

PIMCO FLOATING RATE INCOME FUND
Form N-CSR
October 07, 2009

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, NY
(Address of principal executive offices)

10105
(Zip code)

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

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

Date of fiscal year July 31, 2009
end:

Date of reporting period: July 31, 2009

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

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

September 15, 2009

Dear Shareholder:

Please find enclosed the annual reports for PIMCO Floating Rate Income Fund and PIMCO Floating Rate Strategy Fund (collectively, the Funds) for the fiscal year ended July 31, 2009.

Corporate credit securities provided modest returns during the 12-month fiscal period as investors showed renewed enthusiasm for risk assets during the second half of the fiscal year. Early signs of improving economic conditions contributed to shifting sentiments away from low yielding U.S. Treasury securities and in favor of corporate stocks and bonds. In this environment, the Barclays Capital U.S. Aggregate Index, a broad credit market measure of government and corporate securities, posted a 7.85% return. The Barclays Capital Investment Grade Credit Index, a measure of high quality corporate bond performance, returned 8.69%. Mortgage-backed securities, as represented by the Barclays Capital Mortgage Index, returned 3.47% and the Barclays Capital U.S. High Yield Bond Index returned 4.94%. Stocks fared worse as the Standard & Poor's 500 Index, an unmanaged index that is generally representative of the U.S. stock market, declined 19.96% despite having rallied 21.18% during the last six months of the fiscal year.

During the reporting period, the Federal Reserve (the Fed) reduced the Federal Funds Rate, the key target rate on loans between member banks, from 2.00% to the record-low target level of 0.00% to 0.25%. The Fed also engaged in quantitative easing, which included purchasing significant amounts of securities from banks in order to add to the supply of cash available for lending.

On April 6, 2009, the Funds issued a press release to make explicit that each Fund's investment policies allow it to hold common stock received from conversion of other portfolio securities, such that common stocks may represent up to 20% of each Fund's total assets. The Funds may invest in preferred stock and convertible securities, and these securities may allow for conversion into common stock.

For specific information on the Funds and a review of their performance for the reporting period, please see 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 is available on our website, 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.

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We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess
Chairman

Brian S. Shlissel
President & Chief Executive Officer

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PIMCO Floating Rate Income Fund Fund Insights/Performance & Statistics

July 31, 2009 (unaudited)

- For the fiscal year ended July 31, 2009, PIMCO Floating Rate Income Fund (the Fund) declined 28.97% on net asset value (NAV) and 25.78% on market price.
- Exposure to the finance sector, with specific emphasis on banking and insurance where performance came under pressure, was among the most significant detractors from returns.
- Security selection in the telecommunication sector, where the Fund's focus has predominantly been on fixed-line companies relative to wireless providers, detracted from performance.
- Limited exposure to consumer non-cyclicals, such as food and tobacco, detracted from performance as the sector performed well during the fiscal 12-month reporting period.
- Minimal exposure to retailers, which outperformed during the reporting period despite difficult economic conditions, detracted from the Fund's return.
- An initial above-market weighting in media cable loans, which was one of the best performing sectors during the reporting period, contributed positively to performance.
- Despite heightened volatility during the reporting period, exposure to auto-related credits benefited performance.
- An emphasis on health care early in the reporting period and a paring back of exposure in early 2009 as valuations richened, benefited returns.

Total Return(1):	Market Price	NAV
1 Year	(25.78)%	(28.97)%
5 Year	(5.94)%	(4.76)%
Commencement of Operations (8/29/03) to 7/31/09	(4.01)%	(3.35)%

Market Price/NAV Performance:	Market Price/NAV:	
Commencement of Operations (8/29/03) to 7/31/09	Market Price	\$8.98
NAV	NAV	\$9.07
Market Price	Discount to NAV	(0.99)%
	Market Price Yield(2)	8.77%

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

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 Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

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

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend payable to common shareholders by the market price per common share at July 31, 2009.

PIMCO Floating Rate Strategy Fund Fund Insights/Performance & Statistics

July 31, 2009 (unaudited)

- For the fiscal year ended July 31, 2009, PIMCO Floating Rate Strategy Fund (the Fund) declined 35.35% on net asset value (NAV) and 29.85% on market price.
- Exposure to the finance sector, with specific emphasis on banking and insurance where performance came under pressure, was among the most significant detractors from returns.
- Exposure to the non-cable media sector, which underperformed significantly amid a weakening advertising market, detracted from performance.
- Security selection in the telecommunication sector, where the Fund s focus has predominantly been on fixed-line companies relative to wireless providers, detracted from performance.
- Adding exposure midway through the period to high-quality securitized holdings, such as residential mortgage-backed securities, detracted from the Fund s return.
- An initial above-market weighting in media cable loans, one of the best performing sectors during the reporting period, contributed positively to performance.
- Despite heightened volatility during the fiscal 12-month reporting period, exposure to auto-related credits benefited performance.
- Limited exposure to the gaming sector, which experienced significant pressure during the reporting period, benefited returns.

Total Return(1):	Market Price	NAV
1 Year	(29.85)%	(35.35)%
3 Year	(16.11)%	(15.49)%
Commencement of Operations (10/29/04) to 7/31/09	(9.24)%	(8.07)%

Market Price/NAV Performance:	Market Price/NAV:	
Commencement of Operations (10/29/04) to 7/31/09	Market Price	\$7.78
NAV	NAV	\$7.98
Market Price	Discount to NAV	(2.51)%
	Market Price Yield(2)	9.48%

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

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 Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

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

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend payable to common shareholders by the market price per common share at July 31, 2009.

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PIMCO Floating Rate Income Fund Schedule of Investments

July 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
CORPORATE BONDS & NOTES 66.0%			
Apparel & Textiles 0.3%			
\$900	Hanesbrands, Inc., 4.593%, 12/15/14, FRN	B2/B	\$765,000
Banking 26.1%			
1,600	American Express Bank FSB, 0.418%, 5/29/12, FRN (j)	A2/A+	1,457,365
2,100	American Express Centurion Bank, 0.446%, 6/12/12, FRN	A2/A+	1,913,279
£1,700	BAC Capital Trust VII, 5.25%, 8/10/35	Baa3/B	1,676,943
	Barclays Bank PLC (g),		
\$1,200	7.375%, 12/15/11 (a) (d)	Baa2/BBB+	877,356
1,485	7.434%, 12/15/17 (a) (d)	Baa2/BBB+	1,130,208
£4,300	14.00%, 6/15/19	Baa2/BBB+	8,910,942
\$10,000	Comerica Bank, 0.861%, 5/22/12, FRN	A1/A+	9,113,650
1,000	Den Norske Bank, 7.729%, 6/29/11 (a) (d) (g)	Aa3/BBB+	806,583
600	HBOS PLC, 6.75%, 5/21/18 (a) (d)	Baa2/A-	462,245
3,000	JPMorgan Chase Bank N.A., 0.959%, 6/13/16, FRN	Aa2/A+	2,454,075
	M&I Marshall & Ilsley Bank, FRN,		
1,600	0.778%, 6/1/11	A2/BBB	1,392,723
3,300	0.916%, 12/4/12	A3/BBB-	2,234,348
1,629	NB Capital Trust II, 7.83%, 12/15/26	Baa3/B	1,392,795
3,000	Northern Rock PLC, 1.377%, 3/13/12, FRN	A2/A	3,363,742
\$10,000	Rabobank Nederland NV, 11.00%, 6/30/19 (a) (d) (g)	Aa2/AA-	11,680,930
7,200	Regions Financial Corp., 0.774%, 6/26/12, FRN	Baa3/BBB+	5,988,377
£1,955	Royal Bank of Scotland PLC, 6.334%, 4/6/11, FRN	NR/NR	1,799,194
\$6,000	Wachovia Bank N.A., 0.959%, 3/15/16, FRN (j)	Aa3/AA-	4,992,984
4,250	Wells Fargo & Co., 7.98%, 3/15/18 (g)	Ba3/A-	3,681,677
2,550	Wells Fargo Capital XIII, 7.70%, 3/26/13 (g)	Ba3/A-	2,220,180
			67,549,596
Financial Services 28.5%			
1,200	American Express Credit Corp., 0.405%, 2/24/12, FRN (j)	A2/BBB+	1,088,287
	American General Finance Corp., FRN,		
3,900	0.879%, 12/15/11	Baa2/BB+	2,579,300
775	1.134%, 8/17/11	Baa2/BB+	483,039
2,500	Chukchansi Economic Dev. Auth.,		
	4.913%, 11/15/12, FRN (a) (b) (d)	B3/B+	1,718,750
	CIT Group, Inc.,		
6,200	0.734%, 4/27/11, FRN	Ca/CC	3,713,323
1,600	5.40%, 2/13/12	Ca/CC	878,259
100	Citigroup Capital XXI, 8.30%, 12/21/77,		
	(converts to FRN on 12/21/37)	Baa3/B+	84,250
5,000	Citigroup, Inc., 0.903%, 6/9/16, FRN	Baa1/A-	3,628,850
	Ford Motor Credit Co. LLC,		
10,250	3.26%, 1/13/12, FRN	Caa1/CCC+	8,725,312
2,200	7.25%, 10/25/11	Caa1/CCC+	2,066,962
	GMAC, Inc.,		
500	6.00%, 12/15/11	Ca/CCC	443,752
1,425	6.875%, 9/15/11	Ca/CCC	1,298,184
1,625	6.875%, 8/28/12	Ca/CCC	1,451,050
2,600	7.25%, 3/2/11	Ca/CCC	2,420,382
2,702	7.50%, 12/31/13 (a) (d)	Ca/CCC	2,323,720

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	International Lease Finance Corp.,		
600	4.15%, 1/20/15	Baa2/BBB+	551,700
650	4.75%, 1/13/12	Baa2/BBB+	464,129
1,350	4.875%, 9/1/10	Baa2/BBB+	1,155,492
650	5.125%, 11/1/10	Baa2/BBB+	543,263

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PIMCO Floating Rate Income Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Financial Services (continued)			
\$650	5.30%, 5/1/12	Baa2/BBB+	\$475,615
650	5.35%, 3/1/12	Baa2/BBB+	477,846
650	5.45%, 3/24/11	Baa2/BBB+	511,338
7,150	5.625%, 9/15/10 (j)	Baa3/AA	6,097,105
2,111	5.625%, 9/20/13	Baa2/BBB+	1,475,441
4,100	5.75%, 6/15/11	Baa2/BBB+	3,241,698
2,947	6.625%, 11/15/13	Baa2/BBB+	2,043,258
9,100	JPMorgan Chase & Co., 7.90%, 4/30/18 (g)	A2/BBB+	8,675,740
1,500	Lehman Brothers Holdings, Inc., 7.50%, 5/11/38 (e)	NR/NR	150
4,200	MBNA Capital, 1.828%, 2/1/27, FRN	Baa3/B	2,248,491
	Morgan Stanley, FRN,		
2,600	0.96%, 10/18/16	A2/A	2,253,454
3,500	0.989%, 10/15/15	A2/A	3,108,161
9,650	SLM Corp., 0.734%, 10/25/11, FRN	Baa1/BBB-	7,370,072
			73,596,373
Insurance 10.1%			
	American International Group, Inc.,		
5,900	0.62%, 10/18/11, FRN	A3/A-	4,078,074
10,000	0.671%, 9/27/10, FRN (f)	A3/A-	6,810,437
1,600	0.709%, 3/20/12, FRN	A3/NR	956,990
1,500	4.70%, 10/1/10	A3/A-	1,283,354
5,000	4.95%, 3/20/12	A3/A-	3,445,225
6,400	5.45%, 5/18/17	A3/A-	3,338,976
700	8.175%, 5/15/68, (converts to FRN on 5/15/38)	Ba2/BBB	183,750
2,200	8.25%, 8/15/18	A3/A-	1,303,373
£1,300	8.625%, 5/22/68, (converts to FRN on 5/22/18) (b)	Baa1/BBB	538,801
\$4,600	Pricoa Global Funding I, 0.734%, 6/26/12, FRN (a) (d)	A2/AA-	4,285,139
			26,224,119
Oil & Gas 0.2%			
600	SandRidge Energy, Inc., 8.00%, 6/1/18 (a) (d)	B3/B-	549,000
Paper/Paper Products 0.5%			
2,500	Verso Paper Holdings LLC, 4.778%, 8/1/14, FRN	B2/B-	1,212,500
Telecommunications 0.0%			
2,500	Hawaiian Telcom Communications, Inc., 8.49%, 5/1/13, FRN (b) (e)	WR/NR	18,750
Utilities 0.3%			
1,000	CMS Energy Corp., 1.459%, 1/15/13, FRN	Ba1/BB+	827,500
Total Corporate Bonds & Notes (cost-\$172,594,951)			170,742,838
MORTGAGE-BACKED SECURITIES 10.2%			
477	Banc of America Commercial Mortgage, Inc., 3.878%, 9/11/36, CMO	NR/AAA	481,777
700	Bear Stearns Commercial Mortgage Securities Inc., 5.70%, 6/11/50, CMO	NR/AAA	591,260
1,500	Citigroup/Deutsche Bank Commercial Mortgage Trust, 5.322%, 12/11/49, CMO	Aaa/AAA	1,194,295
1,900	Commercial Mortgage Pass Through Certificates, CMO, 5.306%, 12/10/46	Aaa/NR	1,544,777
6,550	6.010%, 12/10/49, VRN	Aaa/AAA	5,592,518

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900	Credit Suisse Mortgage Capital Certificates, 6.423%, 2/15/41, CMO, VRN	NR/AAA	708,742
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PIMCO Floating Rate Income Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
\$2,330	GS Mortgage Securities Corp. II, 5.56%, 11/10/39, CMO	Aaa/NR	\$2,167,403
4,600	JPMorgan Chase Commercial Mortgage Securities Corp., 5.44%, 6/12/47, CMO	Aaa/AAA	3,760,147
3,625	LB-UBS Commercial Mortgage Trust, 5.866%, 9/15/45, CMO, VRN	NR/AAA	2,972,856
1,182	Mellon Residential Funding Corp., 0.638%, 11/15/31, CMO, FRN	Aaa/AAA	887,335
8,069	Morgan Stanley Capital I, 6.076%, 6/11/49, CMO, VRN	NR/AAA	6,449,860
Total Mortgage-Backed Securities (cost-\$24,826,319)			26,350,970
SENIOR LOANS (a) (c) 7.4%			
Automotive Products 0.5%			
2,269	Delphi Corp. (b), 8.50%, 6/30/20		1,081,523
231	8.50%, 6/30/20, Term DD		110,144
			1,191,667
Banking 0.6%			
1,092	Aster Co., Ltd. (b), 4.013%, 9/19/13, Term B		716,916
1,132	4.013%, 9/19/14, Term C		742,643
			1,459,559
Chemicals 0.2%			
287	Brenntag AG, 3.214%, 12/23/13, Term B		387,986
Consumer Products 0.3%			
\$1,000	National Mentor, Inc., 2.901%, 6/29/12 (b)		858,333
Containers & Packaging 0.0%			
3	Graphic Packaging International Corp., 2.334%, 5/3/14		2,884
3	2.504%, 5/3/14		2,628
6	2.504%, 5/3/14, Term B		5,782
3	2.505%, 5/3/14, Term A		2,628
1	2.509%, 5/3/14		1,066
12	2.597%, 5/3/14		11,301
			26,289
Diversified Manufacturing 0.7%			
4,519	Grant Forest Products, 10.25%, 9/16/13 (b)		233,495
1,250	KION Group GmbH (b), 2.285%, 12/20/14, Term B		781,250
1,250	2.785%, 12/20/15, Term C		781,250
			1,795,995
Drugs & Medical Products 0.9%			
985	Bausch & Lomb, Inc., 4.37%, 4/11/15, Term T		1,328,845
709	Mylan Laboratories, Inc., 3.29%, 10/2/13, Term A		942,176
			2,271,021
Electronics 0.4%			
2	Sensata Technologies, Inc. (b), 2.706%, 4/21/13		2,933
985	2.892%, 4/27/13		1,136,097
			1,139,030

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PIMCO Floating Rate Income Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Entertainment 0.3%			
\$470	Revolution Studios LLC (b), 2.79%, 12/21/12, Term A		\$427,930
419	4.04%, 12/21/14, Term B		381,524
			809,454
Financial Services 0.9%			
935	Chrysler Financial Corp., 4.29%, 8/3/12, Term B		886,798
100	FCI S.A., Term B (b), 3.406%, 3/9/13		68,043
2,083	3.406%, 3/8/14		1,416,303
			2,371,144
Food & Beverage 0.4%			
108	Dole Foods Co., 0.505%, 4/12/13		108,724
23	7.25%, 4/12/13, Term C		23,217
188	8.00%, 4/12/13, Term B		190,060
679	8.00%, 4/12/13, Term C		684,964
			1,006,965
Healthcare & Hospitals 0.7%			
49	Community Health Systems, Inc., 2.535%, 7/25/14		45,718
68	2.535%, 7/25/14, Term B		63,908
884	2.924%, 7/25/14, Term B		832,249
1,000	ISTA, 5.085%, 6/15/16		891,410
			1,833,285
Multi-Media 0.6%			
AUD 2,766	Seven Media Group, Term T, 5.365%, 12/28/12		1,345,077
AUD 662	5.73%, 12/28/12		322,060
			1,667,137
Paper/Paper Products 0.0%			
\$448	Verso Paper Holdings LLC (b), 6.733%, 2/1/13		100,800
23	7.483%, 2/1/13		5,202
			106,002
Recreation 0.0%			
1	Cedar Fair L.P., 2.285%, 8/30/12		1,469
Telecommunications 0.6%			
2,556	Hawaiian Telcom Communications, Inc., 4.75%, 6/1/24, Term C (b) (e)		1,571,902
Waste Disposal 0.3%			
500	AVR-Bedrijven NV, 3.042%, 3/1/15 (b)		633,851
Total Senior Loans (cost-\$30,663,276)			19,131,089
CONVERTIBLE PREFERRED STOCK 0.9%			
<u>Shares</u>			
Banking 0.9%			
2,700	Wells Fargo & Co., 7.50%, 12/31/49, Ser. L (cost-\$1,869,885)	Ba3/A-	2,267,892

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PIMCO Floating Rate Income Fund Schedule of Investments

July 31, 2009 (continued)

Shares		Credit Rating (Moody s/S&P)*	Value
PREFERRED STOCK	0.5%		
Financial Services	0.5%		
30	Richmond Cnty. Capital Corp., 4.381%, Ser. C, FRN (a) (b) (d) (f) (cost-\$3,068,307)	NR/NR	\$1,191,803
U.S. TREASURY NOTES (h)	0.4%		
Principal Amount (000)			
\$1,119	U.S. Treasury Notes, 1.13%, 6/30/11 (cost-\$1,124,066)		1,120,402
ASSET-BACKED SECURITIES	0.1%		
	Credit Suisse First Boston Mortgage Securities Corp., FRN,		
12	0.985%, 7/25/32	Aaa/AAA	4,442
426	1.025%, 8/25/32	Aaa/AAA	157,021
Total Asset-Backed Securities (cost-\$438,358)			161,463
SHORT-TERM INVESTMENTS	14.5%		
Corporate Notes	13.9%		
Banking	1.2%		
3,300	M&I Marshall & Ilsley Bank, 0.754%, 6/16/10, FRN	A2/BBB	3,153,022
Financial Services	11.8%		
	American General Finance Corp.,		
4,800	0.706%, 3/2/10, FRN	Baa2/BB+	4,201,497
1,000	3.875%, 10/1/09	Baa2/BB+	960,563
900	4.875%, 5/15/10	Baa2/BB+	778,574
5,750	CIT Group, Inc., 0.759%, 3/12/10, FRN	Ca/CC	3,370,937
1,625	Ford Motor Credit Co. LLC, 7.375%, 10/28/09	Caa1/CCC+	1,622,117
1,625	GMAC, Inc., 7.75%, 1/19/10	Ca/CCC	1,606,394
	International Lease Finance Corp.,		
2,000	0.881%, 5/24/10, FRN	Baa2/BBB+	1,741,740
4,300	0.909%, 1/15/10, FRN	Baa2/BBB+	4,105,881
900	4.55%, 10/15/09	Baa2/BBB+	882,875
4,450	5.00%, 4/15/10	Baa2/BBB+	4,002,922
3,600	SLM Corp., 0.37%, 3/15/10, FRN	Ba1/BBB-	3,295,206
	Universal City Florida Holding Co.,		
3,500	5.778%, 5/1/10, FRN	Caa2/B-	3,062,500
1,000	8.375%, 5/1/10	Caa2/B-	890,000
			30,521,206
Insurance	0.9%		
700	AIG Matched Funding Corp., 0.32%, 9/8/09, FRN (a) (d) Residential Reinsurance Ltd., FRN (a) (b) (d),	A3/A-	613,375
1,300	7.918%, 6/7/10	NR/BB	1,249,950

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500	8.418%, 6/7/10	NR/BB-	477,650
			2,340,975
Total Corporate Notes (cost-\$38,032,103)			36,015,203
U.S. Treasury Bill (h)	0.1%		
150	0.15%, 8/20/09 (cost-\$149,988)		149,988

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PIMCO Floating Rate Income Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Value
Repurchase Agreement 0.5%		
\$1,366	State Street Bank & Trust Co., dated 7/31/09, 0.01%, due 8/3/09, proceeds \$1,366,001; collateralized by U.S. Treasury Bills, 0.09%, due 9/10/09, valued at \$1,394,861 including accrued interest (cost-\$1,366,000)	\$1,366,000
Total Short-Term Investments (cost-\$39,548,091)		37,531,191
Total Investments (cost-\$274,133,253) 100.0%		\$258,497,648

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PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
CORPORATE BONDS & NOTES 62.0%			
Banking 24.1%			
\$3,400	American Express Bank FSB, 0.418%, 5/29/12, FRN	A2/A+	\$3,096,900
£2,100	BAC Capital Trust VII, 5.25%, 8/10/35	Baa3/B	2,071,518
\$2,600	Barclays Bank PLC (g), 7.375%, 12/15/11 (a) (d)	Baa2/BBB+	1,900,938
3,000	7.434%, 12/15/17 (a) (d)	Baa2/BBB+	2,283,249
£8,600	14.00%, 6/15/19	Baa2/BBB+	17,821,884
\$20,000	Comerica Bank, 0.861%, 5/22/12, FRN	A1/A+	18,227,300
2,000	Den Norske Bank, 7.729%, 6/29/11 (a) (d) (g)	Aa3/BBB+	1,613,166
1,400	HBOS PLC, 6.75%, 5/21/18 (a) (d)	Baa2/A-	1,078,573
4,900	Keycorp, 1.444%, 11/22/10, FRN	Baa1/BBB+	6,293,264
	M&I Marshall & Ilsley Bank, FRN,		
\$3,400	0.778%, 6/1/11	A2/BBB	2,959,537
6,700	0.916%, 12/4/12	A3/BBB-	4,536,402
3,500	NB Capital Trust II, 7.83%, 12/15/26	Baa3/B	2,992,500
15,000	Rabobank Nederland NV, 11.00%, 6/30/19 (a) (d) (g)	Aa2/AA-	17,521,395
14,900	Regions Financial Corp., 0.774%, 6/26/12, FRN	Baa3/BBB+	12,392,613
£3,911	Royal Bank of Scotland PLC, 6.334%, 4/6/11, FRN	NR/NR	3,598,388
\$13,000	Wachovia Bank N.A., 0.959%, 3/15/16, FRN	Aa3/AA-	10,818,132
6,750	Wells Fargo & Co., 7.98%, 3/15/18 (g)	Ba3/A-	5,847,370
9,900	Wells Fargo Capital XIII, 7.70%, 3/26/13 (g)	Ba3/A-	8,619,524
			123,672,653
Financial Services 28.5%			
1,600	AIG SunAmerica Global Financing VI, 6.30%, 5/10/11 (a) (d)	A1/A+	1,533,688
2,570	American Express Credit Corp., 0.405%, 2/24/12, FRN	A2/BBB+	2,330,748
	American General Finance Corp., FRN,		
8,450	0.879%, 12/15/11	Baa2/BB+	5,588,484
1,625	1.134%, 8/17/11	Baa2/BB+	1,012,824
3,500	Chukchansi Economic Dev. Auth., 4.913%, 11/15/12, FRN (a) (b) (d)	B3/B+	2,406,250
1,350	CIT Group Funding Co. of Canada, 5.60%, 11/2/11	Ca/CC	944,996
	CIT Group, Inc.,		
13,000	0.734%, 4/27/11, FRN (j)	Ca/CC	7,785,999
350	4.75%, 12/15/10	Ca/CC	196,672
1,000	5.40%, 2/13/12	Ca/CC	548,912
1,350	5.60%, 4/27/11	Ca/CC	760,716
200	Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37)	Baa3/B+	168,500
	Citigroup, Inc.,		
15,000	0.903%, 6/9/16, FRN	Baa1/A-	10,886,550
100	6.50%, 8/19/13	A3/A	102,060
	Ford Motor Credit Co. LLC,		
8,400	3.26%, 1/13/12, FRN	Caal/CCC+	7,150,500

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7,000	7.25%, 10/25/11	Caa1/CCC+	6,576,696
3,300	7.80%, 6/1/12	Caa1/CCC+	3,104,030
1,400	General Electric Capital Corp., 0.768%, 10/6/15, FRN	Aa2/AA+	1,165,469
4,800	Genworth Global Funding Trusts, 1.023%, 5/15/12, FRN	A2/A	4,050,038
	GMAC, Inc.,		
3,000	2.868%, 12/1/14, FRN	Ca/CCC	2,103,750
5,500	6.00%, 12/15/11	Ca/CCC	4,881,278
3,000	6.75%, 12/1/14	Ca/CCC	2,532,744
3,575	6.875%, 9/15/11	Ca/CCC	3,256,846
3,375	6.875%, 8/28/12	Ca/CCC	3,013,720

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PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Financial Services (continued)			
	International Lease Finance Corp.,		
\$1,400	4.15%, 1/20/15	Baa2/BBB+	\$1,287,300
1,350	4.75%, 1/13/12	Baa2/BBB+	963,959
2,785	4.875%, 9/1/10	Baa2/BBB+	2,383,737
1,350	5.125%, 11/1/10	Baa2/BBB+	1,128,316
1,350	5.30%, 5/1/12	Baa2/BBB+	987,817
1,350	5.35%, 3/1/12	Baa2/BBB+	992,448
1,350	5.45%, 3/24/11	Baa2/BBB+	1,062,010
17,560	5.625%, 9/15/10	Baa3/AA	14,974,150
4,950	5.625%, 9/20/13	Baa2/BBB+	3,459,704
5,950	6.625%, 11/15/13	Baa2/BBB+	4,125,343
15,900	JPMorgan Chase & Co., 7.90%, 4/30/18 (g)	A2/BBB+	15,158,710
2,500	Lehman Brothers Holdings, Inc., 7.50%, 5/11/38 (e)	NR/NR	250
7,450	Morgan Stanley, 0.989%, 10/15/15, FRN	A2/A	6,615,943
	SLM Corp., FRN,		
19,350	0.734%, 10/25/11	Ba1/BBB-	14,778,330
10,000	1.413%, 9/15/15	Ba1/BBB-	6,569,000
			146,588,487
Insurance 8.7%			
5,000	AIG Life Holdings U.S., Inc., 7.50%, 8/11/10	A3/A-	4,854,260
	American International Group, Inc.,		
12,600	0.62%, 10/18/11, FRN	A3/A-	8,709,107
10,000	0.671%, 9/27/10, FRN (f)	A3/A-	6,810,437
3,400	0.709%, 3/20/12, FRN	A3/A-	2,033,605
2,500	4.70%, 10/1/10	A3/A-	2,138,922
3,200	4.95%, 3/20/12	A3/A-	2,204,944
13,600	5.45%, 5/18/17	A3/A-	7,095,324
1,450	8.175%, 5/15/68, (converts to FRN on 5/15/38)	Ba2/BBB	380,625
£2,400	8.625%, 5/22/68, (converts to FRN on 5/22/18) (b)	Baa1/BBB	994,710
\$10,000	Pricoa Global Funding I, 0.734%, 6/26/12, FRN	A2/AA-	9,315,520
	(a) (d)		
			44,537,454
Paper/Paper Products 0.7%			
7,500	Verso Paper Holdings LLC, 4.778%, 8/1/14, FRN	B2/B-	3,637,500
Telecommunications 0.0%			
8,750	Hawaiian Telcom Communications, Inc.,		
	8.49%, 5/1/13, FRN (b) (e)	WR/NR	65,625
Total Corporate Bonds & Notes (cost-\$329,354,370)			318,501,719
SENIOR LOANS (a) (c) 9.7%			
Automotive 0.1%			
	Ford Motor Corp., Term B,		
51	3.29%, 12/16/13		43,622
734	3.51%, 12/16/13		627,023
			670,645
Automotive Products 0.8%			
7,261	Delphi Corp. (b),		
	8.50%, 6/30/20		3,460,873

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739	8.50%, 6/30/20, Term DD	352,463
311	9.25%, 9/30/09	311,246
		4,124,582

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PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Value
Banking 1.1%		
1,800	Aster Co., Ltd. (b), 3.945%, 9/19/13, Term B	\$1,735,326
\$2,137	4.013%, 9/19/13, Term B	1,402,661
1,500	4.013%, 9/19/14, Term B	984,375
2,214	4.013%, 9/19/14, Term C	1,452,995
		5,575,357
Chemicals 0.4%		
287	Brenntag AG, 3.214%, 12/23/13, Term B	387,986
1,457	MacDermid, Inc., 2.754%, 4/12/14 (b)	1,497,092
		1,885,078
Consumer Products 0.5%		
\$3,000	National Mentor, Inc., 2.901%, 6/29/12 (b)	2,574,999
Containers & Packaging 0.0%		
3	Graphic Packaging International Corp., 2.334%, 5/3/14	2,884
3	2.504%, 5/3/14	2,628
6	2.504%, 5/3/14, Term B	5,782
3	2.505%, 5/3/14, Term A	2,628
1	2.509%, 5/3/14	1,066
12	2.597%, 5/3/14	11,301
		26,289
Diversified Manufacturing 0.9%		
9,684	Grant Forest Products, 10.25%, 9/16/13 (b)	500,346
3,000	KION Group GmbH (b), 2.285%, 12/20/14, Term B	1,875,000
3,000	2.785%, 12/20/15, Term C	1,875,000
1,016	Linpac Mouldings Ltd. (b), 2.76%, 4/16/12, Term B	248,847
1,277	3.26%, 4/16/12, Term C	312,901
		4,812,094
Electronics 0.2%		
3	Sensata Technologies, Inc., (b) 2.706%, 4/21/13	2,933
985	2.892%, 4/27/13	1,136,097
		1,139,030
Financial Services 1.7%		
\$1,819	Chrysler Financial Corp., 4.29%, 8/3/12, Term B	1,724,126
173	FCI S.A., Term B (b), 3.406%, 3/9/13	117,529
3,598	3.406%, 3/8/14	2,446,341
2,000	One (b), 3.292%, 2/4/16, Term B	2,268,400
2,000	3.792%, 2/4/17, Term C	2,268,400
		8,824,796
Food & Beverage 0.2%		
\$108	Dole Foods Co., 0.505%, 4/12/13	108,724
23	7.25%, 4/12/13, Term C	23,217
188	8.00%, 4/12/13, Term B	190,060

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679

8.00%, 4/12/13, Term C

684,964
1,006,965

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PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Healthcare & Hospitals 0.5%			
	3,000	ISTA, 5.085%, 6/15/16	\$2,674,231
Manufacturing 0.5%			
	\$2,028	Bombardier, Inc., Term B (b), 3.33%, 6/26/13	1,449,886
	1,586	4.11%, 6/26/13	1,134,070
			2,583,956
Multi-Media 1.4%			
	4,328	Insight Communications, 6.25%, 4/23/15, Term B (b)	2,683,293
	AUD 7,150	Seven Media Group, Term T, 5.365%, 12/28/12	3,477,328
	AUD 1,712	5.73%, 12/28/12	832,599
			6,993,220
Printing/Publishing 0.7%			
	\$4,151	Tribune Co. (b) (e), 5.00%, 6/4/24, Term X	1,698,509
	4,975	5.25%, 6/4/24, Term B	1,919,212
			3,617,721
Recreation 0.0%			
	3	Cedar Fair L.P., 2.285%, 8/30/12	3,427
Telecommunications 0.7%			
	5,675	Hawaiian Telcom Communications, Inc., 4.75%, 6/1/24, Term C (b) (e)	3,490,183
Total Senior Loans (cost-\$85,980,073)			50,002,573
MORTGAGE-BACKED SECURITIES 7.3%			
	1,450	Bear Stearns Commercial Mortgage Securities Inc., 5.70%, 6/11/50, CMO	NR/AAA 1,224,754
	8,226	Citigroup Commercial Mortgage Trust, 5.699%, 12/10/49, CMO, VRN	Aaa/AAA 7,048,318
	2,900	Citigroup/Deutsche Bank Commercial Mortgage Trust, 5.322%, 12/11/49, CMO	Aaa/AAA 2,308,971
	4,000	Commercial Mortgage Pass Through Certificates, CMO, 5.306%, 12/10/46	Aaa/NR 3,252,161
	11,900	6.010%, 12/10/49, VRN	Aaa/AAA 10,160,453
	1,900	Credit Suisse Mortgage Capital Certificates, 6.423%, 2/15/41, CMO, VRN	NR/AAA 1,496,233
	4,865	GS Mortgage Securities Corp. II, 5.56%, 11/10/39, CMO	Aaa/NR 4,525,501
	3,155	JPMorgan Chase Commercial Mortgage Securities Corp., 5.44%, 6/12/47, CMO	Aaa/AAA 2,578,970
	3,360	Morgan Stanley Capital I, CMO, VRN, 5.447%, 2/12/44	Aaa/AAA 2,740,151
	2,800	6.076%, 6/11/49	NR/AAA 2,238,147
Total Mortgage-Backed Securities (cost-\$33,455,609)			37,573,659

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PREFERRED STOCK 1.9%

Shares

Automotive Products 0.0%

20,275

Dura Automotive Systems, Inc., 20.00%,
12/31/49 (b) (f) (i)

NR/NR

10,137

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PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009 (continued)

Shares			Credit Rating (Moody s/S&P)*	Value
Insurance 1.9%				
	21,655	ABN AMRO North America Capital Funding Trust I, 6.968%, 9/15/10, (converts to FRN on 9/15/10) (a) (d)	B3/B	\$9,555,269
Total Preferred Stock (cost-\$11,257,512)				9,565,406
U.S. TREASURY NOTES 0.7%				
Principal Amount (000)				
	\$3,697	U.S. Treasury Notes, 1.13%, 6/30/11 (cost-\$3,713,737)		3,701,632
CONVERTIBLE PREFERRED STOCK 0.5%				
Shares				
Banking 0.5%				
	3,000	Wells Fargo & Co., 7.50%, 12/31/49, Ser. L (cost-\$2,077,650)	Ba3/A-	2,519,880
ASSET-BACKED SECURITIES 0.1%				
Principal Amount (000)				
	\$410	CIT Group Home Equity Loan Trust, 0.555%, 6/25/33, FRN (cost-\$410,727)	Aaa/AAA	251,361
COMMON STOCK 0.0%				
Shares				
Automotive Products 0.0%				
	81,383	Dura Automotive Systems, Inc. (b) (f) (i) (cost-\$1,317,433)		81,383
SHORT-TERM INVESTMENTS 17.8%				
Principal Amount (000)				
Corporate Notes 14.9%				
Banking 2.3%				

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\$5,000	Bank of Scotland PLC, 0.31%, 6/28/10, FRN (a) (b) (d)	Aa3/A+	4,831,740
6,700	M&I Marshall & Ilsley Bank, 0.754%, 6/16/10, FRN	A2/BBB	6,401,589
700	UBS AG, 2.158%, 7/1/10	NR/NR	699,994
			11,933,323
Financial Services 11.6%			
14,200	American General Finance Corp., 0.706%, 3/2/10, FRN	Baa2/BB+	12,429,430
2,000	3.875%, 10/1/09	Baa2/BB+	1,921,126
12,250	CIT Group, Inc., 0.759%, 3/12/10, FRN	Ca/CC	7,181,563
8,755	Ford Motor Credit Co. LLC, 7.375%, 10/28/09	Caa1/CCC+	8,739,469
	International Lease Finance Corp.,		
3,000	0.881%, 5/24/10, FRN	Baa2/BBB+	2,612,610
9,900	0.909%, 1/15/10, FRN	Baa2/BBB+	9,453,074
1,932	4.55%, 10/15/09	Baa2/BBB+	1,895,238
5,550	5.00%, 4/15/10	Baa2/BBB+	4,992,408

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PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Financial Services (continued)			
\$1,400	SLM Corp., 0.37%, 3/15/10, FRN	Ba1/BBB-	\$1,281,469
9,000	Universal City Florida Holding Co., 5.778%, 5/1/10, FRN	Caa2/B-	7,875,000
1,000	8.375%, 5/1/10	Caa2/B-	890,000
			59,271,387
Insurance 1.0%			
1,381	AIG Matched Funding Corp., 0.32%, 9/8/09, FRN (a) (d)	A3/A-	1,210,101
3,000	Residential Reinsurance Ltd., FRN (a) (b) (d), 7.918%, 6/7/10	NR/BB	2,884,500
1,200	8.418%, 6/7/10	NR/BB-	1,146,360
			5,240,961
Total Corporate Notes (cost-\$80,458,669)			76,445,671
U.S. Treasury Bills (h) 1.1%			
5,567	0.13%-0.15%, 8/6/09-8/13/09 (cost-\$5,566,738)		5,566,739
Repurchase Agreements 1.8%			
9,000	JPMorgan Securities, Inc., dated 7/31/09, 0.21%, due 8/3/09, proceeds \$9,000,158; collateralized by Fannie Mae, 7.125%, due 06/15/10, valued at \$9,186,486 including accrued interest		9,000,000
489	State Street Bank & Trust Co., dated 7/31/09, 0.01%, due 8/3/09, proceeds \$489,000; collateralized by U.S. Treasury Bills, 0.09%, due 9/10/09, valued at \$499,950 including accrued interest		489,000
Total Repurchase Agreements (cost-\$9,489,000)			9,489,000
Total Short-Term Investments (cost-\$95,514,407)			91,501,410
Total Investments (cost-\$563,081,518) 100.0%			\$513,699,023

PIMCO Floating Rate Strategy Fund Schedule of Investments

July 31, 2009 (continued)

Notes to Schedule of Investments:		
*	Unaudited	
(a)	Private Placement Restricted as to resale and may not have a readily available market. Securities with an aggregate value of \$46,497,798 and \$107,283,322, representing 18.0% and 20.9% of total investments in Floating Rate Income and Floating Rate Strategy, respectively.	
(b)	Illiquid security.	
(c)	These securities generally pay interest at rates which are periodically pre-determined by reference to a base lending rate plus a premium. These base lending rates are generally either the lending rate offered by one or more major European banks, such as the LIBOR or the prime rate offered by one or more major United States banks, or the certificate of deposit rate. These securities are generally considered to be restricted as the 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 July 31, 2009.	
(d)	144A Security Exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.	
(e)	In default.	
(f)	Fair-Valued Securities with an aggregate value of \$8,002,240 and \$6,901,957, representing 3.1% and 1.3% of total investments in Floating Rate Income and Floating Rate Strategy, respectively. See Note 1(a) in the Notes to Financial Statements.	
(g)	Perpetual maturity security. Maturity date shown is the first call date. Interest rate is fixed until the first call date and variable thereafter.	
(h)	All or partial amount segregated as collateral for swaps.	
(i)	Non-income producing.	
(j)	All or partial amount segregated as collateral for reverse repurchase agreements.	
Glossary:		
AUD	-	Australian Dollar
£	-	British Pound
CMO	-	Collateralized Mortgage Obligation
	-	Euro
FRN	-	Floating Rate Note. The interest rate disclosed reflects the rate in effect on July 31, 2009.
LIBOR	-	London Inter-Bank Offered Rate
NR	-	Not Rated
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 July 31, 2009.
WR	-	Withdrawn Rating

PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds**Statements of Assets and Liabilities**

July 31, 2009

	Floating Rate Income	Floating Rate Strategy
Assets:		
Investments, at value (cost \$274,133,253 and \$563,081,518, respectively)	\$258,497,648	\$513,699,023
Cash (including foreign currency of \$300,225 and \$544,780 with a cost of \$289,091 and \$554,483, respectively)	337,677	565,776
Receivable for investments sold	5,963,526	13,439,822
Unrealized appreciation of swaps	2,737,638	5,770,882
Interest receivable	2,685,455	5,503,581
Unrealized appreciation of forward foreign currency contracts	28,826	325,980
Receivable for terminated swaps	692	789
Premium for swaps purchased		17,500
Receivable from broker		94,272
Prepaid expenses	16,337	28,349
Total Assets	270,267,799	539,445,974
Liabilities:		
Payable for reverse repurchase agreements	12,104,750	442,000
Payable for investments purchased	7,856,876	24,125,251
Premium for swaps sold	2,053,750	4,145,250
Dividends payable to common and preferred shareholders	1,208,625	2,656,408
Unrealized depreciation of swaps	1,131,457	2,743,228
Unrealized depreciation of forward foreign currency contracts	236,520	854,611
Unrealized depreciation of unfunded loan commitments	179,166	358,332
Investment management fees payable	152,876	312,005
Payable to broker	138,890	
Interest payable	1,590	32
Payable to broker for collateral		570,000
Accrued expenses	246,614	289,593
Total Liabilities	25,311,114	36,496,710
Preferred shares (\$0.00001 par value and \$25,000 liquidation preference per share applicable to an aggregate of 3,159 and 6,440 shares issued and outstanding, respectively)	78,975,000	161,000,000
Net Assets Applicable to Common Shareholders	\$165,981,685	\$341,949,264
Composition of Net Assets Applicable to Common Shareholders:		
Common Stock:		
Par value (\$0.00001 per share)	\$183	\$429
Paid-in-capital in excess of par	350,123,066	808,275,004
Undistributed net investment income	18,110,199	31,899,814
Accumulated net realized loss	(188,131,915)	(451,000,333)
Net unrealized depreciation of investments, swaps, unfunded loan commitments and foreign currency transactions	(14,119,848)	(47,225,650)
Net Assets Applicable to Common Shareholders	\$165,981,685	\$341,949,264
Common Shares Issued and Outstanding	18,307,756	42,875,265
Net Asset Value Per Common Share	\$9.07	\$7.98

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PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds
Statements of Operations

Year ended July 31, 2009

	Floating Rate Income	Floating Rate Strategy
Investment Income:		
Interest	\$30,982,955	\$66,978,160
Dividends	474,202	508,034
Facility and other fee income	373,633	1,107,574
Total Investment Income	31,830,790	68,593,768
Expenses:		
Investment management fees	2,323,031	5,018,086
Auction agent fees and commissions	322,490	701,918
Excise tax expense	261,531	53,014
Custodian and accounting agent fees	219,821	304,730
Interest expense	175,780	410,191
Audit and tax services	158,809	159,212
Shareholder communications	90,046	161,004
Legal fees	75,556	150,091
Trustees fees and expenses	40,750	81,248
Transfer agent fees	31,639	32,806
New York Stock Exchange listing fees	21,545	35,084
Insurance expense	10,375	21,989
Miscellaneous	19,626	22,839
Total expenses	3,750,999	7,152,212
Less: custody credits earned on cash balances	(1,310)	(1,936)
Net expenses	3,749,689	7,150,276
Net Investment Income	28,081,101	61,443,492
Realized and Change in Unrealized Gain (Loss):		
Net realized gain (loss) on:		
Investments	(128,645,012)	(308,481,570)
Swaps	(11,502,339)	(38,618,695)
Foreign currency transactions	15,081,271	36,936,652
Net change in unrealized appreciation/depreciation of:		
Investments	15,943,929	25,933,153
Swaps	4,022,954	14,850,253
Unfunded loan commitments	(192,023)	(371,840)
Foreign currency transactions	(994,680)	(3,670,031)
Net realized and change in unrealized loss on investments, swaps, unfunded loan commitments and foreign currency transactions	(106,285,900)	(273,422,078)
Net Decrease in Net Assets Resulting from Investment Operations	(78,204,799)	(211,978,586)
Dividends on Preferred Shares from Net Investment Income	(3,784,254)	(8,434,704)
Net Decrease in Net Assets Applicable to Common Shareholders Resulting from Investment Operations	\$(81,989,053)	\$(220,413,290)

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PIMCO Floating Rate Income Fund
Statements of Changes in Net Assets Applicable to Common Shareholders

	Years ended July 31,	
	2009	2008
Investment Operations:		
Net investment income	\$28,081,101	\$33,021,100
Net realized loss on investments, futures contracts, swaps and foreign currency transactions	(125,066,080)	(43,985,922)
Net change in unrealized appreciation/depreciation of investments, futures contracts, swaps, unfunded loan commitments and foreign currency transactions	18,780,180	6,157,349
Net decrease in net assets resulting from investment operations	(78,204,799)	(4,807,473)
Dividends on Preferred Shares from Net Investment Income	(3,784,254)	(9,769,968)
Net decrease in net assets applicable to common shareholders resulting from investment operations	(81,989,053)	(14,577,441)
Dividends and Distributions to Common Shareholders from:		
Net investment income	(21,508,007)	(28,125,506)
Net realized gains		(5,488,695)
Total dividends and distributions to common shareholders	(21,508,007)	(33,614,201)
Capital Share Transactions:		
Reinvestment of dividends and distributions	338,301	1,042,860
Total decrease in net assets applicable to common shareholders	(103,158,759)	(47,148,782)
Net Assets Applicable to Common Shareholders:		
Beginning of year	269,140,444	316,289,226
End of year (including undistributed (dividends in excess of) net investment income of \$18,110,199 and \$(2,332,637), respectively)	\$165,981,685	\$269,140,444
Common shares issued in Reinvestment of Dividends and Distributions	41,974	64,327

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PIMCO Floating Rate Strategy Fund**Statements of Changes in Net Assets Applicable to Common Shareholders** (continued)

	Years ended July 31,	
	2009	2008
Investment Operations:		
Net investment income	\$61,443,492	\$77,230,711
Net realized loss on investments, futures contracts, swaps and foreign currency transactions	(310,163,613)	(85,992,800)
Net change in unrealized appreciation/depreciation of investments, futures contracts, swaps, unfunded loan commitments and foreign currency transactions	36,741,535	(14,749,233)
Net decrease in net assets resulting from investment operations	(211,978,586)	(23,511,322)
Dividends on Preferred Shares from Net Investment Income		
Net decrease in net assets applicable to common shareholders resulting from investment operations	(8,434,704)	(22,369,957)
	(220,413,290)	(45,881,279)
Dividends and Distributions to Common Shareholders from:		
Net investment income	(43,472,525)	(64,200,011)
Return of capital		(611,854)
Total dividends and distributions to common shareholders	(43,472,525)	(64,811,865)
Capital Share Transactions:		
Reinvestment of dividends and distributions	1,203,410	3,172,658
Total decrease in net assets applicable to common shareholders	(262,682,405)	(107,520,486)
Net Assets Applicable to Common Shareholders:		
Beginning of year	604,631,669	712,152,155
End of year (including undistributed (dividends in excess of) net investment income of \$31,899,814 and \$(20,683,385), respectively)	\$341,949,264	\$604,631,669
Common shares issued in Reinvestment of Dividends and Distributions		
	176,606	201,511

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PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds

Statements of Cash Flows

Year ended July 31, 2009

	Floating Rate Income	Floating Rate Strategy
Decrease in Cash from:		
Cash Flows used for Operating Activities:		
Net decrease in net assets resulting from investment operations	\$(78,204,799)	\$(211,978,586)
 Adjustments to Reconcile Net Decrease in Net Assets Resulting from Investments Operations to Net Cash provided by Operating Activities:		
Purchases of long-term investments	(279,431,940)	(584,186,579)
Proceeds from sales of long-term investments	381,752,000	858,993,933
Sale of short-term portfolio investments, net	28,337,321	50,242,646
Net change in unrealized appreciation/depreciation of investments, swaps, unfunded loan commitments and foreign currency transactions	(18,780,180)	(36,741,535)
Net realized loss on investments, swaps and foreign currency transactions	125,066,080	310,163,613
Net amortization on investments	(10,382,116)	(22,065,563)
Decrease in receivable for investments sold	2,511,764	2,161,185
Decrease in interest receivable	997,107	3,191,367
Increase in receivable from broker		(94,272)
Increase in payable to broker	138,890	570,000
(Increase) decrease in prepaid expense and other assets	(2,335)	9,866
Decrease in payable for investments purchased	(17,961,951)	(4,581,296)
Increase in interest payable	1,590	32
Periodic and termination payments of swaps, net	(10,692,770)	(39,779,340)
Proceeds from currency transactions	15,462,657	37,096,165
Decrease in investment management fees payable	(152,777)	(380,672)
Increase (decrease) in accrued expenses and other liabilities	12,577	(8,794)
Net cash provided by operating activities*	138,671,118	362,612,170
 Cash Flows used for Financing Activities:		
Increase in reverse repurchase agreements	12,104,750	442,000
Cash dividends paid (excluding reinvestment of dividends of \$338,301 and \$1,203,410, respectively)	(25,666,144)	(52,358,764)
Redemption of preferred shares	(131,025,000)	(319,000,000)
Net cash used for financing activities	(144,586,394)	(370,916,764)
Net decrease in cash	(5,915,276)	(8,304,594)
Cash at beginning of year	6,252,953	8,870,370
Cash at end of year	\$337,677	\$565,776

* Included in operating expenses is cash paid by Floating Rate Income and Floating Rate Strategy for interest primarily on reverse repurchase agreements of \$174,190 and \$410,159, respectively.

**PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds
Notes to Financial Statements**

July 31, 2009

1. Organization and Significant Accounting Policies

PIMCO Floating Rate Income Fund (Floating Rate Income) and PIMCO Floating Rate Strategy Fund (Floating Rate Strategy), (collectively referred to as the Funds), were organized as Massachusetts business trusts on June 19, 2003 and June 30, 2004, respectively. Prior to commencing operations on August 29, 2003 and October 29, 2004, respectively, Floating Rate Income and Floating Rate Strategy had no operations other than matters relating to their organization and registration as diversified, closed-end management investment companies registered under the Investment Company Act of 1940 and the rules and regulations there under, as amended. Allianz Global Investors Fund Management LLC (the Investment Manager), serves as the 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. Each Fund has an unlimited amount of \$0.00001 par value per share of common stock authorized.

Each Fund s investment objective is to seek high current income, consistent with the preservation of capital. Under normal market conditions, each Fund seeks to achieve its investment objective by investing at least 80% of its net assets (plus any borrowings for investment purposes) in a diversified portfolio of floating rate debt instruments, a substantial portion of which will be senior floating rate loans. The ability of the issuers of the Funds investments to meet their obligations may be affected by economic developments in a specific industry.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from 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. However, the Funds expect the risk of any loss to be remote.

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

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securities which may be valued with reference to securities whose prices are more readily available. The Funds' investments, including over-the-counter options, are valued on the last business day of each week using prices supplied by an independent pricing service or dealer quotations, or by using the last sale price on the exchange that is the primary market for such securities, or the last quoted mean price for those securities for which the over-the-counter market is the primary market or for listed securities in which there were no sales. Independent pricing services use information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Exchange-traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Short-term securities maturing in 60 days or less are valued at amortized cost, if their original term to maturity was 60 days or less, or by amortizing their value on the 61st day prior to maturity, if the original term to maturity exceeded 60 days. Investments initially valued in currencies other than 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 and the NAV may change on days when an investor is not able to purchase or sell shares.

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 financial statements of the Funds. Each Fund's NAV is normally determined weekly, generally on the last business day of the week that the NYSE is open for trading as of the close of regular trading (normally, 4:00 p.m. Eastern time).

**PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds
Notes to Financial Statements**

July 31, 2009

1. Organization and Significant Accounting Policies (continued)

(b) Fair Value Measurements

The Funds have adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157). FAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of the fair value measurements. Under FAS 157, 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 under FAS 157 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)

The Funds have adopted FASB Staff Position No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability have Significantly Decreased and Identifying Transactions that are not Orderly (FAS 157-4). FAS 157-4 provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or liability, when a transaction is not orderly, and how that information must be incorporated into a fair value measurement. FAS 157-4 emphasizes that even if there has been a significant decrease in the volume and level of activity for an asset or liability and regardless of the valuation techniques used, the objective of a fair value measurement remains the same.

An investment asset s or liability s level within the fair value hierarchy is based on the lowest level input, individually or in the aggregate, that is significant to fair value measurement.

The valuation techniques used by the Funds to measure fair value during the fiscal year ended July 31, 2009 maximized the use of observable inputs and minimized the use of unobservable inputs. The Funds utilized multi-dimensional relational pricing model and option adjusted spread pricing as fair value techniques on Level 3 investments.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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A summary of the inputs used at July 31, 2009 in valuing each Fund's assets and liabilities is listed below by investment types.

PIMCO Floating Rate Income Fund:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 7/31/2009
Investments in Securities Assets				
Corporate Bonds & Notes		\$163,932,401	\$6,810,437	\$170,742,838
Mortgaged-Backed Securities		26,350,970		26,350,970
Senior Loans		19,131,089		19,131,089
Convertible Preferred Stock	\$2,267,892			2,267,892
Preferred Stock			1,191,803	1,191,803
U.S. Treasury Notes		1,120,402		1,120,402
Asset-Backed Securities		161,463		161,463
Short-Term Investments		35,803,591	1,727,600	37,531,191
Total Investments in Securities Assets	\$2,267,892	\$246,499,916	\$9,729,840	\$258,497,648
Investments in Securities Liabilities				
Other Financial Instruments*		\$1,328,752	\$69,735	\$1,398,487
Total Investments in Securities	\$2,267,892	\$247,828,668	\$9,799,575	\$259,896,135

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**PIMCO Floating Rate Income/PIMCO Floating Rate Strategy Funds
Notes to Financial Statements**

July 31, 2009

1. Organization and Significant Accounting Policies (continued)

PIMCO Floating Rate Strategy Fund:

	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs	Value at 7/31/2009
Investments in Securities Assets:				
Corporate Bonds & Notes		\$311,691,282	\$6,810,437	\$318,501,719
Senior Loans		50,002,573		50,002,573
Mortgaged-Backed Securities		37,573,659		37,573,659
Preferred Stock	\$9,555,269		10,137	9,565,406
U.S. Treasury Notes		3,701,632		3,701,632
Convertible Preferred Stock	2,519,880			2,519,880
Asset-Backed Securities		251,361		251,361
Common Stock			81,383	81,383
Short-Term Investments		87,470,550	4,030,860	91,501,410
Total Investments in Securities Assets	\$12,075,149	\$490,691,057	\$10,932,817	\$513,699,023
Investments in Securities Liabilities:				
Other Financial Instruments*		\$2,450,307	\$48,716	\$2,499,023
Total Investments in Securities Liabilities	\$12,075,149	\$493,141,364	\$10,981,533	\$516,198,046

A roll forward of fair value measurements using significant unobservable inputs (Level 3) at July 31, 2009, were as follows:

PIMCO Floating Rate Income Fund:

	Beginning Balance 7/31/2008	Net Purchases, (Sales) and Settlements	Accrued Discounts	Total Realized Loss	Total Change in Unrealized Gain/Loss	Transfers in and/or out of Level 3	Ending Balance 7/31/2009
Investments in Securities Assets:							
Corporate Bonds & Notes	\$4,277,164	\$5,934,069	\$367,360	\$(15,424)	\$(1,953,538)	\$(1,799,194)	\$6,810,437