

PIMCO CORPORATE INCOME FUND  
Form N-CSRS  
June 28, 2011

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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)

1633 Broadway, New York, New York  
(Address of principal executive offices)

10019  
(Zip code)

Lawrence G. Altadonna 1633 Broadway, New York, New York 10019  
(Name and address of agent for service)

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

Date of fiscal year end: October 31, 2011

Date of reporting period: April 30, 2011

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, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1: REPORT TO SHAREHOLDERS

April 30, 2011

**PIMCO Corporate Income Fund**  
**PIMCO Income Opportunity Fund**

**Contents**

|  |       |
|--|-------|
| Letter to Shareholders   | 2-3   |
| Fund Insights/Fund Performance & Statistics  | 4-8   |
| Schedules of Investments   | 9-31  |
| Statements of Assets and Liabilities   | 32    |
| Statements of Operations   | 33    |
| Statements of Changes in Net Assets  | 34-35 |
| Statements of Cash Flows   | 36    |
| Notes to Financial Statements  | 37-60 |
| Financial Highlights   | 61-62 |
| Annual Shareholder Meeting Results/ Changes to Board of Trustees/Changes in Investment Policy/<br>Proxy Voting Policies & Procedures | 63    |

Dear Shareholder:

For corporate bond investors, fiscal year 2011 began where fiscal year 2010 ended: with gains. This advance was powered by continued economic expansion in both the United States and around the world.

### Six Months in Review

For the six-month period ended April 30, 2011:

**Hans W. Kertess**  
*Chairman*

- PIMCO Corporate Income Fund rose 8.25% on net asset value ( NAV ) and 14.22% on market price.
- PIMCO Income Opportunity Fund rose 9.36% on NAV and 16.16% on market price.

The U.S. economy, as measured by gross domestic product ( GDP ), expanded at an annualized rate of 3.1% between October and December 2010. This eased to a rate of 1.8% between January and March of 2011, held back in large part by continued weakness in the housing market, rising prices for energy and other commodities, and a stubbornly high unemployment rate.

**Brian S. Shlissel**  
*President & CEO*

Despite these headwinds, U.S. corporations continue to show an impressive resilience. Since the recession ended in 2009, corporate profits have grown by double-digits for seven consecutive quarters. Even more encouraging, these profits were generally derived from growing revenue, as opposed to reducing costs. This top-line growth suggests increasing confidence among American consumers, who comprise approximately two-thirds of U.S. economic activity. It also suggests continued, if not increasing, global demand for the goods and services provided by U.S. firms.

The U.S. Federal Reserve (the Fed ) maintained a cautious stance throughout the six-month period. Last fall, it embarked on a \$900 billion program to purchase U.S. Treasury bonds, the goal of which was to stimulate the economy by pushing already low interest rates even lower. Although certain analysts have expressed concern about what the scheduled June 2011 end of this quantitative easing program could mean for the U.S. economy, Fed Chairman Ben Bernanke has indicated it is unlikely to have significant effects. In addition, despite rising energy and food prices, the Fed believes that overall inflation trends are likely to remain subdued and revealed that it would maintain the federal funds rate near zero for an extended period.

## The Road Ahead

The U.S. economic recovery is about to enter its third consecutive year. However, as the slowdown between January and March of 2011 reflects, this rebound has been more tepid than recoveries from prior recessions. We expect this modest pace to continue. Given the continued reluctance to hire workers in significant numbers, many U.S. companies seem to agree. Rather than spend on new employees, companies are stockpiling cash. At the end of 2010, U.S. companies held an estimated \$1.9 trillion, the highest amount since 1963. With so much cash on hand, companies can easily meet their debt obligations to bondholders which has resulted in a decline in defaults. That being said, credit risk is but one factor that investors in corporate bonds must be mindful of. If the economy were to strengthen more than anticipated, interest rates could rise quickly, increasing borrowing costs. Furthermore, since many U.S. corporations derive an increasing percentage of revenue from abroad, currency risk and geopolitical risk are other ongoing concerns.

For specific information on the Funds and their performance, 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 Funds' shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources are available on our website, [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).

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

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess  
Chairman

Brian S. Shlissel  
President & CEO

Receive this report electronically and eliminate paper mailings. To enroll, go to [www.allianzinvestors.com/edelivery](http://www.allianzinvestors.com/edelivery).

## **PIMCO Corporate Income Fund Fund Insights**

April 30, 2011 (unaudited)

For the six months ended April 30, 2011, PIMCO Corporate Income Fund returned 8.25% on net asset value ( NAV ) and 14.22% on market price.

The U.S. corporate bond market posted a positive return during the reporting period and outperformed equal-duration Treasuries. Supporting corporate bond prices were generally strong corporate profits, strengthening corporate balance sheets and overall solid demand from investors seeking to generate incremental yield in the low interest rate environment. In addition, corporate default rates, which had moved sharply higher during the credit crisis, continued to decline during the six months ended April 30, 2011.

Compared to the relatively flat 0.02% return for the overall U.S. fixed income market (as measured by the Barclays Capital U.S. Aggregate Index), high yield and investment grade bonds returned 6.15% and 0.56%, respectively (as measured by the Barclays Capital U.S. High Yield and Barclays Capital Credit Investment Grade Indices) for the six-month reporting period. Given investors' quest for yield, on a total return basis, lower rated, higher yielding corporate bonds generally outperformed their higher quality, lower yielding counterparts. For example, AA-, A- and BBB-rated issues returned 0.16%, 0.75% and 0.91%, respectively, during the six months ended April 30, 2011. The same trend held true in the high yield market, as BB-rated issues returned 4.30%, versus 6.02% for B-rated names.

### **Duration and sector positioning drive results**

The Fund generated a strong absolute return during the reporting period. An emphasis on the banking sector was a significant positive for results, as these issues were among the best performers during the six months ended April 30, 2011. An emphasis on insurance, particularly life insurance credits, was also rewarded as this sector posted solid gains. In contrast, underweights to the energy sector and consumer cyclicals detracted from results as they outperformed the market.

PIMCO Corporate Income Fund

4 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

**PIMCO Income Opportunity Fund, Inc. Fund Insights**

April 30, 2011 (unaudited)

For the six months ended April 30, 2011, PIMCO Income Opportunity Fund, Inc. returned 9.36% on net asset value ( NAV ) and 16.16% on market price.

It was a challenging period for certain segments of the fixed income market. Yields across the Treasury curve moved sharply higher as two-year Treasuries increased from 0.34% to 0.61% and 10-year Treasuries from 2.63% to 3.32%. This rise in rates is attributable to a number of factors, including mounting inflationary pressures due to sharply higher oil and food prices, strong manufacturing activity signs that the labor market was improving.

The spread sectors (non-U.S. Treasuries) posted positive returns during the reporting period and generally outperformed equal-duration Treasuries. Supporting the spread sectors was continuing positive economic growth, relatively benign core inflation and improving corporate profits. In addition, overall, there was solid demand from investors seeking to generate incremental yield in the low interest rate environment. Given investors' quest for yield, lower rated, higher yielding securities generally outperformed their higher quality, lower yielding counterparts during the six-month period. For example, compared to the relatively flat 0.02% return for the overall U.S. fixed income market (as measured by the Barclays Capital U.S. Aggregate Index), high yield and investment grade bonds returned 6.15% and 0.56%, respectively (as measured by the Barclays Capital U.S. High Yield and Barclays Capital Credit Investment Grade Indices) for the six-month period.

**Strong sector positioning enhances performance**

The Fund's relatively large allocation to high quality, senior, commercial mortgage-backed securities ( CMBS ) enhanced performance, as the Barclays Capital CMBS Index returned 5.51% during the six-month period ended April 30, 2011. An overweighting to high yield life insurance credits was rewarded, as this component of the BofA Merrill Lynch BB-B High Yield Index gained 11.31% during the reporting period. Price appreciation in the



**PIMCO Income Opportunity Fund, Inc. Fund Insights**

April 30, 2011 (unaudited) (continued)

equity markets generally supported these issuers' equity-linked products sales, account values and overall reserve ratios.

The Fund's overweight credit exposure to finance companies was a positive for performance as these companies benefited from improved liquidity and earnings. Both high yield and investment grade finance companies' bonds outperformed the overall corporate market during the period. An overweighting to national money center high quality banking credits was also beneficial for performance. These banks are generally very well capitalized and have been able to generate high levels of capital through retained earnings. Security selection of both investment grade and high yield airline bonds, as well as an overweight to the airline industry were positive for results. The Fund's airline bonds offered attractive recovery prospects in the case of default due to specific collateral coverage. An underweighting to investment grade sovereign and supranational credits enhanced performance. Within the Barclays Capital U.S. Credit Index, sovereign and supranational credits, which have historically offered a relatively less compelling risk return profile than corporate bonds, returned -0.16% and 0.13%, respectively, during the six months ended April 30, 2011.

An allocation to emerging markets detracted from performance, as the JPMorgan EMBI Global Index returned -1.17% during the reporting period. Despite a nice rebound during the last three months of the period, it was not enough to offset the weak performance experienced in late 2010. An underweighting to high yield media-related credits also dragged relative performance as media bonds within the BofA Merrill Lynch U.S. BB-B High Yield Index gained a solid 4.75% during the period.

PIMCO Corporate Income Fund

6 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

| <b>Total Return(1):</b>                          | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Month  | 14.22%              | 8.25%      |
| 1 Year   | 29.19%              | 23.71%     |
| 5 Year   | 14.58%              | 14.51%     |
| Commencement of Operations (12/21/01) to 4/30/11 | 13.04%              | 12.76%     |

**Market Price/NAV Performance:**

Commencement of Operations (12/21/01) to 4/30/11  
Market Price  
NAV

**Market Price/NAV:**

Market Price \$17.35  
NAV \$15.68  
Premium to NAV 10.65%  
Market Price Yield(2) 7.35%

**Moody's Ratings**

(as a % of total investments)

**PIMCO Income Opportunity Fund  
Fund Performance & Statistics**

April 30, 2011 (unaudited)

| <b>Total Return(1):</b>                          | <b>Market Price</b> | <b>NAV</b> |
|--|---------------------|------------|
| Six Month  | 16.16%              | 9.36%      |
| 1 Year   | 30.65%              | 23.55%     |
| 3 Year   | 19.63%              | 17.63%     |
| Commencement of Operations (11/30/07) to 4/30/11 | 16.24%              | 15.85%     |

**Market Price/NAV Performance:**

Commencement of Operations (11/30/07) to 4/30/11

Market Price

NAV

**Market Price/NAV:**

Market Price

NAV

Premium to NAV

Market Price Yield(2)

\$28.75

\$27.10

6.09%

7.93%

**Moody's Ratings**

(as a % of total investments, before securities sold short)

(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in NAV or market price (as applicable) in the specified period. The calculation assumes that all income dividends, capital gain and return of capital distributions, if any, have been reinvested. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

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Performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Funds, market conditions, supply and demand for each Fund's shares, or changes in Fund dividends.

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

(2) Market Price Yield is determined by dividing the annualized current monthly per common share dividend (comprised of net investment income for Corporate Income and net investment income and short-term capital gains, if any, for Income Opportunity) payable to common shareholders by the market price per common share at April 30, 2011.

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8 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited)

| Principal Amount (000s)                  |   | Credit Rating (Moody s/S&P) | Value                                |
|--|---|-----------------------------|--------------------------------------|
| <b>CORPORATE BONDS &amp; NOTES 66.7%</b> |   |                             |                                      |
| <b>Airlines 2.1%</b>                     |   |                             |                                      |
| 1,000                                    | American Airlines Pass Through Trust, 7.858%, 4/1/13, (AGC)   | Ba1/BBB-                    | \$1,022,500                          |
| 1,959                                    | 10.375%, 1/2/21   | Baa3/A-                     | 2,282,293                            |
| 1,941                                    | Continental Airlines Pass Through Trust, 9.798%, 4/1/21   | Ba3/B                       | 2,047,587                            |
| 8,528                                    | Northwest Airlines, Inc., 7.15%, 4/1/21 (MBIA)  | Ba3/BB+                     | 8,506,929                            |
| 1,396                                    | United Air Lines Pass Through Trust, 7.336%, 1/2/21 (a) (b) (d) (j)   |                             |                                      |
| 2,833                                    | (acquisition cost-\$1,396,020; purchased 6/19/07) 10.40%, 5/1/18 (i)  | Ba2/B+<br>Baa2/BBB+         | 1,312,259<br>3,243,693<br>18,415,261 |
| <b>Automotive 0.2%</b>                   |   |                             |                                      |
| 1,500                                    | Ford Motor Co., 9.98%, 2/15/47  | Ba3/B+                      | 1,876,091                            |
| <b>Banking 8.8%</b>                      |   |                             |                                      |
| 4,000                                    | ABN Amro North American Holding Preferred Capital Repackage Trust I, 6.523%, 11/8/12 (a) (d) (g)                      | Ba3/BB+                     | 3,840,000                            |
| 2,400                                    | AgFirst Farm Credit Bank, 7.30%, 5/31/11 (a) (b) (d) (g) (j) (acquisition cost-\$1,904,000; purchased 2/26/10-3/2/10) | NR/A                        | 2,149,284                            |
| 1,150                                    | BankAmerica Capital II, 8.00%, 12/15/26   | Baa3/BB+                    | 1,185,937                            |
| 4,600                                    | Barclays Bank PLC, 7.434%, 12/15/17 (a) (d) (g)   | Baa2/A-                     | 4,809,300                            |
| 7,760                                    | 10.179%, 6/12/21 (a) (d) (i)  | Baa1/A                      | 10,133,861                           |
| £200                                     | 14.00%, 6/15/19 (g)   | Baa2/A-                     | 438,467                              |
| \$5,000                                  | BPCE S.A., 12.50%, 9/30/19 (a) (b) (d) (g) (i) (j) (acquisition cost-\$5,600,000; purchased 1/11/11)                  | Baa3/NR                     | 5,839,315                            |
| 25,290                                   | Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, 11.00%, 6/30/19 (a) (d) (g) (i)                                   | A2/AA-<br>Baa3/BBB          | 33,101,525<br>2,019,620              |
| 2,000                                    | HBOS PLC, 6.75%, 5/21/18 (a) (d)  |                             |                                      |
| 1,000                                    | HSBC Capital Funding L.P., 10.176%, 6/30/30 (g)   | A3/A-                       | 1,360,000                            |
| 4,100                                    | Intesa Sanpaolo SpA, 8.375%, 10/14/19 (g)   | Baa1/BBB+                   | 6,239,715                            |
| \$1,900                                  | Regions Financial Corp., 7.375%, 12/10/37   | B1/BB                       | 1,881,000                            |
| 3,400                                    | 7.75%, 11/10/14   | Ba3/BB+                     | 3,717,370                            |
| £1,200                                   | Santander Finance Preferred S.A. Unipersonal, 11.30%, 7/27/14 (g)   | Baa2/A-                     | 2,197,245<br>78,912,639              |
| <b>Building &amp; Construction 0.3%</b>  |   |                             |                                      |
| \$1,000                                  | Desarrolladora Homex SAB De C.V., 9.50%, 12/11/19 (a) (d)   | Ba3/BB-                     | 1,122,500                            |
| 1,700                                    | Macmillan Bloedel Pembroke L.P., 7.70%, 2/15/26   | Ba1/BBB-                    | 1,889,424<br>3,011,924               |
| <b>Energy 0.5%</b>                       |   |                             |                                      |
| 4,300                                    | Dynegy Roseton/Danskammer Pass Through Trust, 7.67%, 11/8/16, Ser. B  | Caa3/CC                     | 3,999,000                            |
| <b>Financial Services 33.3%</b>          |   |                             |                                      |
| 2,300                                    |   | Caa2/CCC-                   | 1,529,500                            |

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AGFC Capital Trust I, 6.00%, 1/15/67, (converts to FRN on  
1/15/17) (a) (d)

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual  
Report

9

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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s)            |                       | Credit Rating<br>(Moody s/S&P) | Value     |
|---------------------------------------|-----------------------|--------------------------------|-----------|
| <b>Financial Services (continued)</b> |                       |                                |           |
|                                       | Ally Financial, Inc., |                                |           |
| \$240                                 | 5.35%, 1/15/14        | B1/B                           | \$234,087 |
| 70                                    | 5.75%, 1/15/14        | B1/B                           | 68,959    |
| 372                                   | 5.85%, 6/15/13        | B1/B                           | 369,075   |
| 225                                   | 6.00%, 7/15/13        | B1/B                           | 223,828   |
| 34                                    | 6.00%, 3/15/19        | B1/B                           | 31,134    |
| 494                                   | 6.00%, 9/15/19        | B1/B                           | 450,791   |
| 492                                   | 6.05%, 8/15/19        | B1/B                           | 449,982   |
| 659                                   | 6.125%, 10/15/19      | B1/B                           | 602,624   |
| 343                                   | 6.15%, 9/15/19        | B1/B                           | 316,144   |
| 5                                     | 6.15%, 10/15/19       | B1/B                           | 4,612     |
| 10                                    | 6.20%, 4/15/19        | B1/B                           | 9,237     |
| 517                                   | 6.25%, 12/15/18       | B1/B                           | 481,712   |
| 10                                    | 6.25%, 4/15/19        | B1/B                           | 9,259     |
| 182                                   | 6.25%, 5/15/19        | B1/NR                          | 168,252   |
| 10                                    | 6.25%, 7/15/19        | B1/B                           | 9,264     |
| 620                                   | 6.30%, 8/15/19        | B1/B                           | 576,674   |
| 210                                   | 6.35%, 5/15/13        | B1/B                           | 209,804   |
| 5                                     | 6.35%, 7/15/19        | B1/B                           | 4,662     |
| 158                                   | 6.40%, 12/15/18       | B1/B                           | 148,566   |
| 133                                   | 6.50%, 2/15/16        | B1/B                           | 128,336   |
| 771                                   | 6.50%, 6/15/18        | B1/B                           | 734,996   |
| 666                                   | 6.50%, 11/15/18       | B1/B                           | 631,995   |
| 879                                   | 6.50%, 12/15/18       | B1/B                           | 831,433   |
| 11                                    | 6.50%, 5/15/19        | B1/B                           | 10,340    |
| 55                                    | 6.50%, 1/15/20        | B1/B                           | 51,684    |
| 78                                    | 6.60%, 5/15/18        | B1/B                           | 75,053    |
| 476                                   | 6.65%, 6/15/18        | B1/B                           | 457,805   |
| 770                                   | 6.65%, 10/15/18       | B1/B                           | 740,136   |
| 682                                   | 6.70%, 6/15/18        | B1/B                           | 657,725   |
| 250                                   | 6.70%, 11/15/18       | B1/B                           | 240,136   |
| 499                                   | 6.70%, 12/15/19       | B1/B                           | 474,612   |
| 896                                   | 6.75%, 7/15/12        | WR/NR                          | 892,756   |
| 2,000                                 | 6.75%, 12/1/14        | B1/B                           | 2,132,252 |
| 195                                   | 6.75%, 8/15/16        | B1/B                           | 189,851   |
| 10                                    | 6.75%, 6/15/17        | B1/B                           | 9,745     |
| 26                                    | 6.75%, 3/15/18        | B1/B                           | 25,256    |
| 554                                   | 6.75%, 7/15/18        | B1/B                           | 533,922   |
| 113                                   | 6.75%, 9/15/18        | B1/B                           | 108,156   |
| 432                                   | 6.75%, 10/15/18       | B1/B                           | 417,398   |
| 125                                   | 6.75%, 11/15/18       | B1/B                           | 120,379   |
| 293                                   | 6.75%, 5/15/19        | B1/B                           | 279,538   |
| 182                                   | 6.75%, 6/15/19        | B1/B                           | 173,875   |
| 682                                   | 6.80%, 9/15/18        | B1/B                           | 654,601   |
| 135                                   | 6.80%, 10/15/18       | B1/B                           | 130,860   |
| 30                                    | 6.85%, 5/15/18        | B1/B                           | 29,263    |
| 80                                    | 6.875%, 7/15/18       | B1/B                           | 77,607    |

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|     |                |      |         |
|-----|----------------|------|---------|
| 133 | 6.90%, 6/15/17 | B1/B | 130,558 |
| 535 | 6.90%, 7/15/18 | B1/B | 519,832 |
| 320 | 6.90%, 8/15/18 | B1/B | 309,913 |
| 133 | 7.00%, 2/15/18 | B1/B | 130,902 |
| 509 | 7.00%, 5/15/18 | B1/B | 500,380 |
| 60  | 7.00%, 8/15/18 | B1/B | 58,426  |

PIMCO Corporate Income Fund

10 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11



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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s)            |   | Credit Rating<br>(Moody's/S&P) | Value      |
|---------------------------------------|---|--------------------------------|------------|
| <b>Financial Services (continued)</b> |   |                                |            |
| \$975                                 | 7.00%, 9/15/18  | B1/B                           | \$945,956  |
| 560                                   | 7.00%, 11/15/23   | B1/B                           | 531,892    |
| 107                                   | 7.05%, 3/15/18  | B1/B                           | 105,544    |
| 33                                    | 7.05%, 4/15/18  | B1/B                           | 32,549     |
| 105                                   | 7.125%, 10/15/17  | B1/B                           | 104,045    |
| 148                                   | 7.15%, 6/15/16  | B1/B                           | 146,208    |
| 143                                   | 7.15%, 9/15/18  | B1/B                           | 139,910    |
| 210                                   | 7.15%, 1/15/25  | B1/B                           | 201,004    |
| 270                                   | 7.25%, 9/15/17  | B1/B                           | 269,168    |
| 17                                    | 7.25%, 4/15/18  | B1/B                           | 16,930     |
| 1,215                                 | 7.25%, 8/15/18  | B1/B                           | 1,199,149  |
| 385                                   | 7.25%, 9/15/18  | B1/B                           | 378,699    |
| 50                                    | 7.25%, 3/15/25  | B1/B                           | 48,197     |
| 227                                   | 7.30%, 12/15/17   | B1/B                           | 226,746    |
| 61                                    | 7.30%, 1/15/18  | B1/B                           | 60,924     |
| 12,781                                | 7.375%, 11/15/16  | B1/B                           | 12,743,999 |
| 80                                    | 7.375%, 4/15/18   | B1/B                           | 80,087     |
| 20                                    | 7.40%, 12/15/17   | B1/B                           | 20,047     |
| 16                                    | 7.50%, 11/15/16   | B1/B                           | 16,009     |
| 45                                    | 7.50%, 11/15/17   | B1/B                           | 45,115     |
| 23                                    | 7.50%, 12/15/17   | B1/B                           | 23,060     |
| 27                                    | 7.625%, 11/15/12  | B1/B                           | 27,167     |
| 6,000                                 | 8.30%, 2/12/15  | B1/B                           | 6,765,000  |
| 266                                   | 9.00%, 7/15/20  | B1/B                           | 268,039    |
| 2,000                                 | American Express Co., 6.80%, 9/1/66, (converts to FRN on 9/1/16)      | Baa2/BB                        | 2,105,000  |
|                                       | American General Finance Corp.,                                       |                                |            |
| 1,500                                 | 4.125%, 11/29/13  | B3/B                           | 2,043,934  |
| \$5,000                               | 5.375%, 10/1/12   | B3/B                           | 5,025,000  |
| 5,000                                 | BAC Capital Trust XIV, 5.63%, 3/15/12 (g)                             | Ba3/BB+                        | 3,912,500  |
|                                       | BNP Paribas,  |                                |            |
| 6,700                                 | 7.195%, 6/25/37 (a) (d) (g) (i)                                       | Baa1/A                         | 6,700,000  |
| 350                                   | 7.781%, 7/2/18 (g)  | Baa1/A                         | 554,691    |
| \$3,300                               | C10 Capital SPV Ltd., 6.722%, 12/31/16 (g)                            | NR/B-                          | 2,621,876  |
| 1,790                                 | Capital One Bank USA N.A., 8.80%, 7/15/19 (i)                         | Baa1/BBB                       | 2,297,379  |
| 1,500                                 | Capital One Capital V, 10.25%, 8/15/39                                | Baa3/BB                        | 1,629,375  |
| 3,300                                 | Capital One Capital VI, 8.875%, 5/15/40                               | Baa3/BB                        | 3,510,375  |
| 1,558                                 | Cedar Brakes II LLC, 9.875%, 9/1/13 (a) (d)                           | Baa3/BBB-                      | 1,647,189  |
| 2,000                                 | Cemex Finance LLC, 9.50%, 12/14/16 (a) (d)                            | NR/B                           | 2,140,000  |
|                                       | CIT Group, Inc.,  |                                |            |
| 255                                   | 7.00%, 5/1/13   | B3/B+                          | 260,438    |
| 980                                   | 7.00%, 5/1/14   | B3/B+                          | 1,000,737  |
| 280                                   | 7.00%, 5/1/15   | B3/B+                          | 284,463    |
| 467                                   | 7.00%, 5/1/16   | B3/B+                          | 471,189    |
| 653                                   | 7.00%, 5/1/17   | B3/B+                          | 660,074    |
| 19,700                                | Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37) | Ba1/BB+                        | 20,566,800 |

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|         |                                      |         |            |
|---------|--------------------------------------|---------|------------|
| 1,600   | Citigroup, Inc., 6.125%, 8/25/36 (i) | Baa1/A- | 1,587,624  |
|         | Credit Agricole S.A., (g)            |         |            |
| 2,800   | 6.637%, 5/31/17 (a) (d) (i)          | A3/A-   | 2,603,440  |
| 2,000   | 7.875%, 10/26/19                     | A3/A-   | 3,080,792  |
| \$6,000 | 8.375%, 10/13/19 (a) (d) (i)         | A3/A-   | 6,585,000  |
| 8,000   | FCE Bank PLC, 7.125%, 1/15/13        | Ba2/BB  | 12,548,304 |

PIMCO Corporate Income Fund  
 4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report **11**

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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s)               |  | Credit Rating (Moody s/S&P) | Value       |
|---------------------------------------|--|-----------------------------|-------------|
| <b>Financial Services (continued)</b> |  |                             |             |
| \$3,500                               | 8.00%, 12/15/16  | Ba2/BB-                     | \$4,074,956 |
| £500                                  | General Electric Capital Corp., 6.50%, 9/15/67, (converts to FRN on 9/15/17) (a) (d) | Aa3/A+                      | 822,647     |
|                                       | Goldman Sachs Group, Inc., (i)   |                             |             |
| \$4,000                               | 6.45%, 5/1/36  | A2/A-                       | 4,037,180   |
| 7,000                                 | 6.75%, 10/1/37   | A2/A-                       | 7,286,874   |
|                                       | International Lease Finance Corp.,   |                             |             |
| 1,500                                 | 5.65%, 6/1/14  | B1/BB+                      | 1,535,625   |
| 2,900                                 | 6.75%, 9/1/16 (a) (d)  | Ba3/BBB-                    | 3,103,000   |
| 1,000                                 | 8.625%, 9/15/15 (a) (d)  | B1/BB+                      | 1,102,500   |
| 11,000                                | JPMorgan Chase & Co., 7.90%, 4/30/18 (g)   | Baa1/BBB+                   | 12,128,105  |
| 4,100                                 | JPMorgan Chase Capital XX, 6.55%, 9/15/66, (converts to FRN on 9/15/36) (i)          | A2/BBB+                     | 4,238,600   |
|                                       | LBG Capital No.1 PLC,  |                             |             |
| 300                                   | 7.375%, 3/12/20  | Ba3/BB                      | 417,684     |
| £100                                  | 7.588%, 5/12/20  | Ba3/BB                      | 160,354     |
| £200                                  | 7.867%, 12/17/19   | Ba3/BB                      | 319,438     |
| £400                                  | 7.869%, 8/25/20  | Ba3/BB                      | 651,430     |
| \$12,700                              | 7.875%, 11/1/20 (a) (b) (d) (j)  |                             |             |
|                                       | (acquisition cost-\$10,447,750; purchased 12/7/09-4/16/10)                           | Ba3/BB                      | 12,712,700  |
| 17,500                                | 8.00%, 6/15/20 (a) (d) (g)   | NR/BB-                      | 17,150,000  |
| 8,500                                 | 8.50%, 12/17/21 (a) (d) (f) (g)  | NR/BB-                      | 8,346,652   |
| £300                                  | 11.04%, 3/19/20  | Ba3/BB                      | 554,974     |
|                                       | LBG Capital No.2 PLC,  |                             |             |
| 400                                   | 8.875%, 2/7/20   | Ba2/BB+                     | 616,158     |
| £3,100                                | 9.125%, 7/15/20  | Ba2/BB+                     | 5,281,646   |
| £500                                  | 9.334%, 2/7/20   | Ba2/BB+                     | 868,582     |
| \$13,000                              | Lehman Brothers Holdings, Inc., 6.875%, 5/2/18 (e)                                   | WR/NR                       | 3,445,000   |
| 4,100                                 | Royal Bank of Scotland Group PLC, 7.648%, 9/30/31 (g)                                | Ba2/BB                      | 3,920,625   |
|                                       | SLM Corp.,   |                             |             |
| 1,150                                 | 1.503%, 6/17/13, FRN   | Ba1/BBB-                    | 1,582,124   |
| \$800                                 | 5.375%, 5/15/14  | Ba1/BBB-                    | 835,784     |
| 5,900                                 | 8.00%, 3/25/20   | Ba1/BBB-                    | 6,547,596   |
| 13,500                                | 8.45%, 6/15/18   | Ba1/BBB-                    | 15,343,357  |
| 4,000                                 | Societe Generale, 7.756%, 5/22/13 (g)  | Baa2/BBB+                   | 5,998,658   |
|                                       | Springleaf Finance Corp.,  |                             |             |
| \$2,200                               | 5.40%, 12/1/15   | B3/B                        | 2,079,000   |
| 3,000                                 | 6.90%, 12/15/17  | B3/B                        | 2,827,500   |
| 4,000                                 | UBS Preferred Funding Trust II, 7.247%, 6/26/11 (g) (i)                              | Baa3/BBB-                   | 4,017,672   |
| 5,700                                 | USB Capital IX, 3.50%, 5/31/11 (g) (i)   | A3/BBB+                     | 4,831,548   |
| 12,100                                | Wachovia Capital Trust III, 5.570%, 5/31/11 (g) (i)                                  | Baa3/A-                     | 11,223,355  |
| 14,000                                | Wells Fargo & Co., 7.98%, 3/15/18 (g)  | Baa3/A-                     | 15,470,000  |
| 7,200                                 | Wells Fargo Capital X, 5.95%, 12/1/86, (converts to FRN on 12/15/36)                 | Baa1/A-                     | 7,230,010   |

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|                                   |        |                       |        |      |             |
|-----------------------------------|--------|-----------------------|--------|------|-------------|
| <b>Healthcare &amp; Hospitals</b> |        |                       |        | 2.1% | 297,350,845 |
|                                   | 10,000 | HCA, Inc.,            |        |      |             |
|                                   | 3,600  | 7.875%, 2/15/20       | Ba3/BB |      | 10,937,500  |
|                                   | 3,500  | 8.50%, 4/15/19        | Ba3/BB |      | 4,014,000   |
|                                   |        | 9.625%, 11/15/16, PIK | B2/BB- |      | 3,766,875   |
|                                   |        |                       |        |      | 18,718,375  |

PIMCO Corporate Income Fund

12 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s)                            |   | Credit Rating (Moody's/S&P) | Value       |
|--|---|-----------------------------|-------------|
| <b>Hotels/Gaming 0.5%</b>                          |   |                             |             |
| \$700  | MGM Resorts International, 10.375%, 5/15/14                             | Ba3/B                       | \$812,875   |
| 1,050  | 11.125%, 11/15/17   | Ba3/B                       | 1,225,875   |
| 2,272  | Times Square Hotel Trust, 8.528%, 8/1/26 (a) (d)                        | Baa3/BB+                    | 2,512,180   |
|  |   |                             | 4,550,930   |
| <b>Insurance 15.1%</b>                             |   |                             |             |
| 15,700   | American General Capital II, 8.50%, 7/1/30                              | Baa2/BBB-                   | 17,898,000  |
| 9,000  | American General Institutional Capital B, 8.125%, 3/15/46 (a) (d)       | Baa2/BBB-                   | 9,945,000   |
|  | American International Group, Inc., 6.25%, 5/1/36 (i)                   | Baa1/A-                     | 5,267,999   |
| 5,100  | 6.25%, 3/15/87  | Baa2/BBB                    | 13,335,000  |
| 14,000   | 7.98%, 6/15/17  | Baa1/A-                     | 1,226,679   |
| MXN16,000  | 8.175%, 5/15/68, (converts to FRN on 5/15/38)                           | Baa2/BBB                    | 36,925,625  |
| \$32,750   | 8.25%, 8/15/18 (i)  | Baa1/A-                     | 22,270,466  |
| 18,700   | 8.625%, 5/22/68, (converts to FRN on 5/22/18)                           | Baa2/BBB                    | 7,015,469   |
| £4,000   | Dai-ichi Life Insurance Co., Ltd., 7.25%, 7/25/21 (a) (b) (d) (g) (j)   |                             |             |
| \$5,100  | (acquisition cost-\$4,985,000; purchased 3/8/11-3/15/11)                | A3/BBB+                     | 5,134,955   |
|  | Genworth Financial, Inc., 8.625%, 12/15/16 (i)                          | Baa3/BBB                    | 2,900,321   |
| 2,600  | Metlife Capital Trust IV, 7.875%, 12/15/67 (a) (d) (i)                  | Baa2/BBB                    | 5,643,990   |
| 5,000  | Pacific Life Insurance Co., 7.90%, 12/30/23 (a) (d) (i)                 | A3/A-                       | 7,635,040   |
| 6,800  |   |                             | 135,198,544 |
| <b>Metals &amp; Mining 0.5%</b>                    |   |                             |             |
| 200  | Freeport-McMoRan Copper & Gold, Inc., 8.375%, 4/1/17                    | Baa3/BBB-                   | 220,759     |
| 4,000  | Gerdau Holdings, Inc., 7.00%, 1/20/20 (a) (d)                           | NR/BBB-                     | 4,420,000   |
|  |   |                             | 4,640,759   |
| <b>Oil &amp; Gas 0.5%</b>                          |   |                             |             |
| 4,300  | El Paso Corp., 7.42%, 2/15/37   | Ba3/BB-                     | 4,558,452   |
| <b>Paper/Paper Products 0.1%</b>                   |   |                             |             |
| 850  | Norske Skogindustrier ASA, 6.125%, 10/15/15 (a) (d)                     | B2/B-                       | 762,875     |
| <b>Telecommunications 1.8%</b>                     |   |                             |             |
| 8,200  | Mountain States Telephone & Telegraph Co., 7.375%, 5/1/30               | Baa3/BBB-                   | 8,343,500   |
| 5,360  | Qwest Corp., 7.20%, 11/10/26 (i)  | Baa3/BBB-                   | 5,427,000   |
| 1,300  | Wind Acquisition Finance S.A., 11.75%, 7/15/17                          | B2/BB-                      | 2,252,829   |
|  |   |                             | 16,023,329  |
| <b>Transportation 0.1%</b>                         |   |                             |             |
| \$666  | Federal Express Corp. Pass Through Trust, 7.65%, 1/15/14                | Baa2/BBB                    | 692,900     |
| <b>Utilities 0.8%</b>                              |   |                             |             |
| 3,900  | AES Andres Dominicana, 9.50%, 11/12/20 (a) (d)                          | NR/B-                       | 4,173,000   |
| 2,180  | FPL Energy Wind Funding LLC, 6.876%, 6/27/17 (a) (d)                    | Ba2/B+                      | 2,062,825   |
| 1,100  | PPL Capital Funding, Inc., 6.70%, 3/30/67, (converts to FRN on 3/30/17) | Ba1/BB+                     | 1,094,440   |
|  |   |                             | 7,330,265   |
| Total Corporate Bonds & Notes (cost-\$493,600,450) |   |                             | 596,042,189 |

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| PIMCO Corporate Income Fund                                |    |
| 4.30.11   PIMCO Income Opportunity Fund Semi-Annual Report | 13 |

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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s)                 |   | Credit Rating (Moody's/S&P) | Value      |
|---|---|-----------------------------|------------|
| <b>MORTGAGE-BACKED SECURITIES 13.9%</b> |   |                             |            |
| \$1,511                                 | American Home Mortgage Assets, 0.443%, 9/25/46, CMO, FRN                  | C/D                         | \$213,831  |
| 387                                     | Banc of America Alternative Loan Trust, 6.00%, 1/25/36, CMO               | Caa2/NR                     | 295,315    |
| 7,600                                   | Banc of America Funding Corp., 6.00%, 3/25/37, CMO                        | Caa2/CCC                    | 5,369,062  |
| 2,877                                   | Bear Stearns Alt-A Trust, 5.068%, 11/25/36, CMO, VRN                      | Caa3/CCC                    | 1,769,026  |
| 2,407                                   | Chase Commercial Mortgage Securities Corp., 6.887%, 10/15/32, CMO (a) (d) | NR/BB+                      | 2,406,022  |
|   | Chase Mortgage Finance Corp., CMO   |                             |            |
| 126                                     | 2.944%, 12/25/35, FRN   | NR/CCC                      | 122,486    |
| 4,087                                   | 3.157%, 3/25/37, FRN  | Caa2/NR                     | 3,339,609  |
| 3,087                                   | 6.00%, 7/25/37  | NR/CCC                      | 2,591,256  |
| 3,800                                   | Citicorp Mortgage Securities, Inc., 6.00%, 6/25/36, CMO                   | Caa1/NR                     | 3,603,926  |
|   | Countrywide Alternative Loan Trust, CMO,                                  |                             |            |
| 431                                     | 5.50%, 3/25/36  | Caa3/NR                     | 312,208    |
| 2,185                                   | 5.75%, 3/25/37  | Caa3/CCC                    | 1,715,147  |
| 1,357                                   | 6.50%, 8/25/36  | Ca/CC                       | 848,168    |
|   | Countrywide Home Loan Mortgage Pass Through Trust, CMO,                   |                             |            |
| 858                                     | 5.362%, 9/20/36, VRN  | Ca/CC                       | 519,969    |
| 3,541                                   | 5.50%, 10/25/35   | Caa1/NR                     | 3,441,041  |
| 3,589                                   | 5.75%, 3/25/37  | NR/CCC                      | 3,170,476  |
| 1,800                                   | 6.00%, 2/25/37  | NR/CCC                      | 1,552,856  |
| 1,600                                   | 6.00%, 3/25/37  | NR/CCC                      | 1,405,422  |
| 816                                     | 6.00%, 4/25/37  | NR/CCC                      | 758,728    |
| 15,000                                  | 6.00%, 5/25/37  | Caa3/NR                     | 12,052,402 |
|   | Credit Suisse Mortgage Capital Certificates, CMO,                         |                             |            |
| 1,742                                   | 6.00%, 2/25/37  | NR/CCC                      | 1,568,493  |
| 4,473                                   | 6.00%, 6/25/37  | NR/D                        | 3,952,287  |
|   | GSR Mortgage Loan Trust, CMO,   |                             |            |
| 874                                     | 5.50%, 5/25/36  | NR/CCC                      | 768,105    |
| 9,572                                   | 6.00%, 2/25/36  | NR/CCC                      | 9,048,496  |
|   | JPMorgan Mortgage Trust, CMO,   |                             |            |
| 5,078                                   | 5.00%, 3/25/37  | NR/CCC                      | 4,143,254  |
| 2,409                                   | 5.639%, 1/25/37, VRN  | Caa2/NR                     | 1,949,718  |
| 871                                     | 6.00%, 8/25/37  | NR/CCC                      | 791,746    |
| 6,211                                   | Morgan Stanley Mortgage Loan Trust, 6.00%, 2/25/36, CMO                   | Caa2/CCC                    | 5,436,858  |
| 1,472                                   | Residential Accredited Loans, Inc., 0.443%, 5/25/37, CMO, FRN             | C/CCC                       | 409,610    |
| 3,474                                   | Residential Asset Mortgage Products, Inc., 6.50%, 12/25/31, CMO           | NR/BB-                      | 3,474,634  |
| 1,083                                   | Residential Asset Securitization Trust, 6.00%, 9/25/36, CMO               | Ca/D                        | 647,421    |
|   | Residential Funding Mortgage Securities I, CMO,                           |                             |            |
| 2,800                                   | 6.00%, 1/25/37  | Caa2/NR                     | 2,448,159  |
| 3,832                                   | 6.25%, 8/25/36  | Caa1/CCC                    | 3,459,421  |
| 1,185                                   | Sequoia Mortgage Trust, 5.065%, 2/20/47, CMO, VRN                         | NR/CCC                      | 1,011,295  |
| 1,387                                   |   | NR/CCC                      | 1,046,672  |

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|        |  |        |            |
|--------|--|--------|------------|
|        | Suntrust Adjustable Rate Mortgage Loan Trust, 5.825%,<br>2/25/37, CMO, FRN |        |            |
|        | WaMu Mortgage Pass Through Certificates, CMO,<br>5.569%, 7/25/37, VRN      | NR/CC  | 974,170    |
| 1,372  | 5.673%, 7/25/37, FRN   | NR/CCC | 13,991,418 |
| 15,860 | 5.707%, 2/25/37, FRN   | NR/CCC | 1,741,440  |
| 2,000  | 5.848%, 9/25/36, VRN   | NR/CCC | 649,565    |
| 827    |  |        |            |

PIMCO Corporate Income Fund

14 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11



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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s)                            |   | Credit Rating<br>(Moody's/S&P) | Value       |
|---|---|--------------------------------|-------------|
|   | Washington Mutual Alternative Mortgage Pass Through Certificates, CMO, FRN, |                                |             |
| \$1,526   | 1.066%, 4/25/47   | C/CCC                          | \$322,164   |
| 1,461   | 1.146%, 5/25/47   | C/CCC                          | 415,205     |
|   | Wells Fargo Mortgage-Backed Securities Trust, CMO,                          |                                |             |
| 1,498   | 2.739%, 7/25/36, FRN  | NR/CCC                         | 1,230,100   |
| 761   | 2.772%, 4/25/36, VRN  | NR/BB+                         | 651,355     |
| 280   | 3.329%, 5/25/36, FRN  | Caa2/NR                        | 225,246     |
| 8,397   | 4.776%, 7/25/36, FRN  | NR/CCC                         | 6,993,212   |
| 4,679   | 4.958%, 10/25/36, FRN   | NR/CCC                         | 3,875,447   |
| 1,800   | 6.00%, 7/25/37  | B3/BB                          | 1,710,849   |
| 5,700   | 6.00%, 8/25/37  | Caa1/NR                        | 5,431,202   |
| Total Mortgage-Backed Securities (cost-\$114,044,817) |   |                                | 123,854,492 |
| <b>MUNICIPAL BONDS 10.2%</b>                          |   |                                |             |
| <b>California 5.5%</b>                                |   |                                |             |
| 9,000   | Alameda Cnty. JT Powers Auth. Rev., 7.046%, 12/1/44                         | A1/AA                          | 9,256,860   |
| 7,700   | Los Angeles Cnty. Public Works Financing Auth. Rev., 7.618%, 8/1/40         | A1/A+                          | 8,327,550   |
| 2,400   | Oakland Unified School Dist., Alameda Cnty., GO, 9.50%, 8/1/34              | A2/NR                          | 2,641,056   |
| 20,000  | State Public Works Board Rev., 8.361%, 10/1/34, Ser. G-2                    | A2/BBB+                        | 21,313,600  |
| 7,400   | Stockton Public Financing Auth. Rev., 7.942%, 10/1/38, Ser. B               | NR/A                           | 7,628,364   |
|   |   |                                | 49,167,430  |
| <b>Colorado 0.6%</b>                                  |   |                                |             |
| 5,000   | Public Schools, CP, 7.017%, 12/15/37, Ser. B                                | Aa3/A+                         | 5,346,200   |
| <b>Louisiana 0.2%</b>                                 |   |                                |             |
| 800   | New Orleans, Public Improvements, GO, Ser. A, 8.30%, 12/1/29                | A3/BBB                         | 849,728     |
| 820   | 8.55%, 12/1/34  | A3/BBB                         | 854,219     |
| 300   | 8.80%, 12/1/39  | A3/BBB                         | 315,606     |
|   |   |                                | 2,019,553   |
| <b>Ohio 1.9%</b>                                      |   |                                |             |
| 14,000  | American Municipal Power-Ohio, Inc. Rev., 8.084%, 2/15/50, Ser. B           | A3/A                           | 16,397,360  |
| <b>Texas 2.0%</b>                                     |   |                                |             |
| 17,200  | North Texas Tollway Auth. Rev., 8.91%, 2/1/30                               | Baa3/NR                        | 17,980,364  |
| Total Municipal Bonds (cost-\$86,613,886)             |   |                                | 90,910,907  |
| <b>SENIOR LOANS (a) (c) 2.4%</b>                      |   |                                |             |
| <b>Financial Services 2.4%</b>                        |   |                                |             |
| 20,000  | American General Finance Corp., 7.25%, 4/21/15                              |                                | 20,065,280  |
| 1,078   | CIT Group, Inc., 6.25%, 8/11/15, Term 3                                     |                                | 1,095,358   |
| Total Senior Loans (cost-\$20,862,126)                |   |                                | 21,160,638  |

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| PIMCO Corporate Income Fund                                |    |
| 4.30.11   PIMCO Income Opportunity Fund Semi-Annual Report | 15 |

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**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Shares  | Credit Rating<br>(Moody's/S&P)  | Value                    |
|---|---|--------------------------|
| <b>PREFERRED STOCK 2.3%</b>                           |   |                          |
| <b>Banking 0.2%</b>                                   |   |                          |
| 30,200  | CoBank Acb, 11.00%, 7/1/13, Ser. C (a) (b) (d) (g)<br>(j) (acquisition cost-\$1,678,450; purchased<br>2/26/10-2/1/11) | NR/A<br>\$1,590,267      |
| <b>Financial Services 2.1%</b>                        |   |                          |
| 100,000   | Citigroup Capital XIII, 7.875%, 10/30/15 (k)  | NR/BB+<br>2,776,000      |
| 100,000   | Ally Financial, Inc., 8.50%, 5/15/16, Ser. A (g)  | Caa1/CC<br>2,612,000     |
| 512,000   | GMAC Capital Trust I, 8.125%, 2/15/16 (k)   | B3/CC<br>13,376,000      |
| Total Preferred Stock (cost-\$19,478,450)             |   | 18,764,000<br>20,354,267 |
| <b>CONVERTIBLE PREFERRED STOCK 2.2%</b>               |   |                          |
| <b>Financial Services 1.0%</b>                        |   |                          |
| 8,050   | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (g)   | Baa3/A-<br>8,689,814     |
| <b>Insurance 0.1%</b>                                 |   |                          |
| 195,785   | American International Group, Inc., 8.50%, 8/1/11   | Baa2/NR<br>587,355       |
| <b>Utilities 1.1%</b>                                 |   |                          |
| 103,400   | PPL Corp.,<br>8.75%, 5/1/14   | NR/NR<br>5,552,580       |
| 90,000  | 9.50%, 7/1/13   | NR/NR<br>5,101,200       |
| Total Convertible Preferred Stock (cost-\$16,680,080) |   | 10,653,780<br>19,930,949 |
| Principal Amount (000s)                               |   |                          |
| <b>SOVEREIGN DEBT OBLIGATIONS 0.7%</b>                |   |                          |
| <b>Brazil 0.7%</b>                                    |   |                          |
| BRL8,400  | Brazil Government International Bond, 12.50%,<br>1/5/22 (cost-\$4,883,650)  | Baa3/BBB-<br>6,492,753   |
| <b>ASSET-BACKED SECURITIES 0.3%</b>                   |   |                          |
| \$2,382   | GSAA Trust, 6.295%, 6/25/36   | Caa3/CCC<br>1,453,024    |
| 1,581   | Morgan Stanley Mortgage Loan Trust, 6.25%,<br>7/25/47, VRN  | Caa2/CCC<br>1,111,435    |
| Total Asset-Backed Securities (cost-\$2,377,568)      |   | 2,564,459                |
| <b>SHORT-TERM INVESTMENTS 1.3%</b>                    |   |                          |
| <b>U.S. Treasury Obligations (h) (l) 0.3%</b>         |   |                          |
| 2,908   | U.S. Treasury Bills,<br>0.127%-0.173%, 8/4/11-9/15/11 (cost-\$2,906,689)  | 2,907,443                |

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PIMCO Corporate Income Fund

16 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

**PIMCO Corporate Income Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal<br>Amount<br>(000s)                        |  | Credit Rating<br>(Moody s/S&P) | Value                |
|--|--|--------------------------------|----------------------|
| <b>Corporate Notes 0.3%</b>                          |  |                                |                      |
| <b>Financial Services 0.1%</b>                       |  |                                |                      |
|  | Ally Financial, Inc., FRN,   |                                |                      |
| \$265  | 1.992%, 6/15/11  | B1/B                           | \$265,339            |
| 90   | 2.042%, 9/15/11  | B1/B                           | 90,098               |
| 130  | 2.142%, 12/15/11   | B1/B                           | 129,134              |
| 50   | 2.151%, 1/16/12  | B1/B                           | 49,631               |
| 115  | 2.251%, 1/17/12  | B1/B                           | 114,229              |
| 149  | 2.342%, 12/15/11   | B1/B                           | 148,188              |
| 100  | 2.382%, 2/15/12  | B1/B                           | 99,275               |
| 76   | 2.532%, 2/15/12  | B1/B                           | 75,536               |
| 40   | 2.592%, 3/15/12  | B1/B                           | 39,759               |
|  |  |                                | 1,011,189            |
| <b>Utilities 0.2%</b>                                |  |                                |                      |
| 849  | East Coast Power LLC, 7.066%, 3/31/12 (i)  | Baa3/BBB                       | 860,536              |
| Total Corporate Notes (cost-\$1,835,033)             |  |                                | 1,871,725            |
| <b>Repurchase Agreements 0.7%</b>                    |  |                                |                      |
| 5,500  | Barclays Capital, Inc., dated 4/29/11, 0.05%, due 5/2/11, proceeds \$5,500,023; collateralized by Ginnie Mae, 4.50%, due 9/20/40, valued at \$5,643,668 including accrued interest |                                | 5,500,000            |
| 1,098  | State Street Bank & Trust Co., dated 4/29/11, 0.01%, due 5/2/11, proceeds \$1,098,001; collateralized by U.S. Treasury Bills, 0.025%, due 7/21/11, valued at \$1,124,935           |                                | 1,098,000            |
| Total Repurchase Agreements (cost-\$6,598,000)       |  |                                | 6,598,000            |
| Total Short-Term Investments (cost-\$11,339,722)     |  |                                | 11,377,168           |
| <b>Total Investments (cost-\$769,880,749) 100.0%</b> |  |                                | <b>\$892,687,822</b> |

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**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited)

| Principal Amount (000s)                 |   | Credit Rating (Moody s/S&P) | Value     |
|---|---|-----------------------------|-----------|
| <b>MORTGAGE-BACKED SECURITIES 92.8%</b> |   |                             |           |
| \$421                                   | Adjustable Rate Mortgage Trust, 2.956%, 1/25/36, CMO, VRN           | Caa3/CCC                    | \$302,799 |
| £400                                    | Auburn Securities PLC, 1.021%, 10/1/41, CMO, FRN                    | Aaa/AAA                     | 597,222   |
| \$688                                   | Banc of America Alternative Loan Trust, 6.25%, 1/25/37, CMO         | C/NR                        | 93,110    |
|   | Banc of America Commercial Mortgage, Inc., CMO,                     |                             |           |
| 2,600                                   | 5.802%, 6/10/49, VRN (i)  | Aa3/A-                      | 2,802,519 |
| 3,000                                   | 5.889%, 7/10/44, VRN (i)  | NR/A+                       | 3,320,014 |
| 863                                     | 5.918%, 4/11/36, (a) (d)  | NR/AA-                      | 733,584   |
|   | Banc of America Funding Corp., CMO,                                 |                             |           |
| 467                                     | 2.627%, 12/20/36, VRN   | Ba3/AAA                     | 448,533   |
| 3,343                                   | 2.874%, 3/20/36, FRN  | Caa2/B-                     | 2,472,689 |
| 2,480                                   | 2.949%, 12/20/34, VRN   | NR/A-                       | 1,724,707 |
| 625                                     | 3.085%, 12/20/34, VRN   | NR/BB+                      | 424,151   |
| 2,204                                   | 5.948%, 10/20/46, FRN   | NR/CCC                      | 1,479,164 |
|   | Banc of America Large Loan, Inc., CMO, FRN (a) (d),                 |                             |           |
| 5,000                                   | 0.969%, 8/15/29 (i)   | Aaa/AA                      | 4,684,976 |
| 2,944                                   | 1.969%, 11/15/15  | NR/NR                       | 2,814,902 |
|   | Banc of America Mortgage Securities, Inc., CMO,                     |                             |           |
| 130                                     | 2.866%, 6/25/35   | Caa1/NR                     | 103,468   |
| 1,385                                   | 2.866%, 6/25/35, FRN  | B2/NR                       | 1,293,885 |
| 535                                     | 3.166%, 9/25/34, FRN  | Ba2/NR                      | 498,612   |
| 440                                     | 3.202%, 10/20/46, FRN   | NR/CCC                      | 245,034   |
| 2,588                                   | 5.079%, 6/25/35, FRN  | B3/NR                       | 2,356,968 |
| 1,115                                   | 5.50%, 4/25/34  | NR/AAA                      | 1,115,702 |
| 1,420                                   | 5.75%, 8/25/34 (i)  | NR/AAA                      | 1,481,745 |
| 1,831                                   | Bancaja Fondo de Titulizacion de Activos, 1.198%, 5/22/50, CMO, FRN | Aa3/AA                      | 2,200,947 |
|   | BCAP LLC Trust, CMO (a) (d),  |                             |           |
| \$2,532                                 | 5.00%, 11/26/37, VRN (i)  | NR/BBB                      | 2,483,435 |
| 550                                     | 5.059%, 3/26/36, FRN  | NR/NR                       | 510,699   |
|   | Bear Stearns Adjustable Rate Mortgage Trust, CMO,                   |                             |           |
| 1,623                                   | 2.75%, 5/25/34, FRN (i)   | A2/A+                       | 1,593,752 |
| 2,058                                   | 2.845%, 10/25/36, VRN   | NR/CCC                      | 1,409,405 |
| 224                                     | 2.950%, 9/25/34, VRN  | Baa2/AA                     | 170,732   |
| 947                                     | 2.973%, 1/25/35, FRN  | Aa2/AA+                     | 880,338   |
| 2,226                                   | 5.260%, 3/25/35, VRN  | Caa1/BB-                    | 1,998,288 |
| 342                                     | 5.442%, 9/25/34, VRN  | A2/AA-                      | 338,141   |
| 976                                     | 5.609%, 8/25/47, VRN  | NR/CCC                      | 704,519   |
| 742                                     | 5.789%, 6/25/47, VRN  | NR/CCC                      | 625,420   |
|   | Bear Stearns Alt-A Trust, CMO,                                      |                             |           |
| 3,804                                   | 0.373%, 6/25/46, FRN  | Ca/D                        | 1,732,919 |
| 2,182                                   | 0.563%, 1/25/35, FRN (i)  | Baa2/AAA                    | 1,828,071 |
| 1,278                                   | 0.813%, 6/25/34, FRN (i)  | Baa3/AAA                    | 1,011,617 |
| 648                                     | 2.658%, 4/25/35, VRN  | Ca/CCC                      | 472,621   |
| 1,075                                   | 2.835%, 5/25/35, VRN  | Caa2/B-                     | 660,131   |
| 1,893                                   | 2.987%, 5/25/36, VRN  | Ca/CC                       | 1,164,346 |

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|       |                          |          |           |
|-------|--------------------------|----------|-----------|
| 2,043 | 3.003%, 9/25/34, FRN (i) | B1/AAA   | 1,614,021 |
| 1,154 | 3.389%, 9/25/34, VRN (i) | A2/AAA   | 970,691   |
| 7,400 | 4.260%, 8/25/36, VRN     | Ca/D     | 4,604,115 |
| 673   | 5.029%, 7/25/35, FRN     | Caa3/CCC | 480,759   |
| 1,410 | 5.238%, 11/25/36, VRN    | Caa3/CCC | 933,643   |
| 133   | 5.518%, 11/25/35, VRN    | Caa3/CCC | 100,283   |
| 1,245 | 5.969%, 8/25/36, VRN     | Caa3/CCC | 841,668   |

PIMCO Corporate Income Fund

18 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

## PIMCO Income Opportunity Fund Schedule of Investments

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Credit Rating<br>(Moody s/S&P) | Value       |
|----------------------------|--|--------------------------------|-------------|
|                            | Bear Stearns Commercial Mortgage Securities, CMO (i),                            |                                |             |
| \$2,256                    | 0.329%, 3/15/19, FRN (a) (d)   | Aaa/AA                         | \$2,224,454 |
| 1,000                      | 5.694%, 6/11/50, VRN   | NR/A+                          | 1,102,925   |
| 2,500                      | 5.810%, 3/13/40, VRN (a) (d)   | NR/BBB+                        | 2,175,052   |
| 4,200                      | 5.906%, 6/11/40, VRN   | Aaa/NR                         | 4,651,517   |
| 1,518                      | 7.00%, 5/20/30, VRN  | Aaa/AAA                        | 1,678,396   |
| £681                       | Bluestone Securities PLC, 1.028%, 6/9/43, CMO, FRN                               | NR/AAA                         | 1,014,628   |
| \$4,784                    | CBA Commercial Small Balance Commercial Mortgage, 5.54%, 1/25/39,<br>CMO (a) (d) | C/CCC+                         | 2,534,920   |
|                            | Chase Mortgage Finance Corp., CMO,   |                                |             |
| 2,919                      | 5.50%, 11/25/21  | Caa1/CCC                       | 2,761,955   |
| 2,600                      | 6.00%, 3/25/37   | Caa3/CCC                       | 2,203,119   |
|                            | Citigroup Mortgage Loan Trust, Inc., CMO,  |                                |             |
| 1,191                      | 2.828%, 3/25/37, VRN   | NR/CCC                         | 826,877     |
| 1,075                      | 5.50%, 11/25/35  | NR/CCC                         | 881,819     |
| 5,500                      | Citigroup/Deutsche Bank Commercial Mortgage Trust, 5.322%, 12/11/49,<br>CMO (i)  | Aaa/A-                         | 5,914,164   |
| 2,030                      | Commercial Mortgage Pass Through Certificates, 5.306%, 12/10/46, CMO (i)         | Aaa/NR                         | 2,198,809   |
|                            | Countrywide Alternative Loan Trust, CMO,   |                                |             |
| 1,791                      | 0.408%, 12/20/46, FRN  | Ca/CCC                         | 1,016,859   |
| 1,999                      | 0.463%, 6/25/37, FRN   | Ca/NR                          | 942,867     |
| 4,367                      | 0.563%, 5/25/36, FRN   | Caa3/CCC                       | 2,464,877   |
| 4,357                      | 0.584%, 11/20/35, FRN  | Caa3/CCC                       | 2,699,930   |
| 685                        | 5.50%, 10/25/35  | Caa2/CCC                       | 613,060     |
| 722                        | 6.00%, 11/25/35  | Caa3/CCC                       | 475,290     |
| 842                        | 6.00%, 4/25/36   | Caa3/CCC                       | 618,354     |
| 1,743                      | 6.00%, 4/25/37   | NR/CC                          | 1,164,269   |
| 3,318                      | 6.00%, 5/25/37   | Caa3/CC                        | 2,321,805   |
| 906                        | 6.25%, 8/25/37   | Caa3/D                         | 601,196     |
| 1,378                      | 6.50%, 9/25/32   | Caa1/CCC                       | 1,329,502   |
| 2,453                      | 6.50%, 7/25/35   | Ca/CCC                         | 1,533,775   |
| 1,268                      | 6.50%, 6/25/36   | Ca/NR                          | 779,218     |
|                            | Countrywide Home Loan Mortgage Pass Through Trust, CMO,                          |                                |             |
| 1,743                      | 0.533%, 3/25/35, FRN   | Caa2/AAA                       | 1,161,017   |
| 96                         | 0.633%, 11/25/34, FRN (a) (d)  | Ba1/A                          | 84,353      |
| 734                        | 2.849%, 6/20/35, VRN   | Caa3/B-                        | 534,949     |
| 281                        | 2.856%, 8/20/35, VRN   | Caa3/CCC                       | 215,586     |
| 66                         | 2.975%, 10/20/35, VRN  | Caa3/CCC                       | 45,829      |
| 174                        | 2.984%, 8/25/34, VRN   | Caa1/B+                        | 137,790     |
| 6,563                      | 3.084%, 11/25/35, FRN  | NR/CCC                         | 4,732,174   |
| 2,469                      | 3.449%, 3/25/37, VRN   | Ca/CC                          | 1,306,548   |
| 661                        | 5.50%, 8/25/35   | NR/CCC                         | 607,466     |
| 2,133                      | 5.743%, 9/25/47, VRN   | NR/CCC                         | 1,623,710   |
|                            | Credit Suisse First Boston Mortgage Securities Corp., CMO,                       |                                |             |
| 788                        | 1.363%, 3/25/34, FRN   | Aa2/AA+                        | 660,127     |
| 3,068                      | 7.50%, 5/25/32 (i)   | A2/AAA                         | 3,237,642   |
|                            | Credit Suisse Mortgage Capital Certificates, CMO,                                |                                |             |
| 1,868                      | 0.389%, 10/15/21, FRN (a) (d) (i)  | Aa2/AAA                        | 1,807,619   |



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|       |                                  |          |           |
|-------|----------------------------------|----------|-----------|
| 1,240 | 0.813%, 7/25/36, FRN             | Caa3/D   | 636,906   |
| 1,500 | 5.467%, 7/18/16, VRN (a) (d) (i) | NR/NR    | 1,475,429 |
| 875   | 5.896%, 4/25/36                  | Caa3/CCC | 647,013   |
| 2,000 | 6.417%, 2/15/41, VRN (i)         | NR/AA    | 2,200,039 |

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report **19**

## PIMCO Income Opportunity Fund Schedule of Investments

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Credit Rating<br>(Moody s/S&P) | Value     |
|----------------------------|--|--------------------------------|-----------|
| \$726                      | 6.50%, 5/25/36   | Ca/D                           | \$425,890 |
| 986                        | 6.50%, 7/26/36   | NR/D                           | 575,248   |
| 5,412                      | DECO Series, 1.516%, 10/27/20, CMO, FRN<br>Deutsche ALT-A Securities, Inc. Alternate Loan Trust, CMO,                | Aaa/A                          | 7,067,931 |
| \$1,270                    | 0.363%, 2/25/47, FRN   | Ca/CCC                         | 721,441   |
| 321                        | 6.25%, 7/25/36, VRN  | Caa2/CC                        | 224,919   |
| 1,423                      | Deutsche Mortgage Securities, Inc., 5.50%, 9/25/33, CMO (i)  | Aa1/AAA                        | 1,481,280 |
| 1,822                      | Downey Savings & Loan Assoc. Mortgage Loan Trust, 0.394%, 4/19/48,<br>CMO, FRN<br>EMF-NL, CMO, FRN,                  | C/CCC                          | 662,624   |
| 1,000                      | 2.132%, 4/17/41  | Aa1/AA+                        | 1,192,326 |
| 800                        | 2.332%, 7/17/41  | NR/AA                          | 870,979   |
| 1,000                      | 2.582%, 10/17/41   | NR/AA+                         | 1,259,084 |
| \$1,552                    | Falcon Franchise Loan LLC, 4.856%, 1/5/25, CMO (a) (d)<br>First Horizon Alternative Mortgage Securities, CMO,        | B1/NR                          | 1,480,289 |
| 465                        | 2.343%, 2/25/36, FRN   | Caa2/CCC                       | 323,940   |
| 644                        | 2.369%, 8/25/35, FRN   | C/CCC                          | 154,841   |
| 1,338                      | 2.375%, 2/25/35, FRN (i)   | NR/BBB-                        | 1,119,452 |
| 913                        | 2.462%, 5/25/36, FRN   | Ca/NR                          | 518,036   |
| 3,463                      | 5.348%, 11/25/36, FRN  | NR/D                           | 1,893,507 |
| 313                        | 6.25%, 11/25/36<br>First Horizon Asset Securities, Inc., CMO,  | NR/CCC                         | 234,282   |
| 2,534                      | 5.389%, 1/25/37, FRN   | NR/CCC                         | 2,025,696 |
| 391                        | 5.50%, 8/25/35   | C/NR                           | 155,313   |
| 539                        | 5.849%, 7/25/37, FRN   | NR/CC                          | 476,098   |
| 53,684                     | FREMF Mortgage Trust, 0.10%, 5/25/20, CMO, IO, VRN (b) (f)<br>GMAC Mortgage Corp. Loan Trust, CMO, FRN,              | NR/NR                          | 320,514   |
| 444                        | 3.001%, 6/25/34  | NR/AAA                         | 389,247   |
| 453                        | 3.125%, 6/25/34  | NR/AAA                         | 397,946   |
| 247                        | 3.302%, 7/19/35  | Caa2/CCC                       | 219,145   |
| 2,271                      | Greenpoint Mortgage Funding Trust, 0.393%, 1/25/37, CMO, FRN<br>Greenwich Capital Commercial Funding Corp., CMO (i), | Caa3/A-                        | 1,428,964 |
| 801                        | 0.383%, 11/5/21, FRN (a) (d)   | NR/BBB-                        | 783,473   |
| 3,000                      | 5.224%, 4/10/37, VRN   | Aaa/A+                         | 3,238,589 |
| 3,000                      | 5.444%, 3/10/39<br>GS Mortgage Securities Corp. II, CMO (a) (d),   | Aaa/A                          | 3,266,870 |
| 10,390                     | 1.714%, 8/10/43, IO, VRN   | Aaa/NR                         | 986,998   |
| 140                        | 5.329%, 3/6/20, FRN<br>GSR Mortgage Loan Trust, CMO,   | NR/BB                          | 139,457   |
| 1,324                      | 0.663%, 7/25/37, FRN   | NR/CCC                         | 1,013,054 |
| 3,795                      | 2.809%, 1/25/36, VRN (i)   | NR/B+                          | 3,167,840 |
| 76                         | 3.147%, 12/25/34, VRN  | B3/BBB-                        | 57,279    |
| 2,742                      | 5.50%, 7/25/35   | Caa1/BBB-                      | 2,592,223 |
| 138                        | 6.00%, 9/25/34<br>Harborview Mortgage Loan Trust, CMO,   | NR/AAA                         | 140,318   |
| 3,836                      | 0.404%, 2/19/46, FRN   | Caa2/AAA                       | 2,231,970 |
| 7,073                      | 0.424%, 11/19/36, FRN (i)  | Caa3/B-                        | 4,739,584 |
| 284                        | 0.534%, 1/19/35, FRN   | Caa2/AAA                       | 185,115   |

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|       |  |          |           |
|-------|--|----------|-----------|
| 730   | 0.774%, 6/19/34, FRN                               | A2/AAA   | 557,246   |
| 3,257 | 5.598%, 6/19/36, VRN                               | Ca/D     | 2,018,107 |
| 712   | 5.75%, 8/19/36, VRN                                | NR/CCC   | 489,992   |
| 840   | Homebanc Mortgage Trust, 0.463%, 3/25/35, CMO, FRN | Caa1/AA- | 620,834   |
| 1,272 | IM Pastor FTH, 1.312%, 3/22/44, CMO, FRN           | Aa2/AA   | 1,432,675 |

PIMCO Corporate Income Fund

20 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

## PIMCO Income Opportunity Fund Schedule of Investments

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s) |  | Credit Rating<br>(Moody s/S&P) | Value      |
|----------------------------|--|--------------------------------|------------|
| \$690                      | Impac CMB Trust, 0.473%, 11/25/35, CMO, FRN                          | Caa2/CC                        | \$417,724  |
| 3,020                      | Indymac INDA Mortgage Loan Trust, CMO, VRN,                          | Caa2/CCC                       | 2,075,877  |
| 12,858                     | 4.826%, 12/25/36   | Caa2/CCC                       | 10,501,254 |
|                            | 5.519%, 6/25/37  |                                |            |
|                            | Indymac Index Mortgage Loan Trust, CMO,                              |                                |            |
| 463                        | 1.013%, 8/25/34  | Caa1/AA+                       | 322,323    |
| 957                        | 1.073%, 9/25/34, FRN   | Caa1/BBB+                      | 686,492    |
| 800                        | 4.803%, 6/25/37, VRN   | Ca/D                           | 451,092    |
| 2,388                      | 5.013%, 5/25/37, VRN   | Ca/D                           | 1,423,671  |
| 3,000                      | 5.514%, 11/25/36, VRN  | Ca/CCC                         | 2,351,255  |
| 511                        | 5.555%, 5/25/37, FRN   | C/D                            | 90,504     |
|                            | JLOC Ltd., CMO, FRN,   |                                |            |
| ¥17,563                    | 0.418%, 1/15/15 (b)  | Aa3/A+                         | 201,493    |
| ¥84,626                    | 0.449%, 2/16/16  | Aaa/AAA                        | 949,389    |
|                            | JPMorgan Alternative Loan Trust, CMO, VRN,                           |                                |            |
| \$1,040                    | 3.369%, 5/25/36  | NR/CCC                         | 696,731    |
| 1,205                      | 5.50%, 11/25/36  | B3/CCC                         | 1,183,644  |
|                            | JPMorgan Chase Commercial Mortgage Securities Corp., CMO,            |                                |            |
| 5,000                      | 0.669%, 7/15/19, FRN (a) (d) (i)                                     | Baa1/NR                        | 4,545,492  |
| 3,000                      | 5.42%, 1/15/49 (i)   | Aaa/NR                         | 3,256,537  |
| 4,000                      | 5.717%, 3/18/51, VRN (a) (d) (i)                                     | A1/NR                          | 4,160,806  |
| 100                        | 5.794%, 2/12/51, VRN   | Aaa/A+                         | 110,532    |
|                            | JPMorgan Mortgage Trust, CMO,  |                                |            |
| 3,000                      | 2.987%, 11/25/35, VRN  | Caa1/B+                        | 2,390,112  |
| 583                        | 4.785%, 7/25/35, VRN   | B3/B+                          | 547,792    |
| 130                        | 5.097%, 10/25/36, VRN  | Caa2/NR                        | 95,192     |
| 994                        | 5.189%, 6/25/37, VRN   | NR/CCC                         | 791,521    |
| 2,831                      | 5.50%, 11/25/34 (i)  | Aaa/NR                         | 2,852,948  |
| 2,347                      | 5.714%, 5/25/36, VRN   | Caa2/NR                        | 1,966,743  |
| 448                        | 6.00%, 8/25/37   | NR/CC                          | 407,180    |
|                            | Landmark Mortgage Securities PLC, CMO, FRN,                          |                                |            |
| £2,070                     | 1.026%, 6/17/38  | NR/AAA                         | 3,029,735  |
| 789                        | 1.387%, 6/17/38  | NR/AAA                         | 1,046,320  |
| \$500                      | LB Commercial Conduit Mortgage Trust, 6.141%, 7/15/44, CMO, VRN      | Aaa/A                          | 555,121    |
|                            | LB-UBS Commercial Mortgage Trust, CMO (i),                           |                                |            |
| 1,277                      | 5.347%, 11/15/38   | NR/AAA                         | 1,391,691  |
| 2,000                      | 5.43%, 2/15/40   | NR/A+                          | 2,171,498  |
|                            | Lehman Mortgage Trust, CMO,  |                                |            |
| 6,033                      | 6.00%, 5/25/37   | NR/D                           | 4,990,297  |
| 1,367                      | 6.463%, 4/25/36, VRN   | Caa1/CCC                       | 1,312,125  |
|                            | MASTR Adjustable Rate Mortgage Trust, CMO,                           |                                |            |
| 1,859                      | 0.423%, 4/25/46, FRN   | Caa2/A                         | 1,038,041  |
| 1,125                      | 1.046%, 1/25/47, FRN   | Caa3/CCC                       | 528,837    |
| 1,563                      | 3.124%, 10/25/34, VRN  | NR/A                           | 1,217,844  |
| 3,050                      | Merrill Lynch Mortgage Investors, Inc., 2.665%, 12/25/35, CMO, VRN   | NR/B+                          | 2,202,815  |
| 900                        | Merrill Lynch/Countrywide Commercial Mortgage Trust, 5.70%, 9/12/49, |                                |            |
|                            | CMO (i)  | NR/A+                          | 982,631    |
| 535                        | MLCC Mortgage Investors, Inc., 5.671%, 5/25/36, CMO, FRN             | B3/AAA                         | 514,424    |

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|       |                                |         |           |
|-------|--------------------------------|---------|-----------|
|       | Morgan Stanley Capital I, CMO, |         |           |
| 645   | 5.569%, 12/15/44               | NR/A+   | 691,542   |
| 2,880 | 5.594%, 3/12/44, VRN (i)       | Aaa/AAA | 3,155,868 |
| 3,000 | 5.692%, 4/15/49, VRN (i)       | Aa2/A-  | 3,255,053 |

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report **21**

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**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Credit Rating<br>(Moody s/S&P) | Value       |
|----------------------------|---|--------------------------------|-------------|
|                            | Morgan Stanley Mortgage Loan Trust, CMO,  |                                |             |
| \$1,489                    | 2.600%, 7/25/35, VRN  | NR/B-                          | \$1,104,575 |
| 767                        | 3.200%, 1/25/35, VRN  | NR/CCC                         | 96,734      |
| 1,257                      | 5.75%, 12/25/35   | Caa3/CCC                       | 998,873     |
| 1,000                      | 6.00%, 8/25/37  | NR/CCC                         | 885,378     |
|                            | Morgan Stanley Reremic Trust, CMO (a) (d),  |                                |             |
| 6,200                      | zero coupon, 7/17/56, PO (f)  | Baa2/NR                        | 5,044,820   |
| 1,400                      | 6.002%, 8/12/45, VRN (i)  | A3/NR                          | 1,471,336   |
| 5,600                      | 6.002%, 8/12/45, VRN (i)  | Aaa/NR                         | 6,212,717   |
|                            | Prime Mortgage Trust,   |                                |             |
| 7,756                      | 0.563%, 6/25/36, FRN  | NR/D                           | 3,751,749   |
| 527                        | 7.00%, 7/25/34  | Caa2/B-                        | 513,890     |
| 2,000                      | Prudential Securities Secured Financing Corp., 6.755%, 6/16/31, CMO, VRN<br>(a) (d) | NR/NR                          | 1,987,810   |
|                            | RBSCF Trust, CMO, VRN (a) (d),  |                                |             |
| 2,000                      | 5.223%, 8/16/48 (i)   | NR/NR                          | 2,023,372   |
| 937                        | 5.331%, 2/16/44   | NR/NR                          | 956,435     |
| £1,596                     | Real Estate Capital PLC, 1.019%, 7/15/16, CMO, FRN                                  | NR/AAA                         | 2,479,477   |
| \$79                       | Regal Trust IV, 3.008%, 9/29/31, CMO, FRN (a) (d)                                   | NR/NR                          | 74,781      |
|                            | Residential Accredit Loans, Inc., CMO,  |                                |             |
| 610                        | 0.393%, 6/25/46, FRN  | Caa2/CCC                       | 245,985     |
| 1,667                      | 0.613%, 10/25/45, FRN   | Caa3/B-                        | 1,003,314   |
| 339                        | 5.50%, 4/25/37  | Caa3/D                         | 214,362     |
| 1,458                      | 6.00%, 8/25/35  | NR/CCC                         | 1,227,409   |
| 1,459                      | 6.00%, 1/25/37  | Caa3/D                         | 1,002,014   |
| 1,100                      | Residential Asset Securitization Trust, 6.00%, 3/25/37, CMO                         | NR/D                           | 791,436     |
|                            | Residential Funding Mortgage Securities I, CMO,                                     |                                |             |
| 863                        | 5.768%, 7/27/37, VRN  | NR/D                           | 647,257     |
| 1,748                      | 6.00%, 6/25/37  | NR/D                           | 1,434,439   |
|                            | RMAC Securities PLC, CMO, FRN,  |                                |             |
| £1,166                     | 0.957%, 6/12/44   | Aa1/AAA                        | 1,744,582   |
| 1,052                      | 1.325%, 6/12/44   | Aa1/AAA                        | 1,401,806   |
| \$1,142                    | Salomon Brothers Mortgage Securities VII, Inc., 6.50%, 2/25/29, CMO                 | NR/BB                          | 1,195,113   |
|                            | Sequoia Mortgage Trust, CMO,  |                                |             |
| 2,333                      | 0.413%, 7/20/36, FRN  | B1/BBB+                        | 1,913,460   |
| 3,688                      | 0.433%, 3/20/35, FRN (i)  | Baa2/AAA                       | 3,079,285   |
| 958                        | 5.340%, 1/20/38, VRN  | NR/D                           | 610,288     |
|                            | Structured Adjustable Rate Mortgage Loan Trust, CMO, VRN,                           |                                |             |
| 61                         | 2.614%, 8/25/34   | Ba3/AA                         | 53,738      |
| 4,231                      | 5.579%, 11/25/36  | NR/CC                          | 3,241,816   |
| 5,434                      | 5.606%, 4/25/36   | NR/CC                          | 4,226,142   |
| 2,838                      | 5.759%, 1/25/36   | NR/CCC                         | 2,177,307   |
|                            | Structured Asset Mortgage Investments, Inc., CMO, FRN,                              |                                |             |
| 39                         | 0.413%, 9/25/47   | Aa3/BBB                        | 37,919      |
| 4,465                      | 0.423%, 8/25/36   | Caa3/CCC                       | 2,927,635   |
| 369                        | 0.443%, 5/25/45   | Caa3/AAA                       | 249,002     |
| 1,279                      | 0.544%, 10/19/34 (i)  | Aa3/AAA                        | 1,172,425   |
| 1,127                      | Structured Asset Securities Corp., 2.519%, 1/25/34, CMO, VRN (i)                    | Ba3/A-                         | 1,020,398   |

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|       |  |          |         |
|-------|--|----------|---------|
| 1,037 | Suntrust Adjustable Rate Mortgage Loan Trust, 5.823%, 10/25/37, CMO, FRN | Caa1/CCC | 919,589 |
| 227   | Talisman Finance PLC, 1.527%, 4/22/17, CMO, FRN                          | A3/A+    | 297,655 |
| \$756 | TBW Mortgage-Backed Pass Through Certificates, 6.00%, 7/25/36, CMO       | NR/D     | 578,383 |

PIMCO Corporate Income Fund

22 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s) |   | Credit Rating<br>(Moody s/S&P) | Value       |
|----------------------------|---|--------------------------------|-------------|
| \$1,000                    | UBS Commercial Mortgage Trust, 0.794%, 7/15/24, CMO, FRN (a) (d)                    | Baa2/B+                        | \$907,890   |
| 510                        | Wachovia Bank Commercial Mortgage Trust, CMO, 0.309%, 9/15/21, FRN (a) (d)          | Aaa/AA+                        | 505,645     |
| 5,000                      | 0.339%, 9/15/21, FRN (a) (d) (i)  | Baa2/A+                        | 4,770,638   |
| 3,490                      | 5.924%, 5/15/43, VRN (i)  | Aaa/NR                         | 3,889,673   |
| 80                         | WaMu Mortgage Pass Through Certificates, CMO, 0.503%, 10/25/45, FRN                 | B2/AAA                         | 67,358      |
| 306                        | 0.67%, 5/25/44, FRN   | Ba3/AAA                        | 247,938     |
| 240                        | 2.255%, 3/25/33, FRN  | A2/AAA                         | 229,218     |
| 730                        | 2.719%, 7/25/42, FRN  | Ba3/AAA                        | 649,973     |
| 3,045                      | 2.979%, 2/25/37, VRN  | NR/CCC                         | 2,417,766   |
| 4,451                      | 2.984%, 7/25/46, FRN (i)  | B2/B-                          | 3,398,306   |
| 4,675                      | 3.418%, 7/25/37, FRN  | NR/CC                          | 2,828,274   |
| 3,739                      | 4.547%, 12/25/36, VRN   | NR/CCC                         | 2,992,087   |
| 4,254                      | 5.333%, 6/25/37, FRN  | NR/CCC                         | 3,124,424   |
| 1,575                      | 5.362%, 3/25/37, VRN  | NR/CCC                         | 1,145,481   |
| 9,265                      | 5.424%, 2/25/37, VRN (i)  | NR/CC                          | 6,563,501   |
| 940                        | 5.601%, 11/25/36, FRN   | NR/CCC                         | 697,697     |
| 3,388                      | 5.619%, 7/25/37, FRN  | NR/CCC                         | 2,725,368   |
| 2,576                      | 5.687%, 2/25/37, FRN  | NR/CCC                         | 1,961,003   |
|                            | Washington Mutual Alternative Mortgage Pass Through Certificates, CMO,              |                                |             |
| 1,350                      | 1.156%, 10/25/46, FRN   | Ca/CC                          | 661,455     |
| 5,509                      | 5.50%, 7/25/35  | Caa2/B+                        | 4,148,523   |
| 76                         | Washington Mutual MSC Mortgage Pass Through Certificates, 2.475%, 6/25/33, CMO, FRN | Aa2/AAA                        | 47,023      |
| 1,320                      | Wells Fargo Mortgage-Backed Securities Trust, CMO, 0.713%, 7/25/37, FRN             | B3/NR                          | 1,087,067   |
| 5,086                      | 2.739%, 7/25/36, FRN (i)  | NR/CCC                         | 4,177,507   |
| 781                        | 2.767%, 3/25/36, VRN  | NR/A                           | 689,266     |
| 59                         | 2.901%, 4/25/36, VRN  | NR/CCC                         | 51,342      |
| 168                        | 2.901%, 4/25/36, VRN  | NR/BB                          | 152,428     |
| 88                         | 5.388%, 9/25/36, FRN  | NR/CCC                         | 74,016      |
| 250                        | 5.430%, 10/25/36, FRN   | Caa2/NR                        | 202,640     |
| 131                        | 5.50%, 1/25/36  | Ca/NR                          | 87,597      |
| 2,700                      | 5.705%, 10/25/36, VRN   | Caa1/NR                        | 2,294,908   |
| 90                         | 5.818%, 10/25/36, FRN   | Caa2/NR                        | 72,254      |
| 2,622                      | 5.821%, 9/25/36, FRN  | Caa2/NR                        | 2,150,154   |
|                            | Total Mortgage-Backed Securities (cost-\$321,992,988)                               |                                | 366,042,067 |

**CORPORATE BONDS & NOTES 49.4%****Airlines 6.5%**

|        |  |       |            |
|--------|--|-------|------------|
| 2,500  | American Airlines, Inc., 10.50%, 10/15/12 (i)              | B2/B  | 2,693,750  |
| 10,957 | American Airlines Pass Through Trust, 6.817%, 11/23/12 (i) | B2/B+ | 10,984,393 |
|        | Continental Airlines Pass Through Trust (i),               |       |            |



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|       |   |          |           |
|-------|---|----------|-----------|
| 1,117 | 7.707%, 10/2/22   | Baa2/BBB | 1,203,395 |
| 1,107 | 8.048%, 5/1/22  | Baa2/BBB | 1,204,004 |
| 1,952 | Delta Air Lines, Inc., 7.75%, 6/17/21                         | Baa2/A-  | 2,128,130 |
| 859   | Northwest Airlines, Inc., 1.063%, 11/20/15, FRN<br>(MBIA) (i) | Baa2/A-  | 811,388   |

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report **23**

## PIMCO Income Opportunity Fund Schedule of Investments

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s)         |  | Credit Rating (Moody s/S&P) | Value       |
|---------------------------------|--|-----------------------------|-------------|
| <b>Airlines (continued)</b>     |  |                             |             |
| \$2,769                         | United Air Lines Pass Through Trust (i),<br>9.75%, 1/15/17                 | Baa2/BBB+                   | \$3,149,231 |
| 2,833                           | 10.40%, 5/1/18   | Baa2/BBB+                   | 3,243,693   |
|                                 |  |                             | 25,417,984  |
| <b>Banking 11.8%</b>            |  |                             |             |
| 3,000                           | Barclays Bank PLC (i),<br>6.05%, 12/4/17 (a) (d)                           | Baa1/A                      | 3,195,924   |
| £2,100                          | 14.00%, 6/15/19 (g)  | Baa2/A-                     | 4,603,902   |
| 670                             | BPCE S.A. (g),<br>4.625%, 7/30/15  | Baa3/BBB+                   | 873,286     |
| 965                             | 5.25%, 7/30/14   | Baa3/BBB+                   | 1,318,538   |
| 750                             | 9.00%, 3/17/15   | Baa3/BBB+                   | 1,171,960   |
| 350                             | 9.25%, 4/22/15   | Baa3/BBB+                   | 545,619     |
| 3,000                           | Cooperatieve Centrale Raiffeisen-Boerenleenbank BA (i),<br>6.875%, 3/19/20 | NR/NR                       | 4,547,143   |
| \$6,875                         | 11.00%, 6/30/19 (a) (d) (g)  | A2/AA-                      | 8,998,536   |
| 7,300                           | Discover Bank, 7.00%, 4/15/20 (i)  | Ba1/BBB-                    | 8,228,538   |
| £1,200                          | DnB NOR Bank ASA, 6.012%, 3/29/17 (g)                                      | Baa3/BBB+                   | 2,019,453   |
| \$5,000                         | Lloyds TSB Bank PLC, 6.375%, 1/21/21 (i)                                   | Aa3/A+                      | 5,370,895   |
| 5,000                           | Regions Financial Corp., 7.75%, 11/10/14 (i)                               | Ba3/BB+                     | 5,466,720   |
|                                 |  |                             | 46,340,514  |
| <b>Financial Services 12.6%</b> |  |                             |             |
| 1,850                           | Ally Financial, Inc. (i),<br>6.75%, 12/1/14                                | B1/B                        | 1,972,333   |
| 5,000                           | 8.30%, 2/12/15   | B1/B                        | 5,637,500   |
| 300                             | AngloGold Ashanti Holdings PLC (i),<br>5.375%, 4/15/20                     | Baa3/BBB-                   | 309,271     |
| 800                             | 6.50%, 4/15/40   | Baa3/BBB-                   | 823,200     |
| 2,000                           | Cantor Fitzgerald L.P., 7.875%, 10/15/19 (a) (d) (i)                       | Baa3/BBB                    | 2,129,240   |
| 3,700                           | CIT Group, Inc. (i),<br>5.25%, 4/1/14 (a) (d)                              | B3/B+                       | 3,792,049   |
| 1,207                           | 7.00%, 5/1/13  | B3/B+                       | 1,230,658   |
| 449                             | 7.00%, 5/1/14  | B3/B+                       | 458,626     |
| 449                             | 7.00%, 5/1/15  | B3/B+                       | 456,380     |
| 748                             | 7.00%, 5/1/16  | B3/B+                       | 755,955     |
| 1,048                           | 7.00%, 5/1/17  | B3/B+                       | 1,058,993   |
| £650                            | Credit Agricole S.A. (g),<br>5.136%, 2/24/16                               | A3/A-                       | 952,726     |
| £500                            | 7.589%, 1/30/20  | A3/A-                       | 820,559     |
| £1,400                          | 8.125%, 10/26/19   | A3/A-                       | 2,408,644   |
| \$4,600                         | Ford Motor Credit Co. LLC, 7.80%, 6/1/12 (i)                               | Ba2/BB-                     | 4,871,386   |
| 5,000                           | HSBC Finance Corp., 6.676%, 1/15/21 (a) (d) (i)                            | Baa1/BBB+                   | 5,320,080   |
| £200                            | LBG Capital No.2 PLC, 15.00%, 12/21/19                                     | Ba2/BB+                     | 461,017     |
| \$2,500                         | Morgan Stanley, 0.758%, 10/15/15, FRN (i)                                  | A2/A                        | 2,411,715   |
|                                 | SLM Corp.,<br>0.574%, 1/27/14, FRN   | Ba1/BBB-                    | 146,253     |
| 150                             | 1.503%, 6/17/13, FRN (i)   | Ba1/BBB-                    | 1,719,700   |

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|       |                       |          |           |
|-------|-----------------------|----------|-----------|
| \$220 | 4.082%, 6/15/13, FRN  | Ba1/BBB- | 216,572   |
| 200   | 4.082%, 12/15/13, FRN | Ba1/BBB- | 197,640   |
| 975   | 5.00%, 10/1/13 (i)    | Ba1/BBB- | 1,016,998 |
| 500   | 5.125%, 8/27/12 (i)   | Ba1/BBB- | 518,042   |

PIMCO Corporate Income Fund

24 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s)                  |  | Credit Rating (Moody s/S&P) | Value      |
|--|--|-----------------------------|------------|
| <b>Financial Services (continued)</b>    |  |                             |            |
| \$100                                    | 5.375%, 1/15/13  | Ba1/BBB-                    | \$104,918  |
| 1,000                                    | 5.375%, 5/15/14 (i)                                    | Ba1/BBB-                    | 1,044,730  |
| 1,000                                    | 8.00%, 3/25/20 (i)                                     | Ba1/BBB-                    | 1,109,762  |
| 4,700                                    | 8.45%, 6/15/18 (i)                                     | Ba1/BBB-                    | 5,341,762  |
| 2,500                                    | UBS Preferred Funding Trust V, 6.243%, 5/15/16 (g) (i) | Baa3/BBB-                   | 2,525,000  |
|  |  |                             | 49,811,709 |
| <b>Healthcare &amp; Hospitals 0.8%</b>   |  |                             |            |
| 3,000                                    | HCA, Inc., 8.50%, 4/15/19 (i)                          | Ba3/BB                      | 3,345,000  |
| <b>Hotels/Gaming 2.1%</b>                |  |                             |            |
| 1,600                                    | MGM Resorts International, 9.00%, 3/15/20 (i)          | Ba3/B                       | 1,792,000  |
| 5,948                                    | Times Square Hotel Trust, 8.528%, 8/1/26 (a) (d) (i)   | Baa3/BB+                    | 6,577,343  |
|  |  |                             | 8,369,343  |
| <b>Insurance 3.9%</b>                    |  |                             |            |
|  | American International Group, Inc. (i),                |                             |            |
| 1,650                                    | 6.25%, 5/1/36  | Baa1/A-                     | 1,704,353  |
| 3,700                                    | 6.40%, 12/15/20  | Baa1/A-                     | 4,057,868  |
| 6,400                                    | 8.25%, 8/15/18   | Baa1/A-                     | 7,621,977  |
| £1,150                                   | 8.625%, 5/22/68, (converts to FRN on 5/22/18)          | Baa2/BBB                    | 2,016,947  |
|  |  |                             | 15,401,145 |
| <b>Oil &amp; Gas 6.4%</b>                |  |                             |            |
|  | Anadarko Petroleum Corp. (i),                          |                             |            |
| \$600                                    | 6.20%, 3/15/40   | Ba1/BBB-                    | 601,148    |
| 3,300                                    | 6.375%, 9/15/17  | Ba1/BBB-                    | 3,734,138  |
| 4,200                                    | 6.45%, 9/15/36   | Ba1/BBB-                    | 4,346,639  |
| 6,900                                    | BP Capital Markets PLC, 4.75%, 3/10/19 (i)             | A2/A                        | 7,241,019  |
| 958                                      | Global Geophysical Services, Inc., 10.50%, 5/1/17 (i)  | B3/B                        | 1,041,825  |
| 2,500                                    | Kinder Morgan Energy Partners L.P., 6.50%, 9/1/39 (i)  | Baa2/BBB                    | 2,667,240  |
|  | Odebrecht Drilling Norbe VIII/IX Ltd., 6.35%, 6/30/21  |                             |            |
| 5,000                                    | (a) (d) (i)  | Baa3/NR                     | 5,292,500  |
|  | Pride International, Inc. (i),                         |                             |            |
| 200                                      | 6.875%, 8/15/20  | Ba1/BBB-                    | 231,787    |
| 200                                      | 7.875%, 8/15/40  | Ba1/BBB-                    | 251,365    |
|  |  |                             | 25,407,661 |
| <b>Paper &amp; Forest Products 0.6%</b>  |  |                             |            |
| 2,000                                    | Weyerhaeuser Co., 7.375%, 3/15/32 (i)                  | Ba1/BBB-                    | 2,165,966  |
| <b>Real Estate Investment Trust 1.6%</b> |  |                             |            |
| 1,000                                    | Kilroy Realty L.P., 5.00%, 11/3/15 (i)                 | Baa3/BBB-                   | 1,040,996  |
| 4,750                                    | Reckson Operating Partnership L.P., 7.75%, 3/15/20 (i) | Ba1/BBB-                    | 5,432,936  |
|  |  |                             | 6,473,932  |
| <b>Retail 0.9%</b>                       |  |                             |            |
| 2,933                                    | CVS Pass Through Trust, 7.507%, 1/10/32 (a) (d) (i)    | Baa2/BBB+                   | 3,443,650  |
| <b>Telecommunications 1.2%</b>           |  |                             |            |
| 2,000                                    | Frontier Communications Corp., 9.00%, 8/15/31 (i)      | Ba2/BB                      | 2,070,000  |
|  | Qwest Communications International, Inc., 7.50%,       |                             |            |
| 2,000                                    | 2/15/14 (i)  | Baa3/BB-                    | 2,050,000  |
| 500                                      | Telecom Italia Capital S.A., 7.20%, 7/18/36 (i)        | Baa2/BBB                    | 515,848    |
|  |  |                             | 4,635,848  |



**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s)              |  | Credit Rating (Moody s/S&P) | Value       |
|--------------------------------------|--|-----------------------------|-------------|
| <b>Utilities 1.0%</b>                |  |                             |             |
| \$1,600                              | AES Andres Dominicana, 9.50%, 11/12/20 (a) (d) (i)                         | NR/B-                       | \$1,712,000 |
| 2,000                                | Energy Future Holdings Corp., 10.00%, 1/15/20 (i)                          | Caa3/B-                     | 2,151,192   |
|                                      |  |                             | 3,863,192   |
|                                      | Total Corporate Bonds & Notes (cost-\$168,646,038)                         |                             | 194,675,944 |
| <b>ASSET-BACKED SECURITIES 13.3%</b> |  |                             |             |
| 736                                  | Access Financial Manufactured Housing Contract Trust, 7.65%, 5/15/21       | Caa2/NR                     | 616,974     |
| 1,999                                | Accredited Mortgage Loan Trust, 0.393%, 4/25/36, FRN                       | Caa2/B+                     | 1,665,817   |
| 1,179                                | ACE Securities Corp., 0.613%, 8/25/45, FRN (i)                             | NR/AAA                      | 1,110,082   |
|                                      | Advanta Business Card Master Trust, FRN,                                   |                             |             |
| 773                                  | 0.463%, 6/20/14  | Ca/CCC-                     | 630,616     |
| 773                                  | 0.463%, 12/22/14   | Ca/CCC-                     | 630,631     |
| 870                                  | American Express Credit Account Master Trust, 0.499%, 3/17/14, FRN (a) (d) | Baa2/BBB+                   | 868,715     |
|                                      | Asset-Backed Funding Certificates, FRN,                                    |                             |             |
| 16                                   | 0.773%, 10/25/33   | Aaa/AAA                     | 12,945      |
| 2,220                                | 1.038%, 8/25/33 (i)  | Ba3/AA                      | 1,854,235   |
|                                      | Bear Stearns Asset-Backed Securities Trust,                                |                             |             |
| 513                                  | 0.713%, 9/25/34, FRN   | NR/BBB                      | 377,912     |
| 1,501                                | 0.713%, 9/25/34, FRN   | NR/A                        | 1,181,498   |
| 1,684                                | 3.392%, 7/25/36, VRN   | NR/CC                       | 805,081     |
| 774                                  | Bear Stearns Second Lien Trust, 0.433%, 12/25/36, FRN (a) (d)              | B3/B                        | 729,472     |
|                                      | Conseco Finance Securitizations Corp.,                                     |                             |             |
| 1,726                                | 7.27%, 9/1/31  | Caa1/CCC-                   | 1,841,342   |
| 654                                  | 7.96%, 2/1/32  | Ca/CCC-                     | 582,209     |
| 330                                  | 7.97%, 5/1/32  | Ca/CCC-                     | 248,490     |
| 3,812                                | 8.06%, 5/1/31  | Ca/NR                       | 2,966,607   |
|                                      | Conseco Financial Corp.,   |                             |             |
| 323                                  | 6.22%, 3/1/30  | NR/BBB-                     | 344,440     |
| 373                                  | 6.33%, 11/1/29, VRN  | Baa2/NR                     | 379,032     |
| 272                                  | 6.53%, 2/1/31, VRN   | NR/CCC-                     | 261,169     |
| 232                                  | 6.86%, 3/15/28   | A2/NR                       | 243,493     |
| 461                                  | 7.05%, 1/15/27   | B3/B                        | 419,967     |
| 1,267                                | 7.14%, 3/15/28 (i)   | Baa1/NR                     | 1,372,262   |
| 907                                  | 7.24%, 6/15/28, VRN  | Baa1/NR                     | 970,092     |
| 992                                  | 7.40%, 6/15/27 (i)   | A2/AA                       | 1,060,556   |
| 123                                  | 7.65%, 10/15/27, VRN   | Aa1/AAA                     | 128,183     |
|                                      | Countrywide Asset-Backed Certificates,                                     |                             |             |
| 30                                   | 0.363%, 3/25/47, FRN   | Caa3/B-                     | 20,408      |
| 1,415                                | 0.553%, 12/25/36, FRN (a) (d)  | NR/CCC                      | 637,148     |
| 1,595                                | 0.603%, 11/25/34, FRN (i)  | Aa3/AAA                     | 1,478,193   |
| 543                                  | 0.773%, 8/25/32, FRN   | Caa3/CCC                    | 343,870     |
| 259                                  | 4.693%, 10/25/35, VRN  | B1/BB-                      | 236,547     |
| 1,220                                | Countrywide Home Equity Loan Trust, 0.569%, 3/15/29, FRN                   | Ba3/BBB-                    | 1,167,100   |
| 3                                    | Credit-Based Asset Servicing and Securitization LLC, 0.303%, 7/25/36, FRN  | Baa2/AAA                    | 3,471       |

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|       |  |       |           |
|-------|--|-------|-----------|
| 1,000 | Greenpoint Manufactured Housing, 8.30%, 10/15/26,<br>VRN | Ca/NR | 1,071,171 |
| 1,058 | GSAMP Trust, 0.513%, 5/25/36, FRN (a) (d)                | NR/A  | 888,849   |

PIMCO Corporate Income Fund

26 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount (000s) |  | Credit Rating (Moody s/S&P) | Value             |
|-------------------------|--|-----------------------------|-------------------|
| \$8                     | Home Equity Asset Trust, FRN, 0.263%, 3/25/37                              | Aa2/AAA                     | \$8,337           |
| 130                     | 2.613%, 10/25/33   | Caa2/B-                     | 95,941            |
| 6,500                   | Indymac Residential Asset-Backed Trust, 0.533%, 4/25/47, FRN               | Ca/CCC                      | 2,912,887         |
| 134                     | JPMorgan Mortgage Acquisition Corp., FRN, 0.263%, 10/25/36                 | Ba1/B-                      | 131,047           |
| 14                      | 0.293%, 8/25/36  | Ca/CCC                      | 4,398             |
| 119                     | Lehman XS Trust, 0.313%, 12/25/36, FRN                                     | Caa1/D                      | 115,468           |
| 1,395                   | Long Beach Mortgage Loan Trust, FRN, 0.373%, 10/25/36                      | Ca/CCC                      | 527,666           |
| 702                     | 2.688%, 3/25/32  | Ca/NR                       | 418,119           |
| 2,955                   | Loomis Sayles CBO, 0.504%, 10/26/20, FRN (a) (d)                           | Aa1/A+                      | 2,735,667         |
| 713                     | MASTR Asset-Backed Securities Trust, 5.233%, 11/25/35                      | A1/BBB                      | 632,169           |
| 7,355                   | Merrill Lynch First Franklin Mortgage Loan Trust, 0.453%, 5/25/37, FRN (i) | Ca/CCC                      | 3,491,084         |
| 2,111                   | Merrill Lynch Mortgage Investors, Inc., 0.713%, 6/25/36, FRN               | Caa1/BB-                    | 1,287,474         |
| 2,334                   | Morgan Stanley Dean Witter Capital I, 1.638%, 2/25/33, FRN                 | B1/AA                       | 1,699,418         |
| 43                      | Oakwood Mortgage Investors, Inc., 0.449%, 5/15/13, FRN                     | Caa1/B-                     | 33,918            |
| 1,275                   | 8.00%, 10/15/26 (i)  | NR/AAA                      | 1,295,856         |
| 11                      | Option One Mortgage Loan Trust, 0.333%, 2/25/38, FRN                       | Aa3/A                       | 10,596            |
| 78                      | 5.662%, 1/25/37  | Caa2/CC                     | 49,036            |
| 5,000                   | Origen Manufactured Housing, 7.65%, 3/15/32 (i)                            | B2/NR                       | 5,073,724         |
| 54                      | Quest Trust, 1.113%, 6/25/34, FRN (a) (d)                                  | Aa2/AA                      | 54,308            |
| 47                      | Residential Asset Mortgage Products, Inc., 4.02%, 4/25/33, VRN             | B2/CC                       | 40,247            |
| 1,441                   | 5.22%, 7/25/34, VRN  | Caa1/CC                     | 1,315,024         |
| 1,733                   | 5.86%, 11/25/33  | A2/AAA                      | 1,453,392         |
| 51                      | Residential Asset Securities Corp., 0.403%, 3/25/36, FRN                   | Ba1/AAA                     | 49,377            |
| 31                      | 4.47%, 3/25/32, VRN  | A2/AAA                      | 31,000            |
| 559                     | Securitized Asset-Backed Receivables LLC Trust, 0.443%, 2/25/37, FRN       | Ca/CCC                      | 219,272           |
| 270                     | Specialty Underwriting & Residential Finance, 0.463%, 9/25/36, FRN         | Ba3/A                       | 263,454           |
| 1,059                   | Structured Asset Securities Corp., 0.513%, 6/25/35, FRN                    | Caa2/AA+                    | 735,327           |
| 741                     | UCFC Home Equity Loan, 7.75%, 4/15/30, VRN                                 | Ca/B-                       | 536,439           |
|                         | <b>Total Asset-Backed Securities (cost-\$45,323,069)</b>                   |                             | <b>52,369,222</b> |

**SENIOR LOANS (a) (c) 6.2%**

**Computer Services 0.4%**

1,749 First Data Corp., 3.002%, 9/24/14, Term B1 1,664,383

**Financial Services 4.1%**

6,000 American General Finance Corp., 7.25%, 4/21/15 6,019,584



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|       |  |                         |
|-------|--|-------------------------|
| 1,829 | CIT Group, Inc., 6.25%, 8/11/15, Term 3<br>International Lease Finance Corp.,        | 1,859,067               |
| 2,900 | 6.75%, 3/17/15, Term B1  | 2,922,008               |
| 2,100 | 7.00%, 3/17/16, Term B2<br>iStar Financial, Inc.,                                    | 2,115,750               |
| 3,265 | 5.00%, 6/28/13, Term A1 (b) (j) (acquisition<br>cost-\$2,955,339; purchased 3/11/11) | 3,246,173<br>16,162,582 |

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report 27

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**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal<br>Amount<br>(000s)          |  | Credit Rating<br>(Moody s/S&P) | Value      |
|--|--|--------------------------------|------------|
| <b>Healthcare &amp; Hospitals 0.2%</b> |  |                                |            |
| \$1,000                                | HCA, Inc., 2.557%, 11/17/13, Term B1   |                                | \$999,719  |
| <b>Oil &amp; Gas 1.0%</b>              |  |                                |            |
| 3,895                                  | Petroleum Export, 3.309%, 12/7/12, Term B  |                                | 3,885,263  |
| <b>Printing/Publishing 0.1%</b>        |  |                                |            |
| 515                                    | Tribune Co., 5.00%, 6/4/09, Term X (b) (e) (j)<br>(acquisition cost-\$499,096; purchased 11/30/07-2/27/09) |                                | 353,162    |
| <b>Utilities 0.4%</b>                  |  |                                |            |
| 1,913                                  | Texas Competitive Electric Holdings Co. LLC, 5.00%,<br>10/10/17  |                                | 1,536,293  |
| Total Senior Loans (cost-\$24,499,020) |  |                                | 24,601,402 |

Shares

**CONVERTIBLE PREFERRED STOCK 4.3%**

|   |   |         |            |
|---|---|---------|------------|
| <b>Financial Services 3.9%</b>                        |   |         |            |
| 14,500  | Wells Fargo & Co., 7.50%, 3/15/13, Ser. L (g) | Baa3/A- | 15,652,460 |
| <b>Utilities 0.4%</b>                                 |   |         |            |
| 25,500  | PPL Corp., 9.50%, 7/1/13                      | NR/NR   | 1,445,340  |
| Total Convertible Preferred Stock (cost-\$10,478,225) |   |         | 17,097,800 |

Principal  
Amount  
(000s)

**U.S. GOVERNMENT AGENCY SECURITIES 3.9%**

|       |                                     |         |           |
|-------|-------------------------------------|---------|-----------|
| \$11  | Ginnie Mae, MBS,<br>6.00%, 11/15/34 | Aaa/AAA | 12,697    |
| 228   | 6.00%, 12/15/36 (i)                 | Aaa/AAA | 253,086   |
| 7     | 6.00%, 2/15/37                      | Aaa/AAA | 7,330     |
| 1,683 | 6.00%, 2/15/37 (i)                  | Aaa/AAA | 1,863,686 |
| 636   | 6.00%, 6/15/37 (i)                  | Aaa/AAA | 703,948   |
| 813   | 6.00%, 8/15/37 (i)                  | Aaa/AAA | 899,650   |
| 426   | 6.00%, 10/15/37 (i)                 | Aaa/AAA | 471,847   |
| 11    | 6.00%, 12/15/37                     | Aaa/AAA | 12,213    |
| 1,986 | 6.00%, 12/15/37 (i)                 | Aaa/AAA | 2,198,408 |
| 163   | 6.00%, 3/15/38 (i)                  | Aaa/AAA | 180,843   |
| 213   | 6.00%, 5/15/38 (i)                  | Aaa/AAA | 235,811   |
| 209   | 6.00%, 6/15/38 (i)                  | Aaa/AAA | 231,715   |
| 85    | 6.00%, 7/15/38 (i)                  | Aaa/AAA | 93,746    |
| 251   | 6.00%, 9/15/38 (i)                  | Aaa/AAA | 278,143   |
| 1,320 | 6.00%, 12/15/38 (i)                 | Aaa/AAA | 1,460,619 |
| 5,663 | 6.00%, 10/15/39 (i)                 | Aaa/AAA | 6,267,607 |

Total U.S. Government Agency Securities (cost-\$14,814,608)

15,171,349

**SOVEREIGN DEBT OBLIGATIONS 1.5%**

|                         |  |        |           |
|-------------------------|--|--------|-----------|
| <b>Philippines 1.5%</b> |  |        |           |
| 5,000                   |  | Ba3/BB | 5,762,265 |

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Power Sector Assets & Liabilities Management Corp.,  
7.25%, 5/27/19 (cost-\$5,585,957)

PIMCO Corporate Income Fund

**28** PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal<br>Amount<br>(000s)              |   | Credit Rating<br>(Moody s/S&P) | Value       |
|--|---|--------------------------------|-------------|
| <b>CONVERTIBLE BONDS 1.1%</b>              |   |                                |             |
| <b>Real Estate Investment Trust 1.1%</b>   |   |                                |             |
| \$3,800                                    | SL Green Operating Partnership L.P., 3.00%, 10/15/17<br>(a) (d) (cost-\$3,773,539)              | NR/NR                          | \$4,436,500 |
| <b>MUNICIPAL BONDS 0.7%</b>                |   |                                |             |
| <b>California 0.2%</b>                     |   |                                |             |
| 775  | Statewide Communities Dev. Auth. Rev., Lancer Student<br>Housing Project, 9.50%, 6/1/14, Ser. B | NR/NR                          | 793,197     |
| <b>West Virginia 0.5%</b>                  |   |                                |             |
| 3,030                                      | Tobacco Settlement Finance Auth. Rev., 7.467%, 6/1/47,<br>Ser. A                                | Baa3/BB+                       | 2,117,515   |
| Total Municipal Bonds (cost-\$3,680,266)   |   |                                | 2,910,712   |
| <b>PREFERRED STOCK 0.2%</b>                |   |                                |             |
| Shares                                     |   |                                |             |
| <b>Financial Services 0.2%</b>             |   |                                |             |
| 32,400                                     | SLM Corp., CPI-Linked MTN, Ser. A (m),<br>4.70%, 3/15/17  | Ba1/BBB-                       | 738,396     |
| 8,500                                      | 4.75%, 1/16/18  | Ba1/NR                         | 193,800     |
| Total Preferred Stock (cost-\$460,125)     |   |                                | 932,196     |
| <b>U.S. TREASURY OBLIGATIONS 0.1%</b>      |   |                                |             |
|  | U.S. Treasury Notes,  |                                |             |
| \$270                                      | 0.375%, 10/31/12  |                                | 269,958     |
| 100  | 2.375%, 8/31/14   |                                | 103,883     |
| Total U.S. Treasury Notes (cost-\$374,030) |   |                                | 373,841     |
| <b>SHORT-TERM INVESTMENTS 8.6%</b>         |   |                                |             |
| <b>Corporate Notes 7.5%</b>                |   |                                |             |
| <b>Financial Services 7.0%</b>             |   |                                |             |
| 3,000                                      | Ford Motor Credit Co. LLC (i),<br>3.033%, 1/13/12, FRN  | Ba2/BB-                        | 3,029,790   |
| 6,500                                      | 7.25%, 10/25/11   | Ba2/BB-                        | 6,669,065   |
| 2,525                                      | 9.875%, 8/10/11   | Ba2/BB-                        | 2,577,692   |
| 8,150                                      | International Lease Finance Corp., 4.75%, 1/13/12 (i)   | B1/BB+                         | 8,292,625   |
| 940  | SLM Corp., 0.504%, 10/25/11, FRN (i)  | Ba1/BBB-                       | 935,929     |
| 3,000                                      | Springleaf Finance Corp.,<br>0.560%, 12/15/11, FRN (i)  | B3/B                           | 2,959,575   |
| 2,000                                      | 4.625%, 6/22/11   | B3/NR                          | 2,962,644   |
|  |   |                                | 27,427,320  |

|  |    |
|--|----|
| PIMCO Corporate Income Fund                                |    |
| 4.30.11   PIMCO Income Opportunity Fund Semi-Annual Report | 29 |

**PIMCO Income Opportunity Fund Schedule of Investments**

April 30, 2011 (unaudited) (continued)

| Principal Amount<br>(000s)   |   | Credit Rating<br>(Moody's/S&P) | Value                |
|--|---|--------------------------------|----------------------|
| <b>Insurance 0.5%</b>  |   |                                |                      |
| \$2,000  | American International Group, Inc., 0.386%, 10/18/11, FRN (i)   | Baa1/A-                        | \$1,991,830          |
| Total Corporate Notes (cost-\$27,558,236)  |   |                                | 29,419,150           |
| <b>Sovereign Debt Obligations 0.5%</b>   |   |                                |                      |
| <b>Brazil 0.5%</b>   |   |                                |                      |
| BRL2,880   | Brazil Notas do Tesouro Nacional, 10.00%, 1/1/12, Ser. F (cost-\$1,617,688)   | Baa3/NR                        | 1,800,056            |
| <b>U.S. Treasury Obligations (h) (l) 0.2%</b>                                      |   |                                |                      |
| 980  | U.S. Treasury Bills, 0.053%-0.150%, 7/7/11-9/15/11 (cost-\$979,770)   |                                | 979,845              |
| <b>U.S. Government Agency Securities 0.0%</b>                                      |   |                                |                      |
| 23   | Freddie Mac, 0.221%, 5/4/11, FRN (cost-\$23,000)  | Aaa/AAA                        | 23,000               |
| <b>Repurchase Agreements 0.4%</b>  |   |                                |                      |
| 1,500  | Barclays Capital, Inc., dated 4/29/11, 0.03%, due 5/2/11, proceeds \$1,500,004; collateralized by U.S. Treasury Notes, 4.50%, due 8/15/39, valued at \$1,533,832 including accrued interest |                                | 1,500,000            |
| 304  | State Street Bank & Trust Co., dated 4/29/11, 0.01%, due 5/2/11, proceeds \$304,000; collateralized by U.S. Treasury Bills, 0.015%, due 5/12/11, valued at \$314,998                        |                                | 304,000              |
| Total Repurchase Agreements (cost-\$1,804,000)                                     |   |                                | 1,804,000            |
| Total Short-Term Investments (cost-\$31,982,694)                                   |   |                                | 34,026,051           |
| <b>Total Investments, before securities sold short (cost-\$631,610,559) 182.1%</b> |   |                                | <b>718,399,349</b>   |
| <b>SECURITIES SOLD SHORT (1.2)%</b>  |   |                                |                      |
| <b>U.S. Treasury Obligations (1.2)%</b>  |   |                                |                      |
| 5,000  | U.S. Treasury Notes, 2.625%, 11/15/20 (proceeds received-\$4,719,355)   |                                | (4,734,765)          |
| <b>Total Investments, net of securities sold short (cost-\$626,891,204) 180.9%</b> |   |                                | <b>713,664,584</b>   |
| Other liabilities in excess of other assets (80.9)%                                |   |                                | (319,264,627)        |
| <b>Net Assets 100%</b>   |   |                                | <b>\$394,399,957</b> |



**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund**  
**Notes to Schedules of Investments**

April 30, 2011 (unaudited) (continued)

- (a) Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$196,217,084 and \$132,994,765, representing 22.0% of total investments for Corporate Income and 33.7% of net assets for Income Opportunity, respectively.
- (b) Illiquid.
- (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 Funds are 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. The interest rate disclosed reflects the rate in effect on April 30, 2011.
- (d) 144A Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.
- (e) In default.
- (f) Fair-Valued Securities with an aggregate value of \$8,346,652 and \$5,365,334, representing 0.9% of total investments for Corporate Income and 1.4% of net assets for Income Opportunity, respectively. See Note 1(a) and Note 1(b) in the Notes to Financial Statements.
- (g) Perpetual maturity. Maturity date shown is the first call date. On Corporate Bonds & Notes, the interest rate is fixed until the first call date and variable thereafter.
- (h) All or partial amount segregated for the benefit of the counterparty as collateral for derivatives.
- (i) All or partial amount segregated for the benefit of the counterparty as collateral for reverse repurchase agreements.
- (j) Restricted. The aggregate acquisition cost of such securities is \$26,011,220 and \$3,454,435 for Corporate Income and Income Opportunity, respectively. The aggregate market value is \$28,738,780 and \$3,599,335, representing 3.2% of total investments and 0.9% of net assets for Corporate Income and Income Opportunity, respectively.
- (k) Dividend rate is fixed until the first call date and variable thereafter.
- (l) Rates reflect the effective yields at purchase date.
- (m) Floating rate. The rate disclosed reflects the rate in effect on April 30, 2011.

**Glossary:**

|       |   |  |
|-------|---|--|
| AGC   | - | insured by Assured Guaranty Corp.  |
| BRL   | - | Brazilian Real   |
| £     | - | British Pound  |
| CBO   | - | Collateralized Bond Obligation   |
| CMO   | - | Collateralized Mortgage Obligation   |
| CP    | - | Certificates of Participation  |
|       | - | Euro   |
| FRN   | - | Floating Rate Note. The interest rate disclosed reflects the rate in effect on April 30, 2011. |
| GO    | - | General Obligation Bond  |
| IO    | - | Interest Only  |
| ¥     | - | Japanese Yen   |
| LIBOR | - | London Inter-Bank Offered Rate   |
| MBIA  | - | insured by Municipal Bond Investors Assurance  |
| MBS   | - | Mortgage-Backed Securities   |
| MXN   | - | Mexican Peso   |
| NR    | - | Not Rated  |
| PIK   | - | Payment-in-Kind  |



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|     |   |  |
|-----|---|--|
| PO  | - | Principal Only   |
| 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 April 30, 2011. |
| WR  | - | Withdrawn Rating   |

See accompanying Notes to Financial Statements. | 4.30.11 | PIMCO Corporate Income Fund  
PIMCO Income Opportunity Fund Semi-Annual Report 31

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund****Statements of Assets and Liabilities**

April 30, 2011 (unaudited)

|  | Corporate Income | Income Opportunity |
|--|------------------|--------------------|
| <b>Assets:</b>   |                  |                    |
| Investments, at value (cost-\$769,880,749 and \$631,610,559, respectively)   | \$892,687,822    | \$718,399,349      |
| Cash (including foreign currency, at value, of \$1,593,776 and \$6,610,124 with a cost of \$1,594,989 and \$6,391,376, respectively)   | 2,915,462        | 6,689,673          |
| Interest and dividends receivable  | 16,752,064       | 6,185,156          |
| Unrealized appreciation of swaps   | 5,178,035        | 2,113,320          |
| Swap premiums paid   | 5,111,135        | 358,732            |
| Receivable for investments sold  | 3,676,652        | 6,271,717          |
| Unrealized appreciation of forward foreign currency contracts  | 243,165          | 583,116            |
| Tax reclaims receivable  | 17,917           |                    |
| Receivable from broker   | 13,824           |                    |
| Receivable for principal paydown   | 11,787           |                    |
| Deposits with brokers for futures contracts collateral   | 1,000            |                    |
| Prepaid expenses   | 73,920           | 18,392             |
| Total Assets   | 926,682,783      | 740,619,455        |
| <b>Liabilities:</b>  |                  |                    |
| Payable for reverse repurchase agreements  | 145,101,277      | 332,894,784        |
| Unrealized depreciation of swaps   | 6,910,314        | 17,541             |
| Payable for investments purchased  | 5,905,532        | 496,128            |
| Dividends payable to common and preferred shareholders   | 3,992,608        | 2,765,046          |
| Swap premiums received   | 2,894,750        | 1,051,004          |
| Unrealized depreciation of forward foreign currency contracts  | 2,230,007        | 2,063,803          |
| Payable to brokers for cash collateral received  | 970,000          | 1,300,000          |
| Investment management fees payable   | 463,727          | 593,368            |
| Interest payable for reverse repurchase agreements   | 15,539           | 110,308            |
| Payable for variation margin on futures contracts  | 9,375            |                    |
| Securities sold short, at value (proceeds received-\$4,719,355 for Income Opportunity)   |                  | 4,734,765          |
| Interest payable   |                  | 62,389             |
| Accrued expenses   | 164,521          | 130,362            |
| Total Liabilities  | 168,657,650      | 346,219,498        |
| <b>Preferred Shares (Corporate Income \$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 6,760 shares issued and outstanding)</b> | 169,000,000      |                    |
| <b>Net Assets Applicable to Common Shareholders</b>  | \$589,025,133    | \$394,399,957      |
| <b>Composition of Net Assets Applicable to Common Shareholders:</b>  |                  |                    |
| Common Shares:   |                  |                    |
| Par value (\$0.00001 per share)  | \$376            | \$146              |
| Paid-in-capital in excess of par   | 532,193,916      | 332,128,746        |
| Undistributed net investment income  | 5,035,234        | 7,399,226          |
| Accumulated net realized loss  | (67,586,503)     | (32,894,848)       |
| Net unrealized appreciation of investments, futures contracts, swaps, securities sold short and foreign currency transactions  | 119,382,110      | 87,766,687         |
| <b>Net Assets Applicable to Common Shareholders</b>  | \$589,025,133    | \$394,399,957      |
| Common Shares Issued and Outstanding   | 37,555,578       | 14,552,874         |
| <b>Net Asset Value Per Common Share</b>  | \$15.68          | \$27.10            |

PIMCO Corporate Income Fund

32 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11 | See accompanying Notes to Financial Statements.

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund**

**Statements of Operations**

Six Months ended April 30, 2011 (unaudited)

|  | Corporate Income    | Income Opportunity  |
|--|---------------------|---------------------|
| <b>Investment Income:</b>  |                     |                     |
| Interest (net of foreign withholding tax of \$16,584 for Corporate Income)   | \$35,530,686        | \$29,716,359        |
| Dividends  | 1,201,825           | 620,807             |
| Facility and other fee income  | 18,544              | 76,886              |
| <b>Total Investment Income</b>   | <b>36,751,055</b>   | <b>30,414,052</b>   |
| <b>Expenses:</b>   |                     |                     |
| Investment management fees   | 2,758,347           | 3,510,781           |
| Interest expense   | 385,786             | 1,107,155           |
| Auction agent fees and commissions   | 89,819              |                     |
| Custodian and accounting agent fees  | 85,042              | 74,391              |
| Legal fees   | 65,852              | 9,910               |
| Shareholder communications   | 63,718              | 39,096              |
| Audit and tax services   | 44,565              | 34,752              |
| Trustees' fees and expenses  | 31,903              | 18,299              |
| Transfer agent fees  | 15,989              | 14,842              |
| New York Stock Exchange listing fees   | 13,201              | 9,452               |
| Insurance expense  | 9,287               | 5,198               |
| Miscellaneous  | 14,953              | 5,834               |
| <b>Total Expenses</b>  | <b>3,578,462</b>    | <b>4,829,710</b>    |
| <b>Net Investment Income</b>   | <b>33,172,593</b>   | <b>25,584,342</b>   |
| <b>Realized and Change in Unrealized Gain (Loss):</b>  |                     |                     |
| Net realized gain (loss) on:   |                     |                     |
| Investments  | 12,636,920          | 2,730,214           |
| Futures contracts  | 92,955              |                     |
| Swaps  | 972,975             | 204,149             |
| Foreign currency transactions  | (603,579)           | (1,934,716)         |
| Net change in unrealized appreciation/depreciation of:   |                     |                     |
| Investments  | 7,804,232           | 8,024,271           |
| Futures contracts  | 196,875             |                     |
| Swaps  | (5,881,191)         | 698,649             |
| Securities sold short  |                     | (15,410)            |
| Foreign currency transactions  | (2,838,607)         | (805,437)           |
| Net realized and change in unrealized gain on investments, futures contracts, swaps, securities sold short and foreign currency transactions | 12,380,580          | 8,901,720           |
| <b>Net Increase in Net Assets Resulting from Investment Operations</b>   | <b>45,553,173</b>   | <b>34,486,062</b>   |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | <b>(205,441)</b>    |                     |
| <b>Net Increase in Net Assets Applicable to Common Shareholders Resulting from Investment Operations</b>                                     | <b>\$45,347,732</b> | <b>\$34,486,062</b> |



**PIMCO Corporate Income Fund****Statements of Changes in Net Assets Applicable to Common Shareholders**

|  | Six Months<br>ended<br>April 30, 2011<br>(unaudited) | Year ended<br>October 31, 2010 |
|--|--|--------------------------------|
| <b>Investment Operations:</b>  |  |                                |
| Net investment income  | \$33,172,593   | \$59,710,293                   |
| Net realized gain on investments, futures contracts,<br>swaps and foreign currency transactions                                  | 13,099,271   | 51,206,041                     |
| Net change in unrealized appreciation/depreciation of investments,<br>futures contracts, swaps and foreign currency transactions | (718,691)  | 57,131,798                     |
| Net increase in net assets resulting from investment operations  | 45,553,173   | 168,048,132                    |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  |  |                                |
| Net increase in net assets applicable to common shareholders<br>resulting from investment operations                             | (205,441)  | (407,257)                      |
| <b>Dividends to Common Shareholders from Net Investment Income</b>   |  |                                |
|  | (38,875,774)   | (69,398,067)                   |
| <b>Common Share Transactions:</b>  |  |                                |
| Reinvestment of dividends  | 2,590,083  | 4,525,159                      |
| Total increase in net assets applicable to common shareholders   | 9,062,041  | 102,767,967                    |
| <b>Net Assets Applicable to Common Shareholders:</b>   |  |                                |
| Beginning of period  | 579,963,092  | 477,195,125                    |
| End of period (including undistributed net investment income<br>of \$5,035,234 and \$10,943,856, respectively)                   | \$589,025,133  | \$579,963,092                  |
| <b>Common Shares Issued in Reinvestment of Dividends</b>   | 168,988  | 326,002                        |

PIMCO Corporate Income Fund

34 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11 | See accompanying Notes to Financial Statements.

**PIMCO Income Opportunity Fund**

**Statements of Changes in Net Assets**

|  | Six Months<br>ended<br>April 30, 2011<br>(unaudited) | Year ended<br>October 31, 2010 |
|--|--|--------------------------------|
| <b>Investment Operations:</b>  |  |                                |
| Net investment income  | \$25,584,342   | \$45,039,802                   |
| Net realized gain on investments, swaps<br>and foreign currency transactions   | 999,647  | 5,236,958                      |
| Net change in unrealized appreciation/depreciation of investments,<br>swaps, securities sold short and foreign currency transactions | 7,902,073  | 61,033,229                     |
| Net increase in net assets resulting from investment operations  | 34,486,062   | 111,309,989                    |
| <b>Dividends to Shareholders from Net Investment Income</b>  | (32,633,069)   | (30,717,420)                   |
| <b>Common Share Transactions:</b>  |  |                                |
| Reinvestment of dividends  | 816,986  | 3,458,040                      |
| Total increase in net assets   | 2,669,979  | 84,050,609                     |
| <b>Net Assets:</b>   |  |                                |
| Beginning of period  | 391,729,978  | 307,679,369                    |
| End of period (including undistributed net investment income<br>of \$7,399,226 and \$14,447,953, respectively)                       | \$394,399,957  | \$391,729,978                  |
| <b>Common Shares Issued in Reinvestment of Dividends</b>   | 30,376   | 148,129                        |

See accompanying Notes to Financial Statements. | 4.30.11 | PIMCO Corporate Income Fund  
PIMCO Income Opportunity Fund Semi-Annual Report

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund****Statements of Cash Flows**

Six Months ended April 30, 2011 (unaudited)

|  | Corporate Income    | Income Opportunity |
|--|---------------------|--------------------|
| <b>Increase in Cash from:</b>  |                     |                    |
| <b>Cash Flows provided by Operating Activities:</b>  |                     |                    |
| Net increase in net assets resulting from investment operations  | \$45,553,173        | \$34,486,062       |
| <b>Adjustments to Reconcile Net Increase in Net Assets Resulting from Investment Operations to Net Cash provided by Operating Activities:</b>        |                     |                    |
| Purchases of long-term investments   | (148,279,787)       | (254,911,255)      |
| Proceeds from sales of long-term investments   | 160,040,796         | 233,949,720        |
| Proceeds from sales of short-term portfolio investments, net   | 8,844,718           | 15,232,498         |
| Net change in unrealized appreciation/depreciation of investments, futures contracts, swaps, securities sold short and foreign currency transactions | 718,691             | (7,902,073)        |
| Net realized gain on investments, futures contracts, swaps and foreign currency transactions   | (13,099,271)        | (999,647)          |
| Net amortization on investments  | (1,532,433)         | (4,529,099)        |
| Proceeds from securities sold short  |                     | 4,719,355          |
| Increase in receivable for investments sold  | (3,676,652)         | (4,246,659)        |
| Increase in tax reclaims receivable  | (17,917)            |                    |
| (Increase) decrease in interest and dividends receivable   | 270,593             | (598,324)          |
| Increase in receivable for principal paydown   | (11,787)            |                    |
| Proceeds from futures contracts transactions   | 299,205             |                    |
| Increase in deposits with brokers for futures contracts collateral   | (1,000)             |                    |
| Increase in prepaid expenses   | (38,718)            | (7,026)            |
| Increase (decrease) in payable for investments purchased   | 5,905,532           | (3,039,366)        |
| Decrease in payable to brokers for cash collateral received  | (1,878,000)         | (1,280,000)        |
| Increase in interest payable   |                     | 62,389             |
| Periodic and termination payments of swaps, net  | (4,337,660)         | (1,349,387)        |
| Net cash used for foreign currency transactions  | (615,052)           | (1,453,490)        |
| Decrease in investment management fees payable   | (10,216)            | (6,612)            |
| Increase (decrease) in interest payable for reverse repurchase agreements  | (6,677)             | 21,104             |
| Decrease in accrued expenses   | (99,216)            | (49,082)           |
| <b>Net cash provided by operating activities*</b>  | <b>48,028,322</b>   | <b>8,099,108</b>   |
| <b>Cash Flows used for Financing Activities:</b>   |                     |                    |
| Increase (decrease) in payable for reverse repurchase agreements   | (8,636,531)         | 23,870,802         |
| Cash dividends paid (excluding reinvestment of dividends of \$2,590,083 and \$816,986, respectively)   | (36,477,513)        | (31,621,519)       |
| <b>Net cash used for financing activities</b>  | <b>(45,114,044)</b> | <b>(7,750,717)</b> |
| <b>Net increase in cash</b>  | <b>2,914,278</b>    | <b>348,391</b>     |
| <b>Cash at beginning of period</b>   | <b>1,184</b>        | <b>6,341,282</b>   |
| <b>Cash at end of period</b>   | <b>\$2,915,462</b>  | <b>\$6,689,673</b> |

\* Included in operating expenses is cash paid by Corporate Income and Income Opportunity for interest primarily related to participation in reverse repurchase agreement transactions of \$392,687 and \$1,023,840, respectively.



PIMCO Corporate Income Fund

**36** PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11 | See accompanying Notes to Financial Statements.

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

April 30, 2011 (unaudited)

**1. Organization and Significant Accounting Policies**

PIMCO Corporate Income Fund ( Corporate Income ) and PIMCO Income Opportunity Fund ( Income Opportunity ), each the Fund and collectively the Funds , were organized as Massachusetts business trusts on October 17, 2001 and September 12, 2007, respectively. Prior to commencing operations on December 21, 2001 and November 30, 2007, respectively, the Funds had no operations other than matters relating to their organization and registration as diversified, and non-diversified, respectively, closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations thereunder, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager ) serves as the Funds Investment Manager and is an indirect, wholly-owned subsidiary of Allianz Global Investors of America L.P. ( Allianz Global ). Allianz Global is an indirect, wholly-owned subsidiary of Allianz SE, a publicly traded European insurance and financial services company. The Funds have an unlimited amount of \$0.00001 par value per share of common shares authorized.

Corporate Income 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 other income-producing securities.

Income Opportunity s primary investment objective is to seek current income as a primary focus and also capital appreciation. Under normal market conditions, Income Opportunity will seek to achieve its objective and produce total return for shareholders by investing in a global portfolio of corporate debt, government and sovereign debt, mortgage-backed and other asset-backed securities, bank loans and related instruments, convertible securities and income-producing securities of U.S. and foreign issuers, including emerging market issuers.

There is no guarantee that the Funds will meet their stated objectives.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in each Fund s financial statements. Actual results could differ from those estimates.

In the normal course of business, the Funds enter into contracts that contain a variety of representations that provide general indemnifications. The Funds maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred.

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

**(a) Valuation of Investments**

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Market value is generally determined on the basis of last reported sales prices, or if no sales are reported, on the basis of quotes obtained from a quotation reporting system, established market makers, or independent pricing services.

Portfolio securities and other financial instruments for which market quotations are not readily available, or for which a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to procedures established by the Board of Trustees, or persons acting at their discretion pursuant to procedures established by the Board of Trustees, including certain fixed income securities which may be valued with reference to securities whose prices are more readily available. The Funds' investments are valued daily using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the mean between the last quoted bid and ask price. 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. Exchange-traded 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. Investments initially valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing services. As a result, the net asset value ( NAV ) of each Fund's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the New York Stock Exchange ( NYSE ) is closed.

The prices used by the Funds to value securities may differ from the value that would be realized if the securities were sold, and these differences could be material to the Funds' financial statements. Each Fund's NAV is normally determined as of the close of regular trading (normally, 4:00 p.m. Eastern time) on the NYSE on each day the NYSE is open for business.

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

April 30, 2011 (unaudited)

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

**(b) Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the exit price) in an orderly transaction between market participants. The three levels of the fair value hierarchy are described below:

- Level 1 quoted prices in active markets for identical investments that the Funds have the ability to access
- Level 2 valuations based on other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) or quotes from inactive exchanges
- Level 3 valuations based on significant unobservable inputs (including the Funds' own assumptions in determining the fair value of investments)

An investment asset's or liability's level within the fair value hierarchy is based on the lowest level input, individually or in aggregate, that is significant to fair value measurement. The objective of fair value measurement remains the same even when there is a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used.

The valuation techniques used by the Funds to measure fair value during the six months ended April 30, 2011 maximized the use of observable inputs and minimized the use of unobservable inputs. When fair-valuing securities, the Funds utilized option adjusted spread pricing techniques.

The inputs or methodology used for valuing securities is not necessarily an indication of the risk associated with investing in those securities. The following are certain inputs and techniques that the Funds generally use to evaluate how to classify each major category of assets and liabilities for Level 2 and Level 3, in accordance with Generally Accepted Accounting Principles (GAAP).

Equity Securities (Common and Preferred Stock) Equity securities traded in inactive markets and certain foreign equity securities are valued using inputs which include broker-dealer quotes, recently executed transactions adjusted for changes in the benchmark index, or evaluated price quotes received from independent pricing services that take into account the integrity of the market sector and issuer, the individual characteristics of the security, and information received from broker-dealers and other market sources pertaining to the issuer or security. To the extent that these inputs are observable, the values of equity securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

U.S. Treasury Obligations U.S. Treasury obligations are valued by independent pricing services based on pricing models that evaluate the mean between the most recently quoted bid and ask price. The models also take into consideration data received from active market makers and broker-dealers, yield curves, and the spread over comparable U.S. Treasury issues. The spreads change daily in response to market conditions and are generally obtained from the new issue market and broker-dealer sources. To the extent that these inputs are observable, the values of

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U.S. Treasury obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Government Sponsored Enterprise and Mortgage-Backed Securities Government sponsored enterprise and mortgage-backed securities are valued by independent pricing services using pricing models based on inputs that include issuer type, coupon, cash flows, mortgage prepayment projection tables and Adjustable Rate Mortgage evaluations that incorporate index data, periodic and life caps, the next coupon reset date, and the convertibility of the bond. To the extent that these inputs are observable, the values of Government sponsored enterprise and mortgage-backed securities are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Municipal Bonds Municipal bonds are valued by independent pricing services based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid-want lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable, the values of municipal bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Sovereign Debt Obligations Sovereign debt obligations are valued by independent pricing services based on discounted cash flow models that incorporate option adjusted spreads along with benchmark curves and credit spreads. In addition, international bond markets are monitored regularly for information pertaining to the issuer and/or the specific issue. To the extent that these inputs are observable, the values of sovereign debt obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

PIMCO Corporate Income Fund

38 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

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

Corporate Bonds & Notes Corporate bonds and notes are generally comprised of two main categories: investment grade bonds and high yield bonds. Investment grade bonds are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, live trading levels, recently executed transactions in securities of the issuer or comparable issuers, and option adjusted spread models that include base curve and spread curve inputs. Adjustments to individual bonds can be applied to recognize trading differences compared to other bonds issued by the same issuer. High yield bonds are valued by independent pricing services based primarily on broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of corporate bonds and notes are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Convertible Bonds Convertible bonds are valued by independent pricing services based on various inputs and techniques, which include broker-dealer quotations from relevant market makers and recently executed transactions in securities of the issuer or comparable issuers. The broker-dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds and sector-specific trends. To the extent that these inputs are observable, the values of convertible bonds are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Asset-Backed Securities and Collateralized Mortgage Obligations Asset-backed securities and collateralized mortgage obligations are valued by independent pricing services using pricing models based on a security's average life volatility. The models also take into account tranche characteristics such as coupon average life, collateral types, ratings, the issuer and tranche type, underlying collateral and performance of the collateral, and discount margin for certain floating rate issues. To the extent that these inputs are observable, the values of asset-backed securities and collateralized mortgage obligations are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Forward Foreign Currency Contracts Forward foreign currency contracts are valued by independent pricing services using various inputs and techniques, which include broker-dealer quotations, actual trading information and foreign currency exchange rates gathered from leading market makers and foreign currency exchange trading centers throughout the world. To the extent that these inputs are observable, the values of forward foreign currency contracts are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Interest Rate Swaps Interest rate swaps are valued by independent pricing services using pricing models that are based on real-time intraday snapshots of relevant interest rate curves that are built using the most actively traded securities for a given maturity. The pricing models also incorporate cash and money market rates. In addition, market data pertaining to interest rate swaps is monitored regularly to ensure that interest rates are properly depicting the current market rate. To the extent that these inputs are observable, the values of interest rate swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

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Credit Default Swaps Credit default swaps are valued by independent pricing services using pricing models that take into account, among other factors, information received from market makers and broker-dealers, default probabilities from index specific credit spread curves, recovery rates, and cash flows. To the extent that these inputs are observable, the values of credit default swaps are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

Senior Loans Senior Loans are valued by independent pricing services based on the average of quoted prices received from multiple dealers or valued relative to other benchmark securities when broker-dealer quotes are unavailable. To the extent that these inputs are observable, the values of Senior Loans are categorized as Level 2. To the extent that these inputs are unobservable, the values are categorized as Level 3.

The Funds policy is to recognize transfers between levels at the end of the reporting period.

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

April 30, 2011 (unaudited)

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

A summary of the inputs used at April 30, 2011 in valuing Corporate Income s assets and liabilities is listed below:

|   | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>4/30/11 |
|---|--------------------------|--|--|---------------------|
| <b>Investments in Securities</b> <b>Assets</b>    |                          |  |  |                     |
| Corporate Bonds & Notes:                          |                          |  |  |                     |
| Airlines  |                          | \$8,506,929  | \$9,908,332                                      | \$18,415,261        |
| Energy  |                          |  | 3,999,000  | 3,999,000           |
| Financial Services                                |                          | 289,004,193  | 8,346,652  | 297,350,845         |
| Transportation                                    |                          |  | 692,900  | 692,900             |
| All Other   |                          | 275,584,183  |  | 275,584,183         |
| Mortgage-Backed Securities                        |                          | 123,854,492  |  | 123,854,492         |
| Municipal Bonds                                   |                          | 90,910,907   |  | 90,910,907          |
| Senior Loans                                      |                          | 21,160,638   |  | 21,160,638          |
| Preferred Stock:                                  |                          |  |  |                     |
| Banking   |                          | 1,590,267  |  | 1,590,267           |
| Financial Services                                | \$5,388,000              | 13,376,000   |  | 18,764,000          |
| Convertible Preferred Stock                       | 19,930,949               |  |  | 19,930,949          |
| Sovereign Debt Obligations                        |                          | 6,492,753  |  | 6,492,753           |
| Asset-Backed Securities                           |                          | 2,564,459  |  | 2,564,459           |
| Short-Term Investments                            |                          | 11,377,168   |  | 11,377,168          |
| <b>Total Investments in Securities</b>            |                          |  |  |                     |
| <b>Assets</b>                                     | \$25,318,949             | \$844,421,989  | \$22,946,884                                     | \$892,687,822       |
| <b>Other Financial Instruments*</b> <b>Assets</b> |                          |  |  |                     |
| Credit Contracts                                  |                          | \$5,178,035  |  | \$5,178,035         |
| Foreign Exchange Contracts                        |                          | 243,165  |  | 243,165             |
| Interest Rate Contracts                           | \$196,875                |  |  | 196,875             |
| <b>Total Other Financial Instruments*</b>         |                          |  |  |                     |
| <b>Assets</b>                                     | \$196,875                | \$5,421,200  |  | \$5,618,075         |
| <b>Other Financial Instruments*</b>               |                          |  |  |                     |
| <b>Liabilities</b>                                |                          |  |  |                     |
| Foreign Exchange Contracts                        |                          | \$(2,230,007)  |  | \$(2,230,007)       |
| Interest Rate Contracts                           |                          | (6,910,314)  |  | (6,910,314)         |
| <b>Total Other Financial Instruments*</b>         |                          |  |  |                     |
| <b>Liabilities</b>                                |                          | \$(9,140,321)  |  | \$(9,140,321)       |
| <b>Total Investments</b>                          | \$25,515,824             | \$840,702,868  | \$22,946,884                                     | \$889,165,576       |

There were no significant transfers between Levels 1 and 2 during the six months ended April 30, 2011.



PIMCO Corporate Income Fund

**40** PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

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

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for Corporate Income for the six months ended April 30, 2011, was as follows:

|                                  | Beginning<br>Balance<br>10/31/10 | Net<br>Purchases<br>(Sales) and<br>Settlements | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net Change<br>in Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3** | Ending<br>Balance<br>4/30/11 |
|----------------------------------|----------------------------------|--|------------------------------------|-----------------------------------|--|------------------------------|----------------------------------|------------------------------|
| <b>Investments in Securities</b> |                                  |  |                                    |                                   |  |                              |                                  |                              |
| <b>Assets</b>                    |                                  |  |                                    |                                   |  |                              |                                  |                              |
| Corporate Bonds & Notes:         |                                  |  |                                    |                                   |  |                              |                                  |                              |
| Airlines                         | \$10,370,772                     | \$(483,417)                                    | \$(4,843)                          | \$(1,136)                         | \$26,956   |                              |                                  | \$9,908,332                  |
| Energy                           | 3,999,000                        |  | 30,276                             |                                   | (30,276)   |                              |                                  | 3,999,000                    |
| Financial Services               | 24,307,835                       |  | 4,205                              |                                   | 1,184,612  |                              | \$(17,150,000)                   | 8,346,652                    |
| Transportation                   | 690,252                          | (22,281)                                       | (1,032)                            | (221)                             | 26,182   |                              |                                  | 692,900                      |
| <b>Total Investments</b>         | <b>\$39,367,859</b>              | <b>\$(505,698)</b>                             | <b>\$28,606</b>                    | <b>\$(1,357)</b>                  | <b>\$1,207,474</b>   |                              | <b>\$(17,150,000)</b>            | <b>\$22,946,884</b>          |

A summary of the inputs used at April 30, 2011 in valuing Income Opportunity's assets and liabilities is listed below:

|  | Level 1<br>Quoted Prices | Level 2<br>Other Significant<br>Observable<br>Inputs | Level 3<br>Significant<br>Unobservable<br>Inputs | Value at<br>4/30/11  |
|--|--------------------------|--|--|----------------------|
| <b>Investments in Securities</b>       |                          |  |  |                      |
| <b>Assets</b>                          |                          |  |  |                      |
| Mortgage-Backed Securities             |                          | \$360,676,733  | \$5,365,334                                      | \$366,042,067        |
| Corporate Bonds & Notes:               |                          |  |  |                      |
| Airlines                               |                          | 2,693,750  | 22,724,234                                       | 25,417,984           |
| All Other                              |                          | 169,257,960  |  | 169,257,960          |
| Asset-Backed Securities                |                          | 52,369,222   |  | 52,369,222           |
| Senior Loans                           |                          | 24,601,402   |  | 24,601,402           |
| Convertible Preferred Stock            | \$17,097,800             |  |  | 17,097,800           |
| U.S. Government Agency Securities      |                          | 15,171,349   |  | 15,171,349           |
| Sovereign Debt Obligations             |                          | 5,762,265  |  | 5,762,265            |
| Convertible Bonds                      |                          | 4,436,500  |  | 4,436,500            |
| Municipal Bonds                        |                          | 2,910,712  |  | 2,910,712            |
| Preferred Stock                        | 932,196                  |  |  | 932,196              |
| U.S. Treasury Obligations              |                          | 373,841  |  | 373,841              |
| Short-Term Investments                 |                          | 34,026,051   |  | 34,026,051           |
| <b>Total Investments in Securities</b> | <b>\$18,029,996</b>      | <b>\$672,279,785</b>                                 | <b>\$28,089,568</b>                              | <b>\$718,399,349</b> |
| <b>Investments in Securities</b>       |                          |  |  |                      |
| <b>Liabilities</b>                     |                          |  |  |                      |

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|   |                    |              |  |               |              |  |               |
|---|--------------------|--------------|--|---------------|--------------|--|---------------|
| Securities Sold Short, at value           |                    |              |  | \$(4,734,765) |              |  | \$(4,734,765) |
| <b>Other Financial Instruments*</b>       | <b>Assets</b>      |              |  |               |              |  |               |
| Credit Contracts                          |                    |              |  | \$2,075,229   | \$38,091     |  | \$2,113,320   |
| Foreign Exchange Contracts                |                    |              |  | 583,116       |              |  | 583,116       |
| <b>Total Other Financial Instruments*</b> | <b>Assets</b>      |              |  | \$2,658,345   | \$38,091     |  | \$2,696,436   |
| <b>Other Financial Instruments*</b>       | <b>Liabilities</b> |              |  |               |              |  |               |
| Credit Contracts                          |                    |              |  | \$(17,541)    |              |  | \$(17,541)    |
| Foreign Exchange Contracts                |                    |              |  | (2,063,803)   |              |  | (2,063,803)   |
| <b>Total Other Financial Instruments*</b> | <b>Liabilities</b> |              |  | \$(2,081,344) |              |  | \$(2,081,344) |
| <b>Total Investments</b>                  |                    | \$18,029,996 |  | \$668,122,021 | \$28,127,659 |  | \$714,279,676 |

There were no significant transfers between Levels 1 and 2 during the six months ended April 30, 2011.

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

April 30, 2011 (unaudited)

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

A roll forward of fair value measurements using significant unobservable inputs (Level 3) for Income Opportunity for the six months ended April 30, 2011, was as follows:

|   | Beginning<br>Balance<br>10/31/10 | Net<br>Purchases<br>(Sales) and<br>Settlements | Accrued<br>Discounts<br>(Premiums) | Net<br>Realized<br>Gain<br>(Loss) | Net Change<br>in Unrealized<br>Appreciation/<br>Depreciation | Transfers<br>into<br>Level 3 | Transfers<br>out of<br>Level 3** | Ending<br>Balance<br>4/30/11 |
|---|----------------------------------|--|------------------------------------|-----------------------------------|--|------------------------------|----------------------------------|------------------------------|
| <b>Investments in Securities</b>        |                                  |  |                                    |                                   |  |                              |                                  |                              |
| <b>Assets</b>                           |                                  |  |                                    |                                   |  |                              |                                  |                              |
| Mortgage-Backed Securities              | \$2,395,460                      | \$5,301,869                                    | \$1,874                            |                                   | \$97,995   |                              | \$(2,431,864)                    | \$5,365,334                  |
| Corporate Bonds & Notes:                |                                  |  |                                    |                                   |  |                              |                                  |                              |
| Airlines                                | 24,819,086                       | (1,754,451)                                    | 431,968                            | \$201,356                         | (973,725)  |                              |                                  | 22,724,234                   |
| Hotels/Gaming                           | 6,188,599                        | (92,231)                                       | (915)                              | (861)                             | 482,751  |                              | (6,577,343)                      |                              |
| Asset-Backed Securities                 | 2,647,003                        |  | 29,985                             |                                   | 58,679   |                              | (2,735,667)                      |                              |
| <b>Investments in Securities Assets</b> | <b>\$36,050,148</b>              | <b>\$3,455,188</b>                             | <b>\$462,912</b>                   | <b>\$200,495</b>                  | <b>\$(334,300)</b>   |                              | <b>\$(11,744,874)</b>            | <b>\$28,089,568</b>          |
| <b>Other Financial Instruments*</b>     |                                  |  |                                    |                                   |  |                              |                                  |                              |
| <b>Assets</b>                           |                                  |  |                                    |                                   |  |                              |                                  |                              |
| Credit Contracts                        | \$40,334                         |  |                                    |                                   | \$(2,243)  |                              |                                  | \$38,091                     |
| <b>Total Investments</b>                | <b>\$36,090,482</b>              | <b>\$3,455,188</b>                             | <b>\$462,912</b>                   | <b>\$200,495</b>                  | <b>\$(336,543)</b>   |                              | <b>\$(11,744,874)</b>            | <b>\$28,127,659</b>          |

\* Other financial instruments are derivatives not reflected in the Schedules of Investments, such as futures contracts, swap agreements and forward foreign currency contracts, which are valued at the unrealized appreciation (depreciation) of the instrument.

\*\* Transferred out of Level 3 into Level 2 because sufficient observable inputs were available.

The net change in unrealized appreciation/depreciation of Level 3 investments, which Corporate Income held at April 30, 2011 was \$441,275. The net change in unrealized appreciation/depreciation of Level 3 investments and other financial instruments, which Income Opportunity held at April 30, 2011 was \$(612,466) and \$(2,243), respectively. Net realized gain (loss) and net change in unrealized appreciation/depreciation are reflected on the Statements of Operations.

**(c) Investment Transactions and Investment Income**

Investment transactions are accounted for on the trade date. Securities purchased and sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses on investments are determined on an identified cost basis. Interest income adjusted for the accretion of discount and amortization of premium is recorded on an accrual basis. Discounts or premiums on debt securities purchased are accreted or amortized, respectively, to interest income over the lives of the respective securities. Dividend income is recorded on the ex-dividend date. Facility fees and other fees (such as origination fees) received on settlement date are amortized as income over the expected term of the senior loan. Facility fees and other fees received after settlement date relating to senior loans, consent fees relating to

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corporate actions and commitment fees received relating to unfunded purchase commitments are recorded as other fee income upon receipt. Paydown gains and losses are netted and recorded as interest income on the Statements of Operations.

### **(d) Federal Income Taxes**

The Funds intend to distribute all of their taxable income and to comply with the other requirements of Subchapter M of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

Accounting for uncertainty in income taxes establishes for all entities, including pass-through entities such as the Funds, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Funds' management has

PIMCO Corporate Income Fund

42 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund**

**Notes to Financial Statements**

April 30, 2011 (unaudited)

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

determined that its evaluation has resulted in no material impact to the Funds' financial statements at April 30, 2011. The Funds' federal tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

**(e) Dividends and Distributions - Common Shares**

Corporate Income declares dividends from net investment income to common shareholders monthly. Distributions of net realized capital gains, if any, are paid at least annually. Income Opportunity declares dividends from net investment income and net short-term capital gains, if any, from the sale of portfolio securities and other sources to common shareholders monthly. Distributions of net long-term realized capital gains, if any, are paid at least annually. The Funds record dividends and distributions to their respective 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 GAAP. These book-tax differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment. Temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions to shareholders from return of capital.

**(f) Foreign Currency Translation**

The Funds' 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 currencies 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 (loss) is included in the Funds' Statements of Operations.

The Funds do 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 Funds do isolate the effect of fluctuations in foreign currency exchange rates when determining the gain (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 (loss) for both financial reporting and income tax reporting purposes.

**(g) Senior Loans**

The Funds purchase assignments of, and participations in, 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 Funds succeed to 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.

**(h) Repurchase Agreements**

The Funds enter into transactions with their custodian bank or securities brokerage firms whereby they purchase securities under agreements to resell such securities at an agreed upon price and date ( repurchase agreements ). The Funds, through their custodian, take possession of securities collateralizing the repurchase agreement. Such agreements are carried at the contract amount in the financial statements, which is considered to represent fair-value. Collateral pledged (the securities received), which consists primarily of U.S. government obligations and asset-backed securities, is held by the custodian bank for the benefit of the Funds until maturity of the repurchase agreement. Provisions of the repurchase agreements and the procedures adopted by the Funds require that the market value of the collateral, including accrued interest thereon, be 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 Funds may be delayed or limited.

**(i) Reverse Repurchase Agreements**

In a reverse repurchase agreement, the Funds sell securities to a bank or broker-dealer and agree to repurchase the securities at a mutually agreed upon date and price. Generally, the effect of such a transaction is that the Funds can recover and reinvest all or most of the cash invested in portfolio securities involved during the term of the reverse repurchase agreement and still be entitled to the returns associated with those portfolio securities. Such transactions

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund**

**Notes to Financial Statements**

April 30, 2011 (unaudited)

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

are advantageous if the interest cost to the Funds of the reverse repurchase transaction is less than the returns it obtains on investments purchased with the cash. To the extent the Funds do not cover their positions in reverse repurchase agreements (by segregating liquid assets at least equal in amount to the forward purchase commitment), the Funds' uncovered obligations under the agreements will be subject to the Funds' limitations on borrowings. Reverse repurchase agreements involve leverage risk and also the risk that the market value of the securities that the Funds are obligated to repurchase under the agreements may decline below the repurchase price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Funds' use of the proceeds of the agreement may be restricted pending determination by the other party, or their trustee or receiver, whether to enforce the Funds' obligation to repurchase the securities.

**(j) Mortgage-Related and Other Asset-Backed Securities**

Investments in mortgage-related or other asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations (CMOs), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities (SMBSs) and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage-related or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose the Funds to a lower rate of return upon reinvestment of principal. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. The decline in liquidity and prices of these types of securities may make it more difficult to determine fair market value. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

**(k) U.S. Government Agencies or Government-Sponsored Enterprises**

Securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury. The Government National Mortgage Association (GNMA or Ginnie Mae), a wholly-owned U.S. Government corporation, is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA and backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Government-related guarantors not backed by the full faith and credit of the U.S. Government include the Federal National Mortgage Association (FNMA or Fannie Mae) and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac). Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but its participation certificates are not backed by the full faith and credit of the U.S. Government.

**(l) Short Sales**

Short sale transactions involve the Funds selling securities they do not own in anticipation of a decline in the market price of the securities. The Funds are obligated to deliver securities at the market price at the time the short position is closed. Possible losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.



**(m) Restricted Securities**

The Funds are permitted to invest in securities that are subject to legal or contractual restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are registered. Disposal of these securities may involve time consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult.

**(n) Interest Expense**

Interest expense primarily relates to the Funds' participation in reverse repurchase agreement transactions. Interest expense is recorded as it is incurred.

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

The Funds benefit from an expense offset arrangement with their custodian bank, whereby uninvested cash balances earn credits that reduce monthly custodian and accounting agent expenses. Had these cash balances been invested in income-producing securities, they would have generated income for the Funds. Cash overdraft charges, if any, are included in custodian and accounting agent fees.

PIMCO Corporate Income Fund

44 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

**2. Principal Risks**

In the normal course of business, the Funds trade financial instruments and enter into financial transactions where risk of potential loss exists due to, among other things, changes in the market (market risk) or failure of the other party to a transaction to perform (counterparty risk). The Funds are also exposed to other risks such as, but not limited to, interest rate, foreign currency and credit risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Funds are likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is used primarily as a measure of the sensitivity of a fixed income security's market price to interest rate (i.e. yield) movements.

Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When the Funds hold variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the NAV of the Funds' shares.

Mortgage-related and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if the Funds hold mortgage-related securities, they may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of the Funds because the Funds may have to reinvest that money at the lower prevailing interest rates. The Funds' investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.

The Funds are exposed to credit risk, which is the risk of losing money if the issuer or guarantor of a fixed income security is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

To the extent the Funds directly invest in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged. Currency rates in

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foreign countries may fluctuate significantly over short periods of time for a number of reasons, including economic growth, inflation, changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or the imposition of currency controls or other political developments in the United States or abroad. As a result, the Funds' investments in foreign currency-denominated securities may reduce the returns of the Funds.

The Funds are subjected to elements of risk not typically associated with investments in the U.S., due to concentrated investments in foreign issuers located in a specific country or region. Such concentrations will subject the Funds to additional risks resulting from future political or economic conditions in such country or region and the possible imposition of adverse governmental laws of currency exchange restrictions affecting such country or region, which could cause the securities and their markets to be less liquid and prices more volatile than those of comparable U.S. companies.

The market values of equity securities, such as common and preferred stock, or equity-related investments, such as futures and options, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment. They may also decline due to factors that affect a

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

April 30, 2011 (unaudited)

**2. Principal Risks** (continued)

particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities and equity related investments generally have greater market price volatility than fixed income securities.

The Funds are exposed to counterparty risk, or the risk that an institution or other entity with which the Funds have unsettled or open transactions will default. The potential loss to the Funds could exceed the value of the financial assets recorded in the Funds' financial statements. Financial assets, which potentially expose the Funds to counterparty risk, consist principally of cash due from counterparties and investments. The Funds' Sub-Adviser, Pacific Investment Management Company LLC (the Sub-Adviser), an affiliate of the Investment Manager, seeks to minimize the Funds' counterparty risk by performing reviews of each counterparty and by minimizing concentration of counterparty risk by undertaking transactions with multiple customers and counterparties on recognized and reputable exchanges. Delivery of securities sold is only made once the Funds have received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

Leverage will cause the value of the Funds' shares to be more volatile than if the Funds did not use leverage. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Funds' portfolio securities. The Funds may engage in transactions (such as reverse repurchase agreements) or purchase instruments that give rise to forms of leverage. In addition, to the extent the Funds employ leverage, interest costs may not be recovered by any appreciation of the securities purchased with the leverage proceeds and could exceed the Funds' investment returns, resulting in greater losses.

The Funds are party to International Swaps and Derivatives Association, Inc. Master Agreements ( ISDA Master Agreements ) with select counterparties that govern transactions, over-the-counter derivatives and foreign exchange contracts entered into by the Funds and those counterparties. The ISDA Master Agreements contain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements of the Funds.

The considerations and factors surrounding the settlement of certain purchases and sales made on a delayed-delivery basis are governed by Master Securities Forward Transaction Agreements ( Master Forward Agreements ) between the Funds and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral.

The Funds are also party to Master Repurchase Agreements ( Master Repo Agreements ) with select counterparties. The Master Repo Agreements maintain provisions for initiation, income payments, events of default, and maintenance of collateral.

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The counterparty risk associated with certain contracts may be reduced by master netting arrangements to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Funds' overall exposure to counterparty risk with respect to transactions subject to master netting arrangements can change substantially within a short period, as it is affected by each transaction subject to the arrangement.

Corporate Income had security transactions outstanding with Lehman Brothers entities as the counterparty at the time the relevant Lehman Brothers entity filed for protection or was placed in administration. The security transactions, associated with Lehman Brothers Inc., ( SLH ) as counterparty were written down to their estimated recoverable values. Anticipated losses for securities transactions associated with SLH have been incorporated as net realized gain (loss) on the Fund's Statement of Operations. The remaining balances due from SLH are included in receivable from broker on the Fund's Statement of Assets and Liabilities. The estimated recoverable value of receivables is determined by independent broker quotes.

### 3. Financial Derivative Instruments

Disclosure about derivatives and hedging activities requires qualitative disclosure regarding objectives and strategies for using derivatives, quantitative disclosure about fair value amounts of gains and losses on derivatives, and disclosure about credit-risk-related contingent features in derivative agreements. The disclosure requirements distinguish between derivatives which are accounted for as hedges and those that do not qualify for such accounting. Although

PIMCO Corporate Income Fund

46 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

**3. Financial Derivative Instruments (continued)**

the Funds sometimes use derivatives for hedging purposes, the Funds reflect derivatives at fair value and recognize changes in fair value through the Funds' Statements of Operations, and such derivatives do not qualify for hedge accounting treatment.

**(a) Futures Contracts**

The Funds use futures contracts to manage their exposure to the securities markets or the movements in interest rates and currency values. 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 Funds are 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 Funds agree to receive from or pay to the broker an amount of cash or securities 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 Funds as unrealized appreciation or depreciation. When the contracts are closed, the Funds record 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 various risks, including the risk of an imperfect correlation in the movements in the price of futures contracts, interest rates and underlying hedging assets, and possible inability or unwillingness of counterparties to meet the terms of their contracts. There were no open futures transactions for Income Opportunity at April 30, 2011.

**(b) Swap Agreements**

Swap agreements are privately negotiated agreements between the Funds and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. The Funds enter into credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements in order to manage their exposure to credit, currency and interest rate risk. In connection with these agreements, securities may be identified as collateral in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Payments received or made at the beginning of the measurement period are reflected as such on the Funds' Statements of Assets and Liabilities and represent payments made or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront payments are recorded as realized gains or losses on the Funds' Statements of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Funds' Statements of Operations. Net periodic payments received or paid by the Funds are included as part of realized gains or losses on the Funds' Statements of Operations.

Entering into these agreements involves, to varying degrees, elements of credit, legal, market and documentation risk in excess of the amounts recognized on the Funds' Statements of Assets and Liabilities. Such risks include the possibility that there will be no liquid market for these agreements, that the counterparties to the agreements may default on their obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

Credit Default Swap Agreements Credit default swap agreements involve one party (referred to as the buyer of protection) making a stream of payments to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index. As sellers of protection on credit default swap agreements, the Funds will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As sellers, the Funds would effectively add leverage to their investment portfolios because, in addition to their total net assets, the Funds would be subject to investment exposure on the notional amount of the swap.

If the Funds are sellers of protection and a credit event occurs, as defined under the terms of that particular swap agreement, a Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Funds are buyers of protection and a credit event occurs, as defined under the terms of that particular swap agreement, a Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the

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

April 30, 2011 (unaudited)

**3. Financial Derivative Instruments (continued)**

swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are assumed by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

Credit default swap agreements on corporate issues or sovereign issues of an emerging market country involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. If a credit event occurs and cash settlement is not elected, a variety of other deliverable obligations may be delivered in lieu of the specific referenced obligation. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event). The Funds use credit default swaps on corporate issues or sovereign issues of an emerging country to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where the Funds own or have exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default.

Credit default swap agreements on asset-backed securities involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit events. Unlike credit default swaps on corporate issues or sovereign issues of an emerging country, deliverable obligations in most instances would be limited to the specific referenced obligation as performance for asset-backed securities can vary across deals. Prepayments, principal paydowns, and other writedown or loss events on the underlying mortgage loans will reduce the outstanding principal balance of the referenced obligation. These reductions may be temporary or permanent as defined under the terms of the swap agreement and the notional amount for the swap agreement will be adjusted by corresponding amounts. The Funds use credit default swaps on asset-backed securities to provide a measure of protection against defaults of the referenced obligation or to take an active long or short position with respect to the likelihood of a particular referenced obligation's default.

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index, or in the case of a tranching index credit default swap, the credit event is settled based on the name's weight in the index that falls within the tranche for which the Funds bear exposure. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Funds use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds with a credit default swap on indices which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit-default swaps on indices are benchmarks for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.



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Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate issues or sovereign issues of an emerging market country as of period end are disclosed later in the Notes to Financial Statements (see 5(b)) and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Wider credit spreads and increasing market values, in absolute terms when compared to

PIMCO Corporate Income Fund

48 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

**3. Financial Derivative Instruments (continued)**

the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Funds as sellers of protection could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. Notional amounts of all credit default swap agreements outstanding as of April 30, 2011 for which the Funds are sellers of protection are disclosed later in the Notes to Financial Statements (see 5(b)). These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Funds for the same referenced entity or entities.

Interest Rate Swap Agreements Interest rate swap agreements involve the exchange by the Funds 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 the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap, (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or floor, (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the counterparty may terminate the swap transaction in whole at zero cost by a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swaps, under which two parties can exchange variable interest rates based on different money markets.

**(c) 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 Funds 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 Funds also enter into these contracts for purposes of increasing exposure to a foreign currency or shifting exposure to foreign currency fluctuations from one country to another. The market value of a forward foreign currency contract fluctuates with changes in foreign 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. In addition, these contracts may involve market price risk in excess of the unrealized appreciation (depreciation) reflected in the Funds Statements of Assets and Liabilities.

The following is a summary of the fair valuation of the Funds' derivatives categorized by risk exposure.

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The effect of derivatives on the Statements of Assets and Liabilities at April 30, 2011:

Corporate Income:

| Location   | Interest Rate<br>Contracts | Credit<br>Contracts | Foreign<br>Exchange<br>Contracts | Total         |
|--|----------------------------|---------------------|----------------------------------|---------------|
| <b>Asset derivatives:</b>  |                            |                     |                                  |               |
| Unrealized appreciation on swaps                                 |                            | \$5,178,035         |                                  | \$5,178,035   |
| Unrealized appreciation of forward<br>foreign currency contracts |                            |                     | \$243,165                        | 243,165       |
| <b>Total asset derivatives</b>                                   |                            | \$5,178,035         | \$243,165                        | \$5,421,200   |
| <b>Liability derivatives:</b>                                    |                            |                     |                                  |               |
| Unrealized depreciation on swaps                                 | \$(6,910,314)              |                     |                                  | \$(6,910,314) |
| Payable for variation margin on futures contracts*               | (9,375)                    |                     |                                  | (9,375)       |
| Unrealized depreciation of forward<br>foreign currency contracts |                            |                     | \$(2,230,007)                    | (2,230,007)   |
| <b>Total liability derivatives</b>                               | \$(6,919,689)              |                     | \$(2,230,007)                    | \$(9,149,696) |

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

April 30, 2011 (unaudited)

**3. Financial Derivative Instruments (continued)**

Income Opportunity:

| Location   | Credit<br>Contracts | Foreign<br>Exchange<br>Contracts | Total                |
|--|---------------------|----------------------------------|----------------------|
| <b>Asset derivatives:</b>  |                     |                                  |                      |
| Unrealized appreciation on swaps                                 | \$2,113,320         |                                  | \$2,113,320          |
| Unrealized appreciation of forward<br>foreign currency contracts |                     | \$583,116                        | 583,116              |
| <b>Total asset derivatives</b>                                   | <b>\$2,113,320</b>  | <b>\$583,116</b>                 | <b>\$2,696,436</b>   |
| <b>Liability derivatives:</b>                                    |                     |                                  |                      |
| Unrealized depreciation on swaps                                 | \$(17,541)          |                                  | \$(17,541)           |
| Unrealized depreciation of forward<br>foreign currency contracts |                     | \$(2,063,803)                    | (2,063,803)          |
| <b>Total liability derivatives</b>                               | <b>\$(17,541)</b>   | <b>\$(2,063,803)</b>             | <b>\$(2,081,344)</b> |

\* Included in unrealized appreciation of \$196,875 on futures contracts for Corporate Income as reported in section 5(a) of the Notes to Financial Statements.

The effect of derivatives on the Statements of Operations for the six months ended April 30, 2011:

Corporate Income:

| Location  | Interest Rate<br>Contracts | Credit<br>Contracts | Foreign<br>Exchange<br>Contracts | Total            |
|---|----------------------------|---------------------|----------------------------------|------------------|
| <b>Net realized gain (loss) on:</b>                                       |                            |                     |                                  |                  |
| Futures contracts   | \$92,955                   |                     |                                  | \$92,955         |
| Swaps   |                            | \$972,975           |                                  | 972,975          |
| Foreign net currency transactions<br>(forward foreign currency contracts) |                            |                     | \$(550,689)                      | (550,689)        |
| <b>Total net realized gain (loss)</b>                                     | <b>\$92,955</b>            | <b>\$972,975</b>    | <b>\$(550,689)</b>               | <b>\$515,241</b> |

**Net change in unrealized appreciation/depreciation of:**

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|   |                      |                    |                      |                      |
|---|----------------------|--------------------|----------------------|----------------------|
| Futures contracts   | \$196,875            |                    |                      | \$196,875            |
| Swaps   | (6,910,314)          | \$1,029,123        |                      | (5,881,191)          |
| Foreign currency transactions<br>(forward foreign currency contracts) |                      |                    | \$(2,827,134)        | (2,827,134)          |
| <b>Total net change in unrealized appreciation/depreciation</b>       | <b>\$(6,713,439)</b> | <b>\$1,029,123</b> | <b>\$(2,827,134)</b> | <b>\$(8,511,450)</b> |

PIMCO Corporate Income Fund

50 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

**3. Financial Derivative Instruments (continued)**

Income Opportunity:

| Location   | Credit<br>Contracts | Foreign<br>Exchange<br>Contracts | Total                |
|--|---------------------|----------------------------------|----------------------|
| <b>Net realized gain (loss) on:</b>                                |                     |                                  |                      |
| Swaps  | \$204,149           |                                  | \$204,149            |
| Foreign currency transactions (forward foreign currency contracts) |                     | \$(1,644,566)                    | (1,644,566)          |
| <b>Total net realized gain (loss)</b>                              | <b>\$204,149</b>    | <b>\$(1,644,566)</b>             | <b>\$(1,440,417)</b> |
| <b>Net change in unrealized appreciation/depreciation of:</b>      |                     |                                  |                      |
| Swaps  | \$698,649           |                                  | \$698,649            |
| Foreign currency transactions (forward foreign currency contracts) |                     | \$(1,286,663)                    | (1,286,663)          |
| <b>Total net change in unrealized appreciation/depreciation</b>    | <b>\$698,649</b>    | <b>\$(1,286,663)</b>             | <b>\$(588,014)</b>   |

The average volume of derivative activity during the six months ended April 30, 2011:

|                    | Futures<br>Contracts<br>(1) | Forward Foreign<br>Currency Contracts (2) |              | Credit Default<br>Swap Agreements (3) |          | Interest Rate<br>Swap<br>Agreements (3) |
|--------------------|-----------------------------|---|--------------|---------------------------------------|----------|---|
|                    | Long                        | Purchased                                 | Sold         | Buy                                   | Sell     |   |
| Corporate Income   | 250                         | \$16,807,440                              | \$68,212,934 |                                       | \$40,033 | \$52,333                                |
| Income Opportunity |                             | 6,400,012                                 | 54,811,399   | \$10,800                              | 40,594   |   |

(1) Number of contracts

(2) U.S. \$ value on origination date

(3) Notional amount (in thousands)

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

Each Fund has an Investment Management Agreement (each an Agreement) with the Investment Manager. Subject to the supervision of the Funds' Board of Trustees, the Investment Manager is responsible for managing, either directly or through others selected by it, each Fund's investment activities, business affairs and administrative matters. Pursuant to each Agreement, the Investment Manager receives an annual fee, payable monthly, at an annual rate of 0.75% of Corporate Income's average daily net assets, inclusive of net assets attributable to any Preferred

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Shares that may be outstanding, and 1.00% of Income Opportunity's average daily total managed assets. For Income Opportunity, total managed assets refers to the total assets (including any assets attributable to any reverse repurchase agreements and borrowings that may be outstanding) minus accrued liabilities (other than liabilities representing reverse repurchase agreements and borrowings).

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

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report **51**

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

April 30, 2011 (unaudited)

**5. Investments in Securities**

Purchases and sales of investments, other than short-term securities, for the six months ended April 30, 2011:

|                    | U.S. Government Obligations |             | All Other     |               |
|--------------------|-----------------------------|-------------|---------------|---------------|
|                    | Purchases                   | Sales       | Purchases     | Sales         |
| Corporate Income   | \$1,900,913                 | \$1,899,406 | \$146,378,874 | \$160,858,170 |
| Income Opportunity | 163,108,925                 | 168,206,687 | 91,802,319    | 73,792,313    |

(a) Futures contracts outstanding at April 30, 2011:

Corporate Income:

| Type                                | Contracts | Market Value (000s) | Expiration Date | Unrealized Appreciation |
|-------------------------------------|-----------|---------------------|-----------------|-------------------------|
| Long: Financial Futures Euro-90 day | 375       | \$93,173            | 3/19/12         | \$196,875               |

At April 30, 2011, Corporate Income pledged cash collateral of \$1,000 for futures contracts.

(b) Credit default swap agreements:

Sell protection swap agreements outstanding at April 30, 2011 (1):

Corporate Income:

| Swap Counterparty/Referenced | Notional Amount (000s) (3) | Credit Spread (2) | Termination Date | Payments Received | Market Value (4) | Upfront Premiums Received | Unrealized Appreciation |
|------------------------------|----------------------------|-------------------|------------------|-------------------|------------------|---------------------------|-------------------------|
|------------------------------|----------------------------|-------------------|------------------|-------------------|------------------|---------------------------|-------------------------|



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|                      |         |       |          |       |             |               |             |
|----------------------|---------|-------|----------|-------|-------------|---------------|-------------|
| Debt Issuer          |         |       |          |       |             |               |             |
| Bank of America:     |         |       |          |       |             |               |             |
| Brazilian Government |         |       |          |       |             |               |             |
| International Bond   | \$2,600 | 0.99% | 12/20/15 | 1.00% | \$3,816     | \$(19,925)    | \$23,741    |
| Barclays Bank:       |         |       |          |       |             |               |             |
| Brazilian Government |         |       |          |       |             |               |             |
| International Bond   | 10,400  | 0.99% | 12/20/15 | 1.00% | 15,263      | (77,143)      | 92,406      |
| SLM                  | 2,000   | 1.38% | 12/20/13 | 5.00% | 199,633     | (250,000)     | 449,633     |
| Citigroup:           |         |       |          |       |             |               |             |
| SLM                  | 10,000  | 1.38% | 12/20/13 | 5.00% | 998,164     | (1,096,500)   | 2,094,664   |
| Deutsche Bank:       |         |       |          |       |             |               |             |
| SLM                  | 10,500  | 1.38% | 12/20/13 | 5.00% | 1,048,072   | (1,400,000)   | 2,448,072   |
| HSBC Bank:           |         |       |          |       |             |               |             |
| Mexico Government    |         |       |          |       |             |               |             |
| International Bond   | 4,000   | 0.92% | 12/20/15 | 1.00% | 18,337      | (51,182)      | 69,519      |
|                      |         |       |          |       | \$2,283,285 | \$(2,894,750) | \$5,178,035 |

PIMCO Corporate Income Fund  
 52 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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

April 30, 2011 (unaudited)

**5. Investments in Securities** (continued)

Income Opportunity:

| Swap Counterparty/Referenced Debt Issuer | Notional Amount (000s) (3) | Credit Spread (2) | Termination Date | Payments Received | Market Value (4) | Upfront Premiums Paid (Received) | Unrealized Appreciation (Depreciation) |
|--|----------------------------|-------------------|------------------|-------------------|------------------|----------------------------------|--|
| Bank of America:                         |                            |                   |                  |                   |                  |                                  |  |
| MetLife                                  | \$6,200                    | 1.16%             | 9/20/15          | 1.00%             | \$(34,668)       | \$(416,629)                      | \$381,961                              |
| Barclays Bank:                           |                            |                   |                  |                   |                  |                                  |  |
| Gazprom                                  | 1,250                      | 1.90%             | 12/20/17         | 1.90%             | 9,055            |                                  | 9,055                                  |
| VTB Capital                              | 1,250                      | 2.74%             | 12/20/17         | 2.34%             | (17,541)         |                                  | (17,541)                               |
| Citigroup:                               |                            |                   |                  |                   |                  |                                  |  |
| Majapahit Holding                        | 3,000                      | 2.48%             | 12/20/17         | 2.65%             | 38,091           |                                  | 38,091                                 |
| Republic of Indonesia                    | 3,000                      | 1.51%             | 12/20/17         | 2.14%             | 120,221          |                                  | 120,221                                |
| SLM                                      | 4,150                      | 1.38%             | 12/20/13         | 5.00%             | 414,239          | 358,732                          | 55,507                                 |
| Credit Suisse First                      |                            |                   |                  |                   |                  |                                  |  |
| Boston:                                  |                            |                   |                  |                   |                  |                                  |  |
| TNK                                      | 1,500                      | 1.98%             | 12/20/17         | 3.15%             | 120,434          |                                  | 120,434                                |
| Deutsche Bank:                           |                            |                   |                  |                   |                  |                                  |  |
| ING Bank                                 | 5,000                      | 0.94%             | 6/20/11          | 1.40%             | 16,990           |                                  | 16,990                                 |
| SLM                                      | \$900                      | 1.38%             | 12/20/13         | 5.00%             | 89,835           | (126,000)                        | 215,835                                |
| Merrill Lynch:                           |                            |                   |                  |                   |                  |                                  |  |
| Dow Jones CDX HY-9                       |                            |                   |                  |                   |                  |                                  |  |
| 5-Year Index 35-100%                     | 9,627                      | 0.08%             | 12/20/12         | 1.44%             | 232,613          |                                  | 232,613                                |
| SLM                                      | 4,150                      | 1.38%             | 12/20/13         | 5.00%             | 414,238          | (508,375)                        | 922,613                                |
|  |                            |                   |                  |                   | \$1,403,507      | \$(692,272)                      | \$2,095,779                            |

**Euro**

(1) If the Funds are sellers of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Funds will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements as of year end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

(3) This represents the maximum potential amount the Funds could be required to make available as sellers of credit protection or receive as buyers of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

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(4) *The quoted market prices and resulting values for credit default swap agreements serve as an indicator of the status at April 30, 2011 of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement been closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.*

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual Report 53

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

April 30, 2011 (unaudited)

**5. Investments in Securities** (continued)

(c) Interest rate swap agreements outstanding at April 30, 2011:

| Corporate Income:          | Notional Amount | Termination Date | Payments Made | Rate Type         | Market Value  | Upfront Premiums Paid | Unrealized Depreciation |
|----------------------------|-----------------|------------------|---------------|-------------------|---------------|-----------------------|-------------------------|
| Swap Counterparty          | (000s)          |                  |               |                   |               |                       |                         |
| Bank of America            | \$47,100        | 6/15/41          | 4.25%         | 3-Month USD LIBOR | \$(539,754)   | \$1,516,620           | \$(2,056,374)           |
| Credit Suisse First Boston | 47,100          | 6/15/41          | 4.25%         | 3-Month USD LIBOR | (539,753)     | 1,483,650             | (2,023,403)             |
| Goldman Sachs              | 31,400          | 6/15/41          | 4.25%         | 3-Month USD LIBOR | (359,836)     | 1,027,565             | (1,387,401)             |
| Royal Bank of Scotland     | 31,400          | 6/15/41          | 4.25%         | 3-Month USD LIBOR | (359,836)     | 1,083,300             | (1,443,136)             |
|                            |                 |                  |               |                   | \$(1,799,179) | \$5,111,135           | \$(6,910,314)           |

LIBOR London Inter-Bank Offered Rate

(d) Forward foreign currency contracts outstanding at April 30, 2011:

Corporate Income:

|  | Counterparty    | U.S.\$ Value on Origination Date | U.S.\$ Value April 30, 2011 | Unrealized Appreciation (Depreciation) |
|--|-----------------|----------------------------------|-----------------------------|--|
| <u>Purchased:</u>                          |                 |                                  |                             |  |
| 186,100 Brazilian Real settling 9/2/11     | Bank of America | \$100,000                        | \$116,384                   | \$16,384                               |
| 185,950 Brazilian Real settling 9/2/11     | Morgan Stanley  | 100,000                          | 116,290                     | 16,290                                 |
| 10,967,964 Brazilian Real settling 6/2/11  | UBS             | 6,872,158                        | 6,961,049                   | 88,891                                 |
| 3,000,000 Canadian Dollar settling 6/20/11 | Barclays Bank   | 3,143,761                        | 3,167,148                   | 23,387                                 |

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|  |                |           |           |        |
|--|----------------|-----------|-----------|--------|
| 3,100,000 Canadian Dollar<br>settling 6/20/11        | Citigroup      | 3,234,129 | 3,272,719 | 38,590 |
| 800,000 Chinese Yuan Renminbi<br>settling 11/15/11   | Barclays Bank  | 124,514   | 125,046   | 532    |
| 4,809,971 Chinese Yuan Renminbi<br>settling 11/15/11 | Citigroup      | 740,394   | 751,832   | 11,438 |
| 3,124,846 Chinese Yuan Renminbi<br>settling 11/15/11 | JPMorgan Chase | 486,200   | 488,436   | 2,236  |
| 4,058,000 Indian Rupee<br>settling 8/12/11           | Barclays Bank  | 86,488    | 89,932    | 3,444  |
| 600,000 Indian Rupee<br>settling 8/12/11             | Deutsche Bank  | 12,834    | 13,297    | 463    |
| 130,000 Mexican Peso<br>settling 7/7/11              | HSBC Bank      | 10,471    | 11,226    | 755    |
| 1,520,300 South African Rand<br>settling 9/13/11     | Barclays Bank  | 200,000   | 227,195   | 27,195 |
| 759,900 South African Rand<br>settling 9/13/11       | Morgan Stanley | 100,000   | 113,560   | 13,560 |

PIMCO Corporate Income Fund  
54 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

## PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund

## Notes to Financial Statements

April 30, 2011 (unaudited)

## 5. Investments in Securities (continued)

|   | Counterparty               | U.S.\$ Value on<br>Origination Date | U.S.\$ Value<br>April 30, 2011 | Unrealized<br>Appreciation<br>(Depreciation) |
|---|----------------------------|-------------------------------------|--------------------------------|--|
| <u>Sold:</u>  |                            |                                     |                                |  |
| 10,967,964 Brazilian Real settling 6/2/11           | Citigroup                  | \$6,474,595                         | \$6,961,049                    | \$(486,454)                                  |
| 10,967,964 Brazilian Real settling 8/2/11           | UBS                        | 6,784,588                           | 6,898,248                      | (113,660)                                    |
| 2,753,000 British Pound settling 6/13/11            | Bank of America            | 4,419,749                           | 4,596,142                      | (176,393)                                    |
| 4,120,000 British Pound settling 6/13/11            | Citigroup                  | 6,607,866                           | 6,878,352                      | (270,486)                                    |
| 4,120,000 British Pound settling 6/13/11            | Credit Suisse First Boston | 6,609,963                           | 6,878,352                      | (268,389)                                    |
| 3,073,000 Canadian Dollar settling<br>6/20/11       | BNP Paribas                | 3,144,239                           | 3,244,215                      | (99,976)                                     |
| 2,841,000 Canadian Dollar settling<br>6/20/11       | Royal Bank of Canada       | 2,970,729                           | 2,999,289                      | (28,560)                                     |
| 8,573,600 Chinese Yuan Renminbi<br>settling 9/14/11 | JPMorgan Chase             | 1,322,066                           | 1,334,887                      | (12,821)                                     |
| 2,571,000 Euro settling 7/18/11                     | Barclays Bank              | 3,737,085                           | 3,799,996                      | (62,911)                                     |
| 3,977,000 Euro settling 7/18/11                     | Citigroup                  | 5,811,303                           | 5,878,096                      | (66,793)                                     |
| 7,064,000 Euro settling 7/18/11                     | Credit Suisse First Boston | 10,188,054                          | 10,440,752                     | (252,698)                                    |
| 5,828,000 Euro settling 7/18/11                     | JPMorgan Chase             | 8,409,280                           | 8,613,916                      | (204,636)                                    |
| 4,742,000 Euro settling 7/18/11                     | Royal Bank of Scotland     | 6,831,894                           | 7,008,783                      | (176,889)                                    |
| 36,202 Malaysian Ringgit settling<br>8/11/11        | Citigroup                  | 11,701                              | 12,135                         | (434)  |
| 2,063,338 South African Rand settling<br>7/28/11    | JPMorgan Chase             | 301,613                             | 310,520                        | (8,907)                                      |
|   |                            |                                     |                                | \$(1,986,842)                                |

Income Opportunity:

|   | Counterparty   | U.S.\$ Value on<br>Origination Date | U.S.\$ Value<br>April 30, 2011 | Unrealized<br>Appreciation<br>(Depreciation) |
|---|----------------|-------------------------------------|--------------------------------|--|
| <u>Purchased:</u>                             |                |                                     |                                |  |
| 3,990,000 British Pound settling 5/26/11      | Citigroup      | \$6,573,620                         | \$6,662,860                    | \$89,240                                     |
| 4,032,000 British Pound settling 6/13/11      | Citigroup      | 6,469,989                           | 6,731,436                      | 261,447                                      |
| 4,000,000 Euro settling 5/9/11                | Deutsche Bank  | 5,714,240                           | 5,923,624                      | 209,384                                      |
| 5,037,000 Mexican Peso settling 7/7/11        | Citigroup      | 412,213                             | 434,961                        | 22,748                                       |
| 68,899 South African Rand settling<br>7/28/11 | JPMorgan Chase | 10,072                              | 10,369                         | 297  |



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

April 30, 2011 (unaudited)

**5. Investments in Securities (continued)**

|  | Counterparty               | U.S.\$ Value on<br>Origination Date | U.S.\$ Value<br>April 30, 2011 | Unrealized<br>Appreciation<br>(Depreciation) |
|--|----------------------------|-------------------------------------|--------------------------------|--|
| <u>Sold:</u>                                 |                            |                                     |                                |  |
| 3,363,000 British Pound settling 6/13/11     | Bank of America            | \$5,399,115                         | \$5,614,538                    | \$(215,423)                                  |
| 5,018,000 British Pound settling 6/13/11     | Citigroup                  | 8,048,124                           | 8,377,565                      | (329,441)                                    |
| 5,018,000 British Pound settling 6/13/11     | Credit Suisse First Boston | 8,050,679                           | 8,377,566                      | (326,887)                                    |
| 3,934,000 British Pound settling 6/13/11     | Royal Bank of Canada       | 6,445,478                           | 6,567,824                      | (122,346)                                    |
| 8,049,000 Euro settling 7/18/11              | Credit Suisse First Boston | 11,608,670                          | 11,896,604                     | (287,934)                                    |
| 6,641,000 Euro settling 7/18/11              | JPMorgan Chase             | 9,582,365                           | 9,815,548                      | (233,183)                                    |
| 5,396,000 Euro settling 7/18/11              | Royal Bank of Scotland     | 7,774,125                           | 7,975,410                      | (201,285)                                    |
| 87,217,000 Japanese Yen settling 7/14/11     | JPMorgan Chase             | 1,041,204                           | 1,075,594                      | (34,390)                                     |
| 5,100,000 Mexican Peso settling 7/7/11       | Citigroup                  | 418,816                             | 440,401                        | (21,585)                                     |
| 223,567,350 Russian Ruble settling<br>7/1/11 | Barclays Bank              | 7,825,249                           | 8,116,578                      | (291,329)                                    |
|  |                            |                                     |                                | \$(1,480,687)                                |

At April 30, 2011, Corporate Income held \$460,000 in principal value of U.S. Treasury Obligations and \$910,000 in cash as collateral for derivatives. At April 30, 2011, Income Opportunity held \$480,000, in principal value of U.S. Treasury Obligations and \$790,000 in cash as collateral for derivatives. Cash collateral held may be invested in accordance with the Funds' investment strategies. Securities held as collateral will not be pledged and are not reflected in the Schedules of Investments.

(e) Open reverse repurchase agreements at April 30, 2011:

Corporate Income:

| Counterparty    | Rate  | Trade Date | Maturity Date | Principal & Interest | Principal    |
|-----------------|-------|------------|---------------|----------------------|--------------|
| Bank of America | 0.45% | 4/29/11    | 5/31/11       | \$34,257,134         | \$34,256,277 |
| Barclays Bank   | 0.45% | 4/18/11    | 5/18/11       | 6,403,040            | 6,402,000    |
|                 | 0.45% | 4/19/11    | 5/18/11       | 4,983,747            | 4,983,000    |
|                 | 0.45% | 4/29/11    | 5/31/11       | 30,873,772           | 30,873,000   |
|                 | 0.50% | 4/12/11    | 5/13/11       | 1,476,390            | 1,476,000    |
|                 | 0.50% | 4/15/11    | 5/17/11       | 6,213,380            | 6,212,000    |
|                 | 0.50% | 4/18/11    | 5/18/11       | 14,698,653           | 14,696,000   |



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|                            |       |         |         |            |               |
|----------------------------|-------|---------|---------|------------|---------------|
|                            | 0.60% | 4/20/11 | 5/20/11 | 3,199,586  | 3,199,000     |
| Credit Suisse First Boston | 0.50% | 4/14/11 | 5/16/11 | 14,767,486 | 14,764,000    |
|                            | 0.50% | 4/27/11 | 5/27/11 | 10,458,581 | 10,458,000    |
| Deutsche Bank              | 0.38% | 4/14/11 | 5/16/11 | 2,235,401  | 2,235,000     |
|                            | 0.38% | 4/18/11 | 5/18/11 | 7,599,043  | 7,598,000     |
|                            | 0.43% | 4/18/11 | 5/18/11 | 2,786,433  | 2,786,000     |
|                            | 0.48% | 4/14/11 | 5/16/11 | 5,164,170  | 5,163,000     |
|                            |       |         |         |            | \$145,101,277 |

PIMCO Corporate Income Fund

56 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

## PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund

## Notes to Financial Statements

April 30, 2011 (unaudited)

## 5. Investments in Securities (continued)

Income Opportunity:

| Counterparty               | Rate          | Trade Date | Maturity Date | Principal & Interest | Principal   |
|----------------------------|---------------|------------|---------------|----------------------|-------------|
| Bank of America            | 0.45%         | 4/1/11     | 5/4/11        | \$3,184,007          | \$3,182,813 |
|                            | 0.45%         | 4/12/11    | 5/13/11       | 3,114,440            | 3,113,700   |
|                            | 0.65%         | 4/1/11     | 5/4/11        | 1,888,773            | 1,887,750   |
|                            | 0.81%         | 4/19/11    | 5/18/11       | 9,205,485            | 9,203,000   |
|                            | 0.81%         | 4/27/11    | 5/27/11       | 6,961,626            | 6,961,000   |
|                            | 0.82%         | 4/14/11    | 5/16/11       | 4,954,918            | 4,953,000   |
|                            | 0.82%         | 4/15/11    | 5/16/11       | 4,254,550            | 4,253,000   |
|                            | 0.96%         | 4/25/11    | 10/24/11      | 4,323,692            | 4,323,000   |
|                            | 1.10%         | 4/19/11    | 5/18/11       | 1,437,527            | 1,437,000   |
|                            | Barclays Bank | 0.45%      | 4/25/11       | 5/25/11              | 7,662,575   |
| 0.45%                      |               | 4/26/11    | 5/26/11       | 553,035              | 553,000     |
| 0.45%                      |               | 4/28/11    | 5/24/11       | 4,883,183            | 4,883,000   |
| 0.50%                      |               | 3/30/11    | 5/4/11        | 3,281,458            | 3,280,000   |
| 0.50%                      |               | 4/7/11     | 5/10/11       | 4,357,452            | 4,356,000   |
| 0.50%                      |               | 4/14/11    | 5/16/11       | 970,229              | 970,000     |
| 0.50%                      |               | 4/15/11    | 5/17/11       | 12,913,869           | 12,911,000  |
| 0.60%                      |               | 4/26/11    | 5/24/11       | 1,105,092            | 1,105,000   |
| 0.60%                      |               | 4/27/11    | 5/27/11       | 177,012              | 177,000     |
| 0.60%                      |               | 4/28/11    | 5/24/11       | 1,986,099            | 1,986,000   |
| 0.65%                      |               | 4/26/11    | 5/26/11       | 3,324,300            | 3,324,000   |
| 0.65%                      |               | 4/28/11    | 5/24/11       | 2,293,124            | 2,293,000   |
| 0.70%                      |               | 4/1/11     | 5/4/11        | 1,653,964            | 1,653,000   |
| 0.70%                      |               | 4/4/11     | 5/5/11        | 5,014,631            | 5,012,000   |
| 0.70%                      |               | 4/6/11     | 5/9/11        | 6,279,051            | 6,276,000   |
| 0.70%                      |               | 4/12/11    | 5/13/11       | 1,103,407            | 1,103,000   |
| 0.70%                      |               | 4/14/11    | 5/16/11       | 2,489,823            | 2,489,000   |
| 0.70%                      |               | 4/15/11    | 5/17/11       | 1,850,576            | 1,850,000   |
| 0.81%                      |               | 4/27/11    | 5/27/11       | 2,510,226            | 2,510,000   |
| 0.816%                     |               | 4/15/11    | 5/17/11       | 11,397,132           | 11,393,000  |
| 0.91%                      | 4/27/11       | 5/27/11    | 1,220,123     | 1,220,000            |             |
| 1.063%                     | 4/19/11       | 5/18/11    | 2,120,751     | 2,120,000            |             |
| 1.216%                     | 4/15/11       | 5/17/11    | 2,803,513     | 2,801,999            |             |
| BNP Paribas                | 0.17%         | 4/20/11    | 5/18/11       | 14,662,761           | 14,662,000  |
| Credit Suisse First Boston | 0.50%         | 3/31/11    | 5/2/11        | 25,667,045           | 25,656,000  |
|                            | 0.50%         | 4/6/11     | 5/9/11        | 297,103              | 297,000     |
|                            | 0.50%         | 4/11/11    | 5/11/11       | 10,179,827           | 10,177,000  |
|                            | 0.50%         | 4/14/11    | 5/16/11       | 3,867,913            | 3,867,000   |
|                            | 0.60%         | 3/31/11    | 5/2/11        | 6,020,109            | 6,017,000   |
|                            | 0.60%         | 4/6/11     | 5/9/11        | 4,253,772            | 4,252,000   |
|                            | 0.60%         | 4/14/11    | 5/16/11       | 2,898,821            | 2,898,000   |

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|       |         |         |           |           |
|-------|---------|---------|-----------|-----------|
| 0.60% | 4/15/11 | 5/16/11 | 3,445,919 | 3,445,000 |
| 0.65% | 3/31/11 | 5/2/11  | 1,593,892 | 1,593,000 |
| 0.65% | 4/11/11 | 5/11/11 | 3,358,212 | 3,357,000 |
| 0.65% | 4/14/11 | 5/16/11 | 3,622,111 | 3,621,000 |
| 0.65% | 4/19/11 | 5/2/11  | 1,112,241 | 1,112,000 |

PIMCO Corporate Income Fund  
4.30.11 | PIMCO Income Opportunity Fund Semi-Annual  
Report

57

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

April 30, 2011 (unaudited)

**5. Investments in Securities (continued)**

| Counterparty              | Rate   | Trade Date | Maturity Date | Principal & Interest | Principal     |
|---------------------------|--------|------------|---------------|----------------------|---------------|
|                           | 0.65%  | 4/21/11    | 5/23/11       | \$690,125            | \$690,000     |
|                           | 0.65%  | 4/25/11    | 5/25/11       | 1,076,117            | 1,076,000     |
|                           | 1.20%  | 4/15/11    | 5/16/11       | 8,057,295            | 8,053,000     |
| Greenwich Capital Markets | 0.50%  | 4/1/11     | 5/4/11        | 2,990,245            | 2,989,000     |
|                           | 0.50%  | 4/19/11    | 5/18/11       | 5,638,940            | 5,638,000     |
|                           | 0.50%  | 4/25/11    | 5/25/11       | 793,066              | 793,000       |
|                           | 0.50%  | 4/27/11    | 5/27/11       | 1,650,092            | 1,650,000     |
|                           | 0.713% | 4/26/11    | 5/26/11       | 5,702,565            | 5,702,000     |
|                           | 0.81%  | 4/28/11    | 5/31/11       | 936,063              | 936,000       |
|                           | 0.813% | 4/19/11    | 5/18/11       | 3,408,924            | 3,408,000     |
|                           | 0.813% | 4/26/11    | 5/26/11       | 6,577,743            | 6,577,000     |
|                           | 0.824% | 4/12/11    | 5/13/11       | 6,273,727            | 6,271,000     |
|                           | 0.936% | 4/6/11     | 5/9/11        | 2,917,894            | 2,916,000     |
|                           | 0.963% | 4/19/11    | 5/18/11       | 6,457,072            | 6,455,000     |
|                           | 0.963% | 4/26/11    | 5/26/11       | 2,245,300            | 2,245,000     |
|                           | 1.11%  | 4/28/11    | 5/31/11       | 844,078              | 844,000       |
|                           | 1.113% | 4/19/11    | 5/18/11       | 1,849,686            | 1,849,000     |
|                           | 1.216% | 4/14/11    | 5/16/11       | 15,106,669           | 15,098,000    |
| JPMorgan Chase            | 0.60%  | 3/31/11    | 5/3/11        | 12,107,252           | 12,101,000    |
|                           | 0.60%  | 4/7/11     | 5/10/11       | 3,060,224            | 3,059,000     |
|                           | 0.60%  | 4/15/11    | 5/16/11       | 15,833,220           | 15,829,000    |
| Morgan Stanley            | 0.80%  | 4/8/11     | 5/11/11       | 5,616,869            | 5,614,000     |
|                           | 0.85%  | 4/5/11     | 5/5/11        | 1,952,198            | 1,951,000     |
|                           | 0.90%  | 4/5/11     | 5/5/11        | 3,566,317            | 3,564,000     |
|                           | 0.95%  | 4/5/11     | 5/5/11        | 1,583,085            | 1,582,000     |
|                           | 1.35%  | 4/5/11     | 5/5/11        | 1,500,462            | 1,499,000     |
| UBS                       | 0.73%  | 4/26/11    | 5/26/11       | 4,645,051            | 4,644,573     |
|                           | 0.74%  | 4/26/11    | 5/26/11       | 1,916,542            | 1,916,342     |
|                           | 1.11%  | 4/8/11     | 5/9/11        | 4,171,956            | 4,168,887     |
|                           | 1.17%  | 4/8/11     | 5/9/11        | 1,580,946            | 1,579,720     |
|                           |        |            |               |                      | \$332,894,784 |

The weighted average daily balance of reverse repurchase agreements outstanding during the six months ended April 30, 2011 for Corporate Income and Income Opportunity was \$157,490,178 and \$320,382,087, respectively, at a weighted average interest rate of 0.49% and 0.69%, respectively. The total market value of underlying collateral (refer to the Schedules of Investments for positions segregated for the benefit of the counterparty as collateral for reverse repurchase agreements) for open reverse repurchase agreements at April 30, 2011 for Corporate Income and Income Opportunity was \$150,627,313 and \$369,652,934, respectively.

At April 30, 2011, Corporate Income held \$680,000 in principal value of U.S. Government Agency Securities and \$60,000 in cash as collateral for open reverse repurchase agreements. At April 30, 2011, Income Opportunity held \$1,010,000 in principal value of U.S. Treasury Obligations and \$510,000 in cash as collateral for open reverse repurchase agreements. Cash collateral held may be invested in accordance with the Funds

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investment strategies. Securities held as collateral will not be pledged and are not reflected in the Schedules of Investments.

PIMCO Corporate Income Fund

**58** PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund**

**Notes to Financial Statements**

April 30, 2011 (unaudited)

**6. Income Tax Information**

At April 30, 2011, the aggregate cost basis and net unrealized appreciation of investments for federal income tax purposes were as follows:

|                    | Federal Tax<br>Cost Basis | Unrealized<br>Appreciation | Unrealized<br>Depreciation | Net Unrealized<br>Appreciation |
|--------------------|---------------------------|----------------------------|----------------------------|--------------------------------|
| Corporate Income   | \$770,368,020             | \$136,813,826              | \$14,494,024               | \$122,319,802                  |
| Income Opportunity | 631,668,083               | 92,364,104                 | 5,632,838                  | 86,731,266                     |

The difference between book and tax cost basis is attributable to wash sales.

**7. Auction-Rate Preferred Shares Corporate Income**

Corporate Income has 1,352 shares of Preferred Shares Series M, 1,352 shares of Preferred Shares Series T, 1,352 shares of Preferred Shares Series W, 1,352 shares of Preferred Shares Series TH and 1,352 shares of Preferred Shares Series F outstanding, each with a liquidation preference of \$25,000 per share plus any accumulated, unpaid dividends.

Dividends are accumulated daily at an annual rate (typically re-set every seven days) through auction procedures (or default procedures in the event of auction failure). Distributions of net realized capital gains, if any, are paid annually.

For the six months ended April 30, 2011, the annualized dividend rates ranged from:

Corporate Income:

|          | High   | Low    | At April 30, 2011 |
|----------|--------|--------|-------------------|
| Series M | 0.347% | 0.090% | 0.120%            |
| Series T | 0.377% | 0.135% | 0.165%            |
| Series W | 0.330% | 0.105% | 0.105%            |

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|           |        |        |        |
|-----------|--------|--------|--------|
| Series TH | 0.330% | 0.105% | 0.105% |
| Series F  | 0.330% | 0.105% | 0.120% |

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 or paying any dividends or distributions to common shareholders or repurchasing common shares and/or could trigger the mandatory redemption of Preferred Shares at their liquidation preference plus any accumulated, unpaid dividends.

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

Since mid-February 2008, holders of auction-rate preferred shares ( ARPS ) issued by the Fund have been directly impacted by an unprecedented lack of liquidity, which has similarly affected ARPS holders in many of the nation's closed-end funds. Since then, regularly scheduled auctions for ARPS issued by the Fund have consistently failed because of insufficient demand (bids to buy shares) to meet the supply (shares offered for sale) at each auction. In a failed auction, ARPS holders cannot sell all, and may not be able to sell any, of their shares tendered for sale. While repeated auction failures have affected the liquidity for ARPS, they do not constitute a default or automatically alter the credit quality of the ARPS, and ARPS holders have continued to receive dividends at the defined maximum rate, the 7-day AA Composite Commercial Paper Rate multiplied by a minimum of 150%, depending on the credit rating of the ARPS (which is a function of short-term interest rates and typically higher than the rate that would have otherwise been set through a successful auction). If the Fund's ARPS auctions continue to fail and the maximum rate payable on the ARPS rises as a result of changes in short-term interest rates, returns for the Fund's common shareholders could be adversely affected.

See Note 8 Legal Proceedings, for a discussion of shareholder demand letters received by certain closed-end funds managed by the Investment Manager, including Corporate Income.

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund**

**Notes to Financial Statements**

April 30, 2011 (unaudited)

**8. Legal Proceedings**

In June and September 2004, the Investment Manager and certain of its affiliates (including PEA Capital LLC ( PEA ), Allianz Global Investors Distributors LLC and Allianz Global Investors of America, L.P.) agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission ( SEC ) and the New Jersey Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which the Investment Manager serves as investment adviser. The settlements related to an alleged market timing arrangement in certain open-end funds formerly sub-advised by PEA. The Investment Manager and its affiliates agreed to pay a total of \$68 million to settle the claims. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, and consented to cease and desist orders and censures. Subsequent to these events, PEA deregistered as an investment adviser and dissolved. None of the settlements alleged that any inappropriate activity took place with respect to the Funds.

Since February 2004, the Investment Manager and certain of its affiliates and their employees have been named as defendants in a number of pending lawsuits concerning market timing, which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multi-district litigation proceeding in the U.S. District Court for the District of Maryland (the MDL Court ). After a number of claims in the lawsuits were dismissed by the MDL Court, the parties entered into a stipulation of settlement, which was publicly filed with the MDL Court in April 2010, resolving all remaining claims. In April 2011, the MDL Court granted final approval of the settlement.

In addition, in a lawsuit filed in the Northern District of Illinois Eastern Division, plaintiffs challenged certain trades by the Sub-Adviser in the June 2005 10 year futures contract. The Sub-Adviser's position is that all such trades were properly designed to secure best execution for its clients. The parties resolved this matter through settlement, which resolves all of the claims against the Sub-Adviser. In settling this matter, the Sub-Adviser denies any liability. This settlement is purely private in nature and not a regulatory matter.

Beginning in May 2010, several closed-end funds managed by the Investment Manager, including Corporate Income and certain other funds sub-advised by the Sub-Adviser, each received a demand letter from a law firm on behalf of certain common shareholders. The demand letters allege that the Investment Manager and certain officers and trustees of the funds breached their fiduciary duties in connection with the redemption at par of a portion of the funds' ARPS and demand that the boards of trustees take certain action to remedy those alleged breaches. After conducting an investigation in August 2010, the independent trustees of Corporate Income rejected the demands made in the demand letters.

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

**9. Subsequent Events**



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On May 2, 2011, the following dividends were declared to common shareholders payable June 1, 2011 to shareholders of record on May 12, 2011:

|                    |                            |
|--------------------|----------------------------|
| Corporate Income   | \$0.10625 per common share |
| Income Opportunity | \$0.19 per common share    |

On June 1, 2011, the following dividends were declared to common shareholders payable July 1, 2011 to shareholders of record on June 13, 2011:

|                    |                            |
|--------------------|----------------------------|
| Corporate Income   | \$0.10625 per common share |
| Income Opportunity | \$0.19 per common share    |

PIMCO Corporate Income Fund  
**60** PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11

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**PIMCO Corporate Income Fund Financial Highlights**

For a common share outstanding throughout each period:

|  | Six Months<br>ended<br>April 30, 2011 | Year ended October 31, |           |             |             |             |  |
|--|---------------------------------------|------------------------|-----------|-------------|-------------|-------------|--|
|  | (unaudited)                           | 2010                   | 2009      | 2008        | 2007        | 2006        |  |
| Net asset value, beginning of period   | \$15.51                               | \$12.88                | \$8.47    | \$13.76     | \$14.76     | \$14.63     |  |
| <b>Investment Operations:</b>  |                                       |                        |           |             |             |             |  |
| Net investment income  | 0.89                                  | 1.61                   | 1.42      | 1.24        | 1.31        | 1.42        |  |
| Net realized and unrealized gain (loss) on investments, futures contracts, options written, swaps, unfunded loan commitments and foreign currency transactions | 0.33                                  | 2.90                   | 4.29      | (4.94)      | (0.51)      | 0.43        |  |
| Total from investment operations   | 1.22                                  | 4.51                   | 5.71      | (3.70)      | 0.80        | 1.85        |  |
| <b>Dividends on Preferred Shares from Net Investment Income</b>  | (0.01)                                | (0.01)                 | (0.02)    | (0.31)      | (0.43)      | (0.38)      |  |
| Net increase (decrease) in net assets applicable to common shareholders resulting from investment operations   | 1.21                                  | 4.50                   | 5.69      | (4.01)      | 0.37        | 1.47        |  |
| <b>Dividends and Distributions to Common Shareholders from:</b>  |                                       |                        |           |             |             |             |  |
| Net investment income  | (1.04)                                | (1.87)                 | (1.28)    | (1.28)      | (1.28)      | (1.34)      |  |
| Net realized gains   |                                       |                        |           |             | (0.09)      |             |  |
| Total dividends and distributions to common shareholders   | (1.04)                                | (1.87)                 | (1.28)    | (1.28)      | (1.37)      | (1.34)      |  |
| Net asset value, end of period   | \$15.68                               | \$15.51                | \$12.88   | \$8.47      | \$13.76     | \$14.76     |  |
| Market price, end of period  | \$17.35                               | \$16.24                | \$13.06   | \$10.00     | \$14.25     | \$15.68     |  |
| <b>Total Investment Return (1)</b>   | 14.22%                                | 41.86%                 | 48.69%    | (22.55)%    | (0.26)%     | 15.08%      |  |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>   |                                       |                        |           |             |             |             |  |
| Net assets applicable to common shareholders, end of period (000s)   | \$589,025                             | \$579,963              | \$477,195 | \$311,489   | \$502,714   | \$535,104   |  |
| Ratio of expenses to average net assets, including interest expense (2)(4)   | 1.26%(6)                              | 1.24%(5)               | 1.52%(5)  | 1.50%(3)(5) | 1.30%(3)(5) | 1.16%(3)(5) |  |
| Ratio of expenses to average net assets, excluding interest expense (2)  | 1.12%(6)                              | 1.17%(5)               | 1.48%(5)  | 1.39%(3)(5) | 1.21%(3)(5) | 1.13%(3)(5) |  |
| Ratio of net investment income to average net assets (2)   | 11.68%(6)                             | 11.64%(5)              | 15.34%(5) | 10.09%(5)   | 9.11%(5)    | 9.83%(5)    |  |
| Preferred shares asset coverage per share  | \$112,133                             | \$110,790              | \$95,590  | \$50,953    | \$66,871    | \$69,566    |  |
| Portfolio turnover   | 17%                                   | 52%                    | 117%      | 118%        | 46%         | 30%         |  |

- (1) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each period reported. Income dividends and capital gain distributions, if any, 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 in connection with the purchase or sale of Fund shares. Total investment return for a period of less than one year is not annualized.
- (2) Calculated on the basis of income and expenses applicable to both common and preferred shares relative to the average net assets of common shareholders.
- (3) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank (See note 1(o) in Notes to Financial Statements).
- (4) Interest expense primarily relates to the liability for floating rate notes issued in connection with inverse floater transactions and/or participation in reverse repurchase agreement transactions.

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- (5) During the years indicated above, the Investment Manager waived a portion of its investment management fee. The effect of such waiver relative to the average net assets of common shareholders was 0.01%, 0.10%, 0.18%, 0.25% and 0.32% for the years ended October 31, 2010, October 31, 2009, October 31, 2008, October 31, 2007 and October 31, 2006, respectively.
- (6) Annualized.

See accompanying Notes to Financial Statements. | 4.30.11 | PIMCO Corporate Income Fund  
PIMCO Income Opportunity Fund Semi-Annual Report

61

**PIMCO Income Opportunity Fund Financial Highlights**

For a common share outstanding throughout each period:

|   | Six Months<br>ended<br>April 30, 2011 | Year ended October 31, |           |  | November 30, 2007*<br>through<br>October 31, 2008 |
|---|---------------------------------------|------------------------|-----------|--|---|
|   | (unaudited)                           | 2010                   | 2009      |  |   |
| Net asset value, beginning of period  | \$26.97                               | \$21.40                | \$17.90   |  | \$23.88**   |
| <b>Investment Operations:</b>   |                                       |                        |           |  |   |
| Net investment income   | 1.76                                  | 3.11                   | 2.11      |  | 1.46  |
| Net realized and unrealized gain (loss) on investments, futures contracts, options written, unfunded loan commitments, swaps, securities sold short and foreign currency transactions | 0.62                                  | 4.58                   | 3.51      |  | (5.62)  |
| Total from investment operations  | 2.38                                  | 7.69                   | 5.62      |  | (4.16)  |
| <b>Dividends and Distributions to Shareholders from:</b>  |                                       |                        |           |  |   |
| Net investment income   | (2.25)                                | (2.12)                 | (1.21)    |  | (1.77)  |
| Return of capital   |                                       |                        | (0.91)    |  |   |
| Total dividends and distributions to shareholders   | (2.25)                                | (2.12)                 | (2.12)    |  | (1.77)  |
| <b>Common Share Transactions:</b>   |                                       |                        |           |  |   |
| Offering costs charged to paid-in capital in excess of par  |                                       |                        |           |  | (0.05)  |
| Net asset value, end of period  | \$27.10                               | \$26.97                | \$21.40   |  | \$17.90   |
| Market price, end of period   | \$28.75                               | \$26.92                | \$21.08   |  | \$18.10   |
| <b>Total Investment Return (1)</b>  | 16.16%                                | 39.51%                 | 31.54%    |  | (21.55)%  |
| <b>RATIOS/SUPPLEMENTAL DATA:</b>  |                                       |                        |           |  |   |
| Net assets, end of period (000s)  | \$394,400                             | \$391,730              | \$307,679 |  | \$253,174   |
| Ratio of expenses to average net assets, including interest expense (3)   | 2.51%(4)                              | 2.36%                  | 1.78%     |  | 2.29%(2)(4)                                       |
| Ratio of expenses to average net assets, excluding interest expense   | 1.93%(4)                              | 1.86%                  | 1.42%     |  | 1.45%(2)(4)                                       |
| Ratio of net investment income to average net assets  | 13.29%(4)                             | 13.07%                 | 12.04%    |  | 7.10%(4)  |
| Portfolio turnover  | 35%                                   | 77%                    | 292%      |  | 221%  |

\* Commencement of operations.

\*\* Initial public offering price of \$25.00 per share less underwriting discount of \$1.125 per share.

- (1) Total investment return is calculated assuming a purchase of a common share at the market price on the first day and a sale of a common share at the market price on the last day of each period reported. Income dividends, capital gain and return of capital distributions, if any, 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 in connection with the purchase or sale of Fund shares. Total investment return for a period of less than one year is not annualized.
- (2) Inclusive of expenses offset by custody credits earned on cash balances at the custodian bank (See note 1(o) in Notes to Financial Statements).
- (3) Interest expense primarily relates to the participation in reverse repurchase agreement transactions.
- (4) Annualized.

PIMCO Corporate Income Fund

62 PIMCO Income Opportunity Fund Semi-Annual Report | 4.30.11 | See accompanying Notes to Financial Statements.

**PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund  
Annual Shareholder Meeting Results/Changes to Board of Trustees/  
Changes in Investment Policy/Proxy Voting Policies & Procedures (unaudited)**

**Annual Shareholder Meeting Results:**

Corporate Income and Income Opportunity held their annual meeting of shareholders on April 14, 2011.

Corporate Income:

Common/Preferred shareholders voted as indicated below:

|   | Affirmative | Withheld<br>Authority |
|---|-------------|-----------------------|
| Election of Bradford K. Gallagher Class III to serve until 2014 | 32,772,062  | 484,344               |
| Election of Alan Rappaport Class I to serve until 2012          | 32,797,890  | 458,516               |
| Re-election of John C. Maney Class III to serve until 2014      | 32,693,290  | 563,116               |

The other members of the Board of Trustees at the time of the meeting, namely Messrs. Paul Belica, James A. Jacobson\*, Hans W. Kertess\* and William B. Ogden, IV, continued to serve as Trustees.

Income Opportunity:

Shareholders voted as indicated below:

|   | Affirmative | Withheld<br>Authority |
|---|-------------|-----------------------|
| Election of Bradford K. Gallagher Class III to serve until 2014 | 13,263,505  | 165,393               |
| Election of Alan Rappaport Class III to serve until 2014        | 13,257,022  | 171,876               |

The other members of the Board of Trustees at the time of the meeting, namely Messrs. Paul Belica, James A. Jacobson, Hans W. Kertess, John C. Maney and William B. Ogden, IV, continued to serve as Trustees.

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\* Preferred Shares Trustee

Interested Trustee

**Changes to Board of Trustees:**

Effective June 14, 2011, the Funds' Board of Trustees appointed Deborah A. Zoullas as a Class II Trustee for Corporate Income and a Class I Trustee for Income Opportunity to serve until 2012.

**Changes in Investment Policy – Corporate Income:**

Effective April 20, 2011, Corporate Income's duration guidelines were expanded such that, under normal market conditions, the Fund will maintain an average portfolio duration of between zero and eight years. Corporate Income previously observed intermediate average portfolio duration ranges – normally between three and seven years.

Duration is a measure of the expected life of a debt security that is used to determine the sensitivity of the security's price to changes in interest rates. Generally, the longer a security's duration, the more sensitive it will be to changes in interest rates – i.e., the prices of debt obligations typically fall when market interest rates rise. Please see 2. Principal Risks in the Notes to Financial Statements for additional discussion of interest rate risk.

**Proxy Voting Policies & Procedures:**

A description of the policies and procedures that the Funds have adopted to determine how to vote proxies relating to portfolio securities and information about how the Funds voted proxies relating to portfolio securities held during the most recent twelve month period ended June 30 is available (i) without charge, upon request, by calling the Funds' shareholder servicing agent at (800) 254-5197; (ii) on the Funds' website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds); and (iii) on the Securities and Exchange Commission website at [www.sec.gov](http://www.sec.gov)

**Trustees**

Hans W. Kertess  
Chairman of the Board of Trustees

Paul Belica

Bradford K. Gallagher

James A. Jacobson

John C. Maney

William B. Ogden, IV

Alan Rappaport

Deborah A. Zoullas

**Fund Officers**

Brian S. Shlissel  
President & Chief Executive Officer

Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Thomas J. Fuccillo  
Vice President, Secretary & Chief Legal Officer

Scott Whisten  
Assistant Treasurer

Richard J. Cochran  
Assistant Treasurer

Orhan Dzemaili  
Assistant Treasurer

Youse E. Guia  
Chief Compliance Officer

Lagan Srivastava  
Assistant Secretary

**Investment Manager**

Allianz Global Investors Fund Management LLC  
1345 Avenue of the Americas  
New York, NY 10105

**Sub-Adviser**

Pacific Investment Management Company LLC  
840 Newport Center Drive  
Newport Beach, CA 92660

**Custodian & Accounting Agent**

State Street Bank & Trust Co.  
801 Pennsylvania Avenue  
Kansas City, MO 64105-1307

**Transfer Agent, Dividend Paying Agent and Registrar**

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BNY Mellon  
P.O. Box 43027  
Providence, RI 02940-3027

### **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP  
300 Madison Avenue  
New York, NY 10017

### **Legal Counsel**

Ropes & Gray LLP  
Prudential Tower  
800 Boylston Street  
Boston, MA 02199

*This report, including the financial information herein, is transmitted to the shareholders of PIMCO Corporate Income Fund and PIMCO Income Opportunity Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase of shares of the Funds or any securities mentioned in this report.*

*The financial information included herein is taken from the records of the Funds without examination by an independent registered public accounting firm, who did not express an opinion herein.*

*Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Funds may purchase their common shares in the open market.*

*The Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission ( SEC ) for the first and third quarters of their fiscal year on Form N-Q. Each Fund s Form N-Q is available on the SEC s website at [www.sec.gov](http://www.sec.gov) and may be reviewed and copied at the SEC s Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330. The information on Form N-Q is also available on the Funds website at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds).*

*Information on the Funds is available at [www.allianzinvestors.com/closedendfunds](http://www.allianzinvestors.com/closedendfunds) or by calling the Funds shareholder servicing agent at (800) 254-5197.*



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AGI-2011-05-03-0975

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ITEM 2. CODE OF ETHICS

Not required in this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

Not required in this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not required in this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANT

Not required in this filing.

ITEM 6. SCHEDULE OF INVESTMENTS

- (a) Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this form.
- (b) Not applicable due to no such divestments during the period covered since the previous FORM N-CSR filing.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not required in this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not required in this filing.

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ITEM 9. Purchase of Equity Securities by Closed-End Management Investment Company and Affiliated Companies

None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There have been no material changes to the procedures by which shareholders may recommend nominees to the Fund's Board of Trustees since the Fund last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES

(a) The registrant's President and Chief Executive Officer and Principal Financial & Accounting Officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Act (17 CFR 270.30a-3(c))), as amended are effective based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of this document.

(b) There were no significant changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's control over financial reporting.

ITEM 12. EXHIBITS

(a) (1) Not required in this filing.

(a) (2) Exhibit 99.302 Cert. Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002

(a) (3) Not applicable

(b) Exhibit 99.906 Cert. - Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) PIMCO Corporate Income Fund

By /s/ Brian S. Shlissel  
President and Chief Executive Officer

Date June 28, 2011

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Date June 28, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Brian S. Shlissel  
President and Chief Executive Officer

Date June 28, 2011

By /s/ Lawrence G. Altadonna  
Treasurer, Principal Financial & Accounting Officer

Date June 28, 2011

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