

PIMCO MUNICIPAL INCOME FUND III  
Form N-Q  
February 21, 2014

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS**  
**OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

<b>Investment Company Act File Number:</b>	<b>811-21187</b>
<b>Registrant Name:</b>	<b>PIMCO Municipal Income Fund III</b>
Address of Principal Executive Offices:	1633 Broadway New York, NY 10019
Name and Address of Agent for Service:	Lawrence G. Altadonna 1633 Broadway New York, NY 10019
Registrant's telephone number, including area code:	212-739-3371
Date of Fiscal Year End:	September 30, 2014
Date of Reporting Period:	December 31, 2013

**Item 1. Schedule of Investments****Schedule of Investments****PIMCO Municipal Income Fund III**

December 31, 2013 (unaudited)

Principal Amount (000s)		Value*
<b>MUNICIPAL BONDS &amp; NOTES - 92.5%</b>		
<b>Alabama - 8.5%</b>		
\$ 500	Birmingham Special Care Facs. Financing Auth. Rev., Childrens Hospital, 6.00%, 6/1/39 (AGC)	\$ 548,390
9,000	Birmingham-Baptist Medical Centers Special Care Facs. Financing Auth. Rev., Baptist Health Systems, Inc., 5.00%, 11/15/30, Ser. A	8,471,250
50,000	Jefferson Cnty. Sewer Rev., zero coupon, 10/1/50 (i)	22,760,500
12,000	6.50%, 10/1/53, Ser. D	11,334,120
1,000	State Docks Department Rev., 6.00%, 10/1/40	1,096,590
		44,210,850
<b>Arizona - 6.6%</b>		
1,250	Health Facs. Auth. Rev., Banner Health, 5.00%, 1/1/35, Ser. A	1,260,313
900	Banner Health, 5.50%, 1/1/38, Ser. D	938,169
2,250	Beatitudes Campus Project, 5.20%, 10/1/37	1,777,657
13,000	Pima Cnty. Industrial Dev. Auth. Rev., 5.00%, 9/1/39 (h)	13,018,460
750	Tucson Electric Power Co., 5.25%, 10/1/40, Ser. A	729,975
5,000	Salt River Project Agricultural Improvement & Power Dist. Rev., 5.00%, 1/1/39, Ser. A (h)	5,187,350
11,600	Salt Verde Financial Corp. Rev., 5.00%, 12/1/37	11,222,420
		34,134,344
<b>California - 18.9%</b>		
12,000	Bay Area Toll Auth. Rev., 5.25%, 4/1/53, Ser. S-4	12,042,600
1,500	San Francisco Bay Area, 5.00%, 10/1/29	1,583,190
500	San Francisco Bay Area, 5.00%, 4/1/34, Ser. F-1	522,050
3,260	San Francisco Bay Area, 5.00%, 10/1/42	3,268,998
2,630	Golden State Tobacco Securitization Corp. Rev., Ser. A-1, 4.50%, 6/1/27	2,216,064
3,600	5.125%, 6/1/47	2,439,360

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11,120	5.75%, 6/1/47	8,249,261
	Health Facs. Financing Auth. Rev.,	
2,500	Catholic Healthcare West, 6.00%, 7/1/39, Ser. A	2,686,775
600	Sutter Health, 5.00%, 11/15/42, Ser. A (IBC-NPFGC)	590,058
4,390	Sutter Health, 5.00%, 8/15/52, Ser. A	4,160,491
1,500	Sutter Health, 6.00%, 8/15/42, Ser. B	1,637,145
3,350	Indian Wells Redev. Agcy., Tax Allocation, Whitewater Project, 4.75%, 9/1/34, Ser. A (AMBAC)	2,981,232
130	Los Angeles Unified School Dist., GO, 5.00%, 7/1/30, Ser. E (AMBAC)	134,602
2,000	M-S-R Energy Auth. Rev., 6.50%, 11/1/39, Ser. B	2,366,960
1,500	Municipal Finance Auth. Rev., Azusa Pacific Univ. Project, 7.75%, 4/1/31, Ser. B	1,630,980
1,250	Palomar Pomerado Health, CP, 6.75%, 11/1/39	1,266,600
1,600	San Marcos Unified School Dist., GO, 5.00%, 8/1/38, Ser. A	1,629,216
	State, GO,	
5,000	5.00%, 6/1/37	5,105,000
5,300	5.00%, 12/1/37	5,426,299
1,350	5.25%, 3/1/38	1,394,671
1,300	5.25%, 11/1/40	1,382,602
3,200	5.50%, 3/1/40	3,428,960
2,500	5.75%, 4/1/31	2,773,550
5,000	6.00%, 4/1/38	5,550,850
	Statewide Communities Dev. Auth. Rev.,	
1,000	American Baptist Homes West, 6.25%, 10/1/39	1,019,140
1,635	California Baptist Univ., 5.75%, 11/1/17, Ser. B (a)(b)(d)(j) (acquisition cost - \$1,635,000; purchased 6/22/07)	1,769,626
2,580	Methodist Hospital Project, 6.625%, 8/1/29 (FHA)	2,967,800
9,200	Methodist Hospital Project, 6.75%, 2/1/38 (FHA)	10,339,328
3,000	Trinity Health, 5.00%, 12/1/41	2,964,270
6,200	Tobacco Securitization Auth. of Southern California Rev., 5.00%, 6/1/37, Ser. A-1	4,443,230
		97,970,908

**Colorado - 0.7%**

	Health Facs. Auth. Rev., Ser. A,	
500	Evangelical Lutheran, 6.125%, 6/1/38 (Pre-refunded @ \$100, 6/1/14) (c)	511,920
2,000	Sisters of Charity of Leavenworth Health System, 5.00%, 1/1/40	2,018,520
500	Public Auth. for Colorado Energy Rev., 6.50%, 11/15/38	586,950
500	Regional Transportation Dist. Rev., Denver Transportation Partners, 6.00%, 1/15/34	514,095
		3,631,485

**Connecticut - 0.3%**

1,250	Harbor Point Infrastructure Improvement Dist., Tax Allocation, 7.875%, 4/1/39, Ser. A	1,356,813
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**District of Columbia - 2.0%**

10,000	Water & Sewer Auth. Rev., 5.50%, 10/1/39, Ser. A (h)	10,570,000
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**Florida - 3.2%**

3,480	Brevard Cnty. Health Facs. Auth. Rev., Health First, Inc. Project, 5.00%, 4/1/34	3,484,106
500	Broward Cnty. Airport System Rev., 5.375%, 10/1/29, Ser. O	537,815
4,500	Broward Cnty. Water & Sewer Utility Rev., 5.25%, 10/1/34, Ser. A (h)	4,816,350
3,000	Cape Coral Water & Sewer Rev., 5.00%, 10/1/41 (AGM)	3,030,450
350	Dev. Finance Corp. Rev., Renaissance Charter School, 6.50%, 6/15/21, Ser. A	355,128
4,200	State Board of Education, GO, 5.00%, 6/1/38, Ser. D (h)	4,371,276

16,595,125

**Georgia - 0.4%**

	Fulton Cnty. Residential Care Facs. for the Elderly Auth. Rev., Lenbrook Project,	
1,750	5.125%, 7/1/42, Ser. A	1,435,753
400	Medical Center Hospital Auth. Rev., Spring Harbor Green Island Project, 5.25%, 7/1/37	345,792

1,781,545

**Hawaii - 0.3%**

1,500	Hawaii Pacific Health Rev., 5.50%, 7/1/40, Ser. A	1,528,620
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**Illinois - 2.4%**

	Finance Auth. Rev.,	
1,000	Leafs Hockey Club Project, 5.875%, 3/1/27, Ser. A (b)(e)	340,000
625	Leafs Hockey Club Project, 6.00%, 3/1/37, Ser. A (b)(e)	212,500
400	OSF Healthcare System, 7.125%, 11/15/37, Ser. A	451,908
1,000	Swedish Covenant Hospital, 6.00%, 8/15/38, Ser. A	1,028,180
5,000	Univ. of Chicago, 5.50%, 7/1/37, Ser. B (h)	5,371,000
5,000	State Toll Highway Auth. Rev., 5.50%, 1/1/33, Ser. B	5,256,850

12,660,438

**Indiana - 1.0%**

	Portage, Tax Allocation, Ameriplex Project,	
1,000	5.00%, 7/15/23	1,001,160
775	5.00%, 1/15/27	750,479
2,800	Vigo Cnty. Hospital Auth. Rev., Union Hospital, Inc., 7.50%, 9/1/22	3,290,952

5,042,591

**Iowa - 0.6%**

	Finance Auth. Rev.,	
120	Deerfield Retirement Community, Inc., 5.50%, 11/15/27, Ser. A (e)	60,091
575	Deerfield Retirement Community, Inc., 5.50%, 11/15/37, Ser. A (e)	287,207
3,000	Fertilizer Company Project, 5.25%, 12/1/25	2,674,020

3,021,318

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**Kentucky - 0.4%**

2,000	Economic Dev. Finance Auth. Rev., Owensboro Medical Healthcare Systems, 6.375%, 6/1/40, Ser. A	2,091,060
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**Louisiana - 1.3%**

	Local Gov t Environmental Facs. & Community Dev. Auth Rev.,	
400	Westlake Chemical Corp., 6.50%, 11/1/35, Ser. A-2	431,164
1,500	Woman s Hospital Foundation, 5.875%, 10/1/40, Ser. A	1,556,775
1,000	Woman s Hospital Foundation, 6.00%, 10/1/44, Ser. A	1,042,000
	Public Facs. Auth. Rev., Ochsner Clinic Foundation Project,	
1,700	5.50%, 5/15/47, Ser. B	1,681,929
2,000	6.50%, 5/15/37	2,131,960
		6,843,828

**Maryland - 0.8%**

1,000	Economic Dev. Corp. Rev., 5.75%, 6/1/35, Ser. B	1,004,770
	Health & Higher Educational Facs. Auth. Rev.,	
1,500	Calvert Health System, 5.50%, 7/1/36 (Pre-refunded @ \$100, 7/1/14) (c)	1,538,985
700	Charlestown Community, 6.25%, 1/1/41	728,049
1,000	Lifebridge Health, 6.00%, 7/1/41	1,091,780
		4,363,584

**Massachusetts - 1.4%**

	Dev. Finance Agcy. Rev.,	
295	Adventcare Project, 7.625%, 10/15/37	313,408
140	Linden Ponds, Inc. Fac., zero coupon, 11/15/56, Ser. B (b)	800
529	Linden Ponds, Inc. Fac., 6.25%, 11/15/39, Ser. A-1	443,334
4,910	Housing Finance Agcy. Rev., 5.125%, 6/1/43, Ser. H	4,910,098
1,600	State College Building Auth. Rev., 5.50%, 5/1/39, Ser. A	1,726,592
		7,394,232

**Michigan - 0.9%**

1,500	Detroit, GO, 5.25%, 11/1/35	1,428,765
1,500	Royal Oak Hospital Finance Auth. Rev., William Beaumont Hospital, 8.25%, 9/1/39	1,784,220
1,300	State Univ. Rev., 6.173%, 2/15/50, Ser. A	1,353,001

4,565,986

**Missouri - 0.1%**

250	Jennings Rev., Northland Redev. Area Project, 5.00%, 11/1/23	229,400
500	Manchester, Tax Allocation, Highway 141/Manchester Road Project, 6.875%, 11/1/39	508,950

738,350

**New Hampshire - 0.4%**

2,000	Business Finance Auth. Rev., Elliot Hospital, 6.125%, 10/1/39, Ser. A	2,056,620
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**New Jersey - 4.6%**

4,500	Economic Dev. Auth., Special Assessment, Kapkowski Road Landfill Project, 6.50%, 4/1/28	4,930,425
300	Economic Dev. Auth. Rev., Newark Airport Marriott Hotel, 7.00%, 10/1/14	300,177
2,000	Health Care Facs. Financing Auth. Rev., Robert Wood Johnson Univ. Hospital, 5.50%, 7/1/43	2,071,740
1,000	St. Peters Univ. Hospital, 5.75%, 7/1/37	938,840
1,600	Tobacco Settlement Financing Corp. Rev., Ser. 1-A, 4.75%, 6/1/34	1,137,328
20,745	5.00%, 6/1/41	14,656,342

24,034,852

**New Mexico - 0.2%**

1,000	Farmington Pollution Control Rev., 5.90%, 6/1/40, Ser. D	1,025,070
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**New York - 12.2%**

9,800	Brooklyn Arena Local Dev. Corp. Rev., Barclays Center Project, 6.25%, 7/15/40	10,300,976
5,000	Hudson Yards Infrastructure Corp. Rev., 5.75%, 2/15/47, Ser. A	5,304,850
1,700	Liberty Dev. Corp. Rev., Goldman Sachs Headquarters, 5.50%, 10/1/37	1,807,423
3,000	Metropolitan Transportation Auth. Rev., 5.00%, 11/15/36, Ser. D	3,040,710
1,150	Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A	597,586
10,450	New York City Industrial Dev. Agcy. Rev., Yankee Stadium, 7.00%, 3/1/49 (AGC)	11,903,386
4,900	New York City Water & Sewer System Rev. (h), 5.00%, 6/15/37, Ser. D	5,054,693