

PIMCO FLOATING RATE INCOME FUND
Form N-CSRS
April 09, 2007

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

FORM N-CSR

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

Investment Company Act file number 811-21374

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

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

10105
(Zip code)

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

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

Date of fiscal year end: July 31, 2007

Date of reporting period: January 31, 2007

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

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

ITEM 1. REPORT TO SHAREHOLDERS

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PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds Letter to Shareholders

March 9, 2007

Dear Shareholder:

We are pleased to provide you with the semi-annual report for PIMCO Floating Rate Income Fund and PIMCO Floating Rate Strategy Fund (collectively the Funds) for the six-month period ended January 31, 2007.

During the reporting period, the Federal Reserve (the Fed) held short-term interest rates steady five times at 5.25%. This came after raising rates 17 times from June 2004 through June 2006. At its meeting on January 31, 2007, the Fed noted that recent indicators suggested somewhat firmer economic growth and tentative signs of stabilization in the housing market. In this environment, during the period, the Funds increased dividends to shareholders.

Please refer to the following pages for specific information on the Funds. 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) 331-1710. In addition, a wide range of information and resources are available on our Web site at www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Funds investment manager, and Pacific Investment Management Company LLC, 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 & Chief Executive Officer

PIMCO Floating Rate Income Fund Performance & Statistics

January 31, 2007 (unaudited)

* For the six months ended January 31, 2007 PIMCO Floating Rate income Fund returned 6.17% on net asset value (NAV) and 10.02% on market price.

* The three-month London Interbank Offered Rate (LIBOR) held relatively steady, decreasing by only 11 basis points to end the reporting period at 5.36%. The trend was positive for floating-rate securities, which typically pay interest at a spread over LIBOR.

* An emphasis on the cable/pay TV sector, which outperformed the leveraged loan market during the six-month period, benefited Fund performance.

* A relatively large weight in B-rated issues (64.0%) added to returns as the middle tier of the leveraged loan market outpaced both the upper and lower rated quality tiers.

* As the retail sector outperformed the overall leveraged loan market by nearly 50 basis points, a relatively small weighting to this sector detracted from performance.

* As chemical company issues slightly underperformed, a larger-than-market weighting to the sector hindered somewhat on performance.

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
Six months	10.02%	6.17%
1 Year	23.64%	9.88%
Commencement of Operations (8/29/03) to 1/31/07	8.87%	7.35%

Common Share Market Price/NAV Performance:	Market Price/NAV:	
Commencement of Operations (8/29/03) to 1/31/07	Market Price	\$20.78
Market Price	NAV	\$19.35
NAV	Premium to NAV	7.39%
	Market Price Yield ⁽²⁾	8.51%

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

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

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at January 31, 2007.

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PIMCO Floating Rate Strategy Fund Performance & Statistics

January 31, 2007 (unaudited)

* For the six months ended January 31, 2007 PIMCO Floating Rate Strategy Fund returned 6.18% on net asset value (NAV) and 9.84% on market price.

* The three-month London Interbank Offered Rate (LIBOR) held relatively steady, decreasing by only 11 basis points to end the reporting period at 5.36%. The trend was positive for floating-rate securities, which typically pay interest at a spread over LIBOR.

* An emphasis on the cable/pay TV sector, which outperformed the leveraged loan market during the six-month period, benefited Fund performance.

* A relatively large weighting in B-rated issues (73.0%) added to returns as the middle tier of the leveraged loan market outpaced both the upper and lower rated quality tiers.

* As the paper/packaging sector outperformed the overall leveraged loan market, a relatively small weighting to this sector hindered performance.

* As chemical company issues slightly underperformed, a larger-than-market weighting to the sector detracted from Fund performance.

Total Return⁽¹⁾:	Market Price	Net Asset Value (NAV)
Six months	9.84%	6.18%
1 Year	17.94%	10.36%
Commencement of Operations (10/29/04) to 1/31/07	7.36%	7.59%

Common Share Market Price/NAV Performance:	Market Price/NAV:	
Commencement of Operations (10/29/04) to 1/31/07	Market Price	\$19.36
Market Price	NAV	\$18.68
NAV	Premium to NAV	3.64%
	Market Price Yield ⁽²⁾	8.87%

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

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

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at January 31, 2007.

PIMCO Floating Rate Income Fund Schedule of Investments

January 31, 2007 (unaudited)

Principal Amount (000)		Value
SENIOR LOANS (a) (b) (c) 70.3%		
Aerospace 0.4%		
\$ 1,621	K & F Industries, Inc., 7.32%, 11/18/12, Term C	\$ 1,628,685
750	TransDigm Group, Inc., 7.366%, 6/23/13, Term B	755,156
		2,383,841
Airlines 1.1%		
3,000	Northwest Airlines Corp., 7.85%, 8/22/08	2,992,500
2,612	United Airlines, Inc., 9.12%, 2/1/12, Term B (f)	2,621,396
373	11.00%, 1/9/11, Term DD	374,724
		5,988,620
Apparel & Textiles 0.3%		
813	Simmons Co., Term C, 7.375%, 12/19/11	820,907
945	7.438%, 12/19/11	954,028
		1,774,935
Automotive 1.6%		
5,000	Ford Motor Corp., 8.36%, 11/29/13, Term B	5,071,180
223	Hertz Corp., 5.365%, 12/21/12	224,471
792	7.30%, 12/21/12, Term B	798,268
792	7.32%, 12/21/12, Term B	798,206
1,173	7.35%, 12/21/12, Term B	1,182,533
697	Lear Corp., 7.864%, 3/23/12	704,986
300	7.87%, 3/23/12	303,437
		9,083,081
Automotive Products 3.2%		
1,658	Cooper Standard Automotive, Inc., 7.875%, 12/31/11, Term B	1,667,371
3,532	7.875%, 12/31/11, Term C	3,553,143
2,500	Delphi Corp., 8.125%, 12/31/07, Term C	2,501,175
4,000	Goodyear Tire & Rubber Co., 8.14%, 4/30/10	4,050,832
1,000	8.89%, 4/1/11	1,008,839
2,667	Polypore, Inc., 8.32%, 11/12/11, Term B	2,687,211
789	Tenneco Automotive, Inc., 7.32%, 12/12/10, Term B1	794,954
1,796	7.36%, 12/12/10, Term B	1,809,667
		18,073,192
Banking 0.4%		
1,092	Aster Co., Ltd., 7.872%, 9/19/13, Term B1	1,095,175
1,132	8.372%, 9/19/14, Term C1	1,146,146
		2,241,321

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PIMCO Floating Rate Income Fund Schedule of Investments

January 31, 2007 (unaudited) (continued)

Principal Amount (000)		Value
Building/Construction 2.0%		
\$	3,426	Masonite International Corp., Term B, 7.36%, 4/6/13 \$ 3,414,694
	13	7.364%, 4/6/13 13,176
	4,846	Nortek, Inc., 7.35%, 8/27/11 4,859,791
	2,854	UGS Corp., 7.11%, 3/31/12, Term B 2,860,983
		11,148,644
Chemicals 4.3%		
	99	Basell NV, 5.876%, 9/15/13, Term B 130,901
	432	5.876%, 9/15/13, Term B1 569,199
	123	5.876%, 9/15/13, Term B5 161,502
	774	5.942%, 9/15/13, Term B 1,019,237
	129	5.942%, 9/15/13, Term B6 169,633
	319	6.626%, 9/15/14, Term C 420,936
	240	6.626%, 9/15/14, Term C4 316,745
	123	6.626%, 9/15/14, Term C5 162,132
	492	6.692%, 9/15/14, Term C 650,287
	255	6.692%, 9/15/14, Term C4 336,715
	129	6.692%, 9/15/14, Term C6 170,993
\$	2,767	Celanese AG, 7.117%, 4/6/11, Term B 2,786,696
		Cognis BV, 8.104%, 5/12/12, Term B1 1,161,090
	1,150	8.604%, 5/12/13, Term C1 2,015,202
	1,992	Cognis Deutschland GMBH, 5.782%, 5/12/11, Term A 1,924,433
\$	1,480	Huntsman International LLC, 7.07%, 8/10/12 777,714
	773	INEOS Group Ltd., 7.611%, 10/7/12, Term A4 4,527,000
	4,500	7.611%, 10/7/13, Term B1 752,840
	742	8.111%, 10/7/14, Term C1 755,813
	742	KRATON Polymers Group LLC, 7.375%, 5/11/13 1,997,350
	1,980	VWR International, Inc., 7.61%, 4/7/11, Term B 3,452,203
	3,440	
		24,258,621
Commercial Products 1.2%		
	194	iPayment, Inc., 7.32%, 12/27/12 193,811
	798	7.36%, 12/27/12 796,828
		Rexel S.A., 6.929%, 4/18/14, Term C1 1,011,953
	1,000	7.611%, 11/3/13, Term B1 1,007,875
	1,000	Sigmakalon, 5.722%, 6/30/12, Term A 1,239,067
	954	6.222%, 9/19/12, Term B1 1,310,939
	1,000	6.972%, 9/19/13, Term C 883,231
	671	6.972%, 9/19/13, Term C1 353,452
	269	
		6,797,156
Computer Services 1.1%		
\$	2,929	PanAmSat Corp., 7.485%, 6/30/11, Term A 2,948,125
	3,448	SunGard Data Systems, Inc., 7.875%, 2/11/13 3,483,592
		6,431,717

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PIMCO Floating Rate Income Fund Schedule of Investments

January 31, 2007 (unaudited) (continued)

Principal Amount (000)		Value
Computer Software 1.9%		
\$	1,966	Infor Global Solutions, 9.12%, 8/1/12
	1,026	9.12%, 8/1/12, Term DD
	3,000	Riverdeep Interactive, 11.066%, 12/21/07
	116	Spectrum Brands Corp., Term B, 8.57%, 2/6/12
	251	8.57%, 2/7/12
	458	8.62%, 2/6/12
	2,000	Worldspan L.P., Term B, 8.57%, 12/7/13
	2,000	8.595%, 12/7/13
		10,862,954
Consumer Products 1.9%		
	1,081	Eastman Kodak Co., 7.57%, 10/18/12, Term B
	1,990	Education Management Corp., 7.875%, 5/23/13, Term B
	3,577	Jarden Corp., 7.364%, 1/24/12, Term B1
	56	National Mentor, Inc., 5.349%, 6/30/13
	1,000	7.50%, 6/30/12
	319	7.86%, 6/30/13, Term B
	620	7.87%, 6/30/13, Term B
	166	Rayovac Corp., Term B, 8.57%, 2/7/12
	200	8.59%, 2/6/12
	1,260	8.61%, 2/7/12
	321	8.63%, 2/7/12
		10,647,891
Containers & Packaging 3.9%		
	5,390	Graham Packaging Co., 7.625%, 10/7/11, Term B
	47	Graphic Packaging Corp., Term C, 7.82%, 8/9/10
	1,734	7.86%, 8/8/10
	993	7.86%, 8/9/10
	268	7.87%, 8/8/10
	284	7.87%, 8/9/10
	3,527	Horizon Lines LLC, 7.62%, 7/7/11
	904	Intertape Polymer Group, Inc., Term B, 8.043%, 7/28/11
	375	8.10%, 7/28/11
	188	8.11%, 7/28/11
	1,000	JSG Packaging, 7.735%, 11/29/13
	1,000	8.235%, 11/29/14
	742	Smurfit-Stone Container, 5.215%, 11/1/10
	572	7.625%, 11/1/10, Term C
	2,934	7.625%, 11/1/11, Term B
	1,217	7.625%, 11/1/11, Term C
	544	7.625%, 11/1/11, Term C-1
		5,441,496
		47,882
		1,755,673
		1,005,522
		271,331
		287,292
		3,546,221
		906,574
		376,172
		188,086
		1,010,284
		1,009,943
		749,939
		577,627
		2,964,322
		1,228,993
		549,900

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PIMCO Floating Rate Income Fund Schedule of Investments

January 31, 2007 (unaudited) (continued)

Principal Amount (000)		Value
Diversified Manufacturing 0.2%		
\$	479	Invensys PLC, 7.36%, 7/17/13, Term Y1
	521	7.36%, 7/17/13, Term Z1
		\$ 483,348
		524,777
		1,008,125
Drugs & Medical Products 1.5%		
	2,000	Nycomed Holdings, 6.00%, 12/29/16, Term B
	2,000	7.50%, 12/20/15, Term C
		2,602,286
		2,608,647
\$	1,217	Warner Chilcott PLC, 7.36%, 1/18/12, Term B
	1,105	7.614%, 1/18/12, Term B
	637	7.614%, 1/18/12, Term C
	580	7.617%, 1/4/12
		1,224,316
		1,111,232
		641,224
		583,703
		8,771,408
Electronics 1.2%		
	3,000	Sanmina-SCI Corp., 7.875%, 1/31/08
	4,000	Spansion, Inc., 8.375%, 10/30/12, Term B
		3,012,750
		4,022,500
		7,035,250
Energy 3.5%		
	211	Alon USA Energy, Inc., 7.57%, 6/8/13, Term DD
	207	7.57%, 6/8/13, Term 2
	11	7.62%, 6/8/13, Term DD
	673	7.62%, 6/8/13, Term 1
	889	7.681%, 6/8/13
		212,299
		207,829
		10,615
		677,121
		893,889
	780	Covanta Energy Corp., 5.303%, 6/24/12
	135	7.57%, 6/30/12
	58	7.57%, 6/30/12, Term B
	361	7.616%, 6/30/12, Term B
	1	9.50%, 6/30/12
	975	10.82%, 5/12/13, Term DHC
		785,366
		136,308
		58,543
		363,722
		1,407
		996,328
	921	Edison Midwest, Term B, 6.83%, 4/27/11
	618	6.88%, 4/27/11
	675	7.31%, 4/27/11
	3,131	Headwaters, Inc., 7.32%, 4/30/11, Term B
		924,368
		620,083
		677,272
		3,142,671
	557	NRG Energy, Inc., 7.364%, 2/1/13
	2,151	7.364%, 2/1/13, Term B
	4,000	SandRidge Energy, Inc., 9.853%, 11/30/07
		562,479
		2,172,548
		4,040,000
	290	Targa Resources, Inc., 5.239%, 10/31/11
	1,500	7.60%, 10/31/07
	629	7.61%, 10/31/12, Term B
	33	7.614%, 10/31/12, Term B
	339	7.62%, 10/31/12, Term B
	194	7.626%, 10/31/12, Term B
		292,545
		1,511,484
		633,848
		33,521
		341,303
		195,030
		19,490,579

PIMCO Floating Rate Income Fund Schedule of Investments

January 31, 2007 (unaudited) (continued)

Principal Amount (000)		Value
Entertainment 2.8%		
\$ 1,980	AMC Entertainment, Inc., 7.445%, 1/5/13	\$ 2,000,471
6,258	MGM Studios, 8.614%, 4/8/12, Term B	6,183,427
1,000	Revolution Studios LLC, 7.82%, 12/25/12, Term A	1,007,500
2,500	9.07%, 12/25/14, Term B	2,518,750
196	Warner Music Group, Inc., Term B, 7.309%, 2/28/11	