

PIMCO CORPORATE INCOME FUND  
Form N-CSR  
January 05, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

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

Investment Company Act file number 811-10555

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

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

10105  
(Zip code)

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

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

Date of fiscal year end: October 31, 2009

Date of reporting period: October 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 Corporate Income Fund Letter to Shareholders**

December 15, 2009

Dear Shareholder:

Please find enclosed the annual report for PIMCO Corporate Income Fund (the Fund) for the fiscal year ended October 31, 2009.

The U.S. bond market provided positive returns during the fiscal year amid subdued inflationary pressures and adequate, government-supplied liquidity and signs of positive economic growth in the third calendar quarter of 2009. In this environment, investors showed new enthusiasm for riskier assets, causing corporate bonds and stocks to significantly outperform U.S. Treasury and agency issues. The unmanaged Barclays Capital U.S. Credit Index returned 27.58% and the unmanaged Barclays Capital High Yield Index returned 55.21% during the fiscal 12-month period ended October 31, 2009, outperforming the unmanaged Barclays Capital Government Bond Index, which returned 7.05%. The broad bond market, as represented by the unmanaged Barclays Capital U.S. Aggregate Index, returned 13.79%. After nearly a year and a half of sustained declines, U.S. stocks, as represented by the Standard & Poor's 500 Index, changed course in March 2009 and rallied through October 31, 2009 to deliver a positive 9.80% return.

The Federal Reserve (the Fed) and U.S. Treasury Department moved aggressively during the fiscal year to inject liquidity into the banking system. The Fed held the Federal Funds rate to a historic low target of 0% - 0.25% from December 2008 through the end of the 12-month reporting period. In addition, the central bank continued to pursue a policy of quantitative easing, purchasing securities from banks in order to add to the supply of cash available for lending. In a press release issued at the beginning of November 2009, the Fed indicated it expected to continue purchasing securities from banks into the first quarter of 2010.

Effective December 15, 2009, Mr. William H. Gross assumed primary responsibility for the day-to-day portfolio management of the Fund. Mr. Gross founded Pacific Investment Management Company LLC (PIMCO) more than 38 years ago and is a managing director and co-Chief Investment Officer of the company. He has 40 years of investment experience and holds an MBA from the Anderson School of Management at the University of California, Los Angeles. He received his undergraduate degree from Duke University.

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

Together with Allianz Global Investors Fund Management LLC, the Fund's investment manager, and Pacific Investment Management Company LLC (PIMCO), the Fund's 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*

10.31.09 | PIMCO Corporate Income Fund Annual Report **1**

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

October 31, 2009 (unaudited)

- For the fiscal year ended October 31, 2009, PIMCO Corporate Income Fund (the Fund ) returned 75.15% on net asset value ( NAV ) and 48.69% on market price.
- The investment-grade credit and high-yield markets, as measured by the unmanaged Barclays Capital U.S. Credit and U.S. High Yield Bond Indices generated total returns of 27.58% and 55.21%, respectively during the 12-month reporting period.
- The Fund s exposure to the banking sector benefited performance with the support of fiscal and monetary policy and strong investment demand.
- The Fund s weighting in communication securities contributed positively to performance during the fiscal year as wireless and wireline credits outperformed the market.
- The Fund s weighting in the insurance sector benefited returns as these issues gained in conjunction with improvement in investment portfolios and asset valuations.
- The Fund s position in the energy sector contributed positively to performance alongside growth in developing markets and policy support to stimulate internal demand.
- The Fund s allocation to the brokerage sector benefited performance as these issuers focused on liquidity improvement and balance sheet management.
- The Fund s allocation to specialty finance issuers contributed positively to returns as companies enjoyed easing market conditions and asset quality improvements.
- The Fund s quality shift towards higher-rated issues detracted from returns as lower-quality issuers outperformed the market.

<b>Total Return(1):</b>	<b>Market Price</b>	<b>Net Asset Value ( NAV )</b>
1 year	48.69%	75.15%
3 year	4.72%	7.05%
5 year	7.16%	7.14%
Commencement of Operations (12/21/01) to 10/31/09	8.82%	9.59%

<b>Common Share Market Price/NAV Performance:</b>	<b>Market Price/NAV:</b>	
Commencement of Operations (12/21/01) to 10/31/09	Market Price	\$13.06
NAV	NAV	\$12.88
Market Price	Premium to NAV	1.40%
	Market Price Yield(2)	9.76%

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(1) **Past performance is no guarantee of future results.** Total return is calculated by determining the percentage change in net asset value or market 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 dividends.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and NAV asset 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. 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 share dividend (comprised of net investment income) payable to common shareholders by the market price per common share at October 31, 2009.

## PIMCO Corporate Income Fund Schedule of Investments

October 31, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
<b>CORPORATE BONDS &amp; NOTES 79.3%</b>			
<b>Airlines 3.0%</b>			
\$683	American Airlines Pass Through Trust, 6.978%, 10/1/12	Ba1/BBB+	\$679,170
1,000	7.858%, 4/1/13	Ba1/BBB	995,000
2,000	10.375%, 7/2/19	Baa3/A-	2,222,500
	Continental Airlines, Inc.,		
598	6.545%, 8/2/20	Baa2/A-	571,354
2,120	9.798%, 4/1/21	Ba1/BB-	1,748,759
205	Delta Air Lines, Inc., 6.619%, 9/18/12	NR/BBB	200,881
8,985	Northwest Airlines, Inc., 7.15%, 4/1/21 (MBIA)	Ba3/BBB-	7,816,658
2,000	Southwest Airlines Co., 10.50%, 12/15/11 (a) (d)	NR/BBB+	2,158,342
3,000	United Air Lines, Inc., 10.40%, 5/1/18	Ba1/BBB	3,060,000
266	United Air Lines Equipment Trust, 10.36%, 11/13/12 (b) (e)	NR/NR	2,052
1,487	United Air Lines Pass Through Trust, 7.336%, 1/2/21 (a) (b) (d)	B1/B+	1,040,815
			20,495,531
<b>Automotive 0.2%</b>			
1,500	Ford Motor Co., 9.98%, 2/15/47	Caa2/CCC-	1,282,500
<b>Banking 22.1%</b>			
4,000	ABN Amro North American Holding Preferred Capital Repackage Trust I, 6.523%, 11/8/12 (a) (d) (g)	B3/B	2,841,776
5,000	BAC Capital Trust XIV, 5.63%, 3/15/12 (g)	Ba3/B	3,512,500
1,150	BankAmerica Capital II, 8.00%, 12/15/26	Baa3/B	1,127,000
	Barclays Bank PLC,		
4,600	7.434%, 12/15/17 (a) (d) (g)	Baa2/BBB+	4,301,000
7,760	10.179%, 6/12/21 (a) (d)	Baa1/A	10,260,513
£200	14.00%, 6/15/19 (g)	Baa2/BBB+	433,516
\$2,700	CBA Capital Trust II, 6.024%, 3/15/16 (a) (d) (g)	Aa3/A+	2,216,778
6,450	HBOS Capital Funding L.P., 6.071%, 6/30/14 (a) (d) (g)	B3/B-	4,289,250
3,500	HBOS PLC (a) (d), 5.375%, 11/1/13 (g)	Ba1/B-	