

PIMCO MUNICIPAL INCOME FUND III
Form N-CSR
December 07, 2007

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 811-21187

PIMCO Municipal Income Fund III

(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: September 30, 2007

Date of reporting period: September 30, 2007

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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 III
PIMCO California Municipal Income Fund III
PIMCO New York Municipal Income Fund III
Annual Report
September 30, 2007
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PIMCO Municipal Income Funds III
Letter to Shareholders

November 1, 2007

Dear Shareholder:

We are pleased to provide you with the annual report for the PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III (the “Funds”) for the fiscal year ended September 30, 2007.

The U.S. bond market delivered modest returns for the period as economic growth continued to moderate and weakness in the U.S. housing and mortgage markets added to volatility. The Lehman Municipal Bond Index returned 3.09% for the period, providing a competitive return on a tax-adjusted basis to the broad market return of 5.14% for the Lehman Aggregate Bond Index. The Federal Reserve lowered the Federal Funds rate during the period in a move to add liquidity to markets that had become constrained due to weakness in subprime mortgages.

For specific information on the Funds and their performance during the reporting period, 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) 331-1710. You will also find a wide range of information and resources 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, the Funds’ sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely, Hans W. Kertess

Brian S. Shlissel Chairman President & Chief Executive Officer

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PIMCO Municipal Income Fund III
 Fund Insights/Performance & Statistics
 September 30, 2007 (unaudited)

• For the fiscal year ended September 30, 2007, PIMCO Municipal Income Fund III returned 3.17% on net asset value and 1.38% on market price, compared with 1.28% and (0.07)%, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.

• The municipal bond market underperformed the taxable bond market for the twelve-month period, with the Lehman Municipal Bond Index returning 3.09% and the Lehman Aggregate Bond Index returning 5.14%, respectively.

• Longer maturity municipal bonds underperformed shorter maturity municipals during the reporting period, as the yield curve steepened. For example, yields on five- and 10-year AAA General Obligation yields rose 3 and 11 basis-points, while 20- and 30-year yields rose 25 and 27 basis-points, respectively. Note that when a bond's yield rises, its price declines, and vice versa.

• Longer maturity municipals also underperformed longer maturity Treasuries for the period. Consequently, interest rate hedging strategies that benefit when longer-term Treasuries lag municipals were negative for performance.

• The Fund's exposure to tobacco-securitized debt hindered performance, as the increased supply of new issues that were brought to the market weighed on the price of existing bonds.

• The Fund's exposure to zero-coupon bonds adversely affected performance as intermediate- and longer-duration zero coupons declined in value during the period.

• Emphasis on higher credit-quality bonds benefited performance as lower-rated, more speculative issues underperformed during the latter part of the fiscal year due to liquidity challenges.

Total Return(1): Market

Price Net Asset Value ("NAV")	1 Year	38%	3.17%	3 Year	8.18%	6.80%
	(10/31/02) to 9/30/07				6.60%	6.82%

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/07

Market Price / NAV:	Market Price	\$15.05	NAV	\$14.53	Premium to
NAV	3.58%	Market Price Yield(2)	5.58%		

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

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested at

prices obtained under the Fund's dividend reinvestment plan. 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.

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 one-time 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 September 30, 2007.

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PIMCO California Municipal Income Fund III
 Fund Insights/Performance & Statistics
 September 30, 2007 (unaudited)

• For the fiscal year ended September 30, 2007, PIMCO California Municipal Income Fund III returned 3.54% on net asset value and (11.38)% on market price, compared with 1.57% and (2.14)%, respectively, for the Lipper Analytical California Municipal Debt Funds average.

• During the reporting period, California municipal bonds, as measured by the Lehman California Municipal Bond Index, underperformed the broader national municipal market, as measured by the Lehman Municipal Bond Index, returning 2.98% and 3.09%, respectively.

• The California AAA insured municipal yield curve steepened during the reporting period. For example, five-year maturity AAA municipal yields increased 4 basis-points, while 10-, 20- and 30-year maturities increased 14, 22 and 22 basis-points, respectively.

• The Fund's exposure to tobacco-securitized debt hindered performance, as the increased supply of new issues that were brought to the market weighed on the price of existing bonds.

• The Fund's exposure to zero-coupon bonds adversely affected performance as intermediate- and longer-duration zero coupons declined in value during the period.

• Emphasis on higher credit-quality bonds benefited performance as lower-rated, more speculative issues underperformed during the latter part of the fiscal year due to liquidity challenges.

						Total Return(1): Market
Price	Net Asset Value ("NAV")	1 Year	3 Year	5 Year	10 Year	Commencement of Operations
		(10/31/02) to 9/30/07	(10/31/02) to 9/30/07	(10/31/02) to 9/30/07	(10/31/02) to 9/30/07	
		(11.38)%	3.54%	7.53%	7.44%	
			5.33%	6.82%		

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/07

Market Price / NAV: Market Price \$14.20 NAV \$14.48 Discount to NAV (1.93)% Market Price Yield(2) 4.91%

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

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. 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.

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

one-time 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 September 30, 2007.

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PIMCO New York Municipal Income Fund III
 Fund Insights/Performance & Statistics
 September 30, 2007 (unaudited)

• For the fiscal year ended September 30, 2007, PIMCO New York Municipal Income Fund III returned 1.71% on net asset value and (13.12)% on market price, compared with 1.63% and (0.84)%, respectively, for the Lipper Analytical New York Municipal Debt Funds average.

• During the reporting period, municipal bonds issued within New York, as measured by the Lehman New York Municipal Bond Index, slightly outperformed the national market, as measured by the Lehman Municipal Bond Index, returning 3.19% and 3.09%, respectively.

• The New York AAA insured municipal yield curve steepened during the reporting period. For example, five-year maturity AAA yields increased 2 basis-points, while 10-, 20- and 30-year maturities increased 14, 25, and 28 basis-points, respectively.

• The Fund's exposure to tobacco-securitized debt hindered performance, as the increased supply of new issues that were brought to the market weighed on the price of existing bonds.

• The Fund's exposure to zero-coupon bonds adversely affected performance as intermediate- and longer-duration zero coupons declined in value during the period.

• Emphasis on higher credit-quality bonds benefited performance as lower-rated, more speculative issues underperformed during the latter part of the fiscal year due to liquidity challenges.

Total Return(1): Market

Price Net Asset Value ("NAV") 1 Year	(13.12)%	1.71%	3 Year	4.17%	6.43%
(10/31/02) to 9/30/07				4.09%	6.57%

Common Share Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 9/30/07

Market Price/NAV:	Market Price	\$13.57	NAV	\$14.57	Discount to
	NAV	(6.86)%	Market Price Yield(2)	4.49%	

Moody's Ratings

(as a % of total investments)

(1) **Past performance is no guarantee of future results.** Total return is calculated by subtracting the value of an investment in the Fund at the beginning of each specified period from the value at the end of the period and dividing the remainder by the value of the investment at the beginning of the period and expressing the result as a percentage. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested at prices obtained under the Fund's dividend reinvestment plan. 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.

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

one-time 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 September 30, 2007.

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007

		Amount		Principal	
		(000)	Credit Rating		
		(Moody's/S&P)* Value			
MUNICIPAL BONDS & NOTES—97.1%					
Alabama—1.1%					
Birmingham, GO, Ser. B (AMBAC) (a),	\$ 1,000	5.00%	12/1/27, (Pre-refunded @ \$100, 12/1/12)		
Aaa/AAA	\$ 1,066,330	2,560	5.00%, 12/1/32, (Pre-refunded @ \$100, 8/15/12)	Aaa/AAA	2,729,805
5,000	Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev.,	5.00%	11/15/30, Ser. A		
Baa1/NR	4,788,300	1,500	Colbert Cnty., Northwest Health Care Auth., Health Care Facs. Rev.,	5.75%	6/1/27
	Baa3/NR	1,513,890		10,098,325	
Alaska—0.8%					
3,100	Northern Tobacco Securitization Corp. Rev.,	5.00%	6/1/46, Ser. A	Baa3/NR	2,589,709
State Housing Finance Corp. Rev.,	3,900	5.00%	12/1/33, Ser. A	Aaa/AAA	3,927,378
	6/1/32, Ser. C (MBIA)	Aaa/AAA	1,005,940		7,523,027
Arizona—2.9%					
Health Facs. Auth. Rev.,	1,000	Beatitudes Project,	5.20%, 10/1/37	NR/NR	904,680
John C. Lincoln Health Network,		7.00%, 12/1/25, (Pre-refunded @ \$102, 12/1/10) (a)		NR/BBB	
2,461,470	1,500	Maricopa Cnty. Pollution Control Corp., Pollution Control Rev.,	5.05%, 5/1/29 (AMBAC)		
Aaa/AAA	1,543,200	Salt River Project Agricultural Improvement & Power Dist. Rev.,	Ser. A (h),		
5,000	5.00%, 1/1/35	Aa1/AA	5,173,750	16,000	5.00%, 1/1/37
				Aa1/AA	16,544,800
					26,627,900
Arkansas—0.1%					
7,000	Arkansas Dev. Finance Auth. Rev., zero coupon,	7/1/46 (AMBAC)	Aaa/NR		1,007,930
California—7.4%					
1,000	Alameda Public Financing Auth. Rev.,	7.00%, 6/1/09	NR/NR	998,960	2,000
Community Facs. Dist., Special Tax,	5.25%, 9/1/30	NR/NR	1,917,620	Golden State Tobacco Securitization	
Corp., Tobacco Settlement Rev.,	8,000	5.00%, 6/1/33, Ser. A-1	Baa3/BBB	7,060,320	27,585
6.25%, 6/1/33, Ser. 2003-A-1	Aaa/AAA	30,272,882	21,000	6.75%, 6/1/39, Ser. 2003-A-1, (Pre-refunded @	
\$100, 6/1/13) (a)	Aaa/AAA	24,312,750	3,060	Statewide Community Dev. Auth. Rev., Baptist Univ.,	
			9.00%, 11/1/17, Ser. B (b)	NR/NR	3,116,304
					67,678,836

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Colorado-3.3%

1,000 Aurora Single Tree Metropolitan Dist., GO, 5.50%, 11/15/31 NR/NR 925,840 9,955
Colorado Springs Rev., 5.00%, 11/15/30, Ser. B (h) Aa2/AA 10,225,477 500 Confluence Metropolitan Dist.
Rev, 5.45%, 12/1/34 NR/NR 475,515

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

	Amount (000)	Credit Rating (Moody's/S&P)*	Value	Principal
Colorado—(continued)				
El Paso Cnty., CP (AMBAC),	\$ 1,735	5.00%	12/1/23, Ser. A, (Pre-refunded @ \$100, 12/1/12)	
(a) Aaa/AAA	\$ 1,850,083	1,725	5.00%, 12/1/23, Ser. B Aaa/AAA	1,786,720
			2,820	5.00%, 12/1/27,
Ser. A, (Pre-refunded @ \$100, 12/1/12) (a) Aaa/AAA	3,007,051	1,500	5.00%, 12/1/27, Ser. B Aaa/AAA	
	1,544,550	1,500	Garfield Cnty. School Dist. Re-2, GO, 5.00%, 12/1/25 (FSA) Aaa/NR	1,549,455
			1,000	
Health Facs. Auth. Rev., American Baptist Homes,				
5.90%, 8/1/37, Ser. A NR/NR	1,001,380	1,500	Housing & Finance Auth. Rev., Evergreen Country Day	
School, 5.875%, 6/1/37 (b) NR/BB	1,486,335	4,000	Saddle Rock Metropolitan Dist., GO, 5.35%, 12/1/31	
(Radian) NR/AA	4,020,400	2,500	School Mines Auxiliary Facs. Rev., 5.00%, 12/1/37 (AMBAC) Aaa/AAA	
	2,549,925		30,422,731	
Florida—5.6%				
3,480 Brevard Cnty. Health Facs. Auth. Rev., 5.00%, 4/1/34 A2/A	3,459,746	8,000	Highlands Cnty.	
Health Facs. Auth. Rev., Adventist Health System,			5.25%, 11/15/23, Ser. B, (Pre-refunded @ \$100,	
11/15/12) (a) A1/A+	8,572,880	2,500	Hillsborough Cnty. Industrial Dev. Auth. Rev., Tampa General	
Hospital, 5.25%, 10/1/34, Ser. B A3/NR	2,508,900	1,485	Julington Creek Plantation Community Dev. Dist.,	
Special Assessment Rev., 5.00%, 5/1/29 (MBIA) Aaa/AAA	1,528,600	1,000	Orange Cnty. Housing Finance	
Auth., Multifamily Rev., Palm Grove Gardens, 5.25%, 1/1/28, Ser. G Aaa/NR	1,017,320	15,000	Pinellas	
Cnty. Health Fac. Auth. Rev., Baycare Health, 5.50%, 11/15/33, (Pre-refunded @ \$100, 5/15/13) (a) Aa3/NR	16,405,050	3,895	Sarasota Cnty. Health Fac. Auth. Rev., 5.75%, 7/1/45 NR/NR	3,829,759
			7,500	South
Miami Health Facs. Auth., Hospital Rev., Baptist Health, 5.25%, 11/15/33, (Pre-refunded @ \$100, 2/1/13) (a)	8,060,850	5,615	Tampa, Water & Sewer Rev., 5.00%, 10/1/26, Ser. A Aa2/AA	5,774,690
Aaa/AA—			51,157,795	
Georgia—0.6%				
1,750 Fulton Cnty. Rev., 5.125%, 7/1/42, Ser. A NR/NR	1,555,138	4,000	Griffin Combined Public	
Utility Rev., 5.00%, 1/1/32 (AMBAC) Aaa/AAA	4,134,680		5,689,818	
Idaho—0.8%				
State Building Auth., Building Rev., Ser. A (XLCA),	1,000	5.00%	9/1/33 Aaa/AAA	
	1,024,700	5,750	5.00%, 9/1/43 Aaa/AAA	5,867,128
			6,891,828	
Illinois—6.4%				

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2,250	Chicago, GO, 5.00%, 1/1/31, Ser. A (MBIA) Aaa/AAA	2,290,252	Chicago, Lake Shore
East, Special Assessment,	1,600 6.625%, 12/1/22 NR/NR	1,695,504 3,456	6.75%, 12/1/32 NR/NR
		3,658,245	

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

		Amount				Principal	
		(000)	Credit Rating				
		(Moody's/S&P)* Value					
Illinois--(continued)							
\$ 500	Chicago Board of Education School Reform, GO, zero coupon, 12/1/28, Ser. A (FGIC)	Aaa/AAA	\$	184,775	3,000	Chicago Kingsbury Redev. Project, Tax Allocation,	
	6.57%, 2/15/13, Ser. A NR/NR	3,052,230	7,000	Chicago Motor Fuel Tax Rev., 5.00%, 1/1/33, Ser. A			
	(AMBAC) Aaa/AAA	7,135,940	4,000	Chicago Park Dist., GO, 5.00%, 1/1/29, Ser. D (FGIC)	Aaa/AAA		
4,073,440	Dev. Finance Auth. Rev.,	1,500	5.50%	5/15/37 NR/NR	1,438,620	1,000	5.875%,
3/1/27, Ser. A NR/NR	991,370	2,000	Christian Homes, Inc., 5.75%, 5/15/31, Ser. A NR/NR	1,942,060			
12,795	Peoples Gas Light & Coke, 5.00%, 2/1/33 (AMBAC) (h) Aaa/AAA	12,997,289	1,050	Three Crowns			
	Park Plaza, 5.875%, 2/15/38 NR/NR	1,050,945		Educational Facs. Auth. Rev., Univ. of Chicago,			
4,780	5.00%, 7/1/33 Aa1/AA	4,897,062	220	5.00%, 7/1/33, (Pre-refunded @ \$100, 7/1/13) (a) Aa1/AA			
235,607	165 5.25%, 7/1/41 Aa1/AA	171,293	4,160	5.25%, 7/1/41, (Pre-refunded @ \$101, 7/1/11) (a)			
Aa1/AA	4,439,183	Finance Auth. Rev., Ser. A,	425	6.00%, 3/1/37 NR/NR	422,875	1,500	
	6.00%, 11/15/37 NR/NR	1,504,395	1,175	Health Facs. Auth. Rev., Elmhurst Memorial Healthcare,			
	5.50%, 1/1/22 A2/NR	1,222,576	4,283	Round Lake, Special Tax Rev., 6.70%, 3/1/33,			
	(Pre-refunded @ \$102, 3/1/13) (a) NR/NR	4,868,829		58,272,490			

Indiana--3.1%

7,535	Bond Bank Rev., 5.00%, 2/1/33, Ser. A (FSA) Aaa/AAA	7,710,264	3,000	Brownsburg 1999			
	School Building Corp. Rev.,	5.25%, 3/15/25, Ser. A, (Pre-refunded @ \$100, 9/15/13) (FSA) (a)					
Aaa/AAA	3,259,590	1,375	Fort Wayne Pollution Control Rev., 6.20%, 10/15/25 Caa1/B-	1,398,045			
5,000	Indianapolis Local Public Improvement Board, Tax Allocation,		5.00%, 2/1/29, Ser. G (MBIA)				
Aaa/AAA	5,124,100	Michigan City Area Wide School Building Corp., Rev. (FGIC),	2,500	zero			
	coupon, 1/15/21 Aaa/AAA	1,382,475	1,000	zero coupon, 7/15/21 Aaa/AAA	540,790	1,000	zero
	coupon, 1/15/22 Aaa/AAA	525,920		Plainfield Parks Facs. Corp. Lease Rent Rev.,	1,000	5.00%,	
	1/15/22 (AMBAC) Aaa/AAA	1,030,190		Portage Industrial Economic Dev. Rev.,	1,000	5.00%,	
7/15/23 NR/BBB+	993,450	775	5.00%, 1/15/27 NR/BBB+	760,926	3,500	State Dev. Finance Auth.,	
Pollution Control Rev.,	5.00%, 3/1/30 (AMBAC) Aaa/AAA	3,503,850	2,000	Vigo Cnty. Hospital			
	Auth. Rev., 5.70%, 9/1/37 (b) NR/NR	1,994,180		28,223,780			

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

		Amount			Principal
		(000)	Credit Rating		
		(Moody's/S&P)* Value			
Iowa-1.7%					
\$ 1,000	Coralville, CP, 5.25%, 6/1/26, Ser. D	A2/B+	\$ 1,021,560	3,715	Finance Auth. Rev.,
	Wedum Walnut Ridge LLC,				
5.625%, 12/1/45, Ser. A	NR/NR	3,571,193	Tobacco Settlement Auth. of Iowa Rev., Ser. B,	11,010	
zero coupon, 6/1/34, (Converts to 5.60% on 12/1/07)	Baa3/BBB	10,163,661	1,000	5.60%, 6/1/35,	
(Pre-refunded @ \$101, 6/1/11) (a)	NR/AAA	1,076,040		15,832,454	
Kentucky-0.3%					
	Economic Dev. Finance Auth., Hospital Facs. Rev.,	1,000	Catholic Healthcare Partners, 5.25%,		
10/1/30	Aa3/AA-	1,018,440	1,080	St. Luke's Hospital, 6.00%, 10/1/19, Ser. B	A3/A 1,190,527
				2,208,967	
Louisiana-1.0%					
	Public Facs. Auth. Rev., Ochsner Clinic Foundation, Ser. B,	5,000	5.50%, 5/15/32,		
(Pre-refunded @ \$100, 5/15/26) (a)	A3/NR	5,686,950	1,700	5.50%, 5/15/47	A3/NR 1,721,420 1,595
	Tobacco Settlement Financing Corp. Rev.,				
5.875%, 5/15/39, Ser. 2001-B	Baa3/BBB	1,580,166		8,988,536	
Maryland-0.2%					
500	Health & Higher Educational Facs. Auth. Rev., 5.30%, 1/1/37	NR/NR	473,005	1,500	State
	Health & Higher Educational Facs. Auth. Rev., Calvert				
	Health Systems, 5.50%, 7/1/36	A2/NR	1,551,915	2,024,920	
Massachusetts-1.1%					
	State Dev. Finance Agcy. Rev.,	1,000	5.75%, 7/1/33, Ser. C, (Pre-refunded @ \$101, 7/1/13) (a)		
A3/A-	1,063,020	750	Linden Ponds, 5.75%, 11/15/35, Ser. A	NR/NR	756,817 4,910
	Finance Agcy., Housing Rev., 5.125%, 6/1/43, Ser. H	Aa3/AA-	4,957,038	3,225	State Housing
	Abatement Trust Rev., 5.00%, 8/1/32, Ser. 8	Aaa/AAA	3,301,110		10,077,985
Michigan-13.8%					
500	Corner Creek Academy East Rev., 5.25%, 11/1/36	A1/BB+	445,545	250	Crescent Academy,
	CP, 5.75%, 12/1/36	NR/NR	246,363		Detroit Water Supply System Rev.,
Ser. A (FSA) (h)	Aaa/AAA	33,765,228	35,000	5.00%, 7/1/32,	33,040 5.00%, 7/1/32,
				5.00%, 7/1/34, Ser. A (MBIA) (h)	Aaa/AAA 35,732,550

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7,555 5.00%, 7/1/34, Ser. B (MBIA) Aaa/AAA 7,713,126 500 Star International Academy, CP, 6.125%,
3/1/37 NR/BB+ 507,240 5,000 State Building Auth. Rev., 5.00%, 10/15/26, Ser. III,
(Pre-refunded @ \$100, 10/15/12) (FSA) (a) Aaa/AAA 5,324,300

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

		Amount		Principal	
		(000)	Credit Rating		
		(Moody's/S&P)* Value			
Michigan--(continued)					
\$ 175	State Hospital Finance Auth. Rev.,			Detroit Medical Center, 5.25%, 8/15/23	Ba3/BB-
	165,960	4,000		Henry Ford Health System, 5.00%, 3/1/17,	
(Pre-refunded @ \$100, 3/1/13)	(a) A1/A	4,254,760		Oakwood Group, Ser. A,	5,405 5.75%, 4/1/32
	A2/A	5,610,768	575	6.00%, 4/1/22	A2/A 612,254 20,000
	Aa2/AA-	20,574,000	1,000	State Technical Univ. Rev., 5.00%	10/1/33 (XLCA) Aaa/AAA 1,025,570
	10,000			Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A	NR/BBB 9,975,000
					125,952,664
Minnesota--0.4%					
750	Cottage Grove Rev., 5.00%, 12/1/31	NR/NR	673,380	2,400	Upsala Independent School Dist.
	No. 487, GO, 5.00%, 2/1/28 (FGIC)	Aaa/AAA	2,536,416		3,209,796
Mississippi--0.5%					
	Business Finance Corp., Pollution Control Rev.,		3,000	5.875%, 4/1/22	Ba1/BBB 3,009,000
	1,250	5.90%, 5/1/22	Ba1/BBB	1,250,500	4,259,500
Missouri--2.4%					
	4,000			Bi-State Dev. Agcy. Rev., Missouri Illinois Metropolitan Dist.,	
	5.00%, 10/1/32 (FSA)	Aaa/AAA	4,123,120	1,350	St. Louis Cnty. Industrial Dev. Auth., Housing Dev. Rev.,
	5.20%, 1/20/36 (GNMA)	NR/AAA	1,367,969		St. Louis Industrial Dev. Auth. Rev. (GNMA),
	5.125%, 12/20/29	NR/AAA	1,528,725	1,500	5.125%, 12/20/30
				NR/AAA	1,521,795 4,365
	Environmental Improvement & Energy Res. Auth.,			Water Pollution Control Rev., 5.00%, 7/1/23, Ser. B	
	Aaa/NR	4,542,175	7,500	State Health & Educational Facs. Auth., Health Facs. Rev.,	St. Anthony's
	Medical Center, 6.25%, 12/1/30, (Pre-refunded @			\$101, 12/1/10) (a) A2/NR	8,169,525 250
	Township of Jennings Rev., 5.00%, 11/1/23	NR/NR	240,162	500	Univ. Place Transportation Dev. Dist.,
				Special Assessment,	
	5.00%, 3/1/32 (c)	NR/NR	476,280		21,969,751
Montana--1.3%					
	11,250			Forsyth Pollution Control Rev., Puget Sound Energy,	
	5.00%, 3/1/31 (AMBAC)	Aaa/AAA	11,635,763		
Nevada--0.4%					

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3,355 Henderson Health Care Fac. Rev., Catholic Healthcare West, 5.125%, 7/1/28,
(Pre-refunded @ \$101, 7/1/08) (a) A2/A 3,427,971
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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

		Amount		Principal
		(000)	Credit Rating	
		(Moody's/S&P)* Value		
New Hampshire—0.5%				
Manchester Water Works Rev. (FGIC),	\$ 1,500	5.00%, 12/1/28	Aaa/AAA	\$ 1,554,570
3,250	5.00%, 12/1/34	Aaa/AAA	3,348,735	4,903,305
New Jersey—4.4%				
1,000	Camden Cnty., Improvement Auth. Rev., Cooper Health System, 5.00%, 2/15/35, Ser. A	Baa3/BBB		
944,460	Economic Dev. Auth., 4,500	Kapkowski Road Landfill Project, Special Assessment,		
	6.50%, 4/1/28	Baa3/NR	5,078,115	300
	Newark Airport Rev., 7.00%, 10/1/14	Ba1/NR	303,288	450
	Seashore Gardens, 5.375%, 11/1/36	NR/NR	423,256	
	Health Care Facs. Financing Auth. Rev.,			2,500
	Middlesex Cnty. Pollution Control Auth. Rev., 5.75%, 9/15/32	Baa3/BBB-	2,581,250	3,000
	Pascack Valley Hospital, 6.625%, 7/1/36 (j)	NR/CC	1,500,000	2,000
	Somerset Medical Center, 5.50%, 7/1/33	Ba1/NR		
1,943,520	2,000	South Port Corp., 5.10%, 1/1/33	NR/A	2,044,860
	1,150	Trinitas Hospital, 5.25%, 7/1/30,		
	Ser. A	Baa3/BBB-	1,109,945	1,500
	State Educational Facs. Auth. Rev., 6.00%, 7/1/25, Ser. D	NR/NR		
	1,566,360	Tobacco Settlement Financing Corp. Rev.,		9,250
	5.00%, 6/1/41, Ser. 1A	Baa3/BBB		
	7,828,275	525	6.00%, 6/1/37, (Pre-refunded @ \$100, 6/1/12) (a)	Aaa/AAA
	577,411	1,000	6.125%,	
	6/1/24	Aaa/AAA	1,059,680	230
	6.125%, 6/1/42, (Pre-refunded @ \$100, 6/1/12) (a)	Aaa/AAA		254,182
	350	6.25%, 6/1/43, (Pre-refunded @ \$100, 6/1/13) (a)	Aaa/AAA	395,378
	10,750	6.75%, 6/1/39,		
	(Pre-refunded @ \$100, 6/1/13) (a)	Aaa/AAA	12,416,035	40,026,015
New Mexico—0.1%				
1,000	Farmington Pollution Control Rev., 5.80%, 4/1/22	Baa2/BBB		1,005,650
New York—3.5%				
10,000	Metropolitan Transportation Auth. Rev., 5.25%, 11/15/32, Ser. B, (Pre-refunded @ \$100, 11/15/13)			
(a)	A2/AAA	10,915,400	New York City Municipal Water Finance Auth., Water & Sewer System Rev.,	
	5,000	5.00%, 6/15/35, Ser. C	Aa2/AA+	5,122,550
	8,180	5.00%, 6/15/37, Ser. D (h)	Aa2/AA+	
	8,400,287	1,500	5.00%, 6/15/39, Ser. A	Aa2/AA+
	1,535,025	3,800	State Dormitory Auth. Rev., State	
	Personal Income Tax,		5.00%, 3/15/32, (Pre-refunded @ \$100, 3/15/13) (a)	Aa3/AAA
	4,066,912	2,000	State Environmental Facs. Corp. Rev., 5.00%, 6/15/28	Aaa/AAA
	2,074,080			32,114,254

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

		Amount		Principal	
		(000)	Credit Rating		
		(Moody's/S&P)* Value			
North Carolina—1.3%					
\$ 2,000	Charlotte-Mecklenburg Hospital Auth., Healthcare System Rev.,			5.00%	1/15/33, Ser. A,
(Pre-refunded @ \$100, 1/15/13) (a)	Aa3/AA-	\$ 2,129,560			Eastern Municipal Power Agcy., Power System
Rev.,	2,000	5.125%, 1/1/23, Ser. D	Baa1/BBB	2,040,820	2,000
2,032,460	3,795	5.375%, 1/1/17, Ser. C	Baa1/BBB	3,989,911	1,500
Care Facs. Rev.,		Cleveland Cnty., 5.00%, 7/1/35 (AMBAC)	Aaa/AAA	1,539,600	
				11,732,351	
Ohio—0.8%					
2,500	Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30	Aa3/AA-		2,564,275	Ohio
Air Quality Dev. Auth. Rev., Dayton Power & Light Co.,		5,000	4.80%, 1/1/34, Ser. B (FGIC) (h)		
		Aaa/AAA	5,035,050	7,599,325	
Pennsylvania—4.1%					
10,836,135	Allegheny Cnty. Hospital Dev. Auth. Rev.,	11,300	5.375%, 11/15/40, Ser. A	Ba2/BB	
4,350	9.25%, 11/15/30, Ser. B, (Pre-refunded @ \$102, 11/15/10) (a)	Ba3/AAA	5,143,179	1,500	
	Cumberland Cnty. Auth., Retirement Community Rev.,				
	Wesley Affiliated Services, 7.25%, 1/1/35, Ser. A,				
(Pre-refunded @ \$101, 1/1/13) (a)	NR/NR	1,756,950	3,250	Delaware River Toll Bridge, Commission Bridge	
Rev., 5.00%, 7/1/28	A2/A-	3,332,875	1,250	Harrisburg Auth. Rev., 6.00%, 9/1/36	NR/NR
		3,000		Lehigh Cnty. General Purpose Auth. Rev., St. Luke's Bethlehem	
Hospital, 5.375%, 8/15/33, (Pre-refunded @ \$100, 8/15/13) (a)	Baa1/BBB	3,264,330	5,000	Philadelphia	
				School Dist., GO,	
				5.125%, 6/1/34, Ser. D, (Pre-refunded @ \$100, 6/1/14) (FGIC) (a)	Aaa/AAA
				Hospital Auth., Bucks Cnty. Rev., 5.00%, 12/1/28,	
(Partially Pre-refunded @ \$101, 6/1/08) (a)	NR/NR	6,091,911		37,118,555	
Puerto Rico—0.3%					
2,200	Electric Power Auth. Power Rev.,		5.125%, 7/1/29, Ser. NN, (Pre-refunded @ \$100,		
			7/1/13) (a)	A3/BBB+	2,373,778
South Carolina—1.7%					
7,500	Florence Cnty. Rev., McLeod Regional Medical Center,		5.00%, 11/1/31, Ser. A (FSA)		
Aaa/AAA	7,752,450	Jobs Economic Dev. Auth. Rev., Bon Secours Health System,		6,700	5.625%,

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11/15/30 A3/A- 6,904,886 750 6.00%, 11/15/37, Ser. A (c) NR/NR 750,000 15,407,336

South Dakota-0.2%

1,705 Minnehaha Cnty. Health Facs. Rev., Bethany Lutheran, 5.375%, 12/1/27 NR/NR
1,621,319

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

Amount (000) Credit Rating (Moody's/S&P)* Value	Principal
Tennessee—0.1%	
\$ 1,250	Knox Cnty. Health Educational & Housing Facs., Board Hospital, Facs. Rev., Catholic Healthcare Partners, 5.25%, 10/1/30 Aa3/AA– \$ 1,275,275
Texas—14.1%	
4,135	Canyon Independent School Dist., GO, 5.00%, 2/15/28, Ser. A, (Pre-refunded @ \$100, 2/15/13) (PSF-GTD) (a) NR/AAA 4,410,887 2,500 Columbia & Brazoria Independent School Dist., GO, 5.00%, 8/1/29, (PSF-GTD) NR/AAA 2,568,450 1,300 Comal Cnty. Health Facs. Dev., McKenna Memorial Hospital Project Rev., 6.25%, 2/1/32 Baa2/BBB– 1,343,173 6,810 Crowley Independent School Dist., GO, 4.75%, 8/1/35 (PSF-GTD) (h) Aaa/AAA 6,831,656 12,975 Dallas Area Rapid Transit Rev., 5.00%, 12/1/32, (Pre-refunded@\$100,12/1/12)(FGIC)(a)(h) Aaa/AAA 13,835,632 Denton Independent School Dist., GO, (PSF-GTD), 5,745 zero coupon, 8/15/26, (Pre-refunded @ \$44.73, 8/15/12) (a) Aaa/AAA 2,141,621 255 zero coupon, 8/15/26 Aaa/AAA 91,981 5,745 zero coupon, 8/15/27, (Pre-refunded @ \$42.17, 8/15/12) (a) Aaa/AAA 2,019,023 255 zero coupon, 8/15/27 Aaa/AAA 86,593 4,785 zero coupon, 8/15/28, (Pre-refunded @ \$39.75, 8/15/12) (a) Aaa/AAA 1,585,175 215 zero coupon, 8/15/28 Aaa/AAA 68,720 5,745 zero coupon, 8/15/29, (Pre-refunded @ \$37.46, 8/15/12) (a) Aaa/AAA 1,793,532 255 zero coupon, 8/15/29 Aaa/AAA 76,704 1,915 zero coupon, 8/15/30, (Pre-refunded @ \$35.30, 8/15/12) (a) Aaa/AAA 563,316 85 zero coupon, 8/15/30 Aaa/AAA 24,068 7,660 zero coupon, 8/15/31, (Pre-refunded @ \$33.25, 8/15/12) (a) Aaa/AAA 2,122,663 340 zero coupon, 8/15/31 Aaa/AAA 90,603 10,115 5.00%, 8/15/33 (h) Aaa/AAA 10,342,183 4,400 Harris Cnty., GO, 5.125%, 8/15/31, (Pre-refunded @ \$100, 8/15/12) (a) Aa1/AA+ 4,696,912 Harris Cnty. Health Facs. Dev. Corp. Rev., Ser. A, 5,000 Christus Health, 5.375%, 7/1/29, (Pre-refunded @ \$101, 7/1/09) (MBIA) (a) Aaa/AAA 5,201,500 2,750 St. Luke's Episcopal Hospital, 5.375%, 2/15/26, (Pre-refunded @ \$100, 8/15/11) NR/AAA 2,927,678 19,500 Harris Cnty. Rev., 5.125%, 8/15/32, (Pre-refunded @ \$100, 5/1/13) (FSA) (a) Aaa/AAA 20,833,800 5,000 Houston Water & Sewer System Rev., 5.00%, 12/1/30, Ser. A, (Pre-refunded @ \$100, 12/1/12) (FSA) (a) Aaa/AAA 5,326,800 Judson Independent School Dist., GO (PSF-GTD), 6,535 5.00%, 2/1/30, (Pre-refunded @ \$100, 2/1/11) (a) Aaa/NR 6,829,663 465 5.00%, 2/1/30 Aaa/NR 473,091 11,950 Mansfield Independent School Dist., GO, 5.00%, 2/15/28 (PSF-GTD) (h) Aaa/AAA 12,271,574

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PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

		Amount				Principal
		(000)	Credit Rating			
		(Moody's/S&P)* Value				
Texas--(continued)						
Mesquite Independent School Dist. No. 1, GO, Ser. A (PSF-GTD),		\$ 1,365	zero coupon, 8/15/16			
NR/AAA \$ 930,220	1,000	zero coupon, 8/15/18	NR/AAA	612,160	1,000	zero coupon, 8/15/19
NR/AAA	575,460	1,000	zero coupon, 8/15/20	NR/AAA	541,910	2,105
Municipal Utility Dist. No. 16, GO, 5.30%, 10/1/29 (Radian)		NR/AA	2,120,030	2,000		Sabine River Auth.
Rev., 5.20%, 5/1/28	Baa2/BB	1,845,500	Univ. Rev.,	2,000	5.00%, 7/1/26, Ser. B, (Pre-refunded @	
\$100, 7/1/14) (a)	Aaa/AAA	2,158,780	11,115	5.00%, 8/15/33, Ser. B (h)	Aaa/AAA	11,398,210
						128,739,268
Utah--0.4%						
1,750	Cnty. of Weber, IHC Health Services Rev., 5.00%, 8/15/30	Aa1/AA+	1,759,048	750		Spanish Fork City Rev., 5.70%, 11/15/36
	NR/NR	748,890	720			Utah Cnty. Lincoln Academy Charter School, GO, 5.875%, 6/15/37, Ser. A (b)
	NR/NR	722,304				3,230,242
Virginia--0.1%						
1,000	James City Cnty. Economic Dev. Auth. Rev., 5.50%, 7/1/37, Ser. A	NR/NR				948,150
Washington--10.2%						
6,375	Chelan Cnty. Public Utility Dist. Rev.,					
5.125%, 7/1/33, Ser. C (AMBAC)	Aaa/AAA	6,562,297	King Cnty. Sewer Rev., Ser A (h),			10,000
5.00%, 1/1/35 (FGIC)	Aaa/AAA	10,239,800	15,000	5.00%, 1/1/35 (FSA)	Aaa/AAA	15,291,600
						21,625
	Port Tacoma, GO, 5.00%, 12/1/33,					
(Pre-refunded @ \$100, 12/1/13) (AMBAC) (a)(h)	Aaa/AAA	23,258,769	10,000			Seattle Drain & Wastewater Rev., 5.00%, 7/1/32 (FGIC) (h)
	Aaa/AAA	10,227,900	3,400			State Housing Finance Commission Rev., Skyline at First Hill,
	5.625%, 1/1/38, Ser. A	NR/NR	3,339,072	22,575		Tobacco Settlement Auth., Tobacco Settlement Rev., 6.50%, 6/1/26
	Baa3/BBB	23,703,073				92,622,511
Wisconsin--0.1%						
560	Badger Tobacco Asset Securitization Corp. Rev., 6.00%, 6/1/17	Baa3/BBB	583,929	700		
Milwaukee Redev. Auth. Rev., 5.65%, 8/1/37, Ser. A	NR/NR	676,459	1,260,388			Total Municipal Bond & Notes (cost--\$847,943,201)
		885,160,489				

PIMCO Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

Amount (000) Credit Rating (Moody's/S&P)* Value	Principal
VARIABLE RATE NOTES (d)(e)-2.0%	
Florida-0.3%	
\$ 2,554 State Turnpike Auth. Rev., 7.38%, 7/1/31, Ser. 1450 (b)(i) Aa2/NR	\$ 2,577,752
New York-1.5%	
4,660 Liberty Dev. Corp. Rev., 9.92%, 10/1/35, Ser. 1451 (b)(i) Aa3/BBB+	6,190,577
6,000 State Dormitory Auth. Rev., Univ. & College Improvement., 8.55%, 3/15/35, Ser. 1216 (b)(i) NR/AAA	13,188,077
6,997,500	
Ohio-0.2%	
2,075 Ohio Air Quality Dev. Auth. Rev., 7.51%, 1/1/34, Ser. 1223 (FGIC) (b)(i) Aaa/AAA	2,147,646
Pennsylvania-0.0%	
350 Washington Cnty. Redev. Auth., Tax Allocation, 5.45%, 7/1/35, Ser. A NR/NR	339,741
Total Variable Rate Notes (cost-\$18,736,791)	18,253,216
VARIABLE RATE DEMAND NOTES (e)(f)-0.6%	
Massachusetts-0.1%	
1,090 Health & Educational Facs. Auth. Rev., 3.80%, 10/1/07, Ser. R VMIG1/A-1+	1,090,000
Michigan-0.3%	
2,200 Univ. Rev., 4.00%, 10/1/07, Ser. A VMIG1/A-1+	2,200,000
Montana-0.2%	

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2,000 Fac. Finance Auth. Rev., Sister of Charity, 4.04%, 10/1/07, Ser. A VMIG1/A-1+ 2,000,000
Total Variable Rate Demand Notes (cost-\$5,290,000) 5,290,000

U.S. TREASURY BILLS (g)-0.3%

2,495 3.77%-4.62%,11/29/07-12/13/07 (cost-\$2,476,136) 2,476,136 **Total Investments**
(cost-\$874,446,128)-~~100.0%~~ 911,179,841

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PIMCO California Municipal Income Fund III
 Schedule of Investments
 September 30, 2007

		Amount		Principal	
		(000)	Credit Rating		
		(Moody's/S&P)*	Value		
CALIFORNIA MUNICIPAL BONDS & NOTES—91.9%					
\$ 1,000	Alameda Public Financing Auth. Rev., 7.00%, 6/1/09	NR/NR	\$ 998,960		Assoc. of Bay Area
	Gov't Finance Auth. Rev., Odd Fellows Home, 5.35%, 11/15/32	NR/A+	3,317,472	11,725	
	Burbank Public Finance Auth., Tax Allocation, San Fernando Redev. Project, 1,135 5.50%, 12/1/28	NR/BBB	1,163,477	1,000	5.50%, 12/1/33 NR/BBB 1,019,260
	2,000 Butte-Glenn Community College, GO, 5.00%, 8/1/26, Ser. A (MBIA)	Aaa/NR	2,080,780	2,000	
	Capistrano Unified School Dist., Community Fac. Dist., Special Tax, 6.00%, 9/1/32, (Pre-refunded @ \$100, 9/1/13) (a)	NR/NR	2,254,600	500	Carson Public Financing Auth., Special Assessment, 5.00%, 9/2/31, Ser. B NR/NR 468,200 1,000 Cathedral City Public Financing Auth., Tax Allocation, 5.00%, 8/1/33, Ser. A (MBIA) Aaa/AAA 1,030,830 1,150 Ceres Redev. Agcy., Tax Allocation, 5.00%, 11/1/33 (MBIA) Aaa/AAA 1,194,160 Ceres Unified School Dist., GO (FGIC), 2,825 zero coupon, 8/1/28 Aaa/AAA 878,095 2,940 zero coupon, 8/1/29 Aaa/AAA 859,744 Chula Vista Community Facs. Dist., Special Tax, 2,000 5.125%, 9/1/36 NR/NR 1,861,920 1,600 5.75%, 9/1/33 NR/NR 1,611,024 675 6.15%, 9/1/26 NR/NR 701,676 1,620 6.20%, 9/1/33 NR/NR 1,672,358 1,000 City of Carlsbad, Special Assessment, 6.00%, 9/2/34 NR/NR 1,018,890 Contra Costa Cnty. Public Financing Auth., Tax Allocation, Ser. A, 1,415 5.625%, 8/1/33 NR/BBB 1,449,781 6,585 5.625%, 8/1/33, (Pre-refunded @ \$100, 8/1/13) (a) NR/BBB 7,283,668 3,775 Cucamonga School Dist., CP, 5.20%, 6/1/27 NR/A- 3,827,737 Educational Facs. Auth. Rev., 2,455 Loyola Marymount Univ., zero coupon, 10/1/34 (MBIA) Aaa/NR 668,055 5,000 Pepperdine Univ., 5.00%, 9/1/33, Ser. A (FGIC) Aaa/AAA 5,160,000 500 Franklin-McKinley School Dist., GO, 5.00%, 8/1/27, Ser. B, (Pre-refunded@\$100,8/1/13)(FSA)(a) Aaa/AAA 538,660 Fremont Community Facs. Dist. No. 1, Special Tax, 1,250 5.30%, 9/1/30 NR/NR 1,206,550 5,000 6.30%, 9/1/31 NR/NR 5,137,000 9,500 Fresno School Unified Dist., GO, 6.00%, 8/1/26, Ser. A (MBIA) Aaa/AAA 11,231,660 4,380 Glendale Electric Works Rev., 5.00%, 2/1/27 (MBIA) Aaa/AAA 4,515,911 Golden State Tobacco Securitization Corp. Tobacco Settlement Rev., 6,000 5.00%, 6/1/33, Ser. A-1 Baa3/BBB 5,295,240 10,000 5.00%, 6/1/35, Ser. A (FGIC) (h) Aaa/AAA 10,222,800 4,000 5.00%, 6/1/45, Ser. A (FGIC-TCRS) (h) Aaa/AAA 4,076,200

PIMCO California Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

	Amount (000)	Credit Rating	Principal
(Moody's/S&P)* Value \$ 9,000 5.00%, 6/1/45, Ser. A (AMBAC-TCRS) (h) Aaa/AAA	\$ 9,171,450	18,000	
6.25%, 6/1/33, Ser. 2003-A-1 Aaa/AAA 19,753,920 38,490 6.75%, 6/1/39, Ser. 2003-A-1, (Pre-refunded @ \$100, 6/1/13) (a) Aaa/AAA 44,561,798			
Health Facs. Finance Auth. Rev., 5,000 Adventist Health System, 5.00%, 3/1/33 NR/A 4,957,150 6,000 Cottage Health System, 5.00%, 11/1/33, Ser. B (MBIA) Aaa/AAA 6,148,140 5,000 Kaiser Permanente, 5.00%, 10/1/18, Ser. B A3/AAA 5,114,550 Paradise VY Estates (CA Mtg. Ins.), 2,000 5.125%, 1/1/22 NR/A+ 2,053,920 1,550 5.25%, 1/1/26 NR/A+ 1,592,005 2,000 Sutter Health, 6.25%, 8/15/35, Ser. A Aa3/AA- 2,127,280 Infrastructure & Economic Dev. Bank Rev., 7,750 Bay Area Toll Bridges, 5.00%, 7/1/36, (Pre-refunded @ \$100, 1/1/28) (AMBAC) (a)(h) Aaa/AAA 8,368,450 Kaiser Assistance Corp., 3,000 5.50%, 8/1/31, Ser. B A2/A 3,087,000 8,000 5.55%, 8/1/31, Ser. A NR/A+ 8,252,080 3,725 La Mesa-Spring Valley School Dist., GO, 5.00%, 8/1/26, Ser. A, (Pre-refunded@\$100,8/1/12)(FGIC)(a) Aaa/AAA 3,974,463 20 Lancaster Financing Auth., Tax Allocation, 4.75%, 2/1/34 (MBIA) Aaa/AAA 20,089 825 Lee Lake Water Dist. Community Facs. Dist. No. 2, Montecito Ranch, Special Tax, 6.125%, 9/1/32 NR/NR 838,010 5,000 Long Beach Community College Dist., GO, 5.00%, 5/1/28, Ser. A, (Pre-refunded@\$100,5/1/13)(MBIA)(a) Aaa/AAA 5,371,650 Los Angeles Department of Water & Power Rev. (h), 6,000 4.75%, 7/1/30, Ser. A (FSA) Aaa/AAA 6,057,660 10,000 5.00%, 7/1/30 Aa3/AA- 10,275,400 20,000 5.00%, 7/1/35 (FSA) Aaa/AAA 20,712,600 3,000 Los Angeles Unified School Dist., GO, 5.125%, 1/1/27, Ser. E, (Pre-refunded@\$100,7/1/12)(MBIA)(a) Aaa/AAA 3,211,260 5,280 Modesto Irrigation Dist., CP, 5.00%, 7/1/33, Ser. A (MBIA) Aaa/AAA 5,417,333 4,585 Moreno Valley Unified School Dist. Community Facs. Dist., Special Tax, 5.20%, 9/1/36 NR/NR 4,304,902 2,180 Murrieta Valley Unified School Dist., Special Tax, 6.40%, 9/1/24, (Pre-refunded @ \$102, 9/1/09) (a) NR/NR 2,339,554 5,000 Oakland, GO, 5.00%, 1/15/33, Ser. A (MBIA) Aaa/AAA 5,132,600 Oakland Redevel. Agcy., Tax Allocation, (Pre-refunded @ \$100, 3/1/13) (a), 985 5.25%, 9/1/27 NR/A 1,067,257 1,545 5.25%, 9/1/33 NR/A 1,675,599 5,000 Orange Cnty. Community Facs. Dist., Ladera Ranch, Special Tax, 5.55%, 8/15/33, Ser. A NR/NR 4,986,000 5,000 Orange Cnty. Unified School Dist., CP, 4.75%, 6/1/29 (MBIA) Aaa/AAA 5,026,650			

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PIMCO California Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

	Amount	Principal
(Moody's/S&P)* Value	(000) Credit Rating	
Orange Cnty. Water Dist. Rev., CP (MBIA),	\$ 1,000	5.00%, 8/15/28, Ser. B
Aaa/AAA \$ 1,024,960 5,525 5.00%, 8/15/34, Ser. B (h) Aaa/AAA	5,654,340	5,000 Pajaro Valley
Unified School Dist., GO, 5.00%, 8/1/26, Ser. A	(Pre-refunded@\$100,8/1/13)(FSA)(a)(h) Aaa/AAA	
5,386,600 2,000 Palm Desert Financing Auth., Tax Allocation, 5.00%, 4/1/25,		Ser. A (MBIA)
Aaa/AAA 2,075,160 6,455 Pasadena Water Rev., 5.00%, 6/1/33 (FGIC) (h) Aaa/AAA	6,637,096	1,410
Pomona Public Financing Auth. Rev., 5.00%, 12/1/37,	Ser. AF (MBIA) Aaa/AAA	1,449,254
Poway Unified School Dist., Community Facs. Dist. No. 6,		
Special Tax, 3,650 5.125%, 9/1/28 NR/NR 3,547,216 1,285 6.05%, 9/1/25 NR/NR	1,319,027	
2,100 6.125%, 9/1/33 NR/NR 2,141,811 5,000 Riverside, CP, 5.00%, 9/1/33 (AMBAC) Aaa/AAA		
5,120,500 500 Rocklin Unified School Dist. Community Facs., Special Tax,		5.00%, 9/1/29 (MBIA)
Aaa/AAA 514,660 1,360 Sacramento City Financing Auth. Rev., North Natomas CFD No. 2,		
6.25%, 9/1/23, Ser. A NR/NR 1,379,448 10,820 Sacramento Cnty. Water Financing Auth. Rev.,		
5.00%, 6/1/34, (Pre-refunded @ \$100, 6/1/13) (AMBAC) (a)(h) NR/NR	11,634,962	8,000 Sacramento Muni
Utility Dist., Electric Rev., 5.00%, 8/15/33,	Ser R (MBIA) (h) Aaa/AAA	8,232,880 12,075 San
Diego Community College Dist., GO, 5.00%, 5/1/28,	Ser. A (FSA) (h) Aaa/AAA	12,453,551 San
Diego Community Facs. Dist. No. 3, Special Tax, Ser. A (b)(i),	890 5.60%, 9/1/21 NR/NR	882,319
580 5.70%, 9/1/26 NR/NR 570,807 1,700 5.75%, 9/1/36 NR/NR	1,654,610	San Diego Unified
School Dist., GO (FSA), 480 5.00%, 7/1/26, Ser. C Aaa/AAA	511,195	11,000 5.00%, 7/1/26, Ser. E
Aaa/AAA 11,727,430 8,425 5.00%, 7/1/28, Ser. E Aaa/AAA	8,982,145	1,500 San Diego Univ.
Foundation Auxiliary Organization, Rev.,	5.00%, 3/1/27, Ser. A (MBIA) Aaa/AAA	1,539,300 3,000
San Jose, Libraries & Parks, GO, 5.125%, 9/1/31 Aa1/AA+	3,093,570	15,700 San Marcos Public Facs.
Auth., Tax Allocation, 5.00%, 8/1/33	Ser A. (FGIC) (h) Aaa/AAA	16,113,695 Santa Ana Unified
School Dist., GO, Ser. B (FGIC),	2,515 zero coupon, 8/1/26 Aaa/AAA	1,046,818 3,520 zero
coupon, 8/1/28 Aaa/AAA	1,318,698 2,500 zero coupon, 8/1/30 Aaa/AAA	842,850

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PIMCO California Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

	Amount	Principal
	(000) Credit Rating	
(Moody's/S&P)* Value \$ 3,780 zero coupon, 8/1/31	Aaa/AAA \$ 1,209,487 3,770	zero coupon, 8/1/32
Aaa/AAA 1,144,384 1,250 Santa Clara Valley Transportation Auth., Sales Tax Rev.,		5.00%,
6/1/26, Ser. A, (Pre-refunded @ \$100, 6/1/11) (MBIA) (a)	Aaa/AAA 1,316,050	Santa Margarita Water Dist.,
Special Tax, 1,820 6.25%, 9/1/29 NR/NR 1,876,365 4,125 6.25%, 9/1/29, (Pre-refunded @ \$102,		9/1/09) (a) NR/NR 4,412,223 3,550
Santa Monica Community College Dist., GO, zero coupon, 8/1/27,		Ser. C (MBIA) Aaa/AAA 1,310,412 1,205
Sequoia Union High School Dist., GO, 5.00%, 7/1/23,		(Pre-refunded@\$102,7/1/11)(MBIA)(a) Aaa/NR 1,291,218
South Tahoe JT Powers Financing Auth. Rev.,	2,500 5.125%, 10/1/09 NR/NR 2,500,000 4,425	5.45%, 10/1/33 NR/BBB 4,497,260
Southern CA Public Power Auth., Power Project Rev.,		Magnolia Power, Ser. A-2003-1 (Pre-refunded @
\$100, 7/1/13) (AMBAC) (a), 12,200 5.00%, 7/1/33	Aaa/AAA 13,130,982 15,010	5.00%, 7/1/33 (h)
Aaa/AAA 16,155,413 4,095	State Department Veteran Affairs Home Purchase Rev.,	5.35%,
12/1/27, Ser. A (AMBAC) Aaa/AAA 4,280,954	State Public Works Board Lease Rev.,	1,105
Patton, 5.375%, 4/1/28 A2/A 1,147,786 4,600	Univ. CA M.I.N.D. Inst., 5.00%, 4/1/28, Ser. A	Aa2/AA-
4,706,352 3,505	Statewide Community Dev. Auth., Internext Group, CP,	5.375%, 4/1/30 NR/BBB
3,509,942	Statewide Community Dev. Auth. Rev.,	1,150 Baptist Univ., 5.50%, 11/1/38, Ser. A
NR/NR 1,136,775 2,500	Berkeley Montessori School, 7.25%, 10/1/33 NR/NR 2,580,725	Health Fac.,
7,300 Jewish Home, 5.50%, 11/15/33, (CA St. Mtg.) NR/A+	7,614,776 15,000	Memorial Health
Services, 5.50%, 10/1/33, Ser. A A3/A+ 15,450,750 1,250	Huntington Park Chapter School, 5.25%, 7/1/42,	
Ser. A NR/NR 1,172,538 10,000	Sutter Health, 5.50%, 8/15/34, Ser. B Aa3/AA-	10,348,200 2,500
Valleycare Health, 5.125%, 7/15/31, Ser. A NR/NR 2,347,875 975	Windrush School Rev., 5.50%, 7/1/37	
NR/NR 945,770 2,000	Tamalpais Union High School Dist., GO, 5.00%, 8/1/26 (MBIA) Aaa/AAA	
2,063,860 2,000	Temecula Public Financing Auth., Crowne Hill, Special Tax,	6.00%, 9/1/33, Ser. A
NR/NR 2,044,720	Tobacco Securitization Agcy. Rev.,	Alameda Cnty., 8,100 5.875%,
6/1/35 Baa3/NR 8,082,747 7,000 6.00%, 6/1/42 Baa3/NR 7,016,240		

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PIMCO California Municipal Income Fund III
 Schedule of Investments
 September 30, 2007 (continued)

	Amount (000)	Credit Rating	Principal
(Moody's/S&P)* Value \$ 4,910			
Gold Cnty., zero coupon, 6/1/33 NR/BBB	\$ 1,022,213		2,000 Kern Cnty.,
6.125%, 6/1/43, Ser. A NR/BBB	2,014,680	5,000	Tobacco Securitization Auth. of Southern California Rev.,
5.00%, 6/1/37, Ser. A-1 Baa3/BBB	4,326,150	2,950	Torrance Medical Center Rev., 5.50%, 6/1/31,
Ser. A A1/A+ 3,051,303		5,500	4.75%, 5/15/35, Ser. F Aaa/AAA
Univ. Rev., (FSA) (h)			
5,518,315 21,125 5.00%, 9/1/33, Ser. Q (Pre-refunded @ \$101, 9/1/11) (a)	Aaa/AAA	22,497,491	2,355
5.00%, 9/1/34, Ser. Q (Pre-refunded @ \$101, 9/1/11) (a)	Aaa/AAA	2,508,004	4,000
Vernon Electric System			
Rev., Malburg Generating Station, 			