

PIMCO CALIFORNIA MUNICIPAL INCOME FUND III  
Form N-Q  
March 01, 2007

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OMB  
APPROVAL  
OMB Number  
3235-0578  
Expires: May 31,  
2007  
Estimated average  
burden  
hours per response:  
21.09

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act File Number: 811-21188

Registrant Name: PIMCO California Municipal Income Fund III

Address of Principal Executive Offices: 1345 Avenue of the Americas New York, New York 10105

Name and Address of Agent for Service: Lawrence G. Altadonna — 1345 Avenue of the Americas New York, New York 10105

Registrant's telephone number, including area code: 212-739-3371

Date of Fiscal Year End: September 30, 2007

Date of Reporting Period: December 31, 2006

Form N-Q is to be used by the registered management investment company, other than a small business investment company registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b 1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q 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 the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

## Item 1. Schedule of Investments

PIMCO California Municipal Income Fund III  
 Schedule of Investments  
 December 31, 2006 (unaudited)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value*
	CALIFORNIA MUNICIPAL BONDS & NOTES—95.2%		
\$ 1,000	Alameda Public Financing Auth. Rev., 7.00%, 6/1/09	NR/NR	\$ 1,000,830
3,200	Assoc. of Bay Area Gov't Finance Auth. Rev., Odd Fellows Home, 5.20%, 11/15/22	NR/A+	3,362,944
11,725	5.35%, 11/15/32	NR/A+	12,393,794
	Burbank Public Finance Auth. Rev., San Fernando Redev. Project,		
1,135	5.50%, 12/1/28	NR/BBB	1,187,982
1,000	5.50%, 12/1/33	NR/BBB	1,044,280
2,000	Butte-Glenn Community College, GO, 5.00%, 8/1/26, Ser. A (MBIA)	Aaa/NR	2,111,020
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	2,272,960
500	Carson Public Financing Auth., Special Assessment, 5.00%, 9/2/31, Ser. B	NR/NR	503,215
1,000	Cathedral City Public Financing Auth., Tax Allocation Rev., 5.00%, 8/1/33, Ser. A (MBIA)	Aaa/AAA	1,052,080
1,150	Ceres Redev. Agcy. Tax Allocation, 5.00%, 11/1/33 (MBIA)	Aaa/AAA	1,224,324
	Ceres Unified School Dist., GO (FGIC),		
2,825	zero coupon, 8/1/28	Aaa/AAA	862,614
2,940	zero coupon, 8/1/29	Aaa/AAA	845,309
	Chula Vista Community Facs. Dist., Special Tax,		
2,000	5.125%, 9/1/36	NR/NR	2,043,440
1,600	5.75%, 9/1/33	NR/NR	1,651,216
675	6.15%, 9/1/26	NR/NR	721,069
1,620	6.20%, 9/1/33	NR/NR	1,730,403
1,000	City of Carlsbad, 6.00%, 9/2/34	NR/NR	1,045,690
8,000	Contra Costa Cnty. Public Financing Auth. Tax Allocation Rev., 5.625%, 8/1/33, Ser. A	NR/BBB	8,488,320
3,775	Cucamonga School Dist., CP, 5.20%, 6/1/27 Educational Facs. Auth. Rev.,	NR/A-	3,906,106
2,500	Institute of Technology, 5.00%, 10/1/32, Ser. A,	Aaa/AAA	2,659,025

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	(Pre-refunded @ \$100, 10/1/11) (a)		
2,455	Loyola Marymount Univ., zero coupon, 10/1/34 (MBIA)	Aaa/NR	718,210
5,000	Pepperdine Univ., 5.00%, 9/1/33, Ser. A (FGIC)	Aaa/AAA	5,238,050
2,195	Elk Grove Unified School Dist., Community Facs. Dist. No. 1, Special Tax, 5.00%, 12/1/35 (MBIA)	Aaa/AAA	2,324,307
500	Franklin-McKinley School Dist., GO, 5.00%, 8/1/27, Ser. B, (Pre-refunded @ \$100, 8/1/13) (FSA) (a)	Aaa/AAA	541,560
	Fremont Community Facs. Dist., Special Tax,		
1,250	5.30%, 9/1/30	NR/NR	1,278,475
5,000	6.30%, 9/1/31	NR/NR	5,278,000
9,500	Fresno School Unified Dist., GO, 6.00%, 8/1/26, Ser. A (MBIA)	Aaa/AAA	11,685,000
4,380	Glendale Electric Works Rev., 5.00%, 2/1/27 (MBIA)	Aaa/AAA	4,604,387
	Golden State Tobacco Securitization Corp., Tobacco Settlement Rev.,		
10,000	5.00%, 6/1/35, Ser. A (FGIC) (g)	Aaa/AAA	10,558,400
9,000	5.00%, 5/1/45, Ser. A (AMBAC-TCRS) (g)	Aaa/AAA	9,407,970

PIMCO California Municipal Income Fund III  
 Schedule of Investments  
 December 31, 2006 (unaudited) (continued)

Principal Amount (000)		Credit Rating (Moody's/S&P)	Value*
\$ 4,000	5.00%, 6/1/45, Ser. A (FGIC-TCRS) (g)	Aaa/AAA	\$ 4,181,320
18,000	6.25%, 6/1/33, Ser. 2003-A-1	Baa3/BBB	20,139,300
38,490	6.75%, 6/1/39, Ser. 2003-A-1 Health Facs. Finance Auth. Rev.,	Baa3/BBB	44,138,792
5,000	Adventist Health System, 5.00%, 3/1/33	NR/A	5,132,850
6,000	Cottage Health System, 5.00%, 11/1/33, Ser. B (MBIA)	Aaa/AAA	6,267,420
5,000	Kaiser Permanente, 5.00%, 10/1/18, Ser. B Paradise VY Estates (CA Mtg. Ins.),	A3/AAA	5,156,150
2,000	5.125%, 1/1/22	NR/A+	2,101,420
1,550	5.25%, 1/1/26	NR/A+	1,632,910
2,000	Sutter Health, 6.25%, 8/15/35, Ser. A Infrastructure & Economic Dev. Bank Rev.,	Aa3/AA-	2,193,440
7,750	Bay Area Toll Bridges, 5.00%, 1/1/28, (Pre-refunded @ \$100, 1/1/28) (AMBAC) (a)(g)	Aaa/AAA	8,796,250
2,750	Claremont Univ. Consortium, 5.25%, 10/1/33 Kaiser Assistance Corp.,	Aa3/NR	2,933,342
3,000	5.50%, 8/1/31, Ser. B	A/A+	3,198,630
8,000	5.55%, 8/1/31, Ser. A	NR/A+	8,546,160

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3,725	La Mesa-Spring Valley School Dist., GO, 5.00%, 8/1/26, Ser. A, (Pre-refunded @ \$100, 8/1/12) (FGIC) (a)	Aaa/AAA	3,997,856
20	Lancaster Financing Auth. Tax Allocation, 4.75%, 2/1/34 (MBIA)	Aaa/AAA	20,712
825	Lee Lake Water Dist. Community Facs. Dist., Montecito Ranch, Special Tax, 6.125%, 9/1/32	NR/NR	861,688
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	5,401,400
6,000	Los Angeles Department of Water & Power Rev., 4.75%, 7/1/30, Ser. A-2 (FSA) (g)	Aaa/AAA	6,224,940
500	4.75%, 7/1/36, Ser. A (FSA)	Aaa/AAA	515,145
10,000	5.00%, 7/1/30, Ser. A-2 (g)	Aa3/AA-	10,438,900
20,000	5.00%, 7/1/35, Ser. A-1 (FSA) (g)	Aaa/AAA	21,279,800
	Los Angeles Unified School Dist., GO (MBIA),		
7,650	5.00%, 1/1/28, Ser. A	Aaa/AAA	8,070,138
3,000	5.125%, 1/1/27, Ser. E, (Pre-refunded @ \$100, 7/1/12) (a)	Aaa/AAA	3,235,410
1,000	Lynwood Unified School Dist., GO, 5.00%, 8/1/27, Ser. A (FSA)	Aaa/NR	1,054,920
5,280	Modesto Irrigation Dist., CP, 5.00%, 7/1/33, Ser. A (MBIA)	Aaa/AAA	5,551,498
4,585	Moreno Valley Unified School Dist. Community Facs. Dist., Special Tax, 5.20%, 9/1/36	NR/NR	4,695,086
2,180	Murrieta Valley Unified School Dist., Special Tax, 6.40%, 9/1/24, (Pre-refunded @ \$102, 9/1/09) (a)	NR/NR	2,372,363
5,000	Oakland, GO, 5.00%, 1/15/33, Ser. A (MBIA)	Aaa/AAA	5,240,950