NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND
Form N-CSR
July 08, 2015

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

# FORM N-CSR

## CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-09455

Nuveen New Jersey Dividend Advantage Municipal Fund
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Name and address of agent for service)

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

Date of fiscal year end: April 30

Date of reporting period: April 30, 2015

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR 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 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. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

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# Chairman's Letter to Shareholders

Dear Shareholders,

A pattern of divergence has emerged in the past year. Steady and moderate growth in the U.S. economy helped sustain the stock market's bull run another year. U.S. bonds also performed well, amid subdued inflation, interest rates that remained unexpectedly low and concerns about the economic well-being of the rest of the world. The stronger domestic economy enabled the U.S. Federal Reserve (Fed) to gradually reduce its large scale bond purchases, known as quantitative easing (QE), without disruption to the markets, as well as beginning to set expectations for a transition into tightening mode.

The economic story outside the U.S. continues to improve. Despite the drama over Greece's debt negotiations, the European economy appears to be stabilizing. Japan is on a moderate recovery path as it emerged from recession late last quarter. China's economy decelerated and, despite running well above the rate of other major global economies, investors feared it looked slow by China's standards. Some areas of concern were a surprisingly steep decline in oil prices, the U.S. dollar's rally and an increase in geopolitical tensions, including the Russia-Ukraine crisis and terrorist attacks across the Middle East and Africa, as well as more recently in Europe.

While a backdrop of healthy economic growth in the U.S. and the continuation of accommodative monetary policy (with the central banks of Japan and Europe stepping in where the Fed has left off) bodes well for the markets, the global outlook has become more uncertain. Indeed, volatility is likely to feature more prominently in the investment landscape going forward. Such conditions underscore the importance of professional investment management. Experienced investment teams have weathered the market's ups and downs in the past and emerged with a better understanding of the sensitivities of their asset class and investment style, particularly in times of turbulence. We recognize the importance of maximizing gains, while striving to minimize volatility.

And, the same is true for investors like you. Maintaining an appropriate time horizon, diversification and relying on practiced investment teams are among your best strategies for achieving your long-term investment objectives. Additionally, I encourage you to communicate with your financial consultant if you have questions about your investment in a Nuveen Fund. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

William J. Schneider
Chairman of the Board
June 22, 2015

Portfolio Manager's Comments

Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)
Nuveen New Jersey Municipal Value Fund (NJV)
Nuveen Pennsylvania Investment Quality Municipal Fund (NQP)
Nuveen Pennsylvania Municipal Value Fund (NPN)

These Funds feature portfolio management by Nuveen Asset Management, LLC, an affiliate of Nuveen Investments, Inc. Portfolio manager Paul L. Brennan, CFA, reviews U.S. economic and municipal market conditions, key investment strategies and the twelvemonth performance of the Nuveen New Jersey and Pennsylvania Funds. Paul assumed portfolio management responsibility for these four Funds in 2011.

FUND REORGANIZATIONS

During November 2013, the New Jersey Funds' Board of Directors/Trustees approved a series of reorganizations for certain Funds included in this report (the Target Funds) to create one, larger-state Fund (the Acquiring Fund).

The reorganizations are as follows:

| Target Funds | Symbol | Acquiring Fund | Symbol |
|---|---|---|---|
| Nuveen New Jersey Investment Quality Municipal Fund, Inc. | NQJ | Nuveen New Jersey Dividend Advantage Municipal Fund | NXJ |
| Nuveen New Jersey Premium Income Municipal Fund, Inc. | NNJ | | |
| Nuveen New Jersey Dividend Advantage Municipal Fund 2 | NUJ | | |

On October 20, 2014, the reorganizations were approved by shareholders and the reorganizations became effective before the opening of business on November 11, 2014.

See Notes to Financial Statements, Note 1 – General Information and Significant Accounting Policies, Fund Reorganizations for further information.

What factors affected the U.S. economy and the national municipal bond market during the twelve-month reporting period ended April 30, 2015?

During this reporting period, the U.S. economy continued to expand at a moderate pace. The Federal Reserve (Fed) maintained efforts to bolster growth and promote progress toward its mandates of maximum employment and price stability by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. At its October 2014 meeting, the Fed announced that it would end its bond-buying stimulus program as of November 1, 2014, after tapering its monthly asset purchases of mortgage-backed and longer-term Treasury securities from the original $85 billion per month to $15 billion per

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio manager as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's (S&P), Moody's Investors Service, Inc., (Moody's) or Fitch, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

Bond insurance guarantees only the payment of principal and interest on the bond when due, and not the value of the bonds themselves, which will fluctuate with the bond market and the financial success of the issuer and the insurer. Insurance relates specifically to the bonds in the portfolio and not to the share prices of a Fund. No representation is made as to the insurers' ability to meet their commitments.

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Portfolio Manager's Comments (continued)

month over the course of seven consecutive meetings (December 2013 through September 2014). In making the announcement, the Fed cited substantial improvement in the outlook for the labor market since the inception of the current asset purchase program as well as sufficient underlying strength in the broader economy to support ongoing progress toward maximum employment in a context of price stability. The Fed also reiterated that it would continue to look at a wide range of factors, including labor market conditions, indicators of inflationary pressures and readings on financial developments, in determining future actions. Additionally, the Fed stated that it would likely maintain the current target range for the fed funds rate for a considerable time after the end of the asset purchase program, especially if projected inflation continues to run below the Fed's 2% longer run goal. However, if economic data shows faster progress, the Fed indicated that it could raise the fed funds rate sooner than expected.

The Fed changed its language slightly in December, indicating it would be "patient" in normalizing monetary policy. This shift helped ease investors' worries that the Fed might raise rates too soon. However, as employment data released early in the year continued to look strong, anticipation began building that the Fed could raise its main policy rate as soon as June. As widely expected, after its March meeting, the Fed eliminated "patient" from its statement but also highlighted the policy makers' less optimistic view of the economy's overall health as well as downgraded their inflation projections. The Fed's April meeting seemed to further signal that a June rate hike was off the table. While the Fed attributed the first quarter's economic weakness to temporary factors, the meeting minutes from April revealed that many Committee members believed the economic data available in June would be insufficient to meet the Fed's criteria for initiating a rate increase.

According to the government's second estimate, the U.S. economy contracted at a 0.7% annualized rate in the first quarter of 2015, as measured by GDP, compared with an increase of 4.6% in the second quarter of 2014, 5.0% in the third quarter and 2.2% in the fourth quarter. The decline in real GDP growth rate from the fourth quarter of 2014 to the first quarter of 2015 primarily reflects a downturn in both state and local government spending, a decline in exports and consumer spending. These were partly offset by an upturn in federal government spending. The Consumer Price Index (CPI) fell 0.2% year-over-year as of April 2015. The core CPI (which excludes food and energy) increased 1.8% during the same period, below the Fed's unofficial longer term inflation objective of 2.0%. As of April 30, 2015, the national unemployment rate was 5.4%, the lowest level since May 2008 and the level considered "full employment" by some Fed officials, down from the 6.2% reported in April 2014. The housing market continued to post consistent gains, with 35 consecutive months of year-over-year increases as of its most recent reading in March 2015. The average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 5.0% for the twelve months ended March 2015 (most recent data available at the time this report was prepared).

Municipal bonds enjoyed strong performance during the twelve-month reporting period, buoyed by a backdrop of low interest rates, improving investor sentiment and favorable supply-demand dynamics. Interest rates were widely expected to rise in 2014, as the economy improved and the Fed wound down its asset purchases. However, the 10-year Treasury yield ended the year even lower than where it began. As a result, fixed income asset classes performed surprisingly well (as yields fall, prices rise and vice versa). At the same time, investors grew more confident that the Fed's tapering would proceed at a measured pace and that the credit woes of Detroit and Puerto Rico would be contained. In addition, credit fundamentals for state and local governments were generally stabilizing, although pockets of trouble remained. California and New York showed marked improvements during 2014, whereas Illinois, New Jersey and Puerto Rico, for example, still face considerable challenges.

Investors' declining risk aversion bolstered demand for higher yielding assets, including municipal bonds, which reversed the tide of outflows municipal bond funds suffered in 2013. While demand and inflows rose, supply continued to be subdued in 2014. More municipal bonds left the market than were added, a condition known as net negative issuance. Part of the reason for net negative issuance was that a significant portion of issuer activity focused on current refundings, in which a new bond is issued to replace the called bond (in contrast to an advanced refunding, where the called bond remains in the market as a pre-refunded bond).

These factors helped drive municipal bond yields lower and tightened yield spreads relative to Treasuries in 2014 overall. However, as 2015 began, market conditions turned more volatile. A series of disappointing economic data underscored the fragility of the U.S. recovery, as well as cast further uncertainty on the timing of the Fed's first rate hike. Issuance was unusually strong at the beginning of 2015, fueling concerns about potential oversupply conditions. Over the twelve months ended April 30, 2015, municipal bond issuance nationwide totaled $391.9 billion, an increase of 30.8% from the issuance for the twelve-month period ended April 30, 2014. The surge in gross issuance is due mostly to increased refunding deals as issuers have been actively and aggressively refunding their outstanding debt given the very low interest rate environment. These refunding transactions have ranged from 40%-60% of total issuance over the past few years. Thus, the net issuance (all bonds issued less bonds redeemed) is actually much lower than the gross issuance. In fact, the total municipal bonds outstanding has actually declined in each of the past four calendar years. So, the gross is surging, but the net is not and this has been an overall positive technical factor on municipal bond investment performance. At the same time, regulatory changes, increased risk aversion and expectations for rising interest rates have encouraged bond dealers, typically brokers and banks, to reduce the size of their inventories in recent years. By holding smaller amounts of bonds on their books, dealers seek to mitigate their exposure to bonds that could potentially be worth less or be more difficult to sell in the future. As a result, there has been less liquidity in the marketplace, which contributed to periods of increased price volatility in early 2015. The municipal bond market also experienced some seasonal weakness in the first few months of 2015 due to tax-related selling. Finally, divergence in economic growth and central bank policies around the world have reinforced an interest rate differential that favors demand for U.S. Treasuries, maintaining downward pressure on yields.

How were the economic and market environments in New Jersey and Pennsylvania during the twelve-month reporting period ended April 30, 2015?

New Jersey's economy continues to struggle despite favorable characteristics that position it to do quite well, such as its proximity to New York City's extensive job market, a shoreline along the Atlantic coast that benefits a strong tourism industry, and two large transportation hubs in the Port of New York and Newark and Newark airport. While the state's economy is fairly diverse and average wages are above national counterparts in nearly every sector, it has lagged its neighbors and the nation in recovering from the recession. New Jersey has the slowest job growth rate in the northeast and total employment remains below pre-recession levels. The state's unemployment rate as of April 2015 stood at 6.5%, well above the national average of 5.4%. The sluggishness of the state's economy exacerbates fiscal pressures caused by growing pension, retirement health care, and debt service payments. In Fiscal Year 2015 expenditures on these three line items constitutes 17% of budgeted revenues. The state was to make significantly higher pension contributions in FY15 but opted to contribute a much lower amount. Labor groups challenged this move and the legal action made its way to the New Jersey Supreme Court which found that the state could contribute less than originally agreed to under the terms of current labor agreements. The court found that in order for the contributions to be binding that they would need to be voter-approved; as the pension contributions were not voter-approved there was no requirement on the part of the state to make the larger payments. The $33 billion Fiscal Year 2016 budget proposed by Governor Christie underfunds the court-mandated pension payment by more than half. The budget also fails to appropriate any new money for transportation capital projects; instead, all revenues generated by the state's gas tax goes to pay debt service. Maintaining and upgrading infrastructure is key to economic growth and the state has put itself at a disadvantage by overleveraging these revenues. The state has been downgraded several times in recent years and now carries an A rating by S&P, an A2 with negative outlook by Moody's and an A with negative outlook by Fitch. For the twelve months ending April 30, 2015, the state issued $10.6 billion in tax-exempt debt, a year-over-year increase of 18.2%.

Pennsylvania's recovery has been a slow one. During the downturn, the commonwealth's job losses were significant, but less so than nationally. Coming out of the recession, there was a quicker recovery of jobs lost in the commonwealth but the pace of employment growth has moderated. As of April 2015, Pennsylvania's unemployment rate was 5.3%, down from 6.0% in April 2014 and below the

Portfolio Manager's Comments (continued)

national average of 5.4% for April 2015. Education and health services, which are among the more stable industries, remain the commonwealth's largest employment sector at 20.2% of total employment. The natural gas industry continues to develop in the Marcellus Shale in western Pennsylvania. It is still relatively small compared to the Pennsylvania economy as a whole and the drop in natural gas prices has led to recent spending cutbacks among the gas producers. Offsetting this downside risk is the growth in investments in pipelines, processing centers, and refineries to transport natural gas liquids to other locations. On the fiscal front, Pennsylvania faces increasing pressure from a structurally unbalanced budget and the need for pension reform to address growing debt levels following years of underfunding and market-driven investment declines. The gap between planned expenditures and expected revenues in the current budget year has opened an operating shortfall of approximately $1.75 billion. The executive budget plan for Fiscal 2015-2016 is a bold one that proposes to raise approximately $4 billion in new revenue from increases in the personal income tax rate and in the sales and use tax. However, prior attempts to increase these taxes in 2008 and 2009 both failed to pass in the legislature. The governor's budget plan also includes the issuance of $3 billion of pension obligation bonds to help alleviate the budgetary pressures for the commonwealth from the growing pension contributions. Currently, Pennsylvania's unfunded pension liability is estimated at $53 billion, split between the State Employees Retirement System and the Public School Employees Retirement System. As of April 2015, Pennsylvania's GO debt was rated Aa3 by Moody's and AA- by S&P and Fitch. All three rating agencies had downgraded Pennsylvania GOs by one notch in 2014. For the twelve months ended April 2015, $16.3 billion in new municipal bonds were issued in the commonwealth, an increase of 82% from the previous twelve months.

What key strategies were used to manage these Funds during the twelve-month reporting period ended April 30, 2015?

A backdrop of supportive technical and fundamental factors helped sustain the municipal market's rally during this reporting period. In the first nine months of the reporting period, yields fell sharply, particularly in the intermediate to longer maturity ranges, then plodded slightly upward in the subsequent three months. The overall decline in interest rates helped sustain a general rise in municipal bond prices for the reporting period as a whole. In general, Pennsylvania municipal paper outperformed the national market, while municipal bonds issued in New Jersey tended to lag the overall municipal market return for the reporting period. During this time, we continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that we believed had the potential to perform well over the long term.

While municipal supply nationally, as well as in New Jersey and Pennsylvania, improved during this twelve-month reporting period over that of the previous twelve months, much of this increase was attributable to refunding activity as bond issuers, prompted by low interest rates, sought to lower debt service costs by retiring older bonds from the proceeds of lower cost new bond issues. While some of this activity continued to be current refundings (in which the refunded bond matures or is redeemed within 90 days and therefore has no net effect on supply), we began to see an uptick in advance refundings (in which the refunded bond remains outstanding up to several more years). The increase in advance refundings contributed to greater supply in the marketplace, broadly speaking.

Much of our investment activity focus was on reinvesting the cash generated by current calls into bonds with intermediate and longer maturities that could help us offset the decline in rates and maintain investment performance potential. We also boosted the Funds' exposure to credits with lower investment grade ratings, primarily A rated bonds. These Funds were well positioned coming into the reporting period, so we could be selective in looking for opportunities to purchase bonds that added value and continued to help us achieve our goals for the Funds.

During this reporting period, the New Jersey Funds found value in diversified areas of the marketplace, including transportation and health care. Additions in the transportation sector included tollroad bonds issued for bridges that connect New Jersey with both Delaware and Pennsylvania. The projects are managed by bi-state agencies, the Delaware River Port Authority and the Delaware River Joint Toll Bridge (New Jersey and Pennsylvania) and the Delaware River and Bay Authority (New Jersey and Delaware) and the bonds they issue are tax-exempt in both of their respective states. The two New Jersey Funds also bought New Jersey Transit Authority bonds for the state's mass transit system. In health care, we added to the Funds' positions in A rated bonds issued for Robert Wood Johnson University Hospital, one of the premier hospitals in the state.

Given the State of New Jersey's ongoing fiscal challenges, we continued to limit exposure to state-supported obligations. We did buy a Jersey City University credit, which is partly subsidized by the state, but has less exposure to state government risk because it also receives tuition revenues. We also emphasized opportunities at the local (county and city/township) level, where many higher rated borrowers were issuing debt that we found attractive. Although the higher ratings of these local bonds offered lower yields, we believed the trade-off was worthwhile given the State's recent credit downgrade (described in the performance section of this report), the relative underperformance of state-supported bonds and our goal to keep the Funds fully invested.

Buying activity in the Pennsylvania Funds was most active in the health care, tax obligation and higher education categories. Similar to New Jersey, Pennsylvania's fiscal situation is hampered by an aging population, a lagging jobs recovery and pension legacy issues, to name a few concerns. As such, we similarly sought to minimize exposure to its state government-backed bonds.

Cash for purchases was generated primarily by proceeds from called and matured bonds, which we worked to redeploy to keep the Funds fully invested and support their income streams. As previously mentioned, call activity was elevated during the reporting period, providing ample cash and driving much of our trading. We sold some higher rated bonds to help preserve the Funds' overweight allocations to lower rated segments, as well as decreased exposure to New Jersey State-backed bonds in NXJ and NJV.

As of April 30, 2015, all of these Funds continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform during the twelve-month reporting period ended April 30, 2015?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide the Funds' total returns for the one-year, five-year, ten-year and since inception periods ended April 30, 2015. Each Fund's total returns at common share net asset value (NAV) are compared with the performance of corresponding market indexes and Lipper classification averages.

For the twelve months ended April 30, 2015, the total returns at common share NAV for the Nuveen New Jersey and Pennsylvania Funds exceeded the returns for their respective state's S&P Municipal Bond Index as well as the national S&P Municipal Bond Index. For the same period, the two New Jersey Funds lagged the average return for the Lipper New Jersey Municipal Debt Funds Classification Average, while NQP outperformed the Lipper Pennsylvania Municipal Debt Funds Classification Average and NPN underperformed this Lipper average.

Key management factors that influenced the Funds' returns included duration and yield curve positioning, credit exposure and sector allocation. Keeping the Funds fully invested throughout the reporting period also was beneficial for performance. In addition, the use of regulatory leverage was an important positive factor affecting the performance of NXJ and NQP. One of the reasons that NJV and NPN trailed the other corresponding state Funds in this report for the twelve-month reporting period was that these two Funds do not use regulatory leverage. Leverage is discussed in more detail later in the Fund Leverage section of this report.

During this reporting period, municipal bonds with intermediate and longer maturities generally outperformed those with shorter maturities. In general, the Funds' durations and yield curve positioning were positive for performance. Consistent with our long term strategy, these Funds tended to have longer durations than the municipal market in general, with overweightings in the longer parts of the yield curve that performed well and underweightings in the underperforming shorter end of the curve. This was especially true in NQP, which had the longest duration among the four Funds and its greater sensitivity to changes in interest rates benefited NQP's performance. Overall, duration and yield curve positioning was the major driver of performance and differences in positioning accounted for much of the differences in performance.

During this reporting period, lower rated bonds generally outperformed higher quality bonds, as the municipal market rally continued and investors became more willing to accept risk. These Funds tended to have overweights in A rated and BBB rated bonds and underweights in the AAA rated and AA rated categories relative to their benchmark and credit exposure was generally

Portfolio Manager's Comments (continued)

positive for their performance. As with duration, differences in credit allocation accounted for some of the differences in performance. NXJ, for example, had the highest allocation to bonds rated AAA and AA, which slightly hampered its performance.

Among the municipal market sectors, tobacco, health care (especially hospitals), industrial development revenue (IDR) and transportation (especially toll roads) were some of the top-performing groups during this reporting period. Tobacco bonds performed well due to their lower credit quality and the broader demand for higher yields. Health care, IDR and transportation bonds also benefited from investor demand for lower rated credits, as well as generally improving credit fundamentals across these sectors. NXJ and NJV maintained overweight allocations in the health care sector, which was advantageous to performance. Not only does the sector include many A rated credits, it also benefited from a rising trend of hospital consolidations in New Jersey. The two Funds' allocations to New Jersey-issued tobacco bonds, transportation and utilities also delivered positive performance during this reporting period. NQP and NPN were most helped by their allocations to the health care, higher education, tax obligation (both general and limited) and transportation sectors.

The poorest performing market segment for the reporting period was pre-refunded bonds, which are often backed by U.S. Treasury securities. The underperformance of these bonds relative to the market can be attributed primarily to their shorter effective maturities and higher credit quality. All of these Funds had allocations of pre-refunded bonds, with NXJ having the heaviest weighting. General obligation (GO) credits also generally trailed the revenue sectors as well as the municipal market as a whole, although by a much narrower margin than pre-refunded bonds. This included New Jersey state GOs, which underperformed as the market penalized these bonds for credit downgrades by all three major rating agencies in 2014. In April 2014, S&P reduced the state's GO rating to A+ from AA-, followed by another reduction to A in September, with the agency citing New Jersey's sizeable structural imbalance and deferred pension payments leading to future budgetary pressures. Fitch also announced downgrades on New Jersey GOs to A+ from AA- in May 2014 and then to A in September 2014, echoing S&P's assessment of the state's growing pension and retiree health care liabilities as well as its high levels of debt and overly optimistic revenue estimates that could add to future budget problems. In April 2015, Moody's downgraded New Jersey to A2 from Aa3. As of April 2015, New Jersey state GO debt ratings were A2/A/A by Moody's S&P and Fitch (with negative outlooks by Moody's and Fitch) and New Jersey appropriation-backed debt was rated A3/A-/A- by Moody's, S&P and Fitch, respectively, also with negative outlooks by Moody's and Fitch. Pennsylvania, which faces some of the same budgetary and pension issues as New Jersey although to a lesser degree, also saw the ratings on its GO debt lowered in 2014, from Aa2/AA/AA to Aa3/AA-/AA- as of October 2014.

As noted in the previous Shareholder Fund Report, we continue to monitor the ongoing economic problems of Puerto Rico for any impact on the Funds' holdings and performance. Shareholders should note that the exposure of NXJ, NJV, NQP and NPN to Puerto Rico debt during this reporting period was 0.86%, 0.33%, 0.75% and 0.30%, respectively. The Puerto Rico credits, many of them insured or pre-refunded, offered higher yields, added diversification and triple exemption (i.e., exemption from most federal, state and local taxes). However, Puerto Rico's continued economic weakening, escalating debt service obligations, and long-standing inability to deliver a balanced budget led to multiple downgrades on its debt over the past two years. Puerto Rico general obligation debt is rated Caa2/CCC+/B (below investment grade) by Moody's, S&P and Fitch, respectively, with negative outlooks.

On February 6, 2015, a federal court found Puerto Rico's Recovery Act to be unconstitutional. Though the Commonwealth is pursuing an appeal of the ruling, the outcome is uncertain. Puerto Rico's non-voting Representative in Congress recently introduced legislation that would make chapter 9 bankruptcy available to the Commonwealth's public corporations. A congressional committee hearing was held on February 26, 2015, but the bill has not advanced out of committee.

In light of the evolving economic situation in Puerto Rico, Nuveen's credit analysis of the Commonwealth had previously considered the possibility of a default and restructuring of public corporations and we adjusted our portfolios to prepare for such an outcome, although no such default or restructuring has occurred to date. The Nuveen complex's entire exposure to obligations of the government of Puerto Rico and other Puerto Rico issuers totaled 0.33% of assets under management as of April 30, 2015. As of April 30, 2015, the Funds' limited exposure to Puerto Rico generally was invested in bonds that were insured, pre-refunded (and therefore backed by securities such as U.S. Treasuries), or tobacco settlement bonds. Overall, the small size of our exposures meant that our Puerto Rico holdings had a negligible impact on performance.

Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of the Funds relative to their comparative benchmarks was the Funds' use of leverage through their issuance of preferred shares and/or investments in inverse floating rate securities, which represent leveraged investments in underlying bonds. As mentioned previously, NJV and NPN do not use regulatory leverage. The Funds use leverage because our research has shown that, over time, leveraging provides opportunities for additional income, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments have been much lower than the interest the Fund has been earning on its portfolio of long-term bonds that it has bought with the proceeds of that leverage. However, use of leverage also can expose the Fund to additional price volatility. When a Fund uses leverage, the Fund will experience a greater increase in its net asset value if the municipal bonds acquired through the use of leverage increase in value, but it will also experience a correspondingly larger decline in its net asset value if the bonds acquired through leverage decline in value, which will make the Fund's net asset value more volatile, and its total return performance more variable over time. In addition, income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. Leverage made a positive contribution to the performance of these Funds over this reporting period.

As of April 30, 2015, the Funds' percentages of leverage are as shown in the accompanying table.

| | NXJ | NJV | NQP | NPN |
|---|---|---|---|---|
| Effective Leverage* | 38.62% | 9.03% | 37.06% | 2.64% |
| Regulatory Leverage* | 31.95% | N/A | 30.94% | N/A |

* Effective Leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund's portfolio that increase the Fund's investment exposure. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

N/A The Fund does not use Regulatory leverage.

Fund Leverage (continued)

THE FUNDS' REGULATORY LEVERAGE

As of April 30, 2015, the Funds have issued and outstanding, Variable Rate MuniFund Term Preferred (VMTP) Shares and Variable Rate Demand Preferred (VRDP) Shares as shown in the accompanying table. As mentioned previously, NJV and NPN do not use regulatory leverage.

| | VMTP Shares | | VRDP Shares | | | |
|---|---|---|---|---|---|---|
| | Series | Shares Issued at Liquidation Value | Series | | Shares Issued at Liquidation Value | Total |
| NXJ | — | — | 1 | | $81,000,000 | |
| | — | — | 2 | * | $144,300,000 | |
| | — | — | 3 | * | $88,600,000 | |
| | | | | | $313,900,000 | $313,900,000 |
| NQP | 2017 | $48,000,000 | 2 | | $112,500,000 | |
| | — | — | 3 | | $105,000,000 | |
| | | $48,000,000 | | | $217,500,000 | $265,500,000 |

* VRDP Shares issued in connection with the reorganization.

During the current reporting period, NXJ and NQP refinanced all of their outstanding MTP Shares with the proceeds from newly issued VRDP and VMTP Shares, respectively.

Refer to Notes to Financial Statements, Note – 4 Fund Shares, Preferred Shares for further details on VMTP and VRDP Shares and each Fund's respective transactions.

Common Share Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds' distributions is current as of April 30, 2015. Each Fund's distribution levels may vary over time based on each Fund's investment activity and portfolio investments value changes.

During the current reporting period, each Fund's distributions to common shareholders were as shown in the accompanying table.

| | Per Common Share Amounts | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ex-Dividend Date | NXJ | | NJV | | NQP | | NPN | |
| May 2014 | $0.0605 | | $0.0520 | | $0.0730 | | $0.0530 | |
| June | 0.0605 | | 0.0520 | | 0.0730 | | 0.0530 | |
| July | 0.0625 | | 0.0520 | | 0.0730 | | 0.0530 | |
| August | 0.0625 | | 0.0520 | | 0.0730 | | 0.0530 | |
| September | 0.0625 | | 0.0500 | | 0.0690 | | 0.0530 | |
| October | 0.0625 | | 0.0500 | | 0.0690 | | 0.0530 | |
| November | 0.0625 | | 0.0500 | | 0.0690 | | 0.0530 | |
| December | 0.0680 | | 0.0500 | | 0.0690 | | 0.0520 | |
| January | 0.0680 | | 0.0500 | | 0.0690 | | 0.0520 | |
| February | 0.0680 | | 0.0500 | | 0.0690 | | 0.0520 | |
| March | 0.0680 | | 0.0500 | | 0.0690 | | 0.0520 | |
| April 2015 | 0.0680 | | 0.0500 | | 0.0690 | | 0.0520 | |
| | | | | | | | | |
| Long-Term Capital Gain* | $— | | $0.1784 | | $— | | $— | |
| Ordinary Income Distribution* | $0.0002 | | $0.0226 | | $0.0002 | | $— | |
| | | | | | | | | |
| Market Yield** | 6.01 | % | 4.07 | % | 5.97 | % | 4.01 | % |
| Taxable-Equivalent Yield** | 8.92 | % | 6.04 | % | 8.55 | % | 5.74 | % |

** Market Yield is based on the Fund's current annualized monthly dividend divided by the Fund's current market price as of the end of the reporting period. Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.6% and 30.2% for New Jersey and Pennsylvania, respectively. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

Each Fund in this report seeks to pay regular monthly dividends out of its net investment income at a rate that reflects its past and projected net income performance. To permit each Fund to maintain a more stable monthly dividend, the Fund may pay dividends at a rate that may be more or less than the amount of net income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it will hold the excess in reserve as undistributed net investment income (UNII) as part of the Fund's net asset value. Conversely, if a Fund has cumulatively paid in dividends more than it has earned, the excess will constitute a negative UNII that will likewise be reflected in the Fund's net asset value. Each Fund will, over time, pay all its net investment income as dividends to shareholders.

As of April 30, 2015, the Funds had positive UNII balances for tax purposes and positive UNII balances for financial reporting purposes.

Common Share Information (continued)

All monthly dividends paid by the Funds during the current reporting period, were paid from net investment income. If a portion of the Fund's monthly distributions was sourced from or comprised of elements other than net investment income, including capital gains and/or a return of capital, shareholders would have received a notice to that effect. For financial reporting purposes, the composition and per share amounts of each Fund's dividends for the reporting period are presented in this report's Statement of Changes in Net Assets and Financial Highlights, respectively. For income tax purposes, distribution information for each Fund as of its most recent tax year end is presented in Note 6 — Income Tax Information within the Notes to Financial Statements of this report.

## COMMON SHARE REPURCHASES

During August 2014, the Funds' Board of Trustees reauthorized an open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding shares.

As of April 30, 2015, and since the inception of the Funds' repurchase programs, the Funds have cumulatively repurchased and retired their outstanding common shares as shown in the accompanying table.

| | NXJ | NJV | NQP | NPN |
|---|---|---|---|---|
| Common Shares Cumulatively Repurchased and Retired | 135,000 | 15,000 | 242,400 | 0 |
| Common Shares Authorized for Repurchase | 655,000 | 155,000 | 3,790,000 | 120,000 |

During the current reporting period, the Funds repurchased and retired their common shares at a weighted average price per common share and a weighted average discount per common share as shown in the accompanying table.

| | NXJ | NJV | NQP |
|---|---|---|---|
| Common Shares Repurchased and Retired | 112,500 | 15,000 | 4,500 |
| Weighted Average Price per Common Share Repurchased and Retired | $13.47 | $14.19 | $13.68 |
| Weighted Average Discount per Common Share Repurchased and Retired | 13.85 % | 14.25 % | 13.83 % |

## OTHER COMMON SHARE INFORMATION

As of April 30, 2015, and during the current reporting period, the Funds' common share prices were trading at a premium/(discount) to their common share NAVs as shown in the accompanying table.

| | NXJ | NJV | NQP | NPN |
|---|---|---|---|---|
| Common Share NAV | $15.53 | $16.41 | $15.64 | $16.36 |
| Common Share Price | $13.58 | $14.75 | $13.87 | $15.57 |
| Premium/(Discount) to NAV | (12.56 )% | (10.12 )% | (11.32 )% | (4.83 )% |
| 12-Month Average Premium/(Discount) to NAV | (13.14 )% | (11.50 )% | (11.42 )% | (6.98 )% |

Risk Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Past performance is no guarantee of future results. Fund common shares are subject to a variety of risks, including:

Investment, Price and Market Risk. An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the municipal securities owned by the Funds, which generally trade in the over-the-counter markets. Shares of closed-end investment companies like these Funds frequently trade at a discount to their net asset value (NAV). Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Tax Risk. The tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations.

Leverage Risk. Each Fund's use of leverage creates the possibility of higher volatility for the Fund's per share NAV, market price, distributions and returns. There is no assurance that a Fund's leveraging strategy will be successful. Certain aspects of the recently adopted Volcker Rule may limit the availability of tender option bonds, which are used by the Funds for leveraging and duration management purposes. The effects of this new Rule, expected to take effect in mid-2015, may make it more difficult for a Fund to maintain current or desired levels of leverage and may cause the Fund to incur additional expenses to maintain its leverage.

Inverse Floater Risk. The Funds invest in inverse floaters. Due to their leveraged nature, these investments can greatly increase a Fund's exposure to interest rate risk and credit risk. In addition, investments in inverse floaters involve the risk that the Fund could lose more than its original principal investment.

Issuer Credit Risk. This is the risk that a security in a Fund's portfolio will fail to make dividend or interest payments when due.

Interest Rate Risk. Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

Reinvestment Risk. If market interest rates decline, income earned from a Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

Call Risk or Prepayment Risk. Issuers may exercise their option to prepay principal earlier than scheduled, forcing a Fund to reinvest in lower-yielding securities.

Derivatives Risk. The Funds may use derivative instruments which involve a high degree of financial risk, including the risk that the loss on a derivative may be greater than the principal amount investment.

Municipal Bond Market Liquidity Risk. Inventories of municipal bonds held by brokers and dealers have decreased in recent years, lessening their ability to make a market in these securities. This reduction in market making capacity has the potential to decrease a Fund's ability to buy or sell bonds, and increase bond price volatility and trading costs, particularly during periods of economic or market stress. In addition, recent federal banking regulations may cause certain dealers to reduce their inventories of municipal bonds, which may further decrease a Fund's ability to buy or sell bonds. As a result, the Fund may be forced to accept a lower price to sell a security, to sell other securities to raise cash, or to give up an investment opportunity, any of which could have a negative effect on performance. If the Fund needed to sell large blocks of bonds, those sales could further reduce the bonds' prices and hurt performance.

NXJ

Nuveen New Jersey Dividend Advantage Municipal Fund
Performance Overview and Holding Summaries as of April 30, 2015

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of April 30, 2015

| | Average Annual | | |
|---|---|---|---|
| | 1-Year | 5-Year | 10-Year |
| NXJ at Common Share NAV | 6.77% | 6.76% | 5.54% |
| NXJ at Common Share Price | 5.35% | 5.92% | 4.86% |
| S&P Municipal Bond New Jersey Index | 3.31% | 4.89% | 4.74% |
| S&P Municipal Bond Index | 4.86% | 4.92% | 4.63% |
| Lipper New Jersey Municipal Debt Funds Classification Average | 7.64% | 7.12% | 5.78% |

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

| Fund Allocation<br>(% of net assets) | |
|---|---|
| Long-Term Municipal Bonds | 144.7% |
| Common Stocks | 0.3% |
| Other Assets Less Liabilities | 1.9% |
| Net Assets Plus VRDP Shares,<br>at Liquidation Value | 146.9% |
| VRDP Shares, at<br>Liquidation Value | (46.9)% |
| Net Assets | 100% |

| Portfolio Composition<br>(% of total investments) | |
|---|---|
| Tax Obligation/Limited | 23.1% |
| Transportation | 18.7% |
| Health Care | 15.0% |
| Education and Civic Organizations | 10.8% |

| | |
|---|---|
| U.S. Guaranteed | 10.7% |
| Tax Obligation/General | 4.4% |
| Water and Sewer | 4.3% |
| Other | 13.0% |
| Total | 100% |

Credit Quality
(% of total investment exposure)

| | |
|---|---|
| AAA/U.S. Guaranteed | 15.8% |
| AA | 39.7% |
| A | 28.7% |
| BBB | 9.1% |
| BB or Lower | 5.7% |
| N/R (not rated) | 0.8% |
| N/A (not applicable) | 0.2% |
| Total | 100% |

NJV

Nuveen New Jersey Municipal Value Fund
Performance Overview and Holding Summaries as of April 30, 2015

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of April 30, 2015

| | Average Annual | | |
|---|---|---|---|
| | 1-Year | 5-Year | Since Inception |
| NJV at Common Share NAV | 6.68% | 5.97% | 7.53% |
| NJV at Common Share Price | 7.62% | 4.94% | 5.16% |
| S&P Municipal Bond New Jersey Index | 3.31% | 4.89% | 5.68% |
| S&P Municipal Bond Index | 4.86% | 4.92% | 5.71% |
| Lipper New Jersey Municipal Debt Funds Classification Average | 7.64% | 7.12% | 6.62% |

Since inception returns are from April 28, 2009. Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

| Fund Allocation (% of net assets) | |
|---|---|
| Long-Term Municipal Bonds | 101.0% |
| Common Stocks | 2.8% |
| Other Assets Less Liabilities | 2.1% |
| Net Assets Plus Floating Rate Obligations | 105.9% |
| Floating Rate Obligations | (5.9)% |
| Net Assets | 100% |

| Portfolio Composition (% of total investments) | |
|---|---|
| Tax Obligation/Limited | 28.6% |
| Health Care | 18.5% |
| Education and Civic Organizations | 12.1% |
| Transportation | 10.4% |
| Tax Obligation/General | 9.3% |

| | |
|---|---|
| Housing/Multifamily | 6.2% |
| U.S. Guaranteed | 5.3% |
| Other | 9.6% |
| Total | 100% |

Credit Quality
(% of total investment exposure)

| | |
|---|---|
| AAA | 6.4% |
| AA | 34.1% |
| A | 33.1% |
| BBB | 18.2% |
| BB or Lower | 3.6% |
| N/R (not rated) | 2.0% |
| N/A (not applicable) | 2.6% |
| Total | 100% |

NQP

Nuveen Pennsylvania Investment Quality Municipal Fund
Performance Overview and Holding Summaries as of April 30, 2015

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of April 30, 2015

| | Average Annual | | |
|---|---|---|---|
| | 1-Year | 5-Year | 10-Year |
| NQP at Common Share NAV | 8.79% | 7.13% | 5.61% |
| NQP at Common Share Price | 7.09% | 6.77% | 5.56% |
| S&P Municipal Bond Pennsylvania Index | 5.43% | 5.10% | 4.77% |
| S&P Municipal Bond Index | 4.86% | 4.92% | 4.63% |
| Lipper Pennsylvania Municipal Debt Funds Classification Average | 8.33% | 6.98% | 5.34% |

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

| Fund Allocation<br>(% of net assets) | |
|---|---|
| Long-Term Municipal Bonds | 147.7% |
| Other Assets Less Liabilities | 2.0% |
| Net Assets Plus Floating Rate Obligations, VMTP Shares, at Liquidation Value & VRDP Shares, at Liquidation Value | 149.7% |
| Floating Rate Obligations | (4.9)% |
| VMTP Shares, at Liquidation Value | (8.1)% |
| VRDP Shares, at Liquidation Value | (36.7)% |
| Net Assets | 100% |

| Portfolio Composition<br>(% of total investments) | |
|---|---|
| Health Care | 20.6% |
| Tax Obligation/General | 19.0% |
| Education and Civic Organizations | 15.6% |
| Transportation | 7.7% |

| | |
|---|---|
| Tax Obligation/Limited | 7.5% |
| U.S. Guaranteed | 7.2% |
| Water and Sewer | 6.5% |
| Utilities | 4.5% |
| Other | 11.4% |
| Total | 100% |

| Credit Quality<br>(% of total investment exposure) | |
|---|---|
| AAA/U.S. Guaranteed | 7.4% |
| AA | 48.6% |
| A | 26.9% |
| BBB | 10.8% |
| BB or Lower | 3.7% |
| N/R (not rated) | 2.6% |
| Total | 100% |

NPN

Nuveen Pennsylvania Municipal Value Fund
Performance Overview and Holding Summaries as of April 30, 2015

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of April 30, 2015

| | Average Annual | | |
|---|---|---|---|
| | 1-Year | 5-Year | Since Inception |
| NPN at Common Share NAV | 6.87% | 6.00% | 7.15% |
| NPN at Common Share Price | 12.30% | 5.27% | 5.70% |
| S&P Municipal Bond Pennsylvania Index | 5.43% | 5.10% | 5.75% |
| S&P Municipal Bond Index | 4.86% | 4.92% | 5.71% |
| Lipper Pennsylvania Municipal Debt Funds Classification Average | 8.33% | 6.98% | 6.36% |

Since inception returns are from April 28, 2009. Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

| Fund Allocation (% of net assets) | |
|---|---|
| Long-Term Municipal Bonds | 98.9% |
| Other Assets Less Liabilities | 1.1% |
| Net Assets | 100% |

| Portfolio Composition (% of total investments) | |
|---|---|
| Health Care | 23.4% |
| Education and Civic Organizations | 14.5% |
| Tax Obligation/Limited | 13.1% |
| Water and Sewer | 9.7% |
| Tax Obligation/General | 9.6% |
| U.S. Guaranteed | 5.8% |
| Housing/Multifamily | 5.3% |
| Long-Term Care | 4.7% |

| | |
|---|---|
| Other | 13.9% |
| Total | 100% |

Credit Quality
(% of total investment exposure)

| | |
|---|---|
| AAA/U.S. Guaranteed | 5.6% |
| AA | 48.1% |
| A | 26.5% |
| BBB | 17.0% |
| BB or Lower | 1.3% |
| N/R (not rated) | 1.5% |
| Total | 100% |

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Shareholders of
Nuveen New Jersey Dividend Advantage Municipal Fund
Nuveen New Jersey Municipal Value Fund
Nuveen Pennsylvania Investment Quality Municipal Fund
Nuveen Pennsylvania Municipal Value Fund:

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen New Jersey Dividend Advantage Municipal Fund, Nuveen New Jersey Municipal Value Fund, Nuveen Pennsylvania Investment Quality Municipal Fund and Nuveen Pennsylvania Municipal Value Fund (the "Funds") as of April 30, 2015, and the related statements of operations, changes in net assets and cash flows (Nuveen New Jersey Dividend Advantage Municipal Fund and Nuveen Pennsylvania Investment Quality Municipal Fund) and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The statements of changes in net assets and the financial highlights for the periods presented through April 30, 2014, were audited by other auditors whose report dated June 25, 2014, expressed an unqualified opinion on those statements and those financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2015, by correspondence with the custodian and brokers or other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Funds as of April 30, 2015, the results of their operations, the changes in their net assets, their cash flows (Nuveen New Jersey Dividend Advantage Municipal Fund and Nuveen Pennsylvania Investment Quality Municipal Fund) and the financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Chicago, Illinois
June 25, 2015

NXJ

Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments

April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | LONG-TERM INVESTMENTS – 145.0% (100.0% of Total Investments) | | | |
| | MUNICIPAL BONDS – 144.7% (99.8% of Total Investments) | | | |
| | Consumer Discretionary – 0.4% (0.3% of Total Investments) | | | |
| | Middlesex County Improvement Authority, New Jersey, Senior Revenue Bonds, Heldrich Center Hotel/Conference Center Project, Series 2005A: | | | |
| $ 1,720 | 5.000%, 1/01/32 | 7/15 at 100.00 | Caa1 | $ 1,307,114 |
| 1,485 | 5.125%, 1/01/37 | 7/15 at 100.00 | Caa1 | 1,130,174 |
| 3,205 | Total Consumer Discretionary | | | 2,437,288 |
| | Consumer Staples – 4.9% (3.3% of Total Investments) | | | |
| | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A: | | | |
| 3,620 | 4.500%, 6/01/23 | 6/17 at 100.00 | BB | 3,627,023 |
| 32,225 | 4.750%, 6/01/34 | 6/17 at 100.00 | B2 | 24,989,843 |
| 4,890 | 5.000%, 6/01/41 | 6/17 at 100.00 | B2 | 3,846,278 |
| 40,735 | Total Consumer Staples | | | 32,463,144 |
| | Education and Civic Organizations – 15.7% (10.8% of Total Investments) | | | |
| 1,760 | Camden County Improvement Authority, New Jersey, Lease Revenue Bonds Rowan University School of Osteopathic Medicine Project, Series 2013A, 5.000%, 12/01/32 | 12/23 at 100.00 | A | 1,968,120 |
| 730 | Gloucester County Improvement Authority, New Jersey, Revenue Bonds, Rowan University Projects, Series 2015A, 3.375%, 7/01/36 – AGM Insured | 7/25 at 100.00 | AA | 695,778 |
| 2,025 | New Jersey Economic Development Authority, Revenue Bonds, The Seeing Eye Inc., Refunding Series 2015, 5.000%, 3/01/25 | No Opt. Call | A | 2,459,444 |
| 2,125 | New Jersey Economic Development Authority, Revenue Bonds, The Seeing Eye Inc., Series 2005, 5.000%, 12/01/24 – AMBAC Insured | 6/15 at 100.00 | N/R | 2,133,033 |
| 2,455 | | | AA– | 3,603,744 |

| | | | | |
|---|---|---|---|---|
| | New Jersey Economic Development Authority, Rutgers University General Obligation Lease Revenue Bonds, Tender Option Bond Trust 3359, 18.033%, 6/15/46 (IF) (4) | 6/23 at 100.00 | | |
| | New Jersey Education Facilities Authority Revenue Bonds, The College of New Jersey Issue, Series 2013A: | | | |
| 2,475 | 5.000%, 7/01/38 | 7/23 at 100.00 | AA | 2,732,078 |
| 3,250 | 5.000%, 7/01/43 | 7/23 at 100.00 | AA | 3,586,343 |
| 250 | New Jersey Educational Facilities Authority, Revenue Bonds, Georgian Court University, Series 2007D, 5.000%, 7/01/27 | 7/17 at 100.00 | Baa2 | 265,450 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, Kean University, Series 2007D: | | | |
| 7,310 | 5.000%, 7/01/32 – FGIC Insured | 7/17 at 100.00 | AA– | 7,842,607 |
| 6,875 | 5.000%, 7/01/39 – FGIC Insured | 7/17 at 100.00 | AA– | 7,369,862 |
| 4,710 | New Jersey Educational Facilities Authority, Revenue Bonds, Montclair State University, Series 2006A, 5.000%, 7/01/36 – AMBAC Insured | 7/16 at 100.00 | AA– | 4,920,820 |
| 5,000 | New Jersey Educational Facilities Authority, Revenue Bonds, Montclair State University, Series 2014A, 5.000%, 7/01/44 | No Opt. Call | AA– | 5,625,450 |
| 5,955 | New Jersey Educational Facilities Authority, Revenue Bonds, New Jersey City University, Series 2015A, 5.000%, 7/01/45 | 7/25 at 100.00 | AA | 6,664,836 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, Passaic County Community College, Series 2010C: | | | |
| 1,500 | 5.250%, 7/01/32 | 7/20 at 100.00 | A2 | 1,645,365 |
| 1,000 | 5.375%, 7/01/41 | 7/20 at 100.00 | A2 | 1,094,840 |
| 1,000 | New Jersey Educational Facilities Authority, Revenue Bonds, Princeton University, Series 2007E, 5.000%, 7/01/33 | No Opt. Call | AAA | 1,083,600 |
| 4,335 | New Jersey Educational Facilities Authority, Revenue Bonds, Princeton University, Tender Option Bond Trust 2015-XF0099, 13.564%, 7/01/39 (IF) | 7/21 at 100.00 | AAA | 5,999,640 |

NXJ Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Education and Civic Organizations (continued) | | | |
| $ 4,000 | New Jersey Educational Facilities Authority, Revenue Bonds, Princeton University, Tender Option Bond Trust 4741, 13.836%, 7/01/44 (IF) (4) | 7/24 at 100.00 | AAA | $ 5,900,560 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, Ramapo College, Series 2012B: | | | |
| 550 | 5.000%, 7/01/37 | 7/22 at 100.00 | A | 601,518 |
| 1,050 | 5.000%, 7/01/42 | 7/22 at 100.00 | A | 1,147,660 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, Rider University, Series 2012A: | | | |
| 1,120 | 5.000%, 7/01/32 | 7/21 at 100.00 | BBB+ | 1,202,152 |
| 740 | 5.000%, 7/01/37 | 7/21 at 100.00 | BBB+ | 791,326 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, Seton Hall University, Series 2013D: | | | |
| 675 | 5.000%, 7/01/38 | 7/23 at 100.00 | A | 745,112 |
| 1,935 | 5.000%, 7/01/43 | 7/23 at 100.00 | A | 2,135,253 |
| | New Jersey Educational Facilities Authority, Revenue Refunding Bonds, College of New Jersey, Series 2012A: | | | |
| 200 | 5.000%, 7/01/18 | No Opt. Call | AA | 222,372 |
| 1,000 | 5.000%, 7/01/19 | No Opt. Call | AA | 1,133,560 |
| 3,420 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2008A, 6.125%, 6/01/30 – AGC Insured (Alternative Minimum Tax) | 6/18 at 100.00 | AA | 3,684,503 |
| 1,305 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2010-1A, 5.000%, 12/01/25 | 12/19 at 100.00 | AA | 1,380,664 |
| 960 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2010-2, 5.000%, 12/01/30 | 12/20 at 100.00 | Aa3 | 1,034,986 |
| 1,750 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2011-1, 5.750%, 12/01/27 (Alternative Minimum Tax) | 12/21 at 100.00 | Aa3 | 1,948,818 |

| | | | | |
|---|---|---|---|---|
| | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2012-1A: | | | |
| 5,670 | 4.250%, 12/01/25 (Alternative Minimum Tax) | 12/22 at 100.00 | AA | 5,992,283 |
| 1,925 | 4.375%, 12/01/26 (Alternative Minimum Tax) | 12/22 at 100.00 | AA | 2,040,038 |
| 500 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2012-1B, 5.750%, 12/01/39 (Alternative Minimum Tax) | 12/22 at 100.00 | A | 542,950 |
| | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Tender Option Bond Trust 4736: | | | |
| 1,400 | 11.649%, 12/01/23 (Alternative Minimum Tax) (IF) (4) | 12/22 at 100.00 | AA | 1,512,672 |
| 1,250 | 11.786%, 12/01/24 (Alternative Minimum Tax) (IF) (4) | 12/22 at 100.00 | AA | 1,268,950 |
| 850 | 12.217%, 12/01/25 (Alternative Minimum Tax) (IF) (4) | 12/22 at 100.00 | AA | 853,944 |
| 250 | 12.571%, 12/01/26 (Alternative Minimum Tax) (IF) (4) | 12/22 at 100.00 | AA | 256,030 |
| 2,500 | 13.561%, 12/01/27 (Alternative Minimum Tax) (IF) (4) | 12/23 at 100.00 | AA | 2,614,500 |
| 2,000 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Tender Option Bond Trust PA-4643, 19.730%, 6/01/30 (IF) (4) | 6/19 at 100.00 | AA | 2,868,320 |
| 575 | New Jersey Institute of Technology, New Jersey, General Obligation Bonds, Series 2012A, 5.000%, 7/01/42 | 7/22 at 100.00 | A1 | 639,647 |
| 450 | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System Project, Refunding Series 2012, 5.125%, 4/01/32 | 4/22 at 100.00 | BBB– | 394,160 |
| 350 | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Inter-American University of Puerto Rico Project, Refunding Series 2012, 5.000%, 10/01/31 | 10/22 at 100.00 | A– | 352,510 |
| 500 | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Refunding Bonds, Ana G. Mendez University System, Series 2002, 5.500%, 12/01/31 | 7/15 at 100.00 | BBB– | 460,135 |
| 2,170 | Rutgers State University, New Jersey, Revenue Bonds, Tender Option Bond Trust 3339, 17.903%, 5/01/43 (IF) (4) | 5/23 at 100.00 | AA– | 3,260,121 |
| 91,850 | Total Education and Civic Organizations | | | 104,675,754 |

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Financials – 1.7% (1.2% of Total Investments) | | | |
| | New Jersey Economic Development Authority, Revenue Refunding Bonds, Kapkowski Road Landfill Project, Series 2002: | | | |
| $ 8,700 | 5.750%, 10/01/21 | No Opt. Call | Ba2 | $ 9,766,011 |
| 1,500 | 6.500%, 4/01/28 | No Opt. Call | Ba2 | 1,874,550 |
| 10,200 | Total Financials | | | 11,640,561 |
| | Health Care – 21.7% (15.0% of Total Investments) | | | |
| | Camden County Improvement Authority, New Jersey, Health Care Redevelopment Revenue Bonds, Cooper Health System Obligated Group Issue, Refunding Series 2014A: | | | |
| 175 | 5.000%, 2/15/25 | No Opt. Call | BBB+ | 200,935 |
| 220 | 5.000%, 2/15/26 | No Opt. Call | BBB+ | 250,785 |
| 320 | 5.000%, 2/15/27 | No Opt. Call | BBB+ | 361,402 |
| 1,385 | 5.000%, 2/15/28 | No Opt. Call | BBB+ | 1,544,732 |
| 1,385 | 5.000%, 2/15/29 | No Opt. Call | BBB+ | 1,534,899 |
| 2,500 | 5.000%, 2/15/32 | 2/24 at 100.00 | BBB+ | 2,740,900 |
| 80 | 5.000%, 2/15/33 | No Opt. Call | BBB+ | 87,458 |
| 145 | 5.000%, 2/15/34 | No Opt. Call | BBB+ | 158,404 |
| 200 | 5.000%, 2/15/35 | No Opt. Call | BBB+ | 218,174 |
| 6,100 | Camden County Improvement Authority, New Jersey, Health Care Redevelopment Revenue Bonds, Cooper Health System Obligated Group Issue, Series 2013A, 5.750%, 2/15/42 | 2/23 at 100.00 | BBB+ | 6,954,915 |
| 5,110 | New Jersey Health Care Facilities Finance Authority, Revenue Bonds, AHS Hospital Corporation, Series 2008A, 5.000%, 7/01/27 | 7/18 at 100.00 | A+ | 5,583,339 |
| 2,500 | New Jersey Health Care Facilities Financing Authority, Hospital Revenue Bonds, Virtua Health, Tender Option Bond Trust 3018, 18.772%, 7/01/38 – AGC Insured (IF) (4) | 7/19 at 100.00 | AA | 3,659,500 |
| | New Jersey Health Care Facilities Financing Authority, New Jersey, Revenue Bonds, Saint Peters | | | |

| | | | | |
|---|---|---|---|---|
| | University Hospital, Refunding Series 2011: | | | |
| 2,000 | 6.000%, 7/01/26 | 7/21 at 100.00 | BB+ | 2,238,680 |
| 2,500 | 6.250%, 7/01/35 | 7/21 at 100.00 | BB+ | 2,768,675 |
| 2,050 | New Jersey Health Care Facilities Financing Authority, New Jersey, Revenue Bonds, Saint Peters University Hospital, Series 2007, 5.750%, 7/01/37 | 7/18 at 100.00 | BB+ | 2,136,141 |
| 1,140 | New Jersey Health Care Facilities Financing Authority, Revenue and Refunding Bonds, Barnabas Health, Series 2012A, 5.000%, 7/01/24 | No Opt. Call | A– | 1,307,831 |
| | New Jersey Health Care Facilities Financing Authority, Revenue and Refunding Bonds, Palisades Medical Center Obligated Group Issue, Series 2013: | | | |
| 3,125 | 5.250%, 7/01/31 | 7/23 at 100.00 | BBB | 3,443,969 |
| 1,560 | 5.500%, 7/01/43 | 7/23 at 100.00 | BBB | 1,740,601 |
| 6,840 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Atlanticare Regional Medical Center, Series 2007, 5.000%, 7/01/37 | 7/17 at 100.00 | A+ | 7,179,401 |
| 5,000 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Barnabas Health, Refunding Series 2014A, 5.000%, 7/01/44 | 7/24 at 100.00 | A– | 5,470,750 |
| 3,765 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, CentraState Medical Center, Series 2006A, 5.000%, 7/01/30 – AGC Insured | 7/17 at 100.00 | A3 | 3,955,885 |
| | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Hunterdon Medical Center, Refunding Series 2014A: | | | |
| 2,055 | 5.000%, 7/01/45 | 7/24 at 100.00 | A | 2,258,507 |
| 3,295 | 4.000%, 7/01/45 | 7/24 at 100.00 | A | 3,196,447 |
| | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Kennedy Health System Obligated Group Issue, Refunding Series 2012: | | | |
| 4,140 | 3.750%, 7/01/27 | No Opt. Call | A3 | 4,172,540 |
| 3,375 | 5.000%, 7/01/31 | 7/22 at 100.00 | A3 | 3,707,977 |
| 1,500 | 5.000%, 7/01/37 | 7/22 at 100.00 | A3 | 1,623,210 |
| | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Meridian Health System Obligated Group, Refunding Series 2011: | | | |
| 3,000 | 5.000%, 7/01/25 | 7/18 at 100.00 | A+ | 3,428,040 |
| 3,000 | 5.000%, 7/01/26 | 7/22 at 100.00 | A+ | 3,407,160 |
| 2,500 | 5.000%, 7/01/27 | | A+ | 2,814,300 |

| |
|---|
| 7/22 at 100.00 |

NXJ Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Health Care (continued) | | | |
| $ 1,450 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Meridian Health System Obligated Group, Refunding Series 2013A, 5.000%, 7/01/32 | 7/23 at 100.00 | A+ | $ 1,615,851 |
| 7,690 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Meridian Health, Series 2007, 5.000%, 7/01/38 – AGC Insured | 7/18 at 100.00 | AA | 8,211,459 |
| | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Robert Wood Johnson University Hospital Issue, Series 2014A: | | | |
| 3,785 | 5.000%, 7/01/39 | 7/24 at 100.00 | A | 4,172,205 |
| 5,955 | 5.000%, 7/01/43 | 7/24 at 100.00 | A | 6,559,313 |
| 3,945 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Robert Wood Johnson University Hospital, Series 2013A, 5.500%, 7/01/43 | 7/23 at 100.00 | A | 4,566,456 |
| | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, RWJ Health Care Corporation, Series 2005B: | | | |
| 1,620 | 5.000%, 7/01/25 – RAAI Insured | 7/15 at 100.00 | AA | 1,625,378 |
| 2,885 | 5.000%, 7/01/35 – RAAI Insured | 7/15 at 100.00 | AA | 2,891,232 |
| 7,670 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Barnabas Health Care System, Refunding Series 2011A, 5.625%, 7/01/37 | 7/21 at 100.00 | A– | 8,724,165 |
| 3,485 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Barnabas Health Care System, Series 2006A, 5.000%, 7/01/29 | 1/17 at 100.00 | A– | 3,618,057 |
| 5,000 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Joseph's Healthcare System Obligated Group Issue, Series 2008, 6.625%, 7/01/38 | 7/18 at 100.00 | BBB– | 5,572,700 |
| 2,345 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Luke's Warren Hospital Obligated Group, Series 2013, 4.000%, 8/15/37 | 8/23 at 100.00 | A– | 2,329,476 |
| | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, South Jersey Hospital | | | |

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|---|---|---|---|---|
| | System, Refunding Series 2006: | | | |
| 670 | 5.000%, 7/01/25 | 7/16 at 100.00 | A2 | 695,359 |
| 8,780 | 5.000%, 7/01/36 | 7/16 at 100.00 | A2 | 9,042,434 |
| 3,415 | 5.000%, 7/01/46 | 7/16 at 100.00 | A2 | 3,505,395 |
| 3,750 | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Adjustable Rate Industrial Revenue Bonds, American Home Products Corporation, Series 1983A, 5.100%, 12/01/18 | 6/15 at 100.00 | A1 | 3,822,037 |
| 133,410 | Total Health Care | | | 145,097,074 |
| | Housing/Multifamily – 4.2% (2.9% of Total Investments) | | | |
| 1,900 | New Jersey Economic Development Authority, Revenue Bonds, Provident Group – Rowan Properties LLC – Rowan University Student Housing Project, Series 2015A, 5.000%, 1/01/48 (WI/DD, Settling 5/01/15) | 1/25 at 100.00 | BBB– | 2,013,620 |
| 6,075 | New Jersey Economic Development Authority, Revenue Bonds, West Campus Housing LLC – New Jersey City University Student Housing Project, Series 2015, 5.000%, 7/01/47 | 7/25 at 100.00 | BBB– | 6,295,219 |
| | New Jersey Economic Development Authority, Student Housing Revenue Bonds, Provident Group-Montclair Properties LLC, Montclair State University Student Housing Project, Series 2010A: | | | |
| 3,870 | 5.750%, 6/01/31 | 6/20 at 100.00 | Baa3 | 4,341,289 |
| 2,100 | 5.875%, 6/01/42 | 6/20 at 100.00 | Baa3 | 2,348,619 |
| | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Bonds, Series 2013-2: | | | |
| 2,750 | 4.350%, 11/01/33 (Alternative Minimum Tax) | 11/22 at 100.00 | AA | 2,812,755 |
| 1,375 | 4.600%, 11/01/38 (Alternative Minimum Tax) | 11/22 at 100.00 | AA | 1,424,857 |
| 1,375 | 4.750%, 11/01/46 (Alternative Minimum Tax) | 11/22 at 100.00 | AA | 1,419,619 |
| 2,280 | New Jersey Housing and Mortgage Finance Agency, Multifamily Revenue Bonds, Series 2015A, 4.000%, 11/01/45 | 11/24 at 100.00 | AA– | 2,281,778 |
| 4,870 | New Jersey Housing and Mortgage Finance Agency, Multifamily Revenue Bonds, Series 2015B, 1.000%, 11/01/17 | No Opt. Call | AA– | 4,869,951 |
| 26,595 | Total Housing/Multifamily | | | 27,807,707 |

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Housing/Single Family – 3.3% (2.3% of Total Investments) | | | |
| | New Jersey Housing & Mortgage Finance Agency, Single Family Home Mortgage Revenue Bonds, Series 2011A: | | | |
| $ 10,000 | 4.450%, 10/01/25 | 10/21 at 100.00 | Aa2 | $ 10,854,300 |
| 10,000 | 4.650%, 10/01/29 | 4/21 at 100.00 | Aa2 | 10,642,800 |
| 805 | New Jersey Housing and Mortgage Finance Agency, Single Family Housing Revenue Bonds, Series 2007T, 4.700%, 10/01/37 (Alternative Minimum Tax) | 4/17 at 100.00 | AA | 814,765 |
| 20,805 | Total Housing/Single Family | | | 22,311,865 |
| | Industrials – 0.2% (0.1% of Total Investments) | | | |
| 1,340 | Gloucester County Improvement Authority, New Jersey, Solid Waste Resource Recovery Revenue Refunding Bonds, Waste Management Inc. Project, Series 1999B, 6.850%, 12/01/29 (Mandatory put 12/01/17) | No Opt. Call | A– | 1,383,322 |
| | Long-Term Care – 2.2% (1.5% of Total Investments) | | | |
| 5,255 | Burlington County Bridge Commission, New Jersey, Economic Development Revenue Bonds, The Evergreens Project, Series 2007, 5.625%, 1/01/38 | 1/18 at 100.00 | N/R | 5,429,834 |
| 510 | New Jersey Economic Development Authority, Fixed Rate Revenue Bonds, Lions Gate Project, Series 2014, 5.250%, 1/01/44 | 1/24 at 100.00 | N/R | 533,633 |
| 2,495 | New Jersey Economic Development Authority, GNMA Collateralized Mortgage Revenue Bonds, Victoria Health Corporation, Series 2001A, 5.200%, 12/20/36 | 7/15 at 100.00 | Aa3 | 2,504,281 |
| 4,920 | New Jersey Economic Development Authority, Revenue Bonds, United Methodist Homes of New Jersey Obligated Group Issue, Refunding Series 2013, 5.000%, 7/01/34 | 7/23 at 100.00 | BBB– | 5,215,741 |
| 710 | New Jersey Economic Development Authority, Revenue Bonds, United Methodist Homes of New Jersey Obligated Group Issue, Refunding Series 2014A, 5.000%, 7/01/29 | 7/24 at 100.00 | BBB– | 768,263 |
| 13,890 | Total Long-Term Care | | | 14,451,752 |
| | Tax Obligation/General – 6.3% (4.4% of Total Investments) | | | |
| 500 | Carlstadt School District, Bergen County, New Jersey, General Obligation Bonds, Refunding Series 2014, 5.000%, 5/01/26 | 5/24 at 100.00 | AA– | 590,350 |
| 2,225 | | | AA | 2,486,883 |

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|---|---|---|---|---|
| | Cumberland County Improvement Authority, New Jersey, County General Obligation Revenue Bonds, Technical High School Project, Series 2014, 5.000%, 9/01/39 – AGM Insured | 9/24 at 100.00 | | |
| 825 | Elizabeth, Union County, New Jersey, General Obligation Bonds, General Improvement Series 2014, 3.125%, 4/01/27 – AGM Insured | 4/24 at 100.00 | AA | 835,601 |
| 2,250 | Freehold Regional High School District, Monmouth County, New Jersey, General Obligation Bonds, Refunding Series 2001, 5.000%, 3/01/17 – FGIC Insured | No Opt. Call | AA+ | 2,420,595 |
| 690 | Haddon Heights School District, Camden County, New Jersey, General Obligation Bonds, Refunding Series 2012, 3.250%, 1/01/30 | 1/23 at 100.00 | AA– | 678,104 |
| 1,100 | Linden, New Jersey, General Obligation Bonds, Refunding Series 2011, 4.000%, 5/01/23 | 5/21 at 100.00 | AA– | 1,192,961 |
| 1,975 | Middletown Township Board of Education, Monmouth County, New Jersey, Refunding Series 2010, 5.000%, 8/01/27 | 8/20 at 100.00 | AA | 2,281,421 |
| 2,280 | Monroe Township Board of Education, Middlesex County, New Jersey, General Obligation Bonds, Refunding Series 2015, 5.000%, 3/01/38 | 3/25 at 100.00 | AA– | 2,597,034 |
| 1,000 | Monroe Township, Middlesex County, New Jersey, General Obligation Bonds, Series 2003, 3.000%, 1/15/33 | 1/22 at 100.00 | AA | 927,270 |
| 760 | Montclair Township, Essex County, New Jersey, General Obligation Bonds, Parking Utility, Refunding Series 2014A, 5.000%, 1/01/37 | 1/24 at 100.00 | AA+ | 859,134 |
| | New Brunswick Parking Authority, Middlesex County, New Jersey, Guaranteed Parking Revenue Bonds, Refunding Series 2012: | | | |
| 465 | 5.000%, 9/01/28 | 9/22 at 100.00 | A+ | 524,069 |
| 610 | 5.000%, 9/01/29 | 9/22 at 100.00 | A+ | 684,231 |
| 300 | 5.000%, 9/01/31 | 9/22 at 100.00 | A+ | 334,011 |
| 250 | 3.625%, 9/01/34 | 9/22 at 100.00 | A+ | 245,450 |
| 1,650 | Newark Housing Authority, New Jersey, City-Secured Police Facility Revenue Bonds, South Ward Police Facility, Series 2009A, 6.750%, 12/01/38 – AGC Insured | 12/19 at 100.00 | A3 | 1,965,893 |

NXJ Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Tax Obligation/General (continued) | | | |
| | South Brunswick Township, Middlesex County, New Jersey, General Obligation Bonds, Refunding Series 2014: | | | |
| $ 740 | 3.000%, 9/01/17 | No Opt. Call | AA | $ 776,356 |
| 400 | 5.000%, 9/01/22 | No Opt. Call | AA | 480,984 |
| | Sparta Township Board of Education, Sussex County, New Jersey, General Obligation Bonds, Refunding Series 2015: | | | |
| 1,595 | 5.000%, 2/15/32 | 2/25 at 100.00 | AA– | 1,834,633 |
| 1,000 | 5.000%, 2/15/34 | 2/25 at 100.00 | AA– | 1,147,520 |
| 1,395 | 5.000%, 2/15/35 | 2/25 at 100.00 | AA– | 1,594,499 |
| 4,260 | Sussex County, New Jersey, General Obligation Bonds, Refunding Series 2014, 4.000%, 2/15/22 | No Opt. Call | AA+ | 4,829,605 |
| 420 | The Board of Education of the Township of Mount Olive, Morris County, New Jersey School Bonds, Refunding Series 2014, 2.000%, 1/15/16 | No Opt. Call | AA | 425,137 |
| 5,165 | Union County Utilities Authority, New Jersey, Resource Recovery Facility Lease Revenue Refunding Bonds, Covantan Union Inc. Lessee, Series 2011B, 5.250%, 12/01/31 (Alternative Minimum Tax) | 12/21 at 100.00 | AA+ | 5,644,777 |
| 2,515 | Union County Utilities Authority, New Jersey, Solid Waste System County Deficiency Revenue Bonds, Series 2011A, 5.000%, 6/15/41 | 6/21 at 100.00 | AA+ | 2,806,363 |
| 1,485 | Washington Township Board of Education, Mercer County, New Jersey, General Obligation Bonds, Series 2005, 5.250%, 1/01/27 – AGM Insured | No Opt. Call | Aa3 | 1,880,574 |
| 1,435 | West Deptford Township, Gloucester County, New Jersey, General Obligation Bonds, Refunding Bonds, Series 2014, 4.000%, 9/01/28 – BAM Insured | 9/24 at 100.00 | AA | 1,522,994 |
| 635 | West Deptford Township, Gloucester County, New Jersey, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 – AGM Insured | 7/17 at 100.00 | AA | 685,482 |
| 100 | Woodbridge Township, Middlesex County, New Jersey, General Obligation Bonds, Series 2010, 5.000%, 7/15/19 | No Opt. Call | AA+ | 114,549 |

| | | | | |
|---|---|---|---|---|
| 38,025 | Total Tax Obligation/General | | | 42,366,480 |
| | Tax Obligation/Limited – 33.5% (23.1% of Total Investments) | | | |
| 3,775 | Bergen County Improvement Authority, New Jersey, Guaranteed Lease Revenue Bonds, County Administration Complex Project, Series 2005, 5.000%, 11/15/26 | No Opt. Call | Aaa | 4,789,871 |
| 1,000 | Camden County Improvement Authority, New Jersey, County Guaranteed Lease Revenue Bonds, Series 2005A, 5.000%, 9/01/16 – AGM Insured | 9/15 at 100.00 | AA | 1,015,940 |
| 1,850 | Casino Reinvestment Development Authority, New Jersey, Hotel Room Fee Revenue Bonds, Series 2004, 5.250%, 1/01/16 – AMBAC Insured | 7/15 at 100.00 | BBB– | 1,893,604 |
| 4,175 | Essex County Improvement Authority, New Jersey, Project Consolidation Revenue Bonds, Series 2007, 5.250%, 12/15/22 – AMBAC Insured | No Opt. Call | Aa2 | 5,135,292 |
| 3,000 | Garden State Preservation Trust, New Jersey, Open Space and Farmland Preservation Bonds, Refunding Series 2012A, 5.000%, 11/01/20 | No Opt. Call | AAA | 3,522,210 |
| 3,000 | Garden State Preservation Trust, New Jersey, Open Space and Farmland Preservation Bonds, Series 2003B, 0.000%, 11/01/25 – AGM Insured | No Opt. Call | AAA | 2,247,180 |
| 3,145 | Garden State Preservation Trust, New Jersey, Open Space and Farmland Preservation Bonds, Series 2005A, 5.750%, 11/01/28 – AGM Insured | No Opt. Call | AAA | 3,909,361 |
| 5,120 | Garden State Preservation Trust, New Jersey, Open Space and Farmland Preservation Bonds, Series 2005C, 5.125%, 11/01/18 – AGM Insured | No Opt. Call | AAA | 5,803,366 |
| | Government of Guam, Business Privilege Tax Bonds, Series 2011A: | | | |
| 5,005 | 5.250%, 1/01/36 | 1/22 at 100.00 | A | 5,546,841 |
| 3,020 | 5.125%, 1/01/42 | 1/22 at 100.00 | A | 3,300,135 |
| 500 | Government of Guam, Business Privilege Tax Bonds, Series 2012B-1, 5.000%, 1/01/29 | 1/22 at 100.00 | A | 554,915 |
| 1,110 | Hudson County Improvement Authority, New Jersey, County Secured Lease Revenue Bonds, Hudson County Plaza Refunding Project, Series 2013, 3.250%, 4/01/35 | 4/22 at 100.00 | Aa3 | 1,043,123 |
| 3,450 | New Jersey Building Authority, State Building Revenue Bonds, Series 2007A, 5.000%, 6/15/25 | 6/16 at 100.00 | A– | 3,622,569 |

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Tax Obligation/Limited (continued) | | | |
| | New Jersey Economic Development Authority, Cigarette Tax Revenue Refunding Bonds, Series 2012: | | | |
| $ 4,400 | 5.000%, 6/15/19 | No Opt. Call | BBB+ | $ 4,927,076 |
| 310 | 5.000%, 6/15/21 | No Opt. Call | BBB+ | 353,980 |
| 6,400 | 5.000%, 6/15/25 | 6/22 at 100.00 | BBB+ | 7,164,736 |
| 3,480 | 5.000%, 6/15/26 | 6/22 at 100.00 | BBB+ | 3,867,428 |
| 7,945 | 5.000%, 6/15/28 | No Opt. Call | BBB+ | 8,700,013 |
| 415 | 5.000%, 6/15/29 | No Opt. Call | BBB+ | 452,300 |
| 4,675 | New Jersey Economic Development Authority, Lease Revenue Bonds, Liberty State Park Project, Series 2005C, 5.000%, 3/01/27 – AGM Insured | 6/15 at 100.00 | AA | 4,692,485 |
| 9,400 | New Jersey Economic Development Authority, Revenue Bonds, Motor Vehicle Surcharge, Series 2004A, 5.250%, 7/01/15 – NPFG Insured | 6/15 at 100.00 | AA– | 9,440,514 |
| | New Jersey Economic Development Authority, Revenue Bonds, Newark Downtown District Management Corporation Project, Series 2007: | | | |
| 440 | 5.125%, 6/15/27 | 6/17 at 100.00 | Baa3 | 455,783 |
| 740 | 5.125%, 6/15/37 | 6/17 at 100.00 | Baa3 | 759,958 |
| | New Jersey Economic Development Authority, School Facilities Construction Financing Program Bonds, Refunding Series 2013NN: | | | |
| 4,610 | 5.000%, 3/01/22 | No Opt. Call | A– | 5,112,306 |
| 5,000 | 5.000%, 3/01/28 | 3/23 at 100.00 | A– | 5,357,050 |
| | New Jersey Economic Development Authority, School Facilities Construction Financing Program Bonds, Series 2007U: | | | |
| 1,545 | 5.000%, 9/01/37 – AMBAC Insured | 9/17 at 100.00 | A– | 1,660,875 |
| 2,910 | 5.000%, 9/01/37 | 9/17 at 100.00 | A– | 3,112,332 |
| 2,395 | New Jersey Educational Facilities Authority, Revenue Bonds, Higher Education Capital Improvement Fund, | No Opt. Call | AA | 2,433,128 |

| | | | | |
|---|---|---|---|---|
| | Refunding Series 2005A, 5.000%, 9/01/15 – AGM Insured | | | |
| 1,805 | New Jersey Health Care Facilities Financing Authority, State Contract Bonds, Hospital Asset Transformation Program, Series 2008A, 5.250%, 10/01/38 | 10/18 at 100.00 | A– | 1,943,931 |
| | New Jersey Transportation Trust Fund Authority, Federal Highway Aid Grant Anticipation Bonds, Series 2006: | | | |
| 2,120 | 5.000%, 6/15/17 – FGIC Insured | 6/16 at 100.00 | AA– | 2,231,830 |
| 3,750 | 5.000%, 6/15/18 – FGIC Insured | 6/16 at 100.00 | AA– | 3,946,913 |
| 34,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Capital Appreciation Series 2010A, 0.000%, 12/15/30 | No Opt. Call | A– | 16,166,320 |
| 8,100 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Refunding Series 2006A, 5.500%, 12/15/22 | No Opt. Call | A– | 9,311,841 |
| 9,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2004B, 5.500%, 12/15/16 – NPFG Insured | No Opt. Call | AA– | 9,680,940 |
| | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C: | | | |
| 21,000 | 0.000%, 12/15/32 – AGM Insured | No Opt. Call | AA | 9,284,100 |
| 34,855 | 0.000%, 12/15/33 – AGM Insured | No Opt. Call | AA | 14,712,296 |
| 30,310 | 0.000%, 12/15/34 – AGM Insured | No Opt. Call | AA | 12,144,611 |
| 7,500 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2007A, 5.000%, 12/15/26 – AMBAC Insured | 12/17 at 100.00 | A– | 8,158,125 |
| 7,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2010D, 5.000%, 12/15/24 | No Opt. Call | A– | 7,806,190 |
| | Passaic County Improvement Authority, New Jersey, Lease Revenue Bonds, Preakness Healthcare Center Expansion Project, Series 2012: | | | |
| 865 | 5.000%, 5/01/21 | No Opt. Call | Aa3 | 997,198 |
| 4,560 | 3.500%, 5/01/35 | 5/22 at 100.00 | Aa3 | 4,514,628 |
| 2,640 | Puerto Rico Convention Center District Authority, Hotel Occupancy Tax Revenue Bonds, Series 2006A, 4.500%, 7/01/36 – CIFG Insured | 7/16 at 100.00 | CCC+ | 2,238,456 |
| 2,500 | Union County Improvement Authority, New Jersey, General Obligation Lease Bonds, County College Facility Project, Series 2014B, 5.000%, 2/01/20 | No Opt. Call | AA+ | 2,894,350 |

NXJ Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Tax Obligation/Limited (continued) | | | |
| | Union County Improvement Authority, New Jersey, General Obligation Lease Bonds, Juvenile Detention Center Facility Project, Tender Option Bond Trust 1392: | | | |
| $ 285 | 24.384%, 5/01/28 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | $ 650,336 |
| 285 | 24.467%, 5/01/29 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 652,579 |
| 200 | 24.467%, 5/01/30 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 460,040 |
| 370 | 24.210%, 5/01/31 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 850,848 |
| 385 | 24.344%, 5/01/32 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 887,745 |
| 400 | 24.348%, 5/01/33 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 925,180 |
| 415 | 24.467%, 5/01/34 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 958,609 |
| 3,975 | Union County Improvement Authority, New Jersey, Lease Revenue Refunding Bonds, City of Plainfield – Park Madison Redevelopment Project, Tender Option Trust 1145, 17.454%, 3/01/34 (IF) (4) | No Opt. Call | AA+ | 7,742,426 |
| 3,550 | Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Subordinate Lien Series 2010B, 5.250%, 10/01/29 | 10/20 at 100.00 | Baa2 | 3,894,563 |
| 272,685 | Total Tax Obligation/Limited | | | 223,928,426 |
| | Transportation – 27.1% (18.7% of Total Investments) | | | |
| 5,550 | Casino Reinvestment Development Authority, New Jersey, Parking Revenue Bonds, Series 2005A, 5.250%, 6/01/20 – NPFG Insured | 6/15 at 100.00 | AA– | 5,569,480 |
| 2,400 | Delaware River and Bay Authority, Delaware and New Jersey, Revenue Bonds, Series 2012A, 5.000%, 1/01/42 | 1/23 at 100.00 | A1 | 2,674,368 |
| | Delaware River and Bay Authority, Delaware and New Jersey, Revenue Bonds, Series 2014A: | | | |
| 1,285 | 5.000%, 1/01/34 | 1/24 at 100.00 | A1 | 1,459,888 |
| 5,890 | 4.125%, 1/01/39 | 1/24 at 100.00 | A1 | 6,154,049 |
| 7,800 | 5.000%, 1/01/44 | 1/24 at 100.00 | A1 | 8,773,518 |

| | | | | |
|---|---|---|---|---|
| | Delaware River Joint Toll Bridge Commission, New Jersey and Pennsylvania, Bridge System Revenue Bonds, Refunding Series 2015: | | | |
| 440 | 3.000%, 7/01/27 – BAM Insured | 7/25 at 100.00 | AA | 433,233 |
| 1,000 | 4.000%, 7/01/34 – BAM Insured | 7/25 at 100.00 | AA | 1,028,610 |
| 2,820 | 4.000%, 7/01/35 – BAM Insured | 7/25 at 100.00 | AA | 2,886,242 |
| | Delaware River Joint Toll Bridge Commission, Pennsylvania, Revenue Bonds, Refunding Series 2012A: | | | |
| 2,115 | 5.000%, 7/01/24 | 7/22 at 100.00 | A1 | 2,472,879 |
| 1,105 | 5.000%, 7/01/25 | 7/22 at 100.00 | A1 | 1,281,347 |
| 650 | 4.000%, 7/01/26 | 7/22 at 100.00 | A1 | 701,214 |
| 625 | 4.000%, 7/01/27 | 7/22 at 100.00 | A1 | 667,737 |
| | Delaware River Port Authority, New Jersey and Pennsylvania, Revenue Bonds, Series 2010E: | | | |
| 1,000 | 5.000%, 1/01/40 – AGM Insured | 1/20 at 100.00 | AA | 1,109,920 |
| 5,000 | 5.000%, 1/01/40 | 1/20 at 100.00 | A | 5,525,200 |
| 7,035 | Delaware River Port Authority, New Jersey and Pennsylvania, Revenue Bonds, Series 2013, 5.000%, 1/01/40 | 1/24 at 100.00 | A | 7,907,410 |
| | Delaware River Port Authority, Pennsylvania and New Jersey, Revenue Refunding Bonds, Port District Project, Series 2012: | | | |
| 1,635 | 5.000%, 1/01/25 | No Opt. Call | BBB | 1,876,179 |
| 1,350 | 5.000%, 1/01/26 | No Opt. Call | BBB | 1,536,678 |
| 3,595 | 5.000%, 1/01/27 | No Opt. Call | BBB | 4,080,217 |
| 5,555 | New Jersey Economic Development Authority, Private Activity Bonds, The Goethals Bridge Replacement Project, Series 2013, 5.625%, 1/01/52 (Alternative Minimum Tax) | 1/24 at 100.00 | BBB– | 6,225,600 |
| | New Jersey Economic Development Authority, Special Facilities Revenue Bonds, Continental Airlines Inc., Series 1999: | | | |
| 1,000 | 5.125%, 9/15/23 (Alternative Minimum Tax) | 9/15 at 100.00 | B+ | 1,103,700 |
| 1,800 | 5.250%, 9/15/29 (Alternative Minimum Tax) | 9/22 at 101.00 | B+ | 1,978,110 |
| 2,250 | New Jersey Economic Development Authority, Special Facilities Revenue Bonds, Continental | 3/24 at 101.00 | B+ | 2,536,807 |

| | |
|---|---|
| | Airlines Inc., Series 2000A & 2000B, 5.625%, 11/15/30 (Alternative Minimum Tax) |

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Transportation (continued) | | | |
| | New Jersey Transit Corporation, Grant Anticipation Notes, Federal Transit Administration Section 5307 Urbanized Area Formula Funds, Series 2014A: | | | |
| $ 6,000 | 5.000%, 9/15/20 | No Opt. Call | A | $ 6,849,360 |
| 5,750 | 5.000%, 9/15/21 | No Opt. Call | A | 6,625,437 |
| | New Jersey Turnpike Authority, Revenue Bonds, Series 1991C: | | | |
| 30 | 6.500%, 1/01/16 | No Opt. Call | A3 | 31,235 |
| 225 | 6.500%, 1/01/16 – AMBAC Insured | No Opt. Call | A3 | 234,265 |
| 510 | 6.500%, 1/01/16 – NPFG Insured | No Opt. Call | AA– | 531,002 |
| 3,065 | New Jersey Turnpike Authority, Revenue Bonds, Series 2005A, 5.250%, 1/01/29 – AGM Insured | No Opt. Call | AA | 3,759,958 |
| 7,500 | New Jersey Turnpike Authority, Revenue Bonds, Series 2009I, 5.000%, 1/01/35 | 1/20 at 100.00 | A+ | 8,251,425 |
| 7,620 | New Jersey Turnpike Authority, Revenue Bonds, Series 2012B, 5.000%, 1/01/28 | 1/23 at 100.00 | A+ | 8,684,895 |
| 3,625 | New Jersey Turnpike Authority, Revenue Bonds, Tender Option Bond Trust 1154, 17.041%, 1/01/43 (IF) (4) | 7/22 at 100.00 | A+ | 5,066,844 |
| 2,100 | Passaic County Improvement Authority, New Jersey, County Guaranteed Parking Revenue Bonds, 200 Hospital Plaza Project, Series 2010, 5.000%, 5/01/42 | 5/20 at 100.00 | Aa3 | 2,339,169 |
| 2,750 | Passaic County Improvement Authority, New Jersey, Revenue Bonds, Paterson Parking Deck Facility, Series 2005, 5.000%, 4/15/35 – AGM Insured | 7/15 at 100.00 | A2 | 2,759,432 |
| | Port Authority of New York and New Jersey, Consolidated Revenue Bonds, One Hundred Fortieth Series 2005: | | | |
| 11,000 | 5.000%, 12/01/28 – SYNCORA GTY Insured | 6/15 at 101.00 | AA– | 11,155,100 |
| 7,500 | 5.000%, 12/01/34 | 6/15 at 101.00 | AA– | 7,605,750 |
| 1,895 | Port Authority of New York and New Jersey, Consolidated Revenue Bonds, One Hundred Forty Eighth Series 2008, Trust 2920, 17.902%, 8/15/32 – AGM Insured (IF) | 8/17 at 100.00 | AA | 2,552,262 |
| 7,225 | Port Authority of New York and New Jersey, Consolidated Revenue Bonds, One Hundred Seventy Ninth Series 2013, 5.000%, 12/01/43 | 12/23 at 100.00 | AA– | 8,159,698 |

| | | | | |
|---|---|---|---|---|
| 6,700 | Port Authority of New York and New Jersey, Consolidated Revenue Bonds, One Hundred Seventy Seventh Series 2013, 4.000%, 1/15/43 (Alternative Minimum Tax) | 1/23 at 100.00 | AA– | 6,717,353 |
| | Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air Terminal LLC, Sixth Series 1997: | | | |
| 19,655 | 5.750%, 12/01/22 – NPFG Insured (Alternative Minimum Tax) | 6/15 at 100.00 | AA– | 19,764,478 |
| 12,130 | 5.750%, 12/01/25 – NPFG Insured (Alternative Minimum Tax) | 6/15 at 100.00 | AA– | 12,166,511 |
| 167,180 | Total Transportation | | | 181,236,560 |
| | U.S. Guaranteed – 15.5% (10.7% of Total Investments) (5) | | | |
| | Gloucester County Improvement Authority, New Jersey, Lease Revenue Bonds, Series 2005A: | | | |
| 1,000 | 5.000%, 9/01/21 (Pre-refunded 9/01/15) – NPFG Insured | 9/15 at 100.00 | AA (5) | 1,016,280 |
| 1,420 | 5.000%, 9/01/22 (Pre-refunded 9/01/15) – NPFG Insured | 9/15 at 100.00 | AA (5) | 1,443,118 |
| 375 | Guam Government Waterworks Authority, Water and Wastewater System Revenue Bonds, Series 2005, 6.000%, 7/01/25 (Pre-refunded 7/01/15) | 7/15 at 100.00 | A– (5) | 378,611 |
| 8,500 | Jersey City, New Jersey, General Obligation Bonds, Series 2006A, 5.000%, 9/01/22 (Pre-refunded 9/01/16) – AMBAC Insured | 9/16 at 100.00 | A1 (5) | 9,026,830 |
| | New Jersey Building Authority, State Building Revenue Bonds, Series 2007A: | | | |
| 7,005 | 5.000%, 6/15/26 (Pre-refunded 6/15/16) | 6/16 at 100.00 | AA+ (5) | 7,375,424 |
| 1,785 | 5.000%, 6/15/27 (Pre-refunded 6/15/16) | 6/16 at 100.00 | AA+ (5) | 1,879,391 |
| 95 | New Jersey Economic Development Authority, Cigarette Tax Revenue Bonds, Series 2004, 5.500%, 6/15/16 (ETM) | No Opt. Call | Aaa | 100,493 |
| 1,190 | New Jersey Economic Development Authority, Revenue Bonds, Yeshiva Ktana of Passaic, Series 1993, 8.000%, 9/15/18 (ETM) | No Opt. Call | N/R (5) | 1,342,855 |

NXJ Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | U.S. Guaranteed (5) (continued) | | | |
| | New Jersey Economic Development Authority, School Facilities Construction Financing Program Bonds, Series 2007U: | | | |
| $ 2,625 | 5.000%, 9/01/37 (Pre-refunded 9/01/17) – AMBAC Insured | 9/17 at 100.00 | AAA | $ 2,880,990 |
| 5,435 | 5.000%, 9/01/37 (Pre-refunded 9/01/17) | 9/17 at 100.00 | AAA | 5,965,021 |
| 3,080 | New Jersey Educational Facilities Authority, Revenue Bonds, Kean University, Series 2005B, 5.000%, 7/01/30 (Pre-refunded 7/01/16) – NPFG Insured | 7/16 at 100.00 | AA– (5) | 3,246,813 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, Montclair State University, Series 2005F: | | | |
| 1,225 | 5.000%, 7/01/16 (Pre-refunded 7/01/15) – FGIC Insured | 7/15 at 100.00 | A1 (5) | 1,234,947 |
| 700 | 5.000%, 7/01/17 (Pre-refunded 7/01/15) – FGIC Insured | 7/15 at 100.00 | A1 (5) | 705,684 |
| 2,000 | 5.000%, 7/01/18 (Pre-refunded 7/01/15) – FGIC Insured | 7/15 at 100.00 | A1 (5) | 2,016,240 |
| 1,000 | 5.000%, 7/01/24 (Pre-refunded 7/01/15) – FGIC Insured | 7/15 at 100.00 | A1 (5) | 1,008,120 |
| 1,695 | 5.000%, 7/01/32 (Pre-refunded 7/01/15) – FGIC Insured | 7/15 at 100.00 | A1 (5) | 1,708,763 |
| 25 | New Jersey Educational Facilities Authority, Revenue Bonds, University of Medicine and Dentistry of New Jersey, Refunding Series 2009B, 6.000%, 12/01/17 (ETM) | No Opt. Call | N/R (5) | 27,603 |
| | New Jersey Educational Facilities Authority, Revenue Bonds, University of Medicine and Dentistry of New Jersey, Refunding Series 2009B: | | | |
| 25 | 6.500%, 12/01/19 (Pre-refunded 6/01/19) | 6/19 at 100.00 | N/R (5) | 30,245 |
| 100 | 6.500%, 12/01/20 (Pre-refunded 6/01/19) | 6/19 at 100.00 | N/R (5) | 120,982 |
| 5 | 7.125%, 12/01/23 (Pre-refunded 6/01/19) | 6/19 at 100.00 | N/R (5) | 6,173 |
| | New Jersey Health Care Facilities Financing Authority, Lease Revenue Bonds, Department of Human Services – Greystone Park Psychiatric Hospital, Series 2005: | | | |
| 4,465 | 5.000%, 9/15/18 (Pre-refunded 9/15/15) – AMBAC Insured | 9/15 at 100.00 | A– (5) | 4,546,084 |

| | | | | |
|---|---|---|---|---|
| 9,455 | 5.000%, 9/15/24 (Pre-refunded 9/15/15) – AMBAC Insured | 9/15 at 100.00 | A– (5) | 9,626,703 |
| 3,000 | 5.000%, 9/15/28 (Pre-refunded 9/15/15) – AMBAC Insured | 9/15 at 100.00 | A– (5) | 3,054,480 |
| 860 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Children's Specialized Hospital, Series 2005A, 5.500%, 7/01/36 (Pre-refunded 7/01/15) | 7/15 at 100.00 | BBB+ (5) | 867,559 |
| 2,040 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Hunterdon Medical Center, Series 2006B, 5.000%, 7/01/36 (Pre-refunded 7/01/16) | 7/16 at 100.00 | A– (5) | 2,151,466 |
| 1,340 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Hunterdon Medical Center, Series 2006, 5.125%, 7/01/35 (Pre-refunded 7/01/16) | 7/16 at 100.00 | A– (5) | 1,415,174 |
| 85 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, South Jersey Hospital System, Refunding Series 2006, 5.000%, 7/01/46 (Pre-refunded 7/01/16) | 7/16 at 100.00 | N/R (5) | 89,644 |
| 3,805 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, St. Clare's Hospital, Series 2004A, 5.250%, 7/01/20 – RAAI Insured (ETM) | 7/20 at 100.00 | AA (5) | 4,499,679 |
| 1,500 | New Jersey Sports and Exposition Authority, Convention Center Luxury Tax Bonds, Series 2004, 5.500%, 3/01/22 – NPFG Insured (ETM) | No Opt. Call | AA– (5) | 1,861,320 |
| 7,045 | New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2005A, 5.000%, 9/15/18 (Pre-refunded 9/15/15) – FGIC Insured | 9/15 at 100.00 | AA– (5) | 7,171,810 |
| 2,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2005B, 5.250%, 12/15/18 (Pre-refunded 12/15/15) – FGIC Insured | 12/15 at 100.00 | AA+ (5) | 2,063,380 |
| 6,945 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2005D, 5.000%, 6/15/19 (Pre-refunded 6/15/15) – AGM Insured | 6/15 at 100.00 | AA+ (5) | 6,986,601 |
| | New Jersey Turnpike Authority, Revenue Bonds, Series 1991C: | | | |
| 15 | 6.500%, 1/01/16 (ETM) | No Opt. Call | A3 (5) | 15,629 |
| 125 | 6.500%, 1/01/16 – AMBAC Insured (ETM) | No Opt. Call | A3 (5) | 130,244 |
| 265 | 6.500%, 1/01/16 – NPFG Insured (ETM) | No Opt. Call | AA– (5) | 276,117 |
| 950 | 6.500%, 1/01/16 (ETM) | No Opt. Call | AA+ (5) | 989,919 |
| 275 | 6.500%, 1/01/16 – NPFG Insured (ETM) | No Opt. Call | AA– (5) | 286,536 |
| 120 | 6.500%, 1/01/16 – AMBAC Insured (ETM) | No Opt. Call | A3 (5) | 125,034 |
| 610 | 6.500%, 1/01/16 (ETM) | | AA+ (5) | 635,590 |

| | | | | |
|---|---|---|---|---|
| | | No Opt. Call | | |
| 100 | 6.500%, 1/01/16 – AMBAC Insured (ETM) | No Opt. Call | A3 (5) | 104,195 |

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | U.S. Guaranteed (5) (continued) | | | |
| $ 15,840 | North Hudson Sewerage Authority, New Jersey, Sewerage Revenue Refunding Bonds, Series 2001A, 0.000%, 8/01/23 – NPFG Insured (ETM) | No Opt. Call | A3 (5) | $ 13,386,226 |
| 2,125 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/35 (Pre-refunded 7/01/15) – FGIC Insured | 7/15 at 100.00 | AA+ (5) | 2,141,617 |
| 102,250 | Total U.S. Guaranteed | | | 103,939,590 |
| | Utilities – 1.8% (1.2% of Total Investments) | | | |
| 1,510 | Industrial Pollution Control Financing Authority of Cape May County (New Jersey), Pollution Control Revenue Refunding Bonds, 1991 Series A (Atlantic City Electric Company Project), 6.800%, 3/01/21 – NPFG Insured | No Opt. Call | AA– | 1,837,051 |
| | New Jersey Economic Development Authority, Energy Facilities Revenue Bonds, UMM Energy Partners, LLC Project, Series 2012A: | | | |
| 1,000 | 4.750%, 6/15/32 (Alternative Minimum Tax) | No Opt. Call | Baa3 | 1,040,080 |
| 1,225 | 5.125%, 6/15/43 (Alternative Minimum Tax) | 6/22 at 100.00 | Baa3 | 1,298,353 |
| 5,000 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds, New Jersey-American Water Company Inc. Project, Refunding Series 2010B, 5.600%, 11/01/34 (Alternative Minimum Tax) | 5/20 at 100.00 | A1 | 5,651,850 |
| 2,040 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds, New Jersey-American Water Company Inc. Project, Refunding Series 2010D, 4.875%, 11/01/29 (Alternative Minimum Tax) | 11/20 at 100.00 | A1 | 2,190,919 |
| 10,775 | Total Utilities | | | 12,018,253 |
| | Water and Sewer – 6.2% (4.3% of Total Investments) | | | |
| | Bergen County Utilities Authority, New Jersey, Water Pollution Control System Revenue Bonds, Refunding Series 2014: | | | |
| 540 | 3.000%, 12/15/28 | 12/24 at 100.00 | AA– | 525,393 |
| 515 | 3.000%, 12/15/29 | 12/24 at 100.00 | AA– | 496,970 |
| 1,000 | 3.125%, 12/15/30 | 12/24 at 100.00 | AA– | 967,590 |
| 1,000 | 3.125%, 12/15/31 | 12/24 at 100.00 | AA– | 957,040 |
| | New Jersey Economic Development Authority, Water Facilities Revenue Bonds, Middlesex Water | | | |

| | | | | | |
|---|---|---|---|---|---|
| | | Company, Series 2012C: | | | |
| | 1,460 | 5.000%, 10/01/23 | No Opt. Call | A | 1,732,494 |
| | 15,670 | 4.250%, 10/01/47 (Alternative Minimum Tax) | 10/22 at 100.00 | A | 15,895,648 |
| | 1,680 | New Jersey Environmental Infrastructure Trust, Environmental Infrastructure Bonds, Series 2012A, 3.250%, 9/01/31 | 9/21 at 100.00 | AAA | 1,692,466 |
| | 6,270 | New Jersey Environmental Infrastructure Trust, Environmental Infrastructure Bonds, Tender Option Bond Trust 4729, 7.418%, 9/01/21 (IF) (4) | No Opt. Call | AAA | 8,109,430 |
| | 1,650 | New Jersey Water Supply Authority, Water Supply Authority Bonds, Manasquan Reservoir, Series 2005, 5.000%, 8/01/31 – NPFG Insured | 8/15 at 100.00 | AA | 1,667,325 |
| | | North Hudson Sewerage Authority, New Jersey, Gross Revenue Senior Lien Lease Certificates, Series 2012A: | | | |
| | 3,820 | 5.000%, 6/01/27 – NPFG Insured | 6/22 at 100.00 | A | 4,312,398 |
| | 4,000 | 5.000%, 6/01/42 – NPFG Insured | 6/22 at 100.00 | A | 4,355,200 |
| | 660 | Wanaque Valley Regional Sewer Authority, Passaic County, New Jersey, Sewer Revenue Refunding Bonds, Series 1993B, 5.750%, 9/01/18 – AMBAC Insured | No Opt. Call | A2 | 700,399 |
| | 38,265 | Total Water and Sewer | | | 41,412,353 |
| $ | 971,210 | Total Municipal Bonds (cost $912,064,123) | | | 967,170,129 |

NXJ Nuveen New Jersey Dividend Advantage Municipal Fund
Portfolio of Investments (continued) April 30, 2015

| Shares | Description (1) | | Value |
|---|---|---|---|
| | COMMON STOCKS – 0.3% (0.2% of Total Investments) | | |
| | Airlines – 0.3% (0.2% of Total Investments) | | |
| 46,862 | American Airlines Group Inc., (6) | $ | 2,262,732 |
| | Total Common Stocks (cost $0) | | 2,262,732 |
| | Total Long-Term Investments (cost $912,064,123) | | 969,432,861 |
| | Variable Rate Demand Preferred Shares, at Liquidation Value – (46.9)% (7) | | (313,900,000) |
| | Other Assets Less Liabilities – 1.9% | | 13,136,729 |
| | Net Assets Applicable to Common Shares – 100% | $ | 668,669,590 |

(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 (not covered by the report of independent registered public accounting firm): 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 (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

(4) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.

(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. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.

(6) On November 28, 2011, AMR Corp. ("AMR"), the parent company of American Airlines Group, Inc. ("AAL") filed for federal bankruptcy protection. On December 9, 2013, AMR emerged from federal bankruptcy with the acceptance of its reorganization plan by the bankruptcy court. Under the settlement agreement established to meet AMR's unsecured bond obligations, the bondholders, including the Fund, received a distribution of AAL preferred stock which was converted to AAL common stock over a 120-day period. Every 30 days, a quarter of the preferred stock was converted to AAL common stock based on the 5-day volume-weighted average price and the amount of preferred shares tendered during the optional preferred conversion period.

(7) Variable Rate Demand Preferred Shares, at Liquidation Value as a percentage of Total Investments is 32.4%.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(WI/DD) Investment, or portion of investment, purchased on a when-issued or delayed delivery basis.

See accompanying notes to financial statements.

NJV

Nuveen New Jersey Municipal Value Fund
Portfolio of Investments April 30, 2015

| | Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | | Value |
|---|---|---|---|---|---|---|
| | | LONG-TERM INVESTMENTS – 103.8% (100.0% of Total Investments) | | | | |
| | | MUNICIPAL BONDS – 101.0% (97.3% of Total Investments) | | | | |
| | | Consumer Staples – 3.2% (3.0% of Total Investments) | | | | |
| | | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A: | | | | |
| $ | 150 | 4.750%, 6/01/34 | 6/17 at 100.00 | B2 | $ | 116,322 |
| | 870 | 5.000%, 6/01/41 | 6/17 at 100.00 | B2 | | 684,307 |
| | 1,020 | Total Consumer Staples | | | | 800,629 |
| | | Education and Civic Organizations – 12.5% (12.1% of Total Investments) | | | | |
| | 110 | Camden County Improvement Authority, New Jersey, Lease Revenue Bonds Rowan University School of Osteopathic Medicine Project, Series 2013A, 5.000%, 12/01/32 | 12/23 at 100.00 | A | | 123,007 |
| | 40 | Gloucester County Improvement Authority, New Jersey, Revenue Bonds, Rowan University Projects, Series 2015A, 3.375%, 7/01/36 – AGM Insured | 7/25 at 100.00 | AA | | 38,125 |
| | 115 | New Jersey Economic Development Authority, Revenue Bonds, The Seeing Eye Inc., Refunding Series 2015, 5.000%, 3/01/25 | No Opt. Call | A | | 139,672 |
| | 45 | New Jersey Economic Development Authority, Rutgers University General Obligation Lease Revenue Bonds, Tender Option Bond Trust 3359, 18.083%, 6/15/46 (IF) (4) | 6/23 at 100.00 | AA– | | 66,056 |
| | 900 | New Jersey Educational Facilities Authority, Revenue Bonds, Kean University, Refunding Series 2009A, 5.500%, 9/01/36 | 9/19 at 100.00 | A2 | | 1,025,892 |
| | 155 | New Jersey Educational Facilities Authority, Revenue Bonds, New Jersey City University, Series 2015A, 5.000%, 7/01/45 | 7/25 at 100.00 | AA | | 173,476 |
| | | New Jersey Educational Facilities Authority, Revenue Bonds, Rider University, Series 2012A: | | | | |
| | 50 | 5.000%, 7/01/32 | 7/21 at 100.00 | BBB+ | | 53,668 |
| | 30 | 5.000%, 7/01/37 | 7/21 at 100.00 | BBB+ | | 32,081 |

| | | | | |
|---|---|---|---|---|
| 75 | New Jersey Educational Facilities Authority, Revenue Bonds, Seton Hall University, Series 2013D, 5.000%, 7/01/38 | 7/23 at 100.00 | A | 82,790 |
| 1,000 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2009A, 5.625%, 6/01/30 | 6/19 at 100.00 | AA | 1,108,540 |
| 30 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2010-2, 5.000%, 12/01/30 | 12/20 at 100.00 | Aa3 | 32,343 |
| 100 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2012-1B, 5.750%, 12/01/39 (Alternative Minimum Tax) | 12/22 at 100.00 | A | 108,590 |
| 100 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Tender Option Bond Trust 4736, 11.649%, 12/01/23 (Alternative Minimum Tax) (IF) (4) | 12/22 at 100.00 | AA | 108,048 |
| 60 | Rutgers State University, New Jersey, Revenue Bonds, Tender Option Bond Trust 3339, 17.903%, 5/01/43 (IF) (4) | 5/23 at 100.00 | AA– | 90,142 |
| 2,810 | Total Education and Civic Organizations | | | 3,182,430 |
| | Health Care – 19.2% (18.5% of Total Investments) | | | |
| 105 | Camden County Improvement Authority, New Jersey, Health Care Redevelopment Revenue Bonds, Cooper Health System Obligated Group Issue, Refunding Series 2014A, 5.000%, 2/15/25 | No Opt. Call | BBB+ | 120,561 |
| 100 | Camden County Improvement Authority, New Jersey, Health Care Redevelopment Revenue Bonds, Cooper Health System Obligated Group Issue, Series 2013A, 5.750%, 2/15/42 | 2/23 at 100.00 | BBB+ | 114,015 |
| 105 | Illinois Finance Authority, Revenue Bonds, OSF Healthcare System, Series 2007A, 5.750%,5.750%, 11/15/37 | 11/17 at 100.00 | A | 114,327 |
| 5 | New Jersey Health Care Facilities Finance Authority, Revenue Bonds, AHS Hospital Corporation, Series 2008A, 5.125%, 7/01/22 | 7/18 at 100.00 | A+ | 5,529 |

NJV Nuveen New Jersey Municipal Value Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Health Care (continued) | | | |
| $ 2,000 | New Jersey Health Care Facilities Financing Authority, Hospital Revenue Bonds, Virtua Health, Series 2009A, 5.500%, 7/01/38 – AGC Insured (UB) (4) | 7/19 at 100.00 | AA | $ 2,231,900 |
| 100 | New Jersey Health Care Facilities Financing Authority, Revenue and Refunding Bonds, Palisades Medical Center Obligated Group Issue, Series 2013, 5.250%, 7/01/31 | 7/23 at 100.00 | BBB | 110,207 |
| 100 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Hunterdon Medical Center, Refunding Series 2014A, 4.000%, 7/01/45 | 7/24 at 100.00 | A | 97,009 |
| 20 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Meridian Health System Obligated Group, Refunding Series 2011, 5.000%, 7/01/21 | No Opt. Call | A+ | 23,664 |
| 100 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Meridian Health, Series 2007, 5.000%, 7/01/38 – AGC Insured | 7/18 at 100.00 | AA | 106,781 |
| 110 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Robert Wood Johnson University Hospital Issue, Series 2014A, 5.000%, 7/01/39 | 7/24 at 100.00 | A | 121,253 |
| 100 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Robert Wood Johnson University Hospital, Series 2013A, 5.500%, 7/01/43 | 7/23 at 100.00 | A | 115,753 |
| 70 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Barnabas Health Care System, Refunding Series 2011A, 5.625%, 7/01/37 | 7/21 at 100.00 | A– | 79,621 |
| 750 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Joseph's Healthcare System Obligated Group Issue, Series 2008, 6.000%, 7/01/18 | No Opt. Call | BBB– | 803,835 |
| 100 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Luke's Warren Hospital Obligated Group, Series 2013, 4.000%, 8/15/37 | 8/23 at 100.00 | A– | 99,338 |
| 705 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, South Jersey Hospital System, Refunding Series 2006, 5.000%, 7/01/36 | 7/16 at 100.00 | A2 | 726,072 |
| 4,470 | Total Health Care | | | 4,869,865 |

| | | | | |
|---|---|---|---|---|
| | Housing/Multifamily – 6.5% (6.2% of Total Investments) | | | |
| 100 | New Jersey Economic Development Authority, Revenue Bonds, Provident Group – Rowan Properties LLC – Rowan University Student Housing Project, Series 2015A, 5.000%, 1/01/48 (WI/DD, Settling 5/01/15) | 1/25 at 100.00 | BBB– | 105,980 |
| 155 | New Jersey Economic Development Authority, Revenue Bonds, West Campus Housing LLC – New Jersey City University Student Housing Project, Series 2015, 5.000%, 7/01/47 | 7/25 at 100.00 | BBB– | 160,619 |
| | New Jersey Economic Development Authority, Student Housing Revenue Bonds, Provident Group-Montclair Properties LLC, Montclair State University Student Housing Project, Series 2010A: | | | |
| 100 | 5.750%, 6/01/31 | 6/20 at 100.00 | Baa3 | 112,178 |
| 50 | 5.875%, 6/01/42 | 6/20 at 100.00 | Baa3 | 55,919 |
| 1,000 | New Jersey Housing and Mortgage Finance Agency, Multifamily Revenue Bonds, Series 2009A, 4.950%, 5/01/41 | 11/19 at 100.00 | AA– | 1,018,560 |
| 60 | New Jersey Housing and Mortgage Finance Agency, Multifamily Revenue Bonds, Series 2015A, 4.000%, 11/01/45 | 11/24 at 100.00 | AA– | 60,047 |
| 130 | New Jersey Housing and Mortgage Finance Agency, Multifamily Revenue Bonds, Series 2015B, 1.000%, 11/01/17 | No Opt. Call | AA– | 129,999 |
| 1,595 | Total Housing/Multifamily | | | 1,643,302 |
| | Housing/Single Family – 1.2% (1.2% of Total Investments) | | | |
| 305 | New Jersey Housing & Mortgage Finance Agency, Single Family Home Mortgage Revenue Bonds, Series 2011A, 4.500%, 10/01/29 | 10/21 at 100.00 | Aa2 | 313,510 |
| | Long-Term Care – 1.4% (1.3% of Total Investments) | | | |
| 160 | Burlington County Bridge Commission, New Jersey, Economic Development Revenue Bonds, The Evergreens Project, Series 2007, 5.625%, 1/01/38 | 1/18 at 100.00 | N/R | 165,323 |
| 15 | New Jersey Economic Development Authority, Fixed Rate Revenue Bonds, Lions Gate Project, Series 2014, 5.250%, 1/01/44 | 1/24 at 100.00 | N/R | 15,695 |
| 140 | New Jersey Economic Development Authority, Revenue Bonds, United Methodist Homes of New Jersey Obligated Group Issue, Refunding Series 2013, 5.000%, 7/01/34 | 7/23 at 100.00 | BBB– | 148,415 |

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Long-Term Care (continued) | | | |
| $ 20 | New Jersey Economic Development Authority, Revenue Bonds, United Methodist Homes of New Jersey Obligated Group Issue, Refunding Series 2014A, 5.000%, 7/01/29 | 7/24 at 100.00 | BBB– | $ 21,641 |
| 335 | Total Long-Term Care | | | 351,074 |
| | Tax Obligation/General – 9.7% (9.3% of Total Investments) | | | |
| 100 | Bloomfield Township Board of Education, Essex County, New Jersey, General Obligation Bonds, Series 2011, 3.000%, 9/01/16 | No Opt. Call | A | 103,138 |
| 10 | Hillsborough Township School District, Somerset County, New Jersey, General Obligation School Bonds, Series 2001, 5.375%, 10/01/16 – AGM Insured | No Opt. Call | AA | 10,670 |
| 150 | Monmouth County Improvement Authority, New Jersey, Governmental Loan Revenue Bonds, Series 2006, 5.000%, 12/01/15 – AMBAC Insured | No Opt. Call | N/R | 153,818 |
| | Monmouth County Improvement Authority, New Jersey, Governmental Loan Revenue Bonds, Series 2007: | | | |
| 50 | 5.000%, 12/01/15 – AMBAC Insured | No Opt. Call | N/R | 51,264 |
| 150 | 5.000%, 12/01/16 – AMBAC Insured | No Opt. Call | N/R | 159,202 |
| 200 | Monroe Township Board of Education of Gloucester County, New Jersey, General Obligation Bond, Refunding Series 2014, 3.000%, 3/01/17 | No Opt. Call | AA– | 208,228 |
| 45 | Monroe Township Board of Education, Middlesex County, New Jersey, General Obligation Bonds, Refunding Series 2011, 4.000%, 9/15/15 | No Opt. Call | AA– | 45,603 |
| 110 | Monroe Township Board of Education, Middlesex County, New Jersey, General Obligation Bonds, Refunding Series 2015, 5.000%, 3/01/38 | 3/25 at 100.00 | AA– | 125,296 |
| 20 | Montclair Township, Essex County, New Jersey, General Obligation Bonds, Parking Utility, Refunding Series 2014A, 5.000%, 1/01/37 | 1/24 at 100.00 | AA+ | 22,609 |
| 500 | Newark Housing Authority, New Jersey, City-Secured Police Facility Revenue Bonds, South Ward Police Facility, Series 2009A, 6.750%, 12/01/38 – AGC Insured | 12/19 at 100.00 | A3 | 595,725 |
| 30 | North Bergen Township, New Jersey, General Obligation Bonds, General Improvement Series 2009, 4.000%, 2/01/17 | No Opt. Call | AA– | 31,679 |
| 350 | South Brunswick Township Board of Education, Middlesex County, New Jersey, General Obligation | No Opt. Call | AA+ | 352,496 |

| | | | | |
|---|---|---|---|---|
| | Bonds, Refunding School Series 2014, 3.000%, 8/01/15 | | | |
| 25 | South Brunswick Township, Middlesex County, New Jersey, General Obligation Bonds, Refunding Series 2014, 3.000%, 9/01/17 | No Opt. Call | AA | 26,228 |
| 100 | Sussex County, New Jersey, General Obligation Bonds, Refunding Series 2014, 4.000%, 2/15/22 | No Opt. Call | AA+ | 113,371 |
| 80 | The Board of Education of the Township of Mount Olive, Morris County, New Jersey School Bonds, Refunding Series 2014, 2.000%, 1/15/16 | No Opt. Call | AA | 80,978 |
| 150 | Union County Utilities Authority, New Jersey, Resource Recovery Facility Lease Revenue Refunding Bonds, Covantan Union Inc. Lessee, Series 2011B, 5.250%, 12/01/31 (Alternative Minimum Tax) | 12/21 at 100.00 | AA+ | 163,933 |
| 170 | Union County Utilities Authority, New Jersey, Solid Waste System County Deficiency Revenue Bonds, Series 2011A, 5.000%, 6/15/41 | 6/21 at 100.00 | AA+ | 189,694 |
| 25 | Washington Borough, Warren County, New Jersey, General Obligation Bonds, Series 2008, 4.500%, 3/01/17 – AGM Insured | No Opt. Call | A2 | 26,628 |
| 2,265 | Total Tax Obligation/General | | | 2,460,560 |
| | Tax Obligation/Limited – 29.7% (28.6% of Total Investments) | | | |
| 250 | Burlington County Bridge Commission, New Jersey, Governmental Leasing Program Revenue Bonds, County Guaranteed, Refunding Series 2014, 3.000%, 8/15/16 | No Opt. Call | AA | 258,210 |
| 285 | Garden State Preservation Trust, New Jersey, Open Space and Farmland Preservation Bonds, Series 2005A, 5.750%, 11/01/28 – AGM Insured | No Opt. Call | AAA | 354,266 |
| 630 | Guam Government, Limited Obligation Section 30 Revenue Bonds, Series 2009A, 5.750%, 12/01/34 | 12/19 at 100.00 | BBB+ | 692,080 |

NJV Nuveen New Jersey Municipal Value Fund
Portfolio of Investments (continued) April 30, 2015

| Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|
| | Tax Obligation/Limited (continued) | | | |
| | New Jersey Economic Development Authority, Cigarette Tax Revenue Refunding Bonds, Series 2012: | | | |
| $ 250 | 5.000%, 6/15/25 | 6/22 at 100.00 | BBB+ | $ 279,872 |
| 400 | 5.000%, 6/15/28 | No Opt. Call | BBB+ | 438,012 |
| 700 | New Jersey Health Care Facilities Financing Authority, State Contract Bonds, Hospital Asset Transformation Program, Series 2008A, 5.250%, 10/01/38 | 10/18 at 100.00 | A– | 753,879 |
| 2,000 | New Jersey Health Care Facilities Financing Authority, State Contract Bonds, Hospital Asset Transformation Program, Series 2009A, 5.750%, 10/01/31 | 10/19 at 100.00 | A– | 2,276,600 |
| 3,380 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2009A, 0.000%, 12/15/39 | No Opt. Call | A– | 967,491 |
| 1,300 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 0.000%, 8/01/54 – AMBAC Insured | No Opt. Call | B | 91,546 |
| 110 | Union County Improvement Authority, New Jersey, General Obligation Lease Bonds, Juvenile Detention Center Facility Project, Tender Option Bond Trust 1392, 23.818%, 5/01/30 (WI/DD, Settling 5/07/15) (IF) | No Opt. Call | Aa1 | 249,121 |
| 1,000 | Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Senior Lien Series 2009A-1, 5.000%, 10/01/39 | 10/19 at 100.00 | BBB | 1,063,850 |
| 105 | Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Senior Lien Series 2010A, 5.000%, 10/01/29 | 10/20 at 100.00 | BBB | 114,442 |
| 10,410 | Total Tax Obligation/Limited | | | 7,539,369 |
| | Transportation – 10.7% (10.4% of Total Investments) | | | |
| 250 | Casino Reinvestment Development Authority, New Jersey, Parking Revenue Bonds, Series 2005A, 5.250%, 6/01/20 – NPFG Insured | 6/15 at 100.00 | AA– | 250,878 |
| | Delaware River and Bay Authority, Delaware and New Jersey, Revenue Bonds, Series 2014A: | | | |
| 150 | 4.125%, 1/01/39 | 1/24 at 100.00 | A1 | 156,724 |

| | | | | |
|---|---|---|---|---|
| 200 | 5.000%, 1/01/44 | 1/24 at 100.00 | A1 | 224,962 |
| 300 | Delaware River Port Authority, Pennsylvania and New Jersey, Revenue Refunding Bonds, Port District Project, Series 2012, 5.000%, 1/01/27 | No Opt. Call | BBB | 340,491 |
| 190 | New Jersey Economic Development Authority, Private Activity Bonds, The Goethals Bridge Replacement Project, Series 2013, 5.625%, 1/01/52 (Alternative Minimum Tax) | 1/24 at 100.00 | BBB– | 212,937 |
| 80 | New Jersey Economic Development Authority, Special Facilities Revenue Bonds, Continental Airlines Inc., Series 2000A & 2000B, 5.625%, 11/15/30 (Alternative Minimum Tax) | 3/24 at 101.00 | B+ | 90,198 |
| 200 | New Jersey Transit Corporation, Grant Anticipation Notes, Federal Transit Administration Section 5307 Urbanized Area Formula Funds, Series 2014A, 5.000%, 9/15/15 | No Opt. Call | A | 203,532 |
| | New Jersey Turnpike Authority, Revenue Bonds, Series 1991C: | | | |
| 35 | 6.500%, 1/01/16 | No Opt. Call | A3 | 36,441 |
| 10 | 6.500%, 1/01/16 – AMBAC Insured | No Opt. Call | A3 | 10,412 |
| 765 | New Jersey Turnpike Authority, Revenue Bonds, Series 2009E, 5.250%, 1/01/40 | 1/19 at 100.00 | A+ | 847,651 |
| 315 | Port Authority of New York and New Jersey, Consolidated Revenue Bonds, One Hundred Seventy Ninth Series 2013, 5.000%, 12/01/43 | 12/23 at 100.00 | AA– | 355,752 |
| 2,495 | Total Transportation | | | 2,729,978 |
| | U.S. Guaranteed – 5.5% (5.3% of Total Investments) (5) | | | |
| 140 | New Jersey Economic Development Authority, Cigarette Tax Revenue Bonds, Series 2004, 5.500%, 6/15/16 – RAAI Insured (ETM) | No Opt. Call | Aaa | 148,095 |
| 1,000 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Hunterdon Medical Center, Series 2006B, 5.000%, 7/01/36 (Pre-refunded 7/01/16) | 7/16 at 100.00 | A– (5) | 1,054,640 |
| | New Jersey Turnpike Authority, Revenue Bonds, Series 1991C: | | | |
| 35 | 6.500%, 1/01/16 (ETM) | No Opt. Call | A3 (5) | 36,468 |
| 85 | 6.500%, 1/01/16 (ETM) | No Opt. Call | AA+ (5) | 88,572 |
| 45 | 6.500%, 1/01/16 (ETM) | No Opt. Call | AA+ (5) | 46,888 |
| 30 | 6.500%, 1/01/16 – NPFG Insured (ETM) | No Opt. Call | AA– (5) | 31,259 |
| 1,335 | Total U.S. Guaranteed | | | 1,405,922 |

| | Principal Amount (000) | Description (1) | Optional Call Provisions (2) | Ratings (3) | Value |
|---|---|---|---|---|---|
| | | Utilities – 1.4% (1.4% of Total Investments) | | | |
| $ | 300 | Industrial Pollution Control Financing Authority of Cape May County (New Jersey), Pollution Control Revenue Refunding Bonds, 1991 Series A (Atlantic City Electric Company Project), 6.800%, 3/01/21 – NPFG Insured | No Opt. Call | AA | $ 364,977 |
| $ | 27,340 | Total Municipal Bonds (cost $23,295,013) | | | 25,661,616 |

| Shares | Description | Value |
|---|---|---|
| | COMMON STOCKS – 2.8% (2.7% of Total Investments) | |
| | Airlines – 2.8% (2.7% of Total Investments) | |
| 15,008 | American Airlines Group Inc., (6) | 724,661 |

*Qualified Thrift Lender Test*

A Qualified Thrift Lender, also known as QTL, test is included in HOLA. An association that fails to become or remain a QTL must either convert to a bank subject to the banking regulations or be subject to severe restrictions. Such restrictions may include being forbidden to invest in or conduct any activity that is not permissible to both a savings association and a national bank, and restrictions on branching, advances from its FHLB and dividends.

Under the QTL requirements, a savings association s qualified thrift investments must not equal less than 65% of its portfolio assets measured on a monthly basis in nine of every twelve consecutive months. Qualified thrift investments include all loans or mortgage-backed securities which are secured or relate to domestic residential or manufactured housing, educational loans, small business loans, credit card loans, FHLB stock, and certain obligations of the FDIC and related entities. Portfolio assets are total assets less goodwill and other intangible assets, the value of the association s facilities and the association s liquid assets, but not over 20% of its total assets. At March 31, 2003, the Bank s percentage of qualified thrift investments to portfolio assets was 83.90%.

*Loans to One Borrower*

Under HOLA, a savings association generally is not permitted to make loans to a single borrower in excess of 15% to 25% of the savings association s unimpaired capital and unimpaired surplus, depending upon the type of loan and the collateral provided therefore. At March 31, 2003 and December 31, 2002, 15% of the Bank s unimpaired capital and unimpaired surplus was $186 million and $183 million, respectively. The largest amount outstanding at March 31, 2003 and December 31, 2002 to one borrower and related entities was $10.9 million and $16.3 million, respectively.

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*Community Reinvestment Act*

Congress passed the Community Reinvestment Act, also known as CRA, to encourage each financial institution to help meet the credit needs of the communities it serves, including low to moderate income neighborhoods. The CRA establishes certain performance standards under which the Bank is to be examined. Periodically, the OTS reviews the Bank s performance and publishes a Community Reinvestment Act Performance Evaluation. Following the Bank s most recent scheduled examination in February 2001, it received an updated performance evaluation of satisfactory . The Bank is currently under examination for 2002.

*Standards for Safety and Soundness*

The regulatory agencies must, either by regulation or guidelines, provide standards for all insured depository institutions and depository institution holding companies relating to internal controls, information systems, loan documentation and underwriting, interest rate risk exposure, asset growth, and executive compensation. The agencies are authorized to take action against institutions that fail to meet these standards.

*Annual Examinations*

The OTS is required to conduct a full scope, on-site examination of the Bank every twelve months. Its last full annual examination was completed in March 2002. The Bank is currently under examination for 2002.

*USA Patriot Act*

In October 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, also known as USA Patriot Act, became effective. Title III of that Act represents a major expansion of the federal anti-money laundering laws granting broad new anti-money laundering powers to the Secretary of the Treasury and imposing a variety of new compliance obligations on banks and broker dealers. The USA Patriot Act also requires a bank s regulator to specifically consider the bank s past record of compliance with the anti-money laundering requirements of the Bank Secrecy Act when acting on any applications filed by such bank.

*Sarbanes-Oxley Act of 2002*

On July 30, 2002, President Bush signed into law corporate responsibility and accounting reform legislation known as the Sarbanes-Oxley Act of 2002, also known as the Sarbanes-Oxley Act. The Sarbanes-Oxley Act is primarily directed at public companies and companies that have a pending registration statement under the Securities Act of 1933. Under applicable OTS regulations, as the Bank has debentures outstanding registered with the OTS, the Sarbanes-Oxley Act is applicable to the Bank as well as to WFS and us. Parts of the Sarbanes-Oxley Act that are already effective include provisions that (i) require that periodic reports containing financial statements that are filed with the SEC, be accompanied by Chief Executive Officer and Chief Financial Officer certifications as to their accuracy and compliance with law; (ii) prohibit public companies, with certain limited exceptions, from making personal loans to their directors or executive officers; (iii) force company Chief Executive Officers and Chief Financial Officers to forfeit bonuses and profits if company financial statements are restated due to misconduct; (iv) require audit committees to pre-approve all audit and non-audit services provided by an issuer s outside auditors, except for de minimis non-audit services; (v) protect employees of public companies who assist in investigations relating to violations of the federal securities laws from job discrimination; (vi) require companies to disclose in plain English on a rapid and current basis material changes to their financial condition or operations; (vii) require a public company s Section 16 insiders to make Form 4 filings with the SEC within two business days following the day on which purchases or sales of the company s equity securities were made; and (viii) increase penalties for existing crimes and create new criminal offenses. Compliance with other provisions will be required after implementing rules and regulations are adopted by the SEC and the newly created public company accounting oversight board authorized by the Sarbanes-Oxley Act. While we expect to incur additional expenses in complying with

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the requirements of the Sarbanes-Oxley Act and the regulations adopted by the SEC, we do not anticipate that those expenses will have a material effect on our results of operations or financial condition.

*Interagency Guidance Statement Regarding Asset-Backed Securitization*

The OTS, in conjunction with other federal banking regulatory agencies, issued a guidance statement regarding asset securitization activities of banks and savings associations which applies to the Bank and WFS. The guidance generally provides that institutions engaged in asset securitization activities should ensure that sufficient capital is held to support the risks associated with those activities, that valuations are reasonable, conservative and supported and that appropriate management oversight and reporting is accomplished with respect to the institution s asset securitization activities. We believe that the securitization activities of WFS, as an operating subsidiary of the Bank, are in compliance with the guidance provisions.

*Interagency Guidance Statement Regarding Subprime Lending Programs*

The OTS, along with other federal banking regulatory agencies, has adopted guidance pertaining to subprime lending programs. Pursuant to the guidance, lending programs which provide credit to borrowers whose credit histories reflect specified negative characteristics, such as recent bankruptcies or payment delinquencies, are deemed to be subprime lending programs. Many of the loans that we originate possess one or more of the factors identified in the guidance as indicative of a subprime loan. Pursuant to the guidance, examiners may require that an institution with a subprime lending program hold additional capital that ranges from one and one-half to three times the normal capital required for similar loans made to borrowers who are not subprime borrowers.

Because many of the loans we originate possess one or more of the factors identified in the guidance as indicative of a subprime loan, we maintain our capital levels higher than those otherwise required by the OTS. Maintaining higher capital level may slow our growth, require us to raise additional capital or sell assets, all of which would negatively impact our earnings. We cannot predict whether the Bank will be required by the OTS to hold additional capital with respect to those automobile contracts we hold as to which the borrowers are deemed by the OTS to be subprime borrowers.

**Taxation**

***Federal Income Taxes***

We file a calendar year consolidated federal income tax return with Westcorp and its subsidiaries. All entities included in the consolidated financial statements are included in the consolidated tax return.

The Bank is a savings and loan association for federal income tax purposes. Prior to 1996, savings and loan associations satisfying certain conditions were permitted under the Internal Revenue Code to establish reserves for bad debts and to make annual additions to these reserves, which qualified as deductions from income. However, in 1996 new legislation was enacted which eliminated the reserve method of accounting for bad debts for tax purposes for savings and loan associations and required the reserve balance to be recaptured. As of December 31, 2002, $1.7 million of reserves remained to be recaptured in 2003.

We will be subject to the alternative minimum tax if that tax is larger than the regular federal tax otherwise payable. Generally, alternative minimum taxable income is a taxpayer s regular taxable income, increased by the taxpayer s tax preference items for the year and adjusted by computing certain deductions in a special manner which negates the acceleration of such deductions under the regular federal tax. This amount is then reduced by an exemption amount and is subject to tax at a 20% rate. In the past, we have not generally paid alternative minimum tax and do not expect that we will in the current year.

We and our subsidiaries are under examination by the Internal Revenue Service for the tax years ended December 31, 1997 through 1999. We do not anticipate any significant changes based upon these examinations.

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***California Franchise Tax and Other State Provisions***

At the end of 2002, we had a tax presence in approximately 37 states. However, we expect that over 50% of the activity of the group and the resulting income will be taxed as California source income, with the remaining amounts apportioned or allocated outside California.

The California franchise tax applicable to the Bank is higher than the rate of tax applicable to non-financial corporations because it includes an amount in lieu of local personal property and business license taxes paid by non-financial corporations, but not generally paid by financial institutions such as the Bank. For taxable years ending on or after December 31, 1995, the tax rate for a financial corporation is equal to the tax rate on a regular corporation plus 2%. For income years beginning after January 1, 1997, the California regular corporate tax rate is 8.84% and the financial corporation tax rate is 10.84%.

Prior to 2002 under California law, a financial corporation could determine its bad debt deduction using one of two methods. The first method allowed a deduction for debts that became wholly or partially worthless during the tax year, i.e., the specific chargeoff method. The second method allowed a reasonable addition to a reserve to be deducted. During 2002, California enacted legislation that eliminated the use of the reserve method for financial corporations. As of the first tax year beginning on or after January 1, 2002, only debts which become worthless during the period may be deducted. In the first year of the change in accounting method, 50% or $64 million of the ending reserve prior to the change will be included in California taxable income. The remaining 50% of the reserve is not required to be recaptured into income and represents a permanent difference between GAAP and California tax accounting. The deferred tax liability related to this permanent difference has been eliminated from the balance sheet and the current year state tax expense reduced accordingly.

We compute our taxable income for California purposes on a unitary basis, or as if we were one business unit, and file one combined California franchise tax return, excluding Westhrift Life Insurance Company, also know as Westhrift. We are under examination by the California Franchise Tax Board and various other state taxing authorities for tax years 1998 through 2001. We do not anticipate any significant changes based upon these examinations.

**Legal Proceedings**

We or our subsidiaries are involved as parties to certain legal proceedings incidental to our business, including *Lee, et al. v. WFS Financial Inc,* United States District Court, Middle District of Tennessee at Nashville, No. 3-02-0570 filed June 17, 2002 (a putative class action raising claims under the Equal Credit Opportunity Act) and *Thompson v. WFS Financial Inc,* Superior Court of the State of California, County of Alameda, Case No. RG03088926 filed March 27, 2003 (a putative class action raising claims under the California Business and Professions Code and the California Unruh Civil Rights Act). We are vigorously defending these actions and do not believe that the outcome of these proceedings will have a material effect upon our financial condition, results of operations and cash flows.

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## MANAGEMENT

### Directors

The following information is submitted concerning our directors:

| Name of Director | Age | Director Since | Westcorp |
|---|---|---|---|
| Judith M. Bardwick | 70 | 1994 | Director |
| Robert T. Barnum | 57 | 1998 | Director |
| James R. Dowlan | 65 | 2001 | Director |
| Duane A. Nelles | 59 | 2003 | Director |
| Ernest S. Rady | 65 | 1982 | Chairman of the Board of Directors |
| Harry M. Rady | 35 | 2003 | Director |
| Charles E. Scribner | 65 | 1998 | Director |
| Thomas A. Wolfe | 43 | 2002 | Director |

**Judith M. Bardwick, Ph.D.**, has been a director of Westcorp and the Bank since 1994. She also has been a director of WFS since 2001. Dr. Bardwick is President and founder of Bardwick and Associates, a management consulting firm. In addition to her many academic achievements, Dr. Bardwick has been an active business consultant for more than two decades. Dr. Bardwick earned a B.S. degree from Purdue University and a M.S. from Cornell. She received her Ph.D. from the University of Michigan and subsequently became a Full Professor and Associate Dean of the College of Literature, Science and the Arts at that university. Dr. Bardwick has devoted herself to consulting and business-related research and writing, concentrating on issues relating to improving organizational efficiency and management skills. She has been a clinical Professor of Psychiatry at the University of California at San Diego since 1984 and has worked as a psychological therapist. Her most recent business book, *Toward the Eye of the Storm*, was published in 2002. She is the author of seven other books; in addition, she has published more than 70 articles on a wide range of topics during her distinguished career.

**Robert T. Barnum** has been a director of Westcorp and of the Bank since 1998. He has been a private investor and advisor to several private equity funds for the past three years. Mr. Barnum was the Chief Financial Officer, then the Chief Operating Officer of American Savings from 1989 until the company s sale in 1997. American Savings was a $20 billion California thrift owned by the Robert M. Bass group. Mr. Barnum was a director of National Re until its sale to General Re in 1996 and of Harborside Healthcare until its recapitalization in 1997. He is currently a director of Center Trust Retail Properties, a publicly held real estate investment trust, and of Berkshire Mortgage Finance, a privately held commercial mortgage bank. Mr. Barnum is also a director and Chairman of the Board of Korea First Bank.

**James R. Dowlan** has been a director of Westcorp since 2001 and a director of WFS since 1995. He served as Senior Executive Vice President of WFS from 1995 through January 1999. He started as Senior Vice President of the Bank in 1984 and then acted as Executive Vice President of the Bank from 1989 until the Auto Finance Division of the Bank was combined with WFS in 1995. He also served as Chairman of the Board of Western Financial Insurance Agency, Inc., and Chairman of Westhrift Life Insurance Company, subsidiaries of the Bank, and President and Chief Executive Officer of WFS Financial Auto Loans, Inc. and WFS Financial Auto Loans 2, Inc., subsidiaries of WFS. Prior to his association with the Bank, Mr. Dowlan was Vice President, Loan Administration of Union Bank, where he held several positions since 1973. He served for several years on the National Advisory Board, the American Bankers Association and the Consumer Lending Committee of the California

Bankers Association. He is a graduate of the Pacific Coast Banking School, University of Washington.

**Duane A. Nelles** has been a director of Westcorp and the Bank since February 2003 and of WFS since 1995. Since 1988 he also has served on the Board of Directors of QUALCOMM, Inc., a world

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leader in digital wireless communications. Mr. Nelles was a partner in an international accounting firm, then known as Coopers & Lybrand L.L.P., from 1968 to 1987. From 1987 to 2000 he headed a private personal investment business. Mr. Nelles received his M.B.A. degree from the University of Michigan.

**Ernest S. Rady** has served as Chairman of the Board and Chief Executive Officer of Westcorp since 1982 and as President from 1982 to 1996 and from 1998 to 1999. He has served as Chairman of the Board of the Bank since 1982 and Chief Executive Officer of the Bank from 1994 to 1996 and from 1998 to present. He has been Chairman of the Board of WFS since 1995 and a director since 1982. Mr. Rady is a principal shareholder, manager and consultant to a group of companies engaged in real estate management and development, property and casualty insurance and investment management. Mr. Rady is the father of Harry Rady.

**Harry M. Rady** has been a director of Westcorp and the Bank since 2003. Mr. Rady is the Chief Investment Officer of American Assets, Inc., a financial, investment management and real estate conglomerate, and has been with American Assets for the past eight years. For the past two years, he has also served as Chief Investment Officer and as a director of The ICW Group, a property casualty insurance company. Mr. Rady received his M.B.A. from the University of Southern California. Harry Rady is the son of Ernest Rady.

**Charles E. Scribner** has been a director of Westcorp and the Bank since 1998. Mr. Scribner was with Bank of America for 34 years, retiring in May 1994. From 1979 to 1983, he was Regional Senior Vice President in charge of the Orange County/ Los Angeles coastal region, responsible for loan deposits and general operations of 150 branches in the region. From 1984 to 1986, he was Senior Vice President and General Manager of the northern Asian operation for Bank of America headquartered in Tokyo. Mr. Scribner later became Area Manager of southern Asia for Bank of America from 1986 through 1989. He was in charge of all banking activities in eight countries and was headquartered in Singapore. From 1990 to 1994, he served as Bank of America s Executive Vice President and General Manager of the southern California Commercial Banking wholesale activities. Mr. Scribner currently serves on the board of Western Insurance Holdings, Whittier Institute, the Bank and Westcorp.

**Thomas A. Wolfe** has been a director of Westcorp and WFS, since February 2002. He has served as President of Westcorp since February 2002, having previously served as Senior Vice President since March 1999. Mr. Wolfe has served as President of the Bank since May 2002 and as Vice Chairman and director since March 2002. In February 2002, Mr. Wolfe was elected Chief Executive Officer of WFS, having previously served as President and Chief Operating Officer since March 1999. Mr. Wolfe began his career with WFS as Executive Vice President and National Production Manager in April 1998. Prior to joining WFS, he held the position of National Production Manager at Key Auto Finance, where he oversaw the production of the indirect auto finance business, which included prime, sub-prime, leasing and commercial lending. Mr. Wolfe has been in the auto finance and consumer credit industry since 1982. He previously held positions with Citibank and General Motors Acceptance Corporation. He graduated from Oregon State University in 1981 with a degree in finance.

**Executive Officers Who Are Not Directors**

The following information is provided with respect to executive officers who are not directors. These officers providing services to Westcorp may be employed by related companies, and provide those services at fair market value to us, while also serving as officers of Westcorp.

| Name | Position | Age | Officer Since |
|---|---|---|---|

| | | | |
|---|---|---|---|
| Richard G. Banes | Vice President and Director of Audit Services | 45 | 1999 |
| Guy Du Bose | Vice President, General Counsel and Secretary | 48 | 1992 |
| Marguerite Drew | Western Financial Bank Senior Vice President and Director of Retail Banking | 45 | 2002 |

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| Name | Position | Age | Officer Since |
|---|---|---|---|
| Robert Galea | WFS Financial and Western Financial Bank Senior Vice President and Chief Marketing Officer | 52 | 2002 |
| Karen Marchak | WFS Financial and Western Financial Bank Senior Vice President and Director of Human Performance | 45 | 2002 |
| Dawn Martin | Senior Vice President and Chief Information Officer | 43 | 1997 |
| Cathy Mungon | WFS Financial and Western Financial Bank Senior Vice President and Director of Project Office | 52 | 1985 |
| Mark Olson | Vice President and Controller | 40 | 1994 |
| J. Keith Palmer | Vice President and Treasurer | 43 | 1993 |
| David Prescher | WFS Financial Executive Vice President | 40 | 1997 |
| James E. Tecca | Western Financial Bank Vice Chairman | 60 | 1996 |
| Ronald Terry | WFS Financial Senior Vice President and Chief Credit Officer | 36 | 2000 |
| Lee A. Whatcott | Executive Vice President, Chief Financial Officer and Chief Operating Officer | 43 | 1988 |

The following is a brief account of the business experience of each executive officer who is not a director.

**Richard G. Banes** joined us in 1999 and serves as the Vice President, Director of Audit Services of Westcorp and the Senior Vice President, Director of Audit Services of the Bank and WFS. Mr. Banes is a licensed Certified Public Accountant in California and a member of the American Institute of Certified Public Accountants and the Institute of Internal Auditors. Prior to joining us, Mr. Banes was Senior Vice President and Director of Management Audit for Avco Financial Services, a worldwide subprime consumer finance and auto lending company from 1996 to 1999. From 1993 to 1996, he was Senior Vice President and Audit Director for First Interstate Bank, a major U.S. bank that was acquired in 1996 by Wells Fargo Bank. Prior to First Interstate, Mr. Banes was a financial services audit professional at Ernst & Young LLP.

**Guy Du Bose** serves as Vice President, General Counsel and Secretary for Westcorp, and Senior Vice President, General Counsel and Secretary of WFS and the Bank, all since 1999. He started as Vice President and Legal Counsel of the Bank in 1992. He became Senior Vice President of the Bank in 1997 and General Counsel and Secretary of the Bank in 1999. Prior to his association with us, Mr. Du Bose was Chief Operating Officer and General Counsel of Guardian Federal Savings, Senior Vice President and General Counsel of Mercury Federal Savings and Loan Association, and Corporate Counsel of Southern California Savings. Mr. Du Bose is an active member of the California State Bar Association and a member of various professional associations.

**Marguerite Drew** is currently a Senior Vice President and Director of Retail Banking for the Bank. She joined the Bank in 2001 as Southern California Regional Manager. Ms. Drew has over 25 years of retail banking experience. She was with Wells Fargo Bank for 22 years prior to joining the Bank. From 1991 to 1995, she was the Vice President Business

Manager in the Newport/ Costa Mesa area, responsible for both business deposits and loan growth. From 1995 to 2001, she was the Orange County/ San Diego Coastal Regional Vice President, responsible for loan deposit, investments and general operations for over 50 branches, traditional and in-store.

**Robert Galea** joined us in 2002 and serves as Senior Vice President and Chief Marketing Officer for WFS and the Bank. Mr. Galea manages all marketing efforts for WFS and the Bank. Prior to joining WFS and the Bank, Mr. Galea was Senior Vice President, Director of Marketing with Chittenden Bank in Vermont from 2001 to 2002, Senior Vice President, Director of Marketing with Imperial Bank in Los

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Angeles from 1998 to 2001, and Senior Vice President, Director of National Sales Retail with Home Savings of America from 1994 to 1998. Mr. Galea was with Home Savings of America for over 20 years in sales and marketing positions.

**Karen Marchak** serves as Senior Vice President and Director of Human Performance for WFS and the Bank. Before joining Westcorp in 2000, she created and managed the organizational development function at Mission Hospital from 1998 to 2000. From 1996 to 1998, Ms. Marchak managed a training and organizational development department at Jack in the Box.

**Dawn M. Martin** has been Senior Vice President and Chief Information Officer of Westcorp and Executive Vice President and Chief Information Officer of WFS and the Bank since 1999. Ms. Martin joined WFS, in April 1997 as Senior Vice President, Manager of Network Computing. Prior to joining us, Ms. Martin was Senior Vice President and System Integration Officer at American Savings Bank where she was employed from 1984 to 1997.

**Cathy Mungon** has been Senior Vice President and Director of Project Office for WFS and the Bank since 2002. From 1999 to 2002, she was Senior Vice President and Director of Operations for WFS. Ms. Mungon joined the Bank in 1981 when she became a member of the Systems/ Training Department. She was promoted to Assistant Vice President of the Bank in 1985. In 1992, she was promoted to Vice President of Systems/ Training and Operations. In 1995, she transferred to WFS as Vice President of Business Systems Support and Operations. Prior to joining us, Ms. Mungon was a training manager for Morris Plan and, previous to Morris Plan, Nationwide Finance.

**Mark Olson** has served as Controller of Westcorp, WFS and the Bank since 1995 and as Vice President of Westcorp and Senior Vice President of WFS and the Bank since 1997. He joined the Bank in 1991 as Accounting Systems Director. Prior to joining the Bank, Mr. Olson was employed by Ernst & Young LLP. Mr. Olson is a licensed Certified Public Accountant in California and is a member of the American Institute of Certified Public Accountants.

**J. Keith Palmer** has been Treasurer of Westcorp, WFS and the Bank since 1995, Vice President of Westcorp since 1996 and Senior Vice President of WFS and the Bank since 1997. Prior to joining the Bank in 1993, Mr. Palmer served as a Capital Markets Examiner with the Office of Thrift Supervision from 1991 to 1993. From 1986 to 1991, Mr. Palmer served in various capacities with the Office of Thrift Supervision.

**David W. Prescher** has served as Executive Vice President and National Production Manager for WFS since 2002. Mr. Prescher joined WFS in 1988 as Branch Manager of the San Diego office. In 1997, he was promoted to Senior Vice President and Chief Credit Officer, and in 1998 he was named Division Manager of the Western Division. Mr. Prescher is a board member of the California Financial Services Association.

**James E. Tecca** has been Vice Chairman of the Bank since 2002. He served as President of the Bank from 1999 to 2002, after serving as Executive Vice President since 1996 in charge of the Commercial Banking Group. Prior to joining the Bank, he was Senior Vice President with Bank of America for 20 years. In addition, Mr. Tecca was Chief Operating Officer with Bay View Federal Bank in San Francisco and President and Chief Executive Officer of Girard Savings Bank in San Diego.

**Ronald Terry** has served as Senior Vice President and Chief Credit Officer of WFS since 2000. Prior to joining WFS, Mr. Terry worked for Equifax, from 1999 to 2000, as an Automotive Finance Consultant. From 1997 to 1999, Mr. Terry was Credit Risk Manager at Mitsubishi Motors Credit of America. Prior to joining Mitsubishi, Mr. Terry was with Experian for six years managing the development of generic and custom scorecards.

**Lee A. Whatcott** has served as Chief Financial Officer of Westcorp, WFS and the Bank since 1995, as Executive Vice President of Westcorp since 1999, and as Senior Executive Vice President of WFS and the Bank since 1999. He also has served as Chief Operating Officer of Westcorp, WFS and the Bank since 2002. Mr. Whatcott joined us in 1988 and was named Vice President and Controller in 1992 and Senior Vice President in 1995. Prior to joining us, he was employed by Ernst & Young LLP.

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## PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of March 31, 2003 and as adjusted to reflect the sale of the common stock in this offering (including the concurrent placement to Ernest Rady and his affiliates of 700,000 shares of common stock and the concurrent placement to our ESOP of 130,000 shares) by:

- each person who beneficially owns more than 5% of the outstanding shares of our common stock;
- our chief executive officer and each of the other four most highly compensated executive officers at the end of fiscal year 2002;
- each of our directors; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. Except as otherwise indicated, we believe that each person or entity named in the table has sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them, subject to applicable community property laws. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, shares of common stock that are subject to options held by that person that are exercisable at March 31, 2003 are deemed outstanding. These shares are not, however, deemed outstanding for the purpose of computing the percentage ownership of any other person.

| | Shares of Common Stock Beneficially Owned Prior to the Offering | | | | Shares of Common Stock Beneficially Owned After the Offering | | |
|---|---|---|---|---|---|---|---|
| Name of Beneficial Owner | Number of Shares(1) | Exercisable Options(2) | Percent | Shares Purchased/ (Sold) Hereby | Number of Shares(1) | Exercisable Options(2) | Percent |
| Judith M. Bardwick | | 7,963 | * | | | 7,963 | * |
| Robert T. Barnum | 22,470 | 4,500 | * | | 22,470 | 4,500 | * |
| James R. Dowlan | 3,962 | 750 | * | | 3,962 | 750 | * |
| Dawn Martin | 2,505 | 19,750 | * | | 2,505 | 19,750 | * |
| Duane A. Nelles | 3,272 | 6,000 | * | | 3,272 | 6,000 | * |
| David Prescher | 11,349 | 22,242 | * | | 11,349 | 22,242 | * |
| Ernest S. Rady(3) | 26,964,994 | 130,919 | 68.6% | 700,000 | 27,664,994 | 130,919 | 62.8% |
| Harry M. Rady | | | | | | | |
| Charles E. Scribner | 183,353 | 6,000 | * | | 183,353 | 6,000 | * |
| Lee A. Whatcott | 24,757 | 55,022 | * | | 24,757 | 55,022 | * |
| Thomas A. Wolfe | 18,330 | 43,967 | * | | 18,330 | 43,967 | * |
| Directors and executive officers as a group (23 persons) | 27,373,226 | 407,823 | 69.8% | 700,000 | 28,073,226 | 407,823 | 64.0% |

* Indicates less than 1% of the total number of outstanding shares of common stock.

(1) Include shares owned directly and through the ESOP and 401(k).

(2) Indicates the number of shares of common stock issuable upon the exercise of options exercisable at March 31, 2003.

(3) Includes 22,704,945 shares held by an affiliated group. The various entities are owned directly or indirectly through a series of affiliated companies that are owned or controlled by Ernest S. Rady.

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## DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 65,000,000 shares of common stock, with a par value of $1.00 per share and 20,000,000 shares of preferred stock, with a par value of $1.00 per share. The common stock represents non-withdrawable capital and is not insured by the FDIC or any other governmental authority or agency.

Our board of directors has the power to issue, from time to time, additional shares of common stock or preferred stock authorized by our articles of incorporation without obtaining approval of our stockholders.

### Common Stock

As of March 31, 2003, there were 39,204,709 shares of common stock issued and outstanding. At March 31, 2003, there were 3,000,000 shares of common stock authorized for issuance under our stock option plan and 1,600,953 options outstanding. Holders of common stock are entitled to one vote per share of common stock held of record on all matters submitted to a vote of holders of the stockholders. The shares are not entitled to cumulative voting rights because our articles of incorporation eliminated such rights upon the listing of the common stock on New York Stock Exchange. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared, from time to time, by our board of directors out of funds legally available therefore. See Price Range of Common Stock and Dividend Information. In the event of our liquidation, dissolution or winding up, holders of common stock would be entitled to receive all of our assets, pro rata, after payment of all our debts and liabilities and the liquidation preferences of our preferred stock then outstanding, if any. Holders of common stock do not have preemptive rights with respect to newly issued shares. The common stock is not subject to call or redemption. The outstanding shares of common stock are, and the shares of common stock offered hereby, when issued and upon receipt by the company of the full purchase price therefor, will be, fully paid and nonassessable. See Risk Factors Risks Related to Us The ownership of our common stock is concentrated, which may result in conflicts of interest and actions that are not in the best interests of other stockholders of the company.

Our articles of incorporation provide for the classification of the board of directors into two or three classes depending upon the number of directors. Based on the current number of eight directors, the board of directors is divided into two classes with staggered two-year terms. If, in the future, the board of directors is expanded to nine or more directors, the board of directors will be split into three classes with staggered three-year terms.

The transfer agent and registrar for our common stock is Mellon Shareholder Services.

### Preferred Stock

We currently have no shares of preferred stock outstanding.

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## UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated , we have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston LLC, Goldman, Sachs & Co., Bear, Stearns & Co. Inc. and JMP Securities LLC are acting as representatives, the following respective numbers of shares of common stock:

| Underwriter | Number of Shares |
|---|---|
| Credit Suisse First Boston LLC | |
| Goldman, Sachs & Co. | |
| Bear, Stearns & Co. Inc. | |
| JMP Securities LLC | |
| Total | 3,800,000 |

Neither the table above nor the table below includes the 700,000 shares of our common stock being sold by us to Ernest Rady and his affiliates or the 130,000 shares of our common stock being sold by us to our Employee Stock Ownership Plan and Salary Savings Plan, in each case, at the public offering price of $ per share. The underwriters will not receive any underwriting discounts or commissions on these shares.

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 570,000 shares from us to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

| | Per Share | | Total | |
|---|---|---|---|---|
| | Without Over-allotment | With Over-allotment | Without Over-allotment | With Over-allotment |
| Underwriting discounts and commissions paid by us | $ | $ | $ | $ |

| | | | | |
|---|---|---|---|---|
| Expenses payable by us | $ | $ | $ | $ |

We estimate that our out of pocket expenses for this offering will be approximately $395,000.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse First Boston LLC for a period of 90 days after the date of this prospectus.

Our officers and directors have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any

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of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse First Boston LLC for a period of 90 days after the date of this prospectus.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

Our shares of common stock are listed on The New York Stock Exchange.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934 (the Exchange Act ).

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over- allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

Some of the representatives or their affiliates have provided investment banking and advisory services for us from time to time for which they have received customary fees and reimbursements of expenses, and such representatives or their affiliates may in the future provide additional services. As of June 13, 2003, JMP Securities LLC, certain of its officers and its affiliate, JMP Asset Management, owned an aggregate of 69,800 shares of common stock of the Company and 381,100 shares of common stock of WFS.

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## NOTICE TO CANADIAN RESIDENTS

### Resale Restrictions

The distribution of the common stock in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of common stock are made. Any resale of the common stock in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the common stock.

### Representations of Purchasers

By purchasing common stock in Canada and accepting a purchase confirmation a purchaser is representing to us and the dealer from whom the purchase confirmation is received that

the purchaser is entitled under applicable provincial securities laws to purchase the common stock without the benefit of a prospectus qualified under those securities laws,

where required by law, that the purchaser is purchasing as principal and not as agent, and

the purchaser has reviewed the text above under Resale Restrictions.

### Rights of Action Ontario Purchasers Only

Under Ontario securities legislation, a purchaser who purchases a security offered by this prospectus during the period of distribution will have a statutory right of action for damages, or while still the owner of the shares, for rescission against us in the event that this prospectus contains a misrepresentation. A purchaser will be deemed to have relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the shares. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the shares. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which the shares were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the shares as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

### Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

**Taxation and Eligibility for Investment**

Canadian purchasers of common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the common stock in their particular circumstances and about the eligibility of the common stock for investment by the purchaser under relevant Canadian legislation.

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## LEGAL MATTERS

Certain legal matters with respect to the authorization and issuance of the common stock offered hereby will be passed upon for us by Mitchell, Silberberg & Knupp LLP, Los Angeles, California. Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California, is acting as legal counsel to the underwriters.

## EXPERTS

The Consolidated Financial Statements of Westcorp at December 31, 2002 and 2001 and for each of the three years in the period ending December 31, 2002 appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC s Web site at http://www.sec.gov. You also may read and copy any document we file with the SEC at its public reference facilities at 450 Fifth Street, N.W., Washington, D.C. 20549. You can obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference facilities. Our SEC filings are also available at the offices of the New York Stock Exchange. For further information on obtaining copies of our public filings at the New York Stock Exchange, please call (212) 656-5060. This information may also be found on our Web site at www.westcorpinc.com. The information contained on our Web site does not constitute part of this prospectus.

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## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The following documents, all of which were previously filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 are hereby incorporated by reference in this prospectus (other than information in such documents that is deemed to be furnished rather than filed):

our Annual Report on Form 10-K for the year ended December 31, 2002;

our Current Report on Form 8-K dated February 24, 2003;

our Current Report on Form 8-K dated April 23, 2003;

our definitive Proxy Statement for our annual meeting held on April 29, 2003; and

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

All other reports and documents filed by us after the date of this prospectus pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, other than those portions of such documents (1) described in paragraphs (i), (k) and (l) of Item 402 of Regulation S-K promulgated by the SEC or (2) furnished under Item 9 or Item 12 of a Current Report on Form 8-K, prior to the termination of the offering of the common stock covered by this prospectus are also incorporated by reference in this prospectus and are considered to be part of this prospectus from the date those documents are filed.

If any statement contained in a document incorporated by reference herein conflicts with or is modified by a statement contained in this prospectus or in any other subsequently filed document that is incorporated by reference into this prospectus, the statement made at the latest point in time should control. Any previous statements that have been subsequently altered should therefore not be considered to be a part of this prospectus. We will provide a copy of any or all of the documents referred to above that have been or may be incorporated by reference in this prospectus to any person to whom a copy of this prospectus has been delivered free of charge upon request. Exhibits to such documents will not be provided unless the exhibits are specifically incorporated by reference into the information that the prospectus incorporates. Written requests for copies of any documents incorporated by reference should be directed to Guy Du Bose, Esq., General Counsel, Westcorp, 23 Pasteur, Irvine, California 92618, telephone 949-727-1002. Such information may also be found on our Web site at www.westcorpinc.com. The information contained on our Web site does not constitute part of this prospectus.

**WESTCORP AND SUBSIDIARIES**

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED FINANCIAL STATEMENTS

## AND REPORT OF INDEPENDENT AUDITORS

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors

Westcorp

We have audited the accompanying consolidated statements of financial condition of Westcorp and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, changes in shareholders equity and cash flows for each of the three years in the period ended December 31, 2002. These consolidated financial statements are the responsibility of Westcorp s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of Westcorp and subsidiaries at December 31, 2002 and 2001 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

Los Angeles, California
January 21, 2003

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| ASSETS | | |
| Cash | $ 25,211 | $ 68,607 |
| Interest bearing deposits with other financial institutions | 59,004 | 720 |
| Other short-term investments | | 35,000 |
| Cash and due from banks | 84,215 | 104,327 |
| Investment securities available for sale | 10,425 | 10,511 |
| Mortgage-backed securities available for sale | 2,649,657 | 2,092,225 |
| Loans receivable | 9,407,784 | 7,533,150 |
| Allowance for credit losses | (258,892) | (171,432) |
| Loans receivable, net | 9,148,892 | 7,361,718 |
| Amounts due from trusts | 101,473 | 136,131 |
| Retained interest in securitized assets | | 37,392 |
| Premises and equipment, net | 78,664 | 79,258 |
| Other assets | 337,550 | 250,835 |
| TOTAL ASSETS | $12,410,876 | $10,072,397 |
| LIABILITIES | | |
| Deposits | $ 1,974,984 | $ 2,329,326 |
| Notes payable on automobile secured financing | 8,422,915 | 5,886,227 |
| Securities sold under agreements to repurchase | 276,600 | 155,190 |
| Federal Home Loan Bank advances | 336,275 | 543,417 |
| Amounts held on behalf of trustee | 177,642 | 280,496 |
| Subordinated debentures | 400,561 | 147,714 |
| Other borrowings | 5,891 | 25,068 |
| Other liabilities | 101,145 | 85,994 |
| TOTAL LIABILITIES | 11,696,013 | 9,453,432 |
| Minority interest | 101,666 | 78,261 |
| SHAREHOLDERS EQUITY | | |
| Common stock (par value $1.00 per share; authorized 65,000,000 shares; issued and outstanding 39,200,474 shares in 2002 and 35,802,491 shares in 2001) | 39,200 | 35,802 |
| Paid-in capital | 350,018 | 301,955 |

| | | |
|---|---|---|
| Retained earnings | 325,529 | 263,853 |
| Accumulated other comprehensive loss, net of tax | (101,550) | (60,906) |
| TOTAL SHAREHOLDERS EQUITY | 613,197 | 540,704 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | $ 12,410,876 | $ 10,072,397 |

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands, except per share amounts) | | |
| Interest income: | | | |
| Loans, including fees | $ 1,021,317 | $ 821,113 | $ 439,336 |
| Mortgage-backed securities | 113,327 | 133,539 | 128,231 |
| Investment securities | 318 | 433 | 535 |
| Miscellaneous | 7,978 | 7,542 | 15,719 |
| TOTAL INTEREST INCOME | 1,142,940 | 962,627 | 583,821 |
| Interest expense: | | | |
| Deposits | 80,015 | 114,831 | 133,610 |
| Notes payable on automobile secured financing | 406,851 | 333,768 | 118,421 |
| Miscellaneous | 44,050 | 43,345 | 61,841 |
| TOTAL INTEREST EXPENSE | 530,916 | 491,944 | 313,872 |
| NET INTEREST INCOME | 612,024 | 470,683 | 269,949 |
| Provision for credit losses | 306,233 | 196,977 | 82,133 |
| NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES | 305,791 | 273,706 | 187,816 |
| Noninterest income: | | | |
| Automobile lending | 59,968 | 62,758 | 158,701 |
| Mortgage banking | 1,421 | 1,495 | 6,852 |
| Insurance income | 10,561 | 9,090 | 6,984 |
| Miscellaneous | 18,480 | 5,556 | 5,347 |
| TOTAL NONINTEREST INCOME | 90,430 | 78,899 | 177,884 |
| Noninterest expenses: | | | |
| Salaries and associate benefits | 137,462 | 142,322 | 131,677 |
| Credit and collections | 36,429 | 27,707 | 21,150 |
| Data processing | 18,711 | 18,396 | 17,019 |
| Occupancy | 15,063 | 14,615 | 12,495 |
| Telephone | 5,394 | 6,187 | 5,868 |
| Miscellaneous | 38,247 | 35,644 | 32,764 |
| TOTAL NONINTEREST EXPENSES | 251,306 | 244,871 | 220,973 |
| INCOME BEFORE INCOME TAX | 144,915 | 107,734 | 144,727 |
| Income tax | 52,044 | 41,675 | 58,132 |

| | | | |
|---|---|---|---|
| INCOME BEFORE MINORITY INTEREST | 92,871 | 66,059 | 86,595 |
| Minority interest in earnings of subsidiaries | 13,153 | 10,369 | 11,852 |
| NET INCOME | $ 79,718 | $ 55,690 | $ 74,743 |
| Earnings per common share: | | | |
| Basic | $ 2.07 | $ 1.62 | $ 2.54 |
| Diluted | $ 2.05 | $ 1.61 | $ 2.53 |
| Weighted average number of common shares outstanding: | | | |
| Basic | 38,588,710 | 34,277,856 | 29,494,497 |
| Diluted | 38,922,611 | 34,485,127 | 29,525,677 |

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

| | Shares | Common Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss), Net of Tax | Total |
|---|---|---|---|---|---|---|
| | (Dollars in thousands, except share amounts) | | | | | |
| Balance at January 1, 2000 | 26,597,344 | $26,597 | $190,137 | $157,465 | $ (21,481) | $ 352,718 |
| Net income | | | | 74,743 | | 74,743 |
| Unrealized gains on securities available for sale and retained interest in securitized assets, net of tax(1) | | | | | 6,665 | 6,665 |
| Comprehensive income | | | | | | 81,408 |
| Issuance of common stock | 5,334,482 | 5,335 | 50,349 | | | 55,684 |
| Issuance of subsidiary common stock | | | 6,403 | | | 6,403 |
| Cash dividends | | | | (9,045) | | (9,045) |
| Balance at December 31, 2000 | 31,931,826 | 31,932 | 246,889 | 223,163 | (14,816) | 487,168 |
| Net income | | | | 55,690 | | 55,690 |
| Unrealized gains on securities available for sale and retained interest in securitized assets, net of tax(1) | | | | | 12,309 | 12,309 |
| Unrealized hedge losses on cash flow hedges, net of tax(2) | | | | | (75,048) | (75,048) |
| Reclassification adjustment for losses on securities available for sale included in net income, net of tax(3) | | | | | 1,050 | 1,050 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Reclassification adjustment for losses on cash flow hedges included in income, net of tax(4) | | | | | 15,599 | 15,599 |
| Comprehensive income | | | | | | 9,600 |
| Issuance of common stock | 3,870,665 | 3,870 | 58,271 | | | 62,141 |
| Issuance of subsidiary common stock | | | (3,205) | | | (3,205) |
| Cash dividends | | | | (15,000) | | (15,000) |
| Balance at December 31, 2001 | 35,802,491 | 35,802 | 301,955 | 263,853 | (60,906) | 540,704 |
| Net income | | | | 79,718 | | 79,718 |
| Unrealized gains on securities available for sale and retained interest in securitized assets, net of tax(1) | | | | | 28,605 | 28,605 |
| Unrealized hedge losses on cash flow hedges, net of tax(2) | | | | | (135,422) | (135,422) |
| Reclassification adjustment for gains on securities available for sale included in net income, net of tax(3) | | | | | (3) | (3) |
| Reclassification adjustment for losses on cash flow hedges included in income, net of tax(4) | | | | | 66,176 | 66,176 |
| Comprehensive income | | | | | | 39,074 |
| Issuance of subsidiary common stock | | | (1,405) | | | (1,405) |
| Issuance of common stock | 3,397,983 | 3,398 | 49,468 | | | 52,866 |
| Cash dividends | | | | (18,042) | | (18,042) |
| Balance at December 31, | 39,200,474 | $ 39,200 | $ 350,018 | $ 325,529 | $ (101,550) | $ 613,197 |

2002

(1) The pre-tax amount of unrealized gains on securities available for sale and retained interest in securitized assets was $48.5 million for the year ended December 31, 2002 compared with $20.9 million and $11.3 million for the years ended December 31, 2001 and 2000, respectively.

(2) The pre-tax amount of unrealized losses on cash flow hedges was $230 million for the year ended December 31, 2002 compared with and $127 million for the year ended December 31, 2001.

(3) The pre-tax amount of unrealized gains on securities available for sale reclassified into earnings was $5.0 thousand and $1.8 million for the years ended December 31, 2002 and 2001.

(4) The pre-tax amount of unrealized losses on cash flow hedges reclassified into earnings was $112 million for the year ended December 31, 2002 compared with $26.4 million for the year ended December 31, 2001. The amount reclassified into earnings in 2001 includes $1.8 million of the $4.8 million cumulative effect adjustment related to the adoption of SFAS No. 133.

See accompanying notes to consolidated financial statements.

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WESTCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| OPERATING ACTIVITIES | | | |
| Net income | $ 79,718 | $ 55,690 | $ 74,743 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Provision for credit losses | 306,233 | 196,977 | 82,133 |
| Amortization of participation paid to dealers | 92,309 | 64,177 | 25,140 |
| Amortization of retained interest in securitized assets | 36,461 | 75,545 | 75,958 |
| Amortization of losses on cash flow hedges | 54,509 | 11,689 | |
| Amortization of premium on mortgage-backed securities | 38,319 | 28,879 | 4,602 |
| Depreciation and amortization | 16,568 | 15,130 | 12,157 |
| (Gain) loss on sales, net | (9,380) | 1,779 | |
| Loans held for sale: | | | |
| Proceeds from contract sales | | | 660,000 |
| Proceeds from sale of mortgage loans | 554 | 3,382 | 3,394 |
| Increase in other assets | (40,956) | (85,951) | (46,718) |
| Increase in other liabilities | 15,148 | 14,774 | 12,081 |
| Other, net | 9,005 | 7,883 | 11,490 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 598,488 | 389,954 | 914,980 |
| INVESTING ACTIVITIES | | | |
| Loans receivable: | | | |
| Origination of loans | (5,797,684) | (5,184,915) | (4,531,581) |
| Participation paid to dealers | (129,272) | (120,194) | (100,300) |
| Loan payments and payoffs | 3,739,737 | 2,495,987 | 1,153,538 |
| Investment securities available for sale: | | | |
| Purchases | (4,853) | (2,917) | (2,194) |
| Proceeds from sale | 486 | | |
| Proceeds from maturities | 1,646 | 1,308 | |
| Mortgage-backed securities: | | | |
| Purchases | (1,624,936) | (1,233,390) | (960,876) |
| Proceeds from sale | | 507,839 | 17 |
| Payments received | 1,077,868 | 881,094 | 168,433 |
| Increase in retained interest in securitized assets | | | (19,240) |
| Decrease in amounts due from trusts | 34,658 | 220,920 | 81,971 |
| Proceeds from sales of premises and equipment | 8,348 | 107 | |
| Purchase of premises and equipment | (18,920) | (9,993) | (11,608) |

| | | | |
|---|---|---|---|
| NET CASH USED IN INVESTING ACTIVITIES | (2,712,922) | (2,444,154) | (4,221,840) |
| FINANCING ACTIVITIES | | | |
| (Decrease) increase in deposits | (417,706) | (194,310) | 266,178 |
| Increase (decrease) in securities sold under agreements to repurchase | 117,954 | (24,931) | (70,854) |
| Proceeds from notes payable on automobile secured financing | 6,912,058 | 3,519,112 | 3,867,220 |
| Payments on notes payable on automobile secured financing | (4,408,365) | (1,156,604) | (854,947) |
| (Decrease) increase in borrowings | (19,178) | (2,734) | 19,320 |
| Decrease in amounts held on behalf of trustee | (102,854) | (214,361) | (192,416) |
| (Decrease) increase in FHLB Advances | (207,141) | 133,847 | 168,826 |
| Proceeds from issuance of subordinated debentures | 292,472 | | |
| Payments on subordinated debentures | (41,134) | (42,892) | (8,608) |
| Proceeds from issuance of common stock | 52,866 | 62,142 | 55,684 |
| Proceeds from issuance of subsidiary common stock | 16,472 | 13,973 | 22,900 |
| Cash dividends | (18,042) | (15,000) | (9,045) |
| Payments on cash flow hedges | (83,080) | (48,478) | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 2,094,322 | 2,029,764 | 3,264,258 |
| DECREASE IN CASH AND DUE FROM BANKS | (20,112) | (24,436) | (42,602) |
| Cash and due from banks at beginning of year | 104,327 | 128,763 | 171,365 |
| CASH AND DUE FROM BANKS AT END OF YEAR | $ 84,215 | $ 104,327 | $ 128,763 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Cash paid for: | | | |
| Interest | $ 513,944 | $ 484,821 | $ 286,306 |
| Income taxes | 83,267 | 67,906 | 91,345 |
| SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS: | | | |
| Acquisition of real estate acquired through foreclosure | 1,107 | 3,047 | 5,396 |

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 Summary of Significant Accounting Policies**

*Basis of Presentation*

The accompanying consolidated financial statements include our accounts and the accounts of our wholly owned subsidiary, Western Financial Bank, also known as the Bank, and its majority owned subsidiary, WFS Financial Inc, also known as WFS. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform with the current year s presentation.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Nature of Operations*

We are a financial services company that specializes primarily in automobile lending, which is funded by our community banking operations and our asset-backed securitization transactions. We have only one reportable segment.

*Cash and Due from Banks*

Cash and due from banks include cash, interest bearing deposits with other financial institutions and other short-term investments, which have no material restrictions as to withdrawal or usage.

*Investment Securities and Mortgage-Backed Securities Available for Sale*

Investment securities and mortgage-backed securities, also known as MBS, are classified as available for sale and carried at fair value. Any change in the fair value is reported as accumulated other comprehensive income (loss), net of tax, on our Consolidated Statements of Financial Condition. Any decline in the fair value of the investments which is deemed to be other than temporary is charged against current earnings. The method used in determining the cost of investments sold is specific identification.

Prior to January 1, 2001, we entered into or committed to interest rate caps and interest rate swaps as hedges against market value changes in designated portions of our MBS portfolio to manage interest rate risk exposure. These financial instruments were also recorded at fair value and included in the basis of the designated available for sale securities. The interest rate differential to be paid or received was accrued and included as part of interest income, thereby adjusting the overall yield on securities for which we hedged our exposure to interest rate risk. Unrealized gains and losses on these contracts were deferred and amortized into interest income over the shorter of the remaining life of the derivative instrument or the expected life of the associated asset. When the related MBS was sold, settled or terminated, the deferred gains or losses from these contracts were recognized in the Consolidated Statements of Income as a component of MBS gains and losses.

Effective January 1, 2001, we redesignated these existing agreements from hedges on our MBS portfolio to cash flow hedges on future interest payments on deposits and securities sold under agreements to repurchase as a result of adopting Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, also known as SFAS No. 133, as amended. See Derivative Financial Instruments for further discussion.

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*Securitization Transactions*

Automobile contract asset-backed securitization transactions are treated as either sales or secured financings for accounting purposes depending upon the securitization structure. In September 2000, the Financial Accounting Standards Board, also known as the FASB, issued Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, also known as SFAS No. 140, to replace Statement of Financial Accounting Standards No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, also known as SFAS No. 125. SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, but it generally carries over most of SFAS No. 125 s provisions without reconsideration. SFAS No. 140 defines the criteria used to evaluate securitization structures in determining the proper accounting treatment. These criteria pertain to whether or not the transferor has surrendered control over the transferred assets. If a securitization transaction meets all the criteria defined in SFAS No. 140, the transaction is required to be treated as a sale. If any one of the criteria is not met, the transaction is required to be treated as a secured financing. Since March 31, 2000, our securitization transactions included certain provisions which allow us to effectively maintain control over the transferred assets. As a result, these securitization transactions are required to be treated as secured financings. Our securitization transactions prior to March 31, 2000 did not give us this right and, therefore, we were required to treat such transactions as sales.

For securitization transactions treated as sales, we recorded a non-cash gain equal to the present value of the estimated future cash flows on a cash out basis, net of the write-off of dealer participation and gains or losses on hedges. We determined whether or not we must record a servicing asset or liability by estimating future servicing revenues, including servicing fees, late charges, other ancillary income, and float benefit, less the actual cost to service the loans.

In determining the fair value of our retained interest in securitized assets, also known as RISA, we evaluated the cost basis of contracts relative to the fair value of such contracts and the fair value of the RISA recorded. The RISA was capitalized and amortized over the expected life of the underlying contracts. Net interest income and servicing fees earned on these contracts are recognized over the life of the securitization transactions as contractual servicing income, retained interest income and other fee income. The amortization of the RISA is calculated so as to recognize retained interest income on an effective yield basis. These amounts are reported as automobile lending income on our Consolidated Statements of Income.

RISA is classified in a manner similar to available for sale securities and as such was marked to market each quarter. Market value changes were calculated by discounting estimated future cash flows using the current market discount rate. Any changes in the market value of the RISA were reported as accumulated other comprehensive income (loss), net of tax, on our Consolidated Statements of Financial Condition. On a quarterly basis, we evaluated the carrying value of the RISA in light of the actual performance of the underlying contracts and made adjustments to reduce the carrying value, if appropriate.

For securitization transactions treated as secured financings, the contracts are retained on the balance sheet with the securities issued to finance the contracts recorded as notes payable on automobile secured financing. We record interest income on the securitized contracts and interest expense on the notes issued through the securitization transactions.

The excess cash flows generated by securitized contracts are deposited into spread accounts in the name of the trustee under the terms of the securitization transactions. In addition, we advance additional monies to initially fund these spread accounts. For securitization transactions treated as sales, amounts due to us held in the spread accounts and servicing income earned by us for which we have not yet received repayment from the trust are reported as amounts due from trust on our Consolidated Statements of Financial Condition.

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As servicer of these contracts, we hold and remit funds collected from the borrowers on behalf of the trustee pursuant to reinvestment contracts that we have entered into for most securitizations. For securitization transactions treated as sales, these amounts are reported as amounts held on behalf of trustee on our Consolidated Statements of Financial Condition.

*Allowance for Credit Losses*

The allowance for credit losses is maintained at a level that we believe is adequate to absorb probable losses in the on balance sheet loan portfolio that can be reasonably estimated. Our determination of the adequacy of the allowance is based on an evaluation of the portfolio, past credit loss experience, current economic conditions, volume, pending contract sales, growth and composition of the loan portfolio, and other relevant factors. The allowance is increased by provisions for credit losses charged against income.

*Nonaccrual Loans*

Nonaccrual loans are loans on which accrual of interest has been suspended. Interest is suspended on all real estate loans when, in our judgement, the interest will not be collectible in the normal course of business or when loans are 90 days or more past due or full collection of principal is not assured. When a loan is placed on nonaccrual, interest accrued is reversed against interest income. The accrual of interest income is suspended on all loans, except consumer loans. On these loans, interest continues to accrue until the loans are charged off, which occurs automatically after the loans are past due 120 days, except for accounts that are in Chapter 13 bankruptcy. At the time that a loan is charged off, all accrued interest is reversed. For those accounts that are in Chapter 13 bankruptcy and are contractually past due greater than 120 days, all accrued interest is reversed and income is recognized on a cash basis. As of December 31, 2002 and 2001, the amounts of accrued interest reversed were not material.

*Premises and Equipment*

Premises and equipment are recorded at cost less accumulated depreciation and amortization and are depreciated over their estimated useful lives principally using the straight-line method for financial reporting and accelerated methods for tax purposes. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter. Useful lives for premises and equipment are 5 to 39 years for buildings and improvements, 5 to 7 years for furniture and equipment, 3 to 5 years for computers and software, and 5 to 15 years for all other premises and equipment.

*Repossessed Assets*

All accounts for which collateral has been repossessed and the redemption period has expired are reclassified from loans receivable to repossessed assets at fair value with any adjustment recorded against the allowance for credit losses. Repossessed assets were included in other assets on the Consolidated Statements of Financial Condition and are not material.

*Nonperforming Assets*

Accounts that are in Chapter 13 bankruptcy and are contractually past due greater than 120 days are reclassified from loans receivable to nonperforming assets at fair value with any adjustment recorded against the allowance for credit losses. Nonperforming assets were included in other assets on the Consolidated Statements of Financial Condition and are not material.

*Real Estate Owned*

Real estate acquired through foreclosure is recorded at the lower of cost or fair value less estimated costs to sell. These values are periodically reviewed and write-downs are recorded, if appropriate. Costs of holding this real estate and related gains and losses on disposition are credited or charged to real estate operations as incurred.

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Real estate owned is carried net of an allowance for losses which is maintained at a level we believe to be adequate to absorb any probable losses in the portfolio that can be reasonably estimated. Our determination of the adequacy of the allowance is based on an evaluation of past credit loss experience, current economic conditions, selling costs and other relevant factors.

*Interest Income and Fee Income*

Interest income is earned in accordance with the terms of the loan. For pre-computed contracts, interest is earned monthly, and for simple interest loans, interest is earned daily. Interest income on certain loans is earned using the effective yield method and classified as interest receivable to the extent not collected and reported in interest receivable on the Consolidated Statements of Financial Condition. Other loans use the sum of the months digit method, which approximates the effective yield method.

We defer certain loan origination fees, commitment fees, premiums paid to dealers and loan origination costs. The net amount is amortized as an adjustment to the related loans yield over their contractual life. Commitment fees based on a percentage of a customer s unused line of credit are recognized over the commitment period. Fees for other services are recorded as income when earned.

*Mortgage Banking Income*

Mortgage banking income consists primarily of gain on sale of mortgage loans and mortgage servicing rights and other mortgage servicing related fee income. Historically, we originated mortgage loans and sold the loans to investors on either a servicing rights retained or servicing rights released basis. When we sold a mortgage loan with servicing rights retained, we would record a gain related only to the sale of the loan. Conversely, when we sold a mortgage loan with servicing rights released, we would record a gain related to the value of the loan and the value of the servicing rights.

Gain on sale of mortgage loans represented the difference between the allocated cost basis of loans sold and the proceeds from sale, which included the carrying value of capitalized servicing rights, also known as CSRs, created as a result of the sale. The carrying value of the CSRs represented an allocation of the cost basis of loans sold between the CSRs and the loans based upon their relative fair value at the date the loans were originated or purchased. The fair value of CSRs was calculated by estimating future servicing revenues, including servicing fees, late charges, other ancillary income, and float benefit, less the actual costs to service loans. The amortization of the CSRs was a component of mortgage banking income over the period of, and in proportion to, the expected repayment term of the underlying loans. CSRs were evaluated for impairment based on the excess of the carrying amount of the CSRs over their fair value.

*Insurance Commissions*

Commissions on insurance policies sold are recognized as income over the life of the policies.

*Insurance Premiums*

Premiums for life and accident/health insurance policies are recognized as income over the term of the insurance contract.

*Interest Expense*

Interest expense is recognized when incurred. Our level yield calculation for notes payable on automobile secured financings includes the interest on the notes, underwriting discounts, hedge gains or losses and payments under interest rate swap agreements.

*Income Taxes*

We file a consolidated federal tax return , and combined or consolidated returns in states where such filing method is allowed, including subsidiaries as required by such states. In other states, subsidiaries file separate state tax returns.

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*Fair Values of Financial Instruments*

Fair value information about financial instruments is reported using quoted market prices for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and in many cases, could not be realized in immediate settlement of the instruments. Fair values for certain financial instruments and all non-financial instruments are not required to be disclosed. Accordingly, the aggregate fair value amounts presented do not represent our underlying value.

We use the following methods and assumptions in estimating our fair value disclosures for financial instruments:

*Cash and due from banks:* The carrying amounts reported in the Consolidated Statements of Financial Condition for cash and due from banks approximate those assets fair values.

*Investment securities and MBS:* Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

*Loans receivable:* The fair values for loans are estimated using discounted cash flow analysis, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

*Retained interest in securitized assets:* RISA is carried at fair value. The fair value is determined by discounting estimated cash flows using a current market discount rate.

*Interest rate swaps, interest rate caps, forward agreements and Euro-dollar futures contract:* The fair value is estimated by obtaining market quotes from brokers or internally valuing when market quotes are not readily available.

*Loan commitments (including fixed and variable):* The fair values of loan commitments are based on quoted market prices of similar loans sold in the secondary market.

*Deposits:* The fair values disclosed for demand deposit accounts, passbook accounts, certificate accounts, brokered certificate accounts and certain types of money market accounts are, by definition, equal to the amount payable on demand at the reporting date, i.e., their carrying amounts. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates of deposit to a schedule of aggregated expected monthly maturities on time deposits.

*Securities sold under agreements to repurchase, notes payable on automobile secured financing, Federal Home Loan Bank advances, and subordinated debentures:* The fair value is estimated by using discounted cash flow analyses based on our current incremental borrowing rates for similar types of borrowing arrangements.

*Short-term borrowings:* The carrying amounts reported in the Consolidated Statements of Financial Condition approximate their fair values.

*Amounts held on behalf of trustee:* The carrying amounts reported in the Consolidated Statements of Financial Condition approximate their fair value.

*Derivative Financial Instruments*

Effective January 1, 2001, we adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, also known as SFAS No. 133, which requires all derivatives to be recorded on the balance sheet at fair value. Changes in the fair value of derivatives designated as hedges are either offset against the change in fair value of the hedged assets,

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liabilities or firm commitments directly through income or recognized through accumulated other comprehensive income (loss) on the balance sheet until the hedged items are recognized in earnings, depending on the nature of the hedges. The ineffective portion of a derivative s change in fair value for a cash flow hedge is recognized in accumulated other comprehensive income (loss) on the balance sheet if the hedge is less than 100% effective or in earnings if the hedge is greater than 100% effective. We employ regression analysis and discounted cash flow analysis to test the effectiveness of our hedges on a quarterly basis. All of our derivative instruments that are designated as hedges are treated as cash flow hedges under SFAS No. 133.

The contracts originated and held by us are fixed rate and, accordingly, we have exposure to changes in interest rates. To protect against potential changes in interest rates affecting interest payments on future securitization transactions, we enter into various hedge agreements. We enter into Euro-dollar futures contracts and forward agreements in order to hedge our future interest payments on our notes payable on automobile secured financing. The market value of these hedges responds inversely to changes in interest rates. Because of this inverse relationship, we can effectively lock in a gross interest rate spread at the time of entering into the hedge transaction. Gains and losses on these agreements are recorded in accumulated other comprehensive income (loss), net of tax. Any ineffective portion is recognized in interest expense during that period if the hedge is greater than 100% effective. Upon completion of the securitization transaction, the gains or losses are recognized in full as an adjustment to the gain or loss on the sale of the contracts if the securitization transaction is treated as a sale or amortized on a level yield basis over the duration of the notes issued if the transaction is treated as a secured financing. These hedge instruments are settled daily, and therefore, there are no related financial instruments recorded on the Consolidated Statements of Financial Condition. Credit risk related to these hedge instruments is minimal.

As we issued certain variable rate notes payable in 2002 and 2001, we also entered into interest rate swap agreements in order to hedge our variable interest rate exposure on future interest payments. The fair value of the interest rate swap agreements is included in notes payable on automobile secured financing, and any change in the fair value is reported as accumulated other comprehensive income (loss), net of tax, on our Consolidated Statements of Financial Condition. Any ineffective portion is recorded in interest expense during that period if the hedge is greater than 100% effective. Related interest income or expense is settled on a quarterly basis and recognized as an adjustment to interest expense in our Consolidated Statements of Income.

Historically, to protect against market value changes on our MBS portfolio, we entered into various hedge agreements. As part of the adoption of SFAS No. 133, we redesignated these existing agreements from hedges on our MBS portfolio to cash flow hedges that will protect against potential changes in interest rates affecting interest payments on future deposits gathered by us and future securities sold under agreements to repurchase. The fair value of the interest rate swap agreements is included in deposits and securities sold under agreements to repurchase, respectively, and any change in the fair value is reported as accumulated other comprehensive income (loss), net of tax, on our Consolidated Statements of Financial Condition. Related interest income or expense is settled on a quarterly basis and is recorded in accumulated other comprehensive income (loss) and reclassified into earnings in the period during which cash flows on the hedged items affect income. In conjunction with this redesignation on January 1, 2001, we recorded a transition adjustment to earnings for the $33.7 million unrealized loss on these derivatives offset by an equal amount of unrealized gain on our MBS portfolio.

We also enter into interest rate swap agreements or other derivatives that do not qualify for hedge accounting under FAS 133 or that we choose not to designate as hedges. These derivatives pertain to variable rate notes issued in conjunction with the securitization of our contracts. Any change in the market value of such derivatives is recorded to income each month. Any income or expense recognized on such derivatives is recognized as miscellaneous income or expense.

As part of the adoption of SFAS No. 133 in 2001, we recorded a cumulative effect adjustment to accumulated other comprehensive income (loss) of $4.8 million, net of tax, which represents the deferred

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loss on our Euro-dollar futures contracts outstanding at January 1, 2001. Of the $4.8 million, $1.8 million was reclassified into earnings during 2001.

*Stock-based Compensation*

As discussed below, Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation  Transition and Disclosure  an amendment of FASB Statement No. 123, also known as SFAS No. 148, requires expanded disclosure of the effects of a company s accounting policy for stock-based employee compensation. We use the intrinsic value method to account for stock-based employee compensation. See Note 20 Stock Options for further disclosure.

*Accounting Pronouncements*

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141, Accounting for Business Combinations, also known as SFAS No. 141, and Statement of Financial Accounting Standards No. 142, Accounting for Goodwill and Intangible Assets, also known as SFAS No. 142. Under SFAS No. 141 and SFAS No. 142, companies may no longer use the pooling-of-interest accounting method for business combinations or account for mergers on their financial statements under the traditional purchase method, which required companies to amortize goodwill assets over a specific time period. Instead purchased goodwill will remain on the balance sheet as an asset subject to impairment reviews. We adopted SFAS No. 141 and SFAS No. 142 on January 1, 2002, and they did not have a material effect on our earnings or financial position.

In July 2001, the FASB issued Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, also known as SFAS No. 143, in which retirement obligations would be recorded as a liability using the present value of the estimated cash flows and a corresponding amount would be capitalized as part of the asset s carrying amount. The capitalized asset retirement cost would be amortized to expense over the asset s useful life using a systematic and rational allocation method. The estimate of the asset retirement obligation will change and have to be revised over time. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. If applicable, an accounting change to adopt the standard would be made as of the beginning of the company s fiscal year. The adoption of SFAS No. 143 will not have a material effect on our earnings or financial position.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, also known as SFAS No. 144, to supersede Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of, also known as SFAS No. 121. The basic recognition and measurement model for assets held for use and held for sale under SFAS No. 121 has been retained, however SFAS No. 144 removes goodwill from the scope as goodwill is now subject to the provisions of SFAS No. 141 and SFAS No. 142. SFAS No. 144 provides guidance on differentiating between assets held and used, held for sale, and held for disposal other than by sale. Assets held for sale or disposal must be stated at the lower of the assets  carrying amounts or fair values and depreciation would no longer be recognized. Assets to be disposed of by sale would be classified as held for sale when management, having the authority to approve the action, commits to a plan to sell the assets meeting several strict criteria. The three-step approach for recognizing and measuring impairment of assets to be held and used under SFAS No. 121 remains applicable. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001 and for interim periods within those fiscal years. We adopted SFAS 144 on January 1, 2002, and it did not have a material effect on our earnings or financial position.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections, also known as SFAS No. 145. SFAS No. 145 rescinds Statements of Financial Accounting Standards No. 4 and 64 that required gains and losses from extinguishment of debt be classified as extraordinary items. SFAS No. 145 also rescinds Statement of Financial Accounting Standards No. 44 that provided transition provisions related to the Motor Carrier Act of 1980. SFAS No. 145 amended Statement of

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Financial Accounting Standards No. 13 to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. SFAS No. 145 is effective for financial statements issued on or after May 15, 2002. We adopted SFAS No. 145 and it did not have a material effect on our earnings or financial position.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, Accounting for Costs Associated with Exit or Disposal Activities, also known as SFAS No. 146, in which liabilities for costs associated with an exit or disposal activity be recognized and measured initially at fair value only when the liabilities are incurred. SFAS No. 146 eliminated the recognition of certain costs associated with exit or disposal activities that were previously recognized as liabilities at a plan (commitment) date under Emerging Issues Task Force Issue No. 94-3 that did not meet the definition of a liability in FASB Concepts Statement No. 6, Elements of Financial Statements. SFAS No. 146 is effective for disposal activities initiated after December 31, 2002. The adoption of SFAS No. 146 will not have a material effect on our earnings or financial position.

In October 2002, the FASB issued Statement of Financial Accounting Standards No. 147, Acquisitions of Certain Financial Institutions an amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9, also known as SFAS No. 147, to remove acquisitions of financial institutions from the scope of both FASB Statement No. 72 and FASB Interpretation No. 9. SFAS No. 147 now requires that acquisitions of financial institutions be accounted for in accordance with SFAS No. 141 and 142. SFAS No. 147 also amends SFAS No. 144 to include in its scope long-term customer-relationship intangible assets of financial institutions. Consequently, customer-relationship intangible assets are subject to the same undiscounted cash flow recoverability test and impairment loss recognition and measurement provisions that SFAS No. 144 requires for other long-lived assets that are held and used. SFAS No. 147 is effective for acquisitions made on or after October 1, 2002 and is effective for measurement of impairment of long-lived assets on October 1, 2002. We adopted SFAS No. 147 on October 1, 2002 and it did not have a material effect on our earnings or financial position.

In December 2002, the FASB issued SFAS No. 148. SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the method used on reported results. SFAS No. 148 provides two additional transition methods for entities that adopt Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, also know as SFAS No. 123. Both of these methods avoid the ramp-up effects arising from prospective application of the fair value based method. SFAS No. 148 does not permit the use of the original SFAS No. 123 method of transition for changes to the fair value based method made in fiscal years beginning after December 15, 2003. This statement also requires disclosure of comparable information for all companies regardless of which method of accounting for stock-based employee compensation. SFAS No. 148 improves the timeliness of disclosures by requiring their inclusion in financial reports for interim periods. SFAS No. 148 is effective for fiscal years ending after December 15, 2002. We adopted the disclosure provisions of SFAS No. 148 on December 31, 2002 and expect to adopt the prospective application method of transition to the fair value based method in the first quarter of 2003. Neither the adoption of the disclosure nor the adoption of the fair value based method will have a material effect on our earnings or financial position.

In November 2002, the FASB issued Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, also known as FIN No. 45. FIN No. 45 will require that guarantees meeting the characteristics described in FIN No. 45 be recognized and initially measured at fair value. In addition, FIN No. 45 will require new disclosures by guarantors, even if the likelihood of the guarantor making payments under the guarantee is remote. The disclosure provisions of FIN No. 45 are effective for fiscal years ending after December 15, 2002. The initial recognition and initial measurement provisions of FIN No. 45 are applicable on a prospective basis

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to guarantees issued or modified after December 31, 2002. We adopted FIN No. 45 on December 15, 2002 and it did not have a material effect on our earnings or financial position.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities, also known as FIN No. 46. FIN No. 46 changes the consolidation requirements by requiring a variable interest entity to be consolidated by a company if that company is subject to the majority of the risk of loss from the variable interest entity s activities or entitled to receive a majority of the entity s residual returns or both. In addition, FIN No. 46 requires disclosures about variable interest entities that the company is not required to consolidate but in which it has a significant variable interest. The consolidation requirements of FIN No. 46 apply to variable interest entities created after January 31, 2003 and apply to existing variable interest entities in the first fiscal year or interim period beginning after June 15, 2003. The adoption of FIN No. 46 will not have a material effect on our earnings or financial position.

**Note 2 Investment Securities Available for Sale**

Investment securities available for sale consisted of the following:

| | December 31, 2002 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
| | (Dollars in thousands) | | | |
| Obligations of states and political subdivisions | $ 1,023 | $ 23 | | $ 1,046 |
| Owner trust certificates | 3,348 | | | 3,348 |
| Other | 6,031 | | | 6,031 |
| | $10,402 | $ 23 | | $10,425 |

| | December 31, 2001 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
| | (Dollars in thousands) | | | |
| Obligations of states and political subdivisions | $ 1,508 | $ 41 | | $ 1,549 |
| Owner trust certificates | 4,668 | | | 4,668 |
| Other | 4,294 | | | 4,294 |
| | $10,470 | $ 41 | | $10,511 |

At December 31, 2002, the stated maturities of our investment securities available for sale were as follows:

| One Year | Five Years | Ten Years |
|---|---|---|

| | Up to One Year | | to Five Years | | to Ten Years | | to Twenty-five Years | |
|---|---|---|---|---|---|---|---|---|
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| | (Dollars in thousands) | | | | | | | |
| Obligations of states and political subdivisions | | | $ 515 | $ 526 | $508 | $520 | | |
| Owner trust certificates | | | 3,348 | 3,348 | | | | |
| Other | $1,742 | $1,742 | 490 | 490 | | | $3,799 | $3,799 |
| | $1,742 | $1,742 | $4,353 | $4,364 | $508 | $520 | $3,799 | $3,799 |

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### Note 3 Mortgage-Backed Securities Available for Sale

MBS available for sale consisted of the following:

| | December 31, 2002 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| | (Dollars in thousands) | | | |
| GNMA certificates | $2,562,459 | $46,008 | $1,010 | $2,607,457 |
| FNMA participation certificates | 38,647 | 477 | | 39,124 |
| FHLMC participation certificates | 1,046 | 22 | | 1,068 |
| Other | 2,008 | | | 2,008 |
| | $2,604,160 | $46,507 | $1,010 | $2,649,657 |

| | December 31, 2001 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| | (Dollars in thousands) | | | |
| GNMA certificates | $2,040,110 | $12,527 | $16,268 | $2,036,369 |
| FNMA participation certificates | 51,353 | 541 | | 51,894 |
| FHLMC participation certificates | 1,679 | 13 | | 1,692 |
| Other | 2,270 | | | 2,270 |
| | $2,095,412 | $13,081 | $16,268 | $2,092,225 |

Proceeds from the sale of MBS available for sale for the years ended December 31, 2002, 2001 and 2000 were as follows:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| Proceeds from sales of MBS available for sale | | $507,839 | $17 |
| Gross realized gains | | 4,020 | |
| Gross realized losses | | (3,479) | |

Our MBS available for sale portfolio had maturities of one month to thirty years at December 31, 2002 and 2001, although payments are generally received monthly throughout the life of these securities.

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**Note 4 Net Loans Receivable**

Net loans receivable consisted of the following:

| | December 31, 2002 | December 31, 2001 |
|---|---|---|
| | (Dollars in thousands) | |
| Real estate: | | |
| Mortgage | $ 277,233 | $ 361,115 |
| Construction | 14,150 | 15,638 |
| | 291,383 | 376,753 |
| Less: undisbursed loan proceeds | 8,453 | 3,298 |
| | 282,930 | 373,455 |
| Consumer: | | |
| Contracts | 8,957,149 | 7,045,578 |
| Dealer participation, net of deferred contract fees | 154,671 | 128,148 |
| Other | 7,531 | 8,826 |
| Unearned discounts | (91,713) | (108,169) |
| | 9,027,638 | 7,074,383 |
| Commercial | 97,216 | 85,312 |
| | 9,407,784 | 7,533,150 |
| Allowance for credit losses | (258,892) | (171,432) |
| | $9,148,892 | $7,361,718 |

Loans managed by us totaled $9.8 billion and $8.6 billion as of December 31, 2002 and 2001, respectively. Of the $9.8 billion loans managed at December 31, 2002, $9.3 billion were owned by us and $525 million were owned by securitization trusts. Of the $8.6 billion loans managed at December 31, 2001, $7.4 billion were owned by us and $1.2 billion were owned by securitization trusts.

There were no impaired loans at December 31, 2002 and 2001.

**Note 5 Allowance for Credit Losses**

Changes in the allowance for credit losses were as follows:

| | For the Year Ended December 31, 2002 | 2001 | 2000 |
|---|---|---|---|
| | (Dollars in thousands) | | |
| Balance at beginning of year | $ 171,432 | $ 104,006 | $ 64,217 |
| Provision for credit losses | 306,233 | 196,977 | 82,133 |
| Chargeoffs | (281,150) | (163,902) | (57,126) |

| | | | |
|---|---|---|---|
| Write-down of nonperforming assets(1) | (3,673) | (6,786) | |
| Recoveries | 66,050 | 41,137 | 14,782 |
| Balance at end of year | $ 258,892 | $ 171,432 | $ 104,006 |

(1) The write-down of nonperforming assets represents specific reserves established on accounts that file for Chapter 13 bankruptcy and are greater than 120 days delinquent. To the extent that these accounts do not perform under the court ordered plan, these specific reserves are reversed and the account is charged off.

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**Note 6 Retained Interest in Securitized Assets**

The following table presents the activity of the RISA:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| Balance at beginning of period | $ 37,392 | $111,558 | $167,277 |
| Additions | | | 19,240 |
| Amortization | (36,461) | (75,546) | (75,958) |
| Change in unrealized gain/loss on RISA(1) | (931) | 1,380 | 999 |
| Balance at end of period(2) | $ 0 | $ 37,392 | $111,558 |

(1) The change in unrealized gain/loss on RISA represents temporary changes in valuation including changes in the discount rate based on the current interest rate environment. Such amounts will not be realized unless the RISA is sold. Changes in prepayment and credit loss assumptions for the RISA are other than temporary in nature and impact the value of the RISA. Such other than temporary differences are immediately recognized in income as a component of retained interest income.

(2) There were no restrictions on the RISA.

The following table summarizes certain cash flows received from and paid to securitization trusts on securitization transactions treated as sales:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| Proceeds | | | $660,000 |
| Excess cash flows from trust | $ 6,971 | $47,357 | 127,294 |
| Servicing fees received | 10,735 | 23,018 | 41,767 |
| Servicing advances | 18,547 | 20,203 | 38,060 |
| Repayments of servicing advances | 17,585 | 23,893 | 49,531 |

The balance of contracts 30 days or more delinquent included in such securitization trusts totaled $35.2 million and $67.4 million at December 31, 2002 and 2001, respectively. Net chargeoffs for these securitization trusts totaled $30.4 million, $50.4 million and $75.5 million for the years ended December 31, 2002, 2001 and 2000, respectively.

**Note 7 Premises and Equipment**

Premises and equipment consisted of the following:

**December 31,**

| | 2002 | 2001 |
|---|---|---|
| | (Dollars in thousands) | |
| Land | $ 15,949 | $ 16,275 |
| Buildings and improvements | 50,738 | 51,272 |
| Computers and software | 51,780 | 44,519 |
| Furniture and equipment | 20,037 | 18,757 |
| Other | 9,092 | 6,974 |
| | 147,596 | 137,797 |
| Less: accumulated depreciation | (68,932) | (58,539) |
| | $ 78,664 | $ 79,258 |

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**Note 8 Accrued Interest Receivable**

Accrued interest receivable consisted of the following:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Interest on loans receivable | $62,411 | $53,354 |
| Interest on securities | 15,170 | 13,388 |
| | $77,581 | $66,742 |

Accrued interest receivable at December 31, 2002 and 2001 is included in other assets in the Consolidated Statements of Financial Condition.

**Note 9 Deposits**

Deposits consisted of the following:

| | Weighted Average Rate at December 31, 2002 | Weighted Average Rate for the Year Ended December 31, 2002 | December 31, 2002 | December 31, 2001 |
|---|---|---|---|---|
| Noninterest bearing deposits | | | $ 165,844 | $ 100,170 |
| Demand deposit accounts | 0.2% | 0.2% | 1,037 | 1,124 |
| Passbook accounts | 0.3 | 0.4 | 6,688 | 11,192 |
| Money market deposit accounts | 2.1 | 2.0 | 730,245 | 858,371 |
| Brokered certificate accounts | 2.1 | 3.5 | 98,992 | 56,302 |
| Certificate accounts | 3.0 | 5.2 | 972,178 | 1,302,167 |
| | | | $1,974,984 | $2,329,326 |

The aggregate amount of certificate accounts in denominations greater than or equal to $100,000 was $305 million and $426 million at December 31, 2002 and 2001, respectively. Deposit amounts in excess of $100,000 are not federally insured.

Scheduled maturities of certificate accounts at December 31, 2002 were as follows:

| Weighted Average Rate | Amount |
|---|---|

| | | |
|---|---|---|
| | (Dollars in thousands) | |
| Six months or less | 2.96% | $395,468 |
| More than six months through one year | 2.94 | 523,132 |
| More than one year through three years | 3.78 | 48,920 |
| More than three years through ten years | 4.05 | 4,658 |
| | | $972,178 |

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Interest expense on deposits consisted of the following:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| Demand deposit accounts | $ 117 | $ 70 | $ 373 |
| Passbook accounts | 39 | 169 | 296 |
| Money market deposit accounts | 14,772 | 28,648 | 42,160 |
| Certificate accounts | 63,867 | 83,859 | 90,460 |
| Brokered certificate accounts | 1,220 | 2,085 | 321 |
| | $80,015 | $114,831 | $133,610 |

Accrued interest payable on deposits at December 31, 2002 and 2001 was $5.7 million and $7.0 million, respectively, including accrued interest payable on related interest rate swap agreements, and is included in other liabilities in the Consolidated Statements of Financial Condition.

The following table summarizes certificate accounts by interest rate within maturity categories at:

| | | December 31, 2002 | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2003 | 2004 | 2005 | 2006 | 2007 | Total |
| | | (Dollars in thousands) | | | | | |
| 0% | 3.99% | $862,104 | $11,358 | $10,406 | | $2,177 | $886,045 |
| 4.00% | 5.99% | 56,490 | 20,899 | 6,262 | $1,220 | 1,262 | 86,133 |
| | | $918,594 | $32,257 | $16,668 | $1,220 | $3,439 | $972,178 |

| | | December 31, 2001 | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | Total |
| | | (Dollars in thousands) | | | | | |
| 0% | 3.99% | $ 377,482 | $ 65,209 | $ 2,660 | | $ 12 | $ 445,363 |
| 4.00% | 5.99% | 728,454 | 78,835 | 12,723 | $1,555 | 1,749 | 823,316 |
| 6.00% | 7.99% | 33,376 | 112 | | | | 33,488 |
| | | $1,139,312 | $144,156 | $15,383 | $1,555 | $1,761 | $1,302,167 |

**Note 10 Notes Payable on Automobile Secured Financing**

For the years ended December 31, 2002 and 2001, we issued $6.9 billion and $4.2 billion of notes secured by contracts, of which $6.2 billion and $3.6 billion was through public transactions and $775 million and $650 million, respectively, was through conduit facilities. We had no amount outstanding on the conduit facilities at December 31, 2002 compared with $650 million at December 31, 2001. We terminated our $650 million and $775 million conduit facilities in March 2002 and May 2002, respectively, in conjunction with the issuance of notes through public securitization transactions.

Interest payments on the public transactions based on the respective note s interest rate are due either monthly or quarterly, in arrears. Interest payments on the conduit facility are due monthly, in arrears, based on the respective note s interest rate. Interest expense on all notes payable on automobile secured financing, including interest payments under interest rate swap agreements, totaled $407 million for the year ended December 31, 2002 compared with $334 million and $124 million for the years ended December 31, 2001 and 2000, respectively.

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The stated maturities of our notes payable on automobile secured financing and their weighted average interest rates, including the effect of interest rate swap agreements on variable rate notes payable, were as follows:

| | (Dollars in thousands) | Weighed Average Interest Rate |
|---|---|---|
| 2003 | $ 440,595 | 1.74% |
| 2004 | 67,764 | 7.69 |
| 2005 | 2,233,975 | 3.70 |
| 2006 | 1,183,839 | 4.86 |
| 2007 | 1,518,270 | 3.40 |
| Thereafter | 2,978,472 | 5.13 |
| | $8,422,915 | 4.25% |

**Note 11 Securities Sold Under Agreements to Repurchase**

Securities sold under agreements to repurchase are summarized as follows:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Balance at end of period | $276,600 | $155,190 |
| Estimated fair value at end of period | 276,932 | 155,237 |
| Average amount outstanding during the period | 222,154 | 155,387 |
| Maximum amount outstanding at any given month-end during the period | 356,450 | 177,698 |
| Weighted average interest rate during the period | 2.5% | 4.5% |
| Weighted average interest rate at end of period | 1.4% | 1.9% |

MBS available for sale sold under agreements to repurchase were delivered to dealers who arranged the transactions. The dealers may have sold, loaned, or otherwise disposed of such securities to other parties in the normal course of their operations, and have agreed to resell to us substantially identical securities at the maturities of the agreements. At December 31, 2002, we had $220 million and $49.3 million outstanding with our counterparties, Salomon Smith Barney and Nomura Securities Co., Ltd., respectively. At December 31, 2001, we had $71.2 million and $80.0 million outstanding with our counterparties, Salomon Smith Barney and Nomura Securities Co., Ltd., respectively. The agreements at December 31, 2002 and 2001 mature within 30 days. Average amounts are computed based upon daily ending balances.

**Note 12 Federal Home Loan Bank Advances**

Advances from the Federal Home Loan Bank are collateralized with eligible real estate loans and MBS. The FHLB advances were collateralized with mortgage loans totaling $206 million and $304 million at December 31, 2002 and 2001, respectively, and MBS totaling $1.3 billion and $1.0 billion at December 31, 2002 and 2001, respectively.

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Information as to interest rates and maturities on advances from the FHLB is as follows:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Range of interest rates | 1.4% 7.1% | 1.9% 8.2% |
| Weighted average interest rate | 1.4% | 2.0% |
| Year due: | | |
| 2002 | | $ 540,500 |
| 2003 | $ 333,500 | |
| Thereafter | 2,775 | 2,917 |
| | $ 336,275 | $ 543,417 |

We had available credit with the FHLB of approximately $1.0 billion and $733 million at December 31, 2002 and 2001, respectively.

**Note 13 Other Borrowings**

We have a line of credit with a bank which has a maximum availability of $30.0 million and $20.0 million at December 31, 2002 and 2001. There was no amount and $20.0 million outstanding at December 31, 2002 and 2001, respectively, and amounts due are included in other borrowings in the Consolidated Statements of Financial Condition. The line of credit has an interest rate tied to either the Prime rate or the London Interbank Offer Rate, also known as LIBOR, based on our choice. The weighted average interest rate was 4.5%, 4.0%, and 8.4% at December 31, 2002, 2001, and 2000, respectively. Interest expense totaled $0.1 million, $0.6 million, and $1.3 million for the years ended December 31, 2002, 2001, and 2000, respectively.

**Note 14 Subordinated Debentures**

Subordinated debentures consisted of the following:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Subordinated debentures | $408,010 | $150,000 |
| Discount and issuance costs | (7,449) | (2,286) |
| Net subordinated debentures | $400,561 | $147,714 |

The subordinated debentures are unsecured and consist of two issuances with outstanding balances of $107 million with an interest rate of 8.875% per annum due in 2007 and $293 million with an interest rate of 9.625% per annum due in 2012. They are redeemable at our option, in whole or in part, on or after August 1, 2004 and May 15, 2009, respectively, both at 100% of the principal amount being redeemed plus accrued interest as of the date of redemption. In addition, the 9.625% debentures may be redeemed in part prior to May 15, 2005, provided at least 65% of the debentures remain outstanding, the redemption is with the proceeds of and within 90 days of an equity issuance by the Bank and the redemption price is not less than 109.625%. For regulatory purposes, the subordinated debentures are included as part of the Bank s supplementary capital, subject to certain limitations.

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**Note 15 Commitments and Contingencies**

Future minimum payments under noncancelable operating leases on premises and equipment with terms of one year or more were as follows:

| | December 31, 2002 |
|---|---|
| | (Dollars in thousands) |
| 2003 | $ 6,546 |
| 2004 | 6,125 |
| 2005 | 5,057 |
| 2006 | 2,841 |
| 2007 | 1,819 |
| Thereafter | 3,197 |
| | $25,585 |

In certain cases, these agreements include various renewal options and contingent rental agreements. Rental expense for premises and equipment totaled $7.1 million, $6.9 million and $6.0 million for the years ended December 31, 2002, 2001 and 2000, respectively.

Our commercial and mortgage loan commitments and mortgage loans sold with recourse were as follows:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Commercial letters of credit and unused lines of credit provided | $214,574 | $147,077 |
| Commitments to fund commercial and mortgage loans: | | |
| Fixed rate loans | $ 98,923 | $ 21,089 |
| Variable rate loans | 111,596 | 119,808 |
| | $210,519 | $140,897 |
| Mortgage loans sold with recourse | $ 45,424 | $ 63,615 |

At December 31, 2002, we had commitments to fund fixed rate loans at rates ranging from 2.42% to 10.09% with loan terms ranging from one month to 137 months.

We have pledged certain assets relative to amounts held on behalf of trustee, including amounts related to securitization transactions treated as secured financings, as follows:

December 31,

| | 2002 | 2001 |
|---|---|---|
| | (Dollars in thousands) | |
| FNMA participation certificates | $ 30,204 | $ 38,386 |
| GNMA certificates | 692,908 | 637,162 |
| Automobile contracts | 473,775 | 440,615 |
| Multifamily first mortgages | 22,834 | 29,906 |
| | $1,219,721 | $1,146,069 |

We issued certain MBS that include recourse provisions. Subject to certain limitations, we are required, for the life of the loans, to repurchase the buyer s interest in individual loans on which foreclosure proceedings have been completed. Securities with recourse issued by us had a total outstanding balance of $45.4 million and $63.6 million at December 31, 2002 and 2001, respectively. The maximum remaining exposure under these recourse provisions was $45.4 million and $63.6 million at December 31,

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2002 and 2001, respectively. We have pledged approximately $11.7 million of MBS as collateral under these recourse provisions at both December 31, 2002 and 2001.

We have provided for probable losses which can be reasonably estimated that may occur as a result of our recourse obligations. The amount reserved for probable losses on recourse obligations totaled $0.6 million and $0.8 million at December 31, 2002 and 2001, respectively. The amount of reserves held was determined based upon historical experience of losses on repurchased loans.

We or our subsidiaries are involved as a party in certain legal proceedings incidental to our business. We do not believe that the outcome of these proceedings will have a material effect upon our financial condition, results of operations and cash flows.

**Note 16 Accumulated Other Comprehensive Loss, Net of Tax**

The following table summarizes the components of accumulated other comprehensive loss, net of tax:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Unrealized gain/(loss) on marketable securities | $ 27,145 | $ (1,457) |
| Unrealized loss on interest rate swaps: (1) | | |
| Deposits | (53,081) | (12,223) |
| Automobile secured financing | (43,624) | (26,550) |
| Securities sold under agreements to repurchase | (3,092) | (845) |
| | (99,797) | (39,618) |
| Realized loss on settled cash flow hedges: (1) | | |
| Deposits | (11,367) | (7,910) |
| Automobile secured financing | (17,531) | (11,921) |
| | (28,898) | (19,831) |
| Total other accumulated comprehensive loss | $(101,550) | $(60,906) |

(1) All cash flow hedges are structured to hedge future interest payments on deposits or borrowings.

**Note 17 Equity Offerings**

We completed rights offerings in March 2002 and May 2001 in which we raised $51.3 million and $61.0 million through the issuance of 3.3 million and 3.7 million additional common shares at a price of $15.75 and $16.25 per share, respectively. With the completion of the March 2002 offering, our total number of common shares issued and outstanding increased 9.1% to 39.1 million shares at March 31, 2002, compared with an increase of 12% to 35.7 million shares in May 2001.

WFS completed a rights offering in March 2002 and May 2001 which raised a total of $110 million and $116 million through the issuance of 6.1 million and 6.4 million additional common shares at a price of $18.00 and $18.25 per share, respectively. With the completion of the March 2002 offering, the WFS number of common shares issued and outstanding increased by 18% to 41.1 million shares, compared with an increase of 22% to 35.0 million shares in May 2001.

Of the 6.1 million and 6.4 million additional common shares issued by WFS in 2002 and 2001, the Bank purchased 5.2 million and 5.3 million shares in the amount of $94.4 million and $96.5 million, respectively. The net amount of proceeds received from WFS and our rights offerings executed in March 2002 and May 2001 totaled $67.3 million and $80.6 million, respectively. At December 31, 2002, the Bank owned 84% of WFS common stock.

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**Note 18 Automobile Lending Income**

Automobile lending income consisted of the following components:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| Fee income | $ 78,724 | $ 67,579 | $ 57,786 |
| Contractual servicing income | 10,734 | 23,018 | 41,767 |
| Retained interest (expense) income, net of RISA amortization | (29,490) | (27,839) | 51,429 |
| Gain on sale of contracts | | | 7,719 |
| Total automobile lending income | $ 59,968 | $ 62,758 | $158,701 |

Fee income consists primarily of documentation fees, late charges and deferment fees. According to the terms of each securitization transaction, contractual servicing income is earned at rates ranging from 1.0% to 1.25% per annum on the outstanding balance of contracts securitized.

**Note 19 Employee Benefit Plans**

We have three employee benefit plans, which vary on the types of associates covered and the benefits received. These plans include the Westcorp Employee Stock Ownership and Salary Savings Plan, the Executive Deferral Plan, and the Long Term Incentive Plan.

The Westcorp Employee Stock Ownership Plan, also known as the ESOP, covers essentially all associates who have completed six months of service, excluding contract or temporary employees. Contributions to the ESOP are discretionary and determined by the Board of Directors within limits set forth under the Employee Retirement Income Security Act of 1974. These contributions are allocated to the associate s account based upon years of service and annual compensation. All shares purchased by the ESOP are allocated to associates who participate in the ESOP. The Salary Savings Plan, also known as the 401(k) Plan, covers essentially all associates who have completed three months of service, excluding contract or temporary employees. Contributions to the 401(k) Plan are guaranteed and based on a fixed percent of the associate s payroll deferral for the calendar year. Contributions to the ESOP and 401(k) Plan totaled $2.8 million, $8.4 million and $8.0 million in 2002, 2001 and 2000, respectively. Compensation expense related to the ESOP and 401(k) Plan totaled $1.4 million, $4.8 million and $7.3 million in 2002, 2001 and 2000, respectively. As of December 31, 2002, the ESOP and 401(k) plan held a total of 1,927,643 shares of our common stock. All shares are considered outstanding for purposes of calculating our earnings per share.

The Executive Deferral Plan, also known as the EDP, covers a select group of our management or highly compensated associates as determined by our Board of Directors. The EDP is designed to allow participants to defer a portion of their compensation on a pre-tax basis and earn tax-deferred interest on these deferrals. The EDP also provides for us to match portions of the amounts contributed by our associates at the discretion of our Board of Directors. For the year ended December 31, 2002, expense related to the EDP for us and our subsidiaries totaled $0.7 million compared with $0.3 million and $0.5 million for the years ended December 31, 2001 and 2000, respectively.

The Long Term Incentive Plan, also known as the LTIP, covers certain key executive officers in which such officers will be entitled to receive a fixed incentive amount provided that our tangible net book value per common share as of December 31, 2004 equals or exceeds $28.08, as adjusted at our sole discretion, and the executive officer remains continuously employed by us or our subsidiaries through April 30, 2005. We expensed $0.8 million and $0.9 million in 2002 and 2001, respectively, related to the LTIP.

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**Note 20 Stock Options**

In May 2001, we adopted the 2001 Westcorp Stock Option Plan, also known as the 2001 Plan, an incentive stock option plan for certain associates and directors. The 2001 Plan replaced the 1991 Stock Option Plan, also known as the 1991 Plan, that expired on April 15, 2001. Those who received options prior to the approval of the 2001 Plan are still subject to the 1991 Plan and may continue to exercise the remaining shares that are outstanding and exercisable, however, any and all shares reserved for the 1991 Plan are no longer available for future grants. As such, no further grants will be made under the expired 1991 Plan.

Under the 2001 Plan, we reserved a total of 3,000,000 shares of common stock for future issuance. As of December 31, 2002, a total of 2,614,500 shares were available for future grants. The options may be exercised within seven years after the date of the grant. Additionally, the weighted average life of the options outstanding at December 31, 2002 was 3.83 years and the exercise prices ranged from $9.94 to $20.41 per share.

Options outstanding and exercisable at December 31, 2002 were as follows:

| | | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|---|
| Range of Exercise Prices | | Number Outstanding | Weighted Average Remaining Life | Weighted Average Exercise Price | Number Exercisable | Weighted Average Exercise Price |
| $ 9.00 | 10.00 | 750 | 2.52 | $ 9.94 | 750 | $ 9.94 |
| 12.00 | 13.00 | 232,313 | 2.93 | 12.63 | 192,938 | 12.62 |
| 13.00 | 14.00 | 230,125 | 4.05 | 13.25 | 100,810 | 13.25 |
| 15.00 | 16.00 | 1,000 | 4.76 | 15.25 | 500 | 15.25 |
| 17.00 | 18.00 | 317,750 | 5.05 | 17.32 | 73,116 | 17.32 |
| 18.00 | 19.00 | 377,500 | 6.02 | 18.30 | 2,750 | 18.22 |
| 19.00 | 20.00 | 5,000 | 6.51 | 19.85 | | |
| 20.00 | 21.00 | 3,000 | 6.76 | 20.41 | | |
| 9.00 | 21.00 | 1,167,438 | 4.75 | $15.91 | 370,864 | $13.76 |

Stock option activity is summarized as follows:

| | Shares | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at January 1, 2000 | 533,819 | $12.76 |
| Granted | 363,500 | 13.27 |
| Exercised | (15,013) | 12.10 |
| Canceled | (61,591) | 12.78 |
| Outstanding at December 31, 2000 | 820,715 | 12.94 |
| Granted | 444,250 | 17.37 |
| Exercised | (113,834) | 12.68 |
| Canceled | (74,317) | 14.76 |
| Outstanding at December 31, 2001 | 1,076,814 | 14.67 |

| | | |
|---|---|---|
| Granted | 414,500 | 18.33 |
| Exercised | (143,251) | 13.29 |
| Canceled | (180,625) | 16.06 |
| Outstanding at December 31, 2002 | 1,167,438 | $ 15.91 |

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models

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require the input of highly subjective assumptions including the expected stock price volatility. Because our stock options have characteristics significantly different from those traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion, the existing model does not necessarily provide a reliable single measure of the fair value of our employee stock options. Nonetheless, the fair value of options granted in 2002, 2001 and 2000 was estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions:

| | December 31, | | |
|---|---|---|---|
| | **2002** | **2001** | **2000** |
| Risk-free interest rate | 3.4% | 4.7% | 4.8% |
| Volatility factor | 0.31 | 0.40 | 0.39 |
| Expected option life | 7 years | 7 years | 5 to 7 years |

The weighted average fair value of options granted during 2002, 2001 and 2000 was $7.35, $8.70 and $8.28, respectively.

We elected to follow Accounting Principles Board Opinion No. 25, also known as APB No. 25, and related Interpretations in accounting for our employee stock options. Under APB No. 25, the exercise price of our employee stock options equals the market price of the underlying stock on the date of grant and, therefore, no compensation expense is recognized. Pro forma information regarding net income and earnings per share is required by SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148 and has been determined as if we had accounted for our employee stock options under the fair value method of that statement.

Pro forma net income and diluted earnings per share for the respective periods were as follows:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | **2002** | **2001** | **2000** |
| | (Dollars in thousands, except per share amounts) | | |
| Net income | $79,718 | $55,690 | $74,743 |
| Stock based compensation included above | | | |
| Stock based compensation that would be included | 858 | 800 | 617 |
| Pro forma net income | $78,860 | $54,890 | $74,126 |
| Earnings per share basic | $ 2.07 | $ 1.62 | $ 2.54 |
| Earnings per share diluted | $ 2.05 | $ 1.61 | $ 2.53 |
| Pro forma earnings per share basic | $ 2.04 | $ 1.60 | $ 2.51 |
| Pro forma earnings per share diluted | $ 2.03 | $ 1.59 | $ 2.51 |

The difference between our pro forma net income and diluted earnings per share and our reported net income and earnings per share is immaterial.

**Note 21 Dividends**

We paid cash dividends of $0.47, $0.43 and $0.30 per share for the years ended December 31, 2002, 2001 and 2000, respectively. There are no restrictions on the payment of dividends by Westcorp.

Our wholly owned subsidiary, the Bank, is restricted by regulation and by the indentures relating to its subordinated debentures as to the amount of funds which can be transferred to us in the form of dividends. Under the most restrictive of these terms, on December 31, 2002, the Bank s restricted shareholder s equity was $393 million with a maximum dividend of $140 million.

The Bank must notify the Office of Thrift Supervision, also known as the OTS, of its intent to declare cash dividends thirty days before declaration and may not make a loan to us for any purpose to the extent we engage in any activities not permitted for a bank holding company.

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**Note 22 Income Taxes**

Income tax expense consisted of the following:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| **Current** | | | |
| Federal | $ 71,960 | $ 74,383 | $ 66,254 |
| State | 14,088 | 10,123 | 10,851 |
| | 86,048 | 84,506 | 77,105 |
| **Deferred:** | | | |
| Federal | (24,816) | (38,623) | (20,336) |
| State | (9,188) | (4,208) | 1,363 |
| | (34,004) | (42,831) | (18,973) |
| | $ 52,044 | $ 41,675 | $ 58,132 |

A reconciliation of total tax provisions and the amounts computed by applying the statutory federal income tax rate of 35% to income before taxes is as follows:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| Tax at statutory rate | $50,720 | $37,707 | $50,655 |
| State tax (net of federal tax benefit) | 3,185 | 3,844 | 7,939 |
| Other | (1,861) | 124 | (462) |
| | $52,044 | $41,675 | $58,132 |

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Amounts previously reported as current and deferred income tax expense have been reclassified. Such changes to the components of the expense occur because all tax alternatives available to us are not known for a number of months subsequent to year end.

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Significant components of our deferred tax assets and liabilities were as follows:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| **Deferred tax assets:** | | |
| Reserves for credit losses | $ 94,599 | $ 61,582 |
| State tax deferred benefit | 4,446 | 6,464 |
| Deferred compensation accrual | 4,007 | 4,091 |
| Tax basis difference marketable securities and derivatives | 91,543 | 40,023 |
| Other, net | 10,324 | 4,849 |
| Total deferred tax assets | 204,919 | 117,009 |
| **Deferred tax liabilities:** | | |
| Loan fee income deferred for tax purposes | (529) | (946) |
| FHLB dividends | (7,259) | (6,674) |
| Accelerated depreciation for tax purposes | (2,265) | (2,140) |
| Loan costs | (321) | (251) |
| Asset securitization income recognized for book purposes | | (12,079) |
| Deferred taxes on unrealized gains | (18,375) | (10,341) |
| Tax basis difference mortgage-backed securities | (20,684) | (687) |
| Other, net | (20,382) | (15,934) |
| Total deferred tax liabilities | (69,815) | (49,052) |
| Net deferred tax assets | $135,104 | $ 67,957 |

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**Note 23 Fair Values of Financial Instruments**

The estimated fair values of our financial instruments were as follows:

| | December 31, | | | |
|---|---|---|---|---|
| | 2002 | | 2001 | |
| | Carrying Amounts | Fair Value | Carrying Amounts | Fair Value |
| | (Dollars in thousands) | | | |
| **Financial assets:** | | | | |
| Cash and due from banks | $ 84,215 | $ 84,215 | $ 69,327 | $ 69,327 |
| Other short-term investments | | | 35,000 | 35,000 |
| Investment securities and MBS | 2,660,082 | 2,660,082 | 2,102,736 | 2,102,736 |
| Loans receivable | 9,407,784 | 10,430,510 | 7,533,150 | 8,245,735 |
| Retained interest in securitized assets | | | 37,392 | 37,392 |
| Financial instrument agreements held for purposes other than trading: | | | | |
| Interest rate swaps | (194,590) | (194,590) | (95,984) | (95,984) |
| **Financial liabilities:** | | | | |
| Deposits | 1,974,984 | 1,984,247 | 2,329,326 | 2,339,154 |
| Securities sold under agreements to repurchase | 276,600 | 276,932 | 155,190 | 155,237 |
| Short-term borrowings | 5,891 | 5,897 | 25,068 | 25,075 |
| Notes payable on automobile secured financing | 8,422,915 | 8,672,125 | 5,886,227 | 6,026,564 |
| Federal Home Loan Bank advances | 336,275 | 333,679 | 543,417 | 543,580 |
| | 177,642 | 177,642 | 280,496 | 280,496 |

| | | | | |
|---|---|---|---|---|
| Amounts held on behalf of trustee | | | | |
| Subordinated debentures | 400,561 | 418,947 | 147,714 | 144,760 |

**Note 24 Financial Instrument Agreements**

Our interest rate swap agreements are with counterparties to exchange, at specified intervals, the difference between fixed rate and floating rate interest amounts calculated by reference to an agreed notional amount and a specified index. We pay a fixed interest rate and receive a floating interest rate on all of our interest rate swap agreements. At December 31, 2002 and 2001, the terms of our interest rate swaps were to pay a weighted average fixed rate of 4.8% and 5.5% and to receive a weighted average variable rate of 1.6% and 2.3%, respectively, with expiration dates ranging from 2002 to 2011 and collateral requirements generally ranging from 3% to 4%. Variable interest rates may change in the future.

Notional amounts do not represent amounts exchanged with other parties and, thus are not a measure of our exposure to loss through our use of these agreements. The amounts exchanged are determined by reference to the notional amounts and the other terms of the agreements.

The current credit exposure under these agreements is limited to the fair value of the agreements with a positive fair value at the reporting date. Master netting agreements are arranged or collateral is obtained through physical delivery of, or rights to, securities to minimize our exposure to credit losses in the event of nonperformance by counterparties to financial instruments. We use only highly rated counterparties and further reduce our risk by avoiding any material concentration with a single counterparty.

For the year ended December 31, 2002, the unrealized loss on cash flow hedges was $135 million, net of taxes of $94.1 million, compared with an unrealized loss on cash flow hedges of $75.0 million, net of taxes of $52.2 million, for the year ended December 31, 2001. We reclassified $66.2 million and $15.6 million into earnings, net of tax, for the years ended December 31, 2002 and 2001, respectively, which is included in interest expense on the Consolidated Statements of Income. The amount recognized

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in earnings due to ineffectiveness was immaterial. We estimate that we will reclassify into earnings during the next twelve months approximately $22 million to $28 million of the unrealized loss on these instruments that was recorded in accumulated other comprehensive loss as of December 31, 2002.

**Note 25 Earnings Per Share**

The following table sets forth the computation of basic and diluted earnings per share:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands, except per share amounts) | | |
| **Basic:** | | | |
| Net income | $ 79,718 | $ 55,690 | $ 74,743 |
| Average basic common shares outstanding | 38,588,710 | 34,277,856 | 29,494,497 |
| Net income per common share basic | $ 2.07 | $ 1.62 | $ 2.54 |
| **Diluted:** | | | |
| Net income | $ 79,718 | $ 55,690 | $ 74,743 |
| Average basic common shares outstanding | 38,588,710 | 34,277,856 | 29,494,497 |
| Stock option adjustment | 333,901 | 207,271 | 31,180 |
| Average diluted common shares outstanding | 38,922,611 | 34,485,127 | 29,525,677 |
| Earnings per common share diluted | $ 2.05 | $ 1.61 | $ 2.53 |

Options to purchase 26,000, and 12,700 share of common stock at prices ranging from $15.25 to $18.69 per share were outstanding at December 31, 2001 and 2000, respectively, but were not included in the computation of diluted earnings per share because the options exercise prices were greater than the average market price of the common shares and therefore, the effect would be antidilutive.

**Note 26 Regulatory Capital**

At December 31, 2002 and 2001, the Office of Thrift Supervision categorized the Bank as well capitalized. To be categorized as well capitalized, the Bank must maintain minimum capital ratios as set forth in the table below. The Bank s capital is subject to review by federal regulators for the components, amounts, risk weighting classifications and other factors. There are no conditions or events since December 31, 2002 that we believe have changed the Bank s category.

The following table summarizes the Bank s actual capital and required capital as of December 31, 2002 and 2001:

| Tangible | Core | Tier 1 Risk-Based | Risk-Based |
|---|---|---|---|

| | Capital | Capital | Capital | Capital |
|---|---|---|---|---|
| | (Dollars in thousands) | | | |
| **December 31, 2002** | | | | |
| Actual Capital: | | | | |
| Amount | $728,631 | $728,631 | $655,142 | $1,143,345 |
| Capital ratio | 6.43% | 6.43% | 7.67% | 13.38% |
| FIRREA minimum required capital: | | | | |
| Amount | $169,991 | $339,981 | N/A | $ 683,481 |
| Capital ratio | 1.50% | 3.00% | N/A | 8.00% |
| Excess | $558,640 | $388,650 | N/A | $ 459,864 |
| FDICIA well capitalized required capital: | | | | |
| Amount | N/A | $566,635 | $512,611 | $ 854,351 |
| Capital ratio | N/A | 5.00% | 6.00% | 10.00% |
| Excess | N/A | $161,996 | $142,531 | $ 288,994 |

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| | Tangible Capital | Core Capital | Tier 1 Risk-Based Capital | Risk-Based Capital |
|---|---|---|---|---|
| | (Dollars in thousands) | | | |
| **December 31, 2001** | | | | |
| Actual Capital: | | | | |
| Amount | $602,491 | $602,491 | $602,491 | $841,144 |
| Capital ratio | 7.29% | 7.29% | 8.49% | 11.86% |
| FIRREA minimum required capital: | | | | |
| Amount | $123,957 | $247,915 | N/A | $567,523 |
| Capital ratio | 1.50% | 3.00% | N/A | 8.00% |
| Excess | $478,534 | $354,576 | N/A | $273,621 |
| FDICIA well capitalized required capital: | | | | |
| Amount | N/A | $413,192 | $425,642 | $709,404 |
| Capital ratio | N/A | 5.00% | 6.00% | 10.00% |
| Excess | N/A | $189,299 | $176,849 | $131,740 |

The following table reconciles the Bank s equity to the Bank s tangible, core and risk-based capital:

| | December 31, | |
|---|---|---|
| | 2002 | 2001 |
| | (Dollars in thousands) | |
| Bank shareholder s equity GAAP basis | $ 532,902 | $472,132 |
| Adjustments for tangible and core capital: | | |
| Unrealized losses under SFAS No. 115 and SFAS No. 133 | 94,220 | 52,214 |
| Non-permissible activities | (157) | 78,261 |
| Minority interest in equity of subsidiaries | 101,666 | (116) |
| Total tangible and core capital | 728,631 | 602,491 |
| Adjustments for risk-based capital: | | |
| Subordinated debentures(1) | 380,314 | 149,554 |
| General loan valuation allowance(2) | 107,889 | 89,099 |
| Low-level recourse deduction | (73,489) | |
| Risk-based capital | $1,143,345 | $841,144 |

(1) Excludes capitalized discounts and issue costs.

(2) Limited to 1.25% of risk-weighted assets.

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**Note 27 Westcorp (Parent Company Only) Financial Information**

**STATEMENTS OF FINANCIAL CONDITION**

| | December 31, 2002 | December 31, 2001 |
|---|---|---|
| | (Dollars in thousands) | |
| **Assets** | | |
| Cash | $ 8,420 | $ 11,245 |
| Investment in subsidiaries | 617,598 | 563,514 |
| Other | 4,258 | 3,414 |
| Total assets | $630,276 | $578,173 |
| **Liabilities** | | |
| Other liabilities | $ 3,495 | $ 23,579 |
| Total liabilities | 3,495 | 23,579 |
| Shareholders equity | 626,781 | 554,594 |
| Total liabilities and shareholders equity | $630,276 | $578,173 |

**STATEMENTS OF INCOME**

| | For the Year Ended December 31, 2002 | 2001 | 2000 |
|---|---|---|---|
| | (Dollars in thousands) | | |
| **Income:** | | | |
| Dividends from subsidiaries | $16,100 | $60,100 | $ 3,500 |
| Total income | 16,100 | 60,100 | 3,500 |
| **Expense:** | | | |
| Net interest expense | 138 | 620 | 1,328 |
| Net noninterest expenses | 5,071 | 3,536 | 2,341 |
| Total expense | 5,209 | 4,156 | 3,669 |
| Income before income taxes and equity in net income of subsidiaries | 10,891 | 55,944 | (169) |
| Income tax benefit | (2,087) | (1,623) | (1,507) |
| Income before equity in net income of subsidiaries | 12,978 | 57,567 | 1,338 |
| Equity in undistributed net income of subsidiaries | 67,698 | 10,860 | 71,902 |
| Net income | $80,676 | $68,427 | $73,240 |

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**STATEMENTS OF CASH FLOWS**

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 2002 | 2001 | 2000 |
| | (Dollars in thousands) | | |
| OPERATING ACTIVITIES | | | |
| Net income | $ 80,676 | $ 68,427 | $ 73,240 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | | | 14 |
| Equity in undistributed net income of subsidiaries | (67,698) | (10,860) | (71,902) |
| Other, net | (927) | (2,127) | 4,958 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 12,051 | 55,440 | 6,310 |
| INVESTING ACTIVITIES | | | |
| Capital contribution to subsidiary | (29,700) | (94,000) | (69,848) |
| NET CASH USED IN INVESTING ACTIVITIES | (29,700) | (94,000) | (69,848) |
| FINANCING ACTIVITIES | | | |
| (Decrease) increase in short-term borrowings | (20,000) | (2,300) | 19,800 |
| Dividends paid | (18,042) | (15,000) | (9,045) |
| Issuance of common stock | 52,866 | 62,141 | 55,684 |
| Other, net | | | 52 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 14,824 | 44,841 | 66,491 |
| (DECREASE) INCREASE IN CASH | (2,825) | 6,281 | 2,953 |
| Cash at beginning of year | 11,245 | 4,964 | 2,011 |
| CASH AT END OF YEAR | $ 8,420 | $ 11,245 | $ 4,964 |

**Note 28 Subsequent Events (Unaudited)**

On February 19, 2003, we declared a cash dividend of $0.13 per share for shareholders of record as of May 6, 2003, with a payable date of May 20, 2003.

On February 27, 2003, we completed the issuance of $1.3 billion of notes secured by contracts through a securitization transaction accounted for as a secured financing. The senior notes issued are credit enhanced through the issuance of subordinated notes.

Effective January 1, 2003, we regained control over assets of the trusts for all of our outstanding securitization transactions treated as sales for accounting purposes. We regained control of these assets when each trust was given the ability to invest in financial assets not related to the securitization of contracts. In accordance with Emerging Issues Task

Force 02-9, Accounting for Changes that Result in a Transferor Regaining Control of Financial Assets Sold, we recorded $525 million of automobile contracts and the related notes payable on automobile secured financings on our Consolidated Statements of Financial Condition and have eliminated all remaining amounts due from trusts and amounts held on behalf of trustee for these transactions. We will no longer recognize retained interest income or expense or contractual servicing income for these securitization transactions on our Consolidated Statements of Income. Rather, we will recognize interest income on automobile contracts held in these trusts and record interest expense on notes payable on automobile secured financings.

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**Note 29 Quarterly Results of Operations (Unaudited)**

The following is a summary of unaudited quarterly results of operations for the years ended December 31, 2002 and 2001. Certain quarterly amounts have been adjusted to conform with the year-end presentation.

| | For the Three Months Ended | | | |
|---|---|---|---|---|
| | March 31 | June 30 | September 30 | December 31 |
| | (Dollars in thousands, except per share amounts) | | | |
| **2002** | | | | |
| Interest income | $262,196 | $280,008 | $299,006 | $301,730 |
| Interest expense | 120,070 | 133,111 | 139,976 | 137,759 |
| Net interest income | 142,126 | 146,897 | 159,030 | 163,971 |
| Provision for credit losses | 65,698 | 62,350 | 80,996 | 97,189 |
| Noninterest income | 17,159 | 20,732 | 26,387 | 26,152 |
| Noninterest expense | 60,859 | 64,774 | 62,207 | 63,466 |
| Income before income taxes | 32,728 | 40,505 | 42,214 | 29,468 |
| Income taxes | 12,964 | 15,185 | 16,801 | 7,094 |
| Income before minority interest | 19,764 | 25,320 | 25,413 | 22,374 |
| Minority interest in earnings of subsidiaries | 2,911 | 3,612 | 3,740 | 2,890 |
| Net income | $ 16,853 | $ 21,708 | $ 21,673 | $ 19,484 |
| Earnings per common share basic | $ 0.46 | $ 0.55 | $ 0.55 | $ 0.50 |
| Earnings per common share diluted | $ 0.46 | $ 0.55 | $ 0.55 | $ 0.49 |
| **2001** | | | | |
| Interest income | $212,667 | $235,600 | $253,041 | $261,319 |
| Interest expense | 119,427 | 126,650 | 125,398 | 120,469 |
| Net interest income | 93,240 | 108,950 | 127,643 | 140,850 |
| Provision for credit losses | 26,982 | 39,640 | 60,501 | 69,854 |
| Noninterest income | 30,476 | 26,480 | 8,326 | 13,617 |
| Noninterest expense | 61,325 | 62,957 | 59,880 | 60,709 |
| Income before income taxes | 35,409 | 32,833 | 15,588 | 23,904 |
| Income taxes | 14,333 | 12,515 | 6,119 | 8,708 |
| | 21,076 | 20,318 | 9,469 | 15,196 |

| | | | | |
|---|---|---|---|---|
| Income before minority interest | | | | |
| Minority interest in earnings of subsidiaries | 3,360 | 3,421 | 1,255 | 2,333 |
| Net income | $ 17,716 | $ 16,897 | $ 8,214 | $ 12,863 |
| Earnings per common share basic | $ 0.55 | $ 0.50 | $ 0.23 | $ 0.36 |
| Earnings per common share diluted | $ 0.55 | $ 0.50 | $ 0.23 | $ 0.36 |

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**

| | March 31, 2003 | December 31, 2002 |
|---|---|---|
| | (Unaudited) | |
| | (Dollars in thousands) | |
| ASSETS | | |
| Cash and due from banks | $ 93,202 | $ 84,215 |
| Investment securities available for sale | 7,037 | 10,425 |
| Mortgage-backed securities available for sale | 2,790,310 | 2,649,657 |
| Loans receivable | 10,180,166 | 9,443,901 |
| Allowance for credit losses | (281,030) | (269,352) |
| Loans receivable, net | 9,899,136 | 9,174,549 |
| Amounts due from trusts | | 101,473 |
| Premises and equipment, net | 76,069 | 78,664 |
| Other | 303,707 | 311,893 |
| TOTAL ASSETS | $13,169,461 | $12,410,876 |
| LIABILITIES | | |
| Deposits | $ 2,084,725 | $ 1,974,984 |
| Notes payable on automobile secured financing | 9,265,725 | 8,422,915 |
| Securities sold under agreements to repurchase | 226,783 | 276,600 |
| Federal Home Loan Bank advances | 282,742 | 336,275 |
| Amounts held on behalf of trustee | | 177,642 |
| Subordinated debentures | 397,406 | 400,561 |
| Other | 168,489 | 107,036 |
| TOTAL LIABILITIES | 12,425,870 | 11,696,013 |
| Minority interest | 105,798 | 101,666 |
| SHAREHOLDERS EQUITY | | |
| Common stock (par value $1.00 per share; authorized 65,000,000 shares; issued and outstanding 39,204,709 shares at March 31, 2003 and 39,200,474 shares at December 31, 2002) | 39,205 | 39,200 |
| Paid-in capital | 350,122 | 350,018 |
| Retained earnings | 344,374 | 325,529 |
| Accumulated other comprehensive loss, net of tax | (95,908) | (101,550) |
| TOTAL SHAREHOLDERS EQUITY | 637,793 | 613,197 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | $13,169,461 | $12,410,876 |

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

**(Unaudited)**

| | For the Three Months Ended March 31, 2003 | For the Three Months Ended March 31, 2002 |
|---|---|---|
| | (Dollars in thousands, except per share amounts) | |
| Interest income: | | |
| Loans, including fees | $ 281,288 | $ 232,912 |
| Mortgage-backed securities | 24,773 | 27,982 |
| Investment securities | 93 | 118 |
| Other | 1,348 | 1,184 |
| TOTAL INTEREST INCOME | 307,502 | 262,196 |
| Interest expense: | | |
| Deposits | 17,556 | 21,010 |
| Notes payable on automobile secured financing | 110,799 | 92,018 |
| Other | 12,857 | 7,042 |
| TOTAL INTEREST EXPENSE | 141,212 | 120,070 |
| NET INTEREST INCOME | 166,290 | 142,126 |
| Provision for credit losses | 79,884 | 65,698 |
| NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES | 86,406 | 76,428 |
| Noninterest income: | | |
| Automobile lending | 20,949 | 11,674 |
| Other | 6,804 | 5,485 |
| TOTAL NONINTEREST INCOME | 27,753 | 17,159 |
| Noninterest expenses: | | |
| Salaries and associate benefits | 39,455 | 34,871 |
| Credit and collections | 9,546 | 8,077 |
| Data processing | 4,568 | 4,580 |
| Occupancy | 3,840 | 3,761 |
| Other | 11,030 | 9,570 |
| TOTAL NONINTEREST EXPENSES | 68,439 | 60,859 |
| INCOME BEFORE INCOME TAX | 45,720 | 32,728 |
| Income tax | 18,226 | 12,964 |
| INCOME BEFORE MINORITY INTEREST | 27,494 | 19,764 |
| Minority interest in earnings of subsidiaries | 3,945 | 2,911 |

| | | |
|---|---|---|
| NET INCOME | $ 23,549 | $ 16,853 |
| Earnings per common share: | | |
| Basic | $ 0.60 | $ 0.46 |
| Diluted | $ 0.60 | $ 0.46 |
| Weighted average number of common shares outstanding: | | |
| Basic | 39,202,850 | 36,791,744 |
| Diluted | 39,452,915 | 36,980,861 |
| Dividends declared | $ 0.13 | $ 0.12 |

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY**

**(Unaudited)**

| | Shares | Common Stock | Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss), Net of Tax | Total |
|---|---|---|---|---|---|---|
| | (Dollars in thousands, except share amounts) | | | | | |
| Balance at January 1, 2002 | 35,802,491 | $35,802 | $301,955 | $263,853 | $ (60,906) | $ 540,704 |
| Net income | | | | 79,718 | | 79,718 |
| Unrealized gains on securities available for sale and retained interest in securitized assets, net of tax(1) | | | | | 28,605 | 28,605 |
| Unrealized hedge losses on cash flow hedges, net of tax(2) | | | | | (135,422) | (135,422) |
| Reclassification adjustment for gains on securities available for sale included in net income, net of tax(3) | | | | | (3) | (3) |
| Reclassification adjustment for losses on cash flow hedges included in income, net of tax(4) | | | | | 66,176 | 66,176 |
| Comprehensive income | | | | | | 39,074 |
| Issuance of subsidiary common stock | | | (1,405) | | | (1,405) |
| Issuance of common stock | 3,397,983 | 3,398 | 49,468 | | | 52,866 |
| Cash dividends | | | | (18,042) | | (18,042) |
| Balance at December 31, 2002 | 39,200,474 | 39,200 | 350,018 | 325,529 | (101,550) | 613,197 |
| Net income | | | | 23,549 | | 23,549 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Unrealized gain on securities available for sale, net of tax(1) | | | | | 799 | 799 |
| Unrealized hedge losses on cash flow hedges, net of tax(2) | | | | | (12,341) | (12,341) |
| Reclassification adjustment for losses on cash flow hedges included in income, net of tax(4) | | | | | 17,184 | 17,184 |
| Comprehensive income | | | | | | 29,191 |
| Issuance of subsidiary common stock | | | (21) | | | (21) |
| Issuance of stock options(5) | | | 68 | | | 68 |
| Issuance of common stock | 4,235 | 5 | 57 | | | 62 |
| Cash dividends | | | | (4,704) | | (4,704) |
| Balance at March 31, 2003 | 39,204,709 | $39,205 | $350,122 | $344,374 | $ (95,908) | $ 637,793 |

(1) The pre-tax amount in unrealized gains on securities available for sale and retained interest in securitized assets was $1.4 million for the three months ended March 31, 2003 compared with $48.5 million for the period ended December 31, 2002.

(2) The pre-tax amount of unrealized losses on cash flow hedges was $20.9 million for the three months ended March 31, 2003 compared with $230 million for the year ended December 31, 2002.

(3) There was no pre-tax amount of unrealized gains or losses on securities available for sale reclassified into earnings for the three months ended March 31, 2003 compared with an unrealized loss of $5.0 thousand for the year ended December 31, 2002.

(4) The pre-tax amount of unrealized losses on cash flow hedges reclassified into earnings was $29.1 million for the three months ended March 31, 2003 compared with $112 million for the year ended December 31, 2002.

(5) Amount represents expense related to stock options granted during the quarter.

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited)**

| | For the Three Months Ended March 31, | |
|---|---|---|
| | **2003** | **2002** |
| | (Dollars in thousands) | |
| OPERATING ACTIVITIES | | |
| Net income | $ 23,549 | $ 16,853 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Provision for credit losses | 79,884 | 65,698 |
| Depreciation and amortization | 4,182 | 3,863 |
| Amortization of losses on cash flow hedges | 12,461 | 6,669 |
| Amortization of premium on mortgage-backed securities | 15,795 | 9,449 |
| Amortization of participation paid to dealers | 25,545 | 21,134 |
| Amortization of retained interest in securitized assets | | 14,378 |
| Gain on sales of premises and equipment | (2,234) | |
| Loans held for sale: | | |
| Proceeds from sale of mortgage loans | | 455 |
| Increase in other assets | 23,958 | 8,564 |
| Increase (decrease) in other liabilities | 3,771 | (2,920) |
| Other, net | 4,011 | 3,790 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 190,922 | 147,933 |
| INVESTING ACTIVITIES | | |
| Loans receivable: | | |
| Origination of loans | (1,454,926) | (1,336,596) |
| Participation paid to dealers | (33,280) | (30,251) |
| Loan payments and payoffs | 1,182,337 | 849,794 |
| Investment securities available for sale: | | |
| Purchases | 4 | (802) |
| Proceeds from sale | | 485 |
| Proceeds from maturities | 32 | 13 |
| Mortgage-backed securities: | | |
| Purchases | (518,640) | (354,620) |
| Payments received | 414,753 | 251,818 |
| Increase in amounts due from trust | | 8,280 |
| Proceeds from sales of premises and equipment | 2,912 | 3,870 |
| Purchase of premises and equipment | (1,889) | (10,871) |
| NET CASH USED IN INVESTING ACTIVITIES | (408,697) | (618,880) |

| | | |
|---|---|---|
| FINANCING ACTIVITIES | | |
| Increase (decrease) in deposits | 109,405 | (63,426) |
| Decrease in securities sold under agreements to repurchase | (49,821) | (18,321) |
| Proceeds from notes payable on automobile secured financing | 1,343,896 | 2,570,822 |
| Payments on notes payable on automobile secured financing | (1,101,514) | (1,236,111) |
| Decrease in borrowings | (150) | (16,368) |
| Decrease in amounts held on behalf of trustee | | (18,282) |
| Decrease in FHLB advances | (53,534) | (540,535) |
| Payments on subordinated debentures | (3,517) | (32) |
| Proceeds from issuance of common stock | 62 | 51,688 |
| Proceeds from issuance of subsidiary common stock | | 10,300 |
| Cash dividends | (4,704) | (3,938) |
| Payments on cash flow hedges | (13,361) | (14,571) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 226,762 | 721,226 |
| INCREASE IN CASH AND DUE FROM BANKS | 8,987 | 250,279 |
| Cash and due from banks at beginning of year | 84,215 | 104,327 |
| CASH AND DUE FROM BANKS AT END OF PERIOD | $ 93,202 | $ 354,606 |

See accompanying notes to consolidated financial statements.

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**WESTCORP AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1 Basis of Presentation**

The accompanying unaudited consolidated financial statements include our accounts and the accounts of our wholly owned subsidiary, Western Financial Bank, also known as the Bank, and its majority owned subsidiary, WFS Financial Inc, also known as WFS. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform with the current year s presentation.

The unaudited consolidated financial statements included herein have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles, also known as GAAP, for complete financial statements.

In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ending December 31, 2003. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto for the year ended December 31, 2002 included in our Form 10-K.

During the first quarter of 2003, Chapter 13 bankruptcy accounts greater than 120 days were reclassified to contracts receivable and the related reserves were reclassified to the allowance for credit losses on the Statement of Financial Condition. Previously, such amounts were reported as nonperforming assets and were included in other assets on the Statement of Financial Condition. The 2002 amounts have been reclassified accordingly. These loans were considered in the overall evaluation of the adequacy of our allowance for credit losses. See Asset Quality Management s Discussion and Analysis of Financial Condition and Results of Operations.

Effective January 1, 2003, we regained control over assets of the trusts for all of our outstanding securitization transactions treated as sales for accounting purposes. We regained control of these assets when each trust was given the ability to invest in financial assets not related to the securitization of contracts. In accordance with paragraph 55 of Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, also known as SFAS No. 140, and Emerging Issues Task Force 02-9, Accounting for Changes that Result in a Transferor Regaining Control of Financial Assets Sold, we recorded \$525 million of automobile contracts and the related notes payable on automobile secured financings on our Consolidated Statements of Financial Condition and have eliminated all remaining amounts due from trusts and amounts held on behalf of trustee. We will no longer recognize retained interest income or expense or contractual servicing income on our Consolidated Statements of Income. Rather, we will recognize interest income on automobile contracts held in these trusts and record interest expense on notes payable on automobile secured financings. These loans were considered in the overall evaluation of the adequacy of our allowance for credit losses. See Asset Quality Management s Discussion and Analysis of Financial Condition and Results of Operations.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB Statement No. 123, also known as SFAS No. 148. SFAS No. 148

provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and requires prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the method used on reported results.

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SFAS No. 148 provides two additional transition methods for entities that adopt Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, also known as SFAS No. 123. Both of these methods avoid the ramp-up effects arising from prospective application of the fair value based method. SFAS No. 148 does not permit the use of the original SFAS No. 123 method of transition for changes to the fair value based method made in fiscal years beginning after December 15, 2003. This statement also requires disclosure of comparable information for all companies regardless of which method of accounting for stock-based employee compensation. SFAS No. 148 improves the timeliness of disclosures by requiring their inclusion in financial reports for interim periods. SFAS No. 148 is effective for fiscal years ending after December 15, 2002. We adopted the disclosure provisions of SFAS No. 148 on December 31, 2002 and the prospective application method of transition to the fair value based method of accounting for stock options in the first quarter of 2003. Neither the adoption of the disclosure provisions nor the adoption of the fair value based method had a material effect on our earnings or financial position.

**Note 2 Mortgage-Backed Securities Available for Sale**

Mortgage-backed securities available for sale consisted of the following:

| | March 31, 2003 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
| | (Dollars in thousands) | | | |
| GNMA certificates | $2,706,123 | $45,400 | $375 | $2,751,148 |
| FNMA participation certificates | 35,759 | 648 | | 36,407 |
| FHLMC participation certificates | 789 | 18 | | 807 |
| Other | 1,948 | | | 1,948 |
| | $2,744,619 | $46,066 | $375 | $2,790,310 |

| | December 31, 2002 | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gain | Gross Unrealized Loss | Fair Value |
| | (Dollars in thousands) | | | |
| GNMA certificates | $2,562,459 | $46,008 | $1,010 | $2,607,457 |
| FNMA participation certificates | 38,647 | 477 | | 39,124 |
| FHLMC participation certificates | 1,046 | 22 | | 1,068 |
| Other | 2,008 | | | 2,008 |
| | $2,604,160 | $46,507 | $1,010 | $2,649,657 |

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**Note 3 Net Loans Receivable**

Net loans receivable consisted of the following:

| | March 31, 2003 | December 31, 2002 |
|---|---|---|
| | (Dollars in thousands) | |
| Consumer: | | |
| Automobile contracts | $ 9,735,344 | $8,993,266 |
| Dealer participation, net of deferred contract fees | 158,832 | 154,671 |
| Other | 8,400 | 7,531 |
| Unearned discounts | (85,117) | (91,713) |
| | 9,817,459 | 9,063,755 |
| Real Estate: | | |
| Mortgage | 263,559 | 277,233 |
| Construction | 13,188 | 14,150 |
| | 276,747 | 291,383 |
| Undisbursed loan proceeds | (7,379) | (8,453) |
| | 269,368 | 282,930 |
| Commercial | 93,339 | 97,216 |
| | 10,180,166 | 9,443,901 |
| Allowance for credit losses | (281,030) | (269,352) |
| | $ 9,899,136 | $9,174,549 |

There were no impaired loans at March 31, 2003 and December 31, 2002.

**Note 4 Allowance for Credit Losses**

The following table sets forth the activity in the allowance for credit losses:

| | For the Three Months Ended March 31, | |
|---|---|---|
| | 2003 | 2002 |
| | (Dollars in thousands) | |
| Balance at beginning of period | $269,352 | $178,218 |
| Chargeoffs: | | |
| Consumer loans | (90,779) | (64,599) |
| Mortgage loans | (71) | (68) |
| | (90,850) | (64,667) |
| Recoveries: | | |
| Consumer loans | 22,599 | 17,161 |

| | | |
|---|---|---|
| Mortgage loans | 45 | |
| | 22,644 | 17,161 |
| Net chargeoffs | (68,206) | (47,506) |
| Provision for credit losses | 79,884 | 65,698 |
| Balance at end of period | $281,030 | $196,410 |
| Ratio of net chargeoffs during the period (annualized) to average loans outstanding during the period | 2.8% | 2.5% |
| Ratio of allowance for credit losses to loans at the end of the period | 2.8% | 2.5% |

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**Note 5 Deposits**

Deposits consisted of the following:

| | Weighted Average Rate at March 31, 2003(1) | Weighted Average Rate For the Three Months Ended March 31, 2003(2) | March 31, 2003 | December 31, 2002 |
|---|---|---|---|---|
| | | | (Dollars in thousands) | |
| Noninterest bearing deposits | | | $ 170,744 | $ 165,844 |
| Demand deposit accounts | 0.2% | 0.3% | 1,769 | 1,037 |
| Passbook accounts | 0.3 | 0.4 | 6,409 | 6,688 |
| Money market deposit accounts | 1.9 | 1.6 | 848,613 | 730,245 |
| Brokered certificate accounts | 2.1 | 2.3 | 99,055 | 98,992 |
| Certificate accounts | 2.9 | 5.8 | 958,135 | 972,178 |
| | | | $2,084,725 | $1,974,984 |

(1) Contractual rate.

(2) Weighted average interest rate includes effects of hedging activities.

The increase in deposits was due to the increase in money market deposit accounts as well as the opening of a new Southern California branch.

**Note 6 Notes Payable on Automobile Secured Financing**

For the three months ended March 31, 2003 and 2002, we issued $1.3 billion and $2.6 billion of notes secured by automobile contracts, respectively. The $1.3 billion issued during the first quarter of 2003 was through a public transaction. Of the $2.6 billion issued in 2002, $1.8 billion was through a public transaction and $775 million was through a conduit facility. We redeemed our $775 million conduit facility in May 2002. There were $9.3 billion of notes payable on automobile secured financing outstanding at March 31, 2003, compared with $8.4 billion at December 31, 2002.

Interest payments on the public transactions based on the respective note s interest rate are due either monthly or quarterly, in arrears. Interest payments on the conduit facility were due monthly, in arrears, based on the respective note s interest rate. Interest expense on all notes payable on automobile secured financing, including interest payments under interest rate swap agreements, totaled $111 million and $92.0 million for the three months ended March 31, 2003 and 2002, respectively.

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**Note 7 Accumulated Other Comprehensive Loss, Net of Tax**

The following table summarizes the components of accumulated other comprehensive loss, net of tax:

| | March 31, 2003 | December 31, 2002 |
|---|---|---|
| | (Dollars in thousands) | |
| Unrealized gain on marketable securities | $ 27,944 | $ 27,145 |
| Unrealized loss on interest rate swaps:(1) | | |
| Deposits | (53,279) | (53,081) |
| Automobile secured financing | (40,060) | (43,624) |
| Securities sold under agreements to repurchase | (3,094) | (3,092) |
| | (96,433) | (99,797) |
| Realized loss on settled cash flow hedges:(1) | | |
| Deposits | (9,426) | (11,367) |
| Automobile secured financing | (17,993) | (17,531) |
| | (27,419) | (28,898) |
| Total other accumulated comprehensive loss | $(95,908) | $(101,550) |

(1) All cash flow hedges are structured to hedge future interest payments on deposits or borrowings.

**Note 8 Stock Options**

In May 2001, we adopted the 2001 Westcorp Stock Option Plan, also known as the 2001 Plan, an incentive stock option plan for certain associates and directors. The 2001 Plan replaced the 1991 Stock Option Plan, also known as the 1991 Plan, that expired on April 15, 2001. Those who received options prior to the approval of the 2001 Plan are still subject to the 1991 Plan and may continue to exercise the remaining shares that are outstanding and exercisable, however, any and all shares reserved for the 1991 Plan are no longer available for future grants. As such, no further grants will be made under the expired 1991 Plan.

Under the 2001 Plan, we reserved a total of 3,000,000 shares of common stock for future issuance. As of March 31, 2003, a total of 2,173,875 shares were available for future grants. The options may be exercised within seven years after the date of the grant. Additionally, the weighted average life of the options outstanding at March 31, 2003 was 4.68 years and the exercise prices ranged from $9.94 to $20.41 per share.

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Options outstanding and exercisable at March 31, 2003 were as follows:

| Exercise Prices | | Options Outstanding: Number Outstanding | Options Outstanding: Weighted Average Remaining Life | Options Outstanding: Weighted Average Exercise Price | Options Exercisable: Number Exercisable | Options Exercisable: Weighted Average Exercise Price |
|---|---|---|---|---|---|---|
| $ 9.00 | 10.00 | 750 | 2.37 | $ 9.94 | 750 | $ 9.94 |
| 12.00 | 13.00 | 230,328 | 2.78 | 12.63 | 195,203 | 12.62 |
| 13.00 | 14.00 | 227,625 | 3.90 | 13.25 | 163,592 | 13.25 |
| 15.00 | 16.00 | 1,000 | 4.61 | 15.25 | 500 | 15.25 |
| 17.00 | 18.00 | 315,875 | 4.90 | 17.32 | 153,500 | 17.32 |
| 18.00 | 19.00 | 817,375 | 2.68 | 8.36 | 92,875 | 18.30 |
| 19.00 | 20.00 | 5,000 | 6.36 | 19.85 | | |
| 20.00 | 21.00 | 3,000 | 6.61 | 20.41 | | |
| 9.00 | 21.00 | 1,600,953 | 4.68 | $ 16.71 | 606,420 | $ 14.85 |

Stock option activity is summarized as follows:

| | Shares | Weighted Average Exercise Price |
|---|---|---|
| Outstanding at January 1, 2002 | 1,076,814 | $ 14.67 |
| Granted | 414,500 | 18.33 |
| Exercised | (143,251) | 13.29 |
| Canceled | (180,625) | 16.06 |
| Outstanding at December 31, 2002 | 1,167,438 | 15.91 |
| Granted | 444,000 | 18.78 |
| Exercised | (4,235) | 14.65 |
| Canceled | (6,250) | 16.66 |
| Outstanding at March 31, 2003 | 1,600,953 | $ 16.71 |

Option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Our stock options have characteristics significantly different from traded options, and changes in the subjective input assumptions can materially affect the fair value estimate. In 2002, we utilized the Black-Scholes option valuation model to determine the fair value of the options granted. During 2003, we decided to utilize the Binomial option valuation model for all stock options expensed as part of our implementation of SFAS No. 148. In addition in 2003, we utilized the Binomial option valuation model to value all outstanding options, including those granted prior to 2003, as we feel it provides a better measure of their value. In our opinion, neither of these models necessarily provides a reliable single measure of the fair value of our employee stock options. The weighted average fair value of options granted during the period ending March 31, 2003 was $5.48, compared to $6.11 for the year ended December 31, 2002.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, Accounting for Stock-Based Compensation, as amended by SFAS No. 148 and has been determined as if we had accounted for our employee stock options under the fair value method of that statement. We adopted the disclosure provisions of SFAS No. 148 on December 31, 2002 and the prospective application method of transition to the fair value based method of accounting for stock options in the first quarter of 2003.

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Pro forma net income and diluted earnings per share for the respective periods were as follows:

| | For the Three Months Ended March 31, 2003 | 2002 |
|---|---|---|
| | (Dollars in thousands, except per share amounts) | |
| Net income, as reported | $23,549 | $16,853 |
| Add: Stock-based employee compensation expense included in reported net income, net of related tax effects | 41 | |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | 273 | 215 |
| Pro forma net income | $23,317 | $16,638 |
| Earnings per share | | |
| Basic as reported | $ 0.60 | $ 0.46 |
| Basic pro forma | $ 0.59 | $ 0.45 |
| Earnings per share | | |
| Diluted as reported | $ 0.60 | $ 0.46 |
| Diluted pro forma | $ 0.59 | $ 0.45 |

The difference between our pro forma net income and diluted earnings per share and our reported net income and earnings per share is immaterial.

**Note 9 Dividends**

On February 19, 2003, we declared a cash dividend of $0.13 per share for shareholders of record as of May 6, 2003 with a payable date of May 20, 2003.

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## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

**Item 14.** ***Other Expenses of Issuance and Distribution***

| | |
|---|---|
| Registration Fee | $ 11,706 |
| Printing and Engraving | 75,000* |
| Accounting Fees | 55,000* |
| Legal Fees and Expenses | 125,000* |
| Blue Sky Fees and Expenses | 25,000* |
| New York Stock Exchange Listing Fees | 68,000* |
| Fees of Registrar and Transfer Agent | 15,000* |
| National Association of Securities Dealers filing fee | 15,000* |
| Miscellaneous Fees | 5,294* |
| Total | $395,000 |

* estimated

**Item 15.** ***Indemnification of Directors and Officers***

Section 204 of the California General Corporation Law permits a corporation to eliminate or limit a director s personal liability to the corporation for breach of the director s duties to the corporation or its stockholders with certain exceptions.

The exceptions include intentional misconduct or knowing misconduct, acts or omissions not done in good faith, transactions from which a director derived an improper personal benefit, reckless acts, acts or omissions showing an unexcused pattern of inattention, transactions between the corporation and a director or between corporations having interrelated directors and improper distributions, loans and guarantees. Section 204 does not apply to officers in their capacities as such, even if they are also directors.

Section 317 of the California General Corporation Law authorizes a corporation, in its discretion, to indemnify its directors, officers, employees and other agents in terms broad enough to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses) imposed. The Articles of Incorporation and Bylaws of Westcorp provide for indemnification of agents to the fullest extent permitted by law.

Section 317 further permits a corporation to purchase and maintain insurance on behalf of its agents. Westcorp currently maintains officers and directors liability insurance for its officers and directors and for the officers and directors of its subsidiaries with policy limits of $20,000,000. The coverage is composed of a primary insurance policy with limits of $10 million and an excess insurance policy with limits of $10 million. The aggregate deductible is $500,000.

**Item 16.** ***Exhibits and Financial Statement Schedules***

**Exhibit**

| No. | Description of Exhibit |
|---|---|
| 1 | Underwriting Agreement(*) |
| 4.1 | Indenture dated as of June 17, 1993 issued by Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., with respect to $125,000,000 in aggregate principal amount of 8.5% Subordinated Capital Debentures due 2003(13) |
| 4.2 | Indenture dated as of June 25, 1998 issued by Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., with respect to $150,000,000 in aggregate principal amount of 8.875% Subordinated Capital Debentures due 2007(14) |

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| Exhibit No. | Description of Exhibit |
|---|---|
| 4.3 | Indenture dated as of May 3, 2002 issued by Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., with respect to $300,000,000 in aggregate principal amount of 9.625% Subordinated Capital Debentures due 2012(15) |
| 5 | Opinion of Mitchell, Silberberg & Knupp LLP with respect to legality(**) |
| 10.1 | Westcorp Incentive Stock Option Plan(2) |
| 10.2 | Westcorp Employee Stock Ownership and Salary Savings Plan(3) |
| 10.3 | Westcorp 1991 Stock Option Plan(4) |
| 10.3.1 | Westcorp 2001 Stock Option Plan(16) |
| 10.4 | 1985 Executive Deferral Plan(1) |
| 10.5 | 2000 Executive Deferral Plan V(15) |
| 10.6 | Revolving Line of Credit Agreement between WFS Funding, Inc. and Western Financial Bank, dated November 30, 2001(15) |
| 10.6.1 | Amended Revolving Line of Credit Agreement between WFS Funding, Inc. and Western Financial Bank, dated June 1, 2002(16) |
| 10.6.2 | First Amendment dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Funding, Inc. and Western Financial Bank(16) |
| 10.7 | Transfer Agreement between WFS Financial Inc and Western Financial Bank, F.S.B., dated May 1, 1995(1) |
| 10.8 | Promissory Note of WFS Financial Inc in favor of Western Financial Bank, F.S.B., dated May 1, 1995(1) |
| 10.9 | Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank, dated June 15, 1999(11) |
| 10.9.1 | Amendment No. 1, dated as of August 1, 1999, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(11) |
| 10.9.2 | Amendment No. 2, dated May 23, 2000, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(16) |
| 10.9.3 | Amendment No. 3, dated January 1, 2002, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(16) |
| 10.9.4 | Amendment No. 4, dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(16) |
| 10.10 | Tax Sharing Agreement between WFS Financial Inc and Western Financial Bank, F.S.B., dated January 1, 1994(1) |
| 10.10.1 | Amended and Restated Tax Sharing Agreement between Westcorp and its subsidiaries, dated September 30, 2002(16) |
| 10.11 | Master Reinvestment Contract between WFS Financial Inc and Western Financial Bank, F.S.B., dated May 1, 1995(1) |
| 10.12 | Amendment No. 1, dated as of June 1, 1995, to the Restated Master Reinvestment Reimbursement Agreement(10) |
| 10.13 | Amended and Restated Master Collateral Assignment Agreement, dated as of March 1, 2000(11) |
| 10.14 | Form of WFS Financial Inc Dealer Agreement(5) |
| 10.15 | Form of WFS Financial Inc Loan Application(5) |
| 10.16 | Westcorp Employee Stock Ownership and Salary Savings Plan(15) |
| 10.16.1 | Amended and Restated Westcorp Employee Stock Ownership and Salary Savings Plan, dated January 1, 2001(15) |
| 10.16.2 | Amendment No. 1, dated as of January 1, 2001, to Amended and Restated Westcorp Employee Stock Ownership and Salary Savings Plan(15) |
| 10.16.3 | Amendment No. 2, dated as of January 1, 2001, to Amended and Restated Westcorp Employee Stock Ownership and Salary Savings |

Plan(15)

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| Exhibit No. | Description of Exhibit |
|---|---|
| 10.17 | Amended and Restated WFS 1996 Incentive Stock Option Plan(6) |
| 10.18 | Promissory Note of WFS Financial Inc in favor of Western Financial Bank, F.S.B., dated August 1, 1997(10) |
| 10.18.1 | Amendment No. 1, dated February 23, 1999, to the Promissory Note of WFS Financial Inc in favor of Western Financial Bank(10) |
| 10.18.2 | Amendment No. 2, dated July 30, 1999, to the Promissory Note of WFS Financial Inc in favor of Western Financial Bank(10) |
| 10.18.3 | Amendment No. 3, dated January 1, 2002, to the Promissory Note of WFS Financial Inc in favor of Western Financial Bank(16) |
| 10.19 | Short-term Investment Agreement between WFS Financial Inc and Western Financial Bank, dated January 1, 1996(10) |
| 10.19.1 | Amendment No. 1, dated January 1, 2002, to the Short-term Investment Agreement between WFS Financial Inc and Western Financial Bank, F.S.B.(16) |
| 10.20 | Allocation Agreement between WFS Financial Inc, Western Financial Bank, Westcorp, and their subsidiaries dated January 1, 2002(16) |
| 10.20.1 | Amendment No. 1, dated August 1, 2002, to the Allocation Agreement between WFS Financial Inc, Western Financial Bank, Westcorp, and their subsidiaries(16) |
| 10.21 | Employment Agreement(8)(9) |
| 10.22 | Revolving Line of Credit Agreement between WFS Financial Auto Loans, Inc. and Western Financial Bank, dated November 30, 2001(15) |
| 10.22.1 | Amended Revolving Line of Credit Agreement between WFS Financial Auto Loans, Inc. and Western Financial Bank, dated June 1, 2002(16) |
| 10.22.2 | Amendment No. 1, dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Financial Auto Loans, Inc. and Western Financial Bank(16) |
| 10.23 | Revolving Line of Credit Agreement between WFS Receivables Corporation and Western Financial Bank, dated November 30, 2001(15) |
| 10.23.1 | Amended Revolving Line of Credit Agreement between WFS Receivables Corporation and Western Financial Bank, dated June 1, 2002(16) |
| 10.23.2 | Amendment No. 1, dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Receivables Corporation and Western Financial Bank(16) |
| 10.24 | Revolving Line of Credit Agreement between WFS Receivables Corporation 3 and Western Financial Bank, dated August 8, 2002(16) |
| 10.24.1 | Amendment No. 1, dated November 7, 2002, to the Revolving Line of Credit Agreement between WFS Receivables Corporation 3 and Western Financial Bank(16) |
| 10.25 | Promissory Note of WFS Financial Inc in favor of Western Financial Bank, F.S.B., dated May 3, 2002(16) |
| 10.26 | Customer List Agreement between Western Financial Bank, WFS Financial Inc, and Westfin Insurance Agency, dated May 15, 1998(16) |
| 10.26.1 | Amendment No. 1, dated September 26, 2002, to the Customer List Agreement between Western Financial Bank, WFS Financial Inc, and Westfin Insurance Agency(16) |
| 10.27 | Interest Rate Swap Guarantee Agreement between Western Financial Bank, WFS Financial Inc, and WFS Receivables Corporation, dated August 30, 2002(16) |
| 10.28 | Security Agreement between WFS Receivable Corporation 2, WFS Financial Inc, and Western Financial Bank, dated March 21, 2002(16) |
| 10.29 | Referral Agreement between Western Financial Bank, Westfin Insurance Agency and WFS Financial Inc, dated September 16, 2002(16) |
| 10.30 | Future Interest Payment Hedge Guarantee and Reimbursement Agreement between Western Financial Bank and WFS Financial Inc, |

dated September 19, 2002(16)

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| Exhibit No. | Description of Exhibit |
|---|---|
| 10.31 | Logo License Agreement between Western Financial Bank, Westcorp, WFS Financial Inc, Western Consumer Products, WFS Receivables Corporation, WFS Receivables Corporation 2, WFS Receivables Corporation 3, WFS Financial Auto Loans, Inc., The Hammond Company, The Mortgage Bankers, WFS Funding Inc., WFS Investments, Inc., Westran Services Corporation, WestFin Insurance Agency, Inc., Western Auto Investments, Inc., Western Consumer Services, Inc., Westhrift Life Insurance Entity, Inc., Western Reconveyance Entity, Inc., and WFS Web Investments, Inc.(16) |
| 10.32 | Travel Services Agreement between Westran Services Corporation and Westcorp, Western Financial Bank, WFS Financial Inc, and Westfin Insurance Agency, Inc., dated August 28, 2002(16) |
| 10.33 | Secured Deposit Account Agreement between Western Financial Bank and WFS Receivables Corporation, dated October 17, 2002(16) |
| 10.34 | Annuity Licensing Fee Agreement between Westfin Insurance Agency, Inc. and Western Financial Bank, dated September 9, 2002(16) |
| 10.35 | Sublease Agreement between WFS Financial Inc and WFS Receivables Corporation 2, WFS Financial Auto Loans, Inc., WFS Financial Auto Loans 2, Inc., Western Auto Investments, Inc., and WFS Funding, Inc., dated March 21, 2002(16) |
| 10.35.1 | First Amendment to Sublease between WFS Financial Inc., and WFS Receivables Corporation, WFS Receivables Corporation 2, WFS Financial Auto Loans, Inc., WFS Financial Auto Loans 2, Inc., Western Auto Investments, Inc., and WFS Funding, Inc., dated September 1, 2002(16) |
| 10.36 | Collateral Protection Insurance Agreement between Westfin Insurance Agency, Inc. and WFS Financial Inc dated September 2002(16) |
| 21.1 | Subsidiaries of Westcorp(16) |
| 23.1 | Consent of Independent Auditors, Ernst & Young LLP |
| 23.2 | Consent of Mitchell, Silberberg & Knupp LLP (included in Exhibit 5)(**) |
| 24 | Power of Attorney(**) |

(*) To be supplied by amendment.

(**) Previously filed.

(1) Exhibits previously filed with WFS Financial Inc Registration Statement on Form S-1 (File No. 33-93068), filed August 8, 1995 incorporated herein by reference under Exhibit Number indicated.

(2) Exhibits previously filed with Westcorp Registration Statement on Form S-1 (File No. 33-4295), filed May 2, 1986 incorporated herein by reference under Exhibit Number indicated.

(3) Exhibits previously filed with Westcorp Registration Statement on Form S-4 (File No. 33-34286), filed April 11, 1990 incorporated herein by reference under Exhibit Number indicated.

(4) Exhibits previously filed with Westcorp Registration Statement on Form S-8 (File No. 33-43898), filed December 11, 1991 incorporated herein by reference under Exhibit Number indicated.

(5)

Amendment No. 1, dated as of July 14, 1995 to the WFS Financial Inc Registration Statement on Form S-1 (File No. 33-93068) incorporated herein by reference under Exhibit Number indicated.

(6) Exhibit previously filed as Exhibit 4.1 to the WFS Financial Inc Registration Statement on Form S-8 (File No. 333-40121), filed November 13, 1997 and incorporated herein by reference.

(7) Exhibits previously filed with Westcorp Registration Statement on Form S-8 (File No. 333-11039), filed August 29, 1996 incorporated herein by reference under Exhibit Number indicated.

(8) Employment Agreement dated February 27, 1998 between WFS Financial Inc, Westcorp and Lee A. Whatcott (will be provided to the SEC upon request).

(9) Employment Agreement, dated November 15, 1998 between the WFS Financial Inc, Westcorp and Mark Olson (will be provided to the SEC upon request).

(10) Exhibits previously filed with Annual Report on Form 10-K of WFS Financial Inc for the year ended December 31, 1998 (File No. 33-93068) as filed on or about March 31, 1999.

(11) Exhibits previously filed with WFS Registration Statements on Form S-2 (File No. 333-91277) filed November 19, 1999 and subsequently amended on January 20, 2000 incorporated by reference under Exhibit Number indicated.

(12) Exhibits previously filed with Westcorp Registration Statement on Form S-4 (File No. 33-34286), filed April 11, 1990, incorporated herein by reference under Exhibit Numbers indicated.

(13) Exhibit previously filed with, Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., Offering Circular with the OTS, dated June 17, 1993 (will be provided to the SEC upon request).

(14) Exhibit previously filed with Western Financial Bank, formerly Western Financial Bank, F.S.B., Offering Circular with the OTS, dated July 25, 1998 (will be provided to the SEC upon request).

(15) Exhibit previously filed with Annual Report on Form 10-K of Westcorp for the year ended December 31, 2001 as filed on or about March 29, 2002.

(16) Exhibit previously filed with Annual Report on Form 10-K of Westcorp for the year ended December 31, 2002 as filed on or about March 28, 2003.

**Item 17.** ***Undertakings***

The undersigned hereby undertakes as follows:

(i) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(ii) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(iii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(iv) For purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Amendment No. 1 to registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Irvine, State of California, on June 18, 2003.

WESTCORP

By: /s/ GUY DU BOSE

Guy Du Bose
*Vice President*

## POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to registration statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| * Ernest S. Rady | Chairman of the Board and Chief Executive Officer | June 18, 2003 |
| * Thomas A. Wolfe | President and Director | June 18, 2003 |
| * Judith M. Bardwick | Director | June 18, 2003 |
| * Robert T. Barnum | Director | June 18, 2003 |
| * James R. Dowlan | Director | June 18, 2003 |
| * Duane A. Nelles | Director | June 18, 2003 |
| * Harry Rady | Director | June 18, 2003 |
| * | Director | June 18, 2003 |

Charles E. Scribner

| | | |
|---|---|---|
| * | Executive Vice President, Chief Financial Officer and Chief Operating Officer (Principal Financial and Accounting Officer) | June 18, 2003 |
| Lee A. Whatcott | | |

*By: /s/ GUY DU BOSE

Guy Du Bose
Attorney-in-fact

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**EXHIBIT INDEX**

| Exhibit No. | Description of Exhibit |
|---|---|
| 1 | Underwriting Agreement(*) |
| 4.1 | Indenture dated as of June 17, 1993 issued by Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., with respect to $125,000,000 in aggregate principal amount of 8.5% Subordinated Capital Debentures due 2003(13) |
| 4.2 | Indenture dated as of June 25, 1998 issued by Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., with respect to $150,000,000 in aggregate principal amount of 8.875% Subordinated Capital Debentures due 2007(14) |
| 4.3 | Indenture dated as of May 3, 2002 issued by Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., with respect to $300,000,000 in aggregate principal amount of 9.625% Subordinated Capital Debentures due 2012(15) |
| 5 | Opinion of Mitchell, Silberberg & Knupp LLP with respect to legality(**) |
| 10.1 | Westcorp Incentive Stock Option Plan(2) |
| 10.2 | Westcorp Employee Stock Ownership and Salary Savings Plan(3) |
| 10.3 | Westcorp 1991 Stock Option Plan(4) |
| 10.3.1 | Westcorp 2001 Stock Option Plan(16) |
| 10.4 | 1985 Executive Deferral Plan(1) |
| 10.5 | 2000 Executive Deferral Plan V(15) |
| 10.6 | Revolving Line of Credit Agreement between WFS Funding, Inc. and Western Financial Bank, dated November 30, 2001(15) |
| 10.6.1 | Amended Revolving Line of Credit Agreement between WFS Funding, Inc. and Western Financial Bank, dated June 1, 2002(16) |
| 10.6.2 | First Amendment dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Funding, Inc. and Western Financial Bank(16) |
| 10.7 | Transfer Agreement between WFS Financial Inc and Western Financial Bank, F.S.B., dated May 1, 1995(1) |
| 10.8 | Promissory Note of WFS Financial Inc in favor of Western Financial Bank, F.S.B., dated May 1, 1995(1) |
| 10.9 | Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank, dated June 15, 1999(11) |
| 10.9.1 | Amendment No. 1, dated as of August 1, 1999, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(11) |
| 10.9.2 | Amendment No. 2, dated May 23, 2000, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(16) |
| 10.9.3 | Amendment No. 3, dated January 1, 2002, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(16) |
| 10.9.4 | Amendment No. 4, dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Financial Inc and Western Financial Bank(16) |
| 10.10 | Tax Sharing Agreement between WFS Financial Inc and Western Financial Bank, F.S.B., dated January 1, 1994(1) |
| 10.10.1 | Amended and Restated Tax Sharing Agreement between Westcorp and its subsidiaries, dated September 30, 2002(16) |
| 10.11 | Master Reinvestment Contract between WFS Financial Inc and Western Financial Bank, F.S.B., dated May 1, 1995(1) |
| 10.12 | Amendment No. 1, dated as of June 1, 1995, to the Restated Master Reinvestment Reimbursement Agreement(10) |
| 10.13 | Amended and Restated Master Collateral Assignment Agreement, dated as of March 1, 2000(11) |
| 10.14 | Form of WFS Financial Inc Dealer Agreement(5) |

| | |
|---|---|
| 10.15 | Form of WFS Financial Inc Loan Application(5) |

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| Exhibit No. | Description of Exhibit |
|---|---|
| 10.16 | Westcorp Employee Stock Ownership and Salary Savings Plan(15) |
| 10.16.1 | Amended and Restated Westcorp Employee Stock Ownership and Salary Savings Plan, dated January 1, 2001(15) |
| 10.16.2 | Amendment No. 1, dated as of January 1, 2001, to Amended and Restated Westcorp Employee Stock Ownership and Salary Savings Plan(15) |
| 10.16.3 | Amendment No. 2, dated as of January 1, 2001, to Amended and Restated Westcorp Employee Stock Ownership and Salary Savings Plan(15) |
| 10.17 | Amended and Restated WFS 1996 Incentive Stock Option Plan(6) |
| 10.18 | Promissory Note of WFS Financial Inc in favor of Western Financial Bank, F.S.B., dated August 1, 1997(10) |
| 10.18.1 | Amendment No. 1, dated February 23, 1999, to the Promissory Note of WFS Financial Inc in favor of Western Financial Bank(10) |
| 10.18.2 | Amendment No. 2, dated July 30, 1999, to the Promissory Note of WFS Financial Inc in favor of Western Financial Bank(10) |
| 10.18.3 | Amendment No. 3, dated January 1, 2002, to the Promissory Note of WFS Financial Inc in favor of Western Financial Bank(16) |
| 10.19 | Short-term Investment Agreement between WFS Financial Inc and Western Financial Bank, dated January 1, 1996(10) |
| 10.19.1 | Amendment No. 1, dated January 1, 2002, to the Short-term Investment Agreement between WFS Financial Inc and Western Financial Bank, F.S.B.(16) |
| 10.20 | Allocation Agreement between WFS Financial Inc, Western Financial Bank, Westcorp, and their subsidiaries dated January 1, 2002(16) |
| 10.20.1 | Amendment No. 1, dated August 1, 2002, to the Allocation Agreement between WFS Financial Inc, Western Financial Bank, Westcorp, and their subsidiaries(16) |
| 10.21 | Employment Agreement(8)(9) |
| 10.22 | Revolving Line of Credit Agreement between WFS Financial Auto Loans, Inc. and Western Financial Bank, dated November 30, 2001(15) |
| 10.22.1 | Amended Revolving Line of Credit Agreement between WFS Financial Auto Loans, Inc. and Western Financial Bank, dated June 1, 2002(16) |
| 10.22.2 | Amendment No. 1, dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Financial Auto Loans, Inc. and Western Financial Bank(16) |
| 10.23 | Revolving Line of Credit Agreement between WFS Receivables Corporation and Western Financial Bank, dated November 30, 2001(15) |
| 10.23.1 | Amended Revolving Line of Credit Agreement between WFS Receivables Corporation and Western Financial Bank, dated June 1, 2002(16) |
| 10.23.2 | Amendment No. 1, dated October 15, 2002, to the Revolving Line of Credit Agreement between WFS Receivables Corporation and Western Financial Bank(16) |
| 10.24 | Revolving Line of Credit Agreement between WFS Receivables Corporation 3 and Western Financial Bank, dated August 8, 2002(16) |
| 10.24.1 | Amendment No. 1, dated November 7, 2002, to the Revolving Line of Credit Agreement between WFS Receivables Corporation 3 and Western Financial Bank(16) |
| 10.25 | Promissory Note of WFS Financial Inc in favor of Western Financial Bank, F.S.B., dated May 3, 2002(16) |
| 10.26 | Customer List Agreement between Western Financial Bank, WFS Financial Inc, and Westfin Insurance Agency, dated May 15, 1998(16) |
| 10.26.1 | Amendment No. 1, dated September 26, 2002, to the Customer List Agreement between Western Financial Bank, WFS Financial Inc, and Westfin Insurance Agency(16) |
| 10.27 | Interest Rate Swap Guarantee Agreement between Western Financial Bank, WFS Financial Inc, and WFS Receivables Corporation, dated August 30, 2002(16) |

| Exhibit No. | Description of Exhibit |
|---|---|
| 10.28 | Security Agreement between WFS Receivable Corporation 2, WFS Financial Inc, and Western Financial Bank, dated March 21, 2002(16) |
| 10.29 | Referral Agreement between Western Financial Bank, Westfin Insurance Agency and WFS Financial Inc, dated September 16, 2002(16) |
| 10.30 | Future Interest Payment Hedge Guarantee and Reimbursement Agreement between Western Financial Bank and WFS Financial Inc, dated September 19, 2002(16) |
| 10.31 | Logo License Agreement between Western Financial Bank, Westcorp, WFS Financial Inc, Western Consumer Products, WFS Receivables Corporation, WFS Receivables Corporation 2, WFS Receivables Corporation 3, WFS Financial Auto Loans, Inc., The Hammond Company, The Mortgage Bankers, WFS Funding Inc., WFS Investments, Inc., Westran Services Corporation, WestFin Insurance Agency, Inc., Western Auto Investments, Inc., Western Consumer Services, Inc., Westhrift Life Insurance Entity, Inc., Western Reconveyance Entity, Inc., and WFS Web Investments, Inc.(16) |
| 10.32 | Travel Services Agreement between Westran Services Corporation and Westcorp, Western Financial Bank, WFS Financial Inc, and Westfin Insurance Agency, Inc., dated August 28, 2002(16) |
| 10.33 | Secured Deposit Account Agreement between Western Financial Bank and WFS Receivables Corporation, dated October 17, 2002(16) |
| 10.34 | Annuity Licensing Fee Agreement between Westfin Insurance Agency, Inc. and Western Financial Bank, dated September 9, 2002(16) |
| 10.35 | Sublease Agreement between WFS Financial Inc and WFS Receivables Corporation 2, WFS Financial Auto Loans, Inc., WFS Financial Auto Loans 2, Inc., Western Auto Investments, Inc., and WFS Funding, Inc., dated March 21, 2002(16) |
| 10.35.1 | First Amendment to Sublease between WFS Financial Inc., and WFS Receivables Corporation, WFS Receivables Corporation 2, WFS Financial Auto Loans, Inc., WFS Financial Auto Loans 2, Inc., Western Auto Investments, Inc., and WFS Funding, Inc., dated September 1, 2002(16) |
| 10.36 | Collateral Protection Insurance Agreement between Westfin Insurance Agency, Inc. and WFS Financial Inc dated September 2002(16) |
| 21.1 | Subsidiaries of Westcorp(16) |
| 23.1 | Consent of Independent Auditors, Ernst & Young LLP |
| 23.2 | Consent of Mitchell, Silberberg & Knupp LLP (included in Exhibit 5)(**) |
| 24 | Power of Attorney(**) |

(*) To be supplied by amendment.

(**) Previously filed.

(1) Exhibits previously filed with WFS Financial Inc Registration Statement on Form S-1 (File No. 33-93068), filed August 8, 1995 incorporated herein by reference under Exhibit Number indicated.

(2) Exhibits previously filed with Westcorp Registration Statement on Form S-1 (File No. 33-4295), filed May 2, 1986 incorporated herein by reference under Exhibit Number indicated.

(3) Exhibits previously filed with Westcorp Registration Statement on Form S-4 (File No. 33-34286), filed April 11, 1990 incorporated herein by reference under Exhibit Number indicated.

(4)

Exhibits previously filed with Westcorp Registration Statement on Form S-8 (File No. 33-43898), filed December 11, 1991 incorporated herein by reference under Exhibit Number indicated.

(5) Amendment No. 1, dated as of July 14, 1995 to the WFS Financial Inc Registration Statement on Form S-1 (File No. 33-93068) incorporated herein by reference under Exhibit Number indicated.

(6) Exhibit previously filed as Exhibit 4.1 to the WFS Financial Inc Registration Statement on Form S-8 (File No. 333-40121), filed November 13, 1997 and incorporated herein by reference.

(7) Exhibits previously filed with Westcorp Registration Statement on Form S-8 (File No. 333-11039), filed August 29, 1996 incorporated herein by reference under Exhibit Number indicated.

(8) Employment Agreement dated February 27, 1998 between WFS Financial Inc, Westcorp and Lee A. Whatcott (will be provided to the SEC upon request).

(9) Employment Agreement, dated November 15, 1998 between the WFS Financial Inc, Westcorp and Mark Olson (will be provided to the SEC upon request).

(10) Exhibits previously filed with Annual Report on Form 10-K of WFS Financial Inc for the year ended December 31, 1998 (File No. 33-93068) as filed on or about March 31, 1999.

(11) Exhibits previously filed with WFS Registration Statements on Form S-2 (File No. 333-91277) filed November 19, 1999 and subsequently amended on January 20, 2000 incorporated by reference under Exhibit Number indicated.

(12) Exhibits previously filed with Westcorp Registration Statement on Form S-4 (File No. 33-34286), filed April 11, 1990, incorporated herein by reference under Exhibit Numbers indicated.

(13) Exhibit previously filed with, Western Financial Bank, formerly Western Financial Savings Bank, F.S.B., Offering Circular with the OTS, dated June 17, 1993 (will be provided to the SEC upon request).

(14) Exhibit previously filed with Western Financial Bank, formerly Western Financial Bank, F.S.B., Offering Circular with the OTS, dated July 25, 1998 (will be provided to the SEC upon request).

(15) Exhibit previously filed with Annual Report on Form 10-K of Westcorp for the year ended December 31, 2001 as filed on or about March 29, 2002.

(16) Exhibit previously filed with Annual Report on Form 10-K of Westcorp for the year ended December 31, 2002 as filed on or about March 28, 2003.