

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III  
Form N-CSR/A  
June 05, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR/A

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act file number 811-21188

PIMCO California Municipal Income Fund III  
(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, New York 10105  
(Address of principal executive offices) (Zip code)

Lawrence G. Altadonna – 1345 Avenue of the Americas, New York, New York 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, 2006

Date of reporting period: September 30, 2006

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.

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**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, 2006

As Restated  
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Why is PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III Annual Reports being “Restated”?

The financial statements of PIMCO Municipal Income Fund III, PIMCO California Municipal Income Fund III and PIMCO New York Municipal Income Fund III for the fiscal year ended September 30, 2006 contained within this annual report have been restated, as set forth in Note 8 to the financial statements. The reason for the restatements is to appropriately reflect the accounting treatment of each Fund’s portfolio holdings of certain municipal bond transactions referred to as “inverse floaters.” Additionally, certain other data presented in the annual reports, derived from the information in each Fund’s financial statements or using the same methodology on which the presentation of the information in the financial statements were based, have been revised accordingly.

Principally, the restatements reflect revised portfolio holdings information in the schedule of investments and revised expenses and income. It is important to note, however, that these restatements have no effect on each Fund’s previously reported net assets, net asset values per share or investment performance. Distributions paid to shareholders during the fiscal year ended September 30, 2006, as well as the tax status of those distributions, also remain unchanged.

October 30, 2006

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 (the “Funds”) for the fiscal year ended September 30, 2006.

After a difficult period, the bond market picked up in the third quarter of 2006 as the economy slowed and expectations grew that the Federal Reserve (the “Fed”) might begin easing. In fact, the Fed left rates unchanged at 5.25% at each of the last three Fed meetings (August, September and October), citing weakness in the housing sector and falling energy prices. Prior to the August meeting, the Fed had raised the fed funds rate 25 basis points at seventeen consecutive meetings. Nine of the seventeen interest rate increases took place during the Funds’ fiscal year, and as a result the inherent increase in borrowing costs proved to be a headwind for the Funds during the year.

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](http://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,

Robert E. Connor

Chairman

Brian S. Shlissel

President & Chief Executive Officer

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PIMCO Municipal Income Fund III  
Performance & Statistics  
September 30, 2006 (unaudited)

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Management Review

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For the 12 months ended September 30, 2006, PIMCO Municipal Income Fund III returned 7.89% on net asset value and 7.69% on market price, compared with 6.37% and 8.73%, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.

- The municipal bond market outperformed the taxable bond market for the one-year reporting period, as the Lehman Municipal Bond Index returned 4.45% and the Lehman Aggregate Bond Index returned 3.67%, respectively.
- Longer-dated municipal bonds outperformed shorter-dated municipals during the reporting period as the yield curve flattened. For example, five- and 10-year AAA General Obligation yields rose 27 and 6 basis points, while 20- and 25-year yields declined 13 and 22 basis points, respectively. Note that when a bond's yield rises, its price declines, and vice versa.
- Longer-dated municipals also outperformed longer-dated Treasuries for the period. Consequently, interest rate hedging strategies that benefit when longer-term Treasuries lag municipals added to performance.
- Exposure to tobacco-securitized debt was positive for performance.
- Exposure to zero-coupon bonds, which have outperformed most other fixed-income sectors in 2006, also enhanced performance.
- A focus on higher credit quality bonds detracted from performance as lower-rated, more speculative issues outperformed during the year.

Total Return <sup>(1)</sup> :	Market Price	Net Asset Value ("NAV")
1 Year	7.69%	7.89%
3 Years	10.51%	8.97%
Commencement of Operations (10/31/02) to 9/30/06	7.97%	7.78%

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/06

Market Price / NAV:	
Market Price	\$15.70
NAV	\$14.90
Premium to NAV	5.37%
Market Price Yield <sup>(2)</sup>	5.35%

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 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 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.

(2)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, 2006.

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PIMCO California Municipal Income Fund III  
Performance & Statistics  
September 30, 2006 (unaudited)

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Management Review

- For the 12 months ended September 30, 2006, PIMCO California Municipal Income Fund III returned 6.99% on net asset value and 19.43% on market price, compared with 6.19% and 9.94%, respectively, for the Lipper Analytical California Municipal Debt Funds average.
- California municipal bonds, as measured by the Lehman California Municipal Bond Index, outperformed the broader national municipal market, as measured by the Lehman Municipal Bond Index, for the one-year reporting period, returning 4.61% and 4.45%, respectively.
- The California General Obligation AAA municipal yield curve flattened over the reporting period. For example, five-year maturity AAA municipal yields increased 27 basis points, while 10-, 20- and 30-year maturities decreased 7, 16 and 25 basis points, respectively.
- Exposure to tobacco-securitized debt was positive for performance.
- Exposure to zero-coupon bonds, which have outperformed most other fixed-income sectors in 2006, also enhanced performance.
- A focus on higher credit quality bonds detracted from performance as lower-rated, more speculative issues outperformed during the year.

Total Return <sup>(1)</sup> :	Market Price	Net Asset Value (“NAV”)
1 Year	19.43%	6.99%
3 Years	14.93%	10.50%
Commencement of Operations (10/31/02) to 9/30/06	10.07%	7.67%

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/06

Market Price / NAV:	
Market Price	\$16.94

NAV	\$14.83
Premium to NAV	14.23%
Market Price Yield <sup>(2)</sup>	5.67%

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 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 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.

(2)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, 2006.

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PIMCO New York Municipal Income Fund III  
Performance & Statistics  
September 30, 2006 (unaudited)

Management Review

- For the 12 months ended September 30, 2006, PIMCO New York Municipal Income Fund III returned 6.53% on net asset value and 8.73% on market price, compared with 5.89% and 9.02%, respectively, for the Lipper Analytical New York Municipal Debt Funds average.
- Municipal bonds issued within New York, as measured by the Lehman New York Municipal Bond Index, slightly underperformed the national market, as measured by the Lehman Municipal Bond Index, for the one-year reporting period, returning 4.37% and 4.45%, respectively.
- The New York General Obligation AAA municipal yield curve flattened over the reporting period. For example, five-year maturity AAA yields increased 19 basis points, while 10-, 20- and 30-year maturities decreased 8, 9, and 26 basis points, respectively.
- Exposure to tobacco-securitized debt was positive for performance.
- Exposure to zero-coupon bonds, which have outperformed most other fixed-income sectors in 2006, also enhanced performance.
- A focus on higher credit quality bonds detracted from performance as lower-rated, more speculative issues outperformed during the year.

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Total Return <sup>(1)</sup> :	Market Price	Net Asset Value (“NAV”)
1 Year	8.73%	6.53%
3 Years	13.35%	8.89%
Commencement of Operations (10/31/02) to 9/30/06	9.00%	7.85%

Common Share Market Price / NAV Performance:

Commencement of Operations (10/31/02) to 9/30/06

Market Price / NAV:

Market Price	\$16.45
NAV	\$15.09
Premium to NAV	9.01%
Market Price Yield <sup>(2)</sup>	5.11%

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 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 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.

(2)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, 2006.

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PIMCO Municipal Income Fund III  
 Schedule of Investments (As Restated—See Note 8)  
 September 30, 2006

Principal  
 Amount  
 (000)

Credit Rating  
 (Moody’s/S&P)\* Value  
 MUNICIPAL BONDS & NOTES—97.5%

**Alabama—1.1%**

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	Birmingham, GO, Ser. B (AMBAC),		
\$1,000	5.00%, 12/1/27	Aaa/AAA	\$1,040,760
2,560	5.00%, 12/1/32	Aaa/AAA	2,650,317
5,000	Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., 5.00%, 11/15/30, Ser. A	Baa1/NR	5,117,350
1,500	Colbert Cnty., Northwest Health Care Auth., Health Care Facs. Rev., 5.75%, 6/1/27	Baa3/NR	1,530,090
			10,338,517
	<b>Alaska-0.5%</b>		
	State Housing Finance Corp. Rev.,		
3,900	5.00%, 12/1/33, Ser. A	Aaa/AAA	3,997,305
1,000	5.25%, 6/1/32, Ser. C (MBIA)	Aaa/AAA	1,020,690
			5,017,995
	<b>Arizona-2.9%</b>		
2,200	Health Facs. Auth. John C. Lincoln Health Network Rev., 7.00%, 12/1/25, (Pre-refunded @ \$102, 12/1/10) (a)	NR/BBB	2,520,584
1,500	Maricopa Cnty. Pollution Control Corp., Pollution Control Rev., 5.05%, 5/1/29 (AMBAC)	Aaa/AAA	1,569,330
	Salt River Project Agricultural Improvement & Power Dist. Rev., Ser. A (g),		
5,000	5.00%, 1/1/35	Aa1/AA	5,283,800
16,000	5.00%, 1/1/37	Aa1/AA	16,895,680
			26,269,394
	<b>Arkansas-0.1%</b>		
7,000	Arkansas Dev. Finance Auth. Rev., zero coupon, 7/1/46 (AMBAC)	Aaa/AAA	1,056,580
	<b>California-6.2%</b>		
1,000	Alameda Public Financing Auth. Rev., 7.00%, 6/1/09	NR/NR	1,003,270
2,000	Chula Vista Community Facs. Dist., Special Tax, 5.25%, 9/1/30	NR/NR	2,033,540
	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev., Ser. 2003-A-1,		
27,585	6.25%, 6/1/33	Baa3/BBB	30,383,774
21,000	6.75%, 6/1/39	Baa3/BBB	23,729,580
			57,150,164
	<b>Colorado-3.1%</b>		
9,955	Colorado Springs Rev., 5.00%, 11/15/30, Ser. B (g)	Aa2/AA	10,369,128
	El Paso Cnty., CP (AMBAC),		
1,735	5.00%, 12/1/23, Ser. A	Aaa/AAA	1,823,954
1,725	5.00%, 12/1/23, Ser. B	Aaa/AAA	1,813,441
2,820	5.00%, 12/1/27, Ser. A	Aaa/AAA	2,950,481
1,500	5.00%, 12/1/27, Ser. B	Aaa/AAA	1,569,405
1,500	Garfield Cnty. School Dist. Re-2, GO, 5.00%, 12/1/25 (FSA)	Aaa/NR	1,572,735



PIMCO Municipal Income Fund III  
 Schedule of Investments (As Restated—See Note 8)  
 September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	<b>Colorado—3.1% (continued)</b>		
\$2,000	La Plata Cnty. School Dist. No. 9-R, Durango, GO, 5.25%, 11/1/25, (Pre-refunded @ \$100, 11/1/12) (MBIA) (a)	Aaa/NR	\$2,179,720
4,000	Saddle Rock Metropolitan Dist., GO, 5.35%, 12/1/31 (Radian)	NR/AA	4,137,960
2,500	School Mines Auxiliary Facs. Rev., 5.00%, 12/1/37 (AMBAC)	Aaa/AAA	2,590,925
			29,007,749
	<b>Florida—5.2%</b>		
3,480	Brevard Cnty. Health Facs. Auth. Rev., 5.00%, 4/1/34	A2/A	3,610,465
8,000	Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.25%, 11/15/23, Ser. B	A2/A+	8,391,280
2,500	Hillsborough Cnty. Industrial Dev. Auth. Rev., Tampa General Hospital, 5.25%, 10/1/34, Ser. B	A3/NR	2,632,850
1,485	Julington Creek Plantation Community Dev. Dist., Special Assessment Rev., 5.00%, 5/1/29 (MBIA)	Aaa/AAA	1,561,300
1,000	Orange Cnty. Housing Finance Auth. Multifamily Rev., Palm Grove Gardens, 5.25%, 1/1/28, Ser. G	Aaa/NR	1,035,940
15,000	Pinellas Cnty. Health Fac. Auth. Rev., Baycare Health, 5.50%, 11/15/33, (Pre-refunded @ \$100, 5/15/13) (a)	Aa3/NR	16,552,050
7,500	South Miami Health Facs. Auth., Hospital Rev., Baptist Health, 5.25%, 11/15/33	Aa3/AA-	7,860,825
5,615	Tampa, Water & Sewer Rev., 5.00%, 10/1/26, Ser. A	Aa2/AA	5,865,878
			47,510,588
	<b>Georgia—0.5%</b>		
4,000	Griffin Combined Public Utility Rev., 5.00%, 1/1/32 (AMBAC)	Aaa/AAA	4,220,720
	<b>Idaho—0.8%</b>		
	State Building Auth. Building Rev., Ser. A (XLCA),		
1,000	5.00%, 9/1/33	Aaa/AAA	1,042,220
5,750	5.00%, 9/1/43	Aaa/AAA	5,976,435
			7,018,655
	<b>Illinois—8.3%</b>		

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2,250	Chicago, GO, 5.00%, 1/1/31, Ser. A (MBIA) Chicago, Lake Shore East, Special Assessment,	Aaa/AAA	2,323,058
1,600	6.625%, 12/1/22	NR/NR	1,734,080
3,456	6.75%, 12/1/32	NR/NR	3,749,034
5,000	Chicago Board of Education, GO, 5.00%, 12/1/31, Ser. C, (Pre-refunded @ \$100,12/1/11) (FSA) (a)	Aaa/AAA	5,336,350
500	Chicago Board of Education School Reform, GO, zero coupon, 12/1/28, Ser. A (FGIC)	Aaa/AAA	182,920
3,000	Chicago Kingsbury Redev. Project, Tax Allocation, 6.57%, 2/15/13, Ser. A	NR/NR	3,095,010
7,000	Chicago Motor Fuel Tax Rev., 5.00%, 1/1/33, Ser. A (AMBAC)	Aaa/AAA	7,275,380
4,000	Chicago Park Dist., GO, 5.00%, 1/1/29, Ser. D (FGIC)	Aaa/AAA	4,130,840
2,500	Chicago Water Rev., 5.00%, 11/1/31, (Pre-refunded @ \$100, 11/1/11) (AMBAC) (a)	Aaa/AAA	2,665,725

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PIMCO Municipal Income Fund III  
Schedule of Investments (As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	<b>Illinois—8.3% (continued)</b>		
\$2,935	City of Springfield Rev., 5.00%, 3/1/35 (MBIA)	AAA/AAA	\$3,083,217
1,050	Dev. Finance Auth., 5.875%, 2/15/38	NR/NR	1,086,204
4,780	Educational Facs. Auth. Rev., Univ. of Chicago, 5.00%, 7/1/33	Aa1/AA	4,968,045
220	5.00%, 7/1/33, (Pre-refunded @ \$100, 7/1/13) (a)	Aa1/AA	238,005
165	5.25%, 7/1/41	Aa1/AA	174,233
4,160	5.25%, 7/1/41, (Pre-refunded @ \$101, 7/1/11) (a)	Aa1/AA	4,489,911
9,045	Metropolitan Pier & Exposition Auth., Dedicated State Tax Rev., McCormick Place Expansion, 5.25%, 6/15/42 (MBIA)	Aaa/AAA	9,592,584
4,300	Round Lake, Special Tax Rev., 6.70%, 3/1/33	NR/NR	4,643,269
12,795	State Finance Auth. Rev., 5.00%, 2/1/33 (AMBAC) (g)	NR/NR	13,192,669
1,175	State Health Facs. Auth. Rev., Elmhurst Memorial Healthcare, 5.50%, 1/1/22	A2/NR	1,248,085
3,050	Univ. Rev., 5.00%, 4/1/30, Ser. A (AMBAC)	Aaa/AAA	3,140,128
			76,348,747

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<b>Indiana—2.9%</b>			
7,535	Bond Bank Rev., 5.00%, 2/1/33, Ser. A (FSA)	Aaa/AAA	7,839,112
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	3,297,930
1,375	Fort Wayne Pollution Control Rev., 6.20%, 10/15/25	Caa1/B-	1,410,764
5,000	Indianapolis Local Public Improvement Board, Tax Allocation, 5.00%, 2/1/29, Ser. G (MBIA)	Aaa/AAA	5,208,600
	Michigan City Area Wide School Building Corp. Rev. (FGIC),		
2,500	zero coupon, 1/15/21	Aaa/AAA	1,344,675
1,000	zero coupon, 7/15/21	Aaa/AAA	526,320
1,000	zero coupon, 1/15/22	Aaa/AAA	512,710
1,000	Plainfield Parks Facs. Corp. Lease Rent Rev., 5.00%, 1/15/22 (AMBAC)	Aaa/AAA	1,044,030
	Portage Industrial Economic Dev. Rev.,		
1,000	5.00%, 7/15/23	NR/BBB+	1,018,520
775	5.00%, 1/15/27	NR/BBB+	783,370
3,500	State Dev. Finance Auth. Pollution Control Rev., 5.00%, 3/1/30 (AMBAC)	Aaa/AAA	3,510,115
			26,496,146
<b>Iowa—1.4%</b>			
1,000	Coralville, CP, 5.25%, 6/1/26, Ser. D	NR/A2	1,056,560
1,000	Tobacco Settlement Auth., Tobacco Settlement Rev., 5.60%, 6/1/35, Ser. B, (Pre-refunded @ \$101, 6/1/11) (a)	Baa3/AAA	1,090,790
11,010	Tobacco Settlement Auth. of Iowa Rev., zero coupon, 6/1/34, Ser. B	Baa3/BBB	10,700,509
			12,847,859

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PIMCO Municipal Income Fund III  
 Schedule of Investments (As Restated—See Note 8)  
 September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody' s/S&P)*	Value
<b>Kentucky—0.2%</b>			
	Economic Dev. Finance Auth. Hospital Facs. Rev.,		
\$1,000	Catholic Healthcare Partners, 5.25%, 10/1/30	Aa3/AA-	\$1,048,090

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1,140	St. Luke's Hospital, 6.00%, 10/1/19	A3/A	1,273,585
			2,321,675
	<b>Louisiana-0.8%</b>		
5,000	Public Facs. Auth. Rev., Ochsner Clinic Foundation, 5.50%, 5/15/32, Ser. B	A3/NR	5,274,250
1,595	Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39, Ser. 2001 B	Baa3/BBB	1,685,389
			6,959,639
	<b>Maryland-0.2%</b>		
1,500	State Health & Higher Educational Facs. Auth. Rev., Calvert Health Systems, 5.50%, 7/1/36	A2/NR	1,610,205
	<b>Massachusetts-2.7%</b>		
1,000	State Dev. Finance Agcy. Rev., 5.75%, 7/1/33, Ser. C	Baa1/BBB+	1,070,890
7,000	State Health & Educational Facs. Auth. Rev., Harvard Univ., 5.125%, 7/15/37, Ser. FF	Aaa/AAA	7,358,120
4,910	State Housing Finance Agcy., Housing Rev., 5.125%, 6/1/43, Ser. H	Aa3/AA-	5,027,791
3,225	State Water Pollution Abatement Trust Rev., 5.00%, 8/1/32, Ser. 8	Aaa/AAA	3,367,061
7,555	State Water Res. Auth. Rev., 5.00%, 8/1/32, Ser. J (FSA)	Aaa/AAA	7,844,206
			24,668,068
	<b>Michigan-13.2%</b>		
	Detroit Water Supply System Rev.,		
33,040	5.00%, 7/1/32, Ser. A (FSA) (g)	NR/NR	34,241,995
7,555	5.00%, 7/1/34, Ser. B, (MBIA)	Aaa/AAA	7,865,662
4,685	5.00%, 7/1/34, Ser. B, (Pre-refunded @ \$100, 7/1/13)		
	(MBIA) (a)	Aaa/AAA	5,068,420
35,000	5.00%, 7/1/34, Ser. A (MBIA) (g)	Aaa/AAA	36,543,500
5,000	State Building Auth. Rev., 5.00%, 10/15/26, Ser. III, (Pre-refunded @ \$100, 10/15/12) (FSA) (a)	Aaa/AAA	5,379,200
	State Hospital Finance Auth. Rev.,		
175	Detroit Medical Center, 5.25%, 8/15/23	Ba3/BB-	165,800
4,000	Henry Ford Health System, 5.00%, 3/1/17, (Pre-refunded @ \$100, 3/1/13) (a)	A1/A	4,289,400
	Oakwood Group, Ser. A,		
5,405	5.75%, 4/1/32	A2/A	5,762,865
575	6.00%, 4/1/22	A2/A	627,135
20,000	Trinity Health Credit, 5.375%, 12/1/30	Aa3/AA-	21,217,800
1,000	State Technical Univ., 5.00%, 10/1/33 (XLCA)	Aaa/AAA	1,039,860
			122,201,638

PIMCO Municipal Income Fund III  
 Schedule of Investments (As Restated—See Note 8)  
 September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	<b>Minnesota—0.3%</b>		
\$2,400	Upsala Independent School Dist. No. 487, GO, 5.00%, 2/1/28 (FGIC)	Aaa/AAA	\$2,520,504
	<b>Mississippi—0.5%</b>		
3,000	Business Finance Corp., Pollution Control Rev., 5.875%, 4/1/22	Ba1/BBB–	\$3,014,700
1,250	5.90%, 5/1/22	Ba1/BBB–	1,252,025
			4,266,725
	<b>Missouri—2.3%</b>		
4,000	Bi-State Dev. Agcy. Rev., Missouri Illinois Metropolitan Dist., 5.00%, 10/1/32 (FSA)	Aaa/AAA	4,187,200
1,350	St. Louis Cnty. Industrial Dev. Auth., Housing Dev. Rev., 5.20%, 1/20/36 (GNMA)	NR/AAA	1,392,026
1,500	St. Louis Industrial Dev. Auth. Rev. (GNMA), 5.125%, 12/20/29	NR/AAA	1,553,085
1,500	5.125%, 12/20/30	NR/AAA	1,544,880
4,365	State Environmental Improvement & Energy Res. Auth., Water Pollution Control Rev., 5.00%, 7/1/23, Ser. B	Aaa/NR	4,611,142
7,500	State Health & Educational Facs. Auth., Health Facs., St. Anthony's Medical Center, 6.25%, 12/1/30, (Pre-refunded @ \$101, 12/1/10) (a)	A2/A	8,328,525
			21,616,858
	<b>Montana—1.3%</b>		
11,250	Forsyth Pollution Control Rev., Puget Sound Energy, 5.00%, 3/1/31 (AMBAC)	Aaa/AAA	11,817,450
	<b>Nevada—0.5%</b>		
3,355	Henderson Health Care Fac. Rev., Catholic Healthcare West, 5.125%, 7/1/28	A3/A–	3,399,722
895	Henderson Local Improvement Dists., Special Assessment, 5.80%, 3/1/23	NR/NR	925,126
			4,324,848
	<b>New Hampshire—0.5%</b>		
1,500	Manchester Water Works Rev. (FGIC), 5.00%, 12/1/28	Aaa/AAA	1,578,180
3,250	5.00%, 12/1/34	Aaa/AAA	3,396,867
			4,975,047
	<b>New Jersey—3.7%</b>		
1,000	Camden Cnty., Improvement Auth., 5.00%, 2/15/35, Ser. A	Baa3/BBB	1,025,360

1,540	Improvement Auth. Rev., Cooper Health System, 6.00%, 2/15/27, (Pre-refunded @ \$102, 2/15/07) (a)	Baa3/BBB	1,583,690
4,500	Economic Dev. Auth., Kapkowski Rd. Landfill, 6.50%, 4/1/28	Baa3/NR	5,479,020

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PIMCO Municipal Income Fund III  
Schedule of Investments (As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	<b>New Jersey—3.7% (continued)</b>		
\$300	Newark Airport, 7.00%, 10/1/14	Ba3/NR	\$306,429
2,500	Health Care Facs. Financing Auth. Rev., Middlesex Cnty. Pollution Control Auth. Rev., 5.75%, 9/15/32	Ba1/BBB–	2,660,075
3,000	Pascack Valley Hospital, 6.625%, 7/1/36	NR/B+	3,119,190
2,000	Somerset Medical Center, 5.50%, 7/1/33	Baa3/NR	2,052,660
2,000	South Port Corp. Rev., 5.10%, 1/1/33	NR/A	2,079,760
1,500	State Educational Facs. Auth. Rev., 6.00%, 7/1/25, Ser. D	NR/NR	1,643,160
525	Tobacco Settlement Financing Corp. Rev., 6.00%, 6/1/37	Baa3/BBB	559,870
1,000	6.125%, 6/1/24	Baa3/BBB	1,083,560
230	6.125%, 6/1/42	Baa3/BBB	246,691
350	6.25%, 6/1/43	Baa3/BBB	382,354
10,750	6.75%, 6/1/39	Baa3/BBB	12,048,708
			34,270,527
	<b>New Mexico—0.1%</b>		
1,000	Farmington Pollution Control Rev., 5.80%, 4/1/22	Baa2/BBB	1,011,770
	<b>New York—5.3%</b>		
10,000	Metropolitan Transportation Auth. Rev., 5.25%, 11/15/32, Ser. B	A2/A	10,658,500
5,000	New York City Municipal Water Finance Auth., Water & Sewer System Rev., 5.00%, 6/15/35, Ser. C	Aa2/AA+	5,217,000
8,180	5.00%, 6/15/37, Ser. D (g)	Aa2/AA+	8,567,159
1,500	5.00%, 6/15/39, Ser. A	Aa2/AA+	1,562,100
4,000	State Dormitory Auth. Rev., Saint Barnabas Hospital, 5.125%, 2/1/22, Ser. A (AMBAC-FHA)	Aaa/AAA	4,242,200
11,590		Aa2/AA	12,066,581

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	Sloan-Kettering Center Memorial, 5.00%, 7/1/34, Ser. 1		
3,800	State Personal Income Tax, 5.00%, 3/15/32, (Pre-refunded @ \$100, 3/15/13) (a)	Aa3/AAA	4,110,422
2,000	State Environmental Facs. Corp. Rev., 5.00%, 6/15/28	Aaa/AAA	2,106,760
			48,530,722
	<b>North Carolina-1.3%</b>		
2,000	Charlotte-Mecklenburg Hospital Auth., Healthcare System Rev., 5.00%, 1/15/33, Ser. A	Aa3/AA	2,078,440
2,000	Eastern Municipal Power Agcy., Power System Rev., 5.125%, 1/1/23, Ser. D	Baa2/BBB	2,076,040
2,000	5.125%, 1/1/26, Ser. D	Baa2/BBB	2,068,320
3,795	5.375%, 1/1/17, Ser. C	Baa2/BBB	4,048,089
1,500	Medical Care Commission, Health Care Facs. Rev., Cleveland Cnty., 5.00%, 7/1/35 (AMBAC)	Aaa/AAA	1,564,410
			11,835,299

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PIMCO Municipal Income Fund III  
Schedule of Investments (As Restated-See Note 8)  
September 30, 2006 (continued)

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Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	<b>Ohio-0.8%</b>		
\$2,500	Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30	Aa3/AA-	\$2,629,850
5,000	Ohio Air Quality Dev. Auth. Rev., 4.80%, 1/1/34, Ser. B (FGIC) (g)	Aaa/AAA	5,110,700
			7,740,550
	<b>Oklahoma-0.4%</b>		
3,500	Tulsa Cnty. Industrial Auth. Rev., Legacy Apartments, 4.90%, 11/20/46 (FHA-GNMA)	Aaa/NR	3,612,910
	<b>Pennsylvania-2.7%</b>		
4,350	Allegheny Cnty. Hospital Dev. Auth. Rev., 9.25%, 11/15/30, Ser. B	Ba3/B+	5,183,677
	Cumberland Cnty. Auth. Retirement Community Rev., Wesley Affiliated Services, Ser. A, 415 7.25%, 1/1/35	NR/NR	449,217
1,085	7.25%, 1/1/35, (Pre-refunded @ \$101, 1/1/13) (a)	NR/NR	1,305,125

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3,250	Delaware River Joint Toll Bridge, Commission Bridge Rev., 5.00%, 7/1/28	A2/A-	3,389,425
3,000	Lehigh Cnty. General Purpose Auth. Rev., St. Luke's Bethlehem Hospital, 5.375%, 8/15/33	Baa1/BBB	3,153,360
5,000	Philadelphia School Dist., GO, 5.125%, 6/1/34, Ser. D (FGIC)	Aaa/AAA	5,306,650
6,300	St. Mary Hospital Auth., Bucks Cnty. Rev., 5.00%, 12/1/28, (Partially pre-refunded @ \$101, 6/1/08) (a)	Aa2/NR	6,322,554 25,110,008
<b>Puerto Rico-0.2%</b>			
2,200	Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN	A3/BBB+	2,310,352
<b>South Carolina-1.6%</b>			
7,500	Florence Cnty. Rev., McLeod Regional Medical Center, 5.00%, 11/1/31, Ser. A (FSA)	Aaa/AAA	7,875,600
6,700	Jobs Economic Dev. Auth. Rev., Bon Secours Health System, 5.625%, 11/15/30	A3/A-	7,113,323 14,988,923
<b>Tennessee-0.1%</b>			
1,250	Knox Cnty. Health Educational & Housing Facs., Board Hospital Facs. Rev., Catholic Healthcare Partners, 5.25%, 10/1/30	Aa3/AA-	1,312,812
<b>Texas-14.8%</b>			
4,135	Canyon Independent School Dist., GO, 5.00%, 2/15/28, Ser. A (PSF-GTD)	NR/AAA	4,306,148
2,500	Columbia & Brazoria Independent School Dist., GO, 5.00%, 8/1/29 (PSF-GTD)	NR/AAA	2,608,425
1,300	Comal Cnty. Health Facs., McKenna Memorial Hospital Project Rev., 6.25%, 2/1/32	Baa3/BBB-	1,412,151
6,810	Crowley Independent School Dist., GO, 4.75%, 8/1/35 (PSF-GTD) (g)	NR/NR	6,993,870

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PIMCO Municipal Income Fund III  
Schedule of Investments (As Restated-See Note 8)  
September 30, 2006 (continued)

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Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
<b>Texas-14.8% (continued)</b>			
\$12,975	Dallas Area Rapid Transit Rev., 5.00%, 12/1/32, (Pre-refunded @ \$100, 12/1/12) (FGIC) (a)(g)	NR/NR	\$13,468,180



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	Denton Independent School Dist., GO (PSF-GTD),		
255	zero coupon, 8/15/26	AAA/AAA	88,824
5,745	zero coupon, 8/15/26, (Pre-refunded @ \$44.73, 8/15/12) (a)	AAA/AAA	2,052,459
255	zero coupon, 8/15/27	AAA/AAA	83,648
5,745	zero coupon, 8/15/27, (Pre-refunded @ \$42.17, 8/15/12) (a)	AAA/AAA	1,934,973
215	zero coupon, 8/15/28	AAA/AAA	66,401
4,785	zero coupon, 8/15/28, (Pre-refunded @ \$39.75, 8/15/12) (a)	AAA/AAA	1,519,142
255	zero coupon, 8/15/29	AAA/AAA	74,177
5,745	zero coupon, 8/15/29, (Pre-refunded @ \$37.46, 8/15/12) (a)	AAA/AAA	1,718,846
85	zero coupon, 8/15/30	AAA/AAA	23,270
1,915	zero coupon, 8/15/30, (Pre-refunded @ \$35.30, 8/15/12) (a)	AAA/AAA	539,858
340	zero coupon, 8/15/31	AAA/AAA	87,584
7,660	zero coupon, 8/15/31, (Pre-refunded @ \$33.25, 8/15/12) (a)	AAA/AAA	2,034,343
10,115	5.00%, 8/15/33 (g)	NR/NR	10,462,147
4,400	Harris Cnty., GO, 5.125%, 8/15/31, (Pre-refunded @ \$100, 8/15/12) (a)	Aa1/AA+	4,734,796
	Harris Cnty. Health Facs. Dev. Corp. Rev.,		
5,000	Christus Health, 5.375%, 7/1/29, Ser. A, (Pre-refunded @ \$101, 7/1/09) (MBIA) (a)	Aaa/AAA	5,274,800
2,750	St. Luke's Episcopal Hospital, 5.375%, 2/15/26, Ser. A, (Pre-refunded @ \$100, 8/15/11) (a)	NR/AAA	2,960,815
19,500	Harris Cnty. Rev., 5.125%, 8/15/32 (FSA)	Aaa/AAA	20,407,335
4,005	Houston, GO, 5.00%, 3/1/25 (MBIA)	Aaa/AAA	4,160,394
5,000	Houston Water & Sewer System Rev., 5.00%, 12/1/30, Ser. A, (Pre-refunded @ \$100, 12/1/12) (FSA) (a)	Aaa/AAA	5,363,350
7,000	Judson Independent School Dist., GO, 5.00%, 2/1/30 (PSF-GTD)	Aaa/NR	7,210,560
11,950	Mansfield Independent School Dist., GO, 5.00%, 2/15/28 (PSF-GTD) (g)	NR/NR	12,444,610
	Mesquite Independent School Dist. No. 1, GO, Ser. A (PSF-GTD),		
1,365	zero coupon, 8/15/16	NR/AAA	898,224
1,000	zero coupon, 8/15/18	NR/AAA	590,920
1,000	zero coupon, 8/15/19	NR/AAA	556,710
1,000	zero coupon, 8/15/20	NR/AAA	525,000
2,105	Northwest Harris Cnty. Municipal Utility Dist. No. 16, GO, 5.30%, 10/1/29 (Radian)	NR/AA	2,174,423
2,000	Sabine River Auth. Rev., 5.20%, 5/1/28	Baa2/BBB-	2,085,120
4,000	State of Texas, GO, 4.75%, 4/1/36	Aa1/AA	4,082,760
	Univ. Rev., Ser. B,		
2,000	5.00%, 7/1/26	Aaa/AAA	2,119,600
11,115	5.00%, 8/15/33 (g)	Aaa/AAA	11,572,605
			136,636,468

PIMCO Municipal Income Fund III  
 Schedule of Investments (As Restated—See Note 8)  
 September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
	<b>Utah—0.7%</b>		
\$1,750	Cnty. of Weber, IHC Health Services Rev., 5.00%, 8/15/30	Aa1/AA+	\$1,795,692
4,100	Salt Lake Cnty. Hospital Rev., IHC Health Services, 5.125%, 2/15/33 (AMBAC)	Aaa/AAA	4,270,232 6,065,924
	<b>Washington—10.2%</b>		
6,375	Chelan Cnty. Public Utility Dist. Rev., 5.125%, 7/1/33, Ser. C (AMBAC)	Aaa/AAA	6,659,453
10,000	King Cnty. Rev., Ser. A (g), 5.00%, 1/1/35 (FGIC)	Aaa/AAA	10,381,500
15,000	5.00%, 1/1/35 (FSA)	Aaa/AAA	15,458,700
3,000	Port Seattle Rev., 5.00%, 9/1/24 (FGIC)	Aaa/AAA	3,148,320
21,625	Port Tacoma, GO, 5.00%, 12/1/33, (Pre-refunded @ \$100, 12/1/13) (AMBAC) (a)(g)	NR/NR	22,547,955
10,000	Seattle Rev., 5.00%, 7/1/32 (FGIC) (g)	NR/NR	10,357,300
23,230	Tobacco Settlement Auth., Tobacco Settlement Rev., 6.50%, 6/1/26	Baa3/BBB	25,539,294 94,092,522
	<b>Wisconsin—0.1%</b>		
560	Badger Tobacco Asset Securitization Corp., 6.00%, 6/1/17	Baa3/BBB	596,618
	Total Municipal Bonds & Notes (cost—\$844,606,328)		898,681,175
	VARIABLE RATE NOTES (b)(c)(d)—2.2%		
	<b>Florida—0.3%</b>		
2,554	State Turnpike Auth., 7.90%, 7/1/31, Ser. 1450	NR/AA2	2,818,850
	<b>New York—1.7%</b>		
4,660	Liberty Dev. Corp. Rev., 10.48%, 10/1/35, Ser. 1451	NR/AA3	7,969,998
6,000	State Dormitory Auth., Univ. & College Improvement. Rev., 9.11%, 3/15/35, Ser. 1216	NR/AAA	7,473,600 15,443,598
	<b>Ohio—0.2%</b>		
2,075	Ohio Air Quality Dev. Auth., 8.03%, 1/1/34, Ser. 1223 (FGIC)	Aaa/AAA	2,304,432

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Total Variable Rate Notes (cost-\$18,466,260)	20,566,880
U.S. TREASURY BILLS (e)-0.3%	
2,745 4.743%-4.955%, 11/30/06-12/14/06 (cost-\$2,718,695)	2,718,695
<b>Total Investments before options written</b> (cost-\$865,791,283)- <b>100.0%</b>	<b>921,966,750</b>

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PIMCO Municipal Income Fund III  
 Schedule of Investments (As Restated-See Note 8)  
 September 30, 2006 (continued)

<u>Contracts</u>	Value
OPTIONS WRITTEN (f)-(0.0)%	
<b>Call Options-(0.0)%</b>	
484 U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$108, expires 11/21/06 (premiums received-\$89,177)	\$(332,750)
<b>Total Investments net of options written</b> (cost-\$865,702,106)- <b>100.0%</b>	<b>\$921,634,000</b>

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PIMCO California Municipal Income Fund III  
 Schedule of Investments (As Restated-See Note 8)  
 September 30, 2006

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
CALIFORNIA MUNICIPAL BONDS & NOTES-96.3%			
\$ 1,000	Alameda Public Financing Auth. Rev., 7.00%, 6/1/09	NR/NR	\$ 1,003,270
3,200	Assoc. of Bay Area Gov't Finance Auth. Rev., Odd Fellows Home, 5.20%, 11/15/22	NR/A+	3,360,256
11,725	5.35%, 11/15/32 Burbank Public Finance Auth. Rev., San Fernando Redev. Project,	NR/A+	12,322,272
1,135	5.50%, 12/1/28	NR/BBB	1,179,095
1,000	5.50%, 12/1/33	NR/BBB	1,033,350
2,000		Aaa/NR	2,104,880

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	Butte-Glenn Community College, GO, 5.00%, 8/1/26, Ser. A (MBIA)		
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	2,288,560
1,000	Cathedral City Public Financing Auth., Tax Allocation Rev., 5.00%, 8/1/33, Ser. A (MBIA)	Aaa/AAA	1,043,330
1,150	Ceres Redev. Agcy. Tax Allocation, 5.00%, 11/1/33 (MBIA)	Aaa/AAA	1,211,376
2,825	Ceres Unified School Dist., GO (FGIC), zero coupon, 8/1/28	Aaa/AAA	848,545
2,940	zero coupon, 8/1/29	Aaa/AAA	830,550
2,000	Chula Vista Community Facs. Dist., Special Tax, 5.125%, 9/1/36	NR/NR	2,033,320
1,600	5.75%, 9/1/33	NR/NR	1,648,768
675	6.15%, 9/1/26	NR/NR	720,495
1,620	6.20%, 9/1/33	NR/NR	1,729,026
1,000	City of Carlsbad, 6.00%, 9/2/34	NR/NR	1,043,830
8,000	Contra Costa Cnty. Public Financing Auth. Tax Allocation Rev., 5.625%, 8/1/33, Ser. A	NR/BBB	8,408,160
3,775	Cucamonga School Dist., CP, 5.20%, 6/1/27 Educational Facs. Auth. Rev.,	NR/A-	3,887,646
2,500	Institute of Technology, 5.00%, 10/1/32, Ser. A, (Pre-refunded @ \$100, 10/1/11) (a)	Aaa/AAA	2,675,100
2,455	Loyola Marymount Univ., zero coupon, 10/1/34 (MBIA)	Aaa/NR	674,315
5,000	Pepperdine Univ., 5.00%, 9/1/33, Ser. A (FGIC)	Aaa/AAA	5,207,700
2,195	Elk Grove Unified School Dist., Community Facs. Dist. No. 1, Special Tax, 5.00%, 12/1/35 (MBIA)	AAA/AAA	2,301,699
500	Franklin-McKinley School Dist., GO, 5.00%, 8/1/27, Ser. B, (Pre-refunded @ \$100, 8/1/13) (FSA) (a)	Aaa/AAA	544,525
1,250	Fremont Community Facs. Dist., Special Tax, 5.30%, 9/1/30	NR/NR	1,272,850
5,000	6.30%, 9/1/31	NR/NR	5,284,000
9,500	Fresno School Unified Dist., GO, 6.00%, 8/1/26, Ser. A (MBIA)	Aaa/AAA	11,561,880
4,380	Glendale Electric Works Rev., 5.00%, 2/1/27 (MBIA)	Aaa/AAA	4,589,977
	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev.,		
10,000	5.00%, 6/1/35, Ser. A (FGIC)(g)	Aaa/AAA	10,471,600
9,000	5.00%, 6/1/45, Ser. A (AMBAC-TCRS) (g)	Aaa/AAA	9,358,470
4,000	5.00%, 6/1/45, Ser. A (FGIC-TCRS) (g)	Aaa/AAA	4,159,320

PIMCO California Municipal Income Fund III  
Schedule of Investments (As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
\$ 18,000	6.25%, 6/1/33, Ser. 2003-A-1	Baa3/BBB	\$ 19,826,280
38,490	6.75%, 6/1/39, Ser. 2003-A-1 Health Facs. Finance Auth. Rev.,	Baa3/BBB	43,492,930
5,000	Adventist Health System, 5.00%, 3/1/33	NR/A	5,123,650
6,000	Cottage Health System, 5.00%, 11/1/33, Ser. B (MBIA)	Aaa/AAA	6,220,320
5,000	Kaiser Permanente, 5.00%, 10/1/18, Ser. B Paradise VY Estates (CA Mtg. Ins.),	A3/AAA	5,180,900
2,000	5.125%, 1/1/22	NR/A+	2,099,400
1,550	5.25%, 1/1/26	NR/A+	1,633,220
2,000	Sutter Health, 6.25%, 8/15/35, Ser. A Infrastructure & Economic Dev. Bank Rev.,	Aa3/AA-	2,213,780
7,750	Bay Area Toll Bridges, 5.00%, 1/1/28, Ser. A, (Prerefunded @ 100, 1/1/28) (AMBAC) (a) (g)	Aaa/AAA	8,756,027
2,750	Claremount Univ. Consortium, 5.25%, 10/1/33 Kaiser Assistance Corp.,	Aa3/NR	2,917,998
3,000	5.50%, 8/1/31, Ser. B	A2/A+	3,198,600
8,000	5.55%, 8/1/31, Ser. A	NR/A+	8,546,880
3,725	La Mesa-Spring Valley School Dist., GO, 5.00%, 8/1/26, Ser. A, (Prefunded @ \$100, 8/1/12) (FGIC) (a)	Aaa/AAA	4,018,977
1,400	La Quinta Redev. Agcy., Tax Allocation, 5.10%, 9/1/31 (AMBAC)	Aaa/AAA	1,456,084
20	Lancaster Financing Auth. Tax Allocation, 4.75%, 2/1/34 (MBIA)	Aaa/AAA	20,475
825	Lee Lake Water Dist. Community Facs. Dist., Montecito Ranch, Special Tax, 6.125%, 9/1/32	NR/NR	860,904
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	5,430,850
6,000	Los Angeles Department of Water & Power Rev., 6,000		
6,000	4.75%, 7/1/30 (FSA) (g)	Aaa/AAA	6,163,800
500	4.75%, 7/1/36 (FSA)	Aaa/AAA	510,005
10,000	5.00%, 7/1/30 Ser. A (g)	Aa3/AA-	10,375,600
20,000	5.00%, 7/1/35 (FSA) (g)	Aaa/AAA	21,084,400
	Los Angeles Unified School Dist., GO (MBIA),		

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7,650	5.00%, 1/1/28, Ser. A	Aaa/AAA	8,024,850
3,000	5.125%, 1/1/27, Ser. E	Aaa/AAA	3,166,710
1,000	Lynwood Unified School Dist., GO, 5.00%, 8/1/27, Ser. A (FSA)	Aaa/NR	1,051,230
5,280	Modesto Irrigation Dist., CP, 5.00%, 7/1/33, Ser. A (MBIA)	Aaa/AAA	5,497,114
4,585	Moreno Valley Unified School Dist. Community Facs. Dist., Special Tax, 5.20%, 9/1/36	NR/NR	4,674,499
2,180	Murrieta Valley Unified School Dist., Special Tax, 6.40%, 9/1/24, (Pre-refunded @ \$102, 9/1/09) (a)	NR/NR	2,391,438
5,000	Oakland, GO, 5.00%, 1/15/33, Ser. A (MBIA) Oakland Redev. Agcy., Tax Allocation,	Aaa/AAA	5,207,300
985	5.25%, 9/1/27	NR/A	1,026,803
1,545	5.25%, 9/1/33	NR/A	1,605,332

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PIMCO California Municipal Income Fund III  
Schedule of Investments (As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
\$ 5,000	Orange Cnty. Community Facs. Dist., Special Tax, Ladera Ranch, 5.55%, 8/15/33, Ser. A	NR/NR	\$ 5,161,000
5,000	Orange Cnty. Unified School Dist., CP, 4.75%, 6/1/29 (MBIA) Orange Cnty. Water Dist. Rev., CP, Ser. B (MBIA),	Aaa/AAA	5,055,250
1,000	5.00%, 8/15/28	Aaa/AAA	1,041,170
5,525	5.00%, 8/15/34 (g)	Aaa/AAA	5,739,149
5,000	Pajaro Valley Unified School Dist., GO, 5.00%, 8/1/26, Ser. A, (Pre-refunded @ \$100, 8/1/13) (FSA) (a) (g)	NR/NR	5,445,250
2,000	Palm Desert Financing Auth., Tax Allocation, 5.00%, 4/1/25, Ser. A (MBIA)	Aaa/AAA	2,090,160
6,455	Pasadena Rev., 5.00%, 6/1/33 (FGIC) (g)	NR/NR	6,736,632
1,410	Pomona Public Financing Auth. Rev., 5.00%, 12/1/37, Ser. AF (MBIA) Poway Unified School Dist., Community Facs. Dist. No. 6, Special Tax,	Aaa/AAA	1,458,969

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3,650	5.125%, 9/1/28	NR/NR	3,732,344
1,285	6.05%, 9/1/25	NR/NR	1,367,715
2,100	6.125%, 9/1/33	NR/NR	2,231,880
5,000	Riverside, CP, 5.00%, 9/1/33 (AMBAC)	Aaa/AAA	5,194,950
500	Rocklin Unified School Dist. Community Facs., Special Tax, 5.00%, 9/1/29 (MBIA)	Aaa/AAA	522,835
7,680	Rowland Unified School Dist., GO, 5.00%, 8/1/28, Ser. B (FSA)	Aaa/AAA	8,064,077
1,400	Sacramento City Financing Auth. Rev., North Natomas CFD No. 2, 6.25%, 9/1/23, Ser. A	NR/NR	1,448,258
10,820	Sacramento Cnty. Water Financing Auth. Rev., 5.00%, 6/1/34, (Pre-refunded @ \$100, 6/1/13) (AMBAC) (a) (g)	NR/NR	11,260,266
8,000	Sacramento Muni Utility Dist., Electric Rev., 5.00%, 8/15/33, Ser. R (MBIA) (g)	Aaa/AAA	8,334,240
12,075	San Diego Community College Dist., GO, 5.00%, 5/1/28, Ser. A (FSA) (g)	Aaa/AAA	12,659,913
890	San Diego Community Facs. Dist. No. 3, Ser. A, 5.60%, 9/1/21	NR/NR	906,776
580	5.70%, 9/1/26	NR/NR	589,924
1,700	5.75%, 9/1/36	NR/NR	1,731,484
480	San Diego Unified School Dist., GO (FSA), 5.00%, 7/1/26, Ser. C	Aaa/AAA	518,006
11,000	5.00%, 7/1/26, Ser. E	Aaa/AAA	11,886,600
8,425	5.00%, 7/1/28, Ser. E	Aaa/AAA	9,104,055
1,500	San Diego Univ. Foundation Auxiliary Organization Rev., 5.00%, 3/1/27, Ser. A (MBIA)	Aaa/AAA	1,558,935
3,000	San Jose, Libraries & Parks, GO, 5.125%, 9/1/31	Aa1/AA+	3,125,880
15,700	San Marcos Public Facs. Auth., Tax Allocation, 5.00%, 8/1/33 (g)	NR/NR	16,352,492
2,515	Santa Ana Unified School Dist., GO, Ser. B (FGIC), zero coupon, 8/1/26	Aaa/AAA	1,036,809
3,520	zero coupon, 8/1/28	Aaa/AAA	1,315,776
2,500	zero coupon, 8/1/30	Aaa/AAA	844,025

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PIMCO California Municipal Income Fund III  
Schedule of Investments (As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)	Credit Rating (Moody's/S&P)*	Value
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\$ 3,780	zero coupon, 8/1/31	Aaa/AAA	\$ 1,213,418
3,770	zero coupon, 8/1/32	Aaa/AAA	1,150,227
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	1,332,112
2,500	Santa Margarita Water Dist., Special Tax, 6.25%, 9/1/29	NR/NR	2,683,125
3,470	Community Facs. Dist. No. 99-1 Escrow, 6.25%, 9/1/29	NR/NR	3,723,692
3,550	Santa Monica Community College Dist., GO, zero coupon, 8/1/27, Ser. C (MBIA)	Aaa/AAA	1,297,596
1,205	Sequoia Union High School Dist., GO, 5.00%, 7/1/23 (MBIA)	Aaa/NR	1,268,961
4,475	Simi Valley Community Dev. Agcy., Tax Allocation, Tapo Canyon & West End, 5.00%, 9/1/25 (FGIC)	Aaa/AAA	4,704,030
4,250	Sonoma Cnty. Jr. College Dist., GO, 5.00%, 8/1/27, Ser. A, (Pre-refunded @ \$100, 8/1/13) (FSA) (a)	Aaa/AAA	4,628,462
1,000	Sonoma Cnty. Water Agcy., Water Rev., 5.00%, 7/1/32, Ser. A (MBIA)	Aaa/AAA	1,040,970
2,500	South Tahoe JT Powers Financing Auth. Rev., 5.125%, 10/1/09	NR/NR	2,511,125
4,425	5.45%, 10/1/33	NR/BBB	4,596,778
27,210	Southern CA Public Power Auth., Power Project Rev., Magnolia Power, 5.00%, 7/1/33, Ser. A-2003-1 (AMBAC) (g)	Aaa/AAA	28,393,635
600	State Department of Water Res. Rev., Central Valley Project, 5.00%, 12/1/25, Ser. AC (MBIA)	Aaa/AAA	637,518
4,095	State Department Veteran Affairs Home Purchase Rev., 5.35%, 12/1/27, Ser. A (AMBAC)	Aaa/AAA	4,362,117
5,385	State Public Works Board Lease Rev., CA State Univ., 5.00%, 10/1/19	A2/A	5,549,404
1,105	Patton, 5.375%, 4/1/28	A2/A	1,171,665
4,600	Univ. CA, M.I.N.D. Inst., 5.00%, 4/1/28, Ser. A	Aa2/AA-	4,793,936
3,505	Statewide Community Dev. Auth., CP, Internext Group, 5.375%, 4/1/30	NR/BBB	3,561,501
2,500	Statewide Community Dev. Auth. Rev., Berkeley Montessori School, 7.25%, 10/1/33	NR/NR	2,647,725
7,300	Health Fac., Jewish Home, 5.50%, 11/15/33 (CA St. Mtg.)	NR/A+	7,859,399
15,000	Memorial Health Services, 5.50%, 10/1/33, Ser. A	A3/A+	15,966,450
10,000	Sutter Health, 5.50%, 8/15/34, Ser. B	Aa3/AA-	10,685,000
1,795	Sunnyvale Financing Auth., Water & Wastewater Rev., 5.00%, 10/1/26 (AMBAC)	Aaa/AAA	1,858,238



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2,000	Tamalpais Union High School Dist., GO, 5.00%, 8/1/26 (MBIA)	Aaa/AAA	2,091,260
2,000	Temecula Public Financing Auth., Crowne Hill, Special Tax, 6.00%, 9/1/33, Ser. A Tobacco Securitization Agcy. Rev., Alameda Cnty.,	NR/NR	2,086,580
8,100	5.875%, 6/1/35	Baa3/NR	8,522,334
7,000	6.00%, 6/1/42	Baa3/NR	7,375,970

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PIMCO California Municipal Income Fund III  
Schedule of Investments (As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)*	Value
\$ 5,000	Gold Cnty., zero coupon, 6/1/33	NR/BBB	\$ 1,090,850
2,000	Kern Cnty., 6.125%, 6/1/43, Ser. A	NR/BBB	2,119,640
5,000	Tobacco Securitization Auth. of Southern California, 5.00%, 6/1/37, Ser. A1	Baa3/BBB	5,015,450
2,950	Torrance Medical Center Rev., 5.50%, 6/1/31, Ser. A Univ. Rev.,	A1/A+	3,105,406
5,500	4.75%, 5/15/35, Ser. F (FSA) (g)	NR/NR	5,580,465
21,125	5.00%, 9/1/33, Ser. Q, (Pre-refunded @ \$101, 9/1/11) (FSA) (a) (g)	NR/NR	22,000,843
2,355	5.00%, 9/1/34, Ser. Q, (Pre-refunded @ \$101, 9/1/11) (FSA) (a) (g)	NR/NR	2,452,638
4,000	Vernon Electric System Rev., Malburg Generating Station, 5.50%, 4/1/33, (Pre-refunded @ \$100, 4/1/08) (a)	Aaa/NR	4,121,760
1,000	West Basin Municipal Water Dist. Rev., CP, 5.00%, 8/1/30, Ser. A (MBIA)	Aaa/AAA	1,046,990
2,500	William S. Hart Union High School Dist., Special Tax, 6.00%, 9/1/33	NR/NR	2,672,850
2,750	Woodland Finance Auth. Lease Rev., 5.00%, 3/1/32 (XLCA)	Aaa/AAA	2,876,610
	Total California Municipal Bonds & Notes (cost—\$585,246,756)		622,886,071
		OTHER MUNICIPAL BONDS & NOTES—1.6%	
	New York—0.5%		

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2,500	State Dormitory Auth. Rev., Hospital, 6.25%, 8/15/15 (FHA) Puerto Rico-1.1%	Aa2/AAA	2,852,950
1,500	Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN Public Building Auth. Rev.,	A3/BBB+	1,575,240
4,420	5.00%, 7/1/36, Ser. I (GTD)	Baa3/BBB	4,554,059
290	5.25%, 7/1/36, Ser. D	Baa3/BBB	302,667
790	5.25%, 7/1/36, Ser. D, (Pre-refunded @ \$100, 7/1/12) (a)	Baa3/BBB	855,325
			7,287,291
	Total Other Municipal Bonds & Notes (cost-\$9,461,531)		10,140,241
		CALIFORNIA VARIABLE RATE NOTES (d)-1.2%	
2,000	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev., 9.457%, 6/1/35 (FGIC) Los Angeles Unified School Dist., GO (MBIA) (b)(c),	Aaa/AAA	2,471,600
1,745	7.996%, 1/1/23	NR/NR	1,983,070
2,090	11.111%, 1/1/11	NR/NR	3,304,519
	Total California Variable Rate Notes (cost-\$7,281,542)		7,759,189
		OTHER VARIABLE RATE NOTES (d)-0.6%	
	Puerto Rico-0.6%		
3,800	Public Finance Corp. Rev., 5.75%, 8/1/27, Ser. A (cost-\$4,026,491)	Ba1/BBB-	4,096,970

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PIMCO California Municipal Income Fund III  
Schedule of Investments (As Restated-See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Value
\$2,080	4.71%-4.87%, 11/30/06-12/14/06 (cost-\$2,059,746)	U.S. TREASURY BILLS (e)-0.3% \$2,059,747
	<b>Total Investments before options written</b> (cost-\$608,076,066)- <b>100.0%</b>	646,942,218
		OPTIONS WRITTEN (f)-(0.0)%
<u>Contracts</u>		
	<b>Call Options-(0.0)%</b>	
423	U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$108, expires 11/21/06 (premiums received-\$77,938)	(290,812)

**Total Investments net of options written**(cost—\$607,998,128)—**100.0%****\$646,651,406**

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## PIMCO New York Municipal Income Fund III

## Schedule of Investments

(As Restated—See Note 8)

September 30, 2006

Principal Amount (000)		Credit Ratings (Moody's/S&P)*	Value
<b>NEW YORK MUNICIPAL BONDS &amp; NOTES—90.4%</b>			
\$2,800	East Rochester Housing Auth. Rev., St. Mary's Residence Project, 5.375%, 12/20/22 (GNMA)	NR/AAA	\$3,044,552
1,400	Woodland Project, 5.50%, 8/1/33	NR/NR	1,423,030
1,300	Erie Cnty. Industrial Dev. Agcy., Orchard Park Rev., 6.00%, 11/15/36	NR/NR	1,378,806
1,060	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.25%, 10/1/35	Aa3/A+	1,210,584
2,990	5.25%, 10/1/35 (g)	Aa3/AA-	3,414,759
1,000	Long Island Power Auth., Electric System Rev., 5.00%, 9/1/27, Ser. C	A3/A-	1,045,060
5,000	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/31, Ser. F (MBIA)	Aaa/AAA	5,216,250
6,220	5.00%, 11/15/32, Ser. A (FGIC) (g)	Aaa/AAA	6,503,508
1,000	Monroe Tobacco Asset Securitization Corp., Tobacco Settlement Rev., 6.375%, 6/1/35, (Pre-refunded @ \$101, 6/1/10) (a)	Aaa/AAA	1,105,220
2,190	Mortgage Agcy. Rev., 4.75%, 10/1/27, Ser. 128 (g)	Aa1/NR	2,245,998
2,000	Nassau Cnty. Tobacco Settlement Corp. Rev., 6.60%, 7/15/39, (Pre-refunded @ \$101, 7/15/09) (a)	Aaa/BBB-	2,179,820
7,195	New York City, GO, 5.00%, 3/1/33, Ser. I	A1/AA-	7,453,804
555	5.375%, 3/1/27	B1/A1	596,442
1,195	5.375%, 3/1/27, (Pre-refunded @ \$100, 3/1/13) (a)	AA-/A1	1,317,535
5,000	New York City Municipal Water Finance Auth., Water & Sewer System Rev., 5.00%, 6/15/32, Ser. A	Aa2/AA+	5,157,850
5,000	New York City Trust for Cultural Res. Rev., 5.00%, 2/1/34 (FGIC) (g)	NR/NR	5,243,250

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2,995	New York Cntys. Tobacco Settlement Trust Rev., 5.625%, 6/1/35	Ba1/BBB	3,102,461
1,000	Niagara Falls Public Water Auth., Water & Sewer System Rev., 5.00%, 7/15/34, Ser. A (MBIA)	Aaa/AAA	1,045,520
1,855	Sachem Central School Dist. of Holbrook, GO, 5.00%, 6/15/30 (MBIA)	Aaa/AAA	1,945,153
1,400	State Dormitory Auth. Rev., Catholic Health of Long Island, 5.10%, 7/1/34	Baa1/BBB	1,444,142
2,000	Columbia Univ., 5.00%, 7/1/24, Ser. A	Aaa/AAA	2,119,460
2,250	Jewish Board Family & Children, 5.00%, 7/1/33 (AMBAC)	Aaa/AAA	2,358,630
2,000	Kaleida Health Hospital, 5.05%, 2/15/25 (FHA)	NR/AAA	2,106,620
3,250	Lenox Hill Hospital, 5.50%, 7/1/30 Long Island Univ., Ser. A (Radian),	Ba2/NR	3,320,200
2,040	5.00%, 9/1/23	Ba2/AA	2,118,050
4,000	5.00%, 9/1/32	Ba2/AA	4,142,440
3,000	Lutheran Medical Hospital, 5.00%, 8/1/31 (FHA-MBIA)	Aaa/AAA	3,128,550
1,000	Mental Health Services Facs., 5.00%, 2/15/30, Ser. B (AMBAC)	AAA/AAA	1,054,440
2,000	Mount St. Mary College (Radian), 5.00%, 7/1/27	NR/AA	2,095,360
2,000	5.00%, 7/1/32	NR/AA	2,079,860
1,000	New York Univ., 5.00%, 7/1/31, Ser. 2 (AMBAC)	Aaa/AAA	1,037,490

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PIMCO New York Municipal Income Fund III  
Schedule of Investments  
(As Restated—See Note 8)  
September 30, 2006 (continued)

Principal Amount (000)		Credit Ratings (Moody's/S&P)*	Value
\$6,150	North General Hospital, 5.00%, 2/15/25	NR/AA-	\$6,397,537
1,000	North Shore L.I. Jewish Group, 5.50%, 5/1/33	A3/NR	1,070,420
1,000	NY & Presbyterian Hospital Rev., 4.75%, 8/1/27 (AMBAC-FHA)	Aaa/AAA	1,017,720
7,000	Rockefeller Univ., 5.00%, 7/1/32, Ser. A1 (g)	Aaa/AAA	7,300,790
3,740	Saint Barnabas Hospital, 5.00%, 2/1/31, Ser. A (AMBAC-FHA)	Aaa/AAA	3,889,039
1,000	School Dist. Financing, 5.00%, 10/1/30, Ser. D (MBIA)	Aaa/AAA	1,047,920
1,250	Skidmore College, 5.00%, 7/1/28 (FGIC)	Aaa/NR	1,325,600
2,500	Sloan-Kettering Center Memorial, 5.00%, 7/1/34, Ser. 1	Aa2/AA	2,602,800

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3,600	State Personal Income Tax, 5.00%, 3/15/32, (Pre-refunded @ \$100, 3/15/13) (a)	Aa3/AAA	3,894,084
1,250	Student Housing Corp., 5.125%, 7/1/34 (FGIC)	Aaa/AAA	1,332,475
1,500	Teachers College, 5.00%, 7/1/32 (MBIA)	Aaa/NR	1,567,575
2,500	Winthrop-Nassau Univ., 5.75%, 7/1/28	Baa1/NR	2,679,800
620	Winthrop Univ., Hospital Assoc., 5.50%, 7/1/32, Ser. A	Baa1/NR	656,400
2,000	Yeshiva Univ., 5.125%, 7/1/34 (AMBAC) State Environmental Facs. Corp. Rev.,	Aaa/NR	2,131,960
5,575	4.75%, 7/15/28 (g)	NR/NR	5,767,282
8,855	4.75%, 7/15/33 (g)	NR/NR	9,160,497
3,000	5.00%, 10/15/35	AAA/AAA	3,189,720
7,375	State Housing Finance Agcy., Economic Dev. Rev., 5.00%, 3/15/33, Ser. A, (Pre-refunded @ \$100, 3/15/13) (a) (g)	NR/NR	7,977,464
1,900	State Urban Dev. Corp. Personal Income Tax Rev., 5.00%, 3/15/33, Ser. C-1, (Pre-refunded @ \$100, 3/15/13) (a)	Aa3/AAA	2,055,211
1,000	State Urban Dev. Corp. Rev., 5.00%, 3/15/35, Ser. B	NR/AAA	1,049,120
4,000	Triborough Bridge & Tunnel Auth. Rev., 5.00%, 11/15/32 (MBIA) (g)	Aaa/AAA	4,190,560
2,000	Warren & Washington Cntys. Industrial Dev. Agcy. Fac. Rev., Glens Falls Hospital, 5.00%, 12/1/35, Ser. A (FSA)	Aaa/AAA	2,089,120
1,250	Westchester Cnty. Industrial Dev. Agcy. Continuing Care Retirement Rev., Kendal on Hudson, 6.50%, 1/1/34	NR/NR	1,330,688
	Total New York Municipal Bonds & Notes (cost-\$147,687,939)		155,358,626
			OTHER MUNICIPAL BONDS & NOTES-8.8%
	California-3.7%		
5,560	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev., 6.75%, 6/1/39, Ser. 2003-A-1	Baa3/BBB	6,282,689
	District of Columbia-0.1%		
175	Tobacco Settlement Financing Corp. Rev., 6.50%, 5/15/33	Baa3/BBB	204,484
	Puerto Rico-4.4%		
	Children's Trust Fund, Tobacco Settlement Rev.,		
1,700	5.50%, 5/15/39	Baa3/BBB	1,762,084
580	5.625%, 5/15/43	Baa3/BBB	603,270
1,000	Electric Power Auth., Power Rev., 5.125%, 7/1/29, Ser. NN	A3/BBB+	1,050,160
4,000	Public Building Auth. Rev., Gov't Facs., 5.00%, 7/1/36, Ser. I (GTD)	Baa3/BBB	4,121,320
			7,536,834

PIMCO New York Municipal Income Fund III  
 Schedule of Investments  
 (As Restated—See Note 8)  
 September 30, 2006 (continued)

Principal Amount (000)	Credit Ratings (Moody's/S&P)*	Value
\$500	Rhode Island—0.3% Tobacco Settlement Financing Corp. Rev., 6.125%, 6/1/32, Ser. A	\$529,910
370	South Carolina—0.2% Tobacco Settlement Rev., Management Auth., 6.375%, 5/15/30, Ser. B	424,841
135	Washington—0.1% Tobacco Settlement Auth., Tobacco Settlement Rev., 6.625%, 6/1/32	149,051
	Total Other Municipal Bonds & Notes (cost—\$12,662,940)	15,127,809
	NEW YORK VARIABLE RATE NOTES (d)—0.5%	
700	State Urban Dev. Corp. Rev., 9.417%, 3/15/35 (cost—\$768,827)	871,920
	U.S. TREASURY BILLS (e)—0.3%	
495	4.743%–4.853%, 11/30/06–12/14/06 (cost—\$490,225)	490,225
	<b>Total Investments before options written</b> (cost—\$161,609,931)— <b>100.0%</b>	<b>171,848,580</b>
	OPTIONS WRITTEN (f)—(0.0)%	
Contracts		
62	Call Options—(0.0)% U.S. Treasury Notes 10 yr. Futures, Chicago Board of Trade, strike price \$108, expires 11/21/06 (premiums received—\$11,423)	(42,625)
	<b>Total Investments net of options written</b> (cost—\$161,598,508)— <b>100.0%</b>	<b>\$171,805,955</b>

## Notes to Schedule of Investments:

## \*Unaudited

- (a) Pre-refunded bonds are collateralized by U.S. Government or other eligible securities which are held in escrow and used to pay principal and interest and retire the bonds at the earliest refunding date (payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate).
- (b) 144A Security—Security exempt from registration, under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, typically only to qualified institutional buyers. Unless otherwise indicated, these securities are not considered to be illiquid.

- (c) Inverse Floater—The interest rate shown bears an inverse relationship to the interest rate on another security or the value of an index.
  - (d) Variable Rate Notes—Instruments whose interest rates change on specified date (such as a coupon date or interest payment date) and/or whose interest rates vary with changes in a designated base rate (such as the prime interest rate). The interest rate disclosed reflects the rate in effect on September 30, 2006.
  - (e) All or partial amount segregated as collateral for futures contracts and/or written options.
  - (f) Non-income producing.
  - (g) Residual Interest Bonds held in trust – Securities represent underlying bonds transferred to a separate securitization trust established in a tender option bond transaction in which the Funds acquired the residual interest certificates. These securities serve as collateral in a financing transaction.
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PIMCO New York Municipal Income Fund III  
Schedule of Investments  
(As Restated—See Note 8)  
September 30, 2006 (continued)

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## Glossary

AMBAC—insured by American Municipal Bond Assurance Corp.

CA Mtg. Ins.—insured by California Mortgage Insurance

CA St. Mtg.—insured by California State Mortgage

CP—Certificates of Participation

FGIC—insured by Financial Guaranty Insurance Co.

FHA—insured by Federal Housing Administration

FSA—insured by Financial Security Assurance, Inc.

GNMA—insured by Government National Mortgage Association

GO—General Obligation Bond

GTD—Guaranteed

MBIA—insured by Municipal Bond Investors Assurance

NR—Not Rated

PSF—Public School Fund

Radian—insured by Radian Guaranty, Inc.

TCRS—Temporary Custodian Receipts

XLCA—insured by XL Capital Assurance

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Statements of Assets and Liabilities†  
September 30, 2006

	Municipal III	California Municipal III	New York Municipal III
<b>Assets:</b>			
Investments, at value (cost—\$865,791,283, \$608,076,066 and \$161,609,931, respectively)	\$921,966,750	\$646,942,218	\$171,848,580
Interest receivable	12,784,518	8,338,724	1,930,625
Receivable for investments sold	3,460,000	—	—
Receivable for variation margin on futures contracts	12,813	1,713	3,656
Prepaid expenses and other assets	34,969	469,087	20,884
<b>Total Assets</b>	<b>938,259,050</b>	<b>655,751,742</b>	<b>173,803,745</b>
<b>Liabilities:</b>			
Payable for floating rate notes	192,396,268	144,258,275	38,823,917
Payable to custodian	4,347,108	4,717,399	3,582,145
Dividends payable to common and preferred shareholders	2,293,616	1,766,174	404,870
Interest payable	1,513,273	1,152,456	361,141
Options written, at value (premiums received—\$89,177, \$77,938 and \$11,423, respectively)	332,750	290,812	42,625
Investment management fees payable	302,394	206,706	53,286
Payable for variation margin on futures contracts	64,763	16,425	9,187
Accrued expenses and other payables	497,542	107,211	690,486
<b>Total Liabilities</b>	<b>201,747,714</b>	<b>152,515,458</b>	<b>43,967,657</b>
<b>Preferred shares (\$0.00001 par value and \$25,000 net asset and liquidation value per share applicable to an aggregate of 10,800, 7,400 and 1,880 shares issued and outstanding, respectively)</b>	<b>270,000,000</b>	<b>185,000,000</b>	<b>47,000,000</b>
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$466,511,336</b>	<b>\$318,236,284</b>	<b>\$82,836,088</b>
<b>Composition of Net Assets Applicable to Common Shareholders:</b>			
Common Stock:			
Par value (\$0.00001 per share)	\$313	\$215	\$55
Paid-in-capital in excess of par	444,788,885	304,609,075	77,868,185
Dividends in excess of net investment income	(1,579,902)	(17,465)	(181,080)
Accumulated net realized loss on investments	(30,127,522)	(23,198,507)	(4,565,790)
Net unrealized appreciation of investments, futures contracts and options written	53,429,562	36,842,966	9,714,718
<b>Net Assets Applicable to Common Shareholders</b>	<b>\$466,511,336</b>	<b>\$318,236,284</b>	<b>\$82,836,088</b>
Common Shares Outstanding	31,319,707	21,455,010	5,489,402



**Net Asset Value Per Common Share**   \$14.90   \$14.83   \$15.09

†As Restated—See Note 8

See accompanying Notes to Financial Statements | 9.30.06 | PIMCO Municipal Income Funds III Annual Report 25

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PIMCO Municipal Income Funds III  
Statements of Operations†  
For the year ended September 30, 2006

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	Municipal III	California Municipal III	New York Municipal III
<b>Investment Income:</b>			
Interest	\$ 47,360,974	\$ 31,925,384	\$ 8,188,391
<b>Expenses:</b>			
Interest expense	7,368,954	4,993,020	1,378,452
Investment management fees	4,726,492	3,239,848	834,321
Auction agent fees and commissions	701,785	473,497	123,651
Custodian and accounting agent fees	212,996	131,864	48,670
Reports to shareholders	77,328	26,899	17,830
Audit and tax services	74,457	53,616	28,774
Transfer agent fees	36,653	39,122	35,405
Trustees' fees and expenses	35,199	25,563	8,984
New York Stock Exchange listing fees	25,033	21,978	21,287
Insurance expense	19,233	14,120	5,802
Legal fees	15,823	10,942	1,432
Investor relations	7,109	5,126	1,460
Miscellaneous	20,484	15,562	11,545
Total expenses	13,321,546	9,051,157	2,517,613
Less: investment management fees waived	(1,090,729)	(747,657)	(192,535)
custody credits earned on cash balances	(130,784)	(71,120)	(19,862)
Net expenses	12,100,033	8,232,380	2,305,216
<b>Net Investment Income</b>	35,260,941	23,693,004	5,883,175
<b>Realized and Change in Unrealized Gain (Loss):</b>			
Net realized gain (loss) on:			
Investments	60,853	154,088	(39,986)
Futures contracts	4,822,143	2,490,155	1,050,403
Options written	1,447,983	1,256,664	228,531
Net change in unrealized appreciation/depreciation of:			
Investments	6,613,650	2,695,708	474,060
Futures contracts	(4,646,906)	(3,260,516)	(912,836)
Options written	(575,734)	(492,827)	(90,049)
Net realized and change in unrealized gain on investments, futures contracts and options written	7,721,989	2,843,272	710,123
	42,982,930	26,536,276	6,593,298

**Net Increase in Net Assets Resulting from Investment Operations**

**Dividends on Preferred Shares from**

**Net Investment Income** (8,494,652) (5,334,873) (1,423,170)

**Net Increase in Net Assets Applicable to Common**

**Shareholders Resulting from Investment**

**Operations** \$ 34,488,278 \$ 21,201,403 \$ 5,170,128

†As Restated—See Note 8

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PIMCO Municipal Income Funds III  
Statements of Changes in Net Assets  
Applicable to Common Shareholders†

	Municipal III	
	Year ended September 30, 2006	Year ended September 30, 2005
<b>Investment Operations:</b>		
Net investment income	\$35,260,941	\$35,255,599
Net realized gain (loss) on investments, futures contracts and options written	6,330,979	(22,454,947)
Net change in unrealized appreciation/depreciation of investments, futures contracts and options written	1,391,010	33,709,349
Net increase in net assets resulting from investment operations	42,982,930	46,510,001
<b>Dividends on Preferred Shares from Net Investment Income:</b>		
Net increase in net assets applicable to common shareholders resulting from investment operations	(8,494,652)	(5,463,958)
<b>Dividends to Common Shareholders from Net Investment Income:</b>		
Reinvestment of dividends	34,488,278	41,046,043
<b>Capital Share Transactions:</b>		
Total increase in net assets applicable to common shareholders	(27,885,144)	(30,996,914)
<b>Net Assets Applicable to Common Shareholders:</b>		
Beginning of year	2,420,836	1,759,714
	9,023,970	11,808,843