

PIMCO Funds

December 29, 2006

Dear PIMCO Municipal Bond Funds' Shareholder:

This letter contains additional tax-related information for shareholders of the six PIMCO municipal bond funds for the year 2006. These include:

- PIMCO Municipal Bond Fund
- PIMCO High Yield Municipal Bond Fund
- PIMCO Short Duration Municipal Income Fund
- PIMCO California Short Duration Municipal Income Fund
- PIMCO California Intermediate Municipal Bond Fund
- PIMCO New York Municipal Bond Fund

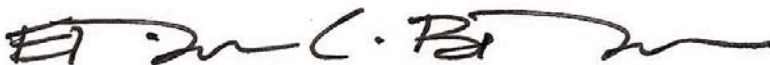
The attached chart provides: (1) the breakdown of each Fund's tax-exempt interest income by state, (2) the percentage of each Fund's dividends paid in 2006 that were "exempt-interest dividends" and exempt from federal tax, and (3) the percentage of each Fund's 2006 income that was derived from private activity bonds and is subject to the federal Alternative Minimum Tax ("AMT").

Capital gains distributed by each Fund during 2006 are taxable. Short-term capital gains are reported in Box (1a) as ordinary dividends, and long-term capital gains are reported in Box (2a), of Form 1099-DIV.

This letter is provided to you for informational purposes and does not purport to give tax advice and, therefore, we suggest that you consult a professional tax advisor to determine how this information may apply to your specific tax situation.

Please call us at (800) 426-0107 should you have questions or if we may be of any assistance.

Sincerely,



Erik C. Brown
Assistant Treasurer

PIMCO Municipal Bond Funds
2006 Tax Reporting Information
Percent of Municipal Interest Income by State

	⁽¹⁾ Municipal Bond Fund		⁽²⁾ High Yield Municipal Bond Fund		⁽³⁾ Short Duration Municipal Income Fund		⁽⁴⁾ California Short Duration Municipal Income Fund		⁽⁵⁾ California Intermediate Municipal Bond		⁽⁶⁾ New York Municipal Bond Fund	
	% of Total Income	% Subject to AMT	% of Total Income	% Subject to AMT	% of Total Income	% Subject to AMT	% of Total Income	% Subject to AMT	% of Total Income	% Subject to AMT	% of Total Income	% Subject to AMT
Alabama	1.89%	-	0.78%	-	2.06%	-	-	-	-	-	0.18%	-
Alaska	0.31%	-	-	-	0.51%	-	-	-	-	-	-	-
Arizona	1.60%	-	0.60%	100.00%	3.56%	-	-	-	-	-	-	-
Arkansas	0.28%	-	-	-	-	-	-	-	0.41%	-	0.85%	-
California	6.25%	-	6.61%	34.84%	7.01%	-	92.54%	-	82.97%	3.42%	0.67%	-
Colorado	0.94%	-	6.47%	-	-	-	-	-	0.02%	-	-	-
Connecticut	1.57%	-	-	-	0.30%	-	-	-	-	-	-	-
District of Columbia	0.06%	-	-	-	0.11%	-	-	-	-	-	-	-
Delaware	-	-	-	-	-	-	3.21%	-	-	-	-	-
Florida	2.80%	-	-	-	2.17%	-	-	-	0.09%	100.00%	-	-
Georgia	0.63%	-	0.42%	-	1.27%	-	-	-	-	-	-	-
Guam	-	-	-	-	-	-	-	-	-	-	-	-
Hawaii	1.47%	2.45%	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-	-	-	-	-	-
Illinois	9.40%	-	3.32%	14.92%	8.97%	-	-	-	0.27%	-	1.58%	-
Indiana	2.89%	-	1.63%	100.00%	0.83%	-	-	-	-	-	0.07%	-
Iowa	-	-	2.84%	-	-	-	-	-	-	-	-	-
Kansas	-	-	-	-	0.11%	-	-	-	-	-	-	-
Kentucky	0.65%	-	-	-	-	-	-	-	-	-	-	-
Louisiana	4.38%	-	0.30%	-	-	-	-	-	0.95%	-	-	-
Maine	-	-	-	-	-	-	-	-	-	-	-	-
Maryland	-	-	3.59%	-	-	-	-	-	0.01%	-	-	-
Massachusetts	1.12%	-	-	-	6.94%	-	-	-	-	-	-	-
Michigan	2.26%	-	3.34%	-	4.49%	-	1.02%	-	0.33%	100.00%	-	-
Minnesota	0.22%	-	5.51%	-	0.35%	-	-	-	-	-	-	-
Mississippi	0.31%	-	-	-	-	-	-	-	-	-	-	-
Missouri	1.52%	-	12.83%	-	0.89%	-	-	-	-	-	-	-
Montana	-	-	5.29%	-	-	-	-	-	0.13%	-	-	-
Nebraska	-	-	-	-	0.39%	-	-	-	-	-	-	-
Nevada	1.40%	-	-	-	1.74%	-	-	-	-	-	-	-
New Hampshire	0.11%	-	-	-	0.24%	-	-	-	-	-	-	-
New Jersey	10.06%	34.38%	2.87%	38.23%	1.22%	-	-	-	0.41%	63.67%	-	-
New Mexico	1.15%	-	-	-	0.20%	-	-	-	-	-	-	-
New York	9.53%	-	8.55%	43.90%	14.20%	-	-	-	0.43%	100.00%	81.74%	3.23%
North Carolina	1.80%	-	4.39%	47.40%	0.77%	-	-	-	-	-	-	-
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	2.50%	-	-	-	2.79%	-	-	-	-	-	-	-
Oklahoma	1.29%	6.15%	-	-	2.75%	-	-	-	-	-	-	-
Oregon	-	-	-	-	0.43%	-	-	-	-	-	-	-
Pennsylvania	0.78%	-	3.88%	40.99%	0.15%	-	-	-	-	-	-	-
Puerto Rico	0.57%	-	-	-	3.53%	-	-	-	8.40%	-	10.50%	-
Rhode Island	2.89%	-	4.05%	-	-	-	-	-	-	-	-	-
South Carolina	0.80%	-	2.35%	-	0.08%	-	-	-	-	-	-	-
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	2.97%	-	2.56%	-	1.49%	-	-	-	-	-	-	-
Texas	12.13%	12.04%	7.33%	81.18%	13.44%	-	-	-	0.29%	11.51%	3.32%	-
Utah	0.04%	-	5.25%	-	0.15%	-	-	-	-	-	-	-
Virgin Islands	0.51%	100.00%	-	-	-	-	-	-	5.29%	23.05%	1.09%	100.00%
Vermont	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	1.67%	-	2.22%	76.30%	1.80%	-	-	-	-	-	-	-
Washington	5.33%	-	-	-	9.05%	-	3.23%	-	-	-	-	-
West Virginia	0.50%	-	-	-	0.05%	-	-	-	-	-	-	-
Wisconsin	3.42%	-	3.02%	32.48%	5.96%	-	-	-	-	-	-	-

⁽¹⁾ **Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly 3.03% of the Fund's dividends paid during 2006 are taxable. For 2006, 5.46% of the income distributed is subject to AMT.

⁽²⁾ **High Yield Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly 6.78% of the Fund's dividends paid during 2006 are taxable. For 2006, 20.61% of the income distributed is subject to AMT.

⁽³⁾ **Short Duration Municipal Income Fund:** The Fund invested in taxable instruments during the year. Accordingly 6.96% of the Fund's dividends paid during 2006 are taxable. For 2006, none of the income distributed is subject to AMT.

⁽⁴⁾ **California Short Duration Municipal Income Fund:** The Fund invested in taxable instruments during the year. Accordingly 3.81% of the Fund's dividends paid during 2006 are taxable. For 2006, none of the income distributed is subject to AMT.

⁽⁵⁾ **California Intermediate Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly 2.50% of the Fund's dividends paid during 2006 are taxable. For 2006, 5.12% of the income distributed is subject to AMT.

⁽⁶⁾ **New York Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly 8.23% of the Fund's dividends paid during 2006 are taxable. For 2006, 3.47% of the income distributed is subject to AMT.