

FEDERATED PREMIER MUNICIPAL INCOME FUND
Form N-CSR
February 05, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

811-21235

(Investment Company Act File Number)

Federated Premier Municipal Income Fund

(Exact Name of Registrant as Specified in Charter)

Federated Investors Funds
5800 Corporate Drive
Pittsburgh, Pennsylvania 15237-7000
(Address of Principal Executive Offices)

(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: 11/30/07

Date of Reporting Period: Fiscal year ended 11/30/07

**Federated
World-Class Investment Manager**

Federated Premier Municipal Income Fund

Federated Premier Intermediate Municipal Income Fund

ANNUAL SHAREHOLDER REPORT

November 30, 2007

FEDERATED INVESTORS' CLOSED-END MUNICIPAL FUNDS

Established 2002

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Not FDIC Insured * May Lose Value * No Bank Guarantee

Financial Highlights - Federated Premier Municipal Income Fund

(For a Common Share Outstanding Throughout Each Period)

	Year Ended November 30,				Period Ended 11/30/2003 ¹
	2007	2006	2005	2004	
Net Asset Value, Beginning of Period	\$15.56	\$15.05	\$14.66	\$14.56	\$14.33
Income From Investment Operations:					

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Net investment income ²	1.12	1.12	1.12	1.13	0.98
Net realized and unrealized gain (loss) on investments, swap contracts and futures contracts	(0.96)	0.55	0.43	0.07	0.32
Distributions to preferred shareholders from net investment income ³	(0.32)	(0.29)	(0.19)	(0.10)	(0.08)
TOTAL FROM INVESTMENT OPERATIONS	(0.16)	1.38	1.36	1.10	1.22
Less Distributions to Common Shareholders:					
From net investment income	(0.80)	(0.87)	(0.97)	(1.00)	(0.84)
Capital Charges With Respect to Issuance of:					
Common shares	--	--	--	--	(0.03)
Preferred shares	--	--	--	--	(0.12)
TOTAL CAPITAL CHARGES	--	--	--	--	(0.15)
Net Asset Value, End of Period	\$14.60	\$15.56	\$15.05	\$14.66	\$14.56
Market Price, End of Period	\$13.92	\$15.80	\$14.44	\$14.31	\$14.25
Total Return at Net Asset Value ⁴	(1.01)%	9.51%	9.49%	8.05%	7.70%
Total Return at Market Price ⁵	(7.03)%	15.90%	7.75%	7.76%	0.70%
Ratios to Average Net Assets:					
Net expenses ⁶	0.85%	0.85%	0.85%	0.85%	0.777%
Net investment income ⁸	5.33%	5.49%	6.16%	7.13%	6.687%
Expense waiver/reimbursement ⁹	0.16%	0.13%	0.14%	0.17%	0.127%
Supplemental Data:					
Net assets, end of period (000 omitted)	\$89,528	\$95,291	\$92,013	\$89,590	\$88,951

Portfolio turnover	12%	21%	3%	12%	54%
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Asset Coverage Requirements for Investment Company Act of 1940 - Preferred Shares

	Total Amount Outstanding	Asset Coverage Per Share	Minimum Required Asset Coverage Per Share	Involuntary Liquidating Preference Per Share	Average Market Value Per Share
11/30/2007	\$53,675,000	\$66,699	\$50,006	\$25,003	\$25,000
11/30/2006	\$53,675,000	\$69,383	\$50,034	\$25,017	\$25,000
11/30/2005	\$53,675,000	\$67,857	\$50,024	\$25,012	\$25,000
11/30/2004	\$53,675,000	\$66,728	\$50,010	\$25,005	\$25,000
11/30/2003 ¹⁰	\$53,675,000	\$66,430	\$50,004	\$25,002	\$25,000

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

2 Per share numbers have been calculated using the average shares method.

3 The amounts shown are based on Common Share equivalents.

4 Total Return at Net Asset Value is the combination of changes in the Common Share net asset value, reinvested dividend income and reinvested capital gains distributions at net asset value, if any, and does not reflect the sales charge, if applicable. Total returns for periods of less than one year are not annualized. Total returns for the periods ended November 30, 2004 and 2003 were calculated utilizing the average price paid per share at the time of reinvestment. If net asset value had been utilized, the total returns would have been 7.89% and 7.67%, respectively.

5 Total Return at Market Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of the reinvestment. Total returns for periods of less than one year are not annualized.

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

7 Computed on an annualized basis.

8 Ratios reflect reductions for dividend payments to preferred shareholders.

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

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

See Notes which are an integral part of the Financial Statements

Financial Highlights - Federated Premier Intermediate Municipal Income Fund

(For a Common Share Outstanding Throughout Each Period)

	Year Ended November 30,				Period
	2007	2006	2005	2004	Ended 11/30/2003 ¹
Net Asset Value, Beginning of Period	\$14.83	\$14.41	\$14.53	\$14.65	\$14.33
Income From Investment Operations:					
Net investment income ²	0.99	0.96	0.92	0.90	0.79
Net realized and unrealized gain (loss) on investments, swap contracts and futures contracts	(0.66)	0.44	(0.08)	(0.14)	0.40
Distributions to preferred shareholders from net investment income ³	(0.32)	(0.29)	(0.20)	(0.10)	(0.08)
<i>TOTAL FROM INVESTMENT OPERATIONS</i>	0.01	1.11	0.64	0.66	1.11
Less Distributions to Common Shareholders:					
From net investment income	(0.69)	(0.69)	(0.76)	(0.78)	(0.64)
Capital Charges With Respect to Issuance of:					
Common shares	--	--	--	--	(0.03)
Preferred shares	--	--	--	--	(0.12)
<i>TOTAL CAPITAL CHARGES</i>	--	--	--	--	(0.15)
Net Asset Value, End of Period	\$14.15	\$14.83	\$14.41	\$14.53	\$14.65
Market Price, End of Period	\$12.50	\$13.81	\$12.68	\$13.50	\$13.47
Total Return at Net Asset Value⁴	0.10%	7.94%	4.46%	5.03%	7.05%

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Total Return at Market Price ⁵	(4.80)%	14.63%	(0.66)%	6.14%	(5.97)%
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Ratios to Average Net Assets:

Net expenses ⁶	0.89%	0.89%	0.89%	0.89%	0.80% ⁷
Net investment income ⁸	4.63%	4.61%	4.97%	5.51%	5.20% ⁷
Expense waiver/reimbursement ⁹	0.10%	0.07%	0.08%	0.07%	0.04% ⁷

Supplemental Data:

Net assets, end of period (000 omitted)	\$98,317	\$103,017	\$100,124	\$100,908	\$101,782
Portfolio turnover	17%	46%	15%	11%	41%

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

	Total Amount Outstanding	Asset Coverage Per Share	Minimum Required Asset Coverage Per Share	Involuntary Liquidating Preference Per Share	Average Market Value Per Share
11/30/2007	\$61,025,000	\$65,277	\$50,018	\$25,009	\$25,000
11/30/2006	\$61,025,000	\$67,203	\$50,010	\$25,005	\$25,000
11/30/2005	\$61,025,000	\$66,017	\$50,004	\$25,002	\$25,000
11/30/2004	\$61,025,000	\$66,339	\$50,016	\$25,008	\$25,000
11/30/2003 ¹⁰	\$61,025,000	\$66,697	\$50,008	\$25,004	\$25,000

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

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3 The amounts shown are based on Common Share equivalents.

4 Total Return at Net Asset Value is the combination of changes in the Common Share net asset value, reinvested dividend income and reinvested capital gains distributions at net asset value, if any, and does not reflect the sales charge, if applicable. Total returns for periods of less than one year are not annualized. Total returns for the periods ended November 30, 2004 and 2003 were calculated utilizing the average price paid per share at the time of reinvestment. If net asset value had been utilized, the total returns would have been 4.63% and 6.83%, respectively.

5 Total Return at Market Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of the reinvestment. Total returns for periods of less than one year are not annualized.

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

7 Computed on an annualized basis.

8 Ratios reflect reductions for dividend payments to preferred shareholders.

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

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

See Notes which are an integral part of the Financial Statements

Federated Premier Municipal Income Fund - Portfolio of Investments Summary Table

At November 30, 2007, the Fund's sector composition ¹ was as follows:

Sector Composition	Percentage of Total Investments
Insured	33.5%
Refunded	18.1%
Hospital	14.7%
Senior Care	9.1%
Special Tax	7.4%
IDB/PCR	4.7%
Tobacco	3.1%
Education	2.8%
Other ²	6.6%
TOTAL	100.0%

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

2 For purposes of this table, sector classifications constitute 93.4% of the Fund's total investments. Remaining sectors have been aggregated under the designation "Other."

Federated Premier Municipal Income Fund - Portfolio of Investments

November 30, 2007

Principal Amount		Value
	MUNICIPAL BONDS--99.6%	
	Alabama --0.4%	
\$ 550,000	Courtland, AL IDB, PCR Refunding Bonds (Series 2005A), 5.00% (International Paper Co.), 6/1/2025	\$ 524,694
	Arizona--1.4%	
400,000	Arizona Tourism & Sports Authority, Multipurpose Stadium Facilities Tax Revenue Bonds (Series A), 5.00% (United States Treasury PRF 7/1/2013@100), 7/1/2024	432,724
750,000	Tempe, AZ IDA, Senior Living Revenue Bonds (Series A), 6.75% (Friendship Village of Tempe), 12/1/2030	791,527
750,000	Verrado Community Facilities District No. 1, AZ, Revenue Bonds, 6.50%, 7/15/2027	773,737
	TOTAL	1,997,988
	Arkansas--0.8%	
1,000,000	Arkansas Development Finance Authority, Hospital Revenue Bonds (Series 2000), 7.375% (Washington Regional Medical Center)/(United States Treasury PRF 2/1/2010@100)/(Original Issue Yield: 7.50%), 2/1/2029	1,081,730
	California--5.9%	
1,000,000	California State Department of Water Resources Power Supply Program, Power Supply Revenue Bonds (Series A), 5.375% (United States Treasury PRF 5/1/2012@101)/(Original Issue Yield: 5.48%), 5/1/2022	1,095,040
1,000,000	California State, Refunding UT GO Bonds, 5.25%, 2/1/2020	1,062,120
1,000,000	California State, UT GO Bonds, 5.25%, 10/1/2020	1,059,830
900,000	Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Bonds (Series 2007A-1), 5.75%, 6/1/2047	845,550
250,000	Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Revenue Bonds (Series 2003A-1), 6.75% (United States Treasury PRF 6/1/2013@100)/(Original Issue Yield: 7.00%), 6/1/2039	290,647

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750,000	Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Revenue Bonds (Series 2003A-2), 7.90% (United States Treasury PRF 6/1/2013@100), 6/1/2042	912,202
500,000	La Verne, CA, Revenue COPs (Series 2003B), 6.625% (Brethren Hillcrest Homes)/(Original Issue Yield: 6.70%), 2/15/2025	535,920
1,000,000	Stockton, CA Public Financing Authority, Redevelopment Projects Revenue Bonds (Series 2006A), 5.25% (Radian Asset Assurance INS), 9/1/2031	1,004,790
1,500,000	Upland, CA Public Financing Authority, Water System Improvement Lease Revenue Bonds (Issue of 2003), 5.00% (AMBAC INS), 10/1/2027	1,553,610
	TOTAL	8,359,709

Principal Amount

Value

	MUNICIPAL BONDS--continued	
	Colorado--6.8%	
\$ 725,000	Antelope Heights Metropolitan District, CO, LT GO Bonds, 8.00% (United States Treasury PRF 12/1/2013@101), 12/1/2023	\$ 898,144
1,000,000	Bromley Park, CO Metropolitan District No.2, UT GO Bonds, 5.125% (Radian Asset Assurance INS), 12/1/2037	960,800
1,000,000	Buckhorn Valley Metropolitan District No. 2, CO, LT GO Bonds, 7.00%, 12/1/2023	996,190
500,000	Colorado Educational & Cultural Facilities Authority, Revenue Refunding Bonds (Series A), 7.00% (Denver Academy)/(Original Issue Yield: 7.25%), 11/1/2023	540,570
1,000,000	Colorado Health Facilities Authority, Revenue Bonds (Series 2002A), 6.125% (Covenant Retirement Communities, Inc.)/(Original Issue Yield: 6.40%), 12/1/2033	1,042,210
2,000,000	Colorado Health Facilities Authority, Revenue Bonds (Series 2006A), 4.75% (Catholic Health Initiatives)/(Original Issue Yield: 4.828%), 9/1/2040	1,911,940
250,000	Conservatory Metropolitan District, CO, LT GO Bonds, 6.75% (United States Treasury PRF 12/1/2013@102), 12/1/2034	297,558
500,000	Conservatory Metropolitan District, CO, LT GO Bonds, 7.55% (United States Treasury PRF 12/1/2013@102), 12/1/2032	615,310
665,000	Conservatory Metropolitan District, CO, Refunding & Improvement LT GO Bonds, 5.125% (Radian Asset Assurance INS), 12/1/2037	634,184
1,000,000	Denver, CO Health & Hospital Authority, Revenue Bonds, 6.25% (United States Treasury PRF 12/1/2014@100)/(Original Issue Yield: 6.28%), 12/1/2033	1,164,090

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500,000	Southlands, CO Metropolitan District No. 1, LT GO Bonds (Series 2004), 7.00% (United States Treasury PRF 12/1/2014@100)/(Original Issue Yield: 7.05%), 12/1/2024	606,815
TOTAL		9,667,811
Connecticut--1.5%		
1,250,000	Connecticut State Development Authority, First Mortgage Gross Revenue Health Care Project Bonds (Series 2003), 5.85% (Elim Park Baptist Home, Inc.)/(Original Issue Yield: 5.98%), 12/1/2033	1,281,725
825,000	Connecticut State HEFA, Revenue Bonds (Series 2006B), 5.00% (Canterbury School)/(Radian Asset Assurance INS), 7/1/2036	806,553
TOTAL		2,088,278
District of Columbia--1.8%		
2,500,000	District of Columbia Tobacco Settlement Financing Corp., Asset Backed Revenue Bonds, 6.50% (Original Issue Yield: 6.67%), 5/15/2033	2,534,250
Florida--8.8%		
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	611,472
400,000	¹ Capital Trust Agency, FL, Revenue Bonds (Series 2003A), 8.95% (Seminole Tribe of Florida Convention and Resort Hotel Facilities)/(United States Treasury PRF 10/1/2012@102), 10/1/2033	502,376
Principal Amount		Value
MUNICIPAL BONDS--continued		
Florida--continued		
\$ 1,490,000	Citrus County, FL Hospital Board, Revenue Refunding Bonds, 6.375% (Citrus Memorial Hospital)/(Original Issue Yield: 6.50%), 8/15/2032	\$ 1,571,607
1,275,000	Harbor Bay, FL Community Development District, Special Assessment Revenue Bonds, 6.75%, 5/1/2034	1,320,441
2,000,000	Jacksonville, FL Sales Tax, Revenue Bonds (Series 2003), 5.00% (MBIA Insurance Corp. INS), 10/1/2024	2,083,360
400,000	Orlando, FL Urban Community Development District, Capital Improvement Revenue Bonds, 6.25%, 5/1/2034	392,372
1,000,000	South Lake County, FL Hospital District, Revenue Bonds, 6.625% (South Lake Hospital, Inc.), 10/1/2023	1,073,970

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2,000,000	South Miami, FL Health Facilities Authority, Health Facilities Revenue Bonds (Series 2007), 5.00% (Baptist Health System of South Florida), 8/15/2042	1,990,040
1,000,000	Tolomato Community Development District, FL, Special Assessment Revenue Bonds (Series 2007), 6.65% (Original Issue Yield: 6.70%), 5/1/2040	982,960
500,000	Tuscany Reserve Community Development District, FL, Capital Improvement Revenue Bonds (Series 2005A), 5.55%, 5/1/2036	382,225
1,030,000	Verandah West, FL Community Development District, Capital Improvement Revenue Bonds (Series 2003A), 6.625% (Original Issue Yield: 6.75%), 5/1/2033	1,067,698
500,000	Winter Garden Village at Fowler Groves Community Development District, FL, Special Assessment Bonds (Series 2006), 5.65%, 5/1/2037	448,740
	TOTAL	12,427,261
	Hawaii--1.1%	
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	1,577,702
	Illinois--5.4%	
996,000	Antioch Village, IL Special Service Area No. 1, Special Tax Revenue Bonds, 6.625% (Deercrest Project), 3/1/2033	1,019,137
2,500,000	Chicago, IL Sales Tax, Revenue Bonds, 5.25% (FGIC INS)/(Original Issue Yield: 5.385%), 1/1/2028	2,566,250
1,000,000	Chicago, IL Special Assessment, Improvement Revenue Bonds, 6.75% (Lakeshore East Project)/(Original Issue Yield: 6.769%), 12/1/2032	1,043,530
420,000	DuPage County, IL, Special Tax Bonds (Series 2006), 5.625% (Naperville Campus LLC), 3/1/2036	388,466
1,000,000	Illinois Educational Facilities Authority, Revenue Refunding Bonds (Series A), 5.70% (Augustana College)/(Original Issue Yield: 5.90%), 10/1/2032	1,019,260
625,000	Illinois Finance Authority, Revenue Bonds (Series 2005A), 6.00% (Landing at Plymouth Place)/(Original Issue Yield: 6.04%), 5/15/2037	612,713
1,095,000	Illinois Finance Authority, Revenue Bonds (Series 2006A), 5.00% (Illinois Institute of Technology), 4/1/2036	1,040,863
	TOTAL	7,690,219

**Principal
Amount**

Value

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MUNICIPAL BONDS--continued

Indiana--1.3%

\$ 1,930,000	Indiana Health & Educational Facility Financing Authority, Revenue Bonds (Series 2005), 5.25% (Baptist Homes of Indiana), 11/15/2035	\$ 1,891,149
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Kentucky--2.7%

325,000	Kentucky EDFAs, Revenue Bonds (Series 2000A), 6.625% (Norton Healthcare, Inc.)/(Original Issue Yield: 6.97%), 10/1/2028	347,110
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1,175,000	Kentucky EDFAs, Revenue Bonds (Series 2000A), 6.625% (Norton Healthcare, Inc.)/(United States Treasury PRF 10/1/2010@101)/(Original Issue Yield: 6.97%), 10/1/2028	1,289,915
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2,000,000	Kentucky Municipal Power Agency, Power System Revenue Bonds (Series 2007A), 5.25% (MBIA Insurance Corp. INS), 9/1/2042	2,118,840
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<i>TOTAL</i>		3,755,865
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Louisiana--2.4%

1,000,000	Louisiana State, Gasoline & Fuels Tax Revenue Bonds (Series 2006A), 4.75% (Louisiana State Gas & Fuels)/(FSA INS), 5/1/2039	999,960
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2,500,000	St. John the Baptist Parish, LA, Revenue Bonds (Series 2007A), 5.125% (Marathon Oil Corp.), 6/1/2037	2,383,175
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<i>TOTAL</i>		3,383,135
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Maryland--0.2%

300,000	Maryland State Health & Higher Educational Facilities Authority, Revenue Bonds (Series 2007A), 5.25% (King Farm Presbyterian Retirement Community), 1/1/2027	
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