

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3

Form 497

October 23, 2015

**IMPORTANT NOTICE TO SHAREHOLDERS OF**  
**NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZF)**  
**NUVEEN MUNICIPAL ADVANTAGE FUND, INC. (NMA)**  
**NUVEEN PREMIUM INCOME MUNICIPAL FUND 4, INC. (NPT)**  
**AND**  
**NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NXZ)**  
**(EACH, A FUND AND COLLECTIVELY, THE FUNDS )**

**OCTOBER 22, 2015**

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

**Q. Why am I receiving the enclosed Joint Proxy Statement/Prospectus?**

**A.** You are receiving the Joint Proxy Statement/Prospectus as a holder of common shares of a Fund or a holder of preferred shares of Nuveen Dividend Advantage Municipal Fund 3 (the Acquiring Fund ) in connection with special shareholder meetings of the Acquiring Fund, Nuveen Municipal Advantage Fund, Inc. ( Municipal Advantage ), Nuveen Premium Income Municipal Fund 4, Inc. ( Premium Income ) and Nuveen Dividend Advantage Municipal Fund 2 ( Dividend Advantage 2 and together with Municipal Advantage and Premium Income, the Target Funds or each individually, a Target Fund ).

At the special meetings, common shareholders of the Funds and preferred shareholders of the Acquiring Fund will vote on the following proposals, as applicable:

(Common shareholders of the Target Funds and preferred shareholders of the Acquiring Fund only) the reorganization of each of Municipal Advantage, Premium Income and Dividend Advantage 2 into the Acquiring Fund (each, a Reorganization and together, the Reorganizations );

(Acquiring Fund only) the issuance of additional common shares by the Acquiring Fund in connection with the Reorganizations;

(Acquiring Fund only) the approval of a new investment management agreement for the Acquiring Fund; and

(Acquiring Fund only) the approval of a new sub-advisory agreement for the Acquiring Fund.

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

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Nuveen Fund Advisors, LLC ( Nuveen Fund Advisors ), the Funds' investment adviser, recommended the proposed Reorganizations as part of a broad initiative to restructure the product offerings of Nuveen's leveraged national municipal closed-end funds by creating fewer

funds with greater scale, eliminating overlapping investment mandates of the funds and differentiating the investment strategies of the funds by credit profile and emphasis on securities that generate income exempt from the federal alternative minimum tax applicable to individuals. The Board of each Target Fund and the Acquiring Fund has approved the Reorganizations.

As part of this initiative, the Board of the Acquiring Fund also approved the following proposals: (1) certain changes to the non-fundamental investment policies of the Acquiring Fund, which provide an expanded investment mandate that permits the Acquiring Fund to invest up to 55% of its managed assets in lower rated municipal securities; (2) a new investment management agreement and a new sub-advisory agreement with higher fees that reflect the increased level of credit research and surveillance resulting from the expanded investment mandate; and (3) a change of the name of the Acquiring Fund to Nuveen Enhanced Municipal Credit Opportunities Fund. See [How will the Acquiring Fund's expanded investment mandate differ from the Funds' current investment mandates?](#) below.

**Q. How will the Acquiring Fund's expanded investment mandate differ from the Funds' current investment mandates?**

- A.** Each Fund currently has a fundamental investment policy requiring it to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. This policy will not change under the Acquiring Fund's new investment mandate. In addition, each Fund currently has non-fundamental investment policies requiring it to invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permitting it to invest up to 20% of its managed assets in below-investment-grade municipal securities. Both investment-grade and below-investment-grade municipal securities may include unrated securities judged to be of comparable quality by the Fund's investment adviser or sub-adviser. Under the new investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest up to 55% of its assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's sub-adviser.

The repositioning of the Acquiring Fund's portfolio will occur over time. Based on current market conditions, approximately 45% of the Acquiring Fund's managed assets are expected to be invested in lower rated municipal securities following the completion of the initial repositioning. Current market conditions may change, and the combined fund may not be able to reposition its portfolio as planned. The Acquiring Fund's allocation to lower rated municipal securities may vary over time, consistent with its investment objectives and policies. However, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully higher net earnings that may support higher common share distributions. However, as discussed beginning on page 20 of the Joint Proxy Statement/Prospectus, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. See [Proposal No. 1 B. Risk Factors](#).

*Proposals Regarding the Reorganizations*

**Q. Why has each Fund's Board recommended the Reorganization proposal(s)?**

**A.** As noted above, Nuveen recommended the Reorganizations as part of a broad initiative to restructure its leveraged national municipal closed-end funds to eliminate funds with overlapping investment mandates and to better differentiate Nuveen's product offerings. The reorganization of each Target Fund into the Acquiring Fund, together with the changes to the investment policies of the Acquiring Fund described above, are intended to create a combined fund with significantly greater scale and an expanded investment mandate. Among other things, the Board considered information provided by Nuveen Fund Advisors with respect to the return potential of the Acquiring Fund's new investment mandate, the higher risk profile of the new investment mandate, the impact of the increased management fee on the fees and expenses of the combined fund, and the impact of the larger size of the combined fund on fees and expenses. The Board determined that the Reorganizations were in the best interest of the Funds.

**Q. What are the anticipated benefits of the proposed Reorganizations and the adoption of an expanded investment mandate of the combined fund?**

**A.** Based on information provided by Nuveen Fund Advisors, each Fund's Board believes that the proposed Reorganizations and the expanded investment mandate of the combined fund may benefit the Funds in a number of ways, including, among other things:

Meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions and result in a more attractive yield, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value;

Increased portfolio and leverage management flexibility due to a significantly larger asset base of the combined fund;

Greater liquidity and ease of trading due to substantially more common shares outstanding; and

Lower fund administrative costs (excluding the costs of leverage), as certain fixed costs are spread over a larger asset base, which would partially offset the increase in management fees of the Acquiring Fund.

**Q. How will the Reorganizations impact Fund operating expenses?**

**A.** The Board of the Acquiring Fund has recommended that shareholders of the Acquiring Fund approve a new investment management agreement. The new investment management agreement has a higher fee rate as a percentage of managed assets than the Fund's current investment management agreement at each breakpoint level; however, the proposed schedule has an additional breakpoint at over \$5 billion. The greater size of the combined fund also will result in lower administrative costs, which will partially offset the higher management fees. In addition, Nuveen Fund Advisors has agreed to waive a portion of its investment management fee for the first year following the closing of the Reorganizations. The waiver will begin on the effective date of the Reorganizations and will be gradually phased out over the first year following the closing of the Reorganizations. The waiver is not expected to be continued.

If the management fee schedule under the new investment management agreement had been in effect for the twelve months ended October 31, 2014, pro forma management fees of the combined fund as a percentage of assets attributable to common shares would have been, depending on the Fund, from five to ten basis points higher than the management fees paid by the Funds under their current investment management agreements. For the same period, the combined fund's pro forma expense ratio as a percentage of net assets attributable to common shares (excluding the cost of leverage) would have been, depending on the Fund, the same to one basis point lower than the expense ratios of each Fund taking the fee waiver into account. After the expiration of the fee waiver, the combined fund's pro forma expense ratio as a percentage of net assets attributable to common shares (excluding the cost of leverage) would have been, depending on the Fund, from four basis points to five basis points higher than the expense ratios of the Funds. See the Comparative Fee Table on page 18 of the Joint Proxy Statement/Prospectus for a detailed comparison of the fees and expenses of the Funds before and after the Reorganizations.

**Q. Why has the Board recommended an increased management fee schedule?**

**A.** Nuveen Fund Advisors recommended, and the Board of the Acquiring Fund approved, an increase in the management fee rate at each breakpoint to reflect the increased level of ongoing credit research and surveillance that the Acquiring Fund's expanded investment mandate will require. Nuveen Fund Advisors has agreed to waive a portion of its management fees for a period of one year following the closing of the Reorganizations. The purpose of the waiver is to phase in the new management fee over a period of one year. The waiver is not expected to be continued. See the Comparative Fee Table on page 18 of the Joint Proxy Statement/Prospectus for the fund-level fee schedules of the Funds before and after the Reorganizations.

**Q. What proposals will shareholders of the Funds be asked to vote on in connection with the proposed Reorganizations?**

**A.** Shareholders of each Target Fund will be asked to vote on an Agreement and Plan of Reorganization, with common shareholders and preferred shareholders voting together as a single class and preferred shareholders also voting separately. Shareholders of the Acquiring Fund will be asked to vote on the issuance of additional common shares in connection with the Reorganizations, with common shareholders and preferred shareholders voting together as a single class and common shareholders also voting separately. In addition, preferred shareholders of the Acquiring Fund will be asked to vote on the Agreement and Plan of Reorganization. Each Target Fund is separately soliciting the votes of its holders of preferred shares through a separate proxy statement. The investment policies of the Acquiring Fund relating to credit quality are non-fundamental, and may be changed by the Board without shareholder approval. Accordingly, no shareholder vote is required for the Acquiring Fund to adopt the new investment mandate.

**Q. As a result of the Reorganizations, will common shareholders of the Target Funds receive new shares in exchange for their current shares?**

**A.** Yes. Upon the closing of the Reorganizations, Target Fund shareholders will become shareholders of the Acquiring Fund. Holders of common shares of each Target Fund will receive newly issued common shares of the Acquiring Fund, with cash being distributed in lieu of fractional common shares. The aggregate net asset value, as of the close of trading on the business day immediately prior to the closing of the Reorganizations, of the Acquiring Fund

common shares received by Target Fund shareholders (including, for this purpose, fractional Acquiring Fund common shares to which shareholders would be entitled) will be equal to the aggregate net asset value of the common shares of such Target Fund held by its shareholders as of such time. Fractional shares will be aggregated and sold on the open market and shareholders will receive cash in lieu of such fractional shares.

Shareholders of the Acquiring Fund will remain shareholders of the Acquiring Fund following the Reorganizations. Following the Reorganizations, common shareholders of the Funds will hold a smaller percentage of the outstanding common shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations, and thus, a reduced percentage of ownership in the larger combined entity than they held in Acquiring Fund or Target Fund individually.

**Q. How will preferred shareholders be affected by the Reorganizations?**

- A.** The Acquiring Fund has one series of Institutional MuniFund Term Preferred Shares ( iMTP Shares ) and one series of Variable Rate MuniFund Term Preferred Shares ( VMTP Shares ) outstanding as of the date of the enclosed Joint Proxy Statement/Prospectus, and these shares will remain outstanding following the Reorganizations. Each Target Fund has one series of Variable Rate Demand Preferred Shares ( VRDP Shares ) outstanding as of the date of the enclosed Joint Proxy Statement/Prospectus. Upon the closing of the Reorganization of each Target Fund, holders of VRDP Shares of each Target Fund will receive, on a one-for-one basis, newly issued VRDP Shares of the Acquiring Fund having substantially similar terms, as of the closing of the Reorganizations, as the VRDP Shares of the applicable Target Fund exchanged therefor. The outstanding iMTP Shares and VMTP Shares of the Acquiring Fund and the VRDP Shares to be issued by the Acquiring Fund in the Reorganizations will have equal priority with each other and with any other preferred shares that the Acquiring Fund may issue in the future as to the payment of dividends and the distribution of assets upon the dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

Following the Reorganizations, holders of preferred shares of the combined fund will hold a smaller percentage of the outstanding preferred shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations. Additionally, the combined fund will have multiple series of preferred shares outstanding and multiple types of preferred shares outstanding. The different types of preferred shares have different characteristics and features, which are described in more detail in the Joint Proxy Statement/Prospectus. See Proposal No. 1 C. Information About the Reorganizations Description of VRDP Shares to Be Issued by the Acquiring Fund beginning on page 54, Additional Information About the Acquiring Fund Description of Outstanding Acquiring Fund iMTP Shares beginning on page 93 and Additional Information About the Acquiring Fund Description of Outstanding Acquiring Fund VMTP Shares beginning on page 95. In addition, the voting power of certain series of preferred shares may be more concentrated than others. All of the VMTP Shares of the Acquiring Fund are currently owned by a single institutional investor.

**Q. Do the Reorganizations constitute a taxable event for the Target Funds shareholders?**

- A.** No. Each Reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes. It is expected that Target Fund shareholders will recognize no gain or loss for federal income tax purposes as a direct result of the Reorganizations, except to the extent that a Target Fund shareholder receives cash in lieu of a fractional Acquiring Fund common share. Prior

to the closing of the Reorganizations, each Target Fund expects to declare a distribution of all of its net investment income and net capital gains, if any. All or a portion of such distribution may be taxable to a Target Fund's shareholders for federal income tax purposes.

After the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. To the extent that portfolio investments of the Acquiring Fund are sold before or after the closing of the Reorganizations, the Acquiring Fund may recognize gains or losses, which may result in taxable distributions to shareholders holding shares of the Acquiring Fund (including former Target Fund shareholders who hold shares of the Acquiring Fund following the Reorganizations). If such repositioning had been completed as of April 30, 2015, the repositioning would have resulted in net realized losses. Securities held by the Funds are purchased and sold on a principal basis rather than an agency basis, and such transactions are not subject to separate brokerage commissions.

**Q. What will happen if the required shareholder approvals are not obtained?**

- A.** The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the special meetings, and certain other consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of the Target Funds, and holders of a majority of the Acquiring Fund's outstanding VMTP Shares, also must be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the Reorganizations are not consummated, each Fund's Board may take such actions as it deems in the best interests of its Fund.

**Q. Will shareholders of the Funds have to pay any fees or expenses in connection with the Reorganizations?**

- A.** Yes. Common shareholders will indirectly bear the costs of the Reorganizations, whether or not the Reorganizations are consummated. Preferred shareholders will not bear any costs of the Reorganizations. The total costs of the Reorganizations are estimated to be \$1,880,000 and each Fund's allocable share of such costs will be reflected in its net asset value at or before the close of trading on the business day immediately prior to the closing of the Reorganizations. The estimated allocation of the costs among the Funds is as follows: \$345,000 (0.06%) for the Acquiring Fund, \$570,000 (0.09%) for Municipal Advantage, \$265,000 (0.04%) for Premium Income and \$700,000 (0.15%) for Dividend Advantage 2 (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2015). The allocation of the costs of the Reorganizations will be based on the relative expected benefits of the Reorganizations and the Acquiring Fund's expanded investment mandate, including forecasted increases to net earnings, improvements in the secondary trading market for common shares and administrative cost savings, if any, to each Fund following the Reorganizations.

A shareholder's broker, dealer or other financial intermediary (each, a Financial Intermediary) may impose its own shareholder account fees for processing corporate actions, which could apply as a result of the Reorganizations. These shareholder account fees, if applicable, are not paid or otherwise remitted to the Funds or the Funds' investment adviser. The imposition of such fees is based solely on the terms of a shareholder's account agreement with his, her or its Financial Intermediary and/or is in the discretion of the Financial Intermediary. Questions concerning any such shareholder account fees or other similar fees should be directed to a shareholder's Financial Intermediary.

**Q. What is the timetable for the Reorganizations?**

**A.** If the requisite shareholder approvals are obtained and the other conditions to closing are satisfied (or waived), the Reorganizations are expected to take effect on or about December 7, 2015, or as soon as practicable thereafter. However, the repositioning of the Acquiring Fund's portfolio, to take advantage of its expanded investment mandate, is expected to occur over time and will depend on market conditions.

**Q. How does each Fund's Board recommend that shareholders vote on the Reorganizations?**

**A.** After careful consideration, each Fund's Board has determined that the Reorganizations are in the best interests of its Fund and recommends that you vote FOR your Fund's proposal(s).

*(Acquiring Fund Only) Proposals Regarding the New Investment Management and Sub-Advisory Agreements*

**Q. Why are shareholders voting on new investment management and sub-advisory agreements for the Acquiring Fund?**

**A.** Shareholders are required to approve certain changes to an investment advisory agreement under applicable law. Nuveen Fund Advisors proposed, and the Board of the Acquiring Fund approved, certain changes to the Acquiring Fund's investment management agreement to standardize the investment management agreements of Nuveen's municipal closed-end funds and to reflect the increased level of ongoing credit research and surveillance resulting from the Acquiring Fund's expanded investment mandate. The new investment management agreement provides for (1) a higher management fee rate payable at each current breakpoint level in the Acquiring Fund's fund-level management fee schedule; and (2) a revised fund-level breakpoint schedule, standardized to conform to the breakpoint schedules of newer Nuveen municipal closed-end funds. For the Acquiring Fund, this means a new breakpoint in the fund-level management fee schedule above \$5 billion of average daily managed assets. In addition, the Board approved increasing the portion of the management fee payable to Nuveen Asset Management, LLC, the Acquiring Fund's sub-adviser, under the Fund's sub-advisory agreement with respect to the Acquiring Fund.

**Q. How does the Acquiring Fund's Board recommend that shareholders vote on the new investment management and sub-advisory agreements?**

**A.** After careful consideration, the Acquiring Fund's Board has determined that the new investment management and sub-advisory agreements are in the best interests of the Fund and recommends that you vote FOR approval of each agreement.



*General*

**Q. Who do I call if I have questions?**

**A.** If you need any assistance, or have any questions regarding the proposal or how to vote your shares, please call Computershare Fund Services, the proxy solicitor hired by your Fund, at (866) 434-7510 weekdays during its business hours of 9:00 a.m. to 11:00 p.m. and Saturdays 12:00 p.m. to 6:00 p.m. Eastern time. Please have your proxy materials available when you call.

**Q. How do I vote my shares?**

**A.** You may vote by mail, by telephone or over the Internet:

*To vote by mail*, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States.

*To vote by telephone*, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide.

*To vote over the Internet*, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.

**Q. Will anyone contact me?**

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

We recognize the inconvenience of the proxy solicitation process and would not impose on you if we did not believe that the matters being proposed were important. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

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

OCTOBER 22, 2015

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZF)

NUVEEN MUNICIPAL ADVANTAGE FUND, INC. (NMA)

NUVEEN PREMIUM INCOME MUNICIPAL FUND 4, INC. (NPT)

AND

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NXZ)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS )

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON NOVEMBER 9, 2015

**To the Shareholders:**

Notice is hereby given that a Special Meeting of Shareholders (the Special Meeting ) of Nuveen Dividend Advantage Municipal Fund 3 (the Acquiring Fund ), Nuveen Municipal Advantage Fund, Inc. ( Municipal Advantage ), Nuveen Premium Income Municipal Fund 4, Inc. ( Premium Income ) and Nuveen Dividend Advantage Municipal Fund 2 ( Dividend Advantage 2 ) and together with Municipal Advantage and Premium Income, the Target Funds or each individually, a Target Fund ) will be held in the offices of Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, November 9, 2015, at 2:00 p.m., Central time, for the following purposes:

1. Agreement and Plan of Reorganization. The shareholders of each Fund voting as set forth below for an Agreement and Plan of Reorganization pursuant to which each Target Fund would: (i) transfer substantially all of its assets to the Acquiring Fund in exchange solely for newly issued common shares and preferred shares of the Acquiring Fund, and the Acquiring Fund's assumption of substantially all of the liabilities of the Target Fund; (ii) distribute such newly issued shares of the Acquiring Fund to the common shareholders and preferred shareholders of the Target Fund (with cash being distributed in lieu of fractional common shares); and (iii) liquidate, dissolve and terminate in accordance with applicable law.
  - (a) *For the Acquiring Fund (preferred shareholders only):*

The preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.
  - (b) *For each Target Fund:*
    - (i) The common and preferred shareholders voting together as a single class to approve the Agreement and Plan of Reorganization.
    - (ii) The preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.
2. Approval of Issuance of Additional Common Shares by the Acquiring Fund.

*For the Acquiring Fund:*

- (a) The common and preferred shareholders voting together as a single class to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.

- (b) The common shareholders voting separately to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.

3. Approval of New Investment Management and Sub-Advisory Agreements for the Acquiring Fund.

*For the Acquiring Fund:*

- (a) The common and preferred shareholders voting together as a single class to approve a new investment management agreement between the Acquiring Fund and Nuveen Fund Advisors, LLC.
- (b) The common and preferred shareholders voting together as a single class to approve a new sub-advisory agreement between Nuveen Fund Advisors, LLC and Nuveen Asset Management, LLC, with respect to the Acquiring Fund.

4. To transact such other business as may properly come before the Special Meeting.

Only shareholders of record of the Acquiring Fund and Dividend Advantage 2 as of the close of business on August 24, 2015 and shareholders of record of Municipal Advantage and Premium Income as of the close of business on September 14, 2015 are entitled to notice of and to vote at the Special Meeting and any adjournments or postponements thereof.

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

If you intend to attend the Special Meeting in person and you are a record holder of a Fund's shares, in order to gain admission you must show photographic identification, such as your driver's license. If you intend to attend the Special Meeting in person and you hold your shares through a bank, broker or other custodian, in order to gain admission you must show photographic identification, such as your driver's license, and satisfactory proof of ownership of shares of a Fund, such as your voting instruction form (or a copy thereof) or broker's statement indicating ownership as of a recent date. If you hold your shares in a brokerage account or through a bank or other nominee, you will not be able to vote in person at the Special Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Special Meeting.

Kevin J. McCarthy

*Vice President and Secretary*

The Nuveen Funds

**NUVEEN FUNDS**

**333 WEST WACKER DRIVE**

**CHICAGO, ILLINOIS 60606**

**(800) 257-8787**

**JOINT PROXY STATEMENT/PROSPECTUS**

**NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZF)**

**NUVEEN MUNICIPAL ADVANTAGE FUND, INC. (NMA)**

**NUVEEN PREMIUM INCOME MUNICIPAL FUND 4, INC. (NPT)**

**AND**

**NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NXZ)**

**(EACH, A FUND AND COLLECTIVELY, THE FUNDS )**

**OCTOBER 22, 2015**

This Joint Proxy Statement/Prospectus is being furnished to common and preferred shareholders of Nuveen Dividend Advantage Municipal Fund 3 (the Acquiring Fund ) and common shareholders of Nuveen Municipal Advantage Fund, Inc. ( Municipal Advantage ), Nuveen Premium Income Municipal Fund 4, Inc. ( Premium Income ) and Nuveen Dividend Advantage Municipal Fund 2 ( Dividend Advantage 2 ) and together with Municipal Advantage and Premium Income, the Target Funds or each individually, a Target Fund ), each a closed-end management investment company, in connection with the solicitation of proxies by each Fund s Board of Directors or Board of Trustees, as applicable (each, a Board or the Board and each Director or Trustee, a Board Member ), for use at the Special Meeting of Shareholders of each Fund to be held in the offices of Nuveen Investments, Inc. ( Nuveen or Nuveen Investments ), 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, November 9, 2015, at 2:00 p.m., Central time, and at any and all adjournments or postponements thereof (each, a Special Meeting and collectively, the Special Meetings ), to consider the proposals listed below, as applicable, and discussed in greater detail elsewhere in this Joint Proxy Statement/Prospectus. Each of the Acquiring Fund and Dividend Advantage 2 is organized as a Massachusetts business trust. Each of Municipal Advantage and Premium Income is organized as a Minnesota corporation. The enclosed proxy card and this Joint Proxy Statement/Prospectus are first being sent to shareholders of the Funds on or about October 26, 2015. Shareholders of record of the Acquiring Fund and Dividend Advantage 2 as of the close of business on August 24, 2015 and shareholders of record of Municipal Advantage and Premium Income as of the close of business on September 14, 2015 are entitled to notice of and to vote at the Special Meeting and any and all adjournments or postponements thereof.

This Joint Proxy Statement/Prospectus explains concisely what you should know before voting on the proposals described in this Joint Proxy Statement/Prospectus or investing in the Acquiring Fund. Please read it carefully and keep it for future reference.

**The securities offered by this Joint Proxy Statement/Prospectus have not been approved or disapproved by the Securities and Exchange Commission ( SEC ), nor has the SEC passed upon the accuracy or adequacy of this Joint Proxy Statement/Prospectus. Any representation to the contrary is a criminal offense.**

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On the matters coming before each Special Meeting as to which a choice has been specified by shareholders on the accompanying proxy card, the shares will be voted accordingly where such proxy

card is properly executed, timely received and not properly revoked (pursuant to the instructions below). If a proxy is returned and no choice is specified, the shares will be voted FOR the proposal(s). Shareholders of a Fund who execute proxies or provide voting instructions by telephone or by Internet may revoke them at any time before a vote is taken on the proposal by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Special Meeting and voting in person. A prior proxy can also be revoked by voting again through the toll-free number or the Internet address listed in the proxy card. Merely attending the Special Meeting, however, will not revoke any previously submitted proxy.

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

Pursuant to this Joint Proxy Statement/Prospectus, common shareholders of the Funds are being solicited to vote on the following proposals:

- |                    |   |
|--------------------|---|
| Proposal No. 1.    | To approve the Agreement and Plan of Reorganization (common shareholders of each Target Fund);  |
| Proposal No. 2.    | To approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization (common shareholders of the Acquiring Fund only); |
| Proposal No. 3(a). | To approve a new investment management agreement between Nuveen Fund Advisors, LLC and the Acquiring Fund (common shareholders of the Acquiring Fund only); and                                   |
| Proposal No. 3(b). | To approve a new sub-advisory agreement between Nuveen Fund Advisors, LLC and Nuveen Asset Management, LLC (common shareholders of the Acquiring Fund only).                                      |

In addition to its common shares, each Fund has preferred shares outstanding the Acquiring Fund has one series of Institutional MuniFund Term Preferred Shares ( iMTP Shares ) and one series of Variable Rate MuniFund Term Preferred Shares ( VMTP Shares ) outstanding and each Target Fund has one series of Variable Rate Demand Preferred Shares ( VRDP Shares ) outstanding. To be approved, the proposals described above must be approved by the Funds' common and preferred shareholders as follows:

- |                 |  |
|-----------------|--|
| Proposal No. 1. | With respect to each Target Fund, Proposal No. 1 must be approved by the Target Fund's common and preferred shareholders, voting together as a single class, and by the Target Fund's preferred shareholders, voting separately.<br><br>With respect to the Acquiring Fund, Proposal No. 1 must be approved by the Acquiring Fund's preferred shareholders, voting separately (but not by the Acquiring Fund's common shareholders). |
| Proposal No. 2. | Proposal No. 2 must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class, and by the Acquiring Fund's common shareholders, voting separately.  |

- |                    |  |
|--------------------|--|
| Proposal No. 3(a). | Proposal No. 3(a) must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class. |
| Proposal No. 3(b). | Proposal No. 3(b) must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class. |

Only the common shareholders of the Funds and the preferred shareholders of the Acquiring Fund are being solicited to vote on the proposals described above pursuant to this Joint Proxy Statement/Prospectus. The preferred shareholders of the Target Funds are being solicited to vote on the proposals described above by means of separate proxy statements.

A quorum of shareholders is required to take action at each Special Meeting. A majority of the shares entitled to vote at each Special Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Special Meeting. Votes cast in person or by proxy at each Special Meeting will be tabulated by the inspectors of election appointed for that Special Meeting. The inspectors of election will determine whether or not a quorum is present at the Special Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (1) instructions have not been received from the beneficial owners or persons entitled to vote and (2) the broker or nominee does not have discretionary voting power on a particular matter), if any, as present for purposes of determining a quorum.

Broker-dealer firms holding shares of a Fund in street name for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares before the Special Meeting. The Funds understand that, under the rules of the New York Stock Exchange (the NYSE), such broker-dealer firms may, for certain routine matters, grant discretionary authority to the proxies designated by each Board to vote without instructions from their customers and clients if no instructions have been received prior to the date specified in the broker-dealer firm's request for voting instructions. None of the proposals described in this Joint Proxy Statement/Prospectus is considered a routine matter under the rules of the NYSE.

VRDP Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Special Meeting, or, if adjourned or postponed, one business day before the day to which the Special Meeting is adjourned or postponed, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the NYSE, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of VRDP Shares who have voted on the proposal. Rule 452 permits proportionate voting of a Fund's VRDP Shares with respect to a particular item if, among other things, (1) a minimum of 30% of that Fund's outstanding VRDP Shares has been voted by the holders of such shares with respect to such item, (2) less than 10% of that Fund's outstanding VRDP Shares has been voted by the holders of such shares against such item and (3) for any proposal as to which holders of common shares and preferred shares vote as a single class, holders of common shares approve the proposal. For the purpose of meeting the 30% test, abstentions will be treated as shares voted and, for the purpose of meeting the 10% test, abstentions will not be treated as shares voted against the item.

Broker-dealers who are not members of the NYSE may be subject to other rules, which may or may not permit them to vote your shares without instruction. We urge you to provide instructions to your broker or nominee so that your votes may be counted.



## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form 497

Those persons who were shareholders of record of the Acquiring Fund or Dividend Advantage 2 as of the close of business on August 24, 2015 and those persons who were shareholders of record of Municipal Advantage or Premium Income as of the close of business on September 14, 2015 will be entitled to one vote for each share held and, with respect to holders of common shares, a proportionate fractional vote for each fractional common share held.

As of August 24, 2015 (for the Acquiring Fund and Dividend Advantage 2) and September 14, 2015 (for Municipal Advantage and Premium Income), the shares of the Funds issued and outstanding are as follows:

Fund (Ticker Symbol)	Common Shares <sup>(1)</sup>	iMTP Shares <sup>(1)</sup>	VMTP Shares <sup>(1)</sup>	VRDP Shares <sup>(1)</sup>
Acquiring Fund (NZF)	36,312,525	30,000	810	
Municipal Advantage (NMA)	39,289,967			2,688
Premium Income (NPT)	43,338,451			2,622
Dividend Advantage 2 (NXZ)	29,453,512			1,960

(1) The common shares of the Acquiring Fund and Dividend Advantage 2 are listed on the NYSE MKT, and the common shares of Municipal Advantage and Premium Income are listed on the NYSE. Upon the closing of the reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE. The Acquiring Fund has one series of iMTP Shares and one series of VMTP Shares outstanding. Each of the Target Funds has one series of VRDP Shares outstanding. Neither the iMTP Shares or VMTP Shares of the Acquiring Fund nor the VRDP Shares of Municipal Advantage, Premium Income or Dividend Advantage 2 are listed on any exchange.

The proposed reorganizations are part of a broad initiative to restructure the product offerings of Nuveen's leveraged national municipal closed-end funds by creating fewer funds with greater scale, eliminate overlapping investment mandates of the funds and differentiate the investment strategies of the funds by credit profile and emphasis on securities that generate income exempt from the federal alternative minimum tax applicable to individuals. As part of this initiative, the Board of the Acquiring Fund approved the following proposals: (1) certain changes to the non-fundamental investment policies of the Acquiring Fund, which provide an expanded investment mandate that permits the Acquiring Fund to invest up to 55% of its managed assets in lower rated municipal securities; (2) a new investment management agreement and a new sub-advisory agreement with higher fees that reflect the increased level of credit research and surveillance resulting from the expanded investment mandate; and (3) a change of the name of the Acquiring Fund to Nuveen Enhanced Municipal Credit Opportunities Fund.

The Acquiring Fund currently has a fundamental investment policy requiring it to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. The Acquiring Fund's current non-fundamental investment policies require, under normal circumstances, that the Fund invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and may invest no more than 10% of its managed assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's sub-adviser. Under the expanded investment mandate, the Acquiring Fund's fundamental investment policy to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes will not change. However, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities or unrated securities judged to be of comparable quality by the Fund's sub-adviser.

The current and new investment policies set forth above are non-fundamental policies. Non-fundamental investment policies may be changed by the Board at any time without shareholder approval. Accordingly, shareholders are not being asked to approve these changes.

The terms of the reorganization of each Target Fund into the Acquiring Fund are set forth in an Agreement and Plan of Reorganization by and among the Acquiring Fund and each Target Fund. The Agreement and Plan of Reorganization provides for: (1) the Acquiring Fund's acquisition of substantially all of the assets of each Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VRDP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (2) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by each Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Target Fund in accordance with applicable law (each, a

Reorganization and together, the Reorganizations). The aggregate net asset value of the Acquiring Fund common shares as of the Valuation Time (as defined in the Agreement and Plan of Reorganization) received by each Target Fund in connection with a Reorganization will equal the aggregate net asset value of the Target Fund common shares held by shareholders of such Target Fund as of such time. Prior to the Valuation Time, the net asset value of each Target Fund and the Acquiring Fund will be reduced by the costs of the Reorganizations borne by such Fund. No fractional Acquiring Fund common shares will be distributed to a Target Fund's common shareholders in connection with a Reorganization and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash in an amount equal to a pro rata share of the proceeds from the sale of such fractional shares in the open market, which may be higher or lower than net asset value. Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VRDP Shares, having substantially similar terms as the outstanding VRDP Shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund VRDP Shares received in connection with the Reorganizations will equal the aggregate liquidation preference of the corresponding Target Fund VRDP Shares held immediately prior to the closing of the Reorganization. The Agreement and Plan of Reorganization may be amended by the Funds, as specifically authorized by each Fund's Board, provided that following the Special Meeting, no such amendment may change the provisions for determining the number of Acquiring Fund shares to be issued to Target Fund shareholders to the detriment of such shareholders without their further approval.

The VRDP Shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including the VRDP Shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Acquiring Fund will continue to operate after the Reorganizations as a registered closed-end management investment company, with the investment objectives and policies described in this Joint Proxy Statement/Prospectus.

With respect to the Reorganization of each Target Fund into the Acquiring Fund, the Reorganization is required to be approved by the affirmative vote of the holders of a majority of the

Target Fund's outstanding common and preferred shares, voting together as a single class, and by the affirmative vote of a majority of the Target Fund's outstanding preferred shares, voting separately. The affirmative vote of a majority of the common and preferred shareholders of the Acquiring Fund, voting together as a single class, and the affirmative vote of a majority of the common shareholders of the Acquiring Fund, voting separately, are required to approve the issuance of additional common shares of the Acquiring Fund in connection with the Reorganizations. In addition, the Reorganizations are required to be approved by the affirmative vote of a majority of the Acquiring Fund's outstanding preferred shares, voting separately.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is also subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Special Meetings, and certain other consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of the Target Funds, and holders of a majority of the Acquiring Fund's outstanding VMTP Shares, must also be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund.

The following documents have been filed with the SEC and are incorporated into this Joint Proxy Statement/Prospectus by reference:

- (1) the Statement of Additional Information relating to the proposed Reorganizations, dated October 22, 2015 (the Reorganization SAI );
- (2) the audited financial statements and related independent registered public accounting firm's report for the Acquiring Fund and the financial highlights for the Acquiring Fund contained in the Fund's Annual Report for the fiscal year ended October 31, 2014 (File No. 811-10345);
- (3) the audited financial statements and related independent registered public accounting firm's report for each of Municipal Advantage, Premium Income and Dividend Advantage 2 and the financial highlights for such Target Fund contained in such Fund's Annual Report for the fiscal year ended October 31, 2014 (File Nos. 811-05957, 811-07432, 811-10255, respectively);
- (4) the unaudited financial statements for the Acquiring Fund contained in the Fund's Semi-Annual Report for the six-month period ended April 30, 2015 (File No. 811-10345); and
- (5) the unaudited financial statements for each of Municipal Advantage, Premium Income and Dividend Advantage 2 contained in such Fund's Semi-Annual Report for the six-month period ended April 30, 2015 (File Nos. 811-05957, 811-07432, 811-10255, respectively).

No other parts of the Funds' Annual or Semi-Annual Reports are incorporated by reference herein.

Copies of the foregoing may be obtained without charge by calling (800) 257-8787 or writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606. If you wish to request a copy of the Reorganization SAI, please ask for the National Municipal Reorganization SAI. In addition, each Fund will furnish, without charge, a copy of its most recent Annual Report or Semi-Annual Report to a shareholder upon request. Any such request should be directed to the Funds by calling (800) 257-8787 or by writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Investment Company Act of 1940, as amended (the 1940 Act), and in accordance therewith file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds, including the Registration Statement on Form N-14 relating to the common shares and preferred shares of the Acquiring Fund of which this Joint Proxy Statement/Prospectus is a part, may be inspected without charge and copied (for a duplication fee at prescribed rates) at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549 or at the SEC's New York Regional Office (Brookfield Place, 200 Vesey Street, Suite 400, New York, New York 10281) or Chicago Regional Office (175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604). You may call the SEC at (202) 551-8090 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549. You may also access reports and other information about the Funds on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>.

The common shares of the Acquiring Fund and Dividend Advantage 2 are listed on the NYSE MKT, and the common shares of Municipal Advantage and Premium Income are listed on the NYSE. Upon the closing of the Reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE. Neither the iMTP Shares or the VMTP Shares of the Acquiring Fund nor the VRDP Shares of Municipal Advantage, Premium Income or Dividend Advantage 2 are listed on any exchange. Reports, proxy statements and other information concerning the Funds can be inspected at the offices of the NYSE and NYSE MKT, 11 Wall Street, New York, New York 10005.

This Joint Proxy Statement/Prospectus serves as a prospectus of the Acquiring Fund in connection with the issuance of the Acquiring Fund common shares in each Reorganization. In this connection, no person has been authorized to give any information or make any representation not contained in this Joint Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Joint Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

**JOINT PROXY STATEMENT/PROSPECTUS**

**OCTOBER 22, 2015**

**NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZF)**

**NUVEEN MUNICIPAL ADVANTAGE FUND, INC. (NMA)**

**NUVEEN PREMIUM INCOME MUNICIPAL FUND 4, INC. (NPT)**

**AND**

**NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NXZ)**

**TABLE OF CONTENTS**

<u>PROPOSAL NO. 1 REORGANIZATION OF EACH TARGET FUND INTO THE ACQUIRING FUND (COMMON SHAREHOLDERS OF EACH TARGET FUND AND PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND)</u>	1
A. <u>SYNOPSIS</u>	1
<u>Background and Reasons for the Reorganizations</u>	1
<u>Material Federal Income Tax Consequences of the Reorganizations</u>	2
<u>Comparison of the Acquiring Fund and each Target Fund</u>	3
<u>Comparative Risk Information</u>	15
<u>Comparative Expense Information</u>	17
<u>Comparative Performance Information</u>	19
B. <u>RISK FACTORS</u>	20
C. <u>INFORMATION ABOUT THE REORGANIZATIONS</u>	36
<u>General</u>	36
<u>Terms of the Reorganizations</u>	37
<u>Reasons for the Reorganizations</u>	40
<u>Capitalization</u>	44
<u>Expenses Associated with the Reorganizations</u>	45
<u>Dissenting Shareholders' Rights of Appraisal</u>	46
<u>Material Federal Income Tax Consequences of the Reorganizations</u>	46
<u>Shareholder Approval</u>	49
<u>Description of Common Shares to Be Issued by the Acquiring Fund; Comparison to Target Funds</u>	50
<u>Description of VRDP Shares to Be Issued by the Acquiring Fund</u>	54
<u>Comparison of Massachusetts Business Trusts and Minnesota Corporations</u>	56
D. <u>ADDITIONAL INFORMATION ABOUT THE INVESTMENT POLICIES</u>	61
<u>Comparison of the Investment Objectives and Policies of the Acquiring Fund and the Target Funds</u>	61
<u>Portfolio Investments</u>	65
<u>PROPOSAL NO. 2 APPROVAL OF ISSUANCE OF ADDITIONAL COMMON SHARES OF ACQUIRING FUND (COMMON AND PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND ONLY)</u>	73
<u>PROPOSAL NO. 3 APPROVAL OF NEW INVESTMENT MANAGEMENT AND SUB-ADVISORY AGREEMENTS (COMMON AND PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND ONLY)</u>	75

<u>ADDITIONAL INFORMATION ABOUT THE ACQUIRING FUND</u>	91
<u>Certain Provisions in the Acquiring Fund's Declaration of Trust and By-Laws</u>	91
<u>Repurchase of Common Shares; Conversion to Open-End Fund</u>	92
<u>Description of Outstanding Acquiring Fund iMTP Shares</u>	93
<u>Description of Outstanding Acquiring Fund VMTP Shares</u>	95
<u>Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption Agent</u>	96
<u>Federal Income Tax Matters Associated with Investment in the Acquiring Fund</u>	96
<u>Net Asset Value</u>	100
<u>Legal Opinions</u>	100
<u>Experts</u>	100
<u>GENERAL INFORMATION</u>	102
<u>Outstanding Shares of the Acquiring Fund and the Target Funds</u>	102
<u>Shareholders of the Acquiring Fund and the Target Funds</u>	102
<u>Expenses of Proxy Solicitation</u>	104
<u>Shareholder Proposals</u>	104
<u>Shareholder Communications</u>	104
<u>Fiscal Year</u>	105
<u>Shareholder Report Delivery</u>	105
<u>Other Information</u>	105
<u>APPENDIX A FORM OF AGREEMENT AND PLAN OF REORGANIZATION</u>	A-1
<u>APPENDIX B FINANCIAL HIGHLIGHTS</u>	B-1
<u>APPENDIX C FORM OF NEW INVESTMENT MANAGEMENT AGREEMENT</u>	C-1
<u>APPENDIX D FORM OF INVESTMENT SUB-ADVISORY AGREEMENT</u>	D-1
<u>APPENDIX E INFORMATION REGARDING OFFICERS AND DIRECTORS OF ADVISER AND SUB-ADVISER</u>	E-1
<u>APPENDIX F FEE RATES AND NET ASSETS OF OTHER FUNDS ADVISED BY THE ADVISER AND THE SUB-ADVISER WITH SIMILAR INVESTMENT OBJECTIVES AS THE ACQUIRING FUND</u>	F-1

**PROPOSAL NO. 1 REORGANIZATION OF EACH TARGET FUND INTO**

**THE ACQUIRING FUND**

**(COMMON SHAREHOLDERS OF EACH TARGET FUND AND PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND)**

**A. SYNOPSIS**

The following is a summary of certain information contained elsewhere in this Joint Proxy Statement/Prospectus with respect to the proposed Reorganizations. More complete information is contained elsewhere in this Joint Proxy Statement/Prospectus and in the Reorganization SAI and the appendices hereto and thereto. Shareholders should read the entire Joint Proxy Statement/Prospectus carefully.

**Background and Reasons for the Reorganizations**

The boards of directors/trustees of Nuveen's leveraged national municipal closed-end funds, including the Board of each of the Funds, have approved a series of proposals that are intended to benefit shareholders in a number of ways by streamlining and differentiating Nuveen's product offerings. The proposals included the Acquiring Fund's expanded investment mandate and the Reorganization of each Target Fund into the Acquiring Fund. Each Board has determined that the Reorganization proposed for its Fund would be in the best interests of such Fund. Each Fund's Board considered the Reorganization(s) in connection with these proposals. The Target Funds and the Acquiring Fund have substantially similar investment objectives and invest exclusively in municipal securities and other investments the income from which is exempt from regular federal income taxes.

Based on information provided by Nuveen Fund Advisors, LLC (Nuveen Fund Advisors or the Adviser), the investment adviser to each Fund, each Fund's Board believes that the Reorganizations and the expanded investment mandate of the Acquiring Fund may benefit common shareholders in a number of ways, including, among other things:

Meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions and result in a more attractive yield, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value;

Increased portfolio and leverage management flexibility due to a significantly larger asset base of the combined fund;

Greater liquidity and ease of trading due to substantially more common shares outstanding; and

Lower fund administrative costs (excluding the costs of leverage), as certain fixed costs are spread over a larger asset base, which would partially offset the increase in management fees of the Acquiring Fund.

Under its expanded investment mandate, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully higher net earnings that may support higher common share distributions. However, as discussed

beginning on page 20, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. See B. Risk Factors.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganizations is also subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Special Meetings, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of the Target Funds, and holders of a majority of the Acquiring Fund's outstanding VMTP Shares, must also be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the Reorganizations are not consummated, each Fund's Board may take such actions as it deems in the best interests of its Fund. For a fuller discussion of the Boards' considerations regarding the approval of the Reorganizations, see Proposal No. 1 Information About the Reorganizations' Reasons for the Reorganizations.

### **Material Federal Income Tax Consequences of the Reorganizations**

As a condition to closing, each Fund will receive, with respect to its proposed Reorganization(s), an opinion of Vedder Price P.C., subject to certain representations, assumptions and conditions, substantially to the effect that the proposed Reorganization(s) will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). Accordingly, it is expected that no Fund will recognize gain or loss for federal income tax purposes as a direct result of the Reorganizations. It is also expected that shareholders of a Target Fund who receive Acquiring Fund shares pursuant to a Reorganization will recognize no gain or loss for federal income tax purposes as a result of such exchange, except to the extent a common shareholder of a Target Fund receives cash in lieu of a fractional Acquiring Fund common share. Prior to the closing of the Reorganizations, each Target Fund expects to declare a distribution of all of its net investment income and net capital gains, if any. All or a portion of such a distribution may be taxable to a Target Fund's shareholders for federal income tax purposes. If shareholders of the Funds approve the Reorganizations, after the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. After the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. To the extent that portfolio investments of the Acquiring Fund are sold before or after the closing of the Reorganizations, the Acquiring Fund may recognize gains or losses, which may result in taxable distributions to shareholders holding shares of the Acquiring Fund (including former Target Fund shareholders who hold shares of the Acquiring Fund following the Reorganizations). If such repositioning had been completed as of April 30, 2015, the repositioning would have resulted in net realized losses. Securities held by the Funds are purchased and sold on a principal basis rather than an agency basis, and such transactions are not subject to separate brokerage commissions.



The foregoing discussion and the tax opinion discussed above to be received by the Funds regarding certain aspects of the Reorganizations, including that the Reorganizations will qualify as tax-free reorganizations under the Code, will rely on the position that the Acquiring Fund preferred shares will constitute equity of the Acquiring Fund. In that regard, Sidley Austin LLP, as special tax counsel to the Acquiring Fund, will deliver an opinion to the Acquiring Fund, subject to certain representations, assumptions and conditions, substantially to the effect that the Acquiring Fund VRDP Shares received in the Reorganizations by the holders of VRDP Shares of the Target Funds will qualify as equity of the Acquiring Fund for federal income tax purposes. Distributions with respect to the preferred shares (other than distributions in redemption of preferred shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of the Acquiring Fund's allocable current or accumulated earnings and profits, as calculated for federal income tax purposes. Because the treatment of a corporate security as debt or equity is determined on the basis of the facts and circumstances of each case, and no controlling precedent exists for the VRDP Shares issued in the Reorganizations, there can be no assurance that the Internal Revenue Service (the "IRS") will not question special tax counsel's opinion and the Acquiring Fund's treatment of the VRDP Shares as equity. If the IRS were to succeed in such a challenge, holders of VRDP Shares could be characterized as receiving taxable interest income rather than exempt-interest or other dividends, possibly requiring them to file amended income tax returns and retroactively to recognize additional amounts of ordinary income and pay additional tax, interest and penalties, and the tax consequences of the Reorganizations could differ significantly from those described above.

### Comparison of the Acquiring Fund and each Target Fund

*General.* The Acquiring Fund and each Target Fund are diversified, closed-end management investment companies. Set forth below is certain comparative information about the organization, capitalization and operation of each Fund.

Fund	Organization		State of Organization	Entity Type
	Organization Date			
Acquiring Fund	March 21, 2001		Massachusetts	business trust
Municipal Advantage	November 6, 1989		Minnesota	corporation
Premium Income	January 13, 1993		Minnesota	corporation
Dividend Advantage 2	June 1, 1999		Massachusetts	business trust

Fund	Capitalization			Common Shares			Exchange on which Common Shares are Listed
	Authorized Shares	Shares Outstanding <sup>(1)</sup>	Par Value Per Share	Preemptive, Conversion or Exchange Rights	Rights to Cumulative Voting		
Acquiring Fund	Unlimited	36,312,525	\$0.01	None	None	NYSE MKT	
Municipal Advantage	200,000,000	39,289,967	\$0.01	None	None	NYSE	
Premium Income	200,000,000	43,338,451	\$0.01	None	None	NYSE	
Dividend Advantage 2	Unlimited	29,453,512	\$0.01	None	None	NYSE MKT	

(1) As of August 24, 2015 (for the Acquiring Fund and Dividend Advantage 2) and September 14, 2015 (for Municipal Advantage and Premium Income).

Upon the closing of the Reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE.

The Acquiring Fund currently has outstanding 30,000 iMTP Shares, with a par value of \$0.01 per share and a liquidation preference of \$5,000 per share, and 810 VMTP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share (together, the

Outstanding Preferred Shares), which will remain outstanding following the completion of the Reorganizations. Municipal Advantage currently has outstanding 2,688 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share; Premium Income currently has outstanding 2,622 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share; and Dividend Advantage 2 currently has outstanding 1,960 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share. iMTP Shares, VMTP Shares and VRDP Shares are entitled to one vote per share. The VRDP Shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, and the VRDP Shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The VRDP Shares of the Acquiring Fund to be issued in connection with the Reorganizations will have rights and preferences, including liquidation preferences, that are substantially similar to those of the outstanding Target Fund VRDP Shares for which they are exchanged.

*Investment Objectives and Policies.* The Funds have substantially similar investment objectives. The investment objectives of the Acquiring Fund, Municipal Advantage and Dividend Advantage 2 are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. Premium Income's primary investment objective is to provide, through investment in a professionally managed portfolio of tax-exempt municipal obligations, current income exempt from regular federal income tax, consistent with the Fund's investment policies. Premium Income's secondary investment objective is the enhancement of portfolio value relative to the municipal bond market through investments in tax-exempt municipal obligations that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.

The Acquiring Fund currently has a fundamental investment policy requiring it to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. The Acquiring Fund's current non-fundamental investment policies require that, under normal circumstances, the Fund invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permit the Fund to invest no more than 10% of its managed assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's sub-adviser. These investment policies are substantially similar to those of each Target Fund.

The Board of the Acquiring Fund has approved certain changes to the non-fundamental investment policies of the Acquiring Fund. Non-fundamental investment policies may be changed by the Board at any time without shareholder approval. Accordingly, shareholders are not being asked to approve these changes.

Under the expanded investment mandate, the Acquiring Fund's fundamental investment policy to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes will not change. However, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities or unrated securities judged to be of comparable quality by the Fund's sub-adviser. These changes to the Acquiring Fund's non-fundamental investment policies will result in the Acquiring Fund having investment policies, strategies and risks that differ in certain regards from those of the Target Funds.

The following summary compares the principal investment policies and strategies of the Acquiring Fund, giving effect to the new investment policies of the Acquiring Fund, to the current principal investment policies and strategies of the Target Funds. Unless otherwise indicated, descriptions of the Acquiring Fund's investment policies, strategies and risks in this Joint Proxy Statement/Prospectus give effect to the new investment policies of the Acquiring Fund. Managed Assets includes the net assets of a Fund as well as assets of a Fund that are attributable to leverage.

<b>Acquiring Fund (New Policies)</b>	<b>Municipal Advantage and Dividend Advantage 2</b>	<b>Premium Income</b>	<b>Differences</b>
<i>Investment Objectives:</i>	<i>Investment Objectives:</i>	<i>Investment Objectives:</i>	
The Fund's investment objectives are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.	The Fund's investment objectives are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.	The Fund's primary investment objective is to provide, through investment in a professionally managed portfolio of tax-exempt municipal obligations, current income exempt from regular federal income tax, consistent with the Fund's investment policies. The Fund's secondary investment objective is the enhancement of portfolio value relative to the municipal bond market through investments in tax-exempt municipal obligations that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.	Identical with respect to Municipal Advantage and Dividend Advantage 2. Substantially similar with respect to Premium Income.

<b>Acquiring Fund (New Policies)</b>	<b>Municipal Advantage and Dividend Advantage 2</b>	<b>Premium Income</b>	<b>Differences</b>
<i>Principal Investment Strategy:</i>	<i>Principal Investment Strategy:</i>	<i>Principal Investment Strategy:</i>	Identical.
Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.	Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.	Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.	
<i>Credit Quality:</i>	<i>Credit Quality:</i>	<i>Credit Quality:</i>	The Acquiring Fund expects to consistently allocate a greater percentage of its portfolio to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund.
Under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities that, at the time of investment, are rated below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization ( NRSRO ) or are unrated but judged to be of comparable quality by the Fund s sub-adviser.	Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Fund s investment adviser. No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s investment adviser.	Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Fund s investment adviser. No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s investment adviser.	

Acquiring Fund (New Policies)	Municipal Advantage and Dividend Advantage 2	Premium Income	Differences
<i>Leverage:</i>	<i>Leverage:</i>	<i>Leverage:</i>	Identical.
The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.	The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.	The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.	
<i>Illiquid Securities:</i>	<i>Illiquid Securities:</i>	<i>Illiquid Securities:</i>	Substantially similar with respect to Municipal Advantage and Dividend Advantage 2. Effectively similar with respect to Premium Income.
The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.	The Fund may invest in illiquid securities (i.e., securities that are not readily marketable), including, but not limited to, restricted securities (securities the disposition of which is restricted under the federal securities laws), securities that may be resold only pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act ), that are deemed to be illiquid, and certain repurchase agreements with maturities in excess of seven days.	The Fund does not have a specific policy regarding investments in illiquid securities.	

Acquiring Fund (New Policies)	Municipal Advantage and Dividend Advantage 2	Premium Income	Differences
<i>Weighted Average Maturity Policy:</i>	<i>Weighted Average Maturity Policy:</i>	<i>Weighted Average Maturity Policy:</i>	Identical.
The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.	The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.	The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.	
<i>Other Investment Companies:</i>	<i>Other Investment Companies:</i>	<i>Other Investment Companies:</i>	
The Fund may invest in securities of other open- or closed-end investment companies (including exchange-traded funds ( ETFs )) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. In addition, the Fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly.	The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal securities of the types in which the Fund may invest directly. In addition, Dividend Advantage 2 may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly.	The Fund does not have a specific policy regarding investments in other investment companies.	Substantially similar with respect to Municipal Advantage and Dividend Advantage 2. Effectively similar with respect to Premium Income.

<b>Acquiring Fund (New Policies)</b>	<b>Municipal Advantage and Dividend Advantage 2</b>	<b>Premium Income</b>	<b>Differences</b>
<i>Use of Derivatives:</i>	<i>Use of Derivatives:</i>	<i>Use of Derivatives:</i>	

Identical.

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

*Credit Quality.* A comparison of the credit quality (as a percentage of total investment exposure, which includes the leveraged effect of the Funds' investments in inverse floating rate securities of tender option bond trusts) of the portfolios of the Acquiring Fund and each Target Fund, as of April 30, 2015, is set forth in the table below. The information for the Acquiring Fund in the table below reflects the Acquiring Fund's current investment mandate. Under the Acquiring Fund's expanded investment mandate, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund.

<b>Credit Rating<sup>(1)</sup></b>	<b>Acquiring Fund</b>	<b>Municipal Advantage</b>	<b>Premium Income</b>	<b>Dividend Advantage 2</b>
AAA/U.S. Guaranteed	16.6%	13.6%	17.9%	16.5%
AA	43.9%	50.6%	31.0%	50.3%
A	20.1%	17.2%	28.2%	14.5%
BBB	9.7%	9.9%	15.2%	8.2%
BB or lower	4.3%	7.7%	3.6%	8.4%
N/R (not rated)	5.0%	1.0%	3.9%	2.1%
N/A (not applicable) <sup>(2)</sup>	0.4%		0.2%	

(1) Ratings shown are the highest rating given by one of the following national rating agencies: S&P, Moody's or Fitch Ratings, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A, and BBB are investment-grade ratings; BB, B, CCC, CC 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.

(2) Relates to investment company holdings for the Acquiring Fund and common stock holdings for Premium Income.

*Leverage.* Each Fund may utilize the following forms of leverage: (1) the issuance of preferred shares, (2) bank borrowings, and (3) inverse floating rate securities (sometimes referred to as inverse floaters), which have the economic effect of leverage. Each Fund currently engages in leverage through the issuance of preferred shares and the use of inverse floaters. Certain important ratios related to each Fund's use of leverage for the last three fiscal years are set forth below. Following the Reorganizations, it is expected that the Acquiring Fund will seek to incur additional leverage to achieve a leverage ratio equal to the highest leverage ratio of the Target Funds and the Acquiring Fund prior to the Reorganizations.

<b>Acquiring Fund</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Coverage Ratio <sup>(1)</sup>	348.80%	341.85%	370.06%
Regulatory Leverage Ratio <sup>(2)</sup>	28.67%	29.25%	27.02%
Effective Leverage Ratio <sup>(3)</sup>	34.56%	35.55%	32.71%
<b>Municipal Advantage</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Coverage Ratio <sup>(1)</sup>	325.40%	306.67%	332.08%
Regulatory Leverage Ratio <sup>(2)</sup>	30.73%	32.61%	30.11%
Effective Leverage Ratio <sup>(3)</sup>	34.89%	37.46%	34.79%
<b>Premium Income</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Coverage Ratio <sup>(1)</sup>	338.42%	314.35%	339.65%
Regulatory Leverage Ratio <sup>(2)</sup>	29.55%	31.81%	29.44%
Effective Leverage Ratio <sup>(3)</sup>	34.82%	38.22%	35.42%
<b>Dividend Advantage 2</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Asset Coverage Ratio <sup>(1)</sup>	337.90%	319.07%	342.06%
Regulatory Leverage Ratio <sup>(2)</sup>	29.59%	31.34%	29.23%
Effective Leverage Ratio <sup>(3)</sup>	33.67%	35.54%	33.16%

- (1) A Fund's asset coverage ratio is defined under the 1940 Act as the ratio that the value of the total assets of the Fund, less all liabilities and indebtedness not represented by preferred shares or senior securities representing indebtedness, bears to the aggregate amount of preferred shares and senior securities representing indebtedness issued by the Fund.
- (2) Regulatory leverage consists of preferred shares or debt issued by the Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is sometimes referred to as 1940 Act Leverage and is subject to asset coverage limits set forth in the 1940 Act.
- (3) Effective leverage is a Fund's effective economic leverage, and includes both regulatory 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, in addition to any regulatory leverage, are included in effective leverage ratios.

*Board Members and Officers.* The Acquiring Fund and each Target Fund have the same Board Members and officers. The management of each Fund, including general supervision of the duties performed by the Fund's investment adviser under an investment management agreement between the investment adviser and such Fund (each, an Investment Management Agreement), is the responsibility of its Board. Each Fund currently has eleven (11) Board Members, two (2) of whom are interested persons (as defined in the 1940 Act) and nine (9) of whom are not interested persons. The names and business addresses of the Board Members and officers of the Funds and their principal occupations and other affiliations during the past five years are set forth in the Reorganization SAI under Management of the Funds.

While the Acquiring Fund and Target Funds have the same Board Members, the Acquiring Fund and Dividend Advantage 2, which are organized as Massachusetts business trusts (the Massachusetts Funds), have a board structure that is different from the structure for Municipal



Advantage and Premium Income, which are organized as Minnesota corporations (the Minnesota Funds ). All members of the boards of directors of the Minnesota Funds stand for election each year. In contrast to the Minnesota Funds board structure, and purs