

PIMCO CALIFORNIA MUNICIPAL INCOME FUND II  
Form N-Q  
October 19, 2011

OMB APPROVAL  
OMB Number: 3235-0578

Expires: April 30, 2013

Estimated average burden

hours per response: 5.6

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-Q**

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

**Investment Company Act File Number:**

**811-21077**

**Registrant Name:**

**PIMCO California Municipal Income Fund II**

**Address of Principal Executive Offices:**

1633 Broadway, 41<sup>st</sup> Floor

New York, New York 10019

**Name and Address of Agent for Service:**

Lawrence G. Altadonna

Edgar Filing: PIMCO CALIFORNIA MUNICIPAL INCOME FUND II - Form N-Q

1633 Broadway, 41<sup>st</sup> Floor

New York, New York 10019

Registrant's telephone number, including area code:

212-739-3371

Date of Fiscal Year End:

May 31, 2012

Date of Reporting Period:

August 31, 2011

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

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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

August 31, 2011 (unaudited)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value*
<b>CALIFORNIA MUNICIPAL BONDS &amp; NOTES 87.5%</b>			
\$ 2,000	Alhambra Rev., Atherton Baptist Homes, 7.625%, 1/1/40, Ser. A	NR/NR	\$ 2,067,340
	Bay Area Toll Auth. Rev., San Francisco Bay Area, Ser. F-1,		
5,000	5.00%, 4/1/34	Aa3/AA	5,204,100
20,000	5.00%, 4/1/39 (g)	Aa3/AA	20,839,800
1,000	Chula Vista Rev., San Diego Gas & Electric, 5.875%, 2/15/34, Ser. B	Aa3/A+	1,091,640
300	City & Cnty. of San Francisco, Capital Improvement Projects, CP, 5.25%, 4/1/31, Ser. A	A1/AA-	306,372
1,410	Community College Financing Auth. Rev., 5.00%, 8/1/27, Ser. A (AMBAC)	WR/NR	1,412,214
9,360	Coronado Community Dev. Agcy., Tax Allocation, 4.875%, 9/1/35 (AMBAC)	NR/AA-	8,623,087
1,110	Corona-Norco Unified School Dist. No. 98-1, Special Tax, 5.10%, 9/1/25 (AMBAC)	WR/NR	1,077,588
	Corona-Norco Unified School Dist. Public Financing Auth., Special Tax, Ser. A,		
305	5.65%, 9/1/16	NR/NR	308,315
160	5.75%, 9/1/17	NR/NR	161,123
530	6.00%, 9/1/20	NR/NR	533,615
1,000	6.00%, 9/1/25	NR/NR	1,006,060
4,150	6.10%, 9/1/32	NR/NR	4,151,909
3,000	Dinuba Financing Auth. Rev., Public Works Projects, 5.10%, 8/1/32 (NPFGC)	Baa1/A-	3,086,220
8,300	El Dorado Irrigation Dist. & El Dorado Water Agcy., CP, 5.75%, 8/1/39, Ser. A (AGC)	Aa3/AA+	8,540,285
1,500	Foothill-Eastern Transportation Corridor Agcy. Rev., 5.875%, 1/15/27 (IBC-NPFGC)	Baa1/BBB	1,462,155
1,440	Fremont Community Facs. Dist. No. 1, Special Tax, Pacific Commons, 5.30%, 9/1/30	NR/NR	1,311,480
	Golden State Tobacco Securitization Corp. Rev.,		
13,885	5.00%, 6/1/45 (AMBAC-TCRS)	A2/BBB+	12,548,569
1,500	5.00%, 6/1/45, Ser. A	A2/BBB+	1,326,120
6,000	5.00%, 6/1/45, Ser. A (FGIC-TCRS)	A2/BBB+	5,321,460
8,500	5.125%, 6/1/47, Ser. A-1	Baa3/BB+	5,471,705
22,415	5.75%, 6/1/47, Ser. A-1	Baa3/BB+	15,863,992
500	Hartnell Community College Dist., GO, zero coupon, 8/1/34, Ser. 2002-D (h)	Aa2/AA-	272,435
	Health Facs. Financing Auth. Rev.,		
	Adventist Health System, Ser. A,		
500	5.00%, 3/1/33	NR/A	480,890
250	5.75%, 9/1/39	NR/A	256,428
3,000	Catholic Healthcare West, 6.00%, 7/1/39, Ser. A	A2/A	3,154,290
1,200	Children s Hospital of Los Angeles, 5.25%, 7/1/38 (AGM)	Aa3/AA+	1,174,560
500	Children s Hospital of Orange Cnty., 6.50%, 11/1/38, Ser. A	NR/A	529,755
3,700	Stanford Hospital, 5.25%, 11/15/40, Ser. A-2	Aa3/A+	3,755,167
2,000	Sutter Health, 5.00%, 11/15/42, Ser. A (IBC-NPFGC)	Aa3/AA-	1,897,120
175	Infrastructure & Economic Dev. Bank Rev., 5.25%, 2/1/38	A1/A+	177,459
1,000	Irvine Unified School Dist., Special Tax, 6.70%, 9/1/35	NR/NR	1,053,740
1,000	Lancaster Redev. Agcy., Tax Allocation, 6.875%, 8/1/39	NR/BBB+	1,008,080
500	Lancaster Redev. Agcy. Rev., Capital Improvements Projects, 5.90%, 12/1/35	NR/A	454,545

Edgar Filing: PIMCO CALIFORNIA MUNICIPAL INCOME FUND II - Form N-Q

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

August 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody /s/S&P)	Value*
\$ 5,300	Livermore-Amador Valley Water Management Agcy. Rev., 5.00%, 8/1/31, Ser. A (AMBAC)	Aa2/NR	\$ 5,301,325
7,500	Long Beach Bond Finance Auth. Rev., Long Beach Natural Gas, 5.50%, 11/15/37, Ser. A	A2/A	7,237,275
10,000	Long Beach Unified School Dist., GO, 5.25%, 8/1/33, Ser. A (g)	Aa2/AA-	10,755,200
4,895	Los Angeles, Real Property Project, CP, 5.00%, 2/1/27, Ser. T (NPFGC)	A2/A+	4,908,951
10,000	Los Angeles Community College Dist., GO, 5.00%, 8/1/33, Ser. F-1 (g)	Aa1/AA	10,395,700
15,000	Los Angeles Department of Water & Power Rev., 4.75%, 7/1/30, Ser. A-2 (AGM) (g)	Aa3/AA+	15,324,750
11,000	Los Angeles Unified School Dist., GO, 5.00%, 1/1/34, Ser. I	Aa2/AA-	11,402,490
10,000	Manteca Redev. Agcy., Tax Allocation, 5.00%, 10/1/36 (AMBAC)	WR/A	8,038,500
5,330	Manteca Unified School Dist. No. 89-2, Special Tax, 5.00%, 9/1/29, Ser. C (NPFGC)	Baa1/BBB	5,350,787
4,000	Merced Cnty., Juvenile Justice Correctional Fac., CP, 5.00%, 6/1/32 (AMBAC)	A1/NR	4,026,440
5,000	Metropolitan Water Dist. of Southern California Rev., 5.00%, 7/1/37, Ser. A (g)	Aa1/AAA	5,257,000
4,700	Moreno Valley Unified School Dist. Community Facs. Dist. No. 2004-6, Special Tax, 5.20%, 9/1/36	NR/NR	4,032,506
1,400	M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B	NR/A	1,532,972
1,300	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B	NR/NR	1,374,035
5,000	Oakland Unified School Dist., Alameda Cnty., GO, 6.125%, 8/1/29, Ser. A	A2/NR	5,359,850
4,750	Palomar Pomerado Health, CP, 6.75%, 11/1/39	Baa3/NR	4,805,765
10,000	Placentia-Yorba Linda Unified School Dist., CP, 5.00%, 10/1/32 (FGIC-NPFGC)	A1/A+	10,028,800
1,500	Pollution Control Financing Auth. Rev., American Water Capital Corp. Project, 5.25%, 8/1/40 (a)(c)	Baa2/BBB+	1,443,840
3,000	Riverside, CP, 5.00%, 9/1/33 (AMBAC)	WR/A+	2,835,570
	Riverside Unified School Dist. Community Facs. School Dist. No. 15, Special Tax, Ser. A,		
1,000	5.25%, 9/1/30	NR/NR	911,450
1,000	5.25%, 9/1/35	NR/NR	886,730
	Roseville Redev. Agcy., Tax Allocation, Ser. B (NPFGC),		
2,230	5.00%, 9/1/27	A2/A-	2,039,223
3,365	5.00%, 9/1/32	A2/A-	2,959,316
	San Diego Public Facs. Financing Auth. Rev.,		
11,000	5.00%, 8/1/32 (NPFGC)	Aa3/A+	11,103,950
4,000	5.25%, 8/1/38, Ser. A	Aa2/AA-	4,212,520
1,000	5.25%, 5/15/39, Ser. A	Aa3/A+	1,042,960
1,500	Fire & Life Safety Facs. Project, 5.00%, 4/1/32, Ser. B (NPFGC)	A2/A-	1,467,885
2,800	San Diego Regional Building Auth. Rev., Cnty. Operations Center & Annex, 5.375%, 2/1/36, Ser. A	Aa3/AA+	2,922,220
2,800	San Diego Unified School Dist., GO, 4.75%, 7/1/27, Ser. D-2 (AGM)	Aa1/AA+	2,885,568
1,000	San Jose Rev., Convention Center Expansion, 6.50%, 5/1/36	A2/A-	1,049,580
1,300	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	Aa2/AA-	1,332,604
1,260	Santa Cruz Cnty., CP, 5.25%, 8/1/32	A2/NR	1,297,863
1,500	Santa Cruz Cnty. Redev. Agcy., Tax Allocation, Live Oak/Soquel Community, 7.00%, 9/1/36, Ser. A	A1/A	1,636,755
	State, GO,		
2,500	5.00%, 9/1/31	A1/A-	2,551,900
7,000	5.00%, 4/1/38	A1/A-	6,888,490
10,000	6.00%, 4/1/38	A1/A-	10,886,000

Edgar Filing: PIMCO CALIFORNIA MUNICIPAL INCOME FUND II - Form N-Q

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

August 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value*
	State Public Works Board Rev.,		
\$ 3,000	5.75%, 10/1/30, Ser. G-1	A2/BBB+	\$ 3,137,640
2,000	California State Univ., 6.00%, 11/1/34, Ser. J	Aa3/BBB+	2,111,860
7,915	Regents Univ., 5.00%, 3/1/33, Ser. A	Aa2/AA-	8,041,957
	Statewide Communities Dev. Auth. Rev.,		
	Bentley School (a)(b)(i),		
11,180	zero coupon, 7/1/50		
	(acquisition cost-\$400,132; purchased 6/24/10)	NR/NR	313,934
3,760	7.00%, 7/1/40, Ser. A		
	(acquisition cost-\$3,645,621; purchased 6/24/10)	NR/NR	3,161,333
	Catholic Healthcare West,		
1,520	5.50%, 7/1/31, Ser. D	A2/A	1,536,446
1,520	5.50%, 7/1/31, Ser. E	A2/A	1,536,446
	Huntington Park Charter School Project, Ser. A,		
250	5.15%, 7/1/30	NR/NR	200,445
1,250	5.25%, 7/1/42	NR/NR	941,000
500	International School of the Peninsula Project, 5.00%, 11/1/29	NR/NR	379,920
2,770	Kaiser Permanente, 5.50%, 11/1/32, Ser. A	WR/A+	2,785,734
1,000	Lancer Student Housing Project, 7.50%, 6/1/42	NR/NR	1,028,720
9,700	Los Angeles Jewish Home, 5.50%, 11/15/33 (CA St. Mtg.)	NR/A-	9,758,782
	Methodist Hospital Project (FHA),		
2,400	6.625%, 8/1/29	Aa2/NR	2,849,448
8,800	6.75%, 2/1/38	Aa2/NR	10,034,992
3,700	St. Joseph Health System, 5.75%, 7/1/47, Ser. A (FGIC)	A1/AA-	3,753,798
	Sutter Health, Ser. A,		
5,500	5.00%, 11/15/43	Aa3/AA-	5,189,415
5,600	6.00%, 8/15/42	Aa3/AA-	6,054,104
1,365	Windrush School, 5.50%, 7/1/37 (k)	NR/NR	937,100
1,450	Statewide Financing Auth. Tobacco Settlement Rev.,		
	5.625%, 5/1/29, Ser. A	Baa3/NR	1,316,368
	Tobacco Securitization Agcy. Rev.,		
4,500	Alameda Cnty., 6.00%, 6/1/42	Baa3/NR	3,339,180
1,800	Stanislaus Cnty., 5.875%, 6/1/43, Ser. A	Baa3/NR	1,307,502
3,100	Torrance Rev., Memorial Medical Center, 5.00%, 9/1/40, Ser. A	A2/A+	2,897,880
1,000	Tustin Unified School Dist., Special Tax, 6.00%, 9/1/40, Ser. 2006-1	NR/BBB	969,310
	Univ. of California Rev.,		
5,500	4.75%, 5/15/35, Ser. F (AGM) (g)	Aa1/AA+	5,535,530
5,000	4.75%, 5/15/35, Ser. G (FGIC-NPFGC) (g)	Aa1/AA	5,032,300
5,650	4.75%, 5/15/38, Ser. B	Aa2/AA-	5,632,654
10,000	Ventura Cnty. Community College Dist., GO,		
	5.00%, 8/1/27, Ser. A (NPFGC) (g)	Aa2/AA	10,313,900
	Total California Municipal Bonds & Notes		
	(cost \$370,967,918)		391,514,086
	<b>CALIFORNIA VARIABLE RATE NOTES (a)(c)(e) 5.5%</b>		
6,035	Desert Community College Dist., GO,		
	7.95%, 8/1/32, Ser. 3016-1 (AGC) (d)	NR/AA+	6,325,947

Edgar Filing: PIMCO CALIFORNIA MUNICIPAL INCOME FUND II - Form N-Q

7,500	JPMorgan Chase Putters/Drivers Trust Rev., 7.947%, 5/15/40, Ser. 3838 (d)	NR/NR	7,961,025
-------	--	-------	-----------

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

August 31, 2011 (unaudited) (continued)

Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value*
\$ 4,000	Los Angeles Community College Dist., GO, 11.59%, 8/1/33, Ser. 3096 (d)	NR/AA	\$ 4,469,400
5,000	San Diego Community College Dist., GO, 8.345%, 2/1/17	NR/AA+	5,644,150
Total California Variable Rate Notes (cost \$22,328,933)			24,400,522
<b>OTHER MUNICIPAL BONDS &amp; NOTES 4.3%</b>			
<b>New Jersey 0.6%</b>			
Tobacco Settlement Financing Corp. Rev., Ser. 1-A,			
1,300	4.75%, 6/1/34	Baa3/BB+	857,493
3,000	5.00%, 6/1/41	Baa3/BB-	1,988,670
			2,846,163
<b>New York 0.7%</b>			
1,250	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.25%, 10/1/35	A1/A	1,228,162
1,900	New York City Municipal Water Finance Auth. Water & Sewer Rev., 5.00%, 6/15/37, Ser. D (g)	Aa1/AAA	1,961,807
			3,189,969
<b>Ohio 0.4%</b>			
2,250	Buckeye Tobacco Settlement Financing Auth. Rev., 5.875%, 6/1/47, Ser. A-2	Baa3/BB-	1,579,208
<b>Puerto Rico 0.4%</b>			
1,600	Sales Tax Financing Corp. Rev., 5.00%, 8/1/40, Ser. A (AGM) (g)	Aa3/AA+	1,621,840
<b>Rhode Island 2.2%</b>			
11,000	Tobacco Settlement Financing Corp. Rev., 6.25%, 6/1/42, Ser. A	Baa3/BBB	10,026,280
Total Other Municipal Bonds & Notes (cost \$17,987,772)			19,263,460
<b>SHORT-TERM INVESTMENTS 2.7%</b>			
<b>U.S. Treasury Obligations (f)(j) 2.7%</b>			
U.S. Treasury Bills,			
12,040	0.006%-0.043%, 9/29/11-2/23/12 (cost \$12,039,480)		12,039,480
<b>Total Investments (cost \$423,324,103) (l) 100.0%</b>			<b>\$ 447,217,548</b>

**Notes to Schedule of Investments:**

\* Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, 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 Fund's 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. 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. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days.

The prices used by the Fund to value securities may differ from the value that would be realized if the securities were sold and these differences could be material. The Fund's net asset value ( NAV ) 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.

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$29,319,629, representing 6.6% of total investments.
- (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) Inverse Floater The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index. The interest rate disclosed reflects the rate in effect on August 31, 2011.
- (e) Variable Rate Notes Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on August 31, 2011.
- (f) All or partial amount segregated for the benefit of the counterparty as collateral for derivatives.
- (g) 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.
- (h) Step Bond Coupon is a fixed rate for an initial period then resets at a specific date and rate.
- (i) Restricted. The aggregate acquisition cost of such securities is \$4,045,753 and the aggregate market value is \$3,475,267, representing 0.8% of total investments.
- (j) Rates reflect the effective yields at purchase date.
- (k) In default.



## Edgar Filing: PIMCO CALIFORNIA MUNICIPAL INCOME FUND II - Form N-Q

(l) At August 31, 2011, the cost basis of investments for federal income tax purposes was \$375,994,982. Gross unrealized appreciation was \$29,731,029; gross unrealized depreciation was \$7,279,458; and net unrealized appreciation was \$22,451,571. The difference between book and tax cost was attributable to inverse floater transactions.

### **Glossary:**

AGC insured by Assured Guaranty Corp.

AGM insured by Assured Guaranty Municipal Corp.

AMBAC insured by American Municipal Bond Assurance Corp.

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

GO General Obligation Bond

IBC Insurance Bond Certificate

NPFGC insured by National Public Finance Guarantee Corp.

NR Not Rated

T CRS Temporary Custodian Receipts

WR Withdrawn Rating

**Other Investments:**

Interest rate swap agreements outstanding at August 31, 2011:

Swap Counterparty	Notional Amount (000s)	Termination Date	Payments Made	Rate Type		Market Value	Upfront	
				Payments Received			Premiums Received	Unrealized Depreciation
Bank of America	\$29,400	6/20/42	4.75%	3-Month USD-LIBOR		\$ (7,692,560)	\$ (279,690)	\$ (7,412,870)

LIBOR - London Inter-Bank Offered Rate

**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 Fund has 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 Fund's 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 the 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 Fund to measure fair value during the three months ended August 31, 2011 maximized the use of observable inputs and minimized the use of unobservable inputs.

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Fund generally uses to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles.

**Municipal Bonds & Notes and Variable Rate Notes** Municipal bonds and notes and variable rate notes are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond or note, state of issuance, benchmark yield curves, and bond or note insurance. To the extent that these inputs are observable, the values of municipal bonds and notes and variable rate notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**U.S. Treasury Obligations** U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

**Interest Rate Swaps** Interest rate swaps are valued by independent pricing services using pricing models that are based on real-time intraday snapshots of relevant interest rate curves that are built using the most actively traded securities for a given maturity. The pricing models also incorporate cash and money market rates. In addition, market data pertaining to interest rate swaps is monitored regularly to ensure that interest rates are properly depicting the current market rate. To the extent that these inputs are observable, the values of interest rate swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

The Fund's policy is to recognize transfers between levels at the end of the reporting period.

A summary of the inputs used at August 31, 2011 in valuing the Fund's assets and liabilities is listed below:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 8/31/11
<b>Investments in Securities Assets</b>				
California Municipal Bonds & Notes		\$ 391,514,086		\$ 391,514,086
California Variable Rate Notes		24,400,522		24,400,522
Other Municipal Bonds & Notes		19,263,460		19,263,460
U.S. Treasury Obligations		12,039,480		12,039,480
<b>Total Investments in Securities Assets</b>		\$ 447,217,548		\$ 447,217,548

Edgar Filing: PIMCO CALIFORNIA MUNICIPAL INCOME FUND II - Form N-Q

<b>Other Financial Instruments*</b>	<b>Liabilities</b>		
Interest Rate Contracts		\$ (7,412,870)	\$ (7,412,870)
<b>Total Investments</b>		<b>\$ 439,804,678</b>	<b>\$ 439,804,678</b>

\*Other financial instruments not reflected in the Schedule of Investments, such as swap agreements, are valued at the unrealized appreciation (depreciation) of the instrument.

There were no significant transfers between Levels 1 and 2 during the three months ended August 31, 2011.

**Item 2. Controls and Procedures**

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

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

**Item 3. Exhibits**

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

**SIGNATURES**

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

Registrant: PIMCO California Municipal Income Fund II

By /s/ Brian S. Shlissel

President & Chief Executive Officer

Date: October 19, 2011

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: October 19, 2011

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

By /s/ Brian S. Shlissel

President & Chief Executive Officer

Date: October 19, 2011

By /s/ Lawrence G. Altadonna

Treasurer, Principal Financial & Accounting Officer

Date: October 19, 2011