

PIMCO CORPORATE INCOME FUND  
Form N-CSR  
January 08, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-10555

PIMCO Corporate Income Fund  
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York  
(Address of principal executive offices)

10105  
(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, New York 10105  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3371

Date of fiscal year end: October 31, 2007

Date of reporting period: October 31, 2007

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. REPORT TO SHAREHOLDERS

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**PIMCO Corporate Income Fund Letter to Shareholders**

December 4, 2007

Dear Shareholder:

We are pleased to provide you with the annual report for the PIMCO Corporate Income Fund (the Fund) for the fiscal year ended October 31, 2007.

The U.S. bond market delivered modest returns during the period as economic growth continued despite weakness in the U.S. housing and mortgage markets. In response to lower liquidity, the Federal Reserve reduced the Federal Funds rate twice late in the period, reducing the key rate from 5.25% to 4.50% even as inflation levels continued to track higher than the central bank's stated comfort level.

For performance and specific information on the Fund, please refer to the following pages. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Fund's shareholder servicing agent at (800) 331-1710. In addition, a wide range of information and resources is available on our Web site, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

Together with Allianz Global Investors Fund Management LLC, the Fund's investment manager, and Pacific Investment Management Company LLC (PIMCO), the Fund's sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess

*Chairman*

Brian S. Shlissel

*President & Chief Executive Officer*

**PIMCO Corporate Income Fund Fund Insights/Performance & Statistics**

October 31, 2007 (unaudited)

- For the fiscal year ended October 31, 2007, the Fund returned 2.59% on net asset value ( NAV ) and (0.26)% on market price.
- The Fund used interest rates swaps to adjust duration and target specific areas of yield-curve exposure during the period. Credit default swaps were used either as a substitute for purchasing corporate bonds or as a means of hedging corporate bond exposure.
- The Lehman U.S. Credit and U.S. High Yield Indices generated total returns of 4.62% and 6.85%, respectively, for the 12-months ended October 31, 2007.
- An average duration of 6.34 years enhanced the Fund's total return, as U.S. interest rates fell overall during the period.
- A meaningful weighting in communications boosted returns, as the sector outperformed the broad market.
- Exposure to energy companies, based on PIMCO'S secular thesis of continued demand for commodities and increased global energy consumption, contributed positively to performance.
- An allocation to consumer non-cyclicals was beneficial to the Fund, as the sector posted better than market returns for the 12-months ended October 31, 2007.
- A small exposure to brokerage bonds and a minor allocation to finance companies hindered relative performance as these sectors significantly underperformed most sectors in the market.
- Emphasis on consumer cyclical firms negatively contributed to returns, as this sector underperformed for the period.
- Exposure to transportation securities, an underperforming sector within industrials, detracted from performance.
- Quality bias was mixed, given the Fund's concentration in BBB-rated securities, which underperformed the broad market. However, this underperformance was mitigated by BB-rated concentration, as this quality bucket outperformed the market and most higher-rated qualities.

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>Net Asset Value ( NAV )</b>
1 year	(0.26)%	2.59%
3 year	7.07%	5.69%
5 year	12.26%	13.33%
Commencement of Operations (12/21/01) to 10/31/07	9.34%	9.67%

<b>Common Share Market Price/NAV Performance:</b>	<b>Market Price/NAV:</b>	
Commencement of Operations (12/21/01) to 10/31/07	Market Price	\$14.25
NAV	NAV	\$13.76

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Market Price	Premium to NAV	3.56%
	Market Price Yield <sup>(2)</sup>	8.95%
	<b>Moody's Ratings</b>	
	<b>(as a % of total investments)</b>	

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of more than one year represents the average annual total return.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is typically a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to the total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised of net investment income) payable to common shareholders by the market price per common share at October 31, 2007.

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007

	Principal Amount (000)		Credit Rating (Moody /S&P)*	Value
<b>CORPORATE BONDS &amp; NOTES</b>	<b>78.5%</b>			
<b>Aerospace</b>	<b>0.2%</b>			
\$	1,500	L-3 Communications Corp., 7.625%, 6/15/12	Ba3/BB+	\$ 1,550,625
<b>Airlines</b>	<b>3.9%</b>			
	1,559	American Airlines, Inc., pass thru certificates, 6.978%, 4/1/11, Ser. 01-2	Baa2/A-	1,559,397
	1,000	7.858%, 4/1/13, Ser. 01-2	Baa2/A-	1,056,250
	10,000	Continental Airlines, Inc., pass thru certificates, 6.503%, 6/15/11, Ser. 01-1	Baa2/BBB+	10,072,226
	772	6.545%, 8/2/20, Ser. 99-1A	Baa2/A-	776,727
	3,035	7.056%, 9/15/09, Ser. 99-2	Baa2/A-	3,097,187
	2,320	9.798%, 4/1/21	Ba1/BB+	2,477,074
	338	Delta Air Lines, Inc., 6.619%, 9/18/12, Ser. 01-1	NR/BBB	339,636
	9,868	Northwest Airlines, Inc., pass thru certificates, 8.072%, 4/1/21, Ser. 00-1 (e)	Aaa/AAA	10,263,633
	1,700	United Air Lines, Inc., 7.336%, 7/2/19 (c)	Ba2/BB-	1,636,250
	378	10.36%, 11/13/12, Ser. 91C (b)(k)	NR/NR	16,547
				31,294,927
<b>Automotive</b>	<b>0.5%</b>			
	1,500	ArvinMeritor, Inc., 8.75%, 3/1/12	B2/B	1,500,000
	1,500	Ford Motor Co., 9.98%, 2/15/47	Caa1/CCC+	1,350,000
	1,001	Goodyear Tire & Rubber Co., 9.00%, 7/1/15	Ba3/B	1,099,849
				3,949,849
<b>Banking</b>	<b>9.3%</b>			
	2,400	Barclays Bank PLC, 7.434%, 12/15/17, FRN (c)(f)	Aa3/A+	2,548,646
	6,900	BNP Paribas, 5.186%, 6/29/15, FRN (c)(f)	Aa3/AA-	6,401,261
	5,000	Colonial Bank, 9.375%, 6/1/11	Baa1/BBB-	5,584,795
	2,700	Commonwealth Bank of Australia, 6.024%, 3/15/16, FRN (c)(f)	Aa3/A+	2,605,549
	2,800	Credit Agricole S.A., 6.637%, 5/31/17, FRN (c)(f)	Aa3/A	2,665,645
	6,450	HBOS Capital Funding L.P., 6.071%, 6/30/14, FRN (c)(f)	A1/A	6,203,017
	3,000	HSBC Capital Funding L.P., 4.61%, 6/27/13, FRN (c)(f)	A1/A	2,788,392
	900	4.61%, 12/29/49	NR/NR	836,518
	1,000	10.176%, 12/31/49, FRN (f)	A1/A	1,329,786
	6,450	HSBC Holdings PLC, 6.50%, 5/2/36	Aa3/A+	6,388,015
	2,100	6.50%, 9/15/37	Aa3/A+	2,087,425
	2,300	Rabobank Capital Funding II, 5.26%, 12/31/13, FRN (c)(f)	Aa2/AA	2,202,839
	4,600	Rabobank Capital Funding Trust, 5.254%, 10/21/16, FRN (c)(f)	Aa2/AA	4,326,985
	8,500	RBS Capital Trust III, 5.512%, 9/30/14, FRN (f)	Aa3/A	7,973,527
	5,910	Republic New York Corp., 9.70%, 2/1/09	A1/A+	6,214,714
	1,750	Riggs National Corp., 9.65%, 6/15/09	A2/A-	1,873,536
	1,000	Royal Bank of Scotland Group PLC, 7.648%, 9/30/31, FRN (f)	Aa3/A	1,070,552

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	5,700	USB Capital IX, 6.189%, 4/15/11, FRN (f)	A1/A+	5,751,175
	7,200	Wells Fargo Capital X, 5.95%, 12/15/36	Aa2/AA-	6,789,614
				75,641,991
<b>Computer Services</b>	<b>0.3%</b>			
	1,000	Electronic Data Systems Corp., 6.50%, 8/1/13, Ser. B	Ba1/BBB-	1,013,815
	1,500	7.125%, 10/15/09	Ba1/BBB-	1,547,064
				2,560,879

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
<b>Diversified Manufacturing 0.8%</b>				
\$	2,500	Bombardier, Inc., 8.00%, 11/15/14 (c)	Ba2/BB	\$ 2,612,500
	3,500	Hutchison Whampoa International Ltd. (c), 6.25%, 1/24/14	A3/A-	3,622,556
	500	6.50%, 2/13/13	A3/A-	523,795
				6,758,851
<b>Energy 3.3%</b>				
	3,500	AES Corp., 8.00%, 10/15/17 (b)(c)	B1/B	3,548,125
	1,200	CenterPoint Energy Resources Corp., 7.75%, 2/15/11	Baa3/BBB	1,276,612
	1,500	Dynegy Holdings, Inc., 7.75%, 6/1/19 (c)	B2/B-	1,415,625
	5,000	Energy Transfer Partners L.P., 6.125%, 2/15/17	Baa3/BBB-	4,943,815
	2,000	FirstEnergy Corp., 7.375%, 11/15/31, Ser. C	Baa3/BBB-	2,189,806
	5,400	Kinder Morgan Energy Partners L.P., 6.00%, 2/1/17	Baa2/BBB	5,416,486
	1,000	6.50%, 2/1/37	Baa2/BBB	992,751
	1,000	Peabody Energy Corp., 7.875%, 11/1/26	Ba1/BB	1,050,000
	2,719	Sithe Independence Funding Corp., 9.00%, 12/30/13, Ser. A	Ba2/B	2,882,058
	2,424	South Point Energy Center LLC, 8.40%, 5/30/12	NR/D	2,399,876
	737	(b)(c)(k) System Energy Resources, Inc., 5.129%, 1/15/14 (c)	Baa3/BBB+	737,325
				26,852,479
<b>Entertainment 0.4%</b>				
	3,000	Royal Caribbean Cruises Ltd., 7.25%, 3/15/18	Ba1/BBB-	2,946,714
<b>Financial Services 15.0%</b>				
	2,000	American General Finance Corp., 8.45%, 10/15/09	A1/A+	2,134,124
	2,000	Bear Stearns Cos., Inc., 6.95%, 8/10/12	A1/A+	2,083,484
	8,335	Beaver Valley II Funding, 9.00%, 6/1/17	Baa3/BBB-	9,396,121
	4,300	C10 Capital SPV Ltd., 6.722%, 12/31/16, FRN (f)	NR/BBB-	4,141,115
	3,549	Cedar Brakes II LLC, 9.875%, 9/1/13 (b)(c)	Baa2/BBB-	3,948,621
	2,000	Citigroup, Inc., 6.125%, 8/25/36	Aa2/AA-	1,957,424
	1,400	Coviden International Finance S.A., 6.55%, 10/15/37 (c)	Baa1/A-	1,430,976
	3,800	First Data Corp., 9.875%, 9/24/15 (b)(c)	B3/B-	3,643,250
	2,500	Ford Motor Credit Co., 8.00%, 12/15/16	B1/B	2,318,102
	1,000	Fresenius Medical Care Capital Trust, 7.875%, 6/15/11	B1/B+	1,050,000
	500	General Electric Capital Corp., 6.50%, 9/15/67, FRN (c)	Aa1/AA+	1,048,682
£	1,180	8.30%, 9/20/09	Aaa/AAA	1,256,733
\$	15,000	General Motors Acceptance Corp., 6.75%, 12/1/14	Ba1/BB+	13,309,380
	5,000	6.875%, 9/15/11	Ba1/BB+	4,611,845
	5,700	Goldman Sachs Group, Inc., 5.95%, 1/15/27	A1/A+	5,314,047
	4,000	6.45%, 5/1/36	A1/A+	3,920,828
	7,100	JPMorgan Chase Capital XVIII, 6.95%, 8/17/36, Ser. R	Aa3/A	7,026,621
	4,100	JPMorgan Chase Capital XX, 6.55%, 9/15/66, Ser. T	Aa3/A	3,856,185
	5,000	Lehman Brothers Holdings, Inc., 5.50%, 4/4/16	A1/A+	4,829,855

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3,700	6.50%, 7/19/17	A2/A	3,732,993
3,900	MBNA Capital, 6.156%, 2/1/27, Ser. B, FRN Merrill Lynch & Co., Inc.,	Aa2/A+	3,692,442
4,300	5.70%, 5/2/17	A2/A	4,117,732
10,000	6.05%, 8/15/12	A1/A+	10,158,470
7,900	Morgan Stanley, 5.75%, 8/31/12	Aa3/AA-	8,052,209
2,000	Preferred Term Securities XIII, 6.244%, 3/24/34, FRN (b)(c)(e)	Aaa/AAA	2,030,708

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>Financial Services (continued)</b>				
\$	4,200	Santander Perpetual SA Unipersonal, 6.671%, 10/24/17, FRN (c)(f)	Aa2/A+	\$ 4,189,832
	5,700	UBS Preferred Funding Trust V, 6.243%, 5/15/16, Ser. 1, FRN (f)	Aa2/A+	5,643,804
	1,500	Universal City Development Partners Ltd., 11.75%, 4/1/10	B1/B-	1,578,750
	1,000	Universal City Florida Holding Co., 8.375%, 5/1/10	B3/B-	1,025,000
				121,499,333
<b>Food &amp; Beverage 2.6%</b>				
	1,500	Albertson's, Inc., 7.75%, 6/15/26	B1/B	1,538,856
	9,000	8.00%, 5/1/31	B1/B	9,428,310
	2,771	Delhaize America, Inc., 9.00%, 4/15/31	Baa3/BB+	3,367,862
	3,800	General Mills, Inc., 5.65%, 9/10/12	Baa1/BBB+	3,863,088
	3,000	Ingles Markets, Inc., 8.875%, 12/1/11	B3/B	3,082,500
				21,280,616
<b>Healthcare &amp; Hospitals 2.0%</b>				
	2,000	Community Health Systems, Inc., 8.875%, 7/15/15 (c)	B3/B-	2,035,000
	550	HCA, Inc., 8.36%, 4/15/24	Caa1/B-	486,292
	1,000	8.70%, 2/10/10	Caa1/B-	1,016,071
	5,470	9.00%, 12/15/14	Caa1/B-	5,382,524
	3,500	9.25%, 11/15/16	B2/BB-	3,692,500
	2,500	Tenet Healthcare Corp., 7.375%, 2/1/13	Caa1/CCC+	2,137,500
	1,625	9.25%, 2/1/15	Caa1/CCC+	1,438,125
				16,188,012
<b>Hotels/Gaming 3.0%</b>				
	3,000	Caesars Entertainment, Inc., 7.00%, 4/15/13	Baa3/BB	3,138,549
	969	Choctaw Resort Development Enterprise, Inc., 7.25%, 11/15/19 (c)	Ba2/BB	949,620
	5,000	ITT Corp., 7.375%, 11/15/15	Baa3/BBB-	5,208,675
	500	Mandalay Resort Group, 9.375%, 2/15/10	B1/B+	527,500
	2,000	MGM Mirage, Inc., 7.50%, 6/1/16	Ba2/BB	1,997,500
	5,000	8.375%, 2/1/11	B1/B+	5,250,000
	2,490	Times Square Hotel Trust, 8.528%, 8/1/26 (b)(c)	Baa3/BBB-	2,903,653
	4,500	Wynn Las Vegas LLC, 6.625%, 12/1/14	Ba2/BBB-	4,443,750
				24,419,247
<b>Insurance 0.3%</b>				
	2,300	Dai-ichi Mutual Life Insurance Co., 5.73%, 3/17/14 (c)	NR/A-	2,301,760
<b>Metals &amp; Mining 1.5%</b>				
	3,000	Falconbridge Ltd., 7.25%, 7/15/12	Baa2/BBB+	3,271,569
	40	Novelis, Inc., 7.25%, 2/15/15	B3/B	38,600
	4,700	Phelps Dodge Corp., 9.50%, 6/1/31	Ba1/BB+	6,170,973
	1,900	Vale Overseas Ltd., 6.25%, 1/11/16	Baa3/BBB	1,945,929
	1,100	6.875%, 11/21/36	Baa3/BBB	1,148,997



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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>Multi-Media</b>	<b>5.1%</b>			
\$	3,000	Charter Communications Operating LLC, 8.375%, 4/30/14 (c)	B2/B+	\$ 3,015,000
	5,000	Comcast Cable Communications Holdings, Inc., 8.375%, 3/15/13	Baa2/BBB+	5,648,220
	2,250	Comcast Corp., 10.625%, 7/15/12	Baa3/BBB	2,675,563
	1,500	COX Communications, Inc., 6.45%, 12/1/36 (c)	Baa3/BBB-	1,491,132
	1,000	CSC Holdings, Inc., 7.625%, 4/1/11, Ser. B	B2/B+	1,002,500
	1,700	7.875%, 2/15/18	B2/B+	1,661,750
	6,625	8.125%, 8/15/09, Ser. B	B2/B+	6,774,063
	500	Historic TW, Inc., 6.625%, 5/15/29	Baa2/BBB+	502,385
	5,000	9.125%, 1/15/13	Baa2/BBB+	5,754,100
	1,610	News America Holdings, Inc., 6.75%, 1/9/38	Baa2/BBB+	1,703,718
		Rogers Cable, Inc., 7.25%, 12/15/11	Baa3/BBB-	1,959,344
CAD	1,750	8.75%, 5/1/32	Baa3/BBB-	3,679,215
\$	3,000	Time Warner Cable, Inc., 5.85%, 5/1/17	Baa2/BBB+	228,447
	2,130	6.55%, 5/1/37	Baa2/BBB+	2,154,254
	3,250	Univision Communications, Inc., 7.85%, 7/15/11	Ba3/B+	3,290,625
				41,540,316
<b>Oil &amp; Gas</b>	<b>9.6%</b>			
	2,000	Canadian Natural Resources Ltd., 6.50%, 2/15/37	Baa2/BBB	2,054,816
	2,400	Chesapeake Energy Corp., 7.75%, 1/15/15	Ba2/BB	2,472,000
	1,800	Devon Energy Corp., 7.95%, 4/15/32	Baa1/BBB	2,208,199
		Dynergy-Roseton Danskammer, Inc., pass thru certificates, 7.27%, 11/8/10, Ser. A	Ba3/B	1,760,937
	1,750	7.67%, 11/8/16, Ser. B	Ba3/B	2,005,000
	2,000	El Paso Corp., 8.05%, 10/15/30	Ba3/BB-	2,447,608
	2,375	10.75%, 10/1/10	Ba3/BB-	2,211,672
	900	EnCana Corp., 6.50%, 8/15/34	Baa2/A-	944,284
	800	Gaz Capital S.A., 6.212%, 11/22/16 (c)	A3/BBB	790,800
	4,900	8.625%, 4/28/34	A3/BBB	6,239,562
	9,200	Gazprom AG, 9.625%, 3/1/13	A3/BBB	10,656,581
	1,200	Northwest Pipeline Corp., 5.95%, 4/15/17	Ba1/BB+	1,200,000
	769	Perforadora Central S.A. de CV, 4.92%, 12/15/18	NR/NR	780,393
	750	Range Resources Corp., 7.50%, 5/15/16	Ba3/B+	768,750
	1,700	Ras Laffan Liquefied Natural Gas Co., Ltd. II, 5.298%, 9/30/20 (b)	Aa2/A	1,653,250
	2,350	Salomon Brothers AG for OAO Siberian Oil Co., 10.75%, 1/15/09	Ba1/BB+	2,484,890
	3,000	Sonat, Inc., 7.625%, 7/15/11	Ba3/BB-	3,107,805
	2,100	Southern Natural Gas Co., 5.90%, 4/1/17 (c)	Baa3/BB	2,067,570
	1,100	Tennessee Gas Pipeline Co., 7.50%, 4/1/17	Baa3/BB	1,196,471
	400	Tesoro Corp., 6.50%, 6/1/17 (c)	Ba1/BB+	397,000

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250	Transcontinental Gas Pipe Line Corp., 8.875%, 7/15/12, Ser. B	Ba1/BB+	281,875
2,000	USX Corp., 9.375%, 2/15/12	Baa1/BBB+	2,299,356
7,200	Valero Energy Corp., 6.625%, 6/15/37	Baa3/BBB	7,437,607
5,000	Weatherford International, Inc., 6.625%, 11/15/11, Ser. B	Baa1/BBB+	5,214,380

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>Oil &amp; Gas (continued)</b>				
\$	7,000	Williams Cos., Inc., 7.50%, 1/15/31, Ser. A	Ba2/BB	\$ 7,420,000
	5,000	7.875%, 9/1/21	Ba2/BB	5,525,000
	2,300	XTO Energy, Inc., 6.10%, 4/1/36	Baa2/BBB	2,286,014
				77,911,820
<b>Paper/Paper Products 3.0%</b>				
	5,000	Abitibi-Consolidated, Inc., 8.375%, 4/1/15	B3/B	3,900,000
	1,000	Bowater, Inc., 9.00%, 8/1/09	B3/B	985,000
	3,000	9.50%, 10/15/12	B3/B	2,655,000
	4,250	Georgia-Pacific Corp., 7.00%, 1/15/15 (c)	Ba3/B	4,186,250
	1,000	7.125%, 1/15/17 (c)	Ba3/B	980,000
	10,500	8.00%, 1/15/24	B2/B	10,395,000
	500	8.125%, 5/15/11	B2/B	512,500
	850	Norske Skogindustrier ASA, 6.125%, 10/15/15 (c)	Ba1/BB+	775,402
				24,389,152
<b>Printing &amp; Publishing 0.1%</b>				
	1,000	RH Donnelley Corp., 8.875%, 1/15/16, Ser. A-3	B3/B	1,005,000
<b>Pharmaceuticals 0.3%</b>				
	1,000	Hospira, Inc., 6.05%, 3/30/17	Baa3/BBB	1,000,284
	1,000	Wyeth, 6.50%, 2/1/34	A3/A+	1,059,373
				2,059,657
<b>Retail 0.8%</b>				
	200	JC Penney Corp., Inc., 6.375%, 10/15/36	Baa3/BBB-	191,360
	5,897	Yum! Brands, Inc., 8.875%, 4/15/11	Baa2/BBB-	6,532,479
				6,723,839
<b>Semi-Conductors 0.1%</b>				
	1,000	Freescale Semiconductor, Inc., 8.875%, 12/15/14	B1/B	951,250
<b>Telecommunications 8.2%</b>				
	792	AT&T Corp., 7.30%, 11/15/11	A2/A	855,391
	5,000	8.00%, 11/15/31	A2/A	6,224,345
	5,000	Bellsouth Capital Funding, 7.875%, 2/15/30	A2/A	5,899,725
	1,000	Cincinnati Bell, Inc., 8.375%, 1/15/14	B2/B-	1,007,500
	1,000	Citizens Communications Co., 7.875%, 1/15/27	Ba2/BB+	987,500
	8,000	9.25%, 5/15/11	Ba2/BB+	8,780,000
	3,000	Deutsche Telekom International Finance BV, 8.25%, 6/15/30	A3/A-	3,749,484
	5,000	Embarq Corp., 7.082%, 6/1/16	Baa3/BBB-	5,234,055
	5,000	7.995%, 6/1/36	Baa3/BBB-	5,380,645
	3,000	France Telecom S.A., 8.50%, 3/1/31	A3/A-	3,942,513
	800	Intelsat Subsidiary Holding Co., Ltd., 8.625%, 1/15/15	B2/B	816,000
	2,000	Nextel Communications, Inc., 7.375%, 8/1/15, Ser. D	Baa3/BBB	2,021,630
	1,000	Qwest Capital Funding, Inc., 7.25%, 2/15/11	B1/B+	1,010,000

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2,000	Qwest Communications International, Inc., 7.50%, 2/15/14	Ba3/B+	2,035,000
	Qwest Corp.,		
8,860	7.20%, 11/10/26	Ba1/BBB-	8,594,200
2,300	8.944%, 6/15/13, FRN	Ba1/BBB-	2,463,875

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>Telecommunications (continued)</b>				
\$	5,469	Verizon Global Funding Corp., 7.25%, 12/1/10	A3/A	\$ 5,838,557
	1,500	Verizon New York, Inc., 7.375%, 4/1/32, Ser. B	Baa3/A	1,614,474
				66,454,894
<b>Tobacco 0.5%</b>	4,000	RJ Reynolds Tobacco Holdings, Inc., 7.75%, 6/1/18	Ba1/BBB	4,359,820
<b>Utilities 5.8%</b>				
	1,000	CMS Energy Corp., 6.193%, 1/15/13, FRN	Ba1/BB+	980,000
	3,128	East Coast Power LLC, 7.066%, 3/31/12, Ser. B	Baa3/BBB-	3,195,742
	1,050	Edison Mission Energy (c), 7.20%, 5/15/19	B1/BB-	1,031,625
	800	7.625%, 5/15/27	B1/BB-	766,000
	400	Entergy Gulf States, Inc., 5.25%, 8/1/15	Baa3/BBB+	380,190
	3,100	6.474%, 12/8/08, FRN (c)	Baa3/BBB+	3,110,999
	2,000	Florida Gas Transmission Co., 7.00%, 7/17/12 (b)(c)	Baa2/BBB+	2,119,580
	3,560	FPL Energy Wind Funding LLC, 6.876%, 6/27/17 (c)	Ba2/BB	3,613,400
	4,250	Homer City Funding LLC, 8.137%, 10/1/19	Ba2/BB	4,579,375
	2,150	IPALCO Enterprises, Inc., 8.375%, 11/14/08	Ba1/BB-	2,198,375
	3,339	Midwest Generation LLC, pass thru certificates, 8.56%, 1/2/16, Ser. B	Baa3/BB+	3,589,641
	2,000	Northern States Power Co., 8.00%, 8/28/12, Ser. B	A2/A	2,236,930
	6,000	PSE&G Energy Holdings LLC, 8.50%, 6/15/11	Ba3/BB-	6,280,746
	8,000	PSE&G Power LLC, 8.625%, 4/15/31	Baa1/BBB	9,937,432
	2,600	Sierra Pacific Power Co., 6.75%, 7/1/37, Ser. P	Baa3/BB+	2,730,091
				46,750,126
<b>Waste Disposal 1.9%</b>	4,400	Allied Waste North America, Inc., 7.25%, 3/15/15	B1/BB+	4,455,000
	5,000	Waste Management, Inc., 7.10%, 8/1/26	Baa3/BBB	5,303,140
	5,000	7.375%, 8/1/10	Baa3/BBB	5,295,330
				15,053,470
Total Corporate Bonds & Notes (cost-\$637,117,453)				637,020,695
<b>SOVEREIGN DEBT OBLIGATIONS 5.3%</b>				
<b>Brazil 2.5%</b>				
	13,900	Federal Republic of Brazil, 8.25%, 1/20/34	Ba1/BB+	18,049,150
	1,250	10.125%, 5/15/27	Ba1/BB+	1,850,625
				19,899,775
<b>Guatemala 0.2%</b>	1,500	Republic of Guatemala, 9.25%, 8/1/13 (c)	Ba2/BB	1,725,000
<b>Panama 1.1%</b>				
	3,000	Republic of Panama, 9.375%, 7/23/12	Ba1/BB	3,472,500
	4,470	9.625%, 2/8/11	Ba1/BB	5,051,100
				8,523,600

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**Russia 1.1%**

7,289	Russian Federation,	Baa2/BBB+	8,221,635
722	7.50%, 3/31/30	Baa2/BBB+	753,745
	8.25%, 3/31/10		8,975,380

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>South Africa 0.3%</b>				
\$	2,600	Republic of South Africa, 5.875%, 5/30/22	Baa1/BBB+	\$ 2,585,881
	120	7.375%, 4/25/12	Baa1/BBB+	131,100
				2,716,981
<b>Ukraine 0.1%</b>				
	1,000	Republic of Ukraine, 7.65%, 6/11/13	B1/BB-	1,077,000
Total Sovereign Debt Obligations (cost-\$40,929,590)				42,917,736
<b>U.S. GOVERNMENT AGENCY SECURITIES 3.7%</b>				
		Fannie Mae,		
	1,500	5.50%, 8/1/37, MBS	Aaa/AAA	1,478,535
	2,400	5.50%, TBA, MBS (d)	Aaa/AAA	2,365,126
	460	6.941%, 11/1/35, FRN, MBS	Aaa/AAA	472,140
	225	7.00%, 2/1/29, MBS	Aaa/AAA	236,216
	97	7.00%, 2/19/30, CMO, VRN	Aaa/AAA	99,984
	68	7.00%, 1/1/32, MBS	Aaa/AAA	70,847
	1,392	7.00%, 6/1/32, MBS	Aaa/AAA	1,442,345
	95	7.00%, 10/1/32, MBS	Aaa/AAA	98,257
	120	7.00%, 11/1/32, MBS	Aaa/AAA	124,708
	300	7.00%, 12/1/32, MBS	Aaa/AAA	310,818
	89	7.00%, 1/1/33, MBS	Aaa/AAA	92,152
	135	7.00%, 2/1/33, MBS	Aaa/AAA	140,038
	395	7.00%, 3/1/33, MBS	Aaa/AAA	409,493
	1,080	7.00%, 5/1/33, MBS	Aaa/AAA	1,118,740
	54	7.00%, 6/1/33, MBS	Aaa/AAA	55,453
	129	7.00%, 7/1/33, MBS	Aaa/AAA	134,404
	333	7.00%, 1/1/34, MBS	Aaa/AAA	347,458
	477	7.00%, 3/1/34, MBS	Aaa/AAA	497,347
	267	7.00%, 9/1/34, MBS	Aaa/AAA	276,256
	1,561	7.00%, 4/1/35, MBS	Aaa/AAA	1,619,730
	732	7.00%, 6/1/35, MBS	Aaa/AAA	760,672
	1,926	7.00%, 10/1/35, MBS	Aaa/AAA	2,000,701
	1,923	7.00%, 2/1/36, MBS	Aaa/AAA	1,997,652
	59	7.00%, 9/25/41, CMO, VRN	Aaa/AAA	60,534
	1,097	7.00%, 12/25/41, CMO	Aaa/AAA	1,137,325
	29	7.50%, 12/25/19, CMO	Aaa/AAA	30,967
	247	7.50%, 5/1/22, MBS	Aaa/AAA	261,435
	13	7.50%, 6/25/30, CMO	Aaa/AAA	13,674
	234	7.50%, 12/1/33, MBS	Aaa/AAA	246,888
	57	7.50%, 11/25/40, CMO	Aaa/AAA	59,301
	116	7.50%, 5/25/42, CMO	Aaa/AAA	122,532
	5,326	7.50%, 12/25/45, CMO	Aaa/AAA	5,670,210
	26	8.00%, 7/18/27, CMO	Aaa/AAA	28,051
	5,385	8.00%, 12/25/45, CMO	Aaa/AAA	5,797,358
		Freddie Mac,		
	72	7.50%, 11/1/19, MBS	Aaa/AAA	75,086
	24	8.00%, 9/15/26, CMO	Aaa/AAA	24,197
	6	9.50%, 5/15/21, CMO	Aaa/AAA	6,135
Total U.S. Government Agency Securities (cost-\$29,249,449)				29,682,765



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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>MUNICIPAL BONDS (c)(j) 2.7%</b>				
<b>New Jersey 2.7%</b>				
\$	8,480	Tobacco Settlement Financing Corp. Rev., 5.75%, 6/1/32	Aaa/AAA	\$ 7,441,852
	5,090	6.125%, 6/1/24	Aaa/AAA	5,390,768
	8,480	6.375%, 6/1/32	Aaa/AAA	9,542,035
Total Municipal Bonds (cost-\$19,902,277)				22,374,655
<b>MORTGAGE-BACKED SECURITIES 1.8%</b>				
	3,500	Chase Commercial Mortgage Securities Corp., 6.887%, 10/15/32, CMO (c)	NR/BB+	3,619,707
	2,856	GSMPS Mortgage Loan Trust, CMO (c), 7.50%, 6/19/27, VRN	NR/NR	2,974,380
	74	7.50%, 6/19/32, VRN	NR/NR	77,130
	2,952	7.50%, 6/25/43	NR/NR	3,002,496
	2,805	Merrill Lynch Mortgage Investors, Inc., CMO, VRN, 6.904%, 12/15/30	A3/AA	2,939,151
	2,000	7.082%, 2/15/30	A1/BBB+	2,054,095
	66	Washington Mutual, Inc., 7.50%, 4/25/33, CMO	NR/AAA	69,260
Total Mortgage-Backed Securities (cost-\$14,748,907)				14,736,219
<b>SENIOR LOANS (a)(i) 1.3%</b>				
<b>Containers &amp; Packaging 0.1%</b>				
	131	Smurfit-Stone Container, 4.606%, 11/1/10		129,951
	66	7.188%, 11/1/11, Term C		65,145
	87	7.188%, 11/1/11, Term B		85,998
	108	7.625%, 11/1/11, Term B		107,451
	215	7.625%, 11/1/11, Term C		213,035
				601,580
<b>Energy 0.4%</b>				
	714	AES Corp., Term B (b), 7.00%, 4/30/08		710,938
	714	7.00%, 8/10/11		710,938
	1,644	Kinder Morgan Energy Partners L.P., 6.26%, 5/30/14, Term B		1,606,554
				3,028,430
<b>Entertainment 0.1%</b>				
	500	Shackleton Crean Event Management, 12.875%, 8/1/08 (b)		497,500
<b>Financial Services 0.3%</b>				
	2,500	Chrysler Financial Corp., 9.36%, 8/3/12		2,499,760
<b>Healthcare &amp; Hospitals 0.3%</b>				
	2,978	HCA, Inc., 7.448%, 11/8/13, Term B		2,914,008
<b>Hotels/Gaming 0.1%</b>				
	798	Las Vegas Sands Corp., 6.95%, 5/15/14 (b)		776,016
Total Senior Loans (cost-\$10,330,319)				10,317,294

**PREFERRED STOCK 0.4%**

Shares

<b>Financial Services</b>	<b>0.4%</b>			
	3,400	Fresenius Medical Care Capital Trust II, 7.875%, 2/1/08 (cost-\$3,674,550)	B1/B+	3,417,000

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>ASSET-BACKED SECURITIES 0.1%</b>				
\$	471	SLM Student Loan Trust, 5.084%, 10/25/16, FRN	Aaa/AAA	\$ 469,055
Total Asset-Backed Securities (cost-\$470,840)				
<b>SHORT-TERM INVESTMENTS 6.1%</b>				
<b>U.S. Treasury Bills (g) 2.1%</b>				
	17,265	3.81%-4.15%, 11/29/07-12/13/07 (cost-\$17,190,458)	NR/NR	17,190,458
<b>Corporate Notes 2.1%</b>				
<b>Airlines 0.4%</b>				
	2,495	United Air Lines, Inc., 6.201%, 9/1/08, Ser. 01-1, pass thru certificates	Ba2/BBB	2,504,598
<b>Chemicals 0.0%</b>				
	25	Equistar Chemicals L.P., 10.125%, 9/1/08	B1/BB-	25,937
<b>Diversified Manufacturing 0.1%</b>				
	1,030	Raychem Corp., 7.20%, 10/15/08	NR/NR	1,031,974
<b>Energy 0.5%</b>				
	4,000	CenterPoint Energy Resources Corp., 6.50%, 2/1/08	Baa3/BBB	4,001,356
<b>Financial Services 0.5%</b>				
	1,300	Mizuho JGB Investment LLC, 9.87%, 6/30/08, FRN (c)(f)	A1/A-	1,337,673
	300	Mizuho Preferred Capital Co. LLC, 8.79%, 6/30/08, FRN (c)(f)	A1/A-	306,647
	1,000	Natexis Ambs Co. LLC, 8.44%, 6/30/08, FRN (b)(c)(f)	A1/A+	1,021,433
	500	Redwood Capital IX Ltd., 11.493%, 1/9/08, Ser. A, FRN (b)(c)(e)	Ba2/NR	501,675
	1,100	SB Treasury Co. LLC, 9.40%, 6/30/08, FRN (b)(f)	A1/A-	1,131,090
				4,298,518
<b>Multi-Media 0.1%</b>				
	925	Comcast MO of Delaware, Inc., 9.00%, 9/1/08	Baa2/BBB+	951,533
<b>Utilities 0.5%</b>				
	500	Consumers Energy Co., 6.375%, 2/1/08 (c)(e)	Baa1/BBB	500,000
	303	East Coast Power LLC, 6.737%, 3/31/08, Ser. B	Baa3/BBB-	303,351
	3,500	Tucson Electric Power, 7.50%, 8/1/08, Ser. B	Baa2/BBB	3,545,766
				4,349,117
Total Corporate Notes (cost-\$17,031,553)				
				17,107,218
<b>Commercial Paper 0.9%</b>				
<b>Banking 0.9%</b>				
	7,200	Rabobank USA Financial Co., 4.81%, 11/1/07 (cost-\$7,200,000)	P-1/A-1+	7,200,000

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<b>Asset-Backed Securities</b>	<b>0.0%</b>			
	246	GS Auto Loan Trust, 5.344%, 7/15/08 (cost-\$245,720)	NR/A-1+	245,936
<b>Repurchase Agreements</b>	<b>1.0%</b>			
	6,000	Lehman Brothers, dated 10/31/07, 4.45%, due 11/1/07, proceeds \$6,000,742; collateralized by U.S. Treasury Note, 2.375%, due 4/15/11, valued at \$6,110,780 including accrued interest		6,000,000
	2,024	State Street Bank & Trust Co., dated 10/31/07, 4.40%, due 11/1/07, proceeds \$2,024,247; collateralized by Federal Home Loan Bank, 4.51%, due 11/16/07, valued at \$2,065,860 including accrued interest		2,024,000
Total Repurchase Agreements (cost-\$8,024,000)				8,024,000
Total Short-Term Investments (cost-\$49,691,731)				49,823,427

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

Contracts/ Notional Amount		Value
<b>OPTIONS PURCHASED (h) 0.5%</b>		
<b>Call Options 0.5%</b>		
163,700,000	2-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.00%, expires 8/28/09	\$ 1,697,798
104,100,000	2-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 4.75%, expires 9/8/09	877,074
65,300,000	7-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.00%, expires 8/28/09	677,252
58,700,000	9-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 4.66%, expires 2/21/08	248,495
2,300,000	Euro versus U.S. Dollar (OTC), strike price \$1.36, expires 5/21/08	227,483
2,500,000	strike price \$1.37, expires 6/03/10	252,993
1,000,000	strike price \$1.38, expires 5/21/10	99,563
1,000,000	strike price \$1.38, expires 5/21/10	99,573
1,002	U.S. Treasury Notes 10 yr. Futures (CBOT), strike price \$130, expires 11/20/07	15,656
		4,195,887
<b>Put Options 0.0%</b>		
58,700,000	9-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.84%, expires 2/21/08	58,600
2,300,000	Euro versus U.S. Dollar (OTC), strike price \$1.36, expires 5/21/08	13,619
2,500,000	strike price \$1.37, expires 6/03/10	67,303
1,000,000	strike price \$1.38, expires 5/21/10	27,960
1,000,000	strike price \$1.38, expires 5/21/10	27,960
3	Financial Future Euro 90 day (CME), strike price \$91.25, expires 12/17/07	
722	strike price \$91.75, expires 12/17/07	2
1,406	strike price \$91.75, expires 3/17/08	4
90	strike price \$92, expires 3/17/08	
329	strike price \$92.25, expires 12/17/07	1
520	strike price \$92.50, expires 6/16/08	1
383	strike price \$92.75, expires 3/17/08	1
		195,451
Total Options Purchased (cost-\$4,636,025)		4,391,338
<b>Total Investments before options written (cost-\$810,751,141) 100.4%</b>		<b>815,150,184</b>
<b>OPTIONS WRITTEN (h) (0.4)%</b>		
<b>Call Options (0.4)%</b>		

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18,500,000	2-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.32%, expires 8/28/09	(542,773)
34,700,000	2-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.15%, expires 9/08/09	(865,619)

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2007 (continued)

Contracts/ Notional Amount		Value
<b>Call Options (continued)</b>		
56,900,000	7-Year Interest Rate Swap (OTC), Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.32%, expires 8/28/09	\$ (1,669,395)
22,000,000	Dow Jones CDX N.A. HVOL9 Index (OTC), strike price \$1, expires 11/20/07	(8,800)
700	U.S. Treasury Notes 10 yr. Futures (CBOT), strike price \$111, expires 2/22/08	(514,063)
		(3,600,650)
<b>Put Options (0.0)%</b>		
22,000,000	Dow Jones CDX N.A. HVOL9 Index (OTC), strike price \$1.70, expires 11/20/07	(105,600)
Total Options Written (premiums received-\$3,489,263)		(3,706,250)
<b>Total Investments net of options written</b> (cost-\$807,261,878) <b>100.0%</b>		<b>\$ 811,443,934</b>

**Notes to Schedule of Investments:**

- \* Unaudited
- (a) Private Placement. Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$10,317,294, representing 1.27% of total investments.
- (b) Illiquid security.
- (c) 144A Security - Security 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 security. To be settled/delivered after October 31, 2007.
- (e) Fair-valued security. Securities with an aggregate value of \$13,296,016, representing 1.64% of total investments, have been fair valued.
- (f) Perpetual maturity security. Maturity date shown is the first call date. Interest rate is fixed until the first call date and variable thereafter.
- (g) All or partial amount segregated as collateral for futures contracts, options written and/or swap securities.
- (h) Non-income producing.
- (i) These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the Fund is ordinarily contractually obligated to receive approval from the Agent bank and/or borrower prior to disposition. Remaining maturities of senior loans may be less than the stated maturities shown as a result of contractual or optional payments by the borrower. Such prepayments cannot be predicted with certainty.
- (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.
- (k) Security in default.

**Glossary:**

£	-	British Pound
CAD	-	Canadian Dollar
CBOT	-	Chicago Board of Trade
CME	-	Chicago Mercantile Exchange

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CMO	-	Collateralized Mortgage Obligation
FRN	-	Floating Rate Note. The interest rate disclosed reflects the rate in effect on October 31, 2007.
LIBOR	-	London Inter-Bank Offered Rate
MBS	-	Mortgage-Backed Security
NR	-	Not Rated
OTC	-	Over the Counter
TBA	-	To Be Announced
VRN	-	Variable Rate Note. 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, 2007.

**See accompanying Notes to Financial Statements.** | 10.31.07 | PIMCO Corporate Income Fund Annual Report **13**

**PIMCO Corporate Income Fund Statement of Assets and Liabilities**

October 31, 2007

**Assets:**

Investments, at value (cost-\$810,751,141)	\$815,150,184
Cash (including foreign currency of \$221,321 with a cost of \$216,739)	222,086
Unrealized appreciation on swaps	53,632,295
Receivable for swaps purchased	14,700,779
Interest receivable	14,321,812
Unrealized appreciation of forward foreign currency contracts	622,552
Receivable for swaps terminated	285,854
Receivable for investments sold	111,796
Prepaid expenses and other assets	110,874
Unrealized appreciation on unfunded loan commitments	1,040
<b>Total Assets</b>	<b>899,159,272</b>

**Liabilities:**

Unrealized depreciation on swaps	65,964,113
Payable for floating rate notes issued	10,141,000
Premium for swaps sold	8,255,454
Dividends payable to common and preferred shareholders	4,036,768
Options written, at value (premiums received - \$3,489,263)	3,706,250
Payable for investments purchased	2,365,365
Accrued expenses and other liabilities	438,604
Payable for variation margin on futures contracts	495,266
Unrealized depreciation of forward foreign currency contracts	423,405
Investment management fees payable	410,746
Interest payable	208,268
<b>Total Liabilities</b>	<b>96,445,239</b>

**Preferred shares (\$25,000 net asset and liquidation value per share applicable to an aggregate of 12,000 shares issued and outstanding)**

300,000,000

**Net Assets Applicable to Common Shareholders**

\$502,714,033

**Composition of Net Assets Applicable to Common Shareholders:**

## Common Stock:

Par value (\$0.00001 per share, applicable to 36,544,309 shares issued and outstanding)	\$365
Paid-in-capital in excess of par	519,075,401
Dividends in excess of net investment income	(6,376,628)
Accumulated net realized loss	(1,550,561)
Net unrealized depreciation of investments, futures contracts, options written, swaps, unfunded loan commitments and foreign currency transactions	(8,434,544)
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$502,714,033</b>
<b>Net Asset Value Per Common Share</b>	<b>\$13.76</b>

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<b>PIMCO Corporate Income Fund Statement of Operations</b>		
For the year ended October 31, 2007		
<b>Investment Income:</b>		
Interest		\$53,079,295
Facility and other fee income		696,832
Dividends		267,750
Total Investment Income		54,043,877
<b>Expenses:</b>		
Investment management fees		6,142,918
Auction agent fees and commissions		774,968
Interest expense		464,041
Custodian and accounting agent fees		240,947
Shareholders communications		135,476
Audit and tax services		98,164
Trustees' fees and expenses		60,222
Transfer agent fees		40,237
New York Stock Exchange listing fees		29,704
Legal fees		21,157
Insurance expense		12,447
Miscellaneous		40,103
Total expenses		8,060,384
Less: investment management fees waived		(1,298,495)
custody credits earned on cash balances		(10,972)
Net expenses		6,750,917
<b>Net Investment Income</b>		<b>47,292,960</b>
<b>Realized and Change in Unrealized Gain (Loss):</b>		
Net realized gain (loss) on:		
Investments		10,859,221
Futures contracts		(16,390,054)
Options written		2,405,058
Swaps		14,100,107
Foreign currency transactions		(1,082,376)
Net change in unrealized appreciation/depreciation of:		
Investments		(15,518,240)
Futures contracts		(2,876,482)
Options written		(1,880,998)
Swaps		(8,788,971)
Unfunded loan commitments		1,040
Foreign currency transactions		614,715
Net realized and change in unrealized loss on investments, futures contracts, options written, swaps, unfunded loan commitments and foreign currency transactions		(18,556,980)
<b>Net Increase in Net Assets Resulting from Investment Operations</b>		<b>28,735,980</b>
<b>Dividends on Preferred Shares from Net Investment Income</b>		<b>(15,622,315)</b>
<b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b>		<b>\$13,113,665</b>



## PIMCO Corporate Income Fund

Statement of Changes in Net Assets  
Applicable to Common Shareholders

	Year ended October 31, 2007	Year ended October 31, 2006
<b>Investment Operations:</b>		
Net investment income	\$ 47,292,960	\$ 51,303,169
Net realized gain on investments, futures contracts, options written, swaps and foreign currency transactions	9,891,956	10,333,072
Net change in unrealized appreciation/depreciation of investments, futures contracts, options written, swaps, unfunded loan commitments and foreign currency transactions	(28,448,936)	5,461,611
Net increase in net assets resulting from investment operations	28,735,980	67,097,852
<b>Dividends on Preferred Shares from Net Investment Income:</b>		
Net increase in net assets applicable to common shareholders resulting from investment operations	(15,622,315)	(13,837,292)
	13,113,665	53,260,560
<b>Dividends and Distributions to Common Shareholders from:</b>		
Net investment income	(46,427,290)	(48,394,877)
Net realized gains	(3,368,998)	
Total dividends and distributions to common shareholders	(49,796,288)	(48,394,877)
<b>Capital Share Transactions:</b>		
Reinvestment of dividends and distributions	4,292,291	4,510,827
Total increase (decrease) in net assets applicable to common shareholders	(32,390,332)	9,376,510
<b>Net Assets Applicable to Common Shareholders:</b>		
Beginning of year	535,104,365	525,727,855
End of year (including dividends in excess of net investment income of \$6,376,628 and \$1,044,271, respectively)	\$502,714,033	\$535,104,365
<b>Common Shares Issued in Reinvestment of Dividends and Distributions</b>		
	291,238	307,184

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## PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2007

### 1. Organization and Significant Accounting Policies

PIMCO Corporate Income Fund (the Fund), was organized as a Massachusetts business trust on October 17, 2001. Prior to commencing operations on December 21, 2001, the Fund had no operations other than matters relating to its organization and registration as a diversified, closed-end management investment company 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 Fund's Investment Manager and is an indirect wholly-owned subsidiary of Allianz Global Investors of America L.P. (Allianz Global). Allianz Global is an indirect, majority-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. The Fund has an unlimited amount of \$0.00001 par value common stock authorized.

The Fund's primary investment objective is to seek high current income with capital preservation and capital appreciation as secondary objectives by investing at least 80% of its total assets in a diversified portfolio of U.S. dollar-denominated corporate debt obligations and of varying maturities and other income-producing securities.

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 financial statements. Actual results could differ from these estimates.

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet been asserted. However, the Fund expects the risk of any loss to be remote.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 (the Interpretation). The Interpretation establishes for all entities, including pass-through entities such as the Fund, 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 Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. Fund management is evaluating the application of the Interpretation, and is not in a position at this time to estimate the significance of its impact, if any, on the Fund's financial statements. On December 21, 2006, the Securities and Exchange Commission announced that it would not object if a fund implements the Interpretation in its NAV calculation as late as its last NAV calculation in the first required financial statement reporting period for its fiscal year beginning after December 15, 2006. Consequently, the Fund will be required to comply with the Interpretation by April 30, 2008.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those

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fiscal years. At this time, the Fund is in the process of reviewing SFAS 157 against its current valuation policies to determine future applicability.

The following is a summary of significant accounting policies followed by the Fund:

### **(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Fund's investments, including over-the-counter options, 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 last quoted mean 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.

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**PIMCO Corporate Income Fund Notes to Financial Statements**

October 31, 2007

**1. Organization and Significant Accounting Policies (continued)**

**(a) Valuation of Investments (continued)**

The Fund's investments in senior floating rate loans ( Senior Loans ) for which a secondary market exists will be valued at the mean of the last available bid and asked prices in the market for such Senior Loans, as provided by an independent pricing service. Other Senior Loans are valued at fair value pursuant to procedures approved by the Fund's Board of Trustees (which include consideration and evaluation of: (1) the creditworthiness of the borrower and any intermediate participants; (2) the term of the Senior Loan; (3) recent prices in the market for similar loans, if any; (4) recent prices in the market for loans of similar quality, coupon rate, and period until next interest rate reset and maturity; and (5) general economic and market conditions affecting the fair value of the Senior Loan). At October 31, 2007, no Senior Loans were fair valued. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. 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 Fund 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 financial statements of the Fund. The 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.

**(b) 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 the identified cost basis. Interest income is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Dividend income is recorded on the ex-dividend date. Facility fees and other fees (such as origination fees) received by the Fund are amortized as income over the expected term of the senior loan. Commitment fees received by the Fund relating to unfunded purchase commitments are deferred and amortized to facility fee income over the period of the commitment.

**(c) Federal Income Taxes**

The Fund intends to distribute all of its 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.

**(d) Dividends and Distributions Common Stock**

The Fund declares dividends from net investment income monthly to common shareholders. Distributions of net realized capital gains, if any, are paid at least annually. The Fund records dividends and distributions to its 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 income tax

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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.

### **(e) Foreign Currency Translation**

The Fund's accounting records are maintained in U.S. dollars as follows: (1) the foreign currency market value of investments and other assets and liabilities denominated in foreign currency are translated at the prevailing exchange rate at the end of the period; and (2) purchases and sales, income and expenses are translated at the prevailing exchange rate on the respective dates of such transactions. The resulting net foreign currency gain or loss is included in the Statement of Operations.

The Fund does not generally isolate that portion of the results of operations arising as a result of changes in the foreign currency exchange rates from the fluctuations arising from changes in the market prices of securities. Accordingly, such foreign currency gain (loss) is included in net realized and unrealized gain (loss) on investments. However, the Fund does isolate the effect of fluctuations in foreign currency exchange rates when determining the gain or loss upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal

**PIMCO Corporate Income Fund Notes to Financial Statements**

October 31, 2007

**1. Organization and Significant Accounting Policies (continued)**

**(e) Foreign Currency Translation (continued)**

income tax regulations; such amount is categorized as foreign currency gain or loss for both financial reporting and income tax reporting purposes.

**(f) Futures Contracts**

A futures contract is an agreement between two parties to buy and sell a financial instrument at a set price on a future date. Upon entering into such a contract, the Fund is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange. Pursuant to the contracts, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contracts. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized appreciation or depreciation. When the contracts are closed, the Fund records a realized gain or loss equal to the difference between the value of the contracts at the time they were opened and the value at the time they were closed. Any unrealized appreciation or depreciation recorded is simultaneously reversed. The use of futures transactions involves the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and the underlying hedged assets, and the possible inability of counterparties to meet the terms of their contracts.

**(g) Option Transactions**

The Fund may purchase and write (sell) put and call options for hedging purposes, risk management purposes or as a part of its investment strategy. The risk associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised. Additionally, the Fund bears the risk of loss of premium and change in market value should the counterparty not perform under the contract. Put and call options purchased are accounted for in the same manner as portfolio securities. The cost of securities acquired through the exercise of call options is increased by the premiums paid. The proceeds from the securities sold through the exercise of put options is decreased by the premiums paid.

When an option is written, the premium received is recorded as an asset with an equal liability and is subsequently marked to market to reflect the current market value of the option written. These liabilities are reflected as options written in the Statement of Assets and Liabilities. Premiums received from writing options which expire unexercised are recorded on the expiration date as a realized gain. The difference between the premium received and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or if the premium is less than the amount paid for the closing purchase transactions, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether there has been a realized gain or loss. If a put option is exercised, the premium reduces the cost basis of the security. In writing an option, the Fund bears the market risk of an unfavorable change in the price of the security underlying the written option. Exercise of a written option could result in the Fund purchasing a security at a price different from its current market value.

**(h) Interest Rate/Credit Default Swaps**

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The Fund enters into interest rate and credit default swap contracts ( swaps ) for investment purposes, to manage its interest rate and credit risk or to add leverage.

As a seller in the credit default swap contract, the Fund would be required to pay the notional amount or other agreed-upon value of a referenced debt obligation to the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the referenced debt obligation. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations. Such periodic payments are accrued daily and recorded as realized gain (loss).

The Fund may also purchase credit default swap contracts in order to hedge against the risk of default of debt securities held, in which case the Fund would function as the counterparty referenced in the preceding paragraph. As a purchaser of a credit default swap contract, the Fund would receive the notional amount or other agreed upon value of a referenced debt obligation from the counterparty in the event of default by a third party, such as a U.S. or foreign corporate issuer on the referenced obligation. In return, the Fund would make periodic payments to the counterparty over the term of the contract provided no event of default has occurred. Such periodic payments are accrued daily and recorded as realized gain (loss).

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**PIMCO Corporate Income Fund Notes to Financial Statements**

October 31, 2007

**1. Organization and Significant Accounting Policies (continued)**

**(h) Interest Rate/Credit Default Swaps (continued)**

Interest rate swap agreements involve the exchange by the Fund with a counterparty of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal. Net periodic payments received by the Fund are included as part of realized gain (loss) and or change in unrealized appreciation/depreciation on the Statement of Operations.

Swaps are marked to market daily based upon quotations from brokers or market makers and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Fund's Statement of Operations. For a credit default swap sold by the Fund, payment of the agreed upon amount made by the Fund in the event of default of the referenced debt obligation is recorded as the cost of the referenced debt obligation purchased/received. For a credit default swap purchased by the Fund, the agreed upon amount received by the Fund in the event of default of the referenced debt obligation is recorded as proceeds from sale/delivery of the referenced debt obligation and the resulting gain or loss realized on the referenced debt obligation is recorded as such by the Fund.

Entering into swaps involves, to varying degrees, elements of credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there may be unfavorable changes in net interest rates.

**(i) Senior Loans**

The Fund purchases assignments of Senior Loans originated, negotiated and structured by a U.S. or foreign commercial bank, insurance company, finance company or other financial institution (the Agent) for a lending syndicate of financial institutions (the Lender). When purchasing an assignment, the Fund succeeds all the rights and obligations under the loan agreement with the same rights and obligations as the assigning Lender. Assignments may, however, be arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assigning Lender.

**(j) Forward Foreign Currency Contracts**

A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set exchange rate on a future date. The Fund may enter into forward foreign currency contracts for the purpose of hedging against foreign currency risk arising from the investment or anticipated investment in securities denominated in foreign currencies. The Fund may also enter into these contracts for purposes of increasing exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. The market value of a forward foreign currency contract fluctuates with changes in forward currency exchange rates. All commitments are marked to market daily at the

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applicable exchange rates and any resulting unrealized appreciation or depreciation is recorded. Realized gains or losses are recorded at the time the forward contract matures or by delivery of the currency. Risks may arise upon entering these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar.

### **(k) Credit-Linked Trust Certificates**

Credit-linked trust certificates are investments in a limited purpose trust or other vehicle formed under state law which, in turn, invests in a basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to the high yield or another fixed income market.

Similar to an investment in a bond, investments in credit-linked trust certificates represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the certificate. However, these payments are conditioned on the trust's receipt of payments from, and the trust's potential obligations to, the counterparties to the derivative instruments and other securities in which the trust invests.

### **(l) Repurchase Agreements**

The Fund enters into transactions with its custodian bank or securities brokerage firms whereby it purchases securities under agreements to resell at an agreed upon price and date ( repurchase agreements ). Such agreements are carried at the contract amount in the financial statements. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, are held by the custodian bank until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Fund require



**PIMCO Corporate Income Fund Notes to Financial Statements**

October 31, 2007

**1. Organization and Significant Accounting Policies (continued)**

**(l) Repurchase Agreements (continued)**

that the market value of the collateral, including accrued interest thereon, is sufficient in the event of default by the counterparty. If the counterparty defaults and the value of the collateral declines or if the counterparty enters an insolvency proceeding, realization of the collateral by the Fund may be delayed or limited.

**(m) Inverse Floating Rate Transactions Residual Interest Municipal Bonds ( RIBs ) / Residual Interest Tax Exempt Bonds ( RITEs )**

The Fund invests 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 these transactions, the Fund sells 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 Fund simultaneously or within a short period of time purchases the Inverse Floaters from the broker. The Inverse Floaters held by the Fund provides the Fund 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 Fund, thereby collapsing the Trust. Pursuant to Statement of Financial Accounting Standards No. 140 ( FASB Statement No. 140 ), the Fund accounts for the transaction described above as a secured borrowing by including the Fixed-Rate Bond in its Schedule of Investments, and accounts for the Floating Rate Notes as a liability under the caption Payable for floating rate notes issued in the Fund's 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 Fund 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 visa 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 an investment in Fixed Rate Bonds. The Fund may also invest in Inverse Floaters for the purpose of increasing leverage.

The Fund's investment policies and restrictions expressly permit investments in Inverse Floaters. The Fund's restrictions on borrowings do not apply to the secured borrowings deemed to have occurred for accounting purposes pursuant to FASB Statement No. 140. Inverse Floaters held by the Fund are exempt from registration under Rule 144A of the Securities Act of 1933.

**(n) When-Issued/Delayed-Delivery Transactions**

The Fund 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 delayed-delivery purchases are outstanding, the Fund 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 Fund assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations, and takes such fluctuations into account when determining its net asset value. The Fund may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell when-issued securities before they are delivered, which may result in a realized gain or loss. When a security on a delayed-delivery basis is sold, the Fund does not participate in future gains and losses with respect to the security.

**(o) Custody Credits on Cash Balances**

The Fund benefits from an expense offset arrangement with its 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 Fund.

**(p) Interest Expense**

Relates to the Fund's liability in connection with floating rate notes held by third parties in conjunction with Inverse Floater transactions. Interest expense is recorded as incurred.

**PIMCO Corporate Income Fund Notes to Financial Statements**

October 31, 2007

**2. Investment Manager/Sub-Adviser**

The Fund has entered an Investment Management Agreement (the "Agreement") with the Investment Manager. Subject to the supervision of the Fund's Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, the Fund's investment activities, business affairs and administrative matters. Pursuant to the Agreement, the Investment Manager receives an annual fee, payable on a monthly basis, at an annual rate of 0.75% of the Fund's average daily net assets, inclusive of net assets attributable to any preferred shares that may be outstanding. In order to reduce Fund expenses, the Investment Manager has contractually agreed to waive a portion of its investment management fee at the annual rate of 0.20% of the Fund's average daily net assets, inclusive of net assets attributable to any preferred shares that may be outstanding, from the commencement of operations through December 31, 2006. On January 1, 2007, the contractual fee waiver was reduced to 0.15% of the Fund's average daily net assets, inclusive of net assets attributable to any preferred shares that may be outstanding through December 31, 2007, and for a declining amount thereafter through December 31, 2009.

The Investment Manager has retained its affiliate, Pacific Investment Management Company LLC, (the "Sub-Adviser"), to manage the Fund's investments. Subject to the supervision of the Investment Manager, the Sub-Adviser is responsible for making all of the Fund's investment decisions. The Investment Manager and not the Fund, pays a portion of the fees it receives as Investment Manager to the Sub-Adviser in return for its services.

**3. Investment in Securities**

For the year ended October 31, 2007, purchases and sales of investments, other than short-term securities and U.S. government obligations, were \$337,786,030 and \$334,137,964, respectively. Purchases and sales in U.S. government obligations were \$17,720,439 and \$21,629,309, respectively.

(a) Futures contracts outstanding at October 31, 2007:

Type		Contracts	Market Value (000)	Expiration Date	Unrealized Appreciation (Depreciation)
Long:	Financial Future British Pound 90 day	125	\$ 30,683	3/18/09	\$ 9,033
	Financial Future Euro 90 day	811	193,940	3/16/09	(263,575)
	U.S. Treasury Bond Futures	40	4,504	12/19/07	(30,000)
	U.S. Treasury Notes 10 yr. Futures	253	27,834	12/19/07	(209,516)
					\$(494,058)

(b) Transactions in options written for the year ended October 31, 2007:

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	Notional/Contracts	Premiums
Options outstanding, October 31, 2006	1,638,000,000	\$ 5,814,900
Options written	173,203,440	4,182,626
Options terminated in closing purchase transactions	(1,657,102,400)	(6,476,868)
Options exercised	(340)	(31,395)
Options outstanding, October 31, 2007	154,100,700	\$ 3,489,263

(c) Credit default swaps contracts outstanding at October 31, 2007:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Payments Received by Fund	Unrealized Appreciation (Depreciation)
Bank of America				
ConocoPhillips	\$ 1,200	12/20/07	0.10%	\$ 157
Freeport-McMoRan	3,000	6/20/12	0.90%	(10,479)
Valero Energy	1,200	12/20/07	0.12%	171

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## PIMCO Corporate Income Fund Notes to Financial Statements

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## 3. Investment in Securities (continued)

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Payments Received by Fund	Unrealized Appreciation (Depreciation)
Barclays Bank				
Dow Jones CDX	\$ 11,600	6/20/12	0.35%	\$ (110,890)
Gazprom	4,500	7/20/12	0.63%	(83,083)
Bear Stearns				
EnCana	3,000	9/20/09	0.53%	23,653
Ford Motor Credit	4,000	6/20/10	5.60%	99,313
Citigroup				
Bear Stearns	4,100	9/20/12	0.48%	(93,520)
Ford Motor Credit	10,800	9/20/08	1.35%	(233,824)
Freeport-McMoRan	2,000	6/20/12	1.00%	1,449
GMAC	5,000	6/20/12	1.40%	(521,045)
Credit Suisse First Boston				
ArvinMeritor	2,500	6/20/09	1.40%	(23,187)
Chesapeake Energy	3,000	6/20/12	1.01%	(20,068)
Ford Motor Credit	4,200	9/20/09	3.79%	(43,098)
GMAC	7,000	12/20/10	5.22%	112,855
Qwest Capital Funding	7,000	12/20/10	4.56%	600,950
Deutsche Bank				
Chesapeake Energy	2,000	6/20/12	1.05%	(10,020)
Chesapeake Energy	1,600	3/20/14	1.32%	(17,880)
Dow Jones ITRAX Index	5,900	6/20/12	0.75%	(236,650)
GMAC	10,500	9/20/09	1.50%	(500,093)
Goldman Sachs				
Anadarko Petroleum	6,500	3/20/08	0.15%	2,664
Bombardier	3,000	12/20/10	4.05%	279,366
Dow Jones CDX	18,300	6/20/12	0.35%	(228,650)
Dow Jones ITRAX Index	40,000	6/20/12	0.75%	(1,300,347)
Echostar	2,500	6/20/09	0.54%	8,544
LCDX	7,742	6/20/12	1.20%	143,907
Tesoro	2,500	6/20/12	0.74%	(40,179)
HSBC Bank				
SLM Corp.	10,000	6/20/08	0.50%	(56,255)
JPMorgan Chase				
American International Group	5,100	6/20/10	0.35%	(6,497)

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Bear Stearns	1,800	9/20/12	0.67%	(26,114)
Gazprom	9,800	7/20/12	0.625%	(183,261)
Lehman Brothers				
Bear Stearns	3,100	9/20/12	0.48%	(70,710)
Chesapeake Energy	1,900	3/20/14	1.16%	(37,621)
Dow Jones CDX	7,500	6/20/12	0.35%	(71,694)
Dow Jones ITRAX Index	200,000	6/20/12	0.75%	(6,586,873)
Federal Republic of Brazil	1,500	2/20/17	1.51%	46,136
Freescale Semiconductor	2,500	6/20/09	1.62%	