

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND  
Form N-CSR  
May 08, 2013

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 811-7278

Nuveen Arizona Premium Income 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: February 28

Date of reporting period: February 28, 2013

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,

Despite the global economy's ability to muddle through the many economic headwinds of recent years, investors continue to have good reason to remain cautious. The European Central Bank's commitment to "do what it takes" to support sovereign debt markets has stabilized the broader euro area financial markets. The larger member states of the European Union (EU) are working diligently to strengthen the framework for a tighter financial and banking union and meaningful progress has been made by agreeing to centralize large bank regulation under the European Central Bank. However, economic conditions in the southern tier members are not improving and the pressures on their political leadership remain intense. The jury is out on whether the respective populations will support the continuing austerity measures that are required to meet the EU fiscal targets.

In the U.S., the Fed's commitment to low interest rates through Quantitative Easing is the subject of increasing debate in its policy making deliberations and many independent economists are expressing concern about the economic distortions resulting from negative real interest rates. There are encouraging signs in Congress that both political parties are working toward compromises on previously irreconcilable social issues. It is too early to tell whether those efforts will produce meaningful results or pave the way for cooperation on the major fiscal issues that potentially loom ahead. Over the longer term, there are some positive trends for the U.S. economy: house prices are clearly recovering, banks and corporations continue to strengthen their financial positions and incentives for capital investment in the U.S. by domestic and foreign corporations are increasing due to more competitive energy and labor costs.

During the last eighteen months, U.S. investors have benefited from strong returns in the domestic equity markets and steady total returns in many fixed income markets. However, many macroeconomic risks remain unresolved, including negotiating through the many U.S. fiscal issues, managing the risks of another year of abnormally low U.S. interest rates, achieving a better balance between fiscal discipline and encouraging economic growth in the euro area and reducing the potential economic impact of geopolitical issues, particularly in the Middle East and East Asia. In the face of these uncertainties, the experienced investment professionals at Nuveen Investments seek out investments in companies that are enjoying positive economic conditions. At the same time they are always on the alert for risks in markets subject to excessive optimism. Monitoring this process is a critical function for the Fund Board as it oversees your Nuveen Fund on your behalf.

As always, I encourage you to communicate with your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner  
Chairman of the Board  
April 22, 2013



## Portfolio Managers' Comments

Nuveen Arizona Premium Income Municipal Fund (NAZ)  
 (formerly Nuveen Arizona Premium Municipal Fund, Inc.)  
 Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)  
 Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)  
 Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)  
 Nuveen Texas Quality Income Municipal Fund (NTX)

Portfolio managers Michael Hamilton and Daniel Close review economic and municipal market conditions at the national and state levels, key investment strategies and the twelve-month performance of the Nuveen Arizona and Texas Funds. Michael assumed portfolio management responsibility for the Arizona Funds in 2011 and Dan has managed NTX since 2007.

## FUND REORGANIZATIONS

Effective before the opening of business on April 8, 2013 (subsequent to the close of this reporting period), certain Arizona Funds (the Acquired Funds) were reorganized into one, larger-state Arizona Fund included in this report (the Acquiring Fund) as follows:

| Acquired Funds                                       | Symbol | Acquiring Fund                               | Symbol |
|--|--------|--|--------|
| • Nuveen Arizona Dividend Advantage Municipal Fund   | NFZ    | Nuveen Arizona Premium Income Municipal Fund | NAZ    |
| • Nuveen Arizona Dividend Advantage Municipal Fund 2 | NKR    |  |        |
| • Nuveen Arizona Dividend Advantage Municipal Fund 3 | NXE    |  |        |

Upon the closing of the reorganizations, the Acquired Funds transferred their assets to the Acquiring Funds in exchange for common and preferred shares of the Acquiring Funds and the assumption by the Acquiring Funds of the liabilities of the Acquired Funds. The Acquired Funds were then liquidated, dissolved and terminated in accordance with their Declaration of Trust. Shareholders of the Acquired Funds became shareholders of the Acquiring Funds. Holders of common shares of the Acquired Funds received newly issued common shares of the Acquiring Funds, the aggregate net asset value of which was equal to the aggregate net asset value of the common shares of the Acquired Funds held immediately prior to the reorganizations (including for this purpose fractional Acquiring Funds shares to which shareholders would be entitled). Fractional shares were sold on the open market and shareholders received cash in lieu

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 managers 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 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.

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of such fractional shares. Holders of preferred shares of the Acquired Funds received on a one-for-one basis newly issued preferred shares of the Acquiring Funds, in exchange for their preferred shares of the Acquired Funds held immediately prior to the reorganizations.

In conjunction with the reorganizations a change-of-domicile reorganization was approved to convert NAZ from a Minnesota corporation to a Massachusetts business trust. As a result, on April 8, 2013 the Fund's name was changed to Nuveen Arizona Premium Income Municipal Fund. The Fund's ticker remained unchanged.

What factors affected the U.S. economic and municipal market environments during the twelve-month reporting period ended February 28, 2013?

During this reporting period, the U.S. economy's progress toward recovery from recession continued at a moderate pace. The Federal Reserve (Fed) maintained its efforts to improve the overall economic environment 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 March 2013 meeting (following the end of this reporting period), the central bank stated it expected that its "highly accommodative stance of monetary policy" would keep the fed funds rate in "this exceptionally low range" as long as the unemployment rate remained above 6.5% and the outlook for inflation was no higher than 2.5%. The Fed also decided to continue purchasing \$40 billion of mortgage-backed securities and \$45 billion of longer-term Treasury securities each month in an open-ended effort to bolster growth. Taken together, the goals of these actions are to put downward pressure on longer-term interest rates, make broader financial conditions more accommodative and support a stronger economic recovery as well as continued progress toward the Fed's mandates of maximum employment and price stability.

In the fourth quarter of 2012, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 0.4%, bringing GDP growth for the calendar year 2012 to 2.2%, compared with 1.8% in 2011. The Consumer Price Index (CPI) rose 2.0% year-over-year as of February 2013, while the core CPI (which excludes food and energy) increased 2.0% during the period, staying within the Fed's unofficial objective of 2.0% or lower for this inflation measure. Labor market conditions continued to show signs of improvement. As of February 2013, the national unemployment rate was 7.7%, the lowest level since December 2008, down from 8.3% in February 2012. The housing market, long a major weak spot in the economic recovery, also delivered some good news, as the average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 8.1% for the twelve months ended January 2013 (most recent data available at the time this report was prepared). This marked the largest twelve-month percentage gain for the index since the pre-recession summer of 2006, although housing prices continued to be off approximately 30% from their mid-2006 peak.

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During this period, the outlook for the U.S. economy continued to be clouded by uncertainty about global financial markets and the outcome of the “fiscal cliff.” The tax consequences of the fiscal cliff situation, which were scheduled to become effective in January 2013, were averted through a last-minute deal that raised payroll taxes but left in place a number of tax breaks, including the tax exemption on municipal bond interest. However, lawmakers postponed and then failed to reach a resolution on \$1.2 trillion in spending cuts, the “sequestration”, intended to address the federal budget deficit. As a result, automatic spending cuts affecting both defense and non-defense programs (excluding Social Security and Medicaid) took effect March 1, 2013, with potential implications for economic growth over the next decade.

Municipal bond prices generally rallied during this period, as strong demand and tight supply combined to create favorable market conditions for municipal bonds. Although the total volume of tax-exempt supply improved over the same period a year earlier, the issuance pattern remained light compared with long-term historical trends and new money issuance was relatively flat. This supply/demand dynamic served as a key driver of performance. Concurrent with rising prices, yields continued to decline across most maturities, especially at the longer end of the municipal yield curve and the long end of the curve continued to flatten. In addition to the lingering effects of the Build America Bonds (BAB) program, which expired at the end of 2010 but impacted issuance well into 2012, the low level of municipal issuance reflected the current political distaste for additional borrowing by state and local governments facing fiscal constraints and the prevalent atmosphere of municipal budget austerity. During this reporting period, we continued to see borrowers come to market seeking to take advantage of the low interest rate environment through refunding activity, with approximately two-thirds of municipal paper issued by borrowers that were calling existing debt and refinancing at lower rates.

Over the twelve months ended February 28, 2013, municipal bond issuance nationwide totaled \$379.6 billion, an increase of 16% over the issuance for the twelve-month period ended February 29, 2012. As previously discussed, the majority of this supply was attributable to refunding issues, rather than new money issuance. During this period, demand for municipal bonds remained consistently strong, especially from individual investors, but also from mutual funds, banks and crossover buyers such as hedge funds.

How were the economic and market environments in Arizona and Texas during this reporting period?

Arizona’s economy continued its slow recovery from the far-reaching effects of the recession, especially in the state’s hard-hit housing market. Growth in professional services, health care and tourism, which represent about 40% of the jobs in Arizona, have

led recent improvements in the state's economy. As of February 2013, the unemployment rate in Arizona dropped to 7.9%, the lowest level in more than four years, down from 8.4% in February 2012. Gains in Arizona housing prices have been driven primarily by the Phoenix market, with the state's smaller metropolitan areas also showing progress. According to the S&P/Case-Shiller Index, housing prices in Phoenix rose 23.2% over the twelve months ended January 2013 (most recent data available at the time this report was prepared), the largest annual gain for this period among the 20 metropolitan areas tracked by the Index. For fiscal 2013, Arizona enacted an \$8.6 billion general fund budget, up 3.4% over fiscal 2012, that provided for increased spending on K-12 education, universities, a new state prison and automation projects. The 2013 budget also included a \$200 million deposit to the state's rainy day fund. At the end of fiscal 2013 on June 30, the temporary one-cent sales tax, which was enacted in 2011, will expire, requiring the state to locate additional revenue sources to avoid a potential budget gap for fiscal 2014. The proposed general fund budget for fiscal 2014 totaled \$8.9 billion, including increased spending for child safety and education. As of February 2013, Moody's and S&P rated Arizona's issuer credit at Aa3 and AA-, respectively, with stable outlooks. For the twelve months ended February 28, 2013, municipal issuance in Arizona totaled \$6.1 billion, up 24% from the previous twelve months.

The economic recovery in Texas continued to outpace the average rate of growth nationally during this period. Solid employment growth across almost all of the state's industries, most recently led by construction, has resulted in expanded labor force participation, which, coupled with positive demographic trends, produced greater demand for housing and increases in housing prices and home sales. Education and health services, professional and business services, and trade, the state's three largest employment sectors represent almost 40% of the state's workers. As of February 2013, the state's jobless rate was 6.4%, down from 7.1% in February 2012 and well below the February 2013 national rate of 7.7%. According to the S&P/Case-Shiller Index, housing prices in Dallas posted a year-over-year increase of 7.0% as of January 2013 (most recent data available at the time this report was prepared), the strongest annual gain for this market in the index's history, but lower than the average increase of 8.1% nationwide. On the fiscal front, since the fiscal 2012-2013 biennial budget was balanced with deep cuts to most programs, revenue collections in the state have improved. Sales tax receipts, which make up more than half of the general revenue funds in Texas, came in above projections, and oil and natural gas revenues also rose, as projects such as Eagle Ford Shale came online. In January 2013, it was announced that the state had a budget surplus estimated at \$8.8 billion. General revenues were projected at \$85.6 billion for the fiscal 2014-2015 budget, a 6.6% increase over the fiscal 2012-2013 forecast. As of February 2013, Moody's and S&P rated Texas general

obligation (GO) debt at Aaa and AA+, respectively, with stable outlooks. For the twelve months ended February 28, 2013, municipal issuance in Texas totaled \$37.9 billion, an increase of 37% from the previous twelve months. Texas continued to rank as the third largest state issuer behind New York and California.

How did the Funds perform during the twelve-month reporting period ended February 28, 2013? What strategies were used to manage the Funds during the reporting period and how did these strategies influence performance?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide total returns for the Funds for the one-year, five-year and ten-year period ended February 28, 2013. Each Fund's total returns are compared with the performance of a corresponding market index and Lipper classification average.

For the twelve months ended February 28, 2013, the total return on common share net asset value (NAV) for all of the Funds in this report exceeded the returns for their respective state's S&P Municipal Bond Index as well as that of the S&P Municipal Bond Index. For the same period, NAZ, NFZ, NKR and NTX outperformed the average return for the Lipper Other States Municipal Debt Funds Classification Average, while NXE trailed this Lipper average.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, credit exposure and sector allocation. In addition, the use of leverage was an important positive factor affecting the Funds' performance. Leverage is discussed in more detail later in this report.

In an environment of declining rates and a flattening yield curve, municipal bonds with longer maturities generally outperformed those with shorter maturities during this reporting period. Overall, credits at the longest end of the municipal yield curve posted the strongest returns during this period, while bonds at the shortest end produced some of the weakest results. Duration and yield curve positioning was a net positive contributor to the performance of all these Funds, especially NAZ and NXE, as they benefited from heavier exposure to the outperforming long part of the yield curve and less exposure to the shorter segments of the curve that underperformed.

Credit exposure was another important factor in the Funds' performance during these twelve months, as lower quality bonds generally outperformed higher quality bonds. This outperformance was due in part to the greater demand for lower rated bonds as investors looked for investment vehicles offering higher yields. As investors became more comfortable taking on additional investment risk, credit spreads, or the difference

in yield spreads between U.S. Treasury securities and comparable investments such as municipal bonds, narrowed through a variety of rating categories. As a result of this spread compression, the Funds generally benefited from their holdings of lower rated credits. The performance of the Arizona Funds was helped by their overweighting in bonds rated A and BBB as well as non-rated credits, which also performed well. NTX, on the other hand, was underweighted in non-rated bonds, which hurt performance. The impact of this was offset to some degree by NTX's underweighting in bonds rated AAA, which lessened the impact of this quality sector's underperformance for the period.

During this period, revenue bonds as a whole outperformed the general municipal market. Holdings that generally made positive contributions to the Funds' returns included industrial development revenue (IDR) credits, health care (together with hospitals), transportation and housing bonds. In particular, NTX's position in multifamily housing was positive for its performance, although this was partially offset by the Fund's underweighting of IDR bonds. In addition, the Arizona Funds benefited from their holdings of charter school bonds. Tobacco credits backed by the 1998 master tobacco settlement agreement were the top performing market sector in 2012, helped by their longer effective durations and the increased demand for higher yielding investments by investors who had become less risk-averse. In addition, based on recent data showing that cigarette sales had fallen less steeply than anticipated, the 46 states participating in the agreement, including Arizona, stand to receive increased payments from the tobacco companies. NAZ, NXE and NTX held very small positions (less than 1%) in Puerto Rico tobacco bonds, while NFZ and NKR did not hold any tobacco credits.

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities, were among the poorest performing market segments during this period. The under-performance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. As of February 28, 2013, NTX had the heaviest weighting of pre-refunded bonds, while NKR held a negligible position in pre-refunded bonds. We continued to hold pre-refunded bonds in our portfolios due to the higher yields they provided. Also lagging the performance of the general municipal market for this period were GO bonds. The performance of the Arizona Funds was also negatively impacted by two holdings in the utilities sector. First, Far West Water and Sewer encountered regulatory issues during this period, and the bonds, issued by the Yuma County Industrial Development Authority, decreased in value. The Funds held substantial positions in these bonds, which hurt performance for the period. We continue to hold the Far West bonds in our portfolios, as we believe the regulatory issues have been resolved. In addition, long duration, gas prepayment bonds issued by the Salt Verde Financial Corporation for Citigroup Energy performed well during the period. The

Funds' ability to benefit from this performance was in line with their individual weightings in the Salt Verde bonds. Overall, NAZ received the largest benefit from these bonds and NFZ the least.

In light of recent events in the municipal marketplace, shareholders also should be aware of an issue involving some of the Funds' holdings, i.e., the downgrade of Puerto Rico bonds. In December 2012, Moody's downgraded Puerto Rico general obligation bonds to Baa3 from Baa1 based on Puerto Rico's ongoing economic problems, unfunded pension liabilities, elevated debt levels, and structural budget gaps. Earlier in the year (July 2012), bonds issued by the Puerto Rico Sales Tax Financing Corporation (COFINA) also were downgraded by Moody's to Aa3 from Aa2. The downgrade of the COFINA bonds was due mainly to the performance of Puerto Rico's economy and its impact on the projected growth of sales tax revenues, and not to any sector or structural issues. In addition, the COFINA bonds were able to maintain a higher rating than the GOs because, unlike the revenue streams supporting some Puerto Rican issues, the sales taxes supporting the COFINA bonds cannot be diverted and used to support the commonwealth's GO bonds. Shareholders of the Arizona and Texas Funds should note that each of these Funds has limited exposure to Puerto Rico bonds, with holdings ranging from less than 1% in NTX to approximately 5% in NXE. The Funds' holdings are predominately the dedicated sales tax bonds issued by COFINA, although the Arizona Funds also hold hospital, university, electric power and water and sewer credits issued in Puerto Rico. These bonds were generally purchased in the past to help keep the Funds fully invested when in-state paper was scarce and to provide higher yields, added diversification and triple exemption (i.e., exemption from federal, state, and local taxes). NAZ, NXE and NTX also hold Puerto Rico tobacco bonds. During this period, no additional Puerto Rico bonds were purchased in NTX or NXE, while NAZ, NFZ and NKR bought additional COFINA sales tax bonds, but no Puerto Rico GOs. The purchase of additional COFINA bonds was largely due to the nature of Arizona issuance during this period, that is, there was a shortage of higher yielding, longer duration Arizona paper that met our objectives for the Arizona Funds. For the reporting period ended February 28, 2013, Puerto Rico paper generally underperformed the market as whole, although Puerto Rico tobacco bonds performed very well. The impact on performance differed from Fund to Fund in line with the type and amount of its holdings. As we continue to emphasize Puerto Rico's stronger credits, we view these holdings as long-term and note that, in the case of the COFINA bonds, the commonwealth's recent enforcement of sales tax collections has improved significantly.

As previously discussed, municipal bond prices generally rallied nationally during this period, driven by strong demand and tight supply of new issuance. At the same time,

yields continued to be relatively low. In this environment, we continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that had the potential to perform well over the long term and helped us keep our Funds fully invested.

During this period, the Arizona Funds added to their positions in bonds issued by the health care, airport, universities, charter school and community facilities district sectors. Because new paper issuance in Arizona continued to be moderated by refunding activity, we also looked for additional ways to put cash to work, purchasing some territorial bonds that are exempt from federal, state and local taxes. In NTX, we found value in diversified areas of the market, including electric utilities, water and sewer, toll roads, and a lower rated charter school. NTX also purchased bonds issued for the YMCA in Houston and the Harris County-Houston Sports Authority, which owns and operates stadiums for the Houston Astros, Texans and Rockets.

In general, our focus in the Arizona Funds was on purchasing lower rated bonds, especially those rated A, with longer durations and higher yields. Overall, our goal was to keep these Funds duration neutral, focused on income and fully invested. NTX also emphasized bonds with longer maturities. This helped to keep duration within targeted objectives and provide protection for duration and yield curve positioning. The purchase of longer term bonds also enabled us to take advantage of more attractive yields at the longer end of the municipal yield curve.

Cash for new purchases during this period was generated primarily by the proceeds from the increased number of bond calls resulting from the growth in refinancings. The elevated number of bond calls provided a meaningful source of liquidity, which drove much of our activity during this period as we worked to redeploy these proceeds, as well as those from maturing bonds, to keep the Funds fully invested and support their income streams. In addition, the Funds sold selected pre-refunded bonds, and the Arizona Funds took advantage of unusual liquidity in LIBOR floating rate securities backed by Banner Health Systems to close out their positions in these bonds. Overall, selling was minimal during this period, as the bonds in our portfolios generally offered higher yields than those available in the current marketplace.

As of February 28, 2013, 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.

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## Fund Leverage

## IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the return of the Funds relative to their benchmarks was the Funds' use of leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a Fund generally are rising. Leverage had a positive impact on the performance of the Funds over this reporting period.

As of February 28, 2013, the Funds' percentages of effective and regulatory leverage are as shown in the accompanying table:

| Fund | Effective Leverage* | Regulatory Leverage* |
|------|---------------------|----------------------|
| NAZ  | 31.06%              | 28.80%               |
| NFZ  | 35.45%              | 31.66%               |
| NKR  | 34.91%              | 32.69%               |
| NXE  | 33.72%              | 30.74%               |
| NTX  | 32.03%              | 30.86%               |

\* 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 sometimes referred to as "40 Act Leverage" and is subject to asset coverage limits set forth in the Investment Company Act of 1940.



## THE FUNDS' REGULATORY LEVERAGE

As of February 28, 2013, the Funds have issued and outstanding MuniFund Term Preferred (MTP) Shares and Variable Rate MuniFund Term Preferred (VMTP) Shares as shown in the accompanying tables.

## MTP Shares

| Fund | Series | MTP Shares Issued<br>at Liquidation<br>Value | Annual<br>Interest Rate | NYSE<br>Ticker |
|------|--------|--|-------------------------|----------------|
| NFZ  | 2015   | \$ 11,100,000                                | 2.05%                   | NFZ PrC        |
| NKR  | 2015   | \$ 18,725,000                                | 2.05%                   | NKR PrC        |
| NXE  | 2016   | \$ 20,846,000                                | 2.90%                   | NXE PrC        |
| NTX  | 2015   | \$ 70,920,000                                | 2.30%                   | NTX PrC        |

## VMTP Shares

| Fund | Series | VMTP Shares<br>Issued<br>at Liquidation<br>Value |
|------|--------|--|
| NAZ  | 2014   | \$ 28,000,000                                    |

Refer to Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies for further details on MTP and VMTP Shares.

## Common Share Information

## COMMON SHARE DIVIDENDS

During the twelve-month reporting period, the Fund's monthly dividends to Common shareholders were as shown in the accompanying table.

|                            | Per Common Share Amounts |           |           |           |           |
|----------------------------|--------------------------|-----------|-----------|-----------|-----------|
|                            | NAZ                      | NFZ       | NKR       | NXE       | NTX       |
| March                      | \$ 0.0640                | \$ 0.0645 | \$ 0.0670 | \$ 0.0630 | \$ 0.0685 |
| April                      | 0.0640                   | 0.0645    | 0.0670    | 0.0630    | 0.0685    |
| May                        | 0.0640                   | 0.0645    | 0.0670    | 0.0630    | 0.0685    |
| June                       | 0.0640                   | 0.0610    | 0.0670    | 0.0600    | 0.0640    |
| July                       | 0.0640                   | 0.0610    | 0.0670    | 0.0600    | 0.0640    |
| August                     | 0.0640                   | 0.0610    | 0.0670    | 0.0600    | 0.0640    |
| September                  | 0.0640                   | 0.0610    | 0.0670    | 0.0600    | 0.0640    |
| October                    | 0.0640                   | 0.0610    | 0.0670    | 0.0600    | 0.0640    |
| November                   | 0.0640                   | 0.0610    | 0.0670    | 0.0600    | 0.0640    |
| December                   | 0.0640                   | 0.0610    | 0.0640    | 0.0580    | 0.0610    |
| January                    | 0.0640                   | 0.0610    | 0.0640    | 0.0580    | 0.0610    |
| February                   | 0.0640                   | 0.0610    | 0.0640    | 0.0580    | 0.0610    |
| Market Yield**             | 4.89%                    | 4.73%     | 4.87%     | 4.60%     | 4.58%     |
| Taxable-Equivalent Yield** | 7.12%                    | 6.89%     | 7.09%     | 6.70%     | 6.36%     |

\*\* 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 31.3% for the Arizona Funds and a federal income tax rate of 28.0% for the Texas Fund. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of February 28, 2013, all five of the Funds in this report had positive UNII balances for both tax and financial reporting purposes.

## COMMON SHARE REPURCHASES

During November 2012, the Nuveen Funds Board of Directors/Trustees reauthorized the Funds' open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding common shares.

As of February 28, 2013, 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. Since the inception of the Funds' repurchase programs, NAZ and NTX have not repurchased any of their outstanding common shares.

| Fund | Common Shares<br>Repurchased and Retired | % of Outstanding<br>Common Shares |
|------|--|-----------------------------------|
| NAZ  | —  | —                                 |
| NFZ  | 2,500                                    | 0.2%                              |
| NKR  | 800                                      | 0.0%*                             |
| NXE  | 1,600                                    | 0.1%                              |
| NTX  | —  | —                                 |

\* Rounds to less than 0.1%.

During the twelve-month reporting period, the Funds did not repurchase any of their outstanding common shares.

## COMMON SHARE SHELF EQUITY PROGRAMS

During the current reporting period, NTX filed a registration statement with the SEC authorizing the Fund to issue an additional 950,000 common shares through a equity shelf program.

Under this equity shelf program, the Fund, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above the Fund's NAV per common share.

During the current reporting period, NTX sold common shares through its shelf equity program at a weighted average premium to NAV per common share as shown in the accompanying table.

| Fund | Common Shares<br>Sold through<br>Shelf Offering | Weighted Average<br>Premium to NAV<br>Per Common Share Sold |
|------|---|---|
| NTX  | 398,357   | 3.21%   |

## COMMON OTHER SHARE INFORMATION

As of February 28, 2013, and during the twelve-month reporting period, the Funds' common share prices were trading at a premium/(discount) to their common share NAV as shown in the accompanying table.

|   | NAZ      | NFZ      | NKR      | NXE      | NTX      |
|---|----------|----------|----------|----------|----------|
| Common Share NAV                              | \$ 15.47 | \$ 15.47 | \$ 15.80 | \$ 15.32 | \$ 15.87 |
| Common Share Price                            | \$ 15.70 | \$ 15.47 | \$ 15.77 | \$ 15.13 | \$ 16.00 |
| Premium/(Discount) to NAV                     | 1.49%    | 0.00%    | (0.19)%  | (1.24)%  | 0.82%    |
| 12-Month Average Premium/(Discount)<br>to NAV | 1.06%    | (2.67)%  | (1.55)%  | (3.32)%  | 5.03%    |

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## 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, Market and Price 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 Fund, 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 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.

**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.

**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.

**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.

**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.

## Nuveen Arizona Premium Income Municipal Fund (NAZ)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

|   | Average Annual |        |         |
|---|----------------|--------|---------|
|   | 1-Year         | 5-Year | 10-Year |
| NAZ at Common Share NAV   | 9.77%          | 9.38%  | 6.22%   |
| NAZ at Common Share Price                                       | 13.02%         | 10.77% | 5.23%   |
| S&P Municipal Bond Arizona Index                                | 6.05%          | 6.98%  | 5.25%   |
| S&P Municipal Bond Index  | 5.69%          | 6.81%  | 5.19%   |
| Lipper Other States Municipal Debt Funds Classification Average | 7.59%          | 8.95%  | 6.08%   |

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. 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.

## Common Share Price Performance — Weekly Closing Price

Portfolio Composition<sup>1</sup>

(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 23.5% |
| Utilities                         | 18.9% |
| Health Care                       | 17.0% |
| Education and Civic Organizations | 13.6% |
| U.S. Guaranteed                   | 9.3%  |
| Tax Obligation/General            | 8.3%  |
| Water and Sewer                   | 8.3%  |
| Other                             | 1.1%  |

## Credit Quality

(as a % of total investment exposure)<sup>1,2,3</sup>

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 15% |
| AA                  | 24% |
| A                   | 42% |
| BBB                 | 13% |
| BB or Lower         | 1%  |
| N/R                 | 4%  |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

- 1 Holdings are subject to change.
- 2 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.

3 Percentage may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

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## Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

|   | Average Annual |        |         |
|---|----------------|--------|---------|
|   | 1-Year         | 5-Year | 10-Year |
| NFZ at Common Share NAV   | 7.63%          | 8.86%  | 5.70%   |
| NFZ at Common Share Price                                       | 12.93%         | 9.44%  | 5.58%   |
| S&P Municipal Bond Arizona Index                                | 6.05%          | 6.98%  | 5.25%   |
| S&P Municipal Bond Index  | 5.69%          | 6.81%  | 5.19%   |
| Lipper Other States Municipal Debt Funds Classification Average | 7.59%          | 8.95%  | 6.08%   |

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. 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.

## Common Share Price Performance — Weekly Closing Price

Portfolio Composition<sup>1</sup>

(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 32.7% |
| Utilities                         | 17.0% |
| Health Care                       | 16.5% |
| Tax Obligation/General            | 12.1% |
| U.S. Guaranteed                   | 9.0%  |
| Education and Civic Organizations | 8.2%  |
| Other                             | 4.5%  |

## Credit Quality

(as a % of total investment exposure)<sup>1,2,3</sup>

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 16% |
| AA                  | 31% |
| A                   | 27% |
| BBB                 | 16% |
| BB or Lower         | 1%  |
| N/R                 | 8%  |

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such securities. Holdings designated N/R are not rated by these national rating agencies.

3 Percentage may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

Nuveen Investments

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## Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

|   | Average Annual |        |         |
|---|----------------|--------|---------|
|   | 1-Year         | 5-Year | 10-Year |
| NKR at Common Share NAV   | 7.99%          | 8.76%  | 5.98%   |
| NKR at Common Share Price                                       | 12.30%         | 9.45%  | 6.22%   |
| S&P Municipal Bond Arizona Index                                | 6.05%          | 6.98%  | 5.25%   |
| S&P Municipal Bond Index  | 5.69%          | 6.81%  | 5.19%   |
| Lipper Other States Municipal Debt Funds Classification Average | 7.59%          | 8.95%  | 6.08%   |

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. 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.

## Common Share Price Performance — Weekly Closing Price

Portfolio Composition<sup>1</sup>

(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 28.0% |
| Health Care                       | 22.1% |
| Tax Obligation/General            | 17.2% |
| Education and Civic Organizations | 12.0% |
| Utilities                         | 7.9%  |
| Water and Sewer                   | 7.4%  |
| Other                             | 5.4%  |

## Credit Quality

(as a % of total investment exposure)<sup>1,2,3</sup>

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 13% |
| AA                  | 29% |
| A                   | 29% |
| BBB                 | 16% |
| BB or Lower         | 2%  |
| N/R                 | 9%  |

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such securities. Holdings designated N/R are not rated by these national rating agencies.

3 Percentage may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

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## Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

|   | Average Annual |        |         |
|---|----------------|--------|---------|
|   | 1-Year         | 5-Year | 10-Year |
| NXE at Common Share NAV   | 7.30%          | 8.83%  | 6.08%   |
| NXE at Common Share Price                                       | 11.26%         | 9.32%  | 6.43%   |
| S&P Municipal Bond Arizona Index                                | 6.05%          | 6.98%  | 5.25%   |
| S&P Municipal Bond Index  | 5.69%          | 6.81%  | 5.19%   |
| Lipper Other States Municipal Debt Funds Classification Average | 7.59%          | 8.95%  | 6.08%   |

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. 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.

## Common Share Price Performance — Weekly Closing Price

Portfolio Composition<sup>1</sup>

(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 29.1% |
| Health Care                       | 20.2% |
| Education and Civic Organizations | 13.1% |
| Utilities                         | 11.1% |
| Tax Obligation/General            | 8.9%  |
| U.S. Guaranteed                   | 6.6%  |
| Water and Sewer                   | 6.6%  |
| Other                             | 4.4%  |

## Credit Quality

(as a % of total investment exposure)<sup>1,2,3</sup>

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 12% |
| AA                  | 22% |
| A                   | 32% |
| BBB                 | 19% |
| BB or Lower         | 2%  |
| N/R                 | 11% |

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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.

3 Percentage may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

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## Nuveen Texas Quality Income Municipal Fund (NTX)

Performance Overview and Holding Summaries as of February 28, 2013

Average Annual Total Returns as of February 28, 2013

|   | Average Annual |        |         |
|---|----------------|--------|---------|
|   | 1-Year         | 5-Year | 10-Year |
| NTX at Common Share NAV   | 7.80%          | 8.71%  | 6.23%   |
| NTX at Common Share Price                                       | 2.97%          | 10.76% | 6.88%   |
| S&P Municipal Bond Texas Index                                  | 6.26%          | 7.14%  | 5.55%   |
| S&P Municipal Bond Index  | 5.69%          | 6.81%  | 5.19%   |
| Lipper Other States Municipal Debt Funds Classification Average | 7.59%          | 8.95%  | 6.08%   |

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. 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.

## Common Share Price Performance — Weekly Closing Price

Portfolio Composition<sup>1</sup>

(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/General            | 19.8% |
| Utilities                         | 12.2% |
| U.S. Guaranteed                   | 11.7% |
| Tax Obligation/Limited            | 11.5% |
| Transportation                    | 10.7% |
| Water and Sewer                   | 10.6% |
| Education and Civic Organizations | 8.9%  |
| Health Care                       | 8.8%  |
| Other                             | 5.8%  |

## Credit Quality

(as a % of total investment exposure)<sup>1,2,3</sup>

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 26% |
| AA                  | 31% |
| A                   | 22% |
| BBB                 | 20% |
| BB or Lower         | 1%  |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview and Holding Summaries page.

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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.

3 Percentage may not add to 100% due to the exclusion of Other Assets Less Liabilities from the table.

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## NAZ Shareholder Meeting Report

NFZ The annual meeting of shareholders for NFZ, NKR, NXE and NAZ was held in the offices of Nuveen Investments on October 12, 2012; at this meeting the shareholders were asked to vote on the approval of an Agreement and Plan of Reorganization to enable the Fund to reorganize as a newly created Massachusetts business trust, the approval of an Agreement and Plan of Reorganization, the approval of the issuance of additional common shares, the approval of an amendment to the Fund's articles of incorporation and the election of Board Members. The meeting was subsequently adjourned to November 16, 2012.

The meeting for NFZ, NKR and NXE was additionally adjourned to December 14, 2012, January 24, 2013, February 8, 2013 and March 11, 2013, respectively. The annual meeting of shareholders for NTX was held in the offices of Nuveen Investments on November 14, 2012; at this meeting the shareholders were asked to vote on the election of Board Members.

|  | NAZ  |                  | NFZ           |  |                  |
|--|--|------------------|---------------|--|------------------|
|  | Common and Preferred shares voting together as a class | Preferred Shares | Common Shares | Common and Preferred shares voting together as a class | Preferred Shares |
| To approve an Agreement and Plan of Reorganization to enable the Fund to reorganize as a newly created Massachusetts business trust. |  |                  |               |  |                  |
| For  | 2,314,131  | 280              | —             | —  | —                |
| Against  | 110,933  | —                | —             | —  | —                |
| Abstain  | 51,040   | —                | —             | —  | —                |
| Broker Non-Votes   | 1,076,478  | —                | —             | —  | —                |
| Total  | 3,552,582  | 280              | —             | —  | —                |
| To approve an Agreement and Plan of Reorganization.  |  |                  |               |  |                  |
| For  | 2,444,785  | 280              | —             | 1,453,489  | 533,389          |
| Against  | 152,412  | —                | —             | 38,739   | 3,200            |
| Abstain  | 183,555  | —                | —             | 69,494   | 47,500           |
| Broker Non-Votes   | 880,413  | —                | —             | 775,903  | 378,829          |
| Total  | 3,661,165  | 280              | —             | 2,337,625  | 962,918          |
| To approve the issuance of additional common shares in connection with each Reorganization.  |  |                  |               |  |                  |
| For  | 2,057,795  | —                | 2,057,515     | —  | —                |
| Against  | 273,074  | —                | 273,074       | —  | —                |
| Abstain  | 145,235  | —                | 145,235       | —  | —                |
| Broker Non-Votes   | 1,076,478  | —                | 1,076,478     | —  | —                |
| Total  | 3,552,582  | —                | 3,552,302     | —  | —                |
| To approve an amendment to the Fund's articles of incorporation.   |  |                  |               |  |                  |



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|                  |           |     |   |   |   |
|------------------|-----------|-----|---|---|---|
| For              | 2,397,315 | 280 | — | — | — |
| Against          | 210,308   | —   | — | — | — |
| Abstain          | 173,129   | —   | — | — | — |
| Broker Non-Votes | 880,413   | —   | — | — | — |
| Total            | 3,661,165 | 280 | — | — | — |

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## Shareholder Meeting Report (continued)

NAZ  
NFZ

|   |  | NAZ              |               | NFZ  |                  |
|---|--|------------------|---------------|--|------------------|
|   | Common and Preferred shares voting together as a class | Preferred Shares | Common Shares | Common and Preferred shares voting together as a class | Preferred Shares |
| Approval of the Board Members was reached as follows: |  |                  |               |  |                  |
| John P. Amboian                                       |  |                  |               |  |                  |
| For   | 3,440,519  | —                | —             | —  | —                |
| Withhold  | 112,063  | —                | —             | —  | —                |
| Total   | 3,552,582  | —                | —             | —  | —                |
| Robert P. Bremner                                     |  |                  |               |  |                  |
| For   | 3,437,319  | —                | —             | 2,170,443  | —                |
| Withhold  | 115,263  | —                | —             | 63,994   | —                |
| Total   | 3,552,582  | —                | —             | 2,234,437  | —                |
| Jack B. Evans   |  |                  |               |  |                  |
| For   | 3,440,519  | —                | —             | 2,170,443  | —                |
| Withhold  | 112,063  | —                | —             | 63,994   | —                |
| Total   | 3,552,582  | —                | —             | 2,234,437  | —                |
| William C. Hunter                                     |  |                  |               |  |                  |
| For   | —  | 280              | —             | —  | 876,157          |
| Withhold  | —  | —                | —             | —  | 8,511            |
| Total   | —  | 280              | —             | —  | 884,668          |
| David J. Kundert                                      |  |                  |               |  |                  |
| For   | 3,439,319  | —                | —             | —  | —                |
| Withhold  | 113,263  | —                | —             | —  | —                |
| Total   | 3,552,582  | —                | —             | —  | —                |
| William J. Schneider                                  |  |                  |               |  |                  |
| For   | —  | 280              | —             | —  | 876,157          |
| Withhold  | —  | —                | —             | —  | 8,511            |
| Total   | —  | 280              | —             | —  | 884,668          |
| Judith M. Stockdale                                   |  |                  |               |  |                  |
| For   | 3,437,678  | —                | —             | —  | —                |
| Withhold  | 114,904  | —                | —             | —  | —                |
| Total   | 3,552,582  | —                | —             | —  | —                |
| Carole E. Stone                                       |  |                  |               |  |                  |
| For   | 3,433,431  | —                | —             | —  | —                |
| Withhold  | 119,151  | —                | —             | —  | —                |
| Total   | 3,552,582  | —                | —             | —  | —                |
| Virginia L. Stringer                                  |  |                  |               |  |                  |
| For   | 3,433,431  | —                | —             | —  | —                |
| Withhold  | 119,151  | —                | —             | —  | —                |
| Total   | 3,552,582  | —                | —             | —  | —                |

Terence J. Toth

|          |           |   |   |   |   |
|----------|-----------|---|---|---|---|
| For      | 3,440,519 | — | — | — | — |
| Withhold | 112,063   | — | — | — | — |
| Total    | 3,552,582 | — | — | — | — |

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NKR  
 NXE  
 NTX

|  | NKR  |                  | NXE  |                  | NTX  |                  |
|--|--|------------------|--|------------------|--|------------------|
|  | Common and Preferred shares voting together as a class | Preferred Shares | Common and Preferred shares voting together as a class | Preferred Shares | Common and Preferred shares voting together as a class | Preferred Shares |
| To approve an Agreement and Plan of Reorganization to enable the Fund to reorganize as a newly created Massachusetts business trust. |  |                  |  |                  |  |                  |
| For  | —  | —                | —  | —                | —  | —                |
| Against  | —  | —                | —  | —                | —  | —                |
| Abstain  | —  | —                | —  | —                | —  | —                |
| Broker Non-Votes   | —  | —                | —  | —                | —  | —                |
| Total  | —  | —                | —  | —                | —  | —                |
| To approve an Agreement and Plan of Reorganization.  |  |                  |  |                  |  |                  |
| For  | 2,347,161  | 946,188          | 2,840,957  | 1,129,549        | —  | —                |
| Against  | 125,691  | 54,527           | 194,422  | 56,900           | —  | —                |
| Abstain  | 95,579   | 17,500           | 108,651  | 25,000           | —  | —                |
| Broker Non-Votes   | 1,316,530  | 609,748          | 1,412,030  | 525,001          | —  | —                |
| Total  | 3,884,961  | 1,627,963        | 4,556,060  | 1,736,450        | —  | —                |
| To approve the issuance of additional common shares in connection with each Reorganization.  |  |                  |  |                  |  |                  |
| For  | —  | —                | —  | —                | —  | —                |
| Against  | —  | —                | —  | —                | —  | —                |
| Abstain  | —  | —                | —  | —                | —  | —                |
| Broker Non-Votes   | —  | —                | —  | —                | —  | —                |
| Total  | —  | —                | —  | —                | —  | —                |
| To approve an amendment to the   |  |                  |  |                  |  |                  |

|                                   |   |   |   |   |   |   |
|-----------------------------------|---|---|---|---|---|---|
| Fund's articles of incorporation. | — | — | — | — | — | — |
| Against                           | — | — | — | — | — | — |
| Abstain                           | — | — | — | — | — | — |
| Broker Non-Votes                  | — | — | — | — | — | — |
| Total                             | — | — | — | — | — | — |

Nuveen Investments 25

NKR  
 NXE  
 NTX

Shareholder Meeting Report (continued)

|   | NKR  |                  | NXE  |                  | NTX  |                  |
|---|--|------------------|--|------------------|--|------------------|
|   | Common and Preferred shares voting together as a class | Preferred Shares | Common and Preferred shares voting together as a class | Preferred Shares | Common and Preferred shares voting together as a class | Preferred Shares |
| Approval of the Board Members was reached as follows: |  |                  |  |                  |  |                  |
| John P. Amboian                                       |  |                  |  |                  |  |                  |
| For   | —  | —                | —  | —                | —  | —                |
| Withhold  | —  | —                | —  | —                | —  | —                |
| Total   | —  | —                | —  | —                | —  | —                |
| Robert P. Bremner                                     |  |                  |  |                  |  |                  |
| For   | 3,424,350  | —                | 4,135,426  | —                | 15,197,249   | —                |
| Withhold  | 203,694  | —                | 120,187  | —                | 444,249  | —                |
| Total   | 3,628,044  | —                | 4,255,613  | —                | 15,641,498   | —                |
| Jack B. Evans   |  |                  |  |                  |  |                  |
| For   | 3,435,505  | —                | 4,120,466  | —                | 15,248,841   | —                |
| Withhold  | 192,539  | —                | 135,147  | —                | 392,657  | —                |
| Total   | 3,628,044  | —                | 4,255,613  | —                | 15,641,498   | —                |
| William C. Hunter                                     |  |                  |  |                  |  |                  |
| For   | —  | 1,347,384        | —  | 1,479,788        | —  | 6,619,429        |
| Withhold  | —  | 78,279           | —  | 12,261           | —  | 118,396          |
| Total   | —  | 1,425,663        | —  | 1,492,049        | —  | 6,737,825        |
| David J. Kundert                                      |  |                  |  |                  |  |                  |
| For   | —  | —                | —  | —                | —  | —                |
| Withhold  | —  | —                | —  | —                | —  | —                |
| Total   | —  | —                | —  | —                | —  | —                |
| William J. Schneider                                  |  |                  |  |                  |  |                  |
| For   | —  | 1,347,384        | —  | 1,479,788        | —  | 6,619,429        |
| Withhold  | —  | 78,279           | —  | 12,261           | —  | 118,396          |
| Total   | —  | 1,425,663        | —  | 1,492,049        | —  | 6,737,825        |
| Judith M. Stockdale                                   |  |                  |  |                  |  |                  |
| For   | —  | —                | —  | —                | —  | —                |
| Withhold  | —  | —                | —  | —                | —  | —                |
| Total   | —  | —                | —  | —                | —  | —                |
| Carole E. Stone                                       |  |                  |  |                  |  |                  |
| For   | —  | —                | —  | —                | —  | —                |
| Withhold  | —  | —                | —  | —                | —  | —                |

|                         |   |   |   |   |   |   |
|-------------------------|---|---|---|---|---|---|
| Total                   | — | — | — | — | — | — |
| Virginia L.<br>Stringer |   |   |   |   |   |   |
| For                     | — | — | — | — | — | — |
| Withhold                | — | — | — | — | — | — |
| Total                   | — | — | — | — | — | — |
| Terence J. Toth         |   |   |   |   |   |   |
| For                     | — | — | — | — | — | — |
| Withhold                | — | — | — | — | — | — |
| Total                   | — | — | — | — | — | — |

26 Nuveen Investments

Report of Independent  
Registered Public Accounting Firm

The Board of Trustees and Shareholders  
Nuveen Arizona Premium Income Municipal Fund  
(formerly Nuveen Arizona Premium Income Municipal Fund, Inc.)  
Nuveen Arizona Dividend Advantage Municipal Fund  
Nuveen Arizona Dividend Advantage Municipal Fund 2  
Nuveen Arizona Dividend Advantage Municipal Fund 3  
Nuveen Texas Quality Income Municipal Fund

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Arizona Premium Income Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3, and Nuveen Texas Quality Income Municipal Fund (the "Funds") as of February 28, 2013, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. 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.

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. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of February 28, 2013, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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 positions of Nuveen Arizona Premium Income Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3, and Nuveen Texas Quality Income Municipal Fund at February 28, 2013, and the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois  
April 25, 2013

Nuveen Investments

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NAZ Nuveen Arizona Premium Income Municipal Fund  
(formerly Nuveen Arizona Premium Municipal Fund, Inc.)  
Portfolio of Investments

February 28, 2013

| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|--|---------------------------------------|-------------|------------|
|                           | Consumer Staples – 1.1% (0.7% of Total Investments)  |                                       |             |            |
| \$ 725                    | Puerto Rico, The Children’s Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33  | 5/13 at 100.00                        | BBB+        | \$ 732,236 |
|                           | Education and Civic Organizations – 19.2% (13.6% of Total Investments)   |                                       |             |            |
| 615                       | Arizona Board of Regents, Arizona State University System Revenue Bonds, Refunding Bonds, Series 2013A, 5.000%, 7/01/37  | No Opt. Call                          | AA          | 709,931    |
| 2,500                     | Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.320%, 11/01/41 (Alternative Minimum Tax) (4)                                     | 4/13 at 100.00                        | A           | 2,066,898  |
|                           | Arizona State University, System Revenue Bonds, Series 2005:   |                                       |             |            |
| 1,455                     | 5.000%, 7/01/20 – AMBAC Insured  | 7/15 at 100.00                        | Aa3         | 1,595,408  |
| 750                       | 5.000%, 7/01/21 – AMBAC Insured  | 7/15 at 100.00                        | Aa3         | 822,375    |
| 755                       | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31   | 5/22 at 100.00                        | A–          | 833,792    |
| 1,600                     | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40   | 5/20 at 100.00                        | A+          | 1,705,024  |
| 280                       | Phoenix Industrial Development Authority, Arizona, Education Facility Revenue Bonds, Brighter Choice Foundation Charter Middle Schools Project, Albany, New York, Series 2012, 7.500%, 7/01/42 | 7/22 at 100.00                        | BB+         | 302,803    |
| 220                       | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies – Veritas Project, Series 2012, 6.300%, 7/01/42   | 7/21 at 100.00                        | BBB         | 237,985    |
| 280                       | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Painted Rock Academy Charter School Project, Series 2012A, 7.500%, 7/01/42   | 7/20 at 100.00                        | N/R         | 296,442    |
| 1,400                     | Phoenix Industrial Development Authority, Arizona, Lease Revenue Bonds, Rowan University Project, Series 2012, 5.000%, 6/01/42 (UB) (5)  | 6/22 at 100.00                        | A+          | 1,526,014  |

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|        |   |                 |      |            |
|--------|---|-----------------|------|------------|
| 280    | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42  | 1/22 at 100.00  | BBB- | 309,473    |
|        | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010:   |                 |      |            |
| 170    | 6.000%, 6/01/40   | 6/19 at 100.00  | BBB- | 176,985    |
| 200    | 6.100%, 6/01/45   | 6/19 at 100.00  | BBB- | 208,516    |
| 1,500  | Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 – AMBAC Insured                                   | 7/13 at 100.00  | N/R  | 1,504,770  |
| 825    | Yavapai County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2011, 7.875%, 3/01/42                       | 3/21 at 100.00  | BB+  | 970,596    |
| 12,830 | Total Education and Civic Organizations Health Care – 23.9% (17.0% of Total Investments)  |                 |      | 13,267,012 |
| 1,430  | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25   | 1/17 at 100.00  | AA-  | 1,622,721  |
| 3,470  | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38   | 1/18 at 100.00  | AA-  | 3,852,290  |
| 2,300  | Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Refunding Series 2012A, 5.000%, 2/01/42  | 2/22 at 100.00  | BBB+ | 2,486,392  |
| 675    | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37   | 12/15 at 100.00 | BBB+ | 694,292    |
| 1,110  | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42  | 12/17 at 100.00 | BBB+ | 1,154,422  |
| 2,150  | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23   | 7/14 at 100.00  | A    | 2,265,219  |
| 2,900  | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32   | 7/17 at 100.00  | A    | 3,139,685  |
| 330    | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion, Series 2000A, 6.375%, 11/15/15 | 5/13 at 100.00  | AA+  | 331,746    |



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| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|---|---------------------------------------|-------------|------------|
|                           | Health Care (continued)   |                                       |             |            |
|                           | Show Low Industrial Development Authority,<br>Arizona, Hospital Revenue Bonds, Navapache<br>Regional Medical Center, Series 2005:                   |                                       |             |            |
| \$ 525                    | 5.000%, 12/01/25 – RAAI Insured   | 12/15 at<br>100.00                    | BBB+        | \$ 545,885 |
| 435                       | 5.000%, 12/01/30 – RAAI Insured   | 12/15 at<br>100.00                    | BBB+        | 448,811    |
| 15,325                    | Total Health Care   |                                       |             | 16,541,463 |
|                           | Long-Term Care – 0.5% (0.3% of Total Investments)   |                                       |             |            |
| 295                       | Tempe Industrial Development Authority, Arizona,<br>Revenue Bonds, Friendship Village of Tempe<br>Project, Refunding Series 2012A, 6.000%, 12/01/32 | 12/21 at<br>100.00                    | N/R         | 319,169    |
|                           | Tax Obligation/General – 11.6% (8.3% of Total<br>Investments)   |                                       |             |            |
| 420                       | El Mirage, Arizona, General Obligation Bonds<br>Series 2012, 5.000%, 7/01/42 – AGM Insured  | 7/22 at<br>100.00                     | AA–         | 469,636    |
| 1,265                     | Gila County Unified School District 10 Payson,<br>Arizona, School Improvement Bonds, Project 2006,<br>Series 2008B, 5.750%, 7/01/28                 | 7/18 at<br>100.00                     | Aa3         | 1,497,115  |
| 1,200                     | Maricopa County Unified School District 95 Queen<br>Creek, Arizona, General Obligation Bonds, Series<br>2008, 5.000%, 7/01/27 – AGM Insured         | 7/18 at<br>100.00                     | A1          | 1,375,404  |
| 515                       | Pima County Continental Elementary School<br>District 39, Arizona, General Obligation Bonds,<br>Series 2011A, 6.000%, 7/01/30 – AGM Insured         | 7/21 at<br>100.00                     | AA–         | 636,169    |
| 3,530                     | Pinal County Unified School District 1, Florence,<br>Arizona, General Obligation Bonds, Series 2008C,<br>5.250%, 7/01/28                            | 7/18 at<br>100.00                     | A           | 4,083,186  |
| 6,930                     | Total Tax Obligation/General  |                                       |             | 8,061,510  |
|                           | Tax Obligation/Limited – 33.1% (23.5% of Total<br>Investments)  |                                       |             |            |
| 990                       | Arizona Sports and Tourism Authority, Senior<br>Revenue Refunding Bonds, Multipurpose Stadium<br>Facility Project, Series 2012A, 5.000%, 7/01/36    | 7/22 at<br>100.00                     | A1          | 1,101,989  |
| 275                       | Buckeye, Arizona, Festival Ranch Community<br>Facilities District General Obligation Bonds, Series<br>2012, 5.000%, 7/15/31                         | 7/22 at<br>100.00                     | BBB         | 289,176    |
| 250                       | Centerra Community Facilities District, Goodyear,<br>Arizona, General Obligation Bonds, Series 2005,<br>5.500%, 7/15/29                             | 7/15 at<br>100.00                     | N/R         | 239,065    |
| 296                       | Estrella Mountain Ranch Community Facilities<br>District, Goodyear, Arizona, Special Assessment<br>Lien Bonds, Series 2001A, 7.875%, 7/01/25        | 7/13 at<br>100.00                     | N/R         | 296,639    |
| 1,280                     |   |                                       | AA–         | 1,446,451  |

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|       |  |                   |      |           |
|-------|--|-------------------|------|-----------|
|       | Greater Arizona Development Authority,<br>Infrastructure Revenue Bonds, Series 2006-1,<br>5.000%, 8/01/22 – NPMFG Insured  | 8/16 at<br>100.00 |      |           |
| 740   | Greater Arizona Development Authority,<br>Infrastructure Revenue Bonds, Series 2006A,<br>5.000%, 8/01/23 – NPMFG Insured   | 8/16 at<br>100.00 | A1   | 826,432   |
| 1,080 | Marana Municipal Property Corporation, Arizona,<br>Municipal Facilities Revenue Bonds, Series 2008B,<br>5.125%, 7/01/28  | 7/13 at<br>100.00 | AA   | 1,094,699 |
| 575   | Marana Municipal Property Corporation, Arizona,<br>Revenue Bonds, Series 2003, 5.000%, 7/01/28 –<br>AMBAC Insured  | 7/13 at<br>100.00 | AA   | 582,343   |
| 1,264 | Marana, Arizona, Tangerine Farms Road<br>Improvement District Revenue Bonds, Series 2006,<br>4.600%, 1/01/26   | 7/16 at<br>100.00 | A2   | 1,308,607 |
| 3,400 | Mesa, Arizona, Street and Highway User Tax<br>Revenue Bonds, Series 2005, 5.000%, 7/01/24 –<br>AGM Insured   | 7/15 at<br>100.00 | AA   | 3,714,772 |
| 1,000 | Phoenix Industrial Development Authority, Arizona, No Opt. Call<br>Education Facility Revenue Bonds, JMF-Higley<br>2012 LLC Project, Series 2012, 5.000%, 12/01/36 |                   | A+   | 1,107,780 |
| 170   | Phoenix Mesa Gateway Airport Authority, Arizona,<br>Special Facility Revenue Bonds, Mesa Project,<br>Series 2012, 5.000%, 7/01/38 (Alternative Minimum<br>Tax)     | 7/22 at<br>100.00 | AA+  | 180,613   |
| 1,140 | Pinetop Fire District of Navajo County, Arizona,<br>Certificates of Participation, Series 2008, 7.750%,<br>6/15/29   | 6/16 at<br>102.00 | A3   | 1,220,780 |
| 300   | Pronghorn Ranch Community Facilities District,<br>Prescott Valley, Arizona, General Obligation Bonds,<br>Series 2004, 6.400%, 7/15/29                              | 7/14 at<br>100.00 | N/R  | 304,236   |
| 135   | Puerto Rico Public Buildings Authority, Guaranteed<br>Government Facilities Revenue Refunding Bonds,<br>Series 2002D, 5.125%, 7/01/24                              | 7/13 at<br>100.00 | BBB– | 135,018   |
| 500   | Puerto Rico Sales Tax Financing Corporation, Sales<br>Tax Revenue Bonds, First Subordinate Series<br>2009A, 0.000%, 8/01/32  | 8/26 at<br>100.00 | A+   | 530,005   |

Nuveen Investments

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| NAZ  |   | Nuveen Arizona Premium Income Municipal Fund (continued)<br>Portfolio of Investments |             |            | February 28, 2013 |
|--|---|--|-------------|------------|-------------------|
| Principal<br>Amount (000)                                  | Description (1)   | Optional<br>Call<br>Provisions<br>(2)  | Ratings (3) | Value      |                   |
| Tax Obligation/Limited (continued)                         |   |  |             |            |                   |
| \$ 1,525   | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 0.000%, 8/01/33                                       | No Opt. Call   | A+          | \$ 487,238 |                   |
| 1,700  | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010C, 0.000%, 8/01/38                                       | No Opt. Call   | A+          | 388,093    |                   |
| 1,610  | San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured          | 7/15 at<br>100.00  | A+          | 1,693,994  |                   |
| 1,000  | Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24  | No Opt. Call   | AAA         | 1,295,980  |                   |
| 2,000  | Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Water & Sewer Improvements Project, Series 2010, 5.000%, 7/01/36              | 7/20 at<br>100.00  | AAA         | 2,350,260  |                   |
| 500  | Tempe, Arizona, Transit Excise Tax Revenue Obligation Bonds, Refunding Series 2012, 5.000%, 7/01/37   | 7/22 at<br>100.00  | AAA         | 574,115    |                   |
| 1,000  | Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Senior Lien Series 2010A, 5.000%, 10/01/29                                 | 10/20 at<br>100.00   | BBB+        | 1,098,860  |                   |
| 645  | Vistancia Community Facilities District, Peoria, Arizona, General Obligation Bonds, Series 2005, 5.750%, 7/15/24  | 7/15 at<br>100.00  | A1          | 680,868    |                   |
| 23,375   | Total Tax Obligation/Limited<br>Transportation – 0.2% (0.1% of Total Investments)   |  |             | 22,948,013 |                   |
| 110  | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Airport Revenue Bonds, Series 2010A, 5.000%, 7/01/40  | 7/20 at<br>100.00  | A+          | 122,213    |                   |
| U.S. Guaranteed – 13.1% (9.3% of Total Investments)<br>(6) |   |  |             |            |                   |
| 3,000  | Glendale Western Loop 101 Public Facilities Corporation, Arizona, Third Lien Excise Tax Revenue Bonds, Series 2008B, 6.250%, 7/01/38 (Pre-refunded 1/01/14) | 1/14 at<br>100.00  | AA (6)      | 3,150,570  |                   |
| 3,500  | Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28 (Pre-refunded 7/01/13) – AMBAC Insured                     | 7/13 at<br>100.00  | AA (6)      | 3,558,275  |                   |
| 1,250  |   | No Opt. Call   | N/R (6)     | 1,434,388  |                   |

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Maricopa County Industrial Development Authority,  
 Arizona, Hospital Revenue Refunding Bonds,  
 Samaritan Health Services, Series 1990A, 7.000%,  
 12/01/16 – NPMFG Insured (ETM)

|        |  |                   |         |            |
|--------|--|-------------------|---------|------------|
| 385    | Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)  | 4/15 at<br>100.00 | N/R (6) | 422,106    |
| 500    | Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 (Pre-refunded 7/01/13) – NPMFG Insured             | 7/13 at<br>100.00 | AA (6)  | 508,235    |
| 8,635  | Total U.S. Guaranteed Utilities – 26.6% (18.9% of Total Investments)   |                   |         | 9,073,574  |
| 470    | Apache County Industrial Development Authority, Arizona, Pollution Control Revenue Bonds, Tucson Electric Power Company, Series 20102A, 4.500%, 3/01/30              | 3/22 at<br>100.00 | BBB     | 488,349    |
| 1,000  | Arizona Power Authority, Special Obligation Power No Opt. Call Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15             |                   | AA      | 1,119,950  |
| 1,600  | Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35 | 6/20 at<br>100.00 | A1      | 1,781,312  |
| 1,340  | Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29                          | 1/15 at<br>100.00 | BBB–    | 1,419,127  |
| 650    | Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36   | 7/21 at<br>100.00 | A       | 733,902    |
| 2,170  | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/27 – SYNCORA GTY Insured  | 7/15 at<br>100.00 | BBB+    | 2,203,136  |
| 715    | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 18.192%, 1/01/38 (IF) (5)    | 1/18 at<br>100.00 | Aa1     | 1,115,371  |
| 4,500  | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007:<br>5.500%, 12/01/29              | No Opt. Call      | A–      | 5,511,600  |
| 3,500  | 5.000%, 12/01/37   | No Opt. Call      | A–      | 4,051,880  |
| 15,945 | Total Utilities  |                   |         | 18,424,627 |

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| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value         |
|---------------------------|--|---------------------------------------|-------------|---------------|
|                           | Water and Sewer – 11.6% (8.3% of Total Investments)  |                                       |             |               |
| \$ 1,005                  | Cottonwood, Arizona, Senior Lien Water System Revenue Bonds, Municipal Property Corporation, Series 2004, 5.000%, 7/01/24 – SYNCORA GTY Insured                              | 7/14 at 100.00                        | A           | \$ 1,028,798  |
| 1,425                     | Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39   | 7/20 at 100.00                        | A+          | 1,586,794     |
| 1,000                     | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2004, 5.000%, 7/01/24 – NCFG Insured                                     | 7/14 at 100.00                        | AA+         | 1,062,669     |
| 1,250                     | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 – FGIC Insured                                | No Opt. Call                          | AAA         | 1,612,875     |
| 450                       | Pima County, Arizona, Sewer System Revenue Obligations, Series 2012A, 5.000%, 7/01/26  | No Opt. Call                          | AA–         | 539,667       |
|                           | Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:  |                                       |             |               |
| 600                       | 4.700%, 4/01/22  | 4/14 at 100.00                        | A–          | 608,004       |
| 810                       | 4.900%, 4/01/32  | 4/17 at 100.00                        | A–          | 831,237       |
| 905                       | Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax) | 12/17 at 100.00                       | N/R         | 785,332       |
| 7,445                     | Total Water and Sewer  |                                       |             | 8,055,376     |
| \$ 91,615                 | Total Investments (cost \$87,243,723) – 140.9%   |                                       |             | 97,545,193    |
|                           | Floating Rate Obligations – (1.5%)   |                                       |             | (1,050,000)   |
|                           | Variable Rate MuniFund Term Preferred Shares, at Liquidation Value – (40.4)% (7)   |                                       |             | (28,000,000)  |
|                           | Other Assets Less Liabilities – 1.0%   |                                       |             | 740,820       |
|                           | Net Assets Applicable to Common Shares – 100%  |                                       |             | \$ 69,236,013 |

- (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 valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors. For fair value measurement disclosure purposes, investment classified as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- (5) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
- (6) 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.
- (7) Variable Rate MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 28.7%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

NFZ Nuveen Arizona Dividend Advantage Municipal Fund  
Portfolio of Investments  
February 28, 2013

| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|--|---------------------------------------|-------------|------------|
|                           | Education and Civic Organizations – 12.0% (8.2% of Total Investments)  |                                       |             |            |
| \$ 280                    | Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.320%, 11/01/41 (Alternative Minimum Tax) (4)                                     | 4/13 at 100.00                        | A           | \$ 231,493 |
| 275                       | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31   | 5/22 at 100.00                        | A–          | 303,699    |
| 500                       | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40   | 5/20 at 100.00                        | A+          | 532,820    |
| 105                       | Phoenix Industrial Development Authority, Arizona, Education Facility Revenue Bonds, Brighter Choice Foundation Charter Middle Schools Project, Albany, New York, Series 2012, 7.500%, 7/01/42 | 7/22 at 100.00                        | BB+         | 113,551    |
| 80                        | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies – Veritas Project, Series 2012, 6.300%, 7/01/42   | 7/21 at 100.00                        | BBB         | 86,540     |
| 100                       | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Painted Rock Academy Charter School Project, Series 2012A, 7.500%, 7/01/42   | 7/20 at 100.00                        | N/R         | 105,872    |
| 500                       | Phoenix Industrial Development Authority, Arizona, Lease Revenue Bonds, Rowan University Project, Series 2012, 5.000%, 6/01/42 (UB) (5)  | 6/22 at 100.00                        | A+          | 545,005    |
| 100                       | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42   | 1/22 at 100.00                        | BBB–        | 110,526    |
| 130                       | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010, 6.000%, 6/01/40  | 6/19 at 100.00                        | BBB–        | 135,342    |
| 165                       | Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Paradise Education Center Charter School, Series 2006, 6.000%, 6/01/36                                       | 6/16 at 100.00                        | BBB–        | 168,597    |
| 220                       | Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Valley Academy Charter School Project, Series 2008,  | 7/18 at 100.00                        | Baa3        | 235,072    |

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|       |  |                    |      |           |
|-------|--|--------------------|------|-----------|
|       | 6.500%, 7/01/38  |                    |      |           |
| 305   | Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34 | 9/14 at<br>100.00  | BB+  | 309,130   |
| 2,760 | Total Education and Civic Organizations<br>Health Care – 24.1% (16.5% of Total Investments)  |                    |      | 2,877,647 |
| 565   | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25  | 1/17 at<br>100.00  | AA–  | 641,145   |
| 720   | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38  | 1/18 at<br>100.00  | AA–  | 799,322   |
| 800   | Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children’s Hospital, Refunding Series 2012A, 5.000%, 2/01/42                             | 2/22 at<br>100.00  | BBB+ | 864,832   |
| 250   | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37                                    | 12/15 at<br>100.00 | BBB+ | 257,145   |
| 415   | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42                                     | 12/17 at<br>100.00 | BBB+ | 431,608   |
| 750   | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23                    | 7/14 at<br>100.00  | A    | 790,193   |
| 1,025 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32                    | 7/17 at<br>100.00  | A    | 1,109,716 |
|       | Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:  |                    |      |           |
| 200   | 5.000%, 12/01/25 – RAAI Insured  | 12/15 at<br>100.00 | BBB+ | 207,956   |
| 150   | 5.000%, 12/01/30 – RAAI Insured  | 12/15 at<br>100.00 | BBB+ | 154,763   |
| 450   | University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Bonds, Series 2011, 6.000%, 7/01/39   | 7/21 at<br>100.00  | BBB+ | 521,402   |
| 5,325 | Total Health Care  |                    |      | 5,778,082 |

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| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|---|---------------------------------------|-------------|------------|
|                           | Long-Term Care – 0.5% (0.3% of Total Investments)   |                                       |             |            |
| \$ 105                    | Tempe Industrial Development Authority, Arizona, Revenue Bonds, Friendship Village of Tempe Project, Refunding Series 2012A, 6.000%, 12/01/32         | 12/21 at<br>100.00                    | N/R         | \$ 113,603 |
|                           | Tax Obligation/General – 17.7% (12.1% of Total Investments)   |                                       |             |            |
| 860                       | El Mirage, Arizona, General Obligation Bonds Series 2012, 5.000%, 7/01/42 – AGM Insured   | 7/22 at<br>100.00                     | AA–         | 961,635    |
| 180                       | Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds, Series 2011A, 6.000%, 7/01/30 – AGM Insured                 | 7/21 at<br>100.00                     | AA–         | 222,350    |
| 1,310                     | Scottsdale, Arizona, General Obligation Bonds, Preserve Acquisition Series 1999, 5.000%, 7/01/32  | 7/21 at<br>100.00                     | AAA         | 1,550,293  |
| 1,340                     | Yuma & La Paz Counties Community College District, Arizona, General Obligation Bonds, Series 2006, 5.000%, 7/01/21 – NPFG Insured                     | 7/16 at<br>100.00                     | Aa2         | 1,496,043  |
| 3,690                     | Total Tax Obligation/General  |                                       |             | 4,230,321  |
|                           | Tax Obligation/Limited – 47.9% (32.7% of Total Investments)   |                                       |             |            |
| 660                       | Arizona Sports and Tourism Authority, Senior Revenue Refunding Bonds, Multipurpose Stadium Facility Project, Series 2012A, 5.000%, 7/01/36            | 7/22 at<br>100.00                     | A1          | 734,659    |
| 440                       | Buckeye, Arizona, Festival Ranch Community Facilities District General Obligation Bonds, Series 2012, 5.000%, 7/15/31                                 | 7/22 at<br>100.00                     | BBB         | 462,682    |
| 90                        | Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29                                     | 7/15 at<br>100.00                     | N/R         | 86,063     |
| 202                       | Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007, 5.700%, 7/01/27 | 1/17 at<br>100.00                     | N/R         | 201,590    |
| 115                       | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25                | 7/13 at<br>100.00                     | N/R         | 115,248    |
| 1,000                     | Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 – NPFG Insured                                    | 8/16 at<br>100.00                     | AA–         | 1,130,040  |
| 275                       | Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 – NPFG Insured                                     | 8/16 at<br>100.00                     | A1          | 307,120    |
| 1,180                     | Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 – AMBAC Insured   | 7/13 at<br>100.00                     | AA          | 1,197,983  |
| 441                       |   |                                       | A2          | 456,563    |

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|       |  |                |      |           |
|-------|--|----------------|------|-----------|
|       | Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26   | 7/16 at 100.00 |      |           |
| 150   | Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2008 (Bank Qualified), 6.100%, 7/15/32                      | 7/17 at 100.00 | N/R  | 150,731   |
| 255   | Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33  | 7/18 at 100.00 | N/R  | 278,095   |
| 330   | Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31   | 7/16 at 100.00 | N/R  | 313,982   |
| 225   | Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32   | 7/17 at 100.00 | N/R  | 220,624   |
| 100   | Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31  | 7/16 at 100.00 | N/R  | 93,553    |
| 500   | Phoenix Industrial Development Authority, Arizona, No Opt. Call Education Facility Revenue Bonds, JMF-Higley 2012 LLC Project, Series 2012, 5.000%, 12/01/36                   |                | A+   | 553,890   |
| 100   | Phoenix Mesa Gateway Airport Authority, Arizona, Special Facility Revenue Bonds, Mesa Project, Series 2012, 5.000%, 7/01/38 (Alternative Minimum Tax)                          | 7/22 at 100.00 | AA+  | 106,243   |
| 680   | Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 – ACA Insured | 4/13 at 100.00 | BBB– | 680,993   |
| 1,000 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2009A, 0.000%, 8/01/32  | 8/26 at 100.00 | A+   | 1,060,010 |
| 600   | San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured                             | 7/15 at 100.00 | A+   | 631,302   |

Nuveen Investments

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| Principal    |  |              | Optional            |             |              |
|--------------|--|--------------|---------------------|-------------|--------------|
| Amount (000) | Description (1)  |              | Call Provisions (2) | Ratings (3) | Value        |
|              | Tax Obligation/Limited (continued)   |              |                     |             |              |
| \$ 1,000     | Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24   | No Opt. Call |                     | AAA         | \$ 1,295,980 |
| 350          | Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32                                      |              | 7/17 at 100.00      | N/R         | 343,245      |
| 500          | Vistancia Community Facilities District, Peoria, Arizona, General Obligation Bonds, Series 2005, 5.750%, 7/15/24   |              | 7/15 at 100.00      | A1          | 527,805      |
| 336          | Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30   |              | 7/16 at 100.00      | N/R         | 324,737      |
| 225          | Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31  |              | 7/16 at 100.00      | N/R         | 207,997      |
| 10,754       | Total Tax Obligation/Limited   |              |                     |             | 11,481,135   |
|              | U.S. Guaranteed – 13.2% (9.0% of Total Investments) (6)  |              |                     |             |              |
| 1,000        | Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.000%, 7/01/31 (Pre-refunded 7/01/13) – NPMFG Insured |              | 7/13 at 100.00      | A1 (6)      | 1,016,470    |
| 1,000        | Maricopa County Unified School District 11, Peoria, Arizona, General Obligation Bonds, Second Series 2005, 5.000%, 7/01/20 (Pre-refunded 7/01/15) – FGIC Insured     |              | 7/15 at 100.00      | Aa2 (6)     | 1,108,470    |
| 240          | Maricopa County Union High School District 210 Phoenix, Arizona, General Obligation Bonds, Series 2006C, 5.000%, 7/01/24 (Pre-refunded 7/01/16) – NPMFG Insured      |              | 7/16 at 100.00      | AA (6)      | 275,959      |
| 630          | Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 – FGIC Insured (ETM)   | No Opt. Call |                     | Aa2 (6)     | 753,562      |
| 2,870        | Total U.S. Guaranteed  |              |                     |             | 3,154,461    |
|              | Utilities – 24.8% (17.0% of Total Investments)   |              |                     |             |              |
| 1,500        | Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/17                          | No Opt. Call |                     | AA          | 1,799,203    |
| 600          | Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding  |              | 6/20 at 100.00      | A1          | 667,992      |

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| Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35 |   |                |      |           |
|--|---|----------------|------|-----------|
| 370  | Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 – FGIC Insured  | No Opt. Call   | Aa2  | 436,989   |
| 665  | Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29                       | 1/15 at 100.00 | BBB– | 704,268   |
| 400  | Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36  | 7/21 at 100.00 | A    | 451,632   |
| 1,000  | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 – SYNCORA GTY Insured   | 7/15 at 100.00 | BBB+ | 1,017,500 |
| 560  | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 18.192%, 1/01/38 (IF) (5) | 1/18 at 100.00 | Aa1  | 873,578   |
| 5,095  | Total Utilities   |                |      | 5,951,162 |

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| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value        |
|---------------------------|--|---------------------------------------|-------------|--------------|
|                           | Water and Sewer – 6.2% (4.2% of Total Investments)   |                                       |             |              |
| \$ 475                    | Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39   | 7/20 at 100.00                        | A+ \$       | 528,932      |
| 150                       | Pima County, Arizona, Sewer System Revenue Obligations, Series 2012A, 5.000%, 7/01/26  | No Opt. Call                          | AA–         | 179,889      |
|                           | Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:  |                                       |             |              |
| 225                       | 4.700%, 4/01/22  | 4/14 at 100.00                        | A–          | 228,002      |
| 260                       | 4.900%, 4/01/32  | 4/17 at 100.00                        | A–          | 266,817      |
| 325                       | Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax) | 12/17 at 100.00                       | N/R         | 282,025      |
| 1,435                     | Total Water and Sewer  |                                       |             | 1,485,665    |
| \$ 32,034                 | Total Investments (cost \$32,350,108) – 146.4%   |                                       |             | 35,072,076   |
|                           | Floating Rate Obligations – (1.6%)   |                                       |             | (375,000)    |
|                           | MuniFund Term Preferred Shares, at Liquidation Value – (46.3)% (7)   |                                       |             | (11,100,000) |
|                           | Other Assets Less Liabilities – 1.5%   |                                       |             | 358,385      |
|                           | Net Assets Applicable to Common Shares – 100%  |                                       | \$          | 23,955,461   |

- (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 valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Trustees. For fair value measurement disclosure purposes, investment classified as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- (5) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
- (6) 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.
- (7)

MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 31.6%.

- N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Nuveen Investments

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| NKR                       |  | Nuveen Arizona Dividend Advantage Municipal Fund 2<br>Portfolio of Investments |             | February 28, 2013 |         |
|---------------------------|--|--|-------------|-------------------|---------|
| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2)  | Ratings (3) | Value             |         |
|                           | Education and Civic Organizations – 17.6% (12.0% of Total Investments)   |  |             |                   |         |
| \$ 1,130                  | Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.320%, 11/01/41 (Alternative Minimum Tax) (4)                                     | 4/13 at 100.00   | A           | \$                | 934,238 |
| 450                       | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31   | 5/22 at 100.00   | A–          |                   | 496,962 |
| 775                       | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40   | 5/20 at 100.00   | A+          |                   | 825,871 |
| 360                       | Northern Arizona University, System Revenue Bonds, Series 2012, 5.000%, 6/01/41  | 6/21 at 100.00   | A+          |                   | 398,012 |
| 500                       | Phoenix Industrial Development Authority, Arizona, Education Facility Revenue Bonds, Choice Academies Charter Schools Project, Series 2012, 5.625%, 9/01/42                                    | 9/22 at 100.00   | BB+         |                   | 510,515 |
| 170                       | Phoenix Industrial Development Authority, Arizona, Education Facility Revenue Bonds, Brighter Choice Foundation Charter Middle Schools Project, Albany, New York, Series 2012, 7.500%, 7/01/42 | 7/22 at 100.00   | BB+         |                   | 183,845 |
| 130                       | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies – Veritas Project, Series 2012, 6.300%, 7/01/42   | 7/21 at 100.00   | BBB         |                   | 140,628 |
| 165                       | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Painted Rock Academy Charter School Project, Series 2012A, 7.500%, 7/01/42   | 7/20 at 100.00   | N/R         |                   | 174,689 |
| 810                       | Phoenix Industrial Development Authority, Arizona, Lease Revenue Bonds, Rowan University Project, Series 2012, 5.000%, 6/01/42 (UB) (5)  | 6/22 at 100.00   | A+          |                   | 882,908 |
| 485                       | Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24  | 12/14 at 100.00  | BBB–        |                   | 495,035 |
| 165                       | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42   | 1/22 at 100.00   | BBB–        |                   | 182,368 |
| 210                       |  |  | BBB–        |                   | 218,629 |

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|       |  |                    |      |           |
|-------|--|--------------------|------|-----------|
|       | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010, 6.000%, 6/01/40                      | 6/19 at<br>100.00  |      |           |
| 175   | Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Paradise Education Center Charter School, Series 2006, 6.000%, 6/01/36             | 6/16 at<br>100.00  | BBB- | 178,815   |
| 365   | Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Valley Academy Charter School Project, Series 2008, 6.500%, 7/01/38                | 7/18 at<br>100.00  | Baa3 | 390,006   |
| 250   | Sun Devil Energy LLC, Arizona, Revenue Refunding Bonds, Arizona State University Project, Series 2008, 5.000%, 7/01/22 (WI/DD, Settling 3/13/13)                     | No Opt. Call       | AA-  | 305,513   |
| 480   | Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34 | 9/14 at<br>100.00  | BB+  | 486,499   |
| 6,620 | Total Education and Civic Organizations Health Care – 32.4% (22.1% of Total Investments)   |                    |      | 6,804,533 |
| 845   | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25  | 1/17 at<br>100.00  | AA-  | 958,881   |
| 1,150 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38  | 1/18 at<br>100.00  | AA-  | 1,276,696 |
| 1,150 | Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Refunding Series 2012A, 5.000%, 2/01/42                             | 2/22 at<br>100.00  | BBB+ | 1,243,196 |
| 600   | Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20   | 4/14 at<br>100.00  | A    | 622,488   |
| 400   | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37                                    | 12/15 at<br>100.00 | BBB+ | 411,432   |
| 655   | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42                                     | 12/17 at<br>100.00 | BBB+ | 681,213   |
| 1,375 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23                    | 7/14 at<br>100.00  | A    | 1,448,686 |
| 1,650 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32                    | 7/17 at<br>100.00  | A    | 1,786,372 |

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| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|--|---------------------------------------|-------------|------------|
|                           | Health Care (continued)  |                                       |             |            |
| \$ 1,120                  | Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2006C. Re-offering, 5.000%, 9/01/35 – AGC Insured              | 9/20 at<br>100.00                     | AA–\$       | 1,247,680  |
|                           | Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:  |                                       |             |            |
| 315                       | 5.000%, 12/01/25 – RAAI Insured  | 12/15 at<br>100.00                    | BBB+        | 327,531    |
| 260                       | 5.000%, 12/01/30 – RAAI Insured  | 12/15 at<br>100.00                    | BBB+        | 268,255    |
| 1,050                     | University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Bonds, Series 2011, 6.000%, 7/01/39   | 7/21 at<br>100.00                     | BBB+        | 1,216,604  |
| 1,000                     | Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33                           | 8/13 at<br>100.00                     | BBB+        | 1,020,730  |
| 11,570                    | Total Health Care  |                                       |             | 12,509,764 |
|                           | Long-Term Care – 0.5% (0.3% of Total Investments)  |                                       |             |            |
| 175                       | Tempe Industrial Development Authority, Arizona, Revenue Bonds, Friendship Village of Tempe Project, Refunding Series 2012A, 6.000%, 12/01/32                              | 12/21 at<br>100.00                    | N/R         | 189,338    |
|                           | Tax Obligation/General – 25.3% (17.2% of Total Investments)  |                                       |             |            |
| 1,000                     | Maricopa County Elementary School District 83 Cartwright, Arizona, General Obligation Bonds, School Improvement, Project 2010, Series 2011A, 5.375%, 7/01/30 – AGM Insured | 7/21 at<br>100.00                     | AA–         | 1,152,160  |
| 1,000                     | Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A, 5.375%, 7/01/16 – AGM Insured                  | No Opt. Call                          | Aa2         | 1,154,310  |
| 775                       | Maricopa County School District 79 Litchfield Elementary, Arizona, General Obligation Bonds, Series 2011, 5.000%, 7/01/23  | 7/21 at<br>100.00                     | Aa2         | 941,176    |
| 1,165                     | Maricopa County Unified School District 69, Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002A, 5.250%, 7/01/14 – FGIC Insured                     | No Opt. Call                          | Aa2         | 1,240,772  |
| 1,405                     | Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 – FGIC Insured   | No Opt. Call                          | AA          | 1,558,847  |
| 310                       | Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds,  | 7/21 at<br>100.00                     | AA–         | 382,937    |

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|       |   |                |     |           |
|-------|---|----------------|-----|-----------|
|       | Series 2011A, 6.000%, 7/01/30 – AGM Insured   |                |     |           |
| 500   | Pima County Unified School District 08 Flowing Wells, Arizona, General Obligation Bonds, Series 2011B, 5.375%, 7/01/29                                    | 7/21 at 100.00 | A+  | 571,160   |
| 1,000 | Pima County Unified School District 6, Marana, Arizona, General Obligation Bonds, School Improvement Project 2010 Series 2011A, 5.000%, 7/01/25           | 7/21 at 100.00 | A+  | 1,148,580 |
| 1,360 | Scottsdale, Arizona, General Obligation Bonds, Preserve Acquisition Series 1999, 5.000%, 7/01/33  | 7/21 at 100.00 | AAA | 1,603,861 |
| 8,515 | Total Tax Obligation/General Tax Obligation/Limited – 41.2% (28.0% of Total Investments)  |                |     | 9,753,803 |
| 370   | Buckeye, Arizona, Festival Ranch Community Facilities District General Obligation Bonds, Series 2012, 5.000%, 7/15/31                                     | 7/22 at 100.00 | BBB | 389,074   |
| 150   | Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29   | 7/15 at 100.00 | N/R | 143,439   |
| 331   | Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007, 5.800%, 7/01/32     | 1/17 at 100.00 | N/R | 324,565   |
| 182   | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25                    | 7/13 at 100.00 | N/R | 182,393   |
| 250   | La Paz County, Arizona, Excise Tax Revenue Bonds, Judgment Series 2011A, 4.750%, 7/01/36  | 7/17 at 100.00 | AA– | 264,490   |
| 960   | Marana Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2008B, 5.125%, 7/01/28   | 7/13 at 100.00 | AA  | 973,066   |
| 739   | Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26  | 7/16 at 100.00 | A2  | 765,079   |
| 240   | Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2008 (Bank Qualified), 6.100%, 7/15/32 | 7/17 at 100.00 | N/R | 241,169   |
| 415   | Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33                                 | 7/18 at 100.00 | N/R | 452,587   |

Nuveen Investments

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| NKR                       |   | Nuveen Arizona Dividend Advantage Municipal Fund 2 (continued)<br>Portfolio of Investments |             |    | February 28, 2013 |  |
|---------------------------|---|--|-------------|----|-------------------|--|
| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2)  | Ratings (3) |    | Value             |  |
|                           | Tax Obligation/Limited (continued)  |  |             |    |                   |  |
| \$ 530                    | Palm Valley Community Facility District 3,<br>Goodyear, Arizona, General Obligation Bonds,<br>Series 2006, 5.300%, 7/15/31  | 7/16 at<br>100.00  | N/R         | \$ | 504,274           |  |
| 350                       | Palm Valley Community Facility District 3,<br>Goodyear, Arizona, Limited Tax General Obligation<br>Bonds, Series 2007, 5.800%, 7/15/32  | 7/17 at<br>100.00  | N/R         |    | 343,193           |  |
| 140                       | Parkway Community Facilities District 1, Prescott<br>Valley, Arizona, General Obligation Bonds, Series<br>2006, 5.350%, 7/15/31   | 7/16 at<br>100.00  | N/R         |    | 130,974           |  |
| 500                       | Phoenix Industrial Development Authority, Arizona, No Opt. Call<br>Education Facility Revenue Bonds, JMF-Higley<br>2012 LLC Project, Series 2012, 5.000%, 12/01/36                      |  | A+          |    | 553,890           |  |
| 140                       | Phoenix Mesa Gateway Airport Authority, Arizona,<br>Special Facility Revenue Bonds, Mesa Project,<br>Series 2012, 5.000%, 7/01/38 (Alternative Minimum<br>Tax)                          | 7/22 at<br>100.00  | AA+         |    | 148,740           |  |
| 1,070                     | Pinal County Industrial Development Authority,<br>Arizona, Correctional Facilities Contract Revenue<br>Bonds, Florence West Prison LLC, Series 2002A,<br>5.000%, 10/01/18 – ACA Insured | 4/13 at<br>100.00  | BBB–        |    | 1,071,562         |  |
| 140                       | Puerto Rico Public Buildings Authority, Guaranteed<br>Government Facilities Revenue Refunding Bonds,<br>Series 2002D, 5.125%, 7/01/24   | 7/13 at<br>100.00  | BBB–        |    | 140,018           |  |
| 500                       | Puerto Rico Sales Tax Financing Corporation, Sales<br>Tax Revenue Bonds, First Subordinate Series<br>2009A, 0.000%, 8/01/32   | 8/26 at<br>100.00  | A+          |    | 530,005           |  |
|                           | Puerto Rico Sales Tax Financing Corporation, Sales<br>Tax Revenue Bonds, First Subordinate Series<br>2010A:   |  |             |    |                   |  |
| 3,055                     | 0.000%, 8/01/33   | No Opt. Call   | A+          |    | 976,073           |  |
| 250                       | 5.375%, 8/01/39   | 2/20 at<br>100.00  | A+          |    | 264,943           |  |
| 960                       | San Luis Civic Improvement Corporation, Arizona,<br>Municipal Facilities Excise Tax Revenue Bonds,<br>Series 2005, 5.000%, 7/01/25 – SYNCORA GTY<br>Insured                             | 7/15 at<br>100.00  | A+          |    | 1,010,083         |  |
| 1,000                     | Scottsdale Municipal Property Corporation, Arizona, No Opt. Call<br>Excise Tax Revenue Bonds, Refunding Series 2006,<br>5.000%, 7/01/24   |  | AAA         |    | 1,295,980         |  |
| 1,000                     |   |  | AAA         |    | 1,175,130         |  |



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|        |   |                    |         |            |
|--------|---|--------------------|---------|------------|
|        | Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Water & Sewer Improvements Project, Series 2010, 5.000%, 7/01/36  | 7/20 at<br>100.00  |         |            |
| 555    | Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32   | 7/17 at<br>100.00  | N/R     | 544,289    |
| 1,500  | Tempe, Arizona, Transit Excise Tax Revenue Obligation Bonds, Refunding Series 2012, 5.000%, 7/01/37   | 7/22 at<br>100.00  | AAA     | 1,722,344  |
| 750    | Vistancia Community Facilities District, Peoria, Arizona, General Obligation Bonds, Series 2005, 5.750%, 7/15/24  | 7/15 at<br>100.00  | A1      | 791,708    |
| 630    | Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30  | 7/16 at<br>100.00  | N/R     | 608,882    |
| 350    | Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31   | 7/16 at<br>100.00  | N/R     | 323,551    |
| 17,057 | Total Tax Obligation/Limited<br>Transportation – 6.0% (4.1% of Total Investments)   |                    |         | 15,871,501 |
| 2,000  | Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Refunding Series 2013, 5.000%, 7/01/32 (WI/DD, Settling 3/05/13) (Alternative Minimum Tax)<br>U.S. Guaranteed – 1.4% (1.0% of Total Investments) (6) | 7/23 at<br>100.00  | AA–     | 2,302,397  |
| 100    | Maricopa County Unified School District 89, Dysart, Arizona, General Obligation Bonds, Series 2004B, 5.250%, 7/01/20 (Pre-refunded 7/01/14) – AGM Insured   | 7/14 at<br>100.00  | AA- (6) | 106,700    |
| 375    | Maricopa County Union High School District 210 Phoenix, Arizona, General Obligation Bonds, Series 2006C, 5.000%, 7/01/24 (Pre-refunded 7/01/16) – NPMG Insured  | 7/16 at<br>100.00  | AA (6)  | 431,186    |
| 475    | Total U.S. Guaranteed<br>Utilities – 11.6% (7.9% of Total Investments)  |                    |         | 537,886    |
| 400    | Apache County Industrial Development Authority, Arizona, Pollution Control Revenue Bonds, Tucson Electric Power Company, Series 20102A, 4.500%, 3/01/30   | 3/22 at<br>100.00  | BBB     | 415,616    |
| 175    | Guam Power Authority, Revenue Bonds, Series 2012A, 5.000%, 10/01/30 – AGM Insured   | 10/22 at<br>100.00 | AA–     | 200,291    |
| 910    | Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35  | 6/20 at<br>100.00  | A1      | 1,013,121  |





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| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value        |
|---------------------------|---|---------------------------------------|-------------|--------------|
|                           | Utilities (continued)   |                                       |             |              |
| \$ 665                    | Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29   | 1/15 at 100.00                        | BBB-\$      | 704,268      |
| 250                       | Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36  | 7/21 at 100.00                        | A           | 282,270      |
| 450                       | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 18.192%, 1/01/38 (IF) (5)   | 1/18 at 100.00                        | Aa1         | 701,982      |
| 1,000                     | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37  | No Opt. Call                          | A-          | 1,157,680    |
| 3,850                     | Total Utilities   |                                       |             | 4,475,228    |
|                           | Water and Sewer – 10.9% (7.4% of Total Investments)   |                                       |             |              |
| 500                       | City of Goodyear, Arizona Subordinate Lien Water and Sewer Revenue Obligations, Series 2011, 5.500%, 7/01/41  | 7/21 at 100.00                        | AA-         | 575,485      |
| 455                       | Maricopa County Industrial Development Authority, Arizona, Water System Improvement Revenue Bonds, Chaparral City Water Company, Series 1997A, 5.400%, 12/01/22 – AMBAC Insured (Alternative Minimum Tax) | 6/13 at 100.00                        | N/R         | 455,746      |
| 1,040                     | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/22 – FGIC Insured   | No Opt. Call                          | AAA         | 1,353,362    |
| 475                       | Pima County, Arizona, Sewer System Revenue Obligations, Series 2012A, 5.000%, 7/01/26   | No Opt. Call                          | AA-         | 569,649      |
| 350                       | Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007: 4.700%, 4/01/22   | 4/14 at 100.00                        | A-          | 354,669      |
| 410                       | 4.900%, 4/01/32   | 4/17 at 100.00                        | A-          | 420,750      |
| 525                       | Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)                              | 12/17 at 100.00                       | N/R         | 455,579      |
| 3,755                     | Total Water and Sewer   |                                       |             | 4,185,240    |
| \$ 54,017                 | Total Investments (cost \$52,472,345) – 146.9%  |                                       |             | 56,629,690   |
|                           | Floating Rate Obligations – (1.6%)  |                                       |             | (605,000)    |
|                           |   |                                       |             | (18,725,000) |

|  |               |
|--|---------------|
| MuniFund Term Preferred Shares, at Liquidation Value – (48.6)% (7) |               |
| Other Assets Less Liabilities – 3.3%                               | 1,260,011     |
| Net Assets Applicable to Common Shares – 100%                      | \$ 38,559,701 |

- (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 valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Trustees. For fair value measurement disclosure purposes, investment classified as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
  - (5) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
  - (6) 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.
  - (7) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.1%.
- N/R Not rated.
- WI/DD Investment, or portion of investment, purchased on a when-issued or delayed delivery basis.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

| Nuveen Arizona Dividend Advantage Municipal Fund 3<br>Portfolio of Investments |  | February 28, 2013                     |             |            |
|--|--|---------------------------------------|-------------|------------|
| Principal<br>Amount (000)  | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|  | Consumer Staples – 1.0% (0.7% of Total Investments)  |                                       |             |            |
| \$ 460   | Puerto Rico, The Children’s Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33  | 5/13 at 100.00                        | BBB+        | \$ 464,591 |
|  | Education and Civic Organizations – 18.8% (13.1% of Total Investments)   |                                       |             |            |
| 385  | Arizona Board of Regents, Arizona State University System Revenue Bonds, Refunding Bonds, Series 2013A, 5.000%, 7/01/37  | No Opt. Call                          | AA          | 444,429    |
| 690  | Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.320%, 11/01/41 (Alternative Minimum Tax) (4)                                     | 4/13 at 100.00                        | A           | 570,464    |
| 1,250  | Arizona State University, System Revenue Bonds, Series 2005, 5.000%, 7/01/20 – AMBAC Insured   | 7/15 at 100.00                        | Aa3         | 1,370,625  |
| 520  | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31   | 5/22 at 100.00                        | A–          | 574,267    |
| 900  | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40   | 5/20 at 100.00                        | A+          | 959,076    |
| 430  | Northern Arizona University, System Revenue Bonds, Series 2012, 5.000%, 6/01/41  | 6/21 at 100.00                        | A+          | 475,404    |
| 400  | Phoenix Industrial Development Authority, Arizona, Education Facility Revenue Bonds, Choice Academies Charter Schools Project, Series 2012, 5.625%, 9/01/42                                    | 9/22 at 100.00                        | BB+         | 408,412    |
| 200  | Phoenix Industrial Development Authority, Arizona, Education Facility Revenue Bonds, Brighter Choice Foundation Charter Middle Schools Project, Albany, New York, Series 2012, 7.500%, 7/01/42 | 7/22 at 100.00                        | BB+         | 216,288    |
| 155  | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies – Veritas Project, Series 2012, 6.300%, 7/01/42   | 7/21 at 100.00                        | BBB         | 167,671    |
| 200  | Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Painted Rock Academy Charter School Project, Series 2012A, 7.500%, 7/01/42   | 7/20 at 100.00                        | N/R         | 211,744    |
| 965  | Phoenix Industrial Development Authority, Arizona, Lease Revenue Bonds, Rowan University Project,  | 6/22 at 100.00                        | A+          | 1,051,860  |

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| Series 2012, 5.000%, 6/01/42 (UB) (5) |  |                    |      |           |
|---------------------------------------|--|--------------------|------|-----------|
| 560                                   | Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24                  | 12/14 at<br>100.00 | BBB- | 571,586   |
| 200                                   | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42                     | 1/22 at<br>100.00  | BBB- | 221,052   |
| 235                                   | Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010, 6.000%, 6/01/40                      | 6/19 at<br>100.00  | BBB- | 244,656   |
| 315                                   | Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Paradise Education Center Charter School, Series 2006, 6.000%, 6/01/36             | 6/16 at<br>100.00  | BBB- | 321,867   |
| 415                                   | Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Valley Academy Charter School Project, Series 2008, 6.500%, 7/01/38                | 7/18 at<br>100.00  | Baa3 | 443,432   |
| 565                                   | Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34 | 9/14 at<br>100.00  | BB+  | 572,650   |
| 8,385                                 | Total Education and Civic Organizations<br>Health Care – 29.0% (20.2% of Total Investments)  |                    |      | 8,825,483 |
| 1,015                                 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25  | 1/17 at<br>100.00  | AA-  | 1,151,792 |
| 2,390                                 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38  | 1/18 at<br>100.00  | AA-  | 2,653,305 |
| 850                                   | Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Refunding Series 2012A, 5.000%, 2/01/42                             | 2/22 at<br>100.00  | BBB+ | 918,884   |
| 625                                   | Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20   | 4/14 at<br>100.00  | A    | 648,425   |
| 475                                   | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37                                    | 12/15 at<br>100.00 | BBB+ | 488,576   |

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| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|---|---------------------------------------|-------------|------------|
|                           | Health Care (continued)   |                                       |             |            |
| \$ 785                    | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42                  | 12/17 at 100.00                       | BBB+        | \$ 816,416 |
| 1,825                     | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23 | 7/14 at 100.00                        | A           | 1,922,802  |
| 1,985                     | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32 | 7/17 at 100.00                        | A           | 2,149,059  |
|                           | Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:                       |                                       |             |            |
| 375                       | 5.000%, 12/01/25 – RAAI Insured   | 12/15 at 100.00                       | BBB+        | 389,918    |
| 315                       | 5.000%, 12/01/30 – RAAI Insured   | 12/15 at 100.00                       | BBB+        | 325,001    |
| 1,000                     | University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Bonds, Series 2011, 6.000%, 7/01/39                                      | 7/21 at 100.00                        | BBB+        | 1,158,670  |
| 1,000                     | Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33  | 8/13 at 100.00                        | BBB+        | 1,020,730  |
| 12,640                    | Total Health Care   |                                       |             | 13,643,578 |
|                           | Long-Term Care – 0.5% (0.3% of Total Investments)   |                                       |             |            |
| 205                       | Tempe Industrial Development Authority, Arizona, Revenue Bonds, Friendship Village of Tempe Project, Refunding Series 2012A, 6.000%, 12/01/32     | 12/21 at 100.00                       | N/R         | 221,796    |
|                           | Tax Obligation/General – 12.8% (8.9% of Total Investments)  |                                       |             |            |
| 860                       | El Mirage, Arizona, General Obligation Bonds Series 2012, 5.000%, 7/01/42 – AGM Insured   | 7/22 at 100.00                        | AA–         | 961,635    |
| 365                       | Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds, Series 2011A, 6.000%, 7/01/30 – AGM Insured             | 7/21 at 100.00                        | AA–         | 450,877    |
| 500                       | Pima County Unified School District 08 Flowing Wells, Arizona, General Obligation Bonds, Series 2011B, 5.375%, 7/01/29                            | 7/21 at 100.00                        | A+          | 571,160    |
| 750                       | Pima County Unified School District 6, Marana, Arizona, General Obligation Bonds, School Improvement Project 2010 Series 2011A, 5.000%, 7/01/25   | 7/21 at 100.00                        | A+          | 861,435    |
| 1,000                     | Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C,  | 7/18 at 100.00                        | A           | 1,156,710  |

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|       |  |                   |     |           |
|-------|--|-------------------|-----|-----------|
|       | 5.250%, 7/01/28  |                   |     |           |
| 1,705 | Scottsdale, Arizona, General Obligation Bonds, Preserve Acquisition Series 1999, 5.000%, 7/01/34   | 7/21 at<br>100.00 | AAA | 2,003,750 |
| 5,180 | Total Tax Obligation/General<br>Tax Obligation/Limited – 41.8% (29.1% of Total Investments)  |                   |     | 6,005,567 |
| 660   | Arizona Sports and Tourism Authority, Senior Revenue Refunding Bonds, Multipurpose Stadium Facility Project, Series 2012A, 5.000%, 7/01/36 | 7/22 at<br>100.00 | A1  | 734,659   |
| 1,000 | Arizona State Transportation Board, Highway Revenue Bonds, Subordinate Refunding Series 2011A, 5.000%, 7/01/36                             | 7/21 at<br>100.00 | AA+ | 1,156,570 |
| 345   | Buckeye, Arizona, Festival Ranch Community Facilities District General Obligation Bonds, Series 2012, 5.000%, 7/15/27                      | 7/22 at<br>100.00 | BBB | 366,890   |
| 174   | Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29                          | 7/15 at<br>100.00 | N/R | 166,389   |
|       | Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007:      |                   |     |           |
| 244   | 5.700%, 7/01/27  | 1/17 at<br>100.00 | N/R | 243,505   |
| 151   | 5.800%, 7/01/32  | 1/17 at<br>100.00 | N/R | 148,065   |
| 214   | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25     | 7/13 at<br>100.00 | N/R | 214,462   |
| 510   | Government of Guam, Business Privilege Tax Bonds, Series 2011A, 5.000%, 1/01/31  | 1/22 at<br>100.00 | A   | 574,535   |
| 525   | Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 – NPFG Insured                          | 8/16 at<br>100.00 | A1  | 586,320   |

Nuveen Investments

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| Nuveen Arizona Dividend Advantage Municipal Fund 3 (continued) |  |  |                |             |            |
|--|--|--|----------------|-------------|------------|
| Portfolio of Investments February 28, 2013                     |  |  |                |             |            |
| Principal  |  |  | Optional       |             |            |
| Amount (000)   | Description (1)  |  | Call           | Ratings (3) | Value      |
|  |  |  | Provisions     |             |            |
|  |  |  | (2)            |             |            |
|  | Tax Obligation/Limited (continued)   |  |                |             |            |
| \$ 864   | Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26   |  | 7/16 at 100.00 | A2          | \$ 894,491 |
| 290  | Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2008 (Bank Qualified), 6.100%, 7/15/32                      |  | 7/17 at 100.00 | N/R         | 291,412    |
| 490  | Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33  |  | 7/18 at 100.00 | N/R         | 534,379    |
| 2,175  | Mohave County, Arizona, Certificates of Participation, Series 2004, 5.250%, 7/01/19 – AMBAC Insured  |  | 7/14 at 100.00 | N/R         | 2,246,796  |
| 300  | Page, Arizona, Pledged Revenue Bonds, Refunding Series 2011, 5.000%, 7/01/26   |  | 7/21 at 100.00 | AA–         | 349,878    |
| 640  | Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31   |  | 7/16 at 100.00 | N/R         | 608,934    |
| 425  | Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32   |  | 7/17 at 100.00 | N/R         | 416,734    |
| 160  | Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31  |  | 7/16 at 100.00 | N/R         | 149,685    |
| 500  | Phoenix Industrial Development Authority, Arizona, No Opt. Call Education Facility Revenue Bonds, JMF-Higley 2012 LLC Project, Series 2012, 5.000%, 12/01/36                   |  |                | A+          | 553,890    |
| 170  | Phoenix Mesa Gateway Airport Authority, Arizona, Special Facility Revenue Bonds, Mesa Project, Series 2012, 5.000%, 7/01/38 (Alternative Minimum Tax)                          |  | 7/22 at 100.00 | AA+         | 180,613    |
| 1,250  | Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 – ACA Insured |  | 4/13 at 100.00 | BBB–        | 1,251,825  |
| 250  | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 5.375%, 8/01/39  |  | 2/20 at 100.00 | A+          | 264,943    |
| 1,650  | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010C, 0.000%, 8/01/38  |  | No Opt. Call   | A+          | 376,679    |



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|        |  |                    |      |            |
|--------|--|--------------------|------|------------|
| 1,130  | San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured | 7/15 at<br>100.00  | A+   | 1,188,952  |
| 2,000  | Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Water & Sewer Improvements Project, Series 2010, 5.000%, 7/01/36     | 7/20 at<br>100.00  | AAA  | 2,350,259  |
| 665    | Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32                    | 7/17 at<br>100.00  | N/R  | 652,166    |
| 750    | Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Senior Lien Series 2010A, 5.000%, 10/01/29                        | 10/20 at<br>100.00 | BBB+ | 824,145    |
| 1,250  | Vistancia Community Facilities District, Peoria, Arizona, General Obligation Bonds, Series 2005, 5.750%, 7/15/24                                   | 7/15 at<br>100.00  | A1   | 1,319,513  |
| 631    | Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30                                 | 7/16 at<br>100.00  | N/R  | 609,849    |
| 425    | Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31                      | 7/16 at<br>100.00  | N/R  | 392,883    |
| 19,838 | Total Tax Obligation/Limited   |                    |      | 19,649,421 |

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| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value     |
|---------------------------|---|---------------------------------------|-------------|-----------|
|                           | Transportation – 4.9% (3.4% of Total Investments)   |                                       |             |           |
|                           | Phoenix Civic Improvement Corporation, Arizona,<br>Senior Lien Airport Revenue Bonds, Refunding<br>Series 2013:   |                                       |             |           |
| \$ 1,785                  | 5.000%, 7/01/30 (WI/DD, Settling 3/05/13)<br>(Alternative Minimum Tax)  | 7/23 at<br>100.00                     | AA-\$       | 2,068,475 |
| 215                       | 5.000%, 7/01/32 (WI/DD, Settling 3/05/13)<br>(Alternative Minimum Tax)  | 7/23 at<br>100.00                     | AA-         | 247,508   |
| 2,000                     | Total Transportation  |                                       |             | 2,315,983 |
|                           | U.S. Guaranteed – 9.4% (6.6% of Total Investments)<br>(6)   |                                       |             |           |
| 2,000                     | DC Ranch Community Facilities District,<br>Scottsdale, Arizona, General Obligation Bonds,<br>Series 2002, 5.000%, 7/15/27 (Pre-refunded<br>7/15/13) – AMBAC Insured           | 7/13 at<br>100.00                     | A1 (6)      | 2,036,900 |
| 1,575                     | Maricopa County Union High School District 210,<br>Phoenix, Arizona, General Obligation Bonds, Series<br>2004A, 5.000%, 7/01/20 (Pre-refunded 7/01/14) –<br>AGM Insured       | 7/14 at<br>100.00                     | AA (6)      | 1,675,910 |
| 270                       | Maricopa County, Arizona, Hospital Revenue<br>Bonds, Sun Health Corporation, Series 2005,<br>5.000%, 4/01/16 (Pre-refunded 4/01/15)   | 4/15 at<br>100.00                     | N/R (6)     | 296,023   |
| 405                       | Oro Valley Municipal Property Corporation,<br>Arizona, Senior Lien Water Revenue Bonds, Series<br>2003, 5.000%, 7/01/23 (Pre-refunded 7/01/13) –<br>NPFPG Insured             | 7/13 at<br>100.00                     | AA (6)      | 411,670   |
| 4,250                     | Total U.S. Guaranteed   |                                       |             | 4,420,503 |
|                           | Utilities – 16.0% (11.1% of Total Investments)  |                                       |             |           |
| 625                       | Apache County Industrial Development Authority,<br>Arizona, Pollution Control Revenue Bonds, Tucson<br>Electric Power Company, Series 20102A, 4.500%,<br>3/01/30              | 3/22 at<br>100.00                     | BBB         | 649,400   |
| 1,200                     | Maricopa County Pollution Control Corporation,<br>Arizona, Pollution Control Revenue Refunding<br>Bonds, Southern California Edison Company, Series<br>2000A, 5.000%, 6/01/35 | 6/20 at<br>100.00                     | A1          | 1,335,984 |
| 665                       | Pima County Industrial Development Authority,<br>Arizona, Revenue Bonds, Tucson Electric Power<br>Company, Refunding Series 2008, 5.750%, 9/01/29                             | 1/15 at<br>100.00                     | BBB-        | 704,268   |
| 500                       | Pinal County Electrical District 3, Arizona, Electric<br>System Revenue Bonds, Refunding Series 2011,<br>5.250%, 7/01/36  | 7/21 at<br>100.00                     | A           | 564,540   |
| 1,660                     | Puerto Rico Electric Power Authority, Power<br>Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 –<br>SYNCORA GTY Insured   | 7/15 at<br>100.00                     | BBB+        | 1,689,050 |

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|       |   |                |     |           |
|-------|---|----------------|-----|-----------|
| 775   | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 18.192%, 1/01/38 (IF) (5) | 1/18 at 100.00 | Aa1 | 1,208,969 |
| 1,165 | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37              | No Opt. Call   | A-  | 1,348,697 |
| 6,590 | Total Utilities<br>Water and Sewer – 9.4% (6.6% of Total Investments)   |                |     | 7,500,908 |
| 500   | Glendale, Arizona, Water and Sewer Revenue Bonds, Refunding Series 2012, 5.000%, 7/01/28  | 7/22 at 100.00 | AA  | 591,430   |
| 955   | Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39  | 7/20 at 100.00 | A+  | 1,063,431 |
| 425   | Pima County, Arizona, Sewer System Revenue Obligations, Series 2012A, 5.000%, 7/01/26   | No Opt. Call   | AA- | 509,686   |
| 750   | Puerto Rico Aqueduct and Sewerage Authority, Revenue Bonds, Senior Lien Series 2008A, 6.000%, 7/01/38   | 7/18 at 100.00 | BBB | 776,730   |

Nuveen Investments

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| Principal   |  | Optional Call   |             |               |  |
|---|--|-----------------|-------------|---------------|--|
| Amount (000)  | Description (1)  | Provisions (2)  | Ratings (3) | Value         |  |
| Water and Sewer (continued)   |  |                 |             |               |  |
| Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007: |  |                 |             |               |  |
| \$ 425  | 4.700%, 4/01/22  | 4/14 at 100.00  | A-\$        | 430,670       |  |
| 490   | 4.900%, 4/01/32  | 4/17 at 100.00  | A-          | 502,848       |  |
| 615   | Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax) | 12/17 at 100.00 | N/R         | 533,679       |  |
| 4,160   | Total Water and Sewer  |                 |             | 4,408,474     |  |
| \$ 63,708   | Total Investments (cost \$62,756,532) – 143.6%   |                 |             | 67,456,304    |  |
|   | Floating Rate Obligations – (1.5)%   |                 |             | (725,000)     |  |
|   | MuniFund Term Preferred Shares, at Liquidation Value – (44.4)% (7)   |                 |             | (20,846,000)  |  |
|   | Other Assets Less Liabilities – 2.3%   |                 |             | 1,087,847     |  |
|   | Net Assets Applicable to Common Shares – 100%  |                 |             | \$ 46,973,151 |  |

- (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 valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Trustees. For fair value measurement disclosure purposes, investment classified as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- (5) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
- (6) 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.
- (7)

- MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 30.9%.
- N/R Not rated.
- WI/DD Investment, or portion of investment, purchased on a when-issued or delayed delivery basis.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

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| NTX                       |   | Nuveen Texas Quality Income Municipal Fund<br>Portfolio of Investments |             | February 28, 2013 |           |
|---------------------------|---|--|-------------|-------------------|-----------|
| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2)                                  | Ratings (3) | Value             |           |
|                           | Consumer Discretionary – 1.0% (0.7% of Total Investments)   |  |             |                   |           |
| \$ 1,450                  | Austin Convention Enterprises Inc., Texas, Convention Center Hotel Revenue Bonds, First Tier Series 2006A, 5.250%, 1/01/18 – SYNCORA GTY Insured  | 1/17 at 100.00   | BB+         | \$                | 1,603,555 |
|                           | Consumer Staples – 1.4% (1.0% of Total Investments)   |  |             |                   |           |
| 2,175                     | Puerto Rico, The Children’s Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33   | 5/13 at 100.00   | BBB+        |                   | 2,196,707 |
|                           | Education and Civic Organizations – 13.1% (8.9% of Total Investments)   |  |             |                   |           |
| 2,000                     | Board of Regents, University of Texas System, Financing System Revenue Bonds, Refunding Series 2012B, 5.000%, 8/15/22   | No Opt. Call   | AAA         |                   | 2,564,620 |
| 1,000                     | Clifton Higher Education Finance Corporation, Texas, Education Revenue Bonds, Uplift Education Charter School, Series 2013A, 4.400%, 12/01/47   | 12/22 at 100.00  | BBB–        |                   | 1,017,420 |
| 1,000                     | Hale Center Education Facilities Corporation, Texas, Revenue Bonds, Wayland Baptist University Project, Improvement and Refunding Series 2010, 5.000%, 3/01/35                                | 3/21 at 100.00   | A–          |                   | 1,087,580 |
| 3,000                     | Harris County Cultural Education Facilities Finance Corporation, Texas, Revenue Refunding Bonds, Young Men’s Christian Association of the Greater Houston Area, Series 2013A, 5.000%, 6/01/38 | 6/23 at 100.00   | Baa3        |                   | 3,227,970 |
| 2,000                     | Laredo Community College District, Webb County, Texas, Combined Fee Revenue Bonds, Series 2010, 5.250%, 8/01/35 – AGM Insured   | 8/20 at 100.00   | AA–         |                   | 2,266,880 |
| 200                       | Newark Cultural Education Facilities Finance Corporation, Texas, Lease Revenue Bonds, A.W. Brown-Fellowship Leadership Academy, Series 2012A, 6.000%, 8/15/42                                 | 2/15 at 103.00   | BBB–        |                   | 209,960   |
| 1,170                     | Red River Education Finance Corporation, Texas, Revenue Bonds, Hockaday School, Series 2005: 5.000%, 5/15/27  | 5/15 at 100.00   | AA          |                   | 1,268,654 |
| 1,230                     | 5.000%, 5/15/28   | 5/15 at 100.00   | AA          |                   | 1,330,614 |
| 1,290                     | 5.000%, 5/15/29   |  | AA          |                   | 1,392,387 |

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|        |   |                    |      |            |
|--------|---|--------------------|------|------------|
|        |   | 5/15 at<br>100.00  |      |            |
|        | Texas Public Finance Authority, Revenue Bonds,<br>Texas Southern University Financing System, Series<br>2003:   |                    |      |            |
| 1,710  | 5.000%, 5/01/18 – FGIC Insured  | 5/13 at<br>100.00  | Baa1 | 1,715,968  |
| 1,795  | 5.000%, 5/01/19 – FGIC Insured  | 5/13 at<br>100.00  | Baa1 | 1,801,103  |
| 1,885  | 5.000%, 5/01/20 – FGIC Insured  | 5/13 at<br>100.00  | Baa1 | 1,890,862  |
| 890    | Texas State University System, Financing Revenue<br>Bonds, Series 2004, 5.000%, 3/15/24 – AGM Insured   | 9/14 at<br>100.00  | Aa2  | 954,071    |
| 19,170 | Total Education and Civic Organizations<br>Health Care – 12.9% (8.8% of Total Investments)  |                    |      | 20,728,089 |
| 1,000  | Harris County Cultural Education Facilities Finance<br>Corporation, Texas, Medical Facilities Revenue<br>Refunding Bonds, Baylor College of Medicine,<br>Series 2012A, 5.000%, 11/15/26 | 11/22 at<br>100.00 | A–   | 1,179,220  |
| 1,350  | Harrison County Health Facilities Development<br>Corporation, Texas, Hospital Revenue Bonds, Good<br>Shepherd Health System, Refunding Series 2010,<br>5.250%, 7/01/28                  | 7/20 at<br>100.00  | BBB+ | 1,507,748  |
| 2,000  | North Central Texas Health Facilities Development<br>Corporation, Texas, Revenue Bonds, Children’s<br>Medical Center Dallas Project, Series 2009, 5.750%,<br>8/15/39                    | 8/19 at<br>100.00  | AA   | 2,288,740  |
| 885    | North Central Texas Health Facilities Development<br>Corporation, Texas, Revenue Bonds, Children’s<br>Medical Center Dallas Project, Series 2012, 5.000%,<br>8/15/32                    | 8/22 at<br>100.00  | AA   | 1,013,785  |
|        | Richardson Hospital Authority, Texas, Revenue<br>Bonds, Richardson Regional Medical Center, Series<br>2004:   |                    |      |            |
| 2,000  | 5.875%, 12/01/24  | 12/13 at<br>100.00 | A+   | 2,045,480  |
| 1,000  | 6.000%, 12/01/34  | 12/13 at<br>100.00 | A+   | 1,021,100  |
| 1,250  | Tarrant County Cultural Education Facilities<br>Finance Corporation, Texas, Hospital Revenue<br>Bonds, Scott & White Healthcare Project, Series<br>2010, 5.250%, 8/15/40                | 8/20 at<br>100.00  | AA–  | 1,399,113  |
| 2,500  | Tarrant County Cultural Education Facilities<br>Finance Corporation, Texas, Revenue Bonds, Texas<br>Health Resources, Series 2007B, 5.000%, 11/15/42                                    | 11/17 at<br>100.00 | AA–  | 2,745,725  |
| 2,000  | Tarrant County Cultural Education Facilities<br>Finance Corporation, Texas, Revenue Refunding<br>Bonds, Christus Health, Series 2008, 6.500%,<br>7/01/37 – AGC Insured                  | 1/19 at<br>100.00  | AA–  | 2,373,020  |





NTX Nuveen Texas Quality Income Municipal Fund (continued)  
Portfolio of Investments  
February 28, 2013

| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value        |
|---------------------------|--|---------------------------------------|-------------|--------------|
|                           | Health Care (continued)  |                                       |             |              |
| \$ 1,720                  | Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, East Texas Medical Center Regional Healthcare System, Series 2007A, 5.375%, 11/01/37 | 11/17 at 100.00                       | Baa2        | \$ 1,852,887 |
| 700                       | Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2007B, 5.000%, 7/01/37    | 7/17 at 100.00                        | Baa1        | 730,016      |
| 2,250                     | Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2007, 5.000%, 7/01/33     | 7/17 at 100.00                        | Baa1        | 2,359,305    |
| 18,655                    | Total Health Care  |                                       |             | 20,516,139   |
|                           | Housing/Multifamily – 1.7% (1.2% of Total Investments)   |                                       |             |              |
|                           | Bexar County Housing Finance Corporation, Texas, Insured Multifamily Housing Revenue Bonds, Waters at Northern Hills Apartments Project, Series 2001A:               |                                       |             |              |
| 2,000                     | 6.000%, 8/01/31 – NPMFG Insured  | 8/13 at 100.00                        | Baa2        | 2,000,520    |
| 750                       | 6.050%, 8/01/36 – NPMFG Insured  | 8/13 at 100.00                        | Baa2        | 749,948      |
| 2,750                     | Total Housing/Multifamily  |                                       |             | 2,750,468    |
|                           | Housing/Single Family – 1.3% (0.9% of Total Investments)   |                                       |             |              |
| 2,100                     | Texas Department of Housing and Community Affairs, Single Family Mortgage Bonds, Series 2002B, 5.550%, 9/01/33 – NPMFG Insured (Alternative Minimum Tax)             | 3/13 at 100.00                        | AA+         | 2,103,024    |
|                           | Long-Term Care – 1.0% (0.7% of Total Investments)  |                                       |             |              |
|                           | Bexar County, Texas, Health Facilities Development Corporation Revenue Bonds, Army Retirement Residence, Series 2007:  |                                       |             |              |
| 955                       | 5.000%, 7/01/27  | 7/17 at 100.00                        | BBB         | 1,009,234    |
| 600                       | 5.000%, 7/01/37  | 7/17 at 100.00                        | BBB         | 623,784      |
| 1,555                     | Total Long-Term Care   |                                       |             | 1,633,018    |
|                           | Materials – 1.9% (1.3% of Total Investments)   |                                       |             |              |

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|       |  |                   |     |           |
|-------|--|-------------------|-----|-----------|
| 3,000 | Cass County Industrial Development Corporation, Texas, Environmental Improvement Revenue Bonds, International Paper Company, Series 2000A, 6.600%, 3/15/24 (Alternative Minimum Tax) Tax Obligation/General – 29.0% (19.8% of Total Investments) | 3/13 at<br>100.00 | BBB | 3,012,510 |
| 650   | Bexar County, Texas, General Obligation Bonds, Series 2004, 5.000%, 6/15/19  | 6/14 at<br>100.00 | Aaa | 688,714   |
| 2,000 | Borger Independent School District, Hutchison County, Texas, General Obligation Bonds, Series 2006, 5.000%, 2/15/36  | 2/16 at<br>100.00 | AAA | 2,213,100 |
| 400   | Calallen Independent School District, Nueces County, Texas, General Obligation Bonds, School Building Series 2008, 5.000%, 2/15/38   | 2/18 at<br>100.00 | AAA | 458,572   |
| 1,620 | Cameron County, Texas, General Obligation Bonds, State Highway 550 Project, Series 2012, 5.000%, 2/15/32 – AGM Insured   | 2/22 at<br>100.00 | AA– | 1,855,856 |
| 1,500 | College Station, Texas, Certificates of Obligation, Series 2012, 5.000%, 2/15/32   | 2/21 at<br>100.00 | AA  | 1,728,885 |
| 1,750 | El Paso County, Texas, Certificates of Obligation, Series 2001, 5.000%, 2/15/21 – AGM Insured  | No Opt. Call      | AA  | 2,194,133 |
| 3,615 | Frisco, Texas, General Obligation Bonds, Series 2006, 5.000%, 2/15/26 – FGIC Insured   | 2/16 at<br>100.00 | Aa1 | 3,979,211 |
| 8,500 | Grand Prairie Independent School District, Dallas County, Texas, General Obligation Bonds, Capital Appreciation Refunding Series 2009, 0.000%, 8/15/39   | 8/18 at<br>22.64  | AA  | 1,603,865 |
| 3,255 | Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Refunding Series 2012A, 0.000%, 8/01/45   | 8/21 at<br>100.00 | A   | 513,932   |
| 4,900 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/45   | 8/14 at<br>17.78  | AAA | 844,907   |
| 1,000 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2008, 0.000%, 8/15/36   | 8/17 at<br>33.01  | AAA | 301,580   |
| 365   | Lone Star College System, Harris and Montgomery Counties, Texas, General Obligation Bonds, Series 2009, 5.000%, 8/15/34  | 8/19 at<br>100.00 | AAA | 432,419   |
| 1,750 | Martin County Hospital District, Texas, Combination Limited Tax and Revenue Bonds, Series 2011A, 7.250%, 4/01/36   | 4/21 at<br>100.00 | BBB | 1,985,620 |

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| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value        |
|---------------------------|--|---------------------------------------|-------------|--------------|
|                           | Tax Obligation/General (continued)   |                                       |             |              |
| \$ 1,010                  | Mercedes Independent School District, Hidalgo County, Texas, General Obligation Bonds, Series 2005, 5.000%, 8/15/23  | 8/15 at 100.00                        | AAA         | \$ 1,118,312 |
| 5,515                     | Midlothian Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2005, 5.000%, 2/15/34  | 2/15 at 100.00                        | Aaa         | 5,933,258    |
| 1,500                     | Montgomery County, Texas, General Obligation Bonds, Refunding Series 2008B, 5.250%, 3/01/32                          | 3/19 at 100.00                        | Aa1         | 1,768,830    |
| 2,000                     | Plano Independent School District, Collin County, Texas, General Obligation Bonds, Series 2008A, 5.250%, 2/15/34     | 2/18 at 100.00                        | Aaa         | 2,334,000    |
| 1,425                     | Port of Houston Authority, Harris County, Texas, General Obligation Bonds, Series 2010E, 0.000%, 10/01/35            | No Opt. Call                          | AAA         | 634,310      |
|                           | Roma Independent School District, Texas, General Obligation Bonds, Series 2005:                                      |                                       |             |              |
| 1,110                     | 5.000%, 8/15/22  | 8/15 at 100.00                        | AAA         | 1,229,036    |
| 1,165                     | 5.000%, 8/15/23 – AGM Insured  | 8/15 at 100.00                        | AAA         | 1,289,935    |
| 1,250                     | Southside Independent School District, Bexar County, Texas, General Obligation Bonds, Series 2004A, 5.000%, 8/15/22  | 8/14 at 100.00                        | Aaa         | 1,333,763    |
| 5,000                     | Texas State, General Obligation Bonds, Transportation Commission Mobility Fund, Series 2006A, 5.000%, 4/01/33 (UB)   | 4/17 at 100.00                        | AAA         | 5,660,050    |
| 1,000                     | Texas State, General Obligation Bonds, Transportation Commission Mobility Fund, Series 2008, 5.000%, 4/01/30 (UB)    | 4/18 at 100.00                        | AAA         | 1,156,330    |
| 650                       | Texas State, General Obligation Bonds, Water Utility, Series 2001, 5.250%, 8/01/23                                   | 8/23 at 100.00                        | Aaa         | 652,847      |
| 3,025                     | Victoria Independent School District, Victoria County, Texas, General Obligation Bonds, Series 2007, 5.000%, 2/15/32 | 2/17 at 100.00                        | AAA         | 3,443,206    |
|                           | West Texas Independent School District, McLennan and Hill Counties, General Obligation Refunding Bonds, Series 1998: |                                       |             |              |
| 45                        | 0.000%, 8/15/22  | 8/13 at 61.20                         | AAA         | 27,466       |
| 45                        | 0.000%, 8/15/24  | 8/13 at 54.88                         | AAA         | 24,616       |
|                           | White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006:          |                                       |             |              |

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|        |   |                    |      |            |
|--------|---|--------------------|------|------------|
| 1,500  | 0.000%, 8/15/43   | 8/15 at<br>23.11   | AAA  | 324,600    |
| 1,500  | 0.000%, 8/15/44   | 8/15 at<br>21.88   | AAA  | 301,215    |
| 425    | 0.000%, 8/15/45   | 8/15 at<br>20.76   | AAA  | 80,329     |
| 59,470 | Total Tax Obligation/General<br>Tax Obligation/Limited – 16.8% (11.5% of Total<br>Investments)  |                    |      | 46,112,897 |
| 1,000  | Bexar County, Texas, Venue Project Revenue<br>Bonds, Refunding Series 2010, 5.250%, 8/15/38 –<br>AGM Insured                                      | 8/19 at<br>100.00  | AA–  | 1,112,360  |
| 7,940  | Dallas Area Rapid Transit, Texas, Sales Tax<br>Revenue Bonds, Senior Lien Refunding Series 2007,<br>5.000%, 12/01/36 – AMBAC Insured              | 12/16 at<br>100.00 | AA+  | 8,910,502  |
| 1,390  | Harris County Metropolitan Transit Authority,<br>Texas, Sales and Use Tax Revenue Bonds, Series<br>2011A, 5.000%, 11/01/41                        | 11/21 at<br>100.00 | AA   | 1,592,328  |
|        | Harris County-Houston Sports Authority, Texas,<br>Revenue Bonds, Junior Lien Series 2001H:  |                    |      |            |
| 300    | 0.000%, 11/15/24 – NPFPG Insured  | No Opt. Call       | Baa2 | 160,896    |
| 50     | 0.000%, 11/15/33 – NPFPG Insured  | 11/31 at<br>88.44  | Baa2 | 15,418     |
| 1,720  | 0.000%, 11/15/34 – NPFPG Insured  | 11/31 at<br>83.17  | Baa2 | 495,154    |
| 930    | 0.000%, 11/15/36 – NPFPG Insured  | 11/31 at<br>73.51  | Baa2 | 233,663    |
| 3,515  | 0.000%, 11/15/38 – NPFPG Insured  | 11/31 at<br>64.91  | Baa2 | 779,803    |
| 2,250  | 0.000%, 11/15/39 – NPFPG Insured  | 11/31 at<br>60.98  | Baa2 | 468,900    |
|        | Harris County-Houston Sports Authority, Texas,<br>Revenue Bonds, Senior Lien Series 2001G:  |                    |      |            |
| 2,250  | 5.250%, 11/15/22 – NPFPG Insured  | 5/13 at<br>100.00  | BBB  | 2,253,263  |
| 3,275  | 0.000%, 11/15/41 – NPFPG Insured  | 11/31 at<br>53.78  | BBB  | 680,087    |
| 1,000  | Harris County-Houston Sports Authority, Texas,<br>Revenue Bonds, Third Lien Series 2004A-3,<br>0.000%, 11/15/33 – NPFPG Insured                   | 11/24 at<br>59.10  | Baa2 | 304,570    |
| 2,000  | Houston, Texas, Hotel Occupancy Tax and Special<br>Revenue Bonds, Convention and Entertainment<br>Project, Refunding Series 2012, 5.000%, 9/01/33 | 9/13 at<br>100.00  | A2   | 2,036,520  |

Nuveen Investments

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| NTX          |  | Nuveen Texas Quality Income Municipal Fund (continued) |             | February 28, 2013 |            |
|--------------|--|--|-------------|-------------------|------------|
|              |  | Portfolio of Investments                               |             |                   |            |
| Principal    |  | Optional   |             |                   |            |
| Amount (000) | Description (1)  | Call   | Ratings (3) |                   | Value      |
|              |  | Provisions   |             |                   |            |
|              |  | (2)  |             |                   |            |
|              | Tax Obligation/Limited (continued)   |  |             |                   |            |
| \$ 1,470     | Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B, 0.000%, 9/01/32 – AMBAC Insured | No Opt. Call   | A2          | \$                | 586,604    |
| 3,000        | North Texas Tollway Authority, Special Projects System Revenue Bonds, Current Interest Series 2011D, 5.000%, 9/01/31                               | 9/21 at 100.00   | AA          |                   | 3,510,210  |
| 2,000        | North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011A, 5.500%, 9/01/41  | 9/21 at 100.00   | AA          |                   | 2,380,440  |
| 1,000        | Uptown Development Authority, Houston, Texas, Tax Increment Revenue Bonds, Infrastructure Improvement Facilities, Series 2009, 5.500%, 9/01/29     | 9/19 at 100.00   | BBB         |                   | 1,120,440  |
| 35,090       | Total Tax Obligation/Limited Transportation – 15.6% (10.7% of Total Investments)   |  |             |                   | 26,641,158 |
| 1,000        | Austin, Texas, Airport System Prior Lien Revenue Bonds, Series 2003, 5.250%, 11/15/16 – NPFQ Insured   | 11/13 at 100.00  | A           |                   | 1,035,530  |
|              | Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2010:   |  |             |                   |            |
| 2,945        | 0.000%, 1/01/36  | No Opt. Call   | BBB–        |                   | 879,377    |
| 2,205        | 0.000%, 1/01/37  | No Opt. Call   | BBB–        |                   | 618,723    |
| 2,160        | 0.000%, 1/01/38  | No Opt. Call   | BBB–        |                   | 569,095    |
| 1,000        | 0.000%, 1/01/40  | No Opt. Call   | BBB–        |                   | 234,800    |
| 3,260        | Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/22 – FGIC Insured    | 1/15 at 100.00   | BBB–        |                   | 3,411,720  |
| 1,000        | Dallas-Fort Worth International Airport, Texas, Joint Revenue Bonds, Refunding Series 2010A, 5.000%, 11/01/42                                      | 11/20 at 100.00  | A+          |                   | 1,116,180  |
| 1,165        | Dallas-Fort Worth International Airport, Texas, Joint Revenue Bonds, Refunding Series 2012B, 5.000%, 11/01/35                                      | 11/20 at 100.00  | A+          |                   | 1,313,840  |
| 1,000        | Harris County, Texas, Toll Road Senior Lien Revenue Refunding Bonds, Series 2012C, 5.000%, 8/15/31   | No Opt. Call   | AA–         |                   | 1,192,330  |
| 2,000        | Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2012A, 5.000%, 7/01/31 (Alternative Minimum Tax)                   | 7/22 at 100.00   | A+          |                   | 2,248,220  |

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|        |  |                 |      |            |
|--------|--|-----------------|------|------------|
| 3,000  | Love Field Airport Modernization Corporation, Texas, Special Facilities Revenue Bonds, Southwest Airlines Company, Series 2010, 5.250%, 11/01/40 | 11/20 at 100.00 | BBB- | 3,295,440  |
| 395    | North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Series 2008A, 5.750%, 1/01/40  | 1/18 at 100.00  | A2   | 456,012    |
|        | North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Series 2008B:  |                 |      |            |
| 325    | 5.750%, 1/01/40  | 1/18 at 100.00  | A2   | 375,200    |
| 225    | 5.750%, 1/01/40 – NPFG Insured   | 1/18 at 100.00  | A2   | 259,754    |
| 2,500  | North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Series 2008D, 0.000%, 1/01/36 – AGC Insured                            | No Opt. Call    | AA-  | 949,200    |
| 950    | North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38   | 1/18 at 100.00  | A3   | 1,052,192  |
|        | North Texas Tollway Authority, System Revenue Bonds, First Tier Series 2009A:  |                 |      |            |
| 100    | 6.100%, 1/01/28  | 1/19 at 100.00  | A2   | 119,001    |
| 2,000  | 6.250%, 1/01/39  | 1/19 at 100.00  | A2   | 2,300,160  |
| 2,500  | San Antonio, Texas, Airport System Revenue Bonds, Refunding Series 2012, 5.000%, 7/01/27 (Alternative Minimum Tax)                               | 7/22 at 100.00  | A+   | 2,866,225  |
| 1,250  | Texas Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier Series 2002A, 0.000%, 8/15/29 – AMBAC Insured                  | 8/14 at 40.96   | A-   | 476,913    |
| 30,980 | Total Transportation   |                 |      | 24,769,912 |

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| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value      |
|---------------------------|--|---------------------------------------|-------------|------------|
|                           | U.S. Guaranteed – 17.2% (11.7% of Total Investments) (4)   |                                       |             |            |
| \$ 610                    | Bexar County, Texas, General Obligation Bonds, Series 2004, 5.000%, 6/15/19 (Pre-refunded 6/15/14)   | 6/14 at<br>100.00                     | Aaa         | \$ 647,808 |
|                           | Brazoria County Health Facilities Development Corporation, Texas, Revenue Bonds, Brazosport Memorial Hospital, Series 2004:  |                                       |             |            |
| 1,745                     | 5.250%, 7/01/20 (Pre-refunded 7/01/14) – RAAI Insured  | 7/14 at<br>100.00                     | BBB- (4)    | 1,860,694  |
| 1,835                     | 5.250%, 7/01/21 (Pre-refunded 7/01/14) – RAAI Insured  | 7/14 at<br>100.00                     | BBB- (4)    | 1,956,661  |
| 1,190                     | Canutillo Independent School District, El Paso County, Texas, General Obligation Bonds, Series 2006A, 5.000%, 8/15/22 (Pre-refunded 8/15/15)                               | 8/15 at<br>100.00                     | AAA         | 1,325,731  |
| 295                       | Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1992, 0.000%, 8/15/14 – NPMFG Insured (ETM)           | No Opt. Call                          | Aa3 (4)     | 293,150    |
| 5,000                     | Houston, Texas, General Obligation Bonds, Series 2005E, 5.000%, 3/01/23 (Pre-refunded 3/01/15) – AMBAC Insured   | 3/15 at<br>100.00                     | AA (4)      | 5,464,350  |
|                           | Irving, Texas, Waterworks and Sewerage Revenue Bonds, Subordinate Lien Series 2004:  |                                       |             |            |
| 1,580                     | 5.000%, 8/15/22 (Pre-refunded 8/15/14) – AMBAC Insured   | 8/14 at<br>100.00                     | Aa1 (4)     | 1,690,268  |
| 1,655                     | 5.000%, 8/15/23 (Pre-refunded 8/15/14) – AMBAC Insured   | 8/14 at<br>100.00                     | Aa1 (4)     | 1,770,502  |
|                           | Lower Colorado River Authority, Texas, Revenue Bonds, Series 2008:   |                                       |             |            |
| 40                        | 5.750%, 5/15/37 (Pre-refunded 5/15/15)   | 5/15 at<br>100.00                     | A1 (4)      | 44,743     |
| 1,785                     | 5.750%, 5/15/37 (Pre-refunded 5/15/15)   | 5/15 at<br>100.00                     | A1 (4)      | 1,996,665  |
| 1,000                     | Mansfield Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2004, 5.000%, 2/15/20 (Pre-refunded 2/15/14)                                | 2/14 at<br>100.00                     | AAA         | 1,043,710  |
| 1,000                     | North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Presbyterian Healthcare System, Series 1996A, 5.750%, 6/01/26 – NPMFG Insured (ETM) | No Opt. Call                          | Aaa         | 1,297,930  |
| 2,500                     | Retama Development Corporation, Texas, Special Facilities Revenue Bonds, Retama Park Racetrack, Series 1993, 8.750%, 12/15/18 (Pre-refunded 12/15/17)                      | 12/17 at<br>100.00                    | Aaa         | 3,416,100  |



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|        |  |                |         |            |
|--------|--|----------------|---------|------------|
| 1,260  | Rowlett, Rockwall and Dallas Counties, Texas, Waterworks and Sewerage System Revenue Bonds, Series 2004A, 5.000%, 3/01/22 (Pre-refunded 3/01/14) – NPFPG Insured | 3/14 at 100.00 | AA- (4) | 1,320,467  |
| 1,140  | Sunnyvale School District, Texas, General Obligation Bonds, Series 2004, 5.250%, 2/15/25 (Pre-refunded 2/15/14)  | 2/14 at 100.00 | AAA     | 1,195,404  |
| 775    | Texas State University System, Financing Revenue Bonds, Series 2004, 5.000%, 3/15/24 (Pre-refunded 9/15/14) – AGM Insured  | 9/14 at 100.00 | Aa2 (4) | 831,095    |
|        | West Texas Independent School District, McLennan and Hill Counties, General Obligation Refunding Bonds, Series 1998:   |                |         |            |
| 955    | 0.000%, 8/15/22 (Pre-refunded 8/15/13)   | 8/13 at 61.20  | Aaa     | 583,715    |
| 955    | 0.000%, 8/15/24 (Pre-refunded 8/15/13)   | 8/13 at 54.88  | Aaa     | 523,388    |
| 25,320 | Total U.S. Guaranteed Utilities – 17.9% (12.2% of Total Investments)   |                |         | 27,262,381 |
| 3,000  | Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2012A, 5.000%, 11/15/40   | No Opt. Call   | AA–     | 3,449,010  |
| 2,560  | Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 1999C, 7.700%, 3/01/32 (Alternative Minimum Tax)          | 4/13 at 101.00 | C       | 243,891    |
| 5,000  | Brownsville, Texas, Utility System Priority Revenue Bonds, Series 2005A, 5.000%, 9/01/27 – AMBAC Insured   | 9/15 at 100.00 | A+      | 5,458,750  |
| 2,000  | Bryan, Brazos County, Texas, Electric System Revenue Bonds, Series 2009, 5.000%, 7/01/34   | 7/17 at 100.00 | A+      | 2,217,140  |
| 3,000  | Lower Colorado River Authority, Texas, Refunding Revenue Bonds, Series 2010A, 5.000%, 5/15/40  | 5/20 at 100.00 | A1      | 3,356,520  |
| 175    | Lower Colorado River Authority, Texas, Revenue Bonds, Series 2008, 5.750%, 5/15/37   | No Opt. Call   | A1      | 190,579    |
| 2,000  | Lower Colorado River Authority, Texas, Revenue Refunding Bonds, Series 2012B, 5.000%, 5/15/29  | 5/22 at 100.00 | A1      | 2,329,460  |

Nuveen Investments

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| NTX                       |  | Nuveen Texas Quality Income Municipal Fund (continued)<br>Portfolio of Investments |             | February 28, 2013 |            |
|---------------------------|--|--|-------------|-------------------|------------|
| Principal<br>Amount (000) | Description (1)  | Optional<br>Call<br>Provisions<br>(2)  | Ratings (3) | Value             |            |
| Utilities (continued)     |  |  |             |                   |            |
| \$ 1,500                  | Matagorda County Navigation District Number One, Texas, Pollution Control Revenue Refunding Bonds, Central Power and Light Company Project, Series 2009A, 6.300%, 11/01/29 | 7/19 at 102.00   | BBB         | \$                | 1,768,530  |
| 1,000                     | Sam Rayburn Municipal Power Agency, Texas, Power Supply System Revenue Refunding Bonds, Series 2012, 5.000%, 10/01/20  | No Opt. Call   | BBB+        |                   | 1,193,370  |
|                           | Texas Municipal Gas Acquisition and Supply Corporation I, Gas Supply Revenue Bonds, Senior Lien Series 2008D:  |  |             |                   |            |
| 1,180                     | 5.625%, 12/15/17   | No Opt. Call   | A-          |                   | 1,316,538  |
| 3,000                     | 6.250%, 12/15/26   | No Opt. Call   | A-          |                   | 3,908,880  |
| 1,000                     | Texas Municipal Gas Acquisition and Supply Corporation I, Gas Supply Revenue Bonds, Series 2006A, 5.250%, 12/15/20   | No Opt. Call   | A-          |                   | 1,164,920  |
|                           | Texas Municipal Power Agency, Revenue Bonds, Transmission Refunding Series 2010:   |  |             |                   |            |
| 640                       | 5.000%, 9/01/34  | 9/20 at 100.00   | A+          |                   | 721,126    |
| 1,000                     | 5.000%, 9/01/40  | 9/20 at 100.00   | A+          |                   | 1,116,820  |
| 27,055                    | Total Utilities  |  |             |                   | 28,435,534 |
|                           | Water and Sewer – 15.5% (10.6% of Total Investments)   |  |             |                   |            |
| 2,500                     | Bexar Metropolitan Water District, Texas, Waterworks System Revenue Bonds, Refunding Series 2010, 5.875%, 5/01/40  | 5/20 at 100.00   | A1          |                   | 2,871,150  |
| 2,500                     | Canadian River Municipal Water Authority, Texas, Contract Revenue Bonds, Conjunctive Use Groundwater Supply Project, Subordinate Lien Series 2011, 5.000%, 2/15/31         | 2/21 at 100.00   | AA          |                   | 2,873,800  |
|                           | Coastal Water Authority, Texas, Contract Revenue Bonds, Houston Water Projects, Series 2004:   |  |             |                   |            |
| 1,005                     | 5.000%, 12/15/20 – FGIC Insured  | 12/14 at 100.00  | AA          |                   | 1,053,602  |
| 1,030                     | 5.000%, 12/15/21 – FGIC Insured  | 12/14 at 100.00  | AA          |                   | 1,076,999  |
| 1,000                     | El Paso, Texas, Water and Sewer Revenue Bonds, Refunding Series 2008C, 5.375%, 3/01/29   | 3/18 at 100.00   | AA+         |                   | 1,188,790  |
| 3,000                     |  |  | AA          |                   | 3,174,840  |

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|       |   |                 |     |           |
|-------|---|-----------------|-----|-----------|
|       | Houston, Texas, First Lien Combined Utility System Revenue Bonds, First Lien Series 2004A, 5.250%, 5/15/23 – FGIC Insured | 5/14 at 100.00  |     |           |
| 2,000 | Houston, Texas, First Lien Combined Utility System Revenue Bonds, Refunding Series 2012D, 5.000%, 11/15/42                | 11/22 at 100.00 | AA  | 2,302,940 |
|       | Irving, Texas, Waterworks and Sewerage Revenue Bonds, Subordinate Lien Series 2004:                                       |                 |     |           |
| 100   | 5.000%, 8/15/22 – AMBAC Insured   | 8/14 at 100.00  | Aa1 | 106,701   |
| 105   | 5.000%, 8/15/23 – AMBAC Insured   | 8/14 at 100.00  | Aa1 | 112,036   |
| 4,000 | Laredo, Webb County, Texas, Waterworks and Sewer System Revenue Bonds, Series 2010, 5.250%, 3/01/40                       | 3/20 at 100.00  | AA– | 4,667,320 |

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| Principal<br>Amount (000) | Description (1)   | Optional<br>Call<br>Provisions<br>(2) | Ratings (3) | Value          |
|---------------------------|---|---------------------------------------|-------------|----------------|
|                           | Water and Sewer (continued)   |                                       |             |                |
| \$ 710                    | North Fort Bend Water Authority, Texas, Water System Revenue Bonds, Series 2011, 5.000%, 12/15/36 – AGM Insured               | 12/21 at 100.00                       | AA-\$       | 792,573        |
| 3,860                     | North Harris County Regional Water Authority, Texas, Water Revenue Bonds, Senior Lien Refunding Series 2013, 5.000%, 12/15/33 | 12/22 at 100.00                       | A+          | 4,445,485      |
| 21,810                    | Total Water and Sewer   |                                       |             | 24,666,236     |
| \$ 250,580                | Total Investments (cost \$213,855,620) – 146.3%   |                                       |             | 232,431,628    |
|                           | Floating Rate Obligations – (2.5)%  |                                       |             | (3,960,000)    |
|                           | MuniFund Term Preferred Shares, at Liquidation Value – (44.6)% (5)  |                                       |             | (70,920,000)   |
|                           | Other Assets Less Liabilities – 0.8%  |                                       |             | 1,368,357      |
|                           | Net Assets Applicable to Common Shares – 100%   |                                       |             | \$ 158,919,985 |

- (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) 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.
- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 30.5%.
- (ETM) Escrowed to maturity.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Statement of  
Assets & Liabilities

February 28, 2013

|   | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|---|---------------------------------------|---|---|---|-------------------------------------|
| <b>Assets</b>   |                                       |   |   |   |                                     |
| Investments, at value (cost<br>\$87,243,723, \$32,350,108,<br>\$52,472,345, \$62,756,532<br>and \$213,855,620,<br>respectively) | \$ 97,545,193                         | \$ 35,072,076                             | \$ 56,629,690                               | \$ 67,456,304                               | \$ 232,431,628                      |
| Cash  | 172,665                               | 212,942                                   | 2,508,406                                   | 442,451                                     | —                                   |
| <b>Receivables:</b>   |                                       |   |   |   |                                     |
| Interest  | 942,191                               | 329,715                                   | 524,037                                     | 635,367                                     | 2,603,031                           |
| Investments sold  | —                                     | 10,000                                    | 1,009,333                                   | 2,624,533                                   | 30,000                              |
| <b>Deferred assets:</b>   |                                       |   |   |   |                                     |
| Offering costs  | 94,755                                | 260,571                                   | 323,851                                     | 403,468                                     | 816,075                             |
| Shelf offering costs  | —                                     | —   | —   | —   | 72,585                              |
| Other assets  | 555                                   | 504                                       | 430   | 454   | 963                                 |
| <b>Total assets</b>   | <b>98,755,359</b>                     | <b>35,885,808</b>                         | <b>60,995,747</b>                           | <b>71,562,577</b>                           | <b>235,954,282</b>                  |
| <b>Liabilities</b>  |                                       |   |   |   |                                     |
| Cash overdraft  | —                                     | —   | —   | —   | 1,272,565                           |
| Floating rate obligations   | 1,050,000                             | 375,000                                   | 605,000                                     | 725,000                                     | 3,960,000                           |
| <b>Payables:</b>  |                                       |   |   |   |                                     |
| Common share dividends  | 270,868                               | 92,188                                    | 152,722                                     | 176,393                                     | 553,232                             |
| Interest  | 24,762                                | 18,962                                    | 31,988                                      | 50,378                                      | 135,930                             |
| Investments purchased   | —                                     | —   | 2,657,998                                   | 2,311,117                                   | —                                   |
| Offering costs  | —                                     | 127,551                                   | 100,845                                     | 126,349                                     | —                                   |
| MuniFund Term Preferred<br>(MTP) Shares, at<br>liquidation value  | —                                     | 11,100,000                                | 18,725,000                                  | 20,846,000                                  | 70,920,000                          |
| Variable Rate MuniFund<br>Term Preferred (VMTP)<br>Shares, at liquidation value   | 28,000,000                            | —   | —   | —   | —                                   |
| <b>Accrued expenses:</b>  |                                       |   |   |   |                                     |
| Management fees   | 47,009                                | 16,575                                    | 27,743                                      | 33,189                                      | 109,427                             |
| Directors/Trustees fees   | 373                                   | 135                                       | 221   | 261   | 871                                 |
| Reorganization  | 80,000                                | 170,000                                   | 95,000                                      | 275,000                                     | —                                   |
| Other   | 46,334                                | 29,936                                    | 39,529                                      | 45,739                                      | 82,272                              |
| <b>Total liabilities</b>  | <b>29,519,346</b>                     | <b>11,930,347</b>                         | <b>22,436,046</b>                           | <b>24,589,426</b>                           | <b>77,034,297</b>                   |
| <b>Net assets applicable to</b>   |                                       |   |   |   |                                     |
| Common shares   | \$ 69,236,013                         | \$ 23,955,461                             | \$ 38,559,701                               | \$ 46,973,151                               | \$ 158,919,985                      |
| Common shares outstanding   | 4,475,448                             | 1,548,446                                 | 2,440,142                                   | 3,066,030                                   | 10,014,834                          |
| Net asset value per<br>Common share outstanding<br>(net assets applicable to  | \$ 15.47                              | \$ 15.47                                  | \$ 15.80                                    | \$ 15.32                                    | \$ 15.87                            |

|  |               |               |               |               |                |
|--|---------------|---------------|---------------|---------------|----------------|
| Common shares, divided by<br>Common shares<br>outstanding)       |               |               |               |               |                |
| Net assets applicable to<br>Common shares consist of:            |               |               |               |               |                |
| Common shares, \$.01 par<br>value per share                      | \$ 44,754     | \$ 15,484     | \$ 24,401     | \$ 30,660     | \$ 100,148     |
| Paid-in surplus  | 60,367,382    | 21,517,029    | 34,205,945    | 42,690,015    | 142,281,962    |
| Undistributed<br>(Over-distribution of) net<br>investment income | 1,328,971     | 135,608       | 216,349       | 248,357       | 501,493        |
| Accumulated net realized<br>gain (loss)                          | (2,806,564)   | (434,628)     | (44,339)      | (695,653)     | (2,539,626)    |
| Net unrealized appreciation<br>(depreciation)                    | 10,301,470    | 2,721,968     | 4,157,345     | 4,699,772     | 18,576,008     |
| Net assets applicable to<br>Common shares                        | \$ 69,236,013 | \$ 23,955,461 | \$ 38,559,701 | \$ 46,973,151 | \$ 158,919,985 |
| Authorized shares:   |               |               |               |               |                |
| Common   | 200,000,000   | Unlimited     | Unlimited     | Unlimited     | Unlimited      |
| Preferred  | 1,000,000     | Unlimited     | Unlimited     | Unlimited     | Unlimited      |

See accompanying notes to financial statements.

Statement of  
Operations

Year ended February 28, 2013

|   | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|---|---------------------------------------|---|---|---|-------------------------------------|
| Investment Income   | \$ 4,581,288                          | \$ 1,656,431                              | \$ 2,722,737                                | \$ 3,287,456                                | \$ 10,221,852                       |
| <b>Expenses</b>   |                                       |   |   |   |                                     |
| Management fees   | 608,263                               | 216,679                                   | 361,365                                     | 432,842                                     | 1,396,480                           |
| Shareholder servicing agent<br>fees and expenses  | 19,247                                | 10,346                                    | 16,964                                      | 16,853                                      | 24,524                              |
| Interest expense and<br>amortization of offering costs                                  | 389,719                               | 324,791                                   | 504,605                                     | 737,954                                     | 1,929,467                           |
| Custodian fees and expenses   | 19,094                                | 11,208                                    | 14,302                                      | 16,116                                      | 37,028                              |
| Directors/Trustees fees and<br>expenses   | 2,757                                 | 1,121                                     | 1,710                                       | 1,992                                       | 6,166                               |
| Professional fees   | 30,680                                | 27,349                                    | 28,124                                      | 30,283                                      | 65,701                              |
| Shareholder reporting<br>expenses   | 33,594                                | 27,352                                    | 36,941                                      | 39,885                                      | 85,063                              |
| Stock exchange listing fees   | 8,353                                 | 366                                       | 15,273                                      | 15,921                                      | 23,447                              |
| Investor relations expenses   | 8,796                                 | 3,682                                     | 5,870                                       | 6,667                                       | 22,277                              |
| Reorganization expenses   | 80,000                                | 170,000                                   | 95,000                                      | 275,000                                     | —                                   |
| Other expenses  | 21,422                                | 26,247                                    | 27,426                                      | 23,549                                      | 33,993                              |
| Total expenses before expense<br>reimbursement  | 1,221,925                             | 819,141                                   | 1,107,580                                   | 1,597,062                                   | 3,624,146                           |
| Expense reimbursement   | —                                     | —   | (2,431)                                     | —   | —                                   |
| Net expenses  | 1,221,925                             | 819,141                                   | 1,105,149                                   | 1,597,062                                   | 3,624,146                           |
| Net investment income (loss)  | 3,359,363                             | 837,290                                   | 1,617,588                                   | 1,690,394                                   | 6,597,706                           |
| <b>Realized and Unrealized Gain<br/>(Loss)</b>  |                                       |   |   |   |                                     |
| Net realized gain (loss) from<br>investments  | 399,259                               | 208,330                                   | 248,063                                     | 244,493                                     | 146,649                             |
| Change in net unrealized<br>appreciation (depreciation) of<br>investments               | 2,572,355                             | 708,323                                   | 1,077,877                                   | 1,350,978                                   | 4,534,825                           |
| Net realized and unrealized<br>gain (loss)  | 2,971,614                             | 916,653                                   | 1,325,940                                   | 1,595,471                                   | 4,681,474                           |
| Net increase (decrease) in net<br>assets applicable to Common<br>shares from operations | \$ 6,330,977                          | \$ 1,753,943                              | \$ 2,943,528                                | \$ 3,285,865                                | \$ 11,279,180                       |

See accompanying notes to financial statements.



Statement of  
Changes in Net Assets

|   | Arizona              |                          | Arizona                    |                    | Arizona            |                    |
|---|----------------------|--------------------------|----------------------------|--------------------|--------------------|--------------------|
|   | Premium Income (NAZ) | Dividend Advantage (NFZ) | Dividend Advantage 2 (NKR) | Year Ended 2/28/13 | Year Ended 2/29/12 | Year Ended 2/28/13 |
| <b>Operations</b>   |                      |                          |                            |                    |                    |                    |
| Net investment income (loss)  | \$3,359,363          | \$3,565,697              | \$837,290                  | \$1,008,402        | \$1,617,588        | \$1,769,263        |
| Net realized gain (loss) from investments   | 399,259              | 109,602                  | 208,330                    | 53,319             | 248,063            | 307,097            |
| Change in net unrealized appreciation (depreciation) of investments                               | 2,572,355            | 6,768,696                | 708,323                    | 2,855,887          | 1,077,877          | 3,579,761          |
| Distributions to Auction Rate Preferred Shareholders from net investment income                   | —                    | (38,807 )                | —                          | —                  | —                  | —                  |
| Net increase (decrease) in net assets applicable to Common shares from operations                 | 6,330,977            | 10,405,188               | 1,753,943                  | 3,917,608          | 2,943,528          | 5,656,121          |
| <b>Distributions to Common Shareholders</b>   |                      |                          |                            |                    |                    |                    |
| From net investment income  | (3,435,310 )         | (3,393,258 )             | (1,149,637 )               | (1,198,393 )       | (1,939,670 )       | (1,961,397 )       |
| From accumulated net realized gains   | —                    | —                        | —                          | —                  | —                  | —                  |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders      | (3,435,310 )         | (3,393,258 )             | (1,149,637 )               | (1,198,393 )       | (1,939,670 )       | (1,961,397 )       |
| <b>Capital Share Transactions</b>   |                      |                          |                            |                    |                    |                    |
| Proceeds from shelf offering, net of offering costs   | —                    | —                        | —                          | —                  | —                  | —                  |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions       | 72,322               | —                        | 2,122                      | —                  | 9,364              | —                  |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 72,322               | —                        | 2,122                      | —                  | 9,364              | —                  |
|   | 2,967,989            | 7,011,930                | 606,428                    | 2,719,215          | 1,013,222          | 3,694,724          |



|   |              |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Net increase (decrease) in net assets applicable to Common shares               |              |              |              |              |              |              |
| Net assets applicable to Common shares at the beginning of period               |              |              |              |              |              |              |
|   | 66,268,024   | 59,256,094   | 23,349,033   | 20,629,818   | 37,546,479   | 33,851,755   |
| Net assets applicable to Common shares at the end of period                     |              |              |              |              |              |              |
|   | \$69,236,013 | \$66,268,024 | \$23,955,461 | \$23,349,033 | \$38,559,701 | \$37,546,479 |
| Undistributed (Over-distribution of) net investment income at the end of period |              |              |              |              |              |              |
|   | \$1,328,971  | \$1,275,099  | \$135,608    | \$189,068    | \$216,349    | \$322,384    |

See accompanying notes to financial statements.

54 Nuveen Investments

|   | Arizona              |              | Texas                |               |
|---|----------------------|--------------|----------------------|---------------|
|   | Dividend Advantage 3 |              | Quality Income (NTX) |               |
|   | (NXE)                |              |                      |               |
|   | Year                 | Year         | Year                 | Year          |
|   | Ended                | Ended        | Ended                | Ended         |
|   | 2/28/13              | 2/29/12      | 2/28/13              | 2/29/12       |
| <b>Operations</b>   |                      |              |                      |               |
| Net investment income (loss)  | \$1,690,394          | \$2,012,239  | \$6,597,706          | \$7,182,013   |
| Net realized gain (loss) from investments   | 244,493              | 136,252      | 146,649              | (1,681,044 )  |
| Change in net unrealized appreciation (depreciation) of investments                               | 1,350,978            | 4,821,432    | 4,534,825            | 15,782,348    |
| Distributions to Auction Rate Preferred Shareholders from net investment income                   | —                    | (4,515 )     | —                    | —             |
| Net increase (decrease) in net assets applicable to Common shares from operations                 | 3,285,865            | 6,965,408    | 11,279,180           | 21,283,317    |
| <b>Distributions to Common Shareholders</b>   |                      |              |                      |               |
| From net investment income  | (2,216,740 )         | (2,317,919 ) | (7,480,548 )         | (8,211,637 )  |
| From accumulated net realized gains   | —                    | —            | —                    | (248,069 )    |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders      | (2,216,740 )         | (2,317,919 ) | (7,480,548 )         | (8,459,706 )  |
| <b>Capital Share Transactions</b>   |                      |              |                      |               |
| Proceeds from shelf offering, net of offering costs   | —                    | —            | 6,438,085            | —             |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions       | —                    | —            | 460,831              | 548,918       |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | —                    | —            | 6,898,916            | 548,918       |
| Net increase (decrease) in net assets applicable to Common shares                                 | 1,069,125            | 4,647,489    | 10,697,548           | 13,372,529    |
| Net assets applicable to Common shares at the beginning of period                                 | 45,904,026           | 41,256,537   | 148,222,437          | 134,849,908   |
| Net assets applicable to Common shares at the end of period                                       | \$46,973,151         | \$45,904,026 | \$158,919,985        | \$148,222,437 |
| Undistributed (Over-distribution of) net investment income at the end of period                   | \$248,357            | \$365,460    | \$501,493            | \$1,125,225   |

See accompanying notes to financial statements.

Statement of  
Cash Flows

Year ended February 28, 2013

|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) |
|--|---------------------------------------|---|---|
| <b>Cash Flows from Operating Activities:</b>   |                                       |   |   |
| Net Increase (Decrease) In Net Assets Applicable to<br>Common Shares from Operations   | \$ 6,330,977                          | \$ 1,753,943                              | \$ 2,943,528                                |
| Adjustments to reconcile the net increase (decrease) in net<br>assets applicable to Common shares from operations to<br>net cash provided by (used in) operating activities: |                                       |   |   |
| Purchases of investments   | (10,760,077)                          | (5,427,421)                               | (10,149,983)                                |
| Proceeds from sales and maturities of investments  | 9,490,585                             | 5,093,489                                 | 10,304,050                                  |
| Amortization (Accretion) of premiums and discounts, net  | 29,395                                | 61,182                                    | (826)                                       |
| (Increase) Decrease in:  |                                       |   |   |
| Receivable for interest  | 365                                   | 19,107                                    | 53,883                                      |
| Receivable for investments sold  | 378,892                               | (10,000)                                  | (773,806)                                   |
| Other assets   | 1,943                                 | 886                                       | 1,195                                       |
| Increase (Decrease) in:  |                                       |   |   |
| Payable for interest   | (1,593)                               | (634)                                     | (1,070)                                     |
| Payable for investments purchased  | —                                     | —   | 2,657,998                                   |
| Accrued management fees  | (552)                                 | (435)                                     | 1,583                                       |
| Accrued Directors/Trustees fees  | (619)                                 | (228)                                     | (372)                                       |
| Accrued reorganization expenses  | 80,000                                | 170,000                                   | 95,000                                      |
| Accrued other expenses   | 4,634                                 | (3,286)                                   | 2,309                                       |
| Net realized (gain) loss from investments  | (399,259)                             | (208,330)                                 | (248,063)                                   |
| Change in net unrealized (appreciation) depreciation of<br>investments   | (2,572,355)                           | (708,323)                                 | (1,077,877)                                 |
| Taxes paid on undistributed capital gains  | —                                     | (103)                                     | —   |
| Net cash provided by (used in) operating activities  | 2,582,336                             | 739,847                                   | 3,807,549                                   |
| <b>Cash Flows from Financing Activities:</b>   |                                       |   |   |
| (Increase) Decrease in:  |                                       |   |   |
| Deferred offering costs  | (14,465)                              | 97,443                                    | 121,115                                     |
| Deferred shelf offering costs  | —                                     | —   | —   |
| Increase (Decrease) in:  |                                       |   |   |
| Cash overdraft balance   | (81,874)                              | —   | (85,698)                                    |
| Floating rate obligations  | 1,050,000                             | 375,000                                   | 605,000                                     |
| Payable for offering costs   | —                                     | 23,144                                    | (2,637)                                     |
| Cash distributions paid to Common shareholders   | (3,363,332)                           | (1,152,426)                               | (1,936,923)                                 |
| Proceeds from shelf offering, net of offering costs  | —                                     | —   | —   |
| Net cash provided by (used in) financing activities  | (2,409,671)                           | (656,839)                                 | (1,299,143)                                 |
| Net Increase (Decrease) in Cash  | 172,665                               | 83,008                                    | 2,508,406                                   |
| Cash at the beginning of period  | —                                     | 129,934                                   | —   |
| Cash at the End of Period  | \$ 172,665                            | \$ 212,942                                | \$ 2,508,406                                |

## Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:

|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) |
|--|---------------------------------------|---|---|
|  | \$ 72,322                             | \$ 2,122                                  | \$ 9,364                                    |

Cash paid for interest (excluding amortization of offering costs) was as follows:

|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) |
|--|---------------------------------------|---|---|
|  | \$ 341,434                            | \$ 227,982                                | \$ 384,560                                  |

See accompanying notes to financial statements.

56 Nuveen Investments

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|  | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---|-------------------------------------|
| <b>Cash Flows from Operating Activities:</b>   |   |                                     |
| Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations  | \$ 3,285,865                                | \$ 11,279,180                       |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: |   |                                     |
| Purchases of investments   | (9,186,031)                                 | (35,232,989)                        |
| Proceeds from sales and maturities of investments  | 9,027,126                                   | 25,814,109                          |
| Amortization (Accretion) of premiums and discounts, net  | 45,618                                      | 80,718                              |
| (Increase) Decrease in:  |   |                                     |
| Receivable for interest  | 18,413                                      | 100,674                             |
| Receivable for investments sold  | (2,010,131)                                 | 1,973,681                           |
| Other assets   | 1,421                                       | 4,463                               |
| Increase (Decrease) in:  |   |                                     |
| Payable for interest   | (1,675)                                     | (4,517)                             |
| Payable for investments purchased  | 2,311,117                                   | (3,814,155)                         |
| Accrued management fees  | (902)                                       | 326                                 |
| Accrued Directors/Trustees fees  | (444)                                       | (1,446)                             |
| Accrued reorganization expenses  | 275,000                                     | —                                   |
| Accrued other expenses   | 8,634                                       | 928                                 |
| Net realized (gain) loss from investments  | (244,493)                                   | (146,649)                           |
| Change in net unrealized (appreciation) depreciation of investments  | (1,350,978)                                 | (4,534,825)                         |
| Taxes paid on undistributed capital gains  | —   | (3,626)                             |
| Net cash provided by (used in) operating activities  | 2,178,540                                   | (4,484,128)                         |
| <b>Cash Flows from Financing Activities:</b>   |   |                                     |
| (Increase) Decrease in:  |   |                                     |
| Deferred offering costs  | 134,243                                     | 243,053                             |
| Deferred shelf offering costs  | —   | (72,585)                            |
| Increase (Decrease) in:  |   |                                     |
| Cash overdraft balance   | (364,407)                                   | 1,272,565                           |
| Floating rate obligations  | 725,000                                     | —                                   |
| Payable for offering costs   | 2,299                                       | (39,399)                            |
| Cash distributions paid to Common shareholders   | (2,233,224)                                 | (7,082,464)                         |
| Proceeds from shelf offering, net of offering costs  | —   | 6,438,085                           |
| Net cash provided by (used in) financing activities  | (1,736,089)                                 | 759,255                             |
| Net Increase (Decrease) in Cash  | 442,451                                     | (3,724,873)                         |
| Cash at the beginning of period  | —   | 3,724,873                           |
| Cash at the End of Period  | \$ 442,451                                  | \$ —                                |

Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:

| Arizona<br>Dividend | Texas<br>Quality |
|---------------------|------------------|
|---------------------|------------------|

|  | Advantage 3<br>(NXE) | Income<br>(NTX) |
|--|----------------------|-----------------|
|  | \$                   | —\$ 460,831     |

Cash paid for interest (excluding amortization of offering costs) was as follows:

|  | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---|-------------------------------------|
|  | \$ 605,386                                  | \$ 1,646,888                        |

See accompanying notes to financial statements.

Nuveen Investments

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Financial  
Highlights

Selected data for a Common share outstanding throughout each period:

| Beginning<br>Common<br>Share<br>Net<br>Investment<br>Asset<br>Value | Net<br>Realized/<br>Unrealized<br>Income<br>(Loss) | Investment Operations<br>Distributions<br>Distributions from<br>Accumulated<br>Net Net<br>Investment Realized<br>Income Gains<br>to to<br>Auction Auction<br>Rate Rate<br>Preferred Preferred<br>Shareholders(a) Shareholders |              |              |              | Less Distributions<br>From<br>Accumulated<br>Discount<br>Net Net<br>Investment Realized<br>Income Gains<br>to to<br>Common Common<br>Shareholders Shareholders |              |              |              | Repurchased<br>and<br>Retired<br>Total | Ending<br>Common<br>Share<br>Net<br>Asset<br>Value | Ending<br>Market<br>Value |
|---|--|---|--------------|--------------|--------------|--|--------------|--------------|--------------|--|--|---------------------------|
|   |  | Shareholders  | Shareholders | Shareholders | Shareholders | Shareholders   | Shareholders | Shareholders | Shareholders |  |  |                           |
| <b>Arizona Premium Income (NAZ)</b>                                 |  |   |              |              |              |  |              |              |              |  |  |                           |
| Year Ended 2/28–2/29:   |  |   |              |              |              |  |              |              |              |  |  |                           |
| 2013  | \$ 14.82   | \$ .75  | \$ .67       | \$ —         | \$ —         | \$ 1.42  | \$ (.77)     | \$ —         | \$ (.77)     | \$ —                                   | \$ 15.47   | \$ 15.70                  |
| 2012  | 13.25  | .80   | 1.54         | (.01)        | —            | 2.33   | (.76)        | —            | (.76)        | —                                      | 14.82  | 14.61                     |
| 2011(f)   | 13.99  | .49   | (.77)        | (.02)        | —            | (.30)  | (.44)        | —            | (.44)        | —                                      | 13.25  | 12.32                     |
| Year Ended 7/31:  |  |   |              |              |              |  |              |              |              |  |  |                           |
| 2010  | 12.92  | .84   | .96          | (.03)        | —            | 1.77   | (.70)        | —            | (.70)        | —                                      | 13.99  | 13.34                     |
| 2009  | 13.00  | .85   | (.16)        | (.13)        | —            | .56  | (.64)        | —            | (.64)        | —                                      | 12.92  | 12.29                     |
| 2008  | 14.00  | .88   | (1.05)       | (.22)        | —            | (.39)  | (.61)        | —            | (.61)        | —                                      | 13.00  | 13.35                     |
| <b>Arizona Dividend Advantage (NFZ)</b>                             |  |   |              |              |              |  |              |              |              |  |  |                           |
| Year Ended 2/28–2/29:   |  |   |              |              |              |  |              |              |              |  |  |                           |
| 2013  | 15.08  | .54   | .59          | —            | —            | 1.13   | (.74)        | —            | (.74)        | —                                      | 15.47  | 15.47                     |
| 2012  | 13.32  | .65   | 1.88         | —            | —            | 2.53   | (.77)        | —            | (.77)        | —                                      | 15.08  | 14.39                     |
| 2011(f)   | 14.20  | .44   | (.86)        | (.01)        | —            | (.43)  | (.45)        | —            | (.45)        | —                                      | 13.32  | 12.14                     |
| Year Ended 7/31:  |  |   |              |              |              |  |              |              |              |  |  |                           |
| 2010  | 12.66  | .85   | 1.41         | (.03)        | —            | 2.23   | (.69)        | —            | (.69)        | —                                      | 14.20  | 14.19                     |
| 2009  | 13.26  | .84   | (.67)        | (.14)        | —            | .03  | (.63)        | —            | (.63)        | —*                                     | 12.66  | 12.14                     |
| 2008  | 14.48  | .91   | (1.23)       | (.25)        | —*           | (.57)  | (.64)        | (.01)        | (.65)        | —                                      | 13.26  | 13.70                     |

- (a) The amounts shown are based on Common share equivalents.
- (b) Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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| Total Returns            |  |   | Ratios/Supplemental Data   |                              |  |                              |                         |
|--------------------------|--|---|--|------------------------------|--|------------------------------|-------------------------|
|                          |  |   | Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c) |                              | Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d) |                              | Portfolio Turnover Rate |
| Based on Market Value(b) | Based on Common Share Net Asset Value(b) | Ending Net Assets Applicable to Common Shares (000) | Expenses(e)  | Net Investment Income (Loss) | Expenses(e)  | Net Investment Income (Loss) |                         |
| 13.02%                   | 9.77%                                    | \$ 69,236   | 1.80%  | 4.94%                        | N/A  | N/A                          | 10%                     |
| 25.48                    | 18.08                                    | 66,268  | 1.52   | 5.73                         | N/A  | N/A                          | 7                       |
| (4.55)                   | (2.23)                                   | 59,256  | 1.19**   | 6.11**                       | N/A  | N/A                          | 5                       |
| 14.47                    | 13.94                                    | 62,549  | 1.21   | 6.13                         | N/A  | N/A                          | 8                       |
| (2.61)                   | 4.73                                     | 57,755  | 1.33   | 7.01                         | N/A  | N/A                          | 25                      |
| 7.10                     | (2.87)                                   | 58,097  | 1.40   | 6.42                         | N/A  | N/A                          | 21                      |
| 12.93                    | 7.63                                     | 23,955  | 3.44   | 3.51                         | N/A  | N/A                          | 15                      |
| 25.66                    | 19.56                                    | 23,349  | 2.95   | 4.62                         | N/A  | N/A                          | 8                       |
| (11.47)                  | (3.10)                                   | 20,630  | 2.29**   | 5.37**                       | 2.23%***   | 5.43%***                     | 5                       |
| 23.34                    | 17.93                                    | 21,984  | 1.35   | 6.12                         | 1.23   | 6.23                         | 3                       |
| (6.12)                   | .58                                      | 19,605  | 1.51   | 6.70                         | 1.30   | 6.91                         | 6                       |
| 7.72                     | (4.09)                                   | 20,552  | 1.58   | 6.14                         | 1.31   | 6.42                         | 10                      |

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred Shares (ARPS), MTP Shares and/or VMTP Shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. As of January 31, 2011, the Adviser is no longer reimbursing Arizona Dividend Advantage (NFZ) for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares, VMTP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, each as described in Footnote 1 –General Information and Significant Accounting Policies, MuniFund Term Preferred Shares, Variable Rate MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

## Arizona Premium Income (NAZ)

## Year Ended 2/28–2/29:

|                  |      |
|------------------|------|
| 2013             | .57% |
| 2012             | .35  |
| 2011(f)          | —    |
| Year Ended 7/31: |      |
| 2010             | —    |
| 2009             | —    |
| 2008             | .14  |

Arizona Dividend Advantage (NFZ)

|                       |       |
|-----------------------|-------|
| Year Ended 2/28–2/29: |       |
| 2013                  | 1.36% |
| 2012                  | 1.49  |
| 2011(f)               | .96** |
| Year Ended 7/31:      |       |
| 2010                  | —     |
| 2009                  | —     |
| 2008                  | .14   |

(f) For the seven months ended February 28, 2011.

\* Rounds to less than \$.01 per share.

\*\* Annualized.

N/A The Fund did not have, or no longer has, a contractual reimbursement agreement with the Adviser.

See accompanying notes to financial statements.

Nuveen Investments

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Financial  
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

| Beginning<br>Common<br>Share<br>Net<br>Asset<br>Value | Investment<br>Income<br>Net | Investment Operations<br>Distributions             |  |   | Less Distributions  |   |          | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders | Discount<br>from<br>Common<br>Shares<br>Repurchased<br>and<br>Retired | Ending<br>Common<br>Share<br>Net<br>Asset<br>Value | Ending<br>Market<br>Value |          |
|---|-----------------------------|--|--|---|---|---|----------|---|---|--|---------------------------|----------|
|   |                             | Realized/Unrealized<br>Gain (Loss)<br>Shareholders | Auction<br>Rate<br>Preferred<br>Shareholders | Net<br>Realized<br>Gains<br>to<br>Preferred<br>Shareholders (a) | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders |          |   |   |  |                           |          |
| <b>Arizona Dividend Advantage 2<br/>(NKR)</b>         |                             |  |  |   |   |   |          |   |   |  |                           |          |
| Year Ended<br>2/28–2/29:                              |                             |  |  |   |   |   |          |   |   |  |                           |          |
| 2013  | \$ 15.39                    | \$ .66   | \$ .55                                       | \$ —  | \$ —  | \$ 1.21   | \$ (.80) | \$ —  | \$ (.80)  | \$ —   | \$ 15.80                  | \$ 15.77 |
| 2012  | 13.88                       | .72  | 1.59   | —   | —   | 2.31  | (.80)    | —   | (.80)   | —  | 15.39                     | 14.78    |
| 2011(f)   | 14.65                       | .45  | (.74)  | (.01)   | —   | (.30)   | (.47)    | —   | (.47)   | —  | 13.88                     | 12.66    |
| Year<br>Ended<br>7/31:                                |                             |  |  |   |   |   |          |   |   |  |                           |          |
| 2010  | 13.46                       | .90  | 1.08   | (.03)   | —   | 1.95  | (.76)    | —   | (.76)   | —  | 14.65                     | 13.92    |
| 2009  | 13.66                       | .93  | (.29)  | (.14)   | —   | .50   | (.70)    | —   | (.70)   | —*   | 13.46                     | 12.52    |
| 2008  | 14.76                       | .96  | (1.03)                                       | (.24)   | (.02)   | (.33)   | (.71)    | (.06)   | (.77)   | —  | 13.66                     | 14.00    |
| <b>Arizona Dividend Advantage 3<br/>(NXE)</b>         |                             |  |  |   |   |   |          |   |   |  |                           |          |
| Year Ended<br>2/28–2/29:                              |                             |  |  |   |   |   |          |   |   |  |                           |          |
| 2013  | 14.97                       | .55  | .52  | —   | —   | 1.07  | (.72)    | —   | (.72)   | —  | 15.32                     | 15.13    |
| 2012  | 13.46                       | .66  | 1.61   | —*  | —   | 2.27  | (.76)    | —   | (.76)   | —  | 14.97                     | 14.28    |
| 2011(f)   | 14.12                       | .47  | (.68)  | (.01)   | —   | (.22)   | (.44)    | —   | (.44)   | —  | 13.46                     | 12.24    |
| Year<br>Ended<br>7/31:                                |                             |  |  |   |   |   |          |   |   |  |                           |          |
| 2010  | 12.76                       | .86  | 1.26   | (.03)   | —   | 2.09  | (.73)    | —   | (.73)   | —  | 14.12                     | 13.14    |
| 2009  | 13.07                       | .88  | (.41)  | (.13)   | —   | .34   | (.65)    | —   | (.65)   | —*   | 12.76                     | 11.73    |
| 2008  | 14.20                       | .91  | (1.15)                                       | (.24)   | —   | (.48)   | (.65)    | —   | (.65)   | —  | 13.07                     | 13.30    |

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first

business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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| Total Returns            |  |   | Ratios/Supplemental Data   |                              |             |  |     |                         |
|--------------------------|--|---|--|------------------------------|-------------|--|-----|-------------------------|
| Based on Market Value(b) | Based on Common Share Net Asset Value(b) | Ending Net Assets Applicable to Common Shares (000) | Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c) |                              |             | Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d) |     | Portfolio Turnover Rate |
|                          |  |   | Expenses(e)  | Net Investment Income (Loss) | Expenses(e) | Net Investment Income (Loss)   |     |                         |
| 12.30%                   | 7.99%                                    | \$ 38,560   | 2.90%  | 4.23%                        | 2.89%       | 4.23%  | 18% |                         |
| 23.88                    | 16.91                                    | 37,546  | 2.78   | 4.92                         | 2.70        | 5.00   | 16  |                         |
| (5.84)                   | (1.90)                                   | 33,852  | 2.22**   | 5.18**                       | 2.06**      | 5.34**   | 7   |                         |
| 17.65                    | 14.75                                    | 35,733  | 1.27   | 6.11                         | 1.07        | 6.31   | 4   |                         |
| (4.99)                   | 4.09                                     | 32,829  | 1.40   | 6.93                         | 1.11        | 7.22   | 5   |                         |
| (3.16)                   | (2.38)                                   | 33,311  | 1.49   | 6.32                         | 1.13        | 6.68   | 15  |                         |
| 11.26                    | 7.30                                     | 46,973  | 3.42   | 3.63                         | N/A         | N/A  | 14  |                         |
| 23.63                    | 17.30                                    | 45,904  | 2.87   | 4.64                         | N/A         | N/A  | 14  |                         |
| (3.63)                   | (1.60)                                   | 41,257  | 1.46**   | 5.85**                       | 1.43**      | 5.88**   | 6   |                         |
| 18.58                    | 16.66                                    | 43,280  | 1.22   | 6.15                         | 1.08        | 6.29   | 5   |                         |
| (6.18)                   | 3.08                                     | 39,129  | 1.37   | 6.97                         | 1.09        | 7.25   | 9   |                         |
| 3.96                     | (3.48)                                   | 40,081  | 1.46   | 6.17                         | 1.08        | 6.55   | 16  |                         |

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP Shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. As of March 31, 2012, the Adviser is no longer reimbursing Arizona Dividend Advantage 2 (NKR) for any fees and expenses. As of September 30, 2010, the Adviser is no longer reimbursing Arizona Dividend Advantage 3 (NXE) for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

## Arizona Dividend Advantage 2 (NKR)

## Year Ended 2/28–2/29:

|         |       |
|---------|-------|
| 2013    | 1.32% |
| 2012    | 1.43  |
| 2011(f) | .91** |

## Year Ended 7/31:

|      |     |
|------|-----|
| 2010 | —   |
| 2009 | —   |
| 2008 | .15 |

Arizona Dividend Advantage 3 (NXE)

|                       |       |
|-----------------------|-------|
| Year Ended 2/28–2/29: |       |
| 2013                  | 1.58% |
| 2012                  | 1.71  |
| 2011(f)               | .01** |
| Year Ended 7/31:      |       |
| 2010                  | —     |
| 2009                  | —     |
| 2008                  | .16   |

(f) For the seven months ended February 28, 2011.

\* Rounds to less than \$.01 per share.

\*\* Annualized.

N/A The Fund no longer has a contractual reimbursement agreement with the Adviser.

See accompanying notes to financial statements.

Nuveen Investments

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Financial  
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

| Beginning<br>Common<br>Share<br>Net<br>Investment<br>Asset<br>Value | Net<br>Realized<br>Income<br>(Loss) | Investment Operations<br>Distributions                  |   |   | Less Distributions   |   |   |   |   | Premium<br>Discount<br>from<br>Common<br>Shares<br>Sold<br>through<br>Retired<br>Offering | Common<br>Share<br>Ending<br>Share<br>Net<br>Asset<br>Value | Common<br>Share<br>Ending<br>Market<br>Value |   |
|---|-------------------------------------|---|---|---|--|---|---|---|---|---|---|--|---|
|   |                                     | Net<br>Realized<br>Gain<br>(Loss)<br>to<br>Shareholders | Net<br>Realized<br>Gain<br>(Loss)<br>to<br>Shareholders | Net<br>Realized<br>Gain<br>(Loss)<br>to<br>Shareholders | From<br>Accumulated<br>Net<br>Investment<br>Income<br>to<br>Common<br>Shareholders | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders |   |   |  | From<br>Accumulated<br>Net<br>Realized<br>Gains<br>to<br>Common<br>Shareholders |
| Texas Quality Income (NTX)  |                                     |   |   |   |  |   |   |   |   |   |   |  |   |
| Year Ended  |                                     |   |   |   |  |   |   |   |   |   |   |  |   |
| 2/28-2/29:  |                                     |   |   |   |  |   |   |   |   |   |   |  |   |
| 2013  | \$ 15.46                            | \$ .68  | \$ .47  | \$ —  | \$ —   | \$ 1.15   | (\$ .77)  | (\$ .77)  | (\$ .01)  | (\$ .04)  | \$ 15.87  | \$ 16.00                                     |   |
| 2012  | 14.12                               | .75   | 1.48  | —   | —  | 2.23  | (.86)   | (.03)   | (.89)   | —   | —   | 15.46  | 16.31   |
| 2011(e)   | 15.01                               | .48   | (.85)   | (.01)   | —  | (.38)   | (.50)   | (.01)   | (.51)   | —   | —   | 14.12  | 15.19   |
| Year Ended 7/31:  |                                     |   |   |   |  |   |   |   |   |   |   |  |   |
| 2010  | 13.84                               | .94   | 1.08  | (.03)   | —*   | 1.99  | (.81)   | (.01)   | (.82)   | —   | —   | 15.01  | 16.92   |
| 2009  | 13.98                               | .94   | (.17)   | (.13)   | (.02)  | .62   | (.71)   | (.05)   | (.76)   | —   | —   | 13.84  | 14.78   |
| 2008  | 14.87                               | .94   | (.83)   | (.23)   | (.02)  | (.14)   | (.69)   | (.06)   | (.75)   | —   | —   | 13.98  | 12.46   |

- (a) The amounts shown are based on Common share equivalents.
- (b) Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.
- Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Ratios/Supplemental Data  
 Ratios to Average Net Assets  
 Applicable to Common Shares(c)

| Total Returns | Based on Common Share Net Asset Value(b) | Ending Net Assets Applicable to Common Shares (000) | Expenses(d) | Net Investment Income (Loss) | Portfolio Turnover Rate |
|---------------|--|---|-------------|------------------------------|-------------------------|
| 2.97%         | 7.80%                                    | \$ 158,920  | 2.38%       | 4.33%                        | 12%                     |
| 13.81         | 16.23                                    | 148,222   | 2.48        | 5.10                         | 9                       |
| (7.15)        | (2.61)                                   | 134,850   | 1.92**      | 5.69**                       | 10                      |
| 20.92         | 14.71                                    | 143,080   | 1.19        | 6.42                         | 6                       |
| 25.98         | 4.80                                     | 131,513   | 1.27        | 7.06                         | 10                      |
| (5.16)        | (1.04)                                   | 132,713   | 1.26        | 6.46                         | 8                       |

(c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP Shares, where applicable.

(d) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

## Texas Quality Income (NTX)

## Year Ended 2/28–2/29:

|      |       |
|------|-------|
| 2013 | 1.27% |
|------|-------|

|      |      |
|------|------|
| 2012 | 1.37 |
|------|------|

|         |       |
|---------|-------|
| 2011(e) | .80** |
|---------|-------|

## Year Ended 7/31:

|      |     |
|------|-----|
| 2010 | .02 |
|------|-----|

|      |     |
|------|-----|
| 2009 | .01 |
|------|-----|

|      |     |
|------|-----|
| 2008 | .05 |
|------|-----|

(e) For the seven months ended February 28, 2011.

\* Rounds to less than \$.01 per share.

\*\* Annualized.

See accompanying notes to financial statements.



Financial  
Highlights (continued)

|   | ARPS at the End of Period          |                                   | MTP Shares at the End of Period (g) |                               | VMTP Shares at the End of Period   |                                    |
|---|------------------------------------|-----------------------------------|-------------------------------------|-------------------------------|------------------------------------|------------------------------------|
|   | Aggregate Amount Outstanding (000) | Asset Coverage Per \$25,000 Share | Aggregate Amount Outstanding (000)  | Asset Coverage Per \$10 Share | Aggregate Amount Outstanding (000) | Asset Coverage Per \$100,000 Share |
| <b>Arizona Premium Income (NAZ)</b>     |                                    |                                   |                                     |                               |                                    |                                    |
| Year Ended                              |                                    |                                   |                                     |                               |                                    |                                    |
| 2/28–2/29:                              |                                    |                                   |                                     |                               |                                    |                                    |
| 2013                                    | \$ —                               | \$ —                              | \$ —                                | \$ —                          | 28,000                             | \$ 347,271                         |
| 2012                                    | —                                  | —                                 | —                                   | —                             | 28,000                             | 336,672                            |
| 2011(f)                                 | 27,875                             | 78,144                            | —                                   | —                             | —                                  | —                                  |
| Year Ended                              |                                    |                                   |                                     |                               |                                    |                                    |
| 7/31:                                   |                                    |                                   |                                     |                               |                                    |                                    |
| 2010                                    | 27,875                             | 81,097                            | —                                   | —                             | —                                  | —                                  |
| 2009                                    | 27,875                             | 76,798                            | —                                   | —                             | —                                  | —                                  |
| 2008                                    | 30,000                             | 73,414                            | —                                   | —                             | —                                  | —                                  |
| <b>Arizona Dividend Advantage (NFZ)</b> |                                    |                                   |                                     |                               |                                    |                                    |
| Year Ended                              |                                    |                                   |                                     |                               |                                    |                                    |
| 2/28–2/29:                              |                                    |                                   |                                     |                               |                                    |                                    |
| 2013                                    | —                                  | —                                 | 11,100                              | 31.58                         | —                                  | —                                  |
| 2012                                    | —                                  | —                                 | 11,100                              | 31.04                         | —                                  | —                                  |
| 2011(f)                                 | —                                  | —                                 | 11,100                              | 28.59                         | —                                  | —                                  |
| Year Ended                              |                                    |                                   |                                     |                               |                                    |                                    |
| 7/31:                                   |                                    |                                   |                                     |                               |                                    |                                    |
| 2010                                    | 10,600                             | 76,850                            | —                                   | —                             | —                                  | —                                  |
| 2009                                    | 10,600                             | 71,238                            | —                                   | —                             | —                                  | —                                  |
| 2008                                    | 12,000                             | 67,817                            | —                                   | —                             | —                                  | —                                  |

(f) For the seven months ended February 28, 2011.

(g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

|   | Series | Ending Market Value Per Share | Average Market Value Per Share |
|---|--------|-------------------------------|--------------------------------|
| <b>Arizona Dividend Advantage (NFZ)</b> |        |                               |                                |
| Year Ended 2/28–2/29:                   |        |                               |                                |
| 2013                                    | 2015   | \$ 10.02                      | \$ 10.05                       |
| 2012                                    | 2015   | 10.08                         | 9.93                           |
| 2011(f)                                 | 2015   | 9.63                          | 9.83 <sup>^</sup>              |

<sup>^</sup> For the period October 18, 2010 (first issuance date of shares) through February 28, 2011.

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|   | ARPS at the End of Period                   |  | MTP Shares at the End of Period<br>(g)      |  | ARPS and<br>MTP Shares at<br>the End of<br>the End of<br>Period |
|---|---|--|---|--|---|
|   | Aggregate<br>Amount<br>Outstanding<br>(000) | Asset<br>Coverage<br>Per \$25,000<br>Share | Aggregate<br>Amount<br>Outstanding<br>(000) | Asset<br>Coverage<br>Per \$10<br>Share | Asset Coverage<br>Per \$1<br>Liquidation<br>Preference          |
| <b>Arizona Dividend Advantage 2 (NKR)</b> |   |  |   |  |   |
| Year Ended 2/28–2/29:                     |   |  |   |  |   |
| 2013                                      | \$ —  | \$ —                                       | 18,725                                      | \$ 30.59                               | \$ —  |
| 2012                                      | —   | —  | 18,725                                      | 30.05                                  | —   |
| 2011(f)                                   | —   | —  | 18,725                                      | 28.08                                  | —   |
| Year Ended 7/31:                          |   |  |   |  |   |
| 2010                                      | 16,625                                      | 78,734                                     | —   | —                                      | —   |
| 2009                                      | 16,625                                      | 74,367                                     | —   | —                                      | —   |
| 2008                                      | 18,500                                      | 70,015                                     | —   | —                                      | —   |

|   |        |        |        |       |      |
|---|--------|--------|--------|-------|------|
| <b>Arizona Dividend Advantage 3 (NXE)</b> |        |        |        |       |      |
| Year Ended 2/28–2/29:                     |        |        |        |       |      |
| 2013                                      | —      | —      | 20,846 | 32.53 | —    |
| 2012                                      | —      | —      | 20,846 | 32.02 | —    |
| 2011(f)                                   | 18,400 | 52,544 | 19,046 | 21.02 | 2.10 |
| Year Ended 7/31:                          |        |        |        |       |      |
| 2010                                      | 18,400 | 83,805 | —      | —     | —    |
| 2009                                      | 18,400 | 78,164 | —      | —     | —    |
| 2008                                      | 22,000 | 70,546 | —      | —     | —    |

(f) For the seven months ended February 28, 2011.

(g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

|   | Series | Ending<br>Market<br>Value<br>Per Share | Average<br>Market<br>Value<br>Per Share |
|---|--------|--|---|
| <b>Arizona Dividend Advantage 2 (NKR)</b> |        |  |   |
| Year Ended 2/28–2/29:                     |        |  |   |
| 2013                                      | 2015   | \$ 10.08                               | \$ 10.05                                |
| 2012                                      | 2015   | 10.05                                  | 9.89                                    |
| 2011(f)                                   | 2015   | 9.58                                   | 9.71 <sup>^</sup>                       |
| <b>Arizona Dividend Advantage 3 (NXE)</b> |        |  |   |
| Year Ended 2/28–2/29:                     |        |  |   |
| 2013                                      | 2016   | 10.14                                  | 10.16                                   |
| 2012                                      | 2016   | 10.17                                  | 10.11                                   |
| 2011(f)                                   | 2016   | 9.97                                   | 9.96 <sup>^^</sup>                      |

^ For the period October 18, 2010 (first issuance date of shares) through February 28, 2011.

^^ As of February 28, 2011 (first issuance date of shares).

See accompanying notes to financial statements.

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Financial  
Highlights (continued)

|                            | ARPS at the End of Period                   |  | MTP Shares at the End of Period (g)         |  |
|----------------------------|---|--|---|--|
|                            | Aggregate<br>Amount<br>Outstanding<br>(000) | Asset<br>Coverage<br>Per \$25,000<br>Share | Aggregate<br>Amount<br>Outstanding<br>(000) | Asset<br>Coverage<br>Per \$10<br>Share |
| Texas Quality Income (NTX) |   |  |   |  |
| Year Ended 2/28–2/29:      |   |  |   |  |
| 2013                       | \$ —  | \$ —                                       | 70,920                                      | \$ 32.41                               |
| 2012                       | —   | —  | 70,920                                      | 30.90                                  |
| 2011(f)                    | —   | —  | 70,920                                      | 29.01                                  |
| Year Ended 7/31:           |   |  |   |  |
| 2010                       | 65,050                                      | 79,988                                     | —   | —                                      |
| 2009                       | 65,050                                      | 75,543                                     | —   | —                                      |
| 2008                       | 69,000                                      | 73,084                                     | —   | —                                      |

(f) For the seven months ended February 28, 2011.

(g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

|                            | Series | Ending<br>Market<br>Value<br>Per Share | Average<br>Market<br>Value<br>Per Share |
|----------------------------|--------|--|---|
| Texas Quality Income (NTX) |        |  |   |
| Year Ended 2/28–2/29:      |        |  |   |
| 2013                       | 2015   | \$ 10.04                               | \$ 10.06                                |
| 2012                       | 2015   | 10.05                                  | 9.97                                    |
| 2011(f)                    | 2015   | 9.85                                   | 9.86 <sup>^</sup>                       |

<sup>^</sup> For the period November 2, 2010 (first issuance date of shares) through February 28, 2011.

See accompanying notes to financial statements.

Notes to  
Financial Statements

1. General Information and Significant Accounting Policies

General Information

The funds covered in this report and their corresponding Common share stock exchange symbols are Nuveen Arizona Premium Income Municipal Fund (NAZ) (formerly Nuveen Arizona Premium Income Municipal Fund, Inc.), Nuveen Arizona Dividend Advantage Municipal Fund (NFZ), Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR), Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE) and Nuveen Texas Quality Income Municipal Fund (NTX) (each a “Fund” and collectively, the “Funds”). Common shares of Arizona Premium Income (NAZ) and Texas Quality Income (NTX) are traded on the New York Stock Exchange (“NYSE”) while Common shares of Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR) and Arizona Dividend Advantage 3 (NXE) are traded on the NYSE MKT. The Funds are registered under the Investment Company Act of 1940, as amended, as diversified closed-end registered investment companies.

On December 31, 2012, the Funds’ investment adviser converted from a Delaware corporation to a Delaware limited liability company. As a result, Nuveen Fund Advisors, Inc., a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen”), changed its name to Nuveen Fund Advisors, LLC (the “Adviser”). There were no changes to the identities or roles of any personnel as a result of the change.

Each Fund seeks to provide current income exempt from both regular federal and designated state income taxes by investing primarily in a portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories.

Fund Reorganizations

On April 18, 2012, the Funds’ Board of Directors/Trustees approved a series of reorganizations for all the Arizona Funds included in this report (the “Reorganizations”). The Reorganizations are intended to create a single larger Arizona Fund, which would potentially offer shareholders the following benefits:

- Lower Fund expense ratios (excluding the effects of leverage), as fixed costs are spread over a larger asset base;
- Enhanced secondary market trading, as larger Funds potentially make it easier for investors to buy and sell Fund shares;
- Lower per share trading costs through reduced bid/ask spreads due to a larger common share float; and
- Increased Fund flexibility in managing the structure and cost of leverage over time.

The approved Reorganizations are as follows:

| Acquired Funds                     | Acquiring Fund               |
|------------------------------------|------------------------------|
| Arizona Dividend Advantage (NFZ)   | Arizona Premium Income (NAZ) |
| Arizona Dividend Advantage 2 (NKR) |                              |
| Arizona Dividend Advantage 3 (NXE) |                              |

The Reorganizations were approved by shareholders of the Acquired Funds at a special meeting on March 11, 2013, which was completed before the opening of business on April 8, 2013 (subsequent to the close of this reporting period). In conjunction with the Reorganizations a change-of-domicile reorganization was approved to convert Arizona Premium Income (NAZ) from a Minnesota corporation to a Massachusetts business trust. As a result, on

April 8, 2013 the Fund's name was changed to Nuveen Arizona Premium Income Municipal Fund. The Fund's ticker remained unchanged.

Upon the closing of the Reorganizations, the Acquired Funds transferred all of their assets to the Acquiring Fund in exchange for common and preferred shares of the Acquiring Fund, and the assumption by the Acquiring Fund of the liabilities of the Acquired Funds. The Acquired Funds were liquidated, dissolved and terminated in accordance with their Declaration of Trust. Shareholders of the Acquired Funds became shareholders of the Acquiring Fund. Holders of common shares received newly issued common shares of the Acquiring Fund, the aggregate net asset value of which was equal to the aggregate net asset value of the common shares of the Acquired Funds, held immediately prior to the Reorganizations (including for this purpose fractional Acquiring Fund shares to which shareholders would be entitled). Fractional shares were sold on the open market and shareholders received cash in lieu of such fractional shares. Holders of preferred shares of each Acquired Fund received on a one-for-one basis newly issued preferred shares of the Acquiring Fund, in exchange for preferred shares of the Acquired Funds held immediately prior to the Reorganizations.

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Notes to  
Financial Statements (continued)

In connection with the Reorganizations, the Funds have accrued for certain associated costs and expenses. Such amounts are included as components of “Accrued reorganization expenses” on the Statement of Assets and Liabilities and “Reorganization expenses” on the Statement of Operations.

Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Investment Valuation

Prices of municipal bonds are provided by a pricing service approved by the Funds’ Board of Directors/Trustees. These securities are generally classified as Level 2 for fair value measurement purposes. The pricing service establishes a security’s fair value using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor’s credit characteristics considered relevant. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer, or market activity, provided by the Adviser. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds’ Board of Directors/Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund’s net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security’s fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of such securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor’s credit characteristics considered relevant. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds’ Board of Directors/Trustees or its designee.

Refer to Footnote 2 – Fair Value Measurements for further details on the leveling of securities held by the Funds as of the end of the reporting period.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from investment transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any



investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to earmark securities in the Funds' portfolios with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. As of February 28, 2013, Arizona Dividend Advantage 2 (NKR) and Arizona Dividend Advantage 3 (NXE) had outstanding when issued/delayed delivery purchase commitments of \$305,513 and \$2,311,117, respectively. There were no such outstanding purchase commitments in Arizona Premium Income (NAZ), Arizona Dividend Advantage (NFZ) and Texas Quality Income (NTX).

#### Investment Income

Interest income, which reflects the amortization of premiums and includes accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also reflects paydown gains and losses, if any.

#### Professional Fees

Professional fees presented on the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment, or to pursue other claims or legal actions on behalf of Fund shareholders. Legal fee refund presented on the Statement of Operations reflects a refund of workout expenditures paid in a prior reporting period, when applicable.

#### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from regular federal and designated state income taxes, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

For all open tax years and all major taxing jurisdictions, management of the Funds has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Funds is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

#### Dividends and Distributions to Common Shareholders

Dividends from net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to Common shareholders of net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

#### Auction Rate Preferred Shares

Each Fund is authorized to issue Auction Rate Preferred Shares (“ARPS”). Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR), Arizona Dividend Advantage 3 (NXE) and Texas Quality Income (NTX) redeemed all of their outstanding ARPS at liquidation value during the fiscal year ended February 28, 2011. Arizona Premium Income (NAZ) redeemed all of its outstanding ARPS, at liquidation value during the fiscal year ended February 29, 2012.

#### MuniFund Term Preferred Shares

The following Funds have issued and outstanding MuniFund Term Preferred (“MTP”) Shares, with a \$10 stated (“par”) value per share. Each Fund’s MTP Shares are issued in one Series. Dividends on MTP shares, which are recognized as interest expense for financial reporting purposes, are paid monthly at a fixed annual rate, subject to adjustments in certain circumstances. The MTP Shares trade on the NYSE. As of February 28, 2013, the number of MTP Shares outstanding, annual interest rate and NYSE “ticker” symbol for each Fund’s series of MTP Shares are as follows:

| Series | Arizona Dividend Advantage (NFZ) |  |                      |             | Arizona Dividend Advantage 2 (NKR) |  |                      |             |
|--------|----------------------------------|--|----------------------|-------------|------------------------------------|--|----------------------|-------------|
|        | Shares Outstanding               | Shares Outstanding at \$10 Per Share Liquidation Value | Annual Interest Rate | NYSE Ticker | Shares Outstanding                 | Shares Outstanding at \$10 Per Share Liquidation Value | Annual Interest Rate | NYSE Ticker |
| 2015   | 1,110,000                        | \$11,100,000   | 2.05%                | NFZ PrC     | 1,872,500                          | \$18,725,000   | 2.05%                | NKR PrC     |

| Series | Arizona Dividend Advantage 3 (NXE) |  |                      |             |
|--------|------------------------------------|--|----------------------|-------------|
|        | Shares Outstanding                 | Shares Outstanding at \$10 Per Share Liquidation Value | Annual Interest Rate | NYSE Ticker |
| 2016   | 2,084,600                          | \$20,846,000   | 2.90%                | NXE PrC     |

Texas Quality Income (NTX)  
Shares  
Outstanding

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|             | Shares<br>Outstanding | at \$10 Per Share<br>Liquidation Value | Annual<br>Interest Rate | NYSE<br>Ticker |
|-------------|-----------------------|--|-------------------------|----------------|
| Series 2015 | 7,092,000             | \$70,920,000                           | 2.30%                   | NTX PrC        |

Each Fund is obligated to redeem its MTP Shares by the date as specified in its offering document (“Term Redemption Date”), unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory redemption in certain circumstances. MTP Shares will be subject to redemption at the option of each Fund (“Optional Redemption Date”), subject to a payment of premium for one year following the Optional Redemption Date (“Premium Expiration Date”), and at par thereafter. MTP Shares also will be subject to redemption, at the option of each Fund, at par in the event of certain changes in the credit rating of the MTP Shares. Each Fund may be obligated to redeem certain of the MTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund’s series of MTP Shares are as follows:

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Notes to  
Financial Statements (continued)

|                          | Arizona<br>Dividend<br>Advantage<br>(NFZ)<br>Series 2015 | Arizona<br>Dividend<br>Advantage 2<br>(NKR)<br>Series 2015 | Arizona<br>Dividend<br>Advantage 3<br>(NXE)<br>Series 2016 | Texas<br>Quality<br>Income<br>(NTX)<br>Series 2015 |
|--------------------------|--|--|--|--|
| Term Redemption Date     | November 1,<br>2015                                      | November 1,<br>2015  | March 1, 2016  | December 1,<br>2015                                |
| Optional Redemption Date | November 1,<br>2011                                      | November 1,<br>2011  | March 1, 2012  | December 1,<br>2011                                |
| Premium Expiration Date  | October 31,<br>2012                                      | October 31,<br>2012  | February 28,<br>2013                                       | November 30, 2012                                  |

The average liquidation value of all MTP Shares outstanding for each Fund during the fiscal year ended February 28, 2013, was as follows:

|  | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage<br>2<br>(NKR) | Arizona<br>Dividend<br>Advantage<br>3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---|--|--|-------------------------------------|
| Average liquidation value of MTP Shares<br>outstanding | \$ 11,100,000                             | \$ 18,725,000                                  | \$ 20,846,000                                  | \$ 70,920,000                       |

For financial reporting purposes only, the liquidation value of MTP Shares is recorded as a liability and recognized as “MuniFund Term Preferred (MTP) Shares, at liquidation value on the Statement of Assets and Liabilities. Unpaid dividends on MTP Shares are recognized as a component of “Interest payable” on the Statement of Assets and Liabilities. Costs incurred by the Funds in connection with their offerings of MTP Shares were recorded as a deferred charge, which are amortized over the life of the shares and are recognized as components of “Deferred offering costs” on the Statement of Assets and Liabilities and “Interest expense and amortization of offering costs” on the Statement of Operations. Dividends paid on MTP Shares are recognized as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

## Variable Rate MuniFund Term Preferred Shares

Arizona Premium Income (NAZ) has issued and outstanding Variable Rate MuniFund Term Preferred (“VMTP”) Shares, with a \$100,000 liquidation value per share. The Fund issued its VMTP Shares in a privately negotiated offering. The Fund’s VMTP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. As of February 28, 2013, the number of VMTP Shares outstanding, at liquidation value, for the Fund are as follows:

|             | Arizona<br>Premium<br>Income<br>(NAZ) |
|-------------|---------------------------------------|
| Series 2014 | \$ 28,000,000                         |

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The Fund is obligated to redeem its VMTP Shares by the date as specified in its offering document (“Term Redemption Date”), unless earlier redeemed or repurchased by the Fund. VMTP Shares are subject to optional and mandatory redemption in certain circumstances. The VMTP Shares are subject to redemption at the option of each Fund (“Optional Redemption Date”), subject to payment of premium for one year following the Optional Redemption Date (“Premium Expiration Date”), and at par thereafter. The Fund may be obligated to redeem certain of the VMTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for the Fund’s VMTP Shares are as follows:

|                          | Arizona<br>Premium<br>Income<br>(NAZ) |
|--------------------------|---------------------------------------|
| Term Redemption Date     | August 1,<br>2014                     |
| Optional Redemption Date | August 1,<br>2012                     |
| Premium Expiration Date  | July 31,<br>2012                      |

The average liquidation value of VMTP Shares outstanding and annualized dividend rate of VMTP Shares for the Fund during the fiscal year ended February 28, 2013, were as follows:

|  | Arizona<br>Premium<br>Income<br>(NAZ) |
|--|---------------------------------------|
| Average liquidation value of VMTP Shares outstanding | \$ 28,000,000                         |
| Annualized dividend rate                             | 1.21%                                 |

Dividends on VMTP shares (which are treated as interest payments for financial reporting purposes) are set weekly.

For financial reporting purposes only, the liquidation value of VMTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on VMTP Shares are recognized as a component of “Interest payable” on the Statement of Assets and Liabilities. Costs incurred by the Fund in connection with its offering of VMTP Shares were recorded as a deferred charge, which are amortized over the life of the shares and are recognized as components of “Deferred offering costs” on the Statement of Assets and Liabilities and “Interest expense and amortization of offering costs” on the Statement of Operations. Dividends paid on VMTP Shares are recognized as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

#### Inverse Floating Rate Securities

Each Fund is authorized to invest in inverse floating rate securities. An inverse floating rate security is created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. In turn, this trust (a) issues floating rate certificates, in face amounts equal to some fraction of the deposited bond’s par amount or market value, that typically pay short-term tax-exempt interest rates to third parties, and (b) issues to a long-term investor (such as one of the Funds) an inverse floating rate certificate (sometimes referred to as an “inverse floater”) that represents all remaining or residual interest in the trust. The income received by the inverse floater holder varies inversely with the short-term rate paid to the floating rate certificates’ holders, and in most circumstances the inverse floater holder bears substantially all of the underlying bond’s downside investment risk and also benefits disproportionately from any potential appreciation of the underlying bond’s value. The price of an inverse floating rate security will be more volatile than that of the underlying bond because the interest rate is dependent on not only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an “externally-deposited inverse floater”), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a “self-deposited inverse floater”). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as “(IF) – Inverse floating rate investment.” An investment in a self-deposited inverse floater is accounted for as a financing transaction. In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as “(UB) – Underlying bond of an inverse floating rate trust reflected as a financing transaction,” with the Fund accounting for the short-term floating rate certificates issued by the trust as “Floating rate obligations” on the Statement of Assets and Liabilities. In addition, the Fund reflects in “Investment Income” the entire earnings of the underlying bond and related interest paid to the holders of the short-term floating rate certificates as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

During the fiscal year ended February 28, 2013, each Fund invested in externally-deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a “recourse trust” or “credit recovery swap”) (such agreements referred to herein as “Recourse Trusts”) with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund’s potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund’s inverse floater investments as a Fund may potentially be liable to

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fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as “Unrealized depreciation on Recourse Trusts” on the Statement of Assets and Liabilities.

As of February 28, 2013, each Fund’s maximum exposure to the floating rate obligations issued by externally-deposited Recourse Trusts was as follows:

|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---------------------------------------|---|---|---|-------------------------------------|
| Maximum exposure to<br>Recourse Trusts | \$ 2,145,000                          | \$ 1,680,000                              | \$ 1,350,000                                | \$ 2,325,000                                | \$ —                                |

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended February 28, 2013, were as follows:

|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---------------------------------------|---|---|---|-------------------------------------|
| Average floating rate<br>obligations outstanding | \$ 204,247                            | \$ 72,945                                 | \$ 117,685                                  | \$ 141,027                                  | \$ 3,960,000                        |
| Average annual interest rate<br>and fees         | 0.60%                                 | 0.60%                                     | 0.60%                                       | 0.60%                                       | 0.40%                               |

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Financial Statements (continued)

Derivative Financial Instruments

Each Fund is authorized to invest in certain derivative instruments, including forward foreign currency exchange, futures, options and swap contracts and other derivatives. Although the Funds are authorized to invest in such derivative instruments, and may do so in the future, they did not make any such investments during the fiscal year ended February 28, 2013.

Market and Counterparty Credit Risk

In the normal course of business each Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, when applicable. The extent of each Fund's exposure to counterparty credit risk in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities. Futures contracts, when applicable, expose a Fund to minimal counterparty credit risk as they are exchange traded and the exchange's clearinghouse, which is counterparty to all exchange traded futures, guarantees the futures contracts against default.

Each Fund helps manage counterparty credit risk by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the daily valuation of the financial asset) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when each Fund has an unrealized loss, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the valuations fluctuate, either up or down, by at least the pre-determined threshold amount.

Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Common Shares Shelf Offering and Shelf Offering Costs

Texas Quality Income (NTX) has filed a registration statement with the Securities and Exchange Commission ("SEC"), which became effective with the SEC during the fiscal year ended February 28, 2013, authorizing the Fund to issue additional Common shares through an equity shelf program ("Shelf Offering"). Under the Shelf Offering, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and offering methods at a net price at or above the Fund's net asset value ("NAV") per Common share.

|                      | Texas Quality<br>Income (NTX)<br>Year Ended<br>2/28/13 |
|----------------------|--|
| Authorized shares    | 950,000  |
| Common shares issued | 398,357  |



|  |             |
|--|-------------|
| Offering proceeds, net of offering costs | \$6,438,085 |
|--|-------------|

Costs incurred by the Fund in connection with its initial Shelf Offering are recorded as a deferred charge, which will be amortized over the period such additional Common shares are sold not to exceed the one-year life of the Shelf Offering period. Ongoing Shelf Offering costs, and any additional costs the Fund may incur in connection with this Shelf Offering, are expensed as incurred.

#### Indemnifications

Under the Funds' organizational documents, their officers and directors/trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

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## 2. Fair Value Measurements

Fair value is defined as the price that the Funds would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The following is a summary of the three-tiered hierarchy of valuation input levels.

Level 1 Inputs are unadjusted and prices are determined using quoted prices in active markets for identical securities.

Level 2 Prices are determined using other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 Prices are determined using significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risks associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of the end of the reporting period:

|                                    |         |                |              |                |
|------------------------------------|---------|----------------|--------------|----------------|
| Arizona Premium Income (NAZ)       | Level 1 | Level 2        | Level 3      | Total          |
| Long-Term Investments*:            |         |                |              |                |
| Municipal Bonds                    | \$ —    | \$ 95,478,295  | \$ 2,066,898 | \$ 97,545,193  |
| Arizona Dividend Advantage (NFZ)   | Level 1 | Level 2        | Level 3      | Total          |
| Long-Term Investments*:            |         |                |              |                |
| Municipal Bonds                    | \$ —    | \$ 34,840,583  | \$ 231,493   | \$ 35,072,076  |
| Arizona Dividend Advantage 2 (NKR) | Level 1 | Level 2        | Level 3      | Total          |
| Long-Term Investments*:            |         |                |              |                |
| Municipal Bonds                    | \$ —    | \$ 55,695,452  | \$ 934,238   | \$ 56,629,690  |
| Arizona Dividend Advantage 3 (NXE) | Level 1 | Level 2        | Level 3      | Total          |
| Long-Term Investments*:            |         |                |              |                |
| Municipal Bonds                    | \$ —    | \$ 66,885,840  | \$ 570,464   | \$ 67,456,304  |
| Texas Quality Income (NTX)         | Level 1 | Level 2        | Level 3      | Total          |
| Long-Term Investments*:            |         |                |              |                |
| Municipal Bonds                    | \$ —    | \$ 232,431,628 | \$ —         | \$ 232,431,628 |

\* Refer to the Fund's Portfolio of Investments for industry classifications and breakdown of Municipal Bonds classified as Level 3.

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

|                              |                                  |                                    |                                    |
|------------------------------|----------------------------------|------------------------------------|------------------------------------|
| Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage 3 (NXE) |
| Level 3                      | Level 3                          | Level 3                            | Level 3                            |

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|   | Municipal<br>Bonds | Municipal<br>Bonds | Municipal<br>Bonds | Municipal<br>Bonds |
|---|--------------------|--------------------|--------------------|--------------------|
| Balance at the beginning of period  | \$ 1,959,607       | \$ 219,476         | \$ 885,742         | \$ 540,851         |
| Gains (losses):   |                    |                    |                    |                    |
| Net realized gains (losses)   | —                  | —                  | —                  | —                  |
| Net change in unrealized appreciation<br>(depreciation)   | 107,291            | 12,017             | 48,496             | 29,613             |
| Purchases at cost   | —                  | —                  | —                  | —                  |
| Sales at proceeds   | —                  | —                  | —                  | —                  |
| Net discounts (premiums)  | —                  | —                  | —                  | —                  |
| Transfers in to   | —                  | —                  | —                  | —                  |
| Transfers out of  | —                  | —                  | —                  | —                  |
| Balance at the end of period  | \$ 2,066,898       | \$ 231,493         | \$ 934,238         | \$ 570,464         |
| Change in net unrealized appreciation<br>(depreciation) during the period of Level 3<br>securities held as of February 28, 2013 | \$ 107,291         | \$ 12,017          | \$ 48,496          | \$ 29,613          |

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Financial Statements (continued)

The valuation techniques and significant unobservable inputs used in recurring Level 3 fair value measurements of assets as of February 28, 2013, were as follows:

|   | Market Value | Unobservable Techniques | Inputs   | Range             |
|---|--------------|-------------------------|--|-------------------|
| <b>Arizona Premium Income (NAZ)</b>       |              |                         |  |                   |
| Municipal Bonds                           | \$ 2,066,898 | Discounted Cash Flow    | MMD Spread<br>AAA - Rated<br>MMD<br>Liquidity Discount | 0-6%<br><br>0-10% |
| <b>Arizona Dividend Advantage (NFZ)</b>   |              |                         |  |                   |
| Municipal Bonds                           | \$ 231,493   | Discounted Cash Flow    | MMD Spread<br>AAA - Rated<br>MMD<br>Liquidity Discount | 0-6%<br><br>0-10% |
| <b>Arizona Dividend Advantage 2 (NKR)</b> |              |                         |  |                   |
| Municipal Bonds                           | \$ 934,238   | Discounted Cash Flow    | MMD Spread<br>AAA - Rated<br>MMD<br>Liquidity Discount | 0-6%<br><br>0-10% |
| <b>Arizona Dividend Advantage 3 (NXE)</b> |              |                         |  |                   |
| Municipal Bonds                           | \$ 570,464   | Discounted Cash Flow    | MMD Spread<br>AAA - Rated<br>MMD<br>Liquidity Discount | 0-6%<br><br>0-10% |

MMD - Municipal Market Data.

The Nuveen funds' Board of Directors/Trustees is responsible for the valuation process and has delegated the oversight of the daily valuation process to the Adviser's Valuation Committee. The Valuation Committee, pursuant to the valuation policies and procedures adopted by the Board of Directors/Trustees, is responsible for making fair value determinations, evaluating the effectiveness of the funds' pricing policies, and reporting to the Board of Directors/Trustees. The Valuation Committee is aided in its efforts by the Adviser's dedicated Securities Valuation Team, which is responsible for administering the daily valuation process and applying fair value methodologies as approved by the Valuation Committee. When determining the reliability of independent pricing services for

investments owned by the funds, the Valuation Committee, among other things, conducts due diligence reviews of the pricing services and monitors the quality of security prices received through various testing reports conducted by the Securities Valuation Team.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors/Trustees, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such testing and fair valuation occurrences are reported to the Board of Directors/Trustees.

### 3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the fiscal year ended February 28, 2013.

4. Fund Shares

Common Shares

Transactions in Common shares were as follows:

|   | Arizona Premium<br>Income (NAZ) |                          | Arizona Dividend<br>Advantage (NFZ) |                          |
|---|---------------------------------|--------------------------|-------------------------------------|--------------------------|
|   | Year<br>Ended<br>2/28/13        | Year<br>Ended<br>2/29/12 | Year<br>Ended<br>2/28/13            | Year<br>Ended<br>2/29/12 |
| <b>Common shares:</b>                                       |                                 |                          |                                     |                          |
| Issued to shareholders due to reinvestment of distributions | 4,753                           | —                        | 134                                 | —                        |
| Repurchased and retired                                     | —                               | —                        | —                                   | —                        |
| <b>Total</b>  | <b>4,753</b>                    | <b>—</b>                 | <b>134</b>                          | <b>—</b>                 |
| <b>Weighted average Common share:</b>                       |                                 |                          |                                     |                          |
| Price per share repurchased and retired                     | \$ —                            | \$ —                     | \$ —                                | \$ —                     |
| Discount per share repurchased and retired                  | —                               | —                        | —                                   | —                        |

|   | Arizona Dividend<br>Advantage 2 (NKR) |                          | Arizona Dividend<br>Advantage 3 (NXE) |                          | Texas Quality<br>Income (NTX) |                          |
|---|---------------------------------------|--------------------------|---------------------------------------|--------------------------|-------------------------------|--------------------------|
|   | Year<br>Ended<br>2/28/13              | Year<br>Ended<br>2/29/12 | Year<br>Ended<br>2/28/13              | Year<br>Ended<br>2/29/12 | Year<br>Ended<br>2/28/13      | Year<br>Ended<br>2/29/12 |
| <b>Common shares:</b>                                       |                                       |                          |                                       |                          |                               |                          |
| Sold through shelf offering                                 | N/A                                   | N/A                      | N/A                                   | N/A                      | 398,357                       | —                        |
| Issued to shareholders due to reinvestment of distributions | 591                                   | —                        | —                                     | —                        | 29,023                        | 36,629                   |
| Repurchased and retired                                     | —                                     | —                        | —                                     | —                        | —                             | —                        |
| <b>Total</b>  | <b>591</b>                            | <b>—</b>                 | <b>—</b>                              | <b>—</b>                 | <b>427,380</b>                | <b>36,629</b>            |
| <b>Weighted average Common share:</b>                       |                                       |                          |                                       |                          |                               |                          |
| Premium to NAV per shelf offering share sold                | N/A                                   | N/A                      | N/A                                   | N/A                      | 3.21%                         | —                        |
| Price per share repurchased and retired                     | \$ —                                  | \$ —                     | \$ —                                  | \$ —                     | \$ —                          | \$ —                     |
| Discount per share repurchased and retired                  | —                                     | —                        | —                                     | —                        | —                             | —                        |

N/A – Texas Quality Income (NTX) is the only Fund authorized to issue additional Common shares through a shelf offering.

Preferred Shares

Transactions in ARPS were as follows:

| Arizona Premium Income (NAZ) |                          |
|------------------------------|--------------------------|
| Year<br>Ended<br>2/28/13     | Year<br>Ended<br>2/29/12 |
|                              |                          |

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|                | Shares | Amount | Shares | Amount        |
|----------------|--------|--------|--------|---------------|
| ARPS redeemed: |        |        |        |               |
| Series TH      | N/A    | N/A    | 1,115  | \$ 27,875,000 |

N/A – As of February 29, 2012, the Fund redeemed all of its outstanding ARPS at liquidation value.

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Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR) and Texas Quality Income (NTX) did not have any transactions in MTP Shares during the fiscal year ended February 28, 2013.

Transactions in MTP shares for the other Funds were as follows:

|                           | Arizona Dividend Advantage 3 (NXE) |                    |                    |                    |
|---------------------------|------------------------------------|--------------------|--------------------|--------------------|
|                           | Year Ended 2/28/13                 | Year Ended 2/29/12 | Year Ended 2/28/13 | Year Ended 2/29/12 |
|                           | Shares                             | Amount             | Shares             | Amount             |
| <b>MTP Shares issued:</b> |                                    |                    |                    |                    |
| Series 2016               | —                                  | \$ —               | 180,000            | \$ 1,800,000       |

Transactions in VMTP Shares were as follows:

|                            | Arizona Premium Income (NAZ) |                    |                    |                    |
|----------------------------|------------------------------|--------------------|--------------------|--------------------|
|                            | Year Ended 2/28/13           | Year Ended 2/29/12 | Year Ended 2/28/13 | Year Ended 2/29/12 |
|                            | Shares                       | Amount             | Shares             | Amount             |
| <b>VMTP Shares issued:</b> |                              |                    |                    |                    |
| Series 2014                | —                            | \$ —               | 280                | \$ 28,000,000      |

#### 5. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments, where applicable) during fiscal year ended February 28, 2013, were as follows:

|                      | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage 3 (NXE) | Texas Quality Income (NTX) |
|----------------------|------------------------------|----------------------------------|------------------------------------|------------------------------------|----------------------------|
| Purchases            | \$ 10,760,077                | \$ 5,427,421                     | \$ 10,149,983                      | \$ 9,186,031                       | \$ 35,232,989              |
| Sales and maturities | 9,490,585                    | 5,093,489                        | 10,304,050                         | 9,027,126                          | 25,814,109                 |

#### 6. Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

As of February 28, 2013, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:



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|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---------------------------------------|---|---|---|-------------------------------------|
| Cost of investments  | \$ 88,194,148                         | \$ 31,935,647                             | \$ 51,792,936                               | \$ 61,946,034                               | \$ 210,709,599                      |
| Gross unrealized:  |                                       |   |   |   |                                     |
| Appreciation   | \$ 11,121,700                         | \$ 2,907,459                              | \$ 4,636,621                                | \$ 5,110,745                                | \$ 21,241,895                       |
| Depreciation   | (2,820,826)                           | (146,091)                                 | (404,067)                                   | (326,043)                                   | (3,479,875)                         |
| Net unrealized appreciation<br>(depreciation) of investments | \$ 8,300,874                          | \$ 2,761,368                              | \$ 4,232,554                                | \$ 4,784,702                                | \$ 17,762,020                       |

Permanent differences, primarily due to nondeductible reorganization expenses, federal taxes paid, taxable market discount and nondeductible offering costs, resulted in reclassifications among the Funds' components of Common share net assets as of February 28, 2013, the Funds' tax year end, as follows:

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|  | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---------------------------------------|---|---|---|-------------------------------------|
| Paid-in surplus  | \$ (129,877)                          | \$ (266,860)                              | \$ (216,115)                                | \$ (409,243)                                | \$ (266,551)                        |
| Undistributed (Over-distribution of) net investment income | 129,819                               | 258,887                                   | 216,047                                     | 409,243                                     | 259,110                             |
| Accumulated net realized gain (loss)                       | 58                                    | 7,973                                     | 68  | —   | 7,441                               |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains as of February 28, 2013, the Funds' tax year end, were as follows:

|   | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|---|---------------------------------------|---|---|---|-------------------------------------|
| Undistributed net tax-exempt income *     | \$ 1,398,058                          | \$ 221,668                                | \$ 348,809                                  | \$ 415,205                                  | \$ 1,085,436                        |
| Undistributed net ordinary income **      | 25,500                                | 8,922                                     | 14,869                                      | 16,681                                      | 4,645                               |
| Undistributed net long-term capital gains | —                                     | —   | —   | —   | —                                   |

\* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on February 1, 2013, paid on March 1, 2013.

\*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

The tax character of distributions paid during the Funds' tax years ended February 28, 2013 and February 29, 2012, was designated for purposes of the dividends paid deduction as follows:

| 2013   | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---------------------------------------|---|---|---|-------------------------------------|
| Distributions from net tax-exempt income ***   | \$ 3,775,218                          | \$ 1,382,594                              | \$ 2,330,807                                | \$ 2,836,613                                | \$ 9,187,583                        |
| Distributions from net ordinary income **      | —                                     | —   | —   | —   | —                                   |
| Distributions from net long-term capital gains | —                                     | —   | —   | —   | —                                   |

| 2012                                     | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) | Texas<br>Quality<br>Income<br>(NTX) |
|--|---------------------------------------|---|---|---|-------------------------------------|
| Distributions from net tax-exempt income | \$ 3,597,007                          | \$ 1,425,938                              | \$ 2,345,251                                | \$ 2,882,011                                | \$ 9,840,206                        |
|  | —                                     | —   | —   | —   | 351                                 |

Distributions from net ordinary  
income\*\*

|   |   |   |   |   |         |
|---|---|---|---|---|---------|
| Distributions from net<br>long-term capital gains | — | — | — | — | 247,718 |
|---|---|---|---|---|---------|

\*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

\*\*\* The Funds hereby designated these amounts paid during the fiscal year ended February 28, 2013, as Exempt Interest Dividends.

As of February 28, 2013, the Funds' tax year end, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

|                   | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) |
|-------------------|---------------------------------------|---|---|---|
| Expiration:       |                                       |   |   |   |
| February 28, 2014 | \$ —                                  | \$ —                                      | \$ —  | 4,708                                       |
| February 29, 2016 | 221,769                               | —   | —   | 363,937                                     |
| February 28, 2017 | 323,876                               | 137,590                                   | —   | 258,905                                     |
| February 28, 2018 | 43,720                                | 318,004                                   | 78,723                                      | 108,356                                     |
| Total             | \$ 589,365                            | \$ 455,594                                | \$ 78,723                                   | \$ 735,906                                  |

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Notes to  
Financial Statements (continued)

During the Funds' tax year ended February 28, 2013, the following Funds utilized capital loss carryforwards as follows:

|                                     | Arizona<br>Premium<br>Income<br>(NAZ) | Arizona<br>Dividend<br>Advantage<br>(NFZ) | Arizona<br>Dividend<br>Advantage 2<br>(NKR) | Arizona<br>Dividend<br>Advantage 3<br>(NXE) |
|-------------------------------------|---------------------------------------|---|---|---|
| Utilized capital loss carryforwards | \$ 340,615                            | \$ 195,338                                | \$ 213,748                                  | \$ 204,240                                  |

Under the Regulated Investment Company Modernization Act of 2010, capital losses incurred by the Fund after December 31, 2010 will not be subject to expiration.

Capital losses incurred that will be carried forward under the provisions of the Act are as follows:

|                        | Texas<br>Quality<br>Income<br>(NTX) |
|------------------------|-------------------------------------|
| Post-enactment losses: |                                     |
| Short-term             | \$ 12,149                           |
| Long-term              | 1,556,491                           |

#### 7. Management Fees and Other Transactions with Affiliates

Each Fund's management fee consists of two components – a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all eligible fund assets managed by the Adviser. This pricing structure enables Fund shareholders to benefit from growth in the assets within their Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee for each Fund, payable monthly, is calculated according to the following schedules:

|                                     | Arizona Premium Income<br>(NAZ)<br>Texas Quality Income<br>(NTX)<br>Fund-Level Fee Rate |
|-------------------------------------|---|
| Average Daily Managed Assets*       |   |
| For the first \$125 million         | .4500%  |
| For the next \$125 million          | .4375   |
| For the next \$250 million          | .4250   |
| For the next \$500 million          | .4125   |
| For the next \$1 billion            | .4000   |
| For the next \$3 billion            | .3875   |
| For managed assets over \$5 billion | .3750   |

Arizona Dividend Advantage  
(NFZ)

Arizona Dividend Advantage 2  
(NKR)  
Arizona Dividend Advantage 3  
(NXE)

| Average Daily Managed Assets*       | Fund-Level Fee Rate |
|-------------------------------------|---------------------|
| For the first \$125 million         | .4500%              |
| For the next \$125 million          | .4375               |
| For the next \$250 million          | .4250               |
| For the next \$500 million          | .4125               |
| For the next \$1 billion            | .4000               |
| For managed assets over \$2 billion | .3750               |

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The annual complex-level fee for each Fund, payable monthly, is calculated according to the following schedule:

| Complex-Level Managed Asset Breakpoint Level* | Effective Rate at Breakpoint Level |
|---|------------------------------------|
| \$55 billion                                  | .2000%                             |
| \$56 billion                                  | .1996                              |
| \$57 billion                                  | .1989                              |
| \$60 billion                                  | .1961                              |
| \$63 billion                                  | .1931                              |
| \$66 billion                                  | .1900                              |
| \$71 billion                                  | .1851                              |
| \$76 billion                                  | .1806                              |
| \$80 billion                                  | .1773                              |
| \$91 billion                                  | .1691                              |
| \$125 billion                                 | .1599                              |
| \$200 billion                                 | .1505                              |
| \$250 billion                                 | .1469                              |
| \$300 billion                                 | .1445                              |

\* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen Funds that constitute "eligible assets." Eligible assets do not include assets attributable to investments in other Nuveen Funds and assets in excess of \$2 billion added to the Nuveen Fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of February 28, 2013, the complex-level fee rate for these Funds was .1668%.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser is responsible for each Fund's overall investment strategy and asset allocation decisions. The Adviser has entered into sub-advisory agreements with Nuveen Asset Management, LLC (the "Sub-Adviser"), a wholly-owned subsidiary of the Adviser, under which the Sub-Adviser manages the investment portfolios of the Funds. The Sub-Adviser is compensated for its services to the Funds from the management fees paid to the Adviser.

The Funds pay no compensation directly to those of its directors/trustees who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Directors/Trustees has adopted a deferred compensation plan for independent directors/trustees that enables directors/trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen-advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen-advised funds.

For the first ten years of Arizona Dividend Advantage 2's (NKR) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily managed assets, for fees and expenses in the amounts and for the time periods set forth below:

|             |             |
|-------------|-------------|
| Year Ending | Year Ending |
| March 31,   | March 31,   |

|       |      |      |      |
|-------|------|------|------|
| 2002* | .30% | 2008 | .25% |
| 2003  | .30  | 2009 | .20  |
| 2004  | .30  | 2010 | .15  |
| 2005  | .30  | 2011 | .10  |
| 2006  | .30  | 2012 | .05  |
| 2007  | .30  |      |      |

\* From the commencement of operations.

The Adviser has not agreed to reimburse Arizona Dividend Advantage 2 (NKR) for any portion of its fees and expenses beyond March 31, 2012.

During the fiscal year ended February 28, 2013, Nuveen Securities, LLC, the Funds' distributor and a wholly-owned subsidiary of Nuveen, received commissions of \$13,112, related to the sale of Common shares from the shelf offering of Texas Quality Income (NTX).

#### 8. New Accounting Pronouncements

##### Financial Accounting Standards Board ("FASB") Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities

In January 2013, Accounting Standards Update ("ASU") 2013-01, Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, replaced ASU 2011-11, Disclosures about Offsetting Assets and Liabilities. ASU 2013-01 is effective for fiscal years beginning on or after January 1, 2013. ASU 2011-11 was intended to enhance disclosure requirements on the offsetting of financial assets and liabilities. ASU 2013-01 limits the scope of the new balance sheet offsetting disclosures to derivatives, repurchase agreements and securities lending transactions to the extent that they are (1) offset in the financial statements or (2) subject to an enforceable master netting arrangement or similar agreement. Management is currently evaluating the application of ASU 2013-01 and its impact to the financial statements and footnote disclosures, if any.

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## Board Members &amp; Officers (Unaudited)

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the board members of the Funds. The number of board members of the Funds is currently set at ten. None of the board members who are not “interested” persons of the Funds (referred to herein as “independent board members”) has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

| Name,<br>Birthdate<br>& Address | Position(s)<br>Held<br>with the<br>Funds | Year First<br>Elected or<br>Appointed<br>and<br>Term(1) | Principal<br>Occupation(s)<br>including other<br>Directorships<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund<br>Complex<br>Overseen by<br>Board<br>Member |
|---------------------------------|--|---|---|---|
|---------------------------------|--|---|---|---|

## Independent Board Members:

|   |   |                   |  |     |
|---|---|-------------------|--|-----|
| ROBERT P.<br>BREMNER<br>8/22/40<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chairman of<br>the Board<br>and Board<br>Member | 1996<br>Class III | Private Investor and Management<br>Consultant; Treasurer and Director,<br>Humanities Council of Washington,<br>D.C.; Board Member, Independent<br>Directors Council affiliated with the<br>Investment Company Institute.   | 206 |
| JACK B. EVANS<br>10/22/48<br>333 W. Wacker Drive<br>Chicago, IL 60606       | Board<br>Member                                 | 1999<br>Class III | President, The Hall-Perrine Foundation,<br>a private philanthropic corporation<br>(since 1996); Director and Chairman,<br>United Fire Group, a publicly held<br>company; member of the Board of<br>Regents for the State of Iowa<br>University System; Director, Source<br>Media Group; Life Trustee of Coe<br>College and the Iowa College<br>Foundation; formerly, Director, Alliant<br>Energy; formerly, Director, Federal<br>Reserve Bank of Chicago; formerly,<br>President and Chief Operating Officer,<br>SCI Financial Group, Inc., a regional<br>financial services firm. | 206 |
| WILLIAM C.<br>HUNTER  |   | 2004              | Dean Emeritus (since June 30, 2012),<br>formerly, Dean, Tippie College of  | 206 |



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|  |                         |                           |  |            |
|--|-------------------------|---------------------------|--|------------|
| <p>3/6/48<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>                                    | <p>Board<br/>Member</p> | <p>Class I</p>            | <p>Business, University of Iowa (2006-2012); Director (since 2004) of Xerox Corporation; Director (since 2005), and President (since July 2012) Beta Gamma Sigma, Inc., The International Honor Society; Director of Wellmark, Inc. (since 2009); formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.</p>  |            |
| <p>DAVID J.<br/>KUNDERT<br/>10/28/42<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>         | <p>Board<br/>Member</p> | <p>2005<br/>Class II</p>  | <p>Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Regent Emeritus, Member of Investment Committee, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation; member of the Board of Directors (Milwaukee), College Possible.</p> | <p>206</p> |
| <p>WILLIAM J.<br/>SCHNEIDER<br/>9/24/44<br/>333 W. Wacker<br/>Drivel<br/>Chicago, IL 60606</p> | <p>Board<br/>Member</p> | <p>1996<br/>Class III</p> | <p>Chairman of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired 2004) of Miller-Valentine Group; Member of two Miller Valentine real estate LLC companies; member, University of Dayton Business School Advisory Council; member, Mid-America Health System Board; Board Member of Tech Town, Inc., a not-for-profit community development company; Board Member of WDPR Public Radio; formerly,</p>  | <p>206</p> |

member and chair, Dayton  
Philharmonic Orchestra Association;  
formerly, member, Business Advisory  
Council, Cleveland Federal Reserve  
Bank.

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| Name,<br>Birthdate<br>& Address | Position(s)<br>Held<br>with the<br>Funds | Year First<br>Elected or<br>Appointed<br>and<br>Term(1) | Principal<br>Occupation(s)<br>Including other<br>Directorships<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund<br>Complex<br>Overseen by<br>Board<br>Member |
|---------------------------------|--|---|---|---|
|---------------------------------|--|---|---|---|

## Independent Board Members:

|  |                 |                  |  |     |
|--|-----------------|------------------|--|-----|
| JUDITH M.<br>STOCKDALE<br>12/29/47<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board<br>Member | 1997<br>Class I  | Formerly, Executive Director (1994-2012), Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).   | 206 |
| CAROLE E. STONE<br>6/28/47<br>333 W. Wacker Drive<br>Chicago, IL 60606         | Board<br>Member | 2007<br>Class I  | Director, Chicago Board Options Exchange (since 2006); Director, C2 Options Exchange, Incorporated (since 2009); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).   | 206 |
| VIRGINIA L.<br>STRINGER<br>8/16/44<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board<br>Member | 2011<br>Class I  | Board Member, Mutual Fund Directors Forum; former governance consultant and non-profit board member; former Owner and President, Strategic Management Resources, Inc. a management consulting firm; former Member, Governing Board, Investment Company Institute's Independent Directors Council; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company; Independent Director, First American Fund Complex (1987-2010) and Chair (1997-2010). | 206 |
| TERENCE J. TOTH<br>9/29/59<br>333 W. Wacker Drive<br>Chicago, IL 60606         | Board<br>Member | 2008<br>Class II | Managing Partner, Promus Capital (since 2008); formerly, Director, Legal & General Investment Management America, Inc. (since 2008-2013);  | 206 |

Director, Fulcrum IT Service LLC (since 2010), Quality Control Corporation (since 2012) and LogicMark LLC (since 2012); Formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); member: Chicago Fellowship Board (since 2005), Catalyst Schools of Chicago Board (since 2008) and Mather Foundation Board (since 2012), and a member of its investment committee; formerly, Member, Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).

Interested Board Member:

JOHN P.  
AMBOIAN(2)  
6/14/61 Board  
333 W. Wacker Drive Member  
Chicago, IL 60606

2008  
Class II

Chief Executive Officer and Chairman (since 2007) and Director (since 1999) of Nuveen Investments, Inc., formerly, President (1999-2007); Chief Executive Officer (since 2007) of Nuveen Investments Advisers, Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisors, LLC. 206

## Board Members &amp; Officers (Unaudited) (continued)

| Name,<br>Birthdate<br>and Address | Position(s)<br>Held<br>with the Funds | Year First<br>Elected or<br>Appointed(3) | Principal<br>Occupation(s)<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Officer |
|-----------------------------------|---------------------------------------|--|---|---|
|-----------------------------------|---------------------------------------|--|---|---|

## Officers of the Funds:

|   |                                    |      |   |     |
|---|------------------------------------|------|---|-----|
| GIFFORD R.<br>ZIMMERMAN<br>9/9/56<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chief<br>Administrative<br>Officer | 1988 | Managing Director (since 2002), and Assistant Secretary of Nuveen Securities, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Managing Director, Associate General Counsel and Assistant Secretary, of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002), Nuveen Investments Advisers Inc. (since 2002), Santa Barbara Asset Management, LLC (since 2006), and of Winslow Capital Management, LLC, (since 2010); Chief Administrative Officer and Chief Compliance Officer (since 2006) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst. | 206 |
| WILLIAM ADAMS<br>IV<br>6/9/55<br>333 W. Wacker Drive<br>Chicago, IL 60606     | Vice President                     | 2007 | Senior Executive Vice President, Global Structured Products (since 2010), formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, LLC (since  | 105 |

|   |                                  |      |  |     |
|---|----------------------------------|------|--|-----|
|   |                                  |      | 2011); President (since 2011),<br>formerly, Managing Director<br>(2010-2011) of Nuveen Commodities<br>Asset Management, LLC.   |     |
| CEDRIC H.<br>ANTOSIEWICZ<br>1/11/62<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President                   | 2007 | Managing Director of Nuveen<br>Securities, LLC.  | 105 |
| MARGO L. COOK<br>4/11/64<br>333 W. Wacker Drive<br>Chicago, IL 60606            | Vice President                   | 2009 | Executive Vice President (since 2008)<br>of Nuveen Investments, Inc. and of<br>Nuveen Fund Advisors, LLC (since<br>2011); Managing Director-Investment<br>Services of Nuveen Commodities<br>Asset Management, LLC (since<br>August 2011), previously, Head of<br>Institutional Asset Management<br>(2007-2008) of Bear Stearns Asset<br>Management; Head of Institutional<br>Asset Management (1986-2007) of<br>Bank of NY Mellon; Chartered<br>Financial Analyst. | 206 |
| LORNA C.<br>FERGUSON<br>10/24/45<br>333 W. Wacker Drive<br>Chicago, IL 60606    | Vice President                   | 1998 | Managing Director (since 2005) of<br>Nuveen Fund Advisors, LLC and<br>Nuveen Securities, LLC (since 2004).   | 206 |
| STEPHEN D. FOY<br>5/31/54<br>333 W. Wacker Drive<br>Chicago, IL 60606           | Vice President<br>and Controller | 1998 | Senior Vice President (since 2010),<br>formerly, Vice President (2005-2010)<br>and Funds Controller of Nuveen<br>Securities, LLC; Vice President of<br>Nuveen Fund Advisors, LLC; Chief<br>Financial Officer of Nuveen<br>Commodities Asset Management,<br>LLC (since 2010); Certified Public<br>Accountant.   | 206 |

| Name,<br>Birthdate<br>and Address | Position(s)<br>Held<br>with the Funds | Year First<br>Elected or<br>Appointed(3) | Principal<br>Occupation(s)<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Officer |
|-----------------------------------|---------------------------------------|--|---|---|
|-----------------------------------|---------------------------------------|--|---|---|

## Officers of the Funds:

|  |  |      |   |     |
|--|--|------|---|-----|
| SCOTT S. GRACE<br>8/20/70<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606s    | Vice President<br>and Treasurer                      | 2009 | Managing Director, Corporate<br>Finance & Development, Treasurer<br>(since 2009) of Nuveen Securities,<br>LLC; Managing Director and<br>Treasurer (since 2009) of Nuveen<br>Fund Advisors, LLC, Nuveen<br>Investments Advisers, Inc., Nuveen<br>Investments Holdings Inc. and (since<br>2011) Nuveen Asset Management,<br>LLC; Vice President and Treasurer of<br>NWQ Investment Management<br>Company, LLC, Tradewinds Global<br>Investors, LLC, Symphony Asset<br>Management LLC and Winslow<br>Capital Management, LLC.; Vice<br>President of Santa Barbara Asset<br>Management, LLC; formerly,<br>Treasurer (2006-2009), Senior Vice<br>President (2008-2009), previously,<br>Vice President (2006-2008) of Janus<br>Capital Group, Inc.; formerly, Senior<br>Associate in Morgan Stanley's Global<br>Financial Services Group<br>(2000-2003); Chartered Accountant<br>Designation. | 206 |
| WALTER M.<br>KELLY<br>2/24/70<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606 | Chief<br>Compliance<br>Officer and<br>Vice President | 2003 | Senior Vice President (since 2008)<br>and Assistant Secretary (since 2003)<br>of Nuveen Fund Advisors, LLC;<br>Senior Vice President (since 2008) of<br>Nuveen Investment Holdings, Inc.;<br>formerly, Senior Vice President<br>(2008-2011) of Nuveen Securities,<br>LLC.   | 206 |
| TINA M. LAZAR<br>8/27/61<br>333 W. Wacker<br>Drive                           | Vice President                                       | 2002 | Senior Vice President (since 2010),<br>formerly, Vice President (2005-2010)<br>of Nuveen Fund Advisors, LLC.  | 206 |

Chicago, IL 60606

KEVIN J.  
MCCARTHY  
3/26/66  
333 W. Wacker  
Drive  
Chicago, IL 60606

Vice President 2007  
and Secretary

Managing Director and Assistant Secretary (since 2008), Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, LLC; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008), and Assistant Secretary, Nuveen Investment Holdings, Inc.; Vice President (since 2007) and Assistant Secretary of Nuveen Investments Advisers Inc., NWQ Investment Management Company, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, and of Winslow Capital Management, LLC. (since 2010); Vice President and Secretary (since 2010) of Nuveen Commodities Asset Management, LLC; prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).

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## Board Members &amp; Officers (Unaudited) (continued)

| Name,<br>Birthdate<br>and Address | Position(s)<br>Held<br>with the<br>Funds | Year First<br>Elected or<br>Appointed(3) | Principal<br>Occupation(s)<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Officer |
|-----------------------------------|--|--|---|---|
|-----------------------------------|--|--|---|---|

## Officers of the Funds:

|  |   |      |  |     |
|--|---|------|--|-----|
| KATHLEEN L.<br>PRUDHOMME<br>3/30/53<br>901 Marquette<br>Avenue<br>Minneapolis, MN<br>55402 | Vice<br>President and<br>Assistant<br>Secretary | 2011 | Managing Director, Assistant<br>Secretary and Co-General Counsel<br>(since 2011) of Nuveen Fund<br>Advisors, LLC; Managing Director,<br>Assistant Secretary and Associate<br>General Counsel (since 2011) of<br>Nuveen Asset Management, LLC;<br>Managing Director and Assistant<br>Secretary (since 2011) of Nuveen<br>Securities, LLC; formerly, Deputy<br>General Counsel, FAF Advisors, Inc.<br>(2004-2010). | 206 |
|--|---|------|--|-----|

- (1) The Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (3) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Annual Investment Management  
Agreement Approval Process (Unaudited)

Board Approvals of New Advisory Agreements for Nuveen Arizona Premium Income Municipal Fund (successor to Nuveen Arizona Premium Income Municipal Fund, Inc.)

The Board of Trustees or Directors (as the case may be) (each, a “Board” and each Trustee or Director, a “Board Member”) of the Nuveen Arizona Premium Income Municipal Fund, Inc. (the “Premium Income Fund”), the Nuveen Arizona Dividend Advantage Municipal Fund (the “Dividend Advantage Fund”), the Nuveen Arizona Dividend Advantage Municipal Fund 2 (the “Dividend Advantage Fund 2”), and the Nuveen Arizona Dividend Advantage Municipal Fund 3 (the “Dividend Advantage Fund 3” and, together with the Premium Income Fund, the Dividend Advantage Fund and the Dividend Advantage Fund 2, the “Arizona Funds”), including the Board Members who were not parties to the Funds’ advisory or sub-advisory agreements or “interested persons” of any such parties (the “Independent Board Members”), was responsible for approving the investment management agreements (each, an “Investment Management Agreement”) between each Arizona Fund and Nuveen Fund Advisors, LLC (formerly known as Nuveen Fund Advisors, Inc.) (the “Advisor”) and the sub-advisory agreements (each a “Sub-Advisory Agreement”) between the Advisor and Nuveen Asset Management, LLC (the “Sub-Advisor”) and their periodic continuation. Pursuant to the Investment Company Act of 1940, as amended, the Board was required to consider the continuation of the Advisory Agreements for the Arizona Funds on an annual basis. Accordingly, at an in person meeting held on May 21-23, 2012 (the “May Meeting”), the Board, including a majority of the Independent Board Members, considered and approved the continuation of the Investment Management Agreements and the Sub-Advisory Agreements for the Arizona Funds (referred to collectively as the “May Advisory Agreements”) for an additional one-year period.

In addition, in 2012, the Board was apprised of the potential reorganizations (collectively, the “Arizona Fund Reorganizations”) of the Dividend Advantage Fund, the Dividend Advantage Fund 2 and the Dividend Advantage Fund 3 into the Premium Income Fund and, in connection therewith, the potential change-of-domicile reorganization (the “Domicile Change Reorganization”) to convert the Premium Income Fund from a Minnesota corporation (the “Predecessor Fund”) to a Massachusetts business trust (the “Successor Fund”) to be known as the Nuveen Arizona Premium Income Municipal Fund. The requisite Board and shareholder approvals for the Arizona

Annual Investment Management  
Agreement Approval Process (Unaudited) (continued)

Fund Reorganizations and the Domicile Change Reorganization were obtained at various times and meetings and, as of April 8, 2013, the Domicile Change Reorganization and the Arizona Fund Reorganizations were completed.

In order to permit the Advisor and the Sub-Advisor to continue to serve as investment adviser and sub-adviser, respectively, to the Successor Fund upon the closing of the Domicile Change Reorganization, at a meeting held on October 14, 2012, the Board of Trustees of the Successor Fund (the "Successor Board") was asked to consider and approve an investment management agreement between the Advisor and the Successor Fund and a sub-advisory agreement between the Advisor and the Sub-Advisor on behalf of the Successor Fund (collectively, the "New Advisory Agreements"). Given that the re-domicile was not expected to reduce the level or nature of services provided and the New Advisory Agreements were substantially the same as the respective May Advisory Agreements for the Predecessor Fund, the factors considered and determinations made at the May Meeting in approving the Advisor and the Sub-Advisor as investment adviser and sub-adviser, respectively, to the Predecessor Fund were equally applicable to the approval of the New Advisory Agreements for the Successor Fund. Accordingly, the Board Members of the Successor Board, including the Independent Board Members, approved the New Advisory Agreements.

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Easily and Conveniently

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Your Nuveen Closed-End Fund allows you to conveniently reinvest distributions in additional Fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may

Reinvest Automatically,  
Easily and Conveniently (continued)

exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

Flexible

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

Call today to start reinvesting distributions

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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Glossary of Terms  
Used in this Report

**Auction Rate Bond:** An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have “failed,” with current holders receiving a formula-based interest rate until the next scheduled auction.

**Average Annual Total Return:** This is a commonly used method to express an investment’s performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment’s actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

**Duration:** Duration is a measure of the expected period over which a bond’s principal and interest will be paid, and consequently is a measure of the sensitivity of a bond’s or bond Fund’s value to changes when market interest rates change. Generally, the longer a bond’s or Fund’s duration, the more the price of the bond or Fund will change as interest rates change.

**Effective Leverage:** Effective leverage is a Fund’s effective economic leverage, and includes both regulatory leverage (see leverage) and the leverage effects of certain derivative investments in the Fund’s portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage.

**Gross Domestic Product (GDP):** The total market value of all final goods and services produced in a country/region in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports.

**Inverse Floating Rate Securities:** Inverse floating rate securities, also known as inverse floaters or tender option bonds (TOBs), are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond’s par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an “inverse floater”) to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates’ holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond’s downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond’s value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.

Glossary of Terms  
Used in this Report (continued)

**Leverage:** Using borrowed money to invest in securities or other assets, seeking to increase the return of an investment or portfolio.

**Lipper Other States Municipal Debt Funds Classification Average:** Calculated using the returns of all closed-end funds in this category. Lipper returns account for the effects of management fees and assume reinvestment of distributions, but do not reflect any applicable sales charges.

**Net Asset Value (NAV):** The net market value of all securities held in a portfolio.

**Net Asset Value (NAV) Per Share:** The market value of one share of a mutual fund or closed-end fund. For a Fund, the NAV is calculated daily by taking the Fund's total assets (securities, cash, and accrued earnings), subtracting the Fund's liabilities, and dividing by the number of shares outstanding.

**Pre-Refunding:** Pre-Refunding, also known as advanced refundings or refinancings, is a procedure used by state and local governments to refinance municipal bonds to lower interest expenses. The issuer sells new bonds with a lower yield and uses the proceeds to buy U.S. Treasury securities, the interest from which is used to make payments on the higher-yielding bonds. Because of this collateral, pre-refunding generally raises a bond's credit rating and thus its value.

**Regulatory Leverage:** Regulatory leverage consists of preferred shares issued by or borrowings of a Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is sometimes referred to as "40 Act Leverage" and is subject to asset coverage limits set in the Investment Company Act of 1940.

**S&P Arizona and Texas Municipal Bond Indexes:** An unleveraged, market value-weighted indexes designed to measure the performance of the tax-exempt, investment-grade municipal bond markets in Arizona and Texas, respectively. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.

**S&P Municipal Bond Index:** An unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees.

**Total Investment Exposure:** Total investment exposure is a Fund's assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes a Fund's use of preferred stock and borrowings and investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities.

**Zero Coupon Bond:** A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.





Additional Fund Information

Board of  
Directors/Trustees  
John P. Amboian  
Robert P. Bremner  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Judith M. Stockdale  
Carole E. Stone  
Virginia L. Stringer  
Terence J. Toth

Fund Manager  
Nuveen Fund Advisors, LLC  
333 West Wacker Drive  
Chicago, IL 60606

Custodian  
State Street Bank  
& Trust Company  
Boston, MA

Transfer Agent and  
Shareholder Services  
State Street Bank &  
Trust Company  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071  
(800) 257-8787

Legal Counsel  
Chapman and Cutler LLP  
Chicago, IL

Independent Registered  
Public Accounting Firm  
Ernst & Young LLP  
Chicago, IL

Quarterly Portfolio of Investments and Proxy Voting Information

You may obtain (i) each Fund's quarterly portfolio of investments, (ii) information regarding how each Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, and (iii) a description of the policies and procedures that each Fund used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's

website at [www.nuveen.com](http://www.nuveen.com).

You may also obtain this and other Fund information directly from the Securities and Exchange Commission (SEC). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public References Section at 100 F Street NE, Washington, D.C. 20549.

#### CEO Certification Disclosure

Each Fund's Chief Executive Officer (CEO) has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the SEC the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

#### Common Share Information

Each Fund intends to repurchase its own common stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased shares of their common stock as shown in the accompanying table.

| Fund | Common Shares<br>Repurchased |
|------|------------------------------|
| NAZ  | —                            |
| NFZ  | —                            |
| NKR  | —                            |
| NXE  | —                            |
| NTX  | —                            |

Any future repurchases will be reported to shareholders in the next annual or semiannual report.

Nuveen Investments:  
Serving Investors for Generations

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions through continued adherence to proven, long-term investing principles. Today, we offer a range of high quality equity and fixed-income solutions designed to be integral components of a well-diversified core portfolio.

Focused on meeting investor needs.

Nuveen Investments provides high-quality investment services designed to help secure the long-term goals of institutional and individual investors as well as the consultants and financial advisors who serve them. Nuveen Investments markets a wide range of specialized investment solutions which provide investors access to capabilities of its high-quality boutique investment affiliates—Nuveen Asset Management, Symphony Asset Management, NWQ Investment Management Company, Santa Barbara Asset Management, Tradewinds Global Investors, Winslow Capital Management and Gresham Investment Management. In total, Nuveen Investments managed \$219 billion as of December 31, 2012.

Find out how we can help you.

To learn more about how the products and services of Nuveen Investments may be able to help you meet your financial goals, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at: [www.nuveen.com/cef](http://www.nuveen.com/cef)

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Chicago, IL 60606  
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EAN-D-0213D

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## ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at [www.nuveen.com/CEF/Shareholder/FundGovernance.aspx](http://www.nuveen.com/CEF/Shareholder/FundGovernance.aspx). (To view the code, click on Code of Conduct.)

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees ("Board") determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Carole E. Stone, who is "independent" for purposes of Item 3 of Form N-CSR.

Ms. Stone served for five years as Director of the New York State Division of the Budget. As part of her role as Director, Ms. Stone was actively involved in overseeing the development of the State's operating, local assistance and capital budgets, its financial plan and related documents; overseeing the development of the State's bond-related disclosure documents and certifying that they fairly presented the State's financial position; reviewing audits of various State and local agencies and programs; and coordinating the State's system of internal audit and control. Prior to serving as Director, Ms. Stone worked as a budget analyst/examiner with increasing levels of responsibility over a 30 year period, including approximately five years as Deputy Budget Director. Ms. Stone has also served as Chair of the New York State Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. These positions have involved overseeing operations and finances of certain entities and assessing the adequacy of project/entity financing and financial reporting. Currently, Ms. Stone is on the Board of Directors of CBOE Holdings, Inc., of the Chicago Board Options Exchange, and of C2 Options Exchange. Ms. Stone's position on the boards of these entities and as a member of both CBOE Holdings' Audit Committee and its Finance Committee has involved, among other things, the oversight of audits, audit plans and preparation of financial statements.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

### Nuveen Arizona Premium Income Municipal Fund

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

### SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

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| Fiscal Year Ended                                      | Audit Fees Billed |   | Audit-Related Fees Billed to |   | Tax Fees Billed to |   | All Other Fees Billed to |   |
|--|-------------------|---|------------------------------|---|--------------------|---|--------------------------|---|
|  | to Fund 1         |   | Fund 2                       |   | Fund 3             |   | Fund 4                   |   |
| February 28, 2013                                      | \$22,250          |   | \$ 6,250                     |   | \$0                |   | \$0                      |   |
| Percentage approved pursuant to pre-approval exception | 0                 | % | 0                            | % | 0                  | % | 0                        | % |
| February 29, 2012                                      | \$21,200          |   | \$ 1,500                     |   | \$0                |   | \$1,700                  |   |
| Percentage approved pursuant to pre-approval exception | 0                 | % | 0                            | % | 0                  | % | 0                        | % |

1 "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

2 "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements that are not reported under "Audit Fees". These fees include offerings related to the Fund's common shares and leverage.

3 "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning. These fees include: all global withholding tax services; excise and state tax reviews; capital gain, tax equalization and taxable basis calculations performed by the principal accountant.

4 "All Other Fees" are the aggregate fees billed for products and services other than "Audit Fees", "Audit-Related Fees" and "Tax Fees". These fees represent all "Agreed-Upon Procedures" engagements pertaining to the Fund's use of leverage.

**SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS**

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Fund Advisors, LLC (formerly Nuveen Fund Advisors, Inc.) (the "Adviser" or "NFA"), and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the

Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

| Fiscal Year Ended                                      | Audit-Related Fees Billed to Adviser and Affiliated Fund Service Providers | Tax Fees Billed to Adviser and Affiliated Fund Service Providers | All Other Fees Billed to Adviser and Affiliated Fund Service Providers |    |
|--|--|--|--|----|
| February 28, 2013                                      | \$   | 0 \$   | 0 \$   | 0  |
| Percentage approved pursuant to pre-approval exception |  | 0%   | 0%   | 0% |
| February 29, 2012                                      | \$   | 0 \$   | 0 \$   | 0  |
| Percentage approved pursuant to pre-approval exception |  | 0%   | 0%   | 0% |

NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the pre-approval exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

| Fiscal Year Ended | Total Non-Audit Fees Billed to Fund | Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund) | Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements) | Total |
|-------------------|-------------------------------------|---|--|-------|
| February 28, 2013 | \$                                  | 0 \$  | 0 \$   | 0 \$  |
| February 29, 2012 | \$                                  | 1,700 \$  | 0 \$   | 0 \$  |

"Non-Audit Fees billed to Fund" for both fiscal year ends represent "Tax Fees" and "All Other Fees" billed to Fund in their respective amounts from the previous table.

Less than 50 percent of the hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

#### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Terence J. Toth, William J. Schneider, Carole E. Stone and David J. Kundert.

#### ITEM 6. SCHEDULE OF INVESTMENTS.

a) See Portfolio of Investments in Item 1.

b) Not applicable.

#### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, LLC, formerly known as Nuveen Fund Advisors, Inc., is the registrant's investment adviser (also referred to as the "Adviser"). The Adviser is responsible for the on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. As part of these services, the Adviser has delegated to the Sub-Adviser the full responsibility for proxy voting on securities held in the registrant's portfolio and related duties in accordance with the Sub-Adviser's policy and procedures. The Adviser periodically monitors the Sub-Adviser's voting to ensure that it is carrying out its duties. The Sub-Adviser's proxy voting policies and procedures are attached to this filing as an exhibit and incorporated herein by reference.

#### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, LLC, formerly known as Nuveen Fund Advisors, Inc., is the registrant's investment adviser (also referred to as the "Adviser"). The Adviser is responsible for the selection and on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("Nuveen Asset Management" or "Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. The following section provides information on the portfolio manager at the Sub-Adviser:

##### The Portfolio Manager

The following individual has primary responsibility for the day-to-day implementation of the registrant's investment strategies:

| Name             | Fund |
|------------------|------|
| Michael Hamilton |      |

## Nuveen Arizona Premium Income Municipal Fund, formerly known as Nuveen Arizona Premium Income Municipal Fund, Inc.

Other Accounts Managed. In addition to managing the registrant, the portfolio manager is also primarily responsible for the day-to-day portfolio management of the following accounts:

|                   | Type of Account                  | Number of | Assets*         |
|-------------------|----------------------------------|-----------|-----------------|
| Portfolio Manager | Managed                          | Accounts  |                 |
| Michael Hamilton  | Registered Investment Company    | 12        | \$1.482 billion |
|                   | Other Pooled Investment Vehicles | 0         | \$0             |
|                   | Other Accounts                   | 2         | \$113 million   |

\* Assets are as of February 28, 2013. None of the assets in these accounts are subject to an advisory fee based on performance.

## POTENTIAL MATERIAL CONFLICTS OF INTEREST

Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one account. More specifically, portfolio managers who manage multiple accounts are presented a number of potential conflicts, including, among others, those discussed below.

The management of multiple accounts may result in a portfolio manager devoting unequal time and attention to the management of each account. Nuveen Asset Management seeks to manage such competing interests for the time and attention of portfolio managers by having portfolio managers focus on a particular investment discipline. Most accounts managed by a portfolio manager in a particular investment strategy are managed using the same investment models.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one account, an account may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible accounts. To deal with these situations, Nuveen Asset Management has adopted procedures for allocating limited opportunities across multiple accounts.

With respect to many of its clients' accounts, Nuveen Asset Management determines which broker to use to execute transaction orders, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts, Nuveen Asset Management may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, Nuveen Asset Management may place separate, non-simultaneous, transactions for a Fund and other accounts which may temporarily affect the market price of the security or the execution of the transaction, or both, to the detriment of the Fund or the other accounts.

Some clients are subject to different regulations. As a consequence of this difference in regulatory requirements, some clients may not be permitted to engage in all the investment techniques or transactions or to engage in these transactions to the same extent as the other accounts managed by the portfolio manager. Finally, the appearance of a conflict of interest may arise where Nuveen Asset Management has an incentive, such as a performance-based management fee, which relates to the management of some accounts, with respect to which a portfolio manager has day-to-day management responsibilities.

Nuveen Asset Management has adopted certain compliance procedures which are designed to address these types of conflicts common among investment managers. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Item 8(a)(3).

## FUND MANAGER COMPENSATION



Portfolio manager compensation consists primarily of base pay, an annual cash bonus and long term incentive payments.

Base pay. Base pay is determined based upon an analysis of the portfolio manager's general performance, experience, and market levels of base pay for such position.

Annual cash bonus. The Fund's portfolio managers are eligible for an annual cash bonus based on investment performance, qualitative evaluation and financial performance of Nuveen Asset Management.

A portion of each portfolio manager's annual cash bonus is based on the Fund's investment performance, generally measured over the past one- and three or five-year periods unless the portfolio manager's tenure is shorter. Investment performance for the Fund generally is determined by evaluating the Fund's performance relative to its benchmark(s) and/or Lipper industry peer group.

A portion of the cash bonus is based on a qualitative evaluation made by each portfolio manager's supervisor taking into consideration a number of factors, including the portfolio manager's team collaboration, expense management, support of personnel responsible for asset growth, and his or her compliance with Nuveen Asset Management's policies and procedures.

The final factor influencing a portfolio manager's cash bonus is the financial performance of Nuveen Asset Management based on its operating earnings.

Long-term incentive compensation. Certain key employees of Nuveen Investments and its affiliates, including certain portfolio managers, have received equity interests in the parent company of Nuveen Investments. In addition, certain key employees of Nuveen Asset Management, including certain portfolio managers, have received profits interests in Nuveen Asset Management which entitle their holders to participate in the firm's growth over time.

There are generally no differences between the methods used to determine compensation with respect to the Fund and the Other Accounts shown in the table above.

Beneficial Ownership of Securities. As of February 28, 2013 the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by Nuveen Asset Management's municipal investment team.

| Name of Portfolio Manager | Fund   | Dollar range of equity securities beneficially owned in Fund | Dollar range of equity securities beneficially owned in the remainder of Nuveen funds managed by Nuveen Asset Management's municipal investment team |
|---------------------------|--|--|--|
| Michael Hamilton          | Nuveen Arizona Premium Income Municipal Fund | \$0  | \$10,001-\$50,000  |

PORTFOLIO MANAGER BIO:

Michael Hamilton, Senior Vice President of Nuveen Asset Management, manages several municipal funds. He joined Nuveen Asset Management on January 1, 2011 in connection with Nuveen Fund Advisors acquiring a portion of the asset management business of FAF Advisors. He began working in the financial industry when he joined FAF Advisors in 1989, as a fixed-income fund manager and trader. He became a portfolio manager in 1992. He received a B.A. from Albertson's College of Idaho and an M.B.A. from Western Washington University. He is a member of the Portland Society of Financial Analysts. Currently, he manages investments for 13 Nuveen-sponsored investment companies.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

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

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this Item.

ITEM 11. CONTROLS AND PROCEDURES.

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

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

- (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at [www.nuveen.com/CEF/Shareholder/FundGovernance.aspx](http://www.nuveen.com/CEF/Shareholder/FundGovernance.aspx) and there were no amendments during the period covered by this report. (To view the code, click on Code of Conduct.)
- (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below:  
Ex-99.CERT Attached hereto.
- (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed “filed” for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Arizona Premium Income Municipal Fund

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

Kevin J. McCarthy

Vice President and Secretary

Date: May 8, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman

Gifford R. Zimmerman

Chief Administrative Officer

(principal executive officer)

Date: May 8, 2013

By (Signature and Title) /s/ Stephen D. Foy

Stephen D. Foy

Vice President and Controller

(principal financial officer)

Date: May 8, 2013