

PIMCO Municipal Income Fund (PMF)

Description

Seeks current income exempt from federal income tax.

Fund Inception Date

June 29, 2001

Total Fund Assets (in millions)

Common	\$295.6
Preferred	\$190.0
Total	\$485.6

Management Firm

PIMCO (Pacific Investment Management Company)

Portfolio Manager

John Cummings

Dividend Frequency

Monthly

Net Asset Value (NAV) / Market Price at Inception

\$14.23 / \$15.00

NAV / Market Price (as of 9/30/09)

\$11.84 / \$14.24

High / Low Ranges (52-Week)

High / Low NAV \$11.84 / \$7.62
High / Low Market Price \$14.47 / \$6.69

Premium / (Discount) to NAV

20.27%

Fund Data (Common Shares)

Shares Outstanding 24,973,006
Average Daily Volume 72,154

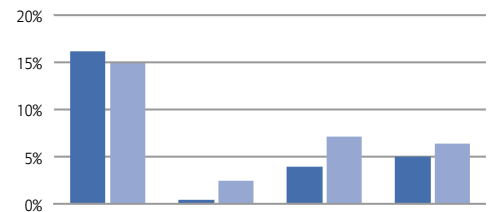
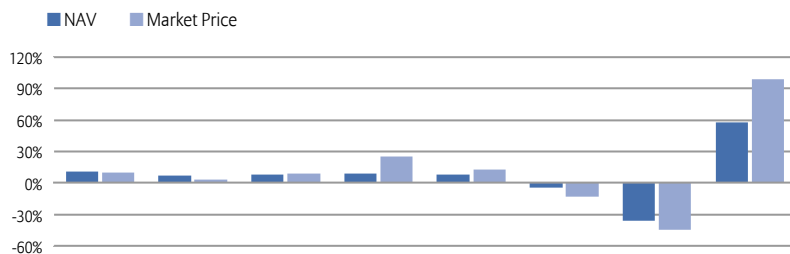
Fund Data (Preferred Shares)

Shares Outstanding 7,600
Share Price \$25,000
% of Total Fund Assets (Leverage) 39.13
Average Quarterly Rate (% Annualized) 0.47
Average Maturity (Days) 7

Fund Highlights

- Normally invests at least 80% of its net assets in investment-grade municipal bonds that pay interest that is exempt from federal income tax.
- Seeks to be "AMT-free" by avoiding bonds generating interest that may subject individuals to the alternative minimum tax.
- Seeks to preserve and enhance the value of the Fund's holdings relative to the municipal bond market, generally, using proprietary analytical models that test and evaluate the sensitivity of those holdings to changes in interest rates and yield relationships.

Performance and Dividend Analysis—Common Shares



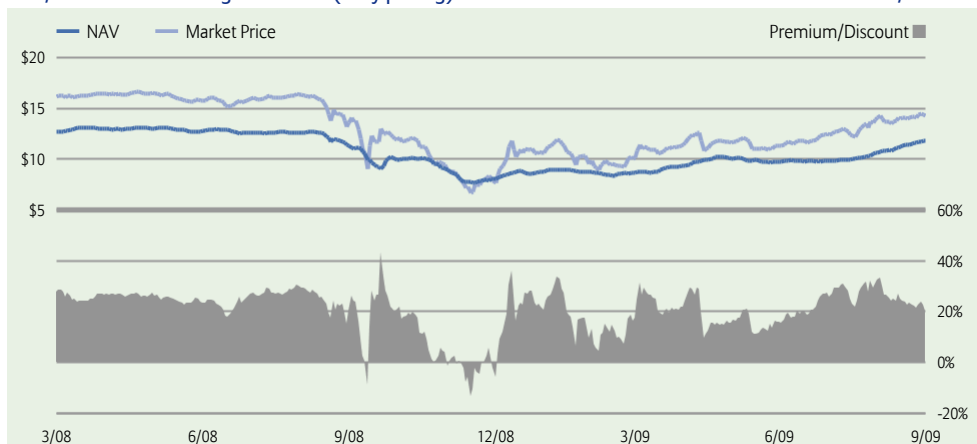
Calendar Year Returns

	'02	'03	'04	'05	'06	'07	'08	YTD
NAV	10.6%	7.4%	7.7%	9.1%	8.1%	-3.1%	-35.4%	58.0%
Market Price	10.4%	3.8%	8.9%	25.1%	12.6%	-11.7%	-43.3%	99.2%

Average Annual Returns

	1-yr	3-yr	5-yr	Inception
NAV	16.21%	0.48%	3.92%	5.02%
Market Price	14.90%	2.48%	7.11%	6.41%

NAV/Market Price-Trailing 18 Months (daily pricing)



Fund Premium/Discount

Current Yield

Market Price Yield (%)	6.85
Tax Equivalent Dividend Yield (%) ¹	10.53
NAV Yield (%)	8.23
Undistributed Net Investment Income (as of 7/31/09)	\$0.0537

Distribution History (last six payments)

Declaration Date	Type	Amount Per Share
9/01/09	Dividend	\$0.08125
8/03/09	Dividend	\$0.08125
7/01/09	Dividend	\$0.08125
6/01/09	Dividend	\$0.08125
5/01/09	Dividend	\$0.08125
4/01/09	Dividend	\$0.08125

Investment Products

Not FDIC Insured | May Lose Value | Not Bank Guaranteed

Visit www.allianzinvestors.com for more information.

Past performance is no guarantee of future results. An investment in the Fund involves risk, including loss of principal. Investment return and the value of shares will fluctuate. Returns are calculated by determining the percentage change in net asset value (NAV) or market share price (as applicable) with all distributions reinvested. The Fund's 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 distributions. The returns do not reflect broker sales charges or commissions. NAV is total assets less total liabilities divided by the number of shares outstanding. This material is presented only to provide information and is not intended for trading purposes. The Fund is a closed-end exchange traded management investment company. A closed-end fund, unlike an open-end fund, is not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Changes to investment policies, current management fees, and other matters of interest to investors may be found in each closed-end fund's most recent annual report to shareholders. The current semi annual report also will contain important updated information for investors. See reverse for more information. For the period covered by the most recent shareholder report, the expense ratio is 1.64% or 1.42% when additional non-cash interest expenses are excluded. These expenses do not reflect actual expenses paid but reflect the accounting treatment of certain bonds held in the Fund.

1. Taxable equivalent dividend yield rate is the yield on a taxable investment that results in an after-tax yield equal to that of the Fund. The rate shown is based on a federal tax rate of 35.00%. Shareholders of a municipal bond fund will, at times, incur a tax liability, as income from these funds may be subject to state and local taxes and, where applicable, the alternative minimum tax. A fund concentrating in a single state is subject to greater risk of adverse economic conditions and regulatory changes than a fund with broader geographical diversification. Please read the most recent shareholder report to learn more about the effect of taxes.

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Portfolio Analysis

Top Five Sectors		Average Weighted Maturity		Call Structure (% of assets callable per year)	
Hospital Revenue	24%	<1 Year	3%	0–5 Years	31.75%
Tobacco	16%	3–5 Years	4%	2009	10.59%
Ind Dev/Pollution Ctrl	15%	5–10 Years	10%	2010	0.35%
State/Local Government	15%	10–20 Years	44%	2011	15.13%
Education Revenue	7%	20+ Years	39%	2012	4.80%
		Average Maturity	18.06 Years	2013	0.87%
		Average Duration	12.19 Years	5–10 Years	28.73%
				10–15 Years	20.79%
				Non-Callable	16.09%
Credit Quality		Top Five States		Statistics	
AAA	9%	TEXAS	9%	Average Coupon Rate (%)	5.17
AA	32%	CALIFORNIA	9%	Standard Deviation of NAV	18.18
A	21%	LOUISIANA	6%	Standard Deviation of Market Price	36.06
BBB	30%	ILLINOIS	6%		
BB	5%	PENNSYLVANIA	6%		
B	2%				
<B	1%				
Average Quality	A				

Portfolio Management

PIMCO (Pacific Investment Management Company)

Founded in 1971 and based in Newport Beach, California, PIMCO is a leading institutional investment firm with a client list that includes many of the largest companies in the United States. PIMCO is one of the most respected names in fixed-income management, due in large part to its total return approach to bond investing and strong long-term performance record. While renowned for its bond management expertise, PIMCO has also developed a range of innovative investment strategies to offer investors access to other asset classes, including stocks, commodities and real estate. In recent years, the firm has expanded its global operations and today has offices in cities such as London, Munich, Singapore, Sydney and Tokyo.

Portfolio Manager



John Cummings

Mr. Cummings is an executive vice president and a municipal bond portfolio manager in the Newport Beach office. Prior to joining PIMCO in 2002, he was vice president, municipal trading at Goldman Sachs, responsible for a number of municipal sectors, including industrials, airlines, utilities, healthcare and high-yield. He has over 21 years of investment experience and holds an MBA, as well as his undergraduate degree, from Rutgers University.

Investment Process

The top-down investment process begins with PIMCO's annual Secular Forum, during which the firm develops a three- to five-year outlook for the global economy and interest rates. This helps set the basic portfolio parameters, including duration, yield-curve positioning, sector weightings and credit quality. PIMCO's municipal bond team seeks to add value in a number of ways. The team believes that investments should be made from the point of view of maximizing total return as opposed to simply reaching for maximum yield—so the portfolio is scrutinized using a process that models the potential changes in yield and price as the underlying variables of the marketplace change. Yield-to-worst measures are carefully examined, as are the impact of a shifting municipal yield curve and the influence of yield volatility and credit shifts on the portfolio.

Past performance is no guarantee of future results. Holdings are subject to change daily. The use of leverage may cause a Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. This may cause a Fund to be more volatile, which may increase the risk of investment loss. This Fund may use derivative instruments for hedging purposes or as part of its investment strategy. Use of these instruments may involve certain costs and risks such as liquidity risk (the risk that illiquid securities may not be able to be sold at an advantageous time or price), interest rate risk (the risk that the value of fixed-income securities will decline if interest rates rise), market risk (the risk that the market price of securities may go up or down, sometimes rapidly or unpredictably), credit risk (the risk that the counterparty to a derivatives contract, repurchase agreement or a loan of portfolio securities, may be unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations), management risk (the risk that investment management decisions may not produce the desired results) and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments.

Duration is a measure of a Fund's price sensitivity expressed in years. The credit quality of the securities in the portfolio is generally calculated by Moody's or S&P; if unrated, the investment manager may determine a comparable rating, which is included in the portfolio breakdown. Credit quality ratings generally range from AAA (highest) to D (lowest). The credit quality of the investment in the portfolio does not apply to the stability or safety of the Fund. Call Feature allows the issuer to "call" or repurchase certain securities before maturity, at a specified price and/or point in time. Standard deviation is an absolute measure of volatility measuring dispersion about an Average which, for an index, depicts how widely the returns varied over a certain period of time. The greater the degree of dispersion, the greater the risk.

Allianz Global Investors Fund Management LLC serves as the Fund's investment manager, and the sub-advisor is PIMCO (Pacific Investment Management Company). Visit www.allianzinvestors.com for more information.