

PIMCO CORPORATE INCOME FUND
Form N-CSR
December 29, 2011

OMB APPROVAL
OMB Number: 3235-0570
Expires: January 31, 2014
Estimated average burden hours per
response.....20.6

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: October 31, 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

October 31, 2011

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Dear Shareholder:

Economic uncertainty, geopolitical turmoil and extraordinary market volatility defined the twelve-month fiscal period ended October 31, 2011. Despite this litany of troubles, the U.S. economy expanded, and corporate balance sheets remained quite robust, as the recovery that began in 2009 moved into its third consecutive year.

Twelve Months in Review

Hans W. Kertess
Chairman

For the twelve-month fiscal period ended October 31, 2011:

- PIMCO Corporate Income Fund declined 1.37% on net asset value (NAV) and rose 4.78% on market price.
- PIMCO Income Opportunity Fund increased 3.87% on NAV and 11.68% on market price.

Brian S. Shlissel
President & CEO

Gross domestic product (GDP), the value of goods and services produced in the country, the broadest measure of economic activity and the principal indicator of economic performance, moved higher at an annual rate of 2.3% as the fiscal period began. The annual rate slowed to 0.4% between January and March 2011, a period marked by turmoil in the Middle East and a nuclear disaster in Japan. GDP picked up over the remainder of the period, however, expanding at a rate of 1.3% for the April to June 2011 period and to a 2.0% annual pace between July and September 2011.

July to September witnessed an unprecedented event in the United States – the downgrading of the U.S. government’s long-term credit rating from AAA to AA+. This downgrade by Standard & Poor’s, a leading credit rating agency, reflected a lack of confidence in the ability of Congress and the Obama administration to tame America’s worsening fiscal situation. Other credit ratings agencies, while expressing similar concerns, maintained their top ratings for U.S. government debt.

During the twelve-month period, the Federal Reserve (the Fed) ended a second round of quantitative easing designed to stimulate the economy, but soon embarked upon a third effort. The latest initiative, dubbed Operation Twist, involves the selling of \$400 billion of short-term Treasury securities in exchange for a similar amount of longer-term bonds. The Fed has indicated this move is aimed at lowering longer-term bond yields while maintaining short-term rates at their current and historically low levels.

Despite the above-mentioned uncertainty, U.S. companies continue to thrive. Corporations have now amassed approximately \$2 trillion in cash, equal to about 7% of corporate assets, the highest such level

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since 1963. In addition, record low borrowing costs have enabled many companies to refinance existing obligations at very low rates. Yield spreads between corporate bonds and comparable Treasury securities widened during the fiscal period.

Outlook

The increasing pace of the U.S. economic expansion has quieted talk of a second recession. Although there are no guarantees, the expansion, according to the Fed, is likely to continue. The Fed maintains the U.S. economy should grow in the 2.5% to 2.9% range during 2012 and between 3.0% to 3.5% in 2013. However, it warns of significant downside risks to the economic outlook, including strains in global financial markets. The Fed also estimated that unemployment would remain stubbornly high above 8.5% through the end of 2012 and above 7.8% at the end of 2013.

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It is important to note that no fewer than two unresolved matters may threaten this forecast. Europe's sovereign debt crisis continues to spread. Depending on how it plays out, future yields on many corporate bonds may be affected. In the U.S., the ongoing inability of the federal government to control its own debt crisis is producing similar market uncertainty.

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 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.

We remain dedicated to serving your investment needs

Sincerely,

Hans W. Kertess
Chairman

Brian S. Shlissel
President & Chief Executive Officer

PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund Fund Insights

October 31, 2011 (unaudited)

For the 12 months ended October 31, 2011, PIMCO Corporate Income Fund returned -1.37% on net asset value (NAV) and 4.78% on market price.

For 12 months ended October 31, 2011, PIMCO Income Opportunity Fund, Inc. returned 3.87% on NAV and 11.68% on market price.

While the U.S. fixed income market generated a positive return during the reporting period, there were periods of heightened volatility due to shifting expectations for the economy and periodic flights to quality. Early in the period, expectations for the U.S. economy improved and inflationary concerns emerged. Despite a number of geopolitical challenges, the ongoing European sovereign debt crisis and the devastating earthquake in Japan, most spread sectors (non-U.S. Treasuries) outperformed equal-duration Treasuries during the first half of the reporting period. However, over the second half of the period, the economy decelerated and investor risk appetite was often replaced with risk aversion. Further impacting investor sentiment was an escalation of the European sovereign debt crisis and the downgrade of U.S. government securities. Against this backdrop, Treasury yields moved lower and most spread sectors lagged equal-duration Treasuries. All told, during the 12 months ended October 31, 2011, both short- and long-term Treasury yields declined and the yield curve flattened.

Despite a setback when investor risk aversion increased in the third quarter of 2011, the U.S. corporate bond market posted a positive return during the reporting period. 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 12 months ended October 31, 2011.

PIMCO Corporate Income Fund

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Compared to the 5.00% 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 5.17% and 5.95%, respectively (as measured by the Barclays Capital U.S. High Yield and Barclays Capital U.S. Credit Indices) for the 12-month reporting period.

Given low interest rates and investors' search for yield, on a total return basis, lower rated, higher yielding corporate bonds generally outperformed their higher quality, lower yielding counterparts. For example, AAA-, AA-, A- and BBB-rated issues returned -0.18%, 0.63%, 1.56%, and 2.26%, respectively, during the 12 months ended October 31, 2011. The same trend held true in the high yield market, as BB-rated issues returned 4.73%, versus 5.80% for B-rated names.

PIMCO Corporate Income Fund

Sector positioning and duration drive results

The Fund generated disappointing absolute and relative returns during the reporting period. An overweighting to banks detracted from performance, as the banking sector lagged the 80% Barclays Capital Credit / 20% B of A Merrill Lynch BB/B Index (the Index) due to increased European sovereign concerns. Security selection within insurance companies adversely affected for performance, as select life insurance insurers underperformed the broader insurance sector. Elsewhere, an underweight to consumer cyclicals was not rewarded as the sector outperformed the Index during the reporting period. Finally, the Fund's duration positioning detracted from results. Having a shorter duration than that of the Index during the majority of the reporting period was a negative as interest rates declined during the 12 months ended October 31, 2011.

On the upside, the Fund's overweighting to energy companies was a positive as the sector outperformed the Index during the reporting period. The

PIMCO Corporate Income Fund/PIMCO Income Opportunity Fund Fund Insights

October 31, 2011 (unaudited) (continued)

Fund's underweighting to telecommunications was also beneficial to performance as the sector lagged the Index.

PIMCO Income Opportunity Fund

Strong sector positioning enhances performance

The Fund's overweighting to high grade integrated oil credits added to returns, as energy prices increased during the reporting period. Having an underweight to metals and mining added to returns, as this cyclical sector was negatively impacted by lower global economic growth.

The Fund's underweighting to the food and beverage sector detracted from results, as it benefited from its defensive nature given periods of increased investor risk aversion. The Fund's overweighting to high quality banking credits was not rewarded, as they were negatively impacted by poor macro economic data and debt challenges in the Eurozone. The Fund's exposure to senior commercial mortgage-backed securities detracted from results, as the sector underperformed the broader market. Finally, the Fund's U.S. interest rate strategy was negative for performance. Having a relatively short duration in the U.S. detracted as interest rates declined during the 12 months ended October 31, 2011. In addition, having a yield curve steepening bias was a negative as the curve flattened during the reporting period.

PIMCO Corporate Income Fund

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PIMCO Corporate Income Fund Performance & Statistics

October 31, 2011 (unaudited)

Total Return(1):	Market Price	NAV
1 Year	4.78%	-1.37%
5 Year	11.29%	10.86%
Commencement of Operations (12/21/01) to 10/31/11	11.36%	11.02%

Market Price/NAV Performance:

Commencement of Operations (12/21/01) to 10/31/11

Market Price/NAV:

Market Price	\$15.27
NAV	\$13.67
Premium to NAV	11.70%
Market Price Yield(2)	8.35%

NAV
Market Price

Moody s Ratings

(as a % of total investments)

PIMCO Income Opportunity Fund Performance & Statistics

October 31, 2011 (unaudited)

Total Return(1):	Market Price	NAV
1 Year	11.68%	3.87%
3 Year	27.02%	24.62%
Commencement of Operations (11/30/07) to 10/31/11	12.87%	12.19%

Market Price/NAV Performance:

Commencement of Operations (11/30/07) to 10/31/11

Market Price/NAV:

Market Price	\$26.45
NAV	\$24.62
Premium to NAV	7.43%
Market Price Yield(2)	8.62%

NAV
Market Price

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 more than one year represents the average annual total return.

Performance at market price will differ from 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 the Funds' dividends.

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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 one time 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 October 31, 2011.

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PIMCO Corporate Income Fund Schedule of Investments

October 31, 2011

Principal Amount (000s)		Value
CORPORATE BONDS & NOTES 59.5%		
Airlines 2.0%		
\$1,877	American Airlines Pass Through Trust, 10.375%, 1/2/21	\$2,018,027
1,862	Continental Airlines Pass Through Trust, 9.798%, 10/1/22	1,917,741
7,998	Northwest Airlines, Inc., 7.15%, 4/1/21 (MBIA)	7,757,466
1,371	United Air Lines Pass Through Trust, 7.336%, 1/2/21 (a) (b) (d) (k) (acquisition cost-\$1,371,062; purchased 6/19/07)	1,233,956
2,727	10.40%, 5/1/18	3,013,735
		15,940,925
Automotive 0.2%		
1,500	Ford Motor Co., 9.98%, 2/15/47	1,920,000
Banking 8.7%		
4,000	ABN Amro North American Holding Preferred Capital Repackage Trust I, 6.523%, 11/8/12 (a) (d) (g)	3,180,000
2,400	AgFirst Farm Credit Bank, 7.30%, 11/28/11 (a) (b) (d) (g) (k) (acquisition cost-\$1,904,000; purchased 2/26/10-3/2/10)	2,373,778
1,150	BankAmerica Capital II, 8.00%, 12/15/26	1,052,250
4,600	Barclays Bank PLC, 7.434%, 12/15/17 (a) (d) (g) (j)	4,324,000
7,760	10.179%, 6/12/21 (a) (d)	8,779,897
£200	14.00%, 6/15/19 (g)	374,802
\$5,000	BPCE S.A., 12.50%, 9/30/19 (a) (b) (d) (g) (j) (k) (acquisition cost-\$5,600,000; purchased 1/11/11)	4,655,115
25,290	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, 11.00%, 6/30/19 (a) (d) (g) (j)	30,685,267
2,000	HBOS PLC, 6.75%, 5/21/18 (a) (d) (j)	1,745,038
1,000	HSBC Capital Funding L.P., 10.176%, 6/30/30 (g)	1,262,500
4,100	Intesa Sanpaolo SpA, 8.375%, 10/14/19 (g)	4,226,512
\$1,900	Regions Financial Corp., 7.375%, 12/10/37	1,577,000
3,400	7.75%, 11/10/14	3,544,500
£1,200	Santander Finance Preferred S.A. Unipersonal, 11.30%, 7/27/14 (g)	1,900,538
		69,681,197
Building & Construction 0.3%		
\$1,000	Desarrolladora Homex SAB De C.V., 9.50%, 12/11/19 (a) (d)	1,007,500
1,700	Macmillan Bloedel Pembroke L.P., 7.70%, 2/15/26	1,714,510
		2,722,010
Consumer Products 0.2%		
1,700	Reynolds Group Issuer, Inc., 9.00%, 4/15/19 (a) (d)	1,649,000
Energy 0.3%		
4,300	Dynergy Roseton/Danskammer Pass Through Trust, 7.67%, 11/8/16, Ser. B	2,494,000
Financial Services 28.6%		
2,300	AGFC Capital Trust I, 6.00%, 1/15/67, (converts to FRN on 1/15/17) (a) (d)	1,046,500
240	Ally Financial, Inc., 5.35%, 1/15/14	230,950

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70	5.75%, 1/15/14	67,920
372	5.85%, 6/15/13	365,596
225	6.00%, 7/15/13	221,498
34	6.00%, 3/15/19	29,991
494	6.00%, 9/15/19	432,906

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PIMCO Corporate Income Fund Schedule of Investments

October 31, 2011 (continued)

Principal Amount (000s)		Value
Financial Services (continued)		
\$492	6.05%, 8/15/19	\$432,707
659	6.125%, 10/15/19	581,673
343	6.15%, 9/15/19	303,523
5	6.15%, 10/15/19	4,421
10	6.20%, 4/15/19	8,922
517	6.25%, 12/15/18	461,880
10	6.25%, 4/15/19	8,937
182	6.25%, 5/15/19	162,494
10	6.25%, 7/15/19	8,923
620	6.30%, 8/15/19	554,447
210	6.35%, 5/15/13	208,092
5	6.35%, 7/15/19	4,490
158	6.40%, 12/15/18	142,411
133	6.50%, 2/15/16	124,876
771	6.50%, 6/15/18	701,077
666	6.50%, 11/15/18	603,659
879	6.50%, 12/15/18	796,748
11	6.50%, 5/15/19	9,987
55	6.50%, 1/15/20	49,613
78	6.60%, 5/15/18	70,902
476	6.65%, 6/15/18	436,904
770	6.65%, 10/15/18	707,476
682	6.70%, 6/15/18	627,694
250	6.70%, 11/15/18	229,507
499	6.70%, 12/15/19	456,334
195	6.75%, 8/15/16	183,836
10	6.75%, 6/15/17	9,438
26	6.75%, 3/15/18	23,860
554	6.75%, 7/15/18	510,848
113	6.75%, 9/15/18	103,983
432	6.75%, 10/15/18	396,834
125	6.75%, 11/15/18	115,011
293	6.75%, 5/15/19	269,822
209	6.75%, 6/15/19	192,511
682	6.80%, 9/15/18	629,337
135	6.80%, 10/15/18	124,484
30	6.85%, 5/15/18	27,661
80	6.875%, 7/15/18	74,215
133	6.90%, 6/15/17	126,490
535	6.90%, 7/15/18	497,389
320	6.90%, 8/15/18	297,275
10	7.00%, 8/15/16	9,525
133	7.00%, 2/15/18	124,099
2,262	7.00%, 5/15/18	2,102,448
60	7.00%, 8/15/18	56,041
975	7.00%, 9/15/18	909,066
560	7.00%, 11/15/23	495,179

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107	7.05%, 3/15/18	100,498
1,771	7.05%, 4/15/18	1,651,590
105	7.125%, 10/15/17	99,431
148	7.15%, 6/15/16	142,019
143	7.15%, 9/15/18	134,537
210	7.15%, 1/15/25	189,044

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