

CENTRAL EUROPE & RUSSIA FUND, INC.

Form DEF 14A

May 17, 2011

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**SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary proxy statement.

Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).

Definitive proxy statement.

Definitive additional materials.

Soliciting material under Rule 14a-12.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

**345 Park Avenue
New York, New York 10154**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
June 27, 2011**

To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the Meeting) of The Central Europe and Russia Fund, Inc., a Maryland corporation (the Fund), will be held at 11:00 a.m., New York time, on June 27, 2011 at the New York Marriott East Side Hotel, 525 Lexington Avenue, New York, New York 10017 for the following purposes:

1. To elect three (3) Class II Directors, each to serve for a term of three years and until their successors are elected and qualify.
2. To ratify the appointment by the Audit Committee and the Board of Directors of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as independent auditors for the fiscal year ending October 31, 2011.
3. To transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

Only holders of record of Common Stock at the close of business on May 13, 2011 are entitled to notice of, and to vote at, this Meeting or any postponement or adjournment thereof.

By Order of the Board of Directors

John Millette
Secretary

Dated: May 19, 2011

We urge you to mark, sign, date and mail the enclosed proxy card in the postage-paid envelope provided or to record your voting instructions by telephone or via the Internet so that you will be represented at the Meeting. If you complete and sign the proxy card (or tell us how you want to vote by voting by telephone or via the Internet), we will vote it exactly as you tell us. If you simply sign the proxy card, we will vote it in accordance with the Board's recommendation on the Proposals. Your prompt return of the enclosed proxy card (or your voting by telephone or via the Internet) may prevent the necessity and expense of further solicitations. If you have any questions, please call The Altman Group, Inc. (Altman), the Fund's proxy solicitor, at 1200 Wall Street West, 3rd Floor, Lyndhurst, New Jersey 07071 or at the special toll-free number we have set up for you (1-800-845-1507), or contact your financial advisor.

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**THE CENTRAL EUROPE AND RUSSIA FUND, INC.
345 Park Avenue
New York, New York 10154**

**Annual Meeting of Stockholders
June 27, 2011**

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of The Central Europe and Russia Fund, Inc. (the Board of Directors or Board), a Maryland corporation (the Fund), in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders (the Meeting) to be held at 11:00 a.m., New York time, on June 27, 2011 at the New York Marriott East Side Hotel, 525 Lexington Avenue, New York, New York 10017. The purpose of the Meeting and the matters to be considered are set forth in the accompanying Notice of Annual Meeting of Stockholders.

If the accompanying Proxy Card is executed properly and returned, shares represented by it will be voted at the Meeting, and any postponement or adjournment thereof, in accordance with the instructions on the Proxy Card. However, if no instructions are specified, shares will be voted FOR the election of three (3) Class II directors of the Fund (Directors) nominated by the Board (Proposal 1) and FOR the ratification of the appointment by the Audit Committee and the Board of PricewaterhouseCoopers LLP, an independent public accounting firm, as independent auditors for the Fund (Proposal 2). A proxy may be revoked at any time prior to the time it is voted by written notice to the Secretary of the Fund, by submitting a subsequently executed and dated proxy or by attending the Meeting and voting in person.

If a stockholder owns shares of the Fund in violation of applicable law, including the Investment Company Act of 1940, as amended (the Investment Company Act), the Fund may determine that any vote attributable to such shares shall not be counted, or that such shares will not be counted for quorum purposes, or both. Under Section 12(d)(1) of the Investment Company Act, the acquisition of more than 3% of the Fund's common stock by another fund (whether registered, private or offshore) is unlawful. There is legal uncertainty about the operation of Section 12(d)(1) and about the Fund's right under federal and state law to invalidate votes cast by any person whose Fund shares are held in violation of law. The Fund is prepared, if necessary, to seek judicial resolution of the uncertainty in any particular case.

The close of business on May 13, 2011 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meeting. On that date, the Fund had 13,563,775.96 shares of Common Stock outstanding and entitled to vote. Each share will be entitled to one vote on each matter that comes before the Meeting. It is expected that the Notice of Annual Meeting, this Proxy Statement and the form of Proxy Card will first be mailed to stockholders on or about May 19, 2011.

A quorum is necessary to hold a valid meeting. If stockholders entitled to cast one-third of all votes entitled to be cast at the Meeting are present in person or by proxy, a quorum will be established. The Fund intends to treat properly executed proxies that are marked abstain and broker non-votes (defined below) as present for the purposes of determining whether a quorum has been achieved at the Meeting. Under Maryland law, abstentions do not constitute a vote for or

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against a matter and will be disregarded in determining the votes cast on an issue. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular matter because the broker does not have discretionary voting power with respect to that matter and has not received instructions from the beneficial owner.

PROPOSAL 1:

ELECTION OF DIRECTORS

The Fund's charter (the Charter) provides that the Board of Directors be divided into three classes of Directors serving staggered three-year terms and until their successors are elected and qualify. The term of office for Directors in Class II expires at the 2011 Annual Meeting, Class III at the next succeeding annual meeting and Class I at the following succeeding annual meeting. Three Class II nominees are proposed for election in this Proxy Statement, Ambassador Richard R. Burt, Dr. Friedbert H. Malt and Mr. Robert H. Wadsworth (currently a Class III Director). If elected, each of the three Class II nominees will serve a three-year term of office until the Annual Meeting of Stockholders in 2014 and until his respective successor is elected and qualifies.

As a result of the upcoming retirement of Mr. John Bult, a Class II Director, each class of Directors of the Board would not be of approximate equal size if no further action were taken. Under the Fund's By-laws and the New York Stock Exchange Listed Company Manual Rule 304 (NYSE Rule 304), the classes of the Fund's board are required to be of approximately equal size. Accordingly, the Fund's Nominating Committee nominated Mr. Robert H. Wadsworth, as a member of one of the largest classes of Directors of the Fund (Class III), to fill the Class II vacancy created by Mr. Bult's retirement with Mr. Wadsworth's resignation from Class III contingent upon his election to the Board as a member of Class II. If each nominee is elected, each class of Directors of the Board would be of approximately equal size and in compliance with the requirements of the Fund's Bylaws and NYSE Rule 304.

Should any vacancy occur on the Board of Directors, the remaining Directors would be able to fill that vacancy by the affirmative vote of a majority of the remaining Directors in office, even if the remaining Directors do not constitute a quorum. Any Director elected by the Board to fill a vacancy would hold office until the remainder of the full term of the class of Directors in which the vacancy occurred and until a successor is elected and qualifies. If the size of the Board is increased, additional Directors will be apportioned among the three classes to make all classes as nearly equal as possible.

Unless authority is withheld, it is the intention of the persons named in the accompanying form of Proxy Card to vote each Proxy Card for the election of our four nominees listed above. Each nominee has indicated that he will continue to serve as a Director if elected, but if any nominee should be unable to serve, proxies will be voted for any other person determined by the persons named in the form of Proxy Card in accordance with their discretion. The Board of Directors has no reason to believe that any of the above nominees will be unable to serve as a Director.

Board of Directors Information

The management of the business and affairs of the Fund is overseen by the Board of Directors. Directors who are not interested persons of the Fund as defined in the 1940 Act, are referred to as Independent Directors, and Directors who are interested persons of the Fund are referred to as Interested Directors. Certain information concerning the Fund's governance structure and each Director is set forth below.

Experience, Skills, Attributes, and Qualifications of the Fund's Directors. The Nominating and Governance Committee of the Fund's Board, which is composed entirely of Independent Directors, reviews the experience, qualifications, attributes and skills of potential candidates for nomination or election by the Board, and conducts a similar review in connection with the proposed nomination of current Directors for re-election by stockholders. When

assessing a candidate for

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nomination it is the policy of the Nominating and Governance Committee to consider whether the individual's background, skills, and experience will complement the background, skills and experience of other nominees and will contribute to the diversity of the Board. The Nominating and Governance Committee assesses the effectiveness of this policy as part of its annual self assessment. Additional information concerning the Nominating and Governance Committee's consideration of nominees appears in the description of the Committee following the table below.

The Board has concluded that, based on each Director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Directors, that each Director is qualified and should continue to serve as such. In determining that a particular Director was and continues to be qualified to serve as a Director, the Board has considered a variety of criteria, none of which, in isolation, was controlling. In addition, the Board has taken into account the actual service and commitment of each Director during his tenure (including the Director's participation in Board and committee meetings, as well as his current and prior leadership of standing and ad hoc committees) in concluding that each should continue to serve. Information about the specific experience, skills, attributes and qualifications of each Director, which in each case led to the Board's conclusion that the Director should serve (or continue to serve) as a director of the Fund, is provided in the table following the Risk Oversight section below.

The Board believes that, collectively, the Directors have balanced and diverse experience, qualifications, attributes, and skills, which allow the Board to operate effectively in governing the Fund and protecting the interests of shareholders. Among other attributes common to all Directors are their willingness and ability to commit the necessary time and attention to their duties as Directors, their ability to review critically, evaluate, question and discuss information provided to them (including information requested by the Directors), to interact effectively with each other and with Deutsche Investment Management Americas Inc., the fund's investment manager (the Investment Manager), Deutsche Asset Management International GmbH (the Investment Adviser) and other service providers, counsel and the Fund's independent registered public accounting firm, to exercise effective business judgment in the performance of their duties as Directors. References to the qualifications, attributes and skills of Directors are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out of the Board or any Director as having special expertise or experience and shall not be deemed to impose any greater responsibility or liability on any Director or on the Board by reason thereof.

Board Structure and Oversight Function. The Board is responsible for oversight of the Fund. The Fund has engaged the Investment Manager and the Investment Adviser to manage the Fund on a day-to-day basis. The Board is responsible for overseeing the Investment Manager and the Investment Adviser and the Fund's other service providers in the operations of each Fund in accordance with the Fund's investment objective and policies and otherwise in accordance with the requirements of the 1940 Act and other applicable Federal, state and other securities and other laws, and the Fund's charter and bylaws. The Board meets in person at regularly scheduled meetings four times throughout the year. In addition, the Directors may meet in person or by telephone at special meetings or on an informal basis at other times. The Directors also regularly meet outside the presence of any representatives of the Investment Manager and the Investment Adviser. As described below, the Board has established five standing committees—the Audit, Nominating and Governance, Advisory, Valuation and Executive Committees—and may establish ad hoc committees or working groups from time to time, to assist the Board in fulfilling its oversight responsibilities. Each committee other than the Executive Committee is composed exclusively of Independent Directors. Each year the Directors evaluate the performance of the Board and its committees. The responsibilities of each committee, including its oversight responsibilities, are described further below. The

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Independent Directors have also engaged independent legal counsel, and may from time to time engage consultants and other advisors, to assist them in performing their oversight responsibilities.

The Chairman's duties include setting the agenda for each Board meeting in consultation with management, presiding at each Board meeting, meeting with management between Board meetings, and facilitating communication and coordination between the Directors and management. Christian Strenger, the Chairman of the Fund's Board of Directors is an Interested Director as defined in the 1940 Act because he is a member of the Supervisory Board of a company that is affiliated with the Investment Manager and the Investment Adviser and because of his ownership of shares of the ultimate parent of the Investment Manager and the Investment Adviser. The Directors believe that it is appropriate for Mr. Strenger to serve as Chairman and that his service benefits shareholders because of his extensive knowledge of the investment management industry, the Deutsche Bank organization and the Funds. In addition, the Directors note that, although Mr. Strenger is an Interested Director as defined in the 1940 Act, he is not involved in the management of the Fund and is not an officer or director of the Investment Manager or the Investment Adviser. The Independent Directors are satisfied that they can act independently and effectively without having an Independent Director serve as Chairman and note that a key structural component for ensuring that they are in a position to do so is for the Independent Directors to constitute a substantial majority of the Board. Richard Karl Goeltz, an Independent Director and Chairman of the Nominating and Governance Committee, serves as Lead Independent Director for the Fund and as such is available to act as liaison between the Independent Directors and management and to consult with the Chairman to the extent deemed appropriate.

Risk Oversight. The Fund is subject to a number of risks, including investment, compliance and operational risks. Day-to-day risk management with respect to the Fund resides with the Investment Manager and the Investment Adviser or other service providers (depending on the nature of the risk), subject to supervision by the Investment Manager. The Board has charged the Adviser and its affiliates with (i) identifying events or circumstances the occurrence of which could have demonstrable and material adverse effects on the Fund; (ii) to the extent appropriate, reasonable or practicable, implementing processes and controls reasonably designed to lessen the possibility that such events or circumstances occur or to mitigate the effects of such events or circumstances if they do occur; and (iii) creating and maintaining a system designed to evaluate continuously, and to revise as appropriate, the processes and controls described in (i) and (ii) above.

Risk oversight forms part of the Board's general oversight of each Fund's investment program and operations and is addressed as part of various regular Board and committee activities. Each of the Investment Manager, the Investment Adviser, and the Fund's other principal service providers has an independent interest in risk management but the policies and the methods by which one or more risk management functions are carried out may differ from the Fund's and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. Oversight of risk management is provided by the Board and the Audit Committee. The Directors regularly receive reports from, among others, management, the Fund's Chief Compliance Officer, its independent registered public accounting firm, counsel, and internal auditors for the Investment Manager, as appropriate, regarding risks faced by the Fund and the Investment Manager's risk management programs.

Not all risks that may affect the Fund can be identified, nor can controls be developed to eliminate or mitigate their occurrence or effects. The processes and controls employed to address certain risks may be limited in their effectiveness, and some risks are simply beyond the reasonable control of the Fund or the Investment Manager, its affiliates or other service providers. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals.

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The following tables show certain information about the nominees for election as Directors and about Directors whose terms will continue, including beneficial ownership of Common Stock of the Fund, and about all officers of the Fund. Most current Directors resident in the United States own Fund shares. The Fund has elected to be subject to the statutory calculation, notification and publication requirements of the German Investment Tax Act (Investmentsteuergesetz) (the Act) for the fiscal year ended October 31, 2010 and intends to elect to be subject to the Act for the fiscal year ending October 31, 2011. Absent this election, Directors who are German residents would be subject to adverse German tax consequences if they owned shares of a fund organized outside of Germany, such as the Fund, that is not subject to German regulation or tax reporting. In light of the Fund's election to be subject to the Act, the Board of Directors encourages all Directors of the Fund (including those who are German residents) to invest in the Fund.

Nominees Proposed for Election:

Class II Directors						
(Term will Expire in 2011; Nominees for Term Expiring in 2014)						
Name, Address⁽¹⁾ & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex⁽²⁾ Overseen by Director	Other Directorships Held by Director During Past Five Years⁽³⁾	Shares of Common Stock Beneficially Owned at March 31, 2011⁽⁴⁾
Non-Interested Directors						
Ambassador Richard R. Burt, 64	Director	Since 2000	Managing Director, McLarty Associates (international strategic advisory) (since 2007). Formerly, Chairman, Diligence, Inc. (international information and risk management firm) (2002-2007); Chairman of the Board, Weirton Steel Corp. (1996-2004);	3	Director of The European Equity Fund, Inc. (since 2000) and The New Germany Fund, Inc. (since 2004). ⁽²⁾ Director, UBS family of mutual funds (since 1995).	5,262

Partner,
McKinsey &
Company
(consulting
firm)
(1991-1994);
State
Department
Chief Negotiator
in charge of
negotiating the
Arms Treaty
with Russia
(1989-1991);
U.S.
Ambassador to
the Federal
Republic of
Germany
(1985-1989).
Mr. Burt is also
Director, IGT,
Inc. (gaming
technology)
(since 1995),
and HCL
Technologies
Inc.
(information
technology and
product
engineering)
(since 1999) and
member,
Textron Inc.
International
Advisory
Council
(aviation,
automotive,
industrial
operations and
finance) (since
1996).

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Class II Directors
(Term will Expire in 2011; Nominees for Term Expiring in 2014)

Name, Address⁽¹⁾ & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex⁽²⁾ Overseen by Director	Other Directorships Held by Director During Past Five Years⁽³⁾	Shares of Common Stock Beneficially Owned at March 31, 2011⁽⁴⁾
Dr. Friedbert H. Malt, 69	Director	Since 2007	Vice Chairman and Member of the Executive Committee of NOL Neptune Orient Lines Ltd., Singapore (NOL) (since 2002). He currently is also a Director of NOL (since 2000) and TÜV Rheinland of North America, Inc., a company offering independent testing and assessment services. Formerly, Dr. Malt was a Member of the Executive Board of DG Bank (now DZ Bank), Frankfurt (until 2001).	3	Director of The European Equity Fund, Inc. (since 2007) and The New Germany Fund, Inc. (since 2007). ⁽²⁾	100
Robert H. Wadsworth, 71	Director	Since 1990	President, Robert H. Wadsworth Associates, Inc. (consulting firm) (1983 to present). Mr. Wadsworth also	116 ⁽⁶⁾	Director of The European Equity Fund, Inc. (since 1986) and The New Germany Fund, Inc. (since 1992), ⁽²⁾ as well as other funds in the Fund Complex as	4,423

has experience as an owner and chief executive officer of various businesses serving the mutual fund industry, including a registered broker-dealer and a registered transfer agent, and has served as a senior executive officer of several mutual funds.

indicated.⁽⁶⁾

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Table of Contents**Directors whose terms will continue:**

Name, Address ⁽¹⁾ & Age	Position(s) with Fund	Length of Time Served	Class III Directors (Term will Expire in 2012)		Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director	Other Directorships Held by Director During Past Five Years ⁽³⁾	Shares of Common Stock Beneficially Owned at March 31, 2011 ⁽⁴⁾
			Principal Occupation During Past Five Years or Longer and Other Relevant Qualifications*	Non-Interested Directors			
Dr. Franz Wilhelm Hopp, 68	Director	Since 2008	Partner of Laplace Finanzconsulting GmbH (asset management). Member of the Supervisory Board WAVE AG (asset management). Former member of the Board of Management of KarstadtQuelle Pension Trust e.V. (February 2007-September 2009).		3	Director of The European Equity Fund, Inc. (since 2008) and The New Germany Fund, Inc. (since 1993). ⁽²⁾	None
Werner Walbröl, 73	Director	Since 1990	Delegate for North American Humboldt Universitat (Berlin). Formerly, President and Chief Executive Officer, The European American Chamber of Commerce, Inc. (2004-2008); President and Chief Executive Officer, The German American Chamber of		3	Director of The European Equity Fund, Inc. (since 1986) and The New Germany Fund, Inc. (since 2004). ⁽²⁾	3,955

Commerce, Inc.
(until 2003). Mr.
Walbröl is also a
Director of The
German American
Chamber of
Commerce, Inc.
President and
Director,
German-American
Partnership
Program (student
exchange
programs), and a
Director of an
independent testing
and assessment
company.

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Name, Address ⁽¹⁾ & Age	Position(s) with Fund	Length of Time Served	Class III Directors (Term will Expire in 2012)			Other Directorships Held by Director During Past Five Years ⁽³⁾	Shares of Common Stock Beneficially Owned at March 31, 2011 ⁽⁴⁾
			Principal Occupation During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director	Interested Director ⁽⁵⁾		
Christian H. Strenger ⁽⁸⁾ , 67	Director and Chairman	Since 1990	Member of Supervisory Board (since 1999) and formerly Managing Director (1991-1999) of DWS Investment GmbH (investment management), a subsidiary of Deutsche Bank AG. Mr. Strenger is also Member, Supervisory Board, Evonik Industries AG (chemical, utility and property business), Fraport AG (international airport business), Hermes Equity Ownership Services Ltd. (governance advisory) and TUI AG (travel business).	3	Director of The European Equity Fund, Inc. (since 1986) and The New Germany Fund, Inc. (since 1990). ⁽²⁾	588	

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Name, Address ⁽¹⁾ & Age	Position(s) with Fund	Length of Time Served	Class I Directors (Term will Expire in 2013)			Other Directorships Held by Director During Past Five Years ⁽³⁾	Shares of Common Stock Beneficially Owned at March 31, 2011 ⁽⁴⁾
			Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex ⁽²⁾ Overseen by Director			
Non-Interested Directors							
Detlef Bierbaum, 68	Director	Since 1990	Consultant (since 2010). He is also Vice Chairman of the Supervisory Board of Oppenheim KAG GmbH (asset management) and a member of the Supervisory Board of Deutsche Bank Österreich AG (private bank) for more than five years. Mr. Bierbaum also serves as a member of the Board or Supervisory Board of a number of non-U.S. investment companies and of companies in diverse businesses including insurance, reinsurance, real estate, and retailing. He is a former member of the Supervisory Board of Sal. Oppenheim Jr. & Cie KGaA (private	3	Director of The European Equity Fund, Inc. (since 1986) and The New Germany Fund, Inc. (since 2008). ⁽²⁾	3,000	

			bank) (2008 to March 2010) and was formerly a partner of that firm. He is also a former member of the Supervisory Board of DWS Investment GmbH (asset management) (2005-2008).			
John H. Cannon, 69	Director	Since 2004	Consultant (since 2002). Formerly, Vice President and Treasurer, Venator Group/Footlocker, Inc. (footwear retailer) (1982-2002).	3	Director of The European Equity Fund, Inc. (since 2004) and The New Germany Fund, Inc. (since 1990). ⁽²⁾	431
Richard Karl Goeltz, 68	Director	Since 2008	Retired. Formerly, Vice Chairman and Chief Financial Officer of American Express Co. (financial services) (1996-2000) and previously served as chief financial officer of two other major multi-national corporations. Mr. Goeltz is also a member of the Council and Court of Governors of the London School of Economics and Political Science, Trustee of the American Academy in Berlin and of other charitable organizations.	3	Director of The European Equity Fund, Inc. (since 2008) and The New Germany Fund, Inc. (since 1990). ⁽²⁾ Independent Non-Executive Director of Aviva plc (financial services) and The Warnaco Group, Inc. (apparel). Formerly director of Federal Home Loan Mortgage Corporation and Delta Air Lines, Inc. (air transport).	300

* The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes and skills relevant to each Director's qualifications to serve as a

Director, which led (together with the Director's current and prior experience as a Director of other SEC reporting companies, if any, as indicated elsewhere in the table) to the conclusion that each Director should serve as a Director for the Fund.

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Executive Officers⁽⁷⁾				Shares of Common Stock Beneficially Owned at March 31, 2011⁽⁴⁾
Name, Address⁽¹⁾ & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer	
W. Douglas Beck, CFA, 44, ⁽⁸⁾⁽⁹⁾	President and Chief Executive Officer	Since 2011	Managing Director ⁽¹¹⁾ , Deutsche Asset Management and Head of Product Management, US for DWS Investments (since 2006). Formerly, Executive Director, Head of Product Management and President of the UBS Funds at UBS Global Asset Management (2002-2006).	None
Paul H. Schubert, 48 ⁽⁸⁾⁽¹⁰⁾	Chief Financial Officer and Treasurer	Since 2004	Managing Director ⁽¹¹⁾ , Deutsche Asset Management (since 2004). Formerly, Executive Director, Head of Mutual Fund Services and Treasurer for UBS Family of Funds at UBS Global Asset Management (1998-2004).	None
Rita Rubin, 40 ⁽⁸⁾⁽¹²⁾	Chief Legal Officer	Since 2008	Director and Senior Counsel ⁽¹¹⁾⁽¹³⁾ , Deutsche Asset Management (since 2007). Formerly, Vice President, Morgan Stanley Investment Management Inc. (2004-2007).	None
Alexis Kuchinsky, 35 ⁽¹²⁾	Chief Compliance Officer	Since 2009	Vice President, Deutsche Asset Management (since 2002); Head of Compliance Program Oversight of Deutsche Asset Management.	None
John Caruso, 46 ⁽⁸⁾⁽¹²⁾	Anti-Money Laundering Compliance Officer	Since 2010	Managing Director ⁽¹¹⁾ , Deutsche Asset Management.	None
Rainer Vermehren, 43 ⁽⁸⁾⁽¹⁴⁾	Vice President	Since 2010	Director ⁽¹¹⁾ , DWS Investment GmbH (since 2007). Fund Manager, DWS	None

John Millette, 48 ⁽⁸⁾ (15)(16)	Secretary	Since 2006	Investment GmbH (since 1997). Director ⁽¹¹⁾ , Deutsche Asset Management (since 2002).	None
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- (1) The mailing address of all directors with respect to Fund operations is c/o Deutsche Investment Management Americas Inc., 345 Park Avenue, NYC20-2799, New York, New York 10154.
- (2) The Fund Complex includes The European Equity Fund, Inc. and The New Germany Fund, Inc., which are the other closed-end registered investment companies for which Deutsche Investment Management Americas Inc. acts as manager. It also includes 113 other open- and closed-end funds advised by wholly owned entities of the Deutsche Bank Group in the United States.
- (3) Directorships are only for companies that file reports with the SEC.
- (4) As of March 31, 2011, all Directors and Executive Officers as a group (17 persons) owned 22,416 shares, which constitutes less than 1% of the outstanding Common Stock of the Fund. Share numbers in this Proxy Statement have been rounded to the nearest whole share.

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- (5) Indicates Interested Person , as defined in the Investment Company Act. Mr. Strenger is an interested Director because of his affiliation with DWS-Deutsche Gesellschaft für Wertpapiersparen mbH (DWS), a majority-owned subsidiary of Deutsche Bank AG, and because of his ownership of Deutsche Bank AG shares. Prior to April 2010, Mr. Bierbaum was interested because of his prior relationship with Sal. Oppenheim Jr. & Cie KGaA, which executed portfolio securities transactions for the Fund and certain affiliated persons, and because of his former ownership of Deutsche Bank AG shares. John Bult, a Class II Director, is not standing for re-election pursuant to the Fund's retirement policy. Until the date of the upcoming meeting of the stockholders, Mr. Bult is an interested Director because of his affiliation with PaineWebber International, an affiliate of UBS Securities LLC, a registered broker-dealer.
- (6) Mr. Wadsworth oversees all 116 funds in the Fund Complex.
- (7) Each also serving as an officer of The European Equity Fund, Inc. and The New Germany Fund, Inc. The officers of the Fund are elected annually by the Board of Directors at its meeting following the Annual Meeting of Stockholders. Each of Mr. Schubert, Mr. Millette, Mr. Caruso and Ms. Rubin also serve as officers of the other Funds in the Fund Complex.
- (8) Indicates ownership of securities of Deutsche Bank AG either directly or through Deutsche Bank's deferred compensation plan.
- (9) Address: 345 Park Avenue, New York, NY 10154.
- (10) Address: 100 Plaza One, Jersey City, New Jersey 07311.
- (11) Executive title, not a board directorship.
- (12) Address: 60 Wall Street, New York, NY 10005.
- (13) Prior to February 1, 2011, Vice President and Counsel.
- (14) Address: Mainzer Landstrasse 178-190, Frankfurt am Main, Germany.
- (15) Since January 3, 2011. From July 14, 2006 to January 3, 2011 served as Assistant Secretary to the Fund. From January 30, 2006 to July 14, 2006 served as Secretary to the Fund.
- (16) Address: One Beacon Street, Boston, Massachusetts 02108.

Table of Contents

The following table contains additional information with respect to the beneficial ownership of equity securities by each Director or Nominee in the Fund and, on an aggregated basis, in any registered investment companies overseen by the Director or Nominee within the same Family of Investment Companies as the Fund:

Name of Director or Nominee	Dollar Range of Equity Securities in the Fund ⁽¹⁾	Aggregate Dollar Range of Equity Securities in all Funds Overseen by Director or Nominee in Family of Investment Companies ^{(1),(2)}
Detlef Bierbaum	Over \$100,000	Over \$100,000
John Bult	Over \$100,000	Over \$100,000
Ambassador Richard R. Burt	Over \$100,000	Over \$100,000
John H. Cannon	\$10,001-\$50,000	Over \$100,000
Richard Karl Goeltz	\$10,001-\$50,000	Over \$100,000
Dr. Franz Wilhelm Hopp	None	None
Dr. Friedbert H. Malt	\$1-\$10,000	\$10,001-\$50,000
Christian H. Strenger	\$10,001-\$50,000	\$50,001-\$100,000
Robert H. Wadsworth	Over \$100,000	Over \$100,000
Werner Walbröl	Over \$100,000	Over \$100,000

(1) Valuation date is March 31, 2011. The Fund has elected to be subject to the statutory calculation, notification and publication requirements of the German Investment Tax Act (Investmentsteuergesetz) (the Act) for the fiscal year ended October 31, 2010 and intends to elect to be subject to the Act for the fiscal year ending October 31, 2011. Absent this election, Directors who are German residents would be subject to adverse German tax consequences if they owned shares of a fund organized outside of Germany, such as the Fund, that is not subject to German regulation or tax reporting. In light of the Fund's election to be subject to the Act, the Board of Directors encourages all Directors of the Fund (including those who are German residents) to invest in the Fund.

(2) The Family of Investment Companies consists of the Fund, The European Equity Fund, Inc. and The New Germany Fund, Inc., which are closed-end funds that share the same investment adviser and manager and hold themselves out as related companies.

The Board of Directors presently has five standing committees including an audit committee (the Audit Committee), an advisory committee (the Advisory Committee), an executive committee (the Executive Committee), a nominating and governance committee (the Nominating and Governance Committee) and a valuation committee (the Valuation Committee).

The Audit Committee, currently comprising Messrs. Burt, Cannon (Chair), Goeltz, Wadsworth and Walbröl and Dr. Malt, operates pursuant to a written charter. The Audit Committee charter is currently available on the Fund's website, www.dws-Investments.com. The Audit Committee's organization and responsibilities are contained in the Audit Committee Report, which is included in this Proxy Statement, and in its written charter. The members of the Audit Committee are independent as required by the independence standards of Rule 10A-3 under the Securities

Exchange Act of 1934. The BoIGN="RIGHT" COLSPAN="1" ROWSPAN="1"> 1,000,000 Detroit, MI Sewage Disposal System, Refunding Senior Lien Revenue Bonds (Series 2003A), 5.00% (FSA INS), 7/1/2024

1,041,430

TOTAL

3,217,190

Minnesota--0.7% 900,000 St. Paul, MN Port Authority, Hotel Facility Revenue Bonds (Series 2), 7.375% (Radisson Kellogg Project)/(United States Treasury PRF 8/1/2008@103)/(Original Issue Yield: 7.50%), 8/1/2029

962,478

Mississippi--3.1% 2,000,000 Lowndes County, MS Solid Waste Disposal, PCR Refunding Bonds (Series 1992B), 6.70% (Weyerhaeuser Co.), 4/1/2022

2,402,140 2,000,000 Mississippi Development Bank, Special Obligation Bonds (Series 2006A), 5.00% (Municipal Energy Agency of Mississippi)/(XL Capital Assurance Inc. INS), 3/1/2041

2,061,320

TOTAL

4,463,460

Missouri--0.4% 500,000 Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds (Series 2003A), 5.50% (Branson, MO)/(Original Issue Yield: 5.56%), 12/1/2032

522,390

Nevada--3.3% 650,000¹ Director of the State of Nevada Department of Business and Industry, Revenue Bonds (Series 2004A), 7.00% (Las Ventanas Retirement Community)/(Original Issue Yield: 7.125%), 11/15/2034

683,806 2,000,000 Nevada State, COPs (Series 2004: Capitol Complex Building 1), 5.00% (FGIC INS), 4/1/2032

2,064,080 **Principal Amount**

Value

MUNICIPAL BONDS--continued **Nevada--continued** \$ 2,000,000 Truckee Meadows, NV Water Authority, Water Revenue Bonds (Series 2001A), 5.00% (United States Treasury PRF 7/1/2011@100)/ (Original Issue Yield: 5.36%), 7/1/2025

\$

2,085,300

TOTAL

4,833,186

New Hampshire--2.2% 3,000,000 Manchester, NH School Facilities, Revenue Bonds, 5.50% (United States Treasury PRF 6/1/2013@100), 6/1/2028

3,241,260

New Jersey--1.9% 200,000 New Jersey EDA, First Mortgage Refunding Revenue Bonds (Series 2006), 5.375% (Seashore Gardens Living Center)/(Original Issue Yield: 5.40%), 11/1/2036

203,256 500,000 New Jersey EDA, Revenue Bonds (Series 2004), 5.75% (NJ Dedicated Cigarette Excise Tax)/(Original Issue Yield: 5.89%), 6/15/2029

537,120 300,000 New Jersey EDA, Revenue Refunding Bonds (Series A), 5.80% (Winchester Gardens at Ward Homestead)/(Original Issue Yield: 5.82%), 11/1/2031

321,771 600,000 New Jersey Health Care Facilities Financing Authority, Revenue Bonds, 6.50% (Pascack Valley Hospital Association)/(Original Issue Yield: 6.72%), 7/1/2023

537,534 1,000,000 New Jersey State Educational Facilities Authority, Revenue Bonds, Project C, 6.50% (Georgian Court College), 7/1/2033

1,110,970

TOTAL

2,710,651

New Mexico--0.6% 750,000^{1,2} Jicarilla, NM Apache Nation, Revenue Bonds, 5.50%, 9/1/2023

802,012

New York--6.2% 190,000 Amherst, NY IDA, Civic Facility Revenue Bonds (Series 2006A), 5.20% (Beechwood Health Care Center, Inc.), 1/1/2040

191,638 750,000 Dutchess County, NY IDA, Civic Facility Revenue Bonds (Series 2004B), 7.50% (St. Francis Hospital and Health Centers), 3/1/2029

829,943 750,000 Dutchess County, NY IDA, Revenue Bonds, 5.00% (Marist College)/(Original Issue Yield: 5.25%), 7/1/2022

767,332 1,000,000 Metropolitan Transportation Authority, NY, MTA State Service Contract Revenue Refunding Bonds (Series A), 5.00% (New York State)/(FGIC INS)/(Original Issue Yield: 5.14%), 7/1/2022

1,041,820 2,000,000 Metropolitan Transportation Authority, NY, Revenue Bonds (Series 2006A), 5.00% (MTA Transportation Revenue), 11/15/2031

2,095,120 800,000¹ New York City, NY IDA, Liberty Revenue Bonds (Series A), 6.50% (7 World Trade Center LLC), 3/1/2035

846,256 1,000,000 New York City, NY IDA, PILOT Revenue Bonds (Series 2006), 4.75% (Yankee Stadium LLC)/(MBIA Insurance Corp. INS), 3/1/2046

1,013,390 2,000,000 New York State Dormitory Authority, Revenue Bonds (Series 2003A), 5.50% (Brooklyn Law School)/(Radian Asset Assurance INS), 7/1/2019

2,132,140

TOTAL

8,917,639

Principal Amount

Value

MUNICIPAL BONDS--continued **North Carolina--1.3%** \$ 1,000,000 North Carolina Eastern Municipal Power Agency, Power System Refunding Revenue Bonds (Series 2003C), 5.375% (Original Issue Yield: 5.57%), 1/1/2017

\$ 1,052,310 800,000 North Carolina Medical Care Commission, Health Care Housing Revenue Bonds (Series 2004A), 5.80% (Arc of North Carolina Projects), 10/1/2034

859,688

TOTAL

1,911,998

North Dakota--2.9% 2,000,000 Fargo, ND, Health System Revenue Bonds (Series 2000A), 5.60% (Meritcare Obligated Group)/(FSA INS)/(Original Issue Yield: 5.70%), 6/1/2021

2,096,960 2,000,000 Ward County, ND Health Care Facility, Revenue Bonds (Series A), 6.25% (Trinity Obligated Group, ND)/(United States Treasury PRF 7/1/2007@102)/(Original Issue Yield: 6.375%), 7/1/2026

2,043,660

TOTAL

4,140,620

Ohio--0.7% 1,000,000 Ohio State Air Quality Development Authority, PCR Refunding Bonds (Series 2002A), 6.00% (Cleveland Electric Illuminating Co.), 12/1/2013

1,018,280

Oregon--0.3% 500,000¹ Cow Creek Band of Umpqua Tribe of Indians, Tax-Exempt Tax Revenue Bonds (Series 2006C), 5.625%, 10/1/2026

507,500

Pennsylvania--3.8% 1,165,000 Allegheny County, PA HDA, Health System Revenue Bonds (Series 2000B), 9.25% (West Penn Allegheny Health System)/(Original Issue Yield: 9.70%), 11/15/2030

1,382,937 935,000 Cumberland County, PA Municipal Authority, Retirement Community Revenue Bonds (Series 2002A), 7.25% (Wesley Affiliated Services, Inc. Obligated Group)/(United States Treasury PRF 1/1/2013@101)/(Original Issue Yield: 7.50%), 1/1/2035

1,090,603 360,000 Cumberland County, PA Municipal Authority, Retirement Community Revenue Bonds (Series 2002A), 7.25% (Wesley Affiliated Services, Inc. Obligated Group)/(United States Treasury PRF

1/1/2013@101)/(Original Issue Yield: 7.50%), 1/1/2035

419,911 2,000,000 Montgomery County, PA Higher Education & Health Authority Hospital, Revenue Bonds (Series 2006FF1), 5.00% (Dickinson College)/(CDC IXIS Financial Guaranty N.A. INS), 5/1/2031

2,090,640 500,000 Pennsylvania State Higher Education Facilities Authority, Revenue Bonds (Series A), 6.00% (UPMC Health System)/(Original Issue Yield: 6.16%), 1/15/2031

536,315

TOTAL

5,520,406

South Carolina--6.1% 1,000,000 Clemson University, SC, University Revenue Bonds, 5.00% (XL Capital Assurance Inc. INS), 5/1/2023

1,042,680 2,000,000 Kershaw County, SC Public Schools Foundation, Installment Purchase Revenue Bonds (Series 2006), 5.00% (Kershaw County, SC School District)/(CDC IXIS Financial Guaranty N.A. INS), 12/1/2029

2,082,900 **Principal Amount**

Value

MUNICIPAL BONDS--continued **South Carolina--continued** \$ 1,940,000 Myrtle Beach, SC, Hospitality Fee Revenue Bonds (Series2004A), 5.375% (FGIC INS), 6/1/2023

\$ 2,090,428 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

2,627,250 950,000 South Carolina Jobs-EDA, Senior Lien Revenue Bonds (Series 2007A), 4.70% (Burroughs & Chapin Multi-County Business Park)/(Radian Asset Assurance INS), 4/1/2035

937,736

TOTAL

8,780,994

South Dakota--1.3% 1,750,000 South Dakota State Health & Educational Authority, Revenue Bonds, 5.65% (Westhills Village Retirement Community)/(Original Issue Yield: 5.75%), 9/1/2023

1,845,970

Tennessee--3.3% 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

2,305,780 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

1,630,185 750,000 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

768,150

TOTAL

4,704,115

Texas--11.1% 600,000 Abilene, TX HFDC, Retirement Facilities Revenue Bonds (Series 2003A), 7.00% (Sears Methodist Retirement)/(Original Issue Yield: 7.25%), 11/15/2033

660,930 700,000 Decatur, TX Hospital Authority, Hospital Revenue Bonds (Series 2004A), 7.125% (Wise Regional Health System), 9/1/2034

766,521 385,000 HFDC of Central Texas, Inc., Retirement Facility Revenue Bonds (Series 2006A), 5.50% (Village at Gleannloch Farms, Inc.), 2/15/2027

396,050 585,000 HFDC of Central Texas, Inc., Retirement Facility Revenue Bonds (Series 2006A), 5.50% (Village at Gleannloch Farms, Inc.), 2/15/2037

598,192 1,400,000 Harlandale, TX ISD, UT GO School Building Bonds, 4.75% (PSFG GTD)/(Original Issue Yield: 4.80%), 8/15/2040

1,413,426 2,500,000 Houston, TX Combined Utility System, First Lien Revenue Refunding Bonds (Series 2004A), 5.25% (FGIC INS), 5/15/2023

2,670,525 200,000 Matagorda County, TX Navigation District No. 1, Collateralized Refunding Revenue Bonds, 5.60% (Centerpoint Energy Houston Electric), 3/1/2027

211,456 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

4,198,120 **Principal Amount**

Value

MUNICIPAL BONDS--continued **Texas--continued** \$ 1,350,000 North Central Texas HFDC, Retirement Facility Revenue Bonds (Series 1999), 7.50% (Northwest Senior Housing Corp. Edgemere Project)/(United States Treasury PRF 11/15/2009@102)/(Original Issue Yield: 7.75%), 11/15/2029

\$ 1,485,932 500,000 Sabine River Authority, TX, PCR Refunding Bonds (Series 2001C), 5.20% (TXU Energy Co. LLC), 5/1/2028

503,025 1,050,000 Sabine River Authority, TX, PCR Refunding Bonds (Series 2003B), 6.15% (TXU Energy Co. LLC), 8/1/2022

1,123,311 335,000 Sabine River Authority, TX, PCR Refunding Bonds (Series 2003A), 5.80% (TXU Energy Co. LLC), 7/1/2022

349,690 500,000 Tarrant County, TX Cultural Education Facilities Finance Corp., Revenue Bonds (Series 2006A), 6.00% (Northwest Senior Housing Corp. Edgemere Project), 11/15/2036

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532,565 1,000,000 Tyler, TX HFDC, Hospital Revenue Bonds, 5.75% (Mother Frances Hospital)/(United States Treasury PRF 7/1/2013@100)/(Original Issue Yield: 5.84%), 7/1/2027

1,090,250

TOTAL

15,999,993

Virginia--3.6% 1,000,000 Broad Street CDA, VA, Revenue Bonds, 7.50% (Original Issue Yield: 7.625%), 6/1/2033

1,126,980 1,280,000 Hampton, VA Convention Center, Revenue Bonds, 5.125% (AMBAC INS), 1/15/2028

1,331,725 1,400,000 Peninsula Port Authority, VA, Residential Care Facility Revenue Bonds (Series 2003A), 7.375% (Virginia Baptist Homes Obligated Group)/(United States Treasury PRF 12/1/2013@100)/(Original Issue Yield: 7.625%), 12/1/2032

1,668,100 1,000,000 Virginia Peninsula Port Authority, Coal Terminal Revenue Refunding Bonds (Series 2003), 6.00% (Brinks Co. (The)), 4/1/2033

1,084,390

TOTAL

5,211,195

Washington--2.8% 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

1,982,370 2,000,000 Washington State, Various Purpose UT GO Bonds (Series 2002A), 5.00% (FSA INS)/ (Original Issue Yield: 5.09%), 7/1/2022

2,065,460

<i>TOTAL</i>	
	4,047,830
Principal Amount	
	Value
MUNICIPAL BONDS--continued Wisconsin--4.1% \$ 3,000,000 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	
\$ 3,131,850	160,000 Wisconsin State HEFA, Revenue Bonds (Series 2004), 5.75% (Blood Center of Wisconsin, Inc.)/(Original Issue Yield: 5.82%), 6/1/2034
172,094	500,000 Wisconsin State HEFA, Revenue Bonds, 6.50% (Tomah Memorial Hospital, Inc.)/(Original Issue Yield: 6.75%), 7/1/2023
527,110	500,000 Wisconsin State HEFA, Revenue Bonds, 6.625% (Tomah Memorial Hospital, Inc.)/(Original Issue Yield: 6.875%), 7/1/2028
526,875	1,000,000 Wisconsin State HEFA, Revenue Bonds, 7.25% (Community Memorial Hospital)/(Original Issue Yield: 7.45%), 1/15/2033
1,081,620	500,000 Wisconsin State HEFA, Revenue Bonds (Series 2006A), 5.375% (Marshfield Clinic, WI), 2/15/2034
	519,865
<i>TOTAL</i>	

	5,959,414
<i>TOTAL MUNICIPAL INVESTMENTS--100.0%</i>	
<i>(IDENTIFIED COST \$136,509,386)³</i>	
	144,645,980
<i>OTHER ASSETS AND LIABILITIES--NET</i>	
	1,815,403
<i>LIQUIDATION VALUE OF AUCTION PREFERRED SHARES</i>	
	(53,675,000
)
<i>TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>	
	\$
	92,786,383

At May 31, 2007, the fund holds no securities that are subject to the federal alternative minimum tax (AMT).

1 Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At May 31, 2007, these restricted securities amounted to \$3,324,178, which represented 2.3% of total market value.

2 Denotes a restricted security that may be resold without restriction to "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933 and that the Fund has determined to be liquid under criteria established by the Fund's Board of Trustees. At May 31, 2007, these liquid restricted securities amounted to \$802,012, which represented 0.6% of total market value.

3 The cost of investments for federal tax purposes amounts to \$136,508,697.

Note: The categories of investments are shown as a percentage of total market value at May 31, 2007.

The following acronyms are used throughout this portfolio:

AMBAC --American Municipal Bond Assurance Corporation
 CDA --Community Development Authority
 COPs --Certificates of Participation
 EDA --Economic Development Authority
 EDFA --Economic Development Finance Authority
 FGIC --Financial Guaranty Insurance Company
 FSA --Financial Security Assurance
 GO --General Obligation
 GTD --Guaranteed
 HDA --Hospital Development Authority
 HEFA --Health and Education Facilities Authority
 HFDC --Health Facility Development Corporation
 IDA --Industrial Development Authority
 IDB --Industrial Development Bond
 INS --Insured
 ISD --Independent School District
 LT --Limited Tax
 PCR --Pollution Control Revenue
 PRF --Prerefunded
 PSFG --Permanent School Fund Guarantee
 UT --Unlimited Tax

See Notes which are an integral part of the Financial Statements

Federated Premier Intermediate Municipal Income Fund - Portfolio of Investments Summary Table

At May 31, 2007, the Fund's sector composition¹ was as follows:

Sector Composition	Percentage of Total Investments
Insured	30.2%
Hospital	15.7%
Senior Care	10.4%
Special Tax	8.6%
Pre-refunded	8.5%
Education	6.5%

Electric & Gas	5.8%
Public Power	3.3%
IDB/PCR	3.0%
Tobacco	2.2%
General Obligation--Local	2.1%
Other ²	3.7%
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. Pre-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 96.3% of the Fund's total investments. Remaining sectors have been aggregated under the designation "Other."

Federated Premier Intermediate Municipal Income Fund - Portfolio of Investments

May 31, 2007 (unaudited)

Principal Amount	Value
MUNICIPAL BONDS--99.9%	
Alabama--1.6%	
\$ 2,000,000	
Birmingham-Baptist Medical Centers, AL Special Care Facilities Financing Authority, Revenue Bonds (Series 2005A), 5.25% (Baptist Health System of Birmingham), 11/15/2020	
	\$ 2,060,500
550,000	
Courtland, AL IDB, PCR Refunding Bonds (Series 2005A), 5.00% (International Paper Co.), 6/1/2025	
	556,869
TOTAL	2,617,369
Alaska--0.6%	
1,000,000	
Alaska State Housing Finance Corp., State Capitalization Project Revenue Bonds, (Series A), 5.00% (MBIA Insurance Corp. INS), 7/1/2011	
	1,039,590
Arizona--1.0%	

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1,500,000	Verrado Community Facilities District No. 1, AZ, Revenue Bonds, 6.15%, 7/15/2017	1,596,090
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Arkansas--1.5%

1,000,000	Arkansas Development Finance Authority, Revenue Bonds, 7.25% (Washington Regional Medical Center)/(United States Treasury PRF 2/1/2010@100)/(Original Issue Yield: 7.40%), 2/1/2020	1,080,300
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1,000,000	Independence County, AR, PCR Refunding Bonds (Series 2005), 5.00% (Entergy Arkansas, Inc.), 1/1/2021	1,018,730
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300,000	Jefferson County, AR, PCR Refunding Bonds (Series 2006), 4.60% (Entergy Arkansas, Inc.), 10/1/2017	300,981
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	<i>TOTAL</i>	2,400,011
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California--6.2%

1,250,000	California Educational Facilities Authority, Revenue Bonds (Series 2000A), 6.75% (Fresno Pacific University), 3/1/2019	1,330,100
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570,000	California Health Facilities Financing Authority, Health Facility Revenue Bonds (Series 2004I), 4.95% TOBs (Catholic Healthcare West), Mandatory Tender 7/1/2014	594,162
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750,000	California State, Refunding UT GO Bonds, 5.25%, 2/1/2014	797,460
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2,000,000	Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Bonds (Series 2007A-1), 5.00% (Original Issue Yield: 5.16%), 6/1/2033	1,975,340
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2,000,000	Golden State Tobacco Securitization Corp., CA, Tobacco Settlement Asset-Backed Revenue Bonds (Series 2003A-1), 6.25% (United States Treasury PRF 6/1/2013@100)/(Original Issue Yield: 6.55%), 6/1/2033	2,188,900
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1,700,000	Stockton, CA Public Financing Authority, Redevelopment Projects Revenue Bonds (Series 2006A), 5.00% (Radian Asset Assurance INS), 9/1/2016	1,796,169
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1,195,000	Stockton, CA Public Financing Authority, Redevelopment Projects Revenue Bonds (Series 2006A), 5.00% (Radian Asset Assurance INS), 9/1/2018	1,253,830
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	<i>TOTAL</i>	9,935,961
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**Principal
Amount**

Value

MUNICIPAL BONDS--continued

Colorado--4.8%

\$ 725,000	Antelope Heights Metropolitan District, CO, LT GO Bonds, 8.00%, 12/1/2023	\$ 815,357
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500,000	Buckhorn Valley Metropolitan District No. 2, CO, LT GO Bonds, 7.00%, 12/1/2023	508,065
500,000	Colorado Educational & Cultural Facilities Authority, Revenue Refunding Bonds (Series A), 6.25% (Denver Academy)/(Original Issue Yield: 6.50%), 11/1/2013	528,585
1,265,000	Colorado Health Facilities Authority, Revenue Bonds (Series 2005), 5.00% (Covenant Retirement Communities, Inc.), 12/1/2013	1,301,736
865,000	Conservatory Metropolitan District, CO, LT GO Bonds, 7.40%, 12/1/2016	973,047
1,855,000	Denver, CO City & County Airport Authority, Airport Revenue Bonds, (Series E), 6.00% (MBIA Insurance Corp. INS), 11/15/2011	2,012,081
700,000	High Plains, CO Metropolitan District, Revenue Bonds (Series 2005A), 6.125% (Original Issue Yield: 6.25%), 12/1/2025	730,835
260,000	High Plains, CO Metropolitan District, Revenue Bonds (Series 2005B), 4.375% (Compass Bank, Birmingham LOC)/(Original Issue Yield: 4.50%), 12/1/2015	262,428
500,000	Southlands, CO Metropolitan District No. 1, LT GO Bonds (Series 2004), 7.00% (Original Issue Yield: 7.05%), 12/1/2024	551,070
	TOTAL	7,683,204
	Connecticut--0.5%	
750,000	Connecticut State Development Authority, First Mortgage Gross Revenue Health Care Project Bonds (Series 2003), 5.75% (Elim Park Baptist Home, Inc.)/(Original Issue Yield: 5.90%), 12/1/2023	791,092
	District of Columbia--1.4%	
1,000,000	District of Columbia, Ballpark Revenue Bonds (Series 2006B-1), 5.25% (FGIC INS), 2/1/2016	1,086,000
1,000,000	District of Columbia, COP, 5.25% (FGIC INS), 1/1/2016	1,082,470
	TOTAL	2,168,470
	Florida--6.2%	
600,000	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	726,906
385,000	East Homestead, FL Community Development District, Special Assessment Revenue Bonds (Series 2006B), 5.00%, 5/1/2011	384,565
285,000	Fishhawk Community Development District II, Special Assessment Revenue Bonds (Series 2004B), 5.125% (Original Issue Yield: 5.20%), 11/1/2009	284,969

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1,000,000	Florida Municipal Loan Council, Revenue Bonds (Series 2003B), 5.25% (MBIA Insurance Corp. INS), 12/1/2019	1,063,870
430,000	Gateway Services, FL Community Development District, Special Assessment Bonds (Series 2003B), 5.50% (Original Issue Yield: 5.65%), 5/1/2010	430,572
5,000	Heritage Harbour South Community Development District, FL, Capital Improvement Revenue Bonds (Series 2002B), 5.40% (Original Issue Yield: 5.50%), 11/1/2008	5,008
Principal Amount		Value
MUNICIPAL BONDS--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	\$ 812,790
2,000,000	Miami-Dade County, FL School Board, COP (Series 2003D), 5.00% (FGIC INS), 8/1/2021	2,070,640
445,000	Orlando, FL Urban Community Development District, Capital Improvement Revenue Bonds, 6.00%, 5/1/2020	474,677
880,000	St. Johns County, FL IDA, Health Care Revenue Refunding Bonds (Series 2007), 5.00% (Vicar's Landing), 2/15/2017	900,328
365,000	Tuscany Reserve Community Development District, FL, Capital Improvement Revenue Bonds (Series 2005B), 5.25%, 5/1/2016	363,701
2,390,000	University of Central Florida Athletics Association, Inc., FL, COP (Series 2004A), 5.125% (FGIC INS), 10/1/2022	2,509,691
	TOTAL	10,027,717
Georgia--1.9%		
750,000	Fulton County, GA Residential Care Facilities, Revenue Bonds (Series 2004A), 6.00% (Canterbury Court), 2/15/2022	759,727
2,115,000	Municipal Electric Authority of Georgia, Revenue Bonds (Series 2002A), 5.25% (MBIA Insurance Corp. INS), 11/1/2015	2,249,091
	TOTAL	3,008,818
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	1,671,783

Illinois--4.7%		
500,000	Bolingbrook, IL, Special Service Area No. 2005-1 Special Tax Bonds (Series 2005), 0% Step Coupon, 5.90% @ 9/1/2007 (Forest City Project)/ (Original Issue Yield: 5.90%), 3/1/2027	513,735
1,790,000	Chicago, IL O'Hare International Airport, Second Lien Passenger Facilities Revenue Bonds (Series B), 5.50% (AMBAC INS), 1/1/2015	1,893,050
1,000,000	Chicago, IL Special Assessment, Improvement Bonds (Series 2002), 6.625% (Lakeshore East Project)/(Original Issue Yield: 6.637%), 12/1/2022	1,077,010
1,000,000	Illinois Educational Facilities Authority, Revenue Refunding Bonds (Series A), 5.00% (Augustana College)/(Original Issue Yield: 5.05%), 10/1/2014	1,034,190
875,000	Illinois Finance Authority, Revenue Bonds (Series 2005A), 6.00% (Landing at Plymouth Place), 5/15/2025	927,159
1,000,000	Illinois Finance Authority, Revenue Bonds (Series 2006A), 5.00% (Illinois Institute of Technology), 4/1/2024	1,023,600
1,000,000	Illinois Finance Authority, Revenue Refunding Bonds (Series 2005A), 5.00% (Depaul University), 10/1/2014	1,050,310
	TOTAL	7,519,054
Principal Amount		Value
MUNICIPAL BONDS--continued		
Indiana--1.3%		
\$ 1,050,000	Indiana Health & Educational Facility Financing Authority, Revenue Bonds (Series 2005), 5.00% (Baptist Homes of Indiana), 11/15/2014	\$ 1,084,261
1,000,000	Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds (Series 2006B), 5.00% (Clarian Health Partners, Inc.), 2/15/2023	1,017,590
	TOTAL	2,101,851
Iowa--0.3%		
500,000	Scott County, IA, Revenue Refunding Bonds (Series 2004), 5.625% (Ridgecrest Village), 11/15/2018	512,670
Kansas--1.0%		
1,055,000	Butler County, KS Union School District No. 394, UT GO Bonds, 5.00% (FSA INS), 9/1/2020	1,111,464
500,000	Lawrence, KS, Hospital Revenue Bonds (Series 2006), 5.125% (Lawrence	511,830

Memorial Hospital), 7/1/2026

<i>TOTAL</i>	1,623,294
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Kentucky--1.3%

1,335,000	Kentucky EDFA, Revenue Bonds (Series 2000A), 6.25% (Norton Healthcare, Inc.)/(Original Issue Yield: 6.45%), 10/1/2012	1,426,955
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665,000	Kentucky EDFA, Revenue Bonds (Series 2000A), 6.25% (Norton Healthcare, Inc.)/(United States Treasury PRF 10/1/2010@101)/(Original Issue Yield: 6.45%), 10/1/2012	718,991
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<i>TOTAL</i>	2,145,946
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Louisiana--4.0%

1,000,000	Lakeshore Villages Master Community Development District, LA, Special Assessment Bonds (Series 2007), 5.25% (Original Issue Yield: 5.378%), 7/1/2017	986,120
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1,630,000	Louisiana Local Government Environmental Facilities Community Development Authority, Revenue Bonds, 5.375% (BRCC Facilities Corp.)/(MBIA Insurance Corp. INS), 12/1/2015	1,728,191
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1,000,000	Louisiana Local Government Environmental Facilities Community Development Authority, Revenue Bonds, 5.375% (BRCC Facilities Corp.)/(MBIA Insurance Corp. INS), 12/1/2014	1,063,780
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1,000,000	Louisiana State Citizens Property Insurance Corp., Assessment Revenue Bonds (Series 2006B), 5.25% (AMBAC INS), 6/1/2013	1,067,190
1,500,000	West Feliciana Parish, LA, PCRBs, 7.00% (Entergy Gulf States, Inc.), 11/1/2015	1,515,990

<i>TOTAL</i>	6,361,271
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Maryland--0.2%

250,000	Maryland State Health & Higher Educational Facilities Authority, Revenue Bonds (Series 2007B), 5.00% (King Farm Presbyterian Retirement Community), 1/1/2017	250,852
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**Principal
Amount****Value****MUNICIPAL BONDS--continued****Michigan--4.5%**

\$ 2,000,000	Cornell Township MI, Economic Development Corp., Refunding Revenue Bonds, 5.875% (MeadWestvaco Corp.)/(United States Treasury PRF 5/1/2012@100), 5/1/2018	\$ 2,175,760
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500,000	Gaylord, MI Hospital Finance Authority, Hospital Revenue Refunding Bonds (Series 2004), 6.20% (Otsego Memorial Hospital Obligated Group)/(Original Issue Yield: 6.45%), 1/1/2025	522,190
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250,000	Kent Hospital Finance Authority, MI, Revenue Bonds (Series 2005A), 5.50% (Metropolitan Hospital), 7/1/2020	261,430
1,000,000	Michigan State Hospital Finance Authority, Hospital Refunding Revenue Bonds (Series 2003A), 5.625% (Henry Ford Health System, MI)/(United States Treasury PRF 3/1/2013@100), 3/1/2017	1,083,740
1,085,000	Otsego, MI Public School District, School Building & Site UT GO Bonds, 5.00% (United States Treasury PRF 5/1/2014@100), 5/1/2021	1,154,006
2,000,000	Oxford, MI Area Community Schools, UT GO Bonds, 5.00% (FSA INS)/(Original Issue Yield: 5.12%), 5/1/2022	2,089,480
	TOTAL	7,286,606
	Mississippi--2.4%	
1,500,000	Lowndes County, MS Solid Waste Disposal, Refunding PCRBs (Series 1992B), 6.70% (Weyerhaeuser Co.), 4/1/2022	1,801,605
1,000,000	Mississippi Development Bank, Special Obligation Bonds (Series 2006A), 5.00% (Municipal Energy Agency of Mississippi)/(XL Capital Assurance Inc. INS), 3/1/2018	1,059,360
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	1,041,120
	TOTAL	3,902,085
	Missouri--1.3%	
2,000,000	Missouri State HEFA, Health Facilities Revenue Bonds, 5.25% (BJC Health System, MO), 5/15/2018	2,110,680
	Montana--1.1%	
1,700,000	Montana Facility Finance Authority, Hospital Revenue Bonds (Series 2007), 5.00% (Benefits Healthcare System)/(Assured Guaranty Corp. INS), 1/1/2023	1,773,593
	Nevada--3.1%	
2,000,000	Clark County, NV, IDRBs (Series 2003C), 5.45% TOBs (Southwest Gas Corp.), Mandatory Tender 3/1/2013	2,090,020
800,000	¹ Director of the State of Nevada Department of Business and Industry, Revenue Bonds (Series 2004B), 6.75% (Las Ventanas Retirement Community)/(Original Issue Yield: 6.875%), 11/15/2023	834,640
985,000	Las Vegas, NV, Local Improvement Special Assessment Bonds (Series 2004), 5.50% (Providence SID No. 607), 6/1/2013	1,018,214

950,000	North Las Vegas, NV Special Improvement District No. 60, Subordinate LT Obligation Refunding Bonds (Series 2006B), 5.00% (Aliante SID No. 60)/ (Original Issue Yield: 5.05%), 12/1/2017	964,449
<i>TOTAL</i>		4,907,323
Principal Amount		Value
MUNICIPAL BONDS--continued		
New Jersey--1.2%		
\$ 190,000	New Jersey EDA, First Mortgage Refunding Revenue Bonds (Series 2006), 5.30% (Seashore Gardens Living Center), 11/1/2026	\$ 191,702
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	639,426
820,000	New Jersey Health Care Facilities Financing Authority, Revenue Bonds, 6.00% (Pascack Valley Hospital Association)/(Original Issue Yield: 6.25%), 7/1/2013	736,672
400,000	New Jersey Health Care Facilities Financing Authority, Revenue Bonds, (Series 2005A), 5.00% (Children's Specialized Hospital)/(Original Issue Yield: 5.01%), 7/1/2024	404,224
<i>TOTAL</i>		1,972,024
New Mexico--1.0%		
1,000,000	Farmington, NM, Refunding Revenue Bonds (Series 2002A), 4.00% TOBs (El Paso Electric Co.)/(FGIC INS), Mandatory Tender 8/1/2012	992,030
655,000	Mariposa East Public Improvement District, NM, UT GO Bonds, (Series 2006), 5.75%, 9/1/2021	676,753
<i>TOTAL</i>		1,668,783
New York--3.3%		
345,000	Dutchess County, NY IDA, Civic Facility Revenue Bonds (Series 2004B), 7.25% (St. Francis Hospital and Health Centers), 3/1/2019	376,633
2,000,000	Dutchess County, NY IDA, Revenue Bonds, 5.00% (Marist College)/(Original Issue Yield: 5.15%), 7/1/2020	2,049,420
800,000	¹ New York City, NY IDA, Liberty Revenue Bonds (Series A), 6.25% (7 World Trade Center LLC), 3/1/2015	844,328
2,000,000	New York City, NY, UT GO Bonds (Fiscal 2002 Series D), 5.00% (Original Issue Yield: 5.21%), 6/1/2017	2,074,400

	<i>TOTAL</i>	5,344,781
	North Carolina--6.6%	
2,000,000	North Carolina Eastern Municipal Power Agency, Power System Refunding Revenue Bonds (Series 2005A), 5.00% (AMBAC INS), 1/1/2016	2,138,020
1,000,000	North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds (Series D), 5.50%, 1/1/2014	1,075,250
500,000	North Carolina Medical Care Commission, Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2004A), 5.00% (Deerfield Episcopal Retirement Community), 11/1/2023	509,280
965,000	North Carolina Medical Care Commission, Health Care Housing Revenue Bonds (Series 2004A), 5.50% (Arc of North Carolina Projects), 10/1/2024	1,027,243
1,500,000	North Carolina Medical Care Commission, Health System Revenue Bonds (Series 2007), 5.00% (Mission Health, Inc.), 10/1/2020	1,565,130
3,000,000	North Carolina Municipal Power Agency No. 1, Electric Revenue Bonds (Series 2003A), 5.50%, 1/1/2014	3,195,270
1,000,000	Onslow County, NC Hospital Authority, INS Mortgage Revenue Bonds, 5.00% (Onslow Memorial Hospital)/(MBIA Insurance Corp. INS), 4/1/2023	1,047,020
	<i>TOTAL</i>	10,557,213
Principal Amount		Value
	MUNICIPAL BONDS--continued	
	Ohio--3.3%	
\$ 1,275,000	Cuyahoga, OH Community College District, General Receipts Revenue Bonds (Series 2002A), 5.00% (AMBAC INS), 12/1/2022	\$ 1,332,503
925,000	Ohio State Air Quality Development Authority, Environmental Improvement Refunding Revenue Bonds (Series 1995), 5.00% TOBs (Marathon Oil Corp.), Mandatory Tender 11/1/2011	963,785
3,000,000	Ohio State Air Quality Development Authority, PCR Refunding Bonds (Series 2002A), 6.00% (Cleveland Electric Illuminating Co.), 12/1/2013	3,054,840
	<i>TOTAL</i>	5,351,128
	Oregon--1.0%	
500,000	¹ Cow Creek Band of Umpqua Tribe of Indians, Tax-Exempt Tax Revenue Bonds (Series 2006C), 5.625%, 10/1/2026	507,500

1,000,000	Yamhill County, OR Hospital Authority, Revenue Bonds, 6.50% (Friendsview Retirement Community), 12/1/2018	1,078,090
<i>TOTAL</i>		1,585,590
Pennsylvania--8.6%		
1,000,000	Allegheny County, PA HDA, Health System Revenue Bonds (Series 2007A), 5.00% (West Penn Allegheny Health System), 11/15/2017	1,012,160
1,350,000	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	1,568,970
435,000	Allegheny County, PA IDA, Environmental Improvement Refunding Revenue Bonds (Series 2005), 5.50% (United States Steel Corp.), 11/1/2016	456,824
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	410,628
179,000	Crawford County, PA Hospital Authority, Senior Living Facilities Revenue Bonds, 5.90% (Wesbury United Methodist Community Obligated Group), 8/15/2009	179,179
660,000	Cumberland County, PA Municipal Authority, Retirement Community Revenue Bonds (Series 2002A), 6.00% (Wesley Affiliated Services, Inc. Obligated Group)/(United States Treasury PRF 1/1/2008@100), 1/1/2013	668,118
1,000,000	Lancaster, PA Higher Education Authority, College Revenue Bonds, 5.00% (Franklin & Marshall College), 4/15/2019	1,053,920
1,500,000	Pennsylvania State Higher Education Facilities Authority, Health System Revenue Bonds (Series A), 6.25% (UPMC Health System), 1/15/2018	1,627,260
2,000,000	Philadelphia, PA Gas Works, Revenue Bonds (17th Series), 5.375% (FSA INS), 7/1/2021	2,139,320
1,090,000	Pittsburgh, PA, UT GO Bonds (Series 1993A), 5.50% (AMBAC INS), 9/1/2014	1,150,059
2,000,000	Pittsburgh, PA, UT GO Bonds (Series B), 5.25% (FSA INS), 9/1/2017	2,174,960
1,355,000	Wilkes-Barre, PA Finance Authority, University Refunding Revenue Bonds (Series 2007), 5.00% (Wilkes University), 3/1/2022	1,384,282
<i>TOTAL</i>		13,825,680
Principal Amount		Value

MUNICIPAL BONDS--continued	
South Carolina--2.6%	
\$ 1,000,000	Georgetown County, SC Environmental Improvements, Refunding Revenue Bonds (Series 2000A), 5.95% (International Paper Co.), 3/15/2014
	\$ 1,082,720
2,000,000	Kershaw County, SC Public Schools Foundation, Installment Purchase Revenue Bonds (Series 2006), 5.00% (Kershaw County, SC School District)/(CDC IXIS Financial Guaranty N.A. INS), 12/1/2019
	2,114,800
1,000,000	Scago Educational Facilities Corp. for Pickens School District, Installment Purchase Revenue Bonds (Series 2006), 5.00% (FSA INS), 12/1/2020
	1,058,120
	TOTAL
	4,255,640
Tennessee--0.6%	
1,000,000	Memphis-Shelby County, TN Airport Authority, Special Facilities Revenue Refunding Bonds, 5.05% (FedEx Corp.), 9/1/2012
	1,037,800
Texas--11.3%	
1,000,000	Abilene, TX HFDC, Retirement Facilities Revenue Bonds (Series 2003A), 6.50% (Sears Methodist Retirement), 11/15/2020
	1,019,230
1,000,000	Austin, TX Convention Center Enterprises, Inc., Convention Center Hotel First Tier Revenue Refunding Bonds (Series 2006A), 5.25% (XL Capital Assurance Inc. INS), 1/1/2020
	1,080,460
1,000,000	Brazos River Authority, TX, PCR Refunding Bonds (Series 2003D), 5.40% TOBs (TXU Energy Co. LLC), Mandatory Tender 10/1/2014
	1,023,620
1,000,000	Decatur, TX Hospital Authority, Hospital Revenue Bonds (Series 2004A), 6.50% (Wise Regional Health System), 9/1/2014
	1,071,170
500,000	Houston, TX HFDC, Retirement Facilities Revenue Bonds (Series 2004A), 6.25% (Buckingham Senior Living Community), 2/15/2020
	508,415
1,250,000	Mesquite, TX HFDC, Retirement Facility Revenue Bonds (Series 2005), 5.50% (Christian Care Centers, Inc.), 2/15/2025
	1,291,800
390,000	Montgomery County, TX, UT GO Bonds (Series 2002A), 5.20% (FSA INS)/(Original Issue Yield: 5.29%), 3/1/2021
	408,595
2,610,000	Montgomery County, TX, UT GO Bonds (Series 2002A), 5.20% (United States Treasury PRF 3/1/2012@100)/(Original Issue Yield: 5.29%), 3/1/2021
	2,755,664
250,000	Sabine River Authority, TX, Refunding PCRBs (Series 2003A), 5.80% (TXU Energy Co. LLC), 7/1/2022
	260,963

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1,000,000	San Leanna, TX Education Facilities Corp., Higher Education Revenue Bonds (Series 2007), 5.125% (Saint Edward's University), 6/1/2021	1,033,600
1,250,000	Spring, TX ISD, UT GO Bonds, 5.00% (PSFG GTD)/(Original Issue Yield: 5.07%), 8/15/2017	1,299,350
545,000	Tarrant County, TX Cultural Education Facilities Finance Corp., Retirement Facility Revenue Bonds (Series 2007), 5.00% (Air Force Village), 5/15/2016	560,843
500,000	Tarrant County, TX Cultural Education Facilities Finance Corp., Revenue Bonds, (Series 2006A), 6.00% (Northwest Senior Housing Corp. Edgemere Project), 11/15/2026	535,740
835,000	Travis County, TX HFDC, Retirement Facilities Revenue Bonds, 5.00% (Querencia at Barton Creek)/(Original Issue Yield: 5.10%), 11/15/2014	844,978
Principal Amount		Value

MUNICIPAL BONDS--continued

Texas--continued

\$ 1,000,000	Tyler, TX HFDC, Hospital Revenue Bonds, 5.25% (Mother Frances Hospital), 7/1/2012	\$ 1,039,230
1,050,000	University of North Texas, TX, Revenue Financing System Bonds (Series 2002), 5.00% (FGIC INS), 4/15/2017	1,093,985
2,235,000	West Harris County, TX Regional Water Authority, Water System Revenue Bonds (Series 2006), 5.00% (AMBAC INS), 12/15/2021	2,365,301
	TOTAL	18,192,944

Virginia--2.4%

284,000	Bell Creek CDA, VA, Special Assessment Revenue Bonds (Series 2003), 6.75%, 3/1/2022	287,417
1,000,000	Broad Street Community Development Authority, VA, Revenue Bonds, 7.10% (Original Issue Yield: 7.15%), 6/1/2016	1,127,470
1,000,000	Peninsula Port Authority, VA, Residential Care Facility Revenue Bonds (Series 2003A), 7.375% (Virginia Baptist Homes Obligated Group)/(United States Treasury PRF 12/1/2013@100)/(Original Issue Yield: 7.50%), 12/1/2023	1,191,500
1,250,000	Virginia Beach, VA Development Authority, Public Facilities Revenue Bonds (Series 2003A), 5.00%, 12/1/2019	1,312,175
	TOTAL	3,918,562

Washington--2.9%

500,000	Skagit County, WA Public Hospital District No. 1, Refunding Revenue Bonds (Series 2003), 6.00% (Skagit Valley Hospital), 12/1/2018	536,045
1,450,000	Snohomish County, WA School District No. 4, UT GO Bonds (Series 2006), 5.00% (Lake Stevens School District) (FSA INS), 12/1/2021	1,536,609
1,350,000	Tobacco Settlement Authority, WA, Tobacco Settlement Asset-Backed Revenue Bonds, 6.50% (Original Issue Yield: 6.65%), 6/1/2026	1,483,974
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	1,108,060
	TOTAL	4,664,688

Wisconsin--3.2%

200,000	Wisconsin State HEFA, Revenue Bonds (Series 2004), 5.50% (Blood Center of Wisconsin, Inc.)/(Original Issue Yield: 5.583%), 6/1/2024	209,330
500,000	Wisconsin State HEFA, Revenue Bonds (Series 2004A), 6.125% (Southwest Health Center)/(Original Issue Yield: 6.15%), 4/1/2024	525,685
2,000,000	Wisconsin State HEFA, Revenue Bonds, 5.75% (SynergyHealth, Inc.), 11/15/2015	2,143,200
905,000	Wisconsin State HEFA, Revenue Bonds, 7.125% (Community Memorial Hospital)/(Original Issue Yield: 7.25%), 1/15/2022	975,708
1,250,000	Wisconsin State HEFA, Revenue Bonds, (Series 2006A), 5.125% (Marshfield Clinic, WI), 2/15/2026	1,278,538
	TOTAL	5,132,461
	TOTAL MUNICIPAL BONDS (IDENTIFIED COST \$156,780,133)	160,942,624

Principal Amount**Value**

	SHORT-TERM MUNICIPAL--0.1% ²	
	Texas--0.1%	
\$ 100,000	Harris County, TX HFDC, (Series 2006A) Daily VRDNs (Methodist Hospital, Harris County, TX), 3.860%, 6/1/2007 (AT COST)	\$ 100,000
	TOTAL MUNICIPAL INVESTMENTS--100.0% (IDENTIFIED COST \$156,880,133)³	161,042,624
	OTHER ASSETS AND LIABILITIES--NET	34,544

<i>LIQUIDATION VALUE OF AUCTION PREFERRED SHARES</i>	(61,025,000)
<hr/>	
<i>TOTAL NET ASSETS APPLICABLE TO COMMON SHAREHOLDERS</i>	\$ 100,052,168

At May 31, 2007, the Fund holds no securities that are subject to the federal alternative minimum tax (AMT).

1 Denotes a restricted security that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) is subject to a contractual restriction on public sales. At May 31, 2007, these restricted securities amounted to \$2,913,374, which represented 1.8% of total market value.

2 Current rate and next reset date shown for Variable Rate Demand Notes.

3 The cost of investments for federal tax purposes amounts to \$156,879,327.

Note: The categories of investments are shown as a percentage of total market value at May 31, 2007.

The following acronyms are used throughout this portfolio:

AMBAC --American Municipal Bond Assurance Corporation
CDA --Community Development Administration
COP --Certificate of Participation
EDA --Economic Development Authority
EDFA --Economic Development Finance Authority
FGIC --Financial Guaranty Insurance Company
FSA --Financial Security Assurance
GO --General Obligation
GTD --Guaranteed
HDA --Hospital Development Authority
HEFA --Health and Education Facilities Authority
HFDC --Health Facility Development Corporation
IDA --Industrial Development Authority
IDB --Industrial Development Bond
IDRBs --Industrial Development Revenue Bonds
INS --Insured
ISD --Independent School District
LOC --Letter of Credit
LT --Limited Tax
PCR --Pollution Control Revenue
PCRBs --Pollution Control Revenue Bonds
PRF --Prerefunded
PSFG --Permanent School Fund Guarantee
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, 2007 (unaudited)

	Federated Premier Municipal Income Fund	Federated Premier Intermediate Municipal Income Fund
Assets:		
Investments in securities, at value	\$ 144,645,980	\$ 161,042,624
Cash	73,125	43,635
Income receivable	2,217,928	2,425,239
Receivable for investments sold	--	55,450
<i>TOTAL ASSETS</i>	146,937,033	163,566,948
Liabilities:		
Income distribution payable--Common Shares	410,584	399,451
Income distribution payable--Preferred Shares	38,603	12,372
Payable for audit fees	22,873	22,871
Payable for investments purchased	--	2,051,647
Accrued expenses	3,590	3,439
<i>TOTAL LIABILITIES</i>	475,650	2,489,780
Auction Market Preferred Shares (2,147 and 2,441 shares, respectively, authorized and issued at \$25,000 per share)	\$ 53,675,000	\$ 61,025,000
Net Assets Applicable to Common Shares Consist of:		
Paid-in capital	\$ 86,860,508	\$ 98,478,870
Net unrealized appreciation of investments	8,136,594	4,162,491
Accumulated net realized loss on investments, swap contracts and futures contracts	(2,289,390)	(2,760,890)

Undistributed net investment income	78,671	171,697
TOTAL NET ASSETS APPLICABLE TO COMMON SHARES	\$ 92,786,383	\$ 100,052,168
Common Shares Outstanding, (\$0.01 par value, unlimited shares authorized)	6,128,120	6,946,981
Net asset value per share	\$ 15.14	\$ 14.40
Investments, at identified cost	\$ 136,509,386	\$ 156,880,133

See Notes which are an integral part of the Financial Statements

Statements of Operations

Six Months Ended May 31, 2007 (unaudited)

	Federated Premier Municipal Income Fund	Federated Premier Intermediate Municipal Income Fund
Investment Income:		
Interest	\$ 3,903,187	\$ 3,952,381
Expenses:		
Investment adviser fee (Note 5)	405,379	446,574
Administrative personnel and services fee (Note 5)	74,795	74,795
Custodian fees	1,108	1,795
Transfer and dividend disbursing agent fees and expenses	17,180	16,971
Directors'/Trustees' fees	7,549	7,645
Auditing fees	24,990	24,988
Legal fees	5,260	5,140
Portfolio accounting fees	38,156	39,648

Printing and postage		
	11,926	11,947
Insurance premiums		
	2,677	2,890
Auction agent fees		
	3,241	3,241
Trailer commission fees (Note 2)		
	67,839	76,706
Miscellaneous	22,177	22,352
<i>TOTAL EXPENSES</i>	682,277	734,692
Waivers (Note 5):		
Waiver of investment adviser fee		
	(147,411)	(162,391)
Waiver of administrative personnel and services fee	(65,725)	(41,288)
<i>TOTAL WAIVERS</i>	(213,136)	(203,679)
Net expenses	469,141	531,013
Net investment income	3,434,046	3,421,368
Realized and Unrealized Gain (Loss) on Investments and Futures Contracts:		
Net realized gain on investments		
	121,337	45,605
Net realized gain (loss) on futures contracts		
	--	(3,906)
Net change in unrealized appreciation of investments	(2,700,840)	(2,940,001)
Net realized and unrealized loss on investments and futures contracts	(2,579,503)	(2,898,302)
Income distributions declared to Preferred Shareholders	(970,465)	(1,091,263)
Change in net assets resulting from operations applicable to Common Shares	\$ (115,922)	\$ (568,197)

See Notes which are an integral part of the Financial Statements

Statements of Changes in Net Assets

**Federated
Premier
Municipal
Income Fund**

**Federated
Premier Intermediate
Municipal
Income Fund**

	Six Months Ended (unaudited) 5/31/2007	Year Ended 11/30/2006	Six Months Ended (unaudited) 5/31/2007	Year Ended 11/30/2006
Increase (Decrease) in Net Assets				
Operations:				
Net investment income	\$ 3,434,046	\$ 6,845,721	\$ 3,421,368	\$ 6,671,837
Net realized gain on investments, swap contracts and futures contracts	121,337	787,160	41,699	62,899
Net change in unrealized appreciation/depreciation of investments, swap contracts and futures contracts	(2,700,840)	2,621,582	(2,940,001)	2,989,314
Distributions from net investment income - Preferred Shares	(970,465)	(1,769,763)	(1,091,263)	(2,037,144)
<i>CHANGE IN NET ASSETS RESULTING FROM OPERATIONS APPLICABLE TO COMMON SHARES</i>	(115,922)	8,484,700	(568,197)	7,686,906
Distributions to Common Shareholders:				
Distributions from net investment income - Common Shares	(2,462,624)	(5,323,237)	(2,396,708)	(4,793,417)
Share Transactions Applicable to Common Shares:				
Net asset value of shares issued to shareholders in payment of distributions declared	73,709	116,561	--	--
<i>CHANGE IN NET ASSETS RESULTING FROM SHARE TRANSACTIONS</i>	73,709	116,561	--	--
Change in net assets	(2,504,837)	3,278,024	(2,964,905)	2,893,489
Net Assets Applicable to Common Shares:				
Beginning of period	95,291,220	92,013,196	103,017,073	100,123,584
End of period	\$ 92,786,383	\$ 95,291,220	\$ 100,052,168	\$ 103,017,073

Undistributed net investment income included at end of period	\$ 78,671	\$ 77,714	\$ 171,697	\$ 238,300
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See Notes which are an integral part of the Financial Statements

Notes to Financial Statements

May 31, 2007 (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

Market values of the Funds' portfolio securities are determined as follows:

- for fixed-income securities, according to prices as furnished by an independent pricing service, except that fixed-income securities with remaining maturities of less than 60 days at the time of purchase are valued at amortized cost;
- futures contracts and options are generally valued at market values established by the exchanges on which they are traded at the close of trading on such exchanges. Options traded in the over-the-counter market are generally valued according to the mean between the last bid and the last asked price for the option as provided by an investment dealer or other financial institution that deals in the option. The Board of Trustees (the "Trustees") may determine in good faith that another method of valuing such investments is necessary to appraise their fair market value;
- prices for total return swaps are based upon a valuation model determined by management incorporating underlying reference indexes, interest rates, yield curves and other market data or factors; prices for credit default swaps are furnished by an independent pricing service and are based upon a valuation model incorporating default probabilities, recovery rates and other market data or factors; prices for interest rate swaps are furnished by an independent pricing service and are based upon a valuation model incorporating interest rates, yield curves and other market data or factors;
- for investments in other open-end registered investment companies, based on net asset value (NAV); and
- for all other securities at fair value as determined in accordance with procedures established by and under the general supervision of the Trustees.

Prices for fixed-income securities furnished by a pricing service may be based on a valuation matrix which incorporates both dealer-supplied valuations and electronic data processing techniques. Such prices are generally intended to be indicative of the bid prices currently offered to institutional investors for the securities. The Trustees have approved the use of such pricing services. A number of pricing services are available, and the Funds may use various pricing services or discontinue the use of any pricing service.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may consider institutional trading in similar groups of securities, yield, quality, stability, risk, coupon rate, maturity, type of issue, trading characteristics, and other market data or factors. From time to time, when prices cannot be obtained from an independent pricing service, securities may be valued based on quotes from broker-dealers or other financial institutions that trade the securities.

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 and are declared and paid monthly. 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, 2007 was 3.80% and 3.70%, respectively.

Each auction requires the participation of one or more Broker-Dealers. The auction agent, currently Deutsche Bank Trust Company Americas, will enter into agreements with one or more Broker-Dealers selected by the Funds, which provide for the participation of those Broker-Dealers in auctions for preferred shares. The auction agent will pay each Broker-Dealer after each auction, from funds provided by the Funds. The trailer commissions for Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund for the six months ended May 31, 2007 were \$67,839 and \$76,706, 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") and to distribute to shareholders each year substantially all of their income. Accordingly, no provision for federal income tax is necessary.

When-Issued and Delayed Delivery Transactions

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

Restricted Securities

Restricted securities are securities that either: (a) cannot be offered for public sale without first being registered, or being able to take advantage of an exemption from registration, under the Securities Act of 1933; or (b) are subject to contractual restrictions on public sales. In some cases, when a security cannot be offered for public sale without first being registered, the issuer of the restricted security 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 such restricted securities may be resold in the secondary market in transactions exempt from registration. 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 the general supervision of the Trustees.

Additional information on restricted securities, excluding securities purchased under Rule 144A that have been deemed liquid by the Trustees, held at May 31, 2007, is as follows:

Federated Premier Municipal Income Fund:

	Acquisition Date	Acquisition Cost
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	5/9/2003	\$400,000
Cow Creek Band of Umpqua Tribe of Indians, Tax-Exempt Tax Revenue Bonds (Series 2006C), 5.625%, 10/1/2026	6/9/2006	\$500,000
Director of the State of Nevada Department of Business and Industry, Revenue Bonds (Series 2004A), 7.00% (Las Ventanas Retirement Community)/(Original Issue Yield: 7.125%), 11/15/2034	—12/23/2004 —	\$639,925

New York City, NY IDA, Liberty Revenue Bonds (Series A), 6.50% (7 World Trade Center LLC), 3/1/2035	3/15/2005	\$800,000
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Federated Premier Intermediate Municipal Income Fund:

Security	Acquisition Date	Acquisition Cost
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	5/9/2003	\$600,000
Cow Creek Band of Umpqua Tribe of Indians, Tax-Exempt Tax Revenue Bonds (Series 2006C), 5.625%, 10/1/2026	6/9/2006	\$500,000
Director of the State of Nevada Department of Business and Industry, Revenue Bonds (Series 2004B), 6.75% (Las Ventanas Retirement Community)/(Original Issue Yield: 6.875%), 11/15/2023	12/9/2004	\$789,424
New York City, NY IDA, Liberty Revenue Bonds (Series A), 6.25% (7 World Trade Center LLC), 3/1/2015	3/15/2005	\$800,000

Futures Contracts

The Funds may periodically purchase and sell bond interest rate futures contracts to manage cashflows, enhance yield, 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, 2007, the Funds had net realized losses on futures contracts as follows:

Federated Premier Intermediate Municipal Income Fund	\$(3,906)
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At May 31, 2007, the Funds had no open futures contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets, liabilities, expenses and revenues reported in the financial statements. Actual results could differ from those estimated.

Other

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

transactions are recorded on an identified cost basis.

3. COMMON SHARES

The following tables summarize share activity:

Federated Premier Municipal Income Fund	Six Months Ended 5/31/2007	Year Ended 11/30/2006
Shares issued	--	--
Shares issued to shareholders in payment of distributions declared	4,789	7,708
<i>NET CHANGE RESULTING FROM SHARE TRANSACTIONS</i>	4,789	7,708

Federated Premier Intermediate Municipal Income Fund	Six Months Ended 5/31/2007	Year Ended 11/30/2006
Shares issued	--	--
<i>NET CHANGE RESULTING FROM SHARE TRANSACTIONS</i>	--	--

4. FEDERAL TAX INFORMATION

At May 31, 2007, the following amounts apply for federal income tax purposes:

	Cost of Investments	Unrealized Appreciation	Unrealized Depreciation	Net Unrealized Appreciation
Federated Premier Municipal Income Fund	\$136,508,697	\$8,234,177	\$96,894	\$8,137,283
Federated Premier Intermediate Municipal Income Fund	\$156,879,327	\$4,441,518	\$278,221	\$4,163,297

At November 30, 2006, Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund had capital loss carryforwards of \$2,411,318 and \$2,779,646, 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 income tax. Pursuant to the Code, such capital loss carryforward will expire as follows:

	2011	2012	2013	Total Capital Loss Carryforward
Federated Premier Municipal Income Fund	—	\$ --	\$1,732,414	\$678,904
				\$2,411,318

Other

Federated Premier Intermediate Municipal Income Fund	\$5,504	\$1,598,165	\$1,175,977	\$2,779,646
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5. INVESTMENT ADVISER FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser Fee

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

In order to reduce the 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 net value of each Fund's managed assets, inclusive of any assets attributable to any preferred shares that may be issued, from the commencement of operations through December 31, 2007, and at a declining rate thereafter through December 31, 2010. For the six months ended May 31, 2007, the Adviser waived \$147,411 and \$162,391 of its fee for Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund, respectively.

Administrative Fee

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

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

The administrative fee received during any fiscal year shall be at least \$150,000 per portfolio and \$40,000 per each additional class of Shares. FAS may voluntarily choose to waive any portion of its fee. FAS can modify or terminate this voluntary waiver at any time at its sole discretion. For the six months ended May 31, 2007, the net fee paid to FAS by Federated Premier Municipal Income Fund and Federated Premier Intermediate Municipal Income Fund was 0.019% and 0.066%, respectively, of average daily net assets of the Funds. FAS waived \$65,725 and \$41,288 of its fee, respectively.

Organizational Expenses

Each Fund paid its organizational and offering expenses of up to \$0.03 per common share in the fiscal year ended November 30, 2003. 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, 2007, 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	\$3,700,000	\$4,000,000
Federated Premier Intermediate Municipal Income Fund	\$7,300,000	\$7,500,000

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, 2007, there were no such restrictions on the Funds.

7. INVESTMENT TRANSACTIONS

Purchases and sales of investments, excluding long-term U.S. government securities and short-term obligations, for the six months ended May 31, 2007, were as follows:

	Purchases	Sales
Federated Premier Municipal Income Fund	\$ 5,423,384	\$ 5,039,109
Federated Premier Intermediate Municipal Income Fund	\$13,440,429	\$11,974,564

8. LEGAL PROCEEDINGS

Beginning in October 2003, Federated Investors, Inc. and various subsidiaries thereof (including the advisers and distributor for various investment companies, collectively, "Federated"), along with various investment companies

sponsored by Federated ("Federated Funds") were named as defendants in several class action lawsuits now pending in the United States District Court for the District of Maryland. 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. These lawsuits began to be filed shortly after Federated's first public announcement that it had received requests for information on shareholder trading activities in the Federated Funds from the Securities and Exchange Commission ("SEC"), the Office of the New York State Attorney General ("NYAG"), and other authorities. In that regard, on November 28, 2005, Federated announced that it had reached final settlements with the SEC and the NYAG with respect to those matters. As Federated previously reported in 2004, it has already paid approximately \$8.0 million to certain funds as determined by an independent consultant. As part of these settlements, Federated agreed to pay for the benefit of fund shareholders additional disgorgement and a civil money penalty in the aggregate amount of an additional \$72 million. Federated and various Federated Funds have also been named as defendants in several additional lawsuits, the majority of which are now pending in the United States District Court for the Western District of Pennsylvania, alleging, among other things, excessive advisory and Rule 12b-1 fees. The Board of the Federated Funds has retained the law firm of Dickstein Shapiro LLP to represent the Federated Funds in these lawsuits. Federated and the Federated Funds, and their respective counsel, are reviewing the allegations and intend to defend this litigation. Additional lawsuits based upon similar allegations may be filed in the future. The potential impact of these lawsuits, all of which seek unquantified damages, attorneys' fees and expenses, and future potential similar suits is uncertain. Although we do not believe that these lawsuits will have a material adverse effect on the Federated Funds, there can be no assurance that these suits, the ongoing adverse publicity and/or other developments resulting from the regulatory investigations will not result in increased Federated Fund redemptions, reduced sales of Federated Fund shares, or other adverse consequences for the Federated Funds.

9. RECENT ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006. Recent SEC guidance allows implementing FIN 48 in fund NAV calculations as late as a fund's last NAV calculation in the first required financial statement reporting period. As a result, the Funds will adopt FIN 48 no later than May 30, 2008. At this time, management is evaluating the implications of FIN 48 and its impact in the financial statements has not yet been determined.

In addition, in September 2006, FASB released Statement on Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157) which is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of FAS 157 will have on the Funds' financial statement disclosures.

Evaluation and Approval of Advisory Contract

**FEDERATED PREMIER MUNICIPAL INCOME FUND ("FMN" OR THE "FUND")
FEDERATED PREMIER INTERMEDIATE MUNICIPAL INCOME FUND ("FPT" OR
THE "FUND")**

The Funds' Board reviewed each Fund's investment advisory contract at meetings held in May 2007. The Board's decision regarding these contracts reflects the exercise of its business judgment on whether to continue the existing arrangements.

In this connection, the Federated funds had previously appointed a Senior Officer, whose duties include specified responsibilities relating to the process by which advisory fees are to be charged to a Federated fund. The Senior Officer has the authority to retain consultants, experts, or staff as may be reasonably necessary to assist in the performance of his duties, reports directly to the Board, and may be terminated only with the approval of a majority of the independent members of the Board. The Senior Officer prepared and furnished to the Board an independent written evaluation that covered topics discussed below. The Board considered that evaluation, along with other information, in deciding to approve the advisory contract.

During its review of these contracts, the Board considered compensation and benefits received by the Adviser. This included the fees received for services provided to the Fund by other entities in the Federated organization and research services received by the Adviser from brokers that execute Federated fund trades, as well as advisory fees. The Board is also familiar with and considered judicial decisions concerning allegedly excessive investment advisory fees which have indicated that the following factors may be relevant to an Adviser's fiduciary duty with respect to its receipt of compensation from a fund: the nature and quality of the services provided by the Adviser, including the performance of the Fund; the Adviser's cost of providing the services; the extent to which the Adviser may realize "economies of scale" as the Fund grows larger; any indirect benefits that may accrue to the Adviser and its affiliates as a result of the Adviser's relationship with the Fund; performance and expenses of comparable funds; and the extent to which the independent Board members are fully informed about all facts the Board deems relevant bearing on the Adviser's services and fees. The Board further considered management fees (including any components thereof) charged to institutional and other clients of the Adviser for what might be viewed as like services and costs to the Adviser and its affiliates of supplying services pursuant to the management fee agreements, excluding any intra-corporate profit and profit margins of the Adviser and its affiliates from supplying such services. The Board was aware of these factors and was guided by them in its review of the Fund's advisory contract to the extent it considered them to be appropriate and relevant, as discussed further below.

The Board considered and weighed these circumstances in light of its substantial accumulated experience in governing the Fund and working with Federated on matters relating to the Federated funds, and was assisted in its deliberations by the advice of independent legal counsel. Throughout the year, the Board has requested and received substantial and detailed information about the Fund and the Federated organization that was in addition to the extensive materials that comprise and accompany the Senior Officer's evaluation. Federated provided much of this information at each regular meeting of the Board, and furnished additional reports in connection with the particular meeting at which the Board's formal review of the advisory contract occurred. Between regularly scheduled meetings, the Board also received information on particular matters as the need arose. Thus, the Board's consideration of the advisory contract included review of the Senior Officer's evaluation, accompanying data and additional reports covering such matters as: the Adviser's investment philosophy, revenue, profitability, personnel and processes; investment and operating strategies; the Fund's short- and long-term performance (in absolute terms, both on a gross basis and net of expenses, as well as in relationship to its particular investment program and certain competitor or "peer group" funds and/or other benchmarks, as appropriate), and comments on the reasons for performance; the Fund's investment objectives; the Fund's expenses (including the advisory fee itself and the overall expense structure of the Fund, both in absolute terms and relative to similar and/or competing funds, with due regard for contractual or voluntary expense limitations); the use and allocation of brokerage commissions derived from trading the Fund's portfolio securities (if any); and the nature, quality and extent of the advisory and other services provided to the Fund by the Adviser and its affiliates. The Board also considered the preferences and expectations of Fund shareholders and their relative sophistication; the continuing state of competition in the investment company industry and market practices; the range of comparable fees for similar funds; compliance and audit reports concerning the Federated funds and the Federated companies that service them (including communications from regulatory agencies), as well as Federated's responses to any issues raised therein; and relevant developments in the fund industry and how the Federated funds and/or Federated are

responding to them. The Board's evaluation process is evolutionary. The criteria considered and the emphasis placed on relevant criteria change in recognition of changing circumstances in the fund marketplace.

With respect to the Fund's performance and expenses in particular, the Board has found the use of comparisons to other closed-end funds with comparable investment programs to be particularly useful, given the high degree of competition in the investment company industry. The Board focused on comparisons with other similar funds more heavily than non-fund products or services because, simply put, they are more relevant. For example, other closed-end funds are the products most like the Fund, they are readily available to Fund shareholders as alternative investment vehicles, and they are the type of investment vehicle in fact chosen and maintained by the Fund's investors. The range of their fees and expenses therefore appears to be a generally reliable indication of what consumers have found to be reasonable in the precise marketplace in which the Fund competes. The Fund's ability to deliver competitive performance when compared to its peer group was a useful indicator of how the Adviser is executing the Fund's investment program, which in turn assisted the Board in reaching a conclusion that the nature, extent, and quality of the Adviser's investment management services were such as to warrant continuation of the advisory contract. In this regard, the Senior Officer has reviewed Federated's fees for providing advisory services to Federated registered investment companies as well as products outside the Federated family of funds (e.g., institutional and separate accounts). He concluded that registered investment companies and institutional accounts are inherently different products. Those differences included, but are not limited to targeting different investors, being subject to different laws and regulations, different legal structure, and portfolio management techniques made necessary by such differences. The Senior Officer did not consider these fee schedules to be significant in determining the appropriateness of fund advisory contracts.

The Senior Officer reviewed reports compiled by Federated, using data supplied by independent fund ranking organizations, regarding the performance of, and fees charged by, other regulated investment companies, noting his view that comparisons to fund peer groups are highly important in judging the reasonableness of proposed fees.

For the periods ending December 31, 2006, FMN's performance for the one-year period was above the median of the relevant peer group, and FMN's performance fell below the median of the relevant peer group for the three-year period. The Board discussed FMN's performance with the Adviser and recognized the efforts being undertaken by the Adviser. The Board will continue to monitor these efforts and the performance of FMN.

For both the one- and three-year periods ending December 31, 2006, FPT's performance was above the median of the relevant peer group.

The Board also received financial information about Federated, including reports on the compensation and benefits Federated derived from its relationships with the Federated funds. These reports covered not only the fees under the advisory contracts, but also fees received by Federated's subsidiaries for providing other services to the Federated funds under separate contracts (e.g., for serving as the Federated funds' administrator). The reports also discussed any indirect benefit Federated may derive from its receipt of research services from brokers who execute Federated fund trades. In addition, the Board also considered the fact that, in order for a fund to be competitive in the marketplace, Federated and its affiliates frequently waived fees and/or reimbursed expenses and have disclosed to fund investors and/or indicated to the Board their intention to do so in the future, where appropriate.

Federated furnished reports, requested by the Senior Officer, that reported revenues on a fund-by-fund basis and made estimates of the allocation of expenses on a fund-by-fund basis, using allocation methodologies specified by the Senior Officer. The Senior Officer noted that, although they may apply consistent allocation processes, the inherent difficulties in allocating costs (and the unavoidable arbitrary aspects of that exercise) and the lack of consensus on how to allocate those costs may render such allocation reports unreliable. The allocation reports were considered in the analysis by the Board but were determined to be of limited use.

The Board and the Senior Officer also reviewed a report compiled by Federated comparing profitability information for Federated to other publicly held fund management companies. In this regard, the Senior Officer noted the limited availability of such information, but nonetheless concluded that Federated's profit margins did not appear to be excessive and the Board agreed.

The Board also considered whether the Fund might benefit from "economies of scale" and noted that, as a "closed-end fund" which has made an offering of a fixed number of common shares and (other than the issuance of preferred shares contemplated at the time of the Fund's initial public offering) has not made and does not expect to make additional offerings to raise more assets, the Fund is unlikely to grow materially in size and, as a consequence, there are no meaningful "economies of scale" to be realized from internal growth. Accordingly, the Board concluded that this was not a relevant consideration in its overall evaluation.

For FMN's most recently completed fiscal year, FMN's investment advisory fee after waivers and expense reimbursements, if any, was above the median of the relevant peer group. The Board reviewed the fees and other expenses of FMN with the Adviser and was satisfied that the overall expense structure of FMN remained competitive. The Board will continue to monitor advisory fees and other expenses borne by FMN.

For FPT's most recently completed fiscal year, FPT's investment advisory fee after waivers and expense reimbursements, if any, was below the median of the relevant peer group. The Board reviewed the fees and other expenses of FPT with the Adviser and was satisfied that the overall expense structure of FPT remained competitive.

The Senior Officer's evaluation noted his belief that the information and observations contained in his evaluation supported his finding that the proposed management fees are reasonable, and that Federated appeared to provide appropriate administrative services to the Fund for the fees paid. Under these circumstances, no changes were recommended to, and no objection was raised to the continuation of the Fund's advisory contract. For 2006, the Board concluded that the nature, quality and scope of services provided the Fund by the Adviser and its affiliates were satisfactory. In its decision to continue an existing investment advisory contract, the Board was mindful of the potential disruptions of the Fund's operations and various risks, uncertainties and other effects that could occur as a result of a decision to terminate or not renew an advisory contract. In particular, the Board recognized that most shareholders have invested in the Fund on the strength of the Adviser's industry standing and reputation and in the expectation that the Adviser will have a continuing role in providing advisory services to the Fund. Thus, the Board's approval of the advisory contract reflected the fact that it is the shareholders who have effectively selected the Adviser by virtue of having invested in the Fund.

The Board based its decision to approve the advisory contract on the totality of the circumstances and relevant factors and with a view to past and future long-term considerations. Not all of the factors and considerations identified above were necessarily relevant to the Fund, nor did the Board consider any one of them to be determinative. With respect to the factors that were relevant, the Board's decision to approve the contract reflects its determination that Federated's performance and actions provided a satisfactory basis to support the decision to continue the existing arrangements.

The address of the principal office of the Funds is 5800 Corporate Drive, Pittsburgh, PA 15237-7000.

The Funds' transfer agent is Computershare Trust Company, N.A., P.O. Box 43011, Providence, RI 02940-3011.

Voting Proxies on Fund Portfolio Securities

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to securities held in the Fund's portfolio is available, without charge and upon request, by calling 1-800-341-7400. A report on "Form N-PX" of how the Fund voted any such proxies during the most recent 12-month period ended June 30 is available through Federated's website. Go to FederatedInvestors.com, select "Products," select "Closed-End Funds,"

select the name of the Fund, then select "sec.gov" opposite "SEC filings" to access the link to Form N-PX. This information is also available directly from the EDGAR database on the SEC's website at www.sec.gov.

Quarterly Portfolio Schedule

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

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

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

IMPORTANT NOTICE ABOUT FUND DOCUMENT DELIVERY

In an effort to reduce costs and avoid duplicate mailings, the Fund(s) intend to deliver a single copy of certain documents to each household in which more than one shareholder of the Fund(s) resides (so-called "householding"), as permitted by applicable rules. The Fund's "householding" program covers its Semi-Annual and Annual Shareholder Reports and any Proxies or information statements. Shareholders must give their written consent to participate in the "householding" program. The Fund is also permitted to treat a shareholder as having given consent ("implied consent") if (i) shareholders with the same last name, or believed to be members of the same family, reside at the same street address or receive mail at the same post office box, (ii) the Fund gives notice of its intent to "household" at least sixty (60) days before it begins "householding" and (iii) none of the shareholders in the household have notified the Fund(s) or their agent of the desire to "opt out" of "householding." Shareholders who have granted written consent, or have been deemed to have granted implied consent, can revoke that consent and opt out of "householding" at any time: shareholders who purchased shares through an intermediary should contact their representative; other shareholders may call the Fund at 1-800-730-6001 or email CEinfo@federatedinvestors.com.

Federated Securities Corp., Distributor

Cusip 31423P108

Cusip 31423P207

Cusip 31423M105

Cusip 31423M204

28583 (7/07)

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ITEM 2. CODE OF ETHICS

Not Applicable

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- 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
Not Applicable
- ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES
No change in any of the Portfolio Managers identified in Item 8(a)(1) in Registrant's most recent annual report.
- ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS

PERIOD	(A) TOTAL NUMBER OF COMMON SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER COMMON SHARE (OR UNIT)	(C) TOTAL NUMBER OF COMMON SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER (OR APPROXIMATE NUMBER OF UNITS) THAT MAY YET BE PURCHASED
Month #1 (December 1, 2006 - December 31, 2006)	-0-	NA	-0-	
Month #2 (January 1, 2007- January 31, 2007)	-0-	NA	-0-	
Month #3 (February 1, 2007- February 28, 2007)	-0-	NA	-0-	
Month #4 (March 1, 2007- March 31, 2007)	-0-	NA	-0-	
Month #5 (April 1, 2007- April 30,	-0-	NA	-0-	

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2007)			
Month #6	-0-	NA	-0-
(May 1,			
2007-			
May 31,			
2007)			
TOTAL	-0-	NA	-0-

PERIOD	(A) TOTAL NUMBER OF PREFERRED SHARES (OR UNITS) PURCHASED	(B) AVERAGE PRICE PAID PER PREFERRED SHARE (OR UNIT)	(C) TOTAL NUMBER OF PREFERRED SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER (OR APPROX SHARES (OR UNITS) THAT MAY Y P
Month #1 (December 1, 2006 - December 31, 2006)	-0-	NA	-0-	
Month #2 (January 1, 2007- January 31, 2007)	-0-	NA	-0-	
Month #3 (February 1, 2007- February 28, 2007)	-0-	NA	-0-	
Month #4 (March 1, 2007- March 31, 2007)	-0-	NA	-0-	
Month #5 (April 1, 2007- April 30, 2007)	-0-	NA	-0-	
Month #6 (May 1, 2007- May 31, 2007)	-0-	NA	-0-	
TOTAL	-0-	NA	-0-	

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No changes to report

ITEM 11. CONTROLS AND PROCEDURES

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

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

ITEM 12. EXHIBITS

The following exhibits are filed with this report:

- (a) (2) Certifications of Principal Executive Officer and Principal Financial Officer.
- (b) Certifications pursuant to 18 U.S.C. section 1350.

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 A. NOVAK
RICHARD A. NOVAK
CHIEF FINANCIAL OFFICER

DATE JULY 19, 2007

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
J. CHRISTOPHER DONAHUE
PRINCIPAL EXECUTIVE OFFICER

DATE JULY 19, 2007

BY /S/ RICHARD A. NOVAK
RICHARD A. NOVAK
PRINCIPAL FINANCIAL OFFICER

DATE JULY 19, 2007

