

PIMCO NEW YORK MUNICIPAL INCOME FUND III
Form N-CSRS
June 09, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number **811-21189**

PIMCO New York Municipal Income Fund III

(Exact name of registrant as specified in charter)

1345 Avenue of the Americas, New York, NY

10105

(Address of principal executive offices)

(Zip code)

Lawrence G. Altadonna - 1345 Avenue of the Americas, New York, NY 10105

(Name and address of agent for service)

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

Date of fiscal year end: **September 30, 2008**

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Date of reporting period: **March 31, 2008**

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. REPORT TO SHAREHOLDERS

PIMCO Municipal Income Fund III
PIMCO California Municipal Income Fund III
PIMCO New York Municipal Income Fund III
Semi-Annual Report
March 31, 2008
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PIMCO Municipal Income Funds III
Letter to Shareholders

May 23, 2008

Dear Shareholder:

We are pleased to provide you with the semi-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 six-month period ended March 31, 2008.

The U.S. bond market delivered stable, positive returns during the reporting period as economic growth moderated and interest rates declined. The Lehman Municipal Bond Index returned 0.75% for the period, trailing the broad market return of 5.23% as represented by the Lehman Aggregate Bond Index. The Federal Reserve moved aggressively during the six-month period to inject liquidity into the banking system. The move was designed to ease a credit crunch caused by the bursting of a bubble in U.S. housing prices and weakness in subprime mortgages and mortgage securities. The central bank reduced the Fed Funds rate five times in the period, reducing the benchmark rate on loans between member banks from 4.75% to 2.25%.

Since February 2008, industry-wide developments in the auction-rate preferred markets have caused auctions for the Funds’ auction-rate preferred shares (“ARPS”) to fail, as described in Note 5 in the accompanying notes to Financial Statements. At the time this report is being prepared, it is not possible to predict how and when full or partial liquidity will return, if at all, to the closed-end fund ARPS market. Additional information regarding ARPS, failed auctions and potential solutions to address the unprecedented lack of liquidity of the ARPS due to recent failed auctions can be accessed on our Web site, www.allianzinvestors.com/arps.

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. In addition, a wide range of information and resources is available on our Web site, www.allianzinvestors.com/closedendfunds.

Together with Allianz Global Investors Fund Management LLC, the Funds’ investment manager, and Pacific Investment Management Company LLC, the Funds’ sub-adviser, we thank you for investing with us.

We remain dedicated to serving your investment needs.

Sincerely,

Hans W. Kertess

Chairman Brian S. Shlissel
President & Chief Executive Officer

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PIMCO Municipal Income Fund III
 Fund Insights/Performance & Statistics
 March 31, 2008 (unaudited)

For the six months ended March 31, 2008, PIMCO Municipal Income Fund III returned (6.77)% on net asset value (“NAV”) and (2.94)% on market price, compared with (4.30)% and (2.89)%, respectively, for the Lipper Analytical General Municipal Debt Funds (Leveraged) average.

The municipal bond market underperformed the taxable bond market for the six-month reporting period, as the Lehman Municipal Bond Index returned 0.75% and the Lehman Aggregate Bond Index returned 5.23%, respectively.

Longer-dated municipal bonds underperformed shorter-dated municipals during the reporting period as the yield curve steepened. For example, yields on five- and 10-year AAA General Obligation yields declined 58 and 6 basis points, while 20- and 30-year yields rose 44 and 47 basis points, respectively. Note that when a bond’s yield rises, its price declines, and vice-versa.

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

Exposure to tobacco-securitized debt was negative for performance as the Tobacco Index underperformed the general Muni Bond Index during the six-month period.

Exposure to zero-coupon bonds was negative for performance as the Zero Coupon Index underperformed the general Muni Bond Index by over 4% during the period.

A focus on higher credit quality bonds added to performance as lower-rated, more speculative issues underperformed during the latter part period due to liquidity challenges.

								Total Return (1):	Market
Price NAV	Six Months	(2.94) %	(6.77)%	1 Year	(7.00) %	(7.70)%	5 Year	6.42 %	4.84%
	of Operations	(10/31/02)	to 3/31/08		5.39 %	4.81%			Commencement

Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 3/31/08

Market Price/NAV: Market Price \$14.18 NAV \$13.15 Premium to NAV 7.83% Market Price Yield (2) 5.92%

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

(1) **Past performance is no guarantee of future results.** Returns are calculated by determining the percentage change in net asset value or market share price (as applicable) in the period covered. The calculation assumes that all of the Fund's income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

The Fund's performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised from net investment income) payable to common shareholders by the market price per common share at March 31, 2008.

PIMCO California Municipal Income Fund III
 Fund Insights/Performance & Statistics
 March 31, 2008 (unaudited)

• For the six months ended March 31, 2008, PIMCO California Municipal Income Fund III returned (8.38)% on net asset value (“NAV”) and 0.08% on market price, compared with (3.33)% and (0.73)%, respectively, for the Lipper Analytical California Municipal Debt Funds average.

• California municipal bonds, as measured by the Lehman California Municipal Bond Index, underperformed the broader national municipal market, as measured by the Lehman Municipal Bond Index, for the six-month reporting period, returning 0.04% and 0.75%, respectively.

• The California AAA insured municipal yield curve steepened during the reporting period. For example, five- and 10-year maturity AAA municipal yields decreased 49 and 6 basis points, while 20- and 30-year maturities increased 49 and 54 basis points, respectively.

• Exposure to tobacco-securitized debt was negative for performance as the Tobacco Index underperformed the general Muni Bond Index during the six-month period.

• Exposure to zero-coupon bonds was negative for performance as the Zero Coupon Index underperformed the general Muni Bond Index by over 4% during the period.

• A focus on higher credit quality bonds added to performance as lower-rated, more speculative issues underperformed during the latter part period due to liquidity challenges.

										Total Return (1): Market
Price	NAV	Six Months	0.08 %	(8.38)%	1 Year	(14.78) %	(8.97)%	5 Year	6.00 %	4.88%
					of Operations	(10/31/02) to 3/31/08	4.84 %	4.47%		Commencement

Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 3/31/08

Market Price/NAV: Market Price \$13.84 NAV \$12.93 Premium to
 NAV 7.04% Market Price Yield (2) 5.20%

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

(1) **Past performance is no guarantee of future results.** Returns are calculated by determining the percentage change in net asset value or market share price (as applicable) in the period covered. The calculation assumes that all of the Fund’s income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

The Fund’s

performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market

Price Yield is determined by dividing the annualized current monthly per share dividend (comprised from net investment income) payable to common shareholders by the market price per common share at March 31, 2008.

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PIMCO New York Municipal Income Fund III
 Fund Insights/Performance & Statistics
 March 31, 2008 (unaudited)

• For the six months ended March 31, 2008, PIMCO New York Municipal Income Fund III returned (7.57)% on net asset value (“NAV”) and (3.20)% on market price, compared with (2.92)% and (0.79)%, 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 outperformed the national market, as measured by the Lehman Municipal Bond Index, for the one-year reporting period, returning 1.25% and 0.75%, respectively.

• The New York AAA insured municipal yield curve steepened over the reporting period. For example, five-year and 10- year maturity AAA yields decreased 55 and 6 basis points, while 20- and 30-year maturities increased 45, and 47 basis points, respectively.

• Exposure to tobacco-securitized debt was negative for performance as the Tobacco Index underperformed the general Muni Bond Index during the period.

• Exposure to zero-coupon bonds was negative for performance as the Zero Coupon Index underperformed the general Muni Bond Index by over 4% during the period.

• A focus on higher credit quality bonds added to performance as lower-rated, more speculative issues underperformed during the latter part period due to liquidity challenges.

Total Return (1): Market

Price NAV Six Months	(3.20) %	(7.57)%	1 Year	(16.42) %	(9.21)%	5 Year	4.75 %	4.64%
Commencement of Operations (10/31/02) to 3/31/08				3.08 %			4.42%	

Market Price/NAV Performance:

Commencement of Operations (10/31/02) to 3/31/08

Market Price/NAV:	Market Price	\$12.82	NAV	\$13.17	Discount to
	NAV	(2.66)%	Market Price Yield (2)	4.91%	

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

(1) **Past performance is no guarantee of future results.** Returns are calculated by determining the percentage change in net asset value or market share price (as applicable) in the period covered. The calculation assumes that all of the Fund’s income dividends and capital gain distributions have been reinvested. Total return does not reflect broker commissions or sales charges. Total return for a period of less than one year is not annualized. Total return for a period of more than one year represents the average annual total return.

The Fund’s performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as

changing views about the Fund, market conditions, supply and demand for the Fund's shares, or changes in Fund distributions.

An investment in the Fund involves risk, including the loss of principal. Total return, market price, market yield and net asset value will fluctuate with changes in market conditions. This data is provided for information only and is not intended for trading purposes. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Net asset value is equal to total assets attributable to common shareholders less total liabilities divided by the number of common shares outstanding. Holdings are subject to change daily.

(2) Market Price Yield is determined by dividing the annualized current monthly per share dividend (comprised from net investment income) payable to common shareholders by the market price per common share at March 31, 2008.

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PIMCO Municipal Income Fund III
 Schedule of Investments
 March 31, 2008 (unaudited)

Amount (000) Credit Rating (Moody's/S&P) Value	Principal
MUNICIPAL BONDS & NOTES—98.1%	
Alabama—0.6%	
\$5,000 Birmingham Baptist Medical Centers Special Care Facs. Financing Auth. Rev., 5.00%, 11/15/30, Ser. A Baa1/NR \$4,195,200	1,500
Colbert Cnty., Northwest Health Care Auth., Health Care Facs. Rev., 5.75%, 6/1/27 Baa3/NR 1,413,720	5,608,920
Alaska—0.8%	
3,100 Northern Tobacco Securitization Corp. Rev., 5.00%, 6/1/46, Ser. A Baa3/NR 2,400,950	State Housing Finance Corp. Rev., 3,900 5.00%, 12/1/33, Ser. A Aaa/AAA 3,543,072
Aaa/AAA 943,030	1,000 5.25%, 6/1/32, Ser. C (MBIA) 6,887,052
Arizona—5.3%	
Health Facs. Auth. Rev., 2,250	Beatitudes Project, 5.20%, 10/1/37 NR/NR 1,729,283
(Pre-refunded @ \$102, 12/1/10) (b) NR/BBB 2,502,412	1,500 Maricopa Cnty. Pollution Control Corp., Pollution Control Rev., 5.05%, 5/1/29 (AMBAC) Aaa/AAA 1,437,975
16,000 Pima Cnty. Industrial Dev. Auth. Rev., Correctional Facs., 5.00%, 9/1/39 Aa2/AA 15,799,360	Salt River Project Agricultural Improvement & Power Dist. Rev., Ser. A (j), 5,000 5.00%, 1/1/35 Aa1/AA 5,009,150
16,000 5.00%, 1/1/37 Aa1/AA 16,019,200	5,600 Salt Verde Financial Corp. Rev., 5.00%, 12/1/37 Aa3/AA- 4,733,512
	47,230,892
Arkansas—0.1%	
7,000	Arkansas Dev. Finance Auth. Rev., zero coupon, 7/1/46 (AMBAC) Aaa/NR 831,460
California—9.1%	
1,000 Alameda Public Financing Auth. Rev., 7.00%, 6/1/09 NR/NR 1,000,870	2,000 Chula Vista Community Facs. Dist., Special Tax, 5.25%, 9/1/30 NR/NR 1,723,840
27,585 6.25%, 6/1/33 Aaa/AAA 30,099,097	21,000 6.75%, 6/1/39, (Pre-refunded @ \$100, 6/1/13) (b) Aaa/AAA 24,314,010
State, GO, 400 5.00%, 6/1/37 A1/A+ 389,788	15,300 5.00%, 11/1/37 A1/A+ 14,907,402
5,800 5.00%, 12/1/37 A1/A+ 5,650,824	3,060 Statewide Community Dev. Auth. Rev., Baptist Univ., 9.00%, 11/1/17, Ser. B (c) NR/NR 3,259,604
	81,345,435

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PIMCO Municipal Income Fund III
 Schedule of Investments
 March 31, 2008 (unaudited) (continued)

	Principal
Amount (000) Credit Rating (Moody's/S&P) Value	
Colorado-2.5%	
\$1,000 Aurora Single Tree Metropolitan Dist., GO, 5.50%, 11/15/31 NR/NR \$894,410 9,955 Colorado Springs Rev., 5.00%, 11/15/30, Ser. B (j) Aa2/AA 9,941,063 500 Confluence Metropolitan Dist. Rev., 5.45%, 12/1/34 NR/NR 411,055 El Paso Cnty., CP, Ser. B (AMBAC), 1,725 5.00%, 12/1/23 Aaa/AAA 1,771,747 1,500 5.00%, 12/1/27 Aaa/AAA 1,517,925 1,500 Garfield Cnty. School Dist. Re-2, GO, 5.00%, 12/1/25 (FSA) Aaa/NR 1,524,195 1,000 Health Facs. Auth. Rev., American Baptist Homes, 5.90%, 8/1/37, Ser. A NR/NR 869,180 1,500 Housing & Finance Auth. Rev., Evergreen Country Day School, 5.875%, 6/1/37 (c) NR/BB 1,365,255 4,000 Saddle Rock Metropolitan Dist., GO, 5.35%, 12/1/31 (Radian) NR/AA 3,804,080 340 State School of Mines Auxiliary Facs. Rev., 5.00%, 12/1/37 (AMBAC) Aaa/AAA 332,772 22,431,682	
Florida-5.7%	
3,480 Brevard Cnty. Health Facs. Auth. Rev., 5.00%, 4/1/34 A2/A 3,131,409 8,000 Highlands Cnty. Health Facs. Auth. Rev., Adventist Health System, 5.25%, 11/15/23, Ser. B, (Pre-refunded @ \$100, 11/15/12) (b) A1/A+ 8,737,920 2,500 Hillsborough Cnty. Industrial Dev. Auth. Rev., Tampa General Hospital, 5.25%, 10/1/34, Ser. B A3/NR 2,356,900 1,485 Julington Creek Plantation Community Dev. Dist., Special Assessment, 5.00%, 5/1/29 (MBIA) Aaa/AAA 1,486,916 1,000 Orange Cnty. Housing Finance Auth., Multifamily Rev., Palm Grove Gardens, 5.25%, 1/1/28, Ser. G Aaa/NR 973,670 15,000 Pinellas Cnty. Health Fac. Auth. Rev., Baycare Health, 5.50%, 11/15/33, (Pre-refunded @ \$100, 5/15/13) (b) Aa3/NR 16,735,800 3,895 Sarasota Cnty. Health Fac. Auth. Rev., 5.75%, 7/1/45 NR/NR 3,216,335 7,500 South Miami Health Facs. Auth., Hospital Rev., Baptist Health, 5.25%, 11/15/33, (Pre-refunded @ \$100, 2/1/13) (b) Aaa/AA- 8,221,050 5,615 Tampa Water & Sewer Rev., 5.00%, 10/1/26, Ser. A Aa2/AA 5,678,000 50,538,000	
Georgia-0.6%	
1,750 Fulton Cnty. Rev., 5.125%, 7/1/42, Ser. A NR/NR 1,347,430 4,000 Griffin Combined Public Utility Rev., 5.00%, 1/1/32 (AMBAC) Aaa/AAA 3,849,080 400 Medical Center Hospital Auth. Rev., 5.25%, 7/1/37 NR/NR 300,656 5,497,166	
Idaho-0.7%	
State Building Auth., Building Rev., Ser. A (XLCA), 1,000 5.00%, 9/1/33 A3/AA- 977,440 5,750 5.00%, 9/1/43 A3/AA- 5,492,975 6,470,415	
Illinois-5.9%	
Chicago, GO, Ser. A (MBIA), 720 5.00%, 1/1/31 Aaa/AAA 716,069 1,530 5.00%, 1/1/31, (Pre-refunded @ \$101, 1/1/11) (b) Aaa/AAA 1,642,960	

PIMCO Municipal Income Fund III
 Schedule of Investments
 March 31, 2008 (unaudited) (continued)

	Amount (000)	Credit Rating (Moody's/S&P) Value	Principal
Illinois (continued)			
Chicago, Lake Shore East, Special Assessment, 6.75%, 12/1/32	NR/NR 3,475,768	500	\$1,616,512
Chicago Board of Education School Reform, GO, zero coupon, 12/1/28, Ser. A (FGIC)	A1/AA- 153,440	3,000	3,456
Chicago Kingsbury Redev. Project, Tax Allocation, 6.57%, 2/15/13, Ser. A	NR/NR 3,020,820	7,000	
Chicago Motor Fuel Tax Rev., 5.00%, 1/1/33, Ser. A (AMBAC)	Aaa/AAA 6,863,080		
Educational Facs. Auth. Rev., Univ. of Chicago, 4,780 5.00%, 7/1/33	Aa1/AA		
4,781,816 165 5.25%, 7/1/41 Aa1/AA 167,744 4,160 5.25%, 7/1/41, (Pre-refunded @ \$101, 7/1/11) (b)	Aa1/AA		
4,539,083 Finance Auth. Rev., 2,000 Christian Homes, Inc., 5.75%, 5/15/31, Ser. A	NR/NR	1,729,780	1,500
Franciscan Communities, Inc., 5.50%, 5/15/37	NR/NR	1,289,340	
Leafs Hockey Club, Ser. A, 1,000 5.875%, 3/1/27	NR/NR	906,250	625
Peoples Gas Light & Coke Co., 5.00%, 2/1/33 (AMBAC)	Aaa/AAA	12,370,334	1,500
Sedgebrook, Inc., 6.00%, 11/15/37, Ser. A	NR/NR	1,316,865	1,050
Three Crowns Park Plaza, 5.875%, 2/15/38	NR/NR	907,420	1,175
Health Facs. Auth. Rev., Elmhurst Memorial Healthcare, 5.50%, 1/1/22	A2/NR	1,204,927	4,283
Round Lake, Special Tax Rev., 6.70%, 3/1/33, (Pre-refunded @ \$102, 3/1/13) (b)	NR/NR	4,929,433	600
Southwestern Dev. Auth. Rev., Comprehensive Mental Health Center, 6.625%, 6/1/37	NR/NR	559,476	52,737,611

Indiana—2.7%

1,375 Fort Wayne Pollution Control Rev., 6.20%, 10/15/25	Caa1/B-	1,249,394	7,535
Indiana Bond Bank Rev., 5.00%, 2/1/33, Ser. A (FSA)(j)	Aaa/AAA	7,421,447	5,000
Indianapolis Local Public Improvement Board, Tax Allocation, 5.00%, 2/1/29, Ser. G (MBIA)	Aaa/AAA	4,980,450	
Michigan City Area Wide School Building Corp., Rev. (FGIC), 2,500 zero coupon, 1/15/21	Baa/AA	1,324,775	1,000
zero coupon, 7/15/21 Baa/AA 514,900 1,000 zero coupon, 1/15/22	Baa/AA	496,830	1,000
Plainfield Parks Facs. Corp. Lease Rent Rev., 5.00%, 1/15/22 (AMBAC)	Aaa/AAA	1,017,660	
Portage Industrial Economic Dev., Rev., Tax Allocation, 1,000 5.00%, 7/15/23	NR/BBB+	947,690	775
5.00%, 1/15/27	NR/BBB+	712,876	3,500
State Dev. Finance Auth., Pollution Control Rev., 5.00%, 3/1/30 (AMBAC)	Aaa/AAA	3,503,850	2,000
Vigo Cnty. Hospital Auth. Rev., 5.70%, 9/1/37 (c)	NR/NR	1,753,560	23,923,432

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PIMCO Municipal Income Fund III
 Schedule of Investments
 March 31, 2008 (unaudited) (continued)

	Amount (000)	Credit Rating (Moody's/S&P) Value	Principal
Iowa-1.7%			
\$1,000 Coralville, CP, 5.25%, 6/1/26, Ser. D A2/NR	\$978,170	3,715	Finance Auth. Rev., Wedum Walnut Ridge LLC, 5.625%, 12/1/45,
Ser. A NR/NR 3,060,417 Tobacco Settlement Auth. of Iowa Rev., Ser. B,	11,010	5.60%, 6/1/34	Baa3/BBB
9,910,321 1,000 5.60%, 6/1/35, (Pre-refunded @ \$101, 6/1/11) (b) NR/AAA	1,094,860		15,043,768
Kentucky-0.2%			
Economic Dev. Finance Auth., Hospital Facs. Rev., 1,000 Catholic Healthcare Partners, 5.25%, 10/1/30	970,460	1,080	A1/AA-
St. Luke's Hospital, 6.00%, 10/1/19, Ser. B A3/A	1,100,174		2,070,634
Louisiana-1.0%			
Public Facs. Auth. Rev., Ochsner Clinic Foundation, Ser. B, 5,000 5.50%, 5/15/32, (Pre-refunded @ \$100,	5,426,450	1,700	5.50%, 5/15/47 A3/NR 1,589,143 1,595 Tobacco Settlement Financing Corp. Rev., 5.875%, 5/15/39,
Ser. 2001-B Baa3/BBB	1,484,483		8,500,076
Maryland-0.2%			
Health & Higher Educational Facs. Auth. Rev., 500 5.30%, 1/1/37 NR/NR	390,745	1,500	Calvert Health Systems, 5.50%, 7/1/36 A2/NR 1,507,725 1,898,470
Massachusetts-1.1%			
Dev. Finance Agcy. Rev., 1,000 5.75%, 7/1/33, Ser. C, (Pre-refunded @ \$101, 7/1/13) (b) A3/A-	1,133,740	750	Linden Ponds, 5.75%, 11/15/35, Ser. A NR/NR 652,395 4,910 State Housing Finance Agcy., Housing Rev., 5.125%, 6/1/43, Ser. H Aa3/AA-
4,567,086 3,225 State Water Pollution Abatement Trust Rev., 5.00%, 8/1/32, Ser. 8	Aaa/AAA	3,242,221	9,595,442
Michigan-12.5%			
500 Conner Creek Academy East Rev., 5.25%, 11/1/36 NR/BB+	409,305	250	Crescent Academy, CP, 5.75%, 12/1/36 NR/NR 208,608 33,040 Detroit Sewer Disposal System Rev., 5.00%, 7/1/32, Ser. A (FSA) (j) Aaa/AAA
32,945,506 Detroit Water Supply System Rev. (MBIA), 35,000 5.00%, 7/1/34, Ser. A (j) Aaa/AAA	34,049,750	7,555	5.00%, 7/1/34, Ser. B Aaa/AAA 7,349,881 500 Star International Academy, CP, 6.125%, 3/1/37 NR/BB+
446,010 State Hospital Finance Auth. Rev., 175 Detroit Medical Center, 5.25%, 8/15/23 Ba3/BB-	153,001	Oakwood Group, Ser. A, 5,405 5.75%, 4/1/32 A2/A	5,458,618 575 6.00%, 4/1/22 A2/A

602,203 20,000 Trinity Health Credit, 5.375%, 12/1/30 Aa2/AA 19,676,800
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PIMCO Municipal Income Fund III
 Schedule of Investments
 March 31, 2008 (unaudited) (continued)

	Amount (000)	Credit Rating (Moody's/S&P) Value	Principal
Michigan (continued)			
\$1,000 State Technological Univ. Rev., 5.00%, 10/1/33 (XLCA)		A1/A-	\$1,032,070
10,000 Tobacco Settlement Finance Auth. Rev., 6.00%, 6/1/48, Ser. A		NR/BBB	111,488,552
Minnesota-0.3%			
2,400 Upsala Independent School Dist. No. 487, GO, 5.00%, 2/1/28 (FGIC)		Baa3/AAA	2,568,432
Mississippi-0.5%			
Business Finance Corp., Pollution Control Rev., 3,000 5.875%, 4/1/22		Ba1/BBB	2,939,820
1,250 5.90%, 5/1/22		Ba1/BBB	4,159,095
Missouri-1.5%			
1,350 St. Louis Cnty. Industrial Dev. Auth., Housing Dev. Rev., 5.20%, 1/20/36 (GNMA)		NR/AAA	1,436,415
1,277,856 St. Louis Industrial Dev. Auth. Rev. (GNMA), 1,500 5.125%, 12/20/29		NR/AAA	1,500
5.125%, 12/20/30		NR/AAA	1,411,500
7,500 State Health & Educational Facs. Auth., Health Facs. Rev., St. Anthony's Medical Center, 6.25%, 12/1/30, (Pre-refunded @ \$101, 12/1/10) (b)		A2/NR	8,326,650
250 Township of Jennings Rev., 5.00%, 11/1/23		NR/NR	228,220
500 Univ. Place Transportation Dev. Dist., Special Assessment, 5.00%, 3/1/32		NR/NR	422,930
			13,103,571
Montana-1.3%			
11,250 Forsyth Pollution Control Rev., Puget Sound Energy, 5.00%, 3/1/31 (AMBAC)		Aaa/AAA	11,188,800
Nevada-0.4%			
3,355 Henderson Health Care Facs. Rev., Catholic Healthcare West, 5.125%, 7/1/28, (Pre-refunded @ \$101, 7/1/08) (b)		A2/NR	3,415,356
New Hampshire-0.5%			
Manchester Water Works Rev. (FGIC), 1,500 5.00%, 12/1/28		Aa3/AA	1,490,340
3,250 5.00%, 12/1/34		Aa3/AA	3,152,013
			4,642,353
New Jersey-5.7%			

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1,000 Camden Cnty., Improvement Auth. Rev., 5.00%, 2/15/35, Ser. A Baa3/BBB 822,540 4,500 Economic
Dev. Auth. Rev.,

Kapkowski Road Landfill, Special Assessment, 6.50%, 4/1/28 Baa3/NR 4,759,740 300 Newark Airport, 7.00%,
10/1/14 Ba1/NR 301,815 450 Seashore Gardens, 5.375%, 11/1/36 NR/NR 368,172 Financing Auth. Rev.,
2,500 Middlesex Cnty. Pollution Control Auth. Rev., 5.75%, 9/15/32 Baa3/BBB- 2,365,225 2,000 South Port
Corp., 5.10%, 1/1/33 NR/A 1,966,700

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 Schedule of Investments
 March 31, 2008 (unaudited) (continued)

Amount (000) Credit Rating (Moody's/S&P) Value	Principal
New Jersey (continued)	
Health Care Facs. Financing Auth. Rev., \$3,000 Pascack Valley Hospital, 6.625%, 7/1/36 (e) NR/CC \$1,770,000 2,000 Somerset Medical Center, 5.50%, 7/1/33 Ba2/NR 1,698,720 1,000 St. Peters Univ. Hospital, 5.75%, 7/1/37 Baa2/BBB- 958,980 1,150 Trinitas Hospital, 5.25%, 7/1/30, Ser. A Baa3/BBB- 1,001,489 1,500 State Educational Facs. Auth. Rev., Fairfield Dickinson Univ., 6.00%, 7/1/25, Ser. D NR/NR 1,520,400 Tobacco Settlement Financing Corp. Rev., 22,645 5.00%, 6/1/41, Ser. 1A Baa3/BBB 18,250,511 525 6.00%, 6/1/37, (Pre-refunded @ \$100, 6/1/12) (b) Aaa/AAA 587,465 1,000 6.125%, 6/1/24 Aaa/AAA 1,069,270 230 6.125%, 6/1/42, (Pre-refunded @ \$100, 6/1/12) (b) Aaa/AAA 258,483 350 6.25%, 6/1/43, (Pre-refunded @ \$100, 6/1/13) (b) Aaa/AAA 402,371 10,750 6.75%, 6/1/39, (Pre-refunded @ \$100, 6/1/13) (b) Aaa/AAA 12,613,190 50,715,071	
New Mexico-0.1%	
1,000 Farmington Pollution Control Rev., 5.80%, 4/1/22 Baa2/BBB- 986,820	
New York-2.9%	
10,000 Metropolitan Transportation Auth. Rev., 5.25%, 11/15/32, Ser. B, (Pre-refunded @ \$100, 11/15/13) (b) A2/AAA 11,215,100 1,150 Nassau Cnty. Industrial Dev. Agcy. Rev., Amsterdam at Harborside, 6.70%, 1/1/43, Ser. A NR/NR 1,127,529 New York City Municipal Water Finance Auth. Rev., Water & Sewer System Rev., 8,180 5.00%, 6/15/37, Ser. D (j) Aa2/AA+ 8,117,259 1,500 5.00%, 6/15/39, Ser. A Aa2/AA+ 1,488,165 2,000 State Dormitory Auth. Rev., 5.00%, 7/1/37 Aa3/AA- 1,984,640 2,000 State Environmental Facs. Corp. Rev., 5.00%, 6/15/28 Aaa/AAA 2,032,800 25,965,493	
North Carolina-1.3%	
Eastern Municipal Power Agcy., Power System Rev., 2,000 5.125%, 1/1/23, Ser. D Baa1/BBB 1,964,340 2,000 5.125%, 1/1/26, Ser. D Baa1/BBB 1,900,320 3,795 5.375%, 1/1/17, Ser. C Baa1/BBB 3,941,753 Medical Care Commission Rev., 1,500 Carolina Village, 6.00%, 4/1/38 NR/NR 1,379,430 1,500 Cleveland Cnty., 5.00%, 7/1/35 (AMBAC) Aaa/AAA 1,477,935 1,000 Village at Brookwood, 5.25%, 1/1/32 NR/NR 798,300 11,462,078	
Ohio-1.3%	
5,000 Buckeye Tobacco Settlement Financing Auth. Rev., 5.875%, 6/1/47, Ser. A-2 Baa3/BBB 4,405,650 2,500 Lorain Cnty. Hospital Rev., Catholic Healthcare, 5.375%, 10/1/30 A1/AA- 2,466,275 5,000 Ohio Air Quality Dev. Auth. Rev., Dayton Power & Light Co., 4.80%, 1/1/34, Ser. B (FGIC) (j) A2/A- 4,616,250 11,488,175	

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Amount (000) Credit Rating (Moody's/S&P) Value	Principal
Pennsylvania—4.2%	
Allegheny Cnty. Hospital Dev. Auth. Rev., \$11,300 5.375%, 11/15/40, Ser. A Ba2/BB 4,350 9.25%, 11/15/30, Ser. B, (Pre-refunded @ \$102, 11/15/10) (b) Ba3/AAA 5,149,704 Cumberland Cnty. Auth., Retirement Community Rev., Messiah Village, Ser. A, 750 5.625%, 7/1/28 NR/BBB- 700,567 670 6.00%, 7/1/35 NR/BBB- 642,222 1,500 Wesley Affiliated Services, 7.25%, 1/1/35, Ser. A, (Pre-refunded @ \$101, 1/1/13) (b) NR/NR 1,782,630 3,250 Delaware River JT Toll Bridge, Commission Bridge Rev., 5.00%, 7/1/28 A2/A- 3,225,235 1,250 Harrisburg Auth. Rev., 6.00%, 9/1/36 NR/NR 1,164,800 3,000 Lehigh Cnty. General Purpose Auth. Rev., St. Luke's Bethlehem Hospital, 5.375%, 8/15/33, (Pre-refunded @ \$100, 8/15/13) (b) Baa1/BBB+ 3,297,570 5,000 Philadelphia School Dist., GO, 5.125%, 6/1/34, Ser. D, (Pre-refunded @ \$100, 6/1/14) (FGIC) (b) A1/A+ 5,531,200 6,300 St. Mary Hospital Auth., Bucks Cnty. Rev., 5.00%, 12/1/28, (Partially Pre-refunded @ \$101, 6/1/08) (b) NR/NR 6,370,875 36,903,108	
Puerto Rico—0.3%	
(Pre-refunded @ \$100, 7/1/13) (b), Electric Power Auth. Power Rev., Ser. NN, 1,740 5.125%, 7/1/29 A3/AAA 1,923,448 460 5.125%, 7/1/29 A3/BBB+ 508,498 2,431,946	
South Carolina—1.7%	
7,500 Florence Cnty. Rev., McLeod Regional Medical Center, 5.00%, 11/1/31, Ser. A (FSA) Aaa/AAA 7,307,175 Jobs-Economic Dev. Auth. Rev., Bon Secours, 5,305 5.625%, 11/15/30 A3/A- 5,274,390 1,395 5.625%, 11/15/30, (Pre-refunded @ \$100, 11/15/12) (b) A3/A- 1,555,551 750 Woodlands at Furman, 6.00%, 11/15/37, Ser. A NR/NR 672,127 14,809,243	
South Dakota—0.2%	
1,705 Minnehaha Cnty. Health Facs. Rev., Bethany Lutheran, 5.375%, 12/1/27 NR/NR 1,491,943	
Tennessee—0.1%	
1,250 Knox Cnty. Health Educational & Housing Facs. Board, Hospital Rev., Partners, 5.25%, 10/1/30 A1/AA- 1,213,075	Catholic Healthcare
Texas—14.4%	

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11,675 Beaumont Independent School Dist., GO, 5.00%, 2/15/38 (PSF-GTD) Aaa/AAA 11,584,752 2,500
Columbia & Brazoria Independent School Dist., GO, 5.00%, 8/1/29 (PSF-GTD) NR/AAA 2,510,275 1,300
Comal Cnty. Health Facs. Dev. Rev., McKenna Memorial Hospital Project, 6.25%, 2/1/32, (Pre-refunded @ \$100,
2/1/13) (b) Baa2/AAA 1,467,310

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