

MARINE PETROLEUM TRUST
Form 10-Q
February 17, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____ .

Commission file number 000-08565

Marine Petroleum Trust

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

75-6008017
(I.R.S. Employer
Identification No.)

c/o The Corporate Trustee:

Southwest Bank

2911 Turtle Creek Blvd.

Dallas, Texas 75219

(Address of principal executive offices)

(Zip Code)

(855) 588-7839

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Indicate the number of units of beneficial interest outstanding as of the latest practicable date:

As of February 12, 2015, Marine Petroleum Trust had 2,000,000 units of beneficial interest outstanding.

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MARINE PETROLEUM TRUST

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	December 31, 2014 (Unaudited)	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,110,912	\$ 1,131,937
Federal income tax refundable	2,800	2,800
Producing oil and natural gas properties	7	7
Total assets	\$ 1,113,719	\$ 1,134,744
LIABILITIES AND TRUST CORPUS		
Current liabilities:		
Federal income tax payable	\$	\$
Total current liabilities	\$	\$
Trust corpus 2,000,000 units of beneficial interest authorized, 2,000,000 units issued at nominal value	\$ 1,113,719	\$ 1,134,744
	\$ 1,113,719	\$ 1,134,744

See accompanying notes to condensed consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME

For the Three and Six Months Ended December 31, 2014 and 2013

(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2014	2013	2014	2013
Income:				
Oil and natural gas royalties	\$ 660,619	\$ 932,242	\$ 1,365,862	\$ 1,678,683
Oil and natural gas royalties from affiliate	32,534	38,345	59,649	73,720
Interest income	46	18	60	37
Total income	693,199	970,605	1,425,571	1,752,440
Expenses:				
General and administrative	77,037	69,590	128,212	134,144
Distributable income before federal income taxes	616,162	901,015	1,297,359	1,618,296
Federal income taxes of subsidiary				
Distributable income	\$ 616,162	\$ 901,015	\$ 1,297,359	\$ 1,618,296
Distributable income per unit	\$ 0.31	\$ 0.45	\$ 0.65	\$ 0.81
Distributions per unit	\$ 0.29	\$ 0.38	\$ 0.66	\$ 0.73
Units outstanding	2,000,000	2,000,000	2,000,000	2,000,000

See accompanying notes to condensed consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TRUST CORPUS

For the Six Months Ended December 31, 2014 and 2013

(Unaudited)

	Six Months Ended	
	December 31,	
	2014	2013
Trust corpus, beginning of period	\$ 1,134,744	\$ 1,095,526
Distributable income	1,297,359	1,618,296
Distributions to unitholders	(1,318,384)	(1,459,730)
Trust corpus, end of period	\$ 1,113,719	\$ 1,254,092

See accompanying notes to condensed consolidated financial statements.

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MARINE PETROLEUM TRUST AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014

(Unaudited)

Note 1. Accounting Policies

The financial statements herein include the financial statements of Marine Petroleum Trust (the Trust) and its wholly-owned subsidiary, Marine Petroleum Corporation (MPC, and collectively with the Trust, Marine). The financial statements are condensed and consolidated and should be read in conjunction with Marine s Annual Report on Form 10-K for the fiscal year ended June 30, 2014. The financial statements included herein are unaudited, but in the opinion of Southwest Bank (the Trustee), the Trustee of the Trust, they include all adjustments necessary for a fair presentation of the results of operations for the periods presented. Operating results for the interim periods reported herein are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2015.

Note 2. Basis of Accounting

The financial statements of Marine are prepared on the modified cash basis method and are not intended to present Marine s financial position and results of operations in conformity with generally accepted accounting principles in the United States (GAAP). Under the modified cash basis method the financial statements of Marine differ from financial statements prepared in conformity with GAAP because of the following:

Royalty income is recognized in the month when received by Marine rather than in the month of production.

Marine s expenses (including accounting, legal, other professional fees, trustees fees and out-of-pocket expenses) are recorded on an actual paid basis in the month paid rather than in the month incurred. Reserves for liabilities that are contingent or uncertain in amount may also be established if considered necessary, which would not be recorded under GAAP.

Distributions to unitholders are recognized when declared by the Trustee of the Trust.

The modified cash basis method of accounting corresponds to the accounting principles permitted for royalty trusts by the U.S. Securities and Exchange Commission (the SEC), as specified by Staff Accounting Bulletin Topic 12:E, *Financial Statements of Royalty Trusts*.

Note 3. Distributable Income

The Trust s Indenture (the Indenture) provides that the Trustee is to distribute all cash in the Trust, less an amount reserved for payment of accrued liabilities and estimated future expenses, to unitholders of record on the 28th day of March, June, September and December of each year. If the 28th day falls on a Saturday, Sunday or legal holiday, the payments are to be made on the immediately succeeding business day.

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As stated under Note 1. Accounting Policies above, the financial statements in this Quarterly Report on Form 10-Q are the condensed and consolidated financial statements of the Trust and MPC. However, distributable income is paid from the account balances of the Trust. Distributable income is comprised of (i) royalties from offshore Texas leases owned directly by the Trust, (ii) 98% of the royalties received from offshore Louisiana leases owned by MPC, which are retained by and delivered to the Trust on a quarterly basis, (iii) cash distributions from the Trust's interest in Tidelands Royalty Trust B (Tidelands), a separate publicly traded royalty trust, (iv) dividends paid by MPC, less (v) administrative expenses incurred by the Trust. Distributions fluctuate from quarter to quarter primarily due to changes in oil and natural gas prices and production quantities.

Table of Contents**Note 4. Investment in Affiliate Tidelands Royalty Trust B**

At December 31, 2014 and 2013, the Trust owned 32.6% of the outstanding units of beneficial interest in Tidelands.

The following summary financial statements have been derived from the unaudited condensed consolidated financial statements of Tidelands:

TIDELANDS CONDENSED CONSOLIDATED STATEMENTS OF DISTRIBUTABLE INCOME

	Three Months Ended September 30, 2014	Three Months Ended December 31, 2013	Six Months Ended December 31, 2013
Income	\$ 253,705	\$ 222,096	\$ 371,662
Expenses	29,703	27,166	62,559
Distributable income before Federal income taxes	224,002	194,930	309,103
Federal income taxes of Tidelands subsidiary			
Distributable income	\$ 224,002	\$ 194,930	\$ 309,103

Tidelands is a reporting company under the Securities Exchange Act of 1934, as amended, that has filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2013. Tideland has not yet filed its financial statements for the fiscal year ended December 31, 2014 with the SEC. Therefore, the Condensed Consolidated Statements of Distributable Income of Tideland have been taken from Tideland's Quarterly Report on Form 10-Q for the period ended September 30, 2014, the latest period for which such information is publicly available. Reference should be made to Tideland's public filings for current information concerning Tideland's financial position and results of operations.

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Item 2. Trustee's Discussion and Analysis of Financial Condition and Results of Operations

Organization

Marine Petroleum Trust (the Trust) is a royalty trust that was created in 1956 under the laws of the State of Texas. Southwest Bank, an independent state bank chartered under the laws of the State of Texas and headquartered in Fort Worth, Texas, serves as corporate trustee (the Trustee). The Trust's Indenture (the Indenture) provides that the term of the Trust will expire on June 1, 2021, unless extended by the vote of the holders of a majority of the outstanding units of beneficial interest. The Trust is not permitted to engage in any business activity because it was organized for the sole purpose of providing an efficient, orderly and practical means for the administration and liquidation of rights to payments from certain oil and natural gas leases in the Gulf of Mexico, pursuant to license agreements and amendments between the Trust's predecessors and Gulf Oil Corporation (Gulf). As a result of various transactions that have occurred since 1956, these interests now are held by Chevron Corporation (Chevron) and its assignees. The Trust holds title to interests in properties that are situated offshore of Texas.

The Trust's wholly-owned subsidiary, Marine Petroleum Corporation (MPC, and collectively with the Trust, Marine), holds title to interests in properties that are situated offshore of Louisiana because at the time the Trust was created, trusts could not hold these interests under Louisiana law. MPC is prohibited from engaging in a trade or business and only takes those actions that are necessary for the administration and liquidation of its properties.

Marine's rights are generally referred to as overriding royalty interests in the oil and natural gas industry. An overriding royalty interest is created by an assignment by the owner of a working interest in an oil or natural gas lease. The royalty rights associated with an overriding royalty interest terminate when the underlying lease terminates. All production and marketing functions are conducted by the working interest owners of the leases. Income from overriding royalties is paid to Marine either (i) on the basis of the selling price of oil, natural gas and other minerals produced, saved or sold, or (ii) at the value at the wellhead as determined by industry standards, when the selling price does not reflect the value at the wellhead.

The Trustee assumes that some units of beneficial interest are held by middlemen, as such term is broadly defined in U.S. Treasury Regulations (and includes custodians, nominees, certain joint owners and brokers holding an interest for a customer in street name). Therefore, the Trustee considers the Trust to be a widely held fixed investment trust (WHFIT) for U.S. federal income tax purposes. Accordingly, the Trust will provide tax information in accordance with applicable U.S. Treasury Regulations governing the information reporting requirements of the Trust as a WHFIT. The Trustee will provide the required information and the contact information for the Trustee is below:

Southwest Bank

2911 Turtle Creek Blvd., Suite 850

Dallas, Texas 75219

Telephone number: (855) 588-7939

Each unitholder should consult its own tax advisor for compliance with U.S. federal income tax laws and regulations.

Liquidity and Capital Resources

As stated in the Indenture, there is no requirement for capital due to the limited purpose of the Trust. The Trust's only obligation is to distribute the distributable income that is actually collected to unitholders. As an administrator of oil and natural gas royalty interests, the Trust collects royalties monthly, pays administrative expenses and disburses all net royalties that are collected to its unitholders each quarter.

The Indenture (and MPC's charter and by-laws) expressly prohibits the operation of any kind of trade or business. The Trust's oil and natural gas properties are depleting assets that are not being replaced due to the prohibition against investments. These restrictions, along with other factors, allow the Trust to be treated as a

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grantor trust. As a grantor trust, all income and deductions for state and U.S. federal income tax purposes generally flow through to each individual unitholder. The State of Texas imposes a franchise tax, but the Trust does not believe that it is subject to the franchise tax because at least 90% of its income is from passive sources. Please see Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2014 for further information. MPC is a taxable entity that pays state and U.S. federal income taxes and state franchise taxes. However, MPC's income specifically excludes 98% of the oil and natural gas royalties collected by MPC, which are retained by and delivered to the Trust because of the Trust's net profits interest.

The Leases

Marine relies on public records for information regarding drilling and workover operations. The public records available up to the date of this report indicate that there were no new well completions made during the three months ended December 31, 2014 on leases in which Marine has an interest. As of February 1, 2015, public records also indicated that there were no wells in the process of being drilled or recompleted on other leases in which Marine has an interest.

Marine holds an overriding royalty interest that is equal to three-fourths of one percent of the working interest and is calculated on the value at the well of any oil, natural gas or other minerals produced and sold from 55 leases covering 199,868 gross acres located in the Gulf of Mexico. Marine's overriding royalty interest applies only to existing leases and does not apply to any new leases that Chevron may acquire. The Trust also owns a 32.6% interest in Tidelands Royalty Trust B (Tidelands). Tidelands has an overriding royalty interest in four oil and natural gas leases covering 17,188 gross acres in the Gulf of Mexico. As a result of this ownership, the Trust receives periodic distributions from Tidelands.

Critical Accounting Policies and Estimates

In accordance with the Staff Accounting Bulletin Topic 12:E, *Financial Statements of Royalty Trusts*, Marine uses the modified cash basis method of accounting. Under this accounting method, royalty income is recorded when received, and distributions to unitholders are recorded when declared by the Trustee of the Trust. Expenses of Marine (including accounting, legal, other professional fees, trustees' fees and out-of-pocket expenses) are recorded on an actual paid basis. Marine also reports distributable income instead of net income under the modified cash basis method of accounting. Cash reserves are permitted to be established by the Trustee for certain contingencies that would not be recorded under generally accepted accounting principles in the United States.

Marine did not have any changes in its critical accounting policies or estimates during the three months ended December 31, 2014. Please see Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2014 for a detailed discussion of its critical accounting policies.

New Accounting Pronouncements

There are no new pronouncements that are expected to have a significant impact on Marine's financial statements.

General

Marine's royalty income is derived from the oil and natural gas production activities of third parties. Marine's royalty income fluctuates from period to period based upon factors beyond Marine's control, including, without limitation, the number of productive wells drilled and maintained on leases that are subject to Marine's interest, the level of production over time from such wells and the prices at which the oil and natural gas from such wells are sold.

Important aspects of Marine's operations are conducted by third parties. Marine's royalty income is dependent on the operations of the working interest owners of the leases on which Marine has an overriding royalty interest. The oil and natural gas companies that lease tracts subject to Marine's interests are responsible for the production and sale of oil and natural gas and the calculation of royalty payments to Marine. The only obligation of the working interest owners to Marine is to make monthly overriding royalty payments that reflect Marine's interest in the oil and natural gas sold. Marine's distributions are processed and paid by its transfer agent, American Stock Transfer & Trust Company, LLC.

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The volume of oil and natural gas produced and the selling prices of such oil and natural gas are the primary factors in calculating overriding royalty payments. Production is affected by the natural production decline of the producing wells, the number of new wells drilled and the number of existing wells that are re-worked and placed back in production on the leases. Production from existing wells is anticipated to decrease in the future due to normal well depletion. The operators do not provide Marine with information regarding future drilling or re-working operations that could impact the oil and natural gas production from the leases for which Marine has an overriding royalty interest.

Summary of Operating Results

Distributable income per unit for the six months ended December 31, 2014 decreased to \$0.65 as compared to \$0.81 for the comparable period in 2013. Distributions per unit amounted to \$0.66 per unit for the six months ended December 31, 2014, a decrease from distributions of \$0.73 per unit for the comparable period in 2013. During the six months ended December 31, 2014, the difference between distributable income per unit and distributions per unit resulted from timing differences between the closing of the financial statements and the determination date of the distribution amount to unitholders.

For the six months ended December 31, 2014, excluding the Trust's interest in Tidelands, oil production decreased to 10,473 barrels (bbls) from 14,097 bbls and natural gas production increased to 53,286 thousand cubic feet (mcf) from 52,791 mcf as compared to the comparable period in 2013. For the six months ended December 31, 2014, excluding the Trust's interest in Tidelands, the average price realized for oil decreased to \$101.02 per bbl as compared to the price of \$101.82 realized for the comparable period in 2013 and the average price realized for natural gas increased to \$5.78 per mcf as compared to the average price of \$4.60 realized for the comparable period in 2013.

The following table presents the net production quantities of oil and natural gas and distributable income and distributions per unit for the last six quarters.

Quarter Ended	Net Production Quantities ⁽¹⁾		Distributable Income Per Unit	Distributions Per Unit
	Oil (bbls)	Natural Gas (mcf)		
September 30, 2013	6,143	22,077	\$ 0.36	\$ 0.35
December 31, 2013	7,954	30,714	\$ 0.45	\$ 0.38
March 31, 2014	4,630	21,690	\$ 0.24	\$ 0.36
June 30, 2014	5,954	27,145	\$ 0.36	\$ 0.28
September 30, 2014	4,977	25,882	\$ 0.34	\$ 0.37
December 31, 2014	5,496	27,404	\$ 0.31	\$ 0.29

(1) Excludes the Trust's interest in Tidelands.

Results of Operations Three Months Ended December 31, 2014 Compared to the Three Months Ended December 31, 2013

Income from oil and natural gas royalties decreased to \$660,619 during the three months ended December 31, 2014 from \$932,242 realized for the comparable period in 2013. Royalties decreased for the three months ended December 31, 2014 primarily due to a decrease in the production of oil as compared to the comparable period in 2013.

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Distributable income decreased to \$616,162 for the three months ended December 31, 2014 from \$901,015 realized for the comparable period in 2013.

Income from oil royalties, excluding the Trust's interest in Tidelands, for the three months ended December 31, 2014 decreased to \$536,300 from \$784,901 realized for the comparable period in 2013. The volume of oil sold in the three months ended December 31, 2014 decreased to 5,496 bbls from 7,954 bbls realized for the comparable period in 2013, and the average price realized for oil decreased to \$97.58 per bbl for the three months ended December 31, 2014 from \$98.68 per bbl realized for the comparable period in 2013.

Income from natural gas royalties, excluding the Trust's interest in Tidelands, for the three months ended December 31, 2014 decreased to \$124,319 from \$147,341 for the comparable period in 2013. The volume of natural gas sold in the three months ended December 31, 2014 decreased to 27,404 mcf from 30,714 mcf realized for the comparable period in 2013, and the average price realized for natural gas decreased to \$4.53 per mcf for the three months ended December 31, 2014 from \$4.77 per mcf realized for the comparable period in 2013.

Income from distributions received from Tidelands for the three months ended December 31, 2014 decreased to \$32,534 from \$38,345 for the comparable period in 2013.

The following table presents the quantities of oil and natural gas sold and the average price realized for the three months ended December 31, 2014, and those realized for the comparable period in 2013, excluding the Trust's interest in Tidelands.

	Three Months Ended December 31,	
	2014	2013
	(unaudited)	
Oil		
Bbls sold	5,496	7,954
Average price	\$ 97.58	\$ 98.68
Natural gas		
Mcf sold	27,404	30,714
Average price	\$ 4.53	\$ 4.77

General and administrative expenses increased to \$77,037 for the three months ended December 31, 2014 from \$69,590 for the comparable period of 2013, primarily due to increased professional fees and expenses.

Results of Operations Six Months Ended December 31, 2014 Compared to the Six Months Ended December 31, 2013

Income from oil and natural gas royalties decreased to \$1,365,862 during the six months ended December 31, 2014 from \$1,678,683 realized for the comparable period in 2013. Royalties decreased for the six months ended December 31, 2014 primarily due to a decrease in the production of oil as compared to the comparable period in 2013.

Distributable income decreased to \$1,297,359 for the six months ended December 31, 2014 from \$1,618,296 realized for the comparable period in 2013.

Income from oil royalties, excluding the Trust's interest in Tidelands, for the six months ended December 31, 2014 decreased to \$1,057,982 from \$1,435,357 realized for the comparable period in 2013. The volume of oil sold in the six

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months ended December 31, 2014 decreased to 10,473 bbls from 14,097 bbls realized for the comparable period in 2013, and the average price realized for oil decreased to \$101.02 per bbl for the six months ended December 31, 2014 from \$101.82 per bbl realized for the comparable period in 2013.

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Income from natural gas royalties, excluding the Trust's interest in Tidelands, for the six months ended December 31, 2014 increased to \$307,880 from \$243,326 for the comparable period in 2013. The volume of natural gas sold in the six months ended December 31, 2014 increased to 53,286 mcf from 52,791 mcf realized for the comparable period in 2013, while the average price realized for natural gas increased to \$5.78 per mcf for the six months ended December 31, 2014 as compared to \$4.60 per mcf realized for the comparable period in 2013.

Income from distributions received from Tidelands for the six months ended December 31, 2014 decreased to \$59,649 from \$73,720 for the comparable period in 2013.

The following table presents the quantities of oil and natural gas sold and the average price realized for the six months ended December 31, 2014, and those realized for the comparable period in 2013, excluding the Trust's interest in Tidelands.

	Six Months Ended December 31,	
	2014	2013
	(unaudited)	
Oil		
Bbls sold	10,473	14,097
Average price	\$ 101.02	\$ 101.82
Natural gas		
Mcf sold	53,286	52,791
Average price	\$ 5.78	\$ 4.60

General and administrative expenses decreased to \$128,212 for the six months ended December 31, 2014 from \$134,144 for the comparable period of 2013, primarily due to decreased professional fees and expenses.

Forward-Looking Statements

The statements discussed in this Quarterly Report on Form 10-Q regarding Marine's future financial performance and results, and other statements that are not historical facts, are forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). This report uses the words anticipate, believe, budget, continue, estimate, expect, intend, other similar words to identify forward-looking statements. You should read statements that contain these words carefully because they discuss future expectations, contain projections of Marine's financial condition, and/or state other forward-looking information. Actual results may differ from expected results because of: reductions in price or demand for oil and natural gas, which might then lead to decreased production; reductions in production due to the depletion of existing wells or disruptions in service, which may be caused by storm damage to production facilities, blowouts or other production accidents, or geological changes such as cratering of productive formations; changes in regulations; general economic conditions; actions and policies of petroleum-producing nations; other changes in domestic and international energy markets; the resignation of the Trustee; and the expiration, termination or release of leases subject to Marine's interests. Additional risks are set forth in Marine's Annual Report on Form 10-K for the fiscal year ended June 30, 2014. Events may occur in the future that Marine is unable to accurately predict or over which it has no control. If one or more of these uncertainties materialize, or if underlying assumptions prove incorrect, actual outcomes may vary materially from those forward-looking statements included in this Quarterly Report on Form 10-Q. Except as required by applicable securities laws, Marine does not undertake any obligation to update or revise any forward-looking statements.

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Website

Marine makes available, free of charge, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports at its website at www.marps-marine.com. Each of these reports will be posted on this website as soon as reasonably practicable after such report is electronically filed with, or furnished, to the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Marine did not experience any material changes in market risk during the period covered by this Quarterly Report on Form 10-Q. Marine's market risk is described in more detail in Item 7A. Quantitative and Qualitative Disclosures About Market Risk in its Annual Report on Form 10-K for the fiscal year ended June 30, 2014.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Southwest Bank, as Trustee of the Trust, is responsible for establishing and maintaining Marine's disclosure controls and procedures. Marine's disclosure controls and procedures include controls and other procedures that are designed to ensure that information required to be disclosed by Marine in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Marine in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Trustee as appropriate to allow timely decisions regarding required disclosure.

As of December 31, 2014, the Trustee carried out an evaluation of the effectiveness of the design and operation of Marine's disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based upon that evaluation, the Trustee concluded that Marine's disclosure controls and procedures were effective as of December 31, 2014.

Changes in Internal Control Over Financial Reporting

There have not been any changes in Marine's internal control over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, Marine's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1A. Risk Factors

As of the date of this filing, there have been no material changes from the risk factors previously disclosed in the Risk Factors in Marine's Annual Report filed on Form 10-K for the fiscal year ended June 30, 2014.

Item 6. Exhibits

The following exhibits are included herein:

- 31.1 Certification of the Corporate Trustee pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of the Corporate Trustee pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

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

MARINE PETROLEUM TRUST

Southwest Bank, trustee of Marine Petroleum Trust and not in its individual capacity or otherwise

February 17, 2015

By: /s/ Ron E. Hooper
 Ron E. Hooper
Senior Vice President

wrap align="left" valign="bottom">	1,577,240	40,247,444	
Colorado 0.5%	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
Connecticut 0.2%	1,000	State Dev. Auth. Rev., Connecticut Light & Power Co., 5.85%, 9/1/28	
Baa1/BBB	1,018,360	District of Columbia 1.4%	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 Florida 4.0%
		905 Beacon Lakes Community Dev. Dist., Special Assessment,	
		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 Foundation,	
		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 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
Georgia 0.4%	2,300	Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37	
		NR/NR 1,782,937	Illinois 5.5% 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	

PIMCO Municipal Income Fund Schedule of Investments

October 31, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
Illinois (continued)			
\$ 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
Indiana 0.5%			
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
Iowa 1.7%			
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
Kansas 4.5%			
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 (000)		Credit Rating (Moody s/S&P)	Value
	Louisiana 5.8%		
\$ 3,930	Local Gov t Environmental Facs. & Community Dev. Auth. Rev., 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, Ser. 2001B	Baa3/BBB	25,448,051
			28,958,209
	Massachusetts 0.4%		
550	Dev. Finance Agcy. Rev., Linden Ponds, Inc. Fac., 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
	Michigan 2.3%		
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 Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital, 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, 6.25%, 8/15/13, Ser. A	A1/A	1,764,480
4,000	Strategic Fund Rev., Detroit Edison Co. Pollution Control, 5.45%, 9/1/29, Ser. C	Ba3/BB-	4,004,640
2,000		A2/A-	2,023,700
			11,391,770
	Minnesota 0.1%		
95	Agricultural & Economic Dev. Board Rev., Health Care Systems, 6.375%, 11/15/29, Ser. A	A2/A	96,867
500	Washington Cnty. Housing & Redev. Auth. Rev., Birchwood & Woodbury Projects, 5.625%, 6/1/37, Ser. A	NR/NR	393,780
			490,647
	Missouri 0.2%		
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
	Nevada 3.5%		
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
	New Hampshire 0.6%		
3,000	Business Finance Auth. Pollution Control Rev., Connecticut Light & Power Co., 5.85%, 12/1/22, Ser. A	Baa1/BBB	3,063,720
	New Jersey 4.9%		
16,550	Economic Dev. Auth., Special Assessment, Kapkowski Road 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 (000)		Credit Rating (Moody s/S&P)	Value
New Jersey (continued)			
\$ 2,000	Economic Dev. Auth. Rev., School Facs. Construction, 5.50%, 12/15/34, Ser. Z	Aa2/AAA	\$ 2,199,880
1,000	Health Care Facs. Financing Auth. Rev., Trinitas Hospital, 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
New Mexico 0.5%			
2,500	Farmington Pollution Control Rev., 5.80%, 4/1/22, Ser. A	Baa3/BB+	2,503,400
New York 6.3%			
5,000	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 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 Harborside, 6.70%, 1/1/43, Ser. A	NR/NR	3,588,816
13,000	New York City Municipal Water Finance Auth. Water & Sewer Rev. (j), 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 Rev., 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
North Carolina 0.3%			
570	Capital Facs. Finance Agcy. Rev., Duke Univ. Project, 5.125%, 10/1/41, Ser. A	Aa1/AA+	578,607
1,500	Medical Care Commission Rev., Village at Brookwood, 5.25%, 1/1/32	NR/NR	1,051,125
			1,629,732

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Ohio 2.9%			
11,000	Buckeye Tobacco Settlement Financing Auth. Rev., 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, Ser. A	Aa3/NR	520,055
500	State Higher Educational Fac. Commission Rev., 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 (000)		Credit Rating (Moody s/S&P)	Value
Oregon 0.6%			
\$ 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, 5.25%, 5/1/39, Ser. A	Aa3/AA-	624,102
			2,779,062
Pennsylvania 5.9%			
1,000	Allegheny Cnty. Industrial Dev. Auth. Rev., Environmental 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, 6.00%, 9/1/36, Ser. B	NR/NR	1,767,920
6,200	Higher Educational Facs. Auth. Rev., UPMC Health System, 6.00%, 1/15/31, Ser. A	Aa3/A+	6,354,566
	Lancaster Cnty. Hospital Auth. Rev., Brethren Village Project, 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., 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
Puerto Rico 0.7%			
135	Commonwealth of Puerto Rico, Public Improvements, GO, 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
Rhode Island 4.4%			
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, 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., Wesley Housing Corp. Project, 6.95%, 1/1/20 (a)(b)(e)	NR/NR	470,000
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PIMCO Municipal Income Fund Schedule of Investments

October 31, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
Tennessee (continued)			
\$ 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
Texas 8.5%			
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

	U.S. Virgin Islands 0.1%		
500	Virgin Islands Public Finance Auth. Rev., 5.00%, 10/1/39, Ser. A-1	Baa2/BBB	487,105
	Utah 1.5%		
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 Amount (000)		Credit Rating (Moody s/S&P)	Value
	Virginia 0.6%		
\$ 1,000	Fairfax Cnty. Industrial Dev. Auth. Rev., 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%, 9/1/37	NR/NR	1,735,080
			2,811,870
	Washington 1.2%		
	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 State Housing Finance Commission Rev., Skyline at First Hill 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
	Wisconsin 2.8%		
2,230	Health & Educational Facs. Auth. Rev., 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
	VARIABLE RATE NOTES (a)(c)(g) 3.4%		
	Illinois 1.5%		
7,253	Cook Cnty., GO, 7.68%, 11/15/28, Ser. 458 (FGIC) (f)	Aa3/NR	7,392,473
	Texas 0.4%		
1,000	JPMorgan Chase Putters/Drivers Trust, GO, 7.901%, 2/1/17, Ser. 3480 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, 11.478%, 8/1/28, Ser. 3388	NR/AA+	7,301,983
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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 Amount (000)		Credit Rating (Moody s/S&P)	Value
	Financial Services (continued)		
\$ 600	International Lease Finance Corp., FRN, 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
	Variable Rate Demand Notes (g)(h) 0.2%		
	Colorado 0.0%		
285	City & Cnty. of Denver, CP, 0.18%, 11/2/09, Ser. A1	VMIG1/NR	285,000
	Massachusetts 0.2%		
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
	Total Investments (cost \$489,944,184) 100.0%		\$ 496,540,012

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PIMCO California Municipal Income Fund Schedule of Investments

October 31, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value
CALIFORNIA MUNICIPAL BONDS & NOTES 92.2%			
\$ 1,000	Assoc. of Bay Area Gov't Finance Auth. for Nonprofit Corps. Rev., Poway Housing, Inc. Project, 5.375%, 11/15/25, Ser. A (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, 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, Ser. B	Aa3/A+	5,452,650
720	City & Cnty. of San Francisco Redev. Agcy. Rev., Special Tax, 6.125%, 8/1/31, Ser. B	NR/NR	637,653
650	City & Cnty. of San Francisco, Capital Improvement Projects, CP, 5.25%, 4/1/31, Ser. A	A1/AA-	659,607
350	Contra Costa Cnty. Public Financing Auth., Tax Allocation, 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 (FGIC-NPFGC)	A2/AA-	3,632,165
5,000	Desert Community College Dist., GO, 5.00%, 8/1/37, Ser. C (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 Educational Facs. Auth. Rev., Claremont McKenna College, 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) Univ. of Southern California, Ser. A, 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, 5.75%, 8/1/39, Ser. A	Aa2/AAA	3,102,300
10,790	El Monte, Department of Public Social Services Fac., CP (AMBAC), 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 Fremont Community Dist. No. 1, Special Tax, 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, Ser. D	A1/AA-	240,625
	Health Facs. Financing Auth. Rev., 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 (000)		Credit Rating (Moody's/S&P)	Value
\$ 1,875	Catholic Healthcare West, Ser. A, 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, 6.50%, 11/1/38	NR/A	1,053,290
5,315	Northern California Presbyterian, 5.125%, 7/1/18	NR/BBB+	5,214,600
10,590	Kern Cnty., Capital Improvements Projects, CP, 5.75%, 8/1/35, Ser. A	Aa2/AAA	10,988,502
3,000	La Quinta Redev. Agcy., Tax Allocation (AMBAC), 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%, 9/2/27	NR/NR	1,357,116
1,000	Long Beach Bond Finance Auth. Rev., Long Beach Natural Gas, Ser. A, 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., 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, 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, 5.50%, 8/1/21	NR/A	1,101,622
2,145	Patterson Public Financing Auth. Rev., Waste Water Systems 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 (000)		Credit Rating (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., 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., 5.125%, 7/1/36 (AMBAC)	Aa3/AA+	885,843
5,065	San Joaquin Cnty., General Hospital Project, CP, 5.00%, 9/1/20 (NPFGC)	A2/A	5,107,698
5,000	San Joaquin Hills Transportation Corridor Agcy. Rev., Ser. A, 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., 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, Live Oak/Soquel Community, 7.00%, 9/1/36, Ser. A	A2/A	1,427,712
2,000	State Public Works Board Rev., 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, 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., 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), 6.625%, 8/1/29	Aa2/AA	2,362,143

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7,700	6.75%, 2/1/38 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 (000)		Credit Rating (Moody s/S&P)	Value
\$ 2,345	Tustin Unified School Dist., Special Tax, Ser. B, 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., 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., 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%

	Illinois 1.3%		
5,260	Educational Facs. Auth. Rev., Univ. of Chicago, 5.00%, 7/1/33, Ser. A	Aa1/AA	5,336,848
	Iowa 1.8%		
8,700	Tobacco Settlement Auth. Rev., 5.60%, 6/1/34, Ser. B	Baa3/BBB	7,525,848
	Louisiana 0.4%		
1,750	Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001B	Baa3/BBB	1,596,490
	New York 0.1%		
450	New York City Municipal Water Finance Auth. Water & Sewer Rev., 5.00%, 6/15/37, Ser. D (j)	Aa2/AAA	460,134
	South Carolina 0.1%		
340	Tobacco Settlement Rev. Management Auth. Rev., 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%

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Illinois 1.7%

6,670	Chicago Water Rev., 11.388%, 5/1/14, Ser. 1419 (AMBAC) (cost \$6,950,816)	NR/AA-	6,846,021
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CALIFORNIA VARIABLE RATE NOTES (a)(g) 0.4%

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

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PIMCO California Municipal Income Fund Schedule of Investments

October 31, 2009 (unaudited)

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

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PIMCO New York Municipal Income Fund Schedule of Investments

October 31, 2009 (unaudited)

Principal Amount (000)		Credit Rating (Moody s/S&P)	Value
NEW YORK MUNICIPAL BONDS & NOTES 89.0%			
\$ 1,600	Erie Cnty. Industrial Dev. Agcy. Rev., Orchard Park, Inc. Project, 6.00%, 11/15/36, Ser. A	NR/NR	\$ 1,300,208
120	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 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, 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., 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., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A	NR/NR	1,367,168
1,505	New York City, GO, Ser. J, 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., 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 Rev., 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., 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., Julliard School, 5.00%, 1/1/34, Ser. A	Aa2/AA	313,662
1,000	Niagara Falls Public Water Auth. Water & Sewer Rev., 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, 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., 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 (000)		Credit Rating (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
	Sloan-Kettering Center Memorial,		
2,500	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
	Teachers College,		
1,500	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
	Triborough Bridge & Tunnel Auth. Rev.,		
755	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
OTHER MUNICIPAL BONDS & NOTES 6.2%			
California 1.1%			
1,500	Los Angeles Department of Water & Power Rev., 5.00%, 7/1/39, Ser. A-1 (AMBAC)	Aa3/AA-	1,516,065
Louisiana 0.5%			
750	Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001B	Baa3/BBB	684,210
Puerto Rico 4.2%			
	Aqueduct & Sewer Auth. Rev., Ser. A,		
3,100	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
	U.S. Virgin Islands 0.4%		
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
	OTHER VARIABLE RATE NOTES (g) 1.3%		
	Puerto Rico 1.3%		
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 Amount (000)		Credit Rating (Moody s/S&P)	Value
SHORT-TERM INVESTMENTS 3.5%			
Corporate Notes (i) 3.5%			
\$ 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, 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
	Total Investments (cost \$133,384,520) 100.0%		\$ 136,129,070

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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

T CRS Temporary Custodian Receipts

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

PIMCO Municipal Income Funds Statements of Assets and Liabilities

October 31, 2009 (unaudited)

	Municipal	California Municipal	New York Municipal
Assets:			
Investments, at value (cost \$489,944,184, \$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
Liabilities:			
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 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
Preferred shares (\$25,000 net asset and liquidation value per share applicable to an aggregate of 7,600, 6,000 and 1,880 shares issued and outstanding, respectively)	190,000,000	150,000,000	47,000,000
Net Assets Applicable to Common Shareholders	\$279,203,075	\$225,706,106	\$77,528,063

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
Net Assets Applicable to Common Shareholders	\$279,203,075	\$225,706,106	\$77,528,063
Common Shares Outstanding	24,973,007	18,232,716	7,578,946
Net Asset Value Per Common Share	\$11.18	\$12.38	\$10.23

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PIMCO Municipal Income Funds Statements of Operations

Six Months ended October 31, 2009 (unaudited)

	Municipal	California Municipal	New York Municipal
Investment Income:			
Interest	\$16,845,446	\$12,776,661	\$3,927,007
Expenses:			
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
Net Investment Income	14,883,522	11,182,608	3,342,889
Realized and Change in Unrealized Gain (Loss)			
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
Net Increase in Net Assets Resulting from Investment Operations	57,433,193	40,951,829	10,543,406
Dividends on Preferred Shares from Net Investment Income	(483,548)	(382,086)	(120,348)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	\$56,949,645	\$40,569,743	\$10,423,058

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

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

	Municipal Six Months ended October 31, 2009 (unaudited)	Year ended April 30, 2009
Investment Operations:		
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)
Dividends on Preferred Shares from Net Investment Income	(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)
Dividends to Common Shareholders from Net Investment Income	(12,158,968)	(24,225,508)
Capital Share Transactions:		
Reinvestment of dividends	905,255	1,409,202
Total increase (decrease) in net assets applicable to common shareholders	45,695,932	(87,760,788)
Net Assets Applicable to Common Shareholders:		
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

Common Shares Issued in Reinvestment of Dividends	75,519	110,169
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28 PIMCO Municipal Income Funds Semi-Annual Report 10.31.09 **See accompanying Notes to Financial Statements**

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

California Municipal		New York Municipal	
Six Months ended	Year ended	Six Months ended	Year ended
October 31, 2009 (unaudited)	April 30, 2009	October 31, 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)

Net cash provided by operating activities 15,173,868

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
Net cash used for financing activities	(15,239,744)
Net decrease in cash	(65,876)
Cash at beginning of period	65,876
Cash at end of period	\$

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

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)

Net cash provided by operating activities 2,359,183

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)

Net cash used for financing activities (2,411,364)

Net decrease in cash (52,181)

Cash at beginning of period	236,799
Cash at end of period	\$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 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 10/31/09
Investments in Securities – Assets				
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
Total Investments in Securities		\$496,540,012		\$496,540,012

California Municipal:

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 10/31/09
Investments in Securities Assets				
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
Total Investments in Securities		\$414,761,320		\$414,761,320

PIMCO Municipal Income Funds Notes to Financial Statements

October 31, 2009 (unaudited)

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

	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Value at 10/31/09
Investments in Securities Assets				
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
Total Investments in Securities		\$136,129,070		\$136,129,070

(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 Municipal	New York 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 Date	Principal & 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 Date	Principal & 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 ended October 31, 2009 (unaudited)	2009	2008	Year ended April 30, 2007	2006	
Net asset value, beginning of period	\$9.38	\$12.96	\$14.85	\$14.54	\$14.84	\$14.84
Investment Operations:						
Investment income	0.60	1.13	1.12	1.07	1.10	1.10
Realized and change in unrealized (loss) on investments, futures 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
Income from Preferred Shares from Investment Income	(0.02)	(0.20)	(0.29)	(0.28)	(0.21)	(0.21)
Increase (decrease) in net assets attributable to common shareholders resulting from investment operations	2.29	(2.60)	(0.91)	1.29	0.68	0.68
Income to Common Shareholders Net Investment Income	(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
Investment Return (1)	12.99%	(24.58)%	(2.47)%	17.77%	18.13%	18.13%
NOTES/SUPPLEMENTAL DATA:						
Assets applicable to common shareholders, end of period (000)	\$279,203	\$233,507	\$321,268	\$365,984	\$355,877	\$360,000
Ratio of expenses to average net assets, 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, excluding interest expense (2)(3)(5)	1.38%*	1.42%	1.20%	1.00%	0.98%	0.98%
Ratio of net investment income to 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 ended October 31, 2009 (unaudited)	2009	2008	Year ended April 30, 2007	2006	
Net asset value, beginning of period	\$10.61	\$13.62	\$14.84	\$14.48	\$14.60	\$13.62
Investment Operations:						
Investment income	0.61	1.08	1.07	1.10	1.05	1.05
Realized and change in unrealized (loss) on investments, futures contracts, options written and swaps	1.64	(2.96)	(1.09)	0.44	(0.05)	0.44
Income from investment operations	2.25	(1.88)	(0.02)	1.54	1.00	1.49
Income from Preferred Shares from Investment Income	(0.02)	(0.21)	(0.28)	(0.26)	(0.20)	(0.26)
Increase (decrease) in net assets attributable to common shareholders resulting from investment operations	2.23	(2.09)	(0.30)	1.28	0.80	1.23
Income to Common Shareholders Net Investment Income	(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	\$14.84
Net asset price, end of period	\$12.47	\$12.18	\$15.83	\$17.70	\$15.87	\$15.87
Investment Return (1)	6.45%	(16.72)%	(4.88)%	18.20%	18.93%	15.87%
FINANCIAL RATIOS/SUPPLEMENTAL DATA:						
Net assets applicable to common shareholders, end of period (000)	\$225,706	\$192,849	\$246,613	\$267,061	\$259,127	\$259,900
Ratio of expenses to average net assets, 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, excluding interest expense (2)(3)(5)	1.34%*	1.39%	1.15%	1.05%	0.99%	1.08%
Ratio of net investment income to 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 ended October 31, 2009 (unaudited)	2009	2008	Year ended April 30, 2007	2006	2005
Asset value, beginning of period	\$9.19	\$12.70	\$13.74	\$13.47	\$13.83	\$13.47
Investment Operations:						
Investment income	0.44	0.87	0.97	0.97	0.98	1.00
Realized and change in unrealized (loss) on investments, futures 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
Dividends on Preferred Shares from Investment Income	(0.02)	(0.20)	(0.30)	(0.28)	(0.22)	(0.10)
Increase (decrease) in net assets applicable to common shareholders resulting from investment operations	1.38	(2.83)	(0.36)	1.06	0.53	1.29
Dividends to Common Shareholders on Net Investment Income	(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
Total Investment Return (1)	9.78%	(18.80)%	(8.31)%	8.89%	11.45%	17.00%
FIOS/SUPPLEMENTAL DATA:						
Assets applicable to common shareholders, end of period (000)	\$77,528	\$69,482	\$95,691	\$103,035	\$100,367	\$102,111
Ratio of expenses to average net assets, 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, including interest expense (2)(3)(5)	1.83%*	1.62%	1.32%	1.23%	1.09%	1.10%
Ratio of net investment income to 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; and (iii) on the Securities and Exchange Commission's website at 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 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.

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 or by calling the Funds shareholder servicing agent at (800) 254-5197.

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

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 California 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