

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III
Form N-CSR
December 05, 2005

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, 2005

Contents

<u>Letter to Shareholders</u>	1
<u>Performance & Statistics</u>	2-4
<u>Schedules of Investments</u>	5-23
<u>Statements of Assets and Liabilities</u>	24
<u>Statements of Operations</u>	25
<u>Statements of Changes in Net Assets</u>	26-27
<u>Notes to Financial Statements</u>	28-35
<u>Financial Highlights</u>	36-38
<u>Report of Independent Registered Public Accounting Firm</u>	39
<u>Matters Relating to the Trustees Consideration of the Investment Management & Portfolio Management Agreements</u>	40-41
<u>Privacy Policy / Proxy Voting Policies & Procedures</u>	42
<u>Tax Information</u>	43
<u>Dividend Reinvestment Plan</u>	44
<u>Board of Trustees & Principal Officers</u>	45-46

PIMCO Municipal Income Funds III Letter to Shareholders

November 18, 2005

Dear Shareholder:

We are pleased to provide you with the annual report for PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III ("PIMCO Municipal Income Funds III" or the "Funds") for the year ended September 30, 2005.

During the reporting period, interest rates on the short-end of the municipal yield curve rose as the Federal Reserve (the "Fed") continued its interest rate tightening cycle. The Fed increased the federal funds rate by a total of two percentage points to 3.75% during the period. Yields on longer-term municipal bonds declined during the period, boosting their performance relative to short-term issues.

Please refer to the following pages for specific information for each of the PIMCO Municipal Income Funds III. If you have any questions regarding the information provided, we encourage you to contact your financial advisor or call the Funds' transfer agent at (800) 331-1710. Also, note that a wide range of information and resources can be accessed through our web site www.allianzinvestors.com.

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,

Robert E. Connor
Chairman

Brian S. Shlissel
President & Chief Executive Officer

PIMCO Municipal Income Fund III Performance & Statistics

September 30, 2005 (unaudited)

Symbol:

PMX

Primary Investments:

Municipal fixed-income securities, the interest from which is exempt from federal income tax.

Inception Date:

October 31, 2002

Objective:

To provide income exempt from federal income tax.

Total Net Assets⁽¹⁾:

\$727.5 million

Portfolio Manager:

Mark McCray

Total Return(2):

1 Year
Commencement of Operations (10/31/02) to 9/30/05

Market Price

15.95%
8.06%

Net Asset Value (NAV)

9.43%
7.74%

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/05
Market Price
NAV

Market Price / NAV:

Market Price	\$15.49
NAV	\$14.68
Premium to NAV	5.52%
Market Price Yield ⁽³⁾	6.44%

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) **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 income dividends 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, price, 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. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. 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 total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

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- (3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at September 30, 2005.

2 PIMCO Municipal Income Funds III Annual Report | 9.30.05

PIMCO California Municipal Income Fund III Performance & Statistics

September 30, 2005 (unaudited)

Symbol:

PZC

Primary Investments:

Municipal fixed-income securities, the interest from which is exempt from federal and California state income tax.

Inception Date:

October 31, 2002

Objective:

To provide current income exempt from federal and California state income tax.

Total Net Assets⁽¹⁾:

\$501.0 million

Portfolio Manager:

Mark McCray

Total Return(2):

1 Year

Commencement of Operations (10/31/02) to 9/30/05

Market Price

17⁴/₈

7.0%

Net Asset Value

(NAV)

11.94 %

7.90 %

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/05

Market Price

NAV

Market Price / NAV:

Market Price

NAV

Premium to NAV

Market Price Yield(3)

\$15.11

\$14.80

2.09%

6.35%

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) **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 income dividends 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, price, 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. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. 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 total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

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- (3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at September 30, 2005.

9.30.05 | PIMCO Municipal Income Funds III Annual Report 3

PIMCO New York Municipal Income Fund III Performance & Statistics

September 30, 2005 (unaudited)

Symbol:

PYN

Primary Investments:

Municipal fixed-income securities, the interest from which is exempt from federal, New York state and New York City income tax.

Inception Date:

October 31, 2002

Objective:

To provide current income exempt from federal, New York state and New York City income tax.

Total Net Assets⁽¹⁾:

\$129.0 million

Portfolio Manager:

Mark McCray

Total Return⁽²⁾:

1 Year

Commencement of Operations (10/31/02) to 9/30/05

Market Price

19.65%

9.08%

Net Asset Value (NAV)

11.25%

8.29%

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/05

Market Price

NAV

Market Price / NAV:

Market Price

NAV

Premium to NAV

Market Price Yield⁽³⁾

\$16.04

\$15.03

6.72%

5.99%

(1) Inclusive of net assets attributable to Preferred Shares outstanding.

(2) **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 income dividends 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, price, 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. A portion of the income generated by the Fund may be subject to federal, state and local taxes, and may at times be subject to the alternative minimum tax. 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 total assets applicable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

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- (3) Market Price Yield is determined by dividing the annualized current monthly per share dividend to common shareholders by the market price per common share at September 30, 2005.

4 PIMCO Municipal Income Funds III Annual Report | 9.30.05

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal

Amount

(000)

Credit Rating

(Moody s/S&P)* Value

MUNICIPAL BONDS & NOTES 92.2%**Alabama 0.7%**

\$ 1,000	Birmingham, GO (AMBAC),	Aaa/AAA	\$ 1,039,540
2,560	5.00%, 12/1/27, Ser. B	Aaa/AAA	2,645,325
1,500	5.00%, 12/1/32, Ser. B	Baa3/NR	1,514,115
	Colbert Cnty. Northwest Health Care Auth., Health Care Facs. Rev., 5.75%, 6/1/27		5,198,980

Alaska 0.7%

3,900	State Housing Finance Corp. Rev.,	Aaa/AAA	3,985,293
1,000	5.00%, 12/1/33, Ser. A	Aaa/AAA	1,012,060
	5.25%, 6/1/32, Ser. C (MBIA)		4,997,353

Arizona 0.5%

2,200	Health Facs. Auth. John C. Lincoln Health Network Rev., 7.00%, 12/1/25	NR/BBB	2,450,866
1,500	Maricopa Cnty. Pollution Control Corp., Pollution Control Rev., 5.05%, 5/1/29 (AMBAC)	Aaa/AAA	1,565,145
			4,016,011

California 7.5%

1,000	Alameda Public Financing Auth. Rev., 7.00% 6/1/09	NR/NR	1,015,920
27,585	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev.,		
	6.25%, 6/1/33, Ser. 2003-A-1	Baa3/BBB	30,642,521
21,000	6.75%, 6/1/39, Ser. 2003-A-1	Baa3/BBB	24,147,060
			55,805,501

Colorado 2.7%

1,735	El Paso Cnty., CP (AMBAC),	Aaa/AAA	1,819,928
1,725	5.00%, 12/1/23, Ser. A	Aaa/AAA	1,809,439
2,820	5.00%, 12/1/23, Ser. B	Aaa/AAA	2,936,804
1,500	5.00%, 12/1/27, Ser. A	Aaa/AAA	1,562,130
1,500	5.00%, 12/1/27, Ser. B	Aaa/AAA	1,567,755
	Garfield Cnty. School Dist. Re-2, GO, 5.00%, 12/1/25 (FSA)	Aaa/NR	
	La Plata Cnty. School Dist. No. 9-R, Durango, GO (MBIA) (a),		
1,000	5.25%, 11/1/23 (Pre-refunded note @ 100, 11/1/12)	Aaa/NR	1,106,130
2,000	5.25%, 11/1/25 (Pre-refunded note @ 100, 11/1/12)	Aaa/NR	2,212,260
4,000	Saddle Rock Met. Dist., GO, 5.35%, 12/1/31 (Radian)	NR/AA	4,122,240
2,500	School Mines Auxiliary Facs. Rev., 5.00%, 12/1/37 (AMBAC)	Aaa/AAA	2,580,225
			19,716,911

Florida 5.8%

8,000	Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.25%, 11/15/23, Ser. B	A2/A+	8,381,120
2,500	Hillsborough Cnty. Industrial Dev. Auth. Rev., Tampa General Hospital, 5.25%, 10/1/34, Ser. B	Baa1/NR	2,585,650

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal

Amount

(000)		Credit Rating (Moody s/S&P)*	Value
Florida (continued)			
\$ 1,485	Julington Creek Plantation Community Dev. Dist., Special Assessment Rev., 5.00%, 5/1/29 (MBIA)	Aaa/AAA	\$ 1,551,528
1,000	Orange Cnty. Housing Finance Auth. Multifamily Rev., Palm Grove Gardens, 5.25%, 1/1/28, Ser. G	Aaa/NR	1,027,780
15,000	Pinellas Cnty. Health Facs. Auth. Rev., Baycare Health, 5.50%, 11/15/33	A1/NR	15,857,850
7,500	South Miami Health Facs. Auth., Hospital Rev., Baptist Health, 5.25%, 11/15/33	Aa3/AA	7,794,900
5,615	Tampa, Water & Sewer Rev., 5.00%, 10/1/26, Ser. A	Aa2/AA	5,881,151
			43,079,979
Georgia 0.6%			
4,000	Griffin Combined Public Utility Rev., 5.00%, 1/1/32 (AMBAC)	Aaa/AAA	4,183,400
Idaho 1.0%			
1,000	State Building Auth. Building Rev. (XLCA), 5.00%, 9/1/33, Ser. A	Aaa/AAA	1,036,250
5,750	5.00%, 9/1/43, Ser. A	Aaa/AAA	5,958,438
			6,994,688
Illinois 7.9%			
2,250	Chicago, GO, 5.00%, 1/1/31, Ser. A (MBIA)	Aaa/AAA	2,321,573
1,600	Chicago, Lake Shore East, Special Assessment, 6.625%, 12/1/22	NR/NR	1,737,760
3,456	6.75%, 12/1/32	NR/NR	3,757,398
5,000	Chicago Board of Education, GO, 5.00%, 12/1/31, Ser. C (FSA) (Pre-refunded @ 100, 12/1/11) (a)	Aaa/AAA	5,429,150
500	Chicago Board of Education School Reform, GO, zero coupon, 12/1/28, Ser. A (FGIC)	Aaa/AAA	162,250
3,000	Chicago Kingsbury Redev. Project, Tax Allocation, 6.57%, 2/15/13, Ser. A	NR/NR	3,129,570
7,000	Chicago Motor Fuel Tax Rev., 5.00%, 1/1/33, Ser. A (AMBAC)	Aaa/AAA	7,244,650
4,000	Chicago Park Dist., GO, 5.00%, 1/1/29, Ser. D (FGIC)	Aaa/AAA	4,124,360
2,500	Chicago Water Rev., 5.00%, 11/1/31, (AMBAC) (Pre-refunded @ 100, 11/1/11) (a)	Aaa/AAA	2,712,025
4,780	Educational Facs. Auth. Rev., Univ. of Chicago, 5.00%, 7/1/33	Aa1/AA	4,943,858
220	5.00%, 7/1/33 (Pre-refunded @ \$100, 7/1/13) (a)	Aa1/AA	240,009
165	5.25%, 7/1/41	Aa1/AA	173,877
4,160	5.25%, 7/1/41 (Pre-refunded @ \$101, 7/1/11) (a)	Aa1/AA	4,585,539
9,045	Metropolitan Pier & Exposition Auth., Dedicated State Tax Rev., McCormick Place Expansion, 5.25%, 6/15/42 (MBIA)	Aaa/AAA	9,571,871
4,300	Round Lake, Special Tax Rev., 6.70%, 3/1/33	NR/NR	4,554,861
1,175	State Health Facs. Auth. Rev., Elmhurst Memorial Healthcare, 5.50%, 1/1/22	A2/NR	1,240,882
3,050	University, Rev., 5.00%, 4/1/30, Ser. A (AMBAC)	Aaa/AAA	3,138,359
			59,067,992

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PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
\$ 7,535	Indiana 4.1% Bond Bank Rev., 5.00%, 2/1/33, Ser. A (FSA)	Aaa/AAA	\$ 7,775,593
3,000	Brownsburg 1999 School Building Corp. Rev., 5.25%, 3/15/25, Ser. A (FSA)	Aaa/AAA	3,212,940
1,375	Fort Wayne Pollution Control Rev., 6.20%, 10/15/25	Ba2/BB	1,377,475
5,000	Indianapolis Local Public Improvement Board, Tax Allocation, 5.00%, 2/1/29, Ser. G (MBIA)	Aaa/AAA	5,182,600
2,500	Michigan City Area Wide School Building Corp. Rev. (FGIC), zero coupon, 1/15/21	Aaa/AAA	1,247,925
1,000	zero coupon, 7/15/21	Aaa/AAA	487,940
1,000	zero coupon, 1/15/22	Aaa/AAA	473,950
1,000	Plainfield Parks Facs. Corp. Lease Rent Rev., 5.00%, 1/15/22 (AMBAC)	Aaa/AAA	1,052,460
3,500	State Dev. Finance Auth. Pollution Control Rev., 5.00%, 3/1/30 (AMBAC)	Aaa/AAA	3,507,525
3,455	Valparaiso, Middle Schools Building Corp. Rev., 5.00%, 7/15/24 (MBIA)	Aaa/AAA	3,611,131
2,440	Zionsville Community Schools Building Corp. Rev., 5.00%, 7/15/27, Ser. A (FSA)	NR/AAA	2,563,074
			30,492,613
1,000	Iowa 0.1% Tobacco Settlement Auth., Tobacco Settlement Rev., 5.60%, 6/1/35, Ser. B	Baa3/BBB	1,030,690
	Kentucky 0.8% Economic Dev. Finance Auth. Hospital Facs. Rev., Catholic Healthcare Partners, 5.25%, 10/1/30	Aa3/AA	1,040,290
4,600	St. Luke's Hospital, 6.00%, 10/1/19	A3/A	5,053,238
			6,093,528
5,000	Louisiana 0.9% Public Facs. Auth. Rev., Ochsner Clinic Foundation, 5.50%, 5/15/32, Ser. B	A3/NR	5,071,050
1,595	Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001B	Baa3/BBB	1,690,604

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			6,761,654
	Maryland 0.2%		
1,500	State Health & Higher Educational Facs. Auth. Rev., Calvert Health Systems, 5.50%, 7/1/36	A2/NR	1,593,915
	Massachusetts 3.3%		
1,000	State Dev. Finance Agcy. Rev., 5.75%, 7/1/33, Ser. C	Baa1/BBB	1,063,410
7,000	State Health & Educational Facs. Auth. Rev., Harvard Univ., 5.125%, 7/15/37, Ser. FF	Aaa/AAA	7,335,930
4,910	State Housing Finance Agcy., Housing Rev., 5.125%, 6/1/43, Ser. H	Aa3/AA	4,990,180
3,225	State Water Pollution Abatement Trust, 5.00%, 8/1/32, Ser. 8	Aaa/AAA	3,349,324
7,555	State Water Resources Auth. Rev., 5.00%, 8/1/32, Ser. J (FSA)	Aaa/AAA	7,828,189
			24,567,033

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal

Amount

(000)		Credit Rating (Moody's/S&P)*	Value
	Michigan 6.8%		
\$ 12,240	Detroit Water Supply System, 5.00%, 7/1/34, Ser. B (MBIA)	Aaa/AAA	\$ 12,740,861
5,000	State Building Auth. Rev., 5.00%, 10/15/26, Ser. III (FSA)	Aaa/AAA	5,225,700
	State Hospital Finance Auth. Rev.,		
175	Detroit Medical Center, 5.25%, 8/15/23	Ba3/BB	161,803
4,000	Henry Ford Health System, 5.00%, 3/1/17	A1/A	4,168,080
5,405	Oakwood Group, 5.75%, 4/1/32, Ser. A	A2/A	5,721,301
575	Oakwood Group, 6.00%, 4/1/22, Ser. A	A2/A	628,555
20,000	Trinity Health Credit, 5.375%, 12/1/30	Aa3/AA	21,059,200
1,000	State Technical Univ., 5.00%, 10/1/33 (XLCA)	Aaa/AAA	1,033,410
			50,738,910
	Minnesota 0.3%		
2,400	Upsala Independent School Dist. No. 487, GO, 5.00%, 2/1/28 (FGIC)	Aaa/AAA	2,510,568
	Mississippi 0.6%		
	Business Finance Corp., Pollution Control Rev.,		
3,000	5.875%, 4/1/22	Ba1/BBB	3,048,300
1,250	5.90%, 5/1/22	Ba1/BBB	1,270,163
			4,318,463
	Missouri 2.9%		
4,000	Bi-State Dev. Agcy., Missouri Illinois Met. Dist., 5.00%, 10/1/32 (FSA)	Aaa/AAA	4,160,160
1,350	St. Louis Cnty. Industrial Dev. Auth., Housing Dev. Rev., 5.20%, 1/20/36 (GNMA)	NR/AAA	1,379,065
	St. Louis Industrial Dev. Auth. Rev. (GNMA),		
1,500	5.125%, 12/20/29	NR/AAA	1,541,715
1,500	5.125%, 12/20/30	NR/AAA	1,532,505
4,365	State Environmental Impt. & Energy Resources Auth., Water		
	Pollution Control Rev., 5.00%, 7/1/23, Ser. B	Aaa/NR	4,622,666
7,500	State Health & Educational Facs. Auth., Health Facs.,		
	St. Anthony's Medical Center, 6.25%, 12/1/30	A2/A	8,204,100
			21,440,211
	Montana 1.6%		
11,250	Forsyth Pollution Control Rev., Puget Sound Energy, 5.00%, 3/1/31 (AMBAC)	Aaa/AAA	11,735,663
	Nevada 0.6%		
3,355	Henderson Health Care Fac. Rev., Catholic Healthcare West, 5.125%, 7/1/28	A3/A	3,379,424
980	Henderson Local Impt. Dists., Special Assessment, 5.80%, 3/1/23	NR/NR	1,012,448
			4,391,872

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
	New Hampshire 0.7%		
\$ 1,500	Manchester Water Works Rev. (FGIC),	Aaa/AAA	\$ 1,570,455
3,250	5.00%, 12/1/28	Aaa/AAA	3,375,450
	5.00%, 12/1/34		4,945,905
	New Jersey 4.9%		
1,540	Camden Cnty., Improvement Auth. Rev., 6.00%, 2/15/27	Baa3/BBB	1,571,724
4,500	Economic Dev. Auth., Economic Dev. Rev., Kapkowski Rd. Landfill, 6.50%, 4/1/28	Baa3/NR	5,248,395
300	Economic Dev. Auth., Industrial Dev. Rev., Newark Airport, 7.00%, 10/1/14	Ba3/NR	309,498
	Health Care Facs. Financing Auth. Rev.,		
3,000	Pascack Valley Hospital, 6.625%, 7/1/36	NR/B+	3,036,660
2,000	Somerset Medical Center, 5.50%, 7/1/33	Baa3/NR	2,042,760
2,500	Middlesex Cnty. Pollution Control Auth. Rev., 5.75%, 9/15/32	Ba1/BBB	2,630,800
2,000	South Port Corp. Rev., 5.10%, 1/1/33	NR/A	2,069,300
	State Educational Facs. Auth. Rev.,		
1,500	Fairleigh Dickinson Univ., 6.00%, 7/1/25, Ser. D	NR/NR	1,605,075
3,000	Higher Educational Impt., 5.00%, 9/1/14, Ser. A (FSA)	Aaa/AAA	3,274,470
	Tobacco Settlement Financing Corp. Rev.,		
525	6.00%, 6/1/37	Baa3/BBB	561,414
1,000	6.125%, 6/1/24	Baa3/BBB	1,130,440
230	6.125%, 6/1/42	Baa3/BBB	247,577
350	6.25%, 6/1/43	Baa3/BBB	395,556
10,750	6.75%, 6/1/39	Baa3/BBB	12,512,785
			36,636,454
	New Mexico 0.1%		
1,000	Farmington Pollution Control Rev., 5.80%, 4/1/22	Baa2/BBB	1,015,890
	New York 9.2%		
23,300	Liberty Development Corp. Rev., 5.25%, 10/1/35 (c)	Aa3/A+	26,036,585
10,000	Metropolitan Transportation Auth. Rev., 5.25%, 11/15/32, Ser. B	A2/A	10,651,300
5,000	New York City Muni. Water Finance Auth., Water & Sewer System Rev., 5.00%,		
	6/15/35, Ser. C	Aa2/AA+	5,196,150
2,555	5.00%, 6/15/37, Ser. D	Aa2/AA+	2,658,375
1,500	5.00%, 6/15/39, Ser. A	Aa2/AA+	1,553,370
	State Dorm Auth. Rev.,		
4,000	St. Barnabas, 5.125%, 2/1/22, Ser. A (FHA-AMBAC)	Aaa/AAA	4,251,400
11,590	Sloan-Kettering Center Memorial, 5.00%, 7/1/34, Ser. 1	Aa2/AA	11,949,058
3,800	State Personal Income Tax, 5.00%, 3/15/32, (Pre-refunded @\$100, 3/15/13) (a)	A1/AA	4,147,244
2,000	State Environmental Facs. Corp. Rev., 5.00%, 6/15/28	Aaa/AAA	2,090,760
			68,534,242

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
North Carolina 1.6%			
\$ 2,000	Charlotte-Mecklenburg Hospital Auth., Healthcare System Rev., 5.00%, 1/15/33, Ser. A	Aa3/AA	\$ 2,058,840
	Eastern Municipal Power Agcy, Power System Rev.,		
2,000	5.125%, 1/1/23, Ser. D	Baa2/BBB	2,057,680
2,000	5.125%, 1/1/26, Ser. D	Baa2/BBB	2,055,200
3,795	5.375%, 1/1/17, Ser. C	Baa2/BBB	4,012,340
1,500	Medical Care Commission, Health Care Facs. Rev., Cleveland Cnty., 5.00%, 7/1/35 (AMBAC)	Aaa/AAA	1,552,500
			11,736,560
Ohio 1.0%			
5,000	Air Quality Dev. Auth. Rev., Pollution Control, Dayton Power, 4.80%, 1/1/34 (FGIC)	Aaa/AAA	5,061,750
2,500	Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30	Aa3/AA	2,611,625
			7,673,375
Oklahoma 0.5%			
3,500	Tulsa County Industrial Auth. Rev., Legacy Apartments, 4.90%, 11/20/46 (FHA-GNMA)	Aaa/NR	3,560,620
Pennsylvania 3.7%			
4,350	Allegheny Cnty. Hospital Dev. Auth. Rev., 9.25%, 11/15/30, Ser. B	B1/B	5,193,595
1,500	Cumberland Cnty. Auth. Retirement Community Rev., Wesley Affiliated Services,		
	7.25%, 1/1/35, Ser. A	NR/NR	1,613,985
3,250	Delaware River Joint Toll Bridge, Commission Bridge Rev., 5.00%, 7/1/28	A2/A	3,370,023
3,000	Lehigh Cnty. General Purpose Auth. Rev., St. Luke's Bethlehem Hospital, 5.375%,		
	8/15/33	Baa2/BBB	3,085,950
5,000	Philadelphia School Dist., GO, 5.125%, 6/1/34, Ser. D (FGIC)	Aaa/AAA	5,273,050
2,500	Radnor Township School Dist., GO, 5.00%, 2/15/35, Ser. B (FSA)	Aaa/NR	2,627,000
6,300	St. Mary Hospital Auth., Bucks Cnty. Rev., 5.00%, 12/1/28 (Partially pre-refunded		
	6/1/08 @ 101) (a)	Aa2/NR	6,321,609
			27,485,212
Puerto Rico 0.3%			
2,200	Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN	A3/A	2,300,562
South Carolina 2.0%			
7,500	Florence Cnty. Rev., McLeod Regional Medical Center, 5.00%, 11/1/31, Ser. A (FSA)	Aaa/AAA	7,810,575
6,700	Jobs Economic Dev. Auth. Rev., Bon Secours Health System, 5.625%, 11/15/30	A3/A	6,984,214
			14,794,789
Tennessee 0.2%			
1,250	Knox Cnty. Health Educational & Housing Facs., Board Hospital Facs. Rev., Catholic		
	Healthcare Partners, 5.25%, 10/1/30	Aa3/AA	1,303,400

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal

Amount

(000)

Credit Rating

(Moody s/S&P)*

Value

		Texas 10.6%		
		Canyon		
		Independent		
		School Dist.,		
		GO, 5.00%,		
		2/15/28, Ser. A		
\$	4,135	(PSF-GTD)	NR/AAA	\$ 4,297,257
		Columbia &		
		Brazoria		
		Independent		
		School Dist.,		
		GO, 5.00%,		
		8/1/29		
	2,500	(PSF-GTD)	NR/AAA	2,599,900
		Comal Cnty.		
		Health Facs.,		
		McKenna		
		Memorial		
		Hospital		
		Project Rev.,		
	1,300	6.25%, 2/1/32	Baa3/BBB	1,392,742
		Denton		
		Independent		
		School Dist.,		
		GO,		
		zero coupon,		
		8/15/26		
	6,000	(PSF-GTD)	Aaa/AAA	1,990,980
		zero coupon,		
		8/15/27		
	6,000	(PSF-GTD)	Aaa/AAA	1,872,000
		zero coupon,		
		8/15/28		
	5,000	(PSF-GTD)	Aaa/AAA	1,467,500
		zero coupon,		
		8/15/29		
	6,000	(PSF-GTD)	Aaa/AAA	1,657,320
		zero coupon,		
		8/15/30		
	2,000	(PSF-GTD)	Aaa/AAA	519,840
		zero coupon,		
		8/15/31		
	8,000	(PSF-GTD)	Aaa/AAA	1,956,240
		Harris Cnty.,		
		GO, 5.125%,		
		8/15/31		
		(Pre-refunded		
		@ \$100,		
	4,400	8/15/12) (a)	Aa1/AA+	4,798,948
		Harris Cnty		
		Health Facs.		
		Dev. Corp.		
		Rev.,		
		Christus		
		Health,		
		5.375%,		
		7/1/29, Ser. A		
	5,000	(MBIA)	Aaa/AAA	5,284,700
	2,750	St. Luke s	NR/AA	3,039,382
		Episcopal		
		Hospital,		
		5.375%,		
		2/15/26, Ser. A		

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19,500	(Pre-refunded @ \$100, 8/15/11) (a) Harris Cnty. Rev., 5.125%, 8/15/32 (FSA) Houston, GO, 5.00%, 3/1/25	Aaa/AAA	20,304,960
4,005	(MBIA) Houston Water & Sewer System Rev., 5.00%, 12/1/30, Ser. A (FSA) (Pre-refunded @ 100, 12/1/12) (a) Judson Independent School Dist., GO, 5.00%, 2/1/30	Aaa/AAA	4,167,203
5,000	(PSF-GTD) Leander Independent School Dist., GO, 5.00%, 8/15/32	Aaa/NR	5,408,400
7,000	(PSF-GTD) Mesquite Independent School Dist. No. 1, GO, zero coupon, 8/15/15, Ser. A	NR/AAA	7,193,620
415	(PSF-GTD) zero coupon, 8/15/16, Ser. A	NR/AAA	428,346
3,825	(PSF-GTD) zero coupon, 8/15/18, Ser. A	NR/AAA	2,521,670
1,365	(PSF-GTD) zero coupon, 8/15/19, Ser. A	NR/AAA	834,343
1,000	(PSF-GTD) zero coupon, 8/15/20, Ser. A	NR/AAA	545,150
1,000	(PSF-GTD) zero coupon, 8/15/20, Ser. A	NR/AAA	512,660
1,000	(PSF-GTD) North Thruway Auth., Dallas North Thruway System Rev., 5.00%, 1/1/33, Ser. A	NR/AAA	484,900
1,500	(AMBAC) Northwest Harris Cnty. Municipal Utility Dist. No. 16, GO, 5.30%, 10/1/29	Aaa/AAA	1,547,670
2,105	(Radian) University of Texas, 5.00%, 7/1/26, Ser. B	NR/AA	2,172,844
2,000	Utah 0.8% County of Weber, IHC	Aaa/AAA	2,103,940 79,102,515
1,750		Aa1/AA+	1,786,400

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	Health Services Rev., 5.00%, 8/15/30 Salt Lake Cnty. Hospital Rev., IHC Health Services, 5.125%, 2/15/33 (AMBAC)	Aaa/AAA	4,253,914 6,040,314
4,100			

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal

Amount

(000)

		Credit Rating (Moody s/S&P)*	Value
\$ 6,375	Washington 6.9% Chelan Cnty. Public Utility Dist. Rev., 5.125%, 7/1/33, Ser. C (AMBAC)	Aaa/AAA	\$ 6,630,255
15,000	King Cnty. Sewer Rev., 5.00%, 1/1/35, Ser. A (FSA)	Aaa/AAA	15,419,400
3,000	Port Seattle Rev., 5.00%, 9/1/24 (FGIC)	Aaa/AAA	3,133,320
23,700	Tobacco Settlement Auth., Tobacco Settlement Rev., 6.50%, 6/1/26	Baa3/BBB	26,334,018
			51,516,993
560	Wisconsin 0.1% Badger Tobacco Asset Securitization Corp., 6.00%, 6/1/17	Baa3/BBB	597,856
	Total Municipal Bonds & Notes (cost \$643,565,788)		685,980,622
VARIABLE RATE NOTES (b)(d)(e) 7.0%			
1,000	Arizona 0.2% Salt River Project Agricultural Impt. & Power Dist. Rev., 13.005%, 1/1/35, Ser. 1172	Aa2/NR	1,265,900
7,000	California 1.3% State Economic Recovery, GO, 13.20%, 7/1/11, Ser. 930 (MBIA)	NR/AAA	9,887,640
1,994	Colorado 0.3% Colorado Springs Utilities Rev., 12.992%, 11/15/30, Ser. 1141	Aa2/NR	2,416,082
2,554	Florida 0.4% State Department of Transportation Turnpike Rev., 11.755%, 7/1/31, Ser. 1128	Aa2/NR	2,732,141
1,990	Illinois 0.3% Dev. Finance Auth., Gas Supply Rev., 15.858%, 2/1/33 (AMBAC)	NR/NR	2,296,321
5,720	Michigan 1.8% Detroit Water Supply System, 15.287%, 1/1/11 (MBIA)	NR/AAA	7,059,109
4,990	16.297%, 7/1/11 (FSA)	NR/AAA	6,254,117
			13,313,226
405	New Mexico 0.1% State Finance Auth., Transportation Rev., 12.996%, 6/15/12, Ser. 949 (AMBAC)	Aaa/NR	573,302
1,365	Texas 1.5% Crowley Independent School Dist., GO, 11.736%, 8/1/35, Ser. 1171 (PSF GTD)	Aaa/NR	1,439,229
2,450	Dallas Area Rapid Transit Rev., 13.589%, 12/1/32 (FGIC)	NR/NR	2,866,377

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2,027	Denton Independent School Dist., GO, 12.983%, 8/15/33, Ser. 951(PSF GTD)	Aaa/NR	2,346,730
1,870	Mansfield Independent School Dist., GO, 15.780%, 2/15/28 (PSF)	NR/NR	2,338,921
2,060	University of Texas Rev., 13.875%, 8/15/33	NR/NR	2,483,598
			11,474,855

12 PIMCO Municipal Income Funds III Annual Report | 9.30.05

PIMCO Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
Washington 1.1%			
\$ 1,520	King Cnty. Sewer Rev., 16.157%, 7/1/11 (FGIC)	NR/NR	\$ 1,856,209
3,655	Port Tacoma, GO, 14.831%, 12/1/33 (AMBAC)	NR/NR	4,414,911
1,510	Seattle Drain & Wastewater Rev., 16.244%, 7/1/10 (FGIC)	NR/NR	1,814,793
			8,085,913
	Total Variable Rate Notes (cost \$47,326,631)		52,045,380
VARIABLE RATE DEMAND NOTES (e)(f) 0.5%			
Missouri 0.4%			
3,100	State Health & Educational Facs. Auth. Rev., Cox Health Systems, 2.95%, 10/3/05 (AMBAC)	VMIG1/A-1+	3,100,000
Pennsylvania 0.1%			
600	Philadelphia Hospitals & Higher Education Facs. Auth. Rev., Children s Hospital, 2.81%, 10/3/05 (MBIA)	VMIG1/A-1+	600,000
Utah 0.0%			
300	County of Weber, IHC Health Services Rev., 2.81%, 10/3/05, Ser. B	VMIG1/A-1+	300,000
	Total Variable Rate Demand Notes (cost \$4,000,000)		4,000,000
U.S. TREASURY BILLS (g) 0.4%			
2,700	3.29%-3.43%, 12/1/05-12/15/05 (cost \$2,681,135)		2,681,135
	Total Investments before options written (cost \$697,573,554) 100.1%		744,707,137
OPTIONS WRITTEN (h) (0.1%)			
<u>Contracts</u>			
Call Options (0.0)%			
446	U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$112, expires 11/22/05		(69,688)
597	strike price \$113, expires 11/22/05		(37,312)
			(107,000)
Put Options (0.1)%			
789	U.S. Treasury Notes 5 yr. Futures, Chicago Board of Trade, strike price \$105.50, expires 11/22/05		(98,624)
662	strike price \$106, expires 11/22/05		(144,813)
			(243,437)
	Total Options Written (premium received \$682,598)		(350,437)
	Total investments net of options written (cost \$696,890,956) 100.0%		\$ 744,356,700

See accompanying Notes to Financial Statements | 9.30.05 | PIMCO Municipal Income Funds III Annual Report 13

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PIMCO California Municipal Income Fund III Schedule of Investments

September 30, 2005

Principal Amount (000)		Credit Rating (Moody s/S&P)*	Value
CALIFORNIA MUNICIPAL BONDS & NOTES 85.3%			
\$ 1,000	Alameda Public Financing Auth. Rev., 7.00%, 6/1/09	NR/NR	\$ 1,015,920
3,200	Association of Bay Area Governments Finance Auth. Rev., Odd Fellows Home, 5.20%, 11/15/22	NR/A	3,332,896
11,725	5.35%, 11/15/32	NR/A	12,361,668
1,135	Burbank Public Finance Auth. Rev., San Fernando Redev. Project, 5.50%, 12/1/28	NR/BBB	1,167,949
1,000	5.50%, 12/1/33	NR/BBB	1,027,010
2,000	Butte-Glenn Community College, GO, 5.00%, 8/1/26, Ser. A (MBIA)	Aaa/NR	2,102,900
2,000	Capistrano Univ. School Dist., Community Fac. Dist., Special Tax, 6.00%, 9/1/32	NR/NR	2,103,840
1,000	Carlsbad Impt. Bond Act 1915, 6.00%, 9/2/34	NR/NR	1,030,670
1,000	Cathedral City Public Financing Auth., Rev., 5.00%, 8/1/33, Ser. A (MBIA)	Aaa/AAA	1,043,420
1,150	Ceres Redev. Agcy. Tax Allocation, 5.00%, 11/1/33 (MBIA)	Aaa/AAA	1,209,927
	Ceres Unified School Dist., GO (FGIC)		
2,825	zero coupon, 8/1/28	Aaa/AAA	794,870
2,940	zero coupon, 8/1/29	Aaa/AAA	778,306
1,600	Chula Vista Community Fac. Dist., McMillin-Otay Ranch, Special Tax, 5.75%, 9/1/33	NR/NR	1,622,256
675	Chula Vista, No. 06-1 Eastlake-Woods Area A, Special Tax, 6.15%, 9/1/26	NR/NR	705,861
1,620	6.20%, 9/1/33	NR/NR	1,696,043
8,000	Contra Costa Cnty. Public Financing Auth. Tax Allocation Rev., 5.625%, 8/1/33, Ser. A	NR/BBB	8,377,760
3,775			