

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND INC  
Form N-Q  
December 30, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-7278

**Nuveen Arizona Premium Income Municipal Fund, Inc.**

(Exact name of registrant as specified in charter)

**Nuveen Investments**

**333 West Wacker Drive, Chicago, Illinois 60606**

(Address of principal executive offices) (Zip code)

**Kevin J. McCarthy Vice President and Secretary**

**333 West Wacker Drive, Chicago, Illinois 60606**

(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 7/31

Date of reporting period: 10/31/08

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

**Item 1. Schedule of Investments**

**Portfolio of Investments (Unaudited)**

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

*October 31, 2008*

**Principal**

**Amount (000) Description (1)**

**Consumer Staples □ 1.3% (0.9% of Total Investments)**

\$ 835 Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33

**Education and Civic Organizations □ 12.0% (7.7% of Total Investments)**

2,500 Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Adjustable Rate, 2.295%, 11/01/41 (4)  
 1,000 Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 □ FGIC Insured  
 Arizona State University, System Revenue Bonds, Series 2005:  
 1,455 5.000%, 7/01/20 □ AMBAC Insured  
 750 5.000%, 7/01/21 □ AMBAC Insured  
 1,500 Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 □ AMBAC Insured

7,205 Total Education and Civic Organizations

**Health Care □ 23.5% (15.1% of Total Investments)**

1,430 Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25  
 885 Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 3.411%, 1/02/37  
 3,470 Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38  
 675 Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37  
 1,110 Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42  
 2,150 Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23  
 2,800 Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32  
 385 Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16  
 515 Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion, Series 2000A, 6.375%, 11/15/15  
 1,055 Winslow Industrial Development Authority, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital, Series 1998, 5.500%, 6/01/22

14,475 Total Health Care

**Housing/Multifamily □ 1.4% (0.9% of Total Investments)**

400 Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax)  
 530 Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Park Lee Apartments, Series 2004A, 5.050%, 10/20/44 (Alternative Minimum Tax)

## 930 Total Housing/Multifamily

**Housing/Single Family** □ **9.5% (6.1% of Total Investments)**

- 945 Phoenix and Pima County Industrial Development Authority, Arizona, Single Family Mortgage Revenue Bonds, Series 2007-4, 5.800%, 12/01/39 (Alternative Minimum Tax)
- 1,685 The Industrial Development Authority of The City of Tucson, Arizona, Tax-Exempt Single Family Mortgage Revenue Bonds, Series 2007A-1, 5.100%, 7/01/38
- 3,010 Tucson and Pima County Industrial Development Authority, Arizona, Joint Single Family Mortgage Revenue Bonds, Series 2007B, 5.350%, 6/01/47 (Alternative Minimum Tax)

## 5,640 Total Housing/Single Family

**Tax Obligation/General** □ **11.3% (7.3% of Total Investments)**

- 1,265 Gila County Unified School District 10 Payson, Arizona, School Improvement Bonds, Project 2006, Series 2008B, 3.000%, 7/01/28
- 1,200 Maricopa County Unified School District 95 Queen Creek, Arizona, General Obligation Bonds, Series 2008, 5.000%, 7/01/27 □ FSA Insured
- 3,530 Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C, 5.250%, 7/01/28
- 330 Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.375%, 7/01/28

## 6,325 Total Tax Obligation/General

**Tax Obligation/Limited** □ **36.1% (23.2% of Total Investments)**

- 775 Bullhead City, Arizona, Special Assessment Bonds, Parkway District Improvements, Series 1993, 6.100%, 1/01/09
- 422 Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25
- 3,000 Glendale Western Loop 101 Public Facilities Corporation, Arizona, Third Lien Excise Tax Revenue Bonds, Series 2008B, 6.250%, 7/01/38
- 1,280 Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 □ MBIA Insured
- 740 Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 □ MBIA Insured
- 575 Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 □ AMBAC Insured
- 1,110 Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26
- 3,400 Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 □ AMBAC Insured
- 3,400 Mesa, Arizona, Street and Highway User Tax Revenue Bonds, Series 2005, 5.000%, 7/01/24 □ FSA Insured
- 1,200 Prescott Valley Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 □ FGIC Insured
- 265 Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24
- 1,610 San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 □ SYNCORA GTY Insured

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- 500 Tucson, Arizona, Certificates of Participation, Series 2000, 5.700%, 7/01/20 ☐ MBIA Insured
- 645 Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24

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18,922 Total Tax Obligation/Limited

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**U.S. Guaranteed ☐ 26.8% (17.3% of Total Investments) (5)**

- 800 Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 (Pre-refunded 7/01/10)
- 1,000 Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 7.000%, 12/01/25 (Pre-refunded 12/01/10)
- 1,250 Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31 (Pre-refunded 5/15/11)
- 1,250 Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 ☐ MBIA Insured (ETM)
- 3,000 Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.750%, 1/01/25 (Pre-refunded 1/01/10) ☐ MBIA Insured
- 2,000 Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded 7/01/10) ☐ FGIC Insured
- 1,000 Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.500%, 7/01/27 (Pre-refunded 7/01/10)
- 735 Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 (Pre-refunded 7/01/12)
- 1,500 Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 (Pre-refunded 12/01/11)

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12,535 Total U.S. Guaranteed

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**Utilities ☐ 14.8% (9.5% of Total Investments)**

- 1,000 Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15
- 465 Pima County Industrial Development Authority, Arizona, Lease Obligation Revenue Refunding Bonds, Tucson Electric Power Company, Series 1988A, 7.250%, 7/15/10 ☐ FSA Insured
- 2,170 Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/27 ☐ SYNCORA GTY Insured
- 530 Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22
- 2,000 Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A, 5.125%, 1/01/27
- Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Drivers Trust 2267, Series 2007:
  - 2,330 8.694%, 12/01/29 (IF)
  - 1,770 8.118%, 12/01/37 (IF)

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10,265 Total Utilities

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**Water and Sewer ☐ 18.7% (12.0% of Total Investments)**

- 1,005 Cottonwood, Arizona, Senior Lien Water System Revenue Bonds, Municipal Property Corporation, Series 2004, 5.000%, 7/01/24 ☐ SYNCORA GTY Insured

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|       |   |
|-------|---|
| 3,500 | Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28 ☐ AMBAC Insured                              |
| 600   | Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 ☐ MBIA Insured              |
| 1,000 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2004, 5.000%, 7/01/24 ☐ MBIA Insured      |
| 1,500 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 ☐ FGIC Insured           |
| 1,250 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 ☐ FGIC Insured |
|       | Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:   |
| 600   | 4.700%, 4/01/22   |
| 695   | 4.900%, 4/01/32   |

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10,150 Total Water and Sewer

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\$ 87,282 Total Investments (cost \$87,374,220) ☐ 155.4%

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Other Assets Less Liabilities ☐ 4.0%

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Preferred Shares, at Liquidation Value ☐ (59.4)% (6)

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Net Assets Applicable to Common Shares ☐ 100%

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- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, CIFG, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Subsequent of October 31, 2008, and during the period this Portfolio of Investments was prepared, there may have been reductions to the ratings of certain bonds resulting from changes to the ratings of the underlying insurers both during the period and after period end. Such reductions would likely reduce the effective rating of many of the bonds insured by the insurer or insurers presented at period end.

- (4) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors.
- (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (6) Preferred Shares, at Liquidation Value as a percentage of Total Investments is 38.2%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

### Fair Value Measurements

During the current fiscal period, the Fund adopted the provisions of Statement of Financial Accounting Standards No. 157 (SFAS No.157) "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosure about fair value measurements. In determining the value of the Fund's investments various inputs are used. These inputs are summarized in the three broad levels listed below:

Level 1 □ Quoted prices in active markets for identical securities.

Level 2 □ Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 □ Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the Fund's fair value measurements as of October 31, 2008:

|             | Level 1 | Level 2      | Level 3     | Total        |
|-------------|---------|--------------|-------------|--------------|
| Investments | \$ □    | \$76,791,544 | \$1,696,869 | \$78,488,413 |

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The following is a reconciliation of the Fund's Level 3 investments held at the beginning and end of the measurement period:

|  | <b>Level 3<br/>Investments</b> |
|--|--------------------------------|
| Balance as of July 31, 2008                              | \$1,278,800                    |
| Gains (losses):  |                                |
| Net realized gains (losses)                              | □                              |
| Net change in unrealized appreciation (depreciation)     | 418,069                        |
| Net purchases at cost (sales at proceeds)                | □                              |
| Net discounts (premiums)                                 | □                              |
| Net transfers in to (out of) at end of period fair value | □                              |
| Balance as of October 31, 2008                           | \$1,696,869                    |

**Income Tax Information**

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate transactions subject to SFAS No. 140. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At October 31, 2008, the cost of investments was \$87,340,709.

Gross unrealized appreciation and gross unrealized depreciation of investments at October 31, 2008, were as follows:

|   |                |
|---|----------------|
| Gross unrealized:   |                |
| Appreciation  | \$ 1,295,003   |
| Depreciation  | (10,147,299)   |
| Net unrealized appreciation (depreciation) of investments | \$ (8,852,296) |

**Item 2. Controls and Procedures.**

- a. The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- b. There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)), exactly as set forth below: See EX-99 CERT attached hereto.

## 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) Nuveen Arizona Premium Income Municipal Fund, Inc.

By (Signature and Title) /s/ Kevin J. McCarthy  
Kevin J. McCarthy  
Vice President and Secretary

Date December 30, 2008

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 (Signature and Title) /s/ Gifford R. Zimmerman  
Gifford R. Zimmerman  
Chief Administrative Officer (principal executive officer)

Date December 30, 2008

By (Signature and Title) /s/ Stephen D. Foy  
Stephen D. Foy  
Vice President and Controller (principal financial officer)

Date December 30, 2008