

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND INC

Form DEF 14A

August 22, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

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 Pursuant to §240.14a-11(c) or §240.14a-12

Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)

(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)(4) and 0-11.
- 1) Title of each class of securities to which transaction applies:

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

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:

- 5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**Important Notice
to Fund Shareholders**

August 22, 2007

Although we recommend that you read the complete Proxy Statement, for your convenience, we have provided a brief overview of the issues to be voted on.

Q. Why am I receiving this Proxy Statement?

A. You are being asked to vote on two or three important matters affecting your Fund:

(1) Approval of a New Investment Management Agreement. Nuveen Asset Management (NAM) serves as your Fund's investment adviser. Nuveen Investments, Inc. (Nuveen), the parent company of NAM, recently announced its intention to be acquired by investors led by Madison Dearborn Partners, LLC, and to thereby become a privately-held company. In the event this takes place, securities laws require your Fund's shareholders to approve a new investment management agreement between NAM and the Fund;

(2) Approval of Fund Board Nominees. Each year, you and other Fund shareholders must approve the election of Board members to serve on your Fund's Board. This is a requirement for all funds that list their common shares on a stock exchange. Certain of the Funds described in this proxy statement are holding their annual shareholders meeting at which Board members will be elected. The list of specific nominees for those Funds is contained in the enclosed proxy statement; and

(3) Ratification of Independent Registered Public Accounting Firm. This year, you and other Fund shareholders are being asked to ratify the selection of the independent registered public accounting firm. Ernst and Young LLP has been selected to serve as your Fund's independent registered public accounting firm.

Your Fund's Board, including the independent Board members, unanimously recommends that you vote **FOR** each proposal.

Your vote is very important. We encourage you as a shareholder to participate in your Fund's governance by returning your vote as soon as possible. If enough shareholders do not cast their votes, your Fund may not be able to hold its meeting or the vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.

Q. How will I as a Fund shareholder be affected if Nuveen becomes a privately-held company?

A. Your Fund investment will not change as a result of NAM's change of ownership. You will still own the same Fund shares and the underlying value of those shares will not change as a result of the transaction. NAM will continue to manage your Fund according to the same objectives and policies as before, and does not anticipate any significant changes to its operations.

Q. Will there be any important differences between my Fund's new investment management agreement and the current agreement?

A. No. The terms of the two agreements are substantially identical. There will be no change in the fees you pay, who manages your Fund, your Fund's objectives and policies, or your Fund's day-to-day management.

Q. What will happen if shareholders do not approve the new investment management agreement?

A. NAM will continue to manage your Fund under an interim investment management agreement, but must place its compensation for its services during this interim period in escrow, pending shareholder approval. This is discussed in more detail in the proxy statement. **Your Fund's Board urges you to vote without delay in order to avoid potential disruption to the Fund's operations.**

Q. Who do I call if I have questions?

A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund proxy solicitor, at 866-434-7510 with your proxy material.

Q. How do I vote my shares?

A. You can vote your shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage-paid envelope. Alternatively, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and following the instructions, using your proxy card as a guide.

Q. Will anyone contact me?

A. You may receive a call from Computershare Fund Services, the proxy solicitor hired by the Fund, to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote your proxy.

333 West Wacker Drive
Chicago, Illinois 60606
(800) 257-8787

**Notice of Annual Meeting
of Shareholders**

August 22, 2007

**Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)
Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)
Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)
Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)
Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)
Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)**

**Notice of Special Meeting
of Shareholders**

**Nuveen Municipal Value Fund, Inc. (NUV)
Nuveen Municipal Income Fund, Inc. (NMI)
Nuveen Premium Income Municipal Fund, Inc. (NPI)
Nuveen Performance Plus Municipal Fund, Inc. (NPP)
Nuveen Municipal Advantage Fund, Inc. (NMA)
Nuveen Municipal Market Opportunity Fund, Inc. (NMO)
Nuveen Investment Quality Municipal Fund, Inc. (NQM)
Nuveen Insured Quality Municipal Fund, Inc. (NQI)
Nuveen Select Quality Municipal Fund, Inc. (NQS)
Nuveen Quality Income Municipal Fund, Inc. (NQU)
Nuveen Insured Municipal Opportunity Fund, Inc. (NIO)
Nuveen Premier Municipal Income Fund, Inc. (NPF)
Nuveen Premier Insured Municipal Income Fund, Inc. (NIF)
Nuveen Premium Income Municipal Fund 2, Inc. (NPM)
Nuveen Premium Income Municipal Fund 4, Inc. (NPT)
Nuveen California Investment Quality Municipal Fund, Inc. (NQC)
Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)
Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Performance Plus Municipal Fund, Inc. (NCP)
Nuveen California Quality Income Municipal Fund, Inc. (NUC)
Nuveen California Select Quality Municipal Fund, Inc. (NVC)
Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen New York Investment Quality Municipal Fund, Inc. (NQN)
Nuveen New York Municipal Value Fund, Inc. (NNY)
Nuveen New York Performance Plus Municipal Fund, Inc. (NNP)
Nuveen New York Quality Income Municipal Fund, Inc. (NUN)
Nuveen New York Select Quality Municipal Fund, Inc. (NVN)
Nuveen Insured New York Premium Income Municipal Fund, Inc. (NNF)**

To the Shareholders of the Above Funds:

Notice is hereby given that an Annual Meeting of Shareholders (the Annual Meeting) of Nuveen Arizona Premium Income Municipal Fund, Inc. (Arizona Premium Income), Nuveen Michigan Premium Income Municipal Fund, Inc. (Michigan Premium Income), Nuveen

Michigan Quality Income Municipal Fund, Inc. (Michigan Quality Income), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income) and Nuveen Ohio Quality Income Municipal Fund, Inc. (Ohio Quality Income) and notice is hereby given that a Special Meeting of Shareholders (the Special Meeting, collectively with the Annual Meeting, the Meeting) of Nuveen Municipal Value Fund, Inc., Nuveen Municipal Income Fund, Inc., Nuveen Premium Income Municipal Fund, Inc., Nuveen Performance Plus Municipal Fund, Inc., Nuveen Municipal Advantage Fund, Inc., Nuveen Municipal Market Opportunity Fund, Inc., Nuveen Investment Quality Municipal Fund, Inc., Nuveen Insured Quality Municipal Fund, Inc., Nuveen Select Quality Municipal Fund, Inc., Nuveen Quality Income Municipal Fund, Inc., Nuveen Insured Municipal Opportunity Fund, Inc., Nuveen Premier Municipal Income Fund, Inc., Nuveen Premier Insured Municipal Income Fund, Inc., Nuveen Premium Income Municipal Fund 2, Inc., Nuveen Premium Income Municipal Fund 4, Inc., Nuveen California Investment Quality Municipal Fund, Inc., Nuveen California Municipal Market Opportunity Fund, Inc., Nuveen California Municipal Value Fund, Inc., Nuveen California Performance Plus Municipal Fund, Inc., Nuveen California Quality Income Municipal Fund, Inc., Nuveen California Select Quality Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen New York Investment Quality Municipal Fund, Inc., Nuveen New York Municipal Value Fund, Inc., Nuveen New York Performance Plus Municipal Fund, Inc., Nuveen New York Quality Income Municipal Fund, Inc., Nuveen New York Select Quality Municipal Fund, Inc. and Nuveen Insured New York Premium Income Municipal Fund, Inc., **each a Minnesota corporation** (individually, a Fund and collectively, the Funds), will be held (along with meetings of shareholders of several other Nuveen funds) in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Friday, October 12, 2007, at 10:00 a.m., Central time, for the following purposes and to transact such other business, if any, as may properly come before the Meeting:

Matters to Be Voted on by Shareholders:

1. To approve a new investment management agreement between each Fund and Nuveen Asset Management (NAM), each Fund s investment adviser.
2. To elect members to the Board of Directors (each a Board and each Director a Board Member) of Arizona Premium Income, Michigan Premium Income, Michigan Quality Income, New Jersey Investment Quality, New Jersey Premium Income and Ohio Quality Income as outlined below:

For each Fund listed above to elect eight (8) Board Members:

- a. six (6) Board Members to be elected for a one-year term by the holders of Common Shares and Municipal Auction Rate Cumulative Preferred Shares, voting together as a single class; and
 - b. two (2) Board Members to be elected for a one-year term by the holders of Municipal Auction Rate Cumulative Preferred Shares only, voting separately as a single class.
3. To ratify the selection of Ernst & Young LLP as independent registered public accounting firm for the current fiscal year.
 4. To transact such other business as may properly come before the Meeting.
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Shareholders of record at the close of business on August 13, 2007 are entitled to notice of and to vote at the Meeting.

All shareholders are cordially invited to attend the Meeting. In order to avoid delay and additional expense, and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Meeting. You may vote by mail, telephone or over the Internet. To vote by mail, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States. To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide. To vote over the Internet, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.

Kevin J. McCarthy
Vice President and Secretary

333 West Wacker Drive
Chicago, Illinois 60606
(800) 257-8787
Joint Proxy Statement

August 22, 2007

Nuveen Municipal Value Fund, Inc. (NUV)
Nuveen Municipal Income Fund, Inc. (NMI)
Nuveen Premium Income Municipal Fund, Inc. (NPI)
Nuveen Performance Plus Municipal Fund, Inc. (NPP)
Nuveen Municipal Advantage Fund, Inc. (NMA)
Nuveen Municipal Market Opportunity Fund, Inc. (NMO)
Nuveen Investment Quality Municipal Fund, Inc. (NQM)
Nuveen Insured Quality Municipal Fund, Inc. (NQI)
Nuveen Select Quality Municipal Fund, Inc. (NQS)
Nuveen Quality Income Municipal Fund, Inc. (NQU)
Nuveen Insured Municipal Opportunity Fund, Inc. (NIO)
Nuveen Premier Municipal Income Fund, Inc. (NPF)
Nuveen Premier Insured Municipal Income Fund, Inc. (NIF)
Nuveen Premium Income Municipal Fund 2, Inc. (NPM)
Nuveen Premium Income Municipal Fund 4, Inc. (NPT)
Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)
Nuveen California Investment Quality Municipal Fund, Inc. (NQC)
Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)
Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Performance Plus Municipal Fund, Inc. (NCP)
Nuveen California Quality Income Municipal Fund, Inc. (NUC)
Nuveen California Select Quality Municipal Fund, Inc. (NVC)
Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)
Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)
Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)
Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)
Nuveen New York Investment Quality Municipal Fund, Inc. (NQN)
Nuveen New York Municipal Value Fund, Inc. (NNY)
Nuveen New York Performance Plus Municipal Fund, Inc. (NNP)
Nuveen New York Quality Income Municipal Fund, Inc. (NUN)
Nuveen New York Select Quality Municipal Fund, Inc. (NVN)
Nuveen Insured New York Premium Income Municipal Fund, Inc. (NNF)
Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)

This Joint Proxy Statement is first being mailed to shareholders on or about August 22, 2007.

General Information

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Directors (each a Board and collectively, the Boards, and each Director a Board Member and collectively, the Board Members) of Nuveen Municipal Value Fund, Inc. (Municipal Value), Nuveen Municipal Income Fund, Inc. (Municipal Income), Nuveen Premium Income Municipal Fund, Inc. (Premium Income), Nuveen Performance Plus Municipal Fund, Inc. (Performance Plus), Nuveen Municipal Advantage Fund, Inc. (Municipal Advantage), Nuveen Municipal Market Opportunity Fund, Inc. (Municipal Market Opportunity), Nuveen

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Investment Quality Municipal Fund, Inc. (Investment Quality), Nuveen Insured Quality Municipal Fund, Inc. (Insured Quality), Nuveen Select Quality Municipal Fund, Inc. (Select Quality), Nuveen Quality Income Municipal Fund, Inc. (Quality Income), Nuveen Insured Municipal Opportunity Fund, Inc. (Insured Municipal Opportunity), Nuveen Premier Municipal Income Fund, Inc. (Premier Municipal), Nuveen Premier Insured Municipal Income Fund, Inc. (Premier Insured), Nuveen Premium Income Municipal Fund 2, Inc. (Premium Income 2), Nuveen Premium Income Municipal Fund 4, Inc. (Premium Income 4), Nuveen Arizona Premium Income Municipal Fund, Inc. (Arizona Premium Income), Nuveen California Investment Quality Municipal Fund, Inc. (California Investment Quality), Nuveen California Municipal Market Opportunity Fund, Inc. (California Market Opportunity), Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen California Performance Plus Municipal Fund, Inc. (California Performance Plus), Nuveen California Quality Income Municipal Fund, Inc. (California Quality Income), Nuveen California Select Quality Municipal Fund, Inc. (California Select Quality), Nuveen Insured California Premium Income Municipal Fund, Inc. (Insured California Premium Income), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (Insured California Premium Income 2), Nuveen Michigan Premium Income Municipal Fund, Inc. (Michigan Premium Income), Nuveen Michigan Quality Income Municipal Fund, Inc. (Michigan Quality Income), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income), Nuveen New York Investment Quality Municipal Fund, Inc. (New York Investment Quality), Nuveen New York Municipal Value Fund, Inc. (New York Municipal Value), Nuveen New York Performance Plus Municipal Fund, Inc. (New York Performance Plus), Nuveen New York Quality Income Municipal Fund, Inc. (New York Quality Income), Nuveen New York Select Quality Municipal Fund, Inc. (New York Select Quality), Nuveen Insured New York Premium Income Municipal Fund, Inc. (Insured New York Premium Income) and Nuveen Ohio Quality Income Municipal Fund, Inc. (Ohio Quality Income), **each a Minnesota corporation** (each a Fund and collectively, the Funds), of proxies to be voted at an Annual Meeting of Shareholders for Arizona Premium Income, Michigan Premium Income, Michigan Quality Income, New Jersey Investment Quality, New Jersey Premium Income and Ohio Quality Income or a Special Meeting of Shareholders for all other Funds to be held (along with the meeting of shareholders of several other Nuveen funds) in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Friday, October 12, 2007, at 10:00 a.m., Central time, (for each Fund, a Meeting and collectively, the Meetings), and at any and all adjournments thereof.

On the matters coming before each Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a properly executed proxy is returned and no choice is specified, the shares will be voted **FOR** approval of the new investment management agreement, **FOR** the election of the nominees as listed in this Joint Proxy Statement and **FOR** the ratification of the selection of the independent registered public accounting firm. Shareholders who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date or by attending the Meeting and voting in person. Merely attending the Meeting, however, will not revoke any previously submitted proxy.

The Board of each Fund has determined that the use of this Joint Proxy Statement for each Meeting is in the best interest of each Fund and its shareholders in light of the similar matters being considered and voted on by the shareholders.

The following table indicates which shareholders are solicited with respect to each matter:

Matter	Common Shares	Preferred Shares⁽¹⁾
1. To approve a new investment management agreement between Nuveen Asset Management (NAM or the Adviser) and each Fund.	X	X
2a. For Arizona Premium Income, Michigan Premium Income, Michigan Quality Income, New Jersey Investment Quality, New Jersey Premium Income and Ohio Quality Income, election of six (6) Board Members for a one-year term by all shareholders.	X	X
2b. For Arizona Premium Income, Michigan Premium Income, Michigan Quality Income, New Jersey Investment Quality, New Jersey Premium Income and Ohio Quality Income, election of two (2) Board Members for a one-year term by Preferred Shares only.		X
3. To ratify the selection of independent registered public accounting firm.	X	X

(1) Municipal Auction Rate Cumulative Preferred Shares are referred to as Preferred Shares. Municipal Value, Municipal Income, California Value and New York Municipal Value have not issued Preferred Shares.

A quorum of shareholders is required to take action at each Meeting. A majority of the shares entitled to vote at each Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Meeting, except that for the election of the two Board Member nominees to be elected by holders of Preferred Shares of each Fund, 33 1/3% of the Preferred Shares entitled to vote and represented in person or by proxy will constitute a quorum. Votes cast by proxy or in person at each Meeting will be tabulated by the inspectors of election appointed for that Meeting. The inspectors of election will determine whether or not a quorum is present at the Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

For purposes of determining the approval of the new investment management agreement and ratification of the selection of independent auditors, abstentions and broker non-votes will have the same effect as shares voted against the proposal. For purposes of determining the approval of the proposal to elect nominees, abstentions and broker non-votes will have the effect of a vote against the election of Board Members. The details of the proposals to be voted on by the shareholders of each Fund and the vote required for approval of the proposals are set forth under the description of the proposals below.

Preferred Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Meeting, or, if adjourned, one business day before the day to which the Meeting is adjourned, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the New York Stock Exchange, be voted by the broker on the proposal in the same proportion as the votes cast

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by all Preferred shareholders as a class who have voted on the proposal or in the same proportion as the votes cast by all Preferred shareholders of the Fund who have voted on that item. Rule 452 permits proportionate voting of Preferred Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the Preferred Shares or shares of a series of Preferred Shares outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the Preferred Shares or shares of a series of Preferred Shares outstanding has been voted by the holders of such shares against such item. For the purpose of meeting the 30% test, abstentions will be treated as shares voted and for the purpose of meeting the 10% test, abstentions will not be treated as shares voted against the item.

Those persons who were shareholders of record at the close of business on August 13, 2007 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held (the Record Date). As of the Record Date, the shares of the Funds were issued and outstanding as follows:

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Municipal Value	NUV	195,047,442	N/A	
Municipal Income	NMI	8,116,654	N/A	
Premium Income	NPI	63,785,430	Series M	3,800
			Series M2	2,000
			Series T	3,800
			Series W	3,800
			Series TH	3,800
			Series F	3,800
Performance Plus	NPP	59,914,073	Series M	4,000
			Series T	4,000
			Series W	4,000
			Series TH	3,160
			Series F	4,000
Municipal Advantage	NMA	43,214,523	Series M	3,000
			Series T	3,000
			Series W	3,000
			Series TH	2,320
			Series F	3,000
Municipal Market Opportunity	NMO	45,557,788	Series M	4,000
			Series T	4,000
			Series W	3,200

			Series F	4,000
Investment Quality	NQM	35,820,767	Series M	2,500
			Series T	2,500
			Series W	2,500
			Series TH	2,040
			Series F	2,500
Insured Quality	NQI	38,295,278	Series M	2,600
			Series T	2,600
			Series W	2,600
			Series TH	2,320
			Series F	2,600
Select Quality	NQS	34,004,235	Series M	2,000
			Series T	2,000
			Series W	2,800
			Series TH	1,560
			Series F	2,800

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Quality Income	NQU	54,219,373	Series M	3,000
			Series T	3,000
			Series W	3,000
			Series W2	2,080
			Series TH	4,000
			Series F	3,000
Insured Municipal Opportunity	NIO	81,138,036	Series M	4,000
			Series T	4,000
			Series W	4,000
			Series W2	3,200
			Series TH1	4,000
			Series TH2	4,000
			Series F	4,000
Premier Municipal	NPF	20,018,218	Series M	1,000
			Series T	2,800
			Series TH	2,800
Premier Insured	NIF	19,419,608	Series W	840