

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-CSR
January 09, 2009

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-10345

Nuveen Dividend Advantage Municipal Fund 3

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

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

Date of fiscal year end: October 31

Date of reporting period: October 31, 2008

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

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

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ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT | Nuveen Investments
October 31, 2008 | MUNICIPAL CLOSED-END FUNDS

Photo of: Small child

NUVEEN PERFORMANCE
PLUS MUNICIPAL
FUND, INC.
NPP

NUVEEN MUNICIPAL
ADVANTAGE FUND, INC.
NMA

NUVEEN MUNICIPAL
MARKET OPPORTUNITY
FUND, INC.
NMO

NUVEEN DIVIDEND
ADVANTAGE
MUNICIPAL FUND
NAD

NUVEEN DIVIDEND
ADVANTAGE
MUNICIPAL FUND 2
NXZ

NUVEEN DIVIDEND
ADVANTAGE
MUNICIPAL FUND 3
NZF

IT'S NOT WHAT YOU EARN, IT'S WHAT YOU KEEP. (R)

Logo: NUVEEN Investments

Photo of: Man working on computer

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Photo of: Robert P. Bremner

Chairman's
LETTER TO SHAREHOLDERS

| Robert P. Bremner | Chairman of the Board

Dear Shareholders,

I'd like to use my initial letter to you to accomplish several things. First, I want to report that after fourteen years of service on your Fund's Board, including the last twelve as chairman, Tim Schwertfeger retired from the Board in June. The Board has elected me to replace him as the chairman, the first time this role has been filled by someone who is not an employee of Nuveen Investments. Electing an independent chairman marks a significant milestone in the management of your Fund, and it aligns us with what is now considered a "best practice" in the fund industry. Further, it demonstrates the independence with which your Board has always acted on your behalf.

Following Tim will not be easy. During my eleven previous years on the Nuveen Fund Board, I found that Tim always set a very high standard by combining insightful industry and market knowledge and sound, clear judgment. While the Board will miss his wise counsel, I am certain we will retain the primary commitment Tim shared with all of us - an unceasing dedication to creating and retaining value for Nuveen Fund shareholders. This focus on value over time is a touchstone that I and all the other Board members will continue to use when making decisions on your behalf.

Second, I also want to report that we are very fortunate to welcome two new Board members to our team. John Amboian, the current chairman and CEO of Nuveen Investments, has replaced Tim as Nuveen's representative on the Board. John's presence will allow the independent Board members to benefit not only from his leadership role at Nuveen but also his broad understanding of the fund industry and Nuveen's role within it. We also added Terry Toth as an independent director. A former CEO of the Northern Trust Company's asset management group, Terry will bring extensive experience in the fund industry to our deliberations.

Third, on behalf of the entire Board, I would like you to know that we are closely monitoring the unprecedented market developments and their distressing impact on the Funds. We believe that these Funds continue to be actively and constructively managed for the long term and at the same time we are very aware

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that these are trying times for our investors. We appreciate the patience you have shown with the Board and with Nuveen Investments as they manage your investment through this extremely difficult period.

Fourth, again on behalf of the entire Board, I would like to acknowledge the effort the whole Nuveen organization is making to resolve the auction rate preferred share situation in a satisfactory manner. As you know, we are actively pursuing a number of possible solutions, all with the goal of providing liquidity for preferred shareholders while preserving the potential benefits of leverage for common shareholders. We appreciate the patience you have shown as we've worked through the many difficulties involved.

Finally, I urge you to take the time to review the Portfolio Managers' Comments, the Common Share Dividend and Share Price Information, and the Performance Overview sections of this report. All of us are grateful that you have chosen Nuveen Investments as a partner as you pursue your financial goals, and, on behalf of myself and the other members of your Fund's Board, let me say we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Robert P. Bremner

Robert P. Bremner
Chairman of the Board
December 23, 2008

Portfolio Managers' COMMENTS

Nuveen Investments Municipal Closed-End Funds | NPP, NMA, NMO
NAD, NXZ, NZF

Portfolio managers Tom Spalding and Paul Brennan discuss U.S. economic and municipal market conditions, key investment strategies, and the twelve-month performance of these six national Funds. A thirty-two-year veteran of Nuveen, Tom has managed NXZ since its inception in 2001 and NPP, NMA, NMO, and NAD since 2003. With nineteen years of industry experience, including eleven years at Nuveen, Paul assumed portfolio management responsibility for NZF in 2006.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE TWELVE-MONTH REPORTING PERIOD ENDED OCTOBER 31, 2008?

During this period, stress in the financial and credit markets led to increased price volatility for many securities, reduced liquidity and a general flight to quality. The Federal Reserve (Fed) began in September 2007 a series of interest rate cuts that lowered the fed funds rate by 325 basis points--from 5.25% to 2.00%--over an eight-month period ending April 2008. In October 2008, the Fed announced two additional reductions of 50 basis points each, bringing the fed funds rate down to 1.00%, its lowest level since 2003. (On December 16, after the end of this twelve-month period, the Fed reduced the fed funds rate target to 0.25% or less.)

The Fed's rate-cutting actions also were a response to concerns about the pace of U.S. economic growth, as measured by the U.S. gross domestic product (GDP). After declining at an annual rate of 0.2% in the fourth quarter of 2007, GDP improved to a positive 0.9% in the first quarter of 2008 and posted growth of 2.8% in the second quarter of 2008 (all GDP numbers annualized). During the third quarter of 2008, however, GDP contracted at an annual rate of 0.5%, the biggest decrease since 2001, mainly as the result of the first decline in

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consumer spending since 1991 and an 18% drop in residential investment. The Consumer Price Index (CPI), driven largely by increased energy, food and transportation prices, registered a 3.7% year-over-year gain as of October 2008, while the core CPI (which excludes food and energy) rose 2.2% over this same period, above the Fed's unofficial target of 2.0% or lower. In the labor markets, October 2008 marked the tenth consecutive month of job losses. The national unemployment rate for October 2008 was 6.5%, its highest point in more than fourteen years, up from 4.8% in October 2007.

In the municipal bond market, performance was significantly impacted by concerns about the credit markets, downgrades of municipal bond insurers, failed auctions of preferred shares and institutional investors' need to unwind various leveraging strategies. These events created surges of selling pressure, especially in late September and early October 2008. While some investors curtailed purchases, non-traditional buyers of

Discussions of specific investments are for illustrative purposes only and are not intended as recommendations of individual investments. The views expressed in this commentary represent those of the portfolio managers as of the date of this report and are subject to change at any time, based on market conditions and other factors. The Funds disclaim any obligation to advise shareholders of such changes.

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municipal bonds such as hedge funds, traditional buyers such as tax-exempt money market funds, and institutions were forced to sell holdings of longer-maturity bonds into a market already experiencing reduced liquidity.

Combined with the Fed rate cuts, this selling produced a sharp steepening of the municipal yield curve, as longer-term interest rates rose and short-term rates declined over this period. In this environment, bonds with shorter maturities generally outperformed longer maturity bonds, and higher quality bonds tended to outperform lower quality credits.

Another item of note in the municipal market was the U.S. Supreme Court's May 2008 ruling that individual states could continue to offer their residents special tax treatment on municipal bonds issued within their borders. The high court's decision preserved tax rules in forty-two states, allowing them to continue to exempt from taxation the income their residents earn on in-state municipal bonds while taxing the income earned on municipal bonds issued in other states.

Over the twelve months ended October 31, 2008, municipal bond issuance nationwide totaled \$450.3 billion, a drop of 8% from the previous twelve months. In 2008, insured bonds comprised less than 20% of new supply, compared with the recent historical figure of approximately 50%. While market conditions during this period impacted the demand for municipal bonds, we continued to see demand from investors attracted by higher interest rates and yields relative to taxable bonds.

WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THIS REPORTING PERIOD?

During this twelve-month period, with the municipal market characterized by volatility and a relatively steep yield curve, we sought to capitalize on a turbulent environment by continuing to focus on relative value and investing for

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the long term, preserving and enhancing liquidity, and managing duration(1) risk.

As events in the general financial markets unfolded, we found attractive opportunities in various sectors of the municipal market, using a fundamental approach to identify undervalued sectors and individual credits with the potential to perform well over the long term. Among the bonds we added during this period were health care and housing issues that we believed were attractively priced and had good credit fundamentals. Some of the Funds also added tobacco bonds to bring their allocations in line with the market.

In addition, some portfolio activity was driven by our efforts to boost liquidity or cash reserves. Especially during the commotion of September and October, we believed that it was prudent to take defensive measures that would reduce the Funds' exposure to market risk. These measures included pre-emptively selling some holdings and raising the Funds' cash reserves. Throughout the period, we selectively sold holdings with shorter durations, including pre-refunded(2) bonds. We also took advantage of strong bids to sell bonds that were attractive to the retail market. Given the market environment, retail demand was often strongest for higher credit quality bonds. At all times, we

- (1) Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.
- (2) Pre-refundings, also known as advance refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older existing bonds. This process often results in lower borrowing costs for bond issuers.

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were careful to balance our efforts to enhance liquidity through sales to the retail market with our focus on maintaining the credit quality of our portfolios in an uncertain market. Some of our new purchases were also funded by reinvesting the proceeds from called or matured bonds.

As a key dimension of risk management, we employed a disciplined approach to duration positioning as an important component of our overall strategy. As part of this approach, we used inverse floating rate securities(3), in all six of these Funds. Inverse floaters typically provide the dual benefit of bringing the Funds' durations closer to our strategic target and enhancing their income-generation capabilities. NZF also used certain derivative instruments in an effort to lengthen its duration and help manage common share net asset value (NAV) volatility while trying to minimize any negative impact on its income stream or common share dividends over the short term. As of October 31, 2008, we continued to use inverse floaters in all of these Funds and the derivatives remained in place in NZF.

HOW DID THE FUNDS PERFORM?

Individual results for these Funds, as well as relevant index and peer group information, are presented in the accompanying table.

Annualized Total Returns on Common Share Net Asset Value
For periods ended 10/31/08

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| | 1-Year | 5-Year | 10-Year |
|--|---------|--------|---------|
| NPP | -12.49% | 1.63% | 3.91% |
| NMA | -15.65% | 0.89% | 3.66% |
| NMO | -13.07% | 1.35% | 3.37% |
| NAD | -16.42% | 0.85% | N/A |
| NXZ | -13.23% | 2.79% | N/A |
| NZF | -14.99% | 1.97% | N/A |
| Lipper General Leveraged Municipal Debt Funds Average (4) | | | |
| | -19.05% | 0.29% | 2.87% |
| Barclays Capital Municipal Bond Index (5) | | | |
| | -3.30% | 2.73% | 4.14% |
| S&P National Municipal Bond Index (6) | | | |
| | -4.15% | 2.75% | N/A |

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.

For additional information, see the individual Performance Overview for your Fund in this report.

- (3) An inverse floating rate security is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during this reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in this Report sections of this shareholder report.
- (4) The Lipper General Leveraged Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1 year, 54 funds; 5 years, 52 funds; and 10 years, 38 funds. Fund and Lipper returns assume reinvestment of dividends.
- (5) The Barclays Capital (formerly Lehman Brothers) Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Barclays Capital index do not reflect any expenses.
- (6) The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the investment-grade U.S. municipal bond market.

For the twelve months ended October 31, 2008, the total returns on common share NAV for all six of the Funds in this report exceeded the average return for the Lipper General Leveraged Municipal Debt Funds Average. The Funds underperformed

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the Barclays Capital Municipal Bond Index and the Standard & Poor's (S&P) National Municipal Bond Index.

Key management factors that influenced the Funds' returns included duration positioning, the use of derivatives, credit exposure and sector allocations. In addition, a major factor affecting each Fund's performance over this period was the use of leverage. The impact of leverage is discussed in more detail on page eight.

Given the changes in the interest rate environment during this period, bonds in the Barclays Capital Municipal Bond Index with maturities of ten years or less outperformed the market as a whole, with bonds maturing in one to six years benefiting the most. Because they were less sensitive to interest rate changes, these shorter bonds generally outperformed credits with longer maturities, with the biggest losses posted by bonds with the longest maturities (twenty-two years and longer). In general, the greater the Fund's exposure to the underperforming longer part of the yield curve, the greater the negative impact on the Fund's return. Overall, among these six Funds, NAD was the most heavily weighted in the longer part of the curve, while NMO had the smallest exposure to this part of the curve.

As mentioned earlier, NZF used derivative positions throughout this period to synthetically extend duration and move it closer to our strategic duration target. Despite the fact that longer duration municipal bonds generally underperformed those with shorter durations, the use of these derivatives had a positive impact on NZF's total return performance. This positive impact was attributable to the fact that the derivative positions provided exposure to taxable markets during a period when the taxable securities performed relatively well when compared with their non-taxable counterparts.

However, the inverse floaters used by all six of these Funds generally had a negative impact on performance. This resulted from the fact that the inverse floaters effectively increased the Funds' exposure to longer maturity bonds at a time when shorter maturities were in favor in the market.

Credit exposure, including exposure to bonds backed by municipal bond insurers, also was a factor in performance during this period. Because risk-averse investors generally sought higher quality investments as disruptions in the financial markets deepened, bonds with higher credit quality ratings typically performed very well. However, insured bonds with underlying credits that were rated BBB or non-rated, originally purchased because of the higher yields they offered, experienced a disproportionately negative impact (compared with bonds with underlying credits rated AA or A) if the insurer backing the bond was downgraded from AAA. As many investors avoided high-yield securities, bonds rated BBB or below and non-rated bonds generally posted poor returns. As of October 31, 2008, allocations of bonds rated BBB or lower and

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non-rated bonds accounted for approximately 9% of NMO's portfolio, 13% of NAD, 14% of NPP and NZF, 16% of NMA and 19% of NXZ. This lower-rated credit exposure, which was generally higher than that of the Barclays Capital Municipal Bond Index, was a negative influence on Funds' performances for this period. Conversely, the Funds' weightings in bonds rated AAA were generally positive for performance.

Sectors of the market that generally contributed positively to the Funds' performances included general obligation bonds, resource recovery, water and sewer, and utilities. Pre-refunded bonds, which are usually backed by U.S.

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Treasury securities, were one of the top performing segments of the market, due primarily to their shorter effective maturities, higher credit quality, and perceived safety. Holdings of pre-refunded bonds ranged from 18% to 40% among these Funds, with NMO having the heaviest weighting of pre-refunded issues and NAD the smallest.

In general, bonds that carried any credit risk, regardless of sector, continued to post weak performance. Revenue bonds as a whole, and the industrial development sector in particular, underperformed the general municipal market. Next to the industrial development sector, zero coupon bonds were among the worst performing categories. The health care and housing sectors also performed very poorly, as did lower-rated bonds backed by the 1998 master tobacco settlement agreement.

IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE

In addition to the factors mentioned above, one of the primary factors negatively impacting the annual returns of these Funds relative to those of the unleveraged indexes was the Funds' use of financial leverage. While leverage offers opportunities to generate additional income and total returns for common shareholders, the benefits provided by leveraging are influenced by the price movements of the bonds in each Fund's portfolio. During this period, as yields on longer-term bonds rose and their prices correspondingly fell, declining valuations had a negative effect on performance that was magnified by the use of leverage. In addition, at various points during the twelve-month period, the Funds' borrowing costs were relatively high, negatively impacting their total returns. In the turbulent market environment of the past twelve months, the impact of any valuation change in the Fund's holdings-whether positive or negative-was magnified by the use of leverage.

RECENT DEVELOPMENTS IN THE MARKET ENVIRONMENT

Beginning in October, the nation's financial institutions and financial markets--including the municipal bond market--experienced significant turmoil. Reductions in demand decreased valuations of municipal bonds across all credit ratings, especially those with lower credit ratings, and this generally reduced the Funds' net asset values. The municipal market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during the recent market turmoil these firms' capital was severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal bonds. This reduction in dealer

involvement in the market was accompanied by significant net selling pressure by investors, particularly with respect to lower-rated municipal bonds, as institutional investors generally removed money from the municipal bond market, at least in part because of their need to reduce the leveraging of their municipal investments. This de-leveraging was in part driven by the overall reduction in the amount of financing available for such leverage, the increased costs of such leverage financing, and the need to reduce leverage levels that had recently increased due to the decline in municipal bond prices.

Municipal bond prices were further negatively impacted by concerns that the need for further de-leveraging and a supply overhang as a large amount of new issues were postponed would cause selling pressure to persist for a period of time. In addition to falling prices, these market conditions resulted in greater price

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volatility of municipal bonds; wider credit spreads (i.e., lower quality bonds fell in price more than higher quality bonds); significantly reduced liquidity (i.e., the ability to sell bonds at a price close to their carrying value), particularly for lower quality bonds; and a lack of price transparency (i.e., the ability to accurately determine the price at which a bond would likely trade). Reduced liquidity was most pronounced in mid-October, and although liquidity improved considerably over ensuing weeks, it may reoccur if financial turmoil persists or worsens.

RECENT DEVELOPMENTS REGARDING BOND INSURANCE COMPANIES

As mentioned earlier, another factor that had an impact on the performance of these Funds was their position in bonds backed by municipal bond insurers that experienced downgrades in their credit ratings. During the period covered by this report, ACA, AMBAC, FGIC, MBIA, RAAI and SYNCORA (formerly XLCA) experienced one or more rating reductions by at least one or more rating agencies. Subsequent to the reporting period, AMBAC, MBIA and SYNCORA experienced further rating reductions while AGC and FSA received their first rating reductions by at least one rating agency. At the time this report was prepared, at least one rating agency has placed each of these insurers except AGC on "negative outlook" or "negative credit watch," which may presage one or more rating reductions for such insurer or insurers in the future. As concern increased about the balance sheets of these insurers, prices on bonds insured by these companies - especially those bonds with weaker underlying credits - declined, detracting from the Funds' performance. By the end of this period, most insured bonds were being valued according to their fundamentals as if they were uninsured. On the whole, the holdings of all of our Funds continued to be well diversified not only between insured and uninsured bonds, but also within the insured bond category. It is important to note that municipal bonds historically have had a very low rate of default.

RECENT DEVELOPMENTS IN THE AUCTION RATE PREFERRED SECURITIES MARKETS

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the auction rate preferred shares issued by these Funds than

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there were offers to buy. This meant that these auctions "failed to clear" and that many or all auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions as calculated in accordance with the pre-established terms of the auction rate preferred shares.

On June 11, 2008, Nuveen announced the Fund Board's approval of plans to use tender option bonds (TOBs), also known as floating rate securities, to refinance a portion of the municipal Funds' outstanding auction rate preferred shares, for which auctions have been failing for several months. This plan included an initial phase of approximately \$1 billion in forty-one Funds. During the twelve-month reporting period, NPP, NMA, NMO, NAD and NZF redeemed \$39,350,000, \$16,350,000, \$18,325,000, \$28,200,000 and \$41,225,000 of their outstanding auction rate preferred shares, respectively, at liquidation value, using the proceeds from the issuance of TOBs.

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On August 7, 2008, NXZ issued par redemption notices for all outstanding shares of its auction rate preferred securities totaling \$222 million. These redemptions were achieved through the issuance of \$196 million of variable rate demand preferred shares (VRDP) and the proceeds from the creation of TOBs. VRDP is a new instrument designed to replace the auction rate preferred securities used as leverage in many Nuveen closed-end Funds. VRDP is offered only to qualified institutional buyers, as defined pursuant to Rule 144A under the Securities Act of 1933.

For current, up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at:

<http://www.nuveen.com/ResourceCenter/AuctionRatePreferred.aspx>.

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Common Share Dividend and Share Price INFORMATION

During the twelve-month reporting period ended October 31, 2008, there was one dividend increase in NPP, NMA, NMO, NAD and NZF, while the dividend of NXZ remained stable throughout the period.

Due to capital gains generated by normal portfolio activity, common shareholders of the following Funds received capital gains or net ordinary income distributions at the end of December 2007 as follows:

| | Long-Term Capital Gains (per share) | Short-Term Capital Gains and/or Ordinary Income (per share) |
|-----|--|---|
| NMA | \$0.0238 | -- |
| NAD | -- | \$0.0033 |

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of October 31, 2008, NPP, NMA and NAD had positive UNII balances for both tax and financial statement purposes while NMO, NXZ and NZF had positive UNII balances for tax purposes and negative UNII balances for financial statement purposes.

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The Funds' Board of Directors/Trustees approved an open-market share repurchase program on July 30, 2008, under which each Fund may repurchase up to 10% of its common shares. As of October 31, 2008, the Funds had not repurchased any of their outstanding common shares.

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As of October 31, 2008, the Funds' common share prices were trading at discounts to their common share NAVs as shown in the accompanying chart:

| | 10/31/08 Discount | Twelve-Month Average Discount |
|-----|----------------------|----------------------------------|
| NPP | -9.38% | -11.03% |
| NMA | -5.86% | -7.47% |
| NMO | -5.81% | -9.06% |
| NAD | -8.92% | -8.14% |
| NXZ | -2.83% | -2.24% |
| NZF | -11.40% | -8.61% |

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NPP
Performance
OVERVIEW

Nuveen Performance
Plus Municipal
Fund, Inc.
as of October 31, 2008

Pie Chart:
Credit Quality (as a % of total investments)(1)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 48% |
| AA | 32% |
| A | 6% |
| BBB | 10% |
| BB or Lower | 2% |
| N/R | 2% |

Bar Chart:
2007-2008 Monthly Tax-Free Dividends Per Common Share

| | |
|-----|--------|
| NOV | 0.0575 |
| DEC | 0.0575 |
| JAN | 0.0575 |
| FEB | 0.0575 |
| MAR | 0.0575 |
| APR | 0.0575 |
| MAY | 0.0575 |
| JUN | 0.0575 |
| JUL | 0.0575 |
| AUG | 0.0575 |
| SEP | 0.0605 |
| OCT | 0.0605 |

Line Chart:
Common Share Price Performance -- Weekly Closing Price

| | |
|----------|-------|
| 11/01/07 | 13.53 |
| | 13.62 |
| | 13.19 |
| | 12.87 |
| | 13.07 |
| | 13.17 |
| | 13.27 |

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| | |
|----------|---------|
| | 13.05 |
| | 13.10 |
| | 13.27 |
| | 13.85 |
| | 13.94 |
| | 13.74 |
| | 13.95 |
| | 13.96 |
| | 14.20 |
| | 13.37 |
| | 13.1549 |
| | 12.83 |
| | 13.30 |
| | 13.00 |
| | 13.08 |
| | 13.40 |
| | 13.50 |
| | 13.47 |
| | 13.37 |
| | 13.27 |
| | 13.46 |
| | 13.48 |
| | 13.53 |
| | 13.56 |
| | 13.53 |
| | 13.49 |
| | 13.15 |
| | 12.86 |
| | 12.95 |
| | 13.06 |
| | 13.06 |
| | 12.71 |
| | 12.64 |
| | 12.58 |
| | 12.74 |
| | 12.74 |
| | 12.76 |
| | 12.87 |
| | 12.97 |
| | 12.69 |
| | 12.28 |
| | 11.43 |
| | 11.32 |
| | 8.35 |
| | 10.24 |
| | 11.72 |
| 10/31/08 | 11.50 |

FUND SNAPSHOT

| | |
|-----------------------------|---------|
| ----- | |
| Common Share Price | \$11.50 |
| ----- | |
| Common Share | |
| Net Asset Value | \$12.69 |
| ----- | |
| Premium/(Discount) to NAV | -9.38% |
| ----- | |
| Market Yield | 6.31% |
| ----- | |
| Taxable-Equivalent Yield(2) | 8.76% |
| ----- | |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

Net Assets Applicable to
Common Shares (\$000) \$760,496

Average Effective Maturity
on Securities (Years) 14.16

Leverage-Adjusted Duration 13.43

AVERAGE ANNUAL TOTAL RETURN
(Inception 6/22/89)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|---------|
| 1-Year | -10.71% | -12.49% |
| 5-Year | 1.10% | 1.63% |
| 10-Year | 3.29% | 3.91% |

STATES
(as a % of total investments)

| | |
|----------------|-------|
| Illinois | 15.2% |
| California | 9.5% |
| New Jersey | 5.5% |
| New York | 5.3% |
| Texas | 4.9% |
| Florida | 4.9% |
| Colorado | 4.8% |
| Ohio | 4.2% |
| Massachusetts | 3.9% |
| Indiana | 3.9% |
| Washington | 3.4% |
| Michigan | 3.1% |
| South Carolina | 2.8% |
| Pennsylvania | 2.2% |
| Georgia | 2.2% |
| Utah | 2.1% |
| Minnesota | 2.0% |
| Wisconsin | 1.9% |
| Nevada | 1.9% |
| Louisiana | 1.8% |

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| | |
|-------------------------------|-------|
| Other | 14.5% |
| ----- | |
| INDUSTRIES | |
| (as a % of total investments) | |
| ----- | |
| U.S. Guaranteed | 25.2% |
| ----- | |
| Tax Obligation/Limited | 15.2% |
| ----- | |
| Tax Obligation/General | 14.4% |
| ----- | |
| Transportation | 11.7% |
| ----- | |
| Utilities | 9.7% |
| ----- | |
| Health Care | 8.9% |
| ----- | |
| Consumer Staples | 4.4% |
| ----- | |
| Other | 10.5% |
| ----- | |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NMA
Performance
OVERVIEW

Nuveen Municipal
Advantage
Fund, Inc.
as of October 31, 2008

Pie Chart:
Credit Quality (as a % of total investments) (1)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 44% |
| AA | 32% |
| A | 8% |
| BBB | 12% |
| BB or Lower | 4% |

Bar Chart:
2007-2008 Monthly Tax-Free Dividends Per Common Share (3)

| | |
|-----|-------|
| NOV | 0.064 |
| DEC | 0.064 |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|-----|-------|
| JAN | 0.064 |
| FEB | 0.064 |
| MAR | 0.064 |
| APR | 0.064 |
| MAY | 0.064 |
| JUN | 0.064 |
| JUL | 0.064 |
| AUG | 0.064 |
| SEP | 0.066 |
| OCT | 0.066 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

| | |
|----------|---------|
| 11/01/07 | 13.90 |
| | 13.96 |
| | 13.52 |
| | 13.17 |
| | 13.24 |
| | 13.46 |
| | 13.59 |
| | 13.36 |
| | 13.24 |
| | 13.69 |
| | 14.39 |
| | 14.59 |
| | 14.26 |
| | 14.46 |
| | 14.51 |
| | 14.58 |
| | 13.67 |
| | 13.47 |
| | 13.08 |
| | 13.45 |
| | 13.2799 |
| | 13.20 |
| | 13.37 |
| | 13.56 |
| | 13.65 |
| | 13.52 |
| | 13.55 |
| | 13.56 |
| | 13.57 |
| | 13.78 |
| | 13.75 |
| | 13.824 |
| | 13.73 |
| | 13.48 |
| | 13.23 |
| | 13.06 |
| | 13.18 |
| | 13.19 |
| | 13.09 |
| | 13.06 |
| | 13.22 |
| | 13.15 |
| | 13.11 |
| | 13.01 |
| | 13.35 |
| | 13.44 |
| | 13.21 |
| | 12.59 |
| | 11.80 |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|----------|-------|
| | 11.85 |
| | 8.43 |
| | 10.36 |
| | 11.40 |
| 10/31/08 | 11.41 |

FUND SNAPSHOT

| | |
|---|-----------|
| Common Share Price | \$11.41 |
| Common Share Net Asset Value | \$12.12 |
| Premium/(Discount) to NAV | -5.86% |
| Market Yield | 6.94% |
| Taxable-Equivalent Yield(2) | 9.64% |
| Net Assets Applicable to Common Shares (\$000) | \$523,602 |
| Average Effective Maturity on Securities (Years) | 14.60 |
| Leverage-Adjusted Duration | 14.54 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 12/19/89)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|---------|
| 1-Year | -13.16% | -15.65% |
| 5-Year | 0.07% | 0.89% |
| 10-Year | 3.29% | 3.66% |

STATES

(as a % of total investments)

| | |
|------------|------|
| California | 9.6% |
| Illinois | 9.5% |
| Washington | 9.1% |
| Texas | 8.8% |
| Louisiana | 8.3% |
| New York | 7.6% |
| Ohio | 4.7% |
| Colorado | 4.5% |
| Tennessee | 4.0% |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|----------------|-------|
| Oklahoma | 3.2% |
| South Carolina | 3.1% |
| Nevada | 2.9% |
| New Jersey | 2.6% |
| Alabama | 2.1% |
| Florida | 2.0% |
| Puerto Rico | 1.9% |
| Wisconsin | 1.8% |
| Other | 14.3% |

INDUSTRIES

(as a % of total investments)

| | |
|------------------------|-------|
| U.S. Guaranteed | 32.9% |
| Utilities | 13.4% |
| Health Care | 12.0% |
| Tax Obligation/Limited | 11.5% |
| Tax Obligation/General | 8.4% |
| Transportation | 7.8% |
| Other | 14.0% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders a capital gains distribution in December 2007 of \$0.0238 per share.

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

Nuveen Municipal
Market Opportunity
Fund, Inc.
as of October 31, 2008

Pie Chart:

Credit Quality (as a % of total investments)(1)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 54% |
| AA | 32% |
| A | 5% |
| BBB | 7% |
| BB or Lower | 2% |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

| | |
|-----|--------|
| NOV | 0.0605 |
| DEC | 0.0605 |
| JAN | 0.0605 |
| FEB | 0.0605 |
| MAR | 0.0605 |
| APR | 0.0605 |
| MAY | 0.0605 |
| JUN | 0.0605 |
| JUL | 0.0605 |
| AUG | 0.0605 |
| SEP | 0.063 |
| OCT | 0.063 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

| | |
|----------|-------|
| 11/01/07 | 13.55 |
| | 13.59 |
| | 13.12 |
| | 12.59 |
| | 12.95 |
| | 13.13 |
| | 13.25 |
| | 13.00 |
| | 12.72 |
| | 13.08 |
| | 13.73 |
| | 14.02 |
| | 13.74 |
| | 14.10 |
| | 14.13 |
| | 14.23 |
| | 13.35 |
| | 13.10 |
| | 12.90 |
| | 13.15 |
| | 12.91 |
| | 12.73 |
| | 12.97 |
| | 13.19 |
| | 13.08 |
| | 13.17 |
| | 13.18 |
| | 13.23 |
| | 13.32 |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|----------|-------|
| | 13.37 |
| | 13.58 |
| | 13.65 |
| | 13.35 |
| | 13.04 |
| | 12.61 |
| | 12.65 |
| | 12.73 |
| | 12.56 |
| | 12.35 |
| | 12.30 |
| | 12.35 |
| | 12.40 |
| | 12.28 |
| | 12.32 |
| | 12.40 |
| | 12.49 |
| | 12.23 |
| | 11.98 |
| | 11.42 |
| | 10.99 |
| | 8.09 |
| | 10.06 |
| | 11.80 |
| 10/31/08 | 11.52 |

FUND SNAPSHOT

| | |
|---|-----------|
| Common Share Price | \$11.52 |
| Common Share Net Asset Value | \$12.23 |
| Premium/(Discount) to NAV | -5.81% |
| Market Yield | 6.56% |
| Taxable-Equivalent Yield(2) | 9.11% |
| Net Assets Applicable to Common Shares (\$000) | \$557,346 |
| Average Effective Maturity on Securities (Years) | 11.97 |
| Leverage-Adjusted Duration | 11.99 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 3/21/90)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|---------|
| 1-Year | -9.87% | -13.07% |
| 5-Year | 1.61% | 1.35% |
| 10-Year | 3.06% | 3.37% |

STATES

(as a % of total investments)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|----------------|-------|
| Texas | 13.8% |
| Washington | 10.7% |
| Illinois | 8.4% |
| New York | 6.4% |
| California | 5.7% |
| Minnesota | 5.7% |
| South Carolina | 5.3% |
| New Jersey | 4.4% |
| Colorado | 4.2% |
| Ohio | 3.6% |
| Georgia | 3.3% |
| North Dakota | 3.0% |
| Massachusetts | 2.5% |
| Puerto Rico | 2.2% |
| Nevada | 2.2% |
| Pennsylvania | 1.9% |
| Oregon | 1.7% |
| North Carolina | 1.4% |
| Other | 13.6% |

INDUSTRIES
(as a % of total investments)

| | |
|------------------------|-------|
| U.S. Guaranteed | 38.9% |
| Tax Obligation/General | 14.4% |
| Transportation | 10.2% |
| Tax Obligation/Limited | 9.7% |
| Health Care | 8.1% |
| Utilities | 5.7% |
| Consumer Staples | 5.2% |
| Other | 7.8% |

(1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NAD
Performance
OVERVIEW

Nuveen Dividend
Advantage
Municipal Fund
as of October 31, 2008

Pie Chart:

Credit Quality (as a % of municipal bonds) (1)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 39% |
| AA | 41% |
| A | 7% |
| BBB | 7% |
| BB or Lower | 4% |
| N/R | 2% |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share (3)

| | |
|-----|--------|
| NOV | 0.0635 |
| DEC | 0.0635 |
| JAN | 0.0635 |
| FEB | 0.0635 |
| MAR | 0.0635 |
| APR | 0.0635 |
| MAY | 0.0635 |
| JUN | 0.0635 |
| JUL | 0.0635 |
| AUG | 0.0635 |
| SEP | 0.0655 |
| OCT | 0.0655 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

| | |
|----------|-------|
| 11/01/07 | 13.67 |
| | 13.66 |
| | 13.27 |
| | 12.88 |
| | 13.20 |
| | 13.37 |
| | 13.31 |
| | 13.26 |
| | 12.95 |
| | 13.24 |
| | 14.15 |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|----------|---------|
| | 14.056 |
| | 13.7899 |
| | 14.13 |
| | 14.09 |
| | 14.09 |
| | 13.42 |
| | 13.00 |
| | 12.60 |
| | 13.16 |
| | 12.85 |
| | 12.88 |
| | 13.27 |
| | 13.58 |
| | 13.43 |
| | 13.51 |
| | 13.30 |
| | 13.54 |
| | 13.45 |
| | 13.50 |
| | 13.43 |
| | 13.64 |
| | 13.56 |
| | 13.11 |
| | 12.90 |
| | 12.85 |
| | 13.10 |
| | 13.04 |
| | 12.71 |
| | 12.82 |
| | 12.82 |
| | 12.78 |
| | 12.80 |
| | 12.79 |
| | 12.71 |
| | 12.80 |
| | 12.50 |
| | 12.02 |
| | 11.68 |
| | 11.06 |
| | 7.90 |
| | 9.783 |
| | 10.90 |
| 10/31/08 | 10.72 |

FUND SNAPSHOT

| | |
|-----------------------------|-----------|
| ----- | |
| Common Share Price | \$10.72 |
| ----- | |
| Common Share | |
| Net Asset Value | \$11.77 |
| ----- | |
| Premium/(Discount) to NAV | -8.92% |
| ----- | |
| Market Yield | 7.33% |
| ----- | |
| Taxable-Equivalent Yield(2) | 10.18% |
| ----- | |
| Net Assets Applicable to | |
| Common Shares (\$000) | \$462,554 |
| ----- | |
| Average Effective Maturity | |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|----------------------------|-------|
| on Securities (Years) | 14.58 |
| ----- | |
| Leverage-Adjusted Duration | 15.26 |
| ----- | |

AVERAGE ANNUAL TOTAL RETURN (Inception 5/26/99)

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|---------|
| ----- | | |
| 1-Year | -16.46% | -16.42% |
| ----- | | |
| 5-Year | -0.74% | 0.85% |
| ----- | | |
| Since Inception | 2.67% | 4.08% |
| ----- | | |

STATES (as a % of municipal bonds)

| | |
|--------------|-------|
| Illinois | 20.2% |
| ----- | |
| New York | 7.2% |
| ----- | |
| Washington | 7.2% |
| ----- | |
| Florida | 6.3% |
| ----- | |
| Wisconsin | 5.7% |
| ----- | |
| Texas | 5.2% |
| ----- | |
| Indiana | 4.3% |
| ----- | |
| Louisiana | 4.2% |
| ----- | |
| New Jersey | 4.1% |
| ----- | |
| Pennsylvania | 3.7% |
| ----- | |
| Colorado | 3.4% |
| ----- | |
| Ohio | 3.3% |
| ----- | |
| Michigan | 3.2% |
| ----- | |
| California | 3.1% |
| ----- | |
| Missouri | 2.9% |
| ----- | |
| Rhode Island | 2.2% |
| ----- | |
| Other | 13.8% |
| ----- | |

INDUSTRIES (as a % of total investments)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 19.7% |
| ----- | |
| U.S. Guaranteed | 16.1% |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|------------------------|-------|
| Tax Obligation/General | 14.7% |
| Health Care | 14.7% |
| Transportation | 12.5% |
| Utilities | 6.2% |
| Consumer Staples | 5.1% |
| Other | 11.0% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders a net ordinary income distribution in December 2007 of \$.0033 per share.

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NXZ
Performance
OVERVIEW

Nuveen Dividend Advantage
Municipal Fund 2
as of October 31, 2008

Pie Chart:

Credit Quality (as a % of total investments)(1)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 49% |
| AA | 27% |
| A | 5% |
| BBB | 13% |
| BB or Lower | 5% |
| N/R | 1% |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

| | |
|-----|-------|
| NOV | 0.073 |
| DEC | 0.073 |
| JAN | 0.073 |
| FEB | 0.073 |
| MAR | 0.073 |
| APR | 0.073 |
| MAY | 0.073 |
| JUN | 0.073 |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|-----|-------|
| JUL | 0.073 |
| AUG | 0.073 |
| SEP | 0.073 |
| OCT | 0.073 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

| | |
|----------|---------|
| 11/01/07 | 15.54 |
| | 15.50 |
| | 14.95 |
| | 14.47 |
| | 14.62 |
| | 14.92 |
| | 15.17 |
| | 15.17 |
| | 15.08 |
| | 14.80 |
| | 15.56 |
| | 15.68 |
| | 15.55 |
| | 15.90 |
| | 15.97 |
| | 16.15 |
| | 14.848 |
| | 14.56 |
| | 14.2399 |
| | 14.65 |
| | 14.11 |
| | 14.18 |
| | 14.65 |
| | 14.70 |
| | 14.63 |
| | 14.72 |
| | 14.95 |
| | 15.01 |
| | 15.03 |
| | 15.22 |
| | 15.21 |
| | 15.30 |
| | 15.27 |
| | 14.90 |
| | 14.47 |
| | 14.5269 |
| | 14.80 |
| | 14.73 |
| | 14.28 |
| | 14.37 |
| | 14.47 |
| | 14.80 |
| | 14.52 |
| | 14.6399 |
| | 14.56 |
| | 14.39 |
| | 14.10 |
| | 13.47 |
| | 12.13 |
| | 12.2604 |
| | 8.94 |
| | 10.71 |
| | 12.06 |
| 10/31/08 | 12.35 |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

FUND SNAPSHOT

| | |
|---|-----------|
| Common Share Price | \$12.35 |
| Common Share Net Asset Value | \$12.71 |
| Premium/(Discount) to NAV | -2.83% |
| Market Yield | 7.09% |
| Taxable-Equivalent Yield(2) | 9.85% |
| Net Assets Applicable to Common Shares (\$000) | \$373,940 |
| Average Effective Maturity on Securities (Years) | 15.26 |
| Leverage-Adjusted Duration | 8.68 |

AVERAGE ANNUAL TOTAL RETURN (Inception 3/27/01)

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|---------|
| 1-Year | -15.21% | -13.23% |
| 5-Year | 2.60% | 2.79% |
| Since Inception | 3.77% | 4.74% |

STATES

(as a % of total investments)

| | |
|------------|-------|
| Texas | 18.2% |
| Illinois | 9.1% |
| Michigan | 8.6% |
| New York | 6.6% |
| California | 5.3% |
| Colorado | 5.0% |
| New Mexico | 4.3% |
| Alabama | 3.5% |
| Washington | 3.0% |
| Florida | 2.9% |
| Louisiana | 2.9% |
| Oregon | 2.9% |

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|---------------|-------|
| Kansas | 2.6% |
| Minnesota | 2.6% |
| Pennsylvania | 2.6% |
| Indiana | 2.3% |
| Massachusetts | 2.2% |
| Nevada | 2.0% |
| Other | 13.4% |

INDUSTRIES

(as a % of total investments)

| | |
|------------------------|-------|
| U.S. Guaranteed | 34.6% |
| Tax Obligation/Limited | 16.6% |
| Health Care | 13.4% |
| Transportation | 10.8% |
| Consumer Staples | 6.0% |
| Utilities | 5.4% |
| Other | 13.2% |

(1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

(2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

NZF
Performance
OVERVIEW

Nuveen Dividend
Advantage
Municipal Fund 3
as of October 31, 2008

Credit Quality (as a % of municipal bonds) (1), (2)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSR

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 46% |
| AA | 34% |
| A | 6% |
| BBB | 6% |
| BB or Lower | 2% |
| N/R | 6% |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

| | |
|-----|--------|
| NOV | 0.064 |
| DEC | 0.064 |
| JAN | 0.064 |
| FEB | 0.064 |
| MAR | 0.064 |
| APR | 0.064 |
| MAY | 0.064 |
| JUN | 0.064 |
| JUL | 0.064 |
| AUG | 0.064 |
| SEP | 0.0665 |
| OCT | 0.0665 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

| | |
|----------|-------|
| 11/01/07 | 13.84 |
| | 13.77 |
| | 13.21 |
| | 13.01 |
| | 13.16 |
| | 13.41 |
| | 13.52 |
| | 13.28 |
| | 13.16 |
| | 13.41 |
| | 14.29 |
| | 14.43 |
| | 14.40 |
| | 14.65 |
| | 14.61 |
| | 14.82 |
| | 13.55 |
| | 13.42 |
| | 13.08 |
| | 13.73 |
| | 13.22 |
| | 13.05 |
| | 13.36 |
| | 13.62 |
| | 13.54 |
| | 13.62 |
| | 13.66 |
| | 13.77 |
| | 13.83 |
| | 13.79 |
| | 13.85 |
| | 13.80 |
| | 13.84 |
| | 13.45 |
| | 13.05 |
| | 13.14 |

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| | |
|----------|-------|
| | 13.15 |
| | 13.10 |
| | 12.93 |
| | 12.98 |
| | 12.90 |
| | 12.97 |
| | 12.90 |
| | 12.83 |
| | 12.94 |
| | 13.03 |
| | 12.82 |
| | 12.60 |
| | 11.64 |
| | 11.35 |
| | 7.55 |
| | 9.821 |
| | 11.30 |
| 10/31/08 | 10.72 |

FUND SNAPSHOT

| | |
|--|-----------|
| Common Share Price | \$10.72 |
| Common Share Net Asset Value | \$12.10 |
| Premium/(Discount) to NAV | -11.40% |
| Market Yield | 7.44% |
| Taxable-Equivalent Yield(3) | 10.33% |
| Net Assets Applicable to Common Shares (\$000) | \$488,561 |
| Average Effective Maturity on Securities (Years) | 15.06 |
| Leverage-Adjusted Duration | 14.17 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 9/25/01)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|---------|
| 1-Year | -17.85% | -14.99% |
| 5-Year | 1.12% | 1.97% |
| Since Inception | 1.47% | 3.62% |

STATES
(as a % of municipal bonds) (2)

| | |
|------------|-------|
| Texas | 12.8% |
| Washington | 11.1% |
| Illinois | 10.6% |

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| | |
|--------------------------------------|-------|
| California | 8.1% |
| ----- | ----- |
| Michigan | 6.8% |
| ----- | ----- |
| Iowa | 4.5% |
| ----- | ----- |
| Indiana | 4.1% |
| ----- | ----- |
| Wisconsin | 3.3% |
| ----- | ----- |
| Colorado | 3.2% |
| ----- | ----- |
| New Jersey | 2.5% |
| ----- | ----- |
| Louisiana | 2.5% |
| ----- | ----- |
| New York | 2.4% |
| ----- | ----- |
| Kentucky | 2.4% |
| ----- | ----- |
| Missouri | 2.1% |
| ----- | ----- |
| Ohio | 1.8% |
| ----- | ----- |
| Oregon | 1.7% |
| ----- | ----- |
| Georgia | 1.6% |
| ----- | ----- |
| Maryland | 1.6% |
| ----- | ----- |
| Oklahoma | 1.6% |
| ----- | ----- |
| Florida | 1.5% |
| ----- | ----- |
| Other | 13.8% |
| ----- | ----- |
| INDUSTRIES | |
| (as a % of total investments) (2) | |
| ----- | ----- |
| U.S. Guaranteed | 25.0% |
| ----- | ----- |
| Transportation | 14.9% |
| ----- | ----- |
| Health Care | 14.1% |
| ----- | ----- |
| Tax Obligation/General | 10.6% |
| ----- | ----- |
| Tax Obligation/Limited | 6.5% |
| ----- | ----- |
| Utilities | 5.6% |
| ----- | ----- |
| Education and Civic Organizations | 5.1% |
| ----- | ----- |
| Water and Sewer | 4.4% |
| ----- | ----- |
| Other | 13.8% |
| ----- | ----- |

(1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for

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an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (2) Excluding derivative transactions.
- (3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NPP
NMA
NMO

Shareholder MEETING REPORT

The annual meeting of shareholders was held on July 29, 2008, at The Northern Trust Company, 50 South La Salle Street, Chicago, IL 60675; at this meeting the shareholders were asked to vote on the election of Board Members, the elimination of Fundamental Investment Policies and the approval of new Fundamental Investment Policies. The meeting was subsequently adjourned to August 29, 2008, and additionally adjourned to September 30, 2008, October 28, 2008 and November 25, 2008.

| | NPP | | NMA | |
|---|--|--|--|--|
| | Common and Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class | Common and Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES AND BELOW INVESTMENT GRADE SECURITIES. | | | | |
| For | 31,015,202 | 3,989 | 22,214,414 | 2,94 |
| Against | 2,664,030 | 614 | 1,512,764 | 64 |
| Abstain | 1,133,036 | 83 | 1,572,156 | 13 |
| Broker Non-Votes | 8,713,336 | 11,180 | 5,763,413 | 8,94 |
| ----- | | | | |
| Total | 43,525,604 | 15,866 | 31,062,747 | 12,66 |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES. | | | | |
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |
| ----- | | | | |

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| | | | | |
|---|------------|--------|------------|-------|
| Total | -- | -- | -- | -- |
| ===== | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES FOR THE FUND. | | | | |
| For | 31,228,341 | 4,033 | 22,370,519 | 3,04 |
| Against | 2,389,570 | 561 | 1,365,064 | 59 |
| Abstain | 1,194,357 | 92 | 1,563,751 | 9 |
| Broker Non-Votes | 8,713,336 | 11,180 | 5,763,413 | 8,94 |
| ----- | | | | |
| Total | 43,525,604 | 15,866 | 31,062,747 | 12,66 |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO INVESTING IN OTHER INVESTMENT COMPANIES. | | | | |
| For | 30,642,197 | 3,990 | 22,072,817 | 3,02 |
| Against | 2,931,662 | 598 | 1,576,290 | 60 |
| Abstain | 1,238,409 | 98 | 1,650,227 | 9 |
| Broker Non-Votes | 8,713,336 | 11,180 | 5,763,413 | 8,94 |
| ----- | | | | |
| Total | 43,525,604 | 15,866 | 31,062,747 | 12,66 |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO DERIVATIVES AND SHORT SALES. | | | | |
| For | 30,540,286 | 3,936 | 21,961,133 | 2,86 |
| Against | 3,003,058 | 630 | 1,703,165 | 68 |
| Abstain | 1,268,924 | 120 | 1,635,036 | 17 |
| Broker Non-Votes | 8,713,336 | 11,180 | 5,763,413 | 8,94 |
| ----- | | | | |
| Total | 43,525,604 | 15,866 | 31,062,747 | 12,66 |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | | |
| For | 30,384,824 | 3,926 | 22,033,116 | 2,96 |
| Against | 3,160,397 | 632 | 1,615,126 | 57 |
| Abstain | 1,267,047 | 128 | 1,651,092 | 18 |
| Broker Non-Votes | 8,713,336 | 11,180 | 5,763,413 | 8,94 |
| ----- | | | | |
| Total | 43,525,604 | 15,866 | 31,062,747 | 12,66 |
| ===== | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | | |
| For | 30,532,211 | 3,982 | 22,201,425 | 2,92 |
| Against | 3,048,760 | 579 | 1,478,403 | 64 |
| Abstain | 1,231,297 | 125 | 1,619,506 | 15 |
| Broker Non-Votes | 8,713,336 | 11,180 | 5,763,413 | 8,94 |
| ----- | | | | |
| Total | 43,525,604 | 15,866 | 31,062,747 | 12,66 |
| ===== | | | | |

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NPP
NMA
NMO
Shareholder MEETING REPORT (continued)

NPP

NMA

Common and

Common and

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| | Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class |
|--|--|--|--|--|
| APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS: | | | | |
| John P. Amboian | | | | |
| For | 41,364,196 | -- | 29,944,896 | -- |
| Withhold | 2,161,391 | -- | 1,116,819 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |
| Robert P. Bremner | | | | |
| For | 41,356,327 | -- | 29,939,708 | -- |
| Withhold | 2,169,260 | -- | 1,122,007 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |
| Jack B. Evans | | | | |
| For | 41,332,715 | -- | 29,935,063 | -- |
| Withhold | 2,192,872 | -- | 1,126,652 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |
| William C. Hunter | | | | |
| For | -- | 15,065 | -- | 12,150 |
| Withhold | -- | 784 | -- | 450 |
| Total | -- | 15,849 | -- | 12,600 |
| David J. Kundert | | | | |
| For | 41,359,760 | -- | 29,927,129 | -- |
| Withhold | 2,165,827 | -- | 1,134,586 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |
| William J. Schneider | | | | |
| For | -- | 15,063 | -- | 12,150 |
| Withhold | -- | 786 | -- | 450 |
| Total | -- | 15,849 | -- | 12,600 |
| Judith M. Stockdale | | | | |
| For | 41,334,865 | -- | 29,927,229 | -- |
| Withhold | 2,190,722 | -- | 1,134,486 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |
| Carole E. Stone | | | | |
| For | 41,357,083 | -- | 29,927,754 | -- |
| Withhold | 2,168,504 | -- | 1,133,961 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |
| Terence J. Toth | | | | |
| For | 41,334,132 | -- | 29,927,057 | -- |
| Withhold | 2,191,455 | -- | 1,134,658 | -- |
| Total | 43,525,587 | -- | 31,061,715 | -- |

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NAD
 NXZ
 NZF
 Shareholder MEETING REPORT (continued)

| | NAD | | NXZ | |
|--|--|--|--|--|
| | Common and Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class | Common and Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class |

TO APPROVE THE ELIMINATION OF THE FUND'S
 FUNDAMENTAL POLICY RELATING TO INVESTMENTS
 IN MUNICIPAL SECURITIES AND BELOW INVESTMENT
 GRADE SECURITIES.

| | | | | |
|------------------|------------|--------|----|----|
| For | 18,885,210 | 2,378 | -- | -- |
| Against | 1,498,936 | 360 | -- | -- |
| Abstain | 613,768 | 103 | -- | -- |
| Broker Non-Votes | 5,613,613 | 7,252 | -- | -- |
| Total | 26,611,527 | 10,093 | -- | -- |

TO APPROVE THE ELIMINATION OF THE FUND'S
 FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN
 MUNICIPAL SECURITIES.

| | | | | |
|------------------|----|----|------------|-----------|
| For | -- | -- | 14,502,552 | 1,777,338 |
| Against | -- | -- | 762,921 | 30,000 |
| Abstain | -- | -- | 444,031 | 6,000 |
| Broker Non-Votes | -- | -- | 4,434,989 | 5,666,667 |
| Total | -- | -- | 20,144,493 | 7,810,000 |

TO APPROVE THE NEW FUNDAMENTAL POLICY
 RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES
 FOR THE FUND.

| | | | | |
|------------------|------------|--------|------------|-----------|
| For | 18,987,736 | 2,405 | 14,556,694 | 1,822,338 |
| Against | 1,357,368 | 334 | 723,338 | 25,000 |
| Abstain | 652,810 | 102 | 429,472 | 7,000 |
| Broker Non-Votes | 5,613,613 | 7,252 | 4,434,989 | 5,666,667 |
| Total | 26,611,527 | 10,093 | 20,144,493 | 7,810,000 |

TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL
 POLICY RELATING TO INVESTING IN OTHER INVESTMENT
 COMPANIES.

| | | | | |
|------------------|----|----|----|----|
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |
| Total | -- | -- | -- | -- |

TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL

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POLICY RELATING TO DERIVATIVES AND SHORT SALES.

| | | | | |
|------------------|----|----|----|----|
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |

 Total -- -- -- --

TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL
 POLICY RELATING TO COMMODITIES.

| | | | | |
|------------------|----|----|----|----|
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |

 Total -- -- -- --

TO APPROVE THE NEW FUNDAMENTAL POLICY
 RELATING TO COMMODITIES.

| | | | | |
|------------------|----|----|----|----|
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |

 Total -- -- -- --

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NAD
 NXZ
 NZF
 Shareholder MEETING REPORT (continued)

| | NAD | | NXZ | |
|--|--|--|--|--|
| | Common and Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class | Common and Auction Rate Preferred shares voting together as a class | Auction Rate Preferred shares voting together as a class |

APPROVAL OF THE BOARD MEMBERS WAS REACHED

AS FOLLOWS:

| | | | | |
|-----------------|------------|----|------------|----|
| John P. Amboian | | | | |
| For | 25,358,735 | -- | 19,549,143 | -- |
| Withhold | 1,252,786 | -- | 595,346 | -- |
| Total | 26,611,521 | -- | 20,144,489 | -- |

| | | | | |
|-------------------|----|----|----|----|
| Robert P. Bremner | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| Total | -- | -- | -- | -- |

| | | | | |
|---------------|----|----|----|----|
| Jack B. Evans | | | | |
| For | -- | -- | -- | -- |

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| | | | | |
|----------------------|------------|--------|------------|------|
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| William C. Hunter | | | | |
| For | -- | 9,724 | -- | 7,38 |
| Withhold | -- | 363 | -- | 42 |
| ----- | | | | |
| Total | -- | 10,087 | -- | 7,81 |
| ===== | | | | |
| David J. Kundert | | | | |
| For | 25,342,294 | -- | 19,548,963 | -- |
| Withhold | 1,269,227 | -- | 595,526 | -- |
| ----- | | | | |
| Total | 26,611,521 | -- | 20,144,489 | -- |
| ===== | | | | |
| William J. Schneider | | | | |
| For | -- | 9,724 | -- | 7,38 |
| Withhold | -- | 363 | -- | 42 |
| ----- | | | | |
| Total | -- | 10,087 | -- | 7,81 |
| ===== | | | | |
| Judith M. Stockdale | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| Carole E. Stone | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| Terence J. Toth | | | | |
| For | 25,355,076 | -- | 19,545,305 | -- |
| Withhold | 1,256,445 | -- | 599,184 | -- |
| ----- | | | | |
| Total | 26,611,521 | -- | 20,144,489 | -- |
| ===== | | | | |

22

Report of
INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS/TRUSTEES AND SHAREHOLDERS
NUVEEN PERFORMANCE PLUS MUNICIPAL FUND, INC.
NUVEEN MUNICIPAL ADVANTAGE FUND, INC.
NUVEEN MUNICIPAL MARKET OPPORTUNITY FUND, INC.
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 2
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Performance Plus Municipal Fund, Inc., Nuveen Municipal Advantage Fund, Inc., Nuveen Municipal Market Opportunity Fund, Inc., Nuveen Dividend Advantage Municipal Fund, Nuveen Dividend Advantage

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Municipal Fund 2, and Nuveen Dividend Advantage Municipal Fund 3 (the "Funds") as of October 31, 2008, and the related statements of operations and cash flows (Nuveen Dividend Advantage Municipal Fund 2 only) for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2008, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Performance Plus Municipal Fund, Inc., Nuveen Municipal Advantage Fund, Inc., Nuveen Municipal Market Opportunity Fund, Inc., Nuveen Dividend Advantage Municipal Fund, Nuveen Dividend Advantage Municipal Fund 2, and Nuveen Dividend Advantage Municipal Fund 3 at October 31, 2008, the results of their operations and cash flows (Nuveen Dividend Advantage Municipal Fund 2 only) for the year then ended, changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois
December 23, 2008

NPP

Nuveen Performance Plus Municipal Fund, Inc.
Portfolio of INVESTMENTS

October 31, 2008

PRINCIPAL
AMOUNT (000) DESCRIPTION (1)

OPTIO
PROVI

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ALABAMA - 0.3% (0.2% OF TOTAL INVESTMENTS)

| | | | |
|-------|-------|--|-------|
| | | Jefferson County, Alabama, Sewer Revenue Refunding Warrants, Series 1997A: | |
| \$ | 1,435 | 5.625%, 2/01/22 - FGIC Insured | 2/09 |
| | 1,505 | 5.375%, 2/01/27 - FGIC Insured | 12/08 |
| ----- | | | |
| | 2,940 | Total Alabama | |
| ----- | | | |

ALASKA - 0.1% (0.1% OF TOTAL INVESTMENTS)

| | | | |
|-------|-------|---|------|
| | 2,200 | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46 | 6/14 |
| ----- | | | |

ARIZONA - 1.5% (0.9% OF TOTAL INVESTMENTS)

| | | | |
|-------|--------|---|------|
| | 1,000 | Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/22 (Pre-refunded 7/01/12) | 7/12 |
| | | Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B: | |
| | 5,365 | 5.750%, 7/01/15 - FGIC Insured (Alternative Minimum Tax) | 7/12 |
| | 5,055 | 5.750%, 7/01/16 - FGIC Insured (Alternative Minimum Tax) | 7/12 |
| ----- | | | |
| | 11,420 | Total Arizona | |
| ----- | | | |

ARKANSAS - 0.5% (0.3% OF TOTAL INVESTMENTS)

| | | | |
|-------|-------|--|------|
| | 5,080 | Independence County, Arkansas, Hydroelectric Power Revenue Bonds, Series 2003, 5.350%, 5/01/28 - ACA Insured | 5/13 |
| | 1,000 | Washington County, Arkansas, Hospital Revenue Bonds, Washington Regional Medical Center, Series 2005A, 5.000%, 2/01/35 | 2/15 |
| ----- | | | |
| | 6,080 | Total Arkansas | |
| ----- | | | |

CALIFORNIA - 15.2% (9.5% OF TOTAL INVESTMENTS)

| | | | |
|--|--------|--|-------|
| | 3,500 | Alameda Corridor Transportation Authority, California, Subordinate Lien Revenue Bonds, Series 2004A, 0.000%, 10/01/25 - AMBAC Insured | 10/17 |
| | 11,000 | Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C, 0.000%, 9/01/20 - FSA Insured | No |
| | | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A: | |
| | 4,000 | 6.000%, 5/01/15 (Pre-refunded 5/01/12) | 5/12 |
| | 3,175 | 5.375%, 5/01/22 (Pre-refunded 5/01/12) | 5/12 |
| | 3,365 | California Health Facilities Financing Authority, Health Facility Revenue | 3/13 |

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| | | |
|-------|--|-------|
| | Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33 | |
| | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006: | |
| 5,000 | 5.000%, 4/01/37 | 4/16 |
| 7,000 | 5.250%, 4/01/39 | 4/16 |
| 2,380 | California Infrastructure Economic Development Bank, Revenue Bonds, J. David Gladstone Institutes, Series 2001, 5.250%, 10/01/34 | 10/11 |
| 3,500 | California Pollution Control Financing Authority, Revenue Bonds, Pacific Gas and Electric Company, Series 2004C, 4.750%, 12/01/23 - FGIC Insured (Alternative Minimum Tax) | 6/17 |
| 5,000 | California, General Obligation Bonds, Series 2005, 5.000%, 3/01/31 | 3/16 |
| 4,000 | California, General Obligation Bonds, Trust 2652, 0.751%, 6/01/37 (IF) | 6/17 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | CALIFORNIA (continued) | |
| \$ 6,435 | California, General Obligation Refunding Bonds, Series 2002, 6.000%, 4/01/16 - AMBAC Insured | No |
| 5,000 | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/32 - FSA Insured | 8/18 |
| 1,500 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47 | 6/17 |
| 10,000 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37 | 6/22 |
| 10,000 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39 (Pre-refunded 6/01/13) | 6/13 |
| 1,000 | Mt. Diablo Hospital District, California, Insured Hospital Revenue Bonds, Series 1993A, 5.125%, 12/01/23 - AMBAC Insured (ETM) | 12/08 |
| 13,450 | Ontario Redevelopment Financing Authority, San Bernardino County, California, Revenue Refunding Bonds, Redevelopment Project 1, Series 1995, 7.200%, 8/01/17 - MBIA Insured | No |
| 7,770 | Palmdale Community Redevelopment Agency, California, Residential Mortgage Revenue Refunding Bonds, Series 1991A, 7.150%, 2/01/10 (ETM) | No |
| 2,325 | Palmdale Community Redevelopment Agency, California, Restructured Single Family Mortgage Revenue Bonds, Series 1986D, 8.000%, 4/01/16 (Alternative Minimum Tax) (ETM) | No |

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| | | |
|---|---|-------|
| 2,000 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 1999, Issue 23B, 5.125%, 5/01/30 (Pre-refunded 5/01/09) - FGIC Insured | 5/09 |
| 2,000 | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, Issue 27B, 5.125%, 5/01/26 - FGIC Insured | 5/11 |
| 3,000 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured | No |
| 15,745 | Walnut Valley Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 7.200%, 2/01/16 - MBIA Insured | 8/11 |
| <hr/> | | |
| 132,145 | Total California | |
| <hr/> | | |
| COLORADO - 7.7% (4.8% OF TOTAL INVESTMENTS) | | |
| 5,240 | Adams 12 Five Star Schools, Adams County, Colorado, General Obligation Bonds, Series 2005, 5.000%, 12/15/24 - FSA Insured | 12/15 |
| 3,000 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Peak-to-Peak Charter School, Series 2004, 5.250%, 8/15/34 - SYNCORA GTY Insured | 8/14 |
| 5,860 | Colorado Health Facilities Authority, Revenue Refunding Bonds, Catholic Health Initiatives, Series 2001, 5.250%, 9/01/21 (Pre-refunded 9/01/11) | 9/11 |
| 4,500 | Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.500%, 11/15/16 - FGIC Insured (Alternative Minimum Tax) | 11/11 |
| 20,000 | Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2003A, 5.000%, 12/01/33 (Pre-refunded 12/01/13) - SYNCORA GTY Insured | 12/13 |
| 12,615 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B, 0.000%, 9/01/21 - MBIA Insured | No |
| | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B: | |
| 15,700 | 0.000%, 9/01/32 - MBIA Insured | No |
| 33,120 | 0.000%, 9/01/33 - MBIA Insured | No |
| 18,500 | E-470 Public Highway Authority, Colorado, Toll Revenue Bonds, Series 2004A, 0.000%, 3/01/36 - MBIA Insured | No |
| 755 | Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured (UB) | 12/14 |
| 1,330 | University of Colorado Hospital Authority, Revenue Bonds, Series 1999A, 5.000%, 11/15/29 - AMBAC Insured | 11/09 |
| <hr/> | | |
| 120,620 | Total Colorado | |
| <hr/> | | |

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NPP

Nuveen Performance Plus Municipal Fund, Inc. (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | DISTRICT OF COLUMBIA - 1.9% (1.2% OF TOTAL INVESTMENTS) | |
| \$ 5,275 | District of Columbia Tobacco Settlement Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2001, 6.250%, 5/15/24 | 5/11 |
| 5,590 | District of Columbia, General Obligation Bonds, Series 1999B, 5.500%, 6/01/13 - FSA Insured | 6/09 |
| 5,000 | Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007A, 4.500%, 10/01/30 - AMBAC Insured | 10/16 |
| ----- | | |
| 15,865 | Total District of Columbia | |
| ----- | | |
| | FLORIDA - 7.8% (4.9% OF TOTAL INVESTMENTS) | |
| | Broward County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Venice Homes Apartments, Series 2001A: | |
| 1,545 | 5.700%, 1/01/32 - FSA Insured (Alternative Minimum Tax) | 7/11 |
| 1,805 | 5.800%, 1/01/36 - FSA Insured (Alternative Minimum Tax) | 7/11 |
| 5,300 | Escambia County Health Facilities Authority, Florida, Revenue Bonds, Ascension Health Credit Group, Series 2003A, 5.250%, 11/15/14 | No |
| 2,095 | Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds, Series 2000-11, 5.850%, 1/01/22 - FSA Insured (Alternative Minimum Tax) | 1/10 |
| 5,675 | Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds, Series 2006-2, 4.950%, 7/01/37 (Alternative Minimum Tax) | 1/16 |
| 10,050 | Florida State Board of Education, Full Faith and Credit Public Education Capital Outlay Refunding Bonds, Series 2000D, 5.750%, 6/01/22 | 6/10 |
| 7,000 | Hillsborough County Aviation Authority, Florida, Revenue Bonds, Tampa International Airport, Series 2003A, 5.250%, 10/01/17 - MBIA Insured (Alternative Minimum Tax) | 10/13 |
| 10,000 | JEA, Florida, Electric System Revenue Bonds, Series 2006-3A, 5.000%, 10/01/41 - FSA Insured (UB) | 4/15 |
| 10,750 | Martin County Industrial Development Authority, Florida, Industrial Development Revenue Bonds, Indiantown Cogeneration LP, Series 1994A, 7.875%, 12/15/25 (Alternative Minimum Tax) | 12/08 |

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| | | |
|-------|---|-------|
| 2,570 | Miami-Dade County Housing Finance Authority, Florida, Multifamily Mortgage Revenue Bonds, Country Club Villas II Project, Series 2001-1A, 5.850%, 1/01/37 - FSA Insured (Alternative Minimum Tax) | 6/11 |
| 3,500 | Miami-Dade County, Florida, Aviation Revenue Bonds, Miami International Airport, Series 2005A, 5.000%, 10/01/37 - SYNCORA GTY Insured (Alternative Minimum Tax) | 10/15 |
| 1,700 | Miami-Dade County, Florida, Beacon Tradeport Community Development District, Special Assessment Bonds, Commercial Project, Series 2002A, 5.625%, 5/01/32 - RAAI Insured | 5/12 |
| 4,500 | Port Saint Lucie, Florida, Special Assessment Revenue Bonds, Southwest Annexation District 1B, Series 2007, 5.000%, 7/01/40 - MBIA Insured | 7/17 |

66,490 Total Florida

GEORGIA - 3.6% (2.2% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| 4,920 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.600%, 1/01/30 (Pre-refunded 1/01/10) - FGIC Insured | 1/10 |
| 5,000 | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 1999A, 5.500%, 11/01/22 - FGIC Insured | No |
| 2,000 | George L. Smith II World Congress Center Authority, Atlanta, Georgia, Revenue Refunding Bonds, Domed Stadium Project, Series 2000, 5.500%, 7/01/20 - MBIA Insured (Alternative Minimum Tax) | 7/10 |
| 15,000 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 1999A, 5.500%, 11/01/25 (Pre-refunded 11/01/09) | 11/09 |

26,920 Total Georgia

IDAHO - 0.1% (0.1% OF TOTAL INVESTMENTS)

| | | |
|-----|--|------|
| 390 | Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000D, 6.200%, 7/01/14 (Alternative Minimum Tax) | 1/10 |
|-----|--|------|

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|--|----------------|
| IDAHO (continued) | | |
| \$ 275 | Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000G-2, 5.950%, 7/01/25 (Alternative Minimum Tax) | 7/10 |
| <hr/> | | |
| 665 | Total Idaho | |

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| ILLINOIS - 24.5% (15.2% OF TOTAL INVESTMENTS) | | |
|---|--|-------|
| 10,000 | Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1998B-1, 0.000%, 12/01/19 - FGIC Insured | No |
| 10,000 | Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 0.000%, 12/01/20 - FGIC Insured | No |
| 32,170 | Chicago, Illinois, General Obligation Bonds, City Colleges, Series 1999: 0.000%, 1/01/21 - FGIC Insured | No |
| 32,670 | Chicago, Illinois, General Obligation Bonds, City Colleges, Series 1999: 0.000%, 1/01/22 - FGIC Insured | No |
| 9,145 | Chicago, Illinois, Revenue Bonds, Midway Airport, Series 1996A, 5.500%, 1/01/29 - MBIA Insured | 1/09 |
| 1,665 | Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 - FGIC Insured | 1/16 |
| | DuPage County Forest Preserve District, Illinois, General Obligation Bonds, Series 2000: | |
| 8,000 | 0.000%, 11/01/18 | No |
| 15,285 | 0.000%, 11/01/19 | No |
| 2,000 | Illinois Finance Authority, Revenue Bonds, Children's Memorial Hospital, Series 2008, 5.250%, 8/15/47 - AGC Insured (UB) | 8/18 |
| 5,245 | Illinois Finance Authority, Revenue Bonds, Loyola University of Chicago, Tender Option Bond Trust 1137, 7.720%, 7/01/46 (IF) | 7/17 |
| 4,000 | Illinois Health Facilities Authority, FHA-Insured Mortgage Revenue Refunding Bonds, Sinai Health System, Series 2003, 5.150%, 2/15/37 | 8/13 |
| 1,180 | Illinois Health Facilities Authority, Revenue Bonds, Lake Forest Hospital, Series 2002A, 5.750%, 7/01/29 | 7/12 |
| 3,000 | Illinois Health Facilities Authority, Revenue Bonds, Lake Forest Hospital, Series 2003, 6.000%, 7/01/33 | 7/13 |
| 4,580 | Illinois Health Facilities Authority, Revenue Bonds, Midwest Care Center IX Inc., Series 2000, 6.250%, 8/20/35 | 8/10 |
| 2,160 | Illinois Health Facilities Authority, Revenue Bonds, Silver Cross Hospital and Medical Centers, Series 1999, 5.250%, 8/15/15 (Mandatory put 8/15/09) | 8/09 |
| 7,250 | Kane, Kendall, LaSalle, and Will Counties, Illinois, Community College District 516, General Obligation Bonds, Series 2005E, 0.000%, 12/15/24 - FGIC Insured | 12/1 |
| 3,700 | Libertyville, Illinois, Affordable Housing Revenue Bonds, Liberty Towers Project, Series 1999A, 7.000%, 11/01/29 (Pre-refunded 11/01/09) (Alternative Minimum Tax) | 11/09 |
| 6,000 | McHenry County Conservation District, Illinois, General Obligation Bonds, Series 2001A, 5.625%, 2/01/21 (Pre-refunded 2/01/11) - FGIC Insured | 2/11 |
| 5,000 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, | 6/12 |

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| | | |
|--------|---|----|
| | McCormick Place Expansion Project, Series 2002A, 5.250%, 6/15/42 - MBIA Insured | |
| 10,650 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Hospitality Facility, Series 1996A, 7.000%, 7/01/26 (ETM) | No |
| | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A: | |
| 9,400 | 0.000%, 12/15/18 - MBIA Insured | No |
| 16,570 | 0.000%, 12/15/20 - MBIA Insured | No |
| 23,550 | 0.000%, 12/15/22 - MBIA Insured | No |
| 13,000 | 0.000%, 12/15/24 - MBIA Insured | No |
| 5,100 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 12/15/23 - FGIC Insured | No |

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NPP

Nuveen Performance Plus Municipal Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | ILLINOIS (continued) | |
| \$ 5,180 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 12/15/23 - FGIC Insured (ETM) | No |
| 17,865 | Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois, General Obligation Bonds, Series 1999, 5.750%, 6/01/23 - FSA Insured | No |
| 6,090 | Sherman, Illinois, GNMA Mortgage Revenue Refunding Bonds, Villa Vianney, Series 1999A, 6.450%, 10/01/29 | 10/09 |
| 10,000 | Will County Community High School District 210 Lincoln-Way, Illinois, General Obligation Bonds, Series 2006, 0.000%, 1/01/23 - FSA Insured | No |
| ----- | | |
| 280,455 | Total Illinois | |
| ----- | | |

INDIANA - 6.2% (3.9% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------|
| 2,465 | Danville Multi-School Building Corporation, Indiana, First Mortgage Refunding Bonds, Series 2001, 5.250%, 7/15/18 - AMBAC Insured | 7/11 |
| 3,000 | Hospital Authority of Delaware County, Indiana, Hospital Revenue Bonds, Cardinal Health System, Series 2006, 5.250%, 8/01/36 | 8/16 |
| 14,000 | Indiana Health Facility Financing Authority, Hospital Revenue Bonds, | 8/10 |

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| | | |
|--------|---|-------|
| | Clarian Health Obligated Group, Series 2000A, 5.500%, 2/15/30 (Pre-refunded 8/15/10) - MBIA Insured | |
| 750 | Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Clarian Health Obligation Group, Series 2006B, 5.000%, 2/15/23 | 2/16 |
| 2,500 | Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds, Columbus Regional Hospital, Series 1993, 7.000%, 8/15/15 - FSA Insured | No |
| 4,320 | Indiana Health Facility Financing Authority, Revenue Bonds, Ancilla Systems Inc. Obligated Group, Series 1997, 5.250%, 7/01/22 - MBIA Insured (ETM) | 12/08 |
| 3,000 | Indiana Health Facility Financing Authority, Revenue Bonds, Community Foundation of Northwest Indiana, Series 2007, 5.500%, 3/01/37 | 3/17 |
| 2,000 | Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 - AMBAC Insured | 5/15 |
| | Indiana Transportation Finance Authority, Highway Revenue Bonds, Series 2000: | |
| 1,285 | 5.375%, 12/01/25 (Pre-refunded 12/01/10) | 12/10 |
| 6,715 | 5.375%, 12/01/25 (Pre-refunded 12/01/10) | 12/10 |
| 3,105 | Indiana University, Student Fee Revenue Bonds, Series 20030, 5.250%, 8/01/20 - FGIC Insured | 8/13 |
| 1,000 | Marion County Convention and Recreational Facilities Authority, Indiana, Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2001A, 5.000%, 6/01/21 - MBIA Insured | 6/11 |
| 2,395 | Shelbyville Central Renovation School Building Corporation, Indiana, First Mortgage Bonds, Series 2005, 4.375%, 7/15/26 - MBIA Insured | 7/15 |
| 1,800 | Sunman Dearborn High School Building Corporation, Indiana, First Mortgage Bonds, Series 2005, 5.000%, 7/15/25 - MBIA Insured | 1/15 |
| ----- | | |
| 48,335 | Total Indiana | |
| ----- | | |
| | IOWA - 2.1% (1.3% OF TOTAL INVESTMENTS) | |
| 1,500 | Iowa Finance Authority, Health Facility Revenue Bonds, Care Initiatives Project, Series 2006A, 5.500%, 7/01/21 | 7/16 |
| | Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C: | |
| 5,000 | 5.375%, 6/01/38 | 6/15 |
| 5,300 | 5.625%, 6/01/46 | 6/15 |
| 4,500 | Iowa Tobacco Settlement Authority, Tobacco Asset-Backed Revenue Bonds, Series 2005B, 5.600%, 6/01/34 | 6/17 |
| 5,000 | Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B, 5.600%, 6/01/35 (Pre-refunded 6/01/11) | 6/11 |
| ----- | | |
| 21,300 | Total Iowa | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|--|--|----------------|
| KANSAS - 1.6% (1.0% OF TOTAL INVESTMENTS) | | |
| \$ 3,790 | Kansas Department of Transportation, Highway Revenue Bonds, Series 2008, 5.000%, 3/01/23 (UB) | 3/14 |
| 5,790 | Sedgwick County Unified School District 259, Wichita, Kansas, General Obligation Bonds, Series 2000, 3.500%, 9/01/17 | 9/10 |
| 3,200 | Wyandotte County Unified School District 500, Kansas, General Obligation Bonds, Series 2001, 4.000%, 9/01/21 - FSA Insured | 9/11 |
| 12,780 | Total Kansas | |
| LOUISIANA - 2.9% (1.8% OF TOTAL INVESTMENTS) | | |
| 725 | East Baton Rouge Mortgage Finance Authority, Louisiana, GNMA/FNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Refunding Bonds, Series 1997B-1, 5.750%, 10/01/26 | 4/09 |
| 4,000 | Lafayette City and Parish, Louisiana, Utilities Revenue Bonds, Series 2004, 5.250%, 11/01/25 - MBIA Insured | 11/14 |
| 4,650 | Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured | 7/14 |
| 10,000 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B: 5.500%, 5/15/30 | 5/11 |
| 6,680 | 5.875%, 5/15/39 | 5/11 |
| 26,055 | Total Louisiana | |
| MAINE - 0.7% (0.4% OF TOTAL INVESTMENTS) | | |
| 5,680 | Portland, Maine, Airport Revenue Bonds, Series 2003A, 5.000%, 7/01/32 - FSA Insured | 7/13 |
| MARYLAND - 1.7% (1.1% OF TOTAL INVESTMENTS) | | |
| 7,720 | Maryland Transportation Authority, Airport Parking Revenue Bonds, Baltimore-Washington International Airport Passenger Facility, Series 2002B, 5.125%, 3/01/20 - AMBAC Insured (Alternative Minimum Tax) | 3/12 |

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| | | |
|---|---|-------|
| 5,660 | Takoma Park, Maryland, Hospital Facilities Revenue Refunding and Improvement Bonds, Washington Adventist Hospital, Series 1995, 6.500%, 9/01/12 - FSA Insured (ETM) | No |
| <hr style="border-top: 1px dashed black;"/> | | |
| 13,380 | Total Maryland | |
| <hr style="border-top: 1px dashed black;"/> | | |
| MASSACHUSETTS - 6.3% (3.9% OF TOTAL INVESTMENTS) | | |
| Massachusetts Development Finance Authority, Revenue Bonds, 100 Cambridge Street Redevelopment, M/SRBC Project, Series 2002A: | | |
| 4,000 | 5.125%, 8/01/28 - MBIA Insured | 2/12 |
| 5,625 | 5.125%, 2/01/34 - MBIA Insured | 2/12 |
| 995 | Massachusetts Educational Finance Authority, Student Loan Revenue Refunding Bonds, Series 2000G, 5.700%, 12/01/11 - MBIA Insured (Alternative Minimum Tax) | 12/09 |
| 8,730 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Berkshire Health System, Series 2008, 5.000%, 10/01/19 - AGC Insured (UB) | 10/15 |
| 500 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, CareGroup Inc., Series 2008E-1, 5.125%, 7/01/38 | 7/18 |
| 1,530 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Southcoast Health System Obligated Group, Series 1998A, 4.750%, 7/01/27 - MBIA Insured | 1/09 |
| 5,745 | Massachusetts Industrial Finance Agency, Resource Recovery Revenue Refunding Bonds, Ogden Haverhill Project, Series 1998A, 5.600%, 12/01/19 (Alternative Minimum Tax) | 12/08 |
| 10,150 | Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A, 5.000%, 1/01/37 - MBIA Insured | 1/09 |
| 890 | Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2002C, 5.250%, 11/01/30 (Pre-refunded 11/01/12) | 11/12 |

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NPP

Nuveen Performance Plus Municipal Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|----------------|
| <hr style="border-top: 1px dashed black;"/> | | |
| MASSACHUSETTS (continued) | | |
| Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2002E: | | |
| \$ 1,255 | 5.250%, 1/01/22 (Pre-refunded 1/01/13) - FGIC Insured | 1/13 |
| 3,745 | 5.250%, 1/01/22 (Pre-refunded 1/01/13) - FGIC Insured | 1/13 |

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|--|--|-------|
| 8,500 | Route 3 North Transportation Improvements Association, Massachusetts, Lease Revenue Bonds, Series 2000, 5.375%, 6/15/33 (Pre-refunded 6/15/10) - MBIA Insured | 6/10 |
| <hr/> | | |
| 51,665 | Total Massachusetts | |
| <hr/> | | |
| MICHIGAN - 5.0% (3.1% OF TOTAL INVESTMENTS) | | |
| 6,155 | Birmingham City School District, Oakland County, Michigan, School Building and Site Bonds, Series 1998, 4.750%, 11/01/24 - FSA Insured | 5/09 |
| 5,000 | Detroit, Michigan, Second Lien Sewerage Disposal System Revenue Bonds, Series 2005A, 5.000%, 7/01/35 - MBIA Insured | 7/15 |
| 1,500 | Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.000%, 10/15/24 | 10/11 |
| 5,000 | Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2003II, 5.000%, 10/15/29 - MBIA Insured | 10/13 |
| 7,115 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Henry Ford Health System, Series 2003A, 5.500%, 3/01/16 (Pre-refunded 3/01/13) | 3/13 |
| 3,000 | Michigan Strategic Fund, Collateralized Limited Obligation Pollution Control Revenue Refunding Bonds, Detroit Edison Company, Series 1999A, 5.550%, 9/01/29 - MBIA Insured (Alternative Minimum Tax) | 9/09 |
| 3,050 | Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2008A, 6.875%, 6/01/42 | 6/18 |
| 10,000 | Wayne County, Michigan, Airport Revenue Bonds, Detroit Metropolitan Wayne County Airport, Series 1998A, 5.375%, 12/01/16 - MBIA Insured (Alternative Minimum Tax) | 12/08 |
| <hr/> | | |
| 40,820 | Total Michigan | |
| <hr/> | | |
| MINNESOTA - 3.2% (2.0% OF TOTAL INVESTMENTS) | | |
| 3,000 | Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota, Subordinate Airport Revenue Bonds, Series 2001C, 5.250%, 1/01/26 (Pre-refunded 1/01/11) - FGIC Insured | 1/11 |
| 18,820 | St. Paul Housing and Redevelopment Authority, Minnesota, Sales Tax Revenue Refunding Bonds, Civic Center Project, Series 1996, 7.100%, 11/01/23 - FSA Insured | 11/15 |
| <hr/> | | |
| 21,820 | Total Minnesota | |
| <hr/> | | |
| MISSISSIPPI - 1.3% (0.8% OF TOTAL INVESTMENTS) | | |
| 9,750 | Mississippi Business Finance Corporation, Pollution Control Revenue Refunding Bonds, System Energy Resources Inc. Project, Series 1998, | 4/09 |

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5.875%, 4/01/22

| | | |
|-------|--|------|
| 2,475 | Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2008, 5.000%, 9/01/24 (UB) | 9/14 |
|-------|--|------|

| | | |
|--------|-------------------|--|
| 12,225 | Total Mississippi | |
|--------|-------------------|--|

MISSOURI - 1.8% (1.1% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 6,350 | Kansas City, Missouri, Airport Revenue Bonds, General Improvement Projects, Series 2003B, 5.250%, 9/01/17 - FGIC Insured | 9/12 |
|-------|--|------|

| | | |
|-------|--|------|
| 1,845 | Missouri Health and Educational Facilities Authority, Revenue Bonds, BJC Health System, Series 2003, 5.250%, 5/15/18 | 5/13 |
|-------|--|------|

| | | |
|-------|--|------|
| 3,815 | Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A, 5.250%, 6/01/28 (Pre-refunded 6/01/11) - AMBAC Insured | 6/11 |
|-------|--|------|

| | | |
|-------|---|-------|
| 2,000 | Missouri-Illinois Metropolitan District Bi-State Development Agency, Mass Transit Sales Tax Appropriation Bonds, Metrolink Cross County Extension Project, Series 2002B, 5.000%, 10/01/32 - FSA Insured | 10/13 |
|-------|---|-------|

| | | |
|--------|----------------|--|
| 14,010 | Total Missouri | |
|--------|----------------|--|

30

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDOR |
|------------------------|-----------------|-------------------|
|------------------------|-----------------|-------------------|

MONTANA - 0.6% (0.4% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| \$ 595 | Montana Board of Housing, Single Family Mortgage Bonds, Series 2000A-2, 6.450%, 6/01/29 (Alternative Minimum Tax) | 12/09 |
|--------|---|-------|

| | | |
|-------|---|-------|
| 4,795 | Montana Higher Education Student Assistance Corporation, Student Loan Revenue Bonds, Subordinate Series 1998B, 5.500%, 12/01/31 (Alternative Minimum Tax) | 12/08 |
|-------|---|-------|

| | | |
|-------|---------------|--|
| 5,390 | Total Montana | |
|-------|---------------|--|

NEBRASKA - 0.2% (0.1% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 1,220 | Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2000E, 5.850%, 9/01/20 (Alternative Minimum Tax) | 9/10 |
|-------|---|------|

NEVADA - 3.1% (1.9% OF TOTAL INVESTMENTS)

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| | | |
|--------|---|------|
| 10,900 | Clark County School District, Nevada, General Obligation Bonds, Series 2002C, 5.500%, 6/15/19 (Pre-refunded 6/15/12) - MBIA Insured | 6/12 |
| | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000: | |
| 3,500 | 0.000%, 1/01/21 - AMBAC Insured | No |
| 2,780 | 0.000%, 1/01/28 - AMBAC Insured | No |
| 6,980 | 5.375%, 1/01/40 - AMBAC Insured | 1/10 |
| 5,000 | Reno, Nevada, Health Facilities Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/31 | 7/17 |
| 2,500 | Reno, Nevada, Health Facility Revenue Bonds, Catholic Healthcare West, Trust 2634, 0.777%, 7/01/31 (IF) | 7/17 |
| <hr/> | | |
| 31,660 | Total Nevada | |
| <hr/> | | |
| | NEW HAMPSHIRE - 1.7% (1.0% OF TOTAL INVESTMENTS) | |
| 3,265 | New Hampshire Health and Education Facilities Authority, Revenue Bonds, Southern New Hampshire University, Series 2005, 5.000%, 1/01/30 - ACA Insured | 1/15 |
| | New Hampshire Housing Finance Authority, FHLMC Multifamily Housing Remarketed Revenue Bonds, Countryside LP, Series 1994: | |
| 3,725 | 6.000%, 7/01/18 (Alternative Minimum Tax) | 7/10 |
| 6,945 | 6.100%, 7/01/24 (Alternative Minimum Tax) | 7/10 |
| <hr/> | | |
| 13,935 | Total New Hampshire | |
| <hr/> | | |
| | NEW JERSEY - 8.8% (5.5% OF TOTAL INVESTMENTS) | |
| 3,000 | New Jersey Economic Development Authority, Transportation Sublease Revenue Bonds, Light Rail Transit System, Series 1999A, 5.250%, 5/01/17 (Pre-refunded 5/01/09) - FSA Insured | 5/09 |
| 2,110 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2000A, 6.000%, 6/01/13 - MBIA Insured (Alternative Minimum Tax) | 6/10 |
| 4,500 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2001C, 5.500%, 12/15/18 - FSA Insured | No |
| 9,250 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2003C, 5.500%, 6/15/23 (Pre-refunded 6/15/13) | 6/13 |
| | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C: | |
| 35,000 | 0.000%, 12/15/29 - FSA Insured | No |
| 10,000 | 0.000%, 12/15/30 - FGIC Insured | No |
| 10,000 | New Jersey Turnpike Authority, Revenue Bonds, Series 2005A, 5.000%, 1/01/20 - FSA Insured (UB) | 7/13 |
| 11,070 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002, 5.750%, 6/01/32 | 6/12 |

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(Pre-refunded 6/01/12)

| | | |
|-------|--|------|
| 4,450 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003, 6.750%, 6/01/39 (Pre-refunded 6/01/13) | 6/13 |
|-------|--|------|

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NPP

Nuveen Performance Plus Municipal Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| NEW JERSEY (continued) | | |
| | West Deptford Township, Gloucester County, New Jersey, General Obligation Bonds, Series 2000: | |
| \$ 3,150 | 5.500%, 9/01/21 (Pre-refunded 9/01/10) - FGIC Insured | 9/10 |
| 3,335 | 5.500%, 9/01/22 (Pre-refunded 9/01/10) - FGIC Insured | 9/10 |
| 95,865 Total New Jersey | | |

| | | |
|---|--|-------|
| NEW YORK - 8.5% (5.3% OF TOTAL INVESTMENTS) | | |
| 5,500 | Dormitory Authority of the State of New York, FHA-Insured Mortgage Revenue Bonds, Kaleida Health, Series 2004, 5.050%, 2/15/25 | 2/14 |
| 2,070 | Dormitory Authority of the State of New York, Insured Revenue Bonds, 853 Schools Program, Gateway-Longview Inc., Series 1998A, 5.500%, 7/01/18 - AMBAC Insured | 1/09 |
| 2,250 | Dormitory Authority of the State of New York, Lease Revenue Bonds, State University Dormitory Facilities, Series 1999C, 5.500%, 7/01/29 (Pre-refunded 7/01/09) - MBIA Insured | 7/09 |
| | Dormitory Authority of the State of New York, Revenue Bonds, Marymount Manhattan College, Series 1999: | |
| 1,580 | 6.375%, 7/01/13 - RAAI Insured | 7/09 |
| 9,235 | 6.125%, 7/01/21 - RAAI Insured | 7/09 |
| 1,500 | Dormitory Authority of the State of New York, Revenue Bonds, St. Barnabas Hospital, Series 1997, 5.450%, 8/01/35 - AMBAC Insured | 2/09 |
| 1,500 | Hempstead Industrial Development Agency, New York, Resource Recovery Revenue Refunding Bonds, American Ref-Fuel Company of Hempstead LP, Series 2001, 5.000%, 12/01/10 (Mandatory put 6/01/10) | No |
| 13,220 | Metropolitan Transportation Authority, New York, Dedicated Tax Fund Bonds, Series 2002A, 5.500%, 11/15/26 - FSA Insured | 11/12 |
| 13,335 | Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series 2006B, 4.500%, 11/15/32 - FSA Insured (UB) | 11/16 |

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| | | |
|-------|---|-------|
| 68 | Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series 2006B, Drivers 1662, 5.904%, 11/15/32 - FSA Insured (IF) | 11/16 |
| 7,810 | New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000A, 5.750%, 8/15/24 (Pre-refunded 8/15/09) | 8/09 |
| 6,300 | New York City, New York, General Obligation Bonds, Fiscal Series 2000A, 6.250%, 5/15/26 - FSA Insured | 5/10 |
| 3,000 | New York State Energy Research and Development Authority, Pollution Control Revenue Bonds, Rochester Gas and Electric Corporation, Series 1998A, 5.950%, 9/01/33 - MBIA Insured (Alternative Minimum Tax) | 3/09 |

| | | |
|--------|----------------|--|
| 67,368 | Total New York | |
|--------|----------------|--|

NORTH CAROLINA - 1.5% (1.0% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 4,900 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 |
| 2,000 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1998A, 5.000%, 1/01/20 - MBIA Insured | 1/09 |
| 5,500 | The Charlotte-Mecklenberg Hospital Authority, North Carolina, Doing Business as Carolinas HealthCare System, Health Care Refunding Revenue Bonds, Series 2008A, 5.000%, 1/15/39 - AGC Insured | 1/18 |

| | | |
|--------|----------------------|--|
| 12,400 | Total North Carolina | |
|--------|----------------------|--|

OHIO - 6.7% (4.2% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------|
| 10,000 | American Municipal Power Ohio Inc., General Revenue Bonds, Series 2008, 5.250%, 2/15/43 | 2/18 |
|--------|---|------|

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDOR |
|------------------------|---|-------------------|
| OHIO (continued) | | |
| | Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: | |
| \$ 345 | 5.125%, 6/01/24 | 6/17 |
| 3,570 | 5.875%, 6/01/30 | 6/17 |
| 3,475 | 5.750%, 6/01/34 | 6/17 |
| 14,830 | 5.875%, 6/01/47 | 6/17 |

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| | | |
|--|---|-------|
| 5,150 | Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-3, 0.000%, 6/01/37 | 6/22 |
| 6,720 | Cleveland, Ohio, Airport System Revenue Bonds, Series 2001A, 5.000%, 1/01/31 - FSA Insured | 1/10 |
| 780 | Cleveland, Ohio, Airport System Revenue Bonds, Series 2001A, 5.000%, 1/01/31 (Pre-refunded 1/01/10) - FSA Insured | 1/10 |
| 3,650 | Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, Series 2004A, 5.000%, 5/01/30 | 5/14 |
| 5,800 | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998A, 5.875%, 9/01/20 (Alternative Minimum Tax) | 3/09 |
| 12,400 | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax) | 9/09 |
| ----- | | |
| 66,720 | Total Ohio | |
| ----- | | |
| OKLAHOMA - 0.4% (0.2% OF TOTAL INVESTMENTS) | | |
| 3,400 | Tulsa Municipal Airport Trust, Oklahoma, Revenue Refunding Bonds, American Airlines Inc., Series 2000B, 6.000%, 6/01/35 (Mandatory put 12/01/08) (Alternative Minimum Tax) | 6/09 |
| ----- | | |
| OREGON - 1.2% (0.7% OF TOTAL INVESTMENTS) | | |
| 9,150 | Port of St. Helens, Oregon, Pollution Control Revenue Bonds, Portland General Electric Company, Series 1985B, 4.800%, 6/01/10 | No |
| ----- | | |
| PENNSYLVANIA - 3.6% (2.2% OF TOTAL INVESTMENTS) | | |
| Bethlehem Authority, Northampton and Lehigh Counties, Pennsylvania, Guaranteed Water Revenue Bonds, Series 1998: | | |
| 3,125 | 0.000%, 5/15/22 - FSA Insured | No |
| 3,125 | 0.000%, 5/15/23 - FSA Insured | No |
| 3,135 | 0.000%, 5/15/24 - FSA Insured | No |
| 3,155 | 0.000%, 5/15/26 - FSA Insured | No |
| 4,145 | 0.000%, 11/15/26 - FSA Insured | No |
| 2,800 | 0.000%, 5/15/28 - FSA Insured | No |
| 3,000 | 0.000%, 11/15/28 - FSA Insured | No |
| 2,050 | Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax) | No |
| 11,000 | Delaware County Authority, Pennsylvania, Revenue Bonds, Catholic Health East, Series 1998A, 4.875%, 11/15/18 - AMBAC Insured | 11/08 |
| 1,250 | Erie, Pennsylvania, Water Authority, Water Revenue Bonds, Series 2008, | 12/18 |

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5.000%, 12/01/43 - FSA Insured

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|---|----------------|
| | Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A: | |
| 700 | 6.400%, 1/01/09 (Alternative Minimum Tax) | 12/08 |
| 4,500 | 6.500%, 1/01/13 (Alternative Minimum Tax) | 1/09 |
| 400 | Pennsylvania Economic Development Financing Authority, Subordinate Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994C, 6.875%, 1/01/11 (Alternative Minimum Tax) | 1/09 |
| 42,385 | Total Pennsylvania | |

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NPP

Nuveen Performance Plus Municipal Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|--|----------------|
| | PUERTO RICO - 0.6% (0.4% OF TOTAL INVESTMENTS) | |
| \$ 1,250 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 5.875%, 7/01/21 (Pre-refunded 7/01/10) - MBIA Insured | 7/10 |
| 25,000 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 0.000%, 8/01/47 - AMBAC Insured | No |
| 3,750 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Trust 2653, 0.777%, 8/01/57 (IF) | 8/17 |
| 30,000 | Total Puerto Rico | |
| | RHODE ISLAND - 0.7% (0.4% OF TOTAL INVESTMENTS) | |
| 2,000 | Kent County Water Authority, Rhode Island, General Revenue Bonds, Series 2002A, 5.000%, 7/15/23 - MBIA Insured | 7/12 |
| | Rhode Island Health and Educational Building Corporation, Revenue Refunding Bonds, Salve Regina University, Series 2002: | |
| 1,260 | 5.250%, 3/15/17 - RAAI Insured | 3/12 |
| 1,080 | 5.250%, 3/15/18 - RAAI Insured | 3/12 |
| 1,570 | Rhode Island Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2002A, 6.125%, 6/01/32 | 6/12 |
| 5,910 | Total Rhode Island | |

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SOUTH CAROLINA - 4.5% (2.8% OF TOTAL INVESTMENTS)

| | | |
|--------|--|-------|
| 2,625 | Medical University Hospital Authority, South Carolina, FHA-Insured Mortgage Revenue Bonds, Series 2004A, 5.250%, 2/15/25 - MBIA Insured | 8/14 |
| 22,855 | Piedmont Municipal Power Agency, South Carolina, Electric Revenue Bonds, Series 2004A-2, 0.000%, 1/01/31 - AMBAC Insured | No |
| 6,925 | South Carolina, General Obligation Bonds, Series 1999A, 4.000%, 10/01/14 | 10/09 |
| 18,825 | Tobacco Settlement Revenue Management Authority, South Carolina, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 6.000%, 5/15/22 (Pre-refunded 5/15/12) | 5/12 |

51,230 Total South Carolina

TENNESSEE - 1.4% (0.9% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------|
| 2,860 | Johnson City Health and Educational Facilities Board, Tennessee, Hospital Revenue Refunding and Improvement Bonds, Johnson City Medical Center, Series 1998C, 5.125%, 7/01/25 (Pre-refunded 7/01/23) - MBIA Insured | 7/23 |
| 1,700 | Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 1999D, 6.000%, 3/01/24 - AMBAC Insured (Alternative Minimum Tax) | 3/10 |
| 6,000 | Metropolitan Government of Nashville-Davidson County Health and Educational Facilities Board, Tennessee, Revenue Refunding and Improvement Bonds, Meharry Medical College, Series 1996, 6.000%, 12/01/19 - AMBAC Insured | 12/17 |

10,560 Total Tennessee

TEXAS - 7.9% (4.9% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------|
| 3,975 | Bell County Health Facilities Development Corporation, Texas, Revenue Bonds, Scott and White Memorial Hospital and Scott, Sherwood and Brindley Foundation, Series 2000A, 6.125%, 8/15/23 (Pre-refunded 2/15/10) - MBIA Insured | 2/10 |
| 5,000 | Bexar Metropolitan Water District, Texas, Waterworks System Revenue Bonds, Series 2006, 5.000%, 5/01/35 - MBIA Insured | 5/16 |
| 4,000 | Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005: 5.000%, 1/01/35 - FGIC Insured | 1/15 |
| 13,000 | 5.000%, 1/01/45 - FGIC Insured | 1/15 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|----------------|
| TEXAS (continued) | | |
| \$ 4,000 | Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003, 5.000%, 2/15/27 - AMBAC Insured | 2/13 |
| 3,885 | Houston Independent School District, Public Facility Corporation, Harris County, Texas, Lease Revenue Bonds, Cesar E. Chavez High School, Series 1998A, 0.000%, 9/15/19 - AMBAC Insured | No |
| 33,855 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/40 | 8/1 |
| | Leander Independent School District, Williamson and Travis Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1998: | |
| 4,930 | 0.000%, 8/15/20 | 12/0 |
| 3,705 | 0.000%, 8/15/22 | 12/0 |
| 215 | Lubbock Housing Finance Corporation, Texas, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Refunding Bonds, Series 1997A, 6.125%, 12/01/17 | 11/08 |
| 3,480 | Pearland, Texas, General Obligation Bonds, Series 2002, 5.000%, 3/01/27 (Pre-refunded 3/01/12) - FGIC Insured | 3/12 |
| 6,835 | San Antonio, Texas, Electric and Gas System Revenue Refunding Bonds, New Series 1998A, 4.500%, 2/01/21 | 2/09 |
| 6,000 | Spring Branch Independent School District, Harris County, Texas, Limited Tax Schoolhouse and Refunding Bonds, Series 2001, 5.125%, 2/01/26 (Pre-refunded 2/01/11) | 2/11 |
| 4,000 | Tarrant Regional Water District, Texas, Water Revenue Refunding and Improvement Bonds, Series 1999, 5.000%, 3/01/22 - FSA Insured | 3/13 |
| 1,740 | Texas, General Obligation Bonds, Water Financial Assistance, State Participation Program, Series 1999C, 5.500%, 8/01/29 - MBIA Insured | 8/09 |
| 1,690 | Webb County, Laredo, Texas, Combination Tax and Sewer System, Revenue Certificates of Obligation, Series 1998A, 4.500%, 2/15/18 - MBIA Insured | 2/09 |
| 100,310 | Total Texas | |
| UTAH - 3.4% (2.1% OF TOTAL INVESTMENTS) | | |
| | Utah County, Utah, Hospital Revenue Bonds, IHC Health Services Inc., Series 1997: | |
| 12,885 | 5.250%, 8/15/21 - MBIA Insured (ETM) | 12/08 |
| 3,900 | 5.250%, 8/15/26 - MBIA Insured (ETM) | 12/08 |
| 2,280 | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2002A-1, 5.300%, 7/01/18 (Alternative Minimum Tax) | 1/12 |

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| | | |
|--------|---|-------|
| 5 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000B, 6.250%, 7/01/22 (Alternative Minimum Tax) | 1/10 |
| 905 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000D-1, 6.050%, 7/01/14 (Alternative Minimum Tax) | 7/10 |
| 570 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000E-1, Class II, 6.150%, 1/01/27 (Alternative Minimum Tax) | 7/10 |
| 1,175 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000E-1, Class III, 6.000%, 1/01/15 (Alternative Minimum Tax) | 7/10 |
| 805 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2001A-2, 5.650%, 7/01/27 (Alternative Minimum Tax) | 7/11 |
| 615 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2001B-1, 5.750%, 7/01/19 (Alternative Minimum Tax) | 1/11 |
| 3,000 | Utah Water Finance Agency, Revenue Bonds, Pooled Loan Financing Program, Series 2002C, 5.250%, 10/01/28 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 |
| <hr/> | | |
| 26,140 | Total Utah | |
| <hr/> | | |

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NPP

Nuveen Performance Plus Municipal Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|------------------------|---|-------------------|
| <hr/> | | |
| | VIRGIN ISLANDS - 0.8% (0.5% OF TOTAL INVESTMENTS) | |
| \$ 4,700 | Virgin Islands Public Finance Authority, Gross Receipts Taxes Loan Note, Series 2003, 5.000%, 10/01/33 - RAAI Insured | 10/14 |
| 2,500 | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project - Hovensa LLC, Series 2003, 6.125%, 7/01/22 (Alternative Minimum Tax) | 1/14 |
| <hr/> | | |
| 7,200 | Total Virgin Islands | |
| <hr/> | | |
| | WASHINGTON - 5.5% (3.4% OF TOTAL INVESTMENTS) | |
| 12,235 | Chelan County Public Utility District 1, Washington, Columbia River-Rock Island Hydro-Electric System Revenue Refunding Bonds, Series 1997A, 0.000%, 6/01/26 - MBIA Insured | No |
| | Cowlitz County Public Utilities District 1, Washington, Electric Production Revenue Bonds, Series 2004: | |

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| | | |
|--------|--|-------|
| 465 | 5.000%, 9/01/22 - FGIC Insured | 9/14 |
| 3,100 | 5.000%, 9/01/28 - FGIC Insured | 9/14 |
| 5,000 | Energy Northwest, Washington, Electric Revenue Refunding Bonds, Nuclear Project 1, Series 2008, 5.500%, 7/01/16 (UB) | 7/13 |
| 10,000 | Washington State Healthcare Facilities Authority, Revenue Bonds, Providence Health Care Services, Series 2006A, 4.625%, 10/01/34 - FGIC Insured | 10/16 |
| 4,685 | Washington State Healthcare Facilities Authority, Revenue Bonds, Providence Services, Series 1999, 5.375%, 12/01/19 (Pre-refunded 12/01/09) - MBIA Insured | 12/09 |
| 5,000 | Washington State Housing Finance Commission, Non-Profit Housing Revenue Bonds, Kline Galland Center, Series 1999, 6.000%, 7/01/29 - RAAI Insured | 7/09 |
| 12,000 | Washington, Motor Vehicle Fuel Tax General Obligation Bonds, Series 2001D, 5.250%, 1/01/26 | 1/11 |
| ----- | | |
| 52,485 | Total Washington | |
| ----- | | |
| | WEST VIRGINIA - 0.6% (0.4% OF TOTAL INVESTMENTS) | |
| 5,000 | Mason County, West Virginia, Pollution Control Revenue Bonds, Appalachian Power Company, Series 2003L, 5.500%, 10/01/22 | 10/11 |
| ----- | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|---|----------------|
| ----- | | |
| | WISCONSIN - 3.1% (1.9% OF TOTAL INVESTMENTS) | |
| 11,620 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Marshfield Clinic, Series 1999, 6.250%, 2/15/29 - RAAI Insured | 2/10 |
| 7,490 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Millennium Housing Foundation Inc., Series 1998, 6.100%, 1/01/28 | 1/09 |
| 9,810 | Wisconsin Housing and Economic Development Authority, Home Ownership Revenue Bonds, Series 2005C, 4.875%, 3/01/36 (Alternative Minimum Tax) | 9/14 |
| ----- | | |
| 28,920 | Total Wisconsin | |
| ----- | | |
| \$ 1,601,118 | Total Investments (cost \$1,299,989,044) - 160.8% | |
| ===== | | |
| | Floating Rate Obligations - (5.0)% | |
| ----- | | |
| | Other Assets Less Liabilities - 2.0% | |
| ----- | | |
| | Auction Rate Preferred Shares, at Liquidation Value - (57.8)% (5) | |

Net Assets Applicable to Common Shares - 100%
=====

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 35.9%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NMA

Nuveen Municipal Advantage Fund, Inc.
Portfolio of INVESTMENTS

October 31, 2008

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|----------------|
| ----- | | |
| ALABAMA - 3.5% (2.1% OF TOTAL INVESTMENTS) | | |
| \$ 10,000 | Jefferson County, Alabama, Sewer Revenue Capital Improvement Warrants, Series 1999A, 5.375%, 2/01/36 (Pre-refunded 2/01/09) - FGIC Insured | 2/09 |
| 5,075 | Lauderdale County and Florence Healthcare Authority, Alabama, Revenue Bonds, Coffee Health Group, Series 1999A, 5.250%, 7/01/24 - MBIA Insured | 7/09 |
| 5,155 | Phenix City Industrial Development Board, Alabama, Environmental Improvement Revenue Bonds, MeadWestvaco Corporation, Series 2002A, 6.350%, 5/15/35 (Alternative Minimum Tax) | 5/12 |
| ----- | | |
| 20,230 | Total Alabama | |
| ----- | | |
| ALASKA - 0.9% (0.5% OF TOTAL INVESTMENTS) | | |
| Alaska Housing Finance Corporation, General Housing Purpose Bonds, Series 2005A: | | |
| 1,125 | 5.250%, 12/01/34 - FGIC Insured | 12/14 |
| 1,280 | 5.250%, 12/01/41 - FGIC Insured | 12/14 |
| Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A: | | |
| 895 | 4.625%, 6/01/23 | 12/08 |
| 3,250 | 5.000%, 6/01/46 | 6/14 |
| ----- | | |
| 6,550 | Total Alaska | |
| ----- | | |
| ARIZONA - 1.9% (1.2% OF TOTAL INVESTMENTS) | | |
| 4,905 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32 | 7/17 |
| 5,000 | Maricopa County Pollution Control Corporation, Arizona, Remarketed Revenue Refunding Bonds, Public Service Company of New Mexico, Series 1992A, 5.750%, 11/01/22 | 12/08 |
| 2,500 | Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2008A, 5.000%, 7/01/38 | 7/18 |
| ----- | | |
| 12,405 | Total Arizona | |
| ----- | | |
| CALIFORNIA - 16.0% (9.6% OF TOTAL INVESTMENTS) | | |
| 3,500 | Alameda Corridor Transportation Authority, California, Subordinate Lien | 10/17 |

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| | | | |
|--------|--|--|------|
| | Revenue Bonds, Series 2004A, 0.000%, 10/01/25 - AMBAC Insured | | |
| | Calexico Unified School District, Imperial County, California, General Obligation Bonds, Series 2005B: | | |
| 4,070 | 0.000%, 8/01/32 - FGIC Insured | | No |
| 6,410 | 0.000%, 8/01/34 - FGIC Insured | | No |
| 3,000 | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33 | | 3/13 |
| 7,500 | California State Public Works Board, Lease Revenue Bonds, Department of Mental Health, Coalinga State Hospital, Series 2004A, 5.125%, 6/01/29 | | 6/14 |
| 11,200 | California, General Obligation Bonds, Series 2003, 5.250%, 2/01/28 | | 8/13 |
| 4,000 | California, General Obligation Bonds, Trust 2652, 0.751%, 6/01/37 (IF) | | 6/17 |
| 9,955 | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 0.000%, 9/01/31 - FGIC Insured | | No |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | CALIFORNIA (continued) | |
| | Colton Joint Unified School District, San Bernardino County, California, General Obligation Bonds, Series 2006C: | |
| \$ 3,800 | 0.000%, 2/01/33 - FGIC Insured | 2/1 |
| 3,795 | 0.000%, 2/01/37 - FGIC Insured | No |
| 7,535 | Contra Costa County, California, GNMA Mortgage-Backed Securities Program Home Mortgage Revenue Bonds, Series 1989, 7.750%, 5/01/22 (Alternative Minimum Tax) (ETM) | No |
| 8,145 | Cupertino Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003B, 0.000%, 8/01/25 - FGIC Insured | 8/1 |
| 2,510 | Folsom Cordova Unified School District, Sacramento County, California, General Obligation Bonds, School Facilities Improvement District 1, Series 2004B, 0.000%, 10/01/28 - MBIA Insured | No |
| 3,360 | Folsom Cordova Unified School District, Sacramento County, California, General Obligation Bonds, School Facilities Improvement District 2, Series 2002A, 0.000%, 7/01/27 - MBIA Insured | No |
| 2,315 | Gateway Unified School District, California, General Obligation Bonds, Series 2004B, 0.000%, 8/01/32 - FGIC Insured | No |
| 1,000 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47 | 6/17 |
| 3,000 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 0.000%, | No |

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6/01/26 - FSA Insured

| | | |
|---------|---|------|
| 1,275 | Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/23 - FSA Insured | 8/12 |
| | North Orange County Community College District, California, General Obligation Bonds, Series 2003B: | |
| 7,735 | 0.000%, 8/01/25 - FGIC Insured | No |
| 4,000 | 0.000%, 8/01/26 - FGIC Insured | No |
| 5,000 | Palmdale Community Redevelopment Agency, California, Residential Mortgage Revenue Refunding Bonds, Series 1991B, 7.375%, 2/01/12 (ETM) | No |
| 5,000 | Palmdale Community Redevelopment Agency, California, Single Family Restructured Mortgage Revenue Bonds, Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax) (ETM) | No |
| 9,315 | Perris, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1989A, 7.600%, 1/01/23 (Alternative Minimum Tax) (ETM) | No |
| 7,660 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Senior Lien Toll Road Revenue Bonds, Series 1993, 0.000%, 1/01/24 (ETM) | No |
| 23,000 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured | No |
| 7,250 | San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 0.000%, 9/01/29 - MBIA Insured | 9/1 |
| 155,330 | Total California | |

COLORADO - 7.6% (4.5% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------|
| 1,600 | Arkansas River Power Authority, Colorado, Power Revenue Bonds, Series 2006, 5.250%, 10/01/40 - SYNCORA GTY Insured | 10/16 |
| 9,440 | Colorado Health Facilities Authority, Colorado, Revenue Bonds, Catholic Health Initiatives, Series 2006A, 4.500%, 9/01/38 | 9/16 |
| 8,350 | Colorado Health Facilities Authority, Remarketed Revenue Bonds, Kaiser Permanente System, Series 1994A, 5.350%, 11/01/16 (ETM) | 12/08 |
| 1,150 | Colorado Health Facilities Authority, Revenue Bonds, Poudre Valley Health System, Series 2005C, 5.250%, 3/01/40 - FSA Insured | 9/18 |
| 2,000 | Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2006, 4.750%, 12/01/35 - SYNCORA GTY Insured | 11/16 |

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NMA

Nuveen Municipal Advantage Fund, Inc. (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|--|----------------|
| ----- | | |
| COLORADO (continued) | | |
| \$ 1,340 | Denver, Colorado, Airport Revenue Bonds, Trust 2365: 2.901%, 11/15/23 - FGIC Insured (IF) | 11/16 |
| 825 | 1.184%, 11/15/24 - FGIC Insured (IF) | 11/16 |
| 1,085 | 1.186%, 11/15/25 - FGIC Insured (IF) | 11/16 |
| E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B: | | |
| 2,650 | 0.000%, 9/01/16 - MBIA Insured | No |
| 8,645 | 0.000%, 9/01/26 - MBIA Insured | No |
| 1,000 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000A, 5.750%, 9/01/35 (Pre-refunded 9/01/10) - MBIA Insured | 9/10 |
| E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B: | | |
| 7,500 | 0.000%, 9/01/29 - MBIA Insured | No |
| 10,000 | 0.000%, 9/01/31 - MBIA Insured | No |
| 10,000 | 0.000%, 9/01/32 - MBIA Insured | No |
| Platte River Power Authority, Colorado, Power Revenue Refunding Bonds, Series 2002EE: | | |
| 1,030 | 5.375%, 6/01/17 (Pre-refunded 6/01/12) | 6/12 |
| 4,890 | 5.375%, 6/01/18 (Pre-refunded 6/01/12) | 6/12 |
| Platte River Power Authority, Colorado, Power Revenue Refunding Bonds, Series 2002EE: | | |
| 970 | 5.375%, 6/01/17 | 6/12 |
| 110 | 5.375%, 6/01/18 | 6/12 |
| ----- | | |
| 72,585 | Total Colorado | |
| ----- | | |
| DISTRICT OF COLUMBIA - 0.2% (0.1% OF TOTAL INVESTMENTS) | | |
| 1,380 | District of Columbia Housing Finance Agency, GNMA/FNMA Single Family Mortgage Revenue Bonds, Series 1997B, 5.900%, 12/01/28 (Alternative Minimum Tax) | 12/08 |
| ----- | | |
| FLORIDA - 3.4% (2.0% OF TOTAL INVESTMENTS) | | |
| 2,770 | Florida Housing Finance Corporation, Housing Revenue Bonds, Stratford Point Apartments, Series 20000-1, 5.850%, 12/01/31 - FSA Insured (Alternative Minimum Tax) | 12/10 |
| 8,100 | South Miami Health Facilities Authority, Florida, Revenue Bonds, Baptist Health Systems of South Florida, Trust 1025, 7.368%, 8/15/42 (IF) | 8/17 |

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| | | |
|--|---|-------|
| 5,000 | Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 - AMBAC Insured (Alternative Minimum Tax) | 1/11 |
| 2,000 | Illinois Finance Authority, Revenue Bonds, Children's Memorial Hospital, Series 2008, 5.250%, 8/15/47 - AGC Insured (UB) | 8/18 |
| 8,395 | Illinois Finance Authority, Revenue Bonds, Loyola University of Chicago, Tender Option Bond Trust 1137, 7.720%, 7/01/46 (IF) | 7/17 |
| 6,000 | Illinois Health Facilities Authority, Revenue Bonds, Condell Medical Center, Series 2002, 5.750%, 5/15/22 | 5/12 |
| 6,165 | Illinois Health Facilities Authority, Revenue Bonds, Sarah Bush Lincoln Health Center, Series 1996B, 5.750%, 2/15/22 | 2/09 |
| 10,740 | Lake and McHenry Counties Community Unit School District 118, Wauconda, Illinois, General Obligation Bonds, Series 2005B, 0.000%, 1/01/23 - FSA Insured | 1/1 |
| 1,090 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1993A, 0.000%, 6/15/21 - FGIC Insured | No |
| | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A: | |
| 13,455 | 5.500%, 12/15/24 - FGIC Insured | 12/09 |
| 10,430 | 5.250%, 12/15/28 - FGIC Insured | 12/09 |
| 3,175 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 2002A, 0.000%, 6/15/41 - MBIA Insured | No |
| 6,000 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A, 0.000%, 6/15/24 - MBIA Insured | No |
| 4,600 | Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois, General Obligation Bonds, Series 1990A, 7.200%, 11/01/20 - AMBAC Insured | No |
| 1,940 | University of Illinois, Auxiliary Facilities Systems Revenue Bonds, Series 2003A, 5.000%, 4/01/23 - AMBAC Insured | 4/13 |
| 7,500 | Valley View Public Schools, Community Unit School District 365U of Will County, Illinois, General Obligation Bonds, Series 2005, 0.000%, 11/01/25 - MBIA Insured | No |
| 23,125 | Will County Community High School District 210 Lincoln-Way, Illinois, General Obligation Bonds, Series 2006, 0.000%, 1/01/24 - FSA Insured | No |
| 123,835 | Total Illinois | |
| INDIANA - 3.0% (1.8% OF TOTAL INVESTMENTS) | | |
| 5,205 | Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Clarian Health Obligated Group, Series 2000A, 5.500%, 2/15/30 | 8/10 |

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(Pre-refunded 8/15/10) - MBIA Insured

| | | |
|--------|--|-------|
| 2,435 | Indiana Health Facility Financing Authority, Revenue Bonds, Community Foundation of Northwest Indiana, Series 2007, 5.500%, 3/01/37 | 3/17 |
| 6,075 | LaGrange County Jail Building Corporation, Indiana, First Mortgage Jail Bonds, Series 1998, 5.400%, 10/01/21 (Pre-refunded 10/01/09) | 10/09 |
| 1,915 | St. Joseph County Hospital Authority, Indiana, Revenue Bonds, Madison Center Inc., Series 1999, 5.450%, 2/15/12 | 2/09 |
| ----- | | |
| 15,630 | Total Indiana | |
| ----- | | |

IOWA - 0.5% (0.3% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 4,000 | Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.375%, 6/01/38 | 6/15 |
| 250 | Iowa Tobacco Settlement Authority, Tobacco Asset-Backed Revenue Bonds, Series 2005B, 5.600%, 6/01/34 | 6/17 |
| ----- | | |
| 4,250 | Total Iowa | |
| ----- | | |

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NMA

Nuveen Municipal Advantage Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|---|---|-------------------|
| ----- | | |
| KANSAS - 0.2% (0.1% OF TOTAL INVESTMENTS) | | |
| \$ 1,750 | Wamego, Kansas, Pollution Control Revenue Bonds, Kansas Gas and Electric Company, Series 2004, 5.300%, 6/01/31 - MBIA Insured | 6/14 |
| ----- | | |
| KENTUCKY - 1.2% (0.7% OF TOTAL INVESTMENTS) | | |
| 1,000 | Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008A-1, 6.000%, 12/01/33 - AGC Insured | 6/18 |
| 5,500 | Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 1997A, 5.250%, 5/15/27 - MBIA Insured | 11/08 |
| ----- | | |
| 6,500 | Total Kentucky | |
| ----- | | |

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LOUISIANA - 14.0% (8.3% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------|
| 13,500 | DeSoto Parish, Louisiana, Pollution Control Revenue Refunding Bonds, Cleco Utility Group Inc. Project, Series 1999, 5.875%, 9/01/29 - AMBAC Insured | 9/09 |
| | Louisiana Public Facilities Authority, Extended Care Facilities Revenue Bonds, Comm-Care Corporation Project, Series 1994: | |
| 720 | 11.000%, 2/01/14 (ETM) | No |
| 6,460 | 11.000%, 2/01/14 (ETM) | No |
| 6,650 | Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured | 7/14 |
| 9,000 | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47 | 5/17 |
| 28 | Louisiana State, Gasoline Tax Revenue Bonds, Series 2006, Residuals 660-1, 10.855%, 5/01/41 - FGIC Insured (IF) | 5/16 |
| | Louisiana State, Gasoline Tax Revenue Bonds, Series 2006: | |
| 20,690 | 4.500%, 5/01/41 - FGIC Insured (UB) | 5/16 |
| 10,000 | 5.000%, 5/01/41 - FGIC Insured (UB) | 5/16 |
| | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B: | |
| 6,050 | 5.500%, 5/15/30 | 5/11 |
| 11,855 | 5.875%, 5/15/39 | 5/11 |
| ----- | | |
| 84,953 | Total Louisiana | |
| ----- | | |

MASSACHUSETTS - 2.0% (1.2% OF TOTAL INVESTMENTS)

| | | |
|--------|--|-------|
| 620 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, CareGroup Inc., Series 2008E-1, 5.125%, 7/01/33 | 7/18 |
| 1,750 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, UMass Memorial Healthcare, Series 1998A, 5.000%, 7/01/28 - AMBAC Insured | 1/09 |
| 180 | Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 77, 5.950%, 6/01/25 - FSA Insured (Alternative Minimum Tax) | 12/09 |
| | Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A: | |
| 2,000 | 5.125%, 1/01/17 - MBIA Insured | 1/09 |
| 500 | 5.000%, 1/01/27 - MBIA Insured | 1/09 |
| 5,000 | 5.000%, 1/01/37 - MBIA Insured | 1/09 |
| 2,290 | Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Subordinate Series 1997B, 5.250%, 1/01/29 - MBIA Insured | 1/09 |
| ----- | | |
| 12,340 | Total Massachusetts | |
| ----- | | |

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MICHIGAN - 2.0% (1.2% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| | Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A: | |
| 4,995 | 5.250%, 8/15/23 | 2/09 |
| 3,000 | 5.250%, 8/15/28 | 2/09 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|---|----------------|
| ----- | | |
| | MICHIGAN (continued) | |
| \$ 3,275 | Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Detroit Medical Center Obligated Group, Series 1993A, 6.500%, 8/15/18 | 2/09 |
| 3,050 | Michigan Tobacco Settlement Finance Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2008A, 6.875%, 6/01/42 | 6/18 |
| ----- | | |
| 14,320 | Total Michigan | |
| ----- | | |

MINNESOTA - 1.3% (0.8% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 5,000 | Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota, Subordinate Airport Revenue Bonds, Series 2001C, 5.250%, 1/01/32 (Pre-refunded 1/01/11) - FGIC Insured | 1/11 |
| 555 | Minnesota Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 2000C, 5.550%, 7/01/24 (Alternative Minimum Tax) | 7/09 |
| 1,155 | Minnesota Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 2000J, 5.400%, 1/01/23 (Alternative Minimum Tax) | 1/10 |
| ----- | | |
| 6,710 | Total Minnesota | |
| ----- | | |

MISSOURI - 1.0% (0.6% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| 12,005 | Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1, 0.000%, 4/15/29 - AMBAC Insured | No |
| 140 | Missouri Housing Development Commission, Single Family Mortgage Revenue Bonds, Homeownership Loan Program, Series 2000A-1, 7.500%, 3/01/31 (Alternative Minimum Tax) | 9/09 |
| 1,500 | Missouri-Illinois Metropolitan District Bi-State Development Agency, Mass Transit Sales Tax Appropriation Bonds, Metrolink Cross County Extension Project, Series 2002B, 5.000%, 10/01/32 - FSA Insured | 10/13 |

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| | | |
|--------|----------------|--|
| 13,645 | Total Missouri | |
|--------|----------------|--|

NEVADA - 4.8% (2.9% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 7,310 | Clark County, Nevada, Limited Tax General Obligation Bank Bonds, Series 2000, 5.500%, 7/01/19 (Pre-refunded 7/01/10) | 7/10 |
| 7,500 | Clark County, Nevada, Subordinate Lien Airport Revenue Bonds, Series 1999A, 6.000%, 7/01/29 (Pre-refunded 7/01/10) - MBIA Insured | 7/10 |
| | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000: | |
| 3,025 | 0.000%, 1/01/16 - AMBAC Insured | No |
| 7,910 | 5.375%, 1/01/40 - AMBAC Insured | 1/10 |
| 3,750 | Henderson, Nevada, Healthcare Facility Revenue Refunding Bonds, Catholic Healthcare West, Series 2007B, Trust 2633, 1.032%, 7/01/31 (IF) | 7/17 |
| 310 | Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1997C-2, 5.750%, 4/01/29 (Alternative Minimum Tax) | 4/09 |

| | | |
|--------|--------------|--|
| 29,805 | Total Nevada | |
|--------|--------------|--|

NEW JERSEY - 4.3% (2.6% OF TOTAL INVESTMENTS)

| | | |
|--------|--|------|
| 15,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/30 - FGIC Insured | No |
| | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002: | |
| 12,075 | 5.750%, 6/01/32 (Pre-refunded 6/01/12) | 6/12 |
| 5,050 | 6.125%, 6/01/42 (Pre-refunded 6/01/12) | 6/12 |

| | | |
|--------|------------------|--|
| 32,125 | Total New Jersey | |
|--------|------------------|--|

NEW MEXICO - 1.1% (0.7% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 7,500 | Farmington, New Mexico, Pollution Control Revenue Refunding Bonds, Public Service Company of New Mexico - San Juan Project, Series 1997B, 5.800%, 4/01/22 | 4/09 |
|-------|---|------|

NMA

Nuveen Municipal Advantage Fund, Inc. (continued)
 Portfolio of INVESTMENTS October 31, 2008

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | NEW YORK - 12.8% (7.6% OF TOTAL INVESTMENTS) | |
| \$ 7,000 | Metropolitan Transportation Authority, New York, State Service Contract Refunding Bonds, Series 2002A, 5.125%, 1/01/29 | 7/12 |
| | Nassau County, New York, General Obligation Improvement Bonds, Series 2000F: | |
| 3,980 | 7.000%, 3/01/11 (Pre-refunded 3/01/10) - FSA Insured | 3/10 |
| 4,070 | 7.000%, 3/01/12 (Pre-refunded 3/01/10) - FSA Insured | 3/10 |
| 3,925 | 7.000%, 3/01/15 (Pre-refunded 3/01/10) - FSA Insured | 3/10 |
| 4,975 | New York City Industrial Development Agency, New York, Special Facilities Revenue Bonds, British Airways PLC, Series 1998, 5.250%, 12/01/32 (Alternative Minimum Tax) | 12/08 |
| 3,000 | New York City Industrial Development Agency, New York, Special Facilities Revenue Bonds, British Airways PLC, Series 2002, 7.625%, 12/01/32 (Alternative Minimum Tax) | 12/12 |
| 9,850 | New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2000A, 5.750%, 6/15/31 (Pre-refunded 6/15/09) - FGIC Insured | 6/09 |
| 5,000 | New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Series 2008, Trust 1199, 6.714%, 6/15/36 - FSA Insured (IF) | 12/14 |
| 10,000 | New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000B, 6.000%, 11/15/29 (Pre-refunded 5/15/10) | 5/10 |
| 7,435 | New York City, New York, General Obligation Bonds, Fiscal Series 2000A, 5.750%, 5/15/20 (Pre-refunded 5/15/10) | 5/10 |
| 5,250 | New York State Mortgage Agency, Homeowner Mortgage Revenue Bonds, Series 94, 5.800%, 10/01/20 (Alternative Minimum Tax) | 4/10 |
| 5,000 | New York State Urban Development Corporation, Service Contract Revenue Bonds, Correctional Facilities, Series 1999C, 6.000%, 1/01/29 (Pre-refunded 1/01/09) - AMBAC Insured | 1/09 |
| ----- | | |
| 69,485 | Total New York | |
| ----- | | |
| | NORTH CAROLINA - 2.0% (1.2% OF TOTAL INVESTMENTS) | |
| 1,135 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 |
| 4,980 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 7A, 6.250%, 1/01/29 (Alternative Minimum Tax) | 7/09 |
| 1,240 | North Carolina Housing Finance Agency, Home Ownership Revenue | 1/10 |

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Bonds, 1998 Trust Agreement, Series 8A, 5.950%, 1/01/27
(Alternative Minimum Tax)

| | | |
|---|--|------|
| 4,415 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 9A, 5.875%, 7/01/31 (Alternative Minimum Tax) | 1/10 |
| ----- | | |
| 11,770 | Total North Carolina | |
| ----- | | |
| NORTH DAKOTA - 0.6% (0.3% OF TOTAL INVESTMENTS) | | |
| 1,465 | North Dakota Housing Finance Agency, Home Mortgage Finance Program Bonds, Series 1998B, 5.500%, 7/01/29 - MBIA Insured (Alternative Minimum Tax) | 1/09 |
| 2,250 | Ward County Health Care, North Dakota, Revenue Bonds, Trinity Obligated Group, Series 2006, 5.125%, 7/01/25 | 7/16 |
| ----- | | |
| 3,715 | Total North Dakota | |
| ----- | | |

OHIO - 7.9% (4.7% OF TOTAL INVESTMENTS)

| | | |
|---|---|-------|
| 5,000 | Akron, Bath and Copley Joint Township Hospital District, Ohio, Hospital Facilities Revenue Bonds, Summa Health System, Series 1998A, 5.375%, 11/15/18 | 11/09 |
| 10,000 | American Municipal Power Ohio Inc., General Revenue Bonds, Series 2008, 5.250%, 2/15/43 | 2/18 |
| Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: | | |
| 260 | 5.125%, 6/01/24 | 6/17 |
| 2,700 | 5.875%, 6/01/30 | 6/17 |
| 2,635 | 5.750%, 6/01/34 | 6/17 |
| 5,895 | 5.875%, 6/01/47 | 6/17 |

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|--|---|-------------------|
| ----- | | |
| OHIO (continued) | | |
| \$ 5,150 | Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-3, 0.000%, 6/01/37 | 6/22 |
| Montgomery County, Ohio, Hospital Facilities Revenue Bonds, Kettering Medical Center, Series 1999: | | |
| 7,840 | 6.750%, 4/01/18 (Pre-refunded 4/01/10) | 4/10 |
| 5,000 | 6.750%, 4/01/22 (Pre-refunded 4/01/10) | 4/10 |

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| | | |
|---|---|-------|
| 1,235 | Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 2000D, 5.450%, 9/01/31 (Alternative Minimum Tax) | 8/10 |
| 2,650 | Ohio, General Obligation Bonds, Higher Education, Series 2003A, 5.000%, 5/01/22 | 5/13 |
| 48,365 | Total Ohio | |
| ----- | | |
| OKLAHOMA - 5.3% (3.2% OF TOTAL INVESTMENTS) | | |
| 1,675 | Oklahoma Development Finance Authority, Health System Revenue Bonds, Integris Baptist Medical Center, Series 2008B, 5.250%, 8/15/38 | 8/18 |
| 12,000 | Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007, 5.000%, 2/15/42 | 2/17 |
| 2,000 | Oklahoma Municipal Power Authority, Power Supply System Revenue Bonds, Series 2007, 4.500%, 1/01/47 - FGIC Insured | 1/17 |
| | Oklahoma State Industries Authority, Health System Revenue Bonds, Integris Baptist Medical Center, Series 1999A: | |
| 2,110 | 5.750%, 8/15/29 (Pre-refunded 8/15/09) - MBIA Insured | 8/09 |
| 2,890 | 5.750%, 8/15/29 (Pre-refunded 8/15/09) - MBIA Insured | 8/09 |
| 10,000 | Tulsa Municipal Airport Trust, Oklahoma, Revenue Refunding Bonds, American Airlines Inc., Series 2001B, 5.650%, 12/01/35 (Mandatory put 12/01/08) (Alternative Minimum Tax) | 12/08 |
| 30,675 | Total Oklahoma | |
| ----- | | |
| OREGON - 0.5% (0.3% OF TOTAL INVESTMENTS) | | |
| 3,000 | Oregon State Facilities Authority, Revenue Bonds, Willamette University, Series 2007A, 5.000%, 10/01/36 | 10/17 |
| ----- | | |
| PENNSYLVANIA - 1.2% (0.7% OF TOTAL INVESTMENTS) | | |
| 1,160 | Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax) | No |
| 1,250 | Erie, Pennsylvania, Water Authority, Water Revenue Bonds, Series 2008, 5.000%, 12/01/43 - FSA Insured | 12/18 |
| 1,500 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 2008, 4.650%, 10/01/31 (Alternative Minimum Tax) (UB) | 10/16 |
| 2,600 | Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Series 2004A, 5.500%, 12/01/31 - AMBAC Insured | 12/14 |
| 465 | Washington County Authority, Pennsylvania, Capital Funding Revenue Bonds, Capital Projects and Equipment Acquisition Program, Series | No |

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1999, 6.150%, 12/01/29 - AMBAC Insured

| | | |
|--|---|------|
| 6,975 | Total Pennsylvania | |
| PUERTO RICO - 3.2% (1.9% OF TOTAL INVESTMENTS) | | |
| 5,000 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 - SYNCORA GTY Insured | 7/15 |
| 10,070 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2007N, 5.250%, 7/01/39 - FGIC Insured | No |
| 4,000 | Puerto Rico, General Obligation Bonds, Series 2000B, 5.625%, 7/01/19 - MBIA Insured | 7/10 |
| 19,070 | Total Puerto Rico | |

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NMA

Nuveen Municipal Advantage Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|-------------|
| RHODE ISLAND - 1.3% (0.8% OF TOTAL INVESTMENTS) | | |
| \$ 1,235 | Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue Bonds, Lifespan Obligated Group, Series 1996, 5.500%, 5/15/16 - MBIA Insured | 11/08 |
| 7,000 | Rhode Island Housing and Mortgage Finance Corporation, Homeownership Opportunity Bond Program, Series 50A, 4.650%, 10/01/34 | 10/14 |
| 8,235 | Total Rhode Island | |
| SOUTH CAROLINA - 5.2% (3.1% OF TOTAL INVESTMENTS) | | |
| 10,000 | Greenville County School District, South Carolina, Installment Purchase Revenue Bonds, Series 2002, 6.000%, 12/01/20 (Pre-refunded 12/01/12) | 12/12 |
| 2,500 | Lexington County Health Service District, South Carolina, Hospital Revenue Refunding and Improvement Bonds, Series 2003, 5.750%, 11/01/28 (Pre-refunded 11/01/13) | 11/13 |
| 3,000 | Myrtle Beach, South Carolina, Hospitality and Accommodation Fee Revenue Bonds, Series 2004A, 5.000%, 6/01/36 - FGIC Insured | 6/14 |

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| | | |
|---|---|-------|
| 1,220 | Piedmont Municipal Power Agency, South Carolina, Electric Revenue Bonds, Series 2004A-2, 0.000%, 1/01/23 - FGIC Insured | No |
| 2,125 | South Carolina Public Service Authority, Revenue Refunding Bonds, Santee Cooper Electric System, Series 2003A, 5.000%, 1/01/21 - AMBAC Insured | 7/13 |
| 7,585 | Tobacco Settlement Revenue Management Authority, South Carolina, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 6.375%, 5/15/28 (Pre-refunded 5/15/16) | 5/16 |
| ----- | | |
| 26,430 | Total South Carolina | |
| ----- | | |
| SOUTH DAKOTA - 0.4% (0.2% OF TOTAL INVESTMENTS) | | |
| 2,945 | South Dakota Health and Educational Facilities Authority, Revenue Bonds, Sanford Health, Series 2007, 5.000%, 11/01/40 | 5/17 |
| ----- | | |
| TENNESSEE - 6.7% (4.0% OF TOTAL INVESTMENTS) | | |
| 6,000 | Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Bonds, Baptist Health System of East Tennessee Inc., Series 2002, 6.500%, 4/15/31 | 4/12 |
| 20,415 | Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2002A, 0.000%, 1/01/18 - FSA Insured | 1/1 |
| 14,385 | Metropolitan Government of Nashville-Davidson County Health and Educational Facilities Board, Tennessee, Revenue Bonds, Ascension Health Credit Group, Series 1999A, 5.875%, 11/15/28 (Pre-refunded 11/15/09) - AMBAC Insured | 11/09 |
| 1,750 | Metropolitan Government of Nashville-Davidson County, Tennessee, Electric System Revenue Bonds, Series 2001A, 5.125%, 5/15/26 | 5/11 |
| 1,500 | Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007, 5.500%, 11/01/46 | 11/17 |
| ----- | | |
| 44,050 | Total Tennessee | |
| ----- | | |
| TEXAS - 14.8% (8.8% OF TOTAL INVESTMENTS) | | |
| 2,000 | Abilene Higher Education Authority, Inc., Texas, Student Loan Revenue Bonds, Subordinate Series 1998B, 5.050%, 7/01/13 (Alternative Minimum Tax) | 11/08 |
| 11,810 | Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001C, 5.750%, 5/01/36 (Mandatory put 11/01/11) (Alternative Minimum Tax) | No |
| 6,000 | Brazos River Authority, Texas, Revenue Refunding Bonds, Houston | No |

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| | | |
|-------|---|-------|
| | Lighting and Power Company, Series 1998, 5.050%, 11/01/18 - AMBAC Insured (Alternative Minimum Tax) | |
| 4,250 | Ennis Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/26 | 8/1 |
| 8,400 | Gulf Coast Waste Disposal Authority, Texas, Waste Disposal Revenue Bonds, Valero Energy Corporation, Series 1999, 5.700%, 4/01/32 (Alternative Minimum Tax) | 4/09 |
| 7,500 | Harris County Health Facilities Development Corporation, Texas, Thermal Utility Revenue Bonds, TECO Project, Series 2003, 5.000%, 11/15/30 - MBIA Insured | 11/13 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| | TEXAS (continued) | |
| \$ 1,540 | Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003, 5.000%, 2/15/28 -AMBAC Insured | 2/13 |
| 3,460 | Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003, 5.000%, 2/15/28 (Pre-refunded 2/15/13) - AMBAC Insured | 2/13 |
| | Houston, Texas, Water Conveyance System Contract, Certificates of Participation, Series 1993A-J: | |
| 5,490 | 6.800%, 12/15/10 - AMBAC Insured | No |
| 2,000 | 6.800%, 12/15/11 - AMBAC Insured | No |
| 9,345 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/34 - FGIC Insured | 8/1 |
| 16,305 | Matagorda County Navigation District 1, Texas, Revenue Bonds, Reliant Energy Inc., Series 1999B, 5.950%, 5/01/30 (Alternative Minimum Tax) | 5/09 |
| 3,425 | Sabine River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001A, 5.500%, 5/01/22 (Mandatory put 11/01/11) | No |
| 4,700 | Sam Rayburn Municipal Power Agency, Texas, Power Supply System Revenue Refunding Bonds, Series 2002A, 6.000%, 10/01/21 | 10/12 |
| 4,000 | Texas, General Obligation Bonds, Water Financial Assistance, State Participation Program, Series 1999C, 5.500%, 8/01/35 | 8/09 |
| 6,840 | Travis County Health Facilities Development Corporation, Texas, Revenue Bonds, Ascension Health Credit Group, Series 1999A, 5.875%, 11/15/24 (Pre-refunded 11/15/09) - AMBAC Insured | 11/09 |
| 245 | Wood Glen Housing Finance Corporation, Texas, FHA-Insured Section 8 Assisted Mortgage Revenue Bonds, Copperwood I Project, Series 1990A, 7.625%, 1/01/10 - MBIA Insured (ETM) | 12/08 |
| 3,000 | Wylie Independent School District, Taylor County, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/21 | 8/1 |

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| | | |
|--|---|-------|
| 100,310 | Total Texas | |
| VIRGINIA - 0.2% (0.1% OF TOTAL INVESTMENTS) | | |
| 2,855 | Tobacco Settlement Financing Corporation of Virginia, Tobacco Settlement Asset-Backed Bonds, Series 2007B2, 0.000%, 6/01/46 | 6/17 |
| WASHINGTON - 15.2% (9.1% OF TOTAL INVESTMENTS) | | |
| 1,260 | Central Puget Sound Regional Transit Authority, Washington, Sales Tax and Motor Vehicle Excise Tax Bonds, Series 1999, 4.750%, 2/01/28 - FGIC Insured | 2/09 |
| 8,810 | Chelan County Public Utility District 1, Washington, Hydro Consolidated System Revenue Bonds, Series 2001A, 5.600%, 1/01/36 - MBIA Insured (Alternative Minimum Tax) | 7/11 |
| 5,665 | Chelan County Public Utility District 1, Washington, Hydro Consolidated System Revenue Bonds, Series 2002B, 5.250%, 7/01/37 (Mandatory put 7/01/12) - AMBAC Insured (Alternative Minimum Tax) | 7/12 |
| 10,730 | Chelan County Public Utility District 1, Washington, Hydro Consolidated System Revenue Refunding Bonds, Series 2001C, 5.650%, 7/01/32 - MBIA Insured (Alternative Minimum Tax) | 7/11 |
| 10,730 | Pierce County School District 320, Sumner, Washington, Unlimited Tax General Obligation Bonds, Series 2000, 6.250%, 12/01/17 (Pre-refunded 12/01/10) - FSA Insured | 12/10 |
| 10,550 | Port of Seattle, Washington, Limited Tax General Obligation Bonds, Series 2000B, 5.750%, 12/01/25 (Alternative Minimum Tax) | 12/10 |
| 5,315 | Port of Seattle, Washington, Revenue Bonds, Series 2000B, 6.000%, 2/01/10 - MBIA Insured (Alternative Minimum Tax) | No |
| 19,475 | Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999A, 6.000%, 9/01/29 (Pre-refunded 3/01/10) - MBIA Insured | 3/10 |
| 5,000 | Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999B, 6.000%, 9/01/20 - MBIA Insured (Alternative Minimum Tax) | 3/10 |
| 5,000 | Washington State Healthcare Facilities Authority, Revenue Bonds, Providence Services, Series 1999, 5.375%, 12/01/19 (Pre-refunded 12/01/09) - MBIA Insured | 12/09 |

NMA

Nuveen Municipal Advantage Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|----------------|
| WASHINGTON (continued) | | |
| \$ 1,270 | Washington State, Motor Vehicle Fuel Tax General Obligation Bonds, Series 2003F, 0.000%, 12/01/24 - MBIA Insured | No |
| 83,805 | Total Washington | |
| WEST VIRGINIA - 0.8% (0.5% OF TOTAL INVESTMENTS) | | |
| 5,000 | Mason County, West Virginia, Pollution Control Revenue Bonds, Appalachian Power Company, Series 2003L, 5.500%, 10/01/22 | 10/11 |
| WISCONSIN - 3.1% (1.8% OF TOTAL INVESTMENTS) | | |
| | Badger Tobacco Asset Securitization Corporation, Wisconsin, Tobacco Settlement Asset-Backed Bonds, Series 2002: | |
| 1,195 | 6.000%, 6/01/17 | 6/12 |
| 6,375 | 6.125%, 6/01/27 | 6/12 |
| 565 | Green Bay, Wisconsin, Water System Revenue Bonds, Series 2004, 5.000%, 11/01/29 - FSA Insured | 11/14 |
| 5,000 | Madison, Wisconsin, Industrial Development Revenue Refunding Bonds, Madison Gas and Electric Company Projects, Series 2002A, 5.875%, 10/01/34 (Alternative Minimum Tax) | 4/12 |
| 3,000 | Southeast Wisconsin Professional Baseball Park District, Sales Tax Revenue Refunding Bonds, Series 1998A, 5.500%, 12/15/19 - MBIA Insured | No |
| 550 | Wisconsin Housing and Economic Development Authority, Home Ownership Revenue Bonds, Series 2000B, 5.750%, 3/01/22 (Alternative Minimum Tax) | 3/10 |
| 16,685 | Total Wisconsin | |
| \$ 1,135,853 | Total Investments (cost \$957,998,565) - 167.6% | |
| ===== | | |
| Floating Rate Obligations - (4.8)% | | |
| ----- | | |
| Other Assets Less Liabilities - 2.4% | | |
| ----- | | |
| Auction Rate Preferred Shares, at Liquidation Value - (65.2)% (5) | | |
| ----- | | |
| Net Assets Applicable to Common Shares - 100% | | |
| ===== | | |

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

(2) Optional Call Provisions (not covered by the report of

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independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 38.9%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NMO

Nuveen Municipal Market Opportunity Fund, Inc.
Portfolio of INVESTMENTS

October 31, 2008

PRINCIPAL
AMOUNT (000)

DESCRIPTION (1)

OPTIO
PROVI

ALABAMA - 0.6% (0.4% OF TOTAL INVESTMENTS)

Henry County Water Authority, Alabama, Water Revenue Bonds,

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| | | | |
|----|--------------|--------------------------------|------|
| | Series 2006: | | |
| \$ | 1,935 | 5.000%, 1/01/36 - RAAI Insured | 1/16 |
| | 2,485 | 5.000%, 1/01/41 - RAAI Insured | 1/16 |

| | | | |
|--|-------|---------------|--|
| | 4,420 | Total Alabama | |
|--|-------|---------------|--|

ALASKA - 1.6% (0.9% OF TOTAL INVESTMENTS)

| | | | |
|--|--------|---|-------|
| | | Alaska Housing Finance Corporation, General Housing Purpose Bonds, Series 2005A: | |
| | 1,125 | 5.250%, 12/01/34 - FGIC Insured | 12/14 |
| | 1,275 | 5.250%, 12/01/41 - FGIC Insured | 12/14 |
| | 12,280 | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46 | 12/08 |

| | | | |
|--|--------|--------------|--|
| | 14,680 | Total Alaska | |
|--|--------|--------------|--|

ARKANSAS - 1.5% (0.9% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|---|-------|
| | 5,000 | Arkansas Development Finance Authority, Hospital Revenue Bonds, Washington Regional Medical Center, Series 2000, 7.000%, 2/01/15 (Pre-refunded 2/01/10) | 2/10 |
| | 3,480 | Cabot School District 4, Lonoke County, Arkansas, General Obligation Refunding Bonds, Series 2003, 5.000%, 2/01/27 - AMBAC Insured | 12/08 |

| | | | |
|--|-------|----------------|--|
| | 8,480 | Total Arkansas | |
|--|-------|----------------|--|

CALIFORNIA - 9.3% (5.7% OF TOTAL INVESTMENTS)

| | | | |
|--|--------|--|-------|
| | 12,500 | Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C, 0.000%, 9/01/35 - FSA Insured | No |
| | 1,350 | Antelope Valley Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2004B, 0.000%, 8/01/29 - MBIA Insured | No |
| | 7,800 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Los Angeles County Securitization Corporation, Series 2006A, 0.000%, 6/01/36 (Mandatory put 6/01/23) | 12/18 |
| | 1,350 | California Educational Facilities Authority, Revenue Refunding Bonds, Loyola Marymount University, Series 2001A, 0.000%, 10/01/39 - MBIA Insured | No |
| | 4,295 | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33 | 3/13 |
| | 9,000 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.250%, 3/01/45 | 3/16 |

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| | | |
|--------|---|------|
| 1,550 | California Statewide Community Development Authority, Revenue Bonds, St. Joseph Health System, Series 2007A, 5.750%, 7/01/47 - FGIC Insured | 7/18 |
| 6,250 | California, Various Purpose General Obligation Bonds, Series 2005 Trust 2813, 0.930%, 3/01/35 - MBIA Insured (IF) | 3/16 |
| 10,445 | Castaic Lake Water Agency, California, Certificates of Participation, Water System Improvement Project, Series 1999, 0.000%, 8/01/29 - AMBAC Insured | No |
| 8,365 | Cupertino Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003B, 0.000%, 8/01/26 - FGIC Insured | 8/1 |
| 5,000 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2003B, 5.000%, 6/01/38 (Pre-refunded 6/01/13) - AMBAC Insured | 6/13 |

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NMO

Nuveen Municipal Market Opportunity Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | CALIFORNIA (continued) | |
| \$ 1,000 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47 | 6/17 |
| | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A: | |
| 3,500 | 0.000%, 6/01/26 - FSA Insured | No |
| 3,000 | 5.000%, 6/01/45 | 6/15 |
| 1,500 | Lincoln Unified School District, Placer County, California, Community Facilities District 1, Special Tax Bonds, Series 2005, 0.000%, 9/01/26 - AMBAC Insured | No |
| 490 | Los Angeles Department of Water and Power, California, Electric Plant Revenue Bonds, Second Series 1993, 4.750%, 10/15/20 (ETM) | 12/08 |
| 995 | Los Angeles Department of Water and Power, California, Electric Plant Revenue Bonds, Series 1994, 5.375%, 2/15/34 (ETM) | 12/08 |
| 1,000 | Pajaro Valley Unified School District, Santa Cruz County, California, General Obligation Bonds, Series 2005B, 0.000%, 8/01/29 - FSA Insured | No |
| 8,040 | Placentia-Yorba Linda Unified School District, Orange County, California, Certificates of Participation, Series 2006, 0.000%, 10/01/34 - FGIC Insured | No |
| | San Joaquin Hills Transportation Corridor Agency, Orange County, | |

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| | | |
|---------|---|------|
| | California, Toll Road Revenue Refunding Bonds, Series 1997A: | |
| 5,000 | 5.650%, 1/15/17 - MBIA Insured | 1/14 |
| 26,000 | 0.000%, 1/15/35 - MBIA Insured | No |
| 5,000 | San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 0.000%, 9/01/28 - MBIA Insured | 9/1 |
| 4,825 | Santa Monica Community College District, Los Angeles County, California, General Obligation Bonds, Series 2005C, 0.000%, 8/01/25 - MBIA Insured | 8/1 |
| ----- | | |
| 128,255 | Total California | |
| ----- | | |

COLORADO - 7.0% (4.2% OF TOTAL INVESTMENTS)

| | | |
|---------|--|-------|
| 1,085 | Arkansas River Power Authority, Colorado, Power Revenue Bonds, Series 2006, 5.250%, 10/01/40 - SYNCORA GTY Insured | 10/16 |
| 3,000 | Broomfield, Colorado, Master Facilities Lease Purchase Agreement, Certificates of Participation, Series 1999, 5.750%, 12/01/24 - AMBAC Insured | 12/09 |
| 6,285 | Broomfield, Colorado, Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2002A, 5.500%, 12/01/22 - AMBAC Insured | 12/12 |
| 11,465 | Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2000A, 6.000%, 11/15/18 - AMBAC Insured (Alternative Minimum Tax) | 11/10 |
| | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B: | |
| 2,200 | 0.000%, 9/01/22 - MBIA Insured | No |
| 7,000 | 0.000%, 9/01/30 - MBIA Insured | No |
| 15,960 | 0.000%, 9/01/33 - MBIA Insured | No |
| 20,000 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/28 (Pre-refunded 9/01/10) - MBIA Insured | 9/1 |
| | E-470 Public Highway Authority, Colorado, Toll Revenue Bonds, Series 2004B: | |
| 3,800 | 0.000%, 9/01/27 - MBIA Insured | 9/2 |
| 13,300 | 0.000%, 9/01/31 - MBIA Insured | 9/2 |
| 6,250 | 0.000%, 9/01/32 - MBIA Insured | 9/2 |
| 10,000 | 0.000%, 3/01/36 - MBIA Insured | 9/2 |
| ----- | | |
| 100,345 | Total Colorado | |
| ----- | | |

DISTRICT OF COLUMBIA - 1.4% (0.9% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| 10,000 | Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007A, 4.500%, 10/01/30 - AMBAC Insured | 10/16 |
| ----- | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|------------------------|---|-------------------|
| ----- | | |
| | FLORIDA - 0.8% (0.5% OF TOTAL INVESTMENTS) | |
| \$ 10,220 | Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds, Series 2008, Trust 1191, 7.103%, 7/01/32 (Alternative Minimum Tax) (IF) | 1/17 |
| ----- | | |
| | GEORGIA - 5.5% (3.3% OF TOTAL INVESTMENTS) | |
| 15,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.600%, 1/01/30 (Pre-refunded 1/01/10) - FGIC Insured | 1/10 |
| 14,330 | Fulton County Facilities Corporation, Georgia, Certificates of Participation, Public Purpose Project, Series 1999, 5.500%, 11/01/18 - AMBAC Insured | 11/10 |
| ----- | | |
| 29,330 | Total Georgia | |
| ----- | | |
| | ILLINOIS - 13.9% (8.4% OF TOTAL INVESTMENTS) | |
| 4,595 | Bolingbrook, Illinois, General Obligation Refunding Bonds, Series 2002B, 0.000%, 1/01/32 - FGIC Insured | No |
| 4,600 | Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 0.000%, 12/01/20 - FGIC Insured | No |
| 4,000 | Chicago, Illinois, Motor Fuel Tax Revenue Bonds, Series 2003A, 5.000%, 1/01/33 - AMBAC Insured | 7/13 |
| 2,300 | Chicago, Illinois, Motor Fuel Tax Revenue Refunding Bonds, Series 1993, 5.375%, 1/01/14 - AMBAC Insured | No |
| 5,250 | Chicago, Illinois, Revenue Bonds, Midway Airport, Series 1998B, 5.000%, 1/01/28 - MBIA Insured | 1/09 |
| 3,400 | Illinois Finance Authority, Illinois, Northwestern University, Revenue Bonds, Tender Option Bond Trust 3174, 10.395%, 12/01/42 (IF) | 12/15 |
| 38,645 | Illinois, General Obligation Bonds, Illinois FIRST Program, Series 2000, 5.500%, 4/01/25 - MBIA Insured | 4/10 |
| 10,230 | Lake and McHenry Counties Community Unit School District 118, Wauconda, Illinois, General Obligation Bonds, Series 2005B: 0.000%, 1/01/22 - FSA Insured | 1/1 |
| 6,780 | 0.000%, 1/01/24 - FSA Insured | 1/1 |
| 1,975 | Lake County Community High School District 127, Grayslake, Illinois, General Obligation Bonds, Series 2002A, 9.000%, 2/01/13 - | No |

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FGIC Insured

| | | | |
|--------|---|--|------|
| | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 2002A: | | |
| 6,500 | 0.000%, 6/15/25 - MBIA Insured | | 6/22 |
| 3,270 | 5.000%, 12/15/28 - MBIA Insured | | 6/12 |
| 3,700 | 0.000%, 6/15/30 - MBIA Insured | | No |
| 3,280 | 0.000%, 6/15/37 - MBIA Insured | | No |
| 11,715 | 0.000%, 12/15/38 - MBIA Insured | | No |
| 9,170 | 0.000%, 6/15/39 - MBIA Insured | | No |

 119,410 Total Illinois

INDIANA - 1.1% (0.7% OF TOTAL INVESTMENTS)

| | | | |
|-------|--|--|------|
| 4,695 | Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 - MBIA Insured | | 2/11 |
| 2,000 | Petersburg, Indiana, Pollution Control Revenue Refunding Bonds, Indianapolis Power and Light Company, Series 1991, 5.750%, 8/01/21 | | 8/11 |

 6,695 Total Indiana

IOWA - 0.8% (0.5% OF TOTAL INVESTMENTS)

| | | | |
|-------|--|--|------|
| 970 | Iowa Finance Authority, Health Facility Revenue Bonds, Care Initiatives Project, Series 2006A, 5.000%, 7/01/19 | | 7/16 |
| 5,000 | Iowa Tobacco Settlement Authority, Tobacco Asset-Backed Revenue Bonds, Series 2005B, 5.600%, 6/01/34 | | 6/17 |

 5,970 Total Iowa

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NMO

Nuveen Municipal Market Opportunity Fund, Inc. (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|--|----------------|
| ----- | | |
| KANSAS - 0.5% (0.3% OF TOTAL INVESTMENTS) | | |
| \$ 2,500 | Kansas Development Finance Authority, Water Pollution Control Revolving Fund Leveraged Bonds, Series 2002-II, 5.500%, 11/01/21 | 11/12 |
| 500 | Salina, Kansas, Hospital Revenue Bonds, Salina Regional Medical Center, Series 2006, 4.625%, 10/01/31 | 4/16 |

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| | | |
|--|--|-------|
| 3,000 | Total Kansas | |
| KENTUCKY - 2.2% (1.3% OF TOTAL INVESTMENTS) | | |
| Jefferson County School District Finance Corporation, Kentucky, School Building Revenue Bonds, Series 2000A: | | |
| 3,045 | 5.250%, 7/01/17 (Pre-refunded 1/01/10) - FSA Insured | 1/10 |
| 7,490 | 5.250%, 7/01/20 (Pre-refunded 1/01/10) - FSA Insured | 1/10 |
| 1,000 | Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008A-1, 6.000%, 12/01/38 - AGC Insured | 6/18 |
| 11,535 | Total Kentucky | |
| LOUISIANA - 1.7% (1.0% OF TOTAL INVESTMENTS) | | |
| 7,415 | Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds, Baton Rouge Community College Facilities Corporation, Series 2002, 5.000%, 12/01/32 - MBIA Insured | 12/12 |
| 3,350 | Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured | 7/14 |
| 10,765 | Total Louisiana | |
| MARYLAND - 1.0% (0.6% OF TOTAL INVESTMENTS) | | |
| 4,410 | Maryland Community Development Administration, Department of Housing and Community Development, Residential Revenue Bonds, Series 2007D, 4.900%, 9/01/42 (Alternative Minimum Tax) | 3/17 |
| 2,500 | Maryland Department of Transportation, Consolidated Transportation Revenue Bonds, Series 2002, 5.500%, 2/01/16 | No |
| 6,910 | Total Maryland | |
| MASSACHUSETTS - 4.1% (2.5% OF TOTAL INVESTMENTS) | | |
| 440 | Massachusetts Bay Transportation Authority, Assessment Bonds, Series 2000A, 5.250%, 7/01/30 | 7/10 |
| Massachusetts Bay Transportation Authority, Assessment Bonds, Series 2000A: | | |
| 4,150 | 5.250%, 7/01/30 (Pre-refunded 7/01/10) | 7/10 |
| 660 | 5.250%, 7/01/30 (Pre-refunded 7/01/10) | 7/10 |
| 8,315 | Massachusetts Turnpike Authority, Metropolitan Highway System | 1/09 |

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MISSISSIPPI - 1.0% (0.6% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 5,900 | Mississippi Business Finance Corporation, Pollution Control Revenue Refunding Bonds, System Energy Resources Inc. Project, Series 1998, 5.875%, 4/01/22 | 4/09 |
| 920 | Mississippi Home Corporation, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1997D-5, 6.750%, 7/01/29 (Alternative Minimum Tax) | 1/09 |
| 6,820 | Total Mississippi | |

MISSOURI - 0.7% (0.4% OF TOTAL INVESTMENTS)

| | | |
|--|---------------------------------|----|
| Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1: | | |
| 8,000 | 0.000%, 4/15/27 - AMBAC Insured | No |
| 5,000 | 0.000%, 4/15/31 - AMBAC Insured | No |
| 13,000 | Total Missouri | |

NEBRASKA - 1.7% (1.1% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------|
| 11,690 | Omaha Convention Hotel Corporation, Nebraska, Convention Center Revenue Bonds, Series 2007, 5.000%, 2/01/35 - AMBAC Insured | 2/17 |
|--------|---|------|

NEVADA - 3.6% (2.2% OF TOTAL INVESTMENTS)

| | | |
|---|---|------|
| Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000: | | |
| 6,125 | 0.000%, 1/01/17 - AMBAC Insured | No |
| 8,500 | 0.000%, 1/01/26 - AMBAC Insured | No |
| 7,860 | 0.000%, 1/01/27 - AMBAC Insured | No |
| 21,000 | 5.375%, 1/01/40 - AMBAC Insured | 1/10 |
| 2,135 | Reno, Nevada, Capital Improvement Revenue Bonds, Series 2005B, 0.000%, 6/01/37 - FGIC Insured | 6/17 |
| 2,500 | Reno, Nevada, Health Facility Revenue Bonds, Catholic Healthcare West, Trust 2634, 0.777%, 7/01/31 (IF) | 7/17 |
| 48,120 | Total Nevada | |

NEW JERSEY - 7.3% (4.4% OF TOTAL INVESTMENTS)

| | | |
|--------|--|------|
| 18,400 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Saint Barnabas Health Care System, Series 2006A, 0.000%, 7/01/37 | 1/17 |
| 18,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2000B, 5.750%, 6/15/17 (Pre-refunded 6/15/10) | 6/10 |

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| | | |
|--------|--|------|
| 35,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/34 - FSA Insured | No |
| 5,000 | New Jersey Turnpike Authority, Revenue Bonds, Growth and Income Securities, Series 2004B, 0.000%, 1/01/35 - AMBAC Insured | 1/17 |
| 3,000 | Rahway Valley Sewerage Authority, New Jersey, Sewer Revenue Bonds, Series 2005A, 0.000%, 9/01/25 - MBIA Insured | No |
| 3,525 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002, 6.125%, 6/01/42 (Pre-refunded 6/01/12) | 6/12 |

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NMO

Nuveen Municipal Market Opportunity Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | NEW JERSEY (continued) | |
| \$ 2,100 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003, 6.375%, 6/01/32 (Pre-refunded 6/01/13) | 6/13 |
| 4,000 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 5.000%, 6/01/41 | 6/17 |
| ----- | | |
| 89,025 | Total New Jersey | |
| ----- | | |
| | NEW MEXICO - 2.0% (1.2% OF TOTAL INVESTMENTS) | |
| 5,925 | New Mexico Hospital Equipment Loan Council, Hospital Revenue Bonds, Presbyterian Healthcare Services, Series 2001A, 5.500%, 8/01/21 (Pre-refunded 8/01/11) | 8/11 |
| 4,675 | University of New Mexico, Revenue Refunding Bonds, Series 1992A, 6.250%, 6/01/12 | No |
| ----- | | |
| 10,600 | Total New Mexico | |
| ----- | | |
| | NEW YORK - 10.5% (6.4% OF TOTAL INVESTMENTS) | |
| 3,000 | Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 2006B, 5.000%, 12/01/35 | 6/16 |
| 6,750 | Nassau County Tobacco Settlement Corporation, New York, Tobacco | 7/09 |

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| | | |
|---|--|-------|
| | Settlement Asset-Backed Bonds, Series 1999A, 6.400%, 7/15/33 (Pre-refunded 7/15/09) | |
| 17,870 | New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000A, 5.750%, 8/15/24 (Pre-refunded 8/15/09) | 8/09 |
| 5 | New York City, New York, General Obligation Bonds, Fiscal Series 1997H, 6.125%, 8/01/25 | 8/09 |
| 1,000 | New York City, New York, General Obligation Bonds, Fiscal Series 2002G: 5.000%, 8/01/17 | 8/12 |
| 6,530 | 5.750%, 8/01/18 | 8/12 |
| 5,000 | New York City, New York, General Obligation Bonds, Fiscal Series 2003A, 5.750%, 8/01/16 | 8/12 |
| 10,000 | Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air Terminal LLC, Sixth Series 1997, 5.750%, 12/01/22 - MBIA Insured (Alternative Minimum Tax) | 12/08 |
| 8,000 | TSASC Inc., New York, Tobacco Flexible Amortization Bonds, Series 1999-1, 6.250%, 7/15/34 (Mandatory put 7/15/24) (Pre-refunded 7/15/09) | 7/09 |
| <hr/> | | |
| 58,155 | Total New York | |
| <hr/> | | |
| NORTH CAROLINA - 2.2% (1.4% OF TOTAL INVESTMENTS) | | |
| 1,900 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 |
| 4,000 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2007, 4.500%, 10/01/31 (UB) | 10/17 |
| 7,500 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/19 - MBIA Insured | 1/13 |
| <hr/> | | |
| 13,400 | Total North Carolina | |
| <hr/> | | |
| NORTH DAKOTA - 4.9% (3.0% OF TOTAL INVESTMENTS) | | |
| 23,035 | Fargo, North Dakota, Health System Revenue Bonds, MeritCare Obligated Group, Series 2000A, 5.625%, 6/01/31 - FSA Insured | 6/10 |
| | North Dakota Water Commission, Water Development and Management Program Bonds, Series 2000A: | |
| 2,230 | 5.700%, 8/01/18 (Pre-refunded 8/01/10) - MBIA Insured | 8/10 |
| 2,450 | 5.750%, 8/01/19 (Pre-refunded 8/01/10) - MBIA Insured | 8/10 |
| <hr/> | | |
| 27,715 | Total North Dakota | |
| <hr/> | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|--|----------------|
| OHIO - 5.9% (3.6% OF TOTAL INVESTMENTS) | | |
| | Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: | |
| \$ 120 | 5.125%, 6/01/24 | 6/17 |
| 1,250 | 5.875%, 6/01/30 | 6/17 |
| 1,215 | 5.750%, 6/01/34 | 6/17 |
| 4,300 | 6.000%, 6/01/42 | 6/17 |
| 4,750 | 5.875%, 6/01/47 | 6/17 |
| 10,000 | Columbus City School District, Franklin County, Ohio, General Obligation Bonds, Series 2006, 4.250%, 12/01/32 - FSA Insured (UB) | 12/16 |
| 16,140 | Montgomery County, Ohio, Hospital Facilities Revenue Bonds, Kettering Medical Center, Series 1999, 6.300%, 4/01/12 | No |
| 37,775 | Total Ohio | |
| OKLAHOMA - 0.3% (0.2% OF TOTAL INVESTMENTS) | | |
| 1,675 | Oklahoma Development Finance Authority, Health System Revenue Bonds, Integris Baptist Medical Center, Series 2008B, 5.250%, 8/15/38 | 8/18 |
| 300 | Tulsa Municipal Airport Trust, Oklahoma, Revenue Refunding Bonds, American Airlines Inc., Series 2000B, 6.000%, 6/01/35 (Mandatory put 12/01/08) (Alternative Minimum Tax) | 6/09 |
| 1,975 | Total Oklahoma | |
| OREGON - 2.9% (1.7% OF TOTAL INVESTMENTS) | | |
| 5,000 | Oregon Health Sciences University, Revenue Bonds, Series 2002A, 5.250%, 7/01/22 - MBIA Insured | 1/13 |
| 6,780 | Portland, Oregon, Water System Revenue Bonds, Series 2000A: 5.375%, 8/01/18 (Pre-refunded 8/01/10) | 8/10 |
| 3,880 | 5.500%, 8/01/20 (Pre-refunded 8/01/10) | 8/10 |
| 15,660 | Total Oregon | |
| PENNSYLVANIA - 3.2% (1.9% OF TOTAL INVESTMENTS) | | |

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| | | |
|---|--|-------|
| 5,000 | Delaware County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Series 1997A, 6.200%, 7/01/19 | 1/09 |
| 5,000 | Pennsylvania Higher Education Assistance Agency, Capital Acquisition Revenue Bonds, Series 2000, 5.875%, 12/15/30 (Pre-refunded 12/15/10) - MBIA Insured | 12/10 |
| 7,550 | Pennsylvania, General Obligation Bonds, Second Series 2001, 5.000%, 9/15/14 | 9/11 |
| ----- | | |
| 17,550 | Total Pennsylvania | |
| ----- | | |
| PUERTO RICO - 3.7% (2.2% OF TOTAL INVESTMENTS) | | |
| 3,330 | Puerto Rico Aqueduct and Sewerage Authority, Revenue Bonds, Senior Lien Series 2008A, 6.000%, 7/01/44 | 7/18 |
| 12,500 | Puerto Rico Housing Finance Authority, Capital Fund Program Revenue Bonds, Series 2003, 4.500%, 12/01/23 (UB) | 12/13 |
| 6,990 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33 | 5/12 |
| ----- | | |
| 22,820 | Total Puerto Rico | |
| ----- | | |
| RHODE ISLAND - 0.4% (0.2% OF TOTAL INVESTMENTS) | | |
| 2,960 | Rhode Island Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2002A, 6.250%, 6/01/42 | 6/12 |
| ----- | | |
| SOUTH CAROLINA - 8.7% (5.3% OF TOTAL INVESTMENTS) | | |
| 24,730 | Greenville County School District, South Carolina, Installment Purchase Revenue Bonds, Series 2002, 5.500%, 12/01/22 (Pre-refunded 12/01/12) | 12/12 |
| 21,570 | Piedmont Municipal Power Agency, South Carolina, Electric Revenue Bonds, Series 2004A-2, 0.000%, 1/01/30 - AMBAC Insured | No |

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Nuveen Municipal Market Opportunity Fund, Inc. (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
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SOUTH CAROLINA (continued)

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| | | | |
|--|--------|---|-------|
| \$ | 3,560 | South Carolina Public Service Authority, Revenue Refunding Bonds, Santee Cooper Electric System, Series 2003A, 5.000%, 1/01/20 - AMBAC Insured | 7/13 |
| | 11,665 | Tobacco Settlement Revenue Management Authority, South Carolina, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 6.375%, 5/15/28 (Pre-refunded 5/15/16) | 5/16 |
| ----- | | | |
| | 61,525 | Total South Carolina | |
| ----- | | | |
| TENNESSEE - 0.7% (0.4% OF TOTAL INVESTMENTS) | | | |
| | 5,000 | Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Bonds, East Tennessee Children's Hospital, Series 2003A, 5.000%, 7/01/23 - RAAI Insured | 7/13 |
| ----- | | | |
| TEXAS - 22.8% (13.8% OF TOTAL INVESTMENTS) | | | |
| | 2,500 | Alliance Airport Authority, Texas, Special Facilities Revenue Bonds, American Airlines Inc., Series 2007, 5.250%, 12/01/29 (Alternative Minimum Tax) | 12/12 |
| | 12,250 | Austin, Texas, Subordinate Lien Hotel Occupancy Tax Revenue Refunding Bonds, Series 1999, 5.800%, 11/15/29 (Pre-refunded 11/15/09) - AMBAC Insured | 11/09 |
| | 11,255 | Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001C, 5.750%, 5/01/36 (Mandatory put 11/01/11) (Alternative Minimum Tax) | No |
| | | Brownsville Independent School District, Cameron County, Texas, General Obligation Bonds, Series 1999: | |
| | 5,015 | 5.625%, 8/15/25 (Pre-refunded 8/15/09) | 8/09 |
| | 8,825 | 5.625%, 8/15/29 (Pre-refunded 8/15/09) | 8/09 |
| | 1,000 | Cedar Hill Independent School District, Dallas County, Texas, General Obligation Bonds, Series 2002, 0.000%, 8/15/32 - FGIC Insured | No |
| | 15,000 | Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/45 - FGIC Insured | 1/15 |
| | | Clear Creek Independent School District, Galveston and Harris Counties, Texas, Unlimited Tax Schoolhouse and Refunding Bonds, Series 2000: | |
| | 585 | 5.400%, 2/15/18 | 2/10 |
| | 340 | 5.650%, 2/15/19 | 2/10 |
| | 235 | 5.700%, 2/15/20 | 2/10 |
| | 270 | 5.700%, 2/15/21 | 2/10 |
| | | Clear Creek Independent School District, Galveston and Harris Counties, Texas, Unlimited Tax Schoolhouse and Refunding Bonds, Series 2000: | |
| | 16,740 | 5.400%, 2/15/18 (Pre-refunded 2/15/10) | 2/10 |
| | 9,660 | 5.650%, 2/15/19 (Pre-refunded 2/15/10) | 2/10 |
| | 6,645 | 5.700%, 2/15/20 (Pre-refunded 2/15/10) | 2/10 |

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| 7,750 | 5.700%, 2/15/21 (Pre-refunded 2/15/10) | 2/10 |
| 2,500 | Comal Independent School District, Comal, Bexar, Guadalupe, Hays, and Kendall Counties, Texas, General Obligation Bonds, Series 2005A, 0.000%, 2/01/23 | No |
| 6,000 | Dallas-Ft. Worth International Airport Facility Improvement Corporation, Texas, Revenue Bonds, American Airlines Inc., Series 1999, 6.375%, 5/01/35 (Alternative Minimum Tax) | 11/09 |
| | Ennis Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2006: | |
| 3,950 | 0.000%, 8/15/30 | 8/1 |
| 4,000 | 0.000%, 8/15/31 | 8/1 |
| 1,440 | Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B, 0.000%, 9/01/32 - AMBAC Insured | No |
| 1,250 | Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001A, 5.000%, 12/01/20 - FSA Insured | 12/11 |
| 9,350 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/32 - FGIC Insured | 8/1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|--|----------------|
| ----- | | |
| | TEXAS (continued) | |
| \$ 6,000 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/33 | 8/1 |
| 15,000 | San Antonio Independent School District, Bexar County, Texas, General Obligation Bonds, Series 1999, 5.800%, 8/15/29 (Pre-refunded 8/15/09) | 8/09 |
| 3,295 | Tarrant County, Texas, Cultural & Educational Facilities Financing Corporation, Revenue Bonds, Series 2007, Residuals 1760-3, 0.726%, 2/15/36 (IF) | 2/17 |
| 5,000 | White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/34 | 8/1 |
| 3,970 | Wichita Falls, Wichita County, Texas, Priority Lien Water and Sewerage System Revenue Bonds, Series 2001, 5.000%, 8/01/21 (Pre-refunded 8/01/11) - AMBAC Insured | 8/11 |
| | Wylie Independent School District, Taylor County, Texas, General Obligation Bonds, Series 2005: | |
| 3,000 | 0.000%, 8/15/23 | 8/1 |
| 2,000 | 0.000%, 8/15/24 | 8/1 |
| ----- | | |
| 164,825 | Total Texas | |

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| | | |
|---|---|-------|
| WASHINGTON - 17.7% (10.7% OF TOTAL INVESTMENTS) | | |
| 5,500 | Clark County Public Utility District 1, Washington, Generating System Revenue Refunding Bonds, Series 2000, 5.125%, 1/01/20 - FSA Insured | 1/11 |
| 2,755 | Cowlitz County, Washington, Special Sewerage Revenue Refunding Bonds, CSOB Wastewater Treatment Facilities, Series 2002, 5.500%, 11/01/16 - FGIC Insured | No |
| 10,000 | Energy Northwest, Washington, Electric Revenue Refunding Bonds, Nuclear Project 3, Series 2001A, 5.500%, 7/01/17 - FSA Insured | 7/11 |
| 2,500 | King County, Washington, Sewer Revenue Bonds, Series 2001, 5.000%, 1/01/23 - FGIC Insured | 1/12 |
| 33,490 | Port of Seattle, Washington, Revenue Bonds, Series 2000A, 5.625%, 2/01/30 (Pre-refunded 8/01/10) - MBIA Insured | 8/10 |
| 6,950 | Port of Seattle, Washington, Revenue Bonds, Series 2000B, 5.625%, 2/01/24 - MBIA Insured (Alternative Minimum Tax) | 8/10 |
| 2,150 | Seattle, Washington, General Obligation Refunding and Improvement Bonds, Series 2002, 4.500%, 12/01/20 | 12/12 |
| 3,000 | Spokane County School District 81, Spokane, Washington, General Obligation Bonds, Series 2005, 5.000%, 6/01/24 - MBIA Insured | 6/15 |
| 3,520 | Washington State Healthcare Facilities Authority, Revenue Bonds, Children's Hospital and Regional Medical Center, Series 2001, 5.000%, 10/01/21 (Pre-refunded 10/01/11) - AMBAC Insured | 10/11 |
| 7,890 | Washington State Higher Education Facilities Authority, Revenue Bonds, Pacific Lutheran University, Series 1999, 5.950%, 11/01/29 (Pre-refunded 11/01/09) - RAAI Insured | 11/09 |
| 11,130 | Washington State Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2002, 6.500%, 6/01/26 | 6/13 |
| 9,000 | Washington, Motor Vehicle Fuel Tax General Obligation Bonds, Series 2002C, 5.000%, 1/01/21 - FSA Insured | 1/12 |
| 97,885 | Total Washington | |

| | | |
|--|---|------|
| WISCONSIN - 1.0% (0.6% OF TOTAL INVESTMENTS) | | |
| 3,630 | Badger Tobacco Asset Securitization Corporation, Wisconsin, Tobacco Settlement Asset-Backed Bonds, Series 2002, 6.125%, 6/01/27 | 6/12 |
| 1,755 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Divine Savior Healthcare, Series 2006, 4.750%, 5/01/25 | 5/16 |

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NMO

Nuveen Municipal Market Opportunity Fund, Inc. (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | WISCONSIN (continued) | |
| \$ 1,250 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, United Lutheran Program for the Aging Inc., Series 1998, 5.700%, 3/01/28 | 3/09 |
| ----- | | |
| 6,635 | Total Wisconsin | |
| \$ 1,265,500 | Total Investments (cost \$982,534,401) - 165.0% | |
| ===== | | |
| | Floating Rate Obligations - (2.9)% | |
| ----- | | |
| | Other Assets Less Liabilities - 2.8% | |
| ----- | | |
| | Auction Rate Preferred Shares, at Liquidation Value - (64.9)% (5) | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

 The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

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(5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 39.3%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

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NAD

Nuveen Dividend Advantage Municipal Fund
Portfolio of INVESTMENTS

October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|--|----------------|
| ----- | | |
| MUNICIPAL BONDS - 160.6% (97.4% OF TOTAL INVESTMENTS) | | |
| ALABAMA - 0.3% (0.2% OF TOTAL INVESTMENTS) | | |
| \$ 1,500 | Alabama 21st Century Authority, Tobacco Settlement Revenue Bonds, Series 2000, 5.750%, 12/01/20 | 6/10 |
| ----- | | |
| ALASKA - 0.2% (0.1% OF TOTAL INVESTMENTS) | | |
| 750 | Alaska Housing Finance Corporation, General Housing Purpose Bonds, Series 2005A, 5.250%, 12/01/34 - FGIC Insured | 12/14 |
| ----- | | |
| ARIZONA - 1.1% (0.7% OF TOTAL INVESTMENTS) | | |
| 2,350 | Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2008A, 5.000%, 7/01/33 | 7/18 |
| 5,000 | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Series 2007, 5.000%, 12/01/37 | No |
| ----- | | |
| 7,350 | Total Arizona | |
| ----- | | |
| CALIFORNIA - 5.2% (3.1% OF TOTAL INVESTMENTS) | | |

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| | | |
|--------|--|-------|
| 1,535 | Alameda Corridor Transportation Authority, California, Senior Lien Revenue Bonds, Series 1999A, 0.000%, 10/01/37 - MBIA Insured | No |
| 5,500 | Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C, 0.000%, 9/01/28 - FSA Insured | No |
| 65 | California, General Obligation Bonds, Series 1997, 5.000%, 10/01/18 - AMBAC Insured | 12/08 |
| 5,000 | California, General Obligation Bonds, Series 2005, 5.000%, 3/01/31 | 3/16 |
| | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1: | |
| 5,200 | 5.000%, 6/01/33 | 6/17 |
| 1,000 | 5.125%, 6/01/47 | 6/17 |
| | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A: | |
| 3,500 | 0.000%, 6/01/26 - FSA Insured | No |
| 9,925 | 5.000%, 6/01/45 | 6/15 |
| 1,495 | Palmdale Civic Authority, California, Revenue Refinancing Bonds, Civic Center Project, Series 1997A, 5.375%, 7/01/12 - MBIA Insured | 1/09 |
| 17,000 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured | No |

 50,220 Total California

COLORADO - 5.6% (3.4% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------|
| 1,125 | Antelope Heights Metropolitan District, Colorado, Limited Tax General Obligation Bonds, Series 2007, 5.000%, 12/01/37 - RAAI Insured | 12/17 |
| | Denver City and County, Colorado, Airport Special Facilities Revenue Bonds, Rental Car Projects, Series 1999A: | |
| 3,205 | 6.000%, 1/01/12 - MBIA Insured (Alternative Minimum Tax) | 1/09 |
| 1,000 | 6.000%, 1/01/13 - MBIA Insured (Alternative Minimum Tax) | 1/09 |
| 1,475 | Denver, Colorado, FHA-Insured Multifamily Housing Revenue Bonds, Boston Lofts Project, Series 1997A, 5.750%, 10/01/27 (Alternative Minimum Tax) | 4/09 |

NAD

Nuveen Dividend Advantage Municipal Fund (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|-----------------|----------------|
|---------------------------|-----------------|----------------|

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COLORADO (continued)

| | | | |
|----|--------|---|-----|
| \$ | 8,515 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B, 0.000%, 9/01/25 - MBIA Insured | No |
| | 25,000 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/31 - MBIA Insured | No |
| | 60,000 | E-470 Public Highway Authority, Colorado, Toll Revenue Bonds, Series 2004A, 0.000%, 3/01/36 - MBIA Insured | No |
| | 12,500 | E-470 Public Highway Authority, Colorado, Toll Revenue Bonds, Series 2006A, 0.000%, 9/01/38 - MBIA Insured | 9/2 |
| | 2,000 | Metropolitan Football Stadium District, Colorado, Sales Tax Revenue Bonds, Series 1999A, 0.000%, 1/01/12 - MBIA Insured | No |

114,820 Total Colorado

CONNECTICUT - 0.7% (0.4% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|--|-------|
| | 4,335 | Mashantucket Western Pequot Tribe, Connecticut, Subordinate Special Revenue Bonds, Series 2007A, 5.750%, 9/01/34 | 11/17 |
|--|-------|--|-------|

FLORIDA - 10.4% (6.3% OF TOTAL INVESTMENTS)

| | | | |
|--|--------|---|-------|
| | 1,570 | Florida Housing Finance Agency, Housing Revenue Bonds, Mar Lago Village Apartments, Series 1997F, 5.800%, 12/01/17 - AMBAC Insured (Alternative Minimum Tax) | 12/08 |
| | 15,000 | Florida State Board of Education, Public Education Capital Outlay Bonds, Series 2005E, 4.500%, 6/01/35 (UB) | 6/15 |
| | 2,500 | Marion County Hospital District, Florida, Revenue Bonds, Munroe Regional Medical Center, Series 2007, 5.000%, 10/01/34 | 10/17 |
| | 13,625 | Martin County Industrial Development Authority, Florida, Industrial Development Revenue Bonds, Indiantown Cogeneration LP, Series 1994A, 7.875%, 12/15/25 (Alternative Minimum Tax) | 12/08 |
| | 22,000 | South Miami Health Facilities Authority, Florida, Revenue Bonds, Baptist Health Systems of South Florida, Series 2007, 5.000%, 8/15/37 (UB) | 8/17 |
| | 4,055 | South Miami Health Facilities Authority, Florida, Revenue Bonds, Baptist Health Systems of South Florida, Trust 1025, 7.368%, 8/15/42 (IF) | 8/17 |

58,750 Total Florida

GEORGIA - 2.6% (1.6% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|---|------|
| | 5,000 | Cobb County Development Authority, Georgia, Student Housing Revenue Bonds, KSU Village II Real Estate Foundation LLC Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured | 7/17 |
|--|-------|---|------|

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| | | |
|--------|--|------|
| 4,000 | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2000, 6.000%, 4/01/25 (Pre-refunded 4/01/10) | 4/10 |
| | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 1999: | |
| 2,620 | 5.500%, 5/15/29 (Pre-refunded 5/15/09) - MBIA Insured | 5/09 |
| 880 | 5.500%, 5/15/29 (Pre-refunded 5/15/09) - MBIA Insured | 5/09 |
| ----- | | |
| 12,500 | Total Georgia | |
| ----- | | |
| | IDAHO - 0.2% (0.1% OF TOTAL INVESTMENTS) | |
| 120 | Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 1999E, 5.750%, 1/01/21 (Alternative Minimum Tax) | 7/09 |
| 175 | Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000D, 6.350%, 7/01/22 (Alternative Minimum Tax) | 1/10 |
| 260 | Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000E, 5.950%, 7/01/20 (Alternative Minimum Tax) | 7/10 |
| ----- | | |
| 555 | Total Idaho | |
| ----- | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|------------------------|---|-------------------|
| | ILLINOIS - 33.3% (20.2% OF TOTAL INVESTMENTS) | |
| \$ 2,460 | Channahon, Illinois, Revenue Refunding Bonds, Morris Hospital, Series 1999, 5.750%, 12/01/12 | 12/09 |
| 2,205 | Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1998B-1, 0.000%, 12/01/29 - FGIC Insured | No |
| 7,250 | Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 5.500%, 12/01/26 - FGIC Insured | No |
| | Chicago, Illinois, FHA/GNMA Multifamily Housing Revenue Bonds, Archer Court Apartments, Series 1999A: | |
| 750 | 5.500%, 12/20/19 (Alternative Minimum Tax) | 10/10 |
| 1,210 | 5.600%, 12/20/29 (Alternative Minimum Tax) | 10/10 |
| 1,925 | 5.650%, 12/20/40 (Alternative Minimum Tax) | 10/10 |
| 22,750 | Chicago, Illinois, General Obligation Refunding Bonds, Emergency Telephone System, Series 1999, 5.500%, 1/01/23 - FGIC Insured | No |

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| | | |
|--------|---|-------|
| 2,620 | Chicago, Illinois, Motor Fuel Tax Revenue Refunding Bonds, Series 1993, 5.375%, 1/01/14 - AMBAC Insured | No |
| 3,340 | Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 - FGIC Insured | 1/16 |
| 190 | DuPage County Community School District 200, Wheaton, Illinois, General Obligation Bonds, Series 2003B, 5.250%, 11/01/20 - FSA Insured | 11/13 |
| 810 | DuPage County Community School District 200, Wheaton, Illinois, General Obligation Bonds, Series 2003B, 5.250%, 11/01/20 (Pre-refunded 11/01/13) - FSA Insured | 11/13 |
| 500 | Hoffman Estates Park District, Cook County, Illinois, General Obligation Bonds, Series 1999, 5.375%, 12/01/29 - MBIA Insured | 12/09 |
| 3,935 | Illinois Development Finance Authority, Local Government Program Revenue Bonds, Lake County School District 116 - Round Lake, Series 1999, 0.000%, 1/01/15 - MBIA Insured | No |
| 2,000 | Illinois Finance Authority, Revenue Bonds, Children's Memorial Hospital, Series 2008, 5.250%, 8/15/47 - AGC Insured (UB) | 8/18 |
| 1,000 | Illinois Finance Authority, Revenue Bonds, Edward Health Services Corporation, Series 2008A, 5.500%, 2/01/40 - AMBAC Insured | 2/18 |
| 5,570 | Illinois Finance Authority, Revenue Bonds, University of Chicago, Series 2004A, 5.000%, 7/01/34 | 7/14 |
| 9,840 | Illinois Health Facilities Authority, Remarketed Revenue Bonds, University of Chicago Project, Series 1985A, 5.500%, 8/01/20 | 8/11 |
| 5,595 | Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 1997A, 5.000%, 7/01/24 - MBIA Insured | 1/09 |
| 5,490 | Illinois Health Facilities Authority, Revenue Bonds, Sarah Bush Lincoln Health Center, Series 1996B, 5.500%, 2/15/16 | 2/09 |
| 1,500 | Illinois Housing Development Authority, Housing Finance Bonds, Series 2005E, 4.800%, 1/01/36 - FGIC Insured | 1/15 |
| 2,000 | Kane & DeKalb Counties, Illinois, Community United School District 301, General Obligation Bonds, Series 2006, 0.000%, 12/01/21 - MBIA Insured | No |
| 11,345 | Lake and McHenry Counties Community Unit School District 118, Wauconda, Illinois, General Obligation Bonds, Series 2005B, 0.000%, 1/01/25 - FSA Insured | 1/1 |
| 3,000 | Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36 | 1/16 |
| 22,500 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A, 5.500%, 12/15/24 - FGIC Insured | 12/09 |
| | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A: | |
| 12,250 | 0.000%, 12/15/22 - MBIA Insured | No |
| 13,000 | 0.000%, 12/15/23 - MBIA Insured | No |

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NAD

Nuveen Dividend Advantage Municipal Fund (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | ILLINOIS (continued) | |
| \$ 1,840 | Oak Park, Illinois, General Obligation Bonds, Series 2005B, 0.000%, 11/01/27 - SYNCORA GTY Insured | 11/1 |
| | Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois, General Obligation Bonds, Series 1999: | |
| 22,650 | 5.750%, 6/01/19 - FSA Insured | No |
| 3,500 | 5.750%, 6/01/23 - FSA Insured | No |
| 1,300 | Schaumburg, Illinois, General Obligation Bonds, Series 2004B, 5.250%, 12/01/34 - FGIC Insured | 12/14 |
| 10,000 | Will County Community High School District 210 Lincoln-Way, Illinois, General Obligation Bonds, Series 2006, 0.000%, 1/01/23 - FSA Insured | No |
| 4,500 | Will County School District 122, New Lenox, Illinois, General Obligation Bonds, Series 2000B, 0.000%, 11/01/18 - FSA Insured | No |
| ----- | | |
| 188,825 | Total Illinois | |
| ----- | | |
| | INDIANA - 7.0% (4.3% OF TOTAL INVESTMENTS) | |
| 8,755 | Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Charity Obligated Group, Series 1999D, 5.500%, 11/15/24 (Pre-refunded 11/15/09) - MBIA Insured | 11/09 |
| 8,000 | Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Clarian Health Obligated Group, Series 2000A, 5.500%, 2/15/26 (Pre-refunded 8/15/10) - MBIA Insured | 8/10 |
| 2,000 | Indiana Health Facility Financing Authority, Revenue Bonds, Community Foundation of Northwest Indiana, Series 2007, 5.500%, 3/01/37 | 3/17 |
| 6,830 | Indiana Housing and Community Development Authority, Single Family Mortgage Revenue Bonds, Series 2007A-1, Drivers 1847, 6.603%, 7/01/32 (Alternative Minimum Tax) (IF) | 1/17 |
| 6,675 | Indiana Municipal Power Agency, Power Supply Revenue Bonds, Series 2007A, 5.000%, 1/01/42 - MBIA Insured | 1/17 |
| 4,190 | Indianapolis, Indiana, Economic Development Revenue Bonds, Park Tudor Foundation Inc., Project, Series 1999, 5.700%, 6/01/24 (Pre-refunded 6/01/09) | 6/09 |

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| | | | |
|-------|--------|---|-------|
| \$ | 5,350 | Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured | 7/14 |
| | 9,000 | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47 | 5/17 |
| | 5,445 | Louisiana State, Gasoline and Fuels Tax Revenue Bonds, Series 2006, 4.500%, 5/01/41 - FGIC Insured (UB) | 5/16 |
| | 13,570 | Louisiana Transportation Authority, Senior Lien Toll Road Revenue Bonds, Series 2005B, 0.000%, 12/01/28 - AMBAC Insured | 12/1 |
| | 9,545 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.500%, 5/15/30 | 5/11 |
| ----- | | | |
| | 46,905 | Total Louisiana | |
| ----- | | | |
| | | MASSACHUSETTS - 1.8% (1.1% OF TOTAL INVESTMENTS) | |
| | 1,455 | Boston Industrial Development Financing Authority, Massachusetts, Subordinate Revenue Bonds, Crosstown Center Project, Series 2002, 8.000%, 9/01/35 (Alternative Minimum Tax) | 9/12 |
| | 4,365 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Berkshire Health System, Series 2008, 5.000%, 10/01/19 - AGC Insured (UB) | 10/15 |
| | 620 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, CareGroup Inc., Series 2008E-1, 5.125%, 7/01/33 | 7/18 |
| | 785 | Massachusetts Port Authority, Special Facilities Revenue Bonds, US Airways Group Inc., Series 1996A, 5.875%, 9/01/23 - MBIA Insured (Alternative Minimum Tax) | 3/09 |
| | 2,000 | Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A, 5.125%, 1/01/17 - MBIA Insured | 1/09 |
| ----- | | | |
| | 9,225 | Total Massachusetts | |
| ----- | | | |
| | | MICHIGAN - 4.1% (2.5% OF TOTAL INVESTMENTS) | |
| | 6,000 | Detroit, Michigan, Second Lien Sewerage Disposal System Revenue Bonds, Series 2005A, 5.000%, 7/01/35 - MBIA Insured | 7/15 |
| | 15,255 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/28 | 2/09 |
| | 4,000 | Wayne County, Michigan, Airport Revenue Bonds, Detroit Metropolitan Wayne County Airport, Series 1998A, 5.375%, 12/01/16 - MBIA Insured (Alternative Minimum Tax) | 12/08 |
| ----- | | | |
| | 25,255 | Total Michigan | |

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MINNESOTA - 0.2% (0.1% OF TOTAL INVESTMENTS)

| | | |
|-----|---|------|
| 810 | Minnesota Housing Finance Agency, Single Family Mortgage Bonds, Series 1998H-1, 5.650%, 7/01/31 (Alternative Minimum Tax) | 1/10 |
|-----|---|------|

MISSOURI - 2.6% (1.6% OF TOTAL INVESTMENTS)

| | | |
|---|--|------|
| Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1: | | |
| 7,000 | 0.000%, 4/15/27 - AMBAC Insured | No |
| 5,000 | 0.000%, 4/15/29 - AMBAC Insured | No |
| Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A, 5.250%, 6/01/21 - AMBAC Insured | | |
| 2,185 | | 6/11 |
| Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A: | | |
| 2,185 | 5.250%, 6/01/21 (Pre-refunded 6/01/11) - AMBAC Insured | 6/11 |
| 3,670 | 5.250%, 6/01/28 (Pre-refunded 6/01/11) - AMBAC Insured | 6/11 |

20,040 Total Missouri

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NAD

Nuveen Dividend Advantage Municipal Fund (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|-----------------|----------------|
|------------------------|-----------------|----------------|

MONTANA - 0.4% (0.2% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| \$ 815 | Montana Board of Housing, Single Family Mortgage Bonds, Series 2000A-2, 6.450%, 6/01/29 (Alternative Minimum Tax) | 12/09 |
| 1,000 | Montana Higher Education Student Assistance Corporation, Student Loan Revenue Bonds, Subordinate Series 1999B, 6.400%, 12/01/32 (Alternative Minimum Tax) | 12/09 |

1,815 Total Montana

NEBRASKA - 0.2% (0.1% OF TOTAL INVESTMENTS)

| | | |
|-------|---|----|
| 1,000 | NebHelp Inc., Nebraska, Senior Subordinate Bonds, Student Loan Program, Series 1993A-5A, 6.200%, 6/01/13 - MBIA Insured | No |
|-------|---|----|

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(Alternative Minimum Tax)

NEVADA - 2.2% (1.3% OF TOTAL INVESTMENTS)

Director of Nevada State Department of Business and Industry,
Revenue Bonds, Las Vegas Monorail Project, First Tier, Series
2000:

| | | |
|--------|--|------|
| 8,000 | 0.000%, 1/01/19 - AMBAC Insured | No |
| 4,000 | 5.625%, 1/01/32 - AMBAC Insured | 1/10 |
| 3,000 | 5.375%, 1/01/40 - AMBAC Insured | 1/10 |
| 3,750 | Henderson, Nevada, Healthcare Facility Revenue Refunding Bonds, Catholic Healthcare West, Series 2007B, Trust 2633, 1.032%, 7/01/31 (IF) | 7/17 |
| 18,750 | Total Nevada | |

NEW JERSEY - 6.7% (4.1% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------|
| 355 | New Jersey Health Care Facilities Financing Authority, FHA-Insured Mortgage Revenue Bonds, Jersey City Medical Center, Series 2001, 4.800%, 8/01/21 - AMBAC Insured | 8/11 |
| 1,830 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2000A, 6.000%, 6/01/13 - MBIA Insured (Alternative Minimum Tax) | 6/10 |
| 4,130 | New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 - AMBAC Insured | No |
| 4,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 1999A, 5.750%, 6/15/18 | No |
| 20,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/28 - AMBAC Insured | No |
| | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002: | |
| 8,615 | 5.750%, 6/01/32 (Pre-refunded 6/01/12) | 6/12 |
| 3,165 | 6.125%, 6/01/42 (Pre-refunded 6/01/12) | 6/12 |
| 1,365 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003, 6.750%, 6/01/39 (Pre-refunded 6/01/13) | 6/13 |
| 43,460 | Total New Jersey | |

NEW MEXICO - 0.7% (0.4% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 3,855 | University of New Mexico, FHA-Insured Mortgage Hospital Revenue Bonds, Series 2004, 5.000%, 7/01/32 - FSA Insured | 7/14 |
|-------|--|------|

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NEW YORK - 11.8% (7.2% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 2,170 | Dormitory Authority of the State of New York, Insured Revenue Bonds, Franciscan Health Partnership Obligated Group - Frances Shervier Home and Hospital, Series 1997, 5.500%, 7/01/17 - RAAI Insured | 1/09 |
| 7,500 | Dormitory Authority of the State of New York, Secured Hospital Revenue Refunding Bonds, Wyckoff Heights Medical Center, Series 1998H, 5.300%, 8/15/21 - MBIA Insured | 2/09 |
| | Nassau County, New York, General Obligation Improvement Bonds, Series 1999B: | |
| 4,005 | 5.250%, 6/01/19 (Pre-refunded 6/01/09) - AMBAC Insured | 6/09 |
| 7,005 | 5.250%, 6/01/21 (Pre-refunded 6/01/09) - AMBAC Insured | 6/09 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | NEW YORK (continued) | |
| \$ 6,000 | New York City Industrial Development Agency, New York, American Airlines-JFK International Airport Special Facility Revenue Bonds, Series 2005, 7.750%, 8/01/31 (Alternative Minimum Tax) | 8/16 |
| 2,500 | New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Series 2008, Trust 1199, 6.714%, 6/15/36 - FSA Insured (IF) | 12/14 |
| 8,800 | New York City Sales Tax Asset Receivable Corporation, New York, Dedicated Revenue Bonds, Local Government Assistance Corporation, Series 2008, 5.000%, 10/15/32 - AMBAC Insured (UB) | 10/14 |
| 10,000 | New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000A, 5.750%, 8/15/24 (Pre-refunded 8/15/09) | 8/09 |
| 10,000 | Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air Terminal LLC, Sixth Series 1997, 5.900%, 12/01/17 - MBIA Insured (Alternative Minimum Tax) | 12/08 |
| ----- | | |
| 57,980 | Total New York | |
| ----- | | |

NORTH CAROLINA - 1.2% (0.7% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 3,830 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 |
| 1,500 | The Charlotte-Mecklenburg Hospital Authority, North Carolina, Doing Business as Carolinas HealthCare System, Health Care Refunding Revenue Bonds, Series 2008A, 5.250%, 1/15/24 - AGC Insured | 1/18 |

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| | | |
|---|---|-------|
| 5,330 | Total North Carolina | |
| OHIO - 5.4% (3.3% OF TOTAL INVESTMENTS) | | |
| 2,300 | Amherst Exempted Village School District, Ohio, Unlimited Tax General Obligation School Improvement Bonds, Series 2001, 5.125%, 12/01/21 (Pre-refunded 12/01/11) - FGIC Insured | 12/11 |
| | Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: | |
| 170 | 5.125%, 6/01/24 | 6/17 |
| 1,800 | 5.875%, 6/01/30 | 6/17 |
| 1,740 | 5.750%, 6/01/34 | 6/17 |
| 3,930 | 5.875%, 6/01/47 | 6/17 |
| 3,635 | Franklin County, Ohio, FHA-Insured Multifamily Housing Mortgage Revenue Bonds, Hamilton Creek Apartments Project, Series 1994A, 5.550%, 7/01/24 (Alternative Minimum Tax) | 1/09 |
| 3,650 | Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, Series 2004A, 5.000%, 5/01/30 | 5/14 |
| 11,900 | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax) | 9/09 |
| 1,115 | Warren County, Ohio, Limited Tax General Obligations, Series 1997, 5.500%, 12/01/17 | 12/08 |
| 30,240 | Total Ohio | |
| OREGON - 0.5% (0.3% OF TOTAL INVESTMENTS) | | |
| 2,355 | Portland, Oregon, Downtown Waterfront Urban Renewal and Redevelopment Revenue Bonds, Series 2000A, 5.500%, 6/15/20 - AMBAC Insured | 6/10 |
| PENNSYLVANIA - 6.1% (3.7% OF TOTAL INVESTMENTS) | | |
| 3,480 | Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B, 9.250%, 11/15/22 (Pre-refunded 11/15/10) | 11/10 |
| 1,030 | Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax) | No |
| 1,250 | Erie, Pennsylvania, Water Authority, Water Revenue Bonds, Series 2008, 5.000%, 12/01/43 - FSA Insured | 12/18 |
| 1,500 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 2008, 4.650%, 10/01/31 (Alternative Minimum Tax) (UB) | 10/16 |

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NAD

Nuveen Dividend Advantage Municipal Fund (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | PENNSYLVANIA (continued) | |
| \$ 18,900 | Philadelphia Airport System, Pennsylvania, Revenue Bonds, Series 1998A, 5.500%, 6/15/18 - FGIC Insured (Alternative Minimum Tax) | 12/08 |
| 3,205 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) - FGIC Insured | 8/12 |
| ----- | | |
| 29,365 | Total Pennsylvania | |
| ----- | | |
| | PUERTO RICO - 3.4% (2.1% OF TOTAL INVESTMENTS) | |
| 2,500 | Puerto Rico Aqueduct and Sewerage Authority, Revenue Bonds, Senior Lien Series 2008A, 6.000%, 7/01/44 | 7/18 |
| 12,500 | Puerto Rico Housing Finance Authority, Capital Fund Program Revenue Bonds, Series 2008, 4.500%, 12/01/23 (UB) | 12/13 |
| 12,845 | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005A, 0.000%, 7/01/42 - FGIC Insured | No |
| ----- | | |
| 27,845 | Total Puerto Rico | |
| ----- | | |
| | RHODE ISLAND - 3.7% (2.2% OF TOTAL INVESTMENTS) | |
| 2,015 | Central Falls, Rhode Island, General Obligation School Bonds, Series 1999, 6.250%, 5/15/20 - RAAI Insured | 5/09 |
| 3,500 | Providence Redevelopment Agency, Rhode Island, Revenue Bonds, Public Safety and Municipal Building Projects, Series 1999A, 5.750%, 4/01/29 (Pre-refunded 4/01/10) - AMBAC Insured | 4/10 |
| 1,500 | Rhode Island Housing & Mortgage Finance Corporation, Homeownership Opportunity 57-B Bond Program, Series 2008, Trust 1177: 8.125%, 10/01/27 (Alternative Minimum Tax) (IF) | 4/17 |
| 1,000 | 8.225%, 10/01/32 (Alternative Minimum Tax) (IF) | 4/17 |
| 12,500 | Rhode Island Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2002A, 6.125%, 6/01/32 | 6/12 |
| ----- | | |

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20,515 Total Rhode Island

SOUTH CAROLINA - 0.3% (0.2% OF TOTAL INVESTMENTS)

1,500 Greenville, South Carolina, Hospital Facilities Revenue Bonds, Series 2001, 5.000%, 5/01/31 - AMBAC Insured 5/11

TENNESSEE - 2.3% (1.4% OF TOTAL INVESTMENTS)

6,400 Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 1999D, 6.000%, 3/01/24 - AMBAC Insured (Alternative Minimum Tax) 3/10

2,425 Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001B, 5.125%, 3/01/26 - FSA Insured 3/11

1,910 Sullivan County Health Educational and Housing Facilities Board, Tennessee, Revenue Bonds, Wellmont Health System, Series 2006C, 5.250%, 9/01/36 9/16

1,500 Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007, 5.500%, 11/01/46 11/17

12,235 Total Tennessee

TEXAS - 8.6% (5.2% OF TOTAL INVESTMENTS)

2,560 Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 1999C, 7.700%, 3/01/32 (Alternative Minimum Tax) 4/13

4,675 Carrollton-Farmers Branch Independent School District, Dallas County, Texas, Unlimited Tax School Building Bonds, Series 1999, 6.000%, 2/15/20 (Pre-refunded 2/15/09) 2/09

2,820 Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/45 - FGIC Insured 1/15

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|-----------------|----------------|
|---------------------------|-----------------|----------------|

TEXAS (continued)

| | | | |
|----|-------|---|-----|
| \$ | 1,535 | Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1999: 0.000%, 8/15/20 | 8/0 |
| | 2,100 | 0.000%, 8/15/21 | 8/0 |

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| | | |
|---------|--|-------|
| 2,200 | 0.000%, 8/15/23 | 8/0 |
| 2,100 | 0.000%, 8/15/24 | 8/0 |
| 2,200 | 0.000%, 8/15/25 | 8/0 |
| 2,095 | 0.000%, 8/15/26 | 8/0 |
| 820 | Dallas Area Rapid Transit, Texas, Senior Lien Sales Tax Revenue Bonds, Series 2001, 5.000%, 12/01/31 (Pre-refunded 12/01/11) - AMBAC Insured | 12/11 |
| 2,205 | Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Refunding Bonds, Series 2001A, 0.000%, 11/15/20 - MBIA Insured | No |
| 3,130 | Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B, 0.000%, 9/01/30 - AMBAC Insured | No |
| 2,500 | Jefferson County, Texas, Certificates of Obligation, Series 2000, 6.000%, 8/01/25 (Pre-refunded 8/01/10) - FSA Insured | 8/10 |
| 2,000 | Laredo, Texas, Sports Venue Sales Tax Revenue Bonds, Series 2001, 5.300%, 3/15/26 (Pre-refunded 3/15/09) - FGIC Insured | 3/09 |
| 30,095 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2004, 0.000%, 8/15/34 | 8/1 |
| 9,345 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/33 - FGIC Insured | 8/1 |
| 33,160 | Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/38 | 8/1 |
| 1,000 | San Antonio, Texas, Water System Revenue Bonds, Series 2005, 4.750%, 5/15/37 - MBIA Insured | 5/15 |
| 3,295 | Tarrant County, Texas, Cultural & Educational Facilities Financing Corporation, Revenue Bonds, Series 2007, Residuals 1760-3, 0.726%, 2/15/36 (IF) | 2/17 |
| 7,000 | White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/35 | 8/1 |
| | Wylie Independent School District, Taylor County, Texas, General Obligation Bonds, Series 2005: | |
| 3,000 | 0.000%, 8/15/20 | 8/1 |
| 3,000 | 0.000%, 8/15/22 | 8/1 |
| ----- | | |
| 122,835 | Total Texas | |
| ----- | | |
| | UTAH - 0.2% (0.1% OF TOTAL INVESTMENTS) | |
| | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 1999C-2, Class II: | |
| 280 | 5.700%, 7/01/19 (Alternative Minimum Tax) | 1/10 |
| 90 | 5.750%, 7/01/21 (Alternative Minimum Tax) | 1/10 |
| 35 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 1999D, 5.850%, 7/01/21 (Alternative Minimum Tax) | 7/09 |
| 10 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series | 7/09 |

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1999F, 6.300%, 7/01/21 (Alternative Minimum Tax)

| | | |
|-----|---|------|
| 685 | Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000F-2, Class III, 6.000%, 1/01/15 (Alternative Minimum Tax) | 7/10 |
|-----|---|------|

| | | |
|-------|------------|--|
| 1,100 | Total Utah | |
|-------|------------|--|

VIRGINIA - 0.0% (0.0% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------|
| 3,395 | Virginia Small Business Financing Authority, Industrial Development Water Revenue Bonds, S.I.L. Clean Water, LLC Project, Series 1999, 7.250%, 11/01/24 (Alternative Minimum Tax) (5) | 11/09 |
|-------|---|-------|

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NAD

Nuveen Dividend Advantage Municipal Fund (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|-----------------|----------------|
|---------------------------|-----------------|----------------|

WASHINGTON - 11.8% (7.2% OF TOTAL INVESTMENTS)

| | | |
|----------|--|------|
| \$ 4,000 | Energy Northwest, Washington, Electric Revenue Refunding Bonds, Nuclear Project 3, Series 2003A, 5.500%, 7/01/17 - SYNCORA GTY Insured | 7/13 |
| | Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999B: | |
| 1,755 | 6.000%, 9/01/15 - MBIA Insured (Alternative Minimum Tax) | 3/10 |
| 2,590 | 6.000%, 9/01/16 - MBIA Insured (Alternative Minimum Tax) | 3/10 |
| | Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999C: | |
| 875 | 6.000%, 9/01/15 - MBIA Insured (Alternative Minimum Tax) | 3/10 |
| 1,260 | 6.000%, 9/01/16 - MBIA Insured (Alternative Minimum Tax) | 3/10 |
| 4,820 | Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement Bonds, Series 2001, 5.500%, 3/01/19 - FSA Insured | 3/11 |
| 6,655 | Washington State Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2002, 6.500%, 6/01/26 | 6/13 |
| 11,605 | Washington, Certificates of Participation, Washington Convention and Trade Center, Series 1999, 5.250%, 7/01/16 - MBIA Insured | 7/09 |
| 3,350 | Washington, General Obligation Compound Interest Bonds, Series 1999S-2, 0.000%, 1/01/18 - FSA Insured | No |
| | Washington, General Obligation Compound Interest Bonds, Series 1999S-3: | |
| 17,650 | 0.000%, 1/01/20 | No |
| 18,470 | 0.000%, 1/01/21 | No |

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| | | |
|--|---|-------|
| 73,030 | Total Washington | |
| WISCONSIN - 9.3% (5.7% OF TOTAL INVESTMENTS) | | |
| 1,115 | Badger Tobacco Asset Securitization Corporation, Wisconsin, Tobacco Settlement Asset-Backed Bonds, Series 2002, 6.000%, 6/01/17 | 6/12 |
| 1,690 | Green Bay, Wisconsin, Water System Revenue Bonds, Series 2004, 5.000%, 11/01/29 (Pre-refunded 11/01/14) - FSA Insured | 11/14 |
| 560 | Green Bay, Wisconsin, Water System Revenue Bonds, Series 2004, 5.000%, 11/01/29 - FSA Insured | 11/14 |
| 3,810 | La Crosse, Wisconsin, Industrial Development Revenue Refunding Bonds, Dairyland Power Cooperative, Series 1997C, 5.550%, 2/01/15 - AMBAC Insured | 12/08 |
| 7,410 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Ascension Health, Series 2006A, 5.000%, 11/15/36 | 11/16 |
| | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, FH Healthcare Development Inc., Series 1999: | |
| 8,375 | 6.250%, 11/15/20 (Pre-refunded 11/15/09) | 11/09 |
| 5,000 | 6.250%, 11/15/28 (Pre-refunded 11/15/09) | 11/09 |
| 4,180 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Kenosha Hospital and Medical Center Inc., Series 1999, 5.625%, 5/15/29 | 5/09 |
| 12,700 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Mercy Health System Corporation, Series 1999, 5.500%, 8/15/25 - AMBAC Insured | 8/09 |
| 2,200 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33 | 8/13 |
| 47,040 | Total Wisconsin | |
| \$ 1,103,640 | Total Municipal Bonds (cost \$826,316,827) | |

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| SHARES | DESCRIPTION (1) |
|---|---|
| INVESTMENT COMPANIES - 0.1% (0.1% OF TOTAL INVESTMENTS) | |
| 9,219 | BlackRock MuniHoldings Fund Inc. |
| 32,332 | Morgan Stanley Quality Municipal Income Trust |
| Total Investment Companies (cost \$534,262) | |
| Total Long-Term Investments (cost \$826,851,089) - 160.7% | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) |
|---------------------------|--|
| ----- | |
| | SHORT-TERM INVESTMENTS - 4.2% (2.5% OF TOTAL INVESTMENTS) |
| \$ 5,620 | Michigan Strategic Fund, Limited Obligation Revenue Bonds, MCSM Inc. Project, Variable Rate Demand Obligations, Series 2007, 1.750%, 3/01/27 (Alternative Minimum Tax) (6) |
| 2,865 | Missouri Development Finance Board, Kansas City, Infrastructure Facilities Revenue Bonds, Ninth Street Garage Project, Variable Rate Demand Obligations, Series 2004B, 1.500%, 6/01/34 (6) |
| 3,990 | Montgomery County Public Building Authority, Tennessee, Tennessee County Loan Pool Program Revenue Bonds, Variable Rate Demand Obligations, Series 1997, 1.500%, 11/01/27 (6) |
| 6,850 | St. Charles County Public Water Supply District 2, Missouri, Certificates of Participation, Variable Rate Demand Obligations, Series 2005A, 1.500%, 12/01/33 (6) |
| ----- | |
| \$ 19,325 | Total Short-Term Investments (cost \$19,325,000) |
| ===== | |
| | Total Investments (cost \$846,176,089) - 164.9% |
| | ----- |
| | Floating Rate Obligations - (10.5)% |
| | ----- |
| | Other Assets Less Liabilities - 3.3% |
| | ----- |
| | Auction Rate Preferred Shares, at Liquidation Value - (57.7)% (7) |
| | ----- |
| | Net Assets Applicable to Common Shares - 100% |
| | ===== |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings

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of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Non-income producing security, in the case of a bond, generally denotes that the issuer has defaulted on the payment of principal or interest or has filed for bankruptcy.
- (6) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
- (7) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 35.0%.

N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NXZ

Nuveen Dividend Advantage Municipal Fund 2
Portfolio of INVESTMENTS

October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|--|---|----------------|
| ALABAMA - 5.3% (3.5% OF TOTAL INVESTMENTS) | | |
| \$ 18,500 | Huntsville Healthcare Authority, Alabama, Revenue Bonds, Series 2001A, 5.750%, 6/01/31 (Pre-refunded 6/01/11) | 6/11 |
| ALASKA - 0.3% (0.2% OF TOTAL INVESTMENTS) | | |
| 2,200 | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46 | 6/14 |

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ARIZONA - 0.7% (0.4% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 3,120 | Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/32 - FGIC Insured (Alternative Minimum Tax) | 7/12 |
|-------|--|------|

ARKANSAS - 0.2% (0.2% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 1,105 | Arkansas Development Finance Authority, Single Family Mortgage Revenue Bonds, GNMA Mortgage-Backed Securities Program, Series 2002C, 5.400%, 1/01/34 (Alternative Minimum Tax) | 1/12 |
|-------|--|------|

CALIFORNIA - 8.0% (5.3% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------|
| 9,000 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Los Angeles County Securitization Corporation, Series 2006A, 0.000%, 6/01/36 (Mandatory put 6/01/23) | 12/18 |
|-------|--|-------|

| | | |
|-------|---|------|
| 6,000 | California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32 | 6/11 |
|-------|---|------|

| | | |
|-------|--|------|
| 4,080 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37 - BHAC Insured | 4/16 |
|-------|--|------|

| | | |
|-------|--|------|
| | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1: | |
| 1,000 | 5.000%, 6/01/33 | 6/17 |
| 1,000 | 5.125%, 6/01/47 | 6/17 |

| | | |
|-------|--|------|
| 5,000 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39 (Pre-refunded 6/01/13) | 6/13 |
|-------|--|------|

| | | |
|-------|---|------|
| 5,000 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, Trust 2448, 0.891%, 6/01/45 - FGIC Insured (IF) | 6/15 |
|-------|---|------|

| | | |
|-------|---|-------|
| 6,000 | Los Angeles Regional Airports Improvement Corporation, California, Sublease Revenue Bonds, Los Angeles International Airport, American Airlines Inc. Terminal 4 Project, Series 2002C, 7.500%, 12/01/24 (Alternative Minimum Tax) | 12/12 |
|-------|---|-------|

| | | |
|-------|--|------|
| 5,000 | San Jose, California, Airport Revenue Bonds, Series 2007A, 6.000%, 3/01/47 - AMBAC Insured (Alternative Minimum Tax) | 3/17 |
|-------|--|------|

| | | |
|-----|---|------|
| 110 | Yuba County Water Agency, California, Yuba River Development Revenue Bonds, Pacific Gas and Electric Company, Series 1966A, 4.000%, 3/01/16 | 3/09 |
|-----|---|------|

| | | |
|--------|------------------|--|
| 42,190 | Total California | |
|--------|------------------|--|

COLORADO - 7.6% (5.0% OF TOTAL INVESTMENTS)

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| | | |
|-------|--|------|
| 2,495 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Peak-to-Peak Charter School, Series 2001, 7.500%, 8/15/21 (Pre-refunded 8/15/11) | 8/11 |
|-------|--|------|

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------------|--|-------|-----|--------------------------------------|-------|-------|--------------------------------------|-------|--------|---|-----|-------|---|------|-----|---|-------|-------|--|------|--|--|--|--------|--|-----|--------|--|-----|-------|---|------|--|
| COLORADO (continued) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$ | <table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">1,340</td> <td style="width: 80%;">Denver, Colorado, Airport Revenue Bonds, Trust 2365: 2.901%, 11/15/23 - FGIC Insured (IF)</td> <td style="width: 10%; text-align: right;">11/16</td> </tr> <tr> <td>825</td> <td>1.184%, 11/15/24 - FGIC Insured (IF)</td> <td style="text-align: right;">11/16</td> </tr> <tr> <td>1,085</td> <td>1.186%, 11/15/25 - FGIC Insured (IF)</td> <td style="text-align: right;">11/16</td> </tr> <tr> <td>10,000</td> <td>E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/28 (Pre-refunded 9/01/10) - MBIA Insured</td> <td style="text-align: right;">9/1</td> </tr> <tr> <td>1,280</td> <td>Eagle County Air Terminal Corporation, Colorado, Airport Terminal Revenue Bonds, Series 2001, 7.125%, 5/01/31 (Alternative Minimum Tax)</td> <td style="text-align: right;">5/11</td> </tr> <tr> <td>755</td> <td>Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured (UB)</td> <td style="text-align: right;">12/14</td> </tr> <tr> <td>5,000</td> <td>Northwest Parkway Public Highway Authority, Colorado, Revenue Bonds, Senior Series 2001A, 5.250%, 6/15/41 (Pre-refunded 6/15/11) - FSA Insured (5)</td> <td style="text-align: right;">6/11</td> </tr> <tr> <td></td> <td>Northwest Parkway Public Highway Authority, Colorado, Senior Lien Revenue Bonds, Series 2001B:</td> <td></td> </tr> <tr> <td>22,000</td> <td>0.000%, 6/15/28 (Pre-refunded 6/15/11) - FSA Insured</td> <td style="text-align: right;">6/1</td> </tr> <tr> <td>17,650</td> <td>0.000%, 6/15/29 (Pre-refunded 6/15/11) - AMBAC Insured</td> <td style="text-align: right;">6/1</td> </tr> <tr> <td>1,000</td> <td>Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25</td> <td style="text-align: right;">6/14</td> </tr> </table> | 1,340 | Denver, Colorado, Airport Revenue Bonds, Trust 2365: 2.901%, 11/15/23 - FGIC Insured (IF) | 11/16 | 825 | 1.184%, 11/15/24 - FGIC Insured (IF) | 11/16 | 1,085 | 1.186%, 11/15/25 - FGIC Insured (IF) | 11/16 | 10,000 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/28 (Pre-refunded 9/01/10) - MBIA Insured | 9/1 | 1,280 | Eagle County Air Terminal Corporation, Colorado, Airport Terminal Revenue Bonds, Series 2001, 7.125%, 5/01/31 (Alternative Minimum Tax) | 5/11 | 755 | Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured (UB) | 12/14 | 5,000 | Northwest Parkway Public Highway Authority, Colorado, Revenue Bonds, Senior Series 2001A, 5.250%, 6/15/41 (Pre-refunded 6/15/11) - FSA Insured (5) | 6/11 | | Northwest Parkway Public Highway Authority, Colorado, Senior Lien Revenue Bonds, Series 2001B: | | 22,000 | 0.000%, 6/15/28 (Pre-refunded 6/15/11) - FSA Insured | 6/1 | 17,650 | 0.000%, 6/15/29 (Pre-refunded 6/15/11) - AMBAC Insured | 6/1 | 1,000 | Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25 | 6/14 | |
| 1,340 | Denver, Colorado, Airport Revenue Bonds, Trust 2365: 2.901%, 11/15/23 - FGIC Insured (IF) | 11/16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 825 | 1.184%, 11/15/24 - FGIC Insured (IF) | 11/16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,085 | 1.186%, 11/15/25 - FGIC Insured (IF) | 11/16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10,000 | E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/28 (Pre-refunded 9/01/10) - MBIA Insured | 9/1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,280 | Eagle County Air Terminal Corporation, Colorado, Airport Terminal Revenue Bonds, Series 2001, 7.125%, 5/01/31 (Alternative Minimum Tax) | 5/11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 755 | Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured (UB) | 12/14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,000 | Northwest Parkway Public Highway Authority, Colorado, Revenue Bonds, Senior Series 2001A, 5.250%, 6/15/41 (Pre-refunded 6/15/11) - FSA Insured (5) | 6/11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Northwest Parkway Public Highway Authority, Colorado, Senior Lien Revenue Bonds, Series 2001B: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 22,000 | 0.000%, 6/15/28 (Pre-refunded 6/15/11) - FSA Insured | 6/1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17,650 | 0.000%, 6/15/29 (Pre-refunded 6/15/11) - AMBAC Insured | 6/1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1,000 | Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25 | 6/14 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 63,430 | Total Colorado | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DISTRICT OF COLUMBIA - 1.3% (0.9% OF TOTAL INVESTMENTS) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 985 | District of Columbia Tobacco Settlement Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2001, 6.250%, 5/15/24 | 5/11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,000 | Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007A, 4.500%, 10/01/30 - AMBAC Insured | 10/16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5,985 | Total District of Columbia | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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FLORIDA - 4.5% (2.9% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| 15,000 | Jacksonville, Florida, Transportation Revenue Bonds, Series 2001, 5.250%, 10/01/29 - MBIA Insured | 10/11 |
| 3,000 | Miami-Dade County, Florida, Aviation Revenue Bonds, Miami International Airport, Series 2002, 5.375%, 10/01/32 - FGIC Insured (Alternative Minimum Tax) | 10/12 |
| 18,000 | Total Florida | |

HAWAII - 2.8% (1.8% OF TOTAL INVESTMENTS)

| | | |
|--|--|------|
| Honolulu Board of Water Supply, Hawaii, Water System Revenue Bonds, Series 2001: | | |
| 3,000 | 5.250%, 7/01/26 (Pre-refunded 7/01/11) - FSA Insured | 7/11 |
| 6,725 | 5.250%, 7/01/31 (Pre-refunded 7/01/11) - FSA Insured | 7/11 |
| 9,725 | Total Hawaii | |

ILLINOIS - 13.7% (9.1% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------|
| 3,590 | Chicago, Illinois, FHA/GNMA Collateralized Multifamily Housing Revenue Bonds, Stone Terrace Apartments, Series 2001A, 5.750%, 12/20/42 (Alternative Minimum Tax) | 12/11 |
| 870 | Chicago, Illinois, FNMA/GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 2001A, 6.250%, 10/01/32 (Alternative Minimum Tax) | 4/11 |
| 5,000 | Chicago, Illinois, General Obligation Bonds, City Colleges, Series 1999, 0.000%, 1/01/34 - FGIC Insured | No |
| 3,985 | Chicago, Illinois, General Obligation Bonds, Series 2001A, 5.250%, 1/01/33 - MBIA Insured | 1/11 |
| 5,285 | Chicago, Illinois, General Obligation Bonds, Series 2001A, 5.250%, 1/01/33 (Pre-refunded 1/01/11) - MBIA Insured | 1/11 |
| 3,180 | Illinois Development Finance Authority, Revenue Bonds, Chicago Charter School Foundation, Series 2002A, 6.250%, 12/01/32 (Pre-refunded 12/01/12) | 12/12 |

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Nuveen Dividend Advantage Municipal Fund 2 (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
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|------------------------|-----------------|----------------|

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ILLINOIS (continued)

| | | | |
|----|-------|---|-------|
| \$ | 910 | Illinois Development Finance Authority, Revenue Bonds, Illinois Wesleyan University, Series 2001, 5.500%, 9/01/32 - AMBAC Insured | 9/11 |
| | 4,090 | Illinois Development Finance Authority, Revenue Bonds, Illinois Wesleyan University, Series 2001, 5.500%, 9/01/32 (Pre-refunded 9/01/11) - AMBAC Insured | 9/11 |
| | 3,100 | Illinois Development Finance Authority, Revenue Bonds, Midwestern University, Series 2001B, 6.000%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 |
| | 9,450 | Illinois Finance Authority, Revenue Bonds, Palos Community Hospital, Series 2007A, 5.000%, 5/15/32 - MBIA Insured | 5/17 |
| | 5,000 | Illinois Health Facilities Authority, Revenue Bonds, Edward Hospital Obligated Group, Series 2001B, 5.250%, 2/15/34 (Pre-refunded 2/15/11) - FSA Insured | 2/11 |
| | 2,500 | Illinois Housing Development Authority, Homeowner Mortgage Revenue Bonds, Series 2006C2, 5.050%, 8/01/27 (Alternative Minimum Tax) | 2/16 |
| | 2,275 | Illinois, Sales Tax Revenue Bonds, Series 2001, 5.500%, 6/15/16 | 6/11 |
| | 2,500 | Kane & DeKalb Counties, Illinois, Community United School District 301, General Obligation Bonds, Series 2006, 0.000%, 12/01/23 - MBIA Insured | No |
| | 4,980 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A, 5.250%, 6/15/27 - AMBAC Insured | 12/08 |
| | 986 | Montgomery, Illinois, Lakewood Creek Project Special Assessment Bonds, Series 2007, 4.700%, 3/01/30 - RAAI Insured | 3/16 |
| | 3,360 | Northfield Township High School District 225, Cook County, Illinois, Glenbrook, General Obligation School Bonds, Series 2007B, 0.000%, 12/01/24 | 12/1 |

61,061 Total Illinois

INDIANA - 3.6% (2.3% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|---|------|
| | 2,000 | Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Methodist Hospitals Inc., Series 2001, 5.500%, 9/15/31 | 9/11 |
| | 2,500 | Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds, Columbus Regional Hospital, Series 1993, 7.000%, 8/15/15 - FSA Insured | No |
| | 4,000 | Indiana Transportation Finance Authority, Highway Revenue Bonds, Series 2003A, 5.000%, 6/01/23 - FSA Insured | 6/13 |
| | 6,100 | St. Joseph County Hospital Authority, Indiana, Revenue Bonds, Madison Center Inc., Series 1999, 5.800%, 2/15/24 | 2/09 |

14,600 Total Indiana

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| | | |
|---|--|-------|
| IOWA - 1.5% (1.0% OF TOTAL INVESTMENTS) | | |
| 1,000 | Iowa Higher Education Loan Authority, Private College Facility Revenue Bonds, WartburgCollege, Series 2002, 5.500%, 10/01/28 (Pre-refunded 10/01/12) - ACA Insured | 10/12 |
| 6,340 | Iowa Tobacco Settlement Authority, Tobacco Asset-Backed Revenue Bonds, Series 2005B, 5.600%, 6/01/34 | 6/17 |
| 7,340 | Total Iowa | |

| | | |
|---|---|-------|
| KANSAS - 4.0% (2.6% OF TOTAL INVESTMENTS) | | |
| 17,000 | Wichita, Kansas, Hospital Facilities Revenue Refunding and Improvement Bonds, Via Christi Health System Inc., Series 2001-III, 5.625%, 11/15/31 | 11/11 |

| | | |
|---|---|------|
| KENTUCKY - 0.3% (0.2% OF TOTAL INVESTMENTS) | | |
| 1,000 | Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008A-1, 6.000%, 12/01/38 - AGC Insured | 6/18 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|--|---|-------------------|
| LOUISIANA - 4.4% (2.9% OF TOTAL INVESTMENTS) | | |
| \$ 3,960 | Louisiana State, Gasoline and Fuels Tax Revenue Bonds, Series 2006, 4.500%, 5/01/41 - FGIC Insured (UB) | 5/16 |
| 18,825 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39 | 5/11 |
| 22,785 | Total Louisiana | |

| | | |
|--|--|------|
| MASSACHUSETTS - 3.3% (2.2% OF TOTAL INVESTMENTS) | | |
| 15,585 | Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A, 5.000%, 1/01/37 - MBIA Insured | 1/09 |

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MICHIGAN - 13.0% (8.6% OF TOTAL INVESTMENTS)

| | | | |
|--------|---|--|-------|
| | Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, Series 2001A: | | |
| 20,000 | 5.500%, 7/01/33 (Pre-refunded 7/01/11) - FGIC Insured | | 7/11 |
| 15,390 | 5.250%, 7/01/33 (Pre-refunded 7/01/11) - FGIC Insured | | 7/11 |
| 4,000 | Michigan Municipal Bond Authority, Public School Academy Revenue Bonds, Detroit Academy of Arts and Sciences Charter School, Series 2001A, 8.000%, 10/01/31 | | 10/09 |
| 2,000 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.125%, 8/15/18 | | 2/09 |
| | Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Detroit Medical Center Obligated Group, Series 1993A: | | |
| 2,000 | 6.250%, 8/15/13 | | 2/09 |
| 4,000 | 6.500%, 8/15/18 | | 2/09 |
| ----- | | | |
| 47,390 | Total Michigan | | |
| ----- | | | |

MINNESOTA - 3.9% (2.6% OF TOTAL INVESTMENTS)

| | | | |
|--------|--|--|------|
| 14,000 | Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota, Airport Revenue Bonds, Series 2001A, 5.250%, 1/01/32 (Pre-refunded 1/01/11) - FGIC Insured | | 1/11 |
|--------|--|--|------|

MONTANA - 0.7% (0.4% OF TOTAL INVESTMENTS)

| | | | |
|-------|--|--|-------|
| 2,455 | Montana Board of Housing, Single Family Program Bonds, Series 2001A-2, 5.700%, 6/01/32 (Alternative Minimum Tax) | | 12/10 |
|-------|--|--|-------|

NEVADA - 3.0% (2.0% OF TOTAL INVESTMENTS)

| | | | |
|--------|---|--|------|
| 12,275 | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured | | 1/10 |
| 3,500 | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 | | 1/10 |
| 2,000 | Henderson, Nevada, Healthcare Facility Revenue Refunding Bonds, Catholic Healthcare West, Series 2007B, Trust 2633, 1.032%, 7/01/31 (IF) | | 7/17 |
| 1,750 | Reno, Nevada, Health Facility Revenue Bonds, Catholic Healthcare West, Trust 2634, 0.777%, 7/01/31 (IF) | | 7/17 |

19,525 Total Nevada

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NEW HAMPSHIRE - 2.1% (1.4% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 8,000 | New Hampshire Business Finance Authority, Pollution Control Remarketed Revenue Refunding Bonds, Connecticut Light and Power Company, Series 1992A, 5.850%, 12/01/22 | 4/09 |
| 1,160 | New Hampshire Housing Finance Authority, Single Family Mortgage Acquisition Bonds, Series 2001A, 5.700%, 1/01/31 (Alternative Minimum Tax) | 5/11 |
| 9,160 | Total New Hampshire | |

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Nuveen Dividend Advantage Municipal Fund 2 (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|----------------|
| NEW JERSEY - 2.5% (1.6% OF TOTAL INVESTMENTS) | | |
| \$ 3,995 | New Jersey Economic Development Authority, Special Facilities Revenue Bonds, Continental Airlines Inc., Series 2000, 7.000%, 11/15/30 (Alternative Minimum Tax) | 11/10 |
| 385 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002, 5.750%, 6/01/32 (Pre-refunded 6/01/12) | 6/12 |
| 2,200 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003: 6.375%, 6/01/32 (Pre-refunded 6/01/13) | 6/13 |
| 425 | 6.750%, 6/01/39 (Pre-refunded 6/01/13) | 6/13 |
| 3,085 | 6.250%, 6/01/43 (Pre-refunded 6/01/13) | 6/13 |
| 10,090 | Total New Jersey | |

NEW MEXICO - 6.5% (4.3% OF TOTAL INVESTMENTS)

| | | |
|--------|--|------|
| 12,000 | New Mexico Hospital Equipment Loan Council, Hospital Revenue Bonds, Presbyterian Healthcare Services, Series 2001A: 5.500%, 8/01/25 (Pre-refunded 8/01/11) | 8/11 |
| 10,800 | 5.500%, 8/01/30 (Pre-refunded 8/01/11) | 8/11 |
| 22,800 | Total New Mexico | |

NEW YORK - 10.0% (6.6% OF TOTAL INVESTMENTS)

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| | | |
|---|--|-------|
| 1,300 | Dormitory Authority of the State of New York, Revenue Bonds, Mount Sinai NYU Health Obligated Group, Series 2000A, 6.625%, 7/01/19 | 7/10 |
| 3,600 | Dormitory Authority of the State of New York, Revenue Bonds, Mount Sinai NYU Health Obligated Group, Series 2000A, 6.625%, 7/01/19 (Pre-refunded 7/01/10) | 7/10 |
| 6,000 | Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 2001L, 5.375%, 5/01/33 (Pre-refunded 5/01/11) | 5/11 |
| 12,800 | Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series 2006B, 4.500%, 11/15/32 - FSA Insured (UB) | 11/16 |
| 5,000 | New York City Industrial Development Agency, New York, Special Facilities Revenue Bonds, JFK Airport - American Airlines Inc., Series 2002B, 8.500%, 8/01/28 (Alternative Minimum Tax) | 8/12 |
| 12,000 | New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2001C, 5.125%, 6/15/33 | 6/11 |
| <hr/> | | |
| 40,700 | Total New York | |
| <hr/> | | |
| NORTH CAROLINA - 1.9% (1.2% OF TOTAL INVESTMENTS) | | |
| 2,950 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Johnson and Wales University, Series 2003A, 5.000%, 4/01/33 - SYNCORA GTY Insured | 4/13 |
| 4,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1999B, 5.600%, 1/01/15 | 1/09 |
| <hr/> | | |
| 7,450 | Total North Carolina | |
| <hr/> | | |
| NORTH DAKOTA - 0.5% (0.3% OF TOTAL INVESTMENTS) | | |
| 1,865 | North Dakota Housing Finance Agency, Home Mortgage Finance Program Refunding Bonds, Series 2001A, 5.550%, 1/01/32 (Alternative Minimum Tax) | 7/10 |
| <hr/> | | |
| OHIO - 1.9% (1.3% OF TOTAL INVESTMENTS) | | |
| Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: | | |
| 10,000 | 5.750%, 6/01/34 | 6/17 |
| 1,000 | 5.875%, 6/01/47 | 6/17 |
| <hr/> | | |
| 11,000 | Total Ohio | |
| <hr/> | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | OKLAHOMA - 1.0% (0.7% OF TOTAL INVESTMENTS) | |
| | Oklahoma Development Finance Authority, Revenue Refunding Bonds, Hillcrest Healthcare System, Series 1999A: | |
| \$ 2,655 | 5.125%, 8/15/10 (Pre-refunded 8/15/09) | 8/09 |
| 1,000 | 5.200%, 8/15/11 (Pre-refunded 8/15/09) | 8/09 |
| ----- | | |
| 3,655 | Total Oklahoma | |
| ----- | | |
| | OREGON - 4.3% (2.9% OF TOTAL INVESTMENTS) | |
| 8,000 | Clackamas County Hospital Facility Authority, Oregon, Revenue Refunding Bonds, Legacy Health System, Series 2001, 5.250%, 5/01/21 | 5/11 |
| 9,000 | Oregon Department of Administrative Services, Certificates of Participation, Series 2001D, 5.000%, 5/01/26 - AMBAC Insured | 5/11 |
| ----- | | |
| 17,000 | Total Oregon | |
| ----- | | |
| | PENNSYLVANIA - 3.9% (2.6% OF TOTAL INVESTMENTS) | |
| 5,000 | Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B, 9.250%, 11/15/30 (Pre-refunded 11/15/10) | 11/10 |
| 1,155 | Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax) | No |
| 8,000 | Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, UPMC Health System, Series 2001A, 6.000%, 1/15/31 | 1/11 |
| ----- | | |
| 14,155 | Total Pennsylvania | |
| ----- | | |
| | TEXAS - 27.6% (18.2% OF TOTAL INVESTMENTS) | |
| 7,500 | Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2001, 5.000%, 11/15/30 - FSA Insured | 11/10 |
| 10,000 | Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/45 - FGIC Insured | 1/15 |
| | Dallas-Fort Worth International Airport Public Facility Corporation, Texas, Airport Hotel Revenue Bonds, Series 2001: | |

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| | | |
|--------|---|-------|
| 15,000 | 5.250%, 1/15/26 - FSA Insured | 1/09 |
| 1,750 | 5.200%, 1/15/31 - FSA Insured | 1/09 |
| 6,000 | Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.125%, 9/01/34 | 9/14 |
| 10,000 | Gulf Coast Industrial Development Authority, Texas, Solid Waste Disposal Revenue Bonds, Citgo Petroleum Corporation Project, Series 1998, 8.000%, 4/01/28 (Alternative Minimum Tax) | 4/12 |
| 30,980 | Harris County-Houston Sports Authority, Texas, Junior Lien Revenue Refunding Bonds, Series 2001B, 5.250%, 11/15/40 - MBIA Insured | 11/11 |
| 40,000 | Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Refunding Bonds, Series 2001A, 0.000%, 11/15/40 - MBIA Insured | 11/3 |
| 3,965 | Harris County-Houston Sports Authority, Texas, Third Lien Revenue Bonds, Series 2004-A3., 0.000%, 11/15/35 - MBIA Insured | 11/2 |
| 10,715 | Hays Consolidated Independent School District, Hays County, Texas, General Obligation School Building Bonds, Series 2001: 0.000%, 8/15/25 (Pre-refunded 8/15/11) | 8/1 |
| 12,940 | Hays Consolidated Independent School District, Hays County, Texas, General Obligation School Building Bonds, Series 2001: 0.000%, 8/15/26 (Pre-refunded 8/15/11) | 8/1 |
| 5,000 | Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B: 0.000%, 9/01/30 - AMBAC Insured | No |
| 5,540 | Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B: 0.000%, 9/01/31 - AMBAC Insured | No |

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Nuveen Dividend Advantage Municipal Fund 2 (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| ----- | | |
| | TEXAS (continued) | |
| \$ 5,000 | Metro Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Wilson N. Jones Memorial Hospital, Series 2001, 7.250%, 1/01/31 | 1/11 |
| 3,295 | Tarrant County, Texas, Cultural & Educational Facilities Financing Corporation, Revenue Bonds, Series 2007, Residuals 1760-3, 0.726%, 2/15/36 (IF) | 2/17 |
| 10,500 | Texas, General Obligation Bonds, Water Financial Assistance Program, Series 2001, 5.250%, 8/01/35 | 8/11 |
| 2,000 | Tom Green County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Shannon Health System Project, Series 2001, 6.750%, 5/15/21 | 5/11 |
| ----- | | |
| 180,185 | Total Texas | |

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WASHINGTON - 4.5% (3.0% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| 7,250 | Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement Bonds, Series 2001, 5.125%, 3/01/26 - FSA Insured | 3/11 |
| 7,500 | Washington State Healthcare Facilities Authority, Revenue Bonds, Sisters of Providence Health System, Series 2001A, 5.250%, 10/01/21 - MBIA Insured | 10/11 |
| 900 | Washington State Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2002, 6.500%, 6/01/26 | 6/13 |
| 2,100 | Washington, Certificates of Participation, Washington Convention and Trade Center, Series 1999, 5.125%, 7/01/13 - MBIA Insured | 7/09 |
| 17,750 | Total Washington | |

WEST VIRGINIA - 1.1% (0.8% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------|
| 5,000 | Mason County, West Virginia, Pollution Control Revenue Bonds, Appalachian Power Company, Series 2003L, 5.500%, 10/01/22 | 10/11 |
|-------|---|-------|

WISCONSIN - 0.3% (0.2% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| 1,000 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Divine Savior Healthcare, Series 2002A, 7.375%, 5/01/26 (Pre-refunded 5/01/12) | 5/12 |
|-------|--|------|

\$ 728,806 Total Long-Term Investments (cost \$602,139,786) - 150.2%

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) |
|---|--|
| SHORT-TERM INVESTMENTS - 1.3% (0.8% OF TOTAL INVESTMENTS) | |
| \$ 4,680 | South Carolina JOBS Economic Development Authority, Economic Development Revenue Bonds, Franco Manufacturing Company, Variable Rate Demand Obligations, Series 1998, 1.750%, 5/01/19 (Alternative Minimum Tax) (6) |
| Total Short-Term Investments (cost \$4,680,000) | |
| Total Investments (cost \$606,819,786) - 151.5% | |
| Floating Rate Obligations - (3.0)% | |

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Variable Rate Demand Preferred Shares, at Liquidation Value - (52.4)% (7)

Other Assets Less Liabilities - 3.9%

Net Assets Applicable to Common Shares - 100%
=====

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Portion of investment has been pledged as collateral for Recourse Trusts.
- (6) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
- (7) Variable Rate Demand Preferred Shares, at Liquidation Value as a percentage of Total Investments is 34.6%.

N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

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Nuveen Dividend Advantage Municipal Fund 3
Portfolio of INVESTMENTS

October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | MUNICIPAL BONDS - 160.3% (99.8% OF TOTAL INVESTMENTS) | |
| | ALABAMA - 1.8% (1.1% OF TOTAL INVESTMENTS) | |
| \$ 3,500 | Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2008, 5.000%, 11/15/36 (UB) | 11/16 |
| 5,655 | Alabama State Port Authority, Revenue Bonds, State Docks Department Facilities, Series 2001, 5.250%, 10/01/26 (Pre-refunded 10/01/11) - AMBAC Insured (Alternative Minimum Tax) | 10/11 |
| 9,155 | Total Alabama | |
| ----- | | |
| | ALASKA - 0.1% (0.1% OF TOTAL INVESTMENTS) | |
| 1,000 | Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46 | 6/14 |
| ----- | | |
| | ARIZONA - 0.9% (0.5% OF TOTAL INVESTMENTS) | |
| 3,390 | Arizona State Transportation Board, Highway Revenue Bonds, Series 2006, Trust 3151, 10.121%, 7/01/33 (IF) | 7/18 |
| 2,200 | Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Series 2007, 5.000%, 12/01/37 | No |
| 5,590 | Total Arizona | |
| ----- | | |
| | ARKANSAS - 0.7% (0.5% OF TOTAL INVESTMENTS) | |
| | Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A: | |
| 1,805 | 5.500%, 11/01/13 | 11/11 |
| 1,900 | 5.500%, 11/01/14 | 11/11 |

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| | | |
|--|--|-------|
| 3,705 | Total Arkansas | |
| CALIFORNIA - 13.0% (8.1% OF TOTAL INVESTMENTS) | | |
| California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A: | | |
| 855 | 5.000%, 3/01/28 | 3/13 |
| 140 | 5.000%, 3/01/33 | 3/13 |
| 920 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 11.475%, 11/15/42 (IF) | 11/16 |
| 5,000 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 |
| 4,955 | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 11.640%, 11/15/48 (IF) | 5/18 |
| 18,850 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 - MBIA Insured (Alternative Minimum Tax) (5) | 12/08 |
| 11,865 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47 | 6/17 |
| Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001: | | |
| 13,955 | 5.750%, 1/01/16 - AMBAC Insured (Alternative Minimum Tax) | 1/12 |
| 5,000 | 5.375%, 1/01/21 - AMBAC Insured (Alternative Minimum Tax) | 1/12 |
| 1,500 | 5.250%, 1/01/23 - AMBAC Insured (Alternative Minimum Tax) | 1/12 |
| 10,000 | 5.500%, 1/01/32 - AMBAC Insured (Alternative Minimum Tax) | 1/12 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROV |
|------------------------|--|------------|
| CALIFORNIA (continued) | | |
| \$ 10,000 | San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured | No |
| 3,000 | San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 - MBIA Insured | No |
| 86,040 | Total California | |

| | | |
|---|--|-------|
| COLORADO - 5.2% (3.2% OF TOTAL INVESTMENTS) | | |
| 2,250 | Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited | 12/12 |

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| | | | |
|--------|---|--|-------|
| | Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32 | | |
| 1,575 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13) | | 3/13 |
| 3,160 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Montessori Peaks Building Foundation, Series 2002A, 8.000%, 5/01/32 (Pre-refunded 3/01/10) | | 3/10 |
| 1,775 | Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Weld County School District 6 - Frontier Academy, Series 2001, 7.375%, 6/01/31 (Pre-refunded 6/01/11) | | 6/11 |
| 3,465 | Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006, 5.400%, 5/01/26 | | 5/16 |
| 3,380 | Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax) | | 10/11 |
| 5,000 | Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.600%, 12/01/34 - RAAI Insured | | 12/17 |
| 2,000 | Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.500%, 11/15/16 - FGIC Insured (Alternative Minimum Tax) | | 11/11 |
| | Denver, Colorado, Airport Revenue Bonds, Trust 2365: | | |
| 1,340 | 2.901%, 11/15/23 - FGIC Insured (IF) | | 11/16 |
| 825 | 1.184%, 11/15/24 - FGIC Insured (IF) | | 11/16 |
| 1,085 | 1.186%, 11/15/25 - FGIC Insured (IF) | | 11/16 |
| 2,000 | Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007, 5.250%, 12/01/36 - RAAI Insured | | 12/17 |
| 1,000 | Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25 | | 6/14 |
| ----- | | | |
| 28,855 | Total Colorado | | |
| ----- | | | |
| | DELAWARE - 0.3% (0.2% OF TOTAL INVESTMENTS) | | |
| 1,595 | Delaware Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A, 5.400%, 7/01/24 | | 7/12 |
| ----- | | | |
| | DISTRICT OF COLUMBIA - 0.7% (0.5% OF TOTAL INVESTMENTS) | | |
| 1,375 | District of Columbia, Revenue Bonds, Catholic University of America, Series 1999, 5.625%, 10/01/29 - AMBAC Insured | | 10/09 |
| 1,335 | Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007, Residuals 1606, 1.947%, 10/01/30 - AMBAC Insured (IF) | | 10/16 |
| 3,335 | Washington DC Convention Center Authority, Dedicated Tax Revenue Bonds, Residual Series 1730,1731, 1736, 0.469%, 10/01/30 - | | 10/16 |

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AMBAC Insured (IF)

| | | |
|-------|----------------------------|--|
| 6,045 | Total District of Columbia | |
|-------|----------------------------|--|

FLORIDA - 2.4% (1.5% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------|
| | Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G: | |
| 1,105 | 5.400%, 12/01/32 - FSA Insured | 12/11 |
| 2,195 | 5.450%, 12/01/41 - FSA Insured | 12/11 |
| 4,175 | Pace Property Finance Authority Inc., Florida, Utility System Improvement and Revenue Refunding Bonds, Series 1997, 5.250%, 9/01/17 - AMBAC Insured | 3/09 |

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|---|----------------|
| | FLORIDA (continued) | |
| \$ 5,455 | South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System Obligation Group, Series 2007, 5.000%, 8/15/42 (UB) | 8/17 |
| 1,000 | Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40 | 5/18 |
| 13,930 | Total Florida | |

GEORGIA - 2.6% (1.6% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------|
| 5,000 | Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, 5.625%, 1/01/30 - FGIC Insured (Alternative Minimum Tax) | 1/10 |
| 2,700 | Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project, Series 2001, 7.900%, 12/01/24 (Pre-refunded 12/01/11) | 12/11 |
| 2,000 | Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42 | 7/17 |
| 3,740 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 |
| 500 | Gainesville Redevelopment Authority, Georgia, Educational Facilities | 3/17 |

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Revenue Bonds, Riverside Military Academy Project, Series 2007,
5.125%, 3/01/37

| | | |
|--------|---------------|--|
| 13,940 | Total Georgia | |
|--------|---------------|--|

ILLINOIS - 17.0% (10.6% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-------|
| 8,375 | Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 - FSA Insured (Alternative Minimum Tax) | 1/11 |
| 1,600 | Chicago, Illinois, Sales Tax Revenue Bonds, Series 1998, 5.250%, 1/01/28 - FGIC Insured | 1/09 |
| 4,950 | Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 - AMBAC Insured (Alternative Minimum Tax) | 1/11 |
| 2,220 | Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 - MBIA Insured | No |
| 10,000 | Chicago, Illinois, Senior Lien Water Revenue Bonds, Series 2001, 5.000%, 11/01/26 (Pre-refunded 11/01/11) - AMBAC Insured | 11/11 |
| 1,665 | Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 - FGIC Insured | 1/16 |
| 2,415 | Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program - Kankakee County, Series 2005B, 5.000%, 12/01/24 - AMBAC Insured | 12/14 |
| 2,385 | Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37 | 8/17 |
| 1,130 | Illinois Health Facilities Authority, Revenue Bonds, Condell Medical Center, Series 2000, 6.500%, 5/15/30 | 5/10 |
| 9,000 | Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31 | 12/11 |
| 15,000 | Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 2001A, 6.125%, 7/01/31 (Pre-refunded 7/01/11) | 7/11 |
| 5,000 | Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 - AMBAC Insured | No |
| 7,000 | Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36 | 1/16 |
| 16,900 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A, 5.250%, 12/15/28 - FGIC Insured | 12/09 |
| 2,000 | Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 - FGIC Insured | No |

| | | |
|--------|----------------|--|
| 89,640 | Total Illinois | |
|--------|----------------|--|

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|--|---|----------------|
| INDIANA - 6.6% (4.1% OF TOTAL INVESTMENTS) | | |
| Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001: | | |
| \$ 1,255 | 5.000%, 7/15/21 (Pre-refunded 1/15/12) - AMBAC Insured | 1/12 |
| 1,000 | 5.000%, 1/15/26 (Pre-refunded 1/15/12) - AMBAC Insured | 1/12 |
| Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001: | | |
| 2,000 | 5.750%, 7/15/18 (Pre-refunded 1/15/12) - MBIA Insured | 1/12 |
| 2,750 | 5.125%, 1/15/24 (Pre-refunded 1/15/12) - MBIA Insured | 1/12 |
| 1,250 | Hamilton Southeastern Cumberland Campus School Building Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.125%, 1/15/23 (Pre-refunded 1/15/12) - AMBAC Insured | 1/12 |
| 9,500 | Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 - MBIA Insured | 2/11 |
| 4,230 | Indiana Finance Authority, Educational Facilities Revenue Bonds, Tudor Park Foundation, Series 2005B, 5.000%, 6/01/24 | 6/15 |
| 2,800 | Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 - AMBAC Insured | 5/15 |
| 3,500 | University of Southern Indiana, Student Fee Bonds, Series 2001H, 5.000%, 10/01/21 - AMBAC Insured | 10/11 |
| Vigo County, Indiana, Hospital Authority, Union Hospital, Revenue Bonds, Series 2007: | | |
| 2,500 | 5.750%, 9/01/42 | 9/17 |
| 2,500 | 5.800%, 9/01/47 | 9/17 |
| 1,090 | Wayne County Jail Holding Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.500%, 7/15/22 (Pre-refunded 1/15/13) - AMBAC Insured | 1/13 |
| 34,375 | Total Indiana | |
| IOWA - 7.3% (4.5% OF TOTAL INVESTMENTS) | | |
| 2,000 | Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 - FSA Insured | 5/11 |
| Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B: | | |
| 28,000 | 5.300%, 6/01/25 (Pre-refunded 6/01/11) | 6/11 |
| 3,950 | 5.600%, 6/01/35 (Pre-refunded 6/01/11) | 6/11 |

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| | | |
|--------|------------|--|
| 33,950 | Total Iowa | |
|--------|------------|--|

| | | |
|---|-----------------|------|
| KANSAS - 0.2% (0.1% OF TOTAL INVESTMENTS) | | |
| Manhattan Health Care Facility Revenue Bonds, Kansas, Meadowlarks Hills Retirement, Series 2007B: | | |
| 1,000 | 5.125%, 5/15/37 | 5/14 |
| 1,000 | 5.125%, 5/15/42 | 5/14 |

| | | |
|-------|--------------|--|
| 2,000 | Total Kansas | |
|-------|--------------|--|

| | | |
|---|---|-------|
| KENTUCKY - 3.8% (2.4% OF TOTAL INVESTMENTS) | | |
| 1,000 | Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008A-1, 6.000%, 12/01/42 - AGC Insured | 6/18 |
| 18,500 | Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 2001A, 5.125%, 5/15/27 - MBIA Insured | 11/11 |

| | | |
|--------|----------------|--|
| 19,500 | Total Kentucky | |
|--------|----------------|--|

| | | |
|--|--|-------|
| LOUISIANA - 4.0% (2.5% OF TOTAL INVESTMENTS) | | |
| 3,000 | Louisiana Local Government Environmental Facilities & Community Development Authority, Revenue Bonds, Westlake Chemical Corporation Project, Series 2007, 6.750%, 11/01/32 | 11/17 |
| 3,700 | Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47 | 5/17 |

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDOR |
|------------------------|---|-------------------|
| LOUISIANA (continued) | | |
| \$ 19,890 | Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39 | 5/11 |

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| | | |
|--------|---|-------|
| 26,590 | Total Louisiana | |
| ----- | | |
| | MAINE - 1.2% (0.7% OF TOTAL INVESTMENTS) | |
| | Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B: | |
| 4,610 | 5.400%, 11/15/21 (Alternative Minimum Tax) | 11/10 |
| 1,610 | 5.500%, 11/15/32 (Alternative Minimum Tax) | 11/10 |
| ----- | | |
| 6,220 | Total Maine | |
| ----- | | |
| | MARYLAND - 2.6% (1.6% OF TOTAL INVESTMENTS) | |
| 1,000 | Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37 | 4/17 |
| 1,570 | Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Alternative Minimum Tax) | 7/11 |
| 2,000 | Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference Center, Series 2006A, 5.000%, 12/01/31 | 12/16 |
| 10,600 | Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax) | 1/09 |
| 555 | Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34 | 7/17 |
| ----- | | |
| 15,725 | Total Maryland | |
| ----- | | |
| | MASSACHUSETTS - 2.3% (1.4% OF TOTAL INVESTMENTS) | |
| 1,375 | Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26 | 10/12 |
| 1,000 | Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30 | 7/15 |
| 4,860 | Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust 3145, 11.962%, 6/01/39 (IF) | 6/18 |
| 5,000 | Massachusetts Port Authority, Special Facilities Revenue Bonds, Delta Air Lines Inc., Series2001A, 5.500%, 1/01/18 - AMBAC Insured (Alternative Minimum Tax) | 1/11 |
| 3,465 | Massachusetts Water Resources Authority, General Revenue Bonds, 4.500%, 8/01/46 - FSA Insured (UB) | 2/17 |
| ----- | | |
| 15,700 | Total Massachusetts | |
| ----- | | |

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MICHIGAN - 10.9% (6.8% OF TOTAL INVESTMENTS)

| | | |
|--------|--|-------|
| 15,000 | Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and SiteImprovement Bonds, Series 2001A, 6.000%, 5/01/29 - FSA Insured (UB) | No |
| 2,000 | Garden City Hospital Finance Authority, Michigan, Revenue Bonds, Garden City Hospital Obligated Group, Series 2007A, 5.000%, 8/15/38 | 8/17 |
| 11,000 | Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.500%, 1/15/31 (Pre-refunded 7/15/11) | 7/11 |
| 1,235 | Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18 | 10/11 |
| 1,355 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/23 | 2/09 |
| 3,485 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 - MBIA Insured (ETM) | No |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|------------------------|--|----------------|
| ----- | | |
| | MICHIGAN (continued) | |
| | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001: | |
| \$ 1,400 | 5.500%, 11/15/21 (Pre-refunded 11/15/11) | 11/11 |
| 2,500 | 5.625%, 11/15/31 (Pre-refunded 11/15/11) | 11/11 |
| 3,500 | Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2008, 5.000%, 12/01/31 (UB) | 12/16 |
| 12,640 | Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 - MBIA Insured | 11/11 |
| ----- | | |
| 54,115 | Total Michigan | |
| ----- | | |

MINNESOTA - 0.6% (0.4% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------|
| 2,275 | Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax) | 10/11 |
| 1,375 | Saint Paul Port Authority, Minnesota, Lease Revenue Bonds, Regions Hospital Parking Ramp Project, Series 2007-1, 5.000%, 8/01/36 | 8/16 |

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| | | |
|--|---|-------|
| 3,650 | Total Minnesota | |
| MISSISSIPPI - 1.0% (0.6% OF TOTAL INVESTMENTS) | | |
| 2,155 | Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34 | 5/09 |
| 3,000 | Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2008, 5.000%, 9/01/24 (UB) | 9/14 |
| 5,155 | Total Mississippi | |
| MISSOURI - 3.3% (2.1% OF TOTAL INVESTMENTS) | | |
| 1,495 | Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/36 | 6/17 |
| 1,000 | Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional Medical Center, Series 2007, 5.000%, 12/01/32 | 12/17 |
| 1,825 | Fenton, Missouri, Tax Increment Refunding and Improvement Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12) | 10/12 |
| | Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A: | |
| 3,335 | 5.250%, 12/01/19 - MBIA Insured | 12/11 |
| 3,510 | 5.250%, 12/01/20 - MBIA Insured | 12/11 |
| 3,695 | 5.250%, 12/01/21 - MBIA Insured | 12/11 |
| 2,040 | 5.250%, 12/01/22 - MBIA Insured | 12/11 |
| 16,900 | Total Missouri | |
| MONTANA - 0.9% (0.5% OF TOTAL INVESTMENTS) | | |
| 5,000 | Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series 2000, 8.000%, 7/01/20 (Alternative Minimum Tax) | 7/10 |
| NEBRASKA - 1.2% (0.7% OF TOTAL INVESTMENTS) | | |
| | Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2001D: | |
| 2,135 | 5.250%, 9/01/21 (Alternative Minimum Tax) | 9/11 |
| 2,860 | 5.375%, 9/01/32 (Alternative Minimum Tax) | 9/11 |
| 1,005 | Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska City 2, Series 2006A, Trust 11673, | 2/17 |

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14.495%, 2/01/49 - AMBAC Insured (IF)

| | |
|-------|----------------|
| 6,000 | Total Nebraska |
|-------|----------------|

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---|---|----------------|
| NEVADA - 1.4% (0.9% OF TOTAL INVESTMENTS) | | |
| \$ 2,000 | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured | 1/10 |
| 4,000 | Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 | 1/10 |
| 200 | Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1998A-1, 5.300%, 4/01/18 (Alternative Minimum Tax) | 4/09 |
| 4,290 | University of Nevada, Revenue Bonds, Community College System, Series 2001A, 5.250%, 7/01/26 (Pre-refunded 1/01/12) - FGIC Insured | 1/12 |
| 10,490 | Total Nevada | |

| | | |
|--|---|-------|
| NEW HAMPSHIRE - 0.4% (0.3% OF TOTAL INVESTMENTS) | | |
| 2,000 | New Hampshire Health and Education Authority, Hospital Revenue Bonds, Concord Hospital, Series 2001, 5.500%, 10/01/21 - FSA Insured | 10/11 |

| | | |
|---|---|-------|
| NEW JERSEY - 4.0% (2.5% OF TOTAL INVESTMENTS) | | |
| 10,000 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water Company, Series 2002A, 5.250%, 11/01/32 - AMBAC Insured (Alternative Minimum Tax) | 11/12 |
| 450 | New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Somerset Medical Center, Series 2003, 5.500%, 7/01/33 | 7/13 |
| 4,125 | New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 - AMBAC Insured | No |
| 20,000 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/28 - AMBAC Insured | No |

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| | | |
|---|---|-------|
| 2,000 | Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34 | 6/17 |
| ----- | | |
| 36,575 | Total New Jersey | |
| ----- | | |
| NEW YORK - 3.9% (2.4% OF TOTAL INVESTMENTS) | | |
| 900 | Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter Schools, Series 2007A, 5.000%, 4/01/32 | 4/17 |
| 1,780 | East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing Inc., Series 2001, 5.300%, 4/20/31 | 10/11 |
| 220 | Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Driver Trust 1649, 2006, 4.745%, 2/15/47 - MBIA Insured (IF) | 2/17 |
| 4,360 | Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 - MBIA Insured (UB) | 2/17 |
| 4,155 | Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 - MBIA Insured (Alternative Minimum Tax) | No |
| 7,000 | New York City Industrial Development Agency, New York, American Airlines-JFK International Airport Special Facility Revenue Bonds, Series 2005, 7.750%, 8/01/31 (Alternative Minimum Tax) | 8/16 |
| 1,715 | New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 - MBIA Insured | 8/12 |
| 785 | New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 (Pre-refunded 8/01/12) - MBIA Insured | 8/12 |
| 2,000 | New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16 | 6/11 |
| ----- | | |
| 22,915 | Total New York | |
| ----- | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|---|---|-------------------|
| ----- | | |
| NORTH CAROLINA - 1.3% (0.8% OF TOTAL INVESTMENTS) | | |
| \$ 3,080 | Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas Health Care System Revenue Bonds, Series 2008, Trust 1149, 6.780%, 1/15/47 (IF) | 1/18 |
| 1,200 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds, Carolinas Health Care, Series 2007A, 5.000%, | 1/17 |

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1/15/31

| | | |
|-------|--|------|
| 1,750 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15) | 1/15 |
|-------|--|------|

| | | |
|-------|--|----|
| 1,600 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 | No |
|-------|--|----|

| | | |
|-------|----------------------|--|
| 7,630 | Total North Carolina | |
|-------|----------------------|--|

OHIO - 2.8% (1.8% OF TOTAL INVESTMENTS)

Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:

| | | |
|-------|-----------------|------|
| 3,435 | 5.125%, 6/01/24 | 6/17 |
| 710 | 5.875%, 6/01/30 | 6/17 |
| 685 | 5.750%, 6/01/34 | 6/17 |
| 1,570 | 5.875%, 6/01/47 | 6/17 |

| | | |
|-------|--|------|
| 1,505 | Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 1998A-1, 5.300%, 9/01/19 - FSA Insured (Alternative Minimum Tax) | 3/09 |
|-------|--|------|

| | | |
|-------|--|------|
| 6,900 | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax) | 9/09 |
|-------|--|------|

| | | |
|-------|--|-------|
| 1,870 | Portage County, Ohio, General Obligation Bonds, Series 2001, 5.000%, 12/01/21 - FGIC Insured | 12/11 |
|-------|--|-------|

| | | |
|--------|------------|--|
| 16,675 | Total Ohio | |
|--------|------------|--|

OKLAHOMA - 2.5% (1.6% OF TOTAL INVESTMENTS)

Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007:

| | | |
|-------|-----------------|------|
| 4,930 | 5.000%, 2/15/37 | 2/17 |
| 955 | 5.000%, 2/15/42 | 2/17 |

| | | |
|-------|--|------|
| 2,500 | Oklahoma Development Finance Authority, Revenue Refunding Bonds, Hillcrest Healthcare System, Series 1999A, 5.625%, 8/15/29 (Pre-refunded 8/15/09) | 8/09 |
|-------|--|------|

| | | |
|-------|---|-------|
| 6,305 | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006: 5.000%, 12/15/36 (UB) | 12/16 |
|-------|---|-------|

| | | |
|----|---|-------|
| 88 | Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, Trust 3500, 7.262%, 12/15/36 (IF) | 12/16 |
|----|---|-------|

| | | |
|--------|----------------|--|
| 14,778 | Total Oklahoma | |
|--------|----------------|--|

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OREGON - 2.7% (1.7% OF TOTAL INVESTMENTS)

| | | |
|--------|--|-------|
| 4,700 | Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 - AMBAC Insured | 11/11 |
| 10,000 | Oregon Housing and Community Services Department, Multifamily Housing Revenue Bonds, Series 2000A, 6.050%, 7/01/42 (Alternative Minimum Tax) | 7/10 |
| 14,700 | Total Oregon | |

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVIDER |
|---|---|-------------------|
| PENNSYLVANIA - 2.3% (1.4% OF TOTAL INVESTMENTS) | | |
| \$ 2,000 | Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B: 9.250%, 11/15/22 (Pre-refunded 11/15/10) | 11/10 |
| 2,000 | 9.250%, 11/15/30 (Pre-refunded 11/15/10) | 11/10 |
| 500 | Bucks County Industrial Development Authority, Pennsylvania, Charter School Revenue Bonds, School Lane Charter School, Series 2007A, 5.000%, 3/15/37 | 3/17 |
| 3,500 | Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax) | 1/09 |
| 3,205 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) - FGIC Insured | 8/12 |
| 11,205 | Total Pennsylvania | |

PUERTO RICO - 0.5% (0.3% OF TOTAL INVESTMENTS)

| | | |
|-------|---|------|
| 2,500 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 5.250%, 8/01/57 | 8/17 |
|-------|---|------|

SOUTH CAROLINA - 1.5% (0.9% OF TOTAL INVESTMENTS)

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| | | |
|--|---|-------|
| 6,850 | South Carolina Transportation Infrastructure Bank, Revenue Bonds, Series 2001A, 5.500%, 10/01/22 (Pre-refunded 10/01/11) - AMBAC Insured | 10/11 |
| ----- | | |
| TENNESSEE - 2.0% (1.2% OF TOTAL INVESTMENTS) | | |
| 3,680 | Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006, 0.000%, 1/01/41 | 1/11 |
| 5,210 | Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001A, 5.500%, 3/01/14 - FSA Insured (Alternative Minimum Tax) | 3/11 |
| 275 | Sullivan County Health Educational and Housing Facilities Board, Tennessee, Revenue Bonds, Wellmont Health System, Series 2006C, 5.250%, 9/01/36 | 9/16 |
| | Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007: | |
| 800 | 5.500%, 11/01/37 | 11/17 |
| 2,800 | 5.500%, 11/01/46 | 11/17 |
| 745 | Tennessee Housing Development Agency, Homeownership Program Bonds, Series 1998-2, 5.350%, 7/01/23 (Alternative Minimum Tax) | 1/09 |
| 760 | Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax) | 7/11 |
| ----- | | |
| 14,270 | Total Tennessee | |
| ----- | | |
| TEXAS - 20.6% (12.8% OF TOTAL INVESTMENTS) | | |
| 5,445 | Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006F, 4.250%, 8/15/36 (UB) | 2/17 |
| 1,125 | Brushy Creek Municipal Utility District, Williamson County, Texas, Combination Unlimited Tax and Revenue Refunding Bonds, Series 2001, 5.125%, 6/01/26 - FSA Insured | 6/09 |
| | Collins and Denton Counties, Frisco, Texas, General Obligation Bonds, Series 2001: | |
| 1,910 | 5.000%, 2/15/20 - FGIC Insured | 2/11 |
| 2,005 | 5.000%, 2/15/21 - FGIC Insured | 2/11 |
| 3,850 | Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 - FGIC Insured (Alternative Minimum Tax) | 11/11 |
| 5,000 | Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25 | 9/14 |
| 4,040 | Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27 | 8/11 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|---|----------------|
| ----- | | |
| | TEXAS (continued) | |
| \$ 6,000 | Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 - MBIA Insured (ETM) | No |
| 7,000 | Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 - FGIC Insured (Alternative Minimum Tax) | 1/09 |
| | Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A: | |
| 2,525 | 5.500%, 7/01/13 - FGIC Insured (Alternative Minimum Tax) | 1/12 |
| 2,905 | 5.500%, 7/01/14 - FGIC Insured (Alternative Minimum Tax) | 1/12 |
| 14,200 | Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 | 8/16 |
| | Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001: | |
| 8,500 | 5.400%, 8/15/31 - AMBAC Insured | 8/11 |
| 8,500 | 5.500%, 8/15/41 - AMBAC Insured | 8/11 |
| 10,700 | Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25 | 8/11 |
| 2,500 | Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston Light and Power Company, Series 1997, 5.125%, 11/01/28 - AMBAC Insured (Alternative Minimum Tax) | No |
| 3,150 | North Texas Thruway Authority, Second Tier System Revenue Refunding Bonds, Series 2008, 5.750%, 1/01/38 | 1/18 |
| 3,045 | Port of Houston Authority, Harris County, Texas, General Obligation Port Improvement Bonds, Series 2001B, 5.500%, 10/01/17 - FGIC Insured (Alternative Minimum Tax) | 10/11 |
| 7,700 | Tarrant County, Texas, Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Series 2007A, 5.000%, 2/15/36 (UB) | 2/17 |
| 9,840 | Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2001A, 5.350%, 7/01/33 (Alternative Minimum Tax) | 7/11 |
| | White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006: | |
| 9,110 | 0.000%, 8/15/37 | 8/1 |
| 9,110 | 0.000%, 8/15/40 | 8/1 |
| 7,110 | 0.000%, 8/15/44 | 8/1 |
| ----- | | |
| 135,270 | Total Texas | |
| ----- | | |

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UTAH - 0.7% (0.4% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------|
| | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E: | |
| 1,165 | 5.200%, 1/01/18 (Alternative Minimum Tax) | 7/11 |
| 295 | 5.500%, 1/01/23 (Alternative Minimum Tax) | 7/11 |
| | Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001 F-1: | |
| 1,600 | 4.950%, 7/01/18 (Alternative Minimum Tax) | 7/11 |
| 400 | 5.300%, 7/01/23 (Alternative Minimum Tax) | 7/11 |

 3,460 Total Utah

VIRGINIA - 0.1% (0.1% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------|
| 1,000 | Chesterfield County Health Center Commission, Virginia, Mortgage Revenue Bonds, Lucy Corr Village, Series 2005, 5.375%, 12/01/28 | 12/15 |
|-------|--|-------|

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
 Portfolio of INVESTMENTS October 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIO PROVI |
|---------------------------|--|----------------|
| | WASHINGTON - 17.8% (11.1% OF TOTAL INVESTMENTS) | |
| | Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A: | |
| \$ 1,000 | 5.500%, 12/01/27 - MBIA Insured | 12/11 |
| 2,000 | 5.600%, 12/01/36 - MBIA Insured | 12/11 |
| 12,955 | Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998B, 5.300%, 12/01/16 - AMBAC Insured (Alternative Minimum Tax) | 12/08 |
| | Port of Seattle, Washington, Revenue Bonds, Series 2001B: | |
| 2,535 | 5.625%, 4/01/18 - FGIC Insured (Alternative Minimum Tax) | 10/11 |
| 16,000 | 5.100%, 4/01/24 - FGIC Insured (Alternative Minimum Tax) | 4/09 |
| 2,090 | Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 - FSA Insured | 11/11 |
| 5,680 | Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement Bonds, Series 2001, 5.500%, 3/01/18 - FSA Insured | 3/11 |
| 4,530 | Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, Series 2001, 5.250%, 12/01/21 (Pre-refunded 12/01/11) - AMBAC Insured | 12/11 |

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| | | |
|--|---|-------|
| 3,720 | Washington State Healthcare Facilities Authority, Revenue Bonds, Children's Hospital and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) - AMBAC Insured | 10/11 |
| 5,480 | Washington State Healthcare Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001: 5.500%, 10/01/21 (Pre-refunded 10/01/11) - RAAI Insured | 10/11 |
| 25,435 | 5.625%, 10/01/31 (Pre-refunded 10/01/11) - RAAI Insured | 10/11 |
| 3,005 | Washington State Healthcare Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001: 5.375%, 12/01/17 - AMBAC Insured | 12/11 |
| 2,915 | 5.375%, 12/01/18 - AMBAC Insured | 12/11 |
| <hr/> | | |
| 87,345 | Total Washington | |
| <hr/> | | |
| WISCONSIN - 5.2% (3.3% OF TOTAL INVESTMENTS) | | |
| 3,705 | Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001: 5.375%, 1/01/20 (Pre-refunded 1/01/12) - FGIC Insured | 1/12 |
| 1,850 | 5.000%, 1/01/21 (Pre-refunded 1/01/12) - FGIC Insured | 1/12 |
| 12,250 | La Crosse, Wisconsin, Pollution Control Revenue Refunding Bonds, Dairyland Power Cooperative, Series 1997B, 5.550%, 2/01/15 - AMBAC Insured | 12/08 |
| 1,000 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Franciscan Sisters of Christian Charity HealthCare Ministry, Series 2007, 5.000%, 9/01/33 | 9/17 |
| 350 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 | 10/11 |
| 3,650 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 (Pre-refunded 10/01/11) | 10/11 |
| 2,500 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Marshfield Clinic, Series 2001B, 6.000%, 2/15/25 | 2/12 |
| 50 | Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33 | 8/13 |
| <hr/> | | |
| 25,355 | Total Wisconsin | |
| <hr/> | | |
| \$ 917,393 | Total Municipal Bonds (cost \$867,562,658) | |
| <hr/> | | |

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| SHARES | DESCRIPTION (1) | |
|---|----------------------------------|--|
| <hr/> | | |
| INVESTMENT COMPANIES - 0.3% (0.2% OF TOTAL INVESTMENTS) | | |
| 29,401 | BlackRock MuniHoldings Fund Inc. | |

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26,880 Dreyfus Strategic Municipal Fund
 27,920 PIMCO Municipal Income Fund II
 42,020 Van Kampen Investment Grade Municipal Trust
 19,260 Van Kampen Municipal Trust

 Total Investment Companies (cost \$1,846,128)

Total Investments (cost \$869,408,786) - 160.6%

Floating Rate Obligations - (7.6)%

Other Assets Less Liabilities - 2.4%

Auction Rate Preferred Shares, at Liquidation Value - (55.4)% (6)

Net Assets Applicable to Common Shares - 100%
 =====

FUTURES CONTRACTS OUTSTANDING AT OCTOBER 31, 2008:

| TYPE | CONTRACT POSITION | NUMBER OF CONTRACTS | CONTRACT EXPIRATION |
|--------------------|-------------------|---------------------|---------------------|
| U.S. Treasury Bond | Long | 156 | 12/08 |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of October 31, 2008. Please see the Portfolio Managers' Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure

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the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(5) Portion of investment has been pledged to collateralize the net payment obligations under futures contracts.

(6) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 34.5%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

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Statement of
ASSETS & LIABILITIES

October 31, 2008

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NAD) |
|--|------------------------------|---------------------------------|--------------------------------|--------------------------------|
| ----- | | | | |
| ASSETS | | | | |
| Investments, at value (cost \$1,299,989,044, \$957,998,565, \$982,534,401, \$846,176,089, \$606,819,786 and \$869,408,786, respectively) | \$1,222,971,532 | \$877,736,594 | \$919,639,931 | \$762,667,113 |
| Cash | -- | -- | 323,710 | 6,100,102 |
| Deposits with brokers for open futures contracts | -- | -- | -- | -- |
| Receivables: | | | | |
| Dividend and interest | 19,497,827 | 16,153,365 | 15,602,429 | 12,357,190 |
| Investments sold | 700,128 | -- | 2,984,000 | -- |
| Deferred offering costs | -- | -- | -- | -- |
| Other assets | 132,984 | 101,190 | 108,167 | 91,761 |
| ----- | | | | |
| Total assets | 1,243,302,471 | 893,991,149 | 938,658,237 | 781,216,166 |
| ----- | | | | |
| LIABILITIES | | | | |
| Cash overdraft | 589,492 | 497,704 | -- | -- |
| Variable Rate Demand Preferred shares, at liquidation value | -- | -- | -- | -- |
| Floating rate obligations | 38,288,000 | 25,008,333 | 16,275,000 | 48,740,000 |
| Unrealized depreciation on Recourse Trusts | -- | -- | -- | -- |
| Payables: | | | | |

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| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Investments purchased | -- | -- | -- | -- |
| Variation margin on futures contracts | -- | -- | -- | -- |
| Common share dividends | 3,092,411 | 2,381,196 | 2,451,807 | 2,453,912 |
| Auction Rate Preferred share dividends | 124,979 | 94,112 | 115,977 | 64,460 |
| Offering costs | -- | -- | -- | -- |
| Accrued expenses: | | | | |
| Management fees | 627,043 | 458,383 | 484,803 | 357,442 |
| Other | 434,777 | 299,126 | 310,037 | 246,060 |
| Total liabilities | 43,156,702 | 28,738,854 | 19,637,624 | 51,861,874 |
| Auction Rate Preferred shares, at liquidation value | 439,650,000 | 341,650,000 | 361,675,000 | 266,800,000 |
| Net assets applicable to Common shares | \$ 760,495,769 | \$523,602,295 | \$557,345,613 | \$462,554,292 |
| Common shares outstanding | 59,914,073 | 43,214,524 | 45,557,788 | 39,287,298 |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 12.69 | \$ 12.12 | \$ 12.23 | \$ 11.77 |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | | | |
| Common shares, \$.01 par value per share | \$ 599,141 | \$ 432,145 | \$ 455,578 | \$ 392,873 |
| Paid-in surplus | 836,437,628 | 604,052,660 | 635,757,048 | 550,788,248 |
| Undistributed (Over-distribution of) net investment income | 871,663 | 444,924 | (1,194,990) | 154,163 |
| Accumulated net realized gain (loss) from investments and derivative transactions | (395,151) | (1,065,463) | (14,777,553) | (5,272,016) |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | (77,017,512) | (80,261,971) | (62,894,470) | (83,508,976) |
| Net assets applicable to Common shares | \$ 760,495,769 | \$523,602,295 | \$557,345,613 | \$462,554,292 |
| Authorized shares: | | | | |
| Common | 200,000,000 | 200,000,000 | 200,000,000 | Unlimited |
| Auction Rate Preferred and Variable Rate Demand Preferred | 1,000,000 | 1,000,000 | 1,000,000 | Unlimited |

See accompanying notes to financial statements.

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Year Ended October 31, 2008

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NAD) |
|---|------------------------------|---------------------------------|--------------------------------|--------------------------------|
| INVESTMENT INCOME | \$ 71,675,160 | \$ 54,966,066 | \$ 55,699,409 | \$ 47,974,587 |
| EXPENSES | | | | |
| Management fees | 8,107,704 | 5,950,476 | 6,207,591 | 5,146,483 |
| Auction fees | 1,169,626 | 888,135 | 942,392 | 719,163 |
| Dividend disbursing agent fees | 50,000 | 50,000 | 40,000 | 30,000 |
| Shareholders' servicing agent fees and expenses | 128,608 | 79,879 | 84,403 | 11,195 |
| Interest expense | 678,511 | 1,059,512 | 881,530 | 1,142,379 |
| Custodian's fees and expenses | 246,694 | 134,732 | 174,205 | 135,237 |
| Directors'/Trustees' fees and expenses | 27,271 | 19,910 | 20,501 | 17,019 |
| Professional fees | 82,465 | 63,190 | 65,148 | 54,273 |
| Shareholders' reports - printing and mailing expenses | 153,999 | 117,159 | 118,624 | 99,322 |
| Stock exchange listing fees | 20,714 | 15,305 | 15,799 | 13,639 |
| Investor relations expense | 171,445 | 124,289 | 131,627 | 105,886 |
| Other expenses | 58,108 | 46,792 | 50,490 | 32,455 |
| Total expenses before custodian fee credit and expense reimbursement | 10,895,145 | 8,549,379 | 8,732,310 | 7,507,051 |
| Custodian fee credit | (118,866) | (113,251) | (81,913) | (118,267) |
| Expense reimbursement | -- | -- | -- | (741,847) |
| Net expenses | 10,776,279 | 8,436,128 | 8,650,397 | 6,646,937 |
| Net investment income | 60,898,881 | 46,529,938 | 47,049,012 | 41,327,650 |
| REALIZED AND UNREALIZED GAIN (LOSS) | | | | |
| Net realized gain (loss) from: | | | | |
| Investments | (328,499) | (1,136,012) | (1,618,281) | 1,445,057 |
| Forward swaps | -- | -- | -- | -- |
| Futures | -- | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | | |
| Investments | (153,071,771) | (130,946,869) | (116,402,236) | (124,805,304) |
| Forward swaps | -- | -- | -- | -- |
| Futures | -- | -- | -- | -- |
| Net realized and unrealized gain (loss) | (153,400,270) | (132,082,881) | (118,020,517) | (123,360,247) |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | | | |
| From net investment income | (17,368,890) | (12,897,786) | (13,956,934) | (10,685,162) |
| From accumulated net realized gains | -- | (363,253) | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (17,368,890) | (13,261,039) | (13,956,934) | (10,685,162) |
| Net increase (decrease) in net assets applicable to Common shares | | | | |

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from operations \$ (109,870,279) \$ (98,813,982) \$ (84,928,439) \$ (92,717,759)

See accompanying notes to financial statements.

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Statement of
CHANGES in NET ASSETS

| | PERFORMANCE PLUS (NPP) | | MUNICIPAL ADVANTAGE (NMA) | |
|---|------------------------|---------------------|---------------------------|---------------------|
| | YEAR ENDED 10/31/08 | YEAR ENDED 10/31/07 | YEAR ENDED 10/31/08 | YEAR ENDED 10/31/07 |
| OPERATIONS | | | | |
| Net investment income | \$ 60,898,881 | \$ 59,081,814 | \$ 46,529,938 | \$ 46,092,114 |
| Net realized gain (loss) from: | | | | |
| Investments | (328,499) | (114,084) | (1,136,012) | 1,405,723 |
| Forward swaps | -- | -- | -- | -- |
| Futures | -- | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | | |
| Investments | (153,071,771) | (27,296,563) | (130,946,869) | (28,042,883) |
| Forward swaps | -- | -- | -- | -- |
| Futures | -- | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | | |
| From net investment income | (17,368,890) | (16,373,121) | (12,897,786) | (12,659,658) |
| From accumulated net realized gains | -- | (858,202) | (363,253) | -- |
| Net increase (decrease) in net assets applicable to Common shares from operations | (109,870,279) | 14,439,844 | (98,813,982) | 6,795,296 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From net investment income | (41,700,208) | (44,830,422) | (33,361,611) | (36,025,128) |
| From accumulated net realized gains | -- | (2,765,395) | (1,028,506) | -- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (41,700,208) | (47,595,817) | (34,390,117) | (36,025,128) |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | -- | -- | -- | 2,361,680 |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | -- | -- | 2,361,680 |
| Net increase (decrease) in net assets applicable to | | | | |

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| | | | | |
|---|----------------|---------------|----------------|---------------|
| Common shares | (151,570,487) | (33,155,973) | (133,204,099) | (26,868,152) |
| Net assets applicable to Common shares at the beginning of year | 912,066,256 | 945,222,229 | 656,806,394 | 683,674,546 |
| ----- | ----- | ----- | ----- | ----- |
| Net assets applicable to Common shares at the end of year | \$ 760,495,769 | \$912,066,256 | \$ 523,602,295 | \$656,806,394 |
| ===== | ===== | ===== | ===== | ===== |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ 871,663 | \$ (904,878) | \$ 444,924 | \$ 293,060 |
| ===== | ===== | ===== | ===== | ===== |

See accompanying notes to financial statements.

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| | DIVIDEND ADVANTAGE (NAD) | | DIVIDEND ADVANTAGE 2 (NXZ) | |
|--|---------------------------|---------------------------|----------------------------|---------------------------|
| | YEAR ENDED 10/31/08 | YEAR ENDED 10/31/07 | YEAR ENDED 10/31/08 | YEAR ENDED 10/31/07 |
| ----- | ----- | ----- | ----- | ----- |
| OPERATIONS | | | | |
| Net investment income | \$ 41,327,650 | \$ 40,737,006 | \$ 30,875,115 | \$ 33,194,589 |
| Net realized gain (loss) from: | | | | |
| Investments | 1,445,057 | 2,375,892 | 3,731,159 | (1,406,045) |
| Forward swaps | -- | -- | -- | -- |
| Futures | -- | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | | |
| Investments | (124,805,304) | (25,931,805) | (86,311,451) | (11,366,291) |
| Forward swaps | -- | -- | -- | -- |
| Futures | -- | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | | |
| From net investment income | (10,685,162) | (10,593,575) | (6,026,331) | (7,987,669) |
| From accumulated net realized gains | -- | -- | -- | -- |
| ----- | ----- | ----- | ----- | ----- |
| Net increase (decrease) in net assets applicable to Common shares from operations | (92,717,759) | 6,587,518 | (57,731,508) | 12,434,584 |
| ----- | ----- | ----- | ----- | ----- |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From net investment income | (30,223,720) | (31,716,407) | (25,763,976) | (26,454,214) |
| From accumulated net realized gains | -- | -- | -- | -- |
| ----- | ----- | ----- | ----- | ----- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (30,223,720) | (31,716,407) | (25,763,976) | (26,454,214) |
| ----- | ----- | ----- | ----- | ----- |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | -- | 308,799 | 443,496 | 821,897 |
| ----- | ----- | ----- | ----- | ----- |

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| | | | | |
|---|---------------|---------------|---------------|---------------|
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | 308,799 | 443,496 | 821,897 |
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares | (122,941,479) | (24,820,090) | (83,051,988) | (13,197,733) |
| Net assets applicable to Common shares at the beginning of year | 585,495,771 | 610,315,861 | 456,991,558 | 470,189,291 |
| ----- | | | | |
| Net assets applicable to Common shares at the end of year | \$462,554,292 | \$585,495,771 | \$373,939,570 | \$456,991,558 |
| ===== | | | | |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ 154,163 | \$ (207,189) | \$ (762,556) | \$ 164,014 |
| ===== | | | | |

See accompanying notes to financial statements.

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Statement of
CASH FLOWS

Year Ended October 31, 2008

| | |
|--|--|
| ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS | |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: | |
| Purchases of investments | |
| Proceeds from sales and maturities of investments | |
| Proceeds from (Purchases of) short-term investments, net | |
| Amortization (Accretion) of premiums and discounts, net | |
| (Increase) Decrease in receivable for dividend and interest | |
| (Increase) Decrease in receivable for investments sold | |
| (Increase) Decrease in other assets | |
| Increase (Decrease) in payable for investments purchased | |
| Increase (Decrease) in payable for Auction Rate Preferred share dividends | |
| Increase (Decrease) in accrued management fees | |
| Increase (Decrease) in accrued other liabilities | |
| Net realized (gain) loss from investments | |
| Change in net unrealized (appreciation) depreciation of investments | |
| Change in taxes paid on undistributed capital gains | |
| ----- | |
| Net cash provided by (used in) operating activities | |
| ----- | |

| | |
|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Increase (Decrease) in cash overdraft balance | |
| Increase (Decrease) in floating rate obligations | |

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Cash distributions paid to Common shareholders
Increase (Decrease) in Variable Rate Demand Preferred shares
(Increase) Decrease in deferred offering costs
Increase (Decrease) in payable for offering cost
Increase (Decrease) in Auction Rate Preferred shares

Net cash provided by (used in) financing activities

NET INCREASE (DECREASE) IN CASH

Cash at the beginning of year

CASH AT THE END OF YEAR

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid by Dividend Advantage 2 (NXZ) for interest (excluding amortization of offering costs) was \$2,129,545.

Non-cash financing activities not included herein consist of reinvestments of Common share distributions of \$443,496.

See accompanying notes to financial statements.

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Notes to FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The funds covered in this report and their corresponding Common share stock exchange symbols are Nuveen Performance Plus Municipal Fund, Inc. (NPP), Nuveen Municipal Advantage Fund, Inc. (NMA), Nuveen Municipal Market Opportunity Fund, Inc. (NMO), Nuveen Dividend Advantage Municipal Fund (NAD), Nuveen Dividend Advantage Municipal Fund 2 (NXZ) and Nuveen Dividend Advantage Municipal Fund 3 (NZF) (collectively, the "Funds"). Performance Plus (NPP), Municipal Advantage (NMA), Market Opportunity (NMO) and Dividend Advantage (NAD) are traded on the New York Stock Exchange while Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end, diversified management investment companies.

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

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

Investment Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service may establish fair value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers, evaluations of anticipated cash flows or collateral and general market

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conditions. Prices of forward swap contracts are also provided by an independent pricing service approved by each Fund's Board of Directors/Trustees. Futures contracts are valued using the closing settlement price, or, in the absence of such a price, at the mean of the bid and asked prices. If the pricing service is unable to supply a price for an investment or derivative instrument, each Fund may use market quotes provided by major broker/dealers in such investments. If it is determined that the market price for an investment or derivative instrument is unavailable or inappropriate, the Board of Directors/Trustees of the Funds, or its designee, may establish fair value in accordance with procedures established in good faith by the Board of Directors/Trustees. Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At October 31, 2008, there were no such outstanding purchase commitments in any of the Funds.

Investment Income

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

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from

Notes to FINANCIAL STATEMENTS (continued)

regular federal income tax, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

Effective April 30, 2008, the Funds adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the affirmative evaluation of tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether it

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is "more-likely-than-not" (i.e., a greater than 50-percent likelihood) of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold may result in a tax expense in the current year.

Implementation of FIN 48 required management of the Funds to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and certain states. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). The Funds have no examinations in progress.

For all open tax years and all major taxing jurisdictions through the end of the reporting period, management of the Funds has reviewed all tax positions taken or expected to be taken in the preparation of the Funds' tax returns and concluded the adoption of FIN 48 resulted in no impact to the Funds' net assets or results of operations as of and during the fiscal year ended October 31, 2008.

The Funds are also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Dividends and Distributions to Common Shareholders

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

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

Auction Rate Preferred Shares

The following Funds have issued and outstanding Auction Rate Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's Auction Rate Preferred shares are issued in more than one series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. As of October 31, 2008, the number of Auction Rate Preferred shares outstanding, by Series and in total, for each Fund is as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVI ADVAN (|
|-------------------|------------------------------|---------------------------------|--------------------------------|--------------------|
| ----- | | | | |
| Number of shares: | | | | |
| Series M | 3,672 | 2,863 | 3,807 | 3 |
| Series T | 3,671 | 2,863 | 3,807 | 3 |
| Series W | 3,671 | 2,863 | 3,046 | |
| Series TH | 2,900 | 2,214 | -- | 3 |
| Series F | 3,672 | 2,863 | 3,807 | |
| ----- | | | | |
| Total | 17,586 | 13,666 | 14,467 | 10 |
| ===== | | | | |

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the Auction Rate Preferred shares issued by the Funds than there were offers to buy. This meant that these auctions "failed to clear," and that many Auction Rate Preferred shareholders who wanted to sell their shares in these auctions were unable to do so. Auction Rate Preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions as calculated in accordance with the pre-established terms of the Auction Rate Preferred shares.

These developments generally do not affect the management or investment policies of the Funds. However, one implication of these auction failures for Common shareholders is that the Funds' cost of leverage will be higher, at least temporarily, than it otherwise would have been had the auctions continued to be successful. As a result, the Funds' future Common share earnings may be lower than they otherwise would have been.

On June 11, 2008, Nuveen Investments, Inc. ("Nuveen") announced the Fund Board's approval of plans to use tender option bonds (TOBs), also known as "floaters" or floating rate obligations, to refinance a portion of the municipal funds' outstanding Auction Rate Preferred shares, whose auctions have been failing for several months. The plan included an initial phase of approximately \$1 billion in forty-one funds. During the fiscal year ended October 31, 2008 Performance Plus (NPP), Municipal Advantage (NMA), Market Opportunity (NMO), Dividend Advantage (NAD) and Dividend Advantage 3 (NZF) redeemed \$39,350,000, \$16,350,000, \$18,325,000, \$28,200,000 and \$41,225,000 of their outstanding Auction Rate Preferred shares, respectively, at liquidation value, using the proceeds from the issuance of TOBs.

Variable Rate Demand Preferred Shares

On August 7, 2008, Dividend Advantage 2 (NXZ) issued 1,960 Series 1 Variable Rate Demand Preferred (VRDP) shares, \$100,000 liquidation value per share, through a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. Proceeds of this offering along with the proceeds from the Fund's creation of TOBs, discussed above, were used to redeem all of the Fund's outstanding Auction Rate Preferred shares totaling \$222,000,000. The VRDP shares have a maturity date of August 1, 2038. Dividends on the VRDP shares are set through a weekly remarketing process at a rate established by a remarketing agent, which is intended to result in the value of the VRDP shares approximately equaling their liquidation value. VRDP shares include a liquidity feature that allows VRDP shareholders who are tendering shares for remarketing to have their shares purchased by a liquidity provider, Deutsche Bank AG (acting through its New York branch), in the event that the remarketing agent is not able to sell the tendered VRDP shares to other qualified institutional buyers.

Subject to certain conditions, VRDP shares may be redeemed, in whole or in part, at any time at the option of the Fund. The Fund may also redeem certain of the VRDP shares if the Fund fails to maintain certain asset coverage requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends.

The terms of the VRDP shares provide that, if any VRDP shares tendered to the liquidity provider cannot be successfully remarketed, the dividend rate for all

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VRDP shares will be set at the Maximum Rate determined under a formula set forth in the Fund's organizational documents. The Maximum Rate is generally equal to a stated percentage spread in excess of the seven-day London Inter-Bank Offered Rate (LIBOR). If remarketings for these shares continue to be unsuccessful, the Maximum Rate is designed to escalate according to a specified schedule in order to enhance the remarketing agent's ability to successfully remarket the VRDP shares. This would increase the Fund's cost of leverage over time and reduce the Fund's Common share net earnings. There are various potential factors that could result in unsuccessful remarketings. These include periods of market stress, an actual or potential downgrade of the liquidity provider's credit ratings as well as changes in market perceptions regarding the financial strength of the Fund's liquidity provider.

Dividend Advantage 2 (NXZ) had \$196,000,000 VRDP shares outstanding for the period August 7, 2008 through October 31, 2008 with an annualized interest rate of 3.56%.

For financial reporting purposes only, VRDP shares, at the liquidation value, are recorded as a liability on the Statement of Assets and Liabilities and the dividends paid on the VRDP shares are included as a component of "Interest expense" on the Statement of Operations.

Inverse Floating Rate Securities

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

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Notes to FINANCIAL STATEMENTS (continued)

only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). The inverse floater held by a Fund gives the

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Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as an "Inverse floating rate investment". An investment in a self-deposited inverse floater is accounted for as a financing transaction in accordance with Statement of Financial Accounting Standards No. 140 (SFAS No. 140) "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as an "Underlying bond of an inverse floating rate trust", with the Fund accounting for the short-term floating rate certificates issued by the trust as "Floating rate obligations" on the Statement of Assets and Liabilities. In addition, the Fund reflects in Investment Income the entire earnings of the underlying bond and the related interest paid to the holders of the short-term floating rate certificates is included as a component of "Interest expense" on the Statement of Operations.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a "recourse trust" or "credit recovery swap") (such agreements referred to herein as "Recourse Trusts") with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund's inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is included as "Unrealized depreciation on Recourse Trusts" on the Statement of Assets and Liabilities.

During the fiscal year ended October 31, 2008, each Fund invested in externally deposited inverse floaters and/or self-deposited inverse floaters.

At October 31, 2008, each Fund's maximum exposure to externally-deposited Recourse Trusts, if any, is as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | |
|------------------|------------------------------|---------------------------------|--------------------------------|-----|
| Maximum exposure | \$30,750,000 | \$33,001,650 | \$7,500,000 | \$1 |

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended October 31, 2008, were as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | |
|---------------------------------------|------------------------------|---------------------------------|--------------------------------|-----|
| Average floating rate obligations | \$23,377,306 | \$37,179,863 | \$31,164,317 | \$4 |
| Average annual interest rate and fees | 2.90% | 2.85% | 2.83% | |

Forward Swap Transactions

Each Fund is authorized to invest in forward interest rate swap transactions. Each Fund's use of forward interest rate swap transactions is intended to help the Fund manage its overall interest rate sensitivity, either shorter or longer, generally to more closely align the Fund's interest rate sensitivity with that of the broader municipal market. Forward interest rate swap transactions

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involve each Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying the Fund a variable or fixed rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the forward swap contract and the termination date of the swap (which is akin to a bond's maturity). The value of the Fund's swap commitment would increase or decrease based primarily on the extent to which long-term interest rates for bonds having a maturity of the swap's termination date increases or decreases. The Funds may terminate a swap contract prior to the effective date, at which point a realized gain or loss is recognized. When a forward swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Each Fund intends, but is not obligated, to terminate its forward swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. To reduce such credit risk, all counterparties are required to pledge collateral daily (based on the daily valuation of each swap) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when any of the Funds have an unrealized loss on a swap contract, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the swap valuations fluctuate, either up or down, by at least the predetermined threshold amount. Dividend Advantage 3 (NZF) was the only Fund to invest in forward interest swap transactions during the fiscal year ended October 31, 2008.

Futures Contracts

Each Fund is authorized to invest in futures contracts. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract.

During the period the futures contract is open, changes in the value of the contract are recognized as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into. Cash held by the broker to cover initial margin requirements on open futures contracts, if any, is recognized on the Statement of Assets and Liabilities. Additionally, the Statement of Assets and Liabilities reflects a receivable or payable for the variation margin, when applicable. Dividend Advantage 3 (NZF) was the only Fund to invest in futures

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contracts during the fiscal year ended October 31, 2008.

Risks of investments in futures contracts include the possible adverse movement of the securities or indices underlying the contracts, the possibility that there may not be a liquid secondary market for the contracts and/or that a change in the value of the contract may not correlate with a change in the value of the underlying securities or indices.

Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. Such securities are included in the Portfolios of Investments with a 0.000% coupon rate in their description. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Offering Costs

Costs incurred by Dividend Advantage 2 (NXZ) in connection with its offering of the VRDP shares (\$2,270,000) were recorded as a deferred charge which will be amortized over the 30-year life of the shares and is included as a component of "Interest expense" on the Statement of Operations.

Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which a Fund overdraws its account at the custodian bank.

Indemnifications

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

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and

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decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

2. FUND SHARES

Common Shares

On July 30, 2008, the Funds' Board of Directors/Trustees approved an open-market share repurchase program under which each Fund may repurchase an aggregate of up to approximately 10% of its outstanding Common shares. The Funds did not repurchase any of their Common shares during the fiscal year ended October 31, 2008.

Transactions in Common shares were as follows:

| | PERFORMANCE PLUS (NPP) | | MUNICIPAL ADVANTAGE (NMA) | | O |
|---|------------------------|---------------|------------------------------|---------------|------|
| | YEAR ENDED | YEAR ENDED | YEAR ENDED | YEAR ENDED | E |
| | 10/31/08 | 10/31/07 | 10/31/08 | 10/31/07 | 10/3 |
| Common shares issued to shareholders due to reinvestment of distributions | -- | -- | -- | 148,621 | |

| | DIVIDEND ADVANTAGE (NAD) | | DIVIDEND ADVANTAGE 2 (NXZ) | | AD |
|---|-----------------------------|---------------|-------------------------------|---------------|------|
| | YEAR ENDED | YEAR ENDED | YEAR ENDED | YEAR ENDED | E |
| | 10/31/08 | 10/31/07 | 10/31/08 | 10/31/07 | 10/3 |
| Common shares issued to shareholders due to reinvestment of distributions | -- | 19,807 | 29,827 | 50,467 | |

Preferred Shares

Transactions in Auction Rate Preferred shares were as follows:

| | PERFORMANCE PLUS (NPP) | | | | MUNICIPAL | |
|---|------------------------|--------------|------------------------|--------|------------------------|--------------|
| | YEAR ENDED 10/31/08 | | YEAR ENDED 10/31/07 | | YEAR ENDED 10/31/08 | |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT |
| Auction Rate Preferred shares redeemed: | | | | | | |
| Series M | 328 | \$ 8,200,000 | -- | \$ -- | 137 | \$ 3,425,000 |
| Series T | 329 | 8,225,000 | -- | -- | 137 | 3,425,000 |
| Series W | 329 | 8,225,000 | -- | -- | 137 | 3,425,000 |
| Series TH | 260 | 6,500,000 | -- | -- | 106 | 2,650,000 |
| Series F | 328 | 8,200,000 | -- | -- | 137 | 3,425,000 |
| Total | 1,574 | \$39,350,000 | -- | \$ -- | 654 | \$16,350,000 |

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| | MARKET OPPORTUNITY (NMO) | | | | DIVIDEND | |
|---|--------------------------|--------------|------------------------|--------|------------------------|--------------|
| | YEAR ENDED 10/31/08 | | YEAR ENDED 10/31/07 | | YEAR ENDED 10/31/08 | |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT |
| Auction Rate Preferred shares redeemed: | | | | | | |
| Series M | 193 | \$ 4,825,000 | -- | \$ -- | 382 | \$ 9,550,000 |
| Series T | 193 | 4,825,000 | -- | -- | 383 | 9,575,000 |
| Series W | 154 | 3,850,000 | -- | -- | -- | -- |
| Series TH | -- | -- | -- | -- | 363 | 9,075,000 |
| Series F | 193 | 4,825,000 | -- | -- | -- | -- |
| Total | 733 | \$18,325,000 | -- | \$ -- | 1,128 | \$28,200,000 |

| | DIVIDEND ADVANTAGE 2 (NXZ) | | | | DIVIDEND | |
|---|----------------------------|---------------|------------------------|--------|------------------------|--------------|
| | YEAR ENDED 10/31/08 | | YEAR ENDED 10/31/07 | | YEAR ENDED 10/31/08 | |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT |
| Auction Rate Preferred shares redeemed: | | | | | | |
| Series M | 3,000 | \$ 75,000,000 | -- | \$ -- | -- | \$ -- |
| Series T | 3,000 | 75,000,000 | -- | -- | -- | -- |
| Series W | -- | -- | -- | -- | 550 | 13,750,000 |
| Series TH | -- | -- | -- | -- | 550 | 13,750,000 |
| Series F | 2,880 | 72,000,000 | -- | -- | 549 | 13,725,000 |
| Total | 8,880 | \$222,000,000 | -- | \$ -- | 1,649 | \$41,225,000 |

Transactions in Variable Rate Demand Preferred shares were as follows:

| | DIVIDEND | |
|---|------------------------|---------------|
| | YEAR ENDED 10/31/08 | AMOUNT |
| Variable Rate Demand Preferred shares issued: | | |
| Series 1 | 1,960 | \$196,000,000 |

3. INVESTMENT TRANSACTIONS

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Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the fiscal year ended October 31, 2008, were as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | |
|----------------------|------------------------------|---------------------------------|--------------------------------|-------|
| Purchases | \$123,620,755 | \$127,780,691 | \$ 82,319,343 | \$ 92 |
| Sales and maturities | 145,226,088 | 175,267,119 | 139,011,635 | 132 |

4. INCOME TAX INFORMATION

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

At October 31, 2008, the cost of investments was as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NMA) |
|---------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Cost of investments | \$1,260,467,249 | \$931,359,400 | \$966,004,462 | \$796, |

Notes to
FINANCIAL STATEMENTS (continued)

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

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NMA) |
|--|------------------------------|---------------------------------|--------------------------------|--------------------------------|
|--|------------------------------|---------------------------------|--------------------------------|--------------------------------|

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| | | | | |
|--|-----------------|-----------------|-----------------|-------------|
| Gross unrealized: | | | | |
| Appreciation | \$ 29,817,057 | \$ 25,185,475 | \$ 31,201,920 | \$ 15,840, |
| Depreciation | (105,608,945) | (103,809,567) | (93,831,453) | (98,345, |
| ----- | | | | |
| Net unrealized appreciation (depreciation) of investments | \$ (75,791,888) | \$ (78,624,092) | \$ (62,629,533) | \$ (82,505, |
| ===== | | | | |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at October 31, 2008, the Funds' tax year end, were as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVID ADVANT (N |
|---|------------------------------|---------------------------------|--------------------------------|-----------------------|
| ----- | | | | |
| Undistributed net tax-exempt income * | \$3,489,193 | \$1,437,801 | \$1,322,949 | \$1,215, |
| Undistributed net ordinary income ** | 60,857 | 126,563 | 198 | |
| Undistributed net long-term capital gains | -- | -- | -- | |
| ===== | | | | |

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on October 1, 2008, paid on November 3, 2008.

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

The tax character of distributions paid during the Funds' tax years ended October 31, 2008 and October 31, 2007, was designated for purposes of the dividends paid deduction as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NAD) | DIVI ADVANTA (|
|---|------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------------|
| ----- | | | | | |
| 2008 | | | | | |
| Distributions from net tax-exempt income*** | \$58,938,252 | \$46,196,128 | \$47,134,373 | \$40,676,616 | \$33,466 |
| Distributions from net ordinary income ** | -- | -- | -- | 171,088 | |
| Distributions from net long-term capital gains**** | -- | 1,389,990 | -- | -- | |
| ===== | | | | | |

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NAD) | DIVI ADVANTA (|
|---|------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------------|
| ----- | | | | | |
| 2007 | | | | | |
| Distributions from net tax-exempt income | \$61,544,192 | \$49,015,900 | \$48,416,601 | \$42,441,771 | \$34,569 |
| Distributions from net ordinary income ** | 58,535 | -- | 77,487 | 121,024 | |
| Distributions from net long-term capital gains | 3,618,054 | -- | -- | -- | |
| ===== | | | | | |

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

*** The Funds hereby designate these amounts paid during the fiscal year ended October 31, 2008, as Exempt Interest Dividends.

**** The Funds designated as a long-term capital gain dividend, pursuant to the Internal Revenue Code Section 852(b)(3), the amount necessary to reduce earnings and profits of the Funds related to net capital gain to zero for the tax year ended October 31, 2008.

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At October 31, 2008, the Funds' tax year end, the Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NAD) | DIV ADVANT |
|------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------|
| ----- | | | | | |
| Expiration: | | | | | |
| October 31, 2011 | \$ -- | \$ -- | \$ 7,158,110 | \$4,594,300 | \$ |
| October 31, 2012 | -- | -- | 973,824 | -- | |
| October 31, 2013 | -- | -- | -- | 104,762 | 17 |
| October 31, 2014 | -- | -- | 3,141,529 | -- | 1,88 |
| October 31, 2015 | 105,896 | -- | 1,902,879 | -- | 96 |
| October 31, 2016 | 443,483 | 876,507 | 1,398,166 | -- | |
| ----- | | | | | |
| Total | \$549,379 | \$876,507 | \$14,574,508 | \$4,699,062 | \$3,02 |
| ===== | | | | | |

Dividend Advantage (NAD) had \$7,670,294 of its capital loss carryforward expire on October 31, 2008.

5. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen, and a specific fund-level component, based only on the amount of assets within each individual Fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Auction Rate Preferred shares or VRDP shares) of each Fund as follows:

| | PERFORMANCE PLUS (NPP) MUNICIPAL ADVANTAGE (NMA) MARKET OPPORTUNITY (NMO) FUND-LEVEL FEE RATE |
|--|--|
| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO AUCTION RATE PREFERRED SHARES OR VRDP SHARES) | ----- |
| For the first \$125 million | .4500% |

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| | |
|---------------------------------|-------|
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For the next \$3 billion | .3875 |
| For net assets over \$5 billion | .3750 |

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO AUCTION RATE PREFERRED SHARES OR VRDP SHARES) | DIVIDEND ADVANTAGE (NAD) DIVIDEND ADVANTAGE 2 (NXZ) DIVIDEND ADVANTAGE 3 (NZF) FUND-LEVEL FEE RATE |
|--|---|
| For the first \$125 million | .4500% |
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For net assets over \$2 billion | .3750 |

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the following table. As of October 31, 2008, the complex-level fee rate was .1998%.

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FINANCIAL STATEMENTS (continued)

The complex-level fee schedule is as follows:

| COMPLEX-LEVEL ASSET BREAKPOINT LEVEL (1) | EFFECTIVE RATE AT BREAKPOINT LEVEL |
|--|------------------------------------|
| \$55 billion | .2000% |
| \$56 billion | .1996 |
| \$57 billion | .1989 |
| \$60 billion | .1961 |
| \$63 billion | .1931 |
| \$66 billion | .1900 |
| \$71 billion | .1851 |
| \$76 billion | .1806 |
| \$80 billion | .1773 |
| \$91 billion | .1691 |
| \$125 billion | .1599 |
| \$200 billion | .1505 |
| \$250 billion | .1469 |
| \$300 billion | .1445 |

- (1) The complex-level component of the management fee for the funds is calculated based upon the aggregate daily net assets of all Nuveen funds, with such daily net assets to include assets attributable to preferred stock (Auction Rate Preferred shares or VRDP shares) issued by or borrowings by such funds) but to exclude assets attributable to investments in other Nuveen funds.

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

For the first ten years of Dividend Advantage's (NAD) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or VRDP shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING JULY 31, | | YEAR ENDING JULY 31, | |
|-------------------------|------|-------------------------|------|
| 1999* | .30% | 2005 | .25% |
| 2000 | .30 | 2006 | .20 |
| 2001 | .30 | 2007 | .15 |
| 2002 | .30 | 2008 | .10 |
| 2003 | .30 | 2009 | .05 |
| 2004 | .30 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse Dividend Advantage (NAD) for any portion of its fees and expenses beyond July 31, 2009.

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For the first ten years of Dividend Advantage 2's (NXZ) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or VRDP shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING MARCH 31, | | YEAR ENDING MARCH 31, | |
|--------------------------|------|--------------------------|------|
| 2001* | .30% | 2007 | .25% |
| 2002 | .30 | 2008 | .20 |
| 2003 | .30 | 2009 | .15 |
| 2004 | .30 | 2010 | .10 |
| 2005 | .30 | 2011 | .05 |
| 2006 | .30 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse Dividend Advantage 2 (NXZ) for any portion of its fees and expenses beyond March 31, 2011.

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For the first ten years of Dividend Advantage 3's (NZF) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or VRDP shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING SEPTEMBER 30, | | YEAR ENDING SEPTEMBER 30, | |
|------------------------------|------|------------------------------|------|
| 2001* | .30% | 2007 | .25% |
| 2002 | .30 | 2008 | .20 |
| 2003 | .30 | 2009 | .15 |
| 2004 | .30 | 2010 | .10 |
| 2005 | .30 | 2011 | .05 |
| 2006 | .30 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse Dividend Advantage 3 (NZF) for any portion of its fees and expenses beyond September 30, 2011.

6. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157 (SFASNo. 157)

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this standard relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of October 31, 2008, management does not believe the adoption of SFAS No. 157 will impact the financial statement amounts; however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements included within the Statement of Operations for the period.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 161 (SFASNo. 161)

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." This standard is intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivative instruments, b) how derivative instruments and related hedge items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As of October 31, 2008, management does not believe the adoption of SFAS No. 161 will impact the financial statement amounts; however, additional footnote disclosures may be required about the use of derivative instruments and hedging items.

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Notes to
FINANCIAL STATEMENTS (continued)

7. SUBSEQUENT EVENTS

Distributions to Common Shareholders

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on December 1, 2008, to shareholders of record on November 15, 2008, as follows:

| | PERFORMANCE PLUS (NPP) | MUNICIPAL ADVANTAGE (NMA) | MARKET OPPORTUNITY (NMO) | DIVIDEND ADVANTAGE (NAD) | DIVI ADVANTA (|
|--------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|----------------------|
| Dividend per share | \$.0605 | \$.0660 | \$.0630 | \$.0655 | \$. |

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Financial
HIGHLIGHTS

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Financial
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | | Total |
|------------------------|--|-----------------------------|---|---|---|--|-----------|
| | Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Auction Rate Preferred Shareholders+ | Distributions from Capital Gains to Auction Rate Preferred Shareholders+ | | |
| PERFORMANCE PLUS (NPP) | | | | | | | |
| Year Ended 10/31: | | | | | | | |
| 2008 | \$15.22 | \$1.02 | \$ (2.56) | \$ (.29) | \$ -- | | \$ (1.83) |
| 2007 | 15.78 | .99 | (.47) | (.27) | (.01) | | .24 |
| 2006 | 15.51 | 1.00 | .38 | (.25) | -- | | 1.13 |

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| | | | | | | |
|------|-------|------|-------|-------|----|------|
| 2005 | 15.87 | 1.02 | (.26) | (.16) | -- | .60 |
| 2004 | 15.45 | 1.04 | .42 | (.07) | -- | 1.39 |

MUNICIPAL ADVANTAGE (NMA)

Year Ended 10/31:

| | | | | | | |
|------|-------|------|--------|-------|-------|--------|
| 2008 | 15.20 | 1.08 | (3.06) | (.30) | (.01) | (2.29) |
| 2007 | 15.88 | 1.07 | (.63) | (.29) | -- | .15 |
| 2006 | 15.70 | 1.08 | .27 | (.26) | -- | 1.09 |
| 2005 | 16.02 | 1.09 | (.24) | (.16) | -- | .69 |
| 2004 | 15.62 | 1.11 | .41 | (.08) | -- | 1.44 |

Total Returns

| | | | |
|---|---------------------------|---------------------------------|---|
| Ending Common Share Net Asset Value | Ending Market Value | Based on Market Value* | Based on Common Share Net Asset Value* |
|---|---------------------------|---------------------------------|---|

PERFORMANCE PLUS (NPP)

Year Ended 10/31:

| | | | | |
|------|---------|---------|----------|----------|
| 2008 | \$12.69 | \$11.50 | (10.71)% | (12.49)% |
| 2007 | 15.22 | 13.59 | (4.97) | 1.53 |
| 2006 | 15.78 | 15.09 | 10.78 | 7.50 |
| 2005 | 15.51 | 14.43 | 3.02 | 3.83 |
| 2004 | 15.87 | 14.95 | 9.10 | 9.30 |

MUNICIPAL ADVANTAGE (NMA)

Year Ended 10/31:

| | | | | |
|------|-------|-------|---------|---------|
| 2008 | 12.12 | 11.41 | (13.16) | (15.65) |
| 2007 | 15.20 | 13.95 | (7.08) | 1.06 |
| 2006 | 15.88 | 15.85 | 10.68 | 7.16 |
| 2005 | 15.70 | 15.19 | 3.29 | 4.42 |
| 2004 | 16.02 | 15.70 | 8.82 | 9.57 |

Ratios/Supplemental Data

| | | | | | |
|--|---|---|-------------------------------|--|----------------|
| Ending Net Assets Applicable to Common Shares (000) | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement/Refund | | | Ratios to Average Net Assets Applicable to Common Shares After Credit/Reimbursement/Refund | |
| | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Expenses Including Interest++ (a) | Interest++ (a) |

PERFORMANCE PLUS (NPP)

Year Ended 10/31:

| | | | | | |
|------|-----------|-------|-------|-------|-------|
| 2008 | \$760,496 | 1.25% | 1.17% | 6.96% | 1.23% |
| 2007 | 912,066 | 1.16 | 1.14 | 6.38 | 1.14 |
| 2006 | 945,222 | 1.15 | 1.15 | 6.44 | 1.14 |

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| | | | | | |
|------|---------|------|------|------|------|
| 2005 | 929,544 | 1.15 | 1.15 | 6.45 | 1.14 |
| 2004 | 950,993 | 1.17 | 1.17 | 6.69 | 1.17 |

MUNICIPAL ADVANTAGE (NMA)

| | | | | | |
|-------------------|---------|------|------|------|------|
| Year Ended 10/31: | | | | | |
| 2008 | 523,602 | 1.38 | 1.21 | 7.50 | 1.36 |
| 2007 | 656,806 | 1.40 | 1.17 | 6.87 | 1.38 |
| 2006 | 683,675 | 1.18 | 1.18 | 6.92 | 1.17 |
| 2005 | 675,678 | 1.17 | 1.17 | 6.81 | 1.16 |
| 2004 | 689,190 | 1.19 | 1.19 | 7.00 | 1.18 |

Auction Rate Preferred Shares
at End of Period

Variable Rate Demand Preferred Shares
at End of Period

| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share |
|---|---|--------------------------------|---|---|--------------------------------|
|---|---|--------------------------------|---|---|--------------------------------|

PERFORMANCE PLUS (NPP)

| | | | | | | |
|-------------------|-----------|----------|----------|-------|-------|-------|
| Year Ended 10/31: | | | | | | |
| 2008 | \$439,650 | \$25,000 | \$68,244 | \$ -- | \$ -- | \$ -- |
| 2007 | 479,000 | 25,000 | 72,603 | -- | -- | -- |
| 2006 | 479,000 | 25,000 | 74,333 | -- | -- | -- |
| 2005 | 479,000 | 25,000 | 73,515 | -- | -- | -- |
| 2004 | 479,000 | 25,000 | 74,634 | -- | -- | -- |

MUNICIPAL ADVANTAGE (NMA)

| | | | | | | |
|-------------------|---------|--------|--------|----|----|----|
| Year Ended 10/31: | | | | | | |
| 2008 | 341,650 | 25,000 | 63,314 | -- | -- | -- |
| 2007 | 358,000 | 25,000 | 70,866 | -- | -- | -- |
| 2006 | 358,000 | 25,000 | 72,743 | -- | -- | -- |
| 2005 | 358,000 | 25,000 | 72,184 | -- | -- | -- |
| 2004 | 358,000 | 25,000 | 73,128 | -- | -- | -- |

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

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

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from the price used in the calculation. Total returns are not annualized.

** After custodian fee credit, expense reimbursement and legal fee refund, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or VRDP shares, where applicable.

(a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

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Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | | Total |
|--------------------------|--|-----------------------------|--|---|---|--|----------|
| | Beginning Common Share Net Asset Value | Net Investment Income | Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Auction Rate Preferred Shareholders+ | Distributions from Capital Gains to Auction Rate Preferred Shareholders+ | | |
| ===== | | | | | | | |
| MARKET OPPORTUNITY (NMO) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 10/31: | | | | | | | |
| 2008 | \$14.83 | \$1.03 | \$(2.59) | \$(.31) | \$ -- | | \$(1.87) |
| 2007 | 15.41 | 1.04 | (.56) | (.30) | -- | | .18 |
| 2006 | 15.14 | 1.02 | .34 | (.26) | -- | | 1.10 |
| 2005 | 15.48 | 1.03 | (.29) | (.16) | -- | | .58 |
| 2004 | 15.11 | 1.03 | .37 | (.08) | -- | | 1.32 |
| ===== | | | | | | | |
| DIVIDEND ADVANTAGE (NAD) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 10/31: | | | | | | | |
| 2008 | 14.90 | 1.05 | (3.14) | (.27) | -- | | (2.36) |
| 2007 | 15.54 | 1.04 | (.60) | (.27) | -- | | .17 |
| 2006 | 15.28 | 1.04 | .32 | (.24) | -- | | 1.12 |
| 2005 | 15.62 | 1.06 | (.25) | (.15) | -- | | .66 |
| 2004 | 15.17 | 1.09 | .46 | (.07) | -- | | 1.48 |
| ===== | | | | | | | |

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| | Total Returns | | | |
|--------------------------|---|---------------------------|---------------------------------|---|
| | Ending Common Share Net Asset Value | Ending Market Value | Based on Market Value* | Based on Common Share Net Asset Value* |
| ===== | | | | |
| MARKET OPPORTUNITY (NMO) | | | | |
| ----- | | | | |
| Year Ended 10/31: | | | | |
| 2008 | \$12.23 | \$11.52 | (9.87)% | (13.07)% |
| 2007 | 14.83 | 13.53 | (5.00) | 1.20 |
| 2006 | 15.41 | 15.00 | 11.92 | 7.49 |
| 2005 | 15.14 | 14.19 | 4.70 | 3.78 |
| 2004 | 15.48 | 14.44 | 7.97 | 9.00 |
| ===== | | | | |
| DIVIDEND ADVANTAGE (NAD) | | | | |
| ----- | | | | |
| Year Ended 10/31: | | | | |
| 2008 | 11.77 | 10.72 | (16.46) | (16.42) |
| 2007 | 14.90 | 13.63 | (5.96) | 1.10 |
| 2006 | 15.54 | 15.30 | 11.19 | 7.59 |
| 2005 | 15.28 | 14.58 | 1.77 | 4.27 |
| 2004 | 15.62 | 15.31 | 8.37 | 10.06 |
| ===== | | | | |

| | Ratios/Supplemental Data | | | | |
|--------------------------|--|---|--|---|--|
| | Ending Net Assets Applicable to Common Shares (000) | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement/Refund | | Ratios to Average Net Assets Applicable After Credit/Reimbursement/Refund | |
| | | Expenses Including Interest++(a) | Expenses Excluding Interest++(a) | Net Investment Income++ | Expenses Including Interest++(a) |
| ===== | | | | | |
| MARKET OPPORTUNITY (NMO) | | | | | |
| ----- | | | | | |
| Year Ended 10/31: | | | | | |
| 2008 | \$557,346 | 1.36% | 1.23% | 7.33% | 1.35% |
| 2007 | 675,577 | 1.38 | 1.19 | 6.87 | 1.36 |
| 2006 | 701,559 | 1.19 | 1.19 | 6.73 | 1.18 |
| 2005 | 689,682 | 1.19 | 1.19 | 6.66 | 1.18 |
| 2004 | 704,760 | 1.21 | 1.21 | 6.75 | 1.19 |
| ===== | | | | | |
| DIVIDEND ADVANTAGE (NAD) | | | | | |
| ----- | | | | | |
| Year Ended 10/31: | | | | | |
| 2008 | 462,554 | 1.36 | 1.15 | 7.33 | 1.20 |
| 2007 | 585,496 | 1.24 | 1.13 | 6.60 | 1.01 |
| 2006 | 610,316 | 1.12 | 1.12 | 6.54 | .83 |
| 2005 | 599,887 | 1.17 | 1.17 | 6.48 | .80 |
| 2004 | 613,328 | 1.14 | 1.14 | 6.69 | .70 |
| ===== | | | | | |

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| | Auction Rate Preferred Shares at End of Period | | | Variable Rate Demand Preferred Shares at End of Period | | |
|--------------------------|---|---|--------------------------------|---|---|--------------------------------|
| | Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share |
| MARKET OPPORTUNITY (NMO) | | | | | | |
| Year Ended 10/31: | | | | | | |
| 2008 | \$361,675 | \$25,000 | \$63,525 | \$ -- | \$ -- | \$ -- |
| 2007 | 380,000 | 25,000 | 69,446 | -- | -- | -- |
| 2006 | 380,000 | 25,000 | 71,155 | -- | -- | -- |
| 2005 | 380,000 | 25,000 | 70,374 | -- | -- | -- |
| 2004 | 380,000 | 25,000 | 71,366 | -- | -- | -- |
| DIVIDEND ADVANTAGE (NAD) | | | | | | |
| Year Ended 10/31: | | | | | | |
| 2008 | 266,800 | 25,000 | 68,343 | -- | -- | -- |
| 2007 | 295,000 | 25,000 | 74,618 | -- | -- | -- |
| 2006 | 295,000 | 25,000 | 76,722 | -- | -- | -- |
| 2005 | 295,000 | 25,000 | 75,838 | -- | -- | -- |
| 2004 | 295,000 | 25,000 | 76,977 | -- | -- | -- |

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

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

** After custodian fee credit, expense reimbursement and legal fee refund, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or VRDP shares, where applicable.

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- (a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

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Financial
HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| Investment Operations | | | | | | |
|--|-----------------------------|--|---|---|-------|--|
| Beginning Common Share Net Asset Value | Net Investment Income | Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Auction Rate Preferred Shareholders+ | Distributions from Capital Gains to Auction Rate Preferred Shareholders+ | Total | |
| | | | | | | |

DIVIDEND ADVANTAGE 2 (NXZ)

| Year Ended 10/31: | | | | | | |
|-------------------|---------|--------|----------|---------|-------|----------|
| 2008 | \$15.55 | \$1.05 | \$(2.81) | \$(.20) | \$ -- | \$(1.96) |
| 2007 | 16.02 | 1.13 | (.43) | (.27) | -- | .43 |
| 2006 | 15.80 | 1.12 | .32 | (.24) | -- | 1.20 |
| 2005 | 15.63 | 1.13 | .22 | (.15) | -- | 1.20 |
| 2004 | 15.13 | 1.12 | .51 | (.07) | -- | 1.56 |

DIVIDEND ADVANTAGE 3 (NZF)

| Year Ended 10/31: | | | | | | |
|-------------------|-------|------|--------|-------|-------|--------|
| 2008 | 15.03 | 1.06 | (2.95) | (.27) | -- | (2.16) |
| 2007 | 15.54 | 1.07 | (.44) | (.27) | (.01) | .35 |
| 2006 | 15.32 | 1.07 | .29 | (.24) | -- | 1.12 |
| 2005 | 15.36 | 1.06 | .01 | (.15) | -- | .92 |
| 2004 | 14.74 | 1.06 | .59 | (.07) | -- | 1.58 |

| Total Returns | | | | |
|---|---------------------------|---|---|---|
| Ending Common Share Net Asset Value | Ending Market Value | Based on Common Share Net Asset Value* | | |
| | | Based on Market Value* | Based on Common Share Net Asset Value* | Based on Common Share Net Asset Value* |

DIVIDEND ADVANTAGE 2 (NXZ)

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| Year Ended 10/31: | | | | |
|-------------------|---------|---------|----------|----------|
| 2008 | \$12.71 | \$12.35 | (15.21)% | (13.23)% |
| 2007 | 15.55 | 15.48 | (.78) | 2.76 |
| 2006 | 16.02 | 16.50 | 11.95 | 7.86 |
| 2005 | 15.80 | 15.64 | 8.58 | 7.83 |
| 2004 | 15.63 | 15.38 | 11.16 | 10.67 |

DIVIDEND ADVANTAGE 3 (NZF)

| Year Ended 10/31: | | | | |
|-------------------|-------|-------|---------|---------|
| 2008 | 12.10 | 10.72 | (17.85) | (14.99) |
| 2007 | 15.03 | 13.85 | (7.72) | 2.31 |
| 2006 | 15.54 | 15.88 | 16.90 | 7.57 |
| 2005 | 15.32 | 14.41 | 6.11 | 6.09 |
| 2004 | 15.36 | 14.50 | 12.45 | 11.10 |

Ratios/Supplemental Data

| | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement/Refund | | | Ratios to A Applicable After Credit/R | |
|--|---|---|---|---|---|
| | Ending Net Assets Applicable to Common Shares (000) | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Expenses Including Interest++ (a) |
| | | | | | |

DIVIDEND ADVANTAGE
2 (NXZ)

| Year Ended 10/31: | | | | | |
|-------------------|-----------|-------|-------|-------|-------|
| 2008 | \$373,940 | 1.71% | 1.22% | 6.82% | 1.44% |
| 2007 | 456,992 | 1.25 | 1.11 | 6.83 | .91 |
| 2006 | 470,189 | 1.11 | 1.11 | 6.70 | .70 |
| 2005 | 462,862 | 1.12 | 1.12 | 6.66 | .67 |
| 2004 | 457,552 | 1.14 | 1.14 | 6.87 | .69 |

DIVIDEND ADVANTAGE
3 (NZF)

| Year Ended 10/31: | | | | | |
|-------------------|---------|------|------|------|------|
| 2008 | 488,561 | 1.34 | 1.15 | 7.08 | 1.02 |
| 2007 | 606,908 | 1.32 | 1.13 | 6.65 | .93 |
| 2006 | 626,836 | 1.13 | 1.13 | 6.51 | .68 |
| 2005 | 617,358 | 1.13 | 1.13 | 6.39 | .68 |
| 2004 | 619,118 | 1.15 | 1.15 | 6.64 | .69 |

Auction Rate Preferred Shares
at End of Period

Variable Rate Demand Preferred Shares
at End of Period

| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share |
|---|---|--------------------------------|---|---|--------------------------------|
| | | | | | |

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DIVIDEND ADVANTAGE 2 (NXZ)

Year Ended 10/31:

| | | | | | | |
|------|---------|--------|--------|-----------|-----------|-----------|
| 2008 | \$ -- | \$ -- | \$ -- | \$196,000 | \$100,000 | \$290,785 |
| 2007 | 222,000 | 25,000 | 76,463 | -- | -- | -- |
| 2006 | 222,000 | 25,000 | 77,949 | -- | -- | -- |
| 2005 | 222,000 | 25,000 | 77,124 | -- | -- | -- |
| 2004 | 222,000 | 25,000 | 76,526 | -- | -- | -- |

DIVIDEND ADVANTAGE 3 (NZF)

Year Ended 10/31:

| | | | | | | |
|------|---------|--------|--------|----|----|----|
| 2008 | 270,775 | 25,000 | 70,108 | -- | -- | -- |
| 2007 | 312,000 | 25,000 | 73,630 | -- | -- | -- |
| 2006 | 312,000 | 25,000 | 75,227 | -- | -- | -- |
| 2005 | 312,000 | 25,000 | 74,468 | -- | -- | -- |
| 2004 | 312,000 | 25,000 | 74,609 | -- | -- | -- |

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

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

** After custodian fee credit, expense reimbursement and legal fee refund, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or VRDP shares, where applicable.

(a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

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Board Members & Officers

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

| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED AND TERM(1) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATIO INCLUDING DIRECTORS DURING PA |
|--|--|--|---|---|
| INDEPENDENT BOARD MEMBERS: | | | | |
| [] ROBERT P. BREMNER 8/22/40 333 W. Wacker Drive Chicago, IL 60606 | Chairman of the Board and Board member | 1997 | 186 | Private I |
| [] JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1999 | 186 | President private p 1996); Di Fire Grou Member of State of Director, of Coe Co Foundatio Council o the Tipp Universit Alliant E Federal R formerly, Officer, regional |
| [] WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2004 | 186 | Dean, Tip Universit formerly, Professor at the Un (2003-200 President Federal R (1995-200 Credit Re Universit Xerox Cor Beta Gamm |

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| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED AND TERM(1) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATIO INCLUDING DIRECTORS DURING PA |
|---|------------------------------------|--|---|--|
| [] DAVID J. KUNDERT 10/28/42 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2005 | 186 | Society; Inc. (May Director, Managemen as Chairm Managemen Investmen President thereto, One Corpo Banc One Member, B member of member of Boerner B Investmen Foundatio |
| [] WILLIAM J. SCHNEIDER 9/24/44 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | 186 | Chairman, Chief Ope of Miller estate in Dayton De member, B Cleveland |

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| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED AND TERM(1) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATIO INCLUDING DIRECTORS DURING PA |
|---|------------------------------------|--|---|---|
| INDEPENDENT BOARD MEMBERS: | | | | |
| [] JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | 186 | Executive Donnelley thereto, Protectio |
| [] CAROLE E. STONE 6/28/47 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2007 | 186 | Director, (since 20 State Com Reform (s York Raci (2005-200 State Div Chair, Pu (2000-200 Governmen (2000-200 |
| [] TERENCE J. TOTH 9/29/59 333 W. Wacker Drive Chicago, IL 60606 | Board Member | 2008 | 186 | Director, Managemen (since 20 Trust Inv |

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INTERESTED BOARD MEMBER:

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| <p>[] JOHN P. AMBOIAN (2) (3) 6/14/61 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Board Member</p> | <p>2008</p> | <p>186</p> |
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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER |
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OFFICERS OF THE FUNDS:

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| <p>[] GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Chief Administrative Officer</p> | <p>1988</p> | <p>186</p> |
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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION DURING PAS |
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| [] WILLIAM ADAMS IV 6/9/55 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 120 | Director (1998-2000) Nuveen Ad Instituti Chartered |
| [] CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 120 | Executive Investmen President Nuveen In prior the Structure |
| [] MICHAEL T. ATKINSON 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | 186 | Managing previousl Nuveen In |
| [] LORNA C. FERGUSON 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | 186 | Vice Pres Investmen |
| [] STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | 186 | Managing Vice Pres LLC; Mana Nuveen As Director President Corp. and Corp. (3) |
| [] WALTER M. KELLY 2/24/70 333 W. Wacker Drive Chicago, IL 60606 | Chief Compliance Officer and Vice President | 2003 | 186 | Vice Pres Controlle Investmen President (1998-2000) Certified |
| [] DAVID J. LAMB 3/22/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2000 | 186 | Senior Vi President Vice Pres Counsel (I Investmen 2006) and 2008) of |

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION DURING PAS |
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OFFICERS OF THE FUNDS:

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| <p>[] TINA M. LAZAR 8/27/61 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President</p> | <p>2002</p> | <p>186</p> | <p>Vice Pres (since 19</p> |
| <p>[] LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President and Assistant Secretary</p> | <p>1988</p> | <p>186</p> | <p>Vice Pres Assistant Investmen 2005) and Investmen 2005) and 1997) of President Secretary (since 19 Managemen Assistant Advisers Investmen 2002), Sy (since 20 Investors Managemen HydePark Solutions Vice Pres Nuveen Ad Instituti</p> |
| <p>[] KEVIN J. MCCARTHY 3/26/66 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President and Secretary</p> | <p>2007</p> | <p>186</p> | <p>Managing Vice Pres Investmen Assistant Managemen Inc., Nuv Nuveen In Group LLC Company, LLC, NWQH Managemen Managemen LLC and N (since 20 Bell, Boy</p> |
| <p>[] JOHN V. MILLER 4/10/67 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President</p> | <p>2007</p> | <p>186</p> | <p>Managing Vice Pres Asset Man LLC; Char</p> |
| <p>[] CHRISTOPHER M. ROHRBACHER 8/1/71 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President and Assistant Secretary</p> | <p>2008</p> | <p>186</p> | <p>Vice Pres (since 20 Assistant Managemen Associate Flom LLP</p> |
| <p>[] JAMES F. RUANE 7/3/62</p> | <p>Vice President</p> | | | <p>Vice Pres (since 20</p> |

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| 333 W. Wacker Drive Chicago, IL 60606 | and Assistant Secretary | 2007 | 186 | Deloitte formerly, Certified |
| [] MARK L. WINGET | | | | |
| 12/21/68 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2008 | 186 | Vice Pres (since 20 Assistant Managemen Counsel, |

- (1) For Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF), Board Members serve three year terms, except for two board members who are elected by the holders of Preferred Shares. The Board of Trustees for NAD, NXZ and NZF is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. For Performance Plus (NPP), Municipal Advantage (NMA) and Market Opportunity (NMO), the Board Members serve a one year term to serve until the next annual meeting or until their successors shall have been duly elected and qualified. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Annual Investment
Management Agreement
APPROVAL PROCESS

The Investment Company Act of 1940, as amended (the "1940 Act"), provides, in substance, that each investment advisory agreement between a fund and its investment adviser will continue in effect from year to year only if its continuance is approved at least annually by the fund's board members, including by a vote of a majority of the board members who are not parties to the advisory agreement or "interested persons" of any parties (the "Independent Board Members"), cast in person at a meeting called for the purpose of considering such approval. In connection with such approvals, the fund's board members must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the advisory agreement. Accordingly, at a meeting held on May 28-29, 2008 (the "May Meeting"), the Boards of Trustees or Directors (as the case may be) (each, a "Board" and each Trustee or Director, a "Board Member") of the Funds, including a majority of the Independent Board Members, considered and approved the

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continuation of the advisory agreement (each, an "Advisory Agreement") between each Fund and Nuveen Asset Management ("NAM") for an additional one-year period. In preparation for their considerations at the May Meeting, the Board also held a separate meeting on April 23, 2008 (the "April Meeting"). Accordingly, the factors considered and determinations made regarding the renewals by the Independent Board Members include those made at the April Meeting.

In addition, in evaluating the Advisory Agreements, as described in further detail below, the Independent Board Members reviewed a broad range of information relating to the Funds and NAM, including absolute performance, fee and expense information for the Funds as well as comparative performance, fee and expense information for a comparable peer group of funds, the performance information of recognized benchmarks (as applicable), the profitability of Nuveen for its advisory activities (which includes its wholly owned subsidiaries), and other information regarding the organization, personnel, and services provided by NAM. The Independent Board Members also met quarterly as well as at other times as the need arose during the year and took into account the information provided at such meetings and the knowledge gained therefrom. Prior to approving the renewal of the Advisory Agreements, the Independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed materials from independent legal counsel describing applicable law and their duties in reviewing advisory contracts, and met with independent legal counsel in private sessions without management present. The Independent Board Members considered the legal advice provided by independent legal counsel and relied upon their knowledge of NAM, its services and the Funds resulting from their meetings and other interactions throughout the year and their own business judgment in determining the factors to be considered in evaluating the Advisory Agreements. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreement. The Independent Board Members did not identify any single factor as all-important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

A. NATURE, EXTENT AND QUALITY OF SERVICES

In considering renewal of the Advisory Agreements, the Independent Board Members considered the nature, extent and quality of NAM's services, including advisory services and administrative services. The Independent Board Members reviewed materials outlining, among other things, NAM's organization and business; the types of services that NAM or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable fund product line. With respect to personnel, the Independent Board Members evaluated the background, experience and track record of NAM's

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investment personnel. In this regard, the Independent Board Members considered the additional investment in personnel to support Nuveen fund advisory activities, including in operations, product management and marketing as well as related fund support functions, including sales, executive, finance, human resources and information technology. The Independent Board Members also reviewed information regarding portfolio manager compensation arrangements to evaluate NAM's ability to attract and retain high quality investment personnel.

In evaluating the services of NAM, the Independent Board Members also considered

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NAM's ability to supervise the Funds' other service providers and given the importance of compliance, NAM's compliance program. Among other things, the Independent Board Members considered the report of the chief compliance officer regarding the Funds' compliance policies and procedures.

In addition to advisory services, the Independent Board Members considered the quality of administrative services provided by NAM and its affiliates including product management, fund administration, oversight of service providers, shareholder services, administration of Board relations, regulatory and portfolio compliance and legal support.

In addition to the foregoing services, the Independent Board Members also noted the additional services that NAM or its affiliates provide to closed-end funds, including, in particular, its secondary market support activities and the costs of such activities. The Independent Board Members recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of programs designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include maintaining an investor relations program to timely provide information and education to financial advisers and investors; providing advertising and marketing for the closed-end funds; maintaining its closed-end fund website; and providing educational seminars. With respect to closed-end funds that utilize leverage through the issuance of auction rate preferred securities ("ARPS"), the Board has recognized the unprecedented market conditions in the auction rate market industry with the failure of the auction process. The Independent Board Members noted Nuveen's efforts and the resources and personnel employed to analyze the situation, explore potential alternatives and develop and implement solutions that serve the interests of the affected funds and all of their respective shareholders. The Independent Board Members further noted Nuveen's commitment and efforts to keep investors and financial advisers informed as to its progress in addressing the ARPS situation through, among other things, conference calls, press releases, and information posted on its website as well as its refinancing activities. The Independent Board Members also noted Nuveen's continued support for holders of preferred shares of its closed-end funds by, among other things, seeking distribution for preferred shares with new market participants, managing relations with remarketing agents and the broker community, maintaining the leverage and risk management of leverage and maintaining systems necessary to test compliance with rating agency criteria.

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the respective Funds under the Advisory Agreements were satisfactory.

B. THE INVESTMENT PERFORMANCE OF THE FUNDS AND NAM

The Board considered the investment performance of each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives (the "Performance Peer Group") based on data provided by an independent third party (as described below). The Independent Board Members also reviewed portfolio level performance (which does not reflect fund level fees, expenses and leverage), as described in further detail below.

In evaluating the performance information, the Board considered whether the Fund has operated within its investment objectives and parameters and the impact that the investment mandates may have had on performance. In addition, in comparing a Fund's performance with that of its Performance Peer Group, the Independent Board Members took into account that the closest Performance Peer Group in certain

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS (continued)

instances may not adequately reflect the respective fund's investment objectives and strategies thereby hindering a meaningful comparison of the fund's performance with that of the Performance Peer Group.

The Independent Board Members reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group and recognized benchmarks for the one-, three-, and five-year periods (as applicable) ending December 31, 2007 and with the Performance Peer Group for the quarter and same yearly periods ending March 31, 2008 (as applicable). The Independent Board Members also reviewed the Fund's portfolio level performance (which does not reflect fund level fees and expenses (and leverage for closed-end funds)) compared to recognized benchmarks for the one-, three-, and five-year periods ending December 31, 2007 (as applicable). The analysis was used to assess the efficacy of investment decisions against appropriate measures of risk and total return, within specific market segments. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings. Based on their review, the Independent Board Members determined that each Fund's investment performance over time had been satisfactory.

C. FEES, EXPENSES AND PROFITABILITY

1. FEES AND EXPENSES

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund's gross management fees (which take into account breakpoints), net management fees (which take into account fee waivers or reimbursements) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as compared to the gross management fees, net management fees (after waivers and/or reimbursements) and total expense ratios (before and after waivers) of a comparable universe of unaffiliated funds based on data provided by an independent data provider (the "Peer Universe") and/or a more focused subset of funds therein (the "Peer Group"). The Independent Board Members further reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as the size of the Fund relative to peers, the size and particular composition of the Peer Group, the investment objectives of the peers, expense anomalies, and the timing of information used may impact the comparative data, thereby limiting the ability to make a meaningful comparison. The Independent Board Members also considered, among other things, the differences in the use of leverage and the differences in the use of insurance, if any. In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain closed-end funds launched since 1999). Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees and net total expense ratio were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Independent Board Members further reviewed information regarding the nature of services and fee rates offered by NAM to other clients. Such other clients include NAM's municipal separately managed accounts. In evaluating the comparisons of fees, the Independent Board Members noted that the fee rates charged to the Funds and other clients vary, among other things, because of the different services involved and the additional regulatory and compliance requirements associated with registered investment companies, such as the Funds. Accordingly, the Independent Board Members considered the differences in the product types, including, but not limited to, the services provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Independent Board Members noted, in particular, that

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the range of services provided to the Funds (as discussed above) is much more extensive than that provided to separately managed accounts. Given the inherent differences in the products, particularly the extensive services provided to the Funds, the Independent Board Members believe such facts justify the different levels of fees.

3. PROFITABILITY OF NUVEEN

In conjunction with its review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two years and the allocation methodology used in preparing the profitability data. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that they had also appointed an Independent Board Member as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members considered Nuveen's profitability compared with other fund sponsors prepared by two independent third party service providers as well as comparisons of the revenues, expenses and profit margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen.

In reviewing profitability, the Independent Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors including the allocation of expenses. Further, the Independent Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations.

Notwithstanding the foregoing, the Independent Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In reviewing profitability, the Independent Board Members recognized Nuveen's investment in its fund business.

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Based on its review, the Independent Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered other amounts paid to NAM by the Funds as well as any indirect benefits (such as soft dollar arrangements, if any) NAM and its affiliates receive, or are expected to receive, that are directly attributable to the management of the Funds, if any. See Section E below for additional information on indirect benefits NAM may receive as a result of its relationship with the Funds. Based on their review of the overall fee arrangements of each Fund, the Independent Board Members determined that the advisory fees and expenses of the respective Fund were reasonable.

D. ECONOMIES OF SCALE AND WHETHER FEE LEVELS REFLECT THESE ECONOMIES OF SCALE

With respect to economies of scale, the Independent Board Members recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base. The Independent Board Members therefore considered whether the Funds have appropriately benefited from any economies of scale and whether there is potential realization of any further economies of scale. In considering economies of scale, the Independent Board Members have recognized that economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. Notwithstanding the foregoing, one method to help ensure the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Accordingly, the Independent Board Members reviewed and considered the fund-level breakpoints in the

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS (continued)

advisory fee schedules that reduce advisory fees. In this regard, given that the Funds are closed-end funds, the Independent Board Members recognized that although the Funds may from time to time make additional share offerings, the growth in their assets will occur primarily through appreciation of each Fund's investment portfolio.

In addition to fund-level advisory fee breakpoints, the Board also considered the Funds' complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Independent Board Members recognized that the complex-wide fee schedule was recently revised in 2007 to provide for additional fee savings to shareholders and considered the amended schedule. The Independent Board Members further considered that the complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflects the notion that some of Nuveen's costs are attributable to services provided to all its funds in the complex and therefore all funds benefit if these costs are spread over a larger asset base. Based on their review, the Independent Board Members concluded that the breakpoint schedule and complex-wide fee arrangement were acceptable and desirable in providing benefits from economies of scale to shareholders.

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E. INDIRECT BENEFITS

In evaluating fees, the Independent Board Members received and considered information regarding potential "fall out" or ancillary benefits NAM or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Independent Board Members considered revenues received by affiliates of NAM for serving as agent at Nuveen's preferred trading desk and for serving as a co-manager in the initial public offering of new closed-end exchange traded funds.

In addition to the above, the Independent Board Members considered whether NAM received any benefits from soft dollar arrangements whereby a portion of the commissions paid by a Fund for brokerage may be used to acquire research that may be useful to NAM in managing the assets of the Funds and other clients. The Independent Board Members noted that NAM does not currently have any soft dollar arrangements; however, to the extent certain bona fide agency transactions that occur on markets that traditionally trade on a principal basis and riskless principal transactions are considered as generating "commissions," NAM intends to comply with the applicable safe harbor provisions.

Based on their review, the Independent Board Members concluded that any indirect benefits received by NAM as a result of its relationship with the Funds were reasonable and within acceptable parameters.

F. OTHER CONSIDERATIONS

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, unanimously concluded that the terms of the Advisory Agreements are fair and reasonable, that NAM's fees are reasonable in light of the services provided to each Fund and that the Advisory Agreements be renewed.

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Reinvest Automatically
EASILY and CONVENIENTLY

NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

NUVEEN CLOSED-END FUNDS DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional Fund shares.

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

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

EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the

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shares acquired and the price per share, and the total number of shares you own.

HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

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FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

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

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

CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

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

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NOTES

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Glossary of
TERMS USED in this REPORT

- [] **AUCTION RATE BOND:** An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have "failed", with current holders receiving a formula-based interest rate until the next scheduled auction.
- [] **AVERAGE ANNUAL TOTAL RETURN:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
- [] **AVERAGE EFFECTIVE MATURITY:** The average of the number of years to maturity of the bonds in a Fund's portfolio, computed by weighting each bond's time to maturity (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions unless an escrow account has been established to redeem the bond before maturity. The market value weighting for an investment in an inverse floating rate security is the value of the portfolio's residual interest in the inverse floating rate trust, and does not include the value of the floating rate securities issued by the trust.
- [] **INVERSE FLOATERS:** Inverse floating rate securities are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond's par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an "inverse floater") to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond's downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond's value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.
- [] **LEVERAGE-ADJUSTED DURATION:** Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.
- [] **MARKET YIELD (ALSO KNOWN AS DIVIDEND YIELD OR CURRENT YIELD):** An

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investment's current annualized dividend divided by its current market price.

- [] NET ASSET VALUE (NAV): A Fund's NAV per common share is calculated by subtracting the liabilities of the Fund (including any Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common shares outstanding. Fund NAVs are calculated at the end of each business day.
- [] TAXABLE-EQUIVALENT YIELD: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.
- [] ZERO COUPON BOND: A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

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Other Useful INFORMATION

QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

You may obtain (i) each Fund's quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the twelve-month period ended June 30, 2008, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

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

CEO CERTIFICATION DISCLOSURE

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

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

BOARD OF DIRECTORS/TRUSTEES

John P. Amboian
Robert P. Bremner
Jack B. Evans

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William C. Hunter
David J. Kundert
William J. Schneider
Judith M. Stockdale
Carole E. Stone
Terence J. Toth

FUND MANAGER

Nuveen Asset Management
333 West Wacker Drive
Chicago, IL 60606

CUSTODIAN

State Street Bank & Trust Company
Boston, MA

TRANSFER AGENT AND SHAREHOLDER SERVICES

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

LEGAL COUNSEL

Chapman and Cutler LLP
Chicago, IL

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
Chicago, IL

Each Fund intends to repurchase and/or redeem shares of its own common or auction rate preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, NPP, NMA, NMO, NAD, NXZ and NZF redeemed 1,574, 654, 733, 1,128, 8,880 and 1,649 auction rate preferred shares, respectively. Any future repurchases and/or redemptions will be reported to shareholders in the next annual or semi-annual report.

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Nuveen Investments:

SERVING INVESTORS FOR GENERATIONS

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

We offer many different investing solutions for our clients' different needs.

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Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. Nuveen Investments markets its growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Rittenhouse, Santa Barbara, Symphony and Tradewinds. In total, the Company managed \$134 billion of assets on September 30, 2008.

Find out how we can help you reach your financial goals.

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at:

www.nuveen.com/etf

Share prices
Fund details
Daily financial news
Investor education
Interactive planning tools

EAN-B-1008D

ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at www.nuveen.com/etf. (To view the code, click on the Shareholder Resources drop down menu box, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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

Mr. Evans was formerly President and Chief Operating Officer of SCI Financial Group, Inc., a full service registered broker-dealer and registered investment adviser ("SCI"). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the "CFO") and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation

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of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Dividend Advantage Municipal Fund 3

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

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

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| FISCAL YEAR ENDED | AUDIT FEES BILLED TO FUND (1) | AUDIT-RELATED FEES BILLED TO FUND (2) | TAX BILLED TO |
|--|----------------------------------|--|------------------|
| October 31, 2008 | \$ 35,039 | \$ 0 | \$ |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |
| October 31, 2007 | \$ 30,797 | \$ 0 | \$ 5 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |

- (1) "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.
- (2) "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit Fees".
- (3) "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.
- (4) "All Other Fees" are the aggregate fees billed for products and services

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for agreed upon procedures engagements performed for leveraged funds.

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

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

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

| FISCAL YEAR ENDED | AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | TAX FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | ALL OTHER FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS |
|---|---|---|---|
| October 31, 2008 | \$ 0 | \$ 0 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |
| October 31, 2007 | \$ 0 | \$ 0 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |

NON-AUDIT SERVICES

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

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fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEES BILLED TO FUND | TOTAL NON-AUDIT FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND) | TOTAL NON BILLED TO AFFILIATED PROVIDERS ENGA |
|-------------------|--|---|---|
| October 31, 2008 | \$ 850 | \$ 0 | \$ |
| October 31, 2007 | \$ 1,250 | \$ 0 | \$ |

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

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

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

The registrant invests its assets primarily in municipal bonds and cash management securities. On rare occasions the registrant may acquire, directly or through a special purpose vehicle, equity securities of a municipal bond issuer whose bonds the registrant already owns when such bonds have deteriorated or are expected shortly to deteriorate significantly in credit quality. The purpose of acquiring equity securities generally will be to acquire control of the municipal bond issuer and to seek to prevent the credit deterioration or facilitate the liquidation or other workout of the distressed issuer's credit problem. In the course of exercising control of a distressed municipal issuer,

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NAM may pursue the registrant's interests in a variety of ways, which may entail negotiating and executing consents, agreements and other arrangements, and otherwise influencing the management of the issuer. NAM does not consider such activities proxy voting for purposes of Rule 206(4)-6 under the 1940 Act, but nevertheless provides reports to the registrant's Board of Trustees on its control activities on a quarterly basis.

In the rare event that a municipal issuer were to issue a proxy or that the registrant were to receive a proxy issued by a cash management security, NAM would either engage an independent third party to determine how the proxy should be voted or vote the proxy with the consent, or based on the instructions, of the registrant's Board of Trustees or its representative. A member of NAM's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 206(4)-6, reports were filed with the SEC on Form N-PX, and the results provided to the registrant's Board of Trustees and made available to shareholders as required by applicable rules.

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

THE PORTFOLIO MANAGER

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

| NAME | FUND |
|--------------|---|
| PAUL BRENNAN | Nuveen Dividend Advantage Municipal Fund 3. |

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

| PORTFOLIO MANAGER | TYPE OF ACCOUNT MANAGED | NUMBER OF | |
|-------------------|----------------------------------|-----------|-----------------|
| | | ACCOUNTS | ASSETS |
| Paul Brennan | Registered Investment Company | 15 | \$12.21 billion |
| | Other Pooled Investment Vehicles | 0 | \$0 |
| | Other Accounts | 1 | \$.859 million |

* Assets are as of October 31, 2008. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Each portfolio manager's compensation consists of three basic elements--base salary, cash bonus and long-term incentive compensation. The compensation strategy is to annually compare overall compensation, including these three elements, to the market in order to create a compensation structure that is competitive and consistent with similar financial services companies. As discussed below, several factors are considered in determining each portfolio manager's total compensation. In any year these factors may include, among others, the effectiveness of the investment strategies recommended by the portfolio manager's investment team, the investment performance of the accounts managed by the portfolio manager, and the overall performance of Nuveen Investments, Inc. (the parent company of NAM). Although investment performance is a factor in determining the portfolio manager's compensation, it is not necessarily a decisive factor. The portfolio manager's performance is evaluated in part by comparing manager's performance against a specified investment benchmark. This fund-specific benchmark is a customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of October 31, 2008, the S&P/Investortools Municipal Bond index was comprised of 52,959 securities with an aggregate current market value of \$1,009

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billion.

Base salary. Each portfolio manager is paid a base salary that is set at a level determined by NAM in accordance with its overall compensation strategy discussed above. NAM is not under any current contractual obligation to increase a portfolio manager's base salary.

Cash bonus. Each portfolio manager is also eligible to receive an annual cash bonus. The level of this bonus is based upon evaluations and determinations made by each portfolio manager's supervisors, along with reviews submitted by his peers. These reviews and evaluations often take into account a number of factors, including the effectiveness of the investment strategies recommended to the NAM's investment team, the performance of the accounts for which he serves as portfolio manager relative to any benchmarks established for those accounts, his effectiveness in communicating investment performance to stockholders and their representatives, and his contribution to the NAM's investment process and to the execution of investment strategies. The cash bonus component is also impacted by the overall performance of Nuveen Investments, Inc. in achieving its business objectives.

Long-term incentive compensation. In connection with the acquisition of Nuveen Investments, Inc., by a group of investors lead by Madison Dearborn Partners in November 2007, certain employees, including portfolio managers, received profit interests in Nuveen's parent. These profit interests entitle the holders to participate in the appreciation in the value of Nuveen beyond the issue date and vest over five to seven years, or earlier in the case of a liquidity event.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address potential conflicts of interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager, although the allocation procedures may provide allocation preferences to funds with special characteristics (such as favoring state funds versus national funds for allocations of in-state bonds). In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of October 31, 2008, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by NAM's municipal investment team.

| NAME OF PORTFOLIO MANAGER | FUND | DOLLAR RANGE OF EQUITY SECURITIES BENEFICIALLY OWNED IN FUND | DOLLAR RANGE OF EQUITY SECURITIES BENEFICIALLY OWNED IN FUND |
|---------------------------|--|--|--|
| Paul Brennan | Nuveen Dividend Advantage Municipal Fund 3 | \$10,001-\$50,000 | \$100,001-\$500,000 |

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PORTFOLIO MANAGER BIO:

Paul Brennan, CFA, CPA, became a portfolio manager of Flagship Financial Inc. in 1994, and subsequently became an Assistant Vice President of NAM upon the acquisition of Flagship Resources Inc. by Nuveen in 1997. He became Vice President of NAM in 2002. He currently manages investments for 16 Nuveen-sponsored investment companies.

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

| Period* | (a) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED | (b) AVERAGE PRICE PAID PER SHARE (OR UNIT) | (c) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | (d)* MAXIMUM APPROXIMATE SHARES TO BE PURCHASED UNDER PROGRAM |
|----------------------|---|---|--|--|
| AUGUST 7-31, 2008 | 0 | \$0 | 0 | 4,040,000 |
| SEPTEMBER 1-30, 2008 | 0 | \$0 | 0 | 4,040,000 |
| OCTOBER 1-31, 2008 | 0 | \$0 | 0 | 4,040,000 |
| TOTAL | 0 | | | |

* The registrant's repurchase program, which authorized the repurchase of 4,040,000 shares, was announced August 7, 2008. Any repurchases made by the registrant pursuant to the program were made through open-market transactions.

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

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

ITEM 11. CONTROLS AND PROCEDURES.

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

ITEM 12. EXHIBITS.

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File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a) (1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/etf and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

(a) (2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT Attached hereto.

(a) (3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

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

SIGNATURES

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

(Registrant) Nuveen Dividend Advantage Municipal Fund 3

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

Kevin J. McCarthy
Vice President and Secretary

Date: January 9, 2009

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

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

Gifford R. Zimmerman
Chief Administrative Officer

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(principal executive officer)

Date: January 9, 2009

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

Stephen D. Foy
Vice President and Controller
(principal financial officer)

Date: January 9, 2009