FEDERATED PREMIER MUNICIPAL INCOME FUND
Form N-CSR
February 07, 2005

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form N-CSR
Certified Shareholder Report of Registered Management Investment Companies

811-21235

(Investment Company Act File Number)

Federated Premier Municipal Income Fund

(Exact Name of Registrant as Specified in Charter)

Federated Investors Funds
5800 Corporate Drive
Pittsburgh, Pennsylvania 15237-7000

(412) 288-1900
(Registrant's Telephone Number)

John W. McGonigle, Esquire
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, Pennsylvania 15222-3779
(Name and Address of Agent for Service)
(Notices should be sent to the Agent for Service)

Date of Fiscal Year End: 11/30/04

Date of Reporting Period: Fiscal year ended 11/30/04

Item 1. Reports to Stockholders

**Federated**
**World-Class Investment Manager**

# Federated Investors' Closed-End Municipal Funds

Established 2002

## 2ND ANNUAL SHAREHOLDER REPORT

November 30, 2004

## Federated Premier Municipal Income Fund
## Federated Premier Intermediate Municipal Income Fund

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Not FDIC Insured * May Lose Value * No Bank Guarantee

# Financial Highlights - Federated Premier Municipal Income Fund

(For a Common Share Outstanding Throughout Each Period)

| | Year Ended 11/30/2004 | Period Ended 11/30/2003[1] |
|---|---|---|
| **Net Asset Value, Beginning of Period** | **$14.56** | **$14.33** |
| **Income From Investment Operations:** | | |
| Net investment income | 1.13[2] | 0.98[2] |
| Net realized and unrealized gain on investments, swap contracts and futures contracts | 0.07 | 0.32 |
| Distributions to preferred shareholders from net investment income | (0.10)[3] | (0.08)[3] |
| *TOTAL FROM INVESTMENT OPERATIONS* | 1.10 | 1.22 |

| | | |
|---|---|---|
| **Less Distributions to Common Shareholders:** | | |
| From net investment income | (1.00) | (0.84) |
| **Capital Charges With Respect to Issuance of:** | | |
| Common shares | -- | (0.03) |
| Preferred shares | -- | (0.12) |
| *TOTAL CAPITAL CHARGES* | -- | (0.15) |
| **Net Asset Value, End of Period** | **$14.66** | **$14.56** |
| **Market Price, End of Period** | **$14.31** | **$14.25** |
| **Total Return at Net Asset Value [4]** | 8.05% | 7.70% |
| **Total Return at Market Price** | 7.76% | 0.70% |
| **Ratios to Average Net Assets:** | | |
| Expenses [5] | 0.85% | 0.77% [6] |
| Net investment income [7] | 7.13% | 6.68% [6] |
| Expense waiver/reimbursement [8] | 0.17% | 0.12% [6] |
| **Supplemental Data:** | | |
| Net assets, end of period (000 omitted) | $89,590 | $88,951 |
| Portfolio turnover | 12% | 54% |

Asset Coverage Requirements for Investment Company Act of 1940 - Preferred Shares

| | Total Amount Outstanding | Asset Coverage Per Share | Minimum Required Asset Coverage Per Share | Involuntary Liquidating Preference Per Share | Average Market Value Per Share |
|---|---|---|---|---|---|
| 11/30/2004 | $53,675,000 | $66,728 | $50,010 | $25,005 | $25,000 |
| 11/30/2003 [9] | $53,675,000 | $66,430 | $50,004 | $25,002 | $25,000 |

*1 Reflects operations for the period from December 20, 2002 (date of initial public investment) to November 30, 2003.*

*2 Based on average shares outstanding.*

*3 The amounts shown are based on Common Share equivalents.*

*4 Total return does not reflect the sales charge, if applicable. Total returns for periods of less than one year are not annualized.*

*5 Ratios do not reflect the effect of dividend payments to preferred shareholders and any associated commission costs.*

*6 Computed on an annualized basis.*

*7 Ratios reflect reductions for dividend payments to preferred shareholders.*

*8 This expense decrease is reflected in both the expense and the net investment income ratios shown above.*

*9 On February 13, 2003, the Fund began offering Auction Market Preferred Shares.*

See Notes which are an integral part of the Financial Statements

# Financial Highlights - Federated Premier Intermediate Municipal Income Fund

(For a Common Share Outstanding Throughout Each Period)

| | Year Ended 11/30/2004 | Period Ended 11/30/2003[1] |
|---|---|---|
| **Net Asset Value, Beginning of Period** | **$14.65** | **$14.33** |
| **Income From Investment Operations:** | | |
| Net investment income | 0.90[2] | 0.79[2] |
| Net realized and unrealized gain (loss) on investments, swap contracts and futures contracts | (0.14) | 0.40 |
| Distributions to preferred shareholders from net investment income | (0.10) [3] | (0.08) [3] |
| *TOTAL FROM INVESTMENT OPERATIONS* | 0.66 | 1.11 |
| **Less Distributions to Common Shareholders:** | | |
| From net investment income | (0.78) | (0.64) |
| **Capital Charges With Respect to Issuance of:** | | |
| Common shares | -- | (0.03) |

| | | |
|---|---|---|
| Preferred shares | -- | (0.12) |
| *TOTAL CAPITAL CHARGES* | -- | (0.15) |
| **Net Asset Value, End of Period** | **$14.53** | **$14.65** |
| **Market Price, End of Period** | **$13.50** | **$13.47** |
| **Total Return at Net Asset Value [4]** | 5.03% | 7.05% |
| **Total Return at Market Price** | 6.14% | (5.97)% |
| **Ratios to Average Net Assets:** | | |
| Expenses [5] | 0.89% | 0.80% [6] |
| Net investment income [7] | 5.51% | 5.20% [6] |
| Expense waiver/reimbursement [8] | 0.07% | 0.04% [6] |
| **Supplemental Data:** | | |
| Net assets, end of period (000 omitted) | $100,908 | $101,782 |
| Portfolio turnover | 11% | 41% |

Asset Coverage Requirements for Investment Company Act of 1940 - Preferred Shares

| | Total Amount Outstanding | Asset Coverage Per Share | Minimum Required Asset Coverage Per Share | Involuntary Liquidating Preference Per Share | Average Market Value Per Share |
|---|---|---|---|---|---|
| 11/30/2004 | $61,025,000 | $66,339 | $50,016 | $25,008 | $25,000 |
| 11/30/2003 [9] | $61,025,000 | $66,697 | $50,008 | $25,004 | $25,000 |

*1 Reflects operations for the period from December 20, 2002 (date of initial public investment) to November 30, 2003.*

*2 Based on average shares outstanding.*

*3 The amounts shown are based on Common Share equivalents.*

*4 Total return does not reflect the sales charge, if applicable. Total returns for periods of less than one year are not annualized.*

*5 Ratios do not reflect the effect of dividend payments to preferred shareholders and any associated commission costs.*

*6 Computed on an annualized basis.*

*7 Ratios reflect reductions for dividend payments to preferred shareholders.*

*8 This expense decrease is reflected in both the expense and the net investment income ratios shown above.*

*9 On February 13, 2003, the Fund began offering Auction Market Preferred Shares.*

See Notes which are an integral part of the Financial Statements

# Federated Premier Municipal Income Fund - Portfolio of Investments Summary Tables

At November 30, 2004, the Fund's credit quality ratings composition [1] was as follows:

| S&P Long-Term Ratings as Percentage of Total Investments [2] | | Moody's Long-Term Ratings as Percentage of Total Investments [2] | |
|---|---|---|---|
| AAA | 37.7% | Aaa | 42.9% |
| AA | 1.8% | Aa | 0.0% [3] |
| A | 5.7% | A | 4.8% |
| BBB | 21.0% | Baa | 21.4% |
| BB | 1.1% | Ba | 0.0% |
| B | 1.4% | B | 1.0% |
| Not Rated by S&P | 31.3% | Not Rated by Moody's | 29.9% |
| *TOTAL* | **100.0%** | *TOTAL* | **100.0%** |

At November 30, 2004, the Fund's top six sector exposures [4] were as follows:

| Sector Composition | Percentage of Total Investments [2] |
|---|---|
| Insured | 39.4% |
| Hospital | 17.7% |
| Lifecare | 9.0% |
| Special Tax | 8.4% |

| | |
|---|---|
| Industrial Revenue | 5.2% |
| Prerefunded | 5.2% |

*1 These tables depict the long-term, credit-quality ratings assigned to the Fund's portfolio holdings by Standard & Poor's (S&P) and Moody's Investors Service (Moody's), each of which is a nationally recognized statistical rating organization (NRSRO). These credit-quality ratings are shown without regard to gradations within a given rating category. For example, securities rated "A-" have been included in the "A" rated category. Holdings that are rated only by a different NRSRO than the one identified have been included in the "Not rated by..." category. Rated securities that have been prerefunded, but not rated again by the NRSRO, also have been included in the "Not rated by..." category.*

*Rated securities include a security with an obligor and/or credit enhancer that has received a rating from an NRSRO with respect to a class of debt obligations that is comparable in priority and security with the security held by the Fund. Credit-quality ratings are an assessment of the risk that a security will default in payment and do not address other risks presented by the security. Please see the descriptions of credit-quality ratings in the Fund's Statement of Additional Information.*

*These tables depict the long-term, credit-quality ratings as assigned only by the NRSRO identified in each table. Of the portfolio's total net assets, 20.0% do not have long-term ratings by either of these NRSROs or by Fitch Ratings.*

*2 Percentages are based on total investments, which may differ from the Fund's total net assets used in computing the percentages in the portfolio of investments which follows.*

*3 Less than 0.01%.*

*4 Sector classifications, and the assignment of holdings to such sectors, are based upon the economic sector and/or revenue source of the underlying borrower, as determined by the Fund's adviser. For securities that have been enhanced by a third-party, such as a guarantor, sector classifications are based upon the economic sector and/or revenue source of the third-party, as determined by the Fund's adviser. Securities that are insured by a bond insurer are assigned to the "Insured" sector. Prerefunded securities are those whose debt service is paid from escrowed funds, usually U.S. government securities.*

# Federated Premier Municipal Income Fund - Portfolio of Investments

November 30, 2004

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--99.7% | | |
| | **Alabama--1.6%** | | |
| $ 2,000,000 | Jefferson County, AL Sewer System, Capital Improvement Warrants (Series 2002D), 5.25% (U.S. Treasury PRF 8/1/2012 @ 100), 2/1/2026 | AAA/Aaa/AAA | $ 2,242,820 |
| | **Arizona--2.2%** | | |

| | | | |
|---|---|---|---|
| 500,000 | Arizona Tourism & Sports Authority, Multipurpose Stadium Facilities Tax Revenue Bonds (Series A), 5.00% (MBIA Insurance Corp. INS), 7/1/2024 | NR/Aaa/AAA | 517,805 |
| 1,000,000 | Arizona Tourism & Sports Authority, Multipurpose Stadium Facility Tax Revenue Bonds (Series A), 5.375% (MBIA Insurance Corp. INS), 7/1/2022 | NR/Aaa/AAA | 1,079,070 |
| 750,000 | Tempe, AZ IDA, Senior Living Revenue Bonds (Series A), 6.75% (Friendship Village of Tempe), 12/1/2030 | NR | 761,100 |
| 750,000 | Verrado Community Facilities District No. 1, AZ, Revenue Bonds, 6.50%, 7/15/2027 | NR | 775,103 |
| | *TOTAL* | | 3,133,078 |
| | **Arkansas--0.8%** | | |
| 1,000,000 | Arkansas Development Finance Authority, Hospital Revenue Bonds (Series 2000), 7.375% (Washington Regional Medical Center)/(Original Issue Yield: 7.50%), 2/1/2029 | BBB-/Baa3/BBB | 1,090,490 |
| | **California--5.2%** | | |
| 1,000,000 | California State Department of Water Resources Power Supply Program, Power Supply Revenue Bonds (Series A), 5.375% (Original Issue Yield: 5.48%), 5/1/2022 | BBB+/A2/A- | 1,063,960 |
| 2,000,000 | California State, Refunding UT GO Bonds, 5.25%, 2/1/2020 | A/A3/A- | 2,127,480 |
| 1,000,000 | California State, UT GO Bonds, 5.25%, 10/1/2020 | A/A3/A- | 1,061,550 |
| 250,000 | Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Revenue Bonds (Series 2003A-1), 6.75% (Original Issue Yield: 7.00%), 6/1/2039 | BBB/Baa3/BBB | 250,080 |
| 750,000 | Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Revenue Bonds (Series 2003A-2), 7.90%, 6/1/2042 | BBB/Baa3/BBB | 815,722 |
| 500,000 | La Verne, CA, Revenue Certificates of Participation (Series 2003B), 6.625% (Brethren Hillcrest Homes)/(Original Issue Yield: 6.70%), 2/15/2025 | BBB-/NR/NR | 507,715 |
| 1,500,000 | Upland, CA Public Financing Authority, Water System Improvement Lease Revenue Bonds (Issue of 2003), 5.00% (AMBAC INS), 10/1/2027 | AAA/Aaa/AAA | 1,529,415 |
| | *TOTAL* | | 7,355,922 |

**Value**

| Principal Amount | | Credit Rating[1] | |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Colorado--3.8%** | | |
| $ 725,000 | Antelope Heights Metropolitan District, CO, LT GO Bonds, 8.00%, 12/1/2023 | NR | $ 725,739 |
| 1,000,000 | Buckhorn Valley Metropolitan District No. 2, CO, LT GO Bonds, 7.00%, 12/1/2023 | NR | 1,000,990 |
| 500,000 | Colorado Educational & Cultural Facilities Authority, Revenue Refunding Bonds (Series A), 7.00% (Denver Academy)/(Original Issue Yield: 7.25%), 11/1/2023 | BB+/NR/NR | 501,535 |
| 1,000,000 | Colorado Health Facilities Authority, Revenue Bonds (Series 2002A), 6.125% (Covenant Retirement Communities, Inc.)/(Original Issue Yield: 6.40%), 12/1/2033 | BBB+/NR/BBB+ | 1,044,270 |
| 500,000 | Conservatory Metropolitan District, CO, LT GO Bonds, 7.55%, 12/1/2032 | NR | 514,865 |
| 1,000,000 | Denver, CO Health & Hospital Authority, Revenue Bonds, 6.25% (Original Issue Yield: 6.28%), 12/1/2033 | BBB/Baa3/NR | 1,065,430 |
| 500,000 | Southlands, CO Metropolitan District No. 1, LT GO Bonds (Series 2004), 7.00% (Original Issue Yield: 7.05%), 12/1/2024 | NR | 497,605 |
| | *TOTAL* | | 5,350,434 |
| | **Connecticut--2.4%** | | |
| 1,250,000 | Connecticut State Development Authority, First Mortgage Gross Revenue Health Care Project Bonds (Series 2003), 5.85% (Elim Park Baptist Home, Inc.)/ (Original Issue Yield: 5.98%), 12/1/2033 | BBB+/NR/NR | 1,280,113 |
| 2,000,000 | Connecticut State Transportation Infrastructure Authority, Transportation Infrastructure Special Tax Revenue Bonds (Series 2002B), 5.00% (AMBAC INS), 12/1/2022 | AAA/Aaa/AAA | 2,085,000 |
| | *TOTAL* | | 3,365,113 |
| | **District of Columbia--1.7%** | | |
| 2,500,000 | District of Columbia Tobacco Settlement Financing Corp., Asset Backed Revenue Bonds, 6.50% (Original Issue Yield: 6.67%), 5/15/2033 | BBB/Baa3/BBB | 2,412,125 |
| | **Florida--7.4%** | | |

| | | | |
|---|---|---|---|
| 600,000 | Broward County, FL Educational Facilities Authority, Educational Facilities Revenue Bonds (Series 2004B), 5.60% (Nova Southeastern University)/(Original Issue Yield: 5.625%), 4/1/2029 | BBB/Baa2/BBB+ | 614,136 |
| 1,000,000 [2,3] | Capital Trust Agency, FL, Revenue Bonds (Series 2001), 10.00% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | NR | 1,226,020 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Florida--continued** | | |
| $ 400,000 [2,3] | Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | NR | $ 468,132 |
| 1,490,000 | Citrus County, FL Hospital Board, Revenue Refunding Bonds, 6.375% (Citrus Memorial Hospital)/(Original Issue Yield: 6.50%), 8/15/2032 | NR/Baa3/BBB | 1,554,904 |
| 1,320,000 | Harbor Bay, FL Community Development District, Special Assessment Revenue Bonds, 6.75%, 5/1/2034 | NR | 1,409,456 |
| 2,000,000 | Jacksonville, FL Sales Tax, Revenue Bonds (Series 2003), 5.00% (MBIA Insurance Corp. INS), 10/1/2024 | AAA/Aaa/AAA | 2,071,380 |
| 400,000 | Midtown Miami, FL Community Development District, Special Assessment Bonds (Series 2004A), 6.00%, 5/1/2024 | NR | 411,716 |
| 400,000 | Orlando, FL Urban Community Development District, Capital Improvement Revenue Bonds, 6.25%, 5/1/2034 | NR | 410,288 |
| 1,000,000 | South Lake County, FL Hospital District, Revenue Bonds, 6.625% (South Lake Hospital, Inc.), 10/1/2023 | NR/Baa3/BBB- | 1,052,570 |
| 1,190,000 | Verandah West, FL Community Development District, Capital Improvement Revenue Bonds (Series 2003A), 6.625% (Original Issue Yield: 6.75%), 5/1/2033 | NR | 1,240,682 |
| | *TOTAL* | | 10,459,284 |
| | **Georgia--0.4%** | | |
| 500,000 | Athens, GA Housing Authority, Lease Revenue Bonds, 5.25% (University of Georgia-East Campus)/ (AMBAC INS), 12/1/2023 | NR/Aaa/AAA | 529,275 |
| | **Hawaii--1.0%** | | |

| | | | |
|---|---|---|---|
| 1,400,000 | Hawaii State Department of Budget & Finance, Special Purpose Revenue Bonds (Series A), 8.00% (Kahala Nui)/(Original Issue Yield: 8.175%), 11/15/2033 | NR | 1,486,884 |
| | **Illinois--4.0%** | | |
| 1,000,000 | Antioch Village, IL Special Service Area No. 1, Special Tax Revenue Bonds, 6.625% (Deercrest Project), 3/1/2033 | NR | 993,550 |
| 2,500,000 | Chicago, IL Sales Tax, Revenue Bonds, 5.25% (FGIC INS)/(Original Issue Yield: 5.385%), 1/1/2028 | AAA/Aaa/AAA | 2,577,025 |
| 1,000,000 | Chicago, IL Special Assessment, Improvement Revenue Bonds, 6.75% (Lakeshore East Project)/(Original Issue Yield: 6.769%), 12/1/2032 | NR | 1,033,770 |
| 1,000,000 | Illinois Educational Facilities Authority, Revenue Refunding Bonds (Series A), 5.70% (Augustana College)/(Original Issue Yield: 5.90%), 10/1/2032 | NR/Baa1/ NR | 1,021,510 |
| | *TOTAL* | | 5,625,855 |

| Principal Amount | | Credit Rating[1] | | Value |
|---|---|---|---|---|
| | MUNICIPAL BONDS--continued | | | |
| | **Kansas--2.2%** | | | |
| $ 3,000,000 | Wichita, KS Water & Sewer Utility, Revenue Bonds (Series 2003), 5.00% (FGIC INS), 10/1/2021 | AAA/Aaa/AAA | $ | 3,156,240 |
| | **Kentucky--1.1%** | | | |
| 1,500,000 | Kentucky EDFA, Revenue Bonds (Series 2000A), 6.625% (Norton Healthcare, Inc.)/(Original Issue Yield: 6.97%), 10/1/2028 | NR/ NR/BBB+ | | 1,607,775 |
| | **Massachusetts--3.4%** | | | |
| 1,500,000 | Commonwealth of Massachusetts, General Obligation Ltd, 5.25% (U.S. Treasury PRF 1/1/2013 @ 100), 1/1/2022 | AAA/Aaa/AAA | | 1,661,715 |
| 2,000,000 | Massachusetts Development Finance Agency, Revenue Bonds, 5.75% (Massachusetts College of Pharmacy & Allied Health Sciences), 7/1/2033 | BBB/NR/NR | | 2,064,280 |
| 1,000,000 | Massachusetts HEFA, Revenue Bonds (Series 2003E), 6.75% (Jordan Hospital)/(Original Issue Yield: 7.00%), 10/1/2033 | BBB-/NR/NR | | 1,050,400 |
| | *TOTAL* | | | 4,776,395 |
| | **Michigan--4.6%** | | | |
| 2,000,000 | | BBB/Baa2/NR | | 2,136,780 |

| | | | |
|---|---|---|---|
| | Cornell Township MI, Economic Development Corp., Refunding Revenue Bonds, 5.875% (MeadWestvaco Corp.), 5/1/2018 | | |
| 1,000,000 | Detroit, MI Sewage Disposal System, Refunding Senior Lien Revenue Bonds (Series 2003A), 5.00% (FSA INS), 7/1/2024 | AAA/Aaa/AAA | 1,031,290 |
| 2,375,000 | Melvindale-Northern Allen Park, MI School District, Building & Site LT GO Bonds, 5.00% (FSA LOC), 5/1/2023 | AAA/Aaa/AAA | 2,462,091 |
| 900,000 | West Bloomfield, MI School District, School Building & Site UT GO Bonds, 5.125% (MBIA Insurance Corp. INS)/ (Original Issue Yield: 5.35%), 5/1/2021 | AAA/Aaa/AAA | 950,796 |
| | *TOTAL* | | 6,580,957 |
| | **Minnesota--0.7%** | | |
| 900,000 | St. Paul, MN Port Authority, Hotel Facility Revenue Bonds (Series 2), 7.375% (Radisson Kellogg Project)/ (Original Issue Yield: 7.50%), 8/1/2029 | NR | 938,259 |
| | **Mississippi--1.7%** | | |
| 2,000,000 | Lowndes County, MS Solid Waste Disposal, Refunding PCR Bonds (Series 1992B), 6.70% (Weyerhaeuser Co.), 4/1/2022 | BBB/Baa2/NR | 2,358,820 |
| | **Missouri--0.4%** | | |
| 500,000 | Missouri Development Finance Board, Infrastructure Facilities Bonds (Series 2003A), 5.50% (Branson, MO)/ (Original Issue Yield: 5.56%), 12/1/2032 | BBB+/Baa1/NR | 511,195 |

| **Principal Amount** | | **Credit Rating[1]** | **Value** |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Nevada--2.4%** | | |
| $ 700,000 | Las Vegas, NV Special Improvement District No. 607, Local Improvement Special Assessment Bonds (Series 2004), 6.25% (Original Issue Yield: 6.285%), 6/1/2024 | NR | $ 722,036 |
| 650,000 | North Las Vegas, NV Special Improvement District No. 60, Local Improvement Special Assessment Bonds (Series 2002), 6.40% (Aliante), 12/1/2022 | NR | 659,172 |
| 2,000,000 | Truckee Meadows, NV Water Authority, Water Revenue Bonds (Series 2001A), 5.00% (FSA INS)/(Original Issue Yield: 5.36%), 7/1/2025 | AAA/Aaa/AAA | 2,039,800 |
| | *TOTAL* | | 3,421,008 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | **New Hampshire--2.4%** | | |
| 3,000,000 | Manchester, NH School Facilities, Revenue Bonds, 5.50% (U.S. Treasury PRF 6/1/2013@100), 6/1/2028 | AAA/Aaa/AAA | 3,424,950 |
| | **New Jersey--1.7%** | | |
| 500,000 | New Jersey EDA, Revenue Bonds, (Series 2004), 5.75% (NJ Dedicated Cigarette Excise Tax)/(Original Issue Yield: 5.89%), 6/15/2029 | BBB/Baa2/BBB | 511,220 |
| 300,000 | New Jersey EDA, Revenue Refunding Bonds (Series A), 5.80% (Winchester Gardens at Ward Homestead)/ (Original Issue Yield: 5.82%), 11/1/2031 | NR/NR/BBB- | 305,394 |
| 600,000 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, 6.50% (Pascack Valley Hospital Association)/(Original Issue Yield: 6.72%), 7/1/2023 | B+/NR/BB | 572,616 |
| 1,000,000 | New Jersey State Educational Facilities Authority, Revenue Bonds, Project C, 6.50% (Georgian Court College), 7/1/2033 | BBB+/Baa1/NR | 1,101,050 |
| | *TOTAL* | | 2,490,280 |
| | **New Mexico--0.5%** | | |
| 750,000 | [2,3]Jicarilla, NM Apache Nation, Revenue Bonds, 5.50%, 9/1/2023 | NR/NR/AAA | 791,348 |
| | **New York--4.8%** | | |
| 750,000 | Dutchess County, NY IDA, Civic Facility Revenue Bonds (Series 2004B), 7.50% (St. Francis Hospital and Health Centers), 3/1/2029 | NR | 740,715 |
| 750,000 | Dutchess County, NY IDA, Revenue Bonds, 5.00% (Marist College)/(Original Issue Yield: 5.25%), 7/1/2022 | NR/Baa1/NR | 766,515 |
| 3,000,000 | Metropolitan Transportation Authority, NY, Service Contract Revenue Refunding Bonds, (Series A), 5.00% (FGIC INS)/(Original Issue Yield: 5.14%), 7/1/2022 | AAA/Aaa/AAA | 3,127,680 |
| 2,000,000 | New York State Dormitory Authority, Revenue Bonds (Series 2003A), 5.50% (Brooklyn Law School)/(Radian Asset Assurance INS), 7/1/2019 | AA /NR/NR | 2,180,460 |
| | *TOTAL* | | 6,815,370 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **North Carolina--3.5%** | | |

| | | | |
|---|---|---|---|
| $ 1,000,000 | Appalachian State University, NC, Revenue Bonds, (Series 2003A), 5.125% (FGIC INS), 5/1/2021 | NR/Aaa/AAA | $ 1,060,410 |
| 1,000,000 | Haywood County, NC Industrial Facilities & Pollution Control Financing Authority, Refunding Revenue Bonds, 6.00% (Champion International Corp.), 3/1/2020 | NR/Baa2/NR | 1,044,860 |
| 1,000,000 | North Carolina Eastern Municipal Power Agency, Power System Refunding Revenue Bonds (Series 2003C), 5.375% (Original Issue Yield: 5.57%), 1/1/2017 | BBB/Baa2/BBB+ | 1,056,290 |
| 800,000 | North Carolina Medical Care Commission, Health Care Housing Revenue Bonds (Series 2004A), 5.80% (Arc of North Carolina Projects), 10/1/2034 | NR/Baa1/NR | 792,976 |
| 1,000,000 | North Carolina Municipal Power Agency No. 1, Electric Revenue Bonds (Series 2003A), 5.25% (MBIA Insurance Corp. INS), 1/1/2019 | AAA/Aaa/AAA | 1,072,390 |
| | *TOTAL* | | 5,026,926 |
| | **North Dakota--3.0%** | | |
| 2,000,000 | Fargo, ND, Health System Revenue Bonds (Series 2000A), 5.60% (Meritcare Obligated Group)/ (FSA INS)/(Original Issue Yield: 5.70%), 6/1/2021 | AAA/Aaa/NR | 2,176,360 |
| 2,000,000 | Ward County, ND Health Care Facility, Revenue Bonds (Series A), 6.25% (Trinity Obligated Group, ND)/(Original Issue Yield: 6.375%), 7/1/2026 | BBB+/NR/NR | 2,056,700 |
| | *TOTAL* | | 4,233,060 |
| | **Ohio--0.7%** | | |
| 1,000,000 | Ohio State Air Quality Development Authority, PCR Refunding Bonds (Series 2002A), 6.00% (Cleveland Electric Illuminating Co.), 12/1/2013 | BB+/Baa3/BBB- | 1,053,150 |
| | **Pennsylvania--3.1%** | | |
| 1,165,000 | Allegheny County, PA HDA, Health System Revenue Bonds (Series 2000B), 9.25% (West Penn Allegheny Health System)/(Original Issue Yield: 9.70%), 11/15/2030 | B/B1/B+ | 1,350,223 |
| 200,000 | Allegheny County, PA HDA, Revenue Bonds, (Series A), 8.75% (Covenant at South Hills)/(Original Issue Yield: 8.80%), 2/1/2031 | NR | 150,796 |
| 1,295,000 | Cumberland County, PA Municipal Authority, Retirement Community Revenue Bonds (Series 2002A), 7.25% (Wesley Affiliated Services, Inc. Obligated Group)/(Original Issue | NR | 1,346,437 |

| | | | |
|---|---|---|---|
| | Yield: 7.50%), 1/1/2035 | | |
| 500,000 | Pennsylvania State Higher Education Facilities Authority, Revenue Bonds, (Series A), 6.00% (UPMC Health System)/(Original Issue Yield: 6.16%), 1/15/2031 | A+/NR/A | 532,075 |
| 1,000,000 | Pennsylvania State Turnpike Commission, Oil Franchise Tax Revenue Bonds (Series 2003A), 5.25% (MBIA Insurance Corp. INS), 12/1/2023 | AAA/Aaa/AAA | 1,068,370 |
| | *TOTAL* | | 4,447,901 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **South Carolina--5.5%** | | |
| $ 1,000,000 | Clemson University, SC, University Revenue Bonds, 5.00% (XL Capital Assurance Inc. INS), 5/1/2023 | AAA/Aaa/AAA | $ 1,034,510 |
| 1,940,000 | Myrtle Beach, SC, Hospitality Fee Revenue Bonds (Series 2004A), 5.375% (FGIC INS), 6/1/2023 | AAA/Aaa/NR | 2,089,516 |
| 2,500,000 | South Carolina Jobs-EDA, Health System Revenue Bonds (Series A), 5.625% (Bon Secours Health System)/(Original Issue Yield: 5.84%), 11/15/2030 | A-/A3/A- | 2,559,475 |
| 2,000,000 | South Carolina State Public Service Authority, Refunding Revenue Bonds (Series 2002D), 5.00% (Santee Cooper)/ (FSA INS), 1/1/2020 | AAA/Aaa/AAA | 2,105,160 |
| | *TOTAL* | | 7,788,661 |
| | **South Dakota--1.3%** | | |
| 1,750,000 | South Dakota State Health & Educational Authority, Revenue Bonds, 5.65% (Westhills Village Retirement Community)/(Original Issue Yield: 5.75%), 9/1/2023 | A-/NR/NR | 1,801,188 |
| | **Tennessee--3.8%** | | |
| 2,000,000 | Johnson City, TN Health & Education Facilities Board, Hospital Revenue Refunding Bonds (Series A), 7.50% (Mountain States Health Alliance), 7/1/2025 | BBB+/Baa2/BBB- | 2,371,120 |
| 1,535,000 | Knox County, TN Health Education & Housing Facilities Board, Refunding Improvement Revenue Bonds (Series 2003B), 5.75% (East Tennessee Children's Hospital)/(Original Issue Yield: 5.90%), 7/1/2033 | BBB+/Baa1/ NR | 1,575,156 |
| 1,500,000 | | NR/Baa3/NR | 1,510,200 |

| | | | |
|---|---|---|---|
| | Knox County, TN Health Education & Housing Facilities Board, Revenue Bonds, 6.375% (Baptist Health System of East Tennessee)/(Original Issue Yield: 6.50%), 4/15/2022 | | |
| | *TOTAL* | | 5,456,476 |
| | **Texas--10.1%** | | |
| 1,200,000 | Abilene, TX Health Facilites Development Corp., Retirement Facilities Revenue Bonds (Series 2003A), 7.00% (Sears Methodist Retirement)/(Original Issue Yield: 7.25%), 11/15/2033 | NR | 1,237,224 |
| 700,000 | Decatur, TX Hospital Authority, Hospital Revenue Bonds (Series 2004A), 7.125% (Wise Regional Health System), 9/1/2034 | NR | 709,506 |
| 2,500,000 | Houston, TX Combined Utility System, First Lien Revenue Refunding Bonds (Series 2004A), 5.25% (FGIC INS), 5/15/2023 | AAA/Aaa/AAA | 2,663,925 |
| 200,000 | Matagorda County, TX Navigation District Number One, Collateralized Refunding Revenue Bonds, 5.60% (Centerpoint Energy Houston Electric), 3/1/2027 | BBB/Baa2/BBB | 204,712 |

| **Principal Amount** | | **Credit Rating[1]** | | **Value** |
|---|---|---|---|---|
| | MUNICIPAL BONDS--continued | | | |
| | **Texas--continued** | | | |
| $ 4,000,000 | North Central Texas HFDC, Hospital Revenue Refunding Bonds (Series 2002), 5.25% (Children's Medical Center of Dallas)/(AMBAC INS)/(Original Issue Yield: 5.35%), 8/15/2022 | AAA/Aaa/AAA | $ | 4,205,080 |
| 1,350,000 | North Central Texas HFDC, Retirement Facility Revenue Bonds (Series 1999), 7.50% (Northwest Senior Housing Corp. Edgemere Project)/(Original Issue Yield: 7.75%), 11/15/2029 | NR | | 1,435,023 |
| 1,050,000 | Sabine River Authority, TX, PCR Refunding Bonds (Series 2003B), 6.15% (TXU Energy), 8/1/2022 | BBB/Baa2/BBB | | 1,134,326 |
| 335,000 | Sabine River Authority, TX, Refunding PCR Bonds (Series 2003A), 5.80% (TXU Energy), 7/1/2022 | BBB/Baa2/NR | | 356,376 |
| 1,300,000 | Texas State University System, Refunding Revenue Bonds, 5.00% (FSA INS), 3/15/2020 | AAA/Aaa/AAA | | 1,356,771 |
| 1,000,000 | | NR/Baa1/BBB+ | | 1,028,580 |

| | | | |
|---|---|---|---|
| | Tyler, TX Health Facilities Development Corp., Hospital Revenue Bonds, 5.75% (Mother Frances Hospital)/ (Original Issue Yield: 5.84%), 7/1/2027 | | |
| | *TOTAL* | | 14,331,523 |
| | **Virginia--3.4%** | | |
| 1,000,000 | Broad Street Community Development Authority, VA, Revenue Bonds, 7.50% (Original Issue Yield: 7.625%), 6/1/2033 | NR | 987,830 |
| 1,280,000 | Hampton, VA Convention Center, Revenue Bonds, 5.125% (AMBAC INS), 1/15/2028 | AAA/Aaa/AAA | 1,319,104 |
| 1,400,000 | Peninsula Port Authority, VA, Residential Care Facility Revenue Bonds (Series 2003A), 7.375% (Virginia Baptist Homes Obligated Group)/(Original Issue Yield: 7.625%), 12/1/2032 | NR | 1,468,894 |
| 1,000,000 | Virginia Peninsula Port Authority, Coal Terminal Revenue Refunding Bonds (Series 2003), 6.00% (Brinks Co. (The)), 4/1/2033 | BBB/Baa3/NR | 1,033,610 |
| | *TOTAL* | | 4,809,438 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Washington--5.0%** | | |
| $ 1,000,000 | Everett, WA, LT GO Refunding Bonds, 5.00% (MBIA Insurance Corp. INS), 12/1/2020 | NR/Aaa/AAA | $ 1,047,320 |
| 1,910,000 | King County, WA Public Hospital District No. 1, Refunding LT GO Bonds, 5.00% (FSA INS)/ (Original Issue Yield: 5.17%), 12/1/2021 | AAA/Aaa/AAA | 1,984,834 |
| 2,000,000 | Washington State, UT GO Bonds (Series 2002B), 5.00% (FSA INS)/(Original Issue Yield: 5.05%), 1/1/2021 | AAA/Aaa/AAA | 2,077,860 |
| 2,000,000 | Washington State, Various Purpose UT GO Bonds (Series 2002A), 5.00% (FSA INS)/(Original Issue Yield: 5.09%), 7/1/2022 | AAA/Aaa/AAA | 2,066,160 |
| | *TOTAL* | | 7,176,174 |
| | **Wisconsin--3.9%** | | |
| 3,000,000 | Wisconsin State HEFA, Health Facilities Revenue Bonds (Series A), 5.25% (Ministry Health Care)/ (MBIA Insurance | AAA/Aaa/AAA | 3,082,290 |

| | | | |
|---|---|---|---|
| | Corp. INS)/(Original Issue Yield: 5.38%), 2/15/2032 | | |
| 160,000 | Wisconsin State HEFA, Revenue Bonds (Series 2004), 5.75% (Blood Center of Southeastern Wisconsin, Inc.)/(Original Issue Yield: 5.82%), 6/1/2034 | BBB+/NR/NR | 166,107 |
| 250,000 | Wisconsin State HEFA, Revenue Bonds (Series 2004A), 6.25% (Southwest Health Center)/(Original Issue Yield: 6.32%), 4/1/2034 | NR | 242,720 |
| 500,000 | Wisconsin State HEFA, Revenue Bonds, 6.50% (Tomah Memorial Hospital, Inc.)/(Original Issue Yield: 6.75%), 7/1/2023 | NR | 510,805 |
| 500,000 | Wisconsin State HEFA, Revenue Bonds, 6.625% (Tomah Memorial Hospital, Inc.)/(Original Issue Yield: 6.875%), 7/1/2028 | NR | 510,215 |
| 1,000,000 | Wisconsin State HEFA, Revenue Bonds, 7.25% (Community Memorial Hospital)/(Original Issue Yield: 7.45%), 1/15/2033 | NR | 1,009,900 |
| | *TOTAL* | | 5,522,037 |
| | *TOTAL MUNICIPAL BONDS (IDENTIFIED COST $136,135,590)* | | 141,570,411 |

| **Principal Amount** | | **Credit Rating[1]** | **Value** |
|---|---|---|---|
| | SHORT-TERM MUNICIPALS--0.3% | | |
| | **Texas--0.3%** | | |
| $ 400,000 | Harris County, TX HFDC, (Series 2002) Daily VRDNs (Methodist Hospital, Harris County, TX) (AT AMORTIZED COST) | AA/NR/NR | $ 400,000 |
| | *TOTAL INVESTMENTS--100% (IDENTIFIED COST $136,535,589)[4]* | | 141,970,411 |
| | *OTHER ASSETS AND LIABILITIES--NET* | | 1,294,997 |
| | *LIQUIDATION VALUE OF AUCTION PREFERRED SHARES* | | (53,675,000 ) |
| | *TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS* | | $ 89,590,408 |

*At November 30, 2004, the Fund holds no securities that are subject to the federal alternative minimum tax (AMT).*

*1 Current credit ratings provided by Standard & Poor's, Moody's Investors Service, and Fitch Ratings, respectively, are unaudited.*

*2 Denotes a restricted security, including securities purchased under Rule 144A of the Securities Act of 1933. These securities, unless registered under the Act or exempted from registration, may only be sold to qualified institutional investors. At November 30, 2004, these securities amounted to $2,485,500 which represents 1.8% of total market value.*

*3 Denotes a restricted security, including securities purchased under Rule 144A that have been deemed liquid by criteria approved by the Fund's Board of Trustees. At November 30, 2004, these securities amounted to $2,485,500 which represents 1.8% of total market value.*

*4 The cost of investments for federal tax purposes amounts to $136,535,345.*

Note: The categories of investments are shown as a percentage of total market value at November 30, 2004.

The following acronyms are used throughout this portfolio:

AMBAC --American Municipal Bond Assurance Corporation
EDA --Economic Development Authority
EDFA --Economic Development Financing Authority
FGIC --Financial Guaranty Insurance Company
FSA --Financial Security Assurance
GO --General Obligation
HDA --Hospital Development Authority
HEFA --Health and Education Facilities Authority
HFDC --Health Facility Development Corporation
IDA --Industrial Development Authority
INS --Insured
LOC --Letter of Credit
LT --Limited Tax
PCR --Pollution Control Revenue
PRF --Prerefunded
UT --Unlimited Tax
VRDNs --Variable Rate Demand Notes
See Notes which are an integral part of the Financial Statements

# Federated Premier Intermediate Municipal Income Fund- Portfolio of Investments Summary Tables

At November 30, 2004, the Fund's credit quality ratings composition [1] was as follows:

| S&P Long-Term Ratings as Percentage of Total Investments [2] | | Moody's Long-Term Ratings as Percentage of Total Investment [2] | |
|---|---|---|---|
| AAA | 40.1% | Aaa | 45.9% |
| AA | 4.2% | Aa | 2.3% |

| | | | |
|---|---|---|---|
| A | 6.1% | A | 5.0% |
| BBB | 15.8% | Baa | 18.3% |
| BB | 3.7% | Ba | 1.5% |
| B | 1.6% | B | 1.0% |
| Not Rated by S&P | 28.5% | Not Rated by Moody's | 26.0% |
| *TOTAL* | **100.0%** | *TOTAL* | **100.0%** |

At November 30, 2004, the Fund's top six sector exposures [3] were as follows:

| **Sector Composition** | **Percentage of Total Investments [2]** |
|---|---|
| Insured | 45.6% |
| Hospital | 11.4% |
| Special Tax | 8.3% |
| Lifecare | 7.9% |
| General Obligation | 6.1% |
| Electric and Gas | 5.9% |

*1 These tables depict the long-term, credit-quality ratings assigned to the Fund's portfolio holdings by Standard & Poor's (S&P) and Moody's Investors Service (Moody's), each of which is a nationally recognized statistical rating organization (NRSRO). These credit-quality ratings are shown without regard to gradations within a given rating category. For example, securities rated "A-" have been included in the "A" rated category. Holdings that are rated only by a different NRSRO than the one identified have been included in the "Not rated by..." category. Rated securities that have been prerefunded, but not rated again by the NRSRO, also have been included in the "Not rated by..." category.*

*Rated securities include a security with an obligor and/or credit enhancer that has received a rating from an NRSRO with respect to a class of debt obligations that is comparable in priority and security with the security held by the Fund. Credit-quality ratings are an assessment of the risk that a security will default in payment and do not address other risks presented by the security. Please see the descriptions of credit-quality ratings in the Fund's Statement of Additional Information.*

*These tables depict the long-term, credit-quality ratings as assigned only by the NRSRO identified in each table. Of the portfolio's total net assets, 19.1% do not have long-term ratings by either of these NRSROs or by Fitch Ratings.*

*2 Percentages are based on total investments, which may differ from the Fund's total net assets used in computing the percentages in the portfolio of investments which follows.*

*3 Sector classifications, and the assignment of holdings to such sectors, are based upon the economic sector and/or revenue source of the underlying borrower, as determined by the Fund's adviser. For securities that have been enhanced by a third-party, such as a guarantor, sector classifications are based upon the economic sector and/or revenue source of the third-party, as determined by the Fund's adviser. Securities that are insured by a bond insurer are assigned to the "Insured" sector.*

# Federated Premier Intermediate Municipal Income Fund - Portfolio of Investments

November 30, 2004

| Principal Amount | | Credit Rating1 | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--99.9% | | |
| | **Alaska--2.6%** | | |
| $ 3,815,000 | Alaska State Housing Finance Corp., State Capitalization Project Revenue Bonds, (Series A), 5.00% (MBIA Insurance Corp. INS), 7/1/2011 | AAA/Aaa/AAA | $ 4,192,456 |
| | **Arizona--1.6%** | | |
| 1,000,000 | Arizona Tourism & Sports Authority, Multipurpose Stadium Facility Tax Revenue Bonds (Series A), 5.00% (MBIA Insurance Corp. INS), 7/1/2010 | NR/Aaa/AAA | 1,095,940 |
| 1,500,000 | Verrado Community Facilities District No. 1, AZ, Revenue Bonds, 6.15%, 7/15/2017 | NR | 1,527,480 |
| | *TOTAL* | | 2,623,420 |
| | **Arkansas--0.7%** | | |
| 1,000,000 | Arkansas Development Finance Authority, Revenue Bonds, 7.25% (Washington Regional Medical Center)/(Original Issue Yield: 7.40%), 2/1/2020 | BBB-/Baa3/BBB | 1,101,910 |
| | **California--8.8%** | | |
| 1,250,000 | California Educational Facilities Authority, Revenue Bonds (Series 2000A), 6.75% (Fresno Pacific University), 3/1/2019 | NR/Baa3/NR | 1,375,587 |
| 570,000 | California Health Facilities Financing Authority, Health Facility Revenue Bonds (Series 2004I), 4.95% TOBs (Catholic Healthcare West), Mandatory Tender 7/1/2014, maturity 7/1/2026 | BBB+/Baa1/A- | 590,896 |
| 4,000,000 | California State, Refunding UT GO Bonds, 5.25%, 2/1/2014 | A/A3/A- | 4,377,960 |
| 2,000,000 | Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Revenue Bonds (Series 2003A-1), | BBB/Baa3/BBB | 1,950,680 |

| | | | |
|---|---|---|---|
| | 6.25% (Original Issue Yield: 6.55%), 6/1/2033 | | |
| 2,000,000 | Oakland, CA Redevelopment Agency, Tax Allocation Bonds, 5.00% (FGIC INS), 9/1/2010 | AAA/Aaa/AAA | 2,198,160 |
| 1,855,000 | San Francisco, CA City & County Airport Commission, Revenue Refunding Bonds (Second Series-Issue 29B), 5.00% (FGIC INS), 5/1/2012 | AAA/Aaa/AAA | 2,038,571 |
| 1,500,000 | San Francisco, CA City & County Airport Commission, Revenue Refunding Bonds (Second Series-Issue 29B), 5.25% (FGIC INS), 5/1/2013 | AAA/Aaa/AAA | 1,673,955 |
| | *TOTAL* | | 14,205,809 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Colorado--3.3%** | | |
| $ 725,000 | Antelope Heights Metropolitan District, CO, LT GO Bonds, 8.00%, 12/1/2023 | NR | $ 725,739 |
| 500,000 | Buckhorn Valley Metropolitan District No. 2, CO, LT GO Bonds, 7.00%, 12/1/2023 | NR | 500,495 |
| 500,000 | Colorado Educational & Cultural Facilities Authority, Revenue Refunding Bonds (Series A), 6.25% (Denver Academy)/(Original Issue Yield: 6.50%), 11/1/2013 | BB+/NR/NR | 501,150 |
| 865,000 | Conservatory Metropolitan District, CO, LT GO Bonds, 7.40%, 12/1/2016 | NR | 901,010 |
| 1,855,000 | Denver, CO City & County Airport Authority, Airport Revenue Bonds, (Series E), 6.00% (MBIA Insurance Corp. INS), 11/15/2011 | AAA/Aaa/AAA | 2,134,604 |
| 500,000 | Southlands, CO Metropolitan District No. 1, LT GO Bonds (Series 2004), 7.00% (Original Issue Yield: 7.05%), 12/1/2024 | NR | 497,605 |
| | *TOTAL* | | 5,260,603 |
| | **Connecticut--0.5%** | | |
| 750,000 | Connecticut State Development Authority, First Mortgage Gross Revenue Health Care Project Bonds (Series 2003), 5.75% (Elim Park Baptist Home, Inc.)/(Original Issue Yield: 5.90%), 12/1/2023 | BBB+/NR/NR | 775,867 |

| | | | |
|---|---|---|---|
| | **Delaware--0.7%** | | |
| 1,000,000 | Delaware Health Facilities Authority, Revenue Bonds, 4.00% (Christiana Care Health Services)/ (AMBAC INS), 10/1/2007 | AAA/Aaa/AAA | 1,039,260 |
| | **District of Columbia--1.4%** | | |
| 2,000,000 | District of Columbia, Refunding UT GO (Series 2002C), 5.25% (XL Capital Assurance Inc. INS), 6/1/2010 | AAA/Aaa/AAA | 2,196,160 |
| | **Florida--5.6%** | | |
| 1,000,000 | [2,3] Capital Trust Agency, FL, Revenue Bonds (Series 2001), 10.00% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | NR | 1,226,020 |
| 600,000 | [2,3] Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | NR | 702,198 |
| 300,000 | Concorde Estates, FL Community Development District, Revenue Bonds (Series 2004B), 5.00% (Original Issue Yield: 5.10%), 5/1/2011 | NR | 299,580 |
| 800,000 | Fishhawk Community Development District II, Special Assessment Revenue Bonds (Series 2004B), 5.125% (Original Issue Yield: 5.20%), 11/1/2009 | NR | 810,960 |

| **Principal Amount** | | **Credit Rating[1]** | **Value** |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Florida--continued** | | |
| $ 840,000 | Gateway Services, FL Community Development District, Special Assessment Bonds (Series 2003B), 5.50% (Original Issue Yield: 5.65%), 5/1/2010 | NR | $ 849,593 |
| 1,020,000 | Heritage Harbour South Community Development District, FL, Capital Improvement Revenue Bonds (Series 2002B), 5.40% (Original Issue Yield: 5.50%), 11/1/2008 | NR | 1,028,823 |
| 750,000 | Miami Beach, FL Health Facilities Authority, Hospital Revenue Bonds (Series 2001A), 6.70% (Mt. Sinai Medical Center, FL)/(Original Issue Yield: 6.80%), 11/15/2019 | BB/Ba2/BB | 784,837 |
| 400,000 | Midtown Miami, FL Community Development District, Special Assessment Bonds (Series 2004A), 6.00%, 5/1/2024 | NR | 411,716 |
| 500,000 | Orlando, FL Urban Community Development District, Capital Improvement Revenue Bonds, 6.00%, 5/1/2020 | NR | 507,905 |

| | | | |
|---|---|---|---|
| 1,960,000 | Palm Beach County, FL Health Facilities Authority, Revenue Bonds, 5.625% (Adult Communities Total Services, Inc.)/(Original Issue Yield: 5.889%), 11/15/2020 | BBB+/NR/BBB+ | 2,006,138 |
| 380,000 | Plantation, FL, Refunding & Improvement Projects Revenue Bonds, 5.00% (FSA INS), 8/15/2020 | NR/Aaa/AAA | 401,816 |
| | *TOTAL* | | 9,029,586 |
| | **Georgia--1.9%** | | |
| 750,000 | Fulton County, GA Residential Care Facilities, Revenue Bonds (Series 2004A), 6.00% (Canterbury Court), 2/15/2022 | NR | 753,735 |
| 2,115,000 | Municipal Electric Authority of Georgia, Revenue Bonds (Series 2002A), 5.25% (MBIA Insurance Corp. INS), 11/1/2015 | AAA/Aaa/AAA | 2,320,536 |
| | *TOTAL* | | 3,074,271 |
| | **Hawaii--1.0%** | | |
| 1,550,000 | Hawaii State Department of Budget & Finance, Special Purpose Revenue Bonds (Series A), 7.00% (Kahala Nui)/(Original Issue Yield: 7.00%), 11/15/2012 | NR | 1,612,325 |
| | **Illinois--3.2%** | | |
| 1,000,000 | Chicago, IL Board of Education, UT GO Bonds (Series 2003A), 5.25% (MBIA Insurance Corp. INS), 12/1/2012 | AAA/Aaa/AAA | 1,113,260 |
| 1,790,000 | Chicago, IL O'Hare International Airport, Second Lien Passenger Facilities Revenue Bonds (Series B), 5.50% (AMBAC INS), 1/1/2015 | AAA/Aaa/AAA | 1,972,437 |
| 1,000,000 | Chicago, IL Special Assessment, Improvement Bonds (Series 2002), 6.626% (Lakeshore East Project)/ (Original Issue Yield: 6.637%), 12/1/2022 | NR | 1,035,470 |

| **Principal Amount** | | **Credit Rating[1]** | **Value** |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Illinois--continued** | | |
| $ 1,000,000 | Illinois Educational Facilities Authority, Revenue Refunding Bonds (Series A), 5.00% (Augustana College)/(Original Issue Yield: 5.05%), 10/1/2014 | NR/Baa1/NR | $ 1,045,080 |
| | *TOTAL* | | 5,166,247 |
| | **Iowa--0.3%** | | |
| 500,000 | | NR/NR/BBB- | 511,075 |

| | | | |
|---|---|---|---|
| | Scott County, IA, Revenue Refunding Bonds (Series 2004), 5.625% (Ridgecrest Village), 11/15/2018 | | |
| | **Kansas--1.4%** | | |
| 2,000,000 | Wichita, KS Water & Sewer Utility, Revenue Bonds (Series 2003), 5.00% (FGIC INS), 10/1/2011 | AAA/Aaa/AAA | 2,205,180 |
| | **Kentucky--1.4%** | | |
| 2,000,000 | Kentucky EDFA, Revenue Bonds (Series A), 6.25% (Norton Healthcare, Inc.)/(Original Issue Yield: 6.45%), 10/1/2012 | NR/NR/BBB+ | 2,170,340 |
| | **Louisiana--3.1%** | | |
| 1,535,000 | Louisiana Local Government Environmental Facilities Community Development Authority, Revenue Bonds, 5.375% (BRCC Facilities Corp.)/(MBIA Insurance Corp. INS), 12/1/2014 | AAA/Aaa/AAA | 1,709,668 |
| 1,630,000 | Louisiana Local Government Environmental Facilities Community Development Authority, Revenue Bonds, 5.375% (BRCC Facilities Corp.)/(MBIA Insurance Corp. INS), 12/1/2015 | AAA/Aaa/AAA | 1,804,296 |
| 1,500,000 | West Feliciana Parish, LA, PCR Bonds, 7.00% (Entergy Gulf States, Inc.), 11/1/2015 | BB+/Ba1/NR | 1,540,110 |
| | *TOTAL* | | 5,054,074 |
| | **Massachusetts--3.9%** | | |
| 2,500,000 | Commonwealth of Massachusetts, LT GO Bonds (Series C), 5.50% (FSA INS), 11/1/2010 | AAA/Aaa/AAA | 2,806,475 |
| 1,000,000 | Commonwealth of Massachusetts, Refunding LT GO Bonds (Series 1997A), 5.75% (FGIC INS), 8/1/2008 | AAA/Aaa/AAA | 1,107,120 |
| 2,105,000 | Massachusetts Municipal Wholesale Electric Co., Power Supply System Revenue Bonds (Nuclear Project 3-A), 5.00% (MBIA Insurance Corp. INS), 7/1/2011 | AAA/Aaa/AAA | 2,302,828 |
| | *TOTAL* | | 6,216,423 |
| | **Michigan--3.0%** | | |
| 2,000,000 | Cornell Township MI, Economic Development Corp., Refunding Revenue Bonds, 5.875% (MeadWestvaco Corp.), 5/1/2018 | BBB/Baa2/NR | 2,136,780 |
| 500,000 | Gaylord, MI Hospital Finance Authority, Hospital Revenue Refunding Bonds (Series 2004), 6.20% (Otsego Memorial Hospital Obligated Group)/(Original Issue Yield: 6.45%), 1/1/2025 | NR | 485,780 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Michigan--continued** | | |
| $ 1,000,000 | Grand Rapids & Kent County, MI Joint Building Authority, Revenue Bonds, 5.25%, 12/1/2011 | AAA/Aaa NR | $ 1,113,960 |
| 1,000,000 | Michigan State Hospital Finance Authority, Hospital Refunding Revenue Bonds (Series 2003A), 5.625% (Henry Ford Health System, MI), 3/1/2017 | A-/A1/NR | 1,076,410 |
| | *TOTAL* | | 4,812,930 |
| | **Mississippi--1.7%** | | |
| 1,500,000 | Lowndes County, MS Solid Waste Disposal, Refunding PCR Bonds (Series 1992B), 6.70% (Weyerhaeuser Co.), 4/1/2022 | BBB/Baa2/NR | 1,769,115 |
| 1,000,000 | Mississippi Hospital Equipment & Facilities Authority, Refunding & Improvement Revenue Bonds, 5.75% (Southwest Mississippi Regional Medical Center)/(Original Issue Yield: 5.85%), 4/1/2023 | BBB+/NR/NR | 1,031,460 |
| | *TOTAL* | | 2,800,575 |
| | **Missouri--2.3%** | | |
| 1,450,000 | St. Louis, MO, Airport Revenue Bonds (Series A), 5.25% (MBIA Insurance Corp. INS), 7/1/2009 | AAA/Aaa/AAA | 1,580,007 |
| 1,060,000 | St. Louis, MO, Airport Revenue Bonds (Series A), 5.25% (MBIA Insurance Corp. INS), 7/1/2010 | AAA/Aaa/AAA | 1,163,212 |
| 910,000 | St. Louis, MO, Airport Revenue Bonds (Series A), 5.25% (MBIA Insurance Corp. INS), 7/1/2011 | AAA/Aaa/AAA | 1,002,638 |
| | *TOTAL* | | 3,745,857 |
| | **Nebraska--1.0%** | | |
| 1,500,000 | Nebraska Public Power District, Revenue Bonds (Series 2002B), 5.00% (AMBAC INS), 1/1/2009 | AAA/Aaa/AAA | 1,625,640 |
| | **Nevada--2.6%** | | |
| 2,000,000 | Clark County, NV, IDRBs (Series 2003C), 5.45% TOBs (Southwest Gas Corp.), Mandatory Tender 3/1/2013, maturity 3/1/2038 | BBB-/Baa2/NR | 2,125,380 |
| 1,000,000 | Las Vegas, NV Special Improvement District No. 607, Local Improvement Special Assessment Bonds (Series 2004), | NR | 1,033,260 |

| | | | |
|---|---|---|---|
| | 5.50%, 6/1/2013 | | |
| 1,000,000 | North Las Vegas, NV Special Improvement District No. 60, Local Improvement Special Assessment Bonds (Series 2002), 6.40% (Aliante), 12/1/2022 | NR | 1,014,110 |
| | *TOTAL* | | 4,172,750 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **New Jersey--3.5%** | | |
| $ 600,000 | New Jersey EDA, Revenue Refunding Bonds (Series A), 5.75% (Winchester Gardens at Ward Homestead)/ (Original Issue Yield: 5.75%), 11/1/2024 | NR/NR/BBB- | $ 617,190 |
| 1,000,000 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, 6.00% (Pascack Valley Hospital Association)/(Original Issue Yield: 6.25%), 7/1/2013 | B+/NR/BB | 939,880 |
| 1,250,000 | New Jersey State Transportation Corp., Certificates of Participation (Series 1999A), 5.00% (AMBAC INS), 9/15/2007 | AAA/Aaa/AAA | 1,334,475 |
| 1,450,000 | New Jersey State, Refunding UT GO Bonds (Series 2003J), 5.00%, 7/15/2009 | AA-/Aa3/AA- | 1,578,238 |
| 1,000,000 | Passaic Valley, NJ Sewer Authority, Sewer System Revenue Bonds, (Series F), 5.00% (FGIC INS), 12/1/2011 | NR/Aaa/AAA | 1,103,090 |
| | *TOTAL* | | 5,572,873 |
| | **New Mexico--0.8%** | | |
| 1,300,000 | Farmington, NM, Refunding Revenue Bonds (Series 2002A), 6.375% TOBs (El Paso Electric Co.), Mandatory Tender 8/1/2005, maturity 6/1/2032 | BBB-/Baa3/NR | 1,326,702 |
| | **New York--10.4%** | | |
| 395,000 | Dutchess County, NY IDA, Civic Facility Revenue Bonds (Series 2004B), 7.25% (St. Francis Hospital and Health Centers), 3/1/2019 | NR | 395,928 |
| 2,000,000 | Dutchess County, NY IDA, Revenue Bonds, 5.00% (Marist College)/(Original Issue Yield: 5.15%), 7/1/2020 | NR/Baa1/NR | 2,056,860 |
| 4,000,000 | Metropolitan Transportation Authority, NY, Refunding Transportation Revenue Bonds (Series 2002F), 5.00% (MBIA Insurance Corp. INS), 11/15/2011 | AAA/Aaa/AAA | 4,411,800 |

| | | | |
|---|---|---|---|
| 500,000 | New York City, NY, UT GO Bonds (Series 2001F), 5.25%, 8/1/2011 | A/A2/A+ | 549,810 |
| 2,000,000 | New York City, NY, UT GO Bonds, (Series D), 5.00% (Original Issue Yield: 5.21%), 6/1/2017 | A/A2/A+ | 2,089,620 |
| 2,360,000 | New York State Dormitory Authority, Insured Revenue Bonds (Series 2001A), 5.00% (NYSARC, Inc.)/ (FSA INS), 7/1/2010 | AAA/Aaa/AAA | 2,585,144 |
| 1,490,000 | New York State Dormitory Authority, Revenue Bonds (Series 2003A), 5.25% (Brooklyn Law School)/ (Radian Asset Assurance INS), 7/1/2009 | AA/NR/NR | 1,631,595 |
| 1,595,000 | New York State Urban Development Corp., Correctional & Youth Facilities Service Contract Bonds (Series 2002C), 4.00% (New York State)/(XL Capital Assurance Inc. INS), 1/1/2010 | AAA/Aaa/AAA | 1,657,077 |
| 1,225,000 | Unadilla, NY Central School District No. 2, UT GO Bonds, 4.50% (FGIC INS), 6/15/2011 | AAA/Aaa/AAA | 1,308,582 |
| | *TOTAL* | | 16,686,416 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **North Carolina--3.6%** | | |
| $ 1,000,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds (Series D), 5.50%, 1/1/2014 | BBB/Baa2/BBB+ | $ 1,090,610 |
| 500,000 | North Carolina Medical Care Commission, Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2004A), 5.00% (Deerfield Episcopal Retirement Community), 11/1/2023 | NR/NR/A- | 496,775 |
| 965,000 | North Carolina Medical Care Commission, Health Care Housing Revenue Bonds (Series 2004A), 5.50% (Arc of North Carolina Projects), 10/1/2024 | NR/Baa1/NR | 956,875 |
| 3,000,000 | North Carolina Municipal Power Agency No. 1, Electric Revenue Bonds (Series 2003A), 5.50%, 1/1/2014 | BBB+/Baa1/BBB+ | 3,274,620 |
| | *TOTAL* | | 5,818,880 |
| | **Ohio--3.5%** | | |

| | | | |
|---|---|---|---|
| 3,000,000 | Ohio State Air Quality Development Authority, PCR Refunding Bonds (Series 2002A), 6.00% (Cleveland Electric Illuminating Co.), 12/1/2013 | BB+/Baa3/BBB- | 3,159,450 |
| 2,000,000 | Ohio State, Higher Education Capital Facilities Revenue Bonds (Series II-A), 5.00%, 12/1/2008 | AA/Aa2/AA | 2,174,300 |
| 250,000 | [2,3] Port of Greater Cincinnati, OH Development Authority, Special Assessment Revenue Bonds, 6.30% (Cincinnati Mills), 2/15/2024 | NR | 252,473 |
| | *TOTAL* | | 5,586,223 |
| | **Oregon--0.6%** | | |
| 1,000,000 | Yamhill County, OR Hospital Authority, Revenue Bonds, 6.50% (Friendsview Retirement Community), 12/1/2018 | NR | 1,014,900 |
| | **Pennsylvania--10.1%** | | |
| 1,400,000 | Allegheny County, PA HDA, Health System Revenue Bonds, (Series 2000B), 9.25% (West Penn Allegheny Health System)/(Original Issue Yield: 9.30%), 11/15/2015 | B/B1/B+ | 1,622,586 |
| 400,000 | Crawford County, PA Hospital Authority, Senior Living Facilities Revenue Bonds (Series 1999), 6.125% (Wesbury United Methodist Community Obligated Group)/(Original Issue Yield: 6.32%), 8/15/2019 | NR/NR/BBB- | 412,820 |
| 281,000 | Crawford County, PA Hospital Authority, Senior Living Facilities Revenue Bonds, 5.90% (Wesbury United Methodist Community Obligated Group), 8/15/2009 | NR/NR/BBB- | 286,631 |
| 1,550,000 | Cumberland County, PA Municipal Authority, Revenue Bonds (Series 2002A), 6.00% (Wesley Affiliated Services, Inc. Obligated Group), 1/1/2013 | NR | 1,550,759 |
| 1,500,000 | Pennsylvania State Higher Education Facilities Authority, Health System Revenue Bonds (Series A), 6.25% (UPMC Health System), 1/15/2018 | A+/NR/A | 1,666,230 |

| **Principal Amount** | | **Credit Rating[1]** | **Value** |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Pennsylvania--continued** | | |
| $ 3,975,000 | Pennsylvania State IDA, EDRBs, 5.25% (AMBAC INS), 7/1/2011 | AAA/Aaa/AAA | $ 4,416,702 |
| 1,385,000 | Pennsylvania State Turnpike Commission, Oil Franchise Tax Revenue Bonds (Series 2003A), 5.00% (MBIA Insurance | AAA/Aaa/AAA | 1,525,176 |

| | | | |
|---|---|---|---|
| | Corp. INS), 12/1/2010 | | |
| 1,475,000 | Philadelphia, PA Gas Works, Revenue Bonds (Sixteenth Series), 5.25% (FSA INS), 7/1/2008 | AAA/Aaa/AAA | 1,600,862 |
| 1,000,000 | Philadelphia, PA Water & Wastewater System, Refunding Revenue Bonds, 5.25% (AMBAC INS), 12/15/2011 | AAA/Aaa/AAA | 1,116,890 |
| 1,860,000 | State Public School Building Authority, PA, Revenue Bonds, 5.25% (MBIA Insurance Corp. INS), 9/1/2008 | AAA/Aaa/AAA | 1,972,102 |
| | *TOTAL* | | 16,170,758 |
| | **South Carolina--0.7%** | | |
| 1,000,000 | Georgetown County, SC Environmental Improvements, Refunding Revenue Bonds (Series 2000A), 5.95% (International Paper Co.), 3/15/2014 | BBB/Baa2/NR | 1,119,930 |
| | **Texas--5.1%** | | |
| 1,000,000 | Abilene, TX HFDC, Retirement Facilities Revenue Bonds (Series 2003A), 6.50% (Sears Methodist Retirement), 11/15/2020 | NR | 1,019,500 |
| 1,000,000 | Brazos River Authority, TX, PCR Refunding Bonds (Series 2003D), 5.40% TOBs (TXU Energy), Mandatory Tender 10/1/2014, maturity 10/1/2029 | BBB/Baa2/BBB | 1,054,160 |
| 1,000,000 | Decatur, TX Hospital Authority, Hospital Revenue Bonds (Series 2004A), 6.50% (Wise Regional Health System), 9/1/2014 | NR | 1,040,360 |
| 1,500,000 | Houston, TX Airport System, Subordinated Lien Revenue Bonds, 5.25% (FSA INS), 7/1/2012 | AAA/Aaa/AAA | 1,662,450 |
| 500,000 | Houston, TX HFDC, Retirement Facilities Revenue Bonds (Series 2004A), 6.25% (Buckingham Senior Living Community), 2/15/2020 | NR | 500,305 |
| 1,475,000 | Houston, TX Hotel Occupancy Tax, Convention & Entertainment Special Revenue Bonds (Series 2001B), 5.375% (AMBAC INS), 9/1/2013 | AAA/Aaa/AAA | 1,636,498 |
| 250,000 | Sabine River Authority, TX, Refunding PCR Bonds (Series 2003A), 5.80% (TXU Energy), 7/1/2022 | BBB/Baa2/NR | 265,953 |
| 1,000,000 | Tyler, TX Health Facilities Development Corp., Hospital Revenue Bonds, 5.25% (Mother Frances Hospital), 7/1/2012 | NR/Baa1/BBB+ | 1,074,970 |
| | *TOTAL* | | 8,254,196 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Virginia--1.8%** | | |
| $ 882,000 | Bell Creek CDA, VA, Special Assessment Revenue Bonds (Series 2003), 6.75%, 3/1/2022 | NR | $ 888,200 |
| 1,000,000 | Broad Street Community Development Authority, VA, Revenue Bonds, 7.10% (Original Issue Yield: 7.15%), 6/1/2016 | NR | 995,730 |
| 1,000,000 | Peninsula Port Authority, VA, Residential Care Facility Revenue Bonds (Series 2003A), 7.375% (Virginia Baptist Homes Obligated Group)/(Original Issue Yield: 7.50%), 12/1/2023 | NR | 1,071,020 |
| | *TOTAL* | | 2,954,950 |
| | **Washington--5.4%** | | |
| 500,000 | Skagit County, WA Public Hospital District No. 1, Refunding Revenue Bonds, 6.00% (Skagit Valley Hospital), 12/1/2018 | NR/Baa3/NR | 517,025 |
| 1,005,000 | Snohomish County, WA Public Utility District No. 001, Refunding Generation System Revenue Bonds (Series 2002B), 5.25% (FSA INS), 12/1/2012 | AAA/Aaa/AAA | 1,120,304 |
| 1,000,000 | Spokane, WA, Refunding LT GO Bonds, 5.00% (FGIC INS), 6/1/2011 | AAA/Aaa/AAA | 1,096,490 |
| 1,450,000 | Tobacco Settlement Authority, WA, Tobacco Settlement Asset Backed Revenue Bonds, 6.50% (Original Issue Yield: 6.65%), 6/1/2026 | BBB/Baa3/NR | 1,460,339 |
| 1,000,000 | Washington State Public Power Supply System, Nuclear Project No, 2 Revenue Refunding Bonds (Series 1992A), 6.30% (Energy Northwest, WA)/(Original Issue Yield: 6.40%), 7/1/2012 | AA-/Aaa/AA- | 1,176,720 |
| 1,435,000 | Yakima County, WA, LT GO Bonds (2002), 5.00% (AMBAC INS), 12/1/2010 | NR/Aaa/AAA | 1,574,482 |
| 1,495,000 | Yakima County, WA, LT GO Bonds (2002), 5.25% (AMBAC INS), 12/1/2011 | NR/Aaa/AAA | 1,667,344 |
| | *TOTAL* | | 8,612,704 |

| Principal Amount | | Credit Rating[1] | Value |
|---|---|---|---|
| | MUNICIPAL BONDS--continued | | |
| | **Wisconsin--2.4%** | | |
| $ 200,000 | Wisconsin State HEFA, Revenue Bonds (Series 2004), 5.50% (Blood Center of Southeastern Wisconsin, Inc.)/(Original Issue Yield: 5.583%), 6/1/2024 | BBB+/NR/NR | $ 205,980 |
| 500,000 | Wisconsin State HEFA, Revenue Bonds (Series 2004A), 6.125% (Southwest Health Center)/(Original Issue Yield: 6.15%), 4/1/2024 | NR | 489,970 |
| 2,000,000 | Wisconsin State HEFA, Revenue Bonds, 5.75% (SynergyHealth, Inc.), 11/15/2015 | BBB+/NR/A- | 2,143,260 |
| 1,000,000 | Wisconsin State HEFA, Revenue Bonds, 7.125% (Community Memorial Hospital)/(Original Issue Yield: 7.25%), 1/15/2022 | NR | 1,020,970 |
| | *TOTAL* | | 3,860,180 |
| | *TOTAL MUNICIPAL BONDS (IDENTIFIED COST $156,531,899)* | | 160,571,470 |
| | SHORT-TERM MUNICIPALS--0.1% | | |
| | **Texas--0.1%** | | |
| 200,000 | Harris County, TX HFDC (Series 2002) Daily VRDNs (Methodist Hospital, Harris County, TX) (AT AMORTIZED COST) | A-1+/NR/NR | 200,000 |
| | *TOTAL INVESTMENTS--100% (IDENTIFIED COST $156,731,899)*[4] | | 160,771,470 |
| | *OTHER ASSETS AND LIABILITIES--NET* | | 1,161,767 |
| | *LIQUIDATION VALUE OF AUCTION PREFERRED SHARES* | | (61,025,000 ) |
| | *TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS* | | $ 100,908,237 |

*At November 30, 2004, the Fund holds no securities that are subject to the federal alternative minimum tax (AMT).*

*1 Current credit ratings provided by Standard & Poor's, Moody's Investors Service, and Fitch Ratings, respectively, are unaudited.*

*2 Denotes a restricted security, including securities purchased under Rule 144A of the Securities Act of 1933. These securities, unless registered under the Act or exempted from registration, may only be sold to qualified institutional*

*investors. At November 30, 2004, these securities amounted to $2,180,691 which represents 1.4% of total market value.*

*3 Denotes a restricted security, including securities purchased under Rule 144A that have been deemed liquid by criteria approved by the Fund's Board of Trustees. At November 30, 2004, these securities amounted to $2,180,691 which represents 1.4% of total market value.*

*4 The cost of investments for federal tax purposes amounts to $156,731,585.*

Note: The categories of investments are shown as a percentage of total market value at November 30, 2004.

The following acronyms are used throughout this portfolio:

AMBAC --American Municipal Bond Assurance Corporation
CDA --Community Development Administration
EDA --Economic Development Authority
EDFA --Economic Development Financing Authority
EDRBs --Economic Development Revenue Bonds
FGIC --Financial Guaranty Insurance Company
FSA --Financial Security Assurance
GO --General Obligation
HDA --Hospital Development Authority
HEFA --Health and Education Facilities Authority
HFDC --Health Facility Development Corporation
IDA --Industrial Development Authority
IDRBs --Industrial Development Revenue Bonds
INS --Insured
LT --Limited Tax
PCR --Pollution Control Revenue
TOBs --Tender Option Bonds
UT --Unlimited Tax
VRDNs --Variable Rate Demand Notes
See Notes which are an integral part of the Financial Statements

# Statements of Assets and Liabilities

November 30, 2004

| | Federated Premier Municipal Income Fund | Federated Premier Intermediate Municipal Income Fund |
|---|---|---|
| **Assets:** | | |
| Investments in securities, at value | $ 141,970,411 | $ 160,771,470 |
| Cash | 2,161 | 94,393 |

| | | |
|---|---|---|
| Income receivable | 2,401,508 | 2,637,498 |
| Receivable for investments sold | -- | 10,000 |
| *TOTAL ASSETS* | 144,374,080 | 163,513,361 |
| **Liabilities:** | | |
| Net payable for swap contracts | 537,446 | 555,176 |
| Income distribution payable--Common Shares | 511,948 | 451,554 |
| Income distribution payable--Preferred Shares | 10,658 | 18,722 |
| Payable for daily variation margin | -- | 2,557 |
| Payable for investments purchased | -- | 512,834 |
| Accrued expenses | 48,620 | 39,281 |
| *TOTAL LIABILITIES* | 1,108,672 | 1,580,124 |
| Auction Market Preferred Shares (2,147 and 2,441 shares, respectively, authorized and issued at $25,000 per share) | $ 53,675,000 | $ 61,025,000 |
| **Net Assets Applicable to Common Shares Consist of:** | | |
| Paid-in capital | $ 86,627,147 | $ 98,478,870 |
| Net unrealized appreciation of investments, swap contracts and futures contracts | 4,897,376 | 3,479,561 |
| Accumulated net realized loss on investments, swap contracts and futures contracts | (2,519,329 ) | (1,650,906 ) |
| Undistributed net investment income | 585,214 | 600,712 |
| *TOTAL NET ASSETS APPLICABLE TO COMMON SHARES* | $ 89,590,408 | $ 100,908,237 |
| **Common Shares Outstanding, ($0.01 par value, unlimited shares authorized):** | 6,112,815 | 6,946,981 |
| Net asset value per share | $14.66 | $14.53 |
| Investments, at identified cost | $ 136,535,589 | $ 156,731,899 |

See Notes which are an integral part of the Financial Statements

# Statements of Operations

Year Ended November 30, 2004

| | Federated Premier Municipal Income Fund | Federated Premier Intermediate Municipal Income Fund |
|---|---|---|
| **Investment Income:** | | |
| Interest | $ 7,830,492 | $ 7,332,499 |
| **Expenses:** | | |
| Investment adviser fee (Note 5) | 783,675 | 892,209 |
| Administrative personnel and services fee (Note 5) | 150,000 | 150,000 |
| Custodian fees | 3,101 | 3,154 |
| Transfer and dividend disbursing agent fees and expenses | 33,624 | 34,511 |
| Directors'/Trustees' fees | 13,568 | 13,649 |
| Auditing fees | 46,976 | 46,976 |
| Legal fees | 5,839 | 6,717 |
| Portfolio accounting fees (Note 5) | 74,641 | 75,885 |
| Printing and postage | 20,646 | 20,694 |
| Insurance premiums | 7,759 | 14,168 |
| Auction agent fees | 6,500 | 6,162 |
| Trailer commission fees (Note 2) | 136,424 | 155,105 |
| Miscellaneous | 44,745 | 38,592 |
| *TOTAL EXPENSES* | 1,327,498 | 1,457,822 |
| **Waivers (Note 5):** | | |

| | | |
|---|---|---|
| Waiver of investment adviser fee | (284,973 ) | (324,440 ) |
| Waiver of administrative personnel and services fee | (146,853 ) | (72,683 ) |
| *TOTAL WAIVERS* | (431,826 ) | (397,123 ) |
| Net expenses | 895,672 | 1,060,699 |
| Net investment income | 6,934,820 | 6,271,800 |
| **Realized and Unrealized Gain (Loss) on Investments, Swap Contracts and Futures Contracts:** | | |
| Net realized loss on investments and swap contracts | (2,141,147 ) | (1,472,812 ) |
| Net realized loss on futures contracts | (171,328 ) | (120,522) |
| Net change in unrealized appreciation of investments | 2,239,085 | 402,982 |
| Net change in unrealized appreciation of future contracts | -- | (4,834 ) |
| Net change in unrealized depreciation on swap contracts | 475,919 | 161,271 |
| Net realized and unrealized gain (loss) on investments, swap contracts and futures contracts | 402,529 | (1,033,915 ) |
| Income distributions declared to Preferred Shareholders | (601,562 ) | (693,390 ) |
| Change in net assets resulting from operations applicable to Common Shares | $ 6,735,787 | $ 4,544,495 |

See Notes which are an integral part of the Financial Statements

# Statements of Changes in Net Assets

| | Federated Premier Municipal Income Fund | | Federated Premier Intermediate Municipal Income Fund | |
|---|---|---|---|---|
| | Year Ended 11/30/2004 | Period Ended 11/30/2003 [1] | Year Ended 11/30/2004 | Period Ended 11/30/2003 [1] |
| **Increase (Decrease) in Net Assets** | | | | |
| **Operations:** | | | | |
| Net investment income | $ 6,934,820 | $ 5,934,037 | $ 6,271,800 | $ 5,355,588 |

| | | | | |
|---|---|---|---|---|
| Net realized loss on investments, swap contracts and futures contracts | (2,312,475 ) | (207,101 ) | (1,593,334 ) | (57,925 ) |
| Net change in unrealized appreciation/depreciation of investment, swap contracts and futures contracts | 2,715,004 | 2,182,372 | 559,419 | 2,920,142 |
| Distributions from net investment income--Preferred Shares | (601,562) | (423,704 ) | (693,390) | (485,588 ) |
| *CHANGE IN NET ASSETS RESULTING FROM OPERATIONS APPLICABLE TO COMMON SHARES* | 6,735,787 | 7,485,604 | 4,544,495 | 7,732,217 |
| **Distributions to Common Shareholders:** | | | | |
| Distributions from net investment income--Common Shares | (6,142,154 ) | (5,115,976 ) | (5,418,645 ) | (4,428,700 ) |
| **Share Transactions Applicable to Common Shares:** | | | | |
| Proceeds from sale of shares | -- | 86,542,052 | -- | 98,478,870 |
| Net asset value of shares issued to shareholders in payment of distributions declared | 46,016 | 39,079 | -- | -- |
| *CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS* | 46,016 | 86,581,131 | -- | -- |
| Change in net assets | 639,649 | 88,950,759 | (874,150) | 98,478,870 |
| **Net Assets Applicable to Common Shares:** | | | | |
| Beginning of period | 88,950,759 | -- | 101,782,387 | -- |
| End of period | $ 89,590,408 | $ 88,950,759 | $ 100,908,237 | $ 101,782,387 |
| Undistributed net investment income included at end of period | $ 585,214 | $ 394,304 | $ 600,713 | $ 441,133 |

*1 For the period from December 20, 2002 (date of initial public investment) to November 30, 2003.*

See Notes which are an integral part of the Financial Statements

# Notes to Financial Statements

November 30, 2004

## 1. ORGANIZATION

Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund (individually referred to as the "Fund", or collectively as the "Funds") are registered under the Investment Company Act of 1940, as amended (the "Act"), as diversified, closed-end management investment companies.

Prior to commencing operations on December 20, 2002, Federated Premier Municipal Income Fund had no operations other than matters relating to its organization and registration and the sale and issuance of 6,981 common shares of beneficial interest (common shares) to Federated Investment Management Company (the "Investment Adviser"). The Fund issued 5,850,000 shares of common stock in its initial public offering on December 20, 2002. These shares were issued at $15.00 per share before underwriting discount of $0.68 per share. Offering costs of $175,500 (representing $0.03 per share) were offset against proceeds of the offering and have been charged to paid-in capital. The Investment Adviser paid all offering costs (other than underwriting discount) and organizational expenses regarding the common share offering which exceed $0.03 per share of the Fund. An additional 250,000 common shares were issued on February 3, 2003 at $15.00 per share. On February 13, 2003, the Fund issued 2,147 preferred shares at $25,000 per share before underwriting discount of $0.69 per share. Offering costs of $726,739 (representing $0.12 per share) were offset against proceeds of the offering and have been charged to paid-in capital.

Prior to commencing operations on December 20, 2002, Federated Premier Intermediate Municipal Income Fund had no operations other than matters relating to its organization and registration and the sale and issuance of 6,981 common shares to the Investment Adviser. The Fund issued 6,400,000 shares of common stock in its initial public offering on December 20, 2002. These shares were issued at $15.00 per share before underwriting discount of $0.68 per share. Offering costs of $192,000 (representing $0.03 per share) were offset against proceeds of the offering and have been charged to paid-in capital. The Investment Adviser paid all offering costs (other than underwriting discount) and organizational expenses regarding the common share offering which exceeded $0.03 per share of the Fund. An additional 540,000 common shares were issued on February 3, 2003 at $15.00 per share. On February 13, 2003, the Fund issued 2,441 preferred shares at $25,000 per share before underwriting discount of $0.70 per share. Offering costs of $793,521 (representing $0.12 per share) were offset against proceeds of the offering and have been charged to paid-in capital.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Funds in the preparation of their financial statements. These policies are in conformity with generally accepted accounting principles (GAAP) in the United States of America.

### Investment Valuation

Municipal bonds are valued by an independent pricing service, taking into consideration yield, liquidity, risk, credit quality, coupon, maturity, type of issue, and any other factors or market data the pricing service deems relevant. Short-term securities are valued at the prices provided by an independent pricing service. However, short-term securities with remaining maturities of 60 days or less at the time of purchase may be valued at amortized cost, which approximates fair market value. Securities for which no quotations are readily available are valued at fair value as

determined in accordance with procedures established by and under general supervision of the Board of Trustees (the "Trustees").

## Investment Income, Expenses and Distributions

Interest income and expenses are accrued daily. Non-cash dividends included in dividend income, if any, are recorded at fair value. Distributions to common shareholders are recorded on the ex-dividend date. Distributions to preferred shareholders are recorded daily and paid weekly at a rate set through auction procedures. The dividend rate to preferred shareholders for Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund at November 30, 2004 was 1.45% and 1.63%, respectively.

Each auction requires the participation of one or more Broker-Dealers. The auction agent, currently Deutsche Bank Trust Company Americas, will enter into agreements with one or more Broker-Dealers selected by the Fund, which provide for the participation of those Broker-Dealers in auctions for preferred shares. The auction agent will pay each Broker-Dealer after each auction, from funds provided by the Fund. The trailer commissions for Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund for the fiscal year ended November 30, 2004 were $136,424 and $155,105, respectively.

## Premium and Discount Amortization

All premiums and discounts on fixed-income securities are amortized/accreted for financial statement purposes.

## Federal Taxes

It is the Funds' policy to comply with the Subchapter M provision of the Internal Revenue Code (the "Code"), applicable to regulated investment companies and to distribute to shareholders each year substantially all of their income. Accordingly, no provision for federal income tax is necessary.

## When-Issued and Delayed Delivery Transactions

The Funds may engage in when-issued or delayed delivery transactions. The Funds record when-issued securities on the trade date and maintain security positions such that sufficient liquid assets will be available to make payment for the securities purchased. Securities purchased on a when-issued or delayed delivery basis are marked to market daily and begin earning interest on the settlement date. Losses may occur on these transactions due to changes in market conditions or the failure of counterparties to perform under the contract.

## Restricted Securities

Restricted securities are securities that may only be resold upon registration under federal securities laws or in transactions exempt from such registration. In some cases, the issuer of restricted securities has agreed to register such securities for resale, at the issuer's expense either upon demand by the Fund or in connection with another registered offering of the securities. Many restricted securities may be resold in the secondary market in transactions exempt from registration. Such restricted securities may be determined to be liquid under criteria established by the Trustees. The Funds will not incur any registration costs upon such resales. The Funds' restricted securities are valued at the price provided by dealers in the secondary market or, if no market prices are available, at the fair value as determined in accordance with procedures established by and under general supervision of the Trustees.

Additional information on restricted securities, excluding securities purchased under Rule 144A that have been deemed liquid by the Trustees, held at November 30, 2004, is as follows:

## Federated Premier Municipal Income Fund

| Security | Acquisition Date | Acquisition Cost |
|---|---|---|
| Capital Trust Agency, FL, Revenue Bonds (Series 2001), 10.00% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | 12/23/2002 | $1,027,250 |
| Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | 05/09/2003 | $ 400,000 |

## Federated Premier Intermediate Municipal Income Fund

| Security | Acquisition Date | Acquisition Cost |
|---|---|---|
| Capital Trust Agency, FL, Revenue Bonds (Series 2001), 10.00% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | 12/23/2002 | $ 1,027,250 |
| Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033 | 05/09/2003 | $ 600,000 |
| Port of Greater Cincinnati, OH Development Authority, Special Assessment Revenue Bonds, 6.30% (Cincinnati Mills), 2/15/2024 | 02/11/2004 | $ 250,000 |

## Futures Contracts

The Funds periodically may sell bond interest rate futures contracts to manage duration and to potentially reduce transaction costs. Upon entering into bond interest rate futures contracts with brokers, the Funds are required to deposit in a segregated account a specified amount of cash or U.S. government securities. Futures contracts are valued daily and unrealized gains or losses are recorded in a "variation margin" account. Daily, the Funds receive from or pay to the broker a specified amount of cash based upon changes in the variation margin account. When a contract is closed, each Fund recognizes a realized gain or loss. Futures contracts have market risks, including the risk that the change in the value of the contract may not correlate with the changes in the value of the underlying securities. For the year ended November 30, 2004, the Funds had realized losses on futures contracts as follows:

| | |
|---|---|
| Federated Premier Municipal Income Fund | ($171,328) |
| Federated Premier Intermediate Municipal Income Fund | ($120,522) |

At November 30, 2004, Federated Premier Municipal Income Fund had no open futures contracts.

At November 30, 2004, Federated Premier Intermediate Municipal Income Fund had the following open futures contract:

| Expiration Date | Contracts To Receive | Position | Unrealized Depreciation |
|---|---|---|---|

| | | | |
|---|---|---|---|
| March 2005 | 70 U.S. Treasury Note 10-Year Futures | Short | $(4,834) |

## Swap Contracts

The Funds may enter into swap contracts. A swap is an exchange of cash payments between the Fund and another party, which is based on a specific financial index. The value of the swap is adjusted daily and the change in value is recorded as unrealized appreciation or depreciation. When a swap contract is closed, the Fund recognizes a realized gain or loss. The swap contracts entered into by the Funds are on a forward settling basis. For the year ended November 30, 2004, the Funds had realized losses on swap contracts as follows:

| | |
|---|---|
| Federated Premier Municipal Income Fund | $(2,151,098) |
| Federated Premier Intermediate Municipal Income Fund | $(1,725,902) |

Risks may arise upon entering into these agreements from the potential inability of the counterparties to meet the terms of their contract and from unanticipated changes in the value of the financial index on which the swap agreement is based. The Funds use swaps for hedging purposes to reduce their exposure to interest rate fluctuations.

At the year ended November 30, 2004, the Funds had the following open swap contracts:

**Federated Premier Municipal Income Fund**

| Description | Expiration | Notional Principal Amount | Swap Contract Fixed Rate | Current Market Fixed Rate | Unrealized Depreciation |
|---|---|---|---|---|---|
| BMA Swap 10 Year | 01/20/2015 | $10,000,000 | 4.053% Fixed | 4.371% | $(231,324) |
| BMA Swap 30 Year | 01/20/2035 | $10,000,000 | 4.598% Fixed | 3.729% | (306,122) |
| *TOTAL* | | | | | $(537,446) |

**Federated Premier Intermediate Municipal Income Fund**

| Description | Expiration | Notional Principal Amount | Swap Contract Fixed Rate | Current Market Fixed Rate | Unrealized Depreciation |
|---|---|---|---|---|---|
| BMA Swap 10 Year | 01/20/2015 | $24,000,000 | 4.053% Fixed | 3.729% | $(555,176) |

## Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses, and revenues reported in the financial statements.

Actual results could differ from those estimated.

## Other

Investment transactions are accounted for on a trade date basis. Realized gains and losses from investment transactions are recorded on an identified cost basis.

# 3. COMMON SHARES

The following table summarizes share activity:

| Federated Premier Municipal Income Fund | Year Ended 11/30/2004 | Period Ended 11/30/2003 [1] |
|---|---|---|
| Shares issued | -- | 6,106,981 |
| Shares issued to shareholders in payment of distributions declared | 3,144 | 2,690 |
| *NET CHANGE RESULTING FROM SHARE TRANSACTIONS* | 3,144 | 6,109,671 |

| Federated Premier Intermediate Municipal Income Fund | Year Ended 11/30/2004 | Period Ended 11/30/2003 [1] |
|---|---|---|
| Shares issued | -- | 6,946,981 |
| *NET CHANGE RESULTING FROM SHARE TRANSACTIONS* | -- | 6,946,981 |

*1 Reflects operations for the period from December 20, 2002 (date of initial public investment) to November 30, 2003.*

# 4. FEDERAL TAX INFORMATION

The timing and character of income and capital gain distributions are determined in accordance with income tax regulations, which may differ from GAAP. These differences are due to differing treatments for discount accretion/premium amortization on debt securities.

For the year ended November 30, 2004, permanent differences identified and reclassified among the components of net assets were as follows:

| | Increase (Decrease) | |
|---|---|---|
| | Undistributed Net Investment Income | Accumulated Net Realized Loss |
| Federated Premier Municipal Income Fund | $(194) | $194 |

| | | |
|---|---|---|
| Federated Premier Intermediate Municipal Income Fund | $(186) | $186 |

Net investment income (loss), net realized gains (losses), and net assets were not affected by this reclassification.

The tax character of distributions as reported on the Statements of Changes in Net Assets for the year ended November 30, 2004 and the period ended, November 30, 2003, was as follows:

| | 2004 Tax Exempt Income | 2003 Tax Exempt Income |
|---|---|---|
| Federated Premier Municipal Income Fund | $6,743,716 | $5,539,680 |
| Federated Premier Intermediate Municipal Income Fund | $6,112,035 | $4,914,288 |

As of November 30, 2004, the components of distributable earnings on a tax basis were as follows:

| | Undistributed Tax Exempt Income | Net Unrealized Appreciation | Capital Loss Carryforward |
|---|---|---|---|
| Federated Premier Municipal Income Fund | $1,107,821 | $4,897,621 | $2,519,574 |
| Federated Premier Intermediate Municipal Income Fund | $1,070,988 | $3,484,708 | $1,656,055 |

The difference between book-basis and tax-basis net unrealized appreciation/depreciation is attributable to differing treatments for discount accretion/premium amortization on debt securities.

At November 30, 2004, the following amounts apply for federal income tax purposes:

| | Cost of Investments | Unrealized Appreciation | Unrealized Depreciation | Net Unrealized Appreciation[1] |
|---|---|---|---|---|
| Federated Premier Municipal Income Fund | $136,535,345 | $5,626,496 | $(191,430) | $5,435,066 |
| Federated Premier Intermediate Municipal Income Fund | $156,731,585 | $4,108,516 | $ (68,631) | $4,039,885 |

*1 Excluding any unrealized depreciation resulting from Swap contracts.*

At November 30, 2004, Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund had capital loss carryforwards of $2,519,574 and $1,656,055, respectively, which will reduce the Funds' taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Code and thus will reduce the amount of distributions to shareholders which would otherwise be necessary to relieve the Funds of any liability for federal tax. Pursuant to the Code, such capital loss carryforwards will expire as follows:

| Capital Loss Carryforward to Expire in: | 2011 | 2012 | Total Capital Loss Carryforward |
|---|---|---|---|

| Fund: | | | |
|---|---|---|---|
| Federated Premier Municipal Income Fund | $207,100 | $2,312,474 | $2,519,574 |
| Federated Premier Intermediate Municipal Income Fund | $ 57,890 | $1,598,165 | $1,656,055 |

# 5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

## Investment Adviser Fee

Each Fund has entered into an Investment Management Agreement (the "Agreement") with Federated Investment Management Company (the "Adviser") to serve as investment manager to the Fund. Pursuant to the Agreement, each Fund pays the Adviser an annual management fee, payable daily, at the annual rate of 0.55% of the Fund's managed assets.

In order to reduce fund expenses, the Adviser has contractually agreed to waive a portion of its investment adviser fee at the annual rate of 0.20% of the average daily value of each Fund's managed assets, inclusive of any assets attributable to any preferred shares that may be issued, from the commencement of operations through December 31, 2007, and at a declining rate thereafter through December 31, 2010.

## Administrative Fee

Federated Administrative Services (FAS), under the Administrative Services Agreement, provides each Fund with administrative personnel and services. The fee paid to FAS is based on the average aggregate daily net assets of all Federated funds as specified below:

| Maximum Administrative Fee | Average Aggregate Daily Net Assets of the Federated Funds |
|---|---|
| 0.150% | on the first $5 billion |
| 0.125% | on the next $5 billion |
| 0.100% | on the next $10 billion |
| 0.075% | on assets in excess of $20 billion |

The administrative fee received during any fiscal year shall be at least $150,000 per portfolio and $40,000 per each additional class of Shares. FAS may voluntarily choose to waive any portion of its fee. FAS can modify or terminate this voluntary waiver at any time at its sole discretion.

## Portfolio Accounting Fees

Prior to January 1, 2004, Federated Services Company (FServ) maintained the Funds' accounting records for which it received a fee. The fee was based on the level of each Funds' average daily net assets for the period, plus out-of-pocket expenses. The fee paid by each Fund to FServ during the reporting period was as follows, after voluntary waiver, if applicable:

| | |
|---|---|
| Federated Premier Municipal Income Fund | $5,943 |
| Federated Premier Intermediate Municipal Income Fund | $4,882 |

## Organizational Expenses

Each Fund paid its organizational and offering expenses of up to $0.03 per common share. The Adviser paid organizational expenses and offering costs of each Fund that exceeded $0.03 per Common Share.

## Interfund Transactions

During the year ended November 30, 2004, the Funds engaged in purchase and sale transactions with funds that have a common investment adviser (or affiliated investment advisers), common Directors/Trustees, and /or common Officers. These purchase and sale transactions complied with Rule 17a-7 under the Act and were as follows:

| | Purchases | Sales |
|---|---|---|
| Federated Premier Municipal Income Fund | $ 8,700,000 | $10,749,185 |
| Federated Premier Intermediate Municipal Income Fund | $12,550,000 | $14,500,915 |

## General

Certain of the Officers and Trustees of the Funds are Officers and Directors or Trustees of the above companies.

## 6. PREFERRED SHARES

On February 13, 2003, Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund offered and currently have outstanding 2,147 and 2,441 Auction Market Preferred Shares (AMPS), respectively. The AMPS are redeemable at the option of the Funds at the redemption price of $25,000 per share plus an amount equal to accumulated, but unpaid dividends thereon through the redemption date.

Whenever AMPS are outstanding, common shareholders will not be entitled to receive any distributions from the Funds unless all accrued dividends on preferred shares have been paid, the Funds satisfy the 200% asset coverage requirement, and certain other requirements imposed by any nationally recognized statistical ratings organizations (NRSROs) rating the preferred shares have been met. Should these requirements not be met, or should dividends accrued on the AMPS not be paid, the Funds may be restricted in their ability to declare dividends to common shareholders or may be required to redeem certain of the AMPS. At November 30, 2004, there were no such restrictions on the Funds.

## 7. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations (and in-kind contributions), for the year ended November 30, 2004, were as follows:

| | Purchases | Sales |
|---|---|---|

| | | |
|---|---|---|
| Federated Premier Municipal Income Fund | $17,173,287 | $19,033,493 |
| Federated Premier Intermediate Municipal Income Fund | $17,898,880 | $17,750,024 |

## 8. LEGAL PROCEEDINGS

Beginning in October 2003, Federated Investors, Inc. and various subsidiaries thereof (including the advisers and distributor for various investment companies, collectively, "Federated"), along with various investment companies sponsored by Federated ("Funds") were named as defendants in several class action lawsuits now pending in the United States District Court for the District of Maryland seeking damages of unspecified amounts. The lawsuits were purportedly filed on behalf of people who purchased, owned and/or redeemed shares of Federated-sponsored mutual funds during specified periods beginning November 1, 1998. The suits are generally similar in alleging that Federated engaged in illegal and improper trading practices including market timing and late trading in concert with certain institutional traders, which allegedly caused financial injury to the mutual fund shareholders. Federated and various Funds have also been named as defendants in several additional lawsuits, the majority of which are now pending in the United States District Court for the Western District of Pennsylvania, alleging, among other things, excessive advisory and Rule 12b-1 fees, and seeking damages of unspecified amounts. The Board of the Funds has retained the law firm of Dickstein Shapiro Morin & Oshinsky LLP to represent the Funds in these lawsuits. Federated and the Funds, and their respective counsel, are reviewing the allegations and will respond appropriately. Additional lawsuits based upon similar allegations may be filed in the future. The potential impact of these recent lawsuits and future potential similar suits is uncertain. Although we do not believe that these lawsuits will have a material adverse effect on the Funds, there can be no assurance that these suits, the ongoing adverse publicity and/or other developments resulting from the regulatory investigations will not result in increased Fund redemptions, reduced sales of Fund shares, or other adverse consequences for the Funds.

## 9. SUBSEQUENT DIVIDEND DECLARATIONS--COMMON SHARES

On December 13, 2004, the Funds declared common share dividend distributions from their respective tax-exempt net investment income which were paid on January 3, 2005, to shareholders of record on December 23, 2004, as follows:

| | **Federated Premier Municipal Income Fund** | **Federated Premier Intermediate Municipal Income Fund** |
|---|---|---|
| Dividend per share | $0.08375 | $0.06500 |

## 10. FEDERAL TAX INFORMATION (UNAUDITED)

At November 30, 2004, 100% of the distributions from net investment income for each Fund are exempt from federal income tax, other than the federal AMT.

# Last Meeting of Shareholders

## FEDERATED PREMIER MUNICIPAL INCOME FUND

An Annual Meeting of Fund shareholders (Common Shares and Preferred Shares) was held on September 24, 2004. On July 14, 2004, the record date for shareholders voting at the meeting, there were 6,114,021 total outstanding shares. The following item was considered by shareholders and the results of their voting are listed below. Unless otherwise noted, each matter was approved.

## ELECTION OF THREE CLASS I TRUSTEES - COMMON SHARES AND PREFERRED SHARES:

1. John F. Donahue

| For | Withheld Authority to Vote |
|---|---|
| 6,004,795 | 77,912 |

2. Thomas G. Bigley

| For | Withheld Authority to Vote |
|---|---|
| 6,008,795 | 73,912 |

3. John T. Conroy, Jr.

| For | Withheld Authority to Vote |
|---|---|
| 6,008,945 | 73,762 |

An Annual Meeting of Fund shareholders (Preferred Shares) was held on September 24, 2004. On July 14, 2004, the record date for shareholders voting at the meeting, there were 2,147 total outstanding shares. The following item was considered by shareholders and the results of their voting are listed below. Unless otherwise noted, each matter was approved.

## ELECTION OF TWO TRUSTEES - PREFERRED SHARES ONLY:

1. Peter E. Madden

| For | Withheld Authority to Vote |
|---|---|
| 1,995 | —0 |

2. John S. Walsh

| For | Withheld Authority to Vote |
|---|---|
| 1,995 | 0 |

*The following Trustees of the Fund continued their terms as Trustees of the Fund: Nicholas P. Constantakis, John F. Cunningham, J. Christopher Donahue, Lawrence D. Ellis, M.D., Charles F. Mansfield, Jr., John E. Murray, Jr., J.D., and Marjorie P. Smuts.*

## FEDERATED PREMIER INTERMEDIATE MUNICIPAL INCOME FUND

An Annual Meeting of Fund shareholders (Common Shares and Preferred Shares) was held on September 24, 2004. On July 14, 2004, the record date for shareholders voting at the meeting, there were 6,949,421 total outstanding shares. The following item was considered by shareholders and the results of their voting are listed below. Unless otherwise noted, each matter was approved.

## ELECTION OF THREE CLASS I TRUSTEES - COMMON SHARES AND PREFERRED SHARES:

1. John F. Donahue

| For | Withheld Authority to Vote |
|---|---|
| 6,799,358 | 91,713 |

2. Thomas G. Bigley

| For | Withheld Authority to Vote |
|---|---|
| 6,792,839 | 98,232 |

3. John T. Conroy, Jr.

| For | Withheld Authority to Vote |
|---|---|
| 6,796,224 | 94,847 |

An Annual Meeting of Fund shareholders (Preferred Shares) was held on September 24, 2004. On July 14, 2004, the record date for shareholders voting at the meeting, there were 2,441 total outstanding shares. The following item was

ELECTION OF TWO TRUSTEES - PREFERRED SHARES ONLY:

considered by shareholders and the results of their voting are listed below. Unless otherwise noted, each matter was approved.

## ELECTION OF TWO TRUSTEES - PREFERRED SHARES ONLY:

1. Peter E. Madden

| For | Withheld Authority to Vote |
|---|---|
| 2,074 | 0 |

2. John S. Walsh

| For | Withheld Authority to Vote |
|---|---|
| 2,074 | 0 |

*The following Trustees of the Fund continued their terms as Trustees of the Fund: Nicholas P. Constantakis, John F. Cunningham, J. Christopher Donahue, Lawrence D. Ellis, M.D., Charles F. Mansfield, Jr., John E. Murray, Jr., J.D., and Marjorie P. Smuts.*

# Report of Ernst & Young LLP, Independent Registered Public Accounting Firm

## TO SHAREHOLDERS AND BOARD OF TRUSTEES OF FEDERATED PREMIER MUNICIPAL INCOME FUND AND FEDERATED PREMIER INTERMEDIATE MUNICIPAL INCOME FUND:

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund (the "Funds"), as of November 30, 2004, and the related statements of operations for the year then ended, and the statements of changes in net assets and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. Our procedures included confirmation of securities owned as of November 30, 2004, by correspondence with the custodian and brokers, or other appropriate auditing procedures where replies from the brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund at November 30, 2004, the results of their operations for the year then ended, and the changes in their net assets and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Boston, Massachusetts
January 12, 2005

# Board of Trustees and Fund Officers

The Board is responsible for managing the Funds' business affairs and for exercising all the Funds' powers except those reserved for the shareholders. The following tables give information about each Board member and the senior officers of the Funds. Where required, the tables separately list Board members who are "interested persons" of the Fund ( i.e. , "Interested" Board members) and those who are not ( i.e. , "Independent" Board members). Unless otherwise noted, the address of each person listed is Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, PA. As of December 31, 2004, the Federated Fund Complex consisted of 44 investment companies (comprising 133 portfolios). Unless otherwise noted, each Officer is elected annually. Unless otherwise noted, each Board member oversees all portfolios in the Federated Fund Complex and serves for an indefinite term. The Funds' Statements of Additional Information include additional information about the Funds' Trustees and is available, without charge and upon request, by calling 1-800-341-7400.

## INTERESTED TRUSTEES BACKGROUND

| **Name**<br>**Birth Date**<br>**Address**<br>**Positions Held with Funds**<br>**Date Service Began** | **Principal Occupation(s) for Past Five Years,**<br>**Other Directorships Held and Previous Position(s)** |
|---|---|
| **John F. Donahue***<br>Birth Date: July 28, 1924<br>CHAIRMAN AND TRUSTEE<br>Began serving: December 2002 | **Principal Occupations** : Chairman and Director or Trustee of the Federated Fund Complex; Chairman and Director, Federated Investors, Inc.<br><br>**Previous Positions** : Trustee, Federated Investment Management Company and Chairman and Director, Federated Investment Counseling. |
| **J. Christopher Donahue***<br>Birth Date: April 11, 1949 | **Principal Occupations** : Principal Executive Officer and President of the Federated Fund Complex; Director or Trustee of some of the Funds in the Federated Fund Complex; President, Chief Executive Officer and Director, Federated Investors, Inc.; Chairman and Trustee, Federated Investment Management Company; Trustee, Federated Investment Counseling; Chairman and |

| | |
|---|---|
| PRESIDENT AND TRUSTEE<br>Began serving: December 2002 | Director, Federated Global Investment Management Corp.; Chairman, Passport Research, Ltd.; Trustee, Federated Shareholder Services Company; Director, Federated Services Company.<br><br>**Previous Positions** : President, Federated Investment Counseling; President and Chief Executive Officer, Federated Investment Management Company, Federated Global Investment Management Corp., and Passport Research, Ltd. |

| **Name**<br>**Birth Date**<br>**Address**<br>**Positions Held with Funds**<br>**Date Service Began** | **Principal Occupation(s) for Past Five Years,**<br>**Other Directorships Held and Previous Position(s)** |
|---|---|
| **Lawrence D. Ellis, M.D.***<br>Birth Date: October 11, 1932<br>3471 Fifth Avenue<br>Suite 1111<br>Pittsburgh, PA<br>TRUSTEE<br>Began serving: December 2002 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex; Professor of Medicine, University of Pittsburgh; Medical Director, University of Pittsburgh Medical Center Downtown; Hematologist, Oncologist and Internist, University of Pittsburgh Medical Center.<br><br>**Other Directorships Held** : Member, National Board of Trustees, Leukemia Society of America.<br><br>**Previous Positions** : Trustee, University of Pittsburgh; Director, University of Pittsburgh Medical Center. |

** Family relationships and reasons for "interested" status: John F. Donahue is the father of J. Christopher Donahue; both are "interested" due to the positions they hold with Federated Investors, Inc. and its subsidiaries. Lawrence D. Ellis, M.D. is "interested" because his son-in-law is employed by the Fund's principal underwriter, Federated Securities Corp.*

## INDEPENDENT TRUSTEES BACKGROUND

| **Name**<br>**Birth Date**<br>**Address**<br>**Positions Held with Funds**<br>**Date Service Began** | **Principal Occupation(s) for Past Five Years,**<br>**Other Directorships Held and Previous Position(s)** |
|---|---|
| **Thomas G. Bigley**<br>Birth Date: February 3, 1934<br>15 Old Timber | **Principal Occupation** : Director or Trustee of the Federated Fund Complex.<br><br>**Other Directorships Held** : Director, Member of Executive Committee, Children's Hospital of Pittsburgh; Director, University of Pittsburgh. |

| | |
|---|---|
| Trail<br>Pittsburgh, PA<br>TRUSTEE<br>Began serving:<br>December 2002 | **Previous Position** : Senior Partner, Ernst & Young LLP. |

| | |
|---|---|
| **John T. Conroy, Jr.**<br>Birth Date: June 23, 1937<br>Investment Properties Corporation<br>3838 North Tamiami Trail<br>Suite 402<br>Naples, FL<br>TRUSTEE<br>Began serving:<br>December 2002 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex; Chairman of the Board, Investment Properties Corporation; Partner or Trustee in private real estate ventures in Southwest Florida.<br><br>**Previous Positions** : President, Investment Properties Corporation; Senior Vice President, John R. Wood and Associates, Inc., Realtors; President, Naples Property Management, Inc. and Northgate Village Development Corporation. |

| **Name**<br>**Birth Date**<br>**Address**<br>**Positions Held with Funds**<br>**Date Service Began** | **Principal Occupation(s) for Past Five Years, Other Directorships Held and Previous Position(s)** |
|---|---|
| **Nicholas P. Constantakis**<br>Birth Date: September 3, 1939<br>175 Woodshire Drive<br>Pittsburgh, PA<br>TRUSTEE<br>Began serving:<br>December 2002 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex.<br><br>**Other Directorships Held** : Director and Member of the Audit Committee, Michael Baker Corporation (engineering and energy services worldwide).<br><br>**Previous Position** : Partner, Andersen Worldwide SC. |
| **John F. Cunningham**<br>Birth Date: March 5, 1943<br>353 El Brillo Way<br>Palm Beach, FL<br>TRUSTEE<br>Began serving:<br>December 2002 | **Principal Occupation** : Director or Trustee of the Federated Fund Complex.<br><br>**Other Directorships Held** : Chairman, President and Chief Executive Officer, Cunningham & Co., Inc. (strategic business consulting); Trustee Associate, Boston College.<br><br>**Previous Positions** : Director, Redgate Communications and EMC Corporation (computer storage systems); Chairman of the Board and Chief Executive Officer, Computer Consoles, Inc.; President and Chief Operating Officer, Wang Laboratories; Director, First National Bank of Boston; Director, Apollo Computer, Inc. |

| | |
|---|---|
| **Peter E. Madden**<br>Birth Date: March 16, 1942<br>One Royal Palm Way<br>100 Royal Palm Way<br>Palm Beach, FL<br>TRUSTEE<br>Began serving: December 2002 | **Principal Occupation** : Director or Trustee of the Federated Fund Complex.<br><br>**Other Directorships Held** : Board of Overseers, Babson College.<br><br>**Previous Positions** : Representative, Commonwealth of Massachusetts General Court; President, State Street Bank and Trust Company and State Street Corporation (retired); Director, VISA USA and VISA International; Chairman and Director, Massachusetts Bankers Association; Director, Depository Trust Corporation; Director, The Boston Stock Exchange. |
| **Charles F. Mansfield, Jr.**<br>Birth Date: April 10, 1945<br>80 South Road<br>Westhampton Beach, NY<br>TRUSTEE<br>Began serving: December 2002 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex; Management Consultant; Executive Vice President, DVC Group, Inc. (marketing communications and technology) (prior to 9/1/00).<br><br>**Previous Positions** : Chief Executive Officer, PBTC International Bank; Partner, Arthur Young & Company (now Ernst & Young LLP); Chief Financial Officer of Retail Banking Sector, Chase Manhattan Bank; Senior Vice President, HSBC Bank USA (formerly, Marine Midland Bank); Vice President, Citibank; Assistant Professor of Banking and Finance, Frank G. Zarb School of Business, Hofstra University. |

| **Name**<br>**Birth Date**<br>**Address**<br>**Positions Held with Funds**<br>**Date Service Began** | **Principal Occupation(s) for Past Five Years,**<br>**Other Directorships Held and Previous Position(s)** |
|---|---|
| **John E. Murray, Jr., J.D., S.J.D.**<br>Birth Date: December 20, 1932<br>Chancellor, Duquesne University<br>Pittsburgh, PA<br>TRUSTEE<br>Began serving: December 2002 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex; Chancellor and Law Professor, Duquesne University; Partner, Murray, Hogue and Lannis.<br><br>**Other Directorships Held** : Director, Michael Baker Corp. (engineering, construction, operations and technical services).<br><br>**Previous Positions** : President, Duquesne University; Dean and Professor of Law, University of Pittsburgh School of Law; Dean and Professor of Law, Villanova University School of Law. |
| **Marjorie P. Smuts**<br>Birth Date: June 21, 1935 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex; Public Relations/Marketing Consultant/Conference Coordinator.<br><br>**Previous Positions** : National Spokesperson, Aluminum Company of America; television |

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| 4905 Bayard Street<br>Pittsburgh, PA<br>TRUSTEE<br>Began serving:<br>December 2002 | producer; President, Marj Palmer Assoc.; Owner, Scandia Bord. |

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| **John S. Walsh**<br>Birth Date:<br>November 28, 1957<br>2604 William Drive<br>Valparaiso, IN<br>TRUSTEE<br>Began serving:<br>December 2002 | **Principal Occupations** : Director or Trustee of the Federated Fund Complex; President and Director, Heat Wagon, Inc. (manufacturer of construction temporary heaters); President and Director, Manufacturers Products, Inc. (distributor of portable construction heaters); President, Portable Heater Parts, a division of Manufacturers Products, Inc.<br><br>**Previous Position** : Vice President, Walsh & Kelly, Inc. |

## OFFICERS

| **Name**<br>**Birth Date**<br>**Positions Held with Funds**<br>**Date Service Began** | **Principal Occupation(s) for Past Five Years and Previous Position(s)** |
|---|---|
| **John W. McGonigle**<br>Birth Date: October 26, 1938<br>EXECUTIVE VICE PRESIDENT AND SECRETARY<br>Began serving:<br>December 2002 | **Principal Occupations** : Executive Vice President and Secretary of the Federated Fund Complex; Executive Vice President, Secretary and Director, Federated Investors, Inc. |
| **Richard J. Thomas**<br>Birth Date: June 17, 1954<br>TREASURER<br>Began serving:<br>December 2002 | **Principal Occupations** : Principal Financial Officer and Treasurer of the Federated Fund Complex; Senior Vice President, Federated Administrative Services. |
| **Richard B. Fisher**<br>Birth Date: May | **Principal Occupations** : Vice Chairman or President of some of the Funds in the Federated Fund Complex; Vice Chairman, Federated Investors, Inc.; Chairman, Federated Securities Corp. |

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| 17, 1923<br>VICE CHAIRMAN<br>Began serving: December 2002 | **Previous Positions** : President and Director or Trustee of some of the Funds in the Federated Fund Complex; Executive Vice President, Federated Investors, Inc.; and Director and Chief Executive Officer, Federated Securities Corp. |

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| **Mary Jo Ochson, CFA**<br>Birth Date: September 12, 1953<br>CHIEF INVESTMENT OFFICER AND VICE PRESIDENT<br>Began serving: December 2002 | **Principal Occupations:** Mary Jo Ochson has been the Funds' Portfolio Manager since December 2002. Ms. Ochson was named Chief Investment Officer of tax-exempt, fixed-income products in 2004 and is a Vice President of the Funds. She joined Federated in 1982 and has been a Senior Portfolio Manager and a Senior Vice President of the Fund's Adviser since 1996. Ms. Ochson is a Chartered Financial Analyst and received her M.B.A. in Finance from the University of Pittsburgh. |

## DIVIDEND REINVESTMENT PLAN

The following description of each Fund's Dividend Reinvestment Plan (the "Plan") is furnished to you annually as required by federal securities laws.

Unless the registered owner of a Fund's common shares elects to receive cash by contacting EquiServe Trust Co., N.A. (the "Plan Administrator"), all dividends declared on common shares of the Fund will be automatically reinvested by the Plan Administrator, as agent for shareholders in the Plan, in additional common shares of the Fund. Common shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash. You may elect not to participate in the Plan and to receive all dividends in cash by contacting the Plan Administrator at the address set forth below if your Shares are registered in your name, or by contacting your bank, broker, or other nominee if your Shares are held in street or other nominee name. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by written notice to the Plan Administrator. Such notice will be effective for a dividend if received and processed by the Plan Administrator prior to the dividend record date; otherwise the notice will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may reinvest that cash in additional common shares of the Fund for you. If you wish for all dividends declared on your common shares to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each common shareholder under the Plan in the same name in which the shareholder's common shares are registered. Whenever the Fund declares a dividend or other distribution payable in cash (together, a "dividend"), non-participants in the Plan will receive cash, and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either: (1) through receipt form the Fund of additional authorized but unissued common shares ("newly issued common shares"); or (2) by purchase of outstanding common shares on the open market ("open-market purchases") on the New York Stock Exchange or elsewhere. If, on the payment date for a dividend, the closing market price plus estimated brokerage commissions per common share is equal to or greater than the net asset value (NAV) per common share, the Plan Administrator will invest the dividend amount on behalf of the participants in newly issued common shares. The number of newly issued common shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV per common share on the payment date; provided that, if the NAV is less than or equal to 95% of the closing market

value on the payment date, the dollar amount of the dividend will be divided by 95% of the closing market price per common share on the payment date. If, on the payment date for any dividend, the NAV per common share is greater than the closing market value plus estimated brokerage commissions, the Plan Administrator will invest the dividend amount in common shares acquired on behalf of the participants in open-market purchases.

In the event of a market discount on the payment date for any dividend, the Plan Administrator will have until the last business day before the next date on which the common shares trade on an "ex-dividend" basis or 30 days after the payment date for such dividend, whichever is sooner (the "last purchase date"), to invest the dividend amount in common shares acquired in open-market purchases. It is contemplated that the Funds will pay monthly income dividends. Therefore, the period during which open-market purchases can be made will exist only from the payment date of each dividend through the day before the next "ex-dividend" date, which will be approximately ten days. If, before the Plan Administrator has completed its open-market purchases, the market price per common share exceeds the NAV per common share, the average per share purchase price paid by the Plan Administrator may exceed the NAV of the common shares, resulting in the acquisition of fewer common shares than if the dividend had been paid in newly issued common shares on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Administrator is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making open-market purchases and may invest the uninvested portion of the dividend amount in newly issued common shares at the NAV per common share at the close of business on the last purchase date; provided that, if the NAV is less than or equal to 95% of the then current market price per common share, the dollar amount of the dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of record shareholders such as banks, brokers, or nominees which hold common shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of common shares certified from time to time by the record holder as held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with open-market purchases. The automatic reinvestment of dividends will not relieve participants of any federal, state, or local income tax that may be payable (or required to be withheld) on such dividends. Participants that request a sale of shares through the Plan Administrator are subject to a $15.00 sales fee and a $0.12 per share sold brokerage commission.

Each Fund reserves the right to amend or terminate its Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, each Fund reserves the right to amend its Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, EquiServe Trust Company, N.A., P.O. Box 43011, Providence, RI 02940-3011 or by telephone at (800) 730-6001.

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the U.S. government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency. Investment in mutual funds involves investment risk, including the possible loss of principal.

This Overview and Report is for shareholder information. This is not a Prospectus intended for use in the sale of Fund Shares. Statements and other information contained in this Overview and Report are as dated and subject to change.

## VOTING PROXIES ON FUND PORTFOLIO SECURITIES

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available through Federated's website. Go to http://www.federatedinvestors.com, select "Products," select "Closed-End Funds," select the name of the Fund, then select "sec.gov" opposite "SEC filings" to access the link to Form N-PX. This information is also available directly from the EDGAR database on the SEC's website at http://www.sec.gov.

## QUARTERLY PORTFOLIO SCHEDULE

The Fund files with the SEC a complete schedule of its portfolio holdings, as of the close of the first and third quarters of its fiscal year, on "Form N-Q." These filings are available on the SEC's website at http://www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. (Call 1-800-SEC-0330 for information on the operation of the Public Reference Room.) You may also access this information from the "Products" section of the Federated Investors website at www.federatedinvestors.com by clicking on "Closed-End Funds," selecting the name of the Fund, and then selecting "sec.gov" opposite "SEC filings" to access the link to Form N-Q.

## IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its/their Prospectus and Statement of Additional Information, and supplements to each, as well as Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-341-7400.

## Federated
## World-Class Investment Manager

Federated Investors' Closed-End Municipal Funds
Federated Investors Funds
5800 Corporate Drive
Pittsburgh, PA 15237-7000
**www.federatedinvestors.com**
Contact us at 1-800-341-7400 or
www.federatedinvestors.com/contact

Federated Securities Corp., Distributor

*Cusip 31423P108*
*Cusip 31423P207*
*Cusip 31423M105*
*Cusip 31423M204*

*29861 (1/05)*

Federated is a registered mark of Federated Investors, Inc. 2005 (c)Federated Investors, Inc.

Item 2. Code of Ethics

(a) As of the end of the period covered by this report, the registrant has adopted a code of ethics (the "Section 406 Standards for Investment Companies - Ethical Standards for Principal Executive and Financial Officers") that applies to the registrant's Principal Executive Officer and Principal Financial Officer; the registrant's Principal Financial Officer also serves as the Principal Accounting Officer.

(c) Not Applicable

(d) Not Applicable

(e) Not Applicable

(f)(3) The registrant hereby undertakes to provide any person, without charge, upon request, a copy of the code of ethics. To request a copy of the code of ethics, contact the registrant at 1-800-341-7400, and ask for a copy of the Section 406 Standards for Investment Companies - Ethical Standards for Principal Executive and Financial Officers.

Item 3. Audit Committee Financial Expert

The registrant's Board has determined that each member of the Board's Audit Committee is an "audit committee financial expert," and that each such member is "independent," for purposes of this Item. The Audit Committee consists of the following Board members: Thomas G. Bigley, John T. Conroy, Jr., Nicholas P. Constantakis and Charles F. Mansfield, Jr.

Item 4. Principal Accountant Fees and Services

(a) Audit Fees billed to the registrant for the two most recent fiscal years:

Fiscal year ended 2004 - $13,484

Fiscal year ended 2003 - $13,000

(b) Audit-Related Fees billed to the registrant for the two most recent fiscal years:

Fiscal year ended 2004 - $0

Fiscal year ended 2003 - $0

Amount requiring approval of the registrant's audit committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, $16,500 and $0 respectively. Fiscal year ended 2004 - Sarbanes Oxley sec. 302 procedures.

(c) Tax Fees billed to the registrant for the two most recent fiscal years:

Fiscal year ended 2004 - $0

Fiscal year ended 2003 - $0

Amount requiring approval of the registrant's audit committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, $0 and $0 respectively.

(d) All Other Fees billed to the registrant for the two most recent fiscal years:

Fiscal year ended 2004 - $20,000

Fiscal year ended 2003 - $15,000

Preparation of fund rating information.

Amount requiring approval of the registrant's audit committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X, $0 and $0 respectively.

(e)(1) Audit Committee Policies regarding Pre-approval of Services.

The Audit Committee is required to pre-approve audit and non-audit services performed by the independent auditor in order to assure that the provision of such services do not impair the auditor's independence. Unless a type of service to be provided by the independent auditor has received general pre-approval, it will require specific pre-approval by the Audit Committee. Any proposed services exceeding pre-approved cost levels will require specific pre-approval by the Audit Committee.

Certain services have the general pre-approval of the Audit Committee. The term of the general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. The Audit Committee will annually review the services that may be provided by the independent auditor without obtaining specific pre-approval from the Audit Committee and may grant general pre-approval for such services. The Audit Committee will revise the list of general pre-approved services from time to time, based on subsequent determinations. The Audit Committee will not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

The Audit Committee has delegated pre-approval authority to its Chairman. The Chairman will report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Committee will designate another member with such pre-approval authority when the Chairman is unavailable.

AUDIT SERVICES

The annual Audit services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. The Audit Committee must approve any changes in terms, conditions and fees resulting from changes in audit scope, registered investment company (RIC) structure or other matters.

In addition to the annual Audit services engagement specifically approved by the Audit Committee, the Audit Committee may grant general pre-approval for other Audit Services, which are those services that only the independent auditor reasonably can provide. The Audit Committee has pre-approved certain Audit services, all other Audit services must be specifically pre-approved by the Audit Committee.

AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the independent auditor. The Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor, and has pre-approved certain Audit-related services, all other Audit-related services must be specifically pre-approved by the Audit Committee.

TAX SERVICES

The Audit Committee believes that the independent auditor can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee has pre-approved certain Tax services, all Tax services involving large and complex transactions must be specifically pre-approved by the Audit Committee.

ALL OTHER SERVICES

With respect to the provision of services other than audit, review or attest services the pre-approval requirement is waived if:

(1) The aggregate amount of all such services provided constitutes no more than five percent of the total amount of revenues paid by the registrant, the registrant's adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant to its accountant during the fiscal year in which the services are provided;

(2) Such services were not recognized by the registrant, the registrant's adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant at the time of the engagement to be non-audit services; and

(3) Such services are promptly brought to the attention of the Audit Committee of the issuer and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the board of directors to whom authority to grant such approvals has been delegated by the Audit Committee.

The Audit Committee may grant general pre-approval to those permissible non-audit

services classified as All Other services that it believes are routine and recurring services, and would not impair the independence of the auditor.

The SEC's rules and relevant guidance should be consulted to determine the precise definitions of prohibited non-audit services and the applicability of exceptions to certain of the prohibitions.

PRE-APPROVAL FEE LEVELS

Pre-approval fee levels for all services to be provided by the independent auditor will be established annually by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval by the Audit Committee.

PROCEDURES

Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditor and the Principal Accounting Officer and/or Internal Auditor, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

(e)(2) Percentage of services identified in items 4(b) through 4(d) that were approved by the registrants audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X:

4(b)

Fiscal year ended 2004 - 0%

Fiscal year ended 2003 - 0%

Percentage of services provided to the registrants investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were approved by the registrants audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X, 0% and 0% respectively.

4(c)

Fiscal year ended 2004 - 0%

Fiscal year ended 2003 - 0%

Percentage of services provided to the registrants investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were approved by the registrants audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X, 0% and 0% respectively.

4(d)

Fiscal year ended 2004 - 0%

Fiscal year ended 2003 - 0%

Percentage of services provided to the registrants investment adviser and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were approved by the registrants audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X, 0% and 0% respectively.

(f) NA

(g) Non-Audit Fees billed to the registrant, the registrant's investment adviser, and certain entities controlling, controlled by or under common control with the investment adviser:

Fiscal year ended 2004 - $265,875

Fiscal year ended 2003 - $212,212

(h) The registrant's Audit Committee has considered that the provision of non-audit services that were rendered to the registrant's adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant that were not pre-approved pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X is compatible with maintaining the principal accountant's independence.

Item 5. Audit Committee of Listed Registrants

The registrant has established an Audit Committee of the Board as described in Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee consists of the following Board members: Thomas G. Bigley, John T. Conroy, Jr., Nicholas P. Constantakis and Charles F. Mansfield, Jr.

Item 6. Schedule of Investments

Not Applicable

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies

Voting Proxies on Registrant Portfolio Securities
The registrant's Board of Trustees has delegated to the registrant's Adviser authority to vote proxies on the securities held in the registrant's portfolio. The Board has also approved the Adviser's policies and procedures for voting the proxies, which are described below.

Proxy Voting Policies
The Adviser's general policy is to cast proxy votes in favor of proposals that the Adviser anticipates will enhance the long-term value of the securities being voted. Generally, this will mean voting for proposals that the Adviser believes will: improve the management of a company; increase the rights or preferences of the voted securities; and/or increase the chance that a premium offer would be made for the company or for the voted securities.

The following examples illustrate how these general policies may apply to proposals submitted by a company's board of directors. However, whether the Adviser supports or opposes a proposal will always depend on the specific circumstances described in the proxy statement and other available information.

On matters of corporate governance, generally the Adviser will vote for proposals to: require independent tabulation of proxies and/or confidential voting by shareholders; reorganize in another jurisdiction (unless it would reduce the rights or preferences of the securities being voted); and repeal a shareholder rights plan (also known as a "poison pill"). The Adviser will generally vote against the adoption of such a plan (unless the plan is designed to facilitate, rather than prevent, unsolicited offers for the company).

On matters of capital structure, generally the Adviser will vote: against proposals to authorize or issue shares that are senior in priority or voting rights to the securities being voted; for proposals to grant preemptive rights to the securities being voted; and against proposals to eliminate such preemptive rights.

On matters relating to management compensation, generally the Adviser will vote: for stock incentive plans that align the recipients' interests with the interests of shareholders without creating undue dilution; and against proposals that would permit the amendment or replacement of outstanding stock incentives with new stock incentives having more favorable terms.

On matters relating to corporate transactions, the Adviser will vote proxies relating to proposed mergers, capital reorganizations, and similar transactions in accordance with the general policy, based upon its analysis of the proposed transaction. The Adviser will vote proxies in contested elections of directors in accordance with the general policy, based upon its analysis of the opposing slates and their respective proposed business strategies. Some transactions may also involve proposed changes to the company's corporate governance, capital structure or management compensation. The Adviser will vote on such changes based on its evaluation of the proposed transaction or contested election. In these circumstances, the Adviser may vote in a manner contrary to the general practice for similar proposals made outside the context of such a proposed transaction or change in the board. For example, if the Adviser decides to vote against a proposed transaction, it may vote for anti-takeover measures reasonably designed to prevent the transaction, even though the Adviser typically votes against such measures in other contexts.

The Adviser generally votes against proposals submitted by shareholders without the favorable recommendation of a company's board. The Adviser believes that a company's board should manage its business and policies, and that shareholders who seek specific changes should strive to convince the board of their merits or seek direct representation on the board.

In addition, the Adviser will not vote if it determines that the consequences or costs outweigh the potential benefit of voting. For example, if a foreign market requires shareholders casting proxies to retain the voted shares until the meeting date (thereby rendering the shares "illiquid" for some period of time), the Adviser will not vote proxies for such shares.

Proxy Voting Procedures

The Adviser has established a Proxy Voting Committee (Proxy Committee), to exercise all voting discretion granted to the Adviser by the Board in accordance with the proxy voting policies. The Adviser has hired Investor Responsibility Research Center (IRRC) to obtain, vote, and record proxies in accordance with the Proxy Committee's directions. The Proxy Committee directs IRRC by means of Proxy Voting Guidelines, and IRRC may vote any proxy as directed in the Proxy Voting Guidelines without further direction from the Proxy Committee (and may make any determinations required to implement the Proxy Voting Guidelines). However, if the Proxy Voting Guidelines require case-by-case direction for a proposal, IRRC will provide the Proxy Committee with all information that it has obtained regarding the proposal and the Proxy Committee will provide specific direction to IRRC. The Adviser's proxy voting procedures generally permit the Proxy Committee to amend the Proxy Voting Guidelines, or override the directions provided in such Guidelines, whenever necessary to comply with the proxy voting policies.

Conflicts of Interest

The Adviser has adopted procedures to address situations where a matter on which a proxy is sought may present a potential conflict between the interests of the Fund (and its

shareholders) and those of the Adviser or Distributor. This may occur where a significant business relationship exists between the Adviser (or its affiliates) and a company involved with a proxy vote. A company that is a proponent, opponent, or the subject of a proxy vote, and which to the knowledge of the Proxy Committee has this type of significant business relationship, is referred to as an "Interested Company."

The Adviser has implemented the following procedures in order to avoid concerns that the conflicting interests of the Adviser have influenced proxy votes. Any employee of the Adviser who is contacted by an Interested Company regarding proxies to be voted by the Adviser must refer the Interested Company to a member of the Proxy Committee, and must inform the Interested Company that the Proxy Committee has exclusive authority to determine how the Adviser will vote. Any Proxy Committee member contacted by an Interested Company must report it to the full Proxy Committee and provide a written summary of the communication. Under no circumstances will the Proxy Committee or any member of the Proxy Committee make a commitment to an Interested Company regarding the voting of proxies or disclose to an Interested Company how the Proxy Committee has directed such proxies to be voted. If the Proxy Voting Guidelines already provide specific direction on the proposal in question, the Proxy Committee shall not alter or amend such directions. If the Proxy Voting Guidelines require the Proxy Committee to provide further direction, the Proxy Committee shall do so in accordance with the proxy voting policies, without regard for the interests of the Adviser with respect to the Interested Company. If the Proxy Committee provides any direction as to the voting of proxies relating to a proposal affecting an Interested Company, it must disclose to the Fund's Board information regarding: the significant business relationship; any material communication with the Interested Company; the matter(s) voted on; and how, and why, the Adviser voted as it did.

If the Fund holds shares of another investment company for which the Adviser (or an affiliate) acts as an investment adviser, the Proxy Committee will vote the Fund's proxies in the same proportion as the votes cast by shareholders who are not clients of the Adviser at any shareholders' meeting called by such investment company, unless otherwise directed by the Board.

Proxy Voting Report

A report on "Form N-PX" of how the Fund voted any proxies during the most recent 12-month period ended June 30 is available through Federated's website. Go to www.federatedinvestors.com; select "Products;" select the Fund; then use the link to "Prospectuses and Regulatory Reports" to access the link to Form N-PX.

Item 8. Portfolio Managers of Closed-End Management Investment Companies

Not Applicable

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers

| Period | (a) Total number of common shares (or units) purchased | (b) Average price paid per common share (or unit) | (c) Total number of common shares (or units) purchased as part of publicly announced plans or programs | (d) Maximum number (or approximate dollar value) of common shares (or units) that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| Month #1 (June 1, 2004 - June 30, 2004) | -0- | NA | -0- | None |

| | | | | |
|---|---|---|---|---|
| Month #2 (July 1, 2004- July 31, 2004) | -0- | NA | -0- | None |
| Month #3 (August 1, 2004-August 31, 2004) | -0- | NA | -0- | None |
| Month #4 (September 1, 2004- September 30, 2004) | -0- | NA | -0- | None |
| Month #5 (October 1, 2004- October 31, 2004) | -0- | NA | -0- | None |
| Month #6 (November 1, 2004- November 30, 2004 | -0- | NA | -0- | None |
| TOTAL | -0- | NA | -0- | NA |

| Period | (a) Total number of preferred shares (or units) purchased | (b) Average price paid per preferred share (or unit) | (c) Total number of preferred shares (or units) purchased as part of publicly announced plans or programs | (d) Maximum number (or approximate dollar value) of preferred shares (or units) that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| Month #1 (June 1, 2004 - June 30, 2004) | -0- | NA | -0- | None |
| Month #2 (July 1, 2004- July 31, 2004) | -0- | NA | -0- | None |
| Month #3 (August 1, 2004-August 31, 2004) | -0- | NA | -0- | None |
| Month #4 (September 1, 2004- September 30, 2004) | -0- | NA | -0- | None |

| | | | | |
|---|---|---|---|---|
| Month #5 (October 1, 2004- October 31, 2004) | -0- | NA | -0- | None |
| Month #6 (November 1, 2004- November 30, 2004) | -0- | NA | -0- | None |
| TOTAL | -0- | NA | -0- | NA |

Item 10. Submission of Matters to a Vote of Security Holders

There are no material changes to report since the filing of the registrant's definitive proxy statement on July 20, 2004 in which the registrant described its procedures by which shareholders may recommend nominees to the Board of Trustees.

Item 11. Controls and Procedures

(a) The registrant's President and Treasurer have concluded that the registrant's disclosure controls and procedures (as defined in rule 30a-3(c) under the Act) are effective in design and operation and are sufficient to form the basis of the certifications required by Rule 30a-(2) under the Act, based on their evaluation of these disclosure controls and procedures within 90 days of the filing date of this report on Form N-CSR.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in rule 30a-3(d) under the Act) during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant Federated Premier Municipal Income Fund

By /S/ Richard J. Thomas, Principal Financial Officer
(insert name and title)

Date January 24, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /S/ J. Christopher Donahue, Principal Executive Officer
Date January 24, 2005

By /S/ Richard J. Thomas, Principal Financial Officer
Date January 24, 2005