PIMCO CORPORATE INCOME FUND
Form N-CSR
January 05, 2007

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	10105
(Address of principal executive offices)	(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, 2006

Date of reporting period: October 31, 2006

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.

Contents

PIMCO Corporate Income Fund Letter to Shareholders

December 4, 2006

Dear Shareholder:

We are pleased to provide you with the annual report for PIMCO Corporate Income Fund (the Fund) for the fiscal year ended October 31, 2006.

In August, after nearly two years and 17 consecutive increases, the Federal Reserve (the Fed) chose to keep short-term interest rates unchanged at 5.25%. In making this decision, the Fed cited weakness in the housing sector and falling energy prices. Largely due to this action, the broad bond market rallied.

For specific information on the Fund and its performance during the reporting period, please review 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. You will also find a wide range of information and resources on our Web site, www.allianzinvestors.com/closedendfunds.

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

Sincerely,

Robert E. Connor *Chairman*	Brian S. Shlissel *President & Chief Executive Officer*

PIMCO Corporate Income Fund Performance & Statistics

October 31, 2006 (unaudited)

* For the 12 months ended October 31, 2006, the Fund returned 10.68% at net asset value and 15.08% at market price.
* The broad bond market, as measured by the Lehman Brothers Aggregate Bond Index, returned 5.19% during the reporting period.
* A focus on electrical companies throughout 2006 was positive for performance as these firms benefited from improved balance sheets resulting from operational enhancements.
* A concentration in consumer cyclicals throughout 2006 was a positive for the Fund. Two areas within this sector that helped boost performance were entertainment companies and short maturity bonds issued by the financing arms of automotive manufacturers. The latter benefited from good asset coverage, strong liquidity and moderate risk profiles when compared to their parent operations.
* Towards the end of the reporting period, a large allocation to the communications sector boosted returns. Overall, this sector underperformed, but the Fund s focus on wireless firms, which experienced robust demand and a healthy pricing environment, proved positive for performance.
* In the second half of the reporting period, the Fund s quality bias was positive for performance, given its exposure to both BBB- and BB-rated issues, which outperformed higher-rated issues.

Total Return[(1)]:	**Market Price**	**Net Asset Value (NAV)**
1 year	15.08%	10.68%
3 year	11.41%	9.33%
Commencement of Operations (12/21/01) to 10/31/06	11.42%	11.18%

Common Share Market Price/NAV Performance:
Commencement of Operations (12/21/01) to 10/31/06
NAV
Market Price

Market Price/NAV:	
Market Price	$15.68
NAV	$14.76
Premium to NAV	6.23%
Market Price Yield[(2)]	8.13%

(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 at prices obtained under the dividend reinvestment plan. Total return does not reflect broker commissions or sales charges. Total return for a period greater 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, market 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 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 total assets applicable 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 to common shareholders by the market price per common share at October 31, 2006.

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006

Principal Amount (000)			Credit Rating (Moody s/S&P)*		Value
CORPORATE BONDS & NOTES 77.3%					
Airlines 3.7%					
		American Airlines, Inc., pass thru certificates,			
$	2,012	6.978%, 10/1/12, Ser. 01-2	Baa2/A-	$	2,038,171
	1,000	7.858%, 4/1/13, Ser. 01-2	Baa2/A-		1,080,625
		Continental Airlines, Inc., pass thru certificates,			
	10,000	6.503%, 6/15/11, Ser. 01-1	Baa3/BBB+		10,192,747
	800	6.545%, 8/2/20	Baa3/A-		814,718
	3,035	7.056%, 9/15/09, Ser. 99-2	Baa3/A-		3,133,269
	2,407	9.798%, 4/1/21	Ba2/BB+		2,611,459
		Delta Air Lines, Inc., pass thru certificates,			
	5,740	7.57%, 5/18/12, Ser. 00-1	NR/BB		5,757,938
		United Air Lines, Inc.,			
	4,285	6.201%, 3/1/10, Ser. 01-1	NR/BBB		4,287,449
	400	10.36%, 11/13/12, Ser. 91C (b)(d)(e)(f)	NR/NR		13,601
					29,929,977
Apparel & Textiles 0.2%					
	1,500	Quiksilver, Inc., 6.875%, 4/15/15	Ba3/BB-		1,451,250
Automotive 0.9%					
	1,500	ArvinMeritor, Inc., 8.75%, 3/1/12	Ba3/BB-		1,481,250
	2,000	Auburn Hills Trust, 12.375%, 5/1/20	Baa1/BBB		2,980,396
	1,500	Ford Motor Co., 9.98%, 2/15/47	B3/B		1,316,250
	1,500	TRW Automotive, Inc., 9.375%, 2/15/13	Ba3/BB-		1,614,375
					7,392,271
Banking 5.5%					
	6,700	BNP Paribas, 5.186%, 6/29/15, VRN (d)	A1/A+		6,400,657
	5,000	Colonial Bank, 9.375%, 6/1/11	Ba1/BBB-		5,669,410
	1,700	Fifth Third Capital Trust I, 8.136%, 3/15/27, Ser. A	A1/NR		1,780,169
		HSBC Capital Funding L.P., VRN,			
	3,000	4.61%, 6/27/13 (d)	A1/A		2,812,614
	1,000	10.176%, 6/30/30	A1/A		1,474,548
	6,450	HSBC Holdings PLC, 6.50%, 5/2/36	Aa3/A+		7,011,801
		Rabobank Capital Funding Trust, 5.254%, 10/21/16,	Aa2/AA		2,334,840
	2,400	UNIT, VRN (d)			
	5,910	Republic New York Corp., 9.70%, 2/1/09	A1/A+		6,474,375
	1,000	Riggs Capital Trust, 8.625%, 12/31/26, Ser. A	A3/BBB+		1,046,405
	1,750	Riggs National Corp., 9.65%, 6/15/09	A3/A-		1,936,559
		Royal Bank of Scotland Group PLC, 7.648%, 9/30/31,	A1/A		1,176,007
	1,000	VRN			
	4,700	USB Capital IX, 6.189%, 4/15/11, VRN	Aa3/A		4,803,405
	2,000	Wachovia Capital Trust III, 5.80%, 3/15/11, VRN	A2/A-		2,019,540
					44,940,330
Computer Services 0.3%					
		Electronic Data Systems Corp.,			
	1,000	6.50%, 8/1/13, Ser. B	Ba1/BBB-		1,017,996
	1,500	7.125%, 10/15/09	Ba1/BBB-		1,569,805
					2,587,801
Containers & Packaging 0.7%					
		Smurfit-Stone Container,			
	1,000	8.375%, 7/1/12	B2/CCC+		980,000

4,296	9.75%, 2/1/11	B2/CCC+	4,451,730
			5,431,730

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Diversified Manufacturing 2.4%			
	Hutchison Whampoa International Ltd. (d),		
$ 3,500	6.25%, 1/24/14	A3/A-	$ 3,640,039
500	6.50%, 2/13/13	A3/A-	524,621
2,000	JSG Funding PLC, 9.625%, 10/1/12	B3/B-	2,127,500
1,030	Raychem Corp., 7.20%, 10/15/08	Baa3/BBB+	1,064,139
£ 5,800	Tyco International Group S.A., 6.50%, 11/21/31	Baa3/BBB+	12,685,519
			20,041,818
Energy 2.4%			
$ 1,000	Edison Mission Energy, 7.73%, 6/15/09	B1/BB-	1,045,000
5,000	Energy Transfer Partners L.P., 6.125%, 2/15/17	Baa3/BAA3	5,088,140
2,000	FirstEnergy Corp., 7.375%, 11/15/31, Ser. C	Baa3/BBB-	2,346,662
550	Peabody Energy Corp., 7.375%, 11/1/16	Ba1/BB	574,750
4,700	Plains All American Pipeline L.P., 6.125%, 1/15/17 (d)	Baa3/BBB-	4,771,666
2,719	Sithe Independence Funding Corp., 9.00%, 12/30/13, Ser. A	Ba2/B	3,005,811
818	System Energy Resources, Inc., 5.129%, 1/15/14 (d)	Baa3/BBB	801,592
1,800	TECO Energy, Inc., 6.75%, 5/1/15	Ba2/BB	1,845,000
			19,478,621
Financial Services 9.8%			
2,000	American General Finance Corp., 8.45%, 10/15/09	A1/A+	2,172,890
8,500	Beaver Valley II Funding, 9.00%, 6/1/17	Baa3/BBB-	9,618,362
2,000	Bluewater Finance Ltd., 10.25%, 2/15/12	B2/B-	2,050,000
4,051	Cedar Brakes II LLC, 9.875%, 9/1/13 (b)(d)	Baa2/BBB-	4,529,913
	Ford Motor Credit Co.,		
2,000	5.80%, 1/12/09	B1/B	1,911,278
500	7.875%, 6/15/10	B1/B	488,283
1,000	Fresenius Medical Care Capital Trust, 7.875%, 6/15/11	B1/B+	1,035,000
1,180	General Electric Capital Corp., 8.30%, 9/20/09	Aaa/AAA	1,279,966
	General Motors Acceptance Corp.,		
5,000	6.875%, 9/15/11	Ba1/BB	5,039,465
15,000	7.75%, 1/19/10	Ba1/BB	15,545,445
3,500	HBOS Capital Funding L.P., 6.071%, 6/30/14, VRN (d)	A1/A	3,572,187
3,900	MBNA Capital, 6.289%, 2/1/27, Ser. B, FRN	Aa3/A	3,895,503
1,300	Mizuho JGB Investment LLC, 9.87%, 6/30/08, VRN (d)	Baa1/BBB+	1,389,287
300	Mizuho Preferred Capital Co. LLC, 8.79%, 6/30/08, VRN (d)	Baa1/BBB+	315,540
	Pemex Project Funding Master Trust,		
4,350	8.00%, 11/15/11	Baa1/BBB	4,795,875
1,400	8.625%, 2/1/22	Baa1/BBB	1,711,500
3,500	9.50%, 9/15/27	NR/BBB	4,637,500
2,000	Preferred Term Securities XIII, 5.94%, 3/24/34, FRN (b)(d)(f)	Aaa/AAA	2,001,046
6,500	RBS Capital Trust I, 5.512%, 9/30/14, VRN	A1/A	6,405,250

	4,500	UBS Preferred Funding Trust V, 6.243%, 5/15/16, Ser. 1, VRN	A1/AA-	4,686,678
	1,500	Universal City Development Partners Ltd., 11.75%, 4/1/10	B2/B-	1,623,750
	1,000	Universal City Florida Holding Co., 8.375%, 5/1/10	B3/B-	1,012,500
				79,717,218
Food & Beverage	**0.9%**			
	3,000	Ingles Markets, Inc., 8.875%, 12/1/11	B3/B	3,142,500
	4,000	Tyson Foods, Inc., 6.85%, 4/1/16	Ba1/BBB-	4,134,664
				7,277,164

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Healthcare & Hospitals 1.3%			
	HCA, Inc.,		
$ 550	8.36%, 4/15/24	Ba2/B-	$ 472,149
1,000	8.70%, 2/10/10	Ba2/B-	1,015,522
5,470	9.00%, 12/15/14	Ba2/B-	5,267,479
	Tenet Healthcare Corp.,		
2,500	7.375%, 2/1/13	Caa1/CCC+	2,228,125
2,000	9.25%, 2/1/15	Caa1/CCC+	1,907,500
			10,890,775
Hotels/Gaming 3.3%			
	Caesars Entertainment, Inc.,		
3,000	7.00%, 4/15/13	Baa3/BB+	3,040,314
500	8.875%, 9/15/08	Ba1/BB-	521,875
	Choctaw Resort Development Enterprise, Inc.,		
1,000	7.25%, 11/15/19 (d)	Ba2/BB-	1,000,000
1,000	Gaylord Entertainment Co., 8.00%, 11/15/13	B3/B-	1,022,500
	Hilton Hotels Corp.,		
1,000	7.625%, 5/15/08	Ba2/BB	1,026,250
1,646	8.25%, 2/15/11	Ba2/BB	1,773,618
5,000	ITT Corp., 7.375%, 11/15/15	Baa3/BBB-	5,075,000
500	Mandalay Resort Group, 9.375%, 2/15/10	B1/B+	533,750
	MGM Mirage, Inc.,		
3,000	6.625%, 7/15/15	Ba2/BB	2,853,750
5,000	8.375%, 2/1/11	B1/B+	5,218,750
2,541	Times Square Hotel Trust, 8.528%, 8/1/26 (b)(d)	Baa3/BBB-	2,896,689
2,000	Wynn Las Vegas LLC, 6.625%, 12/1/14	B1/BB-	1,970,000
			26,932,496
Insurance 0.3%			
2,300	Dai-ichi Mutual Life Insurance Co., 5.73%, 3/17/14 (d)	NR/A-	2,306,263
Metals & Mining 1.2%			
3,000	Falconbridge Ltd., 7.25%, 7/15/12	Baa2/BBB+	3,228,831
4,700	Phelps Dodge Corp., 9.50%, 6/1/31	Baa2/BBB	6,208,418
			9,437,249
Multi-Media 7.6%			
3,000	British Sky Broadcasting PLC, 6.875%, 2/23/09	Baa2/BBB	3,098,538
1,000	Cablevision Systems Corp., 8.00%, 4/15/12, Ser. B	B3/B+	976,250
6,000	Charter Communications Operating LLC, 8.375%, 4/30/14 (d)	B3/B-	6,195,000
2,250	Comcast Corp., 10.625%, 7/15/12	Baa3/BBB	2,736,875
925	Comcast MO of Delaware, Inc., 9.00%, 9/1/08	Baa2/BBB+	983,477
	CSC Holdings, Inc.,		
1,000	7.625%, 4/1/11, Ser. B	B2/B+	1,013,750
1,700	7.875%, 2/15/18	B2/B+	1,717,000
3,000	8.125%, 7/15/09, Ser. B	B2/B+	3,108,750
6,625	8.125%, 8/15/09, Ser. B	B2/B+	6,865,156
	DirecTV Holdings LLC,		
1,000	6.375%, 6/15/15	Ba3/BB-	962,500
870	8.375%, 3/15/13	Ba3/BB-	906,975

	Historic TW, Inc.,		
500	6.625%, 5/15/29	Baa2/BBB+	510,006
5,000	9.125%, 1/15/13	Baa2/BBB+	5,845,375

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)			Credit Rating (Moody s/S&P)*		Value
Multi-Media (continued)					
$	1,610	News America Holdings, Inc., 6.75%, 1/9/38	Baa2/BBB	$	1,723,838
		Rogers Cable, Inc.,	Ba2/BB+		
CAD	1,750	7.25%, 12/15/11	Ba2/BB+		1,665,425
$	3,000	8.75%, 5/1/32	Ba2/BB+		3,566,250
	12,000	Time Warner, Inc., 7.70%, 5/1/32	Baa2/BBB+		13,707,564
	6,500	Univision Communications, Inc., 7.85%, 7/15/11	Ba3/BB-		6,576,102
					62,158,831
Oil & Gas 8.5%					
		CenterPoint Energy Res. Corp.,			
	4,000	6.50%, 2/1/08	Baa3/BBB		4,048,388
	1,200	7.75%, 2/15/11	Baa3/BBB		1,302,455
	4,000	Chesapeake Energy Corp., 7.75%, 1/15/15	Ba2/BB		4,140,000
		Dynergy-Roseton Danskammer, Inc., pass thru certificates,			
	1,750	7.27%, 11/8/10, Ser. A	Ba3/B		1,759,844
	2,000	7.67%, 11/8/16, Ser. B	Ba3/B		2,036,250
		El Paso Corp.,			
	5,000	8.05%, 10/15/30	B2/B		5,300,000
	2,000	10.75%, 10/1/10	B2/B		2,240,000
	4,900	Gaz Capital S.A., 8.625%, 4/28/34	Baa1/BB+		6,247,500
	9,200	Gazprom AG, 9.625%, 3/1/13	Baa1/BBB-		10,953,520
	1,000	Hanover Compressor Co., 9.00%, 6/1/14	B2/B		1,070,000
	835	Perforadora Central S.A. de CV, 4.92%, 12/15/18	NR/NR		830,745
	1,300	Pogo Producing Co., 8.25%, 4/15/11, Ser. B	B1/B+		1,342,250
	2,350	Salomon Brothers AG for OAO Siberian Oil Co., 10.75%, 1/15/09	Ba2/BB+		2,596,280
	3,000	Sonat, Inc., 7.625%, 7/15/11	B2/B		3,120,000
	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+		2,376,166
	5,000	Weatherford International, Inc., 6.625%, 11/15/11, Ser. B	Baa1/BBB+		5,263,500
		Williams Cos., Inc.,			
	2,000	7.125%, 9/1/11	Ba2/BB-		2,075,000
	7,000	7.50%, 1/15/31, Ser. A	Ba2/BB-		7,140,000
	5,000	7.875%, 9/1/21	Ba2/BB-		5,312,500
					69,436,273
Paper/Paper Products 3.1%					
		Abitibi-Consolidated, Inc.,			
	5,000	8.375%, 4/1/15	B2/B+		4,381,250
	5,000	8.55%, 8/1/10	B2/B+		4,831,250
		Bowater, Inc.,			
	1,000	9.00%, 8/1/09	B2/B+		1,045,000
	3,000	9.50%, 10/15/12	B2/B+		3,045,000
		Georgia-Pacific Corp.,			
	10,500	8.00%, 1/15/24	B2/B		10,605,000
	500	8.125%, 5/15/11	B2/B		520,000
	850	Norske Skogindustrier ASA, 6.125%, 10/15/15 (d)	Ba1/BBB-		799,334
					25,226,834

Pharmaceuticals 0.1%			
1,000	Wyeth, 6.50%, 2/1/34	Baa1/A	1,098,808

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Retail 2.3%			
$ 9,000	Albertson s, Inc., 8.00%, 5/1/31	B1/B	$ 9,122,274
3,000	JC Penney Co., Inc., 8.125%, 4/1/27	Baa3/BBB-	3,098,121
5,897	Yum! Brands, Inc., 8.875%, 4/15/11	Baa2/BBB	6,676,625
			18,897,020
Telecommunications 13.8%			
	AT&T Corp., VRN,		
792	7.30%, 11/15/11	A2/A	862,871
5,000	8.00%, 11/15/31	A2/A	6,283,225
5,000	Bellsouth Capital Funding, 7.875%, 2/15/30	A2/A	5,895,985
1,000	Cincinnati Bell, Inc., 8.375%, 1/15/14	B2/B-	1,025,000
8,000	Citizens Communications Co., 9.25%, 5/15/11	Ba2/BB+	8,910,000
5,000	Comcast Cable Communications Holdings, Inc., 8.375%, 3/15/13	Baa2/BBB+	5,718,735
	Deutsche Telekom International Finance BV,		
10,000	8.00%, 6/15/10, VRN	A3/A-	10,924,220
3,000	8.25%, 6/15/30	A3/A-	3,737,418
	Embarq Corp.,		
5,000	7.082%, 6/1/16	Baa3/BBB-	5,124,880
5,000	7.995%, 6/1/36	Baa3/BBB-	5,332,650
	France Telecom S.A.,		
10,000	7.75%, 3/1/11	A3/A-	10,994,900
3,000	8.50%, 3/1/31	A3/A-	3,997,932
1,000	Intelsat Subsidiary Holding Co., Ltd., 8.625%, 1/15/15	B2/B+	1,042,500
	Nextel Communications, Inc.,		
3,000	6.875%, 10/31/13, Ser. E	Baa3/BBB+	3,068,640
2,000	7.375%, 8/1/15, Ser. D	Baa3/BBB+	2,067,466
12,860	Qwest Capital Funding, Inc., 7.25%, 2/15/11	B3/B	13,085,050
2,000	Qwest Communications International, Inc., 7.50%, 2/15/14	B2/B	2,050,000
2,300	Qwest Corp., 8.64%, 6/15/13, FRN	Ba2/BB	2,489,750
	Sprint Capital Corp.,		
6,900	6.125%, 11/15/08	Baa3/BBB+	7,009,262
4,000	6.875%, 11/15/28	Baa3/BBB+	4,110,204
1,200	Time Warner Telecom Holdings, Inc., 9.405%, 2/15/11, FRN	NR/CCC+	1,224,001
5,469	Verizon Global Funding Corp., 7.25%, 12/1/10	A3/A	5,875,270
1,500	Verizon New York, Inc., 7.375%, 4/1/32, Ser. B	Baa3/A	1,572,658
			112,402,617
Tobacco 0.2%			
2,000	RJ Reynolds Tobacco Holdings, Inc., 7.25%, 6/1/12 (d)	Ba3/BB	2,087,792
Utilities 6.5%			
500	Consumers Energy Co., 6.375%, 2/1/08 (d)(f)	Baa2/BBB-	504,466
	East Coast Power LLC, Ser. B,		
825	6.737%, 3/31/08	Baa3/BBB-	830,023
3,128	7.066%, 3/31/12	Baa3/BBB-	3,244,292
3,100	Entergy Gulf States, Inc., 6.14%, 12/8/08, FRN (d)	Baa3/BBB+	3,107,697
2,000		Baa2/BBB+	2,126,818

	Florida Gas Transmission Co., 7.00%, 7/17/12 (b)(d)		
3,960	FPL Energy Wind Funding LLC, 6.876%, 6/27/17 (d)	Ba2/BB-	4,044,150
4,500	Homer City Funding LLC, 8.137%, 10/1/19	Ba2/BB	4,860,000
2,150	IPALCO Enterprises, Inc., 8.375%, 11/14/08	Ba1/BB-	2,236,000

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)			Credit Rating (Moody s/S&P)*	Value
Utilities (continued)				
		Midwest Generation LLC, pass thru certificates,		
$	3,339	8.56%, 1/2/16, Ser. B	Ba2/BB-	$ 3,608,424
	2,000	Northern States Power Co., 8.00%, 8/28/12, Ser. B	A2/A-	2,270,190
	1,000	Ohio Edison Co., 5.647%, 6/15/09 (d)	Baa2/BBB-	1,004,742
		PSEG Energy Holdings LLC,		
	6,000	8.50%, 6/15/11	Ba3/BB-	6,435,000
	1,956	8.625%, 2/15/08	Ba3/BB-	2,039,130
	8,000	PSEG Power LLC, 8.625%, 4/15/31	Baa1/BBB	10,407,040
	2,568	South Point Energy Center LLC, 8.40%, 5/30/12 (d)	NR/D	2,505,113
	3,500	Tucson Electric Power, 7.50%, 8/1/08, Ser. B	Baa2/BBB-	3,598,550
				52,821,635
Waste Disposal 2.3%				
		Allied Waste North America, Inc.,		
	3,000	7.25%, 3/15/15	B2/BB-	3,015,000
	1,000	7.875%, 4/15/13	B2/BB-	1,032,500
	3,625	8.50%, 12/1/08, Ser. B	B2/BB-	3,833,438
		Waste Management, Inc.,		
	5,000	7.10%, 8/1/26	Baa3/BBB	5,559,535
	5,000	7.375%, 8/1/10	Baa3/BBB	5,360,755
				18,801,228
Total Corporate Bonds & Notes (cost-$617,190,797)				630,746,001
SOVEREIGN DEBT OBLIGATIONS 5.2%				
Brazil 2.3%				
		Federal Republic of Brazil,		
	2,179	8.00%, 1/15/18	Ba2/BB	2,414,332
	1,250	10.125%, 5/15/27	Ba2/BB	1,703,125
	755	10.50%, 7/14/14	Ba2/BB	956,585
	9,000	11.00%, 8/17/40	Ba2/BB	11,864,250
	1,050	12.75%, 1/15/20	Ba2/BB	1,617,000
				18,555,292
Guatemala 0.2%				
	1,500	Republic of Guatemala, 9.25%, 8/1/13 (d)	Ba2/BB	1,752,000
Panama 1.1%				
		Republic of Panama,		
	3,000	9.375%, 7/23/12	Ba1/BB	3,528,000
	4,470	9.625%, 2/8/11	Ba1/BB	5,129,325
				8,657,325
Russia 1.1%				
		Russian Federation,		
	7,362	5.00%, 3/31/30, VRN	Baa2/BBB+	8,263,889
	1,011	8.25%, 3/31/10	Baa2/BBB+	1,061,481
				9,325,370
South Africa 0.4%				
		Republic of South Africa,		
	120	7.375%, 4/25/12	Baa1/BBB+	130,200

2,600	9.125%, 5/19/09	Baa1/BBB+	2,827,500
			2,957,700

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Ukraine 0.1%			
$ 1,000	Republic of Ukraine, 7.65%, 6/11/13	B1/BB-	$ 1,073,300
Total Sovereign Debt Obligations (cost-$37,925,922)			42,320,987
U.S. GOVERNMENT AGENCY SECURITIES 4.1%			
	Fannie Mae,		
884	6.721%, 11/1/35, MBS, FRN	Aaa/AAA	909,546
230	7.00%, 2/1/29, MBS	Aaa/AAA	238,065
124	7.00%, 2/19/30, CMO, VRN	Aaa/AAA	127,591
69	7.00%, 1/1/32, MBS	Aaa/AAA	71,902
1,591	7.00%, 6/1/32, MBS	Aaa/AAA	1,637,788
156	7.00%, 10/1/32, MBS	Aaa/AAA	160,567
129	7.00%, 11/1/32, MBS	Aaa/AAA	132,200
489	7.00%, 12/1/32, MBS	Aaa/AAA	502,297
122	7.00%, 1/1/33, MBS	Aaa/AAA	126,111
168	7.00%, 2/1/33, MBS	Aaa/AAA	172,620
416	7.00%, 3/1/33, MBS	Aaa/AAA	427,978
2,441	7.00%, 5/1/33, MBS	Aaa/AAA	2,510,609
182	7.00%, 6/1/33, MBS	Aaa/AAA	187,541
130	7.00%, 7/1/33, MBS	Aaa/AAA	134,478
404	7.00%, 1/1/34, MBS	Aaa/AAA	417,112
754	7.00%, 3/1/34, MBS	Aaa/AAA	776,734
558	7.00%, 9/1/34, MBS	Aaa/AAA	575,051
1,734	7.00%, 4/1/35, MBS	Aaa/AAA	1,787,634
740	7.00%, 6/1/35, MBS	Aaa/AAA	763,041
2,142	7.00%, 10/1/35, MBS	Aaa/AAA	2,210,224
2,805	7.00%, 2/1/36, MBS	Aaa/AAA	2,895,232
80	7.00%, 9/25/41, CMO	Aaa/AAA	81,655
1,361	7.00%, 12/25/41, CMO	Aaa/AAA	1,401,897
36	7.50%, 12/25/19, CMO	Aaa/AAA	37,914
285	7.50%, 5/1/22, MBS	Aaa/AAA	297,667
16	7.50%, 6/25/30, CMO	Aaa/AAA	16,876
296	7.50%, 12/1/33, MBS	Aaa/AAA	307,346
69	7.50%, 11/25/40, CMO	Aaa/AAA	71,373
144	7.50%, 5/25/42, CMO	Aaa/AAA	149,698
6,682	7.50%, 12/25/45, CMO	Aaa/AAA	7,043,010
33	8.00%, 7/18/27, CMO	Aaa/AAA	34,747
6,806	8.00%, 12/25/45, CMO	Aaa/AAA	7,255,169
	Freddie Mac,		
94	7.50%, 11/1/19, MBS	Aaa/AAA	97,002
29	8.00%, 9/15/26, CMO	Aaa/AAA	30,341
8	9.50%, 5/15/21, CMO	Aaa/AAA	7,798
Total U.S. Government Agency Securities (cost-$33,340,976)			33,596,814

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
MORTGAGE-BACKED SECURITIES 2.1%			
	Chase Commercial Mortgage Securities Corp.,		
$ 3,500	6.887%, 10/15/32, CMO (d)	NR/BB+	$ 3,607,753
	GSMPS Mortgage Loan Trust, CMO (d),		
3,670	7.50%, 6/19/27	NR/NR	3,807,773
92	7.50%, 6/19/32	NR/NR	95,705
3,867	7.50%, 6/25/43	NR/NR	3,923,007
	Merrill Lynch Mortgage Investors, Inc., CMO, VRN,		
2,805	7.120%, 12/15/30	A3/A-	3,071,649
2,000	7.397%, 2/15/30	Baa1/BBB+	2,108,210
80	Washington Mutual, Inc., 7.50%, 4/25/33, CMO	Aaa/AAA	82,625
Total Mortgage-Backed Securities (cost-$16,619,445)			16,696,722
MUNICIPAL BONDS (d)(h) **1.5%**			
New Jersey 1.5%			
	Tobacco Settlement Financing Corp. Rev., VRN,		
3,994	6.771%, 6/1/32	NR/AA	4,558,592
2,500	7.521%, 6/1/24	NR/AA	2,931,300
4,166	8.021%, 6/1/32	NR/AA	5,142,010
Total Municipal Bonds (cost-$9,919,405)			12,631,902
SENIOR LOANS (a)(b)(c) **0.8%**			
Containers & Packaging 0.1%			
	Smurfit-Stone Container,		
131	5.22%, 11/1/10		131,970
102	7.625%, 11/1/11, Term C		102,493
297	7.625%, 11/1/11, Term B		299,146
322	7.688%, 11/1/11, Term B		324,517
215	7.688%, 11/1/11, Term C		216,344
			1,074,470
Energy 0.2%			
	AES Corp., Term B,		
714	6.75%, 4/30/08		716,592
714	7.50%, 8/10/11		716,592
			1,433,184
Entertainment 0.0%			
500	Shackleton Crean Event Management, 12.87125%, 8/1/08		500,000
Multi-Media 0.3%			
2,500	Century Cable Communications, 10.25%, 6/30/09, Term B		2,446,875
Printing/Publishing 0.2%			
	Dex Media East LLC, Term B,		
38	6.82%, 5/8/09		38,303
126	6.87%, 5/8/09		125,928
653	6.89%, 5/8/09		651,274

154	6.90%, 5/8/09	153,350
359	7.00%, 5/8/09	358,201
		1,327,056
Total Senior Loans (cost-$6,809,516)		6,781,585

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Shares		Credit Rating (Moody s/S&P)*	Value
PREFERRED STOCK 0.4%			
Financing 0.4%			
3,400	Fresenius Medical Care Capital Trust II, 7.875%, UNIT (cost-$3,674,550)	B1/B+	$ 3,468,000
SHORT-TERM INVESTMENTS 9.0%			
Principal Amount (000)			
Corporate Notes 4.1%			
Financial Services 3.2%			
$ 3,000	Ford Motor Credit Co., 7.75%, 2/15/07	B1/B	3,005,646
8,000	General Motors Acceptance Corp., 6.274%, 1/16/07, FRN	Ba1/BB	7,999,352
5,000	Sets Trust, 8.85%, 4/2/07 (d)(f)(g)	NR/NR	5,044,857
10,000	TIERS Principal Protected Trust, 8.41%, 3/22/07 (b)(d)(f)(g)	NR/NR	10,181,632
			26,231,487
Hotels/Gaming 0.4%			
3,000	Caesars Entertainment, Inc., 8.50%, 11/15/06	Baa3/BB+	3,002,469
Insurance 0.0%			
123	Prudential Financial, Inc., 4.104%, 11/15/06	A3/A	122,954
Utilities 0.5%			
2,000	Potomac Electric Power, 6.25%, 10/15/07	Baa1/BBB+	2,015,980
2,000	TXU U.S. Holdings Co., 7.17%, 8/1/07	Baa3/BB+	2,032,210
			4,048,190
Total Corporate Notes (cost-$33,230,084)			33,405,100
U.S. Treasury Bills (i) 1.4%			
11,545	4.67%-4.96%,11/30/06-12/14/06 (cost-$11,480,636)		11,480,636
Sovereign Debt Obligations 1.4%			
France 1.4%			
8,900	France Treasury Bill BTF, 2.890%, 11/23/06	NR/NR	11,339,453
Ukraine 0.0%			
$ 93	Republic of Ukraine, 11.00%, 3/15/07	B1/BB-	95,232
Total Sovereign Debt Obligations (cost-$11,216,407)			11,434,685

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Principal Amount (000)			Credit Rating (Moody s/S&P)*		Value
Commercial Paper 0.2%					
Banking 0.2%					
$	1,500	Danske Corp., 5.24%, 1/30/07 (f) (cost-$1,480,350)	NR/NR	$	1,480,140
Repurchase Agreements 1.9%					
	13,000	Credit Suisse First Boston, dated 10/31/06, 5.25%, due 11/1/06, proceeds $13,001,896; collateralized by U.S. Treasury Inflation Protected Bonds, 3.375%, 4/15/32, valued at $13,360,510 including accrued interest			13,000,000
	2,314	State Street Bank & Trust Co., dated 10/31/06, 4.90%, due 11/1/06, proceeds $2,314,315; collateralized by Federal Home Loan Bank, 4.125%, 10/19/07, valued at $2,364,057 including accrued interest			2,314,000
Total Repurchase Agreements (cost-$15,314,000)					15,314,000
Total Short-Term Investments (cost-$72,721,477)					73,114,561

OPTIONS PURCHASED (j) **0.1%**

Contracts/ Notional Amount			
Call Options 0.0%			
	819,000,000	9-Year Interest Rate Swap (OTC) Pay 3-Month USD LIBOR Floating Rate Index, strike rate 4.405%, expires 2/21/07 (b)	250,917
Put Options 0.1%			
		Eurodollar Futures, Chicago Mercantile Exchange,	
	306	strike price $91, expires 9/17/07	1
	3	strike price $91.25, expires 12/17/07	_
	140	strike price $91.50, expires 9/17/07	_
	722	strike price $91.75, expires 12/17/07	2
	819,000,000	9-Year Interest Rate Swap (OTC) Pay 3-Month USD LIBOR Floating Rate Index, strike rate 5.80%, expires 2/21/07 (b)	282,293
			282,296
Total Options Purchased (cost-$1,681,885)			533,213
Total Investments before options written (cost-$799,883,973) **100.5%**			**$ 819,889,785**

OPTIONS WRITTEN (j) **(0.5)%**

Call Options (0.4)%

		9-Year Interest Rate Swap (OTC) Pay 3-Month USD LIBOR Floating Rate Index,	
	819,000,000	strike rate 4.85%, expires 2/21/07 (b)	(2,919,416)
Put Options (0.1)%			
		9-Year Interest Rate Swap (OTC) Pay 3-Month USD LIBOR Floating Rate Index,	
	819,000,000	strike rate 5.55%, expires 2/21/07 (b)	(1,231,473)
Total Options Written (premiums received-$5,814,900)			(4,150,889)
Total Investments net of options written			
(cost-$794,069,073) **100.0%**			**$ 815,738,896**

PIMCO Corporate Income Fund Schedule of Investments

October 31, 2006 (continued)

Notes to Schedule of Investments:

* Unaudited

(a) Private Placement. Restricted as to resale and may not have a readily available market.

(b) Illiquid security.

(c) 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.

(d) 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.

(e) Security in default.

(f) Fair-valued security. Securities with an aggregate value of $19,225,742, which represent 2.4% of total investments, have been fair valued.

(g) Credit-linked trust certificate.

(h) Residual Interest Municipal Bonds (RIBS)/Residual Interest Tax Exempt Bonds (RITES) The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index.

(i) All or partial amount segregated as collateral for futures contracts and/or options written.

(j) Non-income producing.

Glossary:

£	-	British Pound
	-	Euro
BTF	-	French fixed treasury bills issued for less than one year.
CAD	-	Canadian Dollar
CMO	-	Collateralized Mortgage Obligation
FRN	-	Floating Rate Note. The interest rate disclosed reflects the rate in effect on October 31, 2006.

LIBOR	-	London Inter-Bank Offered Rate
MBS	-	Mortgage-Backed Security
NR	-	Not Rated
OTC	-	Over the Counter
UNIT	-	More than one class of securities traded together.
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, 2006.

PIMCO Corporate Income Fund Statement of Assets and Liabilities

October 31, 2006

Assets:	
Investments, at value (cost-$799,883,973)	$ 819,889,785
Cash (including foreign currency of $5,982,464 with a cost of $5,892,628)	8,629,329
Unrealized appreciation on swaps	50,144,269
Interest receivable	14,829,135
Premium for swaps purchased	3,890,852
Receivable for variation margin on futures contracts	935,893
Prepaid expenses	21,456
Receivable for investments sold	3,086
Total Assets	$ 898,343,805
Liabilities:	
Unrealized depreciation on swaps	53,687,116
Options written, at value (premiums received-$5,814,900)	4,150,889
Dividends payable to common and preferred shareholders	4,026,200
Unrealized depreciation on forward foreign currency contracts	521,749
Investment management fees payable	386,564
Premium for swaps sold	298,400
Accrued expenses	168,522
Total Liabilities	63,239,440
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	$ 535,104,365
Composition of Net Assets Applicable to Common Shareholders:	
Common Stock:	
Par value ($0.00001 per share, applicable to 36,253,071 shares issued and outstanding)	$ 363
Paid-in-capital in excess of par	515,034,041
Dividends in excess of net investment income	(1,044,271)
Accumulated net realized gain	1,000,787
Net unrealized appreciation of investments, futures contracts, options written, swaps and foreign currency transactions	20,113,445
Net Assets Applicable to Common Shareholders	$ 535,104,365
Net Asset Value Per Common Share	$14.76

PIMCO Corporate Income Fund Statement of Operations

For the year ended October 31, 2006

Investment Income:	
Interest	$ 56,489,318
Facility and other fee income	598,868
Dividends	267,750
Total Investment Income	57,355,936
Expenses:	
Investment management fees	6,165,674
Auction agent fees and commissions	776,780
Custodian and accounting agent fees	225,581
Interest expense on reverse repurchase agreements	162,297
Shareholder communications	104,231
Audit and tax services	96,998
Trustees fees and expenses	48,040
Transfer agent fees	36,523
New York Stock Exchange listing fees	29,174
Insurance expense	19,524
Legal fees	17,599
Investor relations	14,095
Miscellaneous	17,809
Total expenses	7,714,325
Less: investment management fees waived	(1,644,222)
custody credits earned on cash balances	(17,336)
Net expenses	6,052,767
Net Investment Income	51,303,169
Realized and Change in Unrealized Gain (Loss):	
Net realized gain (loss) on:	
Investments	1,331,443
Futures contracts	(8,321,602)
Options written	3,332,527
Swaps	14,659,724
Foreign currency transactions	(669,020)
Net change in unrealized appreciation/depreciation of:	
Investments	3,858,057
Futures contracts	5,705,761
Options written	1,717,755
Swaps	(5,507,849)
Foreign currency transactions	(312,113)
Net realized and change in unrealized gain on investments, futures contracts, options written, swaps and foreign currency transactions	15,794,683
Net Increase in Net Assets Resulting from Investment Operations	67,097,852
Dividends on Preferred Shares from:	
Net Investment Income	(13,837,292)
Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	$ 53,260,560

PIMCO Corporate Income Fund **Statement of Changes in Net Assets**

Applicable to Common Shareholders

	Year ended October 31, 2006	Year ended October 31, 2005
Investment Operations:		
Net investment income	$ 51,303,169	$ 46,243,453
Net realized gain on investments, futures contracts, options written, swaps and foreign currency transactions	10,333,072	9,294,991
Net change in unrealized appreciation/depreciation of investments, futures contracts, options written, swaps and foreign currency transactions	5,461,611	(25,684,273)
Net increase in net assets resulting from investment operations	67,097,852	29,854,171
Dividends and Distributions on Preferred Shares from:		
Net investment income	(13,837,292)	(8,250,450)
Net realized gains		(471,455)
Total dividends and distributions to preferred shareholders	(13,837,292)	(8,721,905)
Net increase in net assets applicable to common shareholders resulting from investment operations	53,260,560	21,132,266
Dividends and Distributions to Common Shareholders from:		
Net investment income	(48,394,877)	(45,701,987)
Net realized gains		(9,765,042)
Total dividends and distributions to common shareholders	(48,394,877)	(55,467,029)
Capital Share Transactions:		
Reinvestment of dividends and distributions	4,510,827	3,547,880
Total increase (decrease) in net assets applicable to common shareholders	9,376,510	(30,786,883)
Net Assets Applicable to Common Shareholders:		
Beginning of year	525,727,855	556,514,738
End of year (including dividends in excess of net investment income of $1,044,271 and $1,280,818, respectively)	$ 535,104,365	$ 525,727,855
Common Shares Issued in Reinvestment of Dividends and Distributions	307,184	233,775

 See accompanying Notes to Financial Statements.

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

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 there under, 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 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 corporate 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 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.

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

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.

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 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. 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 Board of Trustees. Such procedures include consideration and evaluation of: (1) the creditworthiness of the borrower and any intermediate participants; (2) the term of the Senior

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

1. Organization and Significant Accounting Policies (continued)

(a) Valuation of Investments (continued)

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, 2006, 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. 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 the differences could be material to the financial statements. The Fund s net asset value is determined daily 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 treatment; temporary differences do not require reclassification. For the year ended October 31, 2006, the permanent differences are primarily attributable to the differing treatment of foreign currency transactions, swap payments, paydowns and consent fees. These adjustments were to decrease dividends in excess of net investment income and decrease accumulated net realized gains by $11,165,547. 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.

Net investment income and net realized gains differ for financial statement and tax purposes primarily due to the treatment of amounts received under swap agreements. For the year ended October 31, 2006, the Fund received $12,353,184 from swap agreements, which are treated as net realized gain (loss) for financial statement purposes and as net income (loss) for federal income tax purposes.

(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

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

1. Organization and Significant Accounting Policies (continued)

(e) Foreign Currency Translation (continued)

gain or loss upon the sale or maturity of foreign currency denominated debt obligations pursuant to U.S. federal 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 the current market.

(h) Interest Rate/Credit Default Swaps

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 is 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).

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

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 (paid) by the Fund are included as part of realized gain (loss) and net periodic payments accrued, but not received (paid) are included in change in unrealized appreciation/depreciation on the Fund s 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. 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 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 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

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

1. Organization and Significant Accounting Policies (continued)

(l) Repurchase Agreements (continued)

the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Fund require 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) Reverse Repurchase Agreements

In a reverse repurchase agreement, the Fund sells securities to a bank or broker-dealer and agrees to repurchase the securities at a mutually agreed date and price. Generally, the effect of such a transaction is that the Fund can recover and reinvest all or most of the cash invested in the 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 Fund of the reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. Unless the Fund covers its positions in reverse repurchase agreements (by segregating liquid assets at least equal in amount to the forward purchase commitment), its obligations under the agreements will be subject to the Fund s limitations on borrowings. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Fund is 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 Fund s 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 Fund s obligation to repurchase the securities. At October 31, 2006, the Fund had no reverse repurchase agreements outstanding. The weighted average daily balance of reverse repurchase agreements outstanding for the year ended October 31, 2006 was $24,413,041 at a weighted average interest rate of 4.88% (for 49 days open during the year).

(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.

2. Investment Manager/Sub-Adviser

The Fund has entered into 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 monthly, 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, 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, at the maximum annual rate of 0.42% of the Fund s average daily net assets, inclusive of net assets attributable to any preferred shares

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

2. Investment Manager/Sub-Adviser (continued)

that may be outstanding. The Sub-Adviser has contractually agreed to waive a portion of the fees it is entitled to receive from the Investment Manager such that the Sub-Adviser will receive 0.30% 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 the Fund s operations through December 31, 2006, and will receive an increasing amount thereafter.

3. Investment in Securities

For the year ended October 31, 2006, purchases and sales of investments, other than short-term securities and U.S. government obligations, were $250,686,127 and $222,592,888, respectively. Purchases and sales of in U.S. government obligations, were $11,075,937 and $12,298,424, respectively.

(a) Futures contracts outstanding at October 31, 2006:

Type		Contracts	Market Value (000)	Expiration Date	Unrealized Appreciation
Long:	Financial Future British Pound 90 day	870	$ 196,379	12/19/07	$ 1,042
	Financial Future Euro 90 day	350	83,339	12/17/07	293,237
	Financial Future Euro 90 day	650	154,838	3/17/08	617,520
	Financial Future Euro 90 day	1,584	377,249	6/16/08	1,136,506
	Financial Future Euro 90 day	103	24,524	9/15/08	37,520
	U.S. Treasury Bond Futures	138	15,547	12/19/06	280,312
	U.S. Treasury Notes 10 yr. Futures	437	47,292	12/19/06	16,287
					$ 2,382,424

(b) Transactions in options written for the year ended October 31, 2006:

	Notional/ Contracts	Premiums
Options outstanding, October 31, 2005	7,457,367	$ 1,607,640
Options written	1,643,013,581	9,225,253
Options terminated in closing purchase transactions	(7,470,948)	(4,985,703)
Options expired	(5,000,000)	(32,290)
Options outstanding, October 31, 2006	1,638,000,000	$ 5,814,900

(c) Credit default swaps contracts outstanding at October 31, 2006:

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Fixed Payments Received (Paid) by Fund	Unrealized Appreciation (Depreciation)
Bank of America				
Ford Motor Credit	$ 5,000	6/20/07	2.70%	$ 59,041
Bear Stearns				
Bombardier	3,000	12/20/06	(1.90)%	(12,265)
Encana	3,000	9/20/09	0.53%	29,377
Ford Motor Credit	4,000	6/20/10	5.60%	303,225
GMAC	5,000	6/20/07	4.65%	148,503
Credit Suisse First Boston				
GMAC	7,000	12/20/10	5.22%	993,171
Qwest Holding	7,000	12/20/06	(1.45)%	(24,777)
Qwest Holding	7,000	12/20/10	4.56%	847,941

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

3. Investment in Securities (continued)

Swap Counterparty/ Referenced Debt Issuer	Notional Amount Payable on Default (000)	Termination Date	Fixed Payments Received (Paid) by Fund	Unrealized Appreciation (Depreciation)
Goldman Sachs				
Bombardier	3,000	12/20/10	4.05%	221,217
Ford Motor Credit	7,000	12/20/10	5.90%	115,702
Ford Motor Credit	1,000	6/20/07	3.00%	14,039
Reliant Energy	7,000	12/20/06	(0.85)%	(8,620)
HSBC Bank				
Ford Motor Credit	5,000	6/20/07	2.67%	57,926
Ford Motor Credit	1,000	6/20/07	2.70%	11,808
JP Morgan Chase				
American International Group	5,100	6/20/10	0.35%	50,640
Ford Motor Credit	10,000	6/20/07	3.10%	146,967
Lehman Securities				
Ford Motor Credit	7,000	12/20/06	(2.05)%	(30,055)
MGM	7,000	12/20/06	(0.70)%	(8,287)
Merrill Lynch				
Federation of Russia	5,000	7/20/07	0.40%	11,239
Ford Motor Credit	5,000	6/20/07	2.80%	62,760
Ford Motor Credit	2,000	6/20/07	3.45%	34,771
Reliant Energy	2,000	12/20/10	2.80%	43,752
Morgan Stanley Dean Witter				
Federation of Russia	5,000	6/20/07	0.39%	11,335
Ford Motor Credit	5,000	9/20/10	4.05%	140,277
Ford Motor Credit	1,000	6/20/07	3.40%	17,014
Ford Motor Credit	2,000	6/20/07	3.75%	39,233
GMAC	7,000	12/20/06	(2.10)%	(36,732)
MGM	7,000	12/20/10	2.55%	268,275
Reliant Energy	5,000	12/20/10	2.90%	127,478
UBS Securities				
Ford Motor Credit	1,000	6/20/07	3.35%	16,549
				$ 3,651,504

(d) Interest rate swap agreements outstanding at October 31, 2006:

Swap Counterparty	Notional Amount (000)	Termination Date	Rate Type Payments made by Fund	Rate Type Payments received by Fund	Unrealized Appreciation (Depreciation)
Barclay s Bank	$ 160,000	6/21/25	5.70%	3 month LIBOR	$ (8,284,640)
Barclay s Bank	160,000	6/21/25	3 month LIBOR	5.70%	8,122,672
Lehman Securities	334,000	2/23/16	4.405%	3 month LIBOR	1,808,960
Lehman Securities	334,000	2/23/16	3 month LIBOR	5.80%	269,799
Lehman Securities	700,000	12/18/24	5.77%	3 month LIBOR	(45,281,740)
Lehman Securities	680,000	12/18/24	3 month LIBOR	5.70%	36,170,598
					$ (7,194,351)

LIBOR London Inter-bank Offered Rate

The Fund received $3,500,000 par value in U.S. Treasury Bills as collateral for swap contracts.

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

3. Investment in Securities (continued)

(e) Forward foreign currency contracts outstanding at October 31, 2006:

	U.S. $ Value Origination Date	U.S. $ Value October 31, 2006	Unrealized (Depreciation)
Purchased:			
¥ 584,802,000 settling 11/15/06	$ 5,141,238	$ 5,002,660	$ (138,578)
Sold:			
1,750,000 Canadian Dollar settling 11/30/06	1,537,353	1,563,239	(25,886)
9,260,000 settling 12/8/06	11,811,500	11,843,672	(32,172)
£ 9,180,000 settling 11/30/06	17,188,219	17,513,332	(325,113)
			$ (521,749)

£ - British Pound

- Euro

¥ - Japanese Yen

4. Income Tax Information

The tax character of dividends and distributions paid were:

	Year Ended October 31, 2006	Year Ended October 31, 2005
Ordinary Income	$ 62,232,169	$ 56,641,744
Long-Term Capital Gains		7,547,190

At October 31, 2006, the tax character of distributable earnings of $3,488,480 was comprised entirely of ordinary income.

The cost basis of portfolio securities for federal income tax purposes is $799,883,973. Aggregated gross unrealized appreciation for securities in which there is an excess value over tax cost is $28,159,614; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is $8,153,802; net unrealized depreciation for federal income tax purposes is $20,005,812.

5. Auction Preferred Shares

The Fund has issued 2,400 shares of Preferred Shares Series M, 2,400 shares of Preferred Shares Series T, 2,400 shares of Preferred Shares Series W, 2,400 shares of Preferred Shares Series TH and 2,400 shares of Preferred Shares Series F each with a net asset and liquidation value of $25,000 per share plus accrued 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 year ended October 31, 2006, the annualized dividend rate ranged from:

	High	Low	At October 31, 2006
Series M	5.25%	3.65%	5.05%
Series T	5.16%	3.61%	5.05%
Series W	5.21%	3.65%	5.05%
Series TH	5.21%	3.65%	5.05%
Series F	5.30%	3.73%	5.05%

The Fund is subject to certain limitations and restrictions while Preferred Shares are outstanding. Failure to comply with these limitations and restrictions could preclude the Fund 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.

Preferred Shares, which are entitled to one vote per share, generally vote together with the common stock but vote separately as a class to elect two Trustees and on any matters affecting the rights of the preferred shares.

PIMCO Corporate Income Fund Notes to Financial Statements

October 31, 2006

6. Subsequent Common Dividend Declarations

On November 1, 2006, a dividend of $0.10625 per share was declared to common shareholders payable December 1, 2006 to shareholders of record on November 13, 2006.

On December 1, 2006, a dividend of $0.10625 per share was declared to common shareholders payable December 29, 2006 to shareholders of record on December 11, 2006.

7. Legal Proceedings

In June and September 2004, the Investment Manager, certain of its affiliates (including Allianz Global Investors Distributors LLC and PEA Capital LLC) and Allianz Global, agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission (the Commission), the New Jersey Attorney General and the California 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. Two settlements (with the Commission and New Jersey) related to an alleged market timing arrangement in certain open-end funds sub-advised by PEA Capital LLC. Two settlements (with the Commission and California) related to the alleged use of cash and fund portfolio commissions to finance shelf-space arrangements with broker-dealers for open-end funds. The Investment Manager and its affiliates agreed to pay a total of $68 million to settle the claims related to market timing and $20.6 million to settle the claims related to shelf space. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, brokerage commissions, revenue sharing and shelf space arrangements, and consented to cease and desist orders and censures. The settling parties did not admit or deny the findings in these settlements. None of the settlements allege that any inappropriate activity took place with respect to the Fund.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in fifteen lawsuits filed in various jurisdictions. Eleven of those lawsuits concern market timing and have been transferred to and consolidated for pre-trial proceedings in a multi-district litigation proceeding in the U.S. District Court for the District of Maryland; the other four lawsuits concern revenue sharing and have been consolidated into a single action in the U.S. District Court for the District of Connecticut. The lawsuits generally relate to the same allegations that are the subject of the regulatory proceedings discussed above. The lawsuits seek, among other things, unspecified compensatory damages plus interest and, in some cases, punitive damages, the rescission of investment advisory contracts, the return of fees paid under those contracts, restitution, and waiver of or return of certain sales charges paid by open-end fund shareholders.

The Investment Manager and the Sub-Adviser believe that these matters are not likely to have a material adverse effect on the Fund or on their ability to perform their respective investment advisory activities relating to the Fund.

The foregoing speaks only as of the date hereof.

PIMCO Corporate Income Fund Financial Highlights

For a share of common stock outstanding throughout each period.

	Year ended, October 31,				For the period December 21, 2001* through October 31,
	2006	2005	2004	2003	2002
Net asset value, beginning of period	$14.63	$15.58	$15.38	$12.25	$14.33**
Investment Operations:					
Net investment income	1.42	1.30	1.33	1.55	1.12(1)
Net realized and change in unrealized gain (loss) on investments, futures contracts, options written, swaps and foreign currency transactions	0.43	(0.46)	0.73	3.18	(2.00)
Total from investment operations	1.85	0.84	2.06	4.73	(0.88)
Dividends and Distributions on Preferred Shares from:					
Net investment income	(0.38)	(0.23)	(0.10)	(0.11)	(0.11)
Net realized gains		(0.01)	(0.01)		
Total dividends and distributions on preferred shares	(0.38)	(0.24)	(0.11)	(0.11)	(0.11)
Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations	1.47	0.60	1.95	4.62	(0.99)
Dividends and Distributions to Common Shareholders from:					
Net investment income	(1.34)	(1.28)	(1.41)	(1.38)	(0.96)
Net realized gains		(0.27)	(0.34)	(0.11)	
Total dividends and distributions to common shareholders	(1.34)	(1.55)	(1.75)	(1.49)	(0.96)
Capital Share Transactions:					
Common stock offering costs charged to paid-in capital in excess of par					(0.03)(1)
Preferred shares offering costs/underwriting discounts charged to paid-in capital in excess of par					(0.10)(1)
Total capital share transactions					(0.13)
Net asset value, end of period	$14.76	$14.63	$15.58	$15.38	$12.25
Market price, end of period	$15.68	$14.92	$15.46	$15.43	$13.24
Total Investment Return (2)	15.08%	6.92%	12.32%	29.29%	(5.30)%
RATIOS/SUPPLEMENTAL DATA:					
Net assets applicable to common shareholders, end of period (000)	$535,104	$525,728	$556,515	$544,454	$429,982
Ratio of expenses to average net assets (3)(4)(5)	1.16%	1.12%	1.12%	1.15%	1.07% (6)
Ratio of expenses to average net assets, excluding interest expense (3)(4)(5)	1.13%	1.12%	1.12%	1.15%	1.07% (6)
Ratio of net investment income to average net assets (3)(5)	9.83%	8.54%	8.95%	10.90%	9.83%(6)
Preferred shares asset coverage per share	$69,566	$68,791	$71,365	$70,367	$60,826
Portfolio turnover	30%	108%	74%	63%	77%

* Commencement of operations.
** Initial public offering price of $15.00 per share less underwriting discount of $0.675 per share.
(1) Calculated based on average daily shares outstanding.
(2) Total investment return is calculated assuming a purchase of a share of common stock at the current market price on the first day 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.
(3) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
(4) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank. (See note 1(o) in Notes to Financial Statements).
(5) During the fiscal periods indicated above, the Investment Manager waived a portion of its investment management fee. If such waiver had not been in effect, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.48% and 9.51%, respectively, for the year ended October 31, 2006; 1.43% and 8.23%, respectively, for the year ended October 31, 2005; 1.43% and 8.64%, respectively, for the year ended October 31, 2004; 1.47% and 10.58%, respectively, for the year ended October 31, 2003; and 1.37% (annualized) and 9.53% (annualized), respectively, for the period December 21, 2001 (commencement of operations) through October 31, 2002.
(6) Annualized.

 See accompanying Notes to Financial Statements.

PIMCO Corporate Income Fund Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of
PIMCO Corporate Income Fund

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, and of changes in net assets applicable to common shareholders and the financial highlights present fairly, in all material respects, the financial position of PIMCO Corporate Income Fund (the Fund) at October 31, 2006, the results of its operations for the year then ended, the changes in its net assets applicable to common shareholders for each of the two years in the period then ended and financial highlights for each of the four years in the period then ended and for the period December 21, 2001 (commencement of operations) through October 31, 2002, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2006 by correspondence with the custodian, brokers and agent banks, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York
December 18, 2006

PIMCO Corporate Income Fund **Matters Relating to the Trustees Consideration of the Investment Management and Portfolio Management Agreements** (unaudited)

The Investment Company Act of 1940 requires that both the full Board of Trustees (the Trustees) and a majority of the non-interested (Independent) Trustees, voting separately, approve the Fund s 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 on June 20 and 21, 2006 (the contract review meeting) for the specific purpose of considering whether to approve 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 (the 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 Fund s Advisory Agreements and the Sub-Advisory Agreements should be approved for a one-year period commencing July 1, 2006.

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 and the Sub-Adviser under the 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. 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, (ii) information provided by Lipper Inc. on the Funds management fees and other expenses and the management fees and other expenses of comparable funds identified by Lipper Inc., (iii) information regarding the investment performance and management fees of comparable portfolios of other clients of the Sub-Adviser, including institutional separate account and other clients, (iv) an estimate of the profitability to the Investment Manager from its relationship with the Funds for the twelve months ended March 31, 2006, (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 Agreements were based on a comprehensive consideration of all information provided to the Trustees and 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, giving 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 the Funds given their 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.

PIMCO Corporate Income Fund **Matters Relating to the Trustees Consideration of the Investment Management and Portfolio Management Agreements** (unaudited) (continued)

Based on information provided by Lipper Inc., the Trustees also reviewed each Fund s total return investment performance as well as the performance of comparable funds identified by Lipper Inc. In the course of their deliberations, the Trustees took into account information provided by the Investment Manager in connection with the Meeting, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding each the Fund s performance.

In assessing the reasonableness of the Fund s fees under the Agreements, the Trustees considered, among other information, the Fund s management fee and the total expense ratio as a percentage of average net assets attributable to common shares and the management fee and total expense ratios of comparable funds identified by Lipper Inc.

For each of the Funds, the Trustees specifically took note of how each Fund compared to its Lipper Inc. peers as to performance and management fee expenses. The Trustees noted that while the Fund is not charged a separate administration fee, it was not clear whether the peer funds in the Lipper Inc. categories were charged such a fee by their investment managers. Thus, the Trustees, at the recommendation of the Investment Manager, considered the total expenses of the Funds comparatively to the total expenses of the peer funds, recognizing that the fees for management and administrative services would be subsumed within the total expense ratio.

The Trustees noted that the Fund had significantly outperformed its peer median and average group for the one-year and three-year periods ended April 30, 2006. The Trustees also noted that the Fund s expense ratio (after taking into account waivers) including the effect of preferred shares was significantly below the median and average for its peer group and excluding the effect of preferred shares was also below the median and average for its peer group.

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 relating to investment performance and the comparative positioning of each Fund with respect to the management fee paid to the Investment Manager.

The Trustees also considered the management fees charged by the 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 were advised 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 Fund is subject in comparison to institutional separate accounts. The Trustees noted that the management fees paid by the Fund is generally higher than the fees paid by the other open-end funds but were advised that there are additional portfolio management challenge in managing the Fund, such as the use of leverage and meeting a regular dividend.

The Trustees also took into account that the Fund has 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 the Fund s total managed assets, including assets attributable to preferred shares and other forms of leverage outstanding). In this regard, the Trustees took into account that the Investment Manager and the Sub-Adviser have a financial incentive for the Fund to continue to have preferred shares outstanding, which may create a conflict of interest between the Investment Manager and the Sub-Adviser, on one hand, and the 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 interests of the Fund s common shareholders.

Based on a profitability analysis provided by the Investment Manager, the Trustees also considered the estimated profitability of the Investment Manager from its relationship with each Fund and determined that such profitability was not excessive.

The Trustees also took into account that, as closed-end investment companies, the Fund does 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.

PIMCO Corporate Income Fund **Matters Relating to the Trustees Consideration of the Investment Management and Portfolio Management Agreements/Fund Changes** (unaudited) (continued)

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 Fund.

After reviewing these and other factors described herein, the Trustees concluded, within the context of their overall conclusions regarding the Agreements, 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 Fund.

Corporate Changes

On September 12, 2006, the Fund s Board of Trustees appointed William B. Ogden IV as a class I Trustee. On October 10, 2006, David C. Flattum, an interested Trustee, resigned. On December 12, 2006, the Fund s Board of Trustees appointed John C. Maney, as a Class III (interested) Trustee.

Investment Policy Changes

Effective April 4, 2006, the Fund expanded upon its investment policy permitting it to invest up to 20% of its total assets in other types of debt instruments. The Fund may now invest the balance of its assets (i.e., assets not devoted to satisfying the 80% requirement) in any type of security or instrument, subject to the Fund s other investment policies and restrictions. This change in no way affects the Fund s intention to normally invest at least 80% of its total assets in a portfolio of U.S. dollar-denominated corporate debt obligations and other corporate income-producing securities (the 80% requirement).

PIMCO Corporate Income Fund **Privacy Policy, Proxy Voting Policies & Procedures** (unaudited)

Privacy Policy:

Our Commitment to You

We consider customer privacy to be a fundamental aspect of our relationship with clients. We are committed to maintaining the confidentiality, integrity, and security of our current, prospective and former clients personal information. To ensure clients privacy, we have developed policies designed to protect this confidentiality, while allowing client needs to be served.

Obtaining Personal Information

In the course of providing you with products and services, we and certain service providers to the Funds, such as the Funds investment adviser, may obtain non-public personal information about you. This information may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from your transactions, from your brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on our internet web sites.

Respecting Your Privacy

As a matter of policy, we do not disclose any personal or account information provided by you or gathered by us to non-affiliated third parties, except as required or permitted by law or as necessary for such third parties to perform their agreements with respect to the Funds. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on client satisfaction, and gathering shareholder proxies. We may also retain non-affiliated companies to market our products and enter in joint marketing agreements with other companies. These companies may have access to your personal and account information, but are permitted to use the information solely to provide the specific service or as otherwise permitted by law. In most cases you will be clients of a third party, but we may also provide your personal and account information to your respective brokerage or financial advisory firm and/or to your financial adviser or consultant.

Sharing Information with Third Parties

We do reserve the right to disclose or report personal information to non-affiliated third parties in limited circumstances where we believe in good faith that disclosure is required under law, to cooperate with regulators or law enforcement authorities, to protect our rights or property, or upon reasonable request by any mutual fund in which you have chosen to invest. In addition, we may disclose information about a shareholder s accounts to a non-affiliated third party with the consent or upon the request of the shareholder.

Sharing Information with Affiliates

We may share client information with our affiliates in connection with servicing your account or to provide you with information about products and services that we or our affiliates believe may be of interest to you. The information we share may include, for example, your participation in our mutual funds or other investment programs sponsored by us or our affiliates, your ownership of certain types of accounts (such as IRAs), or other data about your accounts. Our affiliates, in turn, are not permitted to share your information with non-affiliated entities, except as required or permitted by law.

Procedures to Safeguard Private Information

We take seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, we have also implemented procedures that are designed to restrict access to your non-public personal information only to internal personnel who need to know that information in order to provide products or services to you. In order to guard your non-public personal information, physical, electronic and procedural safeguards are in place.

Proxy Voting Policies & Procedures:

A description of the policies and procedures that the Fund has adopted to determine how to vote proxies relating to portfolio securities and information about how the Fund voted proxies relating to portfolio securities held during the twelve months ended June 30, 2006 is available (i) without charge, upon request, by calling the Fund s shareholder servicing agent at (800) 331-1710; (ii) on the Fund s website at www.allianzinvestors.com/closedendfunds; and (iii) on the Securities and Exchange Commission s website at www.sec.gov.

PIMCO Corporate Income Fund **Dividend Reinvestment Plan** (unaudited)

Pursuant to the Fund s Dividend Reinvestment Plan (the Plan), all Common Shareholders whose shares are registered in their own names will have all dividends, including any capital gain dividends, reinvested automatically in additional Common Shares by PFPC Inc., as agent for the Common Shareholders (the Plan Agent), unless the shareholder elects to receive cash. An election to receive cash may be revoked or reinstated at the option of the shareholder. In the case of record shareholders such as banks, brokers or other nominees that hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder as representing the total amount registered in such shareholder s name and held for the account of beneficial owners who are to participate in the Plan. Shareholders whose shares are held in the name of a bank, broker or nominee should contact the bank, broker or nominee for details. All distributions to investors who elect not to participate in the Plan (or whose broker or nominee elects not to participate on the investor s behalf), will be paid cash by check mailed, in the case of direct shareholder, to the record holder by PFPC Inc., as the Funds dividend disbursement agent.

Unless you (or your broker or nominee) elects not to participate in the Plan, the number of Common Shares you will receive will be determined as follows:

(1) If on the payment date the net asset value of the Common Shares is equal to or less than the market price per Common Share plus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market, the Fund will issue new shares at the greater of (i) the net asset value per Common Share on the payment date or (ii) 95% of the market price per Common Share on the payment date; or

(2) If on the payment date the net asset value of the Common Shares is greater than the market price per Common Share plus estimated brokerage commissions that would be incurred upon the purchase of Common Shares on the open market, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the New York Stock Exchange or elsewhere, for the participants accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price on the payment date, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market on or shortly after the payment date, but in no event later than the ex-dividend date for the next distribution. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving notice to the Plan Agent. If you withdraw or the Plan is terminated, you will receive a certificate for each whole share in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions.

The Plan Agent maintains all shareholders accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. The Plan Agent will also furnish each person who buys Common Shares with written instructions detailing the procedures for electing not to participate in the Plan and to instead receive distributions in cash. Common Shares in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvested dividends and distributions are taxed in the same manner as cash dividends and distributions.

The Fund and the Plan Agent reserve the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from the Fund s shareholder servicing agent, PFPC Inc., P.O. Box 43027, Providence, RI 02940-3027, telephone number (800) 331-1710.