

FEDERATED PREMIER MUNICIPAL INCOME FUND  
Form N-CSRS  
July 29, 2004

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

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(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: Six months ended 5/31/04

Item 1. Reports to Stockholders

**Federated Investors**  
World-Class Investment Manager

# Federated Investors' Closed-End Municipal Funds

Established 2002

## 2ND SEMI-ANNUAL SHAREHOLDER REPORT

May 31, 2004

**Federated Premier Municipal Income Fund**  
**Federated Premier Intermediate Municipal Income Fund**

### FINANCIAL HIGHLIGHTS

### FINANCIAL STATEMENTS

### VOTING PROXIES ON FUND PORTFOLIO SECURITIES

## Financial Highlights -- Federated Premier Municipal Income Fund

(For a Common Share Outstanding Throughout Each Period)

|  | <b>Six Months<br/>Ended<br/>(unaudited)<br/>5/31/2004</b> |   | <b>Period<br/>Ended<br/>11/30/2003</b> |          |
|--|---|---|--|----------|
| <b>Net Asset Value, Beginning of Period</b>  | <b>\$14.56</b>  |   | <b>\$14.33</b>                         | <b>1</b> |
| <b>Income From Investment Operations:</b>  |   |   |  |          |
| Net investment income  | 0.58  | 2 | 0.98                                   | 2        |
| Net realized and unrealized gain (loss) on investments, swap contracts and futures contracts | (0.46 )   |   | 0.32                                   |          |
| Distributions to preferred shareholders from net investment income                           | (0.04 ) <sup>3</sup>                                      |   | (0.08 ) <sup>3</sup>                   |          |
| <b>TOTAL FROM INVESTMENT OPERATIONS</b>  | <b>0.08</b>   |   | <b>1.22</b>                            |          |
| <b>Less Distributions to Common Shareholders:</b>  |   |   |  |          |
| From net investment income   | (0.50 )   |   | (0.84 )                                |          |
| <b>Capital Charges With Respect to Issuance of:</b>  |   |   |  |          |

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|                  |    |         |
|------------------|----|---------|
| Common shares    | -- | (0.03 ) |
| Preferred shares | -- | (0.12 ) |

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|                       |    |         |
|-----------------------|----|---------|
| TOTAL CAPITAL CHARGES | -- | (0.15 ) |
|-----------------------|----|---------|

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|                                       |                |                |
|---------------------------------------|----------------|----------------|
| <b>Net Asset Value, End of Period</b> | <b>\$14.14</b> | <b>\$14.56</b> |
|---------------------------------------|----------------|----------------|

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|                                    |                |                |
|------------------------------------|----------------|----------------|
| <b>Market Price, End of Period</b> | <b>\$13.23</b> | <b>\$14.25</b> |
|------------------------------------|----------------|----------------|

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|  |        |        |
|--|--------|--------|
| <b>Total Return at Net Asset Value<sup>4</sup></b> | 0.59 % | 7.70 % |
|--|--------|--------|

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|                                     |          |        |
|-------------------------------------|----------|--------|
| <b>Total Return at Market Price</b> | (3.84 )% | 0.70 % |
|-------------------------------------|----------|--------|

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**Ratios to Average Net Assets:**

|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| Expenses <sup>5</sup> | 0.85 % <sup>6</sup> | 0.77 % <sup>6</sup> |
|-----------------------|---------------------|---------------------|

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|                                    |                     |                     |
|------------------------------------|---------------------|---------------------|
| Net investment income <sup>7</sup> | 7.18 % <sup>6</sup> | 6.68 % <sup>6</sup> |
|------------------------------------|---------------------|---------------------|

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|   |                     |                     |
|---|---------------------|---------------------|
| Expense waiver/reimbursement <sup>8</sup> | 0.48 % <sup>6</sup> | 0.42 % <sup>6</sup> |
|---|---------------------|---------------------|

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**Supplemental Data:**

|   |          |          |
|---|----------|----------|
| Net assets, end of period (000 omitted) | \$86,402 | \$88,951 |
|---|----------|----------|

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|                    |     |      |
|--------------------|-----|------|
| Portfolio turnover | 9 % | 54 % |
|--------------------|-----|------|

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

|                        | <b>Total<br/>Amount<br/>Outstanding</b> | <b>Asset<br/>Coverage<br/>Per Share</b> | <b>Minimum Required<br/>Asset Coverage<br/>Per Share</b> | <b>Involuntary<br/>Liquidating<br/>Preference<br/>Per Share</b> | <b>Average<br/>Market Value<br/>Per Share</b> |
|------------------------|---|---|--|---|---|
| 5/31/2004 <sup>9</sup> | \$53,675,000                            | \$65,243                                | \$50,006   | \$25,003  | \$25,000                                      |

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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.

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)

|  | Six Months<br>Ended<br>(unaudited)<br>5/31/2004 |   | Period<br>Ended<br>11/30/2003 |   |
|--|---|---|-------------------------------|---|
| <b>Net Asset Value, Beginning of Period</b>  | <b>\$14.65</b>                                  |   | <b>\$14.33</b>                | 1 |
| <b>Income From Investment Operations:</b>  |   |   |                               |   |
| Net investment income  | 0.45  | 2 | 0.79                          | 2 |
| Net realized and unrealized gain (loss) on investments, swap contracts and futures contracts | (0.45 )   |   | 0.40                          |   |
| Distributions to preferred shareholders from net investment income                           | (0.04 ) <sup>3</sup>                            |   | (0.08 ) <sup>3</sup>          |   |
| <b>TOTAL FROM INVESTMENT OPERATIONS</b>  | <b>(0.04 )</b>                                  |   | <b>1.11</b>                   |   |
| <b>Less Distributions to Common Shareholders:</b>  |   |   |                               |   |
| From net investment income   | (0.39 )   |   | (0.64 )                       |   |
| <b>Capital Charges With Respect to Issuance of:</b>  |   |   |                               |   |
| Common shares  | --  |   | (0.03 )                       |   |
| Preferred shares   | --  |   | (0.12 )                       |   |
| <b>TOTAL CAPITAL CHARGES</b>   | <b>--</b>                                       |   | <b>(0.15 )</b>                |   |
| <b>Net Asset Value, End of Period</b>  | <b>\$14.22</b>                                  |   | <b>\$14.65</b>                |   |
| <b>Market Price, End of Period</b>   | <b>\$12.75</b>                                  |   | <b>\$13.47</b>                |   |

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|  |          |        |
|--|----------|--------|
| <b>Total Return at Net Asset Value<sup>4</sup></b> | (0.15 )% | 7.05 % |
|--|----------|--------|

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|                                     |          |          |
|-------------------------------------|----------|----------|
| <b>Total Return at Market Price</b> | (2.63 )% | (5.97) % |
|-------------------------------------|----------|----------|

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**Ratios to Average Net Assets:**

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|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| Expenses <sup>5</sup> | 0.89 % <sup>6</sup> | 0.80 % <sup>6</sup> |
|-----------------------|---------------------|---------------------|

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|                                    |                     |                     |
|------------------------------------|---------------------|---------------------|
| Net investment income <sup>7</sup> | 5.48 % <sup>6</sup> | 5.20 % <sup>6</sup> |
|------------------------------------|---------------------|---------------------|

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|   |                     |                     |
|---|---------------------|---------------------|
| Expense waiver/reimbursement <sup>8</sup> | 0.38 % <sup>6</sup> | 0.34 % <sup>6</sup> |
|---|---------------------|---------------------|

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**Supplemental Data:**

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|   |          |           |
|---|----------|-----------|
| Net assets, end of period (000 omitted) | \$98,815 | \$101,782 |
|---|----------|-----------|

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|                    |     |      |
|--------------------|-----|------|
| Portfolio turnover | 6 % | 41 % |
|--------------------|-----|------|

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

|                        | <b>Total<br/>Amount<br/>Outstanding</b> | <b>Asset Coverage<br/>Per Share</b> | <b>Minimum<br/>Required<br/>Asset Coverage<br/>Per Share</b> | <b>Involuntary<br/>Liquidating<br/>Preference<br/>Per Share</b> | <b>Average<br/>Market Value<br/>Per Share</b> |
|------------------------|---|-------------------------------------|--|---|---|
| 5/31/2004 <sup>9</sup> | \$61,025,000                            | \$65,481                            | \$50,008   | \$25,004  | \$25,000                                      |

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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.

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

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

May 31, 2004 (unaudited)

| Principal Amount |   | Credit Rating <sup>1</sup> | Value            |
|------------------|---|----------------------------|------------------|
|                  | LONG-TERM MUNICIPALS--98.0%   |                            |                  |
|                  | <b>Alabama--1.6%</b>  |                            |                  |
| \$ 2,000,000     | Jefferson County, AL Sewer System, Capital Improvement Warrants (Series 2002D), 5.25% (FGIC INS), 2/1/2026  | AAA/Aaa/AAA                | \$ 2,220,440     |
|                  | <b>Arizona--2.7%</b>  |                            |                  |
| 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                 | 502,700          |
| 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                 | 1,051,320        |
| 750,000          | Tempe, AZ IDA, Senior Living Revenue Bonds (Series A), 6.75% (Friendship Village of Tempe), 12/1/2030   | NR                         | 754,695          |
| 1,500,000        | Verrado Community Facilities District No. 1, AZ, Revenue Bonds, 6.50%, 7/15/2027  | NR                         | 1,497,180        |
|                  | <b>TOTAL</b>  |                            | <b>3,805,895</b> |
|                  | <b>Arkansas--0.8%</b>   |                            |                  |
| 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              | 1,078,880        |
|                  | <b>California--5.1%</b>   |                            |                  |
| 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+/A3/BBB                | 1,023,800        |
| 2,000,000        | California State, Refunding UT GO Bonds, 5.25%, 2/1/2020  | BBB/A3/BBB                 | 2,048,140        |
| 1,000,000        | California State, UT GO Bonds, 5.25%, 10/1/2020   | BBB/A3/BBB                 | 1,023,320        |

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|              |   |              |                  |
|--------------|---|--------------|------------------|
| 250,000      | Golden State Tobacco Securitization Corp., CA,<br>Tobacco Settlement Asset-Backed Revenue Bonds<br>(Series 2003A-1), 6.75% (Original Issue Yield: 7.00%),<br>6/1/2039 | BBB/Baa3/BBB | 220,395          |
| 750,000      | Golden State Tobacco Securitization Corp., CA,<br>Tobacco Settlement Revenue Bonds (Series 2003A-2),<br>7.90%, 6/1/2042   | BBB/Baa3/BBB | 760,335          |
| 500,000      | La Verne, CA, Revenue Certificates of Participation<br>(Series 2003B), 6.625% (Brethren Hillcrest<br>Homes)/(Original Issue Yield: 6.70%), 2/15/2025                  | BBB-/NR/NR   | 503,745          |
| 1,710,000    | Upland, CA Public Financing Authority, Water System<br>Improvement Lease Revenue Bonds (Issue of 2003),<br>5.00% (AMBAC INS), 10/1/2027                               | AAA/Aaa/AAA  | 1,697,090        |
| <b>TOTAL</b> |   |              | <b>7,276,825</b> |

| <b>Principal<br/>Amount</b>            |  | <b>Credit<br/>Rating <sup>1</sup></b> | <b>Value</b>     |
|--|--|---------------------------------------|------------------|
| <b>LONG-TERM MUNICIPALS--continued</b> |  |                                       |                  |
| <b>Colorado--3.3%</b>                  |  |                                       |                  |
| \$ 725,000                             | Antelope Heights Metropolitan District, CO, LT GO<br>Bonds, 8.00%, 12/1/2023   | NR                                    | \$ 713,414       |
| 1,000,000                              | Buckhorn Valley Metropolitan District No. 2, CO, LT<br>GO Bonds, 7.00%, 12/1/2023  | NR                                    | 982,790          |
| 500,000                                | Colorado Educational & Cultural Facilities Authority,<br>Revenue Refunding Bonds (Series A), 7.00% (Denver<br>Academy)/(Original Issue Yield: 7.25%), 11/1/2023      | BB+ /NR/NR                            | 494,630          |
| 1,000,000                              | Colorado Health Facilities Authority, Revenue Bonds<br>(Series 2002A), 6.125% (Covenant Retirement<br>Communities, Inc.)/(Original Issue Yield: 6.40%),<br>12/1/2033 | BBB+ /NR/BBB+                         | 1,007,150        |
| 500,000                                | Conservatory Metropolitan District, CO, LT GO Bonds,<br>7.55%, 12/1/2032   | NR                                    | 508,255          |
| 1,000,000                              | Denver, CO Health & Hospital Authority, Revenue<br>Bonds, 6.25% (Original Issue Yield: 6.28%), 12/1/2033   | BBB/Baa3/NR                           | 1,001,140        |
| <b>TOTAL</b>                           |  |                                       | <b>4,707,379</b> |

|                          |   |             |           |
|--------------------------|---|-------------|-----------|
| <b>Connecticut--2.3%</b> |   |             |           |
| 1,250,000                | Connecticut State Development Authority, First<br>Mortgage Gross Revenue Health Care Project Bonds<br>(Series 2003), 5.85% (Elim Park Baptist Home,<br>Inc.)/(Original Issue Yield: 5.98%), 12/1/2033 | BBB+/NR/NR  | 1,247,025 |
| 2,000,000                | Connecticut State Transportation Infrastructure<br>Authority, Transportation Infrastructure Special Tax   | AAA/Aaa/AAA | 2,028,360 |

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Revenue Bonds (Series 2002B), 5.00% (AMBAC INS),  
12/1/2022

| Principal Amount                  |   | Credit Rating <sup>1</sup> | Value        |
|-----------------------------------|---|----------------------------|--------------|
| <hr/>                             |   |                            |              |
|                                   | TOTAL   |                            | 3,275,385    |
| <hr/>                             |   |                            |              |
| <b>District of Columbia--1.5%</b> |   |                            |              |
| 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               | 2,145,050    |
| <hr/>                             |   |                            |              |
| <b>Florida--6.7%</b>              |   |                            |              |
| 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+              | 599,148      |
| 1,000,000                         | <sup>2</sup> Capital Trust Agency, FL, Revenue Bonds (Series 2001), 10.00% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033                                | NR                         | 1,207,670    |
| 400,000                           | <sup>2</sup> Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033                                | NR                         | 466,576      |
| 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                | 1,515,762    |
| 1,320,000                         | Harbor Bay, FL Community Development District, Special Assessment Revenue Bonds, 6.75%, 5/1/2034  | NR                         | 1,392,653    |
| <hr/>                             |   |                            |              |
|                                   | LONG-TERM MUNICIPALS--continued   |                            |              |
| <b>Florida--continued</b>         |   |                            |              |
| \$ 2,000,000                      | Jacksonville, FL Sales Tax, Revenue Bonds (Series 2003), 5.00% (MBIA Insurance Corp. INS), 10/1/2024  | AAA/Aaa/AAA                | \$ 2,016,960 |
| 1,000,000                         | South Lake County, FL Hospital District, Revenue Bonds, 6.625% (South Lake Hospital, Inc.), 10/1/2023   | NR/Baa3/BBB-               | 1,028,620    |
| 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                         | 1,224,772    |
| <hr/>                             |   |                            |              |
|                                   | TOTAL   |                            | 9,452,161    |
| <hr/>                             |   |                            |              |
| <b>Georgia--0.4%</b>              |   |                            |              |
| 500,000                           | Athens, GA Housing Authority, Lease Revenue Bonds, 5.25% (University of Georgia-East Campus)/(AMBAC INS), 12/1/2023   | NR/Aaa/AAA                 | 514,330      |



|                                 |   |                        |              |
|---------------------------------|---|------------------------|--------------|
| <b>Hawaii--1.0%</b>             |   |                        |              |
| 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                     | 1,399,930    |
| <b>Illinois--3.9%</b>           |   |                        |              |
| 1,000,000                       | Antioch Village, IL Special Service Area No. 1, Special Tax Revenue Bonds, 6.625% (Deercrest Project), 3/1/2033                                       | NR                     | 969,920      |
| 2,500,000                       | Chicago, IL Sales Tax, Revenue Bonds, 5.25% (FGIC INS)/(Original Issue Yield: 5.385%), 1/1/2028   | AAA/Aaa/AAA            | 2,523,850    |
| 1,000,000                       | Chicago, IL Special Assessment, Improvement Revenue Bonds, 6.75% (Lakeshore East Project)/(Original Issue Yield: 6.769%), 12/1/2032                   | NR                     | 1,020,340    |
| 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             | 1,000,110    |
| TOTAL                           |   |                        | 5,514,220    |
| <b>Kansas--2.2%</b>             |   |                        |              |
| 3,000,000                       | Wichita, KS Water & Sewer Utility, Revenue Bonds (Series 2003), 5.00% (FGIC INS), 10/1/2021   | AAA/Aaa/AAA            | 3,066,090    |
| <b>Kentucky--1.1%</b>           |   |                        |              |
| 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+             | 1,557,105    |
| <b>Massachusetts--3.3%</b>      |   |                        |              |
| 1,500,000                       | Commonwealth of Massachusetts, LT GO Bonds, 5.25% (FGIC INS), 1/1/2022  | AAA/Aaa/AAA            | 1,630,020    |
| 2,000,000                       | Massachusetts Development Finance Agency, Revenue Bonds, 5.75% (Massachusetts College of Pharmacy & Allied Health Sciences), 7/1/2033                 | BBB/NR/NR              | 1,953,780    |
| <b>Principal Amount</b>         |   | <b>Credit Rating 1</b> | <b>Value</b> |
| LONG-TERM MUNICIPALS--continued |   |                        |              |
| <b>Massachusetts--continued</b> |   |                        |              |
| \$ 1,000,000                    | Massachusetts HEFA, Revenue Bonds (Series 2003E), 6.75% (Jordan Hospital)/(Original Issue Yield: 7.00%), 10/1/2033                                    | BBB-/NR/NR             | \$ 1,019,430 |

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|       |  |           |
|-------|--|-----------|
| TOTAL |  | 4,603,230 |
|-------|--|-----------|

**Michigan--4.5%**

|           |  |             |           |
|-----------|--|-------------|-----------|
| 2,000,000 | Cornell Township MI, Economic Development Corp., Refunding Revenue Bonds, 5.875% (MeadWestvaco Corp.), 5/1/2018                                    | BBB/Baa2/NR | 2,072,220 |
| 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 | 1,004,670 |
| 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 | 2,398,489 |
| 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 | 929,385   |

|       |  |           |
|-------|--|-----------|
| TOTAL |  | 6,404,764 |
|-------|--|-----------|

**Minnesota--0.6%**

|         |   |    |         |
|---------|---|----|---------|
| 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 | 903,933 |
|---------|---|----|---------|

**Mississippi--1.6%**

|           |   |             |           |
|-----------|---|-------------|-----------|
| 2,000,000 | Lowndes County, MS Solid Waste Disposal, Refunding PCR Bonds (Series 1992B), 6.70% (Weyerhaeuser Co.), 4/1/2022 | BBB/Baa2/NR | 2,248,440 |
|-----------|---|-------------|-----------|

**Missouri--0.7%**

|           |  |              |         |
|-----------|--|--------------|---------|
| 1,000,000 | Missouri Development Finance Board, Infrastructure Facilities Bonds (Series 2003A), 5.50% (Branson, MO)/(Original Issue Yield: 5.56%), 12/1/2032 | BBB+/Baa1/NR | 996,430 |
|-----------|--|--------------|---------|

**Nevada--1.9%**

|           |   |             |           |
|-----------|---|-------------|-----------|
| 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          | 648,947   |
| 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 | 1,988,300 |

|       |  |           |
|-------|--|-----------|
| TOTAL |  | 2,637,247 |
|-------|--|-----------|

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**New Hampshire--2.2%**

|           |   |             |           |
|-----------|---|-------------|-----------|
| 3,000,000 | Manchester, NH School Facilities, Revenue Bonds, 5.50% (MBIA Insurance Corp. INS), 6/1/2028 | AAA/Aaa/AAA | 3,133,590 |
|-----------|---|-------------|-----------|

| Principal Amount |   | Credit Rating <sup>1</sup> | Value            |
|------------------|---|----------------------------|------------------|
|                  | LONG-TERM MUNICIPALS--continued   |                            |                  |
|                  | <b>New Jersey--1.8%</b>   |                            |                  |
| \$ 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/BBB-                    | \$ 288,801       |
| 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 | BB+ /NR/BBB-               | 618,498          |
| 500,000          | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, 6.625% (Palisades Medical Center)/(Original Issue Yield: 6.67%), 7/1/2031           | BBB-/Baa3/BBB-             | 518,570          |
| 1,000,000        | New Jersey State Educational Facilities Authority, Revenue Bonds, Project C, 6.50% (Georgian Court College), 7/1/2033                                     | BBB+/Baa1/NR               | 1,078,520        |
|                  | <b>TOTAL</b>  |                            | <b>2,504,389</b> |

**New Mexico--0.5%**

|         |  |           |         |
|---------|--|-----------|---------|
| 750,000 | <sup>2</sup> Jicarilla, NM Apache Nation, Revenue Bonds, 5.50%, 9/1/2023 | NR/NR/AAA | 763,762 |
|---------|--|-----------|---------|

**New York--4.7%**

|           |   |             |                  |
|-----------|---|-------------|------------------|
| 750,000   | Dutchess County, NY IDA, Civic Facility Revenue Bonds (Series 2004B), 7.50% (St. Francis Hospital and Health Centers), 3/1/2029                           | NR          | 728,715          |
| 750,000   | Dutchess County, NY IDA, Revenue Bonds, 5.00% (Marist College)/(Original Issue Yield: 5.25%), 7/1/2022  | NR /Baa1/NR | 739,867          |
| 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 | 3,050,790        |
| 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    | 2,111,880        |
|           | <b>TOTAL</b>  |             | <b>6,631,252</b> |

**North Carolina--2.9%**

|           |  |            |           |
|-----------|--|------------|-----------|
| 1,000,000 |  | NR/Aaa/AAA | 1,031,900 |
|-----------|--|------------|-----------|

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|              |   |                |                  |
|--------------|---|----------------|------------------|
|              | Appalachian State University, NC, Revenue Bonds<br>(Series 2003 A), 5.125% (FGIC INS), 5/1/2021   |                |                  |
| 1,000,000    | Haywood County, NC Industrial Facilities & Pollution<br>Control Financing Authority, Refunding Revenue<br>Bonds, 6.00% (Champion International Corp.), 3/1/2020 | NR/Baa2/NR     | 1,046,140        |
| 1,000,000    | North Carolina Eastern Municipal Power Agency, Power<br>System Refunding Revenue Bonds (Series 2003C),<br>5.375% (Original Issue Yield: 5.57%), 1/1/2017        | BBB/Baa2 /BBB+ | 1,031,170        |
| 1,000,000    | North Carolina Municipal Power Agency No. 1, Electric<br>Revenue Bonds (Series 2003A), 5.25% (Catawba<br>Electric)/(MBIA Insurance Corp. INS), 1/1/2019         | AAA/Aaa/AAA    | 1,048,190        |
| <b>TOTAL</b> |   |                | <b>4,157,400</b> |

| <b>Principal<br/>Amount</b> |  | <b>Credit<br/>Rating <sup>1</sup></b> | <b>Value</b>     |
|-----------------------------|--|---------------------------------------|------------------|
|                             | <b>LONG-TERM MUNICIPALS--continued</b>   |                                       |                  |
|                             | <b>North Dakota--2.9%</b>  |                                       |                  |
| \$ 2,000,000                | Fargo, ND, Health System Revenue Bonds (Series<br>2000A), 5.60% (Meritcare Obligated Group)/(FSA<br>INS)/(Original Issue Yield: 5.70%), 6/1/2021   | AAA/Aaa/NR                            | \$ 2,108,240     |
| 2,000,000                   | Ward County, ND Health Care Facility, Revenue Bonds<br>(Series A), 6.25% (Trinity Obligated Group,<br>ND)/(Original Issue Yield: 6.375%), 7/1/2026 | BBB+/NR/NR                            | 2,019,340        |
| <b>TOTAL</b>                |  |                                       | <b>4,127,580</b> |

|              |  |               |                  |
|--------------|--|---------------|------------------|
|              | <b>Ohio--0.9%</b>  |               |                  |
| 1,000,000    | Ohio State Air Quality Development Authority, PCR<br>Refunding Bonds (Series 2002A), 6.00% (Cleveland<br>Electric Illuminating Co.), 12/1/2013 | BB+/Baa3/BBB- | 1,025,370        |
| 250,000      | <sup>2</sup> Port of Greater Cincinnati, OH Development Authority,<br>Special Assessment Revenue Bonds, 6.40% (Cincinnati<br>Mills), 2/15/2034 | NR            | 241,132          |
| <b>TOTAL</b> |  |               | <b>1,266,502</b> |

|           |  |         |           |
|-----------|--|---------|-----------|
|           | <b>Pennsylvania--3.8%</b>  |         |           |
| 1,165,000 | Allegheny County, PA HDA, Health System Revenue<br>Bonds (Series 2000B), 9.25% (West Penn Allegheny<br>Health System)/(Original Issue Yield: 9.70%),<br>11/15/2030 | B/B2/B+ | 1,298,206 |
| 200,000   | Allegheny County, PA HDA, Revenue Bonds (Series<br>A), 8.75% (Covenant at South Hills)/(Original Issue   | NR      | 200,920   |

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Yield: 8.80%, 2/1/2031

|              |  |             |                  |
|--------------|--|-------------|------------------|
| 1,295,000    | Cumberland County, PA Municipal Authority, Retirement Community Revenue Bonds (Series 2002A), 7.25% (Wesley Affiliated Services, Inc. Obligated Group)/(Original Issue Yield: 7.50%), 1/1/2035 | NR          | 1,276,093        |
| 1,500,000    | 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      | 1,558,890        |
| 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 | 1,035,190        |
| <b>TOTAL</b> |  |             | <b>5,369,299</b> |

**South Carolina--5.3%**

|              |   |             |                  |
|--------------|---|-------------|------------------|
| 1,000,000    | Clemson University, SC, University Revenue Bonds, 5.00% (XL Capital Assurance Inc. INS), 5/1/2023   | AAA/Aaa/AAA | 1,003,460        |
| 1,940,000    | Myrtle Beach, SC, Hospitality Fee Revenue Bonds (Series 2004A), 5.375% (FGIC INS), 6/1/2023   | AAA/Aaa/NR  | 2,028,600        |
| 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-    | 2,426,325        |
| 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 | 2,048,320        |
| <b>TOTAL</b> |   |             | <b>7,506,705</b> |

| <b>Principal Amount</b> |   | <b>Credit Rating <sup>1</sup></b> | <b>Value</b> |
|-------------------------|---|-----------------------------------|--------------|
|                         | LONG-TERM MUNICIPALS--continued   |                                   |              |
|                         | <b>South Dakota--1.2%</b>   |                                   |              |
| \$ 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                          | \$ 1,759,223 |
|                         | <b>Tennessee--3.8%</b>  |                                   |              |
| 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-                    | 2,248,480    |
| 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                      | 1,535,445    |

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|                    |   |               |                   |
|--------------------|---|---------------|-------------------|
| 1,500,000          | 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             | NR/Baa2/NR    | 1,530,405         |
| <b>TOTAL</b>       |   |               | <b>5,314,330</b>  |
| <b>Texas--9.4%</b> |   |               |                   |
| 1,200,000          | Abilene, TX Health Facilities Development Corp., Retirement Facilities Revenue Bonds (Series 2003A), 7.00% (Sears Methodist Retirement)/(Original Issue Yield: 7.25%), 11/15/2033 | NR            | 1,243,344         |
| 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   | 2,579,225         |
| 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  | 197,272           |
| 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   | 4,095,040         |
| 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            | 1,391,755         |
| 1,050,000          | Sabine River Authority, TX, PCR Refunding Bonds (Series 2003B), 6.15% (TXU Energy), 8/1/2022  | BBB/Baa2/BBB  | 1,085,186         |
| 335,000            | Sabine River Authority, TX, PCR Refunding Bonds (Series 2003A), 5.80% (TXU Energy), 7/1/2022  | BBB/Baa2/NR   | 337,268           |
| 1,300,000          | Texas State University System, Refunding Revenue Bonds, 5.00% (FSA INS), 3/15/2020  | AAA/Aaa/AAA   | 1,323,855         |
| 1,000,000          | Tyler, TX Health Facilities Development Corp., Hospital Revenue Bonds, 5.75% (Mother Frances Hospital)/(Original Issue Yield: 5.84%), 7/1/2027                                    | NR /Baa1/BBB+ | 980,540           |
| <b>TOTAL</b>       |   |               | <b>13,233,485</b> |

**Principal Amount**

**Credit Rating 1**

**Value**

LONG-TERM MUNICIPALS--continued

**Virginia--3.3%**

|              |   |    |            |
|--------------|---|----|------------|
| \$ 1,000,000 | Broad Street Community Development Authority, VA, Revenue Bonds, 7.50% (Original Issue Yield: 7.625%), 6/1/2033 | NR | \$ 966,260 |
|--------------|---|----|------------|

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|              |   |             |                  |
|--------------|---|-------------|------------------|
| 1,280,000    | Hampton, VA Convention Center, Revenue Bonds, 5.125% (AMBAC INS), 1/15/2028   | AAA/Aaa/AAA | 1,287,104        |
| 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          | 1,454,698        |
| 1,000,000    | Virginia Peninsula Port Authority, Coal Terminal Revenue Refunding Bonds (Series 2003), 6.00% (Dominion Terminal Associates Project-Brink's Issue), 4/1/2033                    | BBB/Baa3/NR | 1,019,250        |
| <b>TOTAL</b> |   |             | <b>4,727,312</b> |

**Washington--5.0%**

|              |   |             |                  |
|--------------|---|-------------|------------------|
| 1,000,000    | Everett, WA, LT GO Refunding Bonds, 5.00% (MBIA Insurance Corp. INS), 12/1/2020   | NR/Aaa/AAA  | 1,022,600        |
| 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 | 1,940,465        |
| 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 | 2,029,560        |
| 2,000,000    | Washington State, Various Purpose UT GO Bonds (Series 2002A), 5.00% (FSA LOC)/(Original Issue Yield: 5.09%), 7/1/2022           | AAA/Aaa/AAA | 2,021,920        |
| <b>TOTAL</b> |   |             | <b>7,014,545</b> |

**Wisconsin--5.1%**

|           |  |             |           |
|-----------|--|-------------|-----------|
| 4,000,000 | Wisconsin State HEFA, Health Facilities Revenue Bonds (Series A), 5.25% (Ministry Health Care)/(MBIA Insurance Corp. INS)/(Original Issue Yield: 5.38%), 2/15/2032 | AAA/Aaa/AAA | 4,022,440 |
| 250,000   | Wisconsin State HEFA, Revenue Bonds (Series 2004A), 6.25% (Southwest Health Center)/(Original Issue Yield: 6.32%), 4/1/2034  | NR          | 238,655   |
| 1,000,000 | Wisconsin State HEFA, Revenue Bonds, 6.00% (SynergyHealth, Inc.)/(Original Issue Yield: 6.10%), 11/15/2023   | BBB+/NR/A-  | 1,012,910 |
| 500,000   | Wisconsin State HEFA, Revenue Bonds, 6.50% (Tomah Memorial Hospital, Inc.)/(Original Issue Yield: 6.75%), 7/1/2023   | NR          | 496,450   |
| 500,000   | Wisconsin State HEFA, Revenue Bonds, 6.625% (Tomah Memorial Hospital, Inc.)/(Original Issue Yield: 6.875%), 7/1/2028   | NR          | 496,390   |

1 **Value**

| Principal Amount |   | Credit Rating |                      |
|------------------|---|---------------|----------------------|
|                  | LONG-TERM MUNICIPALS--continued   |               |                      |
|                  | <b>Wisconsin--continued</b>   |               |                      |
| \$ 1,000,000     | Wisconsin State HEFA, Revenue Bonds, 7.25%<br>(Community Memorial Hospital)/(Original Issue Yield:<br>7.45%), 1/15/2033 | NR            | \$ 1,001,380         |
|                  | <b>TOTAL</b>  |               | <b>7,268,225</b>     |
|                  | <b>TOTAL LONG-TERM MUNICIPALS (IDENTIFIED COST \$137,343,207)</b>   |               | <b>138,585,333</b>   |
|                  | SHORT-TERM MUNICIPALS--2.0%   |               |                      |
|                  | <b>Pennsylvania--1.8%</b>   |               |                      |
| 2,600,000        | Philadelphia, PA IDA, Daily VRDNs (Newcourtland Elder Services)/(PNC Bank, N.A. LOC)                                    | NR/VMIG1/NR   | 2,600,000            |
|                  | <b>Texas--0.2%</b>  |               |                      |
| 200,000          | Harris County, TX HFDC (Series 2002) Daily VRDNs (Methodist Hospital, Harris County, TX)                                | A-1+/NR/NR    | 200,000              |
|                  | <b>TOTAL SHORT-TERM MUNICIPALS (AT AMORTIZED COST)</b>  |               | <b>2,800,000</b>     |
|                  | <b>TOTAL INVESTMENTS--100% (IDENTIFIED COST \$140,143,344)<sup>3</sup></b>  |               | <b>141,385,333</b>   |
|                  | <b>OTHER ASSETS AND LIABILITIES--NET</b>  |               | <b>(1,307,937 )</b>  |
|                  | <b>LIQUIDATION VALUE OF AUCTION PREFERRED SHARES</b>  |               | <b>(53,675,000 )</b> |
|                  | <b>TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</b>   |               | <b>\$ 86,402,396</b> |

At May 31, 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 Investor Service and Fitch Ratings, respectively, are unaudited.

2 Denotes a restricted security which is subject to restrictions on resale under federal securities laws. These securities have been deemed liquid based upon criteria approved by the Fund's Board of Trustees. At May 31, 2004, these



securities amounted to \$2,679,140 which represents 1.9% of total market value.

3 The cost of investments for federal tax purposes amounts to \$140,143,207.

Note: The categories of investments are shown as a percentage of total market value at May 31, 2004.

The following acronyms are used throughout this portfolio:

AMBAC --American Municipal Bond Assurance Corporation

EDA --Economic Development Authority

EDFA --Economic Development Finance 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

UT --Unlimited Tax

VRDNs --Variable Rate Demand Notes

See Notes which are an integral part of the Financial Statements

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

May 31, 2004 (unaudited)

| Principal Amount |  | Credit Rating <sup>1</sup> | Value        |
|------------------|--|----------------------------|--------------|
|                  | LONG-TERM MUNICIPALS--99.7%  |                            |              |
|                  | <b>Alaska--2.6%</b>  |                            |              |
| \$ 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                | \$ 4,154,001 |
|                  | <b>Arizona--1.6%</b>   |                            |              |
| 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                 | 1,085,620    |
| 1,500,000        |  | NR                         | 1,495,185    |

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Verrado Community Facilities District No. 1, AZ,  
Revenue Bonds, 6.15%, 7/15/2017

|                         |  |                |            |
|-------------------------|--|----------------|------------|
| TOTAL                   |  |                | 2,580,805  |
| <b>Arkansas--0.7%</b>   |  |                |            |
| 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  | 1,088,880  |
| <b>California--8.7%</b> |  |                |            |
| 1,250,000               | California Educational Facilities Authority, Revenue Bonds (Series 2000A), 6.75% (Fresno Pacific University), 3/1/2019   | NR/Baa3/NR     | 1,350,312  |
| 570,000                 | California Health Facilities Financing Authority, Health Facility Revenue Bonds (Series 2004I), 4.95% TOBs (Catholic Healthcare West), Mandatory Tender 7/1/2014 | BBB+/Baa1/BBB+ | 568,182    |
| 4,000,000               | California State, Refunding UT GO Bonds, 5.25%, 2/1/2014   | BBB/A3/BBB     | 4,243,920  |
| 2,000,000               | Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Revenue Bonds (Series 2003A-1), 6.25% (Original Issue Yield: 6.55%), 6/1/2033     | BBB/Baa3/BBB   | 1,802,320  |
| 2,000,000               | Oakland, CA Redevelopment Agency, Tax Allocation Bonds, 5.00% (FGIC INS), 9/1/2010   | AAA/Aaa/AAA    | 2,159,960  |
| 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    | 1,990,934  |
| 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    | 1,633,065  |
| TOTAL                   |  |                | 13,748,693 |

| Principal Amount                |  | Credit Rating <sup>1</sup> | Value      |
|---------------------------------|--|----------------------------|------------|
| LONG-TERM MUNICIPALS--continued |  |                            |            |
| <b>Colorado--3.0%</b>           |  |                            |            |
| \$ 725,000                      | Antelope Heights Metropolitan District, CO, LT GO Bonds, 8.00%, 12/1/2023      | NR                         | \$ 713,414 |
| 500,000                         | Buckhorn Valley Metropolitan District No. 2, CO, LT GO Bonds, 7.00%, 12/1/2023 | NR                         | 491,395    |
| 500,000                         | Colorado Educational & Cultural Facilities Authority,                          | BB+/NR/NR                  | 496,290    |

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|                                   |  |                                   |                  |
|-----------------------------------|--|-----------------------------------|------------------|
|                                   | Revenue Refunding Bonds (Series A), 6.25% (Denver Academy)/(Original Issue Yield: 6.50%), 11/1/2013  |                                   |                  |
| 865,000                           | Conservatory Metropolitan District, CO, LT GO Bonds, 7.40%, 12/1/2016  | NR                                | 889,618          |
| 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                       | 2,111,435        |
| <b>TOTAL</b>                      |  |                                   | <b>4,702,152</b> |
| <b>Connecticut--0.5%</b>          |  |                                   |                  |
| 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                        | 756,825          |
| <b>Delaware--0.7%</b>             |  |                                   |                  |
| 1,000,000                         | Delaware Health Facilities Authority, Revenue Bonds, 4.00% (Christiana Care Health Services)/(AMBAC INS), 10/1/2007  | AAA/Aaa/AAA                       | 1,040,430        |
| <b>District of Columbia--1.4%</b> |  |                                   |                  |
| 2,000,000                         | District of Columbia, Refunding UT GO (Series 2002C), 5.25% (XL Capital Assurance Inc. INS), 6/1/2010  | AAA/Aaa/AAA                       | 2,171,360        |
| <b>Florida--5.4%</b>              |  |                                   |                  |
| 1,000,000                         | <sup>2</sup> Capital Trust Agency, FL, Revenue Bonds (Series 2001), 10.00% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033                                     | NR                                | 1,207,670        |
| 600,000                           | <sup>2</sup> Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities), 10/1/2033                                     | NR                                | 699,864          |
| 300,000                           | Concorde Estates, FL Community Development District, Revenue Bonds (Series 2004B), 5.00% (Original Issue Yield: 5.10%), 5/1/2011   | NR                                | 298,653          |
| 1,040,000                         | Gateway Services, FL Community Development District, Special Assessment Bonds (Series 2003B), 5.50% (Original Issue Yield: 5.65%), 5/1/2010  | NR                                | 1,040,260        |
| 1,160,000                         | Heritage Harbour South Community Development District, FL, Capital Improvement Revenue Bonds (Series 2002B), 5.40% (Original Issue Yield: 5.50%), 11/1/2008                                  | NR                                | 1,159,269        |
| <b>Principal Amount</b>           |  | <b>Credit Rating</b> <sup>1</sup> | <b>Value</b>     |

## LONG-TERM MUNICIPALS--continued

**Florida--continued**

|              |  |              |                  |
|--------------|--|--------------|------------------|
| \$ 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    | \$ 766,567       |
| 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+ | 1,983,050        |
| 1,380,000    | Plantation, FL, Refunding & Improvement Projects Revenue Bonds, 5.00% (FSA INS), 8/15/2020   | NR/Aaa/AAA   | 1,418,378        |
| <b>TOTAL</b> |  |              | <b>8,573,711</b> |

**Georgia--1.9%**

|              |  |             |                  |
|--------------|--|-------------|------------------|
| 750,000      | Fulton County, GA Residential Care Facilities, Revenue Bonds (Series 2004A), 6.00% (Canterbury Court), 2/15/2022   | NR          | 741,465          |
| 2,115,000    | Municipal Electric Authority of Georgia, Revenue Bonds (Series 2002A), 5.25% (MBIA Insurance Corp. INS), 11/1/2015 | AAA/Aaa/AAA | 2,276,121        |
| <b>TOTAL</b> |  |             | <b>3,017,586</b> |

**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 | 1,590,873 |
|-----------|---|----|-----------|

**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 | 1,100,300 |
| 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 | 1,935,778 |
| 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          | 1,022,000 |
| 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  | 1,015,750 |

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TOTAL 5,073,828

**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 2,178,060

**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/BBB+ 2,141,580

| Principal<br>Amount |  | Credit<br>Rating <sup>1</sup> | Value |
|---------------------|--|-------------------------------|-------|
|---------------------|--|-------------------------------|-------|

LONG-TERM MUNICIPALS--continued

**Louisiana--3.2%**

|              |   |             |              |
|--------------|---|-------------|--------------|
| \$ 1,535,000 | Louisiana Local Government Environmental Facilities<br>Community Development Authority, Revenue Bonds,<br>5.375% (BRCC Facilities Corp.)/(MBIA Insurance<br>Corp. INS), 12/1/2014 | AAA/Aaa/AAA | \$ 1,678,415 |
|--------------|---|-------------|--------------|

|           |   |             |           |
|-----------|---|-------------|-----------|
| 1,630,000 | Louisiana Local Government Environmental Facilities<br>Community Development Authority, Revenue Bonds,<br>5.375% (BRCC Facilities Corp.)/(MBIA Insurance<br>Corp. INS), 12/1/2015 | AAA/Aaa/AAA | 1,768,257 |
|-----------|---|-------------|-----------|

|           |   |            |           |
|-----------|---|------------|-----------|
| 1,500,000 | West Feliciana Parish, LA, PCR Bonds, 7.00% (Entergy<br>Gulf States, Inc.), 11/1/2015 | BB+/Ba1/NR | 1,539,495 |
|-----------|---|------------|-----------|

TOTAL 4,986,167

**Massachusetts--3.9%**

|           |  |             |           |
|-----------|--|-------------|-----------|
| 2,500,000 | Commonwealth of Massachusetts, LT GO Bonds<br>(Series C), 5.50% (FSA INS), 11/1/2010 | AAA/Aaa/AAA | 2,784,775 |
|-----------|--|-------------|-----------|

|           |  |             |           |
|-----------|--|-------------|-----------|
| 1,000,000 | Commonwealth of Massachusetts, Refunding LT GO<br>Bonds (Series 1997A), 5.75% (FGIC INS), 8/1/2008 | AAA/Aaa/AAA | 1,109,520 |
|-----------|--|-------------|-----------|

|           |   |             |           |
|-----------|---|-------------|-----------|
| 2,105,000 | Massachusetts Municipal Wholesale Electric Co.,<br>Power Supply System Revenue Bonds (Nuclear Project<br>3-A), 5.00% (MBIA Insurance Corp. INS), 7/1/2011 | AAA/Aaa/AAA | 2,275,610 |
|-----------|---|-------------|-----------|

TOTAL 6,169,905

**Michigan--3.3%**

|           |   |             |           |
|-----------|---|-------------|-----------|
| 2,000,000 | Cornell Township MI, Economic Development Corp.,<br>Refunding Revenue Bonds, 5.875% (MeadWestvaco<br>Corp.), 5/1/2018 | BBB/Baa2/NR | 2,072,220 |
|-----------|---|-------------|-----------|

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|              |   |            |                  |
|--------------|---|------------|------------------|
| 1,000,000    | Grand Rapids & Kent County, MI Joint Building Authority, Revenue Bonds, 5.25%, 12/1/2011  | AAA/Aaa/NR | 1,101,770        |
| 2,000,000    | Michigan State Hospital Finance Authority, Hospital Refunding Revenue Bonds (Series 2003A), 5.625% (Henry Ford Health System, MI), 3/1/2017 | A-/A1/NR   | 2,084,000        |
| <b>TOTAL</b> |   |            | <b>5,257,990</b> |

**Mississippi--2.4%**

|              |   |             |                  |
|--------------|---|-------------|------------------|
| 2,500,000    | Lowndes County, MS Solid Waste Disposal, Refunding PCR Bonds (Series 1992B), 6.70% (Weyerhaeuser Co.), 4/1/2022   | BBB/Baa2/NR | 2,810,550        |
| 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  | 997,060          |
| <b>TOTAL</b> |   |             | <b>3,807,610</b> |

| <b>Principal Amount</b>                |   | <b>Credit Rating</b> <sup>1</sup> | <b>Value</b>     |
|--|---|-----------------------------------|------------------|
| <b>LONG-TERM MUNICIPALS--continued</b> |   |                                   |                  |
| <b>Missouri--2.4%</b>                  |   |                                   |                  |
| \$ 1,450,000                           | St. Louis, MO, Airport Revenue Bonds (Series A), 5.25% (MBIA Insurance Corp. INS), 7/1/2009 | AAA/Aaa/AAA                       | \$ 1,571,931     |
| 1,060,000                              | St. Louis, MO, Airport Revenue Bonds (Series A), 5.25% (MBIA Insurance Corp. INS), 7/1/2010 | AAA/Aaa/AAA                       | 1,152,453        |
| 910,000                                | St. Louis, MO, Airport Revenue Bonds (Series A), 5.25% (MBIA Insurance Corp. INS), 7/1/2011 | AAA/Aaa/AAA                       | 991,318          |
| <b>TOTAL</b>                           |   |                                   | <b>3,715,702</b> |

**Nebraska--1.0%**

|           |   |             |           |
|-----------|---|-------------|-----------|
| 1,500,000 | Nebraska Public Power District, Revenue Bonds (Series 2002B), 5.00% (AMBAC INS), 1/1/2009 | AAA/Aaa/AAA | 1,618,065 |
|-----------|---|-------------|-----------|

**Nevada--2.0%**

|           |  |              |           |
|-----------|--|--------------|-----------|
| 2,000,000 | Clark County, NV, IDRBs (Series 2003C), 5.45% TOBs (Southwest Gas Corp.), Mandatory Tender 3/1/2013  | BBB-/Baa2/NR | 2,089,000 |
| 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           | 998,380   |

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TOTAL 3,087,380

**New Jersey--3.6%**

|           |   |             |           |
|-----------|---|-------------|-----------|
| 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/BBB-     | 585,546   |
| 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 | BB+/NR/BBB- | 1,027,780 |
| 1,250,000 | New Jersey State Transportation Corp., Certificates of Participation (Series 1999A), 5.00% (AMBAC INS), 9/15/2007   | AAA/Aaa/AAA | 1,340,850 |
| 1,450,000 | New Jersey State, Refunding UT GO Bonds (Series 2003J), 5.00%, 7/15/2009  | AA/Aa2/AA   | 1,567,827 |
| 1,000,000 | Passaic Valley, NJ Sewer Authority, Sewer System Revenue Bonds, (Series F), 5.00% (FGIC INS), 12/1/2011   | NR/Aaa/AAA  | 1,090,910 |
| TOTAL     |   |             | 5,612,913 |

**New Mexico--0.9%**

|           |   |            |           |
|-----------|---|------------|-----------|
| 1,300,000 | Farmington, NM, Refunding Revenue Bonds (Series 2002A), 6.375% TOBs (El Paso Electric Co.), Mandatory Tender 8/1/2005 | BB+/Ba1/NR | 1,343,563 |
|-----------|---|------------|-----------|

| Principal Amount                |  | Credit Rating <sup>1</sup> | Value      |
|---------------------------------|--|----------------------------|------------|
| LONG-TERM MUNICIPALS--continued |  |                            |            |
| <b>New York--9.3%</b>           |  |                            |            |
| \$ 395,000                      | Dutchess County, NY IDA, Civic Facility Revenue Bonds (Series 2004B), 7.25% (St. Francis Hospital and Health Centers), 3/1/2019                | NR                         | \$ 388,731 |
| 2,000,000                       | Dutchess County, NY IDA, Revenue Bonds, 5.00% (Marist College)/(Original Issue Yield: 5.15%), 7/1/2020   | NR/Baa1/NR                 | 1,985,720  |
| 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                | 4,360,360  |
| 500,000                         | New York City, NY, UT GO Bonds (Series 2001F), 5.25%, 8/1/2011   | A/A2/A+                    | 537,555    |
| 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                | 2,564,093  |
| 1,490,000                       | New York State Dormitory Authority, Revenue Bonds (Series 2003A), 5.25% (Brooklyn Law School)/(Radian  | AA/NR/NR                   | 1,614,564  |

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Asset Assurance INS), 7/1/2009

|              |  |             |                   |
|--------------|--|-------------|-------------------|
| 1,795,000    | New York State Urban Development Corp.,<br>Correctional & Youth Facilities Service Contract Bonds<br>(Series 2002C), 4.00% (New York State)/(XL Capital<br>Assurance Inc. INS), 1/1/2010 | AAA/Aaa/AAA | 1,844,309         |
| 1,225,000    | Unadilla, NY Central School District No. 2, UT GO<br>Bonds, 4.50% (FGIC INS), 6/15/2011  | AAA/Aaa/AAA | 1,295,413         |
| <b>TOTAL</b> |  |             | <b>14,590,745</b> |

**North Carolina--3.0%**

|              |  |                |                  |
|--------------|--|----------------|------------------|
| 1,000,000    | North Carolina Eastern Municipal Power Agency,<br>Power System Revenue Refunding Bonds (Series D),<br>5.50%, 1/1/2014  | BBB/Baa2/BBB+  | 1,071,120        |
| 500,000      | North Carolina Medical Care Commission, Health Care<br>Facilities First Mortgage Revenue Refunding Bonds<br>(Series 2004A), 5.00% (Deerfield Episcopal Retirement<br>Community), 11/1/2023 | NR/A-          | 476,965          |
| 3,000,000    | North Carolina Municipal Power Agency No. 1, Electric<br>Revenue Bonds (Series 2003A), 5.50% (Catawba<br>Electric), 1/1/2014   | BBB+/Baa1/BBB+ | 3,223,860        |
| <b>TOTAL</b> |  |                | <b>4,771,945</b> |

**Ohio--4.0%**

|           |  |               |           |
|-----------|--|---------------|-----------|
| 3,000,000 | Ohio State Air Quality Development Authority, PCR<br>Refunding Bonds (Series 2002A), 6.00% (Cleveland<br>Electric Illuminating Co.), 12/1/2013 | BB+/Baa3/BBB- | 3,076,110 |
| 2,000,000 | Ohio State, Higher Education Capital Facilities Revenue<br>Bonds (Series II-A), 5.00%, 12/1/2008   | AA/Aa2/AA     | 2,167,580 |

**Principal  
Amount**

**Credit  
Rating <sup>1</sup>**

**Value**

LONG-TERM MUNICIPALS--continued

**Ohio--continued**

|                         |  |          |            |
|-------------------------|--|----------|------------|
| \$ 250,000 <sup>2</sup> | Port of Greater Cincinnati, OH Development Authority,<br>Special Assessment Revenue Bonds, 6.30% (Cincinnati<br>Mills), 2/15/2024      | NR       | \$ 242,432 |
| 825,000                 | Toledo-Lucas County, OH Port Authority, Port<br>Facilities Refunding Revenue Bonds (Series 2004B),<br>4.50% (Cargill, Inc.), 12/1/2015 | A+/NR/NR | 814,424    |

**TOTAL**

**6,300,546**

**Oregon--0.6%**



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|                             |  |                                   |              |
|-----------------------------|--|-----------------------------------|--------------|
| 1,000,000                   | Yamhill County, OR Hospital Authority, Revenue Bonds, 6.50% (Friendsview Retirement Community), 12/1/2018  | NR                                | 1,003,240    |
| <hr/>                       |  |                                   |              |
| <b>Pennsylvania--10.5%</b>  |  |                                   |              |
| 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/B2/B+                           | 1,561,616    |
| 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-                        | 398,232      |
| 330,000                     | Crawford County, PA Hospital Authority, Senior Living Facilities Revenue Bonds, 5.90% (Wesbury United Methodist Community Obligated Group), 8/15/2009  | NR/BBB-                           | 336,329      |
| 1,550,000                   | Cumberland County, PA Municipal Authority, Revenue Bonds (Series 2002A), 6.00% (Wesley Affiliated Services, Inc. Obligated Group), 1/1/2013  | NR                                | 1,535,569    |
| 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                            | 1,622,025    |
| 3,975,000                   | Pennsylvania State IDA, EDRBs, 5.25% (AMBAC INS), 7/1/2011   | AAA/Aaa/AAA                       | 4,384,783    |
| 1,385,000                   | Pennsylvania State Turnpike Commission, Oil Franchise Tax Revenue Bonds (Series 2003A), 5.00% (MBIA Insurance Corp. INS), 12/1/2010  | AAA/Aaa/AAA                       | 1,508,002    |
| 1,475,000                   | Philadelphia, PA Gas Works, Revenue Bonds (Sixteenth Series), 5.25% (FSA INS), 7/1/2008  | AAA/Aaa/AAA                       | 1,604,520    |
| 1,000,000                   | Philadelphia, PA Water & Wastewater System, Refunding Revenue Bonds, 5.25% (AMBAC INS), 12/15/2011   | AAA/Aaa/AAA                       | 1,103,320    |
| 2,265,000                   | State Public School Building Authority, PA, Revenue Bonds, 5.25% (MBIA Insurance Corp. INS), 9/1/2008  | AAA/Aaa/AAA                       | 2,414,784    |
| <hr/>                       |  |                                   |              |
|                             | TOTAL  |                                   | 16,469,180   |
| <hr/>                       |  |                                   |              |
| <b>Principal Amount</b>     |  | <b>Credit Rating</b> <sup>1</sup> | <b>Value</b> |
|                             | LONG-TERM MUNICIPALS--continued  |                                   |              |
| <b>South Carolina--0.7%</b> |  |                                   |              |
| \$ 1,000,000                | Georgetown County, SC Environmental Improvements, Refunding Revenue Bonds (Series 2000A), 5.95% (International Paper Co.), 3/15/2014   | BBB/Baa2/NR                       | \$ 1,065,610 |
| <hr/>                       |  |                                   |              |

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**Texas--4.5%**

|              |  |              |                  |
|--------------|--|--------------|------------------|
| 1,000,000    | Abilene, TX HFDC, Retirement Facilities Revenue Bonds (Series 2003A), 6.50% (Sears Methodist Retirement), 11/15/2020           | NR           | 1,011,940        |
| 1,000,000    | Brazos River Authority, TX, PCR Refunding Bonds (Series 2003D), 5.40% TOBs (TXU Energy), Mandatory Tender 10/1/2014            | BBB/Baa2/BBB | 1,026,230        |
| 1,500,000    | Houston, TX Airport System, Subordinated Lien Revenue Bonds, 5.25% (FSA INS), 7/1/2012   | AAA/Aaa/AAA  | 1,643,670        |
| 500,000      | Houston, TX HFDC, Retirement Facilities Revenue Bonds (Series 2004A), 6.25% (Buckingham Senior Living Community), 2/15/2020    | NR           | 491,120          |
| 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  | 1,616,954        |
| 250,000      | Sabine River Authority, TX, PCR Refunding Bonds (Series 2003A), 5.80% (TXU Energy), 7/1/2022                                   | BBB/Baa2/NR  | 251,693          |
| 1,000,000    | Tyler, TX HFDC, Hospital Revenue Bonds, 5.25% (Mother Frances Hospital), 7/1/2012  | NR/Baa1/BBB+ | 1,034,240        |
| <b>TOTAL</b> |  |              | <b>7,075,847</b> |

**Virginia--1.9%**

|              |  |    |                  |
|--------------|--|----|------------------|
| 941,000      | Bell Creek, VA, CDA, Special Assessment Revenue Bonds (Series 2003), 6.75%, 3/1/2022   | NR | 932,710          |
| 1,000,000    | Broad Street Community Development Authority, VA, Revenue Bonds, 7.10% (Original Issue Yield: 7.15%), 6/1/2016   | NR | 980,660          |
| 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 | 1,061,700        |
| <b>TOTAL</b> |  |    | <b>2,975,070</b> |

**Washington--6.7%**

|           |  |             |                |
|-----------|--|-------------|----------------|
| 2,000,000 | Seattle, WA Municipal Light & Power, Revenue Refunding Bonds, 4.375% (FSA INS), 12/1/2009  | AAA/Aaa/AAA | 2,097,300      |
| 500,000   | Skagit County, WA Public Hospital District No. 1, Refunding Revenue Bonds, 6.00% (Skagit Valley Hospital), 12/1/2018                       | NR/Baa3/NR  | 504,500        |
| 1,005,000 | Snohomish County, WA Public Utility District No. 001, Refunding Generation System Revenue Bonds (Series 2002B), 5.25% (FSA LOC), 12/1/2012 | AAA/Aaa/AAA | 1,103,500      |
|           |  |             | <b>1 Value</b> |

| Principal Amount |   | Credit Rating |                    |
|------------------|---|---------------|--------------------|
|                  | <b>LONG-TERM MUNICIPALS--continued</b>  |               |                    |
|                  | <b>Washington--continued</b>  |               |                    |
| \$ 1,000,000     | Spokane, WA, Refunding LT GO Bonds, 5.00% (FGIC INS), 6/1/2011  | AAA/Aaa/AAA   | \$ 1,084,040       |
| 1,460,000        | Tobacco Settlement Authority, WA, Tobacco Settlement Asset Backed Revenue Bonds, 6.50% (Original Issue Yield: 6.65%), 6/1/2026  | BBB/Baa3/NR   | 1,347,215          |
| 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-   | 1,167,400          |
| 1,435,000        | Yakima County, WA, LT GO Bonds (2002), 5.00% (AMBAC INS), 12/1/2010   | NR/Aaa/AAA    | 1,558,970          |
| 1,495,000        | Yakima County, WA, LT GO Bonds (2002), 5.25% (AMBAC INS), 12/1/2011   | NR/Aaa/AAA    | 1,650,241          |
|                  | <b>TOTAL</b>  |               | <b>10,513,166</b>  |
|                  | <b>Wisconsin--2.3%</b>  |               |                    |
| 500,000          | Wisconsin State HEFA, Revenue Bonds (Series 2004A), 6.125% (Southwest Health Center)/(Original Issue Yield: 6.15%), 4/1/2024  | NR            | 482,880            |
| 2,000,000        | Wisconsin State HEFA, Revenue Bonds, 5.75% (SynergyHealth,Inc.), 11/15/2015   | BBB+/NR/A-    | 2,062,360          |
| 1,000,000        | Wisconsin State HEFA, Revenue Bonds, 7.125% (Community Memorial Hospital)/(Original Issue Yield: 7.25%), 1/15/2022  | NR            | 1,009,370          |
|                  | <b>TOTAL</b>  |               | <b>3,554,610</b>   |
|                  | <b>TOTAL LONG-TERM MUNICIPALS (IDENTIFIED COST \$155,834,788)</b>   |               | <b>156,738,038</b> |
| Principal Amount |   | Credit Rating | Value              |
|                  | <b>SHORT-TERM MUNICIPALS--0.3%</b>  |               |                    |
|                  | <b>Texas--0.3%</b>  |               |                    |
| \$ 500,000       | Harris County, TX HFDC, (Series 2002) Daily VRDNs (Methodist Hospital, Harris County, TX) (AT AMORTIZED COST)   | A-1+/NR/NR    | \$ 500,000         |
|                  |   |               | <b>157,238,038</b> |

TOTAL INVESTMENTS--100%  
(IDENTIFIED COST \$156,335,010)<sup>3</sup>

|  |               |
|--|---------------|
| OTHER ASSETS AND LIABILITIES--NET                  | 2,601,977     |
| LIQUIDATION VALUE OF AUCTION PREFERRED SHARES      | (61,025,000 ) |
| TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS | \$ 98,815,015 |

At May 31, 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 Investor Service and Fitch Ratings, respectively, are unaudited.

2 Denotes a restricted security which is subject to restrictions on resale under federal securities laws. These securities have been deemed liquid based upon criteria approved by the Fund's Board of Trustees. At May 31, 2004, these securities amounted to \$2,149,966 which represents 1.4% of total market value.

3 The cost of investments for federal tax purposes amounts to \$156,334,788.

Note: The categories of investments are shown as a percentage of total market value at May 31, 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**

May 31, 2004 (unaudited)

|  | <b>Federated<br/>Premier<br/>Municipal<br/>Income<br/>Fund</b> | <b>Federated<br/>Premier<br/>Intermediate<br/>Municipal<br/>Income Fund</b> |
|--|--|---|
| <b>Assets:</b>   |  |   |
| Investments in securities, at value  | \$ 141,385,333   | \$ 157,238,038  |
| Cash   | 56,921   | 74,228  |
| Income receivable  | 2,350,301  | 2,612,306   |
| Net receivable for swap contracts  | 316,659  | 313,103   |
| Receivable for investments sold  | --   | 30,000  |
| Receivable for daily variation margin  | 32,812   | 38,281  |
| <b>TOTAL ASSETS</b>  | <b>144,142,026</b>   | <b>160,305,956</b>  |
| <b>Liabilities:</b>  |  |   |
| Income distribution payable--Common Shares   | 511,869  | 451,554   |
| Income distribution payable--Preferred Shares  | 6,171  | 10,817  |
| Payable for investments purchased  | 3,539,079  | --  |
| Accrued expenses   | 7,511  | 3,570   |
| <b>TOTAL LIABILITIES</b>   | <b>4,064,630</b>   | <b>465,941</b>  |
| Auction Market Preferred Shares (2,147 and 2,441 shares,<br>respectively, authorized and issued at \$25,000 per share) | \$ 53,675,000  | \$ 61,025,000   |
| <b>Net Assets Applicable to Common Shares Consist of:</b>  |  |   |
| Paid-in capital  | \$ 86,613,464  | \$ 98,478,870   |
| Net unrealized appreciation of investments, swap contracts and futures<br>contracts                                    | 1,561,479  | 1,219,434   |
| Accumulated net realized loss on investments, swap contracts and<br>futures contracts                                  | (2,303,149 )   | (1,412,244 )  |
| Undistributed net investment income  | 530,602  | 528,955   |
| <b>TOTAL NET ASSETS APPLICABLE TO COMMON SHARES</b>  | <b>\$ 86,402,396</b>   | <b>\$ 98,815,015</b>  |

|                                  |                |                |
|----------------------------------|----------------|----------------|
| <b>Common Shares Outstanding</b> | 6,111,874      | 6,946,981      |
| Net asset value                  | \$ 14.14       | \$ 14.22       |
| Investments, at identified cost  | \$ 140,143,344 | \$ 156,335,010 |

See Notes which are an integral part of the Financial Statements

## Statements of Operations

For the Six Months Ended May 31, 2004 (unaudited)

|  | <b>Federated<br/>Premier<br/>Municipal<br/>Income<br/>Fund</b> | <b>Federated<br/>Premier<br/>Intermediate<br/>Municipal<br/>Income Fund</b> |
|--|--|---|
| <b>Investment Income:</b>                                |  |   |
| Interest   | \$ 3,920,258   | \$ 3,638,455  |
| <b>Expenses:</b>   |  |   |
| Investment adviser fee (Note 5)                          | 393,138  | 448,369   |
| Administrative personnel and services fee (Note 5)       | 75,000   | 75,000  |
| Custodian fees   | 1,464  | 1,673   |
| Transfer and dividend disbursing agent fees and expenses | 17,099   | 17,268  |
| Directors'/Trustees' fees                                | 6,376  | 6,157   |
| Auditing fees  | 15,750   | 13,583  |
| Legal fees   | 3,067  | 2,694   |
| Portfolio accounting fees (Note 5)                       | 33,946   | 33,711  |
| Printing and postage                                     | 14,549   | 9,571   |
| Insurance premiums                                       | 3,916  | 5,061   |
| Auction agent fees                                       | 3,250  | 2,853   |
| Trailer commission fees                                  | 68,212   | 77,552  |
| Miscellaneous  | 28,214   | 33,195  |
| <b>TOTAL EXPENSES</b>                                    | <b>663,981</b>   | <b>726,687</b>  |
| <b>Waivers (Note 5):</b>                                 |  |   |
| Waiver of investment adviser fee                         | (142,959 )   | (163,043 )  |
| Waiver of administrative personnel and services fee      | (71,164 )  | (29,611 )   |

|  |              |               |
|--|--------------|---------------|
| TOTAL WAIVERS  | (214,123 )   | (192,654 )    |
| Net expenses   | 449,858      | 534,033       |
| Net investment income  | 3,470,400    | 3,104,422     |
| <b>Realized and Unrealized Gain (Loss) on Investments, Swap Contracts and Futures Contracts:</b> |              |               |
| Net realized loss on investments and swap contracts  | (2,238,273 ) | (1,527,349 )  |
| Net realized gain on futures contracts   | 142,172      | 172,863       |
| Net change in unrealized appreciation of investments   | (1,953,748 ) | (2,733,561 )  |
| Net change in unrealized appreciation of futures contracts                                       | 2,831        | 3,303         |
| Net change in unrealized depreciation on swap contracts  | 1,330,024    | 1,029,550     |
| Net realized and unrealized loss on investments, swap contracts and futures contracts            | (2,716,994 ) | (3,055,194 )  |
| Income distributions declared to Preferred Shareholders  | (263,323 )   | (307,277 )    |
| Change in net assets resulting from operations applicable to Common Shares                       | \$ 490,083   | \$ (258,049 ) |

See Notes which are an integral part of the Financial Statements

## Statements of Changes in Net Assets

|  | Federated Premier<br>Municipal Income Fund      |  | Federated Premier<br>Intermediate Municipal<br>Income Fund |                               |
|--|---|--|--|-------------------------------|
|  | Six Months<br>(unaudited)<br>Ended<br>5/31/2004 | Period<br>Ended<br>11/30/2003 <sup>1</sup> | Six Months<br>(unaudited)<br>Ended<br>5/31/2004            | Period<br>Ended<br>11/30/2003 |
| <b>Increase (Decrease) in Net Assets</b>                               |   |  |  |                               |
| <b>Operations:</b>   |   |  |  |                               |
| Net investment income  | \$ 3,470,400                                    | \$ 5,934,037                               | \$ 3,104,422   | \$ 5,355,588                  |
| Net realized loss on investments, swap contracts and futures contracts | (2,096,101 )                                    | (207,101 )                                 | (1,354,486 )   | (57,925 )                     |
| Net change in unrealized   | (620,893 )                                      | 2,182,372                                  | (1,700,708 )   | 2,920,142                     |

appreciation/depreciation of  
investments, swap contracts and  
futures contracts

Distributions from net  
investment income -- Preferred  
Shares

|            |            |            |            |
|------------|------------|------------|------------|
| (263,323 ) | (423,704 ) | (307,277 ) | (485,588 ) |
|------------|------------|------------|------------|

CHANGE IN NET ASSETS  
RESULTING FROM  
OPERATIONS APPLICABLE  
TO COMMON SHARES

|         |           |            |           |
|---------|-----------|------------|-----------|
| 490,083 | 7,485,604 | (258,049 ) | 7,732,217 |
|---------|-----------|------------|-----------|

**Distributions to Common  
Shareholders:**

Distributions from net  
investment income -- Common  
Shares

|              |              |              |              |
|--------------|--------------|--------------|--------------|
| (3,070,779 ) | (5,115,976 ) | (2,709,323 ) | (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

|        |        |    |    |
|--------|--------|----|----|
| 32,333 | 39,079 | -- | -- |
|--------|--------|----|----|

CHANGE IN NET ASSETS  
RESULTING FROM SHARE  
TRANSACTIONS

|        |            |    |            |
|--------|------------|----|------------|
| 32,333 | 86,581,131 | -- | 98,478,870 |
|--------|------------|----|------------|

Change in net assets

|              |            |              |             |
|--------------|------------|--------------|-------------|
| (2,548,363 ) | 88,950,759 | (2,967,372 ) | 101,782,387 |
|--------------|------------|--------------|-------------|

**Net Assets Applicable to  
Common Shares:**

Beginning of period

|            |    |             |    |
|------------|----|-------------|----|
| 88,950,759 | -- | 101,782,387 | -- |
|------------|----|-------------|----|

End of period

|               |               |               |                |
|---------------|---------------|---------------|----------------|
| \$ 86,402,396 | \$ 88,950,759 | \$ 99,815,015 | \$ 101,782,387 |
|---------------|---------------|---------------|----------------|

Undistributed net investment  
income included at end of  
period

|            |            |            |            |
|------------|------------|------------|------------|
| \$ 530,602 | \$ 394,304 | \$ 528,955 | \$ 441,133 |
|------------|------------|------------|------------|

<sup>1</sup> 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

May 31, 2004 (unaudited)

### 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 exceeded \$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 May 31, 2004 was 1.05% and 1.08%, 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 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 Funds 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.

## **Futures Contracts**

The Funds periodically may sell bond interest rate futures contracts to manage duration and to potentially reduce transaction costs. Upon entering into a bond interest rate futures contract with a broker, 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

six months ended May 31, 2004, the Funds had realized gains on futures contracts as follows:

Federated Premier Municipal Income Fund \$ 142,172

Federated Premier Intermediate Municipal Income Fund \$ 172,863

At May 31, 2004, the Funds had the following open futures contracts:

| <b>Fund</b>  | <b>Expiration Date</b> | <b>Contracts to Receive</b>           | <b>Position</b> | <b>Unrealized Appreciation</b> |
|--|------------------------|---------------------------------------|-----------------|--------------------------------|
| Federated Premier Municipal Income Fund              | September 2004         | 70 U.S. Treasury Note 10-Year Futures | Short           | \$2,831                        |
| Federated Premier Intermediate Municipal Income Fund | September 2004         | 70 U.S. Treasury Note 10-Year Futures | Short           | \$3,303                        |

## Swap Contracts

The Funds may enter into swap contracts. A swap is an exchange of cash payments between each 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, each Fund recognizes a realized gain or loss. The swap contracts entered into by the Funds are on a forward settling basis. For the six months ended May 31, 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.

For the six months ended May 31, 2004, the Funds had the following open swap contracts:

### Federated Premier Municipal Income Fund

| <b>Description</b> | <b>Expiration</b> | <b>Notional Principal Amount</b> | <b>Swap Contract Fixed Rate</b> | <b>Current Market Fixed Rate</b> | <b>Unrealized Appreciation</b> |
|--------------------|-------------------|----------------------------------|---------------------------------|----------------------------------|--------------------------------|
| BMA Swap 10 Year   | 01/20/2015        | \$10,000,000                     | 4.053% Fixed                    | 4.021%                           | \$130,459                      |
| BMA Swap 30 Year   | 01/20/2035        | \$10,000,000                     | 4.598% Fixed                    | 4.603%                           | 186,200                        |
| <b>TOTAL</b>       |                   |                                  |                                 |                                  | <b>\$316,659</b>               |

### Federated Premier Intermediate Municipal Income Fund

| <b>Description</b> | <b>Expiration</b> | <b>Notional Principal Amount</b> | <b>Swap Contract Fixed Rate</b> | <b>Current Market Fixed Rate</b> | <b>Unrealized Appreciation</b> |
|--------------------|-------------------|----------------------------------|---------------------------------|----------------------------------|--------------------------------|
|--------------------|-------------------|----------------------------------|---------------------------------|----------------------------------|--------------------------------|

|                  |            |              |              |        |           |
|------------------|------------|--------------|--------------|--------|-----------|
| BMA Swap 10 Year | 01/20/2015 | \$24,000,000 | 4.053% Fixed | 4.021% | \$313,103 |
|------------------|------------|--------------|--------------|--------|-----------|

---

## 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.

## 3. COMMON SHARES

The Declaration of Trust permits the Trustees to authorize an unlimited number of par value common shares (\$0.01 per share).

Transactions in common shares were as follows:

|  | <b>Six Months<br/>Ended<br/>5/31/2004</b> | <b>Period Ended<br/>11/30/2003</b> |  |
|--|---|------------------------------------|--|
| <b>Federated Premier Municipal Income Fund</b>                     |   |                                    |  |
| Shares issued  | --  | 6,106,981                          |  |
| Shares issued to shareholders in payment of distributions declared | 2,203                                     | 2,690                              |  |
| <b>NET CHANGE RESULTING FROM SHARE TRANSACTIONS</b>                | <b>2,203</b>                              | <b>6,109,671</b>                   |  |

|   | <b>Six Months<br/>Ended<br/>5/31/2004</b> | <b>Period Ended<br/>11/30/2003</b> |  |
|---|---|------------------------------------|--|
| <b>Federated Premier Intermediate Municipal Income Fund</b> |   |                                    |  |
| Shares issued   | --  | 6,946,981                          |  |
| <b>NET CHANGE RESULTING FROM SHARE TRANSACTIONS</b>         | <b>--</b>                                 | <b>6,946,981</b>                   |  |

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

## 4. FEDERAL TAX INFORMATION

At May 31, 2004, the following amounts apply for federal income tax purposes:

|  | <b>Cost of<br/>Investments</b> | <b>Unrealized<br/>Appreciation</b> | <b>Unrealized<br/>Depreciation</b> | <b>Net<br/>Unrealized<br/>Appreciation</b> |
|--|--------------------------------|------------------------------------|------------------------------------|--|
|--|--------------------------------|------------------------------------|------------------------------------|--|

|  |               |             |           |             |
|--|---------------|-------------|-----------|-------------|
| Federated Premier Municipal Income Fund              | \$140,143,207 | \$2,025,227 | \$783,101 | \$1,242,126 |
| <hr/>  |               |             |           |             |
| Federated Premier Intermediate Municipal Income Fund | \$156,334,788 | \$1,476,790 | \$573,540 | \$ 903,250  |
| <hr/>  |               |             |           |             |

At November 30, 2003, Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund had capital loss carryforwards of \$207,100 and \$57,890, 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 in 2011.

## 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 each Fund. Pursuant to its Agreement, each Fund pays the Adviser an annual management fee, payable daily, at the annual rate of 0.55% of each 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, not 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:

| <b>Maximum Administrative Fee</b> | <b>Average Aggregate Daily Net Assets of the Federated Funds</b> |
|-----------------------------------|--|
| 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 Fund's 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 six months ended May 31, 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              | \$6,200,000 | \$4,836,995 |
| <hr/>  |             |             |
| Federated Premier Intermediate Municipal Income Fund | \$6,200,000 | \$7,850,915 |
| <hr/>  |             |             |

## 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 May 31, 2004, there were no such restrictions on the Funds.

## 7. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding short-term obligations (and in-kind contributions), for the six months ended May 31, 2004, were as follows:

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

|  |              |              |
|--|--------------|--------------|
| Federated Premier Municipal Income Fund              | \$ 8,819,333 | \$ 9,832,129 |
| <hr/>  |              |              |
| Federated Premier Intermediate Municipal Income Fund | \$13,040,205 | \$13,678,151 |
| <hr/>  |              |              |

## 8. LEGAL PROCEEDINGS

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. 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 have been filed, and others may be filed in the future. Although Federated does 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 related 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 June 11, 2004, the Funds declared common share dividend distributions from their respective tax exempt net investment income which were paid on July 1, 2004, to shareholders of record on June 23, 2004, as follows:

|                    | <b>Federated Premier<br/>Municipal Income Fund</b> | <b>Federated Premier<br/>Intermediate<br/>Municipal Income Fund</b> |
|--------------------|--|---|
| Dividend per share | \$0.08375  | \$0.065   |

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 Funds use to determine how to vote proxies relating to securities held in the Funds' portfolios is available, without charge and upon request, by calling 1-800-245-0242 x7538. This information is also available from the EDGAR database on the SEC's Internet site at <http://www.sec.gov>.

## 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 Semi-Annual and Annual 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(s) at 1- 800- 245-0242 Ext. 7538 or email CEinfo@federatedinv.com.

### **Federated Investors**

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](http://www.federatedinvestors.com/contact)

Federated Securities Corp., Distributor

Cusip 31423P108

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Cusip 31423M105

Cusip 31423M204

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|         |   |
|---------|---|
| Item 2. | Code of Ethics  |
|         | Not Applicable  |
| Item 3. | Audit Committee Financial Expert  |
|         | Not Applicable  |
| Item 4. | Principal Accountant Fees and Services  |
|         | Not Applicable  |
| Item 5. | Audit Committee of Listed Registrants   |
|         | Not Applicable  |
| Item 6. | Schedule of Investments   |
|         | Not Applicable  |
| Item 7. | Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies |



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Not Applicable

Item 8. Purchases of Equity Securities by Closed-End Management  
Investment Company and Affiliated Purchasers

| Period   | (a)<br>Total<br>number of<br>common<br>shares (or<br>units)<br>purchased | (b)<br>Average<br>price paid<br>per common<br>share (or<br>unit) | (c)<br>Total number of<br>common shares<br>(or units)<br>purchased as<br>part of<br>publicly<br>announced plans<br>or programs | (d)<br>Maximum number (or<br>approximate dollar<br>value) of common<br>shares (or units) that<br>may yet be purchased<br>under the plans or<br>programs |
|--|--|--|--|---|
| Month #1<br>(December 1, 2003 -<br>December 31, 2003)  | -0-  | NA   | -0-  | None  |
| Month #2<br>(January 1, 2004-<br>January 31, 2004)     | -0-  | NA   | -0-  | None  |
| Month #3<br>(February 1,<br>2004-February 29,<br>2004) | -0-  | NA   | -0-  | None  |
| Month #4<br>(March 1, 2004-<br>March 31, 2004)         | -0-  | NA   | -0-  | None  |
| Month #5<br>(April 1, 2004-<br>April 30, 2004)         | -0-  | NA   | -0-  | None  |
| Month #6<br>(May 1, 2004-<br>May 31, 2004)             | -0-  | NA   | -0-  | None  |
| TOTAL  | -0-  | NA   | -0-  | NA  |

| Period | (a)<br>Total<br>number of<br>preferred<br>shares (or<br>units)<br>purchased | (b)<br>Average<br>price paid<br>per<br>preferred<br>share (or<br>unit) | (c)<br>Total number of<br>preferred<br>shares (or<br>units)<br>purchased as<br>part of<br>publicly | (d)<br>Maximum number (or<br>approximate dollar<br>value) of preferred<br>shares (or units) that<br>may yet be purchased<br>under the plans or<br>programs |
|--------|---|--|--|--|
|--------|---|--|--|--|

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announced plans  
or programs

|  |     |    |     |      |
|--|-----|----|-----|------|
| Month #1<br>(December 1, 2003 -<br>December 31, 2003)  | -0- | NA | -0- | None |
| Month #2<br>(January 1, 2004-<br>January 31, 2004)     | -0- | NA | -0- | None |
| Month #3<br>(February 1,<br>2004-February 29,<br>2004) | -0- | NA | -0- | None |
| Month #4<br>(March 1, 2004-<br>March 31, 2004)         | -0- | NA | -0- | None |
| Month #5<br>(April 1, 2004-<br>April 30, 2004)         | -0- | NA | -0- | None |
| Month #6<br>(May 1, 2004-<br>May 31, 2004)             | -0- | NA | -0- | None |
| TOTAL  | -0- | NA | -0- | NA   |

Item 9. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 10. 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 half year (the registrant's second half year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 11. Exhibits

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### 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  
Date July 22, 2004

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 July 22, 2004

By /S/ Richard J. Thomas, Principal Financial Officer  
Date July 22, 2004