

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  
(Address of principal executive offices)

10105  
(Zip code)

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

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

Date of fiscal year end: October 31, 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.

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**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](http://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.

<b>Total Return<sup>(1)</sup>:</b>	<b>Market Price</b>	<b>Net Asset Value ( NAV )</b>
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%

<b>Common Share Market Price/NAV Performance:</b>	<b>Market Price/NAV:</b>	
Commencement of Operations (12/21/01) to 10/31/06	Market Price	\$15.68
NAV	NAV	\$14.76
Market Price	Premium to NAV	6.23%
	Market Price Yield <sup>(2)</sup>	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

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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.

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2006

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>CORPORATE BONDS &amp; NOTES</b>	<b>77.3%</b>			
<b>Airlines</b>	<b>3.7%</b>			
\$	2,012	American Airlines, Inc., pass thru certificates, 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
	10,000	Continental Airlines, Inc., pass thru certificates, 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
	5,740	Delta Air Lines, Inc., pass thru certificates, 7.57%, 5/18/12, Ser. 00-1	NR/BB	5,757,938
	4,285	United Air Lines, Inc., 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
<b>Apparel &amp; Textiles</b>	<b>0.2%</b>			
	1,500	Quiksilver, Inc., 6.875%, 4/15/15	Ba3/BB-	1,451,250
<b>Automotive</b>	<b>0.9%</b>			
	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
<b>Banking</b>	<b>5.5%</b>			
	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, 4.61%, 6/27/13 (d)	A1/A	2,812,614
	3,000	10.176%, 6/30/30	A1/A	1,474,548
	1,000	HSBC Holdings PLC, 6.50%, 5/2/36	Aa3/A+	7,011,801
	6,450	Rabobank Capital Funding Trust, 5.254%, 10/21/16, UNIT, VRN (d)	Aa2/AA	2,334,840
	2,400	Republic New York Corp., 9.70%, 2/1/09	A1/A+	6,474,375
	5,910	Riggs Capital Trust, 8.625%, 12/31/26, Ser. A	A3/BBB+	1,046,405
	1,000	Riggs National Corp., 9.65%, 6/15/09	A3/A-	1,936,559
	1,750	Royal Bank of Scotland Group PLC, 7.648%, 9/30/31, VRN	A1/A	1,176,007
	1,000	USB Capital IX, 6.189%, 4/15/11, VRN	Aa3/A	4,803,405
	4,700	Wachovia Capital Trust III, 5.80%, 3/15/11, VRN	A2/A-	2,019,540
	2,000			44,940,330
<b>Computer Services</b>	<b>0.3%</b>			
	1,000	Electronic Data Systems Corp., 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
<b>Containers &amp; Packaging</b>	<b>0.7%</b>			
	1,000	Smurfit-Stone Container, 8.375%, 7/1/12	B2/CCC+	980,000



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4,296

9.75%, 2/1/11

B2/CCC+

4,451,730

5,431,730

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**PIMCO Corporate Income Fund Schedule of Investments**

October 31, 2006 (continued)

	Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>Diversified Manufacturing 2.4%</b>				
\$	3,500	Hutchison Whampoa International Ltd. (d), 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
<b>Energy 2.4%</b>				
\$	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
<b>Financial Services 9.8%</b>				
	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
	2,000	Ford Motor Credit Co., 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
	5,000	General Motors Acceptance Corp., 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
	4,350	Pemex Project Funding Master Trust, 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		Aaa/AAA	2,001,046

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		Preferred Term Securities XIII, 5.94%, 3/24/34, FRN (b)(d)(f)		
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
<b>Food &amp; Beverage</b>	<b>0.9%</b>			
	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