/NR    | 473,296   |
| 3,500 | 6.30%, 9/1/31  | NR/NR    | 3,232,845 |
|       | Golden State Tobacco Securitization Corp. Rev.,                        |          |           |
| 9,000 | 5.00%, 6/1/33, Ser. A-1  | Baa3/BBB | 6,935,940 |
| 3,000 | 5.00%, 6/1/35, Ser. A (FGIC)   | Baa2/A-  | 2,665,650 |
| 6,000 | 5.00%, 6/1/38, Ser. A (FGIC)   | Baa2/A-  | 5,268,780 |
| 1,600 | 5.00%, 6/1/45 (AMBAC-TCRS)   | Baa2/A-  | 1,376,816 |
| 500   | Hartnell Community College Dist., GO, zero coupon, 8/1/34,<br>Ser. D   | A1/AA-   | 240,625   |
|       | Health Facs. Financing Auth. Rev.,<br>Adventist Health System, Ser. A, |          |           |
| 4,630 | 5.00%, 3/1/33  | NR/A     | 4,231,959 |
| 2,000 | 5.75%, 9/1/39  | NR/A     | 2,020,740 |

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

October 31, 2009 (unaudited)

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody's/S&P) | Value        |
|---------------------------|---|--------------------------------|--------------|
| \$ 1,875                  | Catholic Healthcare West, Ser. A,<br>5.00%, 7/1/18  | A2/A                           | \$ 1,879,219 |
| 875                       | 5.00%, 7/1/28   | A2/A                           | 853,466      |
| 2,000                     | 6.00%, 7/1/34   | A2/A                           | 2,102,380    |
| 4,000                     | 6.00%, 7/1/39   | A2/A                           | 4,209,200    |
| 1,000                     | Children's Hospital of Orange Cnty., Ser. A,<br>6.50%, 11/1/38                            | NR/A                           | 1,053,290    |
| 5,315                     | Northern California Presbyterian,<br>5.125%, 7/1/18                                       | NR/BBB+                        | 5,214,600    |
| 10,590                    | Kern Cnty., Capital Improvements Projects, CP, 5.75%, 8/1/35,<br>Ser. A                   | Aa2/AAA                        | 10,988,502   |
| 3,000                     | La Quinta Redev. Agcy., Tax Allocation (AMBAC),<br>5.00%, 9/1/21                          | NR/A+                          | 3,003,930    |
| 10,000                    | 5.10%, 9/1/31   | NR/A+                          | 9,506,700    |
| 1,000                     | 5.125%, 9/1/32  | NR/A+                          | 935,130      |
| 500                       | Lancaster Redev. Agcy., Tax Allocation, 6.875%, 8/1/39                                    | NR/A                           | 526,955      |
| 1,495                     | Lincoln Public Financing Auth. Rev., Twelve Bridges, 6.125%,<br>9/2/27                    | NR/NR                          | 1,357,116    |
| 1,000                     | Long Beach Bond Finance Auth. Rev., Long Beach Natural<br>Gas, Ser. A,<br>5.50%, 11/15/27 | A2/A                           | 969,960      |
| 3,900                     | 5.50%, 11/15/37   | A2/A                           | 3,607,500    |
| 5,000                     | Los Angeles Department of Water & Power Rev.,<br>4.75%, 7/1/30, Ser. A-2 (FSA) (j)        | Aa3/AAA                        | 5,046,600    |
| 3,930                     | 5.125%, 7/1/41, Ser. A  | Aa3/AA                         | 3,955,466    |
| 10,000                    | 5.375%, 7/1/34, Ser. A (j)  | Aa3/AA                         | 10,577,940   |
| 10,000                    | Los Angeles Unified School Dist., GO,<br>5.00%, 7/1/29, Ser. I (j)                        | Aa3/AA-                        | 10,332,100   |
| 13,000                    | 5.00%, 1/1/34, Ser. I   | Aa3/AA-                        | 13,098,280   |
| 5,000                     | 5.00%, 1/1/34, Ser. I (j)   | Aa3/AA-                        | 5,037,800    |
| 250                       | 5.30%, 1/1/34, Ser. D   | Aa3/AA-                        | 257,605      |
| 700                       | Malibu, City Hall Project, CP, 5.00%, 7/1/39, Ser. A                                      | NR/AA+                         | 703,682      |
| 200                       | M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B   | NR/A                           | 213,834      |
| 2,900                     | Municipal Finance Auth. Rev., Biola Univ., 5.875%, 10/1/34                                | Baa1/NR                        | 2,943,790    |
| 5,000                     | Orange Cnty. Sanitation Dist., CP, 5.00%, 2/1/39, Ser. A                                  | NR/AAA                         | 5,099,750    |
| 1,080                     | Palm Springs Community Redev. Agcy., Tax Allocation,<br>5.50%, 8/1/21                     | NR/A                           | 1,101,622    |
| 2,145                     | Patterson Public Financing Auth. Rev., Waste Water Systems<br>Project, 5.50%, 6/1/39      | NR/AAA                         | 2,178,398    |

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|       |  |         |           |
|-------|--|---------|-----------|
| 1,250 | Peralta Community College Dist., GO, 5.00%, 8/1/39         | NR/AA-  | 1,271,125 |
| 8,305 | Riverside Cnty., CP, 5.125%, 11/1/30 (NPFGC)               | A2/AA-  | 8,163,483 |
|       | Riverside, Special Assessment, Riverwalk Assessment Dist., |         |           |
| 500   | 6.15%, 9/2/19  | NR/NR   | 494,515   |
| 1,350 | 6.375%, 9/2/26   | NR/NR   | 1,350,716 |
|       | San Diego Cnty. Water Auth., CP, Ser. A,                   |         |           |
| 1,000 | 5.00%, 5/1/32 (NPFGC)                                      | Aa3/AA+ | 1,012,440 |
| 6,250 | 5.00%, 5/1/38 (FSA)  | Aa3/AAA | 6,284,312 |
| 545   | San Diego Cnty., CP, 5.25%, 10/1/28                        | A2/NR   | 552,270   |

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

October 31, 2009 (unaudited)

| Principal Amount<br>(000) |  | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|--|--------------------------------|--------------|
| \$ 2,000                  | San Diego Public Facs. Financing Auth. Rev., 5.25%, 5/15/39, Ser. A                                | A2/A+                          | \$ 2,040,540 |
| 3,285                     | San Diego Regional Building Auth. Rev.,<br>Cnty. Operations Center & Annex, 5.375%, 2/1/36, Ser. A | A1/AA+                         | 3,375,009    |
| 5,000                     | San Diego Unified School Dist., GO, 4.75%, 7/1/27, Ser. D-2 (FSA)                                  | Aa2/AAA                        | 5,083,200    |
| 880                       | San Francisco Bay Area Transit Financing Auth. Rev.,<br>5.125%, 7/1/36 (AMBAC)                     | Aa3/AA+                        | 885,843      |
| 5,065                     | San Joaquin Cnty., General Hospital Project, CP,<br>5.00%, 9/1/20 (NPFGC)                          | A2/A                           | 5,107,698    |
| 5,000                     | San Joaquin Hills Transportation Corridor Agcy. Rev., Ser. A,<br>5.50%, 1/15/28                    | Ba2/BB-                        | 4,450,900    |
| 5,000                     | 5.70%, 1/15/19   | Ba2/BB-                        | 4,929,300    |
| 230                       | San Jose, Special Assessment, 5.60%, 9/2/17, Ser. Q  | NR/NR                          | 222,891      |
| 600                       | Santa Ana Financing Auth. Rev., 5.60%, 9/1/19, Ser. C  | NR/BBB                         | 607,188      |
| 3,500                     | Santa Clara Cnty. Financing Auth. Rev.,<br>5.75%, 2/1/41, Ser. A (AMBAC)                           | A1/A+                          | 3,623,340    |
| 1,815                     | Santa Clara, Central Park Library Project, CP, 5.00%, 2/1/32 (AMBAC)                               | Aa3/AA                         | 1,860,684    |
| 1,300                     | Santa Cruz Cnty. Redev. Agcy., Tax Allocation,<br>Live Oak/Soquel Community, 7.00%, 9/1/36, Ser. A | A2/A                           | 1,427,712    |
| 2,000                     | State Public Works Board Rev.,<br>5.75%, 10/1/30, Ser. G-1   | Baa2/A-                        | 1,964,100    |
| 2,000                     | Regents Univ., 5.00%, 4/1/34, Ser. E   | Aa2/AA-                        | 1,977,660    |
| 5,885                     | State, GO,<br>5.00%, 9/1/35  | Baa1/A                         | 5,443,213    |
| 3,300                     | 5.00%, 12/1/37   | Baa1/A                         | 3,031,644    |
| 8,000                     | 6.00%, 4/1/38  | Baa1/A                         | 8,507,760    |
| 900                       | Statewide Communities Dev. Auth. Rev.,<br>Baptist Univ., 5.50%, 11/1/38, Ser. A                    | NR/NR                          | 690,093      |
| 1,000                     | Catholic Healthcare West, 5.50%, 7/1/31, Ser. D  | A2/A                           | 1,013,010    |
| 5,215                     | Gross-Gillispie School, 6.625%, 10/1/31  | NR/NR                          | 4,502,840    |
| 15,250                    | Henry Mayo Newhall Memorial Hospital, 5.125%, 10/1/30 (CA Mtg. Ins.)                               | NR/A                           | 14,616,972   |
| 8,000                     | The Internext Group, CP, 5.375%, 4/1/30  | NR/BBB                         | 7,258,320    |
| 1,000                     | Kaiser Permanente, 5.25%, 3/1/45, Ser. B   | NR/A+                          | 953,680      |
| 3,000                     | Los Angeles Jewish Home, 5.50%, 11/15/33 (CA St. Mtg.)   | NR/A                           | 3,024,690    |
| 2,100                     | Methodist Hospital Project (FHA),<br>6.625%, 8/1/29  | Aa2/AA                         | 2,362,143    |

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|       |  |        |           |
|-------|--|--------|-----------|
| 7,700 | 6.75%, 2/1/38<br>St. Joseph,                                 | Aa2/AA | 8,614,914 |
| 100   | 5.125%, 7/1/24 (NPFGC)                                       | A1/AA- | 101,495   |
| 3,200 | 5.75%, 7/1/47, Ser. A (FGIC)                                 | A1/AA- | 3,265,312 |
| 2,325 | St. Marks School, 6.75%, 6/1/28 (a)(b)                       | NR/NR  | 2,343,344 |
| 4,000 | Sutter Health, 5.50%, 8/15/34, Ser. B                        | Aa3/A+ | 4,005,760 |
| 910   | Windrush School, 5.50%, 7/1/37                               | NR/NR  | 687,050   |
| 2,000 | Turlock, Emanuel Medical Center, CP, 5.50%, 10/15/37, Ser. B | NR/BBB | 1,734,520 |

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

October 31, 2009 (unaudited)

| Principal Amount<br>(000) |   | Credit Rating<br>(Moody s/S&P) | Value        |
|---------------------------|---|--------------------------------|--------------|
| \$ 2,345                  | Tustin Unified School Dist., Special Tax, Ser. B,<br>5.50%, 9/1/22        | NR/NR                          | \$ 2,327,788 |
| 2,520                     | 5.60%, 9/1/29   | NR/NR                          | 2,381,501    |
| 2,000                     | 5.625%, 9/1/32  | NR/NR                          | 1,835,280    |
| 8,000                     | Univ. of California Rev.,<br>4.75%, 5/15/35, Ser. F (FSA) (j)             | Aa1/AAA                        | 8,022,480    |
| 10,000                    | 5.00%, 5/15/36, Ser. A (AMBAC)  | Aa1/AA                         | 10,161,400   |
| 1,000                     | Western Municipal Water Dist. Facs. Auth. Rev.,<br>5.00%, 10/1/39, Ser. B | NR/AA+                         | 1,013,220    |
| 1,000                     | Westlake Village, CP, 5.00%, 6/1/39                                       | NR/AA+                         | 1,012,250    |
| 1,000                     | Whittier Union High School Dist., GO, zero coupon, 8/1/25                 | NR/AA-                         | 394,310      |
|                           | Total California Municipal Bonds & Notes (cost \$371,689,881)             |                                | 382,324,515  |

**OTHER MUNICIPAL BONDS & NOTES 3.7%**

|       |  |          |            |
|-------|--|----------|------------|
|       | <b>Illinois 1.3%</b>   |          |            |
| 5,260 | Educational Facs. Auth. Rev., Univ. of Chicago, 5.00%,<br>7/1/33,<br>Ser. A                      | Aa1/AA   | 5,336,848  |
|       | <b>Iowa 1.8%</b>   |          |            |
| 8,700 | Tobacco Settlement Auth. Rev., 5.60%, 6/1/34, Ser. B   | Baa3/BBB | 7,525,848  |
|       | <b>Louisiana 0.4%</b>  |          |            |
| 1,750 | Tobacco Settlement Financing Corp. Rev.,<br>5.875%, 5/15/39, Ser. 2001B                          | Baa3/BBB | 1,596,490  |
|       | <b>New York 0.1%</b>   |          |            |
| 450   | New York City Municipal Water Finance Auth. Water &<br>Sewer Rev.,<br>5.00%, 6/15/37, Ser. D (j) | Aa2/AAA  | 460,134    |
|       | <b>South Carolina 0.1%</b>   |          |            |
| 340   | Tobacco Settlement Rev. Management Auth. Rev.,<br>6.375%, 5/15/30, Ser. B                        | Baa3/BBB | 423,960    |
|       | Total Other Municipal Bonds & Notes (cost \$16,254,813)  |          | 15,343,280 |

**OTHER VARIABLE RATE NOTES (a)(c)(g) 1.7%**

**Illinois 1.7%**

|       |  |        |           |
|-------|--|--------|-----------|
| 6,670 | Chicago Water Rev.,<br>11.388%, 5/1/14, Ser. 1419 (AMBAC) (cost \$6,950,816) | NR/AA- | 6,846,021 |
|-------|--|--------|-----------|

**CALIFORNIA VARIABLE RATE NOTES (a)(g) 0.4%**

|       |   |       |           |
|-------|---|-------|-----------|
| 1,670 | Sacramento Regional Cnty. Sanitation Dist. Rev.,<br>11.329%, 8/1/13, Ser. 1034 (NPFGC) (cost \$1,843,995) | NR/AA | 1,817,845 |
|-------|---|-------|-----------|

**SHORT-TERM INVESTMENTS 2.0%**

**Corporate Notes (i) 2.0%**

**Financial Services 2.0%**

|       |   |           |           |
|-------|---|-----------|-----------|
| 7,800 | American General Finance Corp., 4.625%, 9/1/10<br>International Lease Finance Corp., FRN, | Baa3/BB+  | 7,261,613 |
| 500   | 0.627%, 5/24/10   | Baa3/BBB+ | 475,027   |
| 400   | 0.684%, 1/15/10   | Baa3/BBB+ | 393,019   |
|       | Total Corporate Notes (cost \$6,900,823)  |           | 8,129,659 |

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

October 31, 2009 (unaudited)

| Principal<br>Amount<br>(000)                             |  | Credit Rating<br>(Moody s/S&P) | Value                 |
|--|--|--------------------------------|-----------------------|
| <b>California Variable Rate Demand Notes (g)(h) 0.0%</b> |  |                                |                       |
| \$ 300   | Pollution Control Financing Auth. Rev., 0.15%, 11/2/09, Ser. E<br>(cost \$300,000) | NR/A-1+                        | \$ 300,000            |
|  | Total Short-Term Investments (cost \$7,200,823)                                    |                                | 8,429,659             |
|  | <b>Total Investments</b> (cost \$403,940,328) <b>100.0%</b>                        |                                | <b>\$ 414,761,320</b> |

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

October 31, 2009 (unaudited)

| Principal Amount<br>(000)                         |   | Credit Rating<br>(Moody s/S&P) | Value        |
|---|---|--------------------------------|--------------|
| <b>NEW YORK MUNICIPAL BONDS &amp; NOTES 89.0%</b> |   |                                |              |
| \$ 1,600  | Erie Cnty. Industrial Dev. Agcy. Rev.,<br>Orchard Park, Inc. Project, 6.00%, 11/15/36, Ser. A             | NR/NR                          | \$ 1,300,208 |
| 120   | Liberty Dev. Corp. Rev., Goldman Sachs Headquarters,<br>5.25%, 10/1/35                                    | A1/A                           | 117,172      |
| 11,290  | 5.25%, 10/1/35 (j)  | A1/A                           | 11,023,894   |
| 1,925   | 5.50%, 10/1/37  | A1/A                           | 1,938,610    |
| 750   | Long Island Power Auth. Rev., Ser. A,<br>5.00%, 9/1/34 (AMBAC)  | A3/A-                          | 757,305      |
| 2,300   | 5.75%, 4/1/39   | A3/A-                          | 2,485,449    |
| 8,150   | Metropolitan Transportation Auth. Rev.,<br>5.00%, 7/1/30, Ser. A (AMBAC)                                  | A1/AA-                         | 8,248,534    |
| 1,375   | 5.125%, 1/1/29, Ser. A  | A1/AA-                         | 1,407,299    |
| 2,000   | 5.25%, 11/15/31, Ser. E   | A2/A                           | 2,030,700    |
| 1,600   | Nassau Cnty. Industrial Dev. Agcy. Rev.,<br>Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A                | NR/NR                          | 1,367,168    |
| 1,505   | New York City, GO, Ser. J,<br>5.125%, 5/15/29 (NPFGC)   | Aa3/AA                         | 1,520,682    |
| 5   | 5.25%, 6/1/28   | Aa3/AA                         | 5,184        |
| 1,000   | New York City Industrial Dev. Agcy. Rev.,<br>Liberty Interactive Corp., 5.00%, 9/1/35                     | Ba2/BB+                        | 758,660      |
| 900   | Queens Baseball Stadium, 6.50%, 1/1/46  | Aa2/AAA                        | 1,007,991    |
| 1,820   | Vaughn College Aeronautics, 5.25%, 12/1/36, Ser. B  | NR/BB+                         | 1,410,227    |
| 3,200   | Yankee Stadium, 7.00%, 3/1/49   | Aa2/AAA                        | 3,716,128    |
| 5,105   | New York City Municipal Water Finance Auth. Water & Sewer<br>Rev.,<br>4.75%, 6/15/31, Ser. A (FGIC-NPFGC) | Aa2/AAA                        | 5,106,072    |
| 3,000   | 5.00%, 6/15/32, Ser. A  | Aa2/AAA                        | 3,037,410    |
| 2,500   | 5.00%, 6/15/40, Ser. FF-2   | Aa3/AA+                        | 2,555,400    |
| 5,000   | 5.125%, 6/15/33, Ser. C   | Aa2/AAA                        | 5,108,150    |
| 5,000   | 5.25%, 6/15/25, Ser. D  | Aa2/AAA                        | 5,180,000    |
| 5,000   | Second Generation Resolutions, 4.75%, 6/15/35, Ser. DD (j)  | Aa3/AA+                        | 5,012,450    |
| 4,055   | New York City Transitional Finance Auth. Rev.,<br>4.75%, 11/1/23, Ser. B                                  | Aa1/AAA                        | 4,098,186    |
| 5,000   | 5.25%, 1/15/39, Ser. S-3  | A1/AA-                         | 5,191,750    |
| 300   | New York City Trust for Cultural Res. Rev.,<br>Julliard School, 5.00%, 1/1/34, Ser. A                     | Aa2/AA                         | 313,662      |
| 1,000   | Niagara Falls Public Water Auth. Water & Sewer Rev.,<br>5.00%, 7/15/34, Ser. A (NPFGC)                    | Baa1/A                         | 1,012,710    |



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|       |  |         |           |
|-------|--|---------|-----------|
| 2,000 | Port Auth. of New York & New Jersey Rev., Ser. 132,<br>5.00%, 9/1/29 | Aa3/AA- | 2,081,580 |
| 4,300 | 5.00%, 9/1/38  | Aa3/AA- | 4,393,353 |
| 3,850 | State Dormitory Auth. Rev.,<br>Lenox Hill Hospital, 5.50%, 7/1/30    | Ba1/NR  | 3,407,366 |
| 1,825 | Mount Sinai Health, 6.50%, 7/1/25, Ser. A                            | A2/NR   | 1,870,917 |
| 1,300 | Mount Sinai Scholl of Medicine, 5.125%, 7/1/39 (d)                   | A3/A-   | 1,232,634 |

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

October 31, 2009 (unaudited)

| Principal Amount<br>(000)                     |   | Credit Rating<br>(Moody s/S&P) | Value        |
|---|---|--------------------------------|--------------|
| \$ 1,500                                      | New York Univ. Hospital Center, 5.00%, 7/1/26, Ser. A   | Baa2/BB+                       | \$ 1,431,345 |
| 300   | North Shore-Long Island Jewish Health System, 5.50%, 5/1/37, Ser. A   | Baa1/A-                        | 300,657      |
| 5,245   | NY & Presbyterian Hospital, 4.75%, 8/1/27 (AMBAC-FHA)   | NR/NR                          | 5,182,689    |
| 2,900   | Orange Regional Medical Center, 6.25%, 12/1/37  | Ba1/NR                         | 2,608,028    |
| 1,000   | Pratt Institute, 5.125%, 7/1/39, Ser. C   | Aa2/NR                         | 1,037,350    |
| 2,500   | Sloan-Kettering Center Memorial, 4.50%, 7/1/35, Ser. A1   | Aa2/AA                         | 2,320,250    |
| 4,000   | 5.00%, 7/1/34, Ser. 1   | Aa2/AA                         | 4,001,040    |
| 1,500   | Teachers College, 5.00%, 7/1/32 (NPFGC)   | A1/NR                          | 1,516,635    |
| 1,800   | 5.50%, 3/1/39   | A1/NR                          | 1,875,834    |
| 1,275   | Winthrop Univ. Hospital Assoc., 5.25%, 7/1/31, Ser. A (AMBAC)   | NR/NR                          | 1,282,752    |
| 2,000   | State Environmental Facs. Corp. Rev., 5.125%, 6/15/31, Ser. D   | Aaa/AAA                        | 2,065,760    |
| 1,800   | State Urban Dev. Corp. Rev., 5.00%, 3/15/36, Ser. B-1 (j)   | NR/AAA                         | 1,854,180    |
| 755   | Triborough Bridge & Tunnel Auth. Rev., 5.00%, 1/1/32, Ser. A  | Aa2/AA-                        | 764,807      |
| 3,000   | 5.25%, 11/15/34, Ser. A-2 (j)   | Aa2/AA-                        | 3,188,310    |
| 2,945   | Warren & Washington Cntys. Industrial Dev. Agcy. Rev., Glens Falls Hospital Project, 5.00%, 12/1/27, Ser. C (FSA) | Aa3/AAA                        | 3,020,097    |
|   | Total New York Municipal Bonds & Notes (cost \$119,083,449)   |                                | 121,146,585  |
| <b>OTHER MUNICIPAL BONDS &amp; NOTES 6.2%</b> |   |                                |              |
| <b>California 1.1%</b>                        |   |                                |              |
| 1,500   | Los Angeles Department of Water & Power Rev., 5.00%, 7/1/39, Ser. A-1 (AMBAC)                                     | Aa3/AA-                        | 1,516,065    |
| <b>Louisiana 0.5%</b>                         |   |                                |              |
| 750   | Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001B  | Baa3/BBB                       | 684,210      |
| <b>Puerto Rico 4.2%</b>                       |   |                                |              |
| 3,100   | Aqueduct & Sewer Auth. Rev., Ser. A, 6.00%, 7/1/38  | Baa3/BBB-                      | 3,203,199    |
| 1,000   | 6.00%, 7/1/44   | Baa3/BBB-                      | 1,029,130    |
| 1,500   | Sales Tax Financing Corp. Rev., 5.75%, 8/1/37, Ser. A   | A2/A+                          | 1,558,815    |

|       |   |          |           |
|-------|---|----------|-----------|
|       |   |          | 5,791,144 |
|       | <b>U.S. Virgin Islands 0.4%</b>   |          |           |
| 500   | Virgin Islands Public Finance Auth. Rev., 5.00%, 10/1/39, Ser. A-1                              | Baa2/BBB | 487,105   |
|       | Total Other Municipal Bonds & Notes (cost \$7,943,249)  |          | 8,478,524 |
|       | <b>OTHER VARIABLE RATE NOTES (g) 1.3%</b>   |          |           |
|       | <b>Puerto Rico 1.3%</b>   |          |           |
| 2,500 | Commonwealth of Puerto Rico, Public Improvements, GO, 0.263%, 7/1/19, Ser. A (cost \$2,130,233) | Aa2/AAA  | 1,815,775 |

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

October 31, 2009 (unaudited)

| Principal<br>Amount<br>(000)       |   | Credit Rating<br>(Moody s/S&P) | Value                 |
|------------------------------------|---|--------------------------------|-----------------------|
| <b>SHORT-TERM INVESTMENTS 3.5%</b> |   |                                |                       |
| <b>Corporate Notes (i) 3.5%</b>    |   |                                |                       |
| \$ 2,900                           | American General Finance Corp., 4.625%, 9/1/10              | Baa3/BB+                       | \$ 2,699,830          |
| 1,700                              | Goldman Sachs Group, Inc., 0.52%, 11/16/09, FRN             | A1/A                           | 1,700,090             |
| 200                                | International Lease Finance Corp., FRN,<br>0.627%, 5/24/10  | Baa3/BBB+                      | 190,011               |
| 100                                | 0.684%, 1/15/10   | Baa3/BBB+                      | 98,255                |
|                                    | Total Corporate Notes (cost \$4,227,589)                    |                                | 4,688,186             |
|                                    | <b>Total Investments</b> (cost \$133,384,520) <b>100.0%</b> |                                | <b>\$ 136,129,070</b> |

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**PIMCO Municipal Income Funds Notes to Schedules of Investments**

October 31, 2009 (unaudited)

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$17,200,446, representing 3.5% of total investments in Municipal Income; securities with an aggregate value of \$11,007,210, representing 2.7% of total investments in California Municipal Income.
- (b) Illiquid.
- (c) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (d) When-issued or delayed-delivery. To be settled/delivered after October 31, 2009.
- (e) In default.
- (f) Inverse Floater The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on October 31, 2009.
- (g) Variable Rate Notes Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on October 31, 2009.
- (h) Maturity date shown is date of next put.
- (i) All or partial amount segregated as collateral for reverse repurchase agreements.
- (j) Residual Interest Bonds held in Trust Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Fund acquired the residual interest certificates. These securities serve as collateral in a financing transaction.

**Glossary:**

ACA insured by American Capital Access Holding Ltd.  
AMBAC insured by American Municipal Bond Assurance Corp.  
CA Mtg. Ins. insured by California Mortgage Insurance  
CA St. Mtg. insured by California State Mortgage  
CP Certificates of Participation  
FGIC insured by Financial Guaranty Insurance Co.  
FHA insured by Federal Housing Administration  
FRN Floating Rate Note. The interest rate disclosed reflects the rate in effect on October 31, 2009.  
FSA insured by Financial Security Assurance, Inc.  
GO General Obligation Bond  
GTD Guaranteed  
NPFGC insured by National Public Finance Guarantee Corporation  
NR Not Rated  
PSF Public School Fund  
TCRS Temporary Custodian Receipts

**See accompanying Notes to Financial Statements 10.31.09 PIMCO Municipal Income Funds Semi-Annual Report 25**

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

October 31, 2009 (unaudited)

|   | Municipal            | California<br>Municipal | New York<br>Municipal |
|---|----------------------|-------------------------|-----------------------|
| <b>Assets:</b>  |                      |                         |                       |
| Investments, at value (cost \$489,944,184,<br>\$403,940,328 and \$133,384,520, respectively)  | \$496,540,012        | \$414,761,320           | \$136,129,070         |
| Cash  |                      |                         | 184,618               |
| Interest receivable   | 9,197,384            | 6,474,362               | 2,106,318             |
| Receivable for investments sold   | 2,128,059            |                         | 1,100,900             |
| Prepaid expenses and other assets   | 3,240,252            | 1,071,797               | 1,371,552             |
| Total Assets  | 511,105,707          | 422,307,479             | 140,892,458           |
| <b>Liabilities:</b>   |                      |                         |                       |
| Payable for floating rate notes issued  | 27,659,903           | 35,911,418              | 10,476,876            |
| Payable for reverse repurchase agreements   | 7,799,000            | 6,820,000               | 4,037,000             |
| Payable for investments purchased   | 2,884,770            |                         | 1,252,914             |
| Dividends payable to common and preferred<br>shareholders   | 2,037,906            | 1,412,048               | 434,204               |
| Payable to custodian for cash overdraft   | 1,000,070            | 1,918,589               |                       |
| Investment management fees payable  | 263,625              | 211,493                 | 69,653                |
| Interest payable  | 96,396               | 110,230                 | 23,206                |
| Interest payable for reverse repurchase agreements  | 3,802                | 3,325                   | 1,968                 |
| Accrued expenses and other liabilities  | 157,160              | 214,270                 | 68,574                |
| Total Liabilities   | 41,902,632           | 46,601,373              | 16,364,395            |
| <b>Preferred shares (\$25,000 net asset and liquidation<br/>value per share applicable to an aggregate of<br/>7,600, 6,000 and 1,880 shares issued and<br/>outstanding, respectively)</b> | 190,000,000          | 150,000,000             | 47,000,000            |
| <b>Net Assets Applicable to Common Shareholders</b>   | <b>\$279,203,075</b> | <b>\$225,706,106</b>    | <b>\$77,528,063</b>   |

**Composition of Net Assets Applicable to Common Shareholders:**

Common Stock (no par value):

|   |                      |                      |                     |
|---|----------------------|----------------------|---------------------|
| Paid-in-capital                                     | \$354,668,599        | \$258,828,581        | \$106,660,205       |
| Undistributed net investment income                 | 203,887              | 1,196,190            | 200,932             |
| Accumulated net realized loss on investments        | (82,638,566)         | (45,059,323)         | (31,000,497)        |
| Net unrealized appreciation of investments          | 6,969,155            | 10,740,658           | 1,667,423           |
| <b>Net Assets Applicable to Common Shareholders</b> | <b>\$279,203,075</b> | <b>\$225,706,106</b> | <b>\$77,528,063</b> |
| Common Shares Outstanding                           | 24,973,007           | 18,232,716           | 7,578,946           |
| <b>Net Asset Value Per Common Share</b>             | <b>\$11.18</b>       | <b>\$12.38</b>       | <b>\$10.23</b>      |

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**PIMCO Municipal Income Funds Statements of Operations**

Six Months ended October 31, 2009 (unaudited)

|  | Municipal         | California<br>Municipal | New York<br>Municipal |
|--|-------------------|-------------------------|-----------------------|
| <b>Investment Income:</b>                            |                   |                         |                       |
| Interest   | \$16,845,446      | \$12,776,661            | \$3,927,007           |
| <b>Expenses:</b>                                     |                   |                         |                       |
| Investment management fees                           | 1,471,840         | 1,174,641               | 396,841               |
| Interest expense                                     | 179,495           | 184,387                 | 48,385                |
| Auction agent fees and commissions                   | 140,828           | 109,306                 | 38,226                |
| Custodian and accounting agent fees                  | 60,883            | 42,670                  | 33,518                |
| Legal fees   | 29,700            | 9,520                   | 8,100                 |
| Audit and tax services                               | 28,676            | 24,976                  | 20,516                |
| Trustees' fees and expenses                          | 26,312            | 22,632                  | 11,436                |
| Shareholder communications                           | 18,632            | 16,844                  | 3,048                 |
| Transfer agent fees                                  | 17,584            | 15,556                  | 15,456                |
| New York Stock Exchange listing fees                 | 13,108            | 13,064                  | 12,933                |
| Insurance expense                                    | 7,580             | 6,025                   | 2,354                 |
| Miscellaneous  | 3,760             | 3,576                   | 3,208                 |
| Total expenses                                       | 1,998,398         | 1,623,197               | 594,021               |
| Less: investment management fees waived              | (36,451)          | (29,122)                | (9,889)               |
| custody credits earned on cash balances              | (23)              | (22)                    | (14)                  |
| Net expenses   | 1,961,924         | 1,594,053               | 584,118               |
| <b>Net Investment Income</b>                         | <b>14,883,522</b> | <b>11,182,608</b>       | <b>3,342,889</b>      |
| <b>Realized and Change in Unrealized Gain (Loss)</b> |                   |                         |                       |
| Net realized gain (loss) on investments              | 78,239            | (963,865)               | 13,275                |



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|  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Net change in unrealized appreciation/depreciation of investments  | 42,471,432          | 30,733,086          | 7,187,242           |
| Net realized and change in unrealized gain on investments  | 42,549,671          | 29,769,221          | 7,200,517           |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>                                   | <b>57,433,193</b>   | <b>40,951,829</b>   | <b>10,543,406</b>   |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | <b>(483,548)</b>    | <b>(382,086)</b>    | <b>(120,348)</b>    |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b> | <b>\$56,949,645</b> | <b>\$40,569,743</b> | <b>\$10,423,058</b> |

See accompanying Notes to Financial Statements 10.31.09 PIMCO Municipal Income Funds Semi-Annual Report 27

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

|   | Municipal<br>Six Months<br>ended<br>October 31, 2009<br>(unaudited) | Year ended<br>April 30, 2009 |
|---|---|------------------------------|
| <b>Investment Operations:</b>   |   |                              |
| Net investment income   | \$14,883,522  | \$27,905,614                 |
| Net realized gain (loss) on investments, futures contracts, options written and swaps   | 78,239  | (46,873,912)                 |
| Net change in unrealized appreciation/depreciation of investments, futures contracts, options written and swaps   | 42,471,432  | (41,011,863)                 |
| Net increase (decrease) in net assets resulting from investment operations  | 57,433,193  | (59,980,161)                 |
| <b>Dividends on Preferred Shares from Net Investment Income</b>   | (483,548)   | (4,964,321)                  |
| Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations  | 56,949,645  | (64,944,482)                 |
| <b>Dividends to Common Shareholders from Net Investment Income</b>  | (12,158,968)  | (24,225,508)                 |
| <b>Capital Share Transactions:</b>  |   |                              |
| Reinvestment of dividends   | 905,255   | 1,409,202                    |
| Total increase (decrease) in net assets applicable to common shareholders   | 45,695,932  | (87,760,788)                 |
| <b>Net Assets Applicable to Common Shareholders:</b>  |   |                              |
| Beginning of period   | 233,507,143   | 321,267,931                  |
| End of period (including undistributed (dividends in excess of) net investment income of \$203,887 and \$(2,037,119); \$1,196,190 and \$(1,192,408); \$200,932 and \$(432,809); respectively) | \$279,203,075   | \$233,507,143                |

|  |        |         |
|--|--------|---------|
| <b>Common Shares Issued in Reinvestment of Dividends</b> | 75,519 | 110,169 |
|--|--------|---------|

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**PIMCO Municipal Income Funds Statements of Changes in Net Assets**  
**Applicable to Common Shareholders** (continued)

| California Municipal |                | New York Municipal |                |
|----------------------|----------------|--------------------|----------------|
| Six Months           |                | Six Months         |                |
| ended                |                | ended              |                |
| October 31, 2009     | Year ended     | October 31, 2009   | Year ended     |
| (unaudited)          | April 30, 2009 | (unaudited)        | April 30, 2009 |
| \$11,182,608         | \$19,668,417   | \$3,342,889        | \$6,604,274    |
| (963,865)            | (21,805,223)   | 13,275             | (17,996,687)   |
| 30,733,086           | (32,090,252)   | 7,187,242          | (8,383,954)    |
| 40,951,829           | (34,227,058)   | 10,543,406         | (19,776,367)   |
| (382,086)            | (3,740,623)    | (120,348)          | (1,545,412)    |
| 40,569,743           | (37,967,681)   | 10,423,058         | (21,321,779)   |
| (8,411,924)          | (16,768,120)   | (2,588,800)        | (5,165,556)    |
| 699,189              | 971,936        | 211,391            | 278,849        |
| 32,857,008           | (53,763,865)   | 8,045,649          | (26,208,486)   |
| 192,849,098          | 246,612,963    | 69,482,414         | 95,690,900     |
| \$225,706,106        | \$192,849,098  | \$77,528,063       | \$69,482,414   |
| 59,767               | 72,038         | 21,562             | 23,211         |

**See accompanying Notes to Financial Statements** 10.31.09 PIMCO Municipal Income Funds Semi-Annual  
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**PIMCO California Municipal Income Fund Statement of Cash Flows**

Six Months ended October 31, 2009 (unaudited)

**Decrease in Cash from:****Cash Flows provided by Operating Activities:**

|   |              |
|---|--------------|
| Net increase in net assets resulting investment from operations | \$40,951,829 |
|---|--------------|

**Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment****Operations to Net Cash Provided by Operating Activities:**

|                                    |              |
|------------------------------------|--------------|
| Purchases of long-term investments | (31,628,749) |
|------------------------------------|--------------|

|  |            |
|--|------------|
| Proceeds from sales of long-term investments | 28,359,881 |
|--|------------|

|  |           |
|--|-----------|
| Sales of short-term portfolio investments, net | 3,456,250 |
|--|-----------|

|  |              |
|--|--------------|
| Net change in unrealized appreciation of investments | (28,728,227) |
|--|--------------|

|                                  |             |
|----------------------------------|-------------|
| Net realized loss on investments | (1,014,991) |
|----------------------------------|-------------|

|                                 |             |
|---------------------------------|-------------|
| Net amortization on investments | (1,403,704) |
|---------------------------------|-------------|

|   |            |
|---|------------|
| Decrease in receivable for investments sold | 10,812,564 |
|---|------------|

|                                 |           |
|---------------------------------|-----------|
| Increase in interest receivable | (666,092) |
|---------------------------------|-----------|

|   |       |
|---|-------|
| Decrease in prepaid expenses and other assets | 8,488 |
|---|-------|

|   |             |
|---|-------------|
| Decrease in payable for investments purchased | (4,953,700) |
|---|-------------|

|  |        |
|--|--------|
| Increase in investment management fees payable | 45,023 |
|--|--------|

|  |         |
|--|---------|
| Decrease in interest payable for reverse repurchase agreements | (1,557) |
|--|---------|

|  |          |
|--|----------|
| Decrease in accrued expenses and other liabilities | (63,147) |
|--|----------|

|  |                   |
|--|-------------------|
| <b>Net cash provided by operating activities</b> | <b>15,173,868</b> |
|--|-------------------|

**Cash Flows used for Financing Activities:**

|   |             |
|---|-------------|
| Decrease in payable for reverse repurchase agreements | (3,208,000) |
|---|-------------|

|  |             |
|--|-------------|
| Cash dividends paid (excluding reinvestment of dividends of \$699,189) | (8,090,729) |
|--|-------------|

|   |             |
|---|-------------|
| Payments to retire floating rate notes issued | (6,689,604) |
|---|-------------|

|  |         |
|--|---------|
| Cash receipts on issuance of floating rate notes | 830,000 |
|--|---------|

|   |                     |
|---|---------------------|
| Increase in payable to custodian              | 1,918,589           |
| <b>Net cash used for financing activities</b> | <b>(15,239,744)</b> |
| <b>Net decrease in cash</b>                   | <b>(65,876)</b>     |
| <b>Cash at beginning of period</b>            | <b>65,876</b>       |
| <b>Cash at end of period</b>                  | <b>\$</b>           |

The Fund paid \$39,664 cash for interest on reverse repurchase agreements.

**30** PIMCO Municipal Income Funds Semi-Annual Report 10.31.09 **See accompanying Notes to Financial Statements**

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

Six Months ended October 31, 2009 (unaudited)

**Decrease in Cash from:****Cash Flows provided by Operating Activities:**

|   |              |
|---|--------------|
| Net increase in net assets resulting from investment operations | \$10,543,406 |
|---|--------------|

**Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment****Operations to Net Cash Provided by Operating Activities:**

|                                    |             |
|------------------------------------|-------------|
| Purchases of long-term investments | (9,099,993) |
|------------------------------------|-------------|

|  |           |
|--|-----------|
| Proceeds from sales of long-term investments | 7,132,720 |
|--|-----------|

|  |           |
|--|-----------|
| Sales of short-term portfolio investments, net | 1,222,750 |
|--|-----------|

|  |             |
|--|-------------|
| Net change in unrealized appreciation of investments | (7,146,323) |
|--|-------------|

|                                  |          |
|----------------------------------|----------|
| Net realized gain on investments | (13,275) |
|----------------------------------|----------|

|                                 |           |
|---------------------------------|-----------|
| Net amortization on investments | (442,034) |
|---------------------------------|-----------|

|   |             |
|---|-------------|
| Increase in receivable for investments sold | (1,100,900) |
|---|-------------|

|                                 |        |
|---------------------------------|--------|
| Decrease in interest receivable | 10,792 |
|---------------------------------|--------|

|   |         |
|---|---------|
| Increase in prepaid expenses and other assets | (9,800) |
|---|---------|

|   |           |
|---|-----------|
| Increase in payable for investments purchased | 1,252,914 |
|---|-----------|

|  |        |
|--|--------|
| Increase in investment management fees payable | 13,048 |
|--|--------|

|  |     |
|--|-----|
| Increase in interest payable for reverse repurchase agreements | 344 |
|--|-----|

|  |         |
|--|---------|
| Decrease in accrued expenses and other liabilities | (4,466) |
|--|---------|

|  |                  |
|--|------------------|
| <b>Net cash provided by operating activities</b> | <b>2,359,183</b> |
|--|------------------|

**Cash Flows used for Financing Activities:**

|   |        |
|---|--------|
| Increase in payable for reverse repurchase agreements | 85,000 |
|---|--------|

|  |             |
|--|-------------|
| Cash dividends paid (excluding reinvestment of dividends of \$211,391) | (2,496,364) |
|--|-------------|

|   |                    |
|---|--------------------|
| <b>Net cash used for financing activities</b> | <b>(2,411,364)</b> |
|---|--------------------|

|                             |                 |
|-----------------------------|-----------------|
| <b>Net decrease in cash</b> | <b>(52,181)</b> |
|-----------------------------|-----------------|



|                                    |           |
|------------------------------------|-----------|
| <b>Cash at beginning of period</b> | 236,799   |
| <b>Cash at end of period</b>       | \$184,618 |

The Fund paid \$15,703 in cash for interest on reverse repurchase agreements.

**See accompanying Notes to Financial Statements** 10.31.09 PIMCO Municipal Income Funds Semi-Annual  
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## **PIMCO Municipal Income Funds Notes to Financial Statements**

October 31, 2009 (unaudited)

### **1. Organization and Significant Accounting Policies**

PIMCO Municipal Income Fund ( Municipal ), PIMCO California Municipal Income Fund ( California Municipal ) and PIMCO New York Municipal Income Fund ( New York Municipal ), collectively referred to as the Funds or PIMCO Municipal Income Funds , were organized as Massachusetts business trusts on May 10, 2001. Prior to commencing operations on June 29, 2001, the Funds had no operations other than matters relating to their organization and registration as non-diversified, closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager ) serves as the Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Global Investors of America L.P. ( Allianz Global ). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. Each Fund has an unlimited amount of no par value per share of common stock authorized.

Under normal market conditions, Municipal invests substantially all of its assets in a portfolio of municipal bonds, the interest from which is exempt from federal income taxes. Under normal market conditions, California Municipal invests substantially all of its assets in municipal bonds which pay interest that is exempt from federal and California state income taxes. Under normal market conditions, New York Municipal 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 generally seek to avoid investing in 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, political and other developments in a specific state or region. There is no guarantee that the Funds will meet their stated objectives.

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 Funds' financial statements. Actual results could differ from those estimated.

In the normal course of business, the Funds enter into contracts that contain a variety of representations that provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds expect the risk of any loss to be remote.

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

#### **(a) Valuation of Investments**

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

Portfolio securities and other financial instruments for which market quotations are not readily available or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary

market for such securities, or the mean between the last quoted bid and ask 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. Securities purchased on a when-issued or delayed-delivery basis are marked to market daily until settlement at the forward settlement value. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Funds to value securities may differ from the value that would be realized if the securities were sold and these differences could be material to the Funds' financial statements. Each Fund's net asset value is normally determined 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.

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

October 31, 2009 (unaudited)

**1. Organization and Significant Accounting Policies** (continued)**(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (*i.e.* the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

Level 1 quoted prices in active markets for identical investments that the Funds have the ability to access

Level 2 valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges

Level 3 valuations based on significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation technique used.

The valuation techniques used by the Funds to measure fair value during the six months ended October 31, 2009 maximized the use of observable inputs and minimized the use of unobservable inputs.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

A summary of the inputs used at October 31, 2009 in valuing each Fund's assets and liabilities is listed below:

Municipal:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>10/31/09 |
|---|----------------------------|--|--|----------------------|
| <b>Investments in Securities Assets</b> |                            |  |  |                      |
| Municipal Bonds & Notes                 |                            | \$468,153,499  |  | \$468,153,499        |
| Variable Rate Notes                     |                            | 16,730,446   |  | 16,730,446           |
| Short-Term Investments                  |                            | 11,656,067   |  | 11,656,067           |
| <b>Total Investments in Securities</b>  |                            | \$496,540,012  |  | \$496,540,012        |

California Municipal:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>10/31/09 |
|---|----------------------------|--|--|----------------------|
| <b>Investments in Securities Assets</b> |                            |  |  |                      |
| California Municipal Bonds & Notes      |                            | \$382,324,515  |  | \$382,324,515        |
| Other Municipal Bonds & Notes           |                            | 15,343,280   |  | 15,343,280           |
| Other Variable Rate Notes               |                            | 6,846,021  |  | 6,846,021            |
| California Variable Rate Notes          |                            | 1,817,845  |  | 1,817,845            |
| Short-Term Investments                  |                            | 8,429,659  |  | 8,429,659            |
| <b>Total Investments in Securities</b>  |                            | <b>\$414,761,320</b>                                   |  | <b>\$414,761,320</b> |

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

October 31, 2009 (unaudited)

**1. Organization and Significant Accounting Policies** (continued)New York Municipal:

|   | Level 1 -<br>Quoted Prices | Level 2 -<br>Other Significant<br>Observable<br>Inputs | Level 3 -<br>Significant<br>Unobservable<br>Inputs | Value at<br>10/31/09 |
|---|----------------------------|--|--|----------------------|
| <b>Investments in Securities Assets</b> |                            |  |  |                      |
| New York Municipal Bonds & Notes        |                            | \$121,146,585  |  | \$121,146,585        |
| Other Municipal Bonds & Notes           |                            | 8,478,524  |  | 8,478,524            |
| Other Variable Rate Notes               |                            | 1,815,775  |  | 1,815,775            |
| Short-Term Investments                  |                            | 4,688,186  |  | 4,688,186            |
| <b>Total Investments in Securities</b>  |                            | <b>\$136,129,070</b>                                   |  | <b>\$136,129,070</b> |

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discounts and amortization of premiums is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income over the lives of the respective securities.

**(d) 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.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Funds management has determined that its evaluation has resulted in no material impact to the Funds financial statements at October 31, 2009. The Funds federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**(e) 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. The Funds record dividends and distributions to their

shareholders on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized capital gains are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment. Temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes; they are reported as dividends and/or distributions of paid-in-capital in excess of par.

**(f) Reverse Repurchase Agreements**

In a reverse repurchase agreement, the Funds sell securities to a bank or broker-dealer and agree to repurchase the securities at a mutually agreed date and price. Generally, the effect of such a transaction is that the Funds can recover and reinvest all or most of the cash invested in portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the returns associated with those portfolio securities. Such transactions are advantageous if the interest cost to the Funds of the reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. Unless the Funds cover their positions in reverse repurchase agreements (by segregating liquid assets at least equal in amount to the forward purchase commitment), their obligations under the agreements will be subject to the Funds' limitations on borrowings. Reverse repurchase agreements involve leverage risk

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

October 31, 2009 (unaudited)

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

and also the risk that the market value of the securities that the Funds are obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Funds' use of the proceeds of the agreement may be restricted pending determination by the other party, or its trustee or receiver, whether to enforce the Funds' obligation to repurchase the securities.

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

The Funds may invest in RIBs and RITEs, ( Inverse Floaters ) whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. In inverse floating rate transactions, the Funds sell a fixed rate municipal bond ( Fixed Rate Bond ) to a broker who places the Fixed Rate Bond in a special purpose trust ( Trust ) from which floating rate bonds ( Floating Rate Notes ) and Inverse Floaters are issued. The Funds simultaneously or within a short period of time, purchase the Inverse Floaters from the broker. The Inverse Floaters held by the Funds provide the Funds with the right to: (1) cause the holders of the Floating Rate Notes to tender their notes at par, and (2) cause the broker to transfer the Fixed-Rate Bond held by the Trust to the Funds, thereby collapsing the Trust. The Funds account for the transaction described above as a secured borrowing by including the Fixed Rate Bond in their Schedules of Investments, and account for the Floating Rate Notes as a liability under the caption Payable for floating rate notes in the Funds' Statements of Assets and Liabilities. The Floating Rate Notes have interest rates that generally reset weekly and their holders have the option to tender their notes to the broker for redemption at par at each reset date.

The Funds may also invest in Inverse Floaters without transferring a fixed rate municipal bond into a special purpose trust, which are not accounted for as secured borrowings.

The Inverse Floaters are created by dividing the income stream provided by the underlying bonds to create two securities, one short-term and one long-term. The interest rate on the short-term component is reset by an index or auction process typically every 7 to 35 days. After income is paid on the short-term securities at current rates, the residual income from the underlying bond(s) goes to the long-term securities. Therefore, rising short-term rates result in lower income for the long-term component and vice versa. The longer-term bonds may be more volatile and less liquid than other municipal bonds of comparable maturity. Investments in Inverse Floaters typically will involve greater risk than in an investment in Fixed Rate Bonds. The Funds may also invest in Inverse Floaters for the purpose of increasing leverage.

The Funds' restrictions on borrowings do not apply to the secured borrowings deemed to have occurred for accounting purposes. Inverse Floaters held by the Funds are exempt from registration under Rule 144A of the Securities Act of 1933.

In addition to general market risks, the Funds' investments in Inverse Floaters may involve greater risk and volatility than an investment in a fixed rate bond, and the value of Inverse Floaters may decrease significantly when market interest rates increase. Inverse Floaters have varying degrees of liquidity, and the market for these securities may be volatile. These securities tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable.



Although volatile, Inverse Floaters typically offer the potential for yields exceeding the yields available on fixed rate bonds with comparable credit quality, coupon, call provisions and maturity. Trusts in which Inverse Floaters may be held could be terminated due to market, credit or other events beyond the Funds' control, which could require the Funds to reduce leverage and dispose of portfolio investments at inopportune times and prices.

**(h) When-Issued/Delayed-Delivery Transactions**

The Funds may purchase or sell securities on a when-issued or delayed-delivery basis. The transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When-issued or delayed-delivery transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Funds will set aside and maintain until the settlement date in a designated account, liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Funds assume the rights and risks of ownership of the security, including the risk of price and yield fluctuations; consequently, such fluctuations are taken into account when determining the net asset value. The Funds may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and

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

October 31, 2009 (unaudited)

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

may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security is sold on a delayed-delivery basis, the Funds do not participate in future gains and losses with respect to the security.

#### **(i) Custody Credits on Cash Balances**

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

#### **(j) Interest Expense**

Interest expense relates to the Funds' liability in connection with Floating Rate Notes held by third parties in conjunction with Inverse Floaters and reverse repurchase agreements. Interest expense on reverse repurchase agreements is recorded as it is incurred.

### **2. Principal Risk**

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (credit/counterparty risk). The main risks from derivative instruments are interest rate, market price and credit/counterparty risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Funds is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (*i.e.* yield) movements.

The Funds will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default. The Funds minimize concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognized and reputable exchanges. The Funds could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Funds may be exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments.

The Funds' sub-adviser, Pacific Investment Management Company LLC (the Sub-Adviser), an affiliate of the Investment Manager, seeks to minimize the Funds' credit risks by performing reviews of each counterparty. Generally, all transactions in listed securities are settled/paid for upon delivery. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the

counterparty. The trade will fail if either party fails to meet its obligation.

### **3. Investment Manager/Sub-Adviser**

Each Fund has an Investment Management Agreement (each an Agreement ) with the Investment Manager. Subject to the supervision of each Funds Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, each Funds investment activities, business affairs and administrative matters. Pursuant to the each Agreement, the Investment Manager receives an annual fee, payable on a monthly basis, at an annual rate of 0.65% of each Fund s average daily net assets, inclusive of net assets attributable to any Preferred Shares that may be outstanding. In order to reduce each Fund s expenses, the Investment Manager has contractually agreed to waive a portion of its investment management fees for each Fund at the annual rate of 0.05% of each Fund s average daily net assets, inclusive of net assets attributable to any Preferred Shares that may be outstanding, through June 30, 2009. For the six months ended October 31, 2009, each Fund paid investment management fees at an annualized effective rate of 0.63% of each Fund s average daily net assets, inclusive of net assets attributable to any Preferred Shares that may be outstanding.

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

October 31, 2009 (unaudited)

**3. Investment Manager/Sub-Adviser** (continued)

The Investment Manager has retained the Sub-Adviser to manage each Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all of the Funds' investment decisions. The Investment Manager, not the Funds, pays a portion of the fees it receives to the Sub-Adviser in return for its services.

**4. Investments in Securities**

For the six months ended October 31, 2009, purchases and sales of investments, other than short-term securities and U.S. government obligations were:

|           | Municipal    | California<br>Municipal | New York<br>Municipal |
|-----------|--------------|-------------------------|-----------------------|
| Purchases | \$39,688,474 | \$31,628,749            | \$9,099,993           |
| Sales     | 32,648,519   | 28,359,881              | 7,132,720             |

(a) Open reverse repurchase agreements at October 31, 2009 were:

Municipal:

| Counterparty  | Rate  | Trade Date | Maturity<br>Date | Principal &<br>Interest | Principal   |
|---------------|-------|------------|------------------|-------------------------|-------------|
| Barclays Bank | 0.65% | 10/5/09    | 11/9/09          | \$7,802,802             | \$7,799,000 |

California Municipal:

| Counterparty  | Rate  | Trade Date | Maturity<br>Date | Principal &<br>Interest | Principal   |
|---------------|-------|------------|------------------|-------------------------|-------------|
| Barclays Bank | 0.65% | 10/5/09    | 11/9/09          | \$6,823,325             | \$6,820,000 |

New York Municipal:

| Counterparty  | Rate  | Trade Date | Maturity Date | Principal & Interest | Principal   |
|---------------|-------|------------|---------------|----------------------|-------------|
| Barclays Bank | 0.65% | 10/5/09    | 11/5/09       | \$4,038,968          | \$4,037,000 |

The weighted average daily balance of reverse repurchase agreements outstanding during the six months ended October 31, 2009 for Municipal, California Municipal and New York Municipal was \$12,340,451, \$9,456,500 and \$4,150,245 at a weighted average interest rate of 0.79%, 0.79% and 0.76%, respectively. The total market value of underlying collateral (refer to the Schedules of Investments for positions segregated as collateral for reverse repurchase agreements) for open reverse repurchase agreements at October 31, 2009 was \$9,309,760, \$8,129,659 and \$4,688,186 for Municipal, California Municipal and New York Municipal, respectively.

### 5. Income Tax Information

The cost of investments for federal income tax purposes and gross unrealized appreciation and gross unrealized depreciation of investments at October 31, 2009 were:

|                      | Cost of Investments | Gross Unrealized Appreciation | Gross Unrealized Depreciation | Net Unrealized Appreciation |
|----------------------|---------------------|-------------------------------|-------------------------------|-----------------------------|
| Municipal            | \$465,337,994       | \$29,738,830                  | \$23,074,289                  | \$6,664,541                 |
| California Municipal | 369,783,306         | 17,357,335                    | 7,426,400                     | 9,930,935                   |
| New York Municipal   | 124,584,020         | 6,617,116                     | 4,223,413                     | 2,393,703                   |

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

October 31, 2009 (unaudited)

**6. Auction-Rate Preferred Shares**

Municipal has outstanding 1,520 shares of Preferred Shares Series A, 1,520 shares of Preferred Shares Series B, 1,520 shares of Preferred Shares Series C, 1,520 shares of Preferred Shares Series D and 1,520 shares of Preferred Shares Series E, each with a net asset and liquidation value of \$25,000 per share plus any accumulated, unpaid dividends.

California Municipal has issued 2,000 shares of Preferred Shares Series A, 2,000 shares of Preferred Shares Series B and 2,000 shares of Preferred Shares Series C, each with a net asset and liquidation value of \$25,000 per share plus any accumulated, unpaid dividends.

New York Municipal has issued 1,880 shares of Preferred Shares Series A with a net asset and liquidation value of \$25,000 per share plus any accumulated, unpaid dividends.

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

For the six months ended October 31, 2009, the annualized dividend rates for each Fund ranged from:

|                              | High  | Low   | At October 31, 2009 |
|------------------------------|-------|-------|---------------------|
| <u>Municipal:</u>            |       |       |                     |
| Series A                     | 0.79% | 0.40% | 0.43%               |
| Series B                     | 0.79% | 0.38% | 0.43%               |
| Series C                     | 0.76% | 0.35% | 0.41%               |
| Series D                     | 0.76% | 0.35% | 0.41%               |
| Series E                     | 0.79% | 0.40% | 0.43%               |
| <u>California Municipal:</u> |       |       |                     |
| Series A                     | 0.79% | 0.40% | 0.43%               |
| Series B                     | 0.76% | 0.35% | 0.41%               |
| Series C                     | 0.79% | 0.40% | 0.43%               |
| <u>New York Municipal:</u>   |       |       |                     |
| Series A                     | 0.79% | 0.38% | 0.43%               |

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 plus any accumulated, unpaid dividends.

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

Since mid-February 2008, holders of auction-rate preferred shares ( ARPS ) issued by the Funds have been directly impacted by an unprecedented lack of liquidity, which has similarly affected ARPS holders in many of the nation's closed-end funds. Since then, regularly scheduled auctions for ARPS issued by the Funds have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, ARPS holders cannot sell all, and may not be able to sell any, of their shares tendered for sale. While repeated auction failures have affected the liquidity for ARPS, they do not constitute a default or automatically alter the credit quality of the ARPS, and ARPS holders have continued to receive dividends at the defined maximum rate the higher of the 30-day AA Composite Commercial Paper Rate multiplied by 110% or the Taxable Equivalent of the Short-Term Municipal Obligations Rate-defined as 90% of the quotient of (A) the per annum rate expressed on an interest equivalent basis equal to the Kenny S&P 30-day High Grade Index divided by (B) 1.00 minus the Marginal Tax Rate (expressed as a decimal) multiplied by 110% (which is a function of short-term interest rates and typically higher than the rate that would have otherwise been set through a successful auction). If the Funds ARPS auctions continue to fail and the maximum rate payable on the ARPS rises as a result of changes in short-term interest rates, returns for the Funds common shareholders could be adversely affected.

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

October 31, 2009 (unaudited)

### **6. Auction-Rate Preferred Shares (continued)**

#### **7. Legal Proceedings**

In June and September 2004, the Investment Manager and certain of its affiliates (including PEA Capital LLC ( PEA ), Allianz Global Investors Distributors LLC and Allianz Global Investors of America, L.P.), agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission ( SEC ) and the New Jersey Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. The settlements related to an alleged market timing arrangement in certain open-end funds formerly sub-advised by PEA. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, and consented to cease and desist orders and censures. Subsequent to these events, PEA deregistered as an investment adviser and dissolved. None of the settlements alleged that any inappropriate activity took place with respect to the Funds.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning market timing, which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multi-district litigation proceeding in the U.S. District Court for the District of Maryland. Any potential resolution of these matters may include, but not be limited to, judgments or settlements for damages against the Investment Manager, or its affiliates or related injunctions.

In addition, the Sub-Adviser is the subject of a lawsuit in the Northern District of Illinois Eastern Division in which the complaint alleges that plaintiffs each purchased and sold a 10-year Treasury note futures contract and suffered damages from an alleged shortage when the Sub-Adviser held both physical and futures positions in 10-year Treasury notes for its client accounts. In July 2007, the court granted class certification of a class consisting of those persons who purchased futures contracts to offset short positions between May 9, 2005 and June 30, 2005. The Sub-Adviser currently believes that the complaint is without merit and the Sub-Adviser intends to vigorously defend against this action.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Funds or on their ability to perform their respective investment advisory activities relating to the Funds.

#### **8. Resignation of Trustee**

Diana L. Taylor resigned as Trustee of the Funds on September 10, 2009.

#### **9. Subsequent Events**

Fund management has evaluated subsequent events following the six months ended October 31, 2009 through December 23, 2009, which is the date the financial statements were issued. The subsequent events were as follows:

On November 2, 2009, the following dividends were declared to common shareholders payable December 1, 2009 to shareholders of record on November 12, 2009:

|           |                            |
|-----------|----------------------------|
| Municipal | \$0.08125 per common share |
|-----------|----------------------------|



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|                      |                          |
|----------------------|--------------------------|
| California Municipal | \$0.077 per common share |
| New York Municipal   | \$0.057 per common share |

On December 1, 2009, the following dividends were declared to common shareholders payable December 30, 2009 to shareholders of record on December 11, 2009:

|                      |                            |
|----------------------|----------------------------|
| Municipal            | \$0.08125 per common share |
| California Municipal | \$0.077 per common share   |
| New York Municipal   | \$0.057 per common share   |

On December 14, 2009, James Jacobson joined the Board of Trustees.

**PIMCO Municipal Income Fund Financial Highlights**

For a share of common stock outstanding throughout each period

|  | Six Months<br>ended<br>October 31,<br>2009<br>(unaudited) | 2009      | 2008      | Year ended April 30,<br>2007 | 2006      |           |
|--|---|-----------|-----------|------------------------------|-----------|-----------|
| Net asset value, beginning of period   | \$9.38  | \$12.96   | \$14.85   | \$14.54                      | \$14.84   | \$14.84   |
| <b>Investment Operations:</b>  |   |           |           |                              |           |           |
| Investment income  | 0.60  | 1.13      | 1.12      | 1.07                         | 1.10      | 1.10      |
| Realized and change in unrealized<br>(loss) on investments, futures<br>contracts, options written and swaps      | 1.71  | (3.53)    | (1.74)    | 0.50                         | (0.21)    | 0.21      |
| Income from investment operations  | 2.31  | (2.40)    | (0.62)    | 1.57                         | 0.89      | 0.89      |
| <b>Income from Preferred Shares from<br/>Investment Income</b>   | (0.02)  | (0.20)    | (0.29)    | (0.28)                       | (0.21)    | (0.21)    |
| Increase (decrease) in net assets<br>attributable to common shareholders<br>resulting from investment operations | 2.29  | (2.60)    | (0.91)    | 1.29                         | 0.68      | 0.68      |
| <b>Income to Common Shareholders<br/>Net Investment Income</b>   | (0.49)  | (0.98)    | (0.98)    | (0.98)                       | (0.98)    | (0.98)    |
| Net asset value, end of period   | \$11.18   | \$9.38    | \$12.96   | \$14.85                      | \$14.54   | \$14.54   |
| Net price, end of period   | \$12.37   | \$11.40   | \$16.46   | \$18.00                      | \$16.22   | \$16.22   |
| <b>Investment Return (1)</b>   | 12.99%  | (24.58)%  | (2.47)%   | 17.77%                       | 18.13%    | 18.13%    |
| <b>ASSETS/SUPPLEMENTAL DATA:</b>   |   |           |           |                              |           |           |
| Assets applicable to common<br>shareholders, end of period (000)   | \$279,203   | \$233,507 | \$321,268 | \$365,984                    | \$355,877 | \$360,000 |
| Ratio of expenses to average net assets,<br>including interest expense (2)(3)(4)(5)                              | 1.52%*  | 1.64%     | 1.51%     | 1.32%                        | 1.18%     | 1.18%     |
| Ratio of expenses to average net assets,<br>excluding interest expense (2)(3)(5)                                 | 1.38%*  | 1.42%     | 1.20%     | 1.00%                        | 0.98%     | 0.98%     |
| Ratio of net investment income to<br>average net assets (2)(5)   | 11.54%*   | 10.65%    | 8.07%     | 7.23%                        | 7.41%     | 7.41%     |

|                               |          |          |          |          |          |        |
|-------------------------------|----------|----------|----------|----------|----------|--------|
| red shares asset coverage per | \$61,347 | \$55,722 | \$65,143 | \$70,727 | \$69,462 | \$70,0 |
| lio turnover                  | 7%       | 60%      | 32%      | 6%       | 13%      |        |

\* Annualized

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See Note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions and reverse repurchase agreement transactions.
- (5) During the fiscal periods indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.03%, 0.10%, 0.17%, 0.24%, 0.32% and 0.31% for the six months ended October 31, 2009 and the years ended April 30, 2009, April 30, 2008, April 30, 2007, April 30, 2006 and April 30, 2005, respectively.

**PIMCO California Municipal Income Fund Financial Highlights**

For a share of common stock outstanding throughout each period

|  | Six Months<br>ended<br>October 31,<br>2009<br>(unaudited) | 2009      | 2008      | Year ended April 30,<br>2007 | 2006      | 2005      |
|--|---|-----------|-----------|------------------------------|-----------|-----------|
| Net asset value, beginning of period   | \$10.61   | \$13.62   | \$14.84   | \$14.48                      | \$14.60   | \$13.62   |
| <b>Investment Operations:</b>  |   |           |           |                              |           |           |
| Investment income  | 0.61  | 1.08      | 1.07      | 1.10                         | 1.05      | 1.05      |
| Realized and change in unrealized<br>(loss) on investments, futures<br>contracts, options written and swaps      | 1.64  | (2.96)    | (1.09)    | 0.44                         | (0.05)    | 0.00      |
| Income from investment operations  | 2.25  | (1.88)    | (0.02)    | 1.54                         | 1.00      | 1.05      |
| <b>Dividends on Preferred Shares from<br/>Investment Income</b>  | (0.02)  | (0.21)    | (0.28)    | (0.26)                       | (0.20)    | (0.20)    |
| Increase (decrease) in net assets<br>attributable to common shareholders<br>resulting from investment operations | 2.23  | (2.09)    | (0.30)    | 1.28                         | 0.80      | 0.85      |
| <b>Dividends to Common Shareholders<br/>Net Investment Income</b>  | (0.46)  | (0.92)    | (0.92)    | (0.92)                       | (0.92)    | (0.92)    |
| Net asset value, end of period   | \$12.38   | \$10.61   | \$13.62   | \$14.84                      | \$14.48   | \$14.48   |
| Net asset price, end of period   | \$12.47   | \$12.18   | \$15.83   | \$17.70                      | \$15.87   | \$14.48   |
| <b>Investment Return (1)</b>   | 6.45%   | (16.72)%  | (4.88)%   | 18.20%                       | 18.93%    | 15.29%    |
| <b>FINANCIAL RATIOS/SUPPLEMENTAL DATA:</b>   |   |           |           |                              |           |           |
| Assets applicable to common<br>shareholders, end of period (000)   | \$225,706   | \$192,849 | \$246,613 | \$267,061                    | \$259,127 | \$259,900 |
| Ratio of expenses to average net assets,<br>including interest expense (2)(3)(4)(5)                              | 1.52%*  | 1.66%     | 1.41%     | 1.26%                        | 1.08%     | 1.08%     |
| Ratio of expenses to average net assets,<br>excluding interest expense (2)(3)(5)                                 | 1.34%*  | 1.39%     | 1.15%     | 1.05%                        | 0.99%     | 1.08%     |
| Ratio of net investment income to<br>average net assets (2)(5)   | 10.64%*   | 9.42%     | 7.57%     | 7.48%                        | 7.19%     | 7.19%     |

|                               |          |          |          |          |          |        |
|-------------------------------|----------|----------|----------|----------|----------|--------|
| red shares asset coverage per | \$62,267 | \$57,140 | \$66,086 | \$69,491 | \$68,164 | \$68,3 |
| lio turnover                  | 8%       | 42%      | 14%      | 4%       | 8%       |        |

\* Annualized

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See Note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions.
- (5) During the fiscal periods indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.03%, 0.10%, 0.17%, 0.25%, 0.32% and 0.31% for the six months ended October 31, 2009 and the years ended April 30, 2009, April 30, 2008, April 30, 2007, April 30, 2006 and April 30, 2005, respectively.

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

For a share of common stock outstanding throughout each period

|  | Six Months<br>ended<br>October 31,<br>2009<br>(unaudited) | 2009     | 2008     | Year ended April 30,<br>2007 | 2006      | 2005      |
|--|---|----------|----------|------------------------------|-----------|-----------|
| Asset value, beginning of period   | \$9.19  | \$12.70  | \$13.74  | \$13.47                      | \$13.83   | \$13.47   |
| <b>Investment Operations:</b>  |   |          |          |                              |           |           |
| Investment income  | 0.44  | 0.87     | 0.97     | 0.97                         | 0.98      | 1.00      |
| Realized and change in unrealized<br>(loss) on investments, futures<br>contracts, options written and swaps    | 0.96  | (3.50)   | (1.03)   | 0.37                         | (0.23)    | 0.40      |
| Net gain from investment operations  | 1.40  | (2.63)   | (0.06)   | 1.34                         | 0.75      | 1.40      |
| <b>Dividends on Preferred Shares from<br/>Investment Income</b>  | (0.02)  | (0.20)   | (0.30)   | (0.28)                       | (0.22)    | (0.10)    |
| Increase (decrease) in net assets<br>applicable to common shareholders<br>resulting from investment operations | 1.38  | (2.83)   | (0.36)   | 1.06                         | 0.53      | 1.29      |
| <b>Dividends to Common Shareholders<br/>on Net Investment Income</b>   | (0.34)  | (0.68)   | (0.68)   | (0.79)                       | (0.89)    | (0.90)    |
| Asset value, end of period   | \$10.23   | \$9.19   | \$12.70  | \$13.74                      | \$13.47   | \$13.83   |
| Market price, end of period  | \$10.50   | \$9.90   | \$13.06  | \$15.02                      | \$14.56   | \$13.90   |
| <b>Total Investment Return (1)</b>   | 9.78%   | (18.80)% | (8.31)%  | 8.89%                        | 11.45%    | 17.00%    |
| <b>FIOS/SUPPLEMENTAL DATA:</b>   |   |          |          |                              |           |           |
| Assets applicable to common<br>shareholders, end of period (000)   | \$77,528  | \$69,482 | \$95,691 | \$103,035                    | \$100,367 | \$102,111 |
| Ratio of expenses to average net assets,<br>including interest expense (2)(3)(4)(5)                            | 1.99%*  | 1.86%    | 2.00%    | 1.94%                        | 1.57%     | 1.40%     |
| Ratio of expenses to average net assets,<br>including interest expense (2)(3)(5)                               | 1.83%*  | 1.62%    | 1.32%    | 1.23%                        | 1.09%     | 1.10%     |
| Ratio of net investment income to<br>average net assets (2)(5)   | 11.41%*   | 8.49%    | 7.41%    | 7.06%                        | 7.04%     | 7.40%     |

|   |          |          |          |          |          |          |
|---|----------|----------|----------|----------|----------|----------|
| Preferred shares asset coverage per share | \$65,861 | \$61,957 | \$62,969 | \$65,863 | \$64,809 | \$65,500 |
| Portfolio turnover                        | 6%       | 37%      | 14%      | 2%       | 15%      |          |

\* Annualized

- (1) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day of each period and a sale of a share of common stock at the current market price on the last day of each period reported. Dividends and distributions are assumed, for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions or sales charges. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See Note 1(i) in Notes to Financial Statements).
- (4) Interest expense relates to the liability for floating rate notes issued in connection with inverse floater transactions.
- (5) During the fiscal periods indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.03%, 0.10%, 0.18%, 0.26%, 0.33% and 0.33% for the six months ended October 31, 2009 and the years ended April 30, 2009, April 30, 2008, April 30, 2007, April 30, 2006 and April 30, 2005, respectively.

**PIMCO Municipal Income Funds  
Matters Relating to the Trustees' Consideration of the Investment Management &  
Portfolio Management Agreements** (unaudited)

The Investment Company Act of 1940, as amended, requires that both the full Board of Trustees (the Trustees) and a majority of the non-interested Trustees (the Independent Trustees), voting separately, approve the Funds' Management Agreements (the Advisory Agreements) with the Investment Manager and Portfolio Management Agreements (the Sub-Advisory Agreements), and together with the Advisory Agreements, the Agreements between the Investment Manager and the Sub-Adviser. The Trustees met in person on June 16-17, 2009 (the contract review meeting) for the specific purpose of considering whether to approve the continuation of the Advisory Agreements and the Sub-Advisory Agreements. The Independent Trustees were assisted in their evaluation of the Agreements by independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the contract review meeting.

Based on their evaluation of factors that they deemed to be material, including those factors described below, the Board of Trustees, including a majority of the Independent Trustees, concluded that the continuation of the Funds' Advisory Agreements and the Sub-Advisory Agreements, as amended, should be approved for a one-year period commencing July 1, 2009.

In connection with their deliberations regarding the continuation of the Agreements, the Trustees, including the Independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. As described below, the Trustees considered the nature, quality, and extent of the various investment management, administrative and other services performed by the Investment Manager or the Sub-Adviser under the applicable Agreements.

In connection with their contract review meeting, the Trustees received and relied upon materials provided by the Investment Manager which included, among other items: (i) information provided by Lipper Inc. (Lipper) on the total return investment performance (based on net assets) of the Funds for various time periods and the investment performance of a group of funds with substantially similar investment classifications/objectives as the Funds identified by Lipper and the performance of applicable benchmark indices, (ii) information provided by Lipper on the Funds' management fees and other expenses and the management fees and other expenses of comparable funds identified by Lipper, (iii) information regarding the investment performance and management fees of comparable portfolios of other clients of the Sub-Adviser, including institutional separate accounts and other clients, (iv) the profitability to the Investment Manager and the Sub-Adviser from their relationship with the Funds for the one year period ended March 31, 2009, (v) descriptions of various functions performed by the Investment Manager and the Sub-Adviser for the Funds, such as portfolio management, compliance monitoring and portfolio trading practices, and (vi) information regarding the overall organization of the Investment Manager and the Sub-Adviser, including information regarding senior management, portfolio managers and other personnel providing investment management, administrative and other services to the Funds.

The Trustees' conclusions as to the continuation of the Agreements were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, attributing different weights to various factors.

As part of their review, the Trustees examined the Investment Manager's and the Sub-Adviser's abilities to provide high quality investment management and other services to the Funds. The Trustees considered the investment



philosophy and research and decision-making processes of the Sub-Adviser; the experience of key advisory personnel of the Sub-Adviser responsible for portfolio management of the Funds; the ability of the Investment Manager and the Sub-Adviser to attract and retain capable personnel; the capability and integrity of the senior management and staff of the Investment Manager and the Sub-Adviser; and the level of skill required to manage the Funds. In addition, the Trustees reviewed the quality of the Investment Manager's and the Sub-Adviser's services with respect to regulatory compliance and compliance with the investment policies of the Funds; the nature and quality of certain administrative services the Investment Manager is responsible for providing to the Funds; and conditions that might affect the Investment Manager's or the Sub-Adviser's ability to provide high quality services to the Funds in the future under the Agreements, including each organization's respective business reputation, financial condition and operational stability. Based on the foregoing, the Trustees concluded that the Sub-Adviser's investment process, research capabilities and philosophy were well suited to each of the Funds given their respective investment objectives and policies, and that the Investment Manager and the Sub-Adviser would be able to continue to meet any reasonably foreseeable obligations under the Agreements.

Based on information provided by Lipper, the Trustees also reviewed each Fund's total return investment performance as well as the performance of comparable funds identified by Lipper. In the course of their deliberations, the Trustees took

**PIMCO Municipal Income Funds  
Matters Relating to the Trustees' Consideration of the Investment Management &  
Portfolio Management Agreements** (unaudited) (continued)

into account information provided by the Investment Manager in connection with the contract review meeting, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding each Fund's performance.

In assessing the reasonableness of each Fund's fees under the Agreements, the Trustees considered, among other information, each Fund's management fee and the total expense ratio as a percentage of average net assets attributable to common and preferred shares and the management fee and total expense ratios of comparable funds identified by Lipper.

For each of the Funds, the Trustees specifically took note of how each Fund compared to its Lipper peers as to performance, management fee expenses and total expenses. The Trustees noted that the Investment Manager had provided a memorandum containing comparative information on the performance and expenses information of the Funds compared to their Lipper peer categories. The Trustees noted that while the Funds are not charged a separate administration fee, it was not clear whether the peer funds in the Lipper categories were charged such a fee by their investment managers.

**Municipal Income**

The Trustees noted that the expense group for Municipal Income consists of 12 funds. The Trustees also noted that the actual management fees were better than the median and the total actual expenses were worse than the median. The Trustees discussed that Municipal Income had bottom quintile performance for the one-, three- and five-year periods ended March 31, 2009, with over 50 funds in the peer group. The Trustees noted that for the three-month and year-to-date ended May 31, 2009, it was noted Municipal Income had top quintile performance.

**California Municipal Income**

The Trustees noted that the expense group for California Municipal Income consists of 14 funds. The Trustees also noted that the actual management fees and the total actual expenses were worse than the median. The Trustees discussed that California Municipal Income had bottom quintile performance for the one-, three- and five-year periods ended March 31, 2009, with over 20 funds in the peer group. The Trustees noted that for the three-month and year-to-date ended May 31, 2009, it was noted California Municipal Income had top quintile performance.

**New York Municipal Income**

The Trustees noted that the expense group for New York Municipal Income consists of 13 funds. The Trustees also noted that the actual management fees and the total actual expenses were worse than the median. The Trustees discussed that New York Municipal Income had bottom quintile performance for the one-, three- and five-year periods ended March 31, 2009, with 15 funds in the peer group. The Trustees noted that for the three-month and year-to-date ended May 31, 2009, it was noted New York Municipal Income had top quintile performance.

At the request of the Trustees, the Investment Manager and Sub-Adviser agreed to provide performance information related to the Funds on a monthly basis.

After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, that they were satisfied with the Investment Manager's and the Sub-Adviser's responses and efforts to continue to improve the Funds' investment performance. The Trustees agreed to reassess the services provided by the Investment Manager and Sub-Adviser under the Agreements in light of the Funds' ongoing performance at each quarterly Board meeting.

The Trustees also considered the management fees charged by Sub-Adviser to other clients, including institutional separate accounts with investment strategies similar to those of the Funds. Regarding the institutional separate accounts, they noted that the management fees paid by the Funds are generally higher than the fees paid by these clients of the Sub-Adviser, but the Trustees were advised by the Sub-Adviser that the administrative burden for the Investment Manager and the Sub-Adviser with respect to the Funds are also relatively higher, due in part to the more extensive regulatory regime to which the Funds are subject in comparison to institutional separate accounts. The Trustees noted that the management fees paid by the Funds are generally higher than the fees paid by the open-end funds offered for comparison but were advised that there are additional portfolio management challenges in managing the Funds, such as the use of leverage and meeting a regular dividend.

**PIMCO Municipal Income Funds**

**Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements/Proxy Voting Policies & Procedures**

(unaudited) (continued)

The Trustees also took into account that the Funds have preferred shares outstanding, which increases the amount of fees received by the Investment Manager and the Sub-Adviser under the Agreements (because the fees are calculated based on either a Fund's net assets or total managed assets, including assets attributable to preferred shares and other forms of leverage outstanding but not deducting any liabilities connected to the leverage). The Trustees took into account that the Investment Manager and the Sub-Adviser have a financial incentive for the Funds to continue to have preferred shares outstanding, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on the one hand, and a Fund's common shareholders, on the other. In this regard, the Trustees considered information provided by the Investment Manager and the Sub-Adviser indicating that each Fund's use of leverage through preferred shares continues to be appropriate and in the best interests of the respective Fund's common shareholders.

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the profitability of the Investment Manager and the Sub-Adviser from their relationship with each Fund and determined that such profitability was drawn from last year and was not excessive.

The Trustees also took into account that, as closed-end investment companies, the Funds do not currently intend to raise additional assets, so the assets of the Funds will grow (if at all) only through the investment performance of each Fund. Therefore, the Trustees did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements.

Additionally, the Trustees considered so-called "fall-out benefits" to the Investment Manager and the Sub-Adviser, such as reputational value derived from serving as Investment Manager and Sub-Adviser to the Funds.

After reviewing these and other factors described herein, the Trustees concluded with respect to each Fund, within the context of their overall conclusions regarding the Agreements and based on the information provided and related representations made by management, that the fees payable under the Agreements represent reasonable compensation in light of the nature and quality of the services being provided by the Investment Manager and Sub-Adviser to the Funds.

**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds shareholder servicing agent at (800) 254-5197; (ii) on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

**Board of Trustees**

Hans W. Kertess  
Chairman of the Board of Trustees  
Paul Belica  
Robert E. Connor  
James A. Jacobson  
John C. Maney  
William B. Ogden, IV  
R. Peter Sullivan III

**Fund Officers**

Brian S. Shlissel  
President & Chief Executive Officer  
Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer  
Thomas J. Fuccillo  
Vice President, Secretary & Chief Legal Officer  
Scott Whisten  
Assistant Treasurer  
Richard J. Cochran  
Assistant Treasurer  
Youse E. Guia  
Chief Compliance Officer  
Kathleen A. Chapman  
Assistant Secretary  
Lagan Srivastava  
Assistant Secretary

**Investment Manager**

Allianz Global Investors Fund Management LLC  
1345 Avenue of the Americas  
New York, NY 10105

**Sub-Adviser**

Pacific Investment Management Company LLC  
840 Newport Center Drive  
Newport Beach, CA 92660

**Custodian & Accounting Agent**

State Street Bank & Trust Co.  
225 Franklin Street  
Boston, MA 02110

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

PNC Global Investment Servicing  
P.O. Box 43027  
Providence, RI 02940-3027

**Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

## Legal Counsel

Ropes & Gray LLP  
One International Place  
Boston, MA 02110-2624

*This report, including the financial information herein, is transmitted to the shareholders of PIMCO Municipal Income Fund, PIMCO California Municipal Income Fund and PIMCO New York Income Fund 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.*

*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

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

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

*On January 9, 2009, the Funds submitted CEO annual certifications to the New York Stock Exchange ( NYSE ) on which the Funds' principal executive officer certified that he was not aware, as of the date, of any violation by the Funds of the NYSE s Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related SEC rules, the Funds' principal executive and principal financial officer made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q relating to, among other things, the Funds' disclosure controls and procedures and internal control over financial reporting, as applicable.*

*Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds shareholder servicing agent at (800) 254-5197.*

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ITEM 2. CODE OF ETHICS

Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing.

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.

Not required in this filing.

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

Not required in this filing.

ITEM 9. Purchase of Equity Securities by Closed-End Management Investment Company and Affiliated Companies

None

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

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

ITEM 11. CONTROLS AND PROCEDURES

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

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

ITEM 12. EXHIBITS

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

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

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**Signature**

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

(Registrant) PIMCO Municipal Income Fund

By: /s/ Brian S. Shlissel

Brian S. Shlissel

President & Chief Executive Officer

Date: January 6, 2010

By: /s/ Lawrence G. Altadonna

Lawrence G. Altadonna

Treasurer, Principal Financial &

Accounting Officer

Date: January 6, 2010

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

Brian S. Shlissel

President & Chief Executive Officer

Date: January 6, 2010

By: /s/ Lawrence G. Altadonna

Lawrence G. Altadonna

Treasurer, Principal Financial &

Accounting Officer

Date: January 6, 2010