

PIMCO CORPORATE OPPORTUNITY FUND
Form N-CSR
February 04, 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 811-21238

PIMCO Corporate Opportunity 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 November 30, 2009
end:

Date of reporting period: November 30, 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

Contents

Letter to Shareholders	1
Fund Insights/Performance & Statistics	2-3
Schedule of Investments	4-12
Statement of Assets and Liabilities	13
Statement of Operations	14
Statement of Changes in Net Assets	15
Notes to Financial Statements	16-33
Financial Highlights	34
Report of Independent Registered Public Accounting Firm	35
Annual Shareholder Meeting Results/Changes to Investment Policies/Change in Board of	36

Edgar Filing: PIMCO CORPORATE OPPORTUNITY FUND - Form N-CSR

Trustees/Portfolio Management Change

Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements	37-39
Privacy Policy/Proxy Voting Policies & Procedures	40
Dividend Reinvestment Plan	41
Board of Trustees	42-43
Fund Officers	44

PIMCO Corporate Opportunity Fund Letter to Shareholders

January 15, 2010

Dear Shareholder:

Please find enclosed the annual report for PIMCO Corporate Opportunity Fund (the Fund) for the fiscal year ended November 30, 2009.

The U.S. bond market provided positive returns during the fiscal year amid subdued inflationary pressures, significant government-supplied liquidity and shifting investor sentiment. The Federal Reserve (the Fed) sought to inject liquidity into the economy through multiple initiatives during the reporting period. The Federal Funds Rate, the key target rate on loans between member banks, was reduced to the record-low target range of 0% - 0.25%. The Fed also engaged in quantitative easing, purchasing significant amounts of securities from banks in order to add to the supply of cash available for lending. These initiatives resulted in yields approaching zero on money market securities, causing investors to migrate to riskier assets.

Corporate credit securities benefited from the sentiment-powered tailwind as a significant portion of the period's outflows from money market funds moved into the bond market, increasing demand for both investment-grade and high-yield corporate bonds. In this economic environment, corporate bonds and stocks significantly outperformed U.S. Treasury and agency issues. The unmanaged Barclays Capital U.S. Credit Index returned 24.56% and the unmanaged Barclays Capital High Yield Index returned 64.95% during the fiscal year, outperforming the unmanaged Barclays Capital Government Bond Index, which returned 3.51%. The broad bond market, as represented by the unmanaged Barclays Capital U.S. Aggregate Index, returned 11.63% during the 12-months ended November 30, 2009.

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 to call the Fund's shareholder servicing agent at (800) 254-5197. In addition, a wide range of information and resources is available on our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Fund's investment manager, and PIMCO, the Fund's 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 Opportunity Fund Fund Insights/Performance & Statistics

November 30, 2009 (unaudited)

- For the fiscal year ended November 30, 2009, PIMCO Corporate Opportunity Fund (the Fund) returned 83.82% on net asset value (NAV) and 111.56% on market price.
- The investment-grade credit and high-yield markets, as measured by the Barclays Capital U.S. Credit and U.S. High Yield Bond Indices (unmanaged indices generally representative of the U.S. investment grade and non-investment grade corporate bond markets, respectively) generated returns of 24.56% and 64.95%, respectively, for the fiscal 12-month period ended November 30, 2009.
- Exposure to the banking sector contributed positively to Fund performance alongside the support of fiscal and monetary policy and strong investment demand.
- Exposure to the insurance sector aided performance as insurance issuers advanced in conjunction with improvement in investment portfolios and asset valuations.
- Positions in the energy sector contributed positively to performance alongside policy support to stimulate internal demand.
- Specialty finance issuers contributed positively to the Fund s returns as these companies enjoyed easing market conditions and asset quality improvements.
- The Fund s underweight position in textile and automotive sectors detracted from returns as cyclical consumer credits outperformed the market.
- The Fund s underweight position in building materials issuers detracted from returns as the capital goods sector outperformed the market.
- The quality shift towards higher-rated issues detracted from performance as lower-quality issuers outperformed the market.

Total Return(1):	Market Price	Net Asset Value (NAV)
1 Year	111.56%	83.82%
3 Year	5.69%	7.91%
5 Year	8.36%	8.09%
Commencement of Operations (12/27/02) to 11/30/09	11.10%	11.70%

Common Share Market Price/NAV Performance:	Market Price/NAV:	
Commencement of Operations (12/27/02) to 11/30/09	Market Price	\$14.00
NAV	NAV	\$13.63
Market Price	Premium to NAV	2.71%
	Market Price Yield(2)	9.86%

PIMCO Corporate Opportunity Fund Fund Insights/Performance & Statistics

November 30, 2009 (unaudited) (continued)

(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 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 will fluctuate with changes in market conditions. This data is provided for information purposes only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a onetime public offering and once issued, shares of closed-end funds are 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 November 30, 2009.

PIMCO Corporate Opportunity Fund Schedule of Investments

November 30, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
CORPORATE BONDS & NOTES 77.6%			
Airlines 4.6%			
\$7,000	American Airlines Pass Through Trust, 7.858%, 10/1/11	Baa1/BBB-	\$6,965,000
3,000	10.375%, 7/2/19	Baa3/A-	3,333,750
1,197	Continental Airlines, Inc., 6.545%, 8/2/20	Baa2/A-	1,154,673
2,928	6.703%, 12/15/22	Baa2/BBB	2,738,004
1,842	7.373%, 6/15/17	Baa1/BB	1,694,661
7,827	7.707%, 10/2/22	Baa2/BBB	7,356,945
1,688	9.798%, 4/1/21	Baa1/BB-	1,384,456
12,214	Northwest Airlines, Inc., 7.041%, 4/1/22	NR/BBB-	10,870,625
17,875	7.15%, 4/1/21 (MBIA)	Baa3/BBB-	15,461,662
4,000	Southwest Airlines Co., 10.50%, 12/15/11 (a) (d)	NR/BBB+	4,324,736
6,000	United Air Lines, Inc., 10.40%, 11/1/16	Baa1/BBB	6,180,000
2,886	United Air Lines Pass Through Trust, 7.336%, 1/2/21 (a) (b) (d) (l) (original cost-\$2,886,295; purchased 6/19/07)	B1/B+	1,933,817
			63,398,329
Banking 15.3%			
11,300	BAC Capital Trust XIV, 5.63%, 3/15/12 (h)	Baa3/B	7,542,750
300	BankAmerica Capital II, 8.00%, 12/15/26	Baa3/B	281,250
8,600	Barclays Bank PLC, 7.434%, 12/15/17 (a) (d) (h)	Baa2/BBB+	8,041,000
14,480	10.179%, 6/12/21 (a) (d)	Baa1/A	19,368,129
£600	14.00%, 6/15/19 (h)	Baa2/BBB+	1,265,289
\$4,700	CBA Capital Trust II, 6.024%, 3/15/16 (a) (d) (h)	Aaa3/A+	3,942,304
4,000	First Union Capital I, 7.935%, 1/15/27	Baa2/A-	3,954,540
12,400	HBOS Capital Funding L.P., 6.071%, 6/30/14 (a) (d) (h)	Baa3/BB-	7,936,000
7,000	HBOS PLC (a) (d), 5.375%, 11/1/13 (h)	Baa2/CC	5,740,000
4,000	6.75%, 5/21/18	Baa2/BBB-	