

PIMCO MUNICIPAL INCOME FUND
Form N-CSR/A
July 02, 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 811-10377
PIMCO Municipal Income Fund**

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY

10105

(Address of principal executive offices)

(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 end: April 30, 2009

Date of reporting period: April 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, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Report to Shareholders

PIMCO Municipal Income Fund
PIMCO California Municipal Income Fund
PIMCO New York Municipal Income Fund

Annual Report
April 30, 2009

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PIMCO Municipal Income Funds Letter to Shareholders

June 12, 2009

Dear Shareholder:

Please find enclosed the annual report for the PIMCO Municipal Income Fund, PIMCO California Municipal Income Fund and PIMCO New York Municipal Income Fund (the Funds) for the fiscal year ended April 30, 2009.

The U.S. bond market provided positive returns during the reporting period as economic growth slowed, inflationary pressures receded and liquidity infusions improved credit market conditions and bolstered investor sentiment. In this environment, municipal bonds generally showed marked improvement, however the Funds declined significantly during the fiscal year. The Barclays Capital Municipal Bond Index advanced 3.11% during the reporting period. Due to the tax-advantaged treatment of income from municipal bonds, which compared favorably on a taxable-equivalent basis to the 3.84% return for the broad market of bonds as represented by the Barclays Capital U.S. Aggregate Index.

The Federal Reserve (the Fed) and U.S. Treasury Department moved aggressively during the reporting period to stave off bank failures and to inject liquidity into the banking system. The Fed reduced the Federal Funds rate three times, lowering the benchmark rate on loans between member banks from 2.00% to a target of 0% to 0.25%. In addition, the Fed pursued a policy of quantitative easing, purchasing securities from banks in order to add to the supply of cash available for lending.

On April 6, 2009, the Funds announced a change increasing the amount of Residual Interest Municipal Bonds (RIBs) in which a Fund may invest to 15% from 10% of total assets. The change potentially allows the Funds to earn additional tax-free income. In addition, the use of RIBs, which results in a form of economic leverage, will allow the Funds to replace or increase leverage to some degree.

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 Web site, 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 Municipal Income Fund Fund Insights

April 30, 2009 (unaudited)

During the fiscal year ended April 30, 2009, PIMCO Municipal Income Fund (Municipal Income) declined 20.44% on net asset value (NAV) and 24.58% on market price, compared with declines of 9.02% and 9.85%, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.

High-quality municipal bond yields decreased across the yield curve during the reporting period with a more pronounced decline in the front end of the yield curve. The second half of 2008 experienced higher yields, but thus far in 2009 there has been a rebound across the yield curve.

Duration hedging strategies in longer-maturity swaps detracted from performance, as longer-maturity swap rates moved significantly lower during the reporting period. Most of the move came during the fourth quarter of 2008.

Municipal-to-Treasury yield ratios were volatile during the reporting period, crossing levels never before experienced. However, the yield ratios ended the reporting period at only a slight change from the beginning of 2009, with the 10-year ratio decreasing to 94% and the 30-year ratio increasing to 114%.

Tobacco securitization sector holdings detracted from performance, as the sector underperformed primarily during the fourth quarter of 2008, although the sector has rebounded since the beginning of 2009.

Municipal Income s exposure to corporate-backed municipals detracted from performance, as this sector underperformed in line with the taxable corporate securities.

Pre-refunded bond exposure contributed positively to performance, as this sector benefited from investor risk aversion in light of the financial crisis.

Municipal Income s exposure to zero-coupon municipals detracted from performance, as the sector underperformed with the Barclays Capital Zero Coupon Index declining 8.85% during the reporting period.

The municipal yield curve steepened significantly during the reporting period with investor demand more concentrated on shorter maturities. Although longer-maturity yields declined slightly, they declined less than the shorter maturities. The 15-, 20-, and 30-year maturity AAA General Obligation yields decreased 43, 18, and three basis points, respectively, while the two-year yield decreased 142 basis points. In this environment, the Municipal Income s significant exposure to longer-maturity municipals detracted from performance, as this portion of the yield curve underperformed.

Compared to longer-maturity bonds in the taxable sectors, comparable-maturity municipal bonds underperformed primarily due to the treasury rally. The Barclays Capital Long Municipal Bond Index declining 3.95%, while the Barclays Capital Long Government/Credit and the Barclays Capital Long U.S. Treasury Indices declining 0.03% and an advancing of 9.30%, respectively.

Municipal bond issuance in 2008 was approximately 9.00% lower than 2007. Municipal bond issuance became more robust with a variety of issuers accessing the market which they had avoided at the end of 2008. Year-to-date issuance through April 30, 2009 was approximately 11% lower than the same period of prior year at \$121.7 billion.

PIMCO Municipal Income Fund Performance & Statistics

April 30, 2009 (unaudited)

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Total Return(1):	Market Price	NAV
1 Year	(24.58)%	(20.44)%
5 Year	3.43%	(0.87)%
Commencement of Operations (6/29/01) to 4/30/09	3.34%	1.68%

Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 4/30/09

Market Price/NAV:

Market Price	\$11.40
NAV	\$9.38
Premium to NAV	21.54%
Market Price Yield(2)	8.55%

Moody s Ratings
(as a % of total investments)

- (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 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 (comprised from net investment income) payable to common shareholders by the market price per common share at April 30, 2009.

PIMCO California Municipal Income Fund Fund Insights

April 30, 2009 (unaudited)

For the fiscal year ended April 30, 2009, PIMCO California Municipal Income Fund (California Municipal Income) declined 15.49% on net asset value (NAV) and 16.72% on market price, compared with declines of 8.98% and 13.72%, respectively, for the Lipper Analytical California Municipal Debt Funds average.

High-quality municipal bond yields decreased across the yield curve during the reporting period with a more pronounced decline in the front end of the yield curve. The second half of 2008 experienced higher yields, but thus far in 2009 there has been a rebound across the yield curve.

Duration hedging strategies in longer-maturity swaps detracted from performance, as longer-maturity swap rates moved significantly lower during the reporting period. Most of the move came during the fourth quarter of 2008.

Municipal-to-Treasury yield ratios were volatile during the reporting period, crossing levels never before experienced. However, the yield ratios ended the reporting period at only a slight change from the beginning of 2009, with the 10-year ratio decreasing to 94% and the 30-year ratio increasing to 114%.

Tobacco securitization sector holdings detracted from performance, as this sector underperformed primarily during the fourth quarter of 2008, although the sector has rebounded since the beginning of 2009.

California Municipal Income s exposure to corporate-backed municipals detracted from performance, as this sector underperformed in line with the taxable corporate securities.

Pre-refunded bond exposure contributed positively to California Municipal Income s performance, as this sector benefited from investor risk aversion in light of the financial crisis.

California Municipal Income s exposure to zero-coupon municipals detracted from performance, as the sector underperformed with the Barclays Capital Zero Coupon Index, declining 8.85% during the reporting period.

Municipal bonds within California underperformed the Barclays Capital Municipal Bond Index (national index) returning 1.40%, compared to 3.11% for the national index during the reporting period. Year-to-date through April 2009, California issued \$24.76 billion, which was 5.00% higher than the same period in 2008.

Long California municipal bonds underperformed the Barclays Capital Long Municipal Bond Index, declining 6.13% compared to a decline of 3.95%, respectively. The California municipal yield curve also steepened with 30-year yields increased 60 basis points, while two-year yields decreased 57 basis points. California Municipal Income s significant exposure to the longer maturities detracted from performance, as this portion of the yield curve underperformed.

PIMCO California Municipal Income Fund Performance & Statistics

April 30, 2009 (unaudited)

Total Return(1):	Market Price	NAV
1 Year	(16.72)%	(15.49)%
5 Year	5.09%	1.32%
Commencement of Operations (6/29/01) to 4/30/09	3.89%	2.78%

Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 4/30/09

Market Price/NAV:

Market Price	\$12.18
NAV	\$10.61
Premium to NAV	14.80%
Market Price Yield(2)	7.59%

Moody's Ratings
(as a % of total investments)

(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 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 (comprised from net investment income) payable to common shareholders by the market price per common share at April 30, 2009.

PIMCO New York Municipal Income Fund Fund Insights

April 30, 2009 (unaudited)

For the fiscal year ended April 30, 2009, PIMCO New York Municipal Income Fund (New York Municipal Income) declined 22.66% on net asset value (NAV) and 18.80% on market price, compared with declines of 8.08% and 9.34%, respectively, for the Lipper Analytical New York Municipal Debt Funds average.

High-quality municipal bond yields decreased across the yield curve during the reporting period with a more pronounced decline in the front end of the yield curve. The second half of 2008 experienced higher yields, but thus far in 2009 there has been a rebound across the yield curve.

Duration hedging strategies in longer-maturity swaps detracted from performance, as longer-maturity swap rates moved significantly lower during the reporting period. Most of the move came during the fourth quarter of 2008.

Municipal-to-Treasury yield ratios were volatile during the reporting period, crossing levels never before experienced. However, the yield ratios ended the reporting period at only a slight change from the beginning of 2009, with the 10-year ratio decreasing to 94% and the 30-year ratio increasing to 114%.

Tobacco securitization sector holdings detracted from performance, as the sector underperformed primarily during the fourth quarter of 2008, although the sector has rebounded since the beginning of 2009.

New York Municipal Income s exposure to corporate-backed municipals detracted from performance, as this sector underperformed in line with the taxable corporate securities.

Pre-refunded bond exposure contributed positively to New York Municipal Income s performance, as this sector benefited from investor risk aversion in light of the financial crisis.

New York Municipal Income s exposure to zero-coupon municipals detracted from performance, as this sector underperformed with the Barclays Capital Zero Coupon Index, declining 8.85% during the reporting period.

Municipal bonds within New York slightly outperformed the Barclays Capital Municipal Bond Index (national index) returning 3.34% compared to 3.11% for the national index during the reporting period. Year-to-date through April 2009, issuers in New York State issued \$13.4 billion in bonds, which was roughly the same amount as the same period in 2008.

Long New York municipal bonds outperformed the Barclays Capital Long Municipal Bond Index with a decline of 2.62% compared to a decline of 3.95%, respectively. The New York yield curve also steepened during the reporting period with 30-year yields increased 19 basis points, while two-year yields decreased 82 basis points. New York Municipal Income held significant positions in the longer portions of the yield curve, which detracted from performance as this portion of the yield curve underperformed the shorter maturities

PIMCO New York Municipal Income Fund Performance & Statistics

April 30, 2009 (unaudited)

Total Return(1):	Market Price	NAV
1 Year	(18.80)%	(22.66)%
5 Year	1.13%	(1.44)%
Commencement of Operations (6/29/01) to 4/30/09	0.93%	0.58%

Market Price/NAV Performance:

Commencement of Operations (6/29/01) to 4/30/09

Market Price/NAV:

Market Price	\$9.90
NAV	\$9.19
Premium to NAV	7.73%
Market Price Yield(2)	6.91%

Moody's Ratings
(as a % of total investments)

(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 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 (comprised from net investment income) payable to common shareholders by the market price per common share at April 30, 2009.

PIMCO Municipal Income Fund Schedule of Investments

April 30, 2009

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
MUNICIPAL BONDS & NOTES 91.6%			
Alabama 0.8%			
\$ 2,500	Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems Inc., 5.875%, 11/15/24, Ser. A	Baa1/NR	\$ 2,036,125
250	Huntsville-Redstone Village Special Care Facs. Financing Auth. Rev., 5.50%, 1/1/28	NR/NR	171,732
885	5.50%, 1/1/43	NR/NR	545,001
1,350	Montgomery Medical Clinic Board Rev., Jackson Hospital & Clinic, 5.25%, 3/1/31	Baa2/BBB-	998,352
			3,751,210
Alaska 1.2%			
3,280	Boro of Matanuska-Susitna Rev., Goose Creek Correctional Center, 6.00%, 9/1/32	Aa2/AAA	3,541,711
900	Industrial Dev. & Export Auth. Boys & Girls Home Rev., 6.00%, 12/1/36	NR/NR	547,209
2,400	Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A	Baa3/NR	1,251,384
			5,340,304
Arizona 4.0%			
5,000	Apache Cnty. Industrial Dev. Auth. Pollution Control Rev., Tucson Electric Power Co., Project, 5.875%, 3/1/33	Baa3/BBB-	4,166,000
800	Health Facs. Auth. Rev., Banner Health, 5.50%, 1/1/38, Ser. D	NR/AA-	758,912
2,750	Beatitudes Campus Project, 5.20%, 10/1/37	NR/NR	1,512,307
4,150	Pima Cnty. Industrial Dev. Auth. Rev., Tucson Electric Power, 6.375%, 9/1/29, Ser. A	Baa3/BBB-	3,758,240
5,000	Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (k)	Aa1/AA	5,022,500
4,200	Salt Verde Financial Corp. Rev., 5.00%, 12/1/37	A3/A	2,862,972
			18,080,931

Arkansas 0.4%			
8,500	Arkansas Dev. Finance Auth. Rev., zero coupon, 7/1/36 (AMBAC)	Aa3/NR	1,942,760
California 5.8%			
6,000	Golden State Tobacco Securitization Corp. Rev., 5.00%, 6/1/33, Ser. A-1	Baa3/BBB	3,828,900
4,175	Montebello Unified School Dist., GO, 5.00%, 8/1/33 (FSA) State,	Aa3/AAA	4,065,949
300	5.00%, 6/1/37	A2/A	273,477
4,200	6.00%, 4/1/38	A2/A	4,345,530
1,000	Statewide Communities Dev. Auth. Rev., Catholic Healthcare West, 5.50%, 7/1/31, Ser. E	A2/A	959,710

PIMCO Municipal Income Fund Schedule of Investments

April 30, 2009 (continued)

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
California (continued)			
\$2,600	Methodist Hospital (FHA), 6.625%, 8/1/29	Aa2/AA	\$2,769,780
9,500	6.75%, 2/1/38	Aa2/AA	10,045,490
			26,288,836
Colorado 1.7%			
500	Confluence Metropolitan Dist. Rev., 5.45%, 12/1/34	NR/NR	299,085
4,940	Northwest Parkway Public Highway Auth. Rev., 7.125%, 6/15/41, Ser. D, (Pre-refunded @ \$102, 6/15/11) (c)	NR/NR	5,337,917
500	Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38	A2/A	409,725
1,500	Univ. of Colorado Rev., 5.375%, 6/1/38, Ser. A	Aa3/AA-	1,568,190
			7,614,917
Connecticut 0.2%			
1,000	State Dev. Auth. Pollution Control Rev., 5.85%, 9/1/28	Baa1/BBB	988,500
District of Columbia 1.4%			
2,500	Dist. of Columbia Rev., Brookings Institution, 5.75%, 10/1/39	Aa3/A+	2,577,925
4,175	Tobacco Settlement Financing Corp. Rev., 6.25%, 5/15/24	Baa3/BBB	3,775,578
			6,353,503
Florida 4.1%			
905	Beacon Lakes Community Dev. Dist., Special Assessment, 6.00%, 5/1/38, Ser. A	NR/NR	539,715
3,900	Board of Education, GO, 5.00%, 6/1/38, Ser. D (k)	Aa1/AAA	3,823,677
4,000	Broward Cnty. Rev., 5.25%, 10/1/34, Ser. A (k)	Aa3/AA	4,044,200
500	Lee Cnty. Industrial Dev. Auth. Rev., 5.375%, 6/15/37, Ser. A	NR/BB	283,580
3,000	Miami-Dade Cnty. Rev., 5.50%, 10/1/36, Ser. A (e)	A2/A-	2,888,970
1,250	Miami-Dad		