

PIMCO Funds

December 31, 2007

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 2007. 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

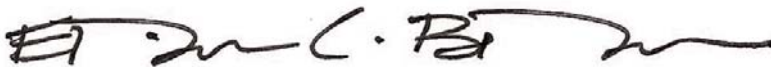
The attached chart provides: (1) the breakdown of each Fund's tax-exempt interest income by state; (2) the percentage of each Fund's dividends paid in 2007 that were "exempt-interest dividends" and exempt from federal tax; and (3) the percentage of each Fund's 2007 income that was derived from private activity bonds and is subject to the federal Alternative Minimum Tax ("AMT").

Capital gains distributed by each Fund during 2007 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.

We suggest that you consult your tax advisor or call your state's tax inquiry center to determine how this information may apply to your particular 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

2007 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 Fund		⁽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	1.33%	-	2.77%	-	1.96%	-	-	-	-	-	1.45%	-
Alaska	0.46%	-	0.99%	-	0.14%	-	-	-	-	-	-	-
Arizona	1.26%	-	2.79%	1.18%	4.31%	-	-	-	-	-	-	-
Arkansas	0.45%	-	0.24%	-	-	-	-	-	0.48%	-	0.49%	-
California	18.06%	-	4.79%	6.74%	14.22%	-	97.37%	-	80.83%	7.27%	3.40%	-
Colorado	0.77%	-	7.80%	-	-	-	-	-	0.25%	-	-	-
Connecticut	1.08%	-	-	-	0.11%	-	-	-	-	-	-	-
District of Columbia	0.11%	-	-	-	0.01%	-	-	-	-	-	-	-
Delaware	-	-	-	-	-	-	0.94%	-	-	-	-	-
Florida	2.06%	-	5.93%	27.95%	2.43%	-	-	-	0.24%	100.00%	-	-
Georgia	0.64%	1.27%	-	-	-	-	-	-	-	-	-	-
Guam	-	-	-	-	-	-	-	-	-	-	-	-
Hawaii	0.98%	0.44%	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	-	-	-	-	-	-	-
Illinois	5.13%	-	7.29%	33.91%	5.32%	-	-	-	-	-	0.94%	-
Indiana	3.10%	-	1.81%	5.00%	1.33%	-	-	-	-	-	0.87%	-
Iowa	-	-	3.19%	-	-	-	-	-	-	-	-	-
Kansas	0.07%	-	2.13%	17.77%	0.11%	-	-	-	-	-	-	-
Kentucky	0.17%	-	0.02%	-	-	-	-	-	-	-	-	-
Louisiana	2.72%	-	-	-	0.26%	-	-	-	0.94%	-	-	-
Maine	-	-	-	-	-	-	-	-	-	-	-	-
Maryland	0.95%	-	1.13%	-	-	-	-	-	-	-	-	-
Massachusetts	1.64%	-	1.77%	-	6.78%	-	-	-	-	-	-	-
Michigan	1.95%	-	6.38%	0.84%	1.61%	-	-	-	0.18%	100.00%	-	-
Minnesota	1.11%	-	5.91%	13.68%	0.49%	-	-	-	-	-	-	-
Mississippi	-	-	0.03%	-	-	-	-	-	-	-	-	-
Missouri	3.01%	-	4.01%	28.20%	2.79%	-	-	-	-	-	-	-
Montana	-	-	0.70%	-	-	-	-	-	0.54%	-	-	-
Nebraska	-	-	0.05%	100.00%	-	-	-	-	-	-	-	-
Nevada	0.85%	-	-	-	2.33%	-	-	-	-	-	-	-
New Hampshire	0.03%	-	0.23%	-	-	-	-	-	-	-	-	-
New Jersey	8.92%	34.37%	6.83%	1.04%	1.13%	-	-	-	0.27%	93.85%	0.70%	-
New Mexico	0.03%	0.79%	-	-	-	-	-	-	-	-	-	-
New York	8.38%	-	2.36%	44.01%	12.35%	-	-	-	0.80%	100.00%	81.54%	4.44%
North Carolina	1.45%	-	0.68%	31.25%	0.72%	-	-	-	-	-	-	-
Northern Mariana Iss	-	-	-	0.10%	-	-	-	-	-	0.09%	-	-
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-
Ohio	2.06%	-	1.73%	-	1.84%	-	-	-	-	-	-	-
Oklahoma	0.76%	8.07%	-	-	2.84%	-	-	-	-	-	-	-
Oregon	-	-	-	-	0.44%	-	-	-	-	-	-	-
Pennsylvania	0.49%	-	4.61%	6.54%	0.09%	-	-	-	-	-	-	-
Puerto Rico	1.22%	-	-	-	2.55%	-	0.06%	-	10.11%	-	8.11%	-
Rhode Island	2.58%	-	0.27%	-	-	-	-	-	-	-	-	-
South Carolina	0.90%	-	1.18%	-	-	-	-	-	-	-	-	-
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-
Tennessee	2.23%	-	0.57%	-	1.93%	-	-	-	-	-	-	-
Texas	13.64%	9.75%	11.53%	34.94%	14.00%	-	1.01%	-	0.37%	6.59%	1.88%	-
Utah	1.05%	-	3.91%	-	-	-	-	-	-	-	-	-
Virgin Islands	0.45%	100.00%	-	-	-	-	-	-	4.90%	29.37%	0.62%	100.00%
Vermont	-	-	-	-	-	-	-	-	-	-	-	-
Virginia	0.87%	-	1.71%	5.74%	1.62%	-	-	-	-	-	-	-
Washington	3.45%	-	0.89%	-	7.39%	-	0.62%	-	-	-	-	-
West Virginia	0.50%	-	0.47%	-	0.04%	-	-	-	-	-	-	-
Wisconsin	3.09%	-	1.14%	-	8.86%	-	-	-	-	-	-	-
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ **Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly, 8.73% of the Fund's dividends paid during 2007 are taxable. For 2007, 4.91% of the tax-exempt income distributed is subject to AMT.

⁽²⁾ **High Yield Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly, 6.69% of the Fund's dividends paid during 2007 are taxable. For 2007, 12.75% of the tax-exempt income distributed is subject to AMT.

⁽³⁾ **Short Duration Municipal Income Fund:** The Fund invested in taxable instruments during the year. Accordingly, 8.67% of the Fund's dividends paid during 2007 are taxable. For 2007, none of the tax-exempt income distributed is subject to AMT.

⁽⁴⁾ **California Short Duration Municipal Income Fund:** The Fund invested in taxable instruments during the year. Accordingly, 10.87% of the Fund's dividends paid during 2007 are taxable. For 2007, none of tax-exempt the income distributed is subject to AMT.

⁽⁵⁾ **California Intermediate Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly, 6.11% of the Fund's dividends paid during 2007 are taxable. For 2007, 8.89% of the tax-exempt income distributed is subject to AMT.

⁽⁶⁾ **New York Municipal Bond Fund:** The Fund invested in taxable instruments during the year. Accordingly, 16.96% of the Fund's dividends paid during 2007 are taxable. For 2007, 4.24% of the tax-exempt income distributed is subject to AMT.