

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND
Form N-14 8C/A
October 02, 2015

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File No. 333-206627

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-14

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. 1

Post-Effective Amendment No.

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND

(Exact Name of Registrant as Specified in Charter)

333 West Wacker Drive

Chicago, Illinois 60606

(Address of Principal Executive Offices: Number, Street, City, State, Zip Code)

(800) 257-8787

(Area Code and Telephone Number)

Kevin J. McCarthy

Vice President and Secretary

Nuveen Investments

333 West Wacker Drive

Chicago, Illinois 60606

(Name and Address of Agent for Service)

Copies to:

Deborah Bielicke Eades

Vedder Price P.C.

222 North LaSalle Street

Chicago, Illinois 60601

Eric F. Fess

Chapman and Cutler LLP

111 West Monroe Street

Chicago, Illinois 60603

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee⁽¹⁾
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		Per Unit		
Common Shares of Beneficial Interest,				
\$0.01 Par Value Per Share	193,902,500 Shares	\$15.94 ⁽²⁾	\$3,090,805,850.00	\$359,151.64

- (1) Transmitted prior to filing. A registration fee of \$1.84 was previously paid in connection with the initial filing.
- (2) Net asset value per common share on September 25, 2015.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

IMPORTANT NOTICE TO COMMON SHAREHOLDERS OF
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)
NUVEEN QUALITY MUNICIPAL FUND, INC. (NQI)
NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)
AND
NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)
(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

[], 2015

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

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

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

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

(Target Funds only) the reorganization of each of Quality Municipal, Quality Income and Municipal Opportunity into the Acquiring Fund (each, a Reorganization and together, the Reorganizations);

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

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

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

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

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

fewer funds with greater scale, eliminating overlapping investment mandates of the funds and differentiating the investment strategies of the funds by credit profile and emphasis on

securities that generate income exempt from the federal alternative minimum tax applicable to individuals. The Board of each Target Fund and the Acquiring Fund has approved the Reorganizations.

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

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

- A.** Each Fund currently has non-fundamental investment policies requiring it to invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permitting it to invest up to 20% of its managed assets in below-investment-grade municipal securities. Both investment-grade and below-investment-grade municipal securities may include unrated securities judged to be of comparable quality by the Fund's investment adviser or sub-adviser. Under the new investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest up to 55% of its assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's sub-adviser.

The repositioning of the Acquiring Fund's portfolio will occur over time. Based on current market conditions, approximately 45% of the Acquiring Fund's managed assets are expected to be invested in lower rated municipal securities following the completion of the initial repositioning. Current market conditions may change, and the combined fund may not be able to reposition its portfolio as planned. The Acquiring Fund's allocation to lower rated municipal securities may vary over time, consistent with its investment objectives and policies. However, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully higher net earnings that may support higher common share distributions. However, as discussed on page 21 of the Joint Proxy Statement/Prospectus, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. See Proposal No. 1 B. Risk Factors.

In addition, each Fund currently may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals. Under the new investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy of investing, under normal circumstances, 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.

Proposals Regarding the Reorganizations

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

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

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

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

Meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions;

A more attractive yield and risk profile versus other national municipal closed-end funds in the marketplace, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value;

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

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

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

Dividends exempt from the federal alternative minimum tax applicable to individuals.

Q. How will the Reorganizations impact Fund operating expenses?

A. The Board of the Acquiring Fund has recommended that shareholders of the Acquiring Fund approve a new investment management agreement. The new investment management agreement has a higher fee rate as a percentage of managed assets than the Fund's current investment management agreement at each breakpoint level; however, the proposed schedule has an additional breakpoint at over \$5 billion. The greater size of the combined fund also will result in lower administrative costs, which will partially offset the higher management fees. In addition, Nuveen Fund Advisors has agreed to waive a portion of its investment management fee for the first year following the closing of the Reorganizations. The waiver will begin on the effective

date of the Reorganizations and will be gradually phased out over the first year following the closing of the Reorganizations. The waiver is not expected to be continued.

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

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

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

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

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

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

A. Yes. Upon the closing of the Reorganizations, Target Fund shareholders will become shareholders of the Acquiring Fund. Holders of common shares of each Target Fund will

receive newly issued common shares of the Acquiring Fund, with cash being distributed in lieu of fractional common shares. The aggregate net asset value, as of the close of trading on the business day immediately prior to the closing of the Reorganizations, of the Acquiring Fund common shares received by Target Fund shareholders (including, for this purpose, fractional Acquiring Fund common shares to which shareholders would be entitled) will be equal to the aggregate net asset value of the common shares of such Target Fund held by its shareholders as of such time. Fractional shares will be aggregated and sold on the open market and shareholders will receive cash in lieu of such fractional shares.

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

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

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

Following the Reorganizations, holders of preferred shares of the combined fund will hold a smaller percentage of the outstanding preferred shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations. Additionally, the combined fund will have multiple series of preferred shares outstanding and multiple types of preferred shares outstanding. The different types of preferred shares have different characteristics and features, which are described in more detail in the Joint Proxy Statement/Prospectus. See Proposal No. 1 C. Information About the Reorganizations Description of VMTP Shares to Be Issued by the Acquiring Fund on page 56, Proposal No. 1 C. Information About the Reorganizations Description of VRDP Shares to Be Issued by the Acquiring Fund on page 57, and Additional Information About the Acquiring Fund Description of Outstanding Acquiring Fund VRDP Shares on page 95. In addition, the voting power of certain series of preferred shares may be more concentrated than others. All of the VRDP Shares of the Acquiring Fund are currently owned by a single institutional investor and all of the VMTP Shares of Quality Municipal are currently owned by a single institutional investor.

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

- A. No. Each Reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes. It is expected that Target Fund shareholders will recognize no gain or loss for federal income tax purposes as a direct result of the Reorganizations, except to the extent that a Target Fund shareholder receives cash in lieu of a fractional Acquiring Fund common share. Prior to the closing of the Reorganizations, each Target Fund expects to declare a distribution of all of its net investment income and net capital gains, if any. All or a portion of such distribution may be taxable to a Target Fund's shareholders for federal income tax purposes. Prior to the closing of the Reorganizations, each of the Funds is expected to sell the municipal securities in its portfolio that generate income subject to the federal alternative minimum tax applicable to individuals. Such sales are expected to be less than 5% of the assets of each Fund. To the extent that portfolio securities of a Fund are sold prior to the closing of the Reorganizations, such Fund may realize gains or losses, which may increase or decrease the net capital gain or net investment income to be distributed by such Fund.

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

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

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

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

- A. Yes. Common shareholders will indirectly bear the costs of the Reorganizations, whether or not the Reorganizations are consummated. Preferred shareholders will not bear any costs of the

Reorganizations. The total costs of the Reorganizations are estimated to be \$2,415,000 and each Fund's allocable share of such costs will be reflected in its net asset value at or before the close of trading on the business day immediately prior to the closing of the Reorganizations. The estimated allocation of the costs among the Funds is as follows: \$365,000 (0.08%) for the Acquiring Fund, \$370,000 (0.06%) for Quality Municipal, \$620,000 (0.08%) for Quality Income and \$1,060,000 (0.07%) for Municipal Opportunity (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2015). The allocation of the costs of the Reorganizations will be based on the relative expected benefits of the Reorganizations and the Acquiring Fund's expanded investment mandate, including forecasted increases to net earnings, improvements in the secondary trading market for common shares and administrative cost savings, if any, to each Fund following the Reorganizations.

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

Q. What is the timetable for the Reorganizations?

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

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

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

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

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

A. Shareholders are required to approve certain changes to an investment advisory agreement under applicable law. Nuveen Fund Advisors proposed, and the Board of the Acquiring Fund approved, certain changes to the Acquiring Fund's investment management agreement to standardize the investment management agreements of Nuveen's municipal closed-end funds and to reflect the increased level of ongoing credit research and surveillance resulting from the Acquiring Fund's expanded investment mandate. The new investment management agreement provides for (1) a higher management fee rate payable at each current breakpoint level in the Acquiring Fund's fund-level management fee schedule; and (2) a revised fund-level breakpoint schedule, standardized to conform to the breakpoint schedules of newer Nuveen municipal closed-end funds. For some Funds, this means a greater reduction in the fund-level management fee rate at \$2 billion in assets and for other Funds, it means a new breakpoint in

the fund-level management fee schedule above \$5 billion of average daily managed assets. In addition, the Board approved increasing the portion of the management fee payable to Nuveen Asset Management, LLC, the Acquiring Fund's sub-adviser, under the sub-advisory agreement with respect to the Acquiring Fund.

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

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

General

Q. Who do I call if I have questions?

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

Q. How do I vote my shares?

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

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

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

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

Q. Will anyone contact me?

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

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

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

[], 2015

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)

NUVEEN QUALITY MUNICIPAL FUND, INC. (NQI)

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)

AND

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON NOVEMBER 9, 2015

To the Shareholders:

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

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

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

For the Acquiring Fund:

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

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

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

For the Acquiring Fund:

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

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

Only shareholders of record of the Acquiring Fund as of the close of business on August 24, 2015 and shareholders of record of the Target Funds as of the close of business on September 10, 2015 are entitled to notice of and to vote at the Special Meeting and any adjournments or postponements thereof.

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

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

Kevin J. McCarthy

Vice President and Secretary

The Nuveen Funds

The information contained in this Joint Proxy Statement/Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Joint Proxy Statement/Prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION,

DATED OCTOBER 2, 2015

NUVEEN FUNDS

333 WEST WACKER DRIVE

CHICAGO, ILLINOIS 60606

(800) 257-8787

JOINT PROXY STATEMENT/PROSPECTUS

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)

NUVEEN QUALITY MUNICIPAL FUND, INC. (NQI)

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)

AND

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

[], 2015

This Joint Proxy Statement/Prospectus is being furnished to common shareholders of Nuveen Dividend Advantage Municipal Income Fund (the Acquiring Fund), Nuveen Quality Municipal Fund, Inc. (Quality Municipal), Nuveen Quality Income Municipal Fund, Inc. (Quality Income) and Nuveen Municipal Opportunity Fund, Inc. (Municipal Opportunity) and together with Quality Municipal and Quality Income, the Target Funds or each individually, a Target Fund), each a closed-end management investment company, in connection with the solicitation of proxies by each Fund's Board of Directors or Board of Trustees, as applicable (each, a Board or the Board and each Director or Trustee, a Board Member), for use at the Special Meeting of Shareholders of each Fund to be held in the offices of Nuveen Investments, Inc. (Nuveen or Nuveen Investments), 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, November 9, 2015, at 2:00 p.m. Central time, and at any and all adjournments or postponements thereof (each, a Special Meeting and collectively, the Special Meetings), to consider the proposals listed below and discussed in greater detail elsewhere in this Joint Proxy Statement/Prospectus. The Acquiring Fund is organized as a Massachusetts business trust. Each of Quality Municipal, Quality Income and Municipal Opportunity is organized as a Minnesota corporation. The enclosed proxy card and this Joint Proxy Statement/Prospectus are first being sent to shareholders of the Funds on or about [], 2015. Shareholders of record of the Acquiring Fund as of the close of business on August 24, 2015 and shareholders of record of the Target Funds as of the close of business on September 10, 2015 are entitled to notice of and to vote at the Special Meeting and any and all adjournments or postponements thereof.

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

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

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

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

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

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

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

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

- Proposal No. 1. With respect to each Target Fund, Proposal No. 1 must be approved by the Target Fund's common and preferred shareholders, voting together as a single class, and by the Target Fund's preferred shareholders, voting separately.
With respect to the Acquiring Fund, Proposal No. 1 must be approved by the Acquiring Fund's preferred shareholders, voting separately (but not by the Acquiring Fund's common shareholders).
- Proposal No. 2. Proposal No. 2 must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class, and by the Acquiring Fund's common shareholders, voting separately.
- Proposal No. 3(a). Proposal No. 3(a) must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class.
- Proposal No. 3(b). Proposal No. 3(b) must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class.

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

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

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

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

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

Those persons who were shareholders of record of the Acquiring Fund as of the close of business on August 24, 2015 and those persons who were shareholders of record of a Target Fund as of the close of business on September 10, 2015 will be entitled to one vote for each share held and, with respect to holders of common shares, a proportionate fractional vote for each fractional common share held.

As of August 24, 2015 (for the Acquiring Fund) and September 10, 2015 (for each Target Fund), the shares of the Funds issued and outstanding are as follows:

Fund (Ticker Symbol)	Common Shares⁽¹⁾	VRDP Shares⁽¹⁾	VMTP Shares⁽¹⁾
Acquiring Fund (NVG)	24,646,630	1,790	
Quality Municipal (NQI)	38,406,871		2,404
Quality Income (NQU)	48,920,182	3,854	
Municipal Opportunity (NIO)	95,610,971	6,672	

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

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

The Acquiring Fund's current investment policies require, under normal circumstances, that the Fund invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and may invest no more than 10% of its managed assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's investment adviser or sub-adviser. In addition, the Fund currently may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals.

Under the expanded investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's investment adviser or sub-adviser. In addition, the Acquiring Fund will adopt a non-fundamental investment policy pursuant to which the Acquiring Fund will, under normal circumstances, invest 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.

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

The terms of the reorganization of each Target Fund into the Acquiring Fund are set forth in an Agreement and Plan of Reorganization by and among the Acquiring Fund and each Target Fund. The Agreement and Plan of Reorganization provides for: (1) the Acquiring Fund's acquisition of substantially all of the assets of each Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VMTP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, or newly issued VRDP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, as applicable, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (2) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by each Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Target Fund in accordance with applicable law (each, a Reorganization and together, the Reorganizations). The aggregate net asset value of the Acquiring Fund common shares as of the Valuation Time (as defined in the Agreement and Plan of Reorganization) received by each Target Fund in connection with a Reorganization will equal the aggregate net asset value of the Target Fund common shares held by shareholders of such Target Fund as of such time. Prior to the Valuation Time, the net asset value of each Target Fund and the Acquiring Fund will be reduced by the costs of the Reorganizations borne by such Fund. No fractional Acquiring Fund common shares will be distributed to a Target Fund's common shareholders in connection with a Reorganization and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash in an amount equal to a pro rata share of the proceeds from the sale of such fractional shares in the open market, which may be higher or lower than net asset value. Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VMTP Shares or VRDP Shares, as applicable, having substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares) as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with the Reorganizations will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. The Agreement and Plan of Reorganization may be amended by the Funds, as specifically authorized by each Fund's Board, provided that following the Special Meeting, no such amendment may change the provisions for determining the number of Acquiring Fund shares to be issued to Target Fund shareholders to the detriment of such shareholders without their further approval.

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

With respect to the Reorganization of each Target Fund into the Acquiring Fund, the Reorganization is required to be approved by the affirmative vote of the holders of a majority of the Target Fund's outstanding common and preferred shares, voting together as a single class, and by the affirmative vote of a majority of the Target Fund's outstanding preferred shares, voting separately. The

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

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

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

- (1) the Statement of Additional Information relating to the proposed Reorganizations, dated [], 2015 (the Reorganization SAI);
- (2) the audited financial statements and related independent registered public accounting firm's report for the Acquiring Fund and the financial highlights for the Acquiring Fund contained in the Fund's Annual Report for the fiscal year ended October 31, 2014 (File No. 811-09475);
- (3) the audited financial statements and related independent registered public accounting firm's report for each of Quality Municipal, Quality Income and Municipal Opportunity and the financial highlights for such Target Fund contained in such Fund's Annual Report for the fiscal year ended October 31, 2014 (File Nos. 811-06206, 811-06303 and 811-06379, respectively);
- (4) the unaudited financial statements for the Acquiring Fund contained in the Fund's Semi-Annual Report for the six-month period ended April 30, 2015 (File No. 811-09475); and
- (5) the unaudited financial statements for each of Quality Municipal, Quality Income and Municipal Opportunity contained in such Fund's Semi-Annual Report for the six-month period ended April 30, 2015 (File Nos. 811-06206, 811-06303 and 811-06379, respectively).

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

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

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Investment Company Act of 1940, as amended (the 1940 Act), and in accordance therewith file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds, including the Registration Statement on Form N-14 relating to the common shares of the Acquiring Fund of which this Joint Proxy Statement/Prospectus is a part, may be inspected without charge and copied (for a duplication fee at prescribed rates) at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549 or at the SEC's New York Regional Office (3 World Financial Center, Suite 400, New York, New York 10281) or Chicago Regional Office (175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604). You may call the SEC at (202) 551-8090 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549. You may also access reports and other information about the Funds on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>.

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

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

IMPORTANT NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any projections, forecasts and estimates contained or incorporated by reference in this Joint Proxy Statement/Prospectus are forward-looking statements and are based upon certain assumptions. Projections, forecasts and estimates are necessarily speculative in nature, and some or all of the assumptions underlying any projections, forecasts or estimates may not materialize or may vary significantly from actual results. Actual results may vary from any projections, forecasts and estimates and the variations may be material. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates, market, financial or legal uncertainties, the state of the market in municipal securities, changes in the tax treatment of municipal securities, the funding and solvency of the governmental and municipal issuers of municipal securities, and the timing and frequency of defaults on underlying investments. Consequently, the inclusion of any projections, forecasts and estimates herein should not be regarded as a representation by any Fund or any of its affiliates or any other person or entity of the results that will actually be achieved by the Fund. None of the Funds or their affiliates has any obligation to update or otherwise revise any projections, forecasts and estimates including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

JOINT PROXY STATEMENT/PROSPECTUS

[], 2015

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)

NUVEEN QUALITY MUNICIPAL FUND, INC. (NQI)

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)

AND

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)

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PROPOSAL NO. 1 REORGANIZATION OF EACH TARGET FUND INTO

THE ACQUIRING FUND

(COMMON SHAREHOLDERS OF EACH TARGET FUND)

A. SYNOPSIS

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

Background and Reasons for the Reorganizations

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

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

Meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions;

A more attractive yield and risk profile versus other national municipal closed-end funds in the marketplace, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value;

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

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

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

Dividends exempt from the federal alternative minimum tax applicable to individuals.

Under its expanded investment mandate, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully

higher net earnings that may support higher common share distributions. However, as discussed on page 21, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. See B. Risk Factors.

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

Material Federal Income Tax Consequences of the Reorganizations

As a condition to closing, each Fund will receive, with respect to its proposed Reorganization(s), an opinion of Vedder Price P.C., subject to certain representations, assumptions and conditions, substantially to the effect that the proposed Reorganization(s) will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). Accordingly, it is expected that no Fund will recognize gain or loss for federal income tax purposes as a direct result of the Reorganizations. It is also expected that shareholders of a Target Fund who receive Acquiring Fund shares pursuant to a Reorganization will recognize no gain or loss for federal income tax purposes as a result of such exchange, except to the extent a common shareholder of a Target Fund receives cash in lieu of a fractional Acquiring Fund common share. Prior to the closing of the Reorganizations, each Target Fund expects to declare a distribution of all of its net investment income and net capital gains, if any. All or a portion of such a distribution may be taxable to a Target Fund's shareholders for federal income tax purposes. If shareholders of the Funds approve the Reorganizations, prior to the closing of the Reorganizations, each of the Funds is expected to sell the municipal securities in its portfolio that generate income subject to the federal alternative minimum tax applicable to individuals. Such sales are expected to be less than 5% of the assets of each Fund. To the extent that portfolio securities of a Fund are sold prior to the closing of the Reorganizations, such Fund may realize gains or losses, which may increase or decrease the net capital gain or net investment income to be distributed by such Fund. After the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. To the extent that portfolio investments of the Acquiring Fund are sold before or after the closing of the Reorganizations, the Acquiring Fund may recognize gains or losses, which may result in taxable distributions to shareholders holding shares of

the Acquiring Fund (including former Target Fund shareholders who hold shares of the Acquiring Fund following the Reorganizations). If such repositioning had been completed as of April 30, 2015, the repositioning would have resulted in net realized losses. Securities held by the Funds are purchased and sold on a principal basis rather than an agency basis, and such transactions are not subject to separate brokerage commissions.

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

Comparison of the Acquiring Fund and each Target Fund

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

Fund	Organization	Organization Date	State of Organization	Entity Type
Acquiring Fund		July 12, 1999	Massachusetts	business trust
Quality Municipal		October 23, 1990	Minnesota	corporation
Quality Income		January 23, 1991	Minnesota	corporation
Municipal Opportunity		July 25, 1991	Minnesota	corporation

Capitalization Common Shares

Fund	Authorized Shares	Shares Outstanding ⁽¹⁾	Par Value Per Share	Preemptive, Conversion or Exchange Rights	Rights to Cumulative Voting	Exchange on which Common Shares are Listed
Acquiring Fund	Unlimited	24,646,630	\$0.01	None	None	NYSE MKT
Quality Municipal	200,000,000	38,406,871	\$0.01	None	None	NYSE
Quality Income	200,000,000	48,920,182	\$0.01	None	None	NYSE
Municipal Opportunity	200,000,000	95,610,971	\$0.01	None	None	NYSE

(1) As of August 24, 2015 (for the Acquiring Fund) and September 10, 2015 (for each Target Fund).

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

The Acquiring Fund currently has outstanding 1,790 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share (Outstanding VRDP Shares), which will remain outstanding following the completion of the Reorganizations. Quality Municipal currently has outstanding 2,404 VMTP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share; Quality Income currently has outstanding 3,854 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share; and Municipal Opportunity currently has outstanding 6,672 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share. VRDP Shares and VMTP Shares are entitled to one vote per share. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have rights and preferences, including liquidation preferences, that are substantially identical (with respect to VMTP Shares) or substantially similar (with respect to VRDP Shares) to those of the outstanding Target Fund preferred shares for which they are exchanged.

Investment Objectives and Policies. The Funds have substantially similar investment objectives. The investment objectives of the Acquiring Fund, Quality Municipal and Municipal Opportunity are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. Quality Income's primary investment objective is current income exempt from regular federal income tax. Quality Income's secondary investment objective is to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.

The Acquiring Fund's current investment policies require that, under normal circumstances, the Fund invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permit the Fund to invest no more than 10% of its managed

assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's sub-adviser. In addition, the Fund currently may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals. These investment policies are substantially similar to those of each Target Fund.

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

Under the expanded investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's sub-adviser. In addition, the Acquiring Fund will adopt a non-fundamental investment policy pursuant to which the Acquiring Fund will, under normal circumstances, invest 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals. These changes to the Acquiring Fund's non-fundamental investment policies will result in the Acquiring Fund having investment policies, strategies and risks that differ in certain regards from those of the Target Funds.

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

Acquiring Fund	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<p data-bbox="220 262 363 289">(New Policies)</p> <p data-bbox="92 291 316 319"><i>Investment Objectives:</i></p> <p data-bbox="92 426 491 705">The Fund's investment objectives are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.</p>	<p data-bbox="539 291 766 319"><i>Investment Objectives:</i></p> <p data-bbox="539 426 880 764">The Fund's investment objectives are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.</p>	<p data-bbox="906 291 1129 319"><i>Investment Objectives:</i></p> <p data-bbox="906 426 1129 1079">The Fund's primary investment objective is current income exempt from regular federal income tax. The Fund's secondary investment objective is to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.</p>	<p data-bbox="1187 432 1394 657">Identical with respect to Quality Municipal and Municipal Opportunity. Substantially similar with respect to Quality Income.</p>
<p data-bbox="92 1100 392 1127"><i>Principal Investment Strategy:</i></p> <p data-bbox="92 1234 491 1402">Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.</p>	<p data-bbox="539 1100 839 1127"><i>Principal Investment Strategy:</i></p> <p data-bbox="539 1234 880 1430">Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.</p>	<p data-bbox="906 1100 1129 1157"><i>Principal Investment Strategy:</i></p> <p data-bbox="906 1264 1129 1600">Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments, the income from which is exempt from regular federal income taxes.</p>	<p data-bbox="1187 1310 1283 1337">Identical.</p>

Acquiring Fund	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<p>(New Policies) <i>Credit Quality:</i></p> <p>Under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities that, at the time of investment, are rated below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization (NRSRO) or are unrated but judged to be of comparable quality by the Fund s sub-adviser.</p>	<p><i>Credit Quality:</i></p> <p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in investment-grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Fund s sub-adviser. No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s sub-adviser.</p>	<p><i>Credit Quality:</i></p> <p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in investment-grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Fund s investment adviser. No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s investment adviser.</p>	<p>The Acquiring Fund expects to consistently allocate a greater percentage of its portfolio to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund.</p>
<p><i>Alternative Minimum Tax Policy:</i></p> <p>Under normal circumstances, the Fund will invest 100% of its Managed Assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.</p>	<p><i>Alternative Minimum Tax Policy:</i></p> <p>The Fund may invest without limit in securities that generate income subject to the federal alternative minimum tax.</p>	<p><i>Alternative Minimum Tax Policy:</i></p> <p>The Fund may invest without limit in securities that generate income subject to the federal alternative minimum tax.</p>	<p>The Acquiring Fund will invest exclusively in securities that generate income exempt from the federal alternative minimum tax applicable to individuals. The Target Funds have no such policy.</p>

Acquiring Fund	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<p>(New Policies) <i>Leverage:</i></p>	<i>Leverage:</i>	<i>Leverage:</i>	
<p>The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.</p>	<p>The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.</p>	<p>The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.</p>	Identical.
<i>Illiquid Securities:</i>	<i>Illiquid Securities:</i>	<i>Illiquid Securities:</i>	
<p>The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.</p>	<p>The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.</p>	<p>The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.</p>	Identical.
<i>Weighted Average Maturity Policy:</i>	<i>Weighted Average Maturity Policy:</i>	<i>Weighted Average Maturity Policy:</i>	
<p>The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.</p>	<p>The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.</p>	<p>The Fund buys municipal bonds with different maturities and intends to maintain an average portfolio maturity of 15 to 30 years, although this may be shortened depending on market conditions.</p>	Substantially similar.

Acquiring Fund	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<p>(New Policies) <i>Other Investment Companies:</i></p>	<p><i>Other Investment Companies:</i></p>	<p><i>Other Investment Companies:</i></p>	
<p>The Fund may invest in securities of other open- or closed-end investment companies (including exchange-traded funds (ETFs)) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. In addition, the Fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly.</p>	<p>The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal securities of the types in which the Fund may invest directly. In addition, the Fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly.</p>	<p>The Fund may invest up to 10% of its net assets in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal bonds of the types in which the Fund may invest directly.</p>	<p>Substantially similar.</p>

Acquiring Fund	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<p>(New Policies) <i>Use of Derivatives:</i></p> <p>The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.</p>	<p><i>Use of Derivatives:</i></p> <p>The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.</p>	<p><i>Use of Derivatives:</i></p> <p>The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.</p>	<p>Identical.</p>

Credit Quality. A comparison of the credit quality (as a percentage of total investment exposure, which includes the leveraged effect of the Funds' investments in inverse floating rate securities of tender option bond trusts) of the portfolios of the Acquiring Fund and each Target Fund, as of April 30, 2015, is set forth in the table below.

Credit Rating⁽¹⁾	Acquiring Fund	Quality Municipal	Quality Income	Municipal Opportunity
AAA/U.S. Guaranteed	32.0%	19.9%	12.7%	22.3%
AA	38.4%	46.3%	51.1%	46.2%
A	14.3%	23.4%	15.6%	19.7%
BBB	9.9%	5.9%	10.0%	6.1%
BB or lower	4.3%	2.6%	9.5%	4.1%
N/R (not rated)	0.9%	1.9%	1.1%	1.6%
N/A (not applicable) ⁽²⁾	0.2%			

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

(2) Relates to investment company holdings for the Acquiring Fund.

Leverage. Each Fund may utilize the following forms of leverage: (1) the issuance of preferred shares, (2) bank borrowings, and (3) inverse floating rate securities (sometimes referred to as inverse floaters), which have the economic effect of leverage. Each Fund currently engages in leverage through the issuance of preferred shares and the use of inverse floaters. Certain important ratios related to each Fund's use of leverage for the last three fiscal years are set forth below:

Acquiring Fund	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	341.95%	316.88%	342.77%
Regulatory Leverage Ratio ⁽²⁾	29.24%	31.56%	29.17%
Effective Leverage Ratio ⁽³⁾	35.20%	38.11%	35.38%
Quality Municipal	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	341.26%	320.21%	347.81%
Regulatory Leverage Ratio ⁽²⁾	29.30%	31.23%	28.75%
Effective Leverage Ratio ⁽³⁾	35.72%	38.43%	36.68%
Quality Income	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	299.29%	280.34%	326.07%
Regulatory Leverage Ratio ⁽²⁾	33.41%	35.67%	30.67%
Effective Leverage Ratio ⁽³⁾	36.48%	39.33%	34.55%
Municipal Opportunity	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	325.65%	307.23%	328.84%
Regulatory Leverage Ratio ⁽²⁾	30.71%	32.55%	30.41%
Effective Leverage Ratio ⁽³⁾	37.25%	39.54%	36.13%

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

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

While the Acquiring Fund and Target Funds have the same Board Members, the Acquiring Fund, which is organized as a Massachusetts business trust (the Massachusetts Fund), has a board structure that is different from the structure for the Target Funds, which are organized as Minnesota corporations (the Minnesota Funds). All members of the boards of directors of the Minnesota Funds stand for election each year. In contrast to the Minnesota Funds' board structure, and pursuant to the Massachusetts Fund's by-laws, the board of trustees of the Massachusetts Fund is divided into three classes (Class I, Class II and Class III) with staggered multi-year terms, such that only the members of

one of the three classes stand for election each year; provided, however, that holders of preferred shares are entitled as a class to elect two trustees of the Acquiring Fund at all times. The staggered board structure could delay for up to two years the election of a majority of the Board of the Acquiring Fund. To the extent the preferred shares are held by a small number of institutional holders, a few holders could exert influence on the selection of the Board as a result of the requirement that holders of preferred shares be entitled to elect two trustees of the Acquiring Fund at all times. The Acquiring Fund's board structure will remain in place following the closing of the Reorganizations.

Investment Adviser. Nuveen Fund Advisors, LLC (previously defined as Nuveen Fund Advisors or the Adviser) is the investment adviser to each Fund and is responsible for overseeing each Fund's overall investment strategy, including the use of leverage, and its implementation. Nuveen Fund Advisors also is responsible for the ongoing monitoring of any sub-adviser to the Funds, managing each Fund's business affairs and providing certain clerical, bookkeeping and other administrative services to the Funds. Nuveen Fund Advisors is located at 333 West Wacker Drive, Chicago, Illinois 60606.

Nuveen Fund Advisors, a registered investment adviser, is a wholly-owned subsidiary of Nuveen Investments, Inc. (previously defined as Nuveen or Nuveen Investments). Founded in 1898, Nuveen Investments and its affiliates had approximately \$230 billion in assets under management as of June 30, 2015. Nuveen is a separate subsidiary of TIAA-CREF, a financial services organization based in New York, New York. TIAA-CREF acquired Nuveen on October 1, 2014.

Nuveen Fund Advisors has selected its wholly owned subsidiary, Nuveen Asset Management, LLC (Nuveen Asset Management or the Sub-Adviser), located at 333 West Wacker Drive, Chicago, Illinois 60606, to serve as a sub-adviser to each of the Funds pursuant to a sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management (the Sub-Advisory Agreement). Nuveen Asset Management, a registered investment adviser, oversees day-to-day operations and manages the investment of the Funds' assets on a discretionary basis, subject to the supervision of Nuveen Fund Advisors. Pursuant to the Sub-Advisory Agreement, Nuveen Asset Management is compensated for the services it provides to the Funds with a portion of the management fee Nuveen Fund Advisors receives from each Fund. Nuveen Fund Advisors and Nuveen Asset Management retain the right to reallocate investment advisory responsibilities and fees between themselves in the future.

Unless earlier terminated as described below, each Fund's Investment Management Agreement with Nuveen Fund Advisors will remain in effect until August 1, 2016. Each Investment Management Agreement continues in effect from year to year so long as such continuation is approved at least annually by: (1) the Board or the vote of a majority of the outstanding voting securities of the Fund; and (2) a majority of the Board Members who are not interested persons of any party to the Investment Management Agreement, cast in person at a meeting called for the purpose of voting on such approval. Each Investment Management Agreement may be terminated at any time, without penalty, by either the Fund or Nuveen Fund Advisors upon 60 days' written notice and is automatically terminated in the event of its assignment as defined in the 1940 Act.

Pursuant to each Investment Management Agreement, each Fund has agreed to pay an annual management fee for the overall advisory and administrative services and general office facilities provided by Nuveen Fund Advisors. Each Fund's management fee consists of two components: a complex-level fee, based on the aggregate amount of all eligible fund assets managed by Nuveen Fund

Advisors, and a specific fund-level fee, based only on the amount of assets within such Fund. This pricing structure enables the Funds shareholders to benefit from growth in assets within each individual Fund as well as from growth of complex-wide assets managed by Nuveen Fund Advisors.

For the fiscal year ended October 31, 2014, the effective management fee rates of the Acquiring Fund, Quality Municipal, Quality Income and Municipal Opportunity, expressed as a percentage of average total daily net assets (including assets attributable to leverage), were 0.59%, 0.59%, 0.58% and 0.58%, respectively.

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

Current Fund-Level Fee Schedule for the Acquiring Fund

Average Total Daily Net Assets*	Fund-Level Fee Rate
For the first \$125 million	0.4500%
For the next \$125 million	0.4375%
For the next \$250 million	0.4250%
For the next \$500 million	0.4125%
For the next \$1 billion	0.4000%
For net assets over \$2 billion	0.3750%

* For this purpose, average total daily net assets include net assets attributable to preferred shares and residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts.

Fund-Level Fee Schedule for Quality Municipal, Quality Income and Municipal Opportunity

Average Total Daily Net Assets*	Fund-Level Fee Rate
For the first \$125 million	0.4500%
For the next \$125 million	0.4375%
For the next \$250 million	0.4250%
For the next \$500 million	0.4125%
For the next \$1 billion	0.4000%
For the next \$3 billion	0.3875%
For net assets over \$5 billion	0.3750%

* For this purpose, average total daily net assets include net assets attributable to preferred shares and residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts.

As part of the Acquiring Fund's expanded investment mandate, shareholders of the Acquiring Fund are being asked to approve a new Investment Management Agreement for the Fund. The new Investment Management Agreement provides for a higher management fee rate payable at each current breakpoint level. The increased management fee schedule under the new Investment Management Agreement reflects the increased level of ongoing credit research and surveillance resulting from the Acquiring Fund's expanded investment mandate and is intended to standardize the Acquiring Fund's Investment Management Agreement with the investment management agreements of Nuveen's newer municipal closed-end funds. See Proposal No. 3.

The annual fund-level fee rate for the Acquiring Fund under the new Investment Management Agreement, payable monthly, will be calculated according to the following schedule:

Proposed Fund-Level Fee Schedule for the Acquiring Fund

Average Daily Managed Assets*	Fund-Level Fee Rate
For the first \$125 million	0.5000%
For the next \$125 million	0.4875%
For the next \$250 million	0.4750%
For the next \$500 million	0.4625%
For the next \$1 billion	0.4500%
For the next \$3 billion	0.4250%
For managed assets over \$5 billion	0.4125%

* For this purpose, managed assets means the total assets of the Fund, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the express purpose of creating leverage). Total assets for this purpose shall include assets attributable to the Fund's use of effective leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of U.S. generally accepted accounting principles).

For each Fund, the fee rate under the proposed new Investment Management Agreement is higher than the current fee rate at each comparable breakpoint. With respect to the Acquiring Fund, the new fund-level fee schedule includes an additional breakpoint at over \$5 billion in assets. With respect to each Target Fund, the new fund-level fee schedule includes a greater reduction in the fund-level management fee rate at \$2 billion in assets under management.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. Each Fund pays all of its other costs and expenses of its operations, including compensation of its Board Members (other than those affiliated with the Adviser), custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of issuing any preferred shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, listing fees and taxes, if any. For the services provided pursuant to each Fund's Sub-Advisory Agreement, Nuveen Fund Advisors currently pays Nuveen Asset Management a fee, payable monthly, equal to 38.4615% of the management fee (net of applicable waivers and reimbursements) paid by the Fund to Nuveen Fund Advisors. At the Special Meeting, shareholders of the Acquiring Fund are being asked to approve a new Sub-Advisory Agreement for the Fund that will have a revised fee. See Proposal No. 3. Under the new Sub-Advisory Agreement, Nuveen Fund Advisors would pay Nuveen Asset Management a fee, payable monthly, equal to 42.8572% of the management fee (net of applicable waivers and reimbursements) paid by the Acquiring Fund to Nuveen Fund Advisors.

If the management fee schedule under the new Investment Management Agreement had been in effect for the twelve (12) months ended October 31, 2014, pro forma management fees of the combined fund would have been approximately four to nine basis points higher than the management fees paid by the Funds under the current Investment Management Agreements, as a percentage of managed assets, and approximately four to nine basis points higher than the management fees paid by the Funds under the current Investment Management Agreements, as a percentage of assets attributable to common shares. The combined fund's pro forma expense ratio (excluding the costs of leverage) is projected to be approximately three basis points lower to four basis points higher than the current

expense ratios (excluding the costs of leverage) of the Funds during the first year following the closing of the Reorganizations and approximately two to nine basis points higher than the current expense ratios (excluding the costs of leverage) of the Funds thereafter. See Comparative Expense Information on page 18.

Each Fund also pays a complex-level fee to Nuveen Fund Advisors, which is payable monthly and is in addition to the fund-level fee. The complex-level fee is based on the aggregate daily amount of eligible assets for all Nuveen sponsored funds in the United States, as stated in the table below. As of October 31, 2014, the complex-level fee rate for each Fund was 0.1643%. Because all Nuveen Funds pay the same complex-level fee rate, the rate paid by each Fund will not change as a result of the proposed Reorganizations.

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

Complex-Level Fee Rates

Complex-Level Managed Asset Breakpoint Level**	Effective Rate at Breakpoint Level
\$55 billion	0.2000%
\$56 billion	0.1996%
\$57 billion	0.1989%
\$60 billion	0.1961%
\$63 billion	0.1931%
\$66 billion	0.1900%
\$71 billion	0.1851%
\$76 billion	0.1806%
\$80 billion	0.1773%
\$91 billion	0.1691%
\$125 billion	0.1599%
\$200 billion	0.1505%
\$250 billion	0.1469%
\$300 billion	0.1445%

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

A discussion of the basis for the Board's most recent approval of each Fund's current Investment Management Agreement and Sub-Advisory Agreement will be included in the Fund's Annual Report for the fiscal year ending October 31, 2015. A discussion of the basis for the Board's approval of the Acquiring Fund's new Investment Management Agreement and Sub-Advisory Agreement appears under Proposal 3 C. Board Considerations below.

Portfolio Management. Subject to the supervision of Nuveen Fund Advisors, Nuveen Asset Management is responsible for execution of specific investment strategies and day-to-day investment

operations. Nuveen Asset Management manages the portfolios of the Funds using a team of analysts and a portfolio manager that focuses on a specific group of funds. Paul L. Brennan, CFA, CPA, is the portfolio manager of the Acquiring Fund and Municipal Opportunity, Douglas J. White, CFA, is the portfolio manager of Quality Municipal and Thomas C. Spalding, CFA, is the portfolio manager of Quality Income. Additional information regarding the portfolio managers' compensation, other accounts managed and ownership of securities is contained in the Reorganization SAI. Mr. Brennan assumed portfolio management responsibility for the Acquiring Fund in 2006 and for Municipal Opportunity in 2006, Mr. White assumed portfolio management responsibility for Quality Municipal in 2011, and Mr. Spalding assumed portfolio management responsibility for Quality Income in 2003. Mr. Brennan will continue to manage the combined fund upon completion of the Reorganizations.

Paul L. Brennan, CFA, CPA, is a Senior Vice President of Nuveen Investments. He manages several Nuveen municipal national and state mutual funds and closed-end bond funds. Mr. Brennan began his career in the investment business in 1991, as a municipal credit analyst for Flagship Financial, before becoming a portfolio manager in 1994. He joined Nuveen Investments in 1997, when Nuveen acquired Flagship Financial that year. He earned his B.S. in Accountancy and Finance from Wright State University. He is a Certified Public Accountant (CPA), has earned the Chartered Financial Analyst (CFA) designation, and currently sits on the Nuveen Asset Management Investment Management Committee.

Douglas J. White, CFA, is a Senior Vice President of Nuveen Investments. He began working in the financial industry in 1983 and he became a portfolio manager in 1985. Mr. White previously served as co-manager of portfolio analysis/equity management at IDS Financial Services and portfolio manager at Marquette Capital Management Corporation. Mr. White most recently managed several municipal funds and portfolios for FAF Advisors, prior to joining Nuveen Asset Management and was the manager of FAF Advisors' tax-exempt fixed-income team. He received a B.A. from Carleton College and an M.B.A. in finance from the University of Minnesota, and holds the CFA designation.

Thomas C. Spalding, CFA, is a Senior Vice President and Senior Investment Officer of Nuveen Investments. He has direct investment responsibility for the National Long Term funds. He joined Nuveen in 1976 as assistant portfolio manager and has been the portfolio manager of the Nuveen Municipal Value Fund, Nuveen's first closed-end exchange traded fund, since its inception in 1987. Currently, he manages investments for 16 Nuveen-sponsored investment companies.

Comparative Risk Information

Because the Funds have substantially similar investment objectives and each Fund invests exclusively in municipal securities and other investments the income from which is exempt from regular federal income taxes, the principal risks of the Funds are similar. Each Fund is subject to various risks associated with investing primarily in a portfolio of municipal securities and employing leverage, which include:

Investment, Market and Price Risk. An investment in a Fund's common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the municipal securities owned by the Funds, which generally trade in the over-the-counter (OTC) markets. Shares of closed-end investment companies like the Funds frequently trade at a discount to their net asset value. Your common shares at any point in time may be worth

less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Municipal Securities Risk. Special factors may adversely affect the value of municipal securities and have a significant effect on the yield or value of a Fund's investments in municipal securities. These factors include economic conditions, political or legislative changes, regulatory developments or enforcement actions, uncertainties related to the tax status of municipal securities, or the rights of investors.

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

Leverage Risk. Each Fund's use of leverage creates the possibility of higher volatility for the Fund's per share net asset value, market price, distributions and returns. There is no assurance that a Fund's leveraging strategy will be successful.

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

Issuer Credit Risk. This is the risk that a security in a Fund's portfolio will fail to make dividend or interest payments when due. Investments in lower rated securities are subject to higher risks than investments in higher rated securities; accordingly, the Acquiring Fund will be subject to heightened issuer credit risk under its new investment mandate.

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

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

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

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

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

on performance. If a Fund needed to sell large blocks of bonds, those sales could further reduce the bonds' prices and hurt performance.

High Yield Securities Risk. High yield securities, which are rated below investment grade and commonly referred to as junk bonds, are speculative and high risk investments that may cause income and principal losses for the Fund. They generally have greater credit risk, involve greater risks of default, downgrade, or price declines, are less liquid and have more volatile prices than investment-grade securities. Issuers of high yield securities are less financially strong, are more likely to encounter financial difficulties, and are more vulnerable to adverse market events and negative sentiments than issuers with higher credit ratings.

While each Fund may currently invest in high yield securities, following the restructuring, the Acquiring Fund expects to consistently allocate a greater percentage of its portfolio to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund.

The principal risks of investing in the Acquiring Fund are described in more detail below.

Comparative Expense Information

The purpose of the comparative fee table is to assist you in understanding the various costs and expenses of investing in common shares of the Funds. The information in the table reflects the fees and expenses for each Fund's fiscal year ended October 31, 2014, except as described in footnotes 1 and 5 below, and the pro forma expenses for the twelve (12) months ended October 31, 2014, for the combined fund. The figures in the Example are not necessarily indicative of past or future expenses, and actual expenses may be greater or less than those shown. The Funds' actual rates of return may be greater or less than the hypothetical 5% annual return shown in the Example.

Comparative Fee Table⁽¹⁾⁽²⁾

	Acquiring Fund	Quality Municipal	Quality Income	Municipal Opportunity	Combined Fund Pro Forma ⁽³⁾
Annual Expenses (as a percentage of net assets applicable to common shares)					
Management Fees	0.90%	0.89%	0.94%	0.89%	0.98%
Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters ⁽⁴⁾	0.45%	0.52%	0.65%	0.48%	0.55%
Other Expenses ⁽⁵⁾	0.09%	0.09%	0.10%	0.08%	0.08%
Total Annual Expenses	1.44%	1.50%	1.69%	1.45%	1.61%
Less Fee Waiver					(0.05%) ⁽⁶⁾
Net Annual Expenses	1.44%	1.50%	1.69%	1.45%	1.56%

(1) Annual Expenses (as a percentage of net assets applicable to common shares), excluding Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters, are based on the expenses of the Acquiring Fund and Target Funds for the twelve (12) months ended October 31, 2014. Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters have been restated and are based on the annualized expenses as a percentage of net assets applicable to common shares of the Acquiring Fund and Target Funds for the six (6) months ended April 30, 2015.

(2) The purpose of the comparative fee table below, which is presented with the same adjustments and for the same period as the table above, is to assist you in understanding the impact of the Reorganizations on the Funds' operating expenses, which do not include the costs of leverage.

	Acquiring Fund	Quality Municipal	Quality Income	Municipal Opportunity	Combined Fund Pro Forma
Operating Expenses (as a percentage of net assets applicable to common shares)					
Management Fees	0.90%	0.89%	0.94%	0.89%	0.98%
Other Expenses	0.09%	0.09%	0.10%	0.08%	0.08%
Total Operating Expenses	0.99%	0.98%	1.04%	0.97%	1.06%
Less Fee Waiver					(0.05%)
Net Operating Expenses	0.99%	0.98%	1.04%	0.97%	1.01%

- (3) The Combined Fund Pro Forma figures reflect the impact of applying the Acquiring Fund's new fund-level management fee rate to the Combined Fund Pro Forma assets and the anticipated reduction of certain duplicative expenses eliminated as a result of the Reorganizations. Combined Fund Pro Forma assumes additional leverage in an amount expected to be incurred by the Acquiring Fund following the Reorganizations to achieve a leverage ratio equal to the highest leverage ratio of the Target Funds and the Acquiring Fund as of April 30, 2015. Combined Fund Pro Forma expenses do not include the expenses to be borne by the common shareholders of the Funds in connection with the Reorganizations, which are estimated to be \$365,000 (0.08%) for the Acquiring Fund, \$370,000 (0.06%) for Quality Municipal, \$620,000 (0.08%) for Quality Income and \$1,060,000 (0.07%) for Municipal Opportunity. All percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2015.
- (4) Fees on Preferred Shares assume annual dividends paid and amortization of offering costs for both VMTP and VRDP Shares, where applicable, and annual liquidity and remarketing fees for VRDP Shares for Quality Income and Municipal Opportunity. VRDP Shares for the Acquiring Fund are considered to be Special Rate Period VRDP Shares and currently do not incur liquidity or remarketing fees. Interest and Related Expenses from Inverse Floaters include interest expense that arises because accounting rules require each Fund to treat interest paid by trusts issuing certain inverse floating rate investments that may be held by a Fund as having been paid (indirectly) by the Fund. Because the Fund would also recognize a corresponding amount of interest income (also indirectly), the Fund's net asset value, net investment income, and total return are not affected by this accounting treatment. The actual fees on preferred shares and interest and related expenses from inverse floaters incurred in the future may be higher or lower. The Funds' use of leverage will increase the amount of management fees paid to the Adviser and Sub-Adviser.
- (5) Other Expenses are estimated based on actual expenses from the prior fiscal year. Other Expenses for Quality Income have been restated to exclude a one-time expense related to a Tender Offer which was effective September 19, 2014, and increased actual expenses for the most recent fiscal year.
- (6) The Combined Fund Pro Forma net annual expense assumes the fee waiver agreement described below had been in place during the twelve (12) month period ended October 31, 2014. The Adviser has agreed to implement a fee waiver which would begin on the effective date of the Reorganizations and will be phased out over the first year following the effective date of the Reorganizations. The waiver would be applied according to the following schedule and annual rates: (i) 0.05% of Managed Assets for the first 90 day period following the Reorganizations; (ii) 0.0375% of Managed Assets for the 91st through 180th day period following the Reorganizations; (iii) 0.025% of Managed Assets for the 181st through 270th day period following the Reorganizations; and (iv) 0.0125% of Managed Assets for the 271st through 365th day period following the Reorganizations. The fee waiver agreement may not be discontinued prior to the expiration of the one-year period unless authorized by the Board of the Acquiring Fund or the Acquiring Fund's Investment Management Agreement terminates. The fee waiver of 0.05% set forth in the table above reflects the weighted-average value of the waiver over the twelve (12) month period ended October 31, 2014 as a percentage of net assets applicable to common shares. The purpose of the fee waiver is to phase in the new management fee over a period of one year. The fee waiver is not expected to be continued.

Example: The following examples illustrate the expenses that a common shareholder would pay on a \$1,000 investment that is held for the time periods provided in the table. The examples assume that all dividends and other distributions are reinvested and that Total Annual Expenses remain the same. The examples also assume a 5% annual return. The examples should not be considered a representation of future expenses. Actual expenses may be greater or lesser than those shown.

	1 Year	3 Years	5 Years	10 Years
Acquiring Fund	\$ 15	\$ 46	\$ 79	\$ 172
Quality Municipal	\$ 15	\$ 47	\$ 82	\$ 179
Quality Income	\$ 17	\$ 53	\$ 92	\$ 200
Municipal Opportunity	\$ 15	\$ 46	\$ 79	\$ 174
Combined Fund Pro Forma	\$ 16	\$ 50	\$ 87	\$ 191

Comparative Performance Information

Comparative total return performance for the Funds for periods ended April 30, 2015:

	Average Annual Total Return on Net Asset Value			Average Annual Total Return on Market Value		
	One Year	Five Years	Ten Years	One Year	Five Years	Ten Years
Acquiring Fund	9.64%	7.35%	5.91%	10.39%	5.95%	6.03%
Quality Municipal	8.20%	7.31%	5.31%	7.17%	4.65%	4.31%
Quality Income	10.02%	7.71%	5.97%	6.96%	5.76%	6.08%
Municipal Opportunity	9.15%	7.56%	5.58%	10.19%	7.22%	5.82%

Average Annual Total Return on 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 reinvestment 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. Average Annual Total Return 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 it may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Past performance information is not necessarily indicative of future results.

B. RISK FACTORS

An investment in the Acquiring Fund may not be appropriate for all investors. The Acquiring Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Acquiring Fund will achieve its investment objectives. Investors should consider their long-term investment goals and financial needs when making an investment decision with respect to shares of the Acquiring Fund. An investment in the Acquiring Fund is intended to be a long-term investment, and you should not view the Fund as a trading vehicle. Your shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions, if applicable.

The principal risks of investing in the Acquiring Fund are described below. The risks and special considerations listed below should be considered by shareholders of each Fund in their evaluation of the Reorganizations. An investment in a Target Fund is also generally subject to each of these principal risks. Under its expanded investment mandate, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully higher net earnings that may support higher common share distributions. However, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. In addition, an investment in a Target Fund is subject to alternative minimum tax risk, which is the risk that all or a portion of the Fund's otherwise exempt-interest dividends may be taxable to those shareholders subject

to the federal alternative minimum tax applicable to individuals. Following the restructuring of the Acquiring Fund, because of the Acquiring Fund's policy to invest, under normal circumstances, 100% of its Managed Assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals, this risk will not be a principal risk applicable to an investment in the Acquiring Fund.

General Risks of Investing in the Acquiring Fund

Investment and Market Risk. An investment in the Acquiring Fund's shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in the shares of the Acquiring Fund represents an indirect investment in the municipal securities owned by the Fund, which generally trade in the OTC markets. Your shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of dividends and distributions, if applicable. In addition, the ability of municipalities to collect revenue and service their obligations could be materially and adversely affected by an economic downturn or prolonged recession.

Market Discount from Net Asset Value. The market price of shares of closed-end investment companies may fluctuate and during certain periods trade at prices lower than net asset value. The Acquiring Fund cannot predict whether its common shares will trade at, above or below net asset value. This characteristic is a risk separate and distinct from the risk that the Acquiring Fund's net asset value could decrease as a result of investment activities. Investors bear a risk of loss to the extent that the price at which they sell their shares is lower in relation to the Acquiring Fund's net asset value than at the time of purchase, assuming a stable net asset value. The common shares are designed primarily for long-term investors, and you should not view the Acquiring Fund as a vehicle for trading purposes.

Credit and Below-Investment-Grade Risk. Credit risk is the risk that one or more municipal securities in the Acquiring Fund's portfolio will decline in price, or the issuer thereof will fail to pay interest or principal when due, because the issuer of the security experiences a decline in its financial status. In general, lower-rated municipal securities carry a greater degree of risk that the issuer will lose its ability to make interest and principal payments, which could have a negative impact on the Acquiring Fund's net asset value or dividends. Credit risk is increased when a portfolio security is downgraded or the perceived creditworthiness of the issuer deteriorates. If a downgrade occurs, the Adviser and/or the Sub-Adviser will consider what action, including the sale of the security, is in the best interests of the Acquiring Fund and its shareholders. Municipal securities of below-investment-grade quality, commonly referred to as junk bonds, are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal when due, and they are more susceptible to default or decline in market value due to adverse economic and business developments than investment-grade municipal securities. Also, to the extent that the rating assigned to a municipal security in the Acquiring Fund's portfolio is downgraded by any NRSRO, the market price and liquidity of such security may be adversely affected. The market values for municipal securities of below-investment-grade quality tend to be volatile, and these securities are less liquid than investment-grade municipal securities. For these reasons, an investment in the Acquiring Fund, compared with a portfolio consisting predominately or solely of investment-grade securities, may experience the following:

increased price sensitivity resulting from a deteriorating economic environment and/or changing interest rates;

greater risk of loss due to default or declining credit quality;

adverse issuer-specific events that are more likely to render the issuer unable to make interest and/or principal payments; and

the possibility that a negative perception of the below-investment-grade market develops, resulting in the price and liquidity of below-investment-grade securities becoming depressed, and this negative perception could last for a significant period of time. Adverse changes in economic conditions are more likely to lead to a weakened capacity of a below-investment-grade issuer to make principal payments and interest payments compared to an investment-grade issuer. The principal amount of below-investment-grade securities outstanding has proliferated in the past decade as an increasing number of issuers have used below-investment-grade securities for financing. An economic downturn may severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. In the event of an economic downturn, with decreased tax and other revenue streams of municipal issuers, or in the event interest rates rise sharply, increasing the interest cost on variable rate instruments and negatively impacting economic activity, the number of defaults by below-investment-grade municipal issuers would likely increase. Similarly, prolonged downturns in profitability in specific industries could adversely affect private activity bonds. The market values of lower-quality debt securities tend to reflect individual developments of the issuer to a greater extent than do higher-quality securities, which react primarily to fluctuations in the general level of interest rates. Factors having an adverse impact on the market value of lower-quality securities may have an adverse impact on the Acquiring Fund's net asset value and the market value of its common shares. In addition, the Acquiring Fund may incur additional expenses to the extent it is required to seek recovery upon a default in payment of principal or interest on its portfolio holdings. In certain circumstances, the Acquiring Fund may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, the Acquiring Fund would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

The secondary market for below-investment-grade securities may not be as liquid as the secondary market for more highly rated securities, a factor that may have an adverse effect on the Acquiring Fund's ability to dispose of a particular security. There are fewer dealers in the market for below-investment-grade municipal securities than the market for investment-grade municipal securities. The prices quoted by different dealers for below-investment-grade municipal securities may vary significantly, and the spread between the bid and ask price is generally much larger for below-investment-grade municipal securities than for higher-quality instruments. Under adverse market or economic conditions, the secondary market for below-investment-grade securities could contract, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become illiquid. As a result, the Acquiring Fund could find it more difficult to sell these securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating the Acquiring Fund's net asset value.

Issuers of such below-investment-grade securities are typically highly leveraged and may not have available to them more traditional methods of financing. Therefore, the risk associated with acquiring the securities of such issuers generally is greater than is the case with higher rated securities. For example, during an economic downturn or a sustained period of rising interest rates, highly

leveraged issuers of below-investment-grade securities may experience financial stress. During such periods, such issuers may not have sufficient revenues to meet their interest payment obligations. The issuer's ability to service its debt obligations also may be adversely affected by specific developments, the issuer's inability to meet specific projected forecasts or the unavailability of additional financing. The risk of loss from default by the issuer is significantly greater for the holders of below-investment-grade securities because such securities are generally unsecured and are often subordinated to other creditors of the issuer. Prices and yields of below-investment-grade securities will fluctuate over time and, during periods of economic uncertainty, volatility of below-investment-grade securities may adversely affect the Acquiring Fund's net asset value. In addition, investments in below-investment-grade zero coupon bonds rather than income-bearing below-investment-grade securities, may be more speculative and may be subject to greater fluctuations in value due to changes in interest rates.

The Acquiring Fund may invest in distressed securities, which are securities issued by companies that are involved in bankruptcy or insolvency proceedings or are experiencing other financial difficulties at the time of acquisition by the Fund. The issuers of such securities may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. These companies' securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the companies. Distressed securities frequently do not produce income while they are outstanding and may require the Acquiring Fund to bear certain extraordinary expenses in order to protect and recover its investment.

Investments in lower rated or unrated securities may present special tax issues for the Acquiring Fund, including where the issuers of these securities default on their obligations pertaining thereto, and the federal income tax consequences to the Acquiring Fund as a holder of such distressed securities may not be clear.

Municipal Securities Market Risk. Investing in the municipal securities market involves certain risks. The municipal securities market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during periods of market turmoil these firms capital may be severely constrained. As a result, under such conditions, some firms may be unwilling to commit their capital to purchase and to serve as a dealer for municipal securities. The amount of public information available about the municipal securities in the Acquiring Fund's portfolio is generally less than that for corporate equities or bonds, and the Acquiring Fund's investment performance may therefore be more dependent on the analytical abilities of the Adviser and the Sub-Adviser than if the Fund were to invest in stocks or taxable bonds. The secondary market for municipal securities, particularly the below-investment-grade securities in which the Acquiring Fund may invest, also tends to be less well-developed or liquid than many other securities markets, which may adversely affect the Fund's ability to sell its municipal securities at attractive prices or at prices approximating those at which the Fund currently values them. Municipal securities may contain redemption provisions, which may allow the securities to be called or redeemed prior to their stated maturity, potentially resulting in the distribution of principal and a reduction in subsequent interest distributions.

The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated

among federal, state and local governments. In addition, laws enacted in the future by Congress or state legislatures or by referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipalities to levy taxes. Further, some state and local governments have been and in the future may be subject to direct ballot referenda that could limit their financial flexibility, or their ability to levy taxes or raise tax revenues, which may adversely affect the marketability of notes and bonds issued by those state and local governments. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, the Acquiring Fund could experience delays in collecting principal and interest and the Fund may not, in all circumstances, be able to collect all principal and interest to which it is entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, the Acquiring Fund may take possession of and manage the assets securing the issuer's obligations on such securities, which may increase the Fund's operating expenses. Any income derived from the Acquiring Fund's ownership or operation of such assets may not be tax-exempt and may not be of the type that would allow the Fund to continue to qualify as a regulated investment company for federal income tax purposes.

Revenue bonds issued by state or local agencies to finance the development of low-income, multi-family housing involve special risks in addition to those associated with municipal securities generally, including that the underlying properties may not generate sufficient income to pay expenses and interest costs. These bonds are generally non-recourse against the property owner, may be junior to the rights of others with an interest in the properties, may pay interest that changes based in part on the financial performance of the property, may be prepayable without penalty and may be used to finance the construction of housing developments which, until completed and rented, do not generate income to pay interest. Additionally, unusually high rates of default on the underlying mortgage loans may reduce revenues available for the payment of principal or interest on such mortgage revenue bonds.

Special Risks Related to Certain Municipal Obligations. Municipal leases and certificates of participation involve special risks not normally associated with general obligations or revenue bonds. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event that the governmental issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and may result in a delay in recovering or the failure to fully recover the Acquiring Fund's original investment. In the event of non-appropriation, the issuer would be in default and taking ownership of the assets may be a remedy available to the Acquiring Fund, although the Fund does not anticipate that such a remedy would normally be pursued. To the extent that the Acquiring Fund invests in unrated municipal leases or participates in such leases, the credit quality rating and risk of cancellation of such unrated leases will be monitored on an ongoing basis. Certificates of participation, which represent interests in unmanaged pools of municipal leases or installment contracts, involve the same risks as the underlying municipal leases. In addition, the Acquiring Fund may be dependent upon the municipal authority issuing the certificates of participation to exercise remedies with respect to the

underlying securities. Certificates of participation also entail a risk of default or bankruptcy, both of the issuer of the municipal lease and also the municipal agency issuing the certificate of participation.

Tender Option Bond Regulatory Risk. The federal banking regulators, the SEC and the Commodity Futures Trading Commission (CFTC) in recent years have adopted rules and regulations that have impacted or may impact tender option bond trusts (referred to herein as TOB trusts) and securities issued by such trusts, including most notably the so-called Volcker Rule, added to the Bank Holding Company Act of 1956 with the adoption of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The Volcker Rule places certain restrictions on the ability of any banking entity to sponsor, acquire interests in and engage in certain activities with a TOB trust. As a result, certain activities to support the remarketing of floating rate certificates undertaken by banking entities, in their role as remarketing agents or liquidity providers to TOB trusts, before the compliance date for the Volcker Rule, are no longer permitted under the TOB trust structure. To be compliant with the Volcker Rule, the TOB trust structure has been modified since the Rule s adoption to (i) shift certain rights and responsibilities from the remarketing agent and liquidity provider to the owners of the inverse floating rate securities such as the Acquiring Fund itself, and (ii) change the way in which liquidity is provided to support remarketing of the floating rate securities. Holders of inverse floating rate securities, including the Acquiring Fund, may delegate many of these responsibilities to a third party administrator, which would generate additional costs relative to the traditional TOB trust structure. The total impact of these modifications remains to be fully seen, but the operational and structural changes associated with these modifications may make early unwinds of TOB trusts in adverse market scenarios more likely, may make the use of TOB trusts more expensive and, overall, may make it more difficult to use TOB trusts to effectively leverage municipal investments to the extent that the Acquiring Fund may desire. In addition, these modifications have raised or may raise other regulatory issues that may require further refinement to the structure, may impede the future use of TOB trusts as a means of financing leverage, or may increase future costs of TOB-based leverage.

Interest Rate Risk. Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the municipal securities in the Acquiring Fund s portfolio will decline in value because of increases in market interest rates. As interest rates decline, issuers of municipal securities may prepay principal earlier than scheduled, forcing the Acquiring Fund to reinvest in lower yielding securities and potentially reducing the Fund s income. As interest rates increase, slower-than-expected principal payments may extend the average life of securities, potentially locking-in a below-market interest rate and reducing the Acquiring Fund s value. In typical market interest rate environments, the prices of longer-term municipal securities generally fluctuate more than prices of shorter-term municipal securities as interest rates change. Because the Acquiring Fund primarily invests in longer-term municipal securities, the common share net asset value and market price per share will fluctuate more in response to changes in market interest rates than if the Acquiring Fund invested primarily in shorter-term municipal securities. Because the values of lower-rated and comparable unrated debt securities are affected both by credit risk and interest rate risk, the price movements of such lower grade securities typically have not been highly correlated to the fluctuations of the prices of investment-grade-quality securities in response to changes in market interest rates. The Acquiring Fund s use of leverage, as described herein, will tend to increase common share interest rate risk. There may be less governmental intervention in the securities markets in the near future. The negative impact on fixed-income securities if interest rates increase as a result could negatively impact the Acquiring Fund s net asset value.

Market Conditions. The 2007–2009 financial crisis in the United States and global economies and the ongoing European sovereign debt crisis resulted in an unusually high degree of volatility in the financial markets, both domestic and foreign, and in the net asset values of many investment companies, including to some extent the Acquiring Fund. A financial crisis of a similar nature in the future may result in fixed-income instruments again experiencing unusual liquidity issues, increased price volatility and, in some cases, credit downgrades and increased likelihood of default. The financial condition of federal, state and local governments may be sensitive to market events, which may, in turn, adversely affect the marketability of notes and bonds they issue. In the event of a general economic downturn, declines in real estate prices and general business activity may reduce tax revenues of many state and local governments and could affect the economic viability of projects that are the sole source of revenue to support various municipal securities. In addition, global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region might adversely impact issuers in a different country or region. As a result, it may be unusually difficult to identify both risks and opportunities using past models of the interplay of market forces, or to predict the duration of unfavorable market conditions.

In response to the 2007–2009 financial crisis and its aftermath and the ongoing European sovereign debt crisis, the U.S. and other governments and the Federal Reserve and certain foreign central banks have taken steps to support the financial markets. Where economic conditions in the United States and elsewhere have been recovering for several years, they are nevertheless perceived in many regards as still fragile. Withdrawal of government support, failure of efforts in response to a future crisis, or investor perception that such efforts are not succeeding could adversely affect the value and liquidity of certain securities. The severity or duration of unfavorable economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations. See [Municipal Securities Market Risk](#).

Inverse Floating Rate Securities Risk. Typically, inverse floating rate securities represent beneficial interests in special purpose trusts (referred to herein as [TOB trusts](#)) that hold municipal bonds. See [D. Additional Information About the Investment Policies Portfolio Investments Municipal Securities Inverse Floating Rate Securities](#). In general, income on inverse floating rate securities will decrease when interest rates increase and increase when interest rates decrease. Investments in inverse floating rate securities may subject the Acquiring Fund to the risks of reduced or eliminated interest payments and losses of principal in respect of the underlying municipal bonds.

In the case of certain TOB trusts, neither the holders of the associated floating rate securities nor the TOB trust itself have recourse to the holder of the inverse floating rate securities for losses on the underlying municipal bonds. In that case, the risk of loss to a fund that holds inverse floating rate securities generally is limited to its investment in such securities. However, in certain circumstances and in the Adviser's and/or the Sub-Adviser's discretion, the Acquiring Fund may enter into a recourse arrangement with the liquidity provider to a TOB trust in the form of a separate shortfall and forbearance agreement by which the Acquiring Fund will agree to reimburse the liquidity provider for any amounts paid by it under the liquidity facility. The Acquiring Fund may enter into such recourse agreements: (1) when the liquidity provider to the TOB trust requires such an agreement because the level of leverage in the trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (2) to seek to prevent the liquidity provider from collapsing the trust in the event that the underlying municipal bond held in the trust has declined in value to the point where it may cease to exceed the face amount of outstanding short-term floaters. Such an agreement would require the Acquiring Fund to reimburse the liquidity provider, among other amounts, upon

termination of the TOB trust for the shortfall of the liquidation value of the bonds held in the trust relative to the amount of principal and unpaid interest due to the holders of floating rate securities. In such instances, the Acquiring Fund may be at risk of loss in an amount that exceeds its investment in the inverse floating rate securities.

Inverse floating rate securities may increase or decrease in value at a greater rate than the underlying municipal bonds, which effectively leverages the Acquiring Fund's investment. As a result, the market value of such securities generally will be more volatile than that of otherwise comparable municipal bonds held on an unleveraged basis outside a TOB trust.

The Acquiring Fund may invest in inverse floating rate securities issued by TOB trusts in which the liquidity provider has recourse to the Fund (a recourse TOB trust) to the extent that the value of the bonds deposited in the TOB trust may fall in value below the principal amount of the short-term floating rate securities issued by that trust. The inverse floating rate securities issued by such recourse TOB trusts may be highly leveraged. The structure and degree to which the Acquiring Fund's inverse floating rate securities are highly leveraged will vary based upon a number of factors, including the size of the trust itself and the terms of the underlying municipal bonds. An inverse floating rate security generally is considered highly leveraged if the ratio of (i) the principal amount of the short-term floating rate securities issued by the TOB trust to (ii) the principal amount of that TOB trust's inverse floating rate securities equals or exceeds 3:1. In the event of a significant decline in the value of an underlying municipal bond held in a recourse TOB trust, the Acquiring Fund may suffer losses in excess of the amount of its investment in the inverse floating securities (typically up to an amount equal to the outstanding face amount of such municipal bonds) as a result of liquidating the trust.

The Acquiring Fund's investment in inverse floating rate securities will create effective leverage, used in pursuit of increased common share net income and returns. But such effective leverage could reduce common share income (such as if the interest rate paid on the short-term floating rate securities were to exceed the interest rate being received on the municipal bonds underlying the TOB trust, net of trust expenses, for a meaningful period of time), and could also diminish common share long-term returns (such as if the value of the municipal bonds underlying the TOB trust were to decline in value by more than any positive differential between the income being earned on those underlying bonds, net of trust expenses, relative to the interest being paid to the holders of the short-term floating rate securities issued by that trust).

The amount of fees paid to the Adviser (which in turn pays a portion of its fees to the Sub-Adviser) for investment advisory services will be higher when the Acquiring Fund uses leverage because the advisory fees are calculated based on the Fund's Managed Assets. This may create an incentive for the Adviser and/or the Sub-Adviser to leverage the Fund. Managed Assets means the total assets of the Acquiring Fund, minus the sum of its accrued liabilities (other than liabilities incurred for the express purpose of creating effective leverage). Total assets for this purpose shall include assets attributable to the Acquiring Fund's use of effective leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of generally accepted accounting principles), such as, but not limited to, the portion of assets in TOB trusts of which the Fund owns the inverse floater certificates that has been effectively financed by the trust's issuance of floating rate certificates.

Inverse floating rate securities have varying degrees of liquidity based, among other things, upon the liquidity of the underlying municipal bonds deposited in the TOB trust.

The leverage attributable to inverse floating rate securities may be called away on relatively short notice and therefore may be less permanent than more traditional forms of leverage. In certain circumstances, the likelihood of an increase in the volatility of net asset value and market price of the common shares may be greater for a fund (like the Acquiring Fund) that relies primarily on inverse floating rate securities to achieve a desired effective leverage ratio. The Acquiring Fund may be required to sell its inverse floating rate securities at less than favorable prices, or liquidate other Fund portfolio holdings in certain circumstances, including, but not limited to, the following:

If the Acquiring Fund has a need to reduce leverage by reducing or eliminating the amount of short-term floating rate securities issued by a TOB trust, and the municipal bonds in the TOB trust are not actively trading due to adverse market conditions; or

If the value of an underlying municipal bond declines significantly (to a level below the notional value of the floating rate securities issued by the TOB trust) and if additional collateral has not been posted by the Acquiring Fund.

There is no assurance that the Acquiring Fund's strategy of investing in inverse floating rate securities will be successful.

Leverage Risk. Leverage risk is the risk associated with the use of borrowings, the issuance of preferred shares or the use of inverse floating rate securities to leverage the common shares. There can be no assurance that the Acquiring Fund's leveraging strategy will be successful. Through the use of financial leverage, the Acquiring Fund seeks to enhance potential common share earnings over time by borrowing, issuing preferred shares or holding inverse floating rate securities at short-term municipal rates and investing at long-term municipal rates which are typically, though not always, higher. Because the long-term municipal securities in which the Acquiring Fund invests generally pay fixed rates of interest while the Fund's costs of leverage generally fluctuate with short- to intermediate-term yields, the incremental earnings from leverage will vary over time. However, the Acquiring Fund may use derivatives, such as interest rate swaps, to fix the effective rate paid on all or a portion of the Fund's leverage, in an effort to lower leverage costs over an extended period. Accordingly, the Acquiring Fund provides no assurance that the use of leverage will result in a higher yield or return to common shareholders. The income benefit from leverage will be reduced (increased) to the extent that the difference narrows (widens) between the net earnings on the Acquiring Fund's portfolio securities and its cost of leverage. If short- or intermediate-term rates rise and the Acquiring Fund's leverage costs fluctuate, the Fund's cost of leverage could exceed the fixed rate of return on longer-term bonds held by the Fund that were acquired during periods of lower interest rates, reducing returns to common shareholders. This could occur even if short- or intermediate-term and long-term municipal rates rise. Because of the costs of leverage, the Acquiring Fund may incur losses even if the Fund has positive returns, if they are not sufficient to cover the costs of leverage. The Acquiring Fund's cost of leverage includes the interest rate paid on its borrowings or dividends on preferred shares, the expenses relating to the issuance of preferred shares and ongoing maintenance of any borrowings, and/or the interest attributable to tender option bonds, as well as any other ongoing fees and expenses associated with those borrowings or preferred shares. The Acquiring Fund also bears the one-time costs associated with establishing borrowing facilities, issuing preferred shares and refinancing such leverage. The outstanding VRDP Shares of the Acquiring Fund have an initial special rate period ending in December 2016. Although the Acquiring Fund has flexibility regarding the extension of the initial rate period on the same or different terms, if it is unable to do so, the Acquiring Fund will be subject to refinancing risk. To the extent that the Acquiring Fund issues preferred shares with relatively short

terms to redemption in the future (e.g., VMTP Shares), refinancing risk will increase. To the extent that the Acquiring Fund issues preferred shares with a liquidity provider feature (e.g., typical VRDP Shares), the Fund is subject to refinancing risk if a liquidity provider acquires VRDP Shares pursuant to its purchase obligation and holds them for six months of unsuccessful remarketings, triggering a mandatory redemption. Refinancing risk is the risk that the Acquiring Fund is unable to replace existing leverage at all or on favorable terms. If the Acquiring Fund is unable to replace its leverage upon a redemption of preferred shares, it may be forced to reduce leverage and sell portfolio securities when it otherwise would not do so. More frequent refinancings may also increase the one-time costs of establishing leverage. The Acquiring Fund may seek to refinance its leverage over time, in the ordinary course, as current forms of leverage mature or it is otherwise desirable to refinance; however, the form that such leverage will take cannot be predicted at this time. If the Acquiring Fund is unable to replace existing leverage on comparable terms, its costs of leverage will increase. Accordingly, there is no assurance that the use of leverage may result in a higher yield or return to common shareholders.

The Acquiring Fund's use of financial leverage also creates incremental common share net asset value risk because the full impact of price changes in the Fund's investment portfolio, including assets attributable to leverage, is borne by common shareholders. This can lead to a greater increase in net asset values in rising markets than if the Acquiring Fund were not leveraged, but it also can result in a greater decrease in net asset values in declining markets. The Acquiring Fund's use of financial leverage similarly can magnify the impact of changing market conditions on common share market prices. The Acquiring Fund is required to maintain certain regulatory asset coverage requirements in connection with its outstanding preferred shares, in order to be able to maintain the ability to declare and pay common share distributions. At least during the initial special rate period for the Acquiring Fund's outstanding VRDP Shares, the Acquiring Fund generally must use commercially reasonable efforts to maintain long-term ratings for the outstanding VRDP Shares, and it will have the same obligation with respect to the VMTP Shares to be issued in the Reorganizations. The Acquiring Fund is not and will not be required under its statements of preferences with respect to VMTP Shares or VRDP Shares to maintain any particular long-term ratings for such shares. However, a downgrade or termination of one or more ratings of the Acquiring Fund's preferred shares, whether a long-term rating or, in the case of VRDP Shares with a liquidity provider, one or more short-term ratings, which primarily reflect the short-term credit rating or ratings of the associated liquidity provider, could result in higher dividend rates and result in the Fund redeeming the preferred shares at what might be an inopportune time in the market. These factors may result in reduced net earnings or returns to common shareholders. In order to maintain required asset coverage levels, the Acquiring Fund may be required to alter the composition of its investment portfolio or take other actions, such as redeeming preferred shares with the proceeds from portfolio transactions, at what might be an inopportune time in the market. Such actions could reduce the net earnings or returns to common shareholders over time.

The Acquiring Fund may invest in the securities of other investment companies, which may themselves be leveraged and therefore present similar risks to those described above. See Other Investment Companies Risk. In addition, the Acquiring Fund's investments in leveraged investment companies magnify the Fund's leverage risk.

As noted above, the amount of fees paid to the Adviser (which in turn pays a portion of its fees to the Sub-Adviser) for investment advisory services will be higher when the Acquiring Fund uses financial leverage because the advisory fees are calculated based on the Fund's Managed Assets this may create an incentive for the Adviser and/or the Sub-Adviser to leverage the Fund.

Multiple Series Risk. Following the Reorganizations, the Acquiring Fund will have one series of VMTP Shares and three series of VRDP Shares outstanding. While the preferred shares issued by the Acquiring Fund in connection with the Reorganizations will have equal priority with each other and with the Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund, there are certain differences between the terms applicable to each series. VMTP Shares have a short-term mandatory redemption date while VRDP Shares have a long-term mandatory redemption with a liquidity feature. To the extent that the terms of the various series or types of preferred shares differ, there is a risk that market or other events may impact one series of preferred shares differently from other series. If market or other events cause the Acquiring Fund to breach covenants applicable to one series or type of preferred shares but not others, the Fund may nevertheless be granted discretion to redeem shares of any series of preferred shares, including the affected series, in order to restore compliance, subject to the redemption terms of each series. Shareholders are urged to review the terms of each series of preferred shares described elsewhere in this Joint Proxy Statement/Prospectus.

Insurance Risk. The Acquiring Fund may purchase municipal securities that are secured by insurance, bank credit agreements or escrow accounts. The credit quality of the companies that provide such credit enhancements will affect the value of those securities. During and following the 2007-2009 financial crisis, certain significant providers of insurance for municipal securities incurred significant losses as a result of exposure to sub-prime mortgages and other lower credit quality investments that experienced defaults or otherwise suffered extreme credit deterioration. Such losses reduced the insurers' capital and called into question their continued ability to perform their obligations under such insurance should they be called upon to do so. While an insured municipal security will typically be deemed to have the rating of its insurer, if the insurer of a municipal security suffers a downgrade in its credit rating or the market discounts the value of the insurance provided by the insurer, the rating of the underlying municipal security will be more relevant and the value of the municipal security would more closely, if not entirely, reflect such rating. In such a case, the value of insurance associated with a municipal security would decline and may not add any value. The insurance feature of a municipal security does not guarantee the full payment of principal and interest through the life of an insured obligation, the market value of the insured obligation or the net asset value of the common shares represented by such insured obligation.

Tax Risk. To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things, the Acquiring Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources and satisfy a diversification test on a quarterly basis. If the Acquiring Fund fails to satisfy the qualifying income or diversification requirements in any taxable year, the Fund may be eligible for relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain *de minimis* failures of the diversification requirements where the Acquiring Fund corrects the failure within a specified period. In order to be eligible for the relief provisions with respect to a failure to meet the diversification requirements, the Acquiring Fund may be required to dispose of certain assets. If these relief provisions are not available to the Acquiring Fund and it fails to qualify for treatment as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to federal income tax at regular corporate rates without any deduction for distributions to shareholders, and all distributions from the Fund (including underlying distributions attributable to tax exempt interest income) would be taxable to shareholders as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits.

To qualify to pay exempt-interest dividends, which are treated as items of interest excludable from gross income for federal income tax purposes, at least 50% of the value of the total assets of the Acquiring Fund must consist of obligations exempt from regular income tax as of the close of each quarter of the Fund's taxable year. If the proportion of taxable investments held by the Acquiring Fund exceeded 50% of the Fund's total assets as of the close of any quarter of the Fund's taxable year, the Fund would not satisfy the general eligibility test that would permit it to pay exempt-interest dividends for that taxable year.

The value of the Acquiring Fund's investments and its net asset value may be adversely affected by changes in tax rates and policies. Because interest income from municipal securities held by the Acquiring Fund is normally not subject to regular federal income tax or the federal alternative minimum tax applicable to individuals, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in federal income tax rates or changes in the tax-exempt status of interest income from municipal securities. Any proposed or actual changes in such rates or exempt status, therefore, can significantly affect the demand for and supply, liquidity and marketability of municipal securities. This could in turn affect the Acquiring Fund's net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Additionally, the Acquiring Fund is not a suitable investment for individual retirement accounts, for other tax-exempt or tax-advantaged accounts or for investors who are not sensitive to the federal income tax consequences of their investments.

Taxability Risk. The Acquiring Fund will invest in municipal securities in reliance at the time of purchase on an opinion of bond counsel to the issuer (or on the basis of other authority believed by the Adviser and/or the Sub-Adviser to be reliable) that the interest paid on those securities will be excludable from gross income for regular federal income tax purposes, and neither the Adviser nor the Sub-Adviser will independently verify that opinion. Subsequent to the Acquiring Fund's acquisition of such a municipal security, however, the security may be determined to pay, or to have paid, taxable income. As a result, the treatment of dividends previously paid or to be paid by the Acquiring Fund as exempt-interest dividends could be adversely affected, subjecting the Fund's shareholders to increased federal income tax liabilities. In certain circumstances, the Acquiring Fund will make payments to holders of preferred shares to offset the tax effects of a taxable distribution.

Under highly unusual circumstances, the IRS may determine that a municipal bond issued as tax-exempt should in fact be taxable. If the Acquiring Fund held such a bond, it might have to distribute taxable ordinary income dividends or reclassify as taxable amounts previously distributed as exempt-interest dividends. In addition, future legislation may change the tax treatment of municipal bond interest.

For federal income tax purposes, distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and will not be eligible for favorable taxation as qualified dividend income), and capital gain dividends will be taxed at long-term capital gain rates.

Borrowing Risk. Borrowing may exaggerate changes in the net asset value of the Acquiring Fund's common shares and may affect the Fund's net income. When the Acquiring Fund borrows money, it must pay interest and other fees, which will reduce the Fund's returns if such costs exceed the returns on the portfolio securities purchased or retained with such borrowings. Any such borrowings are intended to be temporary. However, under certain market conditions, including periods

of low demand or decreased liquidity in the municipal bond market, such borrowings might be outstanding for longer periods of time.

Inflation Risk. Inflation is the reduction in the purchasing power of money resulting from the increase in the price of goods and services. Inflation risk is the risk that the inflation-adjusted (or real) value of assets or income from investment will be worth less in the future. As inflation increases, the real value of common shares and distributions can decline. In addition, during any period of rising inflation, interest rates on borrowings would likely increase, which would tend to further reduce returns to common shareholders.

Deflation Risk. Deflation risk is the risk that prices throughout the economy decline over time, which may have an adverse effect on the market valuation of companies, their assets and revenues. In addition, deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Acquiring Fund's portfolio.

Derivatives Risk, including the Risk of Swaps. The Acquiring Fund's use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives, including: the imperfect correlation between the value of such instruments and the underlying assets of the Fund, which creates the possibility that the loss on such instruments may be greater than the gain in the value of the underlying assets in the Fund's portfolio; the loss of principal; the possible default of the other party to the transaction; and illiquidity of the derivative investments. If the Acquiring Fund enters into a derivative transaction, it could lose more than the principal amount invested. Whether the Acquiring Fund's use of derivatives is successful will depend on, among other things, if the Adviser and/or Sub-Adviser correctly forecast market values, interest rates and other applicable factors. If the Adviser and/or Sub-Adviser incorrectly forecast these and other factors, the investment performance of the Acquiring Fund will be unfavorably affected.

The Acquiring Fund may enter into debt-related derivatives instruments including credit default swap contracts and interest rate swaps. Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding by the Adviser and/or Sub-Adviser of not only the referenced asset, rate or index, but also of the swap itself. The derivatives market is subject to a changing regulatory environment. It is possible that regulatory or other developments in the derivatives market could adversely affect the Acquiring Fund's ability to successfully use derivative instruments.

Furthermore, the derivative investments may be illiquid. Although both OTC and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments. The illiquidity of the derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, the liquidity of a secondary market in an exchange-traded derivative contract may be adversely affected by daily price fluctuation limits established by the exchanges which limit the amount of fluctuation in an exchange-traded contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open positions. Prices have in the past moved beyond the daily limit on a number of consecutive trading days. If it is

not possible to close an open derivative position entered into by the Acquiring Fund, the Fund would continue to be required to make cash payments of variation (or mark-to-market) margin in the event of adverse price movements. In such a situation, if the Acquiring Fund has insufficient cash, it may have to sell portfolio securities to meet variation margin requirements at a time when it may be disadvantageous to do so. The absence of liquidity may also make it more difficult for the Acquiring Fund to ascertain a market value for such instruments. The inability to close futures or derivatives positions also could have an adverse impact on the Acquiring Fund's ability to effectively hedge its portfolio.

Derivatives Regulatory Risk. Future regulatory developments could impact the Acquiring Fund's ability to invest in certain derivatives. It is possible that government regulation of various types of derivative instruments, including futures, options and swap agreements, may limit or prevent the Acquiring Fund from using such instruments as a part of its investment strategies, and could ultimately prevent the Fund from being able to achieve its investment objectives. It is impossible to fully predict the effects of past, present or future legislation and regulation in this area, but the effects could be substantial and adverse. There is a likelihood of future regulatory developments altering, perhaps to a material extent, the nature of an investment in the Acquiring Fund or the ability of the Fund to continue to implement its investment strategies. It is possible that legislative and regulatory activity could limit or restrict the ability of the Acquiring Fund to use certain instruments as a part of its investment strategies. Limits or restrictions applicable to the counterparties with which the Acquiring Fund engages in derivative transactions (for example, the Volcker Rule) could also prevent the Fund from using certain instruments.

The Dodd-Frank Act sets forth a regulatory framework for OTC derivatives, including financial instruments, such as swaps, in which the Acquiring Fund may invest. The Dodd-Frank Act grants significant authority to the SEC and the CFTC to regulate OTC derivatives and market participants, and requires clearing and exchange trading of many current OTC derivatives transactions. The implementation of the provisions of the Dodd-Frank Act by the SEC and the CFTC could adversely affect the Acquiring Fund's ability to pursue its investment strategies. The Dodd-Frank Act and the rules promulgated thereunder could, among other things, adversely affect the value of the investments held by the Acquiring Fund, restrict the Fund's ability to engage in derivatives transactions and/or increase the costs of such derivatives transactions.

Further, in February 2012, the CFTC issued a final rule rescinding and amending certain exemptions from registration requirements under the U.S. Commodity Exchange Act of 1936 (the "CEA") previously available to investment advisers registered with the SEC under the 1940 Act, including the exemption available under CFTC Rule 4.5. In the event that the Acquiring Fund's investments in derivative instruments regulated under the CEA, including futures, swaps and options, exceed a certain threshold, the Adviser and/or Sub-Adviser may be required to register as a commodity pool operator and/or commodity trading advisor with the CFTC. In the event the Adviser and/or Sub-Adviser is required to register with the CFTC, it will become subject to additional recordkeeping and reporting requirements with respect to the Acquiring Fund, which may increase the Fund's expenses.

Clearing Broker and Central Clearing Counterparty Risk. The CEA requires swaps and futures clearing brokers registered as futures commission merchants to segregate all funds received from customers with respect to any orders for the purchase or sale of U.S. domestic futures contracts and cleared swaps from the brokers' proprietary assets. Similarly, the CEA requires each futures

commission merchant to hold in a separate secure account all funds received from customers with respect to any orders for the purchase or sale of foreign futures contracts and segregate any such funds from the funds received with respect to domestic futures contracts. However, all funds and other property received by a clearing broker from its customers are held by the clearing broker on a commingled basis in an omnibus account and may be freely accessed by the clearing broker, which may also invest any such funds in certain instruments permitted under the applicable regulation. There is a risk that assets deposited by the Acquiring Fund with any swaps or futures clearing broker as margin for futures contracts or cleared swaps may, in certain circumstances, be used to satisfy losses of other clients of the Fund's clearing broker. In addition, the assets of the Acquiring Fund might not be fully protected in the event of the Fund's clearing broker's bankruptcy, as the Fund would be limited to recovering only a pro rata share of all available funds segregated on behalf of the clearing broker's combined domestic customer accounts.

Similarly, the CEA requires a clearing organization approved by the CFTC as a derivatives clearing organization to segregate all funds and other property received from a clearing member's clients in connection with domestic cleared futures and derivative contracts from any funds held at the clearing organization to support the clearing member's proprietary trading. Nevertheless, all customer funds held at a clearing organization in connection with any futures and derivative contracts are held in a commingled omnibus account and are not identified to the name of the clearing member's individual customers. With respect to futures and options contracts, a clearing organization may use assets of a non-defaulting customer held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. As a result, in the event of a default or the clearing broker's other clients or the clearing broker's failure to extend own funds in connection with any such default, the Acquiring Fund would not be able to recover the full amount of assets deposited by the clearing broker on behalf of the Fund with the clearing organization.

Hedging Risk. The Acquiring Fund's use of derivatives or other transactions to reduce risk involves costs and will be subject to the Adviser's and/or the Sub-Adviser's ability to predict correctly changes in the relationships of such hedge instruments to the Fund's portfolio holdings or other factors. No assurance can be given that the Adviser's and/or the Sub-Adviser's judgment in this respect will be correct. In addition, no assurance can be given that the Acquiring Fund will enter into hedging or other transactions at times or under circumstances in which it may be advisable to do so.

Other Investment Companies Risk. An investment in the securities of another investment company will expose the Acquiring Fund to the risks of investing in the securities held in such other investment company's portfolio. In addition, Acquiring Fund shareholders will bear their proportionate share of the fees and expenses of such other investment company in addition to the fees and expenses of the Fund. The securities of other investment companies may also be leveraged. As a result, the Acquiring Fund may be indirectly exposed to leverage through an investment in such securities. Utilization of leverage is a speculative investment technique and involves certain risks. An investment in securities of other investment companies that are leveraged may expose the Acquiring Fund to higher volatility in the market value of such securities and the possibility that the Fund's long-term returns on such securities will be diminished.

Counterparty Risk. Changes in the credit quality of the companies that serve as the Acquiring Fund's counterparties with respect to derivatives, insured municipal securities or other transactions supported by another party's credit will affect the value of those instruments. Certain entities that have

served as counterparties in the markets for these transactions have incurred or may incur in the future significant financial hardships including bankruptcy and losses as a result of exposure to sub-prime mortgages and other lower-quality credit investments that have experienced recent defaults or otherwise suffered extreme credit deterioration. As a result, such hardships have reduced these entities' capital and called into question their continued ability to perform their obligations under such transactions. By using such derivatives or other transactions, the Acquiring Fund assumes the risk that its counterparties could experience similar financial hardships. In the event of insolvency of a counterparty, the Acquiring Fund may sustain losses or be unable to liquidate a derivatives position.

Illiquid Securities Risk. Illiquid securities are securities that are not readily marketable and may include restricted securities, which are securities that may not be resold unless they have been registered under the Securities Act of 1933, as amended (the Securities Act), or can be sold in a private transaction pursuant to an exemption from registration. Illiquid securities involve the risk that the securities will not be able to be sold at the time desired by the Acquiring Fund or at prices approximating the value at which the Fund is carrying the securities on its books.

Market Disruption Risk. Certain events have a disruptive effect on the securities markets, such as terrorist attacks, war and other geopolitical events. The Acquiring Fund cannot predict the effects of similar events in the future on the U.S. economy. Below-investment-grade securities tend to be more volatile than higher rated securities so that these events and any actions resulting from them may have a greater impact on the prices and volatility of below-investment-grade securities than on higher rated securities.

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

Income Risk. The Acquiring Fund's income is based primarily on the interest it earns from its investments, which can vary widely over the short-term and long-term. If interest rates drop, the Acquiring Fund's income available over time to make dividend payments could drop as well if the Fund purchases securities with lower interest coupons.

Call Risk or Prepayment Risk. During periods of declining interest rates or for other purposes, issuers of callable bonds with higher interest coupons may exercise their option to call (or prepay) bonds before their maturity date, forcing the Acquiring Fund to reinvest in lower yielding securities.

Reinvestment Risk. Reinvestment risk is the risk that income from the Acquiring Fund's portfolio will decline if and when the Fund invests the proceeds from matured, traded or called bonds at market interest rates that are below the Fund's portfolio's current earnings rate. A decline in income could affect the common shares' ability to pay dividends, market price or their overall returns.

Economic Sector Risk. The Acquiring Fund may invest 25% or more of its total assets in municipal securities in the same economic sector. This may make the Acquiring Fund more susceptible to adverse economic, political or regulatory occurrences affecting an economic sector. As concentration increases, so does the potential for fluctuation in the value of the Acquiring Fund's assets. In addition, the Acquiring Fund may invest a significant portion of its net assets in certain sectors of the municipal securities market, such as hospitals and other health care facilities, charter schools and other private educational facilities, special taxing districts and start-up utility districts, and private activity bonds including industrial development bonds on behalf of transportation companies such as airline companies, whose credit quality and performance may be more susceptible to economic, business, political, regulatory and other developments than other sectors of municipal issuers. If the Acquiring Fund invests a significant portion of its net assets in the sectors noted above, the Fund's performance may be subject to additional risk and variability. To the extent that the Acquiring Fund focuses its net assets in the hospital and healthcare facilities sector, for example, the Fund will be subject to risks associated with such sector, including adverse government regulation and reduction in reimbursement rates, as well as government approval of products and services and intense competition. Securities issued with respect to special taxing districts will be subject to various risks, including real-estate development related risks and taxpayer concentration risk. Further, the fees, special taxes or tax allocations and other revenues established to secure the obligations of securities issued with respect to special taxing districts are generally limited as to the rate or amount that may be levied or assessed and are not subject to increase pursuant to rate covenants or municipal or corporate guarantees. Charter schools and other private educational facilities are subject to various risks, including the reversal of legislation authorizing or funding charter schools, the failure to renew or secure a charter, the failure of a funding entity to appropriate necessary funds and competition from alternatives such as voucher programs. Issuers of municipal utility securities can be significantly affected by government regulation, financing difficulties, supply and demand of services or fuel and natural resource conservation. The transportation sector, including airports, airlines, ports and other transportation facilities, can be significantly affected by changes in the economy, fuel prices, labor relations, insurance costs and government regulation.

Reliance on Investment Adviser and Sub-Adviser. The Acquiring Fund is dependent upon services and resources provided by the Adviser and the Sub-Adviser, and therefore the Adviser's parent, Nuveen Investments. Nuveen Investments, through its own business or the financial support of its affiliates, may not be able to generate sufficient cash flow from operations or ensure that future borrowings will be available in an amount sufficient to enable it to pay its indebtedness or to fund its other liquidity needs.

Certain Affiliations. Certain broker-dealers may be considered to be affiliated persons of the Acquiring Fund, the Adviser, the Sub-Adviser, Nuveen Investments and/or TIAA-CREF. Absent an exemption from the SEC or other regulatory relief, the Acquiring Fund generally is precluded from effecting certain principal transactions with affiliated brokers, and its ability to purchase securities being underwritten by an affiliated broker or a syndicate including an affiliated broker, or to utilize affiliated brokers for agency transactions, is subject to restrictions. This could limit the Acquiring Fund's ability to engage in securities transactions and take advantage of market opportunities.

Anti-Takeover Provisions. The Acquiring Fund's organizational documents include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to open-end status.

C. INFORMATION ABOUT THE REORGANIZATIONS

General

The boards of directors/trustees of Nuveen's leveraged national municipal closed-end funds, including the Board of each of the Funds, have approved a series of proposals that are intended to benefit shareholders in a number of ways by streamlining and differentiating Nuveen's product offerings. As part of this initiative, the Board of the Acquiring Fund approved an expanded investment mandate for the Acquiring Fund, and the Board of each Target Fund and the Acquiring Fund approved the Reorganizations. Each Board has determined that the Reorganization(s) proposed for its Fund would be in the best interests of its Fund. Each Fund's Board considered the Reorganization(s) as part of a broad initiative to restructure the product offerings of Nuveen's leveraged national municipal closed-end funds by creating fewer funds with greater scale, eliminating overlapping investment mandates of the funds and differentiating the investment strategies of the funds by credit profile and emphasis on securities that generate income exempt from the federal alternative minimum tax applicable to individuals. The Reorganizations and the expanded investment mandate of the Acquiring Fund are intended to provide meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions; a more attractive yield and risk profile versus other national municipal closed-end funds in the marketplace, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value; increased portfolio and leverage management flexibility due to a significantly larger asset base of the combined fund; greater liquidity and ease of trading due to substantially more common shares outstanding; lower fund administrative costs (excluding the costs of leverage), as certain fixed costs are spread over a larger asset base, which would partially offset the increase in management fees of the Acquiring Fund; and dividends exempt from the federal alternative minimum tax applicable to individuals.

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

Terms of the Reorganizations

General. The Agreement and Plan of Reorganization by and among the Acquiring Fund and each Target Fund (the *Agreement*), in the form attached as Appendix A, provides for: (1) the

Acquiring Fund's acquisition of substantially all of the assets of each Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VMTP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, or newly issued VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, of the Acquiring Fund, as applicable, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (2) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by each Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Target Fund in accordance with applicable law. No fractional Acquiring Fund common shares will be distributed to a Target Fund's common shareholders in connection with a Reorganization and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash in an amount equal to a pro-rata share of the proceeds from the sale by the Acquiring Fund's transfer agent of the aggregated fractional shares in the open market (as described further below), which may be higher or lower than net asset value. Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VMTP Shares or VRDP Shares, as applicable, having substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares) as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with a Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including the preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

As a result of the Reorganizations, the assets of the Acquiring Fund and each Target Fund would be combined, and the shareholders of each Target Fund would become shareholders of the Acquiring Fund. The closing date is expected to be on or about December 7, 2015, or such other date as the parties may agree (the Closing Date). Following the Reorganizations, each Target Fund would terminate its registration as an investment company under the 1940 Act. The Acquiring Fund will continue to operate after the Reorganizations as a registered closed-end management investment company, with the investment objectives and policies described in this Joint Proxy Statement/Prospectus. The repositioning of the Acquiring Fund's portfolio to reflect its new investment policies is expected to occur over time and will depend on market conditions.

The aggregate net asset value, as of the Valuation Time (as defined below), of the Acquiring Fund common shares received by each Target Fund in connection with a Reorganization will equal the aggregate net asset value of the Target Fund common shares held by shareholders of such Target Fund as of the Valuation Time. See Proposal No. 1 Information About the Reorganizations Description of Common Shares to Be Issued by the Acquiring Fund; Comparison to Target Funds for a description of the rights of Acquiring Fund common shareholders. No fractional Acquiring Fund common shares, however, will be distributed to a Target Fund's common shareholders in connection with the Reorganizations. The Acquiring Fund's transfer agent will aggregate all fractional Acquiring Fund common shares that may be due to Target Fund shareholders as of the Closing Date and will sell the

resulting whole shares for the account of holders of all such fractional interests at a value that may be higher or lower than net asset value, and each such holder will be entitled to a pro rata share of the proceeds from such sale. With respect to the aggregation and sale of fractional common shares, the Acquiring Fund's transfer agent will act directly on behalf of the shareholders entitled to receive fractional shares and will accumulate fractional shares, sell the shares and distribute the cash proceeds net of brokerage commissions, if any, directly to shareholders entitled to receive the fractional shares (without interest and subject to withholding taxes). For federal income tax purposes, shareholders will be treated as if they received fractional share interests and then sold such interests for cash. The holding period and the aggregate tax basis of the Acquiring Fund shares received by a shareholder, including fractional share interests deemed received by a shareholder, will be the same as the holding period and aggregate tax basis of the Target Fund common shares previously held by the shareholder and exchanged therefor, provided the Target Fund shares exchanged therefor were held as capital assets. As a result of the Reorganizations, common shareholders of the Funds will hold a smaller percentage of the outstanding common shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations and thus, common shareholders will hold reduced percentages of ownership in the larger combined entity than they held in the Acquiring Fund or Target Fund individually.

Following the Reorganizations, each preferred shareholder of a Target Fund would own the same number of Acquiring Fund preferred shares with the same aggregate liquidation preference as preferred shares of the Target Fund held by such shareholder immediately prior to the closing of the Reorganizations, with substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares) as the outstanding preferred shares of the Target Fund held by such preferred shareholder immediately prior to the closing of the Reorganizations. As a result of the Reorganizations, preferred shareholders of the Funds would hold reduced voting percentages of preferred shares in the combined fund than they held in the Acquiring Fund or Target Fund individually. In addition, all of the VRDP Shares of the Acquiring Fund are currently owned by a single institutional investor and all of the VMTP Shares of Quality Municipal are currently owned by a single institutional investor.

Valuation of Assets and Liabilities. If the Reorganizations are approved and the other closing conditions are satisfied or waived, the value of the net assets of each Target Fund will be the value of its assets, less its liabilities, computed as of the close of regular trading on the NYSE on the business day immediately prior to the Closing Date (such time and date being hereinafter called the "Valuation Time"). The value of each Target Fund's assets shall be determined by using the valuation procedures of the Nuveen closed-end funds adopted by the Board or such other valuation procedures as shall be mutually agreed upon by the parties. The value of each Target Fund's net assets will be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all outstanding preferred shares of such Target Fund.

Distributions. Undistributed net investment income represents net earnings from a Fund's investment portfolio that over time have not been distributed to shareholders. Under the terms of the Agreement, if a Target Fund has undistributed net investment income or undistributed net capital gains, such Target Fund is required to declare a distribution, which, together with all previous dividends, has the effect of distributing to its shareholders all undistributed net investment income and undistributed realized net capital gains (after reduction by any available capital loss carryforwards) for all taxable periods ending on or before the Closing Date. The Acquiring Fund is not subject to a similar distribution requirement; however, it is anticipated that the Acquiring Fund will declare a distribution prior to the Closing Date which will result in the distribution of a portion of its undistributed net

investment income to its shareholders. Consequently, Target Fund shareholders effectively will purchase a pro rata portion of the Acquiring Fund's remaining undistributed net investment income and undistributed realized net capital gains, if any, which may be more or less than each Target Fund's undistributed net investment income and undistributed realized net capital gains immediately preceding the distributions described above, if any. As a result, the Acquiring Fund's existing shareholders will experience a corresponding reduction in their respective portion of undistributed net investment income and undistributed realized net capital gains per share, if any, such that the Acquiring Fund's undistributed net investment income and undistributed realized net capital gains per share immediately following the Reorganizations is expected to be less than the Acquiring Fund's undistributed net investment income and undistributed realized net capital gains per share immediately preceding the Reorganizations.

Amendments. Under the terms of the Agreement, the Agreement may be amended, modified or supplemented in such manner as may be mutually agreed upon in writing by each Fund as specifically authorized by each Fund's Board; provided, however, that following the meeting of the shareholders of the Funds called by each Fund, no such amendment, modification or supplement may have the effect of changing the provisions for determining the number of Acquiring Fund shares to be issued to each Target Fund's shareholders under the Agreement to the detriment of such shareholders without their further approval.

Conditions. Under the terms of the Agreement, the closing of the Reorganizations is subject to the satisfaction or waiver of the following closing conditions: (1) the requisite approval by the shareholders of each Fund of the proposals with respect to the Reorganization in this Joint Proxy Statement/Prospectus, (2) each Fund's receipt of an opinion substantially to the effect that its Reorganization(s) will qualify as a reorganization under the Code (see Material Federal Income Tax Consequences of the Reorganizations), (3) the absence of legal proceedings challenging the Reorganizations, (4) the Funds' receipt of certain customary certificates and legal opinions and (5) the effectiveness of the new investment management agreement and new sub-advisory agreement. Additionally, in order for the Reorganizations to occur, each Fund must obtain certain consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of Quality Income and Municipal Opportunity, holders of a majority of the Acquiring Fund's outstanding VRDP Shares and the holder of Quality Municipal's outstanding VMTP Shares. The Funds are not required under the respective statements of preferences with respect to VMTP Shares or VRDP Shares to maintain any particular (or particular level of) long-term ratings for the VMTP Shares or VRDP Shares.

Termination. The Agreement may be terminated by the mutual agreement of the parties and such termination may be effected by each Fund's Chief Administrative Officer or a Vice President without further action by the Board. In addition, any Fund may at its option terminate the Agreement at or before the closing due to: (1) a breach by any other party of any representation, warranty or agreement contained therein to be performed at or before the closing, if not cured within 30 days of the breach and prior to the closing; (2) a condition precedent to the obligations of the terminating party that has not been met and it reasonably appears it will not or cannot be met; or (3) a determination by its Board that the consummation of the transactions contemplated by the Agreement is not in the best interests of the Fund.

The foregoing summary of the Agreement is qualified in its entirety by reference to the full text of the Agreement, a form of which is attached hereto as [Appendix A](#).

Reasons for the Reorganizations

Based on the considerations below, the Board of each Fund, including the independent Board Members, has determined that its Fund's Reorganization would be in the best interests of its Fund and that the interests of the existing shareholders of such Fund would not be diluted as a result of such Reorganization. At a meeting held on August 24, 2015 (the August Meeting), the Boards approved the Reorganizations and recommended that shareholders of the respective Funds approve the Reorganizations.

Since the beginning of the year, the Adviser has been evaluating the national municipal closed-end fund market and, in particular, its leveraged national municipal closed-end funds and their position in the market. As part of this broad initiative, the Adviser has proposed to restructure the product offerings of Nuveen's leveraged national municipal closed-end funds to create fewer funds with greater scale, eliminate overlapping investment mandates of the funds and to better differentiate the investment strategies of the funds by credit profile and emphasis on securities that generate income exempt from the federal alternative minimum tax applicable to individuals. Consistent with this initiative, the Adviser proposed certain changes to non-fundamental investment policies which included an expanded investment mandate of the Acquiring Fund and proposed the approval of the Reorganization of each Target Fund into the Acquiring Fund. The expanded investment mandate of the Acquiring Fund coupled with the Reorganizations were intended, among other things, to create a combined fund with significantly greater scale and an expanded investment mandate and to provide various benefits to shareholders as outlined in further detail below.

During the course of the year, the Adviser had made presentations, and the Boards had received a variety of materials relating to the proposed expanded investment mandate and Reorganizations, including the rationale therefore. Prior to approving the Reorganizations and related proposals, the independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed with independent legal counsel applicable law and their duties in considering such matters, and met with independent legal counsel in private sessions without management present. The Boards considered a number of principal factors presented at the time of the August Meeting or prior meetings in reaching their determinations, including the following:

the compatibility of the Funds' investment objectives, policies and related risks;

consistency of portfolio management;

the potential for improved economies of scale over time and the effect on fees and total expenses;

the potential for improved secondary market trading with respect to the common shares;

the anticipated federal income tax-free nature of the Reorganizations;

the expected costs of the Reorganizations;

the terms of the Reorganizations and whether the Reorganizations would dilute the interests of shareholders of the Funds;

the effect of the Reorganizations on shareholder rights; and

any potential benefits of the Reorganizations to the Adviser and its affiliates as a result of the Reorganizations.

Compatibility of Investment Objectives, Policies and Related Risks. The Boards noted that each Fund is a diversified closed-end fund. Based on the information presented, the Boards noted that the investment objectives of the Acquiring Fund and each Target Fund are substantially similar and that each Fund invests exclusively in municipal securities and other investments the income from which is exempt from regular federal income taxes.

The Boards noted that each of the Funds have a non-fundamental investment policy requiring that under normal circumstances, the respective Fund will invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permitting it to invest up to 20% of its managed assets in below-investment-grade municipal securities. However, the Boards recognized that the expanded investment mandate of the Acquiring Fund will create some notable differences between the investment policies of the Acquiring Fund and the Target Funds relating to exposure to below-investment-grade securities and securities that generate income subject to the federal alternative minimum tax applicable to individuals. More specifically, the Board of the Acquiring Fund approved changing the non-fundamental investment policies pursuant to which, under normal circumstances, the Acquiring Fund must invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and may invest no more than 10% of its managed assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's Sub-Adviser. The Board of the Acquiring Fund adopted a new non-fundamental policy for the Acquiring Fund permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of the investment, Baa/BBB or below, including below-investment-grade municipal securities or unrated securities judged to be of comparable quality by the Fund's Sub-Adviser. The Boards recognized that under this expanded investment mandate, it was expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. In addition, the Boards recognized that the Funds currently can invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals. The Boards noted that as part of the changes, the Board of the Acquiring Fund has approved a policy of investing, under normal circumstances, 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.

Although the Funds have substantially similar investment objectives and invest exclusively in municipal securities and other investments the income from which is exempt from regular federal income taxes, and therefore the current investment risks are similar, the Boards recognized that the expanded investment mandate of the Acquiring Fund will create some differences in investment risks in certain respects. The Boards noted that while the Acquiring Fund's greater allocation to lower rated municipal securities under its expanded investment mandate is expected to result in meaningfully higher net earnings that may support higher common share distributions, the Acquiring Fund may also be exposed to increased credit risk. Further, each Target Fund is subject to alternative minimum tax risk, the risk that all or a portion of the Fund's otherwise exempt-interest dividends may be taxable to those shareholders subject to the federal alternative minimum tax. Given the Acquiring Fund's proposed policy to invest, under normal circumstances, exclusively in municipal securities that at the

time of investment generate income exempt from the federal alternative minimum applicable to individuals, this risk will not be a principal risk applicable to an investment in the Acquiring Fund under the new investment mandate.

In addition to evaluating the compatibility of the investment strategies and related risks, the Boards considered the portfolio composition of each Fund and the impact of the Reorganizations and restructuring on each Fund's portfolio, including the shifts in credit quality as well as any shifts in sector allocations, yield, leverage and leverage costs. The Boards also considered the relative performance of the Funds and the factors that may affect the future performance of the combined fund, including the secondary market trading of its shares. The Boards also recognized that each Fund utilizes leverage. If the Reorganizations are approved, the Boards considered that the Funds may sell portfolio securities prior to the closing of the Reorganizations. Similarly, the Acquiring Fund is also expected to buy and sell a portion of its portfolio investments as part of its restructuring and will incur transaction costs. The Boards considered the potential for related gains and losses of such transactions.

In evaluating the Reorganizations and related proposals, the Boards considered the anticipated benefits that the Reorganizations and expanded investment mandate of the Acquiring Fund were intended to provide to shareholders including, among other things, (a) meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions; (b) a more attractive yield and risk profile versus other national municipal closed-end funds in the marketplace, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value; (c) increased portfolio and leverage management flexibility due to a significantly larger asset base of the combined fund; (d) greater liquidity and ease of trading due to substantially more common shares outstanding; (e) lower fund administrative costs (excluding the costs of leverage) as certain fixed costs are spread over a larger asset base, which would partially offset the increase in management fees of the Acquiring Fund; and (f) dividends exempt from the federal alternative minimum tax applicable to individuals.

Consistency of Portfolio Management. The Boards noted that each Fund has the same investment adviser and sub-adviser. The portfolio manager of the Acquiring Fund is also the portfolio manager of Municipal Opportunity and will continue to be supported by the same credit team and infrastructure that supports the managers of the Sub-Adviser's dedicated high yield mandates. Through the Reorganizations, the Boards recognized that shareholders will remain invested in a closed-end management investment company that will have the same investment adviser and sub-adviser and substantially similar investment objectives; however, the Acquiring Fund will be following the new expanded investment mandate as noted above.

Potential for Improved Economies of Scale Over Time and Effect on Fees and Total Expenses. The Boards considered the fees and expense ratios of each of the Funds, including the estimated expenses of the Acquiring Fund following the Reorganizations, the costs of leverage among the Funds and the impact of the Reorganizations on such costs, and the Adviser's proposed expense waiver.

The Boards reviewed the new proposed Investment Management Agreement of the Acquiring Fund which provides for a higher contractual management fee rate payable at each breakpoint than the contractual fee rate at each comparable breakpoint reflected in each Fund's current Investment Management Agreement. The Boards recognized that the revised Acquiring Fund's breakpoint schedule included an additional breakpoint at over \$5 billion in assets. With respect to the Target

Funds, the revised schedule reflected a greater reduction in the fund-level management fee rate at the \$2 billion in assets under management threshold. The Boards also considered the Adviser's proposed fee waiver for the one-year period following the closing of the Reorganizations. The Boards recognized that as of the most recent fiscal year end and without giving effect to the fee waiver, the Acquiring Fund's pro forma expense ratio as a percentage of net assets attributable to common shares (excluding the cost of leverage) would have been higher than the expense ratios of each Fund. Taking the fee waiver into account, the Acquiring Fund's pro forma expense ratio (excluding the cost of leverage) would have been lower than the expense ratio for only Quality Income. The Boards also recognized that the Acquiring Fund's larger scale as a result of the Reorganizations was expected to result in lower administrative costs which were anticipated to partially offset any increases in management fees.

In its review, the Boards also reviewed the proposed sub-advisory fee rate for the Acquiring Fund (as a percentage of the Acquiring Fund's management fee net of applicable waivers and reimbursements) after the restructuring and observed that the sub-advisory fee rate the Adviser pays to the Sub-Adviser under the new Sub-Advisory Agreement would be higher than the sub-advisory fee rate under the current Sub-Advisory Agreement. The Boards recognized that the higher contractual fee rate schedule was intended to reflect the increased level of ongoing credit research and surveillance required under the Acquiring Fund's expanded investment mandate as well as to standardize the investment management agreements of Nuveen's municipal closed-end funds.

Potential for Improved Secondary Market Trading with Respect to the Common Shares. While it is not possible to predict trading levels following the Reorganizations, the Boards noted that the Reorganizations are being proposed, in part, to seek to increase competitiveness and investor appeal which may enhance secondary market trading prices relative to net asset value as well as provide greater liquidity and ease of trading due to substantially more common shares outstanding.

Anticipated Tax-Free Reorganizations; Capital Loss Carryforwards. The Reorganizations will be structured with the intention that they qualify as tax-free reorganizations for federal income tax purposes, and the Funds will obtain opinions of counsel substantially to this effect (based on certain factual representations and certain customary assumptions). In addition, the Boards considered the impact of the Reorganizations on any estimated capital loss carryforwards of the applicable Funds and applicable limitations of federal income tax rules.

Expected Costs of the Reorganizations. The Boards considered the terms and conditions of the Agreement and Plan of Reorganization, including the estimated costs associated with the Reorganizations and the allocation of such costs between each Fund. The Boards noted that the allocation of the costs of the Reorganizations would be based on the relative expected benefits of the Reorganizations and the expanded investment mandate of the combined fund, including forecasted increases to net earnings, improvements in the secondary trading market for common shares and administrative cost savings, if any, to each Fund following the Reorganizations.

Terms of the Reorganizations and Impact on Shareholders. The terms of the Reorganizations are intended to avoid dilution of the interests of the existing shareholders of the Funds. In this regard, the Boards considered that each holder of common shares of a Target Fund will receive common shares of the Acquiring Fund (taking into account any fractional shares to which the shareholder would be entitled) equal in value as of the Valuation Time to the aggregate per share net asset value of that shareholder's Target Fund common shares held as of the Valuation Time. No fractional common

shares of the Acquiring Fund, however, will be distributed to a Target Fund's common shareholders in connection with the Reorganizations and, in lieu of such fractional shares, the respective Target Fund's common shareholders will receive cash.

Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VMTP Shares or VRDP Shares, as applicable, having substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares) as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with a Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization.

Effect on Shareholder Rights. The Boards considered that the Acquiring Fund is organized as a Massachusetts business trust and each of the Target Funds is organized as a Minnesota corporation. In this regard, the Boards recognized that, unlike a Massachusetts business trust, many aspects of the corporate governance of a Minnesota corporation are prescribed by state statutory law. In addition, the Boards are aware that the structure of the Board of the Massachusetts Fund differs from that of the Boards of the Minnesota Funds.

Potential Benefits to Nuveen Fund Advisors and Affiliates. The Boards recognized that the Reorganizations may result in some benefits and economies for the Adviser and its affiliates. The Boards recognized that the Adviser and the Sub-Adviser will receive additional compensation under the revised fee schedules of the new Investment Management Agreement and new Sub-Advisory Agreement. Other benefits may also include, for example, a reduction in the level of operational expenses incurred for administrative, compliance and portfolio management services as a result of the elimination of the Target Funds as separate funds in the Nuveen complex.

Conclusion. Each Board, including the independent Board Members, approved the Reorganization involving its Fund, concluding that such Reorganization is in the best interests of its Fund and that the interests of existing shareholders of the Fund will not be diluted as a result of the Reorganization.

Capitalization

The following table sets forth the unaudited capitalization of the Funds as of April 30, 2015, and the pro-forma combined capitalization of the combined fund as if the Reorganizations had occurred on that date. The table reflects pro forma exchange ratios of approximately 0.93105458 common shares of the Acquiring Fund issued for each common share of Quality Municipal, approximately 0.96694686 common shares of the Acquiring Fund issued for each common share of Quality Income and approximately 0.96444246 common shares of the Acquiring Fund issued for each common share of Municipal Opportunity. If the Reorganizations are consummated, the actual exchange ratios may vary.

	Acquiring Fund	Quality Municipal	Quality Income	Municipal Opportunity	Pro Forma Adjustments	Combined Fund Pro Forma ⁽¹⁾
Variable Rate Demand Preferred (VRDP) Shares, \$100,000 stated value per share, at liquidation value; 1,790 shares outstanding for Acquiring Fund; 3,854 shares outstanding for Quality Income; 6,672 shares outstanding for Municipal Opportunity; and 12,316 shares outstanding for Combined Fund Pro Forma	\$ 179,000,000	\$	\$ 385,400,000	\$ 667,200,000	\$	\$ 1,231,600,000

Variable Rate MuniFund Term Preferred (VMTP) Shares, \$100,000 stated value per share, at liquidation value; 2,404 shares outstanding for Quality Municipal; and 2,404 shares outstanding for Combined Fund Pro Forma	\$	\$ 240,400,000	\$	\$	\$	\$ 240,400,000
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Common Shareholders Equity:

Common Shares, \$.01 par value per share; 26,664,130 shares outstanding for Acquiring Fund; 38,436,871 shares outstanding for Quality Municipal; 48,941,182 shares outstanding for Quality Income; 95,610,971 shares outstanding for Municipal Opportunity; and 201,985,735 shares outstanding for Combined Fund Pro Forma	\$ 266,641	\$ 384,369	\$ 489,412	\$ 956,110	\$ (76,675) ⁽²⁾	\$ 2,019,857
Paid-in surplus	372,960,162	537,777,571	675,426,846	1,332,213,420	(2,338,325) ⁽³⁾	2,916,039,674
Undistributed (Over-distribution of) net investment income	3,206,364	1,096,759	6,464,597	13,518,819	(12,175,846) ⁽⁴⁾	12,110,693
Accumulated net realized gain (loss)	(6,091,959)	(26,485,853)	(16,640,092)	(14,601,764)		(63,819,668)
Net unrealized appreciation (depreciation)	60,158,474	64,897,736	101,175,737	165,770,184		392,002,131
Net assets attributable to common shares	\$ 430,499,682	\$ 577,670,582	\$ 766,916,500	\$ 1,497,856,769	\$ (14,590,846)	\$ 3,258,352,687

Net asset value per common share outstanding (net assets attributable to common shares, divided by common shares outstanding)	\$ 16.15	\$ 15.03	\$ 15.67	\$ 15.67		\$ 16.13
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Authorized shares:

Common	Unlimited	200,000,000	200,000,000	200,000,000		Unlimited
Preferred	Unlimited	1,000,000	1,000,000	1,000,000		Unlimited

- (1) The pro forma balances are presented as if the Reorganizations were effective as of April 30, 2015, and are presented for informational purposes only. The actual Closing Date of the Reorganizations is expected to be on or about December 7, 2015, or such later time agreed to by the parties at which time the results would be reflective of the actual composition of shareholders' equity as of that date. All pro forma adjustments are directly attributable to the Reorganizations.
- (2) Assumes the issuance of 35,786,939, 47,323,517 and 92,211,149 Acquiring Fund common shares in exchange for the net assets of Quality Municipal, Quality Income and Municipal Opportunity, respectively. These numbers are based on the net asset value of the Acquiring Fund and Target Funds as of April 30, 2015, adjusted for estimated Reorganization costs and the effect of distributions, where applicable.
- (3) Includes the impact of estimated total Reorganization costs of \$2,415,000, which will be borne by the Acquiring Fund, Quality Municipal, Quality Income and Municipal Opportunity in the amounts of \$365,000, \$370,000, \$620,000 and \$1,060,000, respectively.
- (4) Assumes Quality Income and Municipal Opportunity make net investment income distributions of \$2,892,453 and \$9,283,393, respectively.

Expenses Associated with the Reorganizations

In evaluating the Reorganizations, management of the Funds estimated the amount of expenses the Funds would incur to be approximately \$2,415,000, which includes additional stock exchange listing fees, SEC registration fees, legal and accounting fees, proxy solicitation and distribution costs and other related administrative or operational costs. The expenses of the Reorganizations (whether or not

consummated) will be allocated among the Funds ratably based on the relative expected benefits of the Reorganizations comprised of forecasted increases to net earnings, improvements in the secondary trading market for common shares and administrative cost savings, if any, to each Fund following the Reorganizations. Reorganization expenses have been or will be reflected in each Fund's net asset value at or before the close of trading on the business day immediately prior to the close of the Reorganizations. These estimated expenses will be borne by the Acquiring Fund, Quality Municipal, Quality Income and Municipal Opportunity in the amounts of \$365,000 (0.08%), \$370,000 (0.06%), \$620,000 (0.08%) and \$1,060,000 (0.07%), respectively (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2015). Preferred shareholders of the Funds will not bear any costs of the Reorganizations.

Additional solicitation may be made by letter or telephone by officers or employees of Nuveen Investments or the Adviser, or by dealers and their representatives. The Funds have engaged Computershare Fund Services to assist in the solicitation of proxies at an estimated aggregate cost of \$10,500 per Fund plus reasonable expenses, which is included in the foregoing estimate.

Dissenting Shareholders' Rights of Appraisal

Under the charter documents of the Acquiring Fund, shareholders do not have dissenters' rights of appraisal with respect to the Reorganizations.

Under Minnesota law, shareholders generally are entitled to assert dissenters' rights in connection with a reorganization and obtain payment of the fair value of their shares, provided that they comply with the requirements of Minnesota law. However, because the common shares of each Target Fund are listed and trade on an exchange, under Minnesota law, only the holders of preferred shares of the Target Funds, and not the holders of common shares, will be entitled to assert dissenters' rights.

Material Federal Income Tax Consequences of the Reorganizations

As a condition to each Fund's obligation to consummate the Reorganizations, each Fund will receive a tax opinion from Vedder Price P.C. (which opinion will be based on certain factual representations and certain customary assumptions) with respect to its Reorganization(s) substantially to the effect that, on the basis of the existing provisions of the Code, current administrative rules and court decisions, for federal income tax purposes:

1. The transfer by the Target Fund of substantially all its assets to the Acquiring Fund solely in exchange for Acquiring Fund shares and the assumption by the Acquiring Fund of substantially all the liabilities of the Target Fund, immediately followed by the distribution of all the Acquiring Fund shares so received by the Target Fund to the Target Fund's shareholders of record in complete liquidation of the Target Fund and the dissolution of the Target Fund as soon as practicable thereafter, will constitute a reorganization within the meaning of Section 368(a)(1) of the Code, and the Acquiring Fund and the Target Fund will each be a party to a reorganization, within the meaning of Section 368(b) of the Code, with respect to the Reorganization.
2. No gain or loss will be recognized by the Acquiring Fund upon the receipt of substantially all the Target Fund's assets solely in exchange for Acquiring Fund shares and the assumption by the Acquiring Fund of substantially all the liabilities of the Target Fund.

3. No gain or loss will be recognized by the Target Fund upon the transfer of substantially all its assets to the Acquiring Fund solely in exchange for Acquiring Fund shares and the assumption by the Acquiring Fund of substantially all the liabilities of the Target Fund or upon the distribution (whether actual or constructive) of such Acquiring Fund shares to the Target Fund's shareholders solely in exchange for such shareholders' shares of the Target Fund in complete liquidation of the Target Fund.
4. No gain or loss will be recognized by the Target Fund's shareholders upon the exchange, pursuant to the Reorganization, of all their shares of the Target Fund solely for Acquiring Fund shares, except to the extent the Target Fund's common shareholders receive cash in lieu of a fractional Acquiring Fund common share.
5. The aggregate basis of the Acquiring Fund shares received by each Target Fund shareholder pursuant to the Reorganization (including any fractional Acquiring Fund common share to which a shareholder would be entitled) will be the same as the aggregate basis of the Target Fund shares exchanged therefor by such shareholder.
6. The holding period of the Acquiring Fund shares received by each Target Fund shareholder in the Reorganization (including any fractional Acquiring Fund common share to which a shareholder would be entitled) will include the period during which the shares of the Target Fund exchanged therefor were held by such shareholder, provided such Target Fund shares are held as capital assets at the effective time of the Reorganization.
7. The basis of the assets of the Target Fund received by the Acquiring Fund will be the same as the basis of such assets in the hands of the Target Fund immediately before the effective time of the Reorganization.
8. The holding period of the assets of the Target Fund received by the Acquiring Fund will include the period during which those assets were held by the Target Fund.

In addition, each of K&L Gates LLP (with respect to the VMTP Shares) and Sidley Austin LLP (with respect to the VRDP Shares), as special tax counsel to the Acquiring Fund, will deliver an opinion to the Acquiring Fund, subject to certain representations, assumptions and conditions, substantially to the effect that the Acquiring Fund VMTP Shares or VRDP Shares, as applicable, received in the Reorganizations by the holders of preferred shares of the Target Funds will qualify as equity of the Acquiring Fund for federal income tax purposes.

No opinion will be expressed as to (1) the federal income tax consequences of payments to preferred shareholders of a Target Fund who elect dissenters' rights, (2) the effect of the Reorganizations on a Target Fund, the Acquiring Fund or any Target Fund shareholder with respect to any asset (including, without limitation, any stock held in a passive foreign investment company as defined in Section 1297(a) of the Code) as to which any unrealized gain or loss is required to be recognized under federal income tax principles (a) at the end of a taxable year (or on the termination thereof) or (b) upon the transfer of such asset regardless of whether such transfer would otherwise be a non-taxable transaction under the Code, or (3) any other federal tax issues (except those set forth above) and all state, local or foreign tax issues of any kind.

If a Target Fund shareholder receives cash in lieu of a fractional Acquiring Fund share, the shareholder will be treated as having received the fractional Acquiring Fund share pursuant to the

Reorganization and then as having sold that fractional Acquiring Fund share for cash. As a result, each such Target Fund shareholder generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in the fractional Acquiring Fund share to which the shareholder is entitled. This gain or loss generally will be a capital gain or loss and generally will be long-term capital gain or loss if, as of the effective time of the Reorganization, the holding period for the shares (including the holding period of Target Fund shares surrendered therefor if such Target Fund Shares were held as capital assets at the time of the Reorganization) is more than one year. The deductibility of capital losses is subject to limitations. Any cash received in lieu of a fractional share may be subject to backup withholding taxes.

Prior to the closing of the Reorganizations, each Target Fund will declare a distribution to its common shareholders, which together with all other distributions to preferred and common shareholders made with respect to the taxable year in which the Reorganization occurs and all prior taxable years, will have the effect of distributing to shareholders all its net investment income and realized net capital gains (after reduction by any available capital loss carryforwards), if any, through the Closing Date of the Reorganizations. To the extent distributions are attributable to ordinary taxable income or capital gains, the distribution will be taxable to shareholders for federal income tax purposes. Each Fund designates distributions to common and preferred shareholders as consisting of particular types of income (such as exempt interest, ordinary income and capital gain) based on each class' proportionate share of the total distributions paid by the Fund during the year. Additional distributions may be made if necessary. All dividends and distributions will be paid in cash unless a shareholder has made an election to reinvest dividends and distributions in additional shares under the Target Fund's dividend reinvestment plan. Taxable dividends and distributions are subject to federal income tax whether received in cash or additional shares.

After the Reorganizations, the combined fund's ability to use the Target Funds' or the Acquiring Fund's pre-Reorganization capital losses may be limited under certain federal income tax rules applicable to reorganizations of this type. Therefore, in certain circumstances, shareholders may pay federal income taxes sooner, or pay more federal income taxes, than they would have had the Reorganizations not occurred. The effect of these potential limitations, however, will depend on a number of factors including the amount of the losses, the amount of gains to be offset, the exact timing of the Reorganizations and the amount of unrealized capital gains in the Funds at the time of the Reorganizations. As of April 30, 2015, the Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against capital gains, if any, per the table below.

Capital losses to be carried forward	Acquiring Fund	Quality Municipal	Quality Income	Municipal Opportunity
Expires October 31, 2016	\$	\$ 2,623,034	\$	\$
Expires October 31, 2017		217,918		
Expires October 31, 2018		322,087		
Not subject to expiration		17,076,372	7,394,018	5,569,803
Total	\$	\$ 20,239,411	\$ 7,394,018	\$ 5,569,803

A Fund is generally able to carryforward net capital losses arising in taxable years beginning after December 22, 2010 (post-enactment losses) indefinitely. Net capital losses from taxable years beginning on or prior to December 22, 2010, however, are subject to the expiration dates shown above and can be used only after post-enactment losses.

In addition, the shareholders of a Target Fund will receive a proportionate share of any taxable income and gains realized by the Acquiring Fund and not distributed to its shareholders prior to the closing of the Reorganizations when such income and gains are eventually distributed by the Acquiring Fund. To the extent the Acquiring Fund sells portfolio investments before or after the Reorganizations, including any sales made to take advantage of its ability to hold a greater percentage of lower rated municipal securities, the Acquiring Fund may recognize gains or losses, which also may result in taxable distributions to shareholders holding shares of the Acquiring Fund (including former Target Fund shareholders who hold shares of the Acquiring Fund following the Reorganizations). As a result, shareholders of a Target Fund and the Acquiring Fund may receive a greater amount of taxable distributions than they would have had the Reorganizations not occurred.

This description of the federal income tax consequences of the Reorganizations is made without regard to the particular facts and circumstances of any shareholder. Shareholders are urged to consult their own tax advisers as to the specific consequences to them of the Reorganizations, including the applicability and effect of state, local, non-U.S. and other tax laws.

The foregoing is intended to be only a summary of the principal federal income tax consequences of the Reorganizations and should not be considered to be tax advice. There can be no assurance that the IRS will concur on all or any of the issues discussed above. Shareholders are urged to consult their own tax advisers regarding the federal, state and local tax consequences with respect to the foregoing matters and any other considerations which may be applicable to them.

Shareholder Approval

Each Reorganization is required to be approved by the affirmative vote of the holders of a majority (more than 50%) of each Target Fund's outstanding common shares and preferred shares entitled to vote on the matter, voting together as a single class, and by the affirmative vote of the holders of a majority (more than 50%) of such Target Fund's outstanding preferred shares entitled to vote on the matter, voting separately. The Reorganizations also are required to be approved by the affirmative vote of the holders of a majority (more than 50%) of the Acquiring Fund's outstanding preferred shares entitled to vote on the matter, voting as a separate class. Holders of preferred shares of each Fund are being solicited separately on the foregoing proposals through a separate proxy statement and not through this Joint Proxy Statement/Prospectus.

Abstentions and broker non-votes will have the same effect as a vote against the approval of the Reorganizations. Broker non-votes are shares held by brokers or nominees for which the brokers or nominees have executed proxies as to which (1) the broker or nominee does not have discretionary voting power and (2) the broker or nominee has not received instructions from the beneficial owner or other person who is entitled to instruct how the shares will be voted.

Preferred shareholders of each Fund are separately being asked to approve the Agreement as a plan of reorganization under the 1940 Act. Section 18(a)(2)(D) of the 1940 Act provides that the terms of preferred shares issued by a registered closed-end management investment company must contain provisions requiring approval by the vote of a majority of such shares, voting as a class, of any plan of reorganization adversely affecting such shares. Because the 1940 Act makes no distinction between a plan of reorganization that has an adverse effect as opposed to a materially adverse effect, each Fund is seeking approval of the Agreement by the holders of such Fund's preferred shares.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Special Meetings, and certain other consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of Quality Income and Municipal Opportunity, holders of a majority of the Acquiring Fund's outstanding VRDP Shares and the holder of Quality Municipal's outstanding VMTP Shares, must also be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. VMTP Shares and VRDP Shares were issued on a private placement basis to one or a small number of institutional holders. To the extent that one or more preferred shareholders of a Fund owns, holds or controls, individually or in the aggregate, all or a significant portion of a Fund's outstanding preferred shares, one or more shareholder approvals required for the Reorganizations may turn on the exercise of voting rights by such particular shareholder(s) and its or their determination as to the favorable view of such proposal(s) with respect to its or their interests. The Funds exercise no influence or control over the determinations of such shareholders with respect to the proposals; there is no guarantee that such shareholders will approve the proposals over which they may exercise effective disposition power. If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund.

Description of Common Shares to Be Issued by the Acquiring Fund; Comparison to Target Funds

General

As a general matter, the common shares of the Acquiring Fund and each Target Fund have equal voting rights and equal rights with respect to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of their respective Fund and have no preemptive, conversion or exchange rights or rights to cumulative voting. Holders of whole common shares of each Fund are entitled to one vote per share on any matter on which the shares are entitled to vote, while each fractional share is entitled to a proportional fractional vote. Furthermore, the provisions set forth in the Acquiring Fund's declaration of trust are substantially similar to the provisions of each Target Fund's articles of incorporation, and each contains, among other things, similar super-majority voting provisions, as described under Additional Information about the Acquiring Fund Certain Provisions in the Acquiring Fund's Declaration of Trust and By-Laws. The full text of each Fund's declaration of trust or articles of incorporation, as applicable, is on file with the SEC and may be obtained as described on page vii.

The Acquiring Fund's declaration of trust authorizes an unlimited number of common shares, par value \$0.01 per share. If the Reorganizations are consummated, the Acquiring Fund will issue additional common shares on the Closing Date to the common shareholders of each Target Fund based on the relative per share net asset value of the Acquiring Fund and the net asset values of the assets of such Target Fund that are transferred in connection with the Reorganization, in each case as of the

Valuation Time. The value of a Fund's net assets shall be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all of the Fund's outstanding preferred shares.

The terms of the Acquiring Fund common shares to be issued pursuant to the Reorganizations will be identical to the terms of the Acquiring Fund common shares that are then outstanding. Acquiring Fund common shares have equal rights with respect to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Acquiring Fund common shares, when issued, will be fully paid and non-assessable and have no preemptive, conversion or exchange rights or rights to cumulative voting. See also *Comparison of Massachusetts Business Trusts and Minnesota Corporations*.

Distributions

As a general matter, each Fund has a monthly distribution policy and each Fund seeks to maintain a stable level of distributions. Each Fund's present policy, which may be changed by its Board, is to make regular monthly cash distributions to holders of its common shares at a level rate (stated in terms of a fixed cents per common share dividend rate) that reflects the past and projected performance of the Fund.

The Acquiring Fund's ability to maintain a level dividend rate will depend on a number of factors, including the rate at which dividends are payable on the preferred shares. The net income of the Acquiring Fund generally consists of all interest income accrued on portfolio assets less all expenses of the Fund. Expenses of the Acquiring Fund are accrued each day. Over time, all the net investment income of the Acquiring Fund will be distributed. At least annually, the Acquiring Fund also intends to effectively distribute net capital gain and ordinary taxable income, if any, after paying any accrued dividends or making any liquidation payments to preferred shareholders. Although it does not now intend to do so, the Board may change the Acquiring Fund's dividend policy and the amount or timing of the distributions based on a number of factors, including the amount of the Fund's undistributed net investment income and historical and projected investment income and the amount of the expenses and dividend rates on the outstanding preferred shares.

As explained more fully below, at least annually, the Acquiring Fund may elect to retain rather than distribute all or a portion of any net capital gain (which is the excess of net long-term capital gain over net short-term capital loss) otherwise allocable to shareholders and pay federal income tax on the retained gain. As provided under federal income tax law, shareholders will include their share of the retained net capital gain in their income for the year as a long-term capital gain (regardless of their holding period in the shares), and will be entitled to an income tax credit or refund for the federal income tax deemed paid on their behalf by the Acquiring Fund. See *Additional Information About the Acquiring Fund Federal Income Tax Matters Associated with Investment in the Acquiring Fund* below and *Federal Income Tax Matters* in the *Reorganization SAI*.

So long as preferred shares are outstanding, the Acquiring Fund may not declare a dividend or distribution to common shareholders (other than a dividend in common shares of the Fund) or purchase its common shares unless all accumulated dividends on preferred shares have been paid, and unless asset coverage (as defined in the 1940 Act) with respect to preferred shares at the time of the declaration of such dividend or distribution or at the time of such purchase would be at least 200% after giving effect to the dividend or distribution or purchase price.

Dividend Reinvestment Plan

Generally, the terms of the dividend reinvestment plan (the Plan) for the Acquiring Fund and each Target Fund are identical. Under the Acquiring Fund's Plan, you may elect to have all dividends, including any capital gain distributions, on your common shares automatically reinvested by State Street Bank and Trust Company (the Plan Agent) in additional common shares under the Plan. You may elect to participate in the Plan by completing the Dividend Reinvestment Plan Application Form. If you do not participate, you will receive all distributions in cash paid by check mailed directly to you by State Street Bank and Trust Company as dividend paying agent.

If you decide to participate in the Plan of the Acquiring Fund, the number of common shares you will receive will be determined as follows:

- (1) If common shares are trading at or above net asset value at the time of valuation, the Acquiring Fund will issue new shares at the then current market price; or
- (2) If common shares are trading below net asset value at the time of valuation, the Plan Agent will receive the dividend or distribution in cash and will purchase common shares in the open market, on the exchange on which the common shares are listed, for the participants' accounts. It is possible that the market price for the common shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price at the time of valuation, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in common shares issued by the Acquiring Fund. The Plan Agent will use all dividends and distributions received in cash to purchase common shares in the open market within 30 days of the valuation date. Interest will not be paid on any uninvested cash payments.

If the Plan Agent begins purchasing Acquiring 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.

You may withdraw from the Plan at any time by giving notice to the Plan Agent either in writing or by telephone. If you withdraw or the Plan is terminated, you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions and a \$2.50 service fee.

The Plan Agent maintains all shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Common shares in your account will be held by the Plan Agent in non-certificated form. Any proxy you receive will include all common shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in common shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due on taxable dividends and distributions.

The Acquiring Fund reserves the right to amend or terminate the Plan if in the judgment of the Board of the Acquiring Fund the change is warranted. There is no direct service charge to participants in the Plan; however, the Acquiring Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained from State Street Bank and Trust Company, Attn: Computershare Nuveen Investments, P.O. Box 43071, Providence, Rhode Island 02940-3071, (800) 257-8787.

Common Share Price Data

The following tables show for the periods indicated: (1) the high and low sales prices for common shares reported as of the end of the day on the corresponding stock exchange of each Fund, (2) the high and low net asset values of the common shares, and (3) the high and low of the premium/(discount) to net asset value (expressed as a percentage) of the common shares.

Fiscal Quarter Ended	Market Price		Acquiring Fund Net Asset Value		Premium/(Discount)	
	High	Low	High	Low	High	Low
	July 2015	\$ 14.25	\$ 13.56	\$ 16.11	\$ 15.69	(11.55)%
April 2015	\$ 14.82	\$ 14.10	\$ 16.74	\$ 16.14	(10.93)%	(13.28)%
January 2015	\$ 14.76	\$ 13.91	\$ 16.72	\$ 16.11	(11.72)%	(13.66)%
October 2014	\$ 14.64	\$ 14.01	\$ 16.52	\$ 15.77	(8.62)%	(14.71)%
July 2014	\$ 14.44	\$ 13.75	\$ 15.86	\$ 15.55	(8.20)%	(12.20)%
April 2014	\$ 13.81	\$ 13.01	\$ 15.50	\$ 14.85	(10.65)%	(12.96)%
January 2014	\$ 13.08	\$ 12.22	\$ 14.90	\$ 14.26	(11.14)%	(14.61)%
October 2013	\$ 12.88	\$ 11.97	\$ 14.62	\$ 13.73	(10.96)%	(14.18)%
July 2013	\$ 14.95	\$ 12.45	\$ 16.29	\$ 14.21	(7.96)%	(13.11)%
April 2013	\$ 15.52	\$ 14.42	\$ 16.32	\$ 15.94	(4.84)%	(9.54)%
January 2013	\$ 16.28	\$ 15.06	\$ 16.82	\$ 16.16	(2.51)%	(6.81)%
October 2012	\$ 15.99	\$ 15.13	\$ 16.36	\$ 16.01	(2.08)%	(5.85)%
July 2012	\$ 15.86	\$ 14.99	\$ 16.29	\$ 15.79	(2.26)%	(6.14)%
April 2012	\$ 15.64	\$ 14.47	\$ 15.83	\$ 15.52	(0.76)%	(7.01)%
January 2012	\$ 15.51	\$ 14.32	\$ 15.82	\$ 14.95	(0.79)%	(5.29)%

Fiscal Quarter Ended	Market Price		Quality Municipal Net Asset Value		Premium/(Discount)	
	High	Low	High	Low	High	Low
	July 2015	\$ 13.21	\$ 12.59	\$ 14.99	\$ 14.61	(11.85)%
April 2015	\$ 13.82	\$ 13.16	\$ 15.60	\$ 15.03	(10.92)%	(13.28)%
January 2015	\$ 13.75	\$ 12.98	\$ 15.60	\$ 14.95	(11.86)%	(13.84)%
October 2014	\$ 13.19	\$ 12.86	\$ 15.32	\$ 14.71	(11.95)%	(14.62)%
July 2014	\$ 13.27	\$ 12.77	\$ 14.79	\$ 14.55	(9.93)%	(12.71)%
April 2014	\$ 13.03	\$ 12.57	\$ 14.53	\$ 14.03	(9.15)%	(11.85)%
January 2014	\$ 12.64	\$ 11.65	\$ 14.10	\$ 13.52	(9.88)%	(14.34)%
October 2013	\$ 12.47	\$ 11.55	\$ 13.76	\$ 13.04	(7.82)%	(13.03)%
July 2013	\$ 14.76	\$ 12.05	\$ 15.52	\$ 13.51	(4.28)%	(11.42)%
April 2013	\$ 15.65	\$ 14.26	\$ 15.55	\$ 15.18	1.03%	(6.12)%
January 2013	\$ 16.00	\$ 14.89	\$ 15.92	\$ 15.38	0.57%	(5.40)%
October 2012	\$ 15.68	\$ 14.86	\$ 15.54	\$ 15.20	1.49%	(3.19)%
July 2012	\$ 15.28	\$ 14.54	\$ 15.46	\$ 14.96	0.20%	(3.90)%
April 2012	\$ 15.01	\$ 13.77	\$ 15.09	\$ 14.70	0.00%	(6.58)%
January 2012	\$ 15.00	\$ 14.11	\$ 15.08	\$ 14.12	3.89%	(2.29)%

Fiscal Quarter Ended	Quality Income					
	Market Price		Net Asset Value		Premium/(Discount)	
	High	Low	High	Low	High	Low
July 2015	\$ 13.81	\$ 13.24	\$ 15.64	\$ 15.25	(11.65)%	(13.37)%
April 2015	\$ 14.69	\$ 13.82	\$ 16.27	\$ 15.67	(9.23)%	(12.82)%
January 2015	\$ 14.66	\$ 13.61	\$ 16.27	\$ 15.55	(9.81)%	(12.81)%
October 2014	\$ 14.21	\$ 13.68	\$ 15.86	\$ 15.14	(7.37)%	(12.74)%
July 2014	\$ 13.99	\$ 13.22	\$ 15.39	\$ 14.95	(7.81)%	(12.28)%
April 2014	\$ 13.75	\$ 12.97	\$ 15.01	\$ 14.36	(8.33)%	(10.93)%
January 2014	\$ 13.05	\$ 11.88	\$ 14.41	\$ 13.78	(9.08)%	(14.04)%
October 2013	\$ 12.77	\$ 11.88	\$ 14.25	\$ 13.46	(8.78)%	(13.03)%
July 2013	\$ 15.18	\$ 12.48	\$ 16.30	\$ 14.15	(6.87)%	(12.67)%
April 2013	\$ 15.78	\$ 14.71	\$ 16.32	\$ 16.00	(3.31)%	(8.12)%
January 2013	\$ 16.40	\$ 15.13	\$ 16.68	\$ 16.08	(0.92)%	(6.06)%
October 2012	\$ 16.15	\$ 15.52	\$ 16.15	\$ 15.83	0.37%	(3.24)%
July 2012	\$ 15.95	\$ 15.29	\$ 16.10	\$ 15.57	0.64%	(2.28)%
April 2012	\$ 15.40	\$ 14.35	\$ 15.56	\$ 15.23	(0.65)%	(6.02)%
January 2012	\$ 15.36	\$ 13.85	\$ 15.47	\$ 14.30	(0.32)%	(3.94)%

Fiscal Quarter Ended	Municipal Opportunity					
	Market Price		Net Asset Value		Premium/(Discount)	
	High	Low	High	Low	High	Low
July 2015	\$ 14.55	\$ 13.40	\$ 15.64	\$ 15.23	(6.97)%	(12.53)%
April 2015	\$ 15.07	\$ 14.04	\$ 16.22	\$ 15.67	(6.69)%	(11.03)%
January 2015	\$ 15.05	\$ 14.24	\$ 16.22	\$ 15.61	(6.76)%	(9.51)%
October 2014	\$ 14.58	\$ 13.93	\$ 15.95	\$ 15.38	(7.37)%	(10.28)%
July 2014	\$ 14.26	\$ 13.67	\$ 15.47	\$ 15.22	(6.90)%	(10.77)%
April 2014	\$ 14.06	\$ 13.50	\$ 15.18	\$ 14.66	(6.52)%	(9.07)%
January 2014	\$ 13.69	\$ 12.58	\$ 14.71	\$ 14.15	(5.13)%	(11.83)%
October 2013	\$ 13.25	\$ 12.33	\$ 14.46	\$ 13.65	(5.31)%	(11.53)%
July 2013	\$ 15.17	\$ 12.89	\$ 16.00	\$ 14.12	(3.95)%	(10.08)%
April 2013	\$ 15.79	\$ 14.52	\$ 16.02	\$ 15.70	(1.37)%	(7.57)%
January 2013	\$ 15.99	\$ 15.04	\$ 16.37	\$ 15.88	(0.19)%	(5.83)%
October 2012	\$ 15.67	\$ 14.94	\$ 15.99	\$ 15.66	(1.76)%	(5.20)%
July 2012	\$ 15.42	\$ 14.69	\$ 15.90	\$ 15.47	(1.92)%	(6.01)%
April 2012	\$ 15.23	\$ 14.12	\$ 15.50	\$ 15.23	(1.17)%	(7.53)%
January 2012	\$ 15.19	\$ 14.23	\$ 15.49	\$ 14.64	(0.60)%	(3.76)%

On October 1, 2015, the closing sale prices of the Acquiring Fund, Quality Municipal, Quality Income and Municipal Opportunity common shares were \$13.87, \$13.02, \$13.51 and \$14.15, respectively. These prices represent discounts to net asset value for the Acquiring Fund, Quality Municipal, Quality Income and Municipal Opportunity of (13.37)%, (13.20)%, (13.17)% and (8.83)%, respectively.

Common shares of each Fund have historically traded at both a premium and discount to net asset value. It is not possible to state whether Acquiring Fund common shares will trade at a premium or discount to net asset value following the Reorganizations, or what the extent of any such premium or discount might be.

Description of VMTP Shares to Be Issued by the Acquiring Fund

The terms of the VMTP Shares of the Acquiring Fund to be issued pursuant to the Reorganization of Quality Municipal (the New VMTP Shares) will be substantially identical, as of the time of the closing of the Reorganization, to the outstanding VMTP Shares of Quality Municipal. The aggregate liquidation preference of the New VMTP Shares received in the Reorganization will equal the aggregate liquidation preference of the Quality Municipal VMTP Shares held immediately prior to the closing of the Reorganization.

Holders of the New VMTP Shares will be entitled to receive cash dividends when, as and if declared by the Acquiring Fund's Board. The amount of dividends per New VMTP Share payable on any dividend payment date will equal the sum of dividends accumulated but not yet paid for each rate period during the relevant monthly dividend period. The dividend rate applicable to any rate period (which typically consists of seven days) will be an index rate based on the SIFMA Municipal Swap Index plus an applicable spread. The applicable spread will be subject to adjustment in certain circumstances, including a change in the credit rating assigned to the New VMTP Shares.

The outstanding VMTP Shares for Quality Municipal have a term redemption date of December 1, 2018, unless earlier redeemed or repurchased by Quality Municipal. The Acquiring Fund will be obligated to redeem the New VMTP Shares on December 1, 2018, unless earlier redeemed or repurchased by the Acquiring Fund, at a redemption price per share equal to the liquidation preference per share (\$100,000) plus any accumulated but unpaid dividends. The New VMTP Shares will be subject to optional and mandatory redemption in certain circumstances. The New VMTP Shares may be redeemed in whole or in part at the option of the Acquiring Fund at a redemption price per share equal to the liquidation preference per share plus any accumulated but unpaid dividends plus, if the New VMTP Shares are redeemed prior to June 1, 2016, an optional redemption premium per share equal to the product of (1) 0.93%, (2) the \$100,000 liquidation preference per share and (3) a fraction, the numerator of which is the number of days from (and including) the date of redemption through May 31, 2016 and the denominator of which is the actual number of days from (and including) May 19, 2015 through May 31, 2016. In the event the Acquiring Fund fails to comply with asset coverage and/or effective leverage ratio requirements and any such failure is not cured within the applicable cure period, the Acquiring Fund may become obligated to redeem such number of preferred shares as are necessary to achieve compliance with such requirements.

Except as otherwise provided in the Acquiring Fund's declaration of trust, the statement establishing and fixing the rights and preferences (the Statement) of the New VMTP Shares, or as otherwise required by applicable law, (1) each holder of the New VMTP Shares will be entitled to one vote for each New VMTP Share held on each matter submitted to a vote of shareholders of the Acquiring Fund, and (2) the holders of the New VMTP Shares, along with holders of other outstanding preferred shares of the Acquiring Fund, will vote with holders of common shares of the Acquiring Fund as a single class; provided, however, that holders of preferred shares, including the New VMTP Shares, are entitled as a class to elect two trustees of the Acquiring Fund at all times. The holders of outstanding common shares and preferred shares, including the New VMTP Shares, voting as a single class, will elect the balance of the trustees of the Acquiring Fund.

Holders of the New VMTP Shares, as a separate class, will have voting and consent rights with respect to certain actions that would materially and adversely affect any preference, right or power of the New VMTP Shares or holders of the New VMTP Shares. In addition, holders of the New VMTP

Shares will have certain consent rights under the purchase agreement for the New VMTP Shares with respect to certain actions that would affect their investment in the Acquiring Fund. Holders of the New VMTP Shares also will be entitled to vote as a class with holders of other preferred shares of the Acquiring Fund on matters that relate to the conversion of the Acquiring Fund to an open-end investment company, certain plans of reorganization adversely affecting holders of the preferred shares or any other action requiring a vote of security holders of the Acquiring Fund under Section 13(a) of the 1940 Act. In certain circumstances, holders of preferred shares, including the New VMTP Shares, are entitled to elect additional trustees in the event at least two full years' dividends are due and unpaid and sufficient cash or specified securities have not been deposited for their payment, or at any time holders of preferred shares are entitled under the 1940 Act to elect a majority of the trustees of the Acquiring Fund.

The New VMTP Shares will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The New VMTP Shares will have equal priority with the other preferred shares of the Acquiring Fund, including the Acquiring Fund's outstanding VRDP Shares (the Outstanding VRDP Shares), the new VRDP Shares of the Acquiring Fund to be issued in the Reorganizations of Quality Income and Municipal Opportunity (the New VRDP Shares) and any other preferred shares that the Acquiring Fund may issue in the future, as to the payment of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

Description of VRDP Shares to Be Issued by the Acquiring Fund

The terms of the VRDP Shares of the Acquiring Fund to be issued pursuant to the Reorganization of each of Quality Income and Municipal Opportunity (previously defined as the New VRDP Shares) will be substantially similar, as of the closing of the Reorganizations, to the outstanding Target Fund VRDP Shares for which they are exchanged. The aggregate liquidation preference of each series of New VRDP Shares will equal the aggregate liquidation preference of the corresponding series of Target Fund VRDP Shares immediately prior to the closing of the Reorganizations. In addition, the terms of the New VRDP Shares will be substantially similar to the terms of the Outstanding VRDP Shares of the Acquiring Fund. See Additional Information About the Acquiring Fund Description of Outstanding Acquiring Fund VRDP Shares on page 95.

The outstanding VRDP Shares of each Target Fund had a 30-year final mandatory redemption date as of their date of original issue, subject to earlier redemption or repurchase by the Fund, and pay an adjustable dividend rate set weekly by the remarketing agent. Each series of New VRDP Shares will have the same mandatory redemption date as the corresponding series of Target Fund VRDP Shares exchanged therefor. Holders of New VRDP Shares will have the right to give seven days' notice on any business day to tender the securities for remarketing. The New VRDP Shares will also be subject to a mandatory tender for remarketing upon the occurrence of certain events, such as the non-payment of dividends by the Acquiring Fund. Should a remarketing be unsuccessful, the dividend rate will reset to a maximum rate as defined in the governing documents of the New VRDP Shares.

The Statement of each series of New VRDP Shares generally requires that the Acquiring Fund maintain a purchase agreement which contains an unconditional demand feature pursuant to a purchase obligation provided by an entity acting as liquidity provider to ensure full and timely repayment of the liquidation preference amount plus any accumulated and unpaid dividends to holders upon the occurrence of certain events. The agreement requires the liquidity provider to purchase from holders all New VRDP Shares of the applicable series tendered for sale that were not successfully remarketed.

The liquidity provider also must purchase all outstanding New VRDP Shares of the applicable series prior to termination of the purchase agreement, including by reason of the failure of the liquidity provider to maintain the requisite short-term ratings, if the Acquiring Fund has not obtained an alternate purchase agreement before the termination date.

The obligation of the liquidity provider to purchase the New VRDP Shares pursuant to the purchase agreement will run to the benefit of the holders and beneficial owners of the New VRDP Shares of the applicable series and will be unconditional and irrevocable, and as such the short-term ratings assigned to the New VRDP Shares are directly linked to the short-term creditworthiness of the associated liquidity provider. Each liquidity provider entered into a purchase agreement with respect to the applicable series of Target Fund VRDP Shares, subject to periodic extension by agreement with the respective Fund. The initial term of the purchase agreement with the liquidity provider for each series of New VRDP Shares is expected to be no less than the remaining term immediately prior to the Reorganizations of the applicable purchase agreement with respect to the corresponding series of Target Fund VRDP Shares exchanged therefor.

Prior to the final mandatory redemption date for each series of New VRDP Shares, the New VRDP Shares of such series will be subject to optional and mandatory redemption by the Acquiring Fund in certain circumstances. New VRDP Shares may be redeemed at any time, at the option of the Acquiring Fund (in whole or, from time to time, in part), out of funds legally available therefor, at a redemption price per share equal to the sum of \$100,000 plus an amount equal to accumulated but unpaid dividends thereon (whether or not earned or declared) until, but excluding, the date fixed for redemption. Pursuant to the Statement and fee agreement with the liquidity provider for each series of New VRDP Shares, the Acquiring Fund will have an obligation to redeem, at a redemption price equal to \$100,000 per share plus accumulated but unpaid dividends thereon (whether or not earned or declared) until, but excluding, the date fixed by the Board for redemption, shares of such series purchased by the liquidity provider pursuant to its obligations under the purchase agreement if the liquidity provider continues to be the beneficial owner for a period of six months and such shares cannot be successfully remarketed. If the Acquiring Fund fails to maintain the minimum asset coverage required under the 1940 Act and the Acquiring Fund's agreement with the liquidity provider with respect to each series of New VRDP Shares, and such failure is not cured by the applicable cure date, the Acquiring Fund also will redeem, at a redemption price equal to the liquidation preference per share plus accumulated but unpaid dividends thereon (whether or not earned or declared) until, but excluding, the date fixed by the Board for redemption, such number of preferred shares as is necessary to achieve compliance with the minimum asset coverage requirement. The number of preferred shares to be redeemed may, at the Acquiring Fund's sole option (to the extent permitted by the 1940 Act and Massachusetts law), include any number or proportion of preferred shares of any series; provided, that to the extent the Acquiring Fund does a mandatory redemption of any VRDP Shares, the Acquiring Fund shall allocate the number to be redeemed pro rata among each series of VRDP Shares subject to redemption or retirement (if more than one such series is then outstanding).

The New VRDP Shares will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. Each series of New VRDP Shares will have equal priority with each other and the other preferred shares of the Acquiring Fund, including the Acquiring Fund's Outstanding VRDP Shares, the New VMTP Shares of the Acquiring Fund to be issued in the Reorganization of Quality Municipal and any other preferred shares that the Acquiring Fund may issue in the future, as to the payment of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

Comparison of Massachusetts Business Trusts and Minnesota Corporations

The Acquiring Fund is organized as a Massachusetts business trust. Each of Quality Municipal, Quality Income and Municipal Opportunity is organized as a Minnesota corporation.

The following description is based on relevant provisions of applicable Massachusetts law, the Minnesota Business Corporation Act (MBCA) and each Fund's operative documents. This summary does not purport to be complete and we refer you to applicable Massachusetts law, the MBCA and each Fund's operative documents.

General

The Acquiring Fund is a Massachusetts business trust. A fund organized as a Massachusetts business trust is governed by the trust's declaration of trust or similar instrument.

Massachusetts law allows the trustees of a business trust to set the terms of a fund's governance in its declaration. All power and authority to manage the fund and its affairs generally reside with the trustees, and shareholder voting and other rights are limited to those provided to the shareholders in the declaration.

Because Massachusetts law governing business trusts provides more flexibility compared to typical state corporate statutes, the Massachusetts business trust is a common form of organization for closed-end funds. However, some consider it less desirable than other entities because it relies on the terms of the applicable declaration and judicial interpretations rather than statutory provisions for substantive issues, such as the personal liability of shareholders and trustees, and does not provide the level of certitude that corporate laws like those of Minnesota, or newer statutory trust laws, such as those of Delaware, provide.

Each Target Fund is a Minnesota corporation. A fund organized as a Minnesota corporation is governed both by the MBCA and the Minnesota corporation's articles of incorporation and by-laws. For a Minnesota corporation, unlike a Massachusetts business trust, the MBCA prescribes many aspects of corporate governance.

Shareholders of a Minnesota corporation generally are shielded from personal liability for the corporation's debts or obligations. Shareholders of a Massachusetts business trust, on the other hand, are not afforded the statutory limitation of personal liability generally afforded to shareholders of a corporation from the trust's liabilities. Instead, the declaration of trust of a fund organized as a Massachusetts business trust typically provides that a shareholder will not be personally liable, and further provides for indemnification to the extent that a shareholder is found personally liable, for the fund's acts or obligations. The declaration of trust for the Acquiring Fund contains such provisions.

Similarly, the trustees of a Massachusetts business trust are not afforded statutory protection from personal liability for the obligations of the trust. The directors of a Minnesota corporation, on the other hand, generally are shielded from personal liability for the corporation's acts or obligations by the MBCA. Courts in Massachusetts have, however, recognized limitations of a trustee's personal liability in contract actions for the obligations of a trust contained in the trust's declaration, and declarations may also provide that trustees may be indemnified out of the assets of the trust to the extent held personally liable. The declaration of trust for the Acquiring Fund contains such provisions.

Massachusetts Business Trusts

The Acquiring Fund is governed by its declaration of trust and by-laws. Under the declaration of trust, any determination as to what is in the interests of the Fund made by the trustees in good faith is conclusive, and in construing the provisions of the declaration of trust, there is a presumption in favor of a grant of power to the trustees. Further, the declaration of trust provides that certain determinations made in good faith by the trustees are binding upon the Fund and all shareholders, and shares are issued and sold on the condition and understanding, evidenced by the purchase of shares, that any and all such determinations shall be so binding. The following is a summary of some of the key provisions of the governing documents of the Acquiring Fund.

Shareholder Voting. The declaration of trust of the Acquiring Fund requires a shareholder vote on a number of matters, including certain amendments to the declaration of trust, the election of trustees, the merger or reorganization of the Fund (under certain circumstances) or sales of assets in certain circumstances and matters required to be voted by the 1940 Act.

Meetings of shareholders may be called by the trustees and by the written request of shareholders owning at least 10% of the outstanding shares entitled to vote. The by-laws of Acquiring Fund provide that the holders of a majority of the voting power of the shares of beneficial interest of the Fund entitled to vote at a meeting shall constitute a quorum for the transaction of business. The declaration of trust of the Acquiring Fund provides that the affirmative vote of the holders of a majority of the shares present in person or by proxy and entitled to vote at a meeting of shareholders at which a quorum is present is required to approve a matter, except in the case of the election of trustees, which only requires a plurality vote, and for events to which other voting provisions apply under the 1940 Act or the declaration of trust and by-laws, such as the super-majority voting provisions with respect to a merger, consolidation or dissolution of, or sale of substantially all of the assets by, the Fund, or its conversion to an open-end investment company in certain circumstances under the terms of the declaration of trust.

Election and Removal of Trustees. The declaration of trust of the Acquiring Fund provides that the trustees determine the size of the Board, subject to a minimum and a maximum number. Subject to the provisions of the 1940 Act, the declaration of trust also provides that vacancies on the Board may be filled by the remaining trustees. A trustee may only be removed for cause by action of at least two-thirds of the remaining trustees or by action of at least two-thirds of the outstanding shares of the class or classes that elected such trustee.

Issuance of Shares. Under the declaration of trust of the Acquiring Fund, the trustees are permitted to issue an unlimited number of shares for such consideration and on such terms as the trustees may determine. Shareholders are not entitled to any preemptive rights or other rights to subscribe to additional shares, except as the trustees may determine. Shares are subject to such other preferences, conversion, exchange or similar rights, as the trustees may determine.

Classes. The declaration of trust of the Acquiring Fund gives broad authority to the trustees to establish classes or series in addition to those currently established and to determine the rights and preferences, conversion rights, voting powers, restrictions, limitations, qualifications or terms or conditions of redemptions of the shares of the classes or series. The trustees are also authorized to terminate a class or series without a vote of shareholders under certain circumstances.

Amendments to Declaration of Trust. Amendments to the declaration of trust generally require the consent of shareholders owning more than 50% of shares entitled to vote, voting in the aggregate.

Certain amendments may be made by the trustees without a shareholder vote, and any amendment to the voting requirements contained in the declaration of trust requires the approval of two-thirds of the outstanding common shares and preferred shares, voting in the aggregate and not by class except to the extent that applicable law or the declaration of trust may require voting by class.

Shareholder, Trustee and Officer Liability. The declaration of trust of the Acquiring Fund provides that shareholders have no personal liability for the acts or obligations of the Fund and require the Fund to indemnify a shareholder from any loss or expense arising solely by reason of his or her being or having been a shareholder and not because of his or her acts or omissions or for some other reasons. In addition, the Fund will assume the defense of any claim against a shareholder for personal liability at the request of the shareholder. Similarly, the declaration of trust provides that any person who is a trustee, officer or employee of the Fund is not personally liable to any person in connection with the affairs of the Fund, other than to the Fund and its shareholders arising from bad faith, willful misfeasance, gross negligence or reckless disregard for his or her duty. The declaration of trust further provides for indemnification of such persons and advancement of the expenses of defending any such actions for which indemnification might be sought. The declaration of trust also provides that the trustees may rely in good faith on expert advice.

Derivative Actions. Massachusetts has what is commonly referred to as a universal demand statute, which requires that a shareholder make a written demand on the board, requesting the board members to bring an action, before the shareholder is entitled to bring or maintain a court action or claim on behalf of the entity.

Minnesota Corporations

A Minnesota corporation is governed by the MBCA, its articles of incorporation and by-laws. Some of the key provisions of the MBCA and the articles of incorporation and by-laws of each Target Fund are summarized below.

Shareholder Voting. Under the MBCA, a Minnesota corporation generally cannot dissolve, amend its articles of incorporation, sell or otherwise transfer all or substantially all of its property and assets outside the ordinary course of business, or engage in a statutory share exchange, merger or consolidation unless approved by a vote of shareholders. Depending on the circumstances and the articles of incorporation of the corporation, there may be various exceptions to these votes.

Shareholders of Minnesota corporations are generally entitled to one vote per share and fractional votes for fractional shares held. The articles of incorporation of each Target Fund contain such provisions regarding fractional shares.

Election and Removal of Directors. Shareholders of a Minnesota corporation generally are entitled to elect and remove directors. The MBCA and by-laws provide that directors are elected by a plurality of votes validly cast at such election. The MBCA does not require a corporation to hold an annual meeting unless required by the articles of incorporation or by-laws. The by-laws of each Target Fund provide that regular meetings of the shareholders for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on an annual or other less frequent periodic basis at such date and time as the board of directors by resolution shall designate, except as otherwise required by the MBCA or by other applicable law. The by-laws also provide that a special meeting must be called at the written request, stating the purpose or purposes of the meeting, of shareholders entitled to cast at least 10% of all the votes entitled to be cast at the meeting. The articles of incorporation provide that a director may be

removed from office only for cause and only by action of at least 66 2/3% of the outstanding shares of the class or classes of capital stock that elected such director. For purposes of the foregoing, cause requires willful misconduct, dishonesty, fraud or a felony conviction.

Amendments to the Articles of Incorporation. Under the MBCA, shareholders of corporations generally are entitled to vote on amendments to the articles of incorporation.

Issuance of Shares. The board of directors of a Minnesota corporation has the power to authorize the issuance of shares. If so provided in the articles of incorporation (and the articles of incorporation of each Target Fund do so provide), the board of directors may authorize the issuance of shares in more than one class or series, and prior to issuance of shares of each class or series, the board of directors must set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series.

Shareholder, Director and Officer Liability. Under Minnesota law, shareholders generally are not personally liable for debts or obligations of a corporation. Minnesota law provides that a director's personal liability to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director may be eliminated or limited in the articles of incorporation, except for a director's breach of the duty of loyalty, for acts or omissions not in good faith or that involve an intentional or knowing violation of law, or for any transaction from which the director derived an improper personal benefit. The articles of incorporation of each Target Fund provide such a limitation of director liability. Minnesota law provides that, unless prohibited by a corporation's articles of incorporation or by-laws, a corporation must indemnify and advance expenses to its directors for acts and omissions in their official capacity, subject to certain exceptions, and the articles of incorporation of each Target Fund do not prohibit such indemnification or advances. The indemnification provisions and the limitation on liability are both subject to any limitations of the 1940 Act, which generally provides that no director or officer shall be protected from liability to the corporation or its shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office. The provisions governing the advance of expenses are subject to applicable requirements of the 1940 Act or rules thereunder.

Preemptive Rights. Pursuant to the articles of incorporation of each Target Fund, shareholders have no preemptive rights.

Dissenters' Right of Appraisal. Under Minnesota law, shareholders generally are entitled to assert dissenters' rights in connection with certain amendments to the articles of incorporation, asset sales and reorganizations and obtain payment of the fair value of their shares, provided that they comply with the requirements of Minnesota law. These rights, however, are subject to certain exceptions under the MBCA, including, in the case of asset sales and reorganizations, if the shares to which the dissenters' rights relate and the shares, if any, that a shareholder is to receive are traded on an exchange.

Derivative Actions. Under Minnesota law, applicable case law at the time of a particular derivative action will establish any requirements or limitations with respect to shareholder derivative actions.

The foregoing is only a summary of certain rights of shareholders under the governing documents of the Funds and under applicable state law, and is not a complete description of provisions contained in those sources. Shareholders should refer to the provisions of those documents and state law directly for a more thorough description.

D. ADDITIONAL INFORMATION ABOUT THE INVESTMENT POLICIES

Comparison of the Investment Objectives and Policies of the Acquiring Fund and the Target Funds

General

The Funds have substantially similar investment objectives. The investment objectives of the Acquiring Fund, Quality Municipal and Municipal Opportunity are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. Quality Income's primary investment objective is current income exempt from regular federal income tax. Quality Income's secondary investment objective is to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.

Under normal circumstances, each Target Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. Under normal circumstances, each Target Fund will invest at least 80% of its Managed Assets in investment-grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Sub-Adviser (or, in the case of Quality Income, the Adviser). Each Target Fund may invest up to 20% of its Managed Assets in municipal securities that at the time of investment are rated below investment grade or are unrated but judged to be of comparable quality by the Sub-Adviser (or, in the case of Quality Income, the Adviser). No more than 10% of the Managed Assets of any Target Fund may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Sub-Adviser (or, in the case of Quality Income, the Adviser). Each Target Fund may currently invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals.

Following the restructuring, under normal circumstances, the Acquiring Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. Under normal circumstances, the Acquiring Fund will invest 100% of its Managed Assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals. Under normal circumstances, the Acquiring Fund may invest up to 55% of its Managed Assets in securities that, at the time of investment, are rated below the three highest grades (Baa or BBB or lower) by at least one NRSRO or are unrated but judged to be of comparable quality by the Sub-Adviser.

Each Fund's investment objectives and policy to invest, under normal circumstances, at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes are fundamental investment policies of the Fund and may not be changed without the approval of the holders of a majority of the outstanding common shares and preferred shares voting together as a single class, and the approval of the holders of a majority of the outstanding preferred shares, voting separately as a single class. When used with respect to particular shares of a Fund, a majority of the outstanding shares means (1) 67% or more of the shares present at a meeting, if the holders of more than 50% of the shares are present in person or represented by proxy or (2) more than 50% of the shares, whichever is less.

Investment Policies

The Acquiring Fund pursues its investment objectives by investing, under normal circumstances, at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. As a non-fundamental investment policy, under normal circumstances, the Acquiring Fund will invest 100% of its Managed Assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals. As a non-fundamental investment policy, under normal circumstances, the Acquiring Fund may invest up to 55% of its Managed Assets in securities that, at the time of investment, are rated below the three highest grades (Baa or BBB or lower) by at least one NRSRO or are unrated but judged to be of comparable quality by the Sub-Adviser.

Securities of below-investment-grade quality (Ba/BB or below) are commonly referred to as junk bonds. Issuers of securities rated Ba/BB or B are regarded as having current capacity to make principal and interest payments but are subject to business, financial or economic conditions which could adversely affect such payment capacity. Municipal securities rated below investment-grade quality are obligations of issuers that are considered predominately speculative with respect to the issuer's capacity to pay interest and repay principal according to the terms of the obligation and, therefore, carry greater investment risk, including the possibility of issuer default and bankruptcy and increased market price volatility. Municipal securities rated below investment grade tend to be less marketable than higher-quality securities because the market for them is less broad. The market for unrated municipal securities is even narrower. During periods of thin trading in these markets, the spread between bid and asked prices is likely to increase significantly and the Acquiring Fund may have greater difficulty selling its holdings of these types of portfolio securities. The Acquiring Fund will be more dependent on the Adviser's and/or the Sub-Adviser's research and analysis when investing in these securities.

The foregoing credit quality policy targets apply only at the time a security is purchased, and the Acquiring Fund is not required to dispose of a security in the event that a rating agency upgrades or downgrades its assessment of the credit characteristics of a particular issuer or that valuation changes of various municipal securities cause the Fund's portfolio to fail to satisfy those targets. In determining whether to retain or sell such a security, the Adviser and/or the Sub-Adviser may consider such factors as the Adviser's and/or the Sub-Adviser's assessment of the credit quality of the issuer of such security, the price at which such security could be sold and the rating, if any, assigned to such security by other rating agencies. The ratings of S&P, Moody's and Fitch represent their opinions as to the quality of the municipal securities they rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, municipal securities with the same maturity, coupon and rating may have different yields while obligations of the same maturity and coupon with different ratings may have the same yield. A general description of the ratings of municipal securities by S&P, Moody's and Fitch is set forth in Appendix A to the Reorganization SAL.

The Acquiring Fund's investment objectives include enhancing portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. Underrated municipal securities are those whose ratings do not, in the Adviser's opinion, reflect their true value. Municipal securities may be underrated because of the time that has elapsed since their rating was assigned or reviewed or because of positive factors that may not have been fully taken into account by rating agencies, or for other similar reasons. Municipal securities that are undervalued or that represent

undervalued municipal market sectors are municipal securities that, in the Adviser's opinion, are worth more than the value assigned to them in the marketplace. Municipal securities of particular types or purposes (e.g., hospital bonds, industrial revenue bonds or bonds issued by a particular municipal issuer) may be undervalued because there is a temporary excess of supply in that market sector, or because of a general decline in the market price of municipal securities of the market sector for reasons that do not apply to the particular municipal securities that are considered undervalued. The Acquiring Fund's investment in underrated or undervalued municipal securities will be based on the Adviser's belief that the prices of such municipal securities should ultimately reflect their true value. Accordingly, to enhance portfolio value relative to the municipal bond market refers to the Acquiring Fund's objective of attempting to realize above-average capital appreciation in a rising market, and to experience less than average capital losses in a declining market. Thus, the Acquiring Fund's secondary investment objective is not intended to suggest that capital appreciation is itself an objective of the Fund. Instead, the Acquiring Fund seeks enhancement of portfolio value relative to the municipal bond market by prudent selection of municipal securities, regardless of which direction the market may move. Any capital appreciation realized by the Acquiring Fund will generally result in the distribution of taxable capital gains to common shareholders.

The Acquiring Fund will invest primarily in municipal securities with long-term maturities in order to maintain an average effective maturity of 15 to 30 years, including the effects of leverage, but the average effective maturity of obligations held by the Fund may be lengthened or shortened as a result of portfolio transactions effected by the Adviser and/or the Sub-Adviser, depending on market conditions and on an assessment by the portfolio manager of which segments of the municipal securities markets offer the most favorable relative investment values and opportunities for tax-exempt income and total return. As a result, the Acquiring Fund's portfolio at any given time may include both long-term and intermediate-term municipal securities. Moreover, during temporary defensive periods (e.g., times when, in the Adviser's and/or the Sub-Adviser's opinion, temporary imbalances of supply and demand or other temporary dislocations in the tax-exempt bond market adversely affect the price at which long-term or intermediate-term municipal securities are available), and in order to keep the Acquiring Fund's cash fully invested, the Fund may invest any percentage of its net assets in short-term investments including high quality, short-term debt securities that may be either tax-exempt or taxable. The Acquiring Fund may not achieve its investment objectives during such periods. The Acquiring Fund will generally select obligations which may not be redeemed at the option of the issuer for approximately seven to nine years. As of July 31, 2015, the effective maturity of the portfolio of the Acquiring Fund was 24.87 years.

The Acquiring Fund may invest in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. In addition, the Acquiring Fund may purchase municipal securities that are additionally secured by insurance, bank credit agreements or escrow accounts. The credit quality of companies that provide such credit enhancements may affect the value of those securities. Although the insurance feature may reduce certain financial risks, the premiums for insurance and the higher market price paid for insured obligations may reduce the Acquiring Fund's income. The insurance feature guarantees only the payment of principal and interest on the obligation when due and does not guarantee the market value of the insured obligations, which will fluctuate with the bond market and the financial success of the issuer and the insurer, and the effectiveness and value of the insurance itself is dependent on the continued creditworthiness of the insurer. No representation is made as to the insurers' ability to meet their commitments.

The Acquiring Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments. The Acquiring Fund may not enter into a futures contract or related options or forward contracts if more than 30% of the Fund's net assets would be represented by futures contracts or more than 5% of the Fund's net assets would be committed to initial margin deposits and premiums on futures contracts or related options.

The Acquiring Fund may invest up to 15% of its Managed Assets in inverse floating rate securities. Inverse floating rate securities represent a leveraged investment in the underlying municipal bond deposited. Inverse floating rate securities offer the opportunity for higher income than the underlying bond, but will subject the Acquiring Fund to the risk of lower or even no income if short-term interest rates rise sufficiently. By investing in an inverse floating rate security rather than directly in the underlying bond, the Acquiring Fund will experience a greater increase in its common share net asset value if the underlying municipal bond increases in value, but will also experience a correspondingly larger decline in its common share net asset value if the underlying bond declines in value.

The Acquiring Fund may borrow money to finance the repurchase of its shares or for temporary or emergency purposes, such as for the payment of dividends or the settlement of portfolio transactions. Interest on any borrowings to finance share repurchase transactions or the accumulation of cash by the Acquiring Fund in anticipation of share repurchases or tenders will reduce such Fund's net income. Any share repurchase, tender offer or borrowing that might be approved by the Acquiring Fund's Board would have to comply with the Exchange Act and the 1940 Act and the rules and regulations thereunder.

The Acquiring Fund is diversified for purposes of the 1940 Act. Consequently, as to 75% of its assets, the Acquiring Fund may not invest more than 5% of its total assets in the securities of any single issuer (and in not more than 10% of the outstanding voting securities of an issuer), except that this limitation does not apply to cash, securities of the U.S. Government, its agencies and instrumentalities, and securities of other investment companies.

As noted above, during temporary defensive periods and in order to keep the Acquiring Fund's cash fully invested, the Fund may deviate from its investment objectives and invest up to 100% of its net assets in short-term investments including high quality, short-term securities that may be either tax-exempt or taxable. It is the intent of the Acquiring Fund to invest in taxable short-term investments only in the event that suitable tax-exempt short-term investments are not available at reasonable prices and yields. Investment in taxable short-term investments would result in a portion of your dividends being subject to regular federal income tax and the federal alternative minimum tax applicable to individuals, and if the proportion of taxable investments exceeded 50% of the Acquiring Fund's total assets as of the close of any quarter of the Fund's taxable year, the Fund would not satisfy the general eligibility test that permits it to pay exempt-interest dividends for that taxable year. For more information, See "Federal Income Tax Matters" in the Reorganization SAI.

Portfolio Investments

Municipal Securities

General. The Acquiring Fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments creating exposure to municipal bonds, notes and securities that provide for the payment of interest income that is exempt from federal income tax. Municipal securities are generally debt obligations issued by state and local governmental entities and may be issued by U.S. territories and possessions to finance or refinance public projects such as roads, schools, and water supply systems. Municipal securities may also be issued on behalf of private entities or for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal securities may be issued on a long-term basis to provide permanent financing. The repayment of such debt may be secured generally by a pledge of the full faith and credit taxing power of the issuer, a limited or special tax, or any other revenue source including project revenues, which may include tolls, fees and other user charges, lease payments, and mortgage payments. Municipal securities may also be issued to finance projects on a short-term interim basis, anticipating repayment with the proceeds of the later issuance of long-term debt. Municipal securities may be issued and purchased in the form of bonds, notes, leases or certificates of participation; structured as callable or non-callable; with payment forms including fixed coupon, variable rate, zero coupon, capital appreciation bonds, tender option bonds, and residual interest bonds or inverse floating rate securities; or acquired through investments in pooled vehicles, partnerships or other investment companies. Inverse floating rate securities are securities that pay interest at rates that vary inversely with changes in prevailing short-term tax-exempt interest rates and represent a leveraged investment in an underlying municipal security, which may increase the effective leverage of the Acquiring Fund.

The Acquiring Fund may invest in municipal bonds issued by U.S. territories and possessions (such as Puerto Rico or Guam) that are exempt from regular federal income tax. The yields on municipal securities depend on a variety of factors, including prevailing interest rates and the condition of the general money market and the municipal bond market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The market value of municipal securities will vary with changes in interest rate levels and as a result of changing evaluations of the ability of their issuers to meet interest and principal payments.

Municipal Leases and Certificates of Participation. The Acquiring Fund also may purchase municipal securities that represent lease obligations and certificates of participation in such leases. These carry special risks because the issuer of the securities may not be obligated to appropriate money annually to make payments under the lease. A municipal lease is an obligation in the form of a lease or installment purchase that is issued by a state or local government to acquire equipment and facilities. Income from such obligations generally is exempt from state and local taxes in the state of issuance. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other

periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event the issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment or facilities. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and result in a delay in recovering, or the failure to recover fully, the Acquiring Fund's original investment. To the extent that the Acquiring Fund invests in unrated municipal leases or participates in such leases, the credit quality rating and risk of cancellation of such unrated leases will be monitored on an ongoing basis. In order to reduce this risk, the Acquiring Fund will only purchase municipal securities representing lease obligations where the Adviser and/or the Sub-Adviser believes the issuer has a strong incentive to continue making appropriations until maturity.

A certificate of participation represents an undivided interest in an unmanaged pool of municipal leases, an installment purchase agreement or other instruments. The certificates typically are issued by a municipal agency, a trust or other entity that has received an assignment of the payments to be made by the state or political subdivision under such leases or installment purchase agreements. Such certificates provide the Acquiring Fund with the right to a pro rata undivided interest in the underlying municipal securities. In addition, such participations generally provide the Acquiring Fund with the right to demand payment, on not more than seven days' notice, of all or any part of the Fund's participation interest in the underlying municipal securities, plus accrued interest.

Municipal Notes. Municipal securities in the form of notes generally are used to provide for short-term capital needs, in anticipation of an issuer's receipt of other revenues or financing, and typically have maturities of up to three years. Such instruments may include tax anticipation notes, revenue anticipation notes, bond anticipation notes, tax and revenue anticipation notes and construction loan notes. Tax anticipation notes are issued to finance the working capital needs of governments. Generally, they are issued in anticipation of various tax revenues, such as income, sales, property, use and business taxes, and are payable from these specific future taxes. Revenue anticipation notes are issued in expectation of receipt of other kinds of revenue, such as federal revenues available under federal revenue sharing programs. Bond anticipation notes are issued to provide interim financing until long-term bond financing can be arranged. In most cases, the long-term bonds then provide the funds needed for repayment of the bond anticipation notes. Tax and revenue anticipation notes combine the funding sources of both tax anticipation notes and revenue anticipation notes. Construction loan notes are sold to provide construction financing. Mortgage notes insured by the Federal Housing Authority secure these notes; however, the proceeds from the insurance may be less than the economic equivalent of the payment of principal and interest on the mortgage note if there has been a default. The anticipated revenues from taxes, grants or bond financing generally secure the obligations of an issuer of municipal notes. An investment in such instruments, however, presents a risk that the anticipated revenues will not be received or that such revenues will be insufficient to satisfy the issuer's payment obligations under the notes or that refinancing will be otherwise unavailable.

Pre-Refunded Municipal Securities. The principal of, and interest on, pre-refunded municipal securities are no longer paid from the original revenue source for the securities. Instead, the source of such payments is typically an escrow fund consisting of U.S. government securities. The assets in the escrow fund are derived from the proceeds of refunding bonds issued by the same issuer as the pre-refunded municipal securities. Issuers of municipal securities use this advance refunding technique to obtain more favorable terms with respect to securities that are not yet subject to call or redemption by the issuer. For example, advance refunding enables an issuer to refinance debt at lower market

interest rates, restructure debt to improve cash flow or eliminate restrictive covenants in the indenture or other governing instrument for the pre-refunded municipal securities. However, except for a change in the revenue source from which principal and interest payments are made, the pre-refunded municipal securities remain outstanding on their original terms until they mature or are redeemed by the issuer.

Private Activity Bonds. Private activity bonds are issued by or on behalf of public authorities to obtain funds to provide privately operated housing facilities, airport, mass transit or port facilities, sewage disposal, solid waste disposal or hazardous waste treatment or disposal facilities and certain local facilities for water supply, gas or electricity. Other types of private activity bonds, the proceeds of which are used for the construction, equipment, repair or improvement of privately operated industrial or commercial facilities, may constitute municipal securities, although the current federal tax laws place substantial limitations on the size of such issues.

Inverse Floating Rate Securities. The Acquiring Fund may invest in inverse floating rate securities. Inverse floating rate securities are securities whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index. Generally, inverse floating rate securities represent beneficial interests in a special purpose trust, commonly referred to as a tender option bond trust (TOB trust), that holds municipal bonds. The TOB trust typically sells two classes of beneficial interests or securities: floating rate securities (sometimes referred to as short-term floaters or tender option bonds (TOBs)), and inverse floating rate securities (sometimes referred to as inverse floaters). Both classes of beneficial interests are represented by certificates or receipts. The floating rate securities have first priority on the cash flow from the municipal bonds held by the TOB trust. In this structure, the floating rate security holders have the option, at periodic short-term intervals, to tender their securities to the trust for purchase and to receive the face value thereof plus accrued interest. The obligation of the trust to repurchase tendered securities is supported by a remarketing agent and by a liquidity provider. As consideration for providing this support, the remarketing agent and the liquidity provider receive periodic fees. The holder of the short-term floater effectively holds a demand obligation that bears interest at the prevailing short-term, tax-exempt rate. However, the trust is not obligated to purchase tendered short-term floaters in the event of certain defaults with respect to the underlying municipal bonds or a significant downgrade in the credit rating assigned to the bond issuer.

As the holder of an inverse floating rate investment, the Acquiring Fund receives the residual cash flow from the TOB trust. Because the holder of the short-term floater is generally assured liquidity at the face value of the security plus accrued interest, the holder of the inverse floater assumes the interest rate cash flow risk and the market value risk associated with the municipal bond deposited into the TOB trust. The volatility of the interest cash flow and the residual market value will vary with the degree to which the trust is leveraged. This is expressed in the ratio of the total face value of the short-term floaters to the value of the inverse floaters that are issued by the TOB trust, and can exceed three times for more highly leveraged trusts. All voting rights and decisions to be made with respect to any other rights relating to the municipal bonds held in the TOB trust are passed through, pro rata, to the holders of the short-term floaters and to the Acquiring Fund as the holder of the associated inverse floaters.

Because any increases in the interest rate on the short-term floaters issued by a TOB trust would reduce the residual interest paid on the associated inverse floaters, and because fluctuations in the value of the municipal bond deposited in the TOB trust would only affect the value of the inverse

floater and not the value of the short-term floater issued by the trust so long as the value of the municipal bond held by the trust exceeded the face amount of short-term floaters outstanding, the value of inverse floaters is generally more volatile than that of an otherwise comparable municipal bond held on an unleveraged basis outside a TOB trust. Inverse floaters generally will underperform the market of fixed-rate bonds in a rising interest rate environment (i.e., when bond values are falling), but will tend to outperform the market of fixed-rate bonds when interest rates decline or remain relatively stable. Although volatile in value and return, inverse floaters typically offer the potential for yields higher than those available on fixed-rate bonds with comparable credit quality, coupon, call provisions and maturity. Inverse floaters have varying degrees of liquidity or illiquidity based primarily upon the inverse floater holder's ability to sell the underlying bonds deposited in the TOB trust at an attractive price.

The Acquiring Fund may invest in inverse floating rate securities issued by TOB trusts in which the liquidity providers have recourse to the Fund pursuant to a separate shortfall and forbearance agreement. Such an agreement would require the Acquiring Fund to reimburse the liquidity provider, among other circumstances, upon termination of the TOB trust for the difference between the liquidation value of the bonds held in the trust and the principal amount and accrued interest due to the holders of floating rate securities issued by the trust. The Acquiring Fund will enter into such a recourse agreement (1) when the liquidity provider requires such a recourse agreement because the level of leverage in the TOB trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (2) to seek to prevent the liquidity provider from collapsing the trust in the event the municipal bond held in the trust has declined in value to the point where it may cease to exceed the face amount of outstanding short-term floaters. In an instance where the Acquiring Fund has entered such a recourse agreement, the Fund may suffer a loss that exceeds the amount of its original investment in the inverse floating rate securities; such loss could be as great as that original investment amount plus the face amount of the floating rate securities issued by the trust plus accrued interest thereon.

The Acquiring Fund will segregate or earmark liquid assets with its custodian in accordance with the 1940 Act to cover its obligations with respect to its investments in TOB trusts.

The Acquiring Fund may invest in both inverse floating rate securities and floating rate securities (as discussed below) issued by the same TOB trust.

Floating Rate Securities. The Acquiring Fund may also invest in short-term floating rate securities, as described above, issued by TOB trusts. Generally, the interest rate earned will be based upon the market rates for municipal securities with maturities or remarketing provisions that are comparable in duration to the periodic interval of the tender option, which may vary from weekly, to monthly, to other periods of up to one year. Since the tender option feature provides a shorter term than the final maturity or first call date of the underlying municipal bond deposited in the trust, the Acquiring Fund, as the holder of the floating rate securities, relies upon the terms of the remarketing and liquidity agreements with the financial institution that acts as remarketing agent and/or liquidity provider as well as the credit strength of that institution. As further assurance of liquidity, the terms of the TOB trust provide for a liquidation of the municipal bond deposited in the trust and the application of the proceeds to pay off the floating rate securities. The TOB trusts that are organized to issue both short-term floating rate securities and inverse floaters generally include liquidation triggers to protect the investor in the floating rate securities.

Special Taxing Districts. Special taxing districts are organized to plan and finance infrastructure developments to induce residential, commercial and industrial growth and redevelopment. The bond financing methods such as tax increment finance, tax assessment, special services district and Mello-Roos bonds, generally are payable solely from taxes or other revenues attributable to the specific projects financed by the bonds without recourse to the credit or taxing power of related or overlapping municipalities. They often are exposed to real estate development-related risks and can have more taxpayer concentration risk than general tax-supported bonds, such as general obligation bonds. Further, the fees, special taxes, or tax allocations and other revenues that are established to secure such financings generally are limited as to the rate or amount that may be levied or assessed and are not subject to increase pursuant to rate covenants or municipal or corporate guarantees. The bonds could default if development failed to progress as anticipated or if larger taxpayers failed to pay the assessments, fees and taxes as provided in the financing plans of the districts.

Illiquid Securities

The Acquiring Fund may invest in illiquid securities (i.e., securities that are not readily marketable), including, but not limited to, restricted securities (securities the disposition of which is restricted under the federal securities laws), securities that may be resold only pursuant to Rule 144A under the Securities Act that are deemed to be illiquid, and certain repurchase agreements.

Restricted securities may be sold only in privately negotiated transactions or in a public offering with respect to which a registration statement is in effect under the Securities Act. Where registration is required, the Acquiring Fund may be obligated to pay all or part of the registration expenses and a considerable period may elapse between the time of the decision to sell and the time the Fund may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the Acquiring Fund might obtain a less favorable price than that which prevailed when it decided to sell. Illiquid securities will be priced at a fair value as determined in good faith by the Board or its delegatee.

When-Issued and Delayed-Delivery Transactions

The Acquiring Fund may buy and sell municipal securities on a when-issued or delayed delivery basis, making payment or taking delivery at a later date, normally within 15 to 45 days of the trade date. On such transactions, the payment obligation and the interest rate are fixed at the time the buyer enters into the commitment. Beginning on the date the Acquiring Fund enters into a commitment to purchase securities on a when-issued or delayed delivery basis, the Fund is required under interpretations of the SEC to maintain in a separate account liquid assets, consisting of cash, cash equivalents or liquid securities having a market value, at all times, at least equal to the amount of the commitment. Income generated by any such assets which provide taxable income for federal income tax purposes is includable in the taxable income of the Acquiring Fund and, to the extent distributed, will be taxable to shareholders. The Acquiring Fund may enter into contracts to purchase municipal securities on a forward basis (i.e., where settlement will occur more than 60 days from the date of the transaction) only to the extent that the Fund specifically collateralizes such obligations with a security that is expected to be called or mature within 60 days before or after the settlement date of the forward transaction. The commitment to purchase securities on a when-issued, delayed delivery or forward basis may involve an element of risk because no interest accrues on the bonds prior to settlement and, at the time of delivery, the market value may be less than cost.

Derivatives

General. The Acquiring Fund may invest in certain derivative instruments in pursuit of its investment objectives. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments. Credit default swaps may require initial premium (discount) payments as well as periodic payments (receipts) related to the interest leg of the swap or to the default of a reference obligation. If the Acquiring Fund is a seller of a contract, the Fund would be required to pay the par (or other agreed upon) value of a referenced debt obligation to the counterparty in the event of a default or other credit event by the reference issuer, such as a U.S. or foreign corporate issuer, with respect to such debt obligations. In return, the Acquiring Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Acquiring Fund would keep the stream of payments and would have no payment obligations. As the seller, the Acquiring Fund would be subject to investment exposure on the notional amount of the swap. If the Acquiring Fund is a buyer of a contract, the Fund would have the right to deliver a referenced debt obligation and receive the par (or other agreed-upon) value of such debt obligation from the counterparty in the event of a default or other credit event (such as a credit downgrade) by the reference issuer, such as a U.S. or foreign corporation, with respect to its debt obligations. In return, the Acquiring Fund would pay the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the counterparty would keep the stream of payments and would have no further obligations to the Acquiring Fund. Interest rate swaps involve the exchange by the Acquiring Fund with a counterparty of their respective commitments to pay or receive interest, such as an exchange of fixed-rate payments for floating rate payments. The Acquiring Fund will usually enter into interest rate swaps on a net basis; that is, the two payment streams will be netted out in a cash settlement on the payment date or dates specified in the instrument, with the Fund receiving or paying, as the case may be, only the net amount of the two payments.

The Adviser and/or the Sub-Adviser may use derivative instruments to seek to enhance return, to hedge some of the risk of the Acquiring Fund's investments in municipal securities or as a substitute for a position in the underlying asset. These types of strategies may generate taxable income.

There is no assurance that these derivative strategies will be available at any time or that the Adviser and/or the Sub-Adviser will determine to use them for the Acquiring Fund or, if used, that the strategies will be successful.

Limitations on the Use of Futures, Options on Futures and Swaps. The Adviser has claimed, with respect to the Acquiring Fund, the exclusion from the definition of commodity pool operator under the CEA provided by CFTC Regulation 4.5 and is therefore not currently subject to registration or regulation as such under the CEA with respect to the Fund. In addition, the Sub-Adviser has claimed the exemption from registration as a commodity trading advisor provided by CFTC Regulation 4.14(a)(8) and is therefore not currently subject to registration or regulation as such under the CEA with respect to the Acquiring Fund. In February 2012, the CFTC announced substantial amendments to certain exemptions, and to the conditions for reliance on those exemptions, from registration as a commodity pool operator. Under amendments to the exemption provided under CFTC Regulation 4.5, if the Acquiring Fund uses futures, options on futures, or swaps other than for bona fide hedging purposes (as defined by the CFTC), the aggregate initial margin and premiums on these positions (after taking into account unrealized profits and unrealized losses on any such positions and excluding the

amount by which options that are in-the-money at the time of purchase are in-the-money) may not exceed 5% of the Fund's net asset value, or alternatively, the aggregate net notional value of those positions may not exceed 100% of the Fund's net asset value (after taking into account unrealized profits and unrealized losses on any such positions). The CFTC amendments to Regulation 4.5 took effect on December 31, 2012, and the Acquiring Fund intends to comply with amended Regulation 4.5's requirements such that the Adviser will not be required to register as a commodity pool operator with the CFTC with respect to the Fund. The Acquiring Fund reserves the right to employ futures, options on futures and swaps to the extent allowed by CFTC regulations in effect from time to time and in accordance with the Fund's policies. However, the requirements for qualification as a regulated investment company under Subchapter M of the Code may limit the extent to which the Acquiring Fund may employ futures, options on futures or swaps.

Structured Notes

The Acquiring Fund may utilize structured notes and similar instruments for investment purposes and also for hedging purposes. Structured notes are privately negotiated debt obligations where the principal and/or interest is determined by reference to the performance of a benchmark asset, market or interest rate (an embedded index), such as selected securities, an index of securities or specified interest rates, or the differential performance of two assets or markets. The terms of such structured instruments normally provide that their principal and/or interest payments are to be adjusted upwards or downwards (but not ordinarily below zero) to reflect changes in the embedded index while the structured instruments are outstanding. As a result, the interest and/or principal payments that may be made on a structured product may vary widely, depending upon a variety of factors, including the volatility of the embedded index and the effect of changes in the embedded index on principal and/or interest payments. The rate of return on structured notes may be determined by applying a multiplier to the performance or differential performance of the referenced index or indices or other assets. Application of a multiplier involves leverage that will serve to magnify the potential for gain and the risk of loss.

Other Investment Companies

The Acquiring Fund may invest in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. In addition, the Acquiring Fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly. The Acquiring Fund generally expects that it may invest in other investment companies and/or other pooled investment vehicles either during periods when it has large amounts of uninvested cash or during periods when there is a shortage of attractive, high yielding municipal securities available in the market. The Acquiring Fund may invest in investment companies that are advised by the Adviser and/or the Sub-Adviser or their affiliates to the extent permitted by applicable law and/or pursuant to exemptive relief from the SEC. The Acquiring Fund has not applied for and currently does not intend to apply for such relief. As a shareholder in an investment company, the Acquiring Fund will bear its ratable share of that investment company's expenses and would remain subject to payment of its own management fees with respect to assets so invested. Common shareholders would therefore be subject to duplicative expenses to the extent the Acquiring Fund invests in other investment companies.

The Adviser and/or the Sub-Adviser will take expenses into account when evaluating the investment merits of an investment in an investment company relative to available municipal security investments. In addition, the securities of other investment companies may also be leveraged and will therefore be subject to the same leverage risks described herein. The net asset value and market value of leveraged shares will be more volatile, and the yield to common shareholders will tend to fluctuate more than the yield generated by unleveraged shares.

Zero Coupon Bonds

The Acquiring Fund may invest in zero coupon bonds. A zero coupon bond is a bond that typically does not pay interest for the entire life of the obligation or for an initial period after the issuance of the obligation. The market prices of zero coupon bonds are affected to a greater extent by changes in prevailing levels of interest rates and therefore tend to be more volatile in price than securities that pay interest periodically. In addition, because the Acquiring Fund accrues income with respect to these securities prior to the receipt of such interest, it may have to dispose of portfolio securities under disadvantageous circumstances in order to obtain cash needed to pay income dividends in amounts necessary to avoid unfavorable tax consequences.

Hedging Strategies

The Acquiring Fund may use various investment strategies designed to limit the risk of bond price fluctuations and to preserve capital. These hedging strategies include using financial futures contracts, options on financial futures or options based on either an index of long-term municipal securities or on taxable debt securities whose prices, in the opinion of the Adviser and/or the Sub-Adviser, correlate with the prices of the Acquiring Fund's investments. These hedging strategies may generate taxable income.

The Board of each Fund recommends that shareholders vote FOR the approval of the Reorganization(s).

PROPOSAL NO. 2 APPROVAL OF ISSUANCE OF ADDITIONAL COMMON SHARES OF ACQUIRING FUND (COMMON SHAREHOLDERS OF THE ACQUIRING FUND ONLY)

In connection with the proposed Reorganizations, the Acquiring Fund will issue additional Acquiring Fund common shares to each of Quality Municipal, Quality Income and Municipal Opportunity. Subject to notice of issuance, the Acquiring Fund will list such shares on the NYSE. At the same time, the Acquiring Fund also intends to transfer the listing of its existing common shares from the NYSE MKT to the NYSE. In addition, the Acquiring Fund will issue VMTP Shares and VRDP Shares. The Acquiring Fund will acquire substantially all of the assets of each Target Fund in exchange for newly issued Acquiring Fund common shares and newly issued Acquiring Fund preferred shares and the assumption of substantially all of the liabilities of each Target Fund. Each Target Fund will distribute Acquiring Fund common shares to its common shareholders and Acquiring Fund preferred shares to its preferred shareholders and will then terminate its registration under the 1940 Act and dissolve under applicable state law. The Acquiring Fund's Board, based upon its evaluation of all relevant information, anticipates that the Reorganizations may benefit holders of the Acquiring Fund's common shares and preferred shares due to, among other reasons, the increased size of the combined fund. For a fuller discussion of the Board's considerations regarding the approval of the Reorganizations, see Proposal No. 1 Information About the Reorganizations Reasons for the Reorganizations.

The aggregate net asset value, as of the Valuation Time, of the Acquiring Fund common shares received by each Target Fund in connection with a Reorganization will equal the aggregate net asset value of the Target Fund common shares held by shareholders of such Target Fund as of the Valuation Time. Prior to the Valuation Time, the net asset value of each Target Fund and the Acquiring Fund will be reduced by the costs of the Reorganizations borne by such Fund. No fractional Acquiring Fund common shares will be distributed to a Target Fund's common shareholders in connection with a Reorganization and, in lieu of such fractional shares, each Target Fund's common shareholders will receive cash in an amount equal to a pro-rata share of the proceeds from the sale of such shares in the open market, which may be higher or lower than net asset value. The aggregate liquidation preference of the preferred shares issued by the Acquiring Fund in connection with each Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. As a result of the Reorganizations, common shareholders of the Funds will hold reduced percentages of ownership in the larger combined entity than they held in the Acquiring Fund or Target Fund individually.

The Reorganizations will result in no reduction in net asset value of the Acquiring Fund's common shares, other than to reflect the costs of the Reorganizations. It is expected that no gain or loss will be recognized by the Acquiring Fund for federal income tax purposes as a direct result of the Reorganizations. If shareholders of the Funds approve the Reorganizations, prior to the closing of the Reorganizations, each of the Funds is expected to sell the municipal securities in its portfolio that generate income subject to the federal alternative minimum tax applicable to individuals. Such sales are expected to be less than 5% of the assets of each Fund. To the extent that portfolio securities of a Fund are sold prior to the closing of the Reorganizations, such Fund may realize gains or losses, which may increase or decrease the net capital gain or net investment income to be distributed by such Fund. After the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. To the extent that portfolio investments of the Acquiring Fund are sold before or after the

closing of the Reorganizations, the Acquiring Fund may recognize gains or losses, which may result in taxable distributions to shareholders holding shares of the Acquiring Fund (including former Target Fund shareholders who hold shares of the Acquiring Fund following the Reorganizations). If such repositioning had been completed as of April 30, 2015, the repositioning would have resulted in net realized losses. Securities held by the Funds are purchased and sold on a principal basis rather than an agency basis, and such transactions are not subject to separate brokerage commissions.

The Acquiring Fund will continue to operate following the Reorganizations as a registered closed-end management investment company, with the investment objectives and policies described in this Joint Proxy Statement/Prospectus. As set forth in Proposal No. 1, the Board of the Acquiring Fund also approved certain changes to the non-fundamental investment policies of the Acquiring Fund. While the expanded investment mandate is intended to provide for increased returns, it is also expected to increase credit risk.

While applicable state and federal law does not require the common shareholders of the Acquiring Fund to approve the issuance of additional Acquiring Fund common shares, applicable NYSE rules require shareholder approval of additional Acquiring Fund common shares to be issued in connection with the Reorganizations, and the Acquiring Fund's Statement for the Outstanding VRDP Shares generally requires the common shareholders and preferred shareholders of the Acquiring Fund to vote together on matters submitted to a vote of shareholders.

Shareholder approval of the issuance of additional common shares of the Acquiring Fund requires the affirmative vote of a majority of the votes cast on the proposal, provided that the total votes cast on the proposal, with common and preferred shareholders of the Acquiring Fund voting together as a single class, and common shareholders of the Acquiring Fund voting separately, represent over 50% of the shares entitled to vote on the matter. Abstentions and broker non-votes will have no effect on the proposal. Broker non-votes represent shares held by brokers or nominees for which the brokers or nominees have executed proxies as to which (1) the broker or nominee does not have discretionary voting power and (2) the broker or nominee has not received instructions from the beneficial owner or other person who is entitled to instruct how the shares will be voted.

The consummation of the Reorganizations is contingent on the satisfaction or waiver of all closing conditions, including approval of the proposals relating to the Reorganizations by each Target Fund's shareholders and the Acquiring Fund's preferred shareholders, as well as approval of a new investment management agreement and new sub-advisory agreement.

The Board of the Acquiring Fund recommends that shareholders of the Acquiring Fund vote FOR the approval of the issuance of additional Acquiring Fund common shares in connection with the Reorganizations.

PROPOSAL NO. 3 APPROVAL OF NEW INVESTMENT MANAGEMENT AND SUB-ADVISORY AGREEMENTS

(COMMON SHAREHOLDERS OF THE ACQUIRING FUND ONLY)

Background

Under an investment management agreement between Nuveen Fund Advisors and the Acquiring Fund (the *Current Investment Management Agreement*), Nuveen Fund Advisors serves as the Fund's investment adviser and is responsible for the Fund's overall investment strategy and its implementation. The *Current Investment Management Agreement*, which is dated October 1, 2014, was approved by the shareholders of the Acquiring Fund on August 5, 2014 and was last approved for continuance by the Board on July 28, 2015.

Nuveen Fund Advisors has entered into an investment sub-advisory agreement (the *Current Sub-Advisory Agreement*) with respect to the Acquiring Fund with Nuveen Asset Management, under which Nuveen Asset Management serves as the Fund's sub-adviser and oversees day-to-day operations and manages the investment of the Fund's assets on a discretionary basis, subject to the supervision of Nuveen Fund Advisors. The *Current Sub-Advisory Agreement*, which is dated October 1, 2014, was approved by the shareholders of the Acquiring Fund on August 5, 2014 and was last approved for continuance by the Board on July 28, 2015.

The boards of directors/trustees of Nuveen's leveraged national municipal closed-end funds, including the Board of each of the Funds, have approved a series of proposals that are intended to benefit shareholders in a number of ways by streamlining and differentiating Nuveen's product offerings. The proposals included the expansion of the Acquiring Fund's investment mandate.

Pursuant to the Acquiring Fund's current investment policies, under normal circumstances, the Acquiring Fund must invest at least 80% of its Managed Assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and may invest no more than 10% of its Managed Assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Sub-Adviser. In addition, the Fund may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals.

Under the expanded investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its Managed Assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Sub-Adviser. In addition, the Acquiring Fund will adopt a non-fundamental investment policy pursuant to Which, under normal circumstances, the Acquiring Fund will invest 100% of its Managed Assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.

The current and new investment policies set forth above are non-fundamental policies. Non-fundamental investment policies may be changed by the Board at any time without shareholder approval. Accordingly, shareholders are not being asked to approve these changes. These investment policies apply at the time of investment. Further information regarding the Reorganizations and the changes to the Acquiring Fund's investment policies are described above under *Proposal No. 1*.

In order to standardize the investment management agreements of Nuveen's municipal closed-end funds and as a result of the increased level of ongoing credit research and surveillance arising from the Acquiring Fund's expanded investment mandate, Nuveen Fund Advisors proposed a new investment management agreement between Nuveen Fund Advisors and the Acquiring Fund (the New Investment Management Agreement). The New Investment Management Agreement will result in a higher management fee rate payable at each current breakpoint level in the Acquiring Fund's fund-level management fee schedule, but will add a new breakpoint in the management fee schedule above \$5 billion of average daily managed assets. In addition, Nuveen Fund Advisors proposed a new sub-advisory agreement between Nuveen Fund Advisors and Nuveen Asset Management on behalf of the Acquiring Fund (the New Sub-Advisory Agreement), pursuant to which the portion of the management fee payable by Nuveen Fund Advisors to Nuveen Asset Management would increase from 38.4615% to 42.8572%.

At its August 24, 2015 Board meeting, and for the reasons discussed below (see C. Board Considerations), the Board, including the Board Members who are not parties to the Current Investment Management Agreement, the New Investment Management Agreement or any sub-advisory agreement entered into by Nuveen Fund Advisors with respect to the Acquiring Fund or who are not otherwise interested persons (as defined in the 1940 Act) of the Fund, the Adviser or the Sub-Adviser (the Independent Board Members), unanimously approved the New Investment Management Agreement and the New Sub-Advisory Agreement and unanimously recommended approval of the New Investment Management Agreement and the New Sub-Advisory Agreement by shareholders. As further described below under C. Board Considerations, the Board concluded that the terms of the New Investment Management Agreement and New Sub-Advisory Agreement were fair and reasonable and the Adviser's and Sub-Adviser's fees are reasonable in light of the services to be provided to the Acquiring Fund.

Section 15(a) of the 1940 Act provides that any person serving as an investment adviser of a registered investment company must do so pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of the investment company and, among other things, precisely describes all compensation to be paid thereunder. Pursuant to SEC guidance, any increase in the fee rate under an investment advisory agreement constitutes a material amendment to the agreement that requires shareholder approval. Accordingly, the New Investment Management Agreement must be approved by the Acquiring Fund's shareholders in order for it to become effective.

The entry into the New Investment Management Agreement and the New Sub-Advisory Agreement will take effect upon the closing of all of the Reorganizations.

A. APPROVAL OF NEW INVESTMENT MANAGEMENT AGREEMENT
Comparison of Current Investment Management Agreement and New Investment Management Agreement

With the exception of the fee schedule and the date of effectiveness, the terms of the New Investment Management Agreement are identical to those of the Current Investment Management Agreement. If approved by shareholders of the Acquiring Fund, the New Investment Management Agreement will become effective on the closing date of the Reorganizations and will expire on August 1, 2016, unless continued. The New Investment Management Agreement will continue in effect from year to year thereafter if such continuance is approved for the Acquiring Fund at least

annually in the manner required by the 1940 Act and the rules and regulations thereunder. A form of the New Investment Management Agreement is attached hereto as Appendix C.

Below is a comparison of certain terms of the Current Investment Management Agreement to the terms of the New Investment Management Agreement.

Investment Management Services. The types of investment management services to be provided by the Adviser to the Acquiring Fund under the New Investment Management Agreement will be identical to those services currently provided by the Adviser to the Fund under the Current Investment Management Agreement. Both the Current Investment Management Agreement and New Investment Management Agreement provide that the Adviser shall manage the investment and reinvestment of the Acquiring Fund's assets in accordance with the Fund's investment objectives and policies and limitations and administer the Fund's affairs to the extent requested by and subject to the oversight of the Fund's Board.

Fees. Under the Current Investment Management Agreement and the New Investment Management Agreement, the Acquiring Fund pays to the Adviser an investment management fee that consists of two components—a complex-level fee, based on the aggregate amount of all eligible fund assets managed by Nuveen Fund Advisors, and a specific fund-level fee, based only on the amount of assets within the Fund. This pricing structure enables the Acquiring Fund's shareholders to benefit from growth in assets within the Fund as well as from growth of complex-wide assets managed by Nuveen Fund Advisors.

The annual fund-level fee rate for the Acquiring Fund under the Current Investment Management Agreement, payable monthly, is calculated according to the following schedule:

Fund-Level Fee Schedule Under the Current Investment Management Agreement

Average Total Daily Net Assets*	Fund-Level Fee Rate
For the first \$125 million	0.4500%
For the next \$125 million	0.4375%
For the next \$250 million	0.4250%
For the next \$500 million	0.4125%
For the next \$1 billion	0.4000%
For net assets over \$2 billion	0.3750%

* For this purpose, average total daily net assets include net assets attributable to preferred shares and residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB).

The annual fund-level fee rate for the Acquiring Fund under the New Investment Management Agreement, payable monthly, will be calculated according to the following schedule:

Fund-Level Fee Schedule Under the New Investment Management Agreement

Average Daily Managed Assets*	Fund-Level Fee Rate
For the first \$125 million	0.5000%
For the next \$125 million	0.4875%
For the next \$250 million	0.4750%
For the next \$500 million	0.4625%

Average Daily Managed Assets*	Fund-Level Fee Rate
For the next \$1 billion	0.4500%
For the next \$3 billion	0.4250%
For managed assets over \$5 billion	0.4125%

* For this purpose, managed assets means the total assets of the Fund, minus the sum of its accrued liabilities (other than Fund liabilities incurred for the express purpose of creating leverage). Total assets for this purpose shall include assets attributable to the Fund's use of effective leverage (whether or not those assets are reflected in the Fund's financial statements for purposes of U.S. generally accepted accounting principles).

The Acquiring Fund also pays a complex-level fee to Nuveen Fund Advisors, which is payable monthly and is in addition to the fund-level fee. The complex-level fee is based on the aggregate daily amount of eligible assets for all Nuveen sponsored funds in the United States, as stated in the table below. As of October 31, 2014, the complex-level fee rate for the Acquiring Fund was 0.1643%.

The complex-level fee schedule is identical under the Current Investment Management Agreement and New Investment Management Agreement. The annual complex-level fee for the Acquiring Fund, payable monthly, is calculated according to the following schedule:

Complex-Level Fee Rates

Complex-Level Managed Asset Breakpoint Level**	Effective Rate at Breakpoint Level
\$55 billion	0.2000%
\$56 billion	0.1996%
\$57 billion	0.1989%
\$60 billion	0.1961%
\$63 billion	0.1931%
\$66 billion	0.1900%
\$71 billion	0.1851%
\$76 billion	0.1806%
\$80 billion	0.1773%
\$91 billion	0.1691%
\$125 billion	0.1599%
\$200 billion	0.1505%
\$250 billion	0.1469%
\$300 billion	0.1445%

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

For the fiscal year ended October 31, 2014, the Acquiring Fund had Managed Assets of \$683,996,641. During the fiscal year ended October 31, 2014, the Acquiring Fund paid \$4,068,576 in management fees to the Adviser under the Current Investment Management Agreement. If the New Investment Management Agreement had been in place during the fiscal year ended October 31, 2014, the Acquiring Fund would have paid \$4,410,574 in management fees to the Adviser. The management

fees payable under the New Investment Management Agreement during the fiscal year ended October 31, 2014 would have been approximately 8% higher than the management fees paid under the Current Investment Management Agreement during the same fiscal year.

The information in the table below reflects the fees and expenses under the Current Investment Management Agreement for the Acquiring Fund's fiscal year ended October 31, 2014, as adjusted as described in footnote 1 below, and the pro-forma expenses under the New Investment Management Agreement for the twelve (12) months ended October 31, 2014 (without giving effect to the Reorganizations). The figures in the Example below are not necessarily indicative of past or future expenses, and actual expenses may be greater or less than those shown. The Acquiring Fund's actual rates of return may be greater or less than the hypothetical 5% annual return shown in the Example.

Comparative Fee Table⁽¹⁾

	Acquiring Fund (Current Investment Management Agreement)	Acquiring Fund (New Investment Management Agreement)
Annual Expenses (as a percentage of net assets applicable to common shares)		
Management Fees	0.90%	0.98%
Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters ⁽²⁾	0.45%	0.45%
Other Expenses ⁽³⁾	0.09%	0.09%
Total Annual Expenses	1.44%	1.52%
Less Fee Waiver		(0.05)% ⁽⁴⁾
Net Annual Expenses	1.44%	1.47%

- (1) Annual Expenses (as a percentage of net assets applicable to common shares), excluding Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters, are based on the expenses of the Acquiring Fund for the twelve (12) months ended October 31, 2014. Fees on Preferred Shares and Interest and Related Expenses from Inverse Floaters are based on the annualized expenses as a percentage of net assets applicable to common shares of the Acquiring Fund for the six (6) months ended April 30, 2015. This table does not reflect the impact of the Reorganizations. See the Comparative Fee Table on page 18 for pro forma fees and expenses of the combined fund following the Reorganizations.
- (2) Fees on Preferred Shares assume annual dividends paid and amortization of offering costs for VRDP Shares. VRDP Shares for the Acquiring Fund are considered to be Special Rate Period VRDP Shares and currently do not incur liquidity or remarketing fees. Interest and Related Expenses from Inverse Floaters include interest expense that arises because accounting rules require the Fund to treat interest paid by trusts issuing certain inverse floating rate investments that may be held by the Fund as having been paid (indirectly) by the Fund. Because the Fund would also recognize a corresponding amount of interest income (also indirectly), the Fund's net asset value, net investment income, and total return are not affected by this accounting treatment. The actual fees on preferred shares and interest and related expenses from inverse floaters incurred in the future may be higher or lower. The Fund's use of leverage will increase the amount of management fees paid to the Adviser and Sub-Adviser.
- (3) Other Expenses are estimated based on actual expenses from the prior fiscal year.
- (4) The Acquiring Fund's net annual expense assumes the fee waiver schedule described below had been in place during the twelve (12) month period ended October 31, 2014. The Adviser has agreed to implement a fee waiver which would begin on the effective date of the New Investment Management Agreement and will be phased out over the first year following the effective date of the New Investment Management Agreement. The waiver would be subject to the following schedule and annual rates: (i) 0.05% of Managed Assets for the first 90 day period following the effective date of the New Investment Management Agreement; (ii) 0.0375% of Managed Assets for the 91st through 180th day period following the effective date of the New Investment Management Agreement; (iii) 0.025% of Managed Assets for the 181st through 270th day period following the effective date of the New Investment Management Agreement; and (iv) 0.0125% of Managed Assets for the 271st through 365th day period following the effective date of the New Investment Management Agreement. The fee waiver agreement may not be discontinued prior to the expiration of the one-year period unless authorized by the

Board of the Acquiring Fund or the Acquiring Fund's Investment Management Agreement terminates. The fee waiver of 0.05% set forth in the table above reflects the weighted-average value of the waiver over the twelve (12) month period ended October 31, 2014 as a percentage of net assets applicable to common shares. The purpose of the fee waiver is to phase in the new management fee over a period of one year. The fee waiver is not expected to be continued.

Example: The following examples illustrate the expenses that a common shareholder would pay on a \$1,000 investment that is held for the time periods provided in the table. The examples assume that all dividends and other distributions are reinvested and that Total Annual Expenses remain the same. The examples also assume a 5% annual return. The examples should not be considered a representation of future expenses. Actual expenses may be greater or lesser than those shown.

	1 Year	3 Years	5 Years	10 Years
Acquiring Fund (Current Investment Management Agreement)	\$ 15	\$ 46	\$ 79	\$ 172
Acquiring Fund (New Investment Management Agreement)	\$ 15	\$ 48	\$ 82	\$ 181

Other Services. Under the Current Investment Management Agreement and the New Investment Management Agreement, the Adviser shall furnish office facilities and equipment and clerical, bookkeeping and administrative services (other than such services, if any, provided by the Fund's transfer agent) for the Fund.

Limitation on Liability. The Current Investment Management Agreement and the New Investment Management Agreement provide that the Adviser will not be liable for any loss sustained by reason of the purchase, sale or retention of any security, whether or not such purchase, sale or retention shall have been based upon the investigation and research made by any other individual, firm or corporation, if such recommendation shall have been selected with due care and in good faith, except loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Adviser in the performance of its obligations and duties, or by reason of its reckless disregard of its obligations and duties under the agreement.

Continuance. The Current Investment Management Agreement of the Acquiring Fund originally was in effect for an initial term and could be continued thereafter for successive one-year periods if such continuance was specifically approved at least annually in the manner required by the 1940 Act. If the shareholders of the Acquiring Fund approve the New Investment Management Agreement, the New Investment Management Agreement's initial term will expire on August 1, 2016. The New Investment Management Agreement may be continued for successive one-year periods if approved at least annually in the manner required by the 1940 Act.

Termination. The Current Investment Management Agreement and the New Investment Management Agreement provide that the agreement may be terminated at any time without the payment of any penalty by the Acquiring Fund or Adviser on no less than sixty (60) days' written notice to the other party, and may be terminated, at any time, without the payment of any penalty, by the Fund, in the event that it shall have been established by a court of competent jurisdiction that the Adviser, or any officer or director of the Adviser, has taken any action which results in a breach of the covenants of the Adviser set forth therein. The Acquiring Fund may terminate the Agreement by action of the Board or by vote of a majority of the outstanding voting securities of the Fund, accompanied by appropriate notice.

Information About the Adviser

Nuveen Fund Advisors, a registered investment adviser, is a wholly-owned subsidiary of Nuveen Investments, Inc. (previously defined as Nuveen or Nuveen Investments). Founded in 1898, Nuveen Investments and its affiliates had approximately \$230 billion in assets under management as of June 30, 2015. Nuveen is a separate subsidiary of TIAA-CREF, a financial services organization based in New York, New York. TIAA-CREF acquired Nuveen on October 1, 2014.

Appendix F includes the advisory fee rates and net assets of registered investment companies, other than funds in the Nuveen fund complex, advised by the Adviser with similar investment objectives to the Acquiring Fund.

Certain information regarding the executive officer and directors of Nuveen Fund Advisors is set forth in Appendix E.

Shareholder Approval

To become effective, the New Investment Management Agreement must be approved by a vote of a majority of the outstanding voting securities of the Acquiring Fund, with the holders of common shares and preferred shares voting together as a single class. The vote of a majority of the outstanding voting securities is defined in the 1940 Act as the lesser of the vote of (1) 67% or more of the shares of the Fund entitled to vote thereon present at the meeting if the holders of more than 50% of such outstanding shares are present in person or represented by proxy; or (2) more than 50% of such outstanding shares of the Fund entitled to vote thereon. For purposes of determining the approval of the New Investment Management Agreement, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

The New Investment Management Agreement was approved by the Board of the Acquiring Fund after consideration of all factors which it determined to be relevant to its deliberations, including those discussed in C. Board Considerations below. The Board of the Acquiring Fund also determined to submit the New Investment Management Agreement for consideration by the shareholders of the Acquiring Fund.

The Board of the Acquiring Fund unanimously recommends that shareholders of the Fund vote FOR approval of the New Investment Management Agreement.

B. APPROVAL OF NEW SUB-ADVISORY AGREEMENT

Comparison of Current Sub-Advisory Agreement and New Sub-Advisory Agreement

With the exception of the fees payable to the Sub-Adviser by the Adviser thereunder and the date of effectiveness, the terms of the New Sub-Advisory Agreement are identical to those of the Current Sub-Advisory Agreement. If approved by shareholders of the Acquiring Fund, the New Sub-Advisory Agreement for the Acquiring Fund will expire on August 1, 2016, unless continued. The New Sub-Advisory Agreement will continue in effect from year to year thereafter if such continuance is approved for the Acquiring Fund at least annually in the manner required by the 1940 Act and the rules and regulations thereunder. A form of the New Sub-Advisory Agreement is attached hereto as Appendix D.

Below is a comparison of certain terms of the Current Sub-Advisory Agreement to the terms of the New Sub-Advisory Agreement.

Sub-Advisory Services. The types of sub-advisory services to be provided by the Sub-Adviser to the Acquiring Fund under the New Sub-Advisory Agreement will be identical to those advisory services currently provided by the Sub-Adviser to the Acquiring Fund under the Current Sub-Advisory Agreement. Both the Current Sub-Advisory Agreement and the New Sub-Advisory Agreement provide that the Sub-Adviser will furnish an investment program in respect of, make investment decisions for and place all orders for the purchase and sale of securities for the portion of the Acquiring Fund's investment portfolio allocated by the Adviser to the Sub-Adviser, all on behalf of the Fund and subject to oversight of the Fund's Board and the Adviser. In performing its duties under both the Current Sub-Advisory Agreement and the New Sub-Advisory Agreement, the Sub-Adviser will monitor the Acquiring Fund's investments and will comply with the provisions of the Fund's organizational documents and the stated investment objectives, policies and restrictions of the Fund. It is not anticipated that the Reorganizations or the changes to the Acquiring Fund's investment policies described above will have any adverse effect on the performance of the Sub-Adviser's obligations under the New Sub-Advisory Agreement, but the Fund's expanded investment mandate will require an increased level of ongoing credit research and surveillance by the Sub-Adviser. In addition, it is expected that the Acquiring Fund's current portfolio manager will continue to manage the Fund under the New Sub-Advisory Agreement.

Brokerage. Both the Current Sub-Advisory Agreement and the New Sub-Advisory Agreement authorize the Sub-Adviser to select the brokers or dealers that will execute the purchases and sales of portfolio securities for the Acquiring Fund, subject to its obligation to obtain best execution under the circumstances, which may take account of the overall quality of brokerage and research services provided to the Sub-Adviser.

Fees. Under both the Current Sub-Advisory Agreement and the New Sub-Advisory Agreement, the Adviser pays the Sub-Adviser a portfolio management fee out of the investment management fee it receives from the Fund. For the services provided pursuant to the Current Sub-Advisory Agreement, the Adviser currently pays the Sub-Adviser a fee, payable monthly, equal to 38.4615% of the management fee (net of applicable waivers and reimbursements) paid by the Acquiring Fund to the Adviser. For the services provided pursuant to the New Sub-Advisory Agreement, the Adviser will pay the Sub-Adviser a fee, payable monthly, equal to 42.8572% of the management fee (net of applicable breakpoints, waivers and reimbursements) paid by the Acquiring Fund to the Adviser.

During the fiscal year ended October 31, 2014, the Adviser paid the Sub-Adviser \$11,305,663 in fees under the Current Sub-Advisory Agreement. If the New Sub-Advisory Agreement had been in place during the fiscal year ended October 31, 2014, the Adviser would have paid the Sub-Adviser \$12,597,768 in fees during that fiscal year. The fees payable under the New Sub-Advisory Agreement during the fiscal year ended October 31, 2014 would have been approximately 11% higher than the fees paid under the Current Sub-Advisory Agreement during the same fiscal year.

Payment of Expenses. Under the Current Sub-Advisory Agreement and the New Sub-Advisory Agreement, the Sub-Adviser will bear all of its expenses it incurs in connection with its performance of services under the agreement.

Limitation on Liability. The Current Sub-Advisory Agreement and the New Sub-Advisory Agreement provide that the Sub-Adviser will not be liable for any error of judgment or mistake of law or for any loss suffered by the Acquiring Fund in connection with the matters to which the agreement relates except for a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Sub-Adviser in the performance of duties under the agreement, or by reason of its reckless disregard of its obligations and duties under the agreement.

Continuance. The Current Sub-Advisory Agreement originally was in effect for an initial term and could be continued thereafter for successive one-year periods if such continuance was specifically approved at least annually in the manner required by the 1940 Act. If the shareholders of the Acquiring Fund approve the New Sub-Advisory Agreement, the New Sub-Advisory Agreement will expire on August 1, 2016, unless continued. Thereafter, the New Sub-Advisory Agreement may be continued for successive one-year periods if approved at least annually in the manner required by the 1940 Act.

Termination. The Current Sub-Advisory Agreement and the New Sub-Advisory Agreement provide that the agreement may be terminated at any time without the payment of any penalty by the Adviser or the Sub-Adviser on no less than sixty (60) days' written notice. The Current Sub-Advisory Agreement and the New Sub-Advisory Agreement may also be terminated by action of the Acquiring Fund's Board or by a vote of a majority of the outstanding voting securities of that Fund, accompanied by no less than 60 days' written notice.

The Current Sub-Advisory Agreement and the New Sub-Advisory Agreement are also terminable at any time without the payment of any penalty by the Adviser, the Board or by vote of a majority of the outstanding voting securities of the Acquiring Fund in the event that it is established by a court of competent jurisdiction that the Sub-Adviser or any of its officers or directors has taken any action that results in a breach of the representations or covenants of the Sub-Adviser set forth in the agreement.

Information About the Sub-Adviser

Nuveen Asset Management is an affiliate of Nuveen Fund Advisors and serves as investment sub-adviser to the Acquiring Fund. Nuveen Asset Management is organized as a Delaware limited liability company, and its sole managing member is Nuveen Fund Advisors. The business address of Nuveen Asset Management is 333 West Wacker Drive, Chicago, Illinois 60606.

Appendix F includes the advisory fee rates and net assets of registered investment companies, other than funds in the Nuveen fund complex, advised by the Sub-Adviser with similar investment objectives to the Acquiring Fund.

Certain information regarding the executive officer and directors of the Sub-Adviser is set forth in Appendix E.

Affiliated Brokerage and Other Fees

The Acquiring Fund paid no brokerage commissions within the last fiscal year to (1) any broker that is an affiliated person of the Fund or an affiliated person of such person, or (2) any broker an affiliated person of which is an affiliated person of the Acquiring Fund, the Adviser or the Sub-Adviser.

During the Acquiring Fund's last fiscal year, the Fund made no material payments to the Adviser or the Sub-Adviser or any affiliated person of the Adviser or the Sub-Adviser for services provided to the Fund (other than pursuant to the Current Investment Management Agreement or the Current Sub-Advisory Agreement).

Shareholder Approval

To become effective, the New Sub-Advisory Agreement must be approved by a vote of a majority of the outstanding voting securities of the Acquiring Fund, with the holders of common shares and preferred shares voting together as a single class. The vote of a majority of the outstanding voting securities is defined in the 1940 Act as the lesser of the vote of (1) 67% or more of the shares of the Fund entitled to vote thereon present at the meeting if the holders of more than 50% of such outstanding shares are present in person or represented by proxy; or (2) more than 50% of such outstanding shares of the Fund entitled to vote thereon. For purposes of determining the approval of the new sub-advisory agreement, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

The New Sub-Advisory Agreement was approved by the Board of the Acquiring Fund after consideration of all factors which it determined to be relevant to its deliberations, including those discussed in C. Board Considerations below. The Board of the Acquiring Fund also determined to submit the New Sub-Advisory Agreement for consideration by the shareholders of the Acquiring Fund.

The Board of the Acquiring Fund unanimously recommends that shareholders of the Fund vote FOR approval of the New Sub-Advisory Agreement.

C. BOARD CONSIDERATIONS

The Board of the Acquiring Fund, including the Independent Board Members, is responsible for approving the investment management agreement between the Acquiring Fund and the Adviser and the sub-advisory agreement between the Adviser and Sub-Adviser on behalf of the Acquiring Fund and their periodic continuation. Pursuant to the 1940 Act, the Board is required to consider the continuation of the investment management and sub-advisory agreements for the Acquiring Fund on an annual basis. Accordingly, at an in-person meeting held on May 11-13, 2015 (the May Meeting), the Board, including a majority of the Independent Board Members, considered and approved the continuation of the Current Investment Management Agreement and the Current Sub-Advisory Agreement (collectively, the Current Advisory Agreements) for the Acquiring Fund for an additional one-year period.

Since the approval of the continuance of the Current Advisory Agreements, the Adviser has proposed the Reorganization of each Target Fund into the Acquiring Fund and certain proposals which, among other things, proposed certain investment policy changes which would provide the Acquiring Fund with an expanded investment mandate that permits the Acquiring Fund to invest up to 55% of its Managed Assets in lower rated municipal securities and require the Acquiring Fund to invest exclusively in municipal securities that generate income exempt from the federal alternative minimum tax applicable to individuals. In connection with the proposed changes, the Adviser proposed the New Investment Management Agreement and New Sub-Advisory Agreement (collectively, the New Advisory Agreements), and the Board of the Acquiring Fund was asked to consider the approval of the New Advisory Agreements. Accordingly, at an in-person meeting held on August 24, 2015 (the August Meeting), such Board, including a majority of the Independent Board Members, considered and approved the New Advisory Agreements and recommended that shareholders of the Acquiring Fund approve the New Advisory Agreements.

In connection with their review of the Current Advisory Agreements, the Independent Board Members received extensive information regarding the Adviser and Sub-Adviser (each a Fund Adviser and collectively, the Fund Advisers) including, among other things: the nature, extent and quality of services provided by the Fund Advisers; the organization and operations of the Fund Advisers; a review of the Acquiring Fund's performance (including performance comparisons against the performance of its peer group and appropriate benchmark); a comparison of Acquiring Fund fees and expenses relative to peers; a description and assessment of shareholder services levels for the Acquiring Fund; a summary of the performance of certain service providers; a review of fund initiatives and shareholder communications; and an analysis of the Adviser's profitability with comparisons to peers in the managed fund business. The Board considered the knowledge gained at the May Meeting as well as from other meetings and interactions with the Fund Advisers throughout the year in evaluating the New Advisory Agreements.

At the August Meeting and prior meetings, the Adviser made a presentation to and responded to questions from the Board of the Acquiring Fund regarding the proposed Reorganizations, the expanded investment mandate, and the New Advisory Agreements. Prior to the August Meeting, the Independent Board Members also met privately with their legal counsel to, among other things, review the Board's duties under the 1940 Act, the general principles of state law in reviewing and approving advisory contracts, the standards used by courts in determining whether investment company boards of directors have fulfilled their duties, factors to be considered in voting on advisory contracts and an adviser's fiduciary duty with respect to advisory agreements and compensation. It is with this background that the Independent Board Members considered the New Advisory Agreements. As outlined in more detail below, the Independent Board Members considered all factors they believed relevant with respect to the Acquiring Fund, including among other factors: (a) the nature, extent and quality of the services to be provided by the Fund Advisers; (b) investment performance, as described below; (c) the advisory fees for the services to be provided to the Acquiring Fund and the profitability of the Fund Advisers; (d) the extent of any anticipated economies of scale; (e) any benefits expected to be derived by the Fund Advisers from their relationships with the Fund; and (f) other factors. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to the Acquiring Fund's New Advisory Agreements. The Independent Board Members' considerations were based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

Nature, Extent and Quality of Services

In considering the New Advisory Agreements, the Independent Board Members considered the nature, extent and quality of the respective Fund Adviser's services, including advisory services and administrative services. As the Adviser and the Sub-Adviser already serve as adviser and sub-adviser, respectively, to the Acquiring Fund as well as other Nuveen funds overseen by the Board Members, the Board of the Acquiring Fund has a good understanding of each Fund Adviser's organization, operations and personnel.

The Board recognized that the types of investment management services to be provided by the Adviser to the Acquiring Fund under the New Investment Management Agreement will be identical to those currently provided to the Fund under the Current Investment Management Agreement. In this regard, in addition to advisory services, the Independent Board Members have considered the quality and extent of administrative and other non-investment advisory services that the Adviser and its affiliates provide to the Acquiring Fund, including product management, investment services (such as

oversight of investment policies and procedures, risk management, and pricing), fund administration, oversight of service providers, shareholder services and communications, administration of Board relations, regulatory and portfolio compliance and legal support. The Independent Board Members also recognized that the Adviser would oversee the Sub-Adviser. Similarly, the Board recognized that the types of sub-advisory services to be provided by the Sub-Adviser to the Acquiring Fund under the New Sub-Advisory Agreement will be identical to those advisory services currently provided by the Sub-Adviser to the Acquiring Fund under the Current Sub-Advisory Agreement. In this regard, the Independent Board Members noted that the Sub-Adviser was generally expected to supply portfolio investment management services to the Acquiring Fund. The Board, however, recognized the increased level of credit research and surveillance required by the Acquiring Fund's expanded investment mandate. The Board is also familiar with the Sub-Adviser's investment team. The Board noted that the portfolio manager of the Acquiring Fund was expected to continue to manage the Acquiring Fund following the Reorganizations and would continue to be supported by the same credit team and infrastructure that supports managers of the Sub-Adviser's dedicated high yield mandate. The Board also recognized that the Sub-Adviser had the capabilities and experience to be able to execute efficiently the required portfolio transition and manage the Acquiring Fund's portfolio under the new investment mandate.

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services expected to be provided to the Fund under each New Advisory Agreement were satisfactory.

Investment Performance

The Board, including the Independent Board Members, considered the performance history of the Acquiring Fund over various time periods. The Board reviewed the Acquiring Fund's historic investment performance based on net asset value and on market returns for the one-, three- and five-year periods ending June 30, 2015. The Board also reviewed performance data reflecting the Acquiring Fund's trading discount to net asset value. This performance information supplemented the Fund performance information provided to the Board at each of its quarterly meetings, including the May Meeting. At the August Meeting and at prior meetings, the Independent Board Members have recognized the importance of the secondary market trading levels for the closed-end fund shares and therefore has devoted significant time and focus evaluating the premium and discount levels of the Nuveen closed-end funds at each of the quarterly meetings throughout the year. At the prior meetings, the Board reviewed, among other things, the Acquiring Fund's discount to net asset value as of a specified date and over various periods as well as in comparison to the premium/discount average in its Lipper category. The Board considered that the Reorganizations and expanded investment mandate were intended, in part, to provide meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions. The Board recognized that the past performance of the Acquiring Fund does not necessarily indicate future performance, and that the performance of the Acquiring Fund may be expected to differ from historic results as a result of the expanded investment mandate.

Fees, Expenses and Profitability

Fees and Expenses. In evaluating the management fees and expenses that the Acquiring Fund was expected to bear, the Independent Board Members considered, among other things, the Fund's proposed management fee schedule, the rationale for its proposed fee levels, and its expected expense

ratio in absolute terms as well as compared with the fees and expense ratios of comparable funds. Accordingly, the Independent Board Members reviewed, among other things, the proposed gross management fee, the net management fee (after fee waiver) and estimated net total expense ratio for the Acquiring Fund, as well as comparative fee and expense data pertaining to the Acquiring Fund's peers in the Lipper category in which the restructured Acquiring Fund was anticipated to be classified (i.e., Lipper High Yield Municipal Fund category). The Independent Board Members also reviewed the proposed fund-level breakpoint schedule and the complex-wide breakpoint schedule (described in further detail below) and the proposed fee waiver expected to be provided.

The Board recognized that the New Investment Agreement provides a higher contractual management fee rate payable at each current fund-level breakpoint level in the Acquiring Fund's fund-level management fee schedule. The Board further noted that the revised fund-level breakpoint schedule includes a new breakpoint in the Acquiring Fund's management fee schedule above \$5 billion in assets. With respect to the Target Funds, the new schedule includes a greater reduction in the fund-level management fee rate at the \$2 billion in assets under management threshold compared to such breakpoint in each Target Fund's current breakpoint schedule. The Board also considered that the fund-level fee under the New Investment Management Agreement would be based on managed assets as such term is used in the investment management agreements of newer Nuveen municipal closed-end funds and which includes assets attributable to all forms of leverage. The Independent Board Members also considered the fee waiver proposed by the Adviser.

The Independent Board Members further reviewed the proposed sub-advisory fee rate for the Fund (as a percentage of the Fund's management fee net of applicable waivers and reimbursements) and observed that the sub-advisory fee rate the Adviser pays to the Sub-Adviser under the New Sub-Advisory Agreement would be higher than the sub-advisory fee rate under the Current Sub-Advisory Agreement.

The Board considered the rationale for the revised fee schedule under the New Investment Management Agreement and recognized that it was designed, in part, to reflect the increased level of ongoing credit research and surveillance required in managing the Acquiring Fund under the expanded investment mandate as well as to standardize the Acquiring Fund's New Investment Management Agreement with the investment management agreements of Nuveen's newer municipal closed-end funds. The Board noted that the Acquiring Fund's proposed net management fee (after fee waiver) was anticipated to be comparable and pro forma net total expense ratio (excluding costs of leverage) was anticipated to be below the average of the Lipper High Yield Municipal Fund category. In addition, the Board compared the proposed fee schedule to the existing fee schedules the Adviser assesses to Nuveen funds that follow a low/medium investment grade mandate and to Nuveen funds that follow a high investment grade mandate and recognized that the proposed management fee schedule for the Acquiring Fund after restructuring was midway between these schedules.

Based on their review of the fee and expense information provided, the Independent Board Members determined that the Acquiring Fund's management fees to a Fund Adviser were reasonable in light of the nature, extent and quality of services to be provided to the Fund.

Comparisons with the Fees of Other Clients. Due to their experience with overseeing the Acquiring Fund and other Nuveen funds, the Independent Board Members were also familiar with the nature of services and fees a Fund Adviser assessed to other types of clients. Such other clients may include municipal separately managed accounts and passively managed exchange traded funds (ETFs)

sub-advised by the Sub-Adviser. At the May Meeting, the Board had reviewed the range of advisory fee rates and average fee the Sub-Adviser assessed municipal retail wrap accounts and municipal institutional accounts as well as the effective sub-advisory fee rate assessed the passively managed ETF.

In general terms, the overall management fee paid by the Acquiring Fund can be divided into two components, the fee retained by the Adviser and the fee the Adviser pays to the Sub-Adviser. In general, the fee to the Adviser will reflect, in part, the administrative services it will provide to support the Acquiring Fund, and while some administrative services may occur at the sub-adviser level, the sub-advisory fee will generally reflect the portfolio management services provided by the Sub-Adviser. The Board noted that higher fee levels generally reflected higher levels of services provided by the Fund Adviser, increased investment management complexity, greater product management requirements and higher levels of business risk or some combination of the foregoing. In evaluating the comparisons of fees paid by funds compared to other types of clients, the Independent Board Members have noted, at the August Meeting or at prior meetings, that the fee rates charged to a fund (such as the Acquiring Fund) and charged to 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 Acquiring Fund. Accordingly, the Independent Board Members have considered the differences in the product types, including, but not limited to, the services to be provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Independent Board Members have noted, in particular, that the range of services, as described above, to be provided to a fund (such as the Acquiring Fund) is much more extensive than that provided to separately managed accounts. Many of the additional administrative services to be provided by the Adviser are not required for institutional clients or funds sub-advised by a Nuveen affiliated sub-adviser. Given the inherent differences in the various products, particularly the extensive services to be provided to the Acquiring Fund, the Independent Board Members believe such facts justify the different levels of fees.

Profitability of Fund Advisers. In conjunction with their review of the Current Advisory Agreements at the May Meeting, the Independent Board Members have considered the profitability of Nuveen for its advisory activities and its financial condition. At the May Meeting or at prior meetings, the Independent Board Members reviewed, among other things, the adjusted operating margins for Nuveen for the last two calendar years; the revenues, expenses, net income (pre-tax and after-tax) and net revenue margins (pre-tax and after-tax) of Nuveen's managed fund advisory activities for the last two calendar years; the allocation methodology used in preparing the profitability data; a history of the adjustments to the methodology due to changes in business over time; and an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability. The Independent Board Members also reviewed the revenues, expenses, net income (pre-tax and after-tax) and revenue margin (pre-tax and post-tax) of the Adviser and, as described below, the Sub-Adviser for the 2014 calendar year. In reviewing profitability data, the Independent Board Members noted the subjective nature of cost allocation methodologies used to determine profitability as other reasonable methods could also have been employed but yield different results. The Independent Board Members have also considered, at the May Meeting or at prior meetings, the profitability of Nuveen in comparison to the adjusted operating margin of other investment advisers with publicly available data and with comparable assets under management (based on asset size and asset composition) to Nuveen. The Independent Board Members had noted that Nuveen's adjusted operating margins appeared to be reasonable in relation to such other advisers. The Independent Board Members, however, had 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 various other factors would impact the profitability data such as differences in services offered, business mix, expense methodology and allocations, capital structure and costs, complex size, and types of funds and other accounts managed.

The Independent Board Members had determined that Nuveen appeared to be sufficiently profitable to operate as a viable investment management firm and to honor its obligations as a sponsor of the Nuveen funds. The Independent Board Members had also recognized the Adviser's continued expenditures to upgrade its investment technology and increase personnel and recognized the Adviser's continued commitment to its business to enhance the Adviser's capacity and capabilities in providing the services necessary to meet the needs of the Nuveen funds as they grow or change over time. The Board recognized that the Adviser would receive additional compensation under the higher management fee rate in the New Investment Advisory Agreement for its services.

With respect to the Sub-Adviser, which is affiliated with Nuveen, the Independent Board Members have previously reviewed its revenues, expenses and revenue margins (pre- and post-tax) for its advisory activities for the calendar year ended December 31, 2014. The Independent Board Members also had reviewed profitability analysis reflecting the revenues, expenses, and revenue margin (pre- and post-tax) by asset type for the Sub-Adviser for the calendar year 2014. The Board noted that the Adviser would pay an increased portion of the management fee to the Sub-Adviser under the New Sub-Advisory Agreement.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered other amounts expected to be paid to a Fund Adviser by the Acquiring Fund as well as indirect benefits (such as soft dollar arrangements), if any, the respective Fund Adviser and its affiliates are expected to receive that are directly attributable to the management of the Acquiring Fund. See **Indirect Benefits** below for additional information on indirect benefits a Fund Adviser may receive as a result of its relationship with the Acquiring Fund.

Based on their review, the Independent Board Members were satisfied that the Adviser's and Sub-Adviser's level of profitability was reasonable in light of the respective services to be provided to the Acquiring Fund.

Economies of Scale and Whether Fee Levels Reflect These Economies of Scale

With respect to economies of scale, the Independent Board Members have recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base, although economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. The Independent Board Members therefore considered whether the Acquiring Fund could be expected to benefit from any economies of scale. One method to help ensure that the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Generally, management fees for funds in the Nuveen complex are comprised of a fund-level component and a complex-level component. Accordingly, the Independent Board Members received and reviewed the fund-level breakpoints in the advisory fee schedule as described above that reduce advisory fees as the Acquiring Fund's asset levels increase. The Independent Board Members noted, however, that although closed-end funds may from time to time make additional share offerings, the growth of their assets would occur primarily through the appreciation of such funds' investment portfolios.

In addition to fund-level advisory fee breakpoints, the Board also considered the Acquiring Fund's complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Acquiring Fund, are generally reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Independent Board Members have 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.

The Board also recognized that although the contractual management fees of the Acquiring Fund will increase under the New Investment Management Agreement, the Acquiring Fund's larger scale following the Reorganizations is expected to result in lower administrative costs (excluding the costs of leverage), which are anticipated to partially offset any increases in the management fees. Further, the Adviser has agreed to waive a portion of its management fee for a period of one year following the closing of the Reorganizations. The purpose of the waiver is to phase in the new management fee over a period of one year. The waiver is not expected to be continued.

Based on their review, the Independent Board Members concluded that the breakpoint schedules and complex-wide fee arrangement were acceptable and reflect economies of scale to be shared with the Acquiring Fund's shareholders when assets under management increase.

Indirect Benefits

In evaluating fees, the Independent Board Members also considered, among other things, information received at prior meetings regarding potential fall out or ancillary benefits that a Fund Adviser or its affiliates may receive as a result of its relationship with the Acquiring Fund. In this regard, the Independent Board Members considered whether the Fund Advisers will receive any benefits from soft dollar arrangements whereby a portion of the commissions paid by the Acquiring Fund for brokerage may be used to acquire research that may be useful to a Fund Adviser in managing the assets of the Acquiring Fund and other clients. The Fund's portfolio transactions will be determined by the Sub-Adviser. While the Independent Board Members considered that the Sub-Adviser may benefit from soft dollar arrangements pursuant to which it receives research from brokers, the Board recognized that fixed income securities, such as municipal securities, generally trade on a principal basis that does not generate soft dollar credits.

Based on their review, the Independent Board Members concluded that any indirect benefits expected to be received by a Fund Adviser as a result of its relationship with the Acquiring Fund were reasonable and within acceptable parameters.

Approval

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including a majority of the Independent Board Members, concluded that the terms of the New Investment Management Agreement and New Sub-Advisory Agreement were fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services to be provided to the Acquiring Fund and that the New Investment Management Agreement and New Sub-Advisory Agreement should be and were approved on behalf of the Acquiring Fund.

ADDITIONAL INFORMATION ABOUT THE ACQUIRING FUND

Certain Provisions in the Acquiring Fund's Declaration of Trust and By-Laws

Under Massachusetts law, shareholders could, under certain circumstances, be held personally liable for the obligations of the Acquiring Fund. However, the Acquiring Fund's declaration of trust contains an express disclaimer of shareholder liability for debts or obligations of the Fund and requires that notice of such limited liability be given in each agreement, obligation or instrument entered into or executed by the Fund or the trustees. The Acquiring Fund's declaration of trust further provides for indemnification out of the assets and property of the Fund for all loss and expense of any shareholder held personally liable for the obligations of the Fund. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Acquiring Fund would be unable to meet its obligations. The Acquiring Fund believes that the likelihood of such circumstances is remote.

The Acquiring Fund's declaration of trust includes provisions that could limit the ability of other entities or persons to acquire control of the Fund or to convert the Fund to open-end status. Specifically, the Acquiring Fund's declaration of trust requires a vote by holders of at least two-thirds of the outstanding common shares and preferred shares, voting as a single class, except as described below, to authorize (1) a conversion of the Fund from a closed-end to an open-end investment company, (2) a merger or consolidation of the Fund with any corporation, association, trust or other organization or a reorganization or recapitalization of the Fund or a series or class of the Fund, (3) a sale, lease or transfer of all or substantially all of the Fund's assets (other than in the regular course of the Fund's investment activities), (4) in certain circumstances, a termination of the Fund, or (5) a removal of trustees by shareholders, and then only for cause, unless, with respect to (1) through (4), such transaction has already been authorized by the affirmative vote of two-thirds of the total number of trustees fixed in accordance with the Acquiring Fund's declaration of trust or the Acquiring Fund's by-laws, in which case the affirmative vote of the holders of at least a majority of the Fund's outstanding common shares and preferred shares, voting as a single class, is required, provided, however, that, where only a particular class or series is affected (or, in the case of removing a trustee, when the trustee has been elected by only one class), only the required vote by the applicable class or series will be required. For the purposes of the foregoing, the term "recapitalization" shall not mean, without limitation, the issuance or redemption of preferred shares pursuant to the terms of the declaration of trust or statement establishing and fixing the rights and preferences of preferred shares adopted with respect to such preferred shares, whether or not in conjunction with the issuance, retirement or redemption of other securities or indebtedness of the Fund. Approval of shareholders is not required, however, for any transaction, whether deemed a merger, consolidation, reorganization or otherwise, whereby the Fund issues shares in connection with the acquisition of assets (including those subject to liabilities) of any other investment company or similar entity. In the case of the conversion of the Acquiring Fund to an open-end investment company, or in the case of any of the foregoing transactions constituting a plan of reorganization (as that term is used in the 1940 Act) which adversely affects the holders of preferred shares, the action in question will also require the affirmative vote of the holders of at least two-thirds of the Acquiring Fund's preferred shares outstanding at the time, voting as a separate class, or, if such action has been authorized by the affirmative vote of two-thirds of the total number of trustees fixed in accordance with the Acquiring Fund's declaration of trust or the Acquiring Fund's by-laws, the affirmative vote of the holders of at least a majority of the Acquiring Fund's preferred shares outstanding at the time, voting as a separate class. None of the foregoing voting provisions may be amended or repealed except by the vote of at least two-thirds of the common

shares and preferred shares, voting as a single class. The votes required to approve the conversion of the Acquiring Fund from a closed-end to an open-end investment company or to approve transactions constituting a plan of reorganization which adversely affects the holders of preferred shares are higher than those required by the 1940 Act. The Acquiring Fund's Board believes that the provisions of the Acquiring Fund's declaration of trust relating to such higher votes are in the best interests of the Acquiring Fund.

The Acquiring Fund's declaration of trust provides that the obligations of the Acquiring Fund are not binding upon the Fund's trustees individually, but only upon the assets and property of the Fund, and that the trustees shall not be liable for errors of judgment or mistakes of fact or law. Nothing in the Acquiring Fund's declaration of trust, however, protects a trustee against any liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

In addition, the Acquiring Fund's by-laws require the Board be divided into three classes with staggered terms. This provision of the by-laws could delay for up to two years the replacement of a majority of the Board. Holders of preferred shares, voting as a separate class, are entitled to elect two of the Fund's trustees. See the Reorganization SAI under Management of the Funds.

The provisions of the Acquiring Fund's declaration of trust and by-laws described above could have the effect of depriving the common shareholders of opportunities to sell their common shares at a premium over the then-current market price of the common shares by discouraging a third party from seeking to obtain control of the Fund in a tender offer or similar transaction. The overall effect of these provisions is to render more difficult the accomplishment of a merger or the assumption of control by a third party. They provide, however, the advantage of potentially requiring persons seeking control of the Acquiring Fund to negotiate with its management regarding the price to be paid and facilitating the continuity of the Fund's investment objectives and policies. The Acquiring Fund's Board has considered the foregoing anti-takeover provisions and concluded that they are in the best interests of the Fund.

The Acquiring Fund's declaration of trust provides that common shareholders shall have no right to acquire, purchase or subscribe for any shares or securities of the Fund, other than such right, if any, as the Fund's Board in its discretion may determine.

Reference should be made to the Acquiring Fund's declaration of trust on file with the SEC for the full text of these provisions.

Repurchase of Common Shares; Conversion to Open-End Fund

The Acquiring Fund is a closed-end management investment company, and as such its shareholders do not have the right to cause the Acquiring Fund to redeem their common shares. Instead, the common shares of the Acquiring Fund trade in the open market at a price that is a function of several factors, including dividend levels (which are in turn affected by expenses), net asset value, call protection, dividend stability, portfolio credit quality, relative demand for and supply of such shares in the market, general market and economic conditions and other factors. Because common shares of closed-end management investment companies may frequently trade at prices lower than net asset value, the Acquiring Fund's Board has determined that, at least annually, it will consider action that might be taken to reduce or eliminate any material discount from net asset value in respect of

common shares, which may include the repurchase of such shares in the open market or in private transactions, the making of a tender offer for such shares at net asset value, or the conversion of the Acquiring Fund to an open-end investment company. There is no assurance that the Acquiring Fund's Board will decide to take any of these actions, or that share repurchases or tender offers will actually reduce market discount.

Notwithstanding the foregoing, at any time when the Acquiring Fund's preferred shares are outstanding, the Acquiring Fund may not purchase, redeem or otherwise acquire any of its common shares unless (1) all accumulated but unpaid preferred shares dividends due to be paid have been paid and (2) at the time of such purchase, redemption or acquisition, the net asset value of the Acquiring Fund's portfolio (determined after deducting the acquisition price of the common shares) is at least 200% of the liquidation value (expected to equal the original purchase price per share plus any accumulated but unpaid dividends thereon) of the outstanding preferred shares, including VMTP Shares and VRDP Shares.

If the Acquiring Fund converted to an open-end investment company, it would be required to redeem all its preferred shares, including VMTP Shares and VRDP Shares, then outstanding (requiring in turn that it liquidate a portion of its investment portfolio), and the common shares would no longer be listed on an exchange. In contrast to a closed-end management investment company, shareholders of an open-end management investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by or under the 1940 Act) at their net asset value, less any redemption charge that is in effect at the time of redemption. See Certain Provisions in the Acquiring Fund's Declaration of Trust and By-Laws above for a discussion of the voting requirements applicable to the conversion of the Acquiring Fund to an open-end management investment company.

Before deciding whether to take any action if the common shares trade below net asset value, the Board would consider all relevant factors, including the extent and duration of the discount, the liquidity of the Acquiring Fund's portfolio, the impact of any action that might be taken on the Acquiring Fund or its shareholders, and market considerations. Based on these considerations, even if the Acquiring Fund's common shares should trade at a discount, the Board may determine that, in the interest of the Acquiring Fund, no action should be taken. See the Reorganization SAI under Repurchase of Common Shares; Conversion to Open-End Fund for a further discussion of possible action to reduce or eliminate such discount to net asset value.

Description of Outstanding Acquiring Fund VRDP Shares

The Acquiring Fund currently has outstanding 1,790 VRDP Shares, par value \$0.01 per share, with a liquidation preference per share of \$100,000 (previously defined as the Outstanding VRDP Shares), which will remain outstanding following the completion of the Reorganizations. The Acquiring Fund initially issued VRDP Shares in a private offering during December 2013. Proceeds of the offering were used to redeem all of the Acquiring Fund's then-outstanding MuniFund Term Preferred Shares and VMTP Shares. The VRDP Shares were offered to a qualified institutional buyer in a private transaction exempt from registration under the Securities Act.

The Outstanding VRDP Shares have a mandatory redemption date of December 1, 2043, subject to earlier redemption or repurchase by the Fund. See Redemption below.

Under the statement establishing and fixing the rights and preferences of the Outstanding VRDP Shares (the Statement), the Fund is permitted to establish, from time to time, special rate periods during which many of the terms of the VRDP Shares set forth in such Statement may be modified. The Outstanding VRDP Shares were issued with an initial special rate period (December 13, 2013 to December 14, 2016, inclusive, subject to early transition or extension). The terms and conditions of Outstanding VRDP Shares summarized below apply during the initial special rate period, and may differ following the expiration of the initial special rate period as provided in the Statement.

The Acquiring Fund will use its reasonable best efforts to establish a subsequent rate period to succeed the initial special rate period that will result in a transition to: (i) a new special rate period, the terms of which are agreed to by the owners of 100% of the Outstanding VRDP Shares as of the expiration of the initial special rate period, which special rate period may be established as an extension of the initial special rate period or a new special rate period, as then so agreed to by the Acquiring Fund and such owners; (ii) a new special rate period with other terms; or (iii) a minimum rate period, in connection with which the Acquiring Fund shall have appointed a liquidity provider and remarketing agent and provided for a purchase obligation as required under and in accordance with the terms of the Statement.

The initial special rate period is subject to extension for up to six months in the event that the transition from the initial special rate period to the succeeding subsequent rate period is not successful. During such extension, if any, dividends on the Outstanding VRDP Shares will accumulate at an increased dividend rate, and the Outstanding VRDP Shares will be subject to mandatory redemption by the Acquiring Fund, if the Acquiring Fund has not successfully established a subsequent rate period or redeemed or repurchased all of the Outstanding VRDP Shares prior to the end of the six-month extension period.

Dividends

Holders of Outstanding VRDP Shares are entitled to receive cash dividends when, as and if declared by the Acquiring Fund's Board. The amount of dividends per Outstanding VRDP Share payable on any dividend payment date will equal the sum of dividends accumulated but not yet paid for each dividend reset period during the relevant monthly dividend period.

During the initial special rate period, the dividend rate applicable to any dividend reset period (which typically consists of seven days) is an index rate based on the SIFMA Municipal Swap Index plus an applicable spread. The applicable spread is subject to adjustment in certain circumstances, including a change in the credit rating assigned to the Outstanding VRDP Shares.

Redemption

The Outstanding VRDP Shares are subject to optional and mandatory redemption in certain circumstances. The Acquiring Fund is obligated to redeem the Outstanding VRDP Shares on December 1, 2043, unless earlier redeemed or repurchased by the Acquiring Fund, at a redemption price per share equal to the liquidation preference per share (\$100,000) plus any accumulated but unpaid dividends (whether or not earned or declared). Outstanding VRDP Shares also may be redeemed in whole or in part at the option of the Acquiring Fund at a redemption price per share equal to the liquidation preference per share plus any accumulated but unpaid dividends (whether or not earned or declared). During the initial special rate period, in the event the Acquiring Fund fails to

comply with asset coverage and/or effective leverage ratio requirements and any such failure is not cured within the applicable cure period, the Acquiring Fund may become obligated to redeem such number of preferred shares as are necessary to achieve compliance with such requirements.

Voting and Consent Rights

Except as otherwise provided in the Acquiring Fund's declaration of trust, the Statement, or as otherwise required by applicable law, (i) each holder of Outstanding VRDP Shares is entitled to one vote for each Outstanding VRDP Share held on each matter submitted to a vote of shareholders of the Acquiring Fund, and (ii) the holders of Outstanding VRDP Shares, along with holders of other outstanding preferred shares of the Acquiring Fund, vote with holders of common shares of the Acquiring Fund as a single class; provided, however, that holders of preferred shares, including Outstanding VRDP Shares, are entitled as a class to elect two trustees of the Acquiring Fund at all times. The holders of outstanding common shares and preferred shares, including Outstanding VRDP Shares, voting as a single class, elect the balance of the trustees of the Acquiring Fund.

Holders of Outstanding VRDP Shares, as a separate class, have voting and consent rights with respect to certain actions that would materially and adversely affect any preference, right or power of the Outstanding VRDP Shares or holders of Outstanding VRDP Shares. In addition, holders of Outstanding VRDP Shares have certain consent rights under the purchase agreement for the Outstanding VRDP Shares with respect to certain actions that would affect their investment in the Acquiring Fund. Holders of Outstanding VRDP Shares also are entitled to vote as a class with holders of other preferred shares of the Acquiring Fund on matters that relate to the conversion of the Acquiring Fund to an open-end investment company, certain plans of reorganization adversely affecting holders of the preferred shares or any other action requiring a vote of security holders of the Acquiring Fund under Section 13(a) of the 1940 Act. In certain circumstances, holders of preferred shares, including Outstanding VRDP Shares, are entitled to elect additional trustees in the event at least two full years' dividends are due and unpaid and sufficient cash or specified securities have not been deposited for their payment, or at any time holders of preferred shares are entitled under the 1940 Act to elect a majority of the trustees of the Acquiring Fund.

Priority of Payment

The Outstanding VRDP Shares are senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Outstanding VRDP Shares have equal priority as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund with other preferred shares of the Acquiring Fund, including the New VMTP Shares and the New VRDP Shares.

Custodian, Transfer Agent, Dividend Disbursing Agent and Redemption Agent

The custodian of the assets of each Fund is State Street Bank and Trust Company (State Street), One Lincoln Street, Boston, Massachusetts 02111. The custodian performs custodial, fund accounting and portfolio accounting services. Each Fund's transfer, shareholder services and dividend disbursing agent and redemption and paying agent is also State Street, 250 Royall Street, Canton, Massachusetts 02021.

Federal Income Tax Matters Associated with Investment in the Acquiring Fund

The following information is meant as a general summary of certain federal income tax matters for U.S. shareholders. Please see the Reorganization SAI for additional information. Investors should rely on their own tax adviser for advice about the particular federal, state and local tax consequences to them of investing in the Acquiring Fund.

The Acquiring Fund has elected to be treated and intends to qualify each year (including the taxable year in which the Reorganizations occur) as a regulated investment company (RIC) under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). In order to qualify as a RIC, the Acquiring Fund must satisfy certain requirements regarding the sources of its income, the diversification of its assets and the distribution of its income. As a RIC, the Acquiring Fund is not expected to be subject to federal income tax on the income and gains it distributes to its shareholders. The Acquiring Fund invests primarily in municipal securities. Thus, substantially all of the Acquiring Fund s dividends paid to you should qualify as exempt-interest dividends. A shareholder treats an exempt-interest dividend as interest on state and local bonds exempt from regular federal income tax. Federal income tax law imposes an alternative minimum tax with respect to corporations, individuals, trusts and estates. Interest on certain municipal obligations, such as certain private activity bonds, is included as an item of tax preference in determining the amount of a taxpayer s alternative minimum taxable income. To the extent that the Acquiring Fund receives income from such municipal obligations, a portion of the dividends paid by the Acquiring Fund, although exempt from regular federal income tax, will be taxable to shareholders to the extent that their tax liability is determined under the federal alternative minimum tax. Following the Reorganizations, the Acquiring Fund does not intend to acquire securities whose income is subject to the federal alternative minimum tax applicable to individuals. The Acquiring Fund will annually provide a report indicating the percentage of the Acquiring Fund s income attributable to municipal obligations subject to the federal alternative minimum tax applicable to individuals, if any. Corporations are subject to special rules in calculating their federal alternative minimum taxable income with respect to interest from municipal obligations.

Future legislation could limit the exclusion from gross income of tax-exempt interest (which includes exempt-interest dividends received from the Acquiring Fund). Such legislation could affect the value of the municipal securities owned by the Acquiring Fund. The likelihood of such legislation being enacted cannot be predicted. Shareholders should consult their own tax advisers regarding the potential consequences of future legislation on their investment in the Acquiring Fund.

In addition to exempt-interest dividends, the Acquiring Fund may also distribute to its shareholders amounts that are treated as long-term capital gain or ordinary income (which may include short-term capital gains). These distributions may be subject to federal, state and local taxation, depending on a shareholder s situation. If so, they are taxable whether or not such distributions are reinvested. Net capital gain distributions (the excess of net long-term capital gain over net short-term capital loss) are generally taxable at rates applicable to long-term capital gains regardless of how long a shareholder has held its shares. Long-term capital gains are currently taxable to noncorporate shareholders at a maximum federal income tax rate of 20%. In addition, certain individuals, estates and trusts are subject to a 3.8% Medicare tax on net investment income, including net capital gains and other taxable dividends. Corporate shareholders are taxed on capital gain at the same rates as apply to ordinary income. The Acquiring Fund does not expect that any part of its distributions to shareholders from its investments will qualify for the dividends-received deduction available to corporate shareholders or as qualified dividend income to noncorporate shareholders.

As a RIC, the Acquiring Fund will not be subject to federal income tax in any taxable year provided that it meets certain distribution requirements. The Acquiring Fund may retain for investment some (or all) of its net capital gain. If the Acquiring Fund retains any net capital gain or investment company taxable income, it will be subject to tax at regular corporate rates on the amount retained. If the Acquiring Fund retains any net capital gain, it may designate the retained amount as undistributed capital gains in a notice to its shareholders who, if subject to federal income tax on long-term capital gains, (i) will be required to include in income for federal income tax purposes, as long-term capital gain, their share of such undistributed amount; (ii) will be entitled to credit their proportionate shares of the federal income tax paid by the Acquiring Fund on such undistributed amount against their federal income tax liabilities, if any; and (iii) may claim refunds to the extent the credit exceeds such liabilities. For federal income tax purposes, the basis of shares owned by a shareholder of the Acquiring Fund will be increased by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder's gross income and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence.

The Internal Revenue Service (the "IRS") currently requires that a RIC that has two or more classes of stock allocate to each such class proportionate amounts of each type of its income (such as exempt interest, ordinary income and capital gains). Accordingly, the Acquiring Fund designates dividends made with respect to common shares and preferred shares as consisting of particular types of income (e.g., exempt interest, net capital gain and ordinary income) in accordance with each class' proportionate share of the total dividends paid by the Acquiring Fund with respect to the year.

Dividends declared by the Acquiring Fund in October, November or December to shareholders of record in one of those months and paid during the following January will be treated as having been paid by the Acquiring Fund and received by shareholders in the year the distributions were declared.

Each shareholder will receive an annual statement summarizing the shareholder's dividend and capital gains distributions.

The redemption, sale or exchange of shares normally will result in capital gain or loss to shareholders who hold their shares as capital assets. Generally, a shareholder's gain or loss will be long-term capital gain or loss if the shares have been held for more than one year even though the increase in value in such shares is attributable to tax-exempt interest income. The gain or loss on shares held for one year or less will generally be treated as short-term capital gain or loss. Present law taxes both long-term and short-term capital gains of corporations at the same rates applicable to ordinary income. For noncorporate taxpayers, however, long-term capital gains are currently taxed at a maximum federal income tax rate of 20%, while short-term capital gains and other ordinary income are currently taxed at ordinary income rates. An additional 3.8% Medicare tax may also apply to certain individual, estate or trust shareholders' capital gain from the sale or other disposition of their shares. Any loss on the sale of shares that have been held for six months or less will be disallowed to the extent of any distribution of exempt-interest dividends received with respect to such shares, unless the shares are of a RIC that declares exempt-interest dividends on a daily basis in an amount equal to at least 90% of its net tax-exempt interest and distributes such dividends on a monthly or more frequent basis. Any remaining loss on the sale or disposition of shares held for six months or less will be treated as a long-term capital loss to the extent of any net capital gain distributions received by the shareholder on such shares. Any loss realized on a sale or exchange of shares of the Acquiring Fund will be disallowed to the extent those shares of the Acquiring Fund are replaced by other substantially identical shares of the Acquiring Fund or other substantially identical stock or securities (including

through reinvestment of dividends) within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition of the original shares. In that event, the basis of the replacement shares will be adjusted to reflect the disallowed loss. The deductibility of capital losses is subject to limitations.

Any interest on indebtedness incurred or continued to purchase or carry the Acquiring Fund's shares to which exempt-interest dividends are allocated is not deductible. Under certain applicable rules, the purchase or ownership of shares may be considered to have been made with borrowed funds even though such funds are not directly used for the purchase or ownership of the shares. In addition, if you receive Social Security or certain railroad retirement benefits, you may be subject to U.S. federal income tax on a portion of such benefits as a result of receiving investment income, including exempt-interest dividends and other distributions paid by the Acquiring Fund.

If the Acquiring Fund invests in certain pay-in-kind securities, zero coupon securities, deferred interest securities or, in general, any other securities with original issue discount (or with market discount if the Acquiring Fund elects to include market discount in income currently), the Acquiring Fund must accrue income on such investments for each taxable year, which generally will be prior to the receipt of the corresponding cash payments. However, the Acquiring Fund must distribute to shareholders, at least annually, all or substantially all of its investment company taxable income (determined without regard to the deduction for dividends paid) and its net tax-exempt income, including such income it is required to accrue, to qualify as a RIC and (with respect to its ordinary income and capital gain) to avoid federal income and excise taxes. Therefore, the Acquiring Fund may have to dispose of its portfolio securities under disadvantageous circumstances to generate cash, or may have to leverage itself by borrowing the cash, to satisfy these distribution requirements.

The Acquiring Fund may hold or acquire municipal obligations that are market discount bonds. A market discount bond is a security acquired in the secondary market at a price below its redemption value (or its adjusted issue price if it is also an original issue discount bond). If the Acquiring Fund invests in a market discount bond, it will be required to treat any gain recognized on the disposition of such market discount bond as ordinary taxable income to the extent of the accrued market discount.

The Acquiring Fund may be required to withhold U.S. federal income tax at a rate of 28% from all distributions (including exempt-interest dividends) and redemption proceeds payable to a shareholder if the shareholder fails to provide the Acquiring Fund with his, her or its correct taxpayer identification number or to make required certifications, or if the shareholder has been notified by the IRS (or the IRS notifies the Acquiring Fund) that he, she or it is subject to backup withholding. Backup withholding is not an additional tax; rather, it is a way in which the IRS ensures it will collect taxes otherwise due. Any amounts withheld may be credited against a shareholder's U.S. federal income tax liability.

The Foreign Account Tax Compliance Act (FATCA) generally requires the Acquiring Fund to obtain information sufficient to identify the status of each of its shareholders. If a shareholder fails to provide this information or otherwise fails to comply with FATCA, the Acquiring Fund may be required to withhold under FATCA at a rate of 30% with respect to that shareholder on Acquiring Fund dividends and distributions and redemption proceeds. The Acquiring Fund may disclose the information that it receives from (or concerning) its shareholders to the IRS, non-U.S. taxing authorities or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation. Investors are urged to consult their own tax advisers regarding the applicability of FATCA and any other reporting requirements with respect to the investor's own situation, including investments through an intermediary.

With respect to the preferred shares of the Acquiring Fund issued in the Reorganizations, the Acquiring Fund will receive an opinion from special tax counsel that the preferred shares will constitute equity of the Acquiring Fund, and the foregoing discussion and the tax opinion received by the Funds regarding certain aspects of the Reorganizations, including that the Reorganizations will qualify as tax-free reorganizations under the Code, relies on the position that the preferred shares will constitute equity of the Acquiring Fund. Accordingly, distributions with respect to the preferred shares (other than distributions in redemption of preferred shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of the Acquiring Fund's current or accumulated earnings and profits, as calculated for federal income tax purposes and to the extent allocable to such distribution. Because the treatment of a corporate security as debt or equity is determined on the basis of the facts and circumstances of each case, and no controlling precedent exists for the preferred shares issued in the Reorganizations, there can be no assurance that the IRS will not question special tax counsel's opinion and the Acquiring Fund's treatment of the preferred shares as equity. If the IRS were to succeed in such a challenge, holders of preferred shares could be characterized as receiving taxable interest income rather than exempt-interest or other dividends, possibly requiring them to file amended income tax returns and retroactively to recognize additional amounts of ordinary income and pay additional tax, interest, and penalties.

Net Asset Value

The Acquiring Fund's net asset value per common share is determined as of the close of the regular session trading (normally 4:00 p.m. Eastern time) on each day the NYSE is open for business. Net asset value is calculated by taking the market value of the Acquiring Fund's total assets, including interest or dividends accrued but not yet collected, less all liabilities, and dividing by the total number of shares outstanding. The result, rounded to the nearest cent, is the net asset value per share. All valuations are subject to review by the Acquiring Fund's Board or its delegate.

The Acquiring Fund's custodian calculates the Fund's net asset value. The custodian uses prices for portfolio securities from a pricing service the Acquiring Fund's Board has approved. The pricing service values portfolio securities at the mean between the quoted bid and asked price or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available (which will constitute the majority of the Acquiring Fund's portfolio securities) are valued at fair value as determined by the Board in reliance upon data supplied by the pricing service. The pricing service uses methods that consider yields or prices of municipal securities of comparable quality, type of issue, coupon, maturity, and ratings; dealers' indications of value; and general market conditions. The pricing service may use electronic data processing techniques or a matrix system, or both. The Acquiring Fund's officers review the pricing service's procedures and valuations, under the general supervision of the Board.

Legal Opinions

Certain legal matters in connection with the issuance of common shares, New VMTP Shares and New VRDP Shares pursuant to the Agreement will be passed upon by Morgan, Lewis & Bockius LLP, Boston, Massachusetts.

Experts

The financial statements of the Acquiring Fund and the Target Funds appearing in the Funds' Annual Report for the year ended October 31, 2014 are incorporated herein. The financial statements

as of and for the year ended October 31, 2014 have been audited by KPMG LLP (KPMG), independent registered public accounting firm, as set forth in their report thereon and incorporated herein. Such financial statements are incorporated herein in reliance upon such report given on the authority of such firm as experts in accounting and auditing. KPMG provides auditing services to the Acquiring Fund and each Target Fund. The principal business address of KPMG is 200 East Randolph Street, Chicago, Illinois 60601. During the fiscal year ended October 31, 2014, the Board of each Fund, upon recommendation of the Audit Committee, engaged KPMG as the independent registered public accounting firm to the Funds, replacing Ernst & Young LLP (Ernst & Young), which resigned as the independent registered public accounting firm effective August 11, 2014, as a result of the subsequently completed acquisition of Nuveen Investments by TIAA-CREF.

Ernst & Young's reports on the Funds for the fiscal years ended prior to October 31, 2014, contained no adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles. For the fiscal years ended prior to October 31, 2014 for the Funds and for the period November 1, 2013 through August 11, 2014, there were no disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures, which disagreements, if not resolved to the satisfaction of Ernst & Young, would have caused it to make reference to the subject matter of the disagreements in connection with its reports on the Funds' financial statements.

GENERAL INFORMATION
Outstanding Shares of the Acquiring Fund and the Target Funds

The following table sets forth the number of outstanding common shares and preferred shares and certain other share information of the Acquiring Fund as of August 24, 2015 and of each Target Fund as of September 10, 2015.

(1) Title of Class	(2) Shares Authorized	(3) Shares Held by Fund for Its Own Account	(4) Shares Outstanding Exclusive of Shares Shown under (3)
Acquiring Fund:			
Common shares	Unlimited		24,646,630
Preferred shares	Unlimited		1,790 (VRDP)
Quality Municipal:			
Common shares	200,000,000		38,406,871
Preferred shares	1,000,000		2,404 (VMTP)
Quality Income:			
Common shares	200,000,000		48,920,182
Preferred shares	1,000,000		3,854 (VRDP)
Municipal Opportunity:			
Common shares	200,000,000		95,610,971
Preferred shares	1,000,000		6,672 (VRDP)

The common shares of the Acquiring Fund are listed and trade on the NYSE MKT under the ticker symbol NVG. The common shares of Quality Municipal, Quality Income and Municipal Opportunity are listed and trade on the NYSE under the ticker symbols NQI, NQU and NIO, respectively. Upon the closing of the Reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE. Neither the VRDP Shares of the Acquiring Fund, Quality Income or Municipal Opportunity nor the VMTP Shares of Quality Municipal are listed on any exchange.

Shareholders of the Acquiring Fund and the Target Funds

As of December 31, 2014, the members of the Board and officers of each Fund as a group owned less than 1% of the total outstanding common shares and less than 1% of the total outstanding preferred shares of such Fund.

Information regarding shareholders or groups of shareholders who beneficially own more than 5% of a class of shares of a Fund is provided below. Information in the table below regarding the number and percentage of shares owned is based on a review of Schedule 13D and 13G filings and amendments made with respect to the Acquiring Fund on or before August 24, 2015 and with respect to each Target Fund on or before September 10, 2015. The estimated pro forma information presented is calculated assuming that outstanding common and preferred shares were as of September 10, 2015 for each Fund.

Fund and Class	Shareholder Name and Address	Number of Shares Owned	Percentage Owned	Estimated Pro Forma Corresponding Class of Combined Fund	All Preferred Shares of Combined Fund
Acquiring Fund					
Common Shares	Karpus Management, Inc. d/b/a Karpus Investment Management 187 Sully s Trail Pittsford, New York 14534	1,337,570	5.02%	0.66%	N/A
Acquiring Fund					
VRDP Shares	Citibank, N.A., Citicorp, Citigroup Inc. ⁽¹⁾ 399 Park Avenue New York, New York 10022	1,790	100.00%	14.53%	12.16%
Quality Municipal					
VMTP Shares	Wells Fargo & Company 420 Montgomery Street San Francisco, California 94104	2,404	100.00%	100.00%	16.33%

(1) Citibank N.A., Citicorp, and Citigroup Inc. filed their Amended Schedule 13G jointly and each owns an equal amount of the number of shares listed above. Typical VRDP Shares are designed to be eligible for purchase by money market funds. However, the Outstanding VRDP Shares of the Acquiring Fund, under the terms established at least for the initial special rate period, currently are not eligible for purchase by money market funds. Based on information provided by the remarketing agents for the VRDP Shares of Quality Income and Municipal Opportunity, money market funds within certain fund complexes may hold, in the aggregate, greater than 5% of the outstanding VRDP Shares of one or both Funds, and individual money market funds within such complexes may beneficially own an indeterminable amount of VRDP Shares exceeding 5% of the outstanding VRDP Shares of one or both Funds. Information with respect to aggregate holdings of VRDP Shares associated with fund complexes identified by the remarketing agents (number of VRDP Shares and percentage of total outstanding) is as follows: Quality Income (Series 1): [] ([] shares ([]%)); Municipal Opportunity (Series 1): [] ([] shares ([]%)). Based on the preferred shares outstanding of the Acquiring Fund as of August 24, 2015 and of each Target Fund as of September 10, 2015, each holder of VRDP Shares listed in the foregoing sentence would own less than []% of the estimated pro forma preferred shares of the combined fund.

Expenses of Proxy Solicitation

Common shareholders will indirectly bear the costs of the Reorganizations, whether or not the Reorganizations are consummated. The cost of preparing, printing and mailing the enclosed proxy, accompanying notice and proxy statement and all other costs in connection with the solicitation of proxies paid by the Funds will be divided pro rata among the Funds based on the projected net benefit and cost savings to each Fund. Additional solicitation may be made by letter or telephone by officers or employees of Nuveen or the Adviser, or by dealers and their representatives. Any additional costs of solicitation will be paid by the Fund that requires additional solicitation.

Shareholder Proposals

To be considered for presentation at the 2016 annual meeting of shareholders of the Funds, a shareholder proposal submitted pursuant to Rule 14a-8 under the Exchange Act must have been received at the offices of the Funds, 333 West Wacker Drive, Chicago, Illinois 60606, not later than March 4,

2016. A shareholder wishing to provide notice in the manner prescribed by Rule 14a-4(c)(1) under the Exchange Act of a proposal submitted outside of the process of Rule 14a-8 must, pursuant to each Fund's by-laws, submit such written notice to the respective Fund by the later of 45 days prior to the 2016 annual meeting or the tenth business day following the date the 2016 annual meeting is first publicly disclosed. Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

The Acquiring Fund expects to hold its 2016 annual meeting of shareholders in August 2016. If all proposals are approved and the Reorganizations are consummated, the Target Funds will cease to exist and will not hold their 2016 annual meetings. If the Reorganizations are not approved or are not consummated, each Target Fund will hold its 2016 annual meeting of shareholders, expected to be held in August 2016.

Shareholder Communications

Fund shareholders who want to communicate with the Board or any individual Board Member should write to the attention of Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606. The letter should indicate that you are a Fund shareholder and note the Fund or Funds that you own. If the communication is intended for a specific Board Member and so indicates, it will be sent only to that Board Member. If a communication does not indicate a specific Board Member it will be sent to the Independent Chairman and the outside counsel to the Independent Board Members for further distribution as deemed appropriate by such persons.

Fiscal Year

The fiscal year end for each Fund is October 31.

Shareholder Report Delivery

Shareholder reports will be sent to shareholders of record of each Fund following each Fund's fiscal year end. Each Fund will furnish, without charge, a copy of its annual report and/or semi-annual report as available upon request. Such written or oral requests should be directed to a Fund at 333 West Wacker Drive, Chicago, Illinois 60606 or by calling 1-800-257-8787.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on November 9, 2015

Each Fund's Proxy Statement is available at <http://www.nuveenproxy.com/Closed-End-Fund-Proxy-Information/>. For more information, shareholders may also contact the applicable Fund at the address and phone number set forth above.

Please note that only one annual report or proxy statement may be delivered to two or more shareholders of a Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual report or proxy statement, or for instructions as to how to request a separate copy of such documents or as to how to request a single copy if multiple copies of such documents are received, shareholders should contact the applicable Fund at the address and phone number set forth above.

Other Information

Management of the Funds does not intend to present and does not have reason to believe that others will present any items of business at the Special Meetings, except as described in this Joint Proxy Statement/Prospectus. However, if other matters are properly presented at the meetings for a vote, the proxies will be voted upon such matters in accordance with the judgment of the persons acting under the proxies.

A list of shareholders of each Fund entitled to be present and to vote at the Special Meetings will be available at the offices of the Funds, 333 West Wacker Drive, Chicago, Illinois, for inspection by any shareholder of the Funds during regular business hours for ten days prior to the date of the Special Meetings.

In the absence of a quorum for a particular matter, business may proceed on any other matter or matters which may properly come before the Special Meeting if there shall be present, in person or by proxy, a quorum of shareholders in respect of such other matters. The chairman of the meeting may, whether or not a quorum is present, propose one or more adjournments of the Special Meeting on behalf of a Fund without further notice to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of the holders of a majority of the shares of the Fund present in person or by proxy and entitled to vote at the session of the Special Meeting to be adjourned.

Broker-dealer firms holding shares in street name for the benefit of their customers and clients will request the instruction of such customers and clients on how to vote their shares on the proposals. A broker-dealer firm that has not received instructions from a customer prior to the date specified in its request for voting instructions may not vote such customer's shares on the proposals described in this Joint Proxy Statement/Prospectus. A signed proxy card or other authorization by a beneficial owner of shares of a Fund that does not specify how the beneficial owner's shares are to be voted on a proposal may be deemed to be an instruction to vote such shares in favor of the proposal.

IF YOU CANNOT BE PRESENT AT THE MEETING, YOU ARE REQUESTED TO FILL IN, SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

Kevin J. McCarthy

Vice President and Secretary

The Nuveen Funds

APPENDIX A

FORM OF AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION (the Agreement) is made as of this [] day of [] 2015, by and among Nuveen Dividend Advantage Municipal Income Fund, a Massachusetts business trust (the Acquiring Fund), and each of Nuveen Quality Municipal Fund, Inc., a Minnesota corporation (Quality Municipal or a Target Fund), Nuveen Quality Income Municipal Fund, Inc., a Minnesota corporation (Quality Income or a Target Fund), and Nuveen Municipal Opportunity Fund, Inc., a Minnesota corporation (Municipal Opportunity or a Target Fund) and, together with Quality Municipal and Quality Income, the Target Funds). The Acquiring Fund and each Target Fund may be referred to herein each as a Fund and collectively as the Funds.

For each Reorganization (as defined below), this Agreement is intended to be, and is adopted as, a plan of reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), and the Treasury Regulations promulgated thereunder. The reorganization of each Target Fund into the Acquiring Fund will consist of (i) the transfer of substantially all of the assets of the Target Fund to the Acquiring Fund in exchange solely for newly issued common shares of beneficial interest, par value \$0.01 per share, of the Acquiring Fund (the Acquiring Fund Common Shares) and, with respect to Quality Municipal, newly issued Variable Rate MuniFund Term Preferred Shares (VMTP Shares) of the Acquiring Fund, with a par value of \$0.01 per share and liquidation preference of \$100,000 per share (the Acquiring Fund VMTP Shares) and, with respect to each of Quality Income and Municipal Opportunity, newly issued Variable Rate Demand Preferred Shares (VRDP Shares) of the Acquiring Fund, with a par value of \$0.01 per share and liquidation preference of \$100,000 per share (the Acquiring Fund VRDP Shares) and, together with the Acquiring Fund VMTP Shares, the Acquiring Fund Preferred Shares and, collectively with the Acquiring Fund VMTP Shares and the Acquiring Fund Common Shares, the Acquiring Fund Shares), and the assumption by the Acquiring Fund of substantially all of the liabilities of the Target Fund; and (ii) the distribution of all of the Acquiring Fund Common Shares and Acquiring Fund VMTP Shares or Acquiring Fund VRDP Shares, as applicable, received by the Target Fund to the holders of common shares and VMTP Shares or VRDP Shares, respectively, of the Target Fund as part of the complete liquidation, dissolution and termination of the Target Fund as provided herein, all upon the terms and conditions set forth in this Agreement (each, a Reorganization and, together, the Reorganizations).

WHEREAS, each Fund is a closed-end, management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), and each Target Fund owns securities that generally are assets of the character in which the Acquiring Fund is permitted to invest;

WHEREAS, the Acquiring Fund is authorized to issue the Acquiring Fund Shares; and

WHEREAS, the Board of Trustees of the Acquiring Fund (the Acquiring Fund Board) has determined that the Reorganizations are in the best interests of the Acquiring Fund and that the interests of the existing shareholders of the Acquiring Fund will not be diluted as a result of the Reorganizations, and the Board of Directors of each Target Fund (each, a Target Fund Board) has determined that the applicable Reorganization is in the best interests of such Target Fund and that the interests of the existing shareholders of such Target Fund will not be diluted as a result of its Reorganization.

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

ARTICLE I

TRANSFER OF ASSETS OF EACH TARGET FUND IN EXCHANGE FOR ACQUIRING FUND SHARES AND THE ASSUMPTION OF THE LIABILITIES OF EACH TARGET FUND AND TERMINATION AND LIQUIDATION OF EACH TARGET FUND

1.1 **THE EXCHANGE.** Subject to the terms and conditions contained herein and on the basis of the representations and warranties contained herein, each Target Fund agrees to transfer substantially all of its assets, as set forth in Section 1.2, to the Acquiring Fund. In consideration therefor, the Acquiring Fund agrees (i) to issue and deliver to such Target Fund (A) the number of Acquiring Fund Common Shares computed in the manner set forth in Section 2.3, and (B) the same number of Acquiring Fund VMTP Shares or Acquiring Fund VRDP Shares, as applicable, as the number of VMTP Shares or VRDP Shares of such Target Fund outstanding immediately prior to the Closing (as defined in this Section 1.1) (less any VMTP Shares or VRDP Shares of such Target Fund with respect to which Dissenters' Rights, as defined in Section 1.2, have been properly exercised) and having substantially identical terms as the VMTP Shares or substantially similar terms as the VRDP Shares of the Target Fund, as applicable, as of the Closing (as defined below), and (ii) to assume substantially all of the liabilities of such Target Fund, if any, as set forth in Section 1.3. The Acquiring Fund Preferred Shares to be issued to each Target Fund will consist of a separate series, as set forth in Exhibit A hereto, and such series will (i) have equal priority with each other and with any other outstanding preferred shares of the Acquiring Fund as to the payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund; and (ii) have, along with any other outstanding preferred shares of the Acquiring Fund, preference with respect to the payment of dividends and as to the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund over the common shares of the Acquiring Fund. With respect to each Reorganization, the foregoing transactions will take place at the closing provided for in Section 3.1 (the "Closing").

1.2 **ASSETS TO BE TRANSFERRED.** Each Target Fund will transfer all of its assets to the Acquiring Fund, including, without limitation, cash, securities, commodities, interests in futures, dividends or interest receivables owned by the Target Fund and any deferred or prepaid expenses shown as an asset on the books of the Target Fund as of the Closing, except that the Target Fund will retain assets sufficient to pay the preferred share dividends as set forth in Section 1.4, the dividend or dividends set forth in Section 8.5 and all liabilities (whether absolute, accrued, contingent or otherwise) as such Target Fund's Board of Directors or its officers reasonably expect to exist against such Target Fund as a result of the exercise of dissenters' rights under Minnesota law ("Dissenters' Rights").

Each Target Fund will, within a reasonable period of time before the Closing Date, furnish the Acquiring Fund with a list of such Target Fund's portfolio securities and other investments. The Acquiring Fund will, within a reasonable period of time before the Closing Date, identify the securities, if any, on each Target Fund's list referred to in the foregoing sentence that do not conform to the Acquiring Fund's investment objective, policies or restrictions and will notify each Target Fund accordingly. Each Target Fund, if requested by the Acquiring Fund, will dispose of such non-conforming securities identified by the Acquiring Fund before the Closing Date. In addition, if it is determined that the portfolios of the Target Funds and the Acquiring Fund, when aggregated, would

contain investments exceeding certain percentage limitations applicable to the Acquiring Fund with respect to such investments, the Target Fund(s) holding such securities, if requested by the Acquiring Fund, will dispose of a sufficient amount of such investments as may be necessary to avoid violating such limitations as of the Closing; *provided, however*, that if more than one of the Target Funds hold such securities, the Acquiring Fund will apportion all such sales between the applicable Target Funds in a reasonable manner. Notwithstanding the foregoing, nothing herein will require any Target Fund to dispose of any investments or securities if, in the reasonable judgment of the applicable Target Fund Board or Nuveen Fund Advisors, LLC, the investment adviser to the Funds (the Adviser), such disposition would adversely affect the status of such Target Fund's Reorganization as a reorganization, as such term is used in Section 368(a) of the Code, or would otherwise not be in the best interests of such Target Fund.

1.3 LIABILITIES TO BE ASSUMED. Each Target Fund will endeavor to discharge all of its known liabilities and obligations to the extent possible before the Closing Date, except for the preferred share dividends set forth in Section 1.4 and the dividend(s) set forth in Section 8.5. Notwithstanding the foregoing, the liabilities not so discharged will be assumed by the Acquiring Fund, which assumed liabilities will include all of each Target Fund's liabilities, debts, obligations, and duties of whatever kind or nature, whether absolute, accrued, contingent, or otherwise, whether or not arising in the ordinary course of business, whether or not determinable at the Closing, and whether or not specifically referred to in this Agreement, provided that the Acquiring Fund will not assume any liabilities with respect to the preferred share dividends set forth in Section 1.4, the dividend or dividends set forth in Section 8.5, or any liabilities relating to the exercise of Dissenters' Rights by holders of VMTP Shares of Quality Municipal or VRDP Shares of Quality Income or Municipal Opportunity.

1.4 DECLARATION OF PREFERRED SHARE DIVIDENDS. Dividends will accumulate on the existing VMTP Shares or VRDP Shares of a Target Fund, as applicable, up to and including the day immediately preceding the Closing Date and then cease to accumulate, and dividends on the Acquiring Fund Preferred Shares will accumulate from and including the Closing Date. Prior to the Valuation Time (as defined in Section 2.1), each Target Fund will declare all accumulated but unpaid dividends on its VMTP Shares or VRDP Shares, as applicable, up to and including the day immediately preceding the Closing Date. With respect to the existing VMTP Shares of Quality Municipal, such dividends will be paid on the dividend payment date in respect of the first dividend period of the Acquiring Fund VMTP Shares for which such VMTP Shares of Quality Municipal were exchanged to the holders thereof as of the day immediately preceding the Closing Date. With respect to the existing VRDP Shares of Quality Income and Municipal Opportunity, such dividends will be paid on the Closing Date to holders thereof as of the day immediately preceding the Closing Date. Each Target Fund will retain assets in an amount sufficient to pay the dividends declared by it pursuant to this Section 1.4, and such assets will not be transferred to the Acquiring Fund on the Closing Date.

1.5 LIQUIDATION AND DISTRIBUTION. On or as soon after the Closing Date as is practicable, but in no event later than 12 months after the Closing Date (the Liquidation Date), (a) each Target Fund will distribute in complete liquidation of such Target Fund, (i) pro rata to its common shareholders of record (the Target Fund Common Shareholders), as of the time of such distribution, all of the Acquiring Fund Common Shares received by such Target Fund pursuant to Section 1.1 (together with any dividends declared with respect thereto to holders of record as of a time after the Valuation Time and payable prior to the Liquidation Date (Interim Dividends)) and (ii) to its preferred shareholders of record (Target Fund Preferred Shareholders) and, together with Target

Fund Common Shareholders, the Target Fund Shareholders), as of the time of such distribution, other than such holders of VMTP Shares of Quality Municipal or VRDP Shares of Quality Income or Municipal Opportunity who have properly exercised Dissenters Rights with respect to the applicable Target Fund s Reorganization, one Acquiring Fund VMTP Share or Acquiring Fund VRDP Share, as applicable, received by such Target Fund (together with any Interim Dividends) in exchange for each VMTP Share or VRDP Share of the Target Fund held by such Target Fund Preferred Shareholder immediately prior to the Closing; and (b) each Target Fund will thereupon proceed to dissolve and terminate as set forth in Section 1.8 below. Such distributions will be accomplished by the transfer of the Acquiring Fund Shares then credited to the account of each Target Fund on the books of the Acquiring Fund to open accounts on the share records of the Acquiring Fund in the names of Target Fund Shareholders and representing, in the case of a Target Fund Common Shareholder, such shareholder s pro rata share of the Acquiring Fund Common Shares received by such Target Fund and, in the case of a Target Fund Preferred Shareholder, the same number of Acquiring Fund VMTP Shares or Acquiring Fund VRDP Shares, as applicable, as the number of VMTP Shares or VRDP Shares of the Target Fund held by such Target Fund Preferred Shareholder immediately prior to the Closing, and by paying to Target Fund Shareholders any Interim Dividends on such transferred shares. All issued and outstanding common and preferred shares of each Target Fund, including, without limitation, any VMTP Shares of Quality Municipal or VRDP Shares of Quality Income or Municipal Opportunity with respect to which Dissenters Rights have been properly exercised, simultaneously will be canceled on the books of the Target Fund. The Acquiring Fund will not issue certificates representing Acquiring Fund Shares in connection with such transfers, except for any global certificate or certificates required by a securities depository in connection with the establishment of book-entry ownership of the shares.

1.6 OWNERSHIP OF SHARES. Ownership of Acquiring Fund Shares will be shown on the books of the Acquiring Fund s transfer agent.

1.7 TRANSFER TAXES. Any transfer taxes payable upon the issuance of Acquiring Fund Shares in a name other than the registered holder of a Target Fund s common shares or preferred shares on the books of such Target Fund as of that time will, as a condition of such issuance and transfer, be paid by the person to whom such Acquiring Fund Shares are to be issued and transferred.

1.8 TERMINATION. Each Target Fund will completely liquidate and be dissolved, terminated and have its affairs wound up in accordance with Minnesota state law promptly following the Closing and the payment of all dividends and distributions pursuant to, as applicable, Section 1.4, Section 1.5 and Section 8.5.

1.9 REPORTING. Any reporting responsibility of a Target Fund, including, without limitation, the responsibility for filing regulatory reports, tax returns or other documents with the Securities and Exchange Commission (the Commission), the exchange on which such Target Fund s common shares are listed or any state securities commission and any federal, state or local tax authorities or any other relevant regulatory authority, is and will remain the responsibility of such Target Fund.

1.10 BOOKS AND RECORDS. All books and records of each Target Fund, including all books and records required to be maintained under the 1940 Act and the rules and regulations thereunder, will be available to the Acquiring Fund from and after the Closing Date and will be turned over to the Acquiring Fund as soon as practicable following the Closing.

ARTICLE II

VALUATION

2.1 **VALUATION OF ASSETS.** The value of the net assets of each Target Fund will be the value of its assets, less its liabilities, computed as of the close of regular trading on the New York Stock Exchange on the business day immediately prior to the Closing Date (such time and date being hereinafter called the Valuation Time), using the valuation procedures of the Nuveen closed-end funds adopted by the applicable Target Fund Board or such other valuation procedures as may be mutually agreed upon by the parties. The value of each Target Fund's net assets will be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all outstanding preferred shares of such Target Fund.

2.2 **VALUATION OF SHARES.** The net asset value per Acquiring Fund Common Share will be computed as of the Valuation Time, using the valuation procedures of the Nuveen closed-end funds adopted by the Acquiring Fund Board or such other valuation procedures as may be mutually agreed upon by the parties. The value of the Acquiring Fund's net assets will be calculated net of the liquidation preference (including accumulated and unpaid dividends) of all outstanding preferred shares of the Acquiring Fund.

2.3 **COMMON SHARES TO BE ISSUED.** The number of Acquiring Fund Common Shares to be issued in exchange for a Target Fund's assets transferred to the Acquiring Fund will be determined by dividing the value of such assets transferred to the Acquiring Fund (net of the liabilities of such Target Fund that are assumed by the Acquiring Fund), determined in accordance with Section 2.1, by the net asset value of an Acquiring Fund Common Share, determined in accordance with Section 2.2. No fractional Acquiring Fund Common Shares will be distributed to Target Fund Common Shareholders and, in lieu of any such fractional shares, Target Fund Common Shareholders will receive cash. The aggregate net asset value of Acquiring Fund Common Shares received by each Target Fund in a Reorganization will equal, as of the Valuation Time, the aggregate net asset value of the Target Fund's common shares held by Target Fund Common Shareholders as of such time. In the event there are fractional Acquiring Fund Common Shares due Target Fund Common Shareholders after a Target Fund's assets have been exchanged for Acquiring Fund Common Shares, the Acquiring Fund's transfer agent will aggregate all such fractional common shares and sell the resulting whole on the exchange on which such shares are listed for the account of all such Target Fund Common Shareholders, and each such Target Fund Common Shareholder will be entitled to a pro rata share of the proceeds from such sale. With respect to the aggregation and sale of fractional common shares, the Acquiring Fund's transfer agent will act directly on behalf of the Target Fund Common Shareholders entitled to receive fractional shares and will accumulate such fractional shares, sell the shares and distribute the cash proceeds net of brokerage commissions, if any, directly to the Target Fund Common Shareholders entitled to receive the fractional shares (without interest and subject to withholding taxes).

2.4 **EFFECT OF SUSPENSION IN TRADING.** In the event that at the Valuation Time an accurate appraisal of the value of the net assets of the Acquiring Fund or a Target Fund is impracticable due to either (a) the closure of, or the imposition of a trading restriction on, the exchange on which shares of a Fund are listed or another exchange on which the portfolio securities of the Acquiring Fund or a Target Fund are purchased or sold; or (b) a disruption in trading or the reporting of trading on the exchange on which shares of a Fund are listed or elsewhere, the Closing Date will be postponed until at least the first business day after the day on which trading is fully resumed and/or reporting is restored or such later time as the parties may agree pursuant to Section 3.1.

2.5 COMPUTATIONS OF NET ASSETS. All computations of net asset value in this Article II will be made by or under the direction of State Street Bank and Trust Company (State Street) in accordance with its regular practice as custodian of the Funds.

ARTICLE III

CLOSING AND CLOSING DATE

3.1 CLOSING DATE. Each Closing will occur on December 7, 2015, or such other date as the parties may agree (the Closing Date). Unless otherwise provided, all acts taking place at the Closing will be deemed to take place as of 7:59 a.m., Central time, on the Closing Date. Each Closing will be held as of 7:59 a.m., Central time, at the offices of Vedder Price P.C. in Chicago, Illinois, or at such other time and/or place as the parties may agree.

3.2 CUSTODIAN S CERTIFICATE. Each Target Fund will cause State Street, as custodian for such Target Fund, to deliver to the Acquiring Fund at the Closing a certificate of an authorized officer stating that the Target Fund s portfolio securities, cash and any other assets have been delivered in proper form to the Acquiring Fund on the Closing Date.

3.3 CERTIFICATES OF TRANSFER AGENT AND TENDER AND PAYING AGENT.

(a) With respect to its common shares and, for Quality Municipal, with respect to its VMTP Shares, each Target Fund will issue and deliver, or cause State Street, in its capacity as transfer agent with respect to common shares and VMTP Shares, to issue and deliver to the Acquiring Fund at the Closing a certificate of an authorized officer stating that its records contain the names and addresses of all holders of common shares and, for Quality Municipal, VMTP Shares of such Target Fund and the number and percentage ownership of outstanding common shares and, for Quality Municipal, VMTP Shares owned by each such Target Fund Shareholder immediately prior to the Closing. With respect to its VRDP Shares, each of Quality Income and Municipal Opportunity will issue and deliver, or cause The Bank of New York Mellon, in its capacity as tender and paying agent with respect to VRDP Shares, to issue and deliver to the Acquiring Fund at the Closing a certificate of an authorized officer stating that its records contain the names and addresses of all holders of VRDP Shares of such Target Fund and the number and percentage ownership of outstanding VRDP Shares owned by each such Target Fund Preferred Shareholder immediately prior to the Closing.

(b) The Acquiring Fund will issue and deliver, or cause State Street, in its capacity as transfer agent with respect to common shares and VMTP Shares, and The Bank of New York Mellon, in its capacity as tender and paying agent with respect to VRDP Shares, to issue and deliver to the Secretary of each Target Fund a confirmation evidencing the Acquiring Fund Shares to be credited on the Closing Date to such Target Fund or provide evidence satisfactory to each Target Fund that such Acquiring Fund Shares have been credited to each Target Fund s account on the books of the Acquiring Fund.

3.4 DELIVERY OF ADDITIONAL ITEMS. At the Closing, each party will deliver to the other parties such bills of sale, checks, assignments, share certificates, receipts and other documents, if any, as such other parties or their counsel may reasonably request to effect the transactions contemplated by this Agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

- 4.1 **REPRESENTATIONS OF EACH TARGET FUND.** Each Target Fund represents and warrants solely on its own behalf with respect to its Reorganization as follows:
- (a) The Target Fund is a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota.
 - (b) The Target Fund is registered as a closed-end management investment company under the 1940 Act, and such registration is in full force and effect.
 - (c) The Target Fund is not, and the execution, delivery and performance of this Agreement (subject to shareholder approval and compliance with the other provisions hereof) will not result, in violation of any provision of the Target Fund's Articles of Incorporation, By-Laws, Statement Establishing and Fixing the Rights and Preferences of Variable Rate MuniFund Term Preferred Shares (Target Fund VMTP Statement) or Statement Establishing and Fixing the Rights and Preferences of Variable Rate Demand Preferred Shares (Target Fund VRDP Statement), as applicable, or of any material agreement, indenture, instrument, contract, lease or other undertaking to which the Target Fund is a party or by which it is bound.
 - (d) Except as otherwise disclosed in writing to and accepted by the Acquiring Fund, the Target Fund has no material contracts or other commitments that will be terminated with liability to it on or before the Closing Date.
 - (e) No litigation, administrative proceeding or investigation of or before any court or governmental body currently is pending or to its knowledge threatened against the Target Fund or any of its properties or assets, which, if adversely determined, would materially and adversely affect its financial condition, the conduct of its business or the ability of the Target Fund to carry out the transactions contemplated by this Agreement. The Target Fund knows of no facts that might form the basis for the institution of such proceedings and is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body that materially and adversely affects its business or its ability to consummate the transactions contemplated herein.
 - (f) The financial statements of the Target Fund as of October 31, 2014, and for the fiscal year then ended, have been prepared in accordance with generally accepted accounting principles in the United States of America and have been audited by independent auditors, and such statements (copies of which have been furnished to the Acquiring Fund) fairly reflect the financial condition of the Target Fund as of October 31, 2014, and there are no known contingent liabilities of the Target Fund as of such date that are not disclosed in such statements.
 - (g) The unaudited semi-annual financial statements of the Target Fund as of April 30, 2015, and for the six-month period then ended, have been prepared in accordance with generally accepted accounting principles in the United States of America, and such statements (copies of which have been furnished to the Acquiring Fund) fairly reflect the financial condition of the Target Fund as of April 30, 2015, and there are no known contingent liabilities of the Target Fund as of such date that are not disclosed in such statements.

- (h) Since the date of the financial statements referred to in subsection (g) above, there have been no material adverse changes in the Target Fund's financial condition, assets, liabilities or business (other than changes occurring in the ordinary course of business), and there are no known contingent liabilities of the Target Fund that have arisen after such date. For the purposes of this subsection (h), a decline in the net asset value of the Target Fund will not constitute a material adverse change.
- (i) All federal, state, local and other tax returns and reports of the Target Fund required by law to be filed by it (taking into account permitted extensions for filing) have been timely filed and are complete and correct in all material respects. All federal, state, local and other taxes of the Target Fund required to be paid (whether or not shown on any such return or report) have been paid, or provision will have been made for the payment thereof, and any such unpaid taxes, as of the date of the financial statements referred to above, are properly reflected thereon. To the best of the Target Fund's knowledge, no tax authority is currently auditing or preparing to audit the Target Fund, and no assessment for taxes, interest, additions to tax or penalties has been asserted against the Target Fund.
- (j) The authorized capital of the Target Fund consists of the shares set forth in Exhibit B hereto. All issued and outstanding shares of the Target Fund are duly and validly issued, fully paid and non-assessable by the Target Fund. All of the issued and outstanding shares of the Target Fund will, at the time of the Closing, be held by the persons and in the amounts set forth in the records of the Target Fund's transfer agent or tender and paying agent, as applicable, as provided in Section 3.3. The Target Fund has no outstanding options, warrants or other rights to subscribe for or purchase any shares of the Target Fund and has no outstanding securities convertible into shares of the Target Fund.
- (k) At the Closing, the Target Fund will have good and marketable title to the Target Fund's assets to be transferred to the Acquiring Fund pursuant to Section 1.2, and full right, power and authority to sell, assign, transfer and deliver such assets, and the Acquiring Fund will acquire good and marketable title thereto, subject to no restrictions on the full transfer thereof, including such restrictions as might arise under the Securities Act of 1933, as amended (the "1933 Act"), except those restrictions as to which the Acquiring Fund has received notice and necessary documentation at or prior to the Closing.
- (l) The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Target Fund, including the determinations of the Target Fund Board required by Rule 17a-8(a) under the 1940 Act. Subject to approval by shareholders, this Agreement constitutes a valid and binding obligation of the Target Fund, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights and to general equity principles.
- (m) The information to be furnished by the Target Fund for use in any no-action letters, applications for orders, registration statements, proxy materials and other documents that may be necessary in connection with the transactions contemplated herein will be accurate and complete in all material respects and will comply in all material respects with the requirements of the federal securities laws and other laws and regulations.
- (n) From the effective date of the Registration Statement (as defined in Section 5.7) through the time of the meeting of shareholders and on the Closing Date, any written information

furnished by the Target Fund with respect to the Target Fund for use in the Proxy Materials (as defined in Section 5.7), or any other materials provided in connection with the Target Fund's Reorganization, does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated or necessary to make the statements, in light of the circumstances under which such statements were made, not misleading.

(o) For each taxable year of its operations (including the taxable year ending on the Closing Date), the Target Fund (i) has elected to qualify, and has qualified or will qualify (in the case of the short taxable year ending on the Closing Date), as a regulated investment company under the Code (a RIC); (ii) has been eligible to compute and has computed its federal income tax under Section 852 of the Code, and on or prior to the Closing Date will have declared a distribution with respect to all of its investment company taxable income (determined without regard to the deduction for dividends paid), the excess of its interest income excludible from gross income under Section 103(a) of the Code over its deductions disallowed under Sections 265 and 171(a)(2) of the Code and its net capital gain (as such terms are defined in the Code) that has accrued or will accrue on or prior to the Closing Date; and (iii) has been, and will be (in the case of the short taxable year ending on the Closing Date), treated as a separate corporation for federal income tax purposes.

4.2 REPRESENTATIONS OF THE ACQUIRING FUND. The Acquiring Fund represents and warrants as follows:

(a) The Acquiring Fund is a business trust duly organized, validly existing and in good standing under the laws of the Commonwealth of Massachusetts.

(b) The Acquiring Fund is registered as a closed-end management investment company under the 1940 Act, and such registration is in full force and effect.

(c) The Acquiring Fund is not, and the execution, delivery and performance of this Agreement (subject to shareholder approval and compliance with the other provisions hereof) will not result, in violation of the Acquiring Fund's Declaration of Trust, By-Laws, Statement Establishing and Fixing the Rights and Preferences of Variable Rate Demand Preferred Shares (Acquiring Fund VRDP Statement) or any material agreement, indenture, instrument, contract, lease or other undertaking to which the Acquiring Fund is a party or by which it is bound.

(d) No litigation, administrative proceeding or investigation of or before any court or governmental body currently is pending or to its knowledge threatened against the Acquiring Fund or any of its properties or assets, which, if adversely determined, would materially and adversely affect its financial condition, the conduct of its business or the ability of the Acquiring Fund to carry out the transactions contemplated by this Agreement. The Acquiring Fund knows of no facts that might form the basis for the institution of such proceedings and it is not a party to or subject to the provisions of any order, decree or judgment of any court or governmental body that materially and adversely affects its business or its ability to consummate the transactions contemplated herein.

(e) The financial statements of the Acquiring Fund as of October 31, 2014, and for the fiscal year then ended, have been prepared in accordance with generally accepted accounting principles in the United States of America and have been audited by independent auditors, and such statements (copies of which have been furnished to each Target Fund) fairly reflect the financial condition of the Acquiring Fund as of October 31, 2014, and there are no known contingent liabilities of the Acquiring Fund as of such date that are not disclosed in such statements.

- (f) The unaudited semi-annual financial statements of the Acquiring Fund as of April 30, 2015, and for the six-month period then ended, have been prepared in accordance with generally accepted accounting principles in the United States of America. and such statements (copies of which have been furnished to each Target Fund) fairly reflect the financial condition of the Acquiring Fund as of April 30, 2015, and there are no known contingent liabilities of the Acquiring Fund as of such date that are not disclosed in such statements.
- (g) Since the date of the financial statements referred to in subsection (f) above, there have been no material adverse changes in the Acquiring Fund's financial condition, assets, liabilities or business (other than changes occurring in the ordinary course of business), and there are no known contingent liabilities of the Acquiring Fund that have arisen after such date. For the purposes of this subsection (g), a decline in the net asset value of the Acquiring Fund will not constitute a material adverse change.
- (h) All federal, state, local and other tax returns and reports of the Acquiring Fund required by law to be filed by it (taking into account permitted extensions for filing) have been timely filed and are complete and correct in all material respects. All federal, state, local and other taxes of the Acquiring Fund required to be paid (whether or not shown on any such return or report) have been paid, or provision will have been made for the payment thereof, and any such unpaid taxes, as of the date of the financial statements referred to above, are properly reflected thereon. To the best of the Acquiring Fund's knowledge, no tax authority is currently auditing or preparing to audit the Acquiring Fund, and no assessment for taxes, interest, additions to tax or penalties has been asserted against the Acquiring Fund.
- (i) The authorized capital of the Acquiring Fund consists of an unlimited number of common and preferred shares of beneficial interest, par value \$0.01 per share. All of the issued and outstanding shares of the Acquiring Fund are duly and validly issued, fully paid and non-assessable by the Acquiring Fund (recognizing that under Massachusetts law, Acquiring Fund shareholders, under certain circumstances, could be held personally liable for the obligations of the Acquiring Fund). The Acquiring Fund has no outstanding options, warrants or other rights to subscribe for or purchase any shares of the Acquiring Fund and has no outstanding securities convertible into shares of the Acquiring Fund.
- (j) The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of the Acquiring Fund, including the determinations of the Acquiring Fund Board required pursuant to Rule 17a-8(a) under the 1940 Act. Subject to approval by shareholders, this Agreement constitutes a valid and binding obligation of the Acquiring Fund, enforceable in accordance with its terms, subject as to enforcement to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights and to general equity principles.
- (k) The Acquiring Fund Shares to be issued and delivered to each Target Fund for the account of Target Fund Shareholders pursuant to the terms of this Agreement will, at the Closing, have been duly authorized. When so issued and delivered, such Acquiring Fund Shares will be duly and validly issued shares of the Acquiring Fund and will be fully paid and non-assessable by the Acquiring Fund (recognizing that under Massachusetts law, Acquiring Fund shareholders, under certain circumstances, could be held personally liable for the obligations of the Acquiring Fund).

(l) The information to be furnished by the Acquiring Fund for use in any no-action letters, applications for orders, registration statements, proxy materials and other documents that may be necessary in connection with the transactions contemplated herein will be accurate and complete in all material respects and will comply in all material respects with the requirements of the federal securities laws and other laws and regulations.

(m) From the effective date of the Registration Statement (as defined in Section 5.7) through the time of the meeting of shareholders and on the Closing Date, any written information furnished by the Acquiring Fund with respect to the Acquiring Fund for use in the Proxy Materials (as defined in Section 5.7), or any other materials provided in connection with the Reorganizations, does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated or necessary to make the statements, in light of the circumstances under which such statements were made, not misleading.

(n) For each taxable year of its operations, including the taxable year that includes the Closing Date, the Acquiring Fund (i) has elected to qualify, has qualified or will qualify (in the case of the year that includes the Closing Date) and intends to continue to qualify as a RIC under the Code; (ii) has been eligible to and has computed its federal income tax under Section 852 of the Code, and will do so for the taxable year that includes the Closing Date; and (iii) has been, and will be (in the case of the taxable year that includes the Closing Date), treated as a separate corporation for federal income tax purposes.

(o) The Acquiring Fund agrees to use all reasonable efforts to obtain the approvals and authorizations required by the 1933 Act, the 1940 Act and any state securities laws as it may deem appropriate in order to continue its operations after the Closing Date.

ARTICLE V

COVENANTS OF THE FUNDS

5.1 OPERATION IN ORDINARY COURSE. Subject to Sections 1.2, 1.4 and 8.5, the Acquiring Fund and each Target Fund will operate their respective business in the ordinary course from the date of this Agreement through the Closing, it being understood that such ordinary course of business will include customary dividends and distributions and any other distributions necessary or desirable to avoid federal income or excise taxes.

5.2 APPROVAL OF SHAREHOLDERS. The Acquiring Fund and each Target Fund will call meetings of their respective shareholders to consider and act upon this Agreement and to take all other appropriate action necessary to obtain approval of the transactions contemplated herein.

5.3 INVESTMENT REPRESENTATION. Each Target Fund covenants that the Acquiring Fund Shares to be issued pursuant to this Agreement are not being acquired for the purpose of making any distribution other than in connection with such Target Fund's Reorganization and in accordance with the terms of this Agreement.

5.4 ADDITIONAL INFORMATION. Each Target Fund will assist the Acquiring Fund in obtaining such information as the Acquiring Fund reasonably requests concerning the beneficial ownership of the Target Fund's shares. Each Target Fund will notify the Acquiring Fund promptly upon the exercise of any Dissenters' Rights.

5.5 **FURTHER ACTION.** Subject to the provisions of this Agreement, each Fund will take or cause to be taken all action, and do or cause to be done all things, reasonably necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement, including any actions required to be taken after the Closing.

5.6 **STATEMENT OF EARNINGS AND PROFITS.** As promptly as practicable, but in any case within 60 days, after the Closing Date, each Target Fund will furnish the Acquiring Fund, in such form as is reasonably satisfactory to the Acquiring Fund and which will be certified by such Target Fund's Controller, a statement of the earnings and profits of the Target Fund for federal income tax purposes, as well as any net operating loss carryovers and capital loss carryovers that will be carried over to the Acquiring Fund pursuant to Section 381 of the Code.

5.7 **PREPARATION OF REGISTRATION STATEMENT AND PROXY MATERIALS.** The Funds will prepare and file with the Commission one or more registration statements on Form N-14 relating to the Acquiring Fund Common Shares to be issued to Target Fund Common Shareholders and related matters (the **Registration Statement**), one or more proxy statements relating to the Acquiring Fund VMTP Shares to be issued to the Target Fund Preferred Shareholders of Quality Municipal and related matters (the **VMTP Proxy Statement** or a **Proxy Statement**) and one or more proxy statements relating to the Acquiring Fund VRDP Shares to be issued to the Target Fund Preferred Shareholders of Quality Income and Municipal Opportunity and related matters (the **VRDP Proxy Statement** or a **Proxy Statement**). Each Registration Statement will include a proxy statement of the Funds and a prospectus of the Acquiring Fund relating to the transactions contemplated by this Agreement, as applicable (the **Joint Proxy Statement/Prospectus**). Each Registration Statement and Proxy Statement will be in compliance with the 1933 Act, the Securities Exchange Act of 1934, as amended, and the 1940 Act, as applicable. Each party will provide the other party with the materials and information necessary to prepare the proxy statements and related materials (the **Proxy Materials**), for inclusion therein, in connection with the meetings of the Funds' shareholders to consider the approval of this Agreement and the transactions contemplated herein.

5.8 **TAX STATUS OF REORGANIZATIONS.** The intention of the parties is that each Reorganization will qualify as a reorganization within the meaning of Section 368(a) of the Code. None of the Target Funds or the Acquiring Fund will take any action, or cause any action to be taken (including, without limitation, the filing of any tax return), that is inconsistent with such treatment or that results in the failure of the transactions to qualify as reorganizations within the meaning of Section 368(a) of the Code. At or prior to the Closing, the parties to this Agreement will take such action, or cause such action to be taken, as is reasonably necessary to enable counsel to render the tax opinions contemplated in Section 8.8.

ARTICLE VI

CONDITION PRECEDENT TO OBLIGATIONS OF EACH TARGET FUND

The obligations of each Target Fund to consummate the transactions provided for herein will be subject to the fulfillment or waiver of the following condition:

6.1 All representations, covenants and warranties of the Acquiring Fund contained in this Agreement will be true and correct in all material respects as of the date hereof and as of the Closing.

with the same force and effect as if made on and as of the Closing. The Acquiring Fund will have delivered to each Target Fund a certificate executed in the Acquiring Fund's name by the Acquiring Fund's (i) Chief Administrative Officer or Vice President and (ii) Controller, in form and substance satisfactory to each Target Fund and dated as of the Closing Date, to such effect and as to such other matters as each Target Fund may reasonably request.

ARTICLE VII

CONDITIONS PRECEDENT TO OBLIGATIONS OF THE ACQUIRING FUND

The obligations of the Acquiring Fund to consummate the transactions provided for herein will be subject to the fulfillment or waiver of the following conditions:

7.1 All representations, covenants and warranties of each Target Fund contained in this Agreement will be true and correct in all material respects as of the date hereof and as of the Closing, with the same force and effect as if made on and as of the Closing. Each Target Fund will have delivered to the Acquiring Fund on the Closing Date a certificate executed in the Target Fund's name by the Target Fund's (i) Chief Administrative Officer or Vice President and (ii) Controller, in form and substance satisfactory to the Acquiring Fund and dated as of the Closing Date, to such effect and as to such other matters as the Acquiring Fund may reasonably request.

7.2 Each Target Fund will have delivered to the Acquiring Fund a statement of the Target Fund's assets and liabilities, together with a list of the Target Fund's portfolio securities showing the tax basis of such securities by lot and the holding periods of such securities, as of the Closing, certified by the Controller of the Target Fund.

7.3 Prior to the Valuation Time, each Target Fund will have declared the dividends and/or distributions contemplated by Section 1.4 and Section 8.5.

ARTICLE VIII

FURTHER CONDITIONS PRECEDENT

The obligations of each Target Fund and the Acquiring Fund hereunder will also be subject to the fulfillment or waiver of the following conditions:

8.1 This Agreement and the transactions contemplated herein will have been approved by the requisite vote of the holders of the outstanding common and preferred shares of each Target Fund in accordance with applicable law and the provisions of each Target Fund's Articles of Incorporation, By-Laws and Target Fund VMTP Statement or Target Fund VRDP Statement, as applicable. In addition, this Agreement, the issuance of Acquiring Fund Shares and the transactions contemplated herein, will have been approved by the requisite votes of the holders of the outstanding common and preferred shares of the Acquiring Fund in accordance with applicable law, the requirements of any applicable national securities exchange(s) and the provisions of the Acquiring Fund's Declaration of Trust, By-Laws and Acquiring Fund VRDP Statement.

8.2 As of the Closing Date, the Commission will not have issued an unfavorable report under Section 25(b) of the 1940 Act, or instituted any proceeding seeking to enjoin the consummation of the transactions contemplated by this Agreement under Section 25(c) of the 1940 Act. Furthermore, no action, suit or other proceeding will be threatened or pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with, this Agreement or the transactions contemplated herein.

8.3 All consents, orders and permits of federal, state and local regulatory authorities (including those of the Commission and of state securities authorities, including any necessary no-action positions and exemptive orders from such federal and state authorities) to permit consummation of the transactions contemplated herein will have been obtained or made. All notices to, or consents, or waivers from, other persons, including without limitation holders of preferred shares or liquidity providers with respect to preferred shares, or other actions necessary to permit consummation of the transactions contemplated herein will have been obtained or made.

8.4 The Registration Statement will have become effective under the 1933 Act, and no stop orders suspending the effectiveness thereof will have been issued. To the best knowledge of the parties to this Agreement, no investigation or proceeding for that purpose will have been instituted or be pending, threatened or contemplated under the 1933 Act.

8.5 Each Target Fund will have declared, prior to the Valuation Time, a dividend or dividends that, together with all previous such dividends, will have the effect of distributing to its shareholders at least all of the Target Fund's investment company taxable income for all taxable periods ending on or before the Closing Date (computed without regard to any deduction for dividends paid), if any, plus the excess of its interest income excludible from gross income under Section 103(a) of the Code, if any, over its deductions disallowed under Sections 265 and 171(a)(2) of the Code for all taxable periods ending on or before the Closing Date and all of its net capital gains realized in all taxable periods ending on or before the Closing Date (after reduction for any available capital loss carryforward).

8.6 The Target Funds will have received on the Closing Date an opinion from Vedder Price P.C. dated as of the Closing Date substantially to the effect that:

- (a) The Acquiring Fund has been formed as a voluntary association with transferable shares of beneficial interest commonly referred to as a Massachusetts business trust, and is existing under the laws of the Commonwealth of Massachusetts and, to such counsel's knowledge, has the power as a business trust to carry on its business as currently conducted as described in the definitive Joint Proxy Statement/Prospectus as filed with the Commission pursuant to Rule 497 under the 1933 Act.
- (b) The Acquiring Fund is registered as a closed-end management investment company under the 1940 Act, and, to such counsel's knowledge, such registration under the 1940 Act is in full force and effect.
- (c) Assuming that the Acquiring Fund Shares will be issued in accordance with the terms of this Agreement, the Acquiring Fund Shares to be issued and delivered to each Target Fund on behalf of its Target Fund Shareholders as provided by this Agreement are duly authorized and, upon such delivery, will be validly issued and fully paid and non-assessable by the Acquiring Fund, except that, as described in the definitive Joint Proxy Statement/Prospectus as filed with the Commission pursuant to

Rule 497 under the 1933 Act, shareholders of the Acquiring Fund may, under certain circumstances, be held personally liable for its obligations under Massachusetts law, and no shareholder of the Acquiring Fund has, as such holder, any preemptive rights to acquire, purchase or subscribe for any securities of the Acquiring Fund under the Acquiring Fund's Declaration of Trust, By-Laws or Massachusetts law.

(d) The Registration Statement is effective and, to such counsel's knowledge, no stop order under the 1933 Act pertaining thereto has been issued.

(e) To the knowledge of such counsel, no consent, approval, authorization or order of any court or governmental authority of the United States or the Commonwealth of Massachusetts is required for consummation by the Acquiring Fund of the transactions contemplated herein, except as have been obtained.

(f) The execution and delivery of this Agreement by the Acquiring Fund did not, and the consummation by the Acquiring Fund of the transactions contemplated herein will not, violate the Acquiring Fund's Declaration of Trust, By-Laws or Acquiring Fund VRDP Statement (assuming the requisite approval of the Fund's shareholders has been obtained in accordance with its Declaration of Trust, By-Laws and Acquiring Fund VRDP Statement).

Insofar as the opinions expressed above relate to or are dependent upon matters that are governed by the laws of the Commonwealth of Massachusetts, Vedder Price P.C. may rely on the opinions of Morgan, Lewis & Bockius LLP.

8.7 The Acquiring Fund will have received on the Closing Date an opinion from Vedder Price P.C. dated as of the Closing Date substantially to the effect that:

(a) Each Target Fund has been duly incorporated and is validly existing and in good standing under the laws of the State of Minnesota and, to such counsel's knowledge, has the power to carry on its business as currently conducted as described in the definitive Joint Proxy Statement/Prospectus as filed with the Commission pursuant to Rule 497 under the 1933 Act.

(b) Each Target Fund is registered as a closed-end management investment company under the 1940 Act, and, to such counsel's knowledge, such registration under the 1940 Act is in full force and effect.

(c) To the knowledge of such counsel, no consent, approval, authorization or order of any court or governmental authority of the United States or the State of Minnesota is required for consummation by the Target Funds of the transactions contemplated herein, except as have been obtained.

(d) With respect to each Target Fund, the execution and delivery of this Agreement by the Target Fund did not, and the consummation by the Target Fund of the transactions contemplated herein will not, violate the Target Fund's Articles of Incorporation, By-Laws or Target Fund VMTP Statement or Target Fund VRDP Statement, as applicable (assuming the requisite approval of the Fund's shareholders has been obtained in accordance with its Articles of Incorporation, By-Laws and Target Fund VMTP Statement or Target Fund VRDP Statement, as applicable).

Insofar as the opinions expressed above relate to or are dependent upon matters that are governed by the laws of the State of Minnesota, Vedder Price P.C. may rely on the opinions of Dorsey & Whitney LLP.

8.8 With respect to each Reorganization, the Funds participating in such Reorganization will have received on the Closing Date an opinion of Vedder Price P.C. addressed to the Acquiring Fund and the Target Fund substantially to the effect that for federal income tax purposes:

- (a) The transfer by the Target Fund of substantially all its assets to the Acquiring Fund solely in exchange for Acquiring Fund Shares and the assumption by the Acquiring Fund of substantially all the liabilities of the Target Fund, immediately followed by the distribution of all the Acquiring Fund Shares so received by the Target Fund to the Target Fund's shareholders of record in complete liquidation of the Target Fund and the dissolution of the Target Fund as soon as practicable thereafter, will constitute a reorganization within the meaning of Section 368(a)(1) of the Code, and the Acquiring Fund and the Target Fund will each be a party to a reorganization, within the meaning of Section 368(b) of the Code, with respect to the Reorganization.
- (b) No gain or loss will be recognized by the Acquiring Fund upon the receipt of substantially all the Target Fund's assets solely in exchange for Acquiring Fund Shares and the assumption by the Acquiring Fund of substantially all the liabilities of the Target Fund.
- (c) No gain or loss will be recognized by the Target Fund upon the transfer of substantially all its assets to the Acquiring Fund solely in exchange for Acquiring Fund Shares and the assumption by the Acquiring Fund of substantially all the liabilities of the Target Fund or upon the distribution (whether actual or constructive) of such Acquiring Fund Shares to the Target Fund's shareholders solely in exchange for such shareholders' shares of the Target Fund in complete liquidation of the Target Fund.
- (d) No gain or loss will be recognized by the Target Fund's shareholders upon the exchange, pursuant to the Reorganization, of all their shares of the Target Fund solely for Acquiring Fund Shares, except to the extent the Target Fund's common shareholders receive cash in lieu of a fractional Acquiring Fund Common Share.
- (e) The aggregate basis of the Acquiring Fund Shares received by each Target Fund shareholder pursuant to the Reorganization (including any fractional Acquiring Fund Common Share to which a shareholder would be entitled) will be the same as the aggregate basis of the Target Fund shares exchanged therefor by such shareholder.
- (f) The holding period of the Acquiring Fund Shares received by each Target Fund shareholder in the Reorganization (including any fractional Acquiring Fund Common Share to which a shareholder would be entitled) will include the period during which the shares of the Target Fund exchanged therefor were held by such shareholder, provided such Target Fund shares are held as capital assets at the effective time of the Reorganization.
- (g) The basis of the assets of the Target Fund received by the Acquiring Fund will be the same as the basis of such assets in the hands of the Target Fund immediately before the effective time of the Reorganization.
- (h) The holding period of the assets of the Target Fund received by the Acquiring Fund will include the period during which those assets were held by the Target Fund.

No opinion will be expressed as to (1) the federal income tax consequences of payments, if any, to holders of VMTP Shares of Quality Municipal or VRDP Shares of Quality Income or Municipal

Opportunity who elect Dissenters' Rights, (2) the effect of the Reorganizations on a Target Fund, the Acquiring Fund or any Target Fund Shareholder with respect to any asset (including, without limitation, any stock held in a passive foreign investment company as defined in Section 1297(a) of the Code) as to which any unrealized gain or loss is required to be recognized under federal income tax principles (a) at the end of a taxable year (or on the termination thereof) or (b) upon the transfer of such asset regardless of whether such transfer would otherwise be a non-taxable transaction under the Code, or (3) any other federal tax issues (except those set forth above) and all state, local or foreign tax issues of any kind.

Such opinions will be based on customary assumptions and such representations as Vedder Price P.C. may reasonably request of the Funds, and each Target Fund and the Acquiring Fund will cooperate to make and certify the accuracy of such representations. Notwithstanding anything herein to the contrary, neither the Acquiring Fund nor any Target Fund may waive the conditions set forth in this Section 8.8. Insofar as the opinions expressed above relate to or are dependent upon the classification of the Acquiring Fund Preferred Shares as equity securities for U.S. federal income tax purposes, Vedder Price P.C. may rely on the opinion delivered to the Acquiring Fund by K&L Gates LLP with respect to such issue for the Acquiring Fund VMTP Shares and on the opinion delivered to the Acquiring Fund by Sidley Austin LLP with respect to such issue for the Acquiring Fund VRDP Shares.

8.9 The new Investment Management Agreement between the Adviser and the Acquiring Fund and the new Sub-Investment Advisory Agreement between the Adviser and Nuveen Asset Management, LLC with respect to the Acquiring Fund, each as described in the definitive Joint Proxy Statement/Prospectus as filed with the Commission pursuant to Rule 497 under the 1933 Act, shall have been approved by the Board of Trustees and the shareholders of the Acquiring Fund.

ARTICLE IX

EXPENSES

9.1 The expenses incurred in connection with the Reorganizations (whether or not the Reorganizations are consummated) will be allocated among the Funds pro rata based on the projected relative benefits to each Fund during the first year following the Reorganizations, and each Fund will have accrued such expenses as liabilities at or before the Valuation Time. Reorganization expenses include, without limitation, (a) expenses associated with the preparation and filing of the Registration Statement and other Proxy Materials; (b) postage; (c) printing; (d) accounting fees; (e) legal fees incurred by each Fund; (f) solicitation costs of the transactions; and (g) other related administrative or operational costs.

9.2 Each party represents and warrants to the other parties that there is no person or entity entitled to receive any broker's fees or similar fees or commission payments in connection with structuring the transactions provided for herein.

9.3 Notwithstanding the foregoing, expenses will in any event be paid by the party directly incurring such expenses if and to the extent that the payment by another party of such expenses would result in the disqualification of a Target Fund or the Acquiring Fund, as the case may be, as a RIC under the Code.

ARTICLE X

ENTIRE AGREEMENT; SURVIVAL OF WARRANTIES

10.1 The parties agree that no party has made to any other party any representation, warranty or covenant not set forth herein and that this Agreement constitutes the entire agreement between and among the parties.

10.2 The representations, warranties and covenants contained in this Agreement or in any document delivered pursuant to or in connection with this Agreement will not survive the consummation of the transactions contemplated hereunder.

ARTICLE XI

TERMINATION

11.1 This Agreement may be terminated by the mutual agreement of the parties, and such termination may be effected by each Fund's Chief Administrative Officer or any Vice President without further action by a Target Fund Board or the Acquiring Fund Board. In addition, this Agreement may be terminated at or before the Closing due to:

(a) a breach by the non-terminating party of any representation or warranty, or agreement to be performed at or before the Closing, if not cured within 30 days of the breach and prior to the Closing;

(b) a condition precedent to the obligations of the terminating party that has not been met or waived and it reasonably appears that it will not or cannot be met; or

(c) a determination by a Target Fund Board or the Acquiring Fund Board that the consummation of the transactions contemplated herein is not in the best interests of its respective Fund involved in the Reorganization(s).

11.2 In the event of any such termination, in the absence of willful default, there will be no liability for damages on the part of the Acquiring Fund or a Target Fund.

ARTICLE XII

AMENDMENTS

12.1 This Agreement may be amended, modified or supplemented in such manner as may be mutually agreed upon in writing by the officers of each Fund as specifically authorized by each Fund's Board of Trustees or Board of Directors, as applicable; *provided, however*, that following the meeting of the shareholders of the Funds called by each Fund pursuant to Section 5.2 of this Agreement, no such amendment, modification or supplement may have the effect of changing the provisions for determining the number of Acquiring Fund Shares to be issued to the Target Fund Shareholders under this Agreement to the detriment of such shareholders without their further approval.

ARTICLE XIII

HEADINGS; COUNTERPARTS; GOVERNING LAW; ASSIGNMENT;

LIMITATION OF LIABILITY

13.1 The article and section headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

13.2 This Agreement may be executed in any number of counterparts, each of which may be deemed an original.

13.3 This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

13.4 This Agreement will bind and inure to the benefit of the parties hereto and their respective successors and assigns, and no assignment or transfer hereof or of any rights or obligations hereunder may be made by any party without the written consent of the other parties. Nothing herein expressed or implied is intended or may be construed to confer upon or give any person, firm or corporation, other than the parties hereto and their respective successors and assigns, any rights or remedies under or by reason of this Agreement.

13.5 With respect to the Acquiring Fund, it is expressly agreed that the obligations of the Acquiring Fund hereunder will not be binding upon any of the trustees, shareholders, nominees, officers, agents or employees of such Fund personally, but will bind only the property of the Fund, as provided in such Fund's Declaration of Trust, which is on file with the Secretary of the Commonwealth of Massachusetts. The execution and delivery of this Agreement have been authorized by the Acquiring Fund's Board of Trustees, and this Agreement has been signed by authorized officers of the Acquiring Fund acting as such. Neither the authorization by such trustees nor the execution and delivery by such officers will be deemed to have been made by any of them individually or to impose any liability on any of them personally, but will bind only the property of the Acquiring Fund, as provided in such Fund's Declaration of Trust.

13.6 It is understood and agreed that the use of a single agreement is for administrative convenience only and that this Agreement constitutes a separate agreement between each Target Fund and the Acquiring Fund as if each party had executed a separate document. No Fund will have any liability for the obligations of any other Fund, and the liabilities of each Fund will be several and not joint.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have duly executed this Agreement, all as of the date first written above.

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND

By: _____
Name:
Title:

ACKNOWLEDGED:

By: _____
Name:

NUVEEN QUALITY MUNICIPAL FUND, INC.

By: _____
Name:
Title:

ACKNOWLEDGED:

By: _____
Name:

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC.

By: _____
Name:
Title:

ACKNOWLEDGED:

By: _____
Name:

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC.

By: _____
Name:
Title:

ACKNOWLEDGED:

By: _____
Name:

EXHIBIT A

Target Fund	Target Fund Preferred Shares Outstanding	Acquiring Fund Preferred Shares to be Issued in the Reorganizations
Quality Municipal	VMTP Shares, Series 2018	VMTP Shares, Series 2018
	\$100,000 liquidation preference per share	\$100,000 liquidation preference per share
	Term Redemption Date: December 1, 2018	Term Redemption Date: December 1, 2018
Quality Income	VRDP Shares, Series 1	VRDP Shares, Series 2
	\$100,000 liquidation preference per share	\$100,000 liquidation preference per share
	Final Mandatory Redemption Date: December 1, 2040	Final Mandatory Redemption Date: December 1, 2040
Municipal Opportunity	VRDP Shares, Series 1	VRDP Shares, Series 3
	\$100,000 liquidation preference per share	\$100,000 liquidation preference per share
	Final Mandatory Redemption Date: December 1, 2040	Final Mandatory Redemption Date: December 1, 2040

EXHIBIT B

CAPITALIZATION OF TARGET FUNDS

Target Fund	Authorized Common Shares	Authorized Preferred Shares
Quality Municipal	200,000,000	1,000,000
Quality Income	200,000,000	1,000,000
Municipal Opportunity	200,000,000	1,000,000

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APPENDIX B

FINANCIAL HIGHLIGHTS

Information contained in the tables below under the headings Per Share Operating Performance and Ratios/Supplemental Data shows the operating performance for the ten most recent fiscal years and for the six months ended April 30, 2015.

Acquiring Fund

The following Financial Highlights table is intended to help a prospective investor understand the Fund's financial performance for the periods shown. Certain information reflects financial results for a single Common share or preferred share of the Fund. The total returns in the table represent the rate an investor would have earned or lost on an investment in common shares of the Fund (assuming reinvestment of all dividends). The Fund's annual financial statements as of October 31, 2014, including the financial highlights for the fiscal year then ended, have been audited by KPMG LLP, independent registered public accounting firm. The information with respect to the fiscal years ended prior to October 31, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young LLP has not reviewed or examined any records, transactions or events after the date of such reports. Also included is selected data for the six months ended April 30, 2015, which is unaudited, and appears in the Fund's 2015 Semi-Annual Report. A copy of the Annual and Semi-Annual Report may be obtained from www.sec.gov or by visiting www.nuveen.com.

Per Share Operating Performance	Year Ended October 31										
	2015(g)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Beginning Common Share NAV	\$ 16.24	\$ 14.62	\$ 16.33	\$ 15.03	\$ 15.20	\$ 14.80	\$ 12.85	\$ 15.09	\$ 15.50	\$ 15.23	\$ 15.00
Investment Operations:											
Investment Income (Loss)	0.39	0.71	0.60	0.82	0.91	0.90	1.00	1.00	1.00	1.01	1.00
Realized/ Unrealized Gain (Loss)	(0.01)	1.72	(1.46)	1.42	(0.22)	0.39	1.77	(2.25)	(0.38)	0.33	(0.01)
Distributions from Net Investment Income to Auction Rate Preferred Shareholders(a)					(0.01)	(0.01)	(0.06)	(0.29)	(0.28)	(0.25)	(0.01)
Distributions from Accumulated Net Realized Gains to Auction Rate Preferred Shareholders(a)							*				(0.01)
	0.38	2.43	(0.86)	2.24	0.68	1.28	2.71	(1.54)	0.34	1.09	0.00
Distributions to Common Shareholders:											
Net Investment Income	(0.37)	(0.70)	(0.74)	(0.90)	(0.85)	(0.84)	(0.76)	(0.70)	(0.75)	(0.82)	(0.01)
Accumulated Net Realized Gains	(0.10)	(0.07)	(0.11)	(0.04)	*	(0.04)					(0.01)
	(0.47)	(0.77)	(0.85)	(0.94)	(0.85)	(0.88)	(0.76)	(0.70)	(0.75)	(0.82)	(0.02)
Common Share:											
Amount Per Share Repurchased and Tender Offer	\$	\$ (0.01)	\$ *	\$	\$	\$	\$ *	\$	\$	\$	\$
Amount Per Share Repurchased with Tender Offer	\$	(0.03)	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ending NAV	\$ 16.15	\$ 16.24	\$ 14.62	\$ 16.33	\$ 15.03	\$ 15.20	\$ 14.80	\$ 12.85	\$ 15.09	\$ 15.50	\$ 15.00
Ending Share Price	\$ 14.37	\$ 14.14	\$ 12.75	\$ 15.82	\$ 14.32	\$ 14.80	\$ 13.85	\$ 11.42	\$ 13.71	\$ 14.89	\$ 14.00
Common Share Total Returns:											
Common Share NAV(b)	2.32%	16.78%	(5.46)%	15.30%	4.83%	8.89%	21.54%	(10.64)%	2.25%	7.39%	2.00%
Common Share Price(b)	5.05%	17.35%	(14.46)%	17.44%	2.89%	13.51%	28.72%	(12.11)%	(3.12)%	11.09%	2.00%
Ratios/Supplemental Data											
Net Assets Applicable to Common Shares (000)	\$ 430,500	\$ 433,092	\$ 434,851	\$ 486,750	\$ 448,070	\$ 452,908	\$ 441,207	\$ 383,035	\$ 449,982	\$ 462,037	\$ 454,000

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to Average Net Assets											
able to Common Shares											
Reimbursement(c)											
ses(e)	1.40%**	1.75%	2.03%	2.08%	1.95%	1.89%	1.25%	1.32%	1.31%	1.15%	1
vestment Income (Loss)	4.82%**	4.56%	3.87%	5.17%	6.12%	5.79%	6.86%	6.48%	6.15%	6.15%	5
to Average Net Assets											
able to Common Shares After											
ursement(c)(d)											
ses(e)	N/A	N/A	N/A	2.05%	1.84%	1.71%	0.98%	0.98%	0.90%	0.70%	0
vestment Income (Loss)	N/A	N/A	N/A	5.20%	6.23%	5.98%	7.12%	6.82%	6.56%	6.60%	6
lio Turnover Rate(f)	8%	13%	32%	29%	7%	2%	9%	7%	12%	15%	

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Acquiring Fund (Continued) Per Share Operating Performance	Year Ended October 31										
	2015(g)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Auction Rate Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$ 91,950	\$ 91,950	\$ 226,975	\$ 233,000	\$ 233,000	\$ 233,000
Asset Coverage Per \$25,000 Share	\$	\$	\$	\$	\$	\$ 81,628	\$ 80,165	\$ 67,189	\$ 73,281	\$ 74,575	\$ 73,714
MuniFund Term Preferred Shares at the End of Period(h):											
Aggregate Amount Outstanding (000)	\$	\$	\$ 108,000	\$ 108,000	\$ 108,000	\$ 108,000	\$ 108,000	\$	\$	\$	\$
Asset Coverage Per \$10 Share	\$	\$	\$ 31.69	\$ 34.28	\$ 32.35	\$ 32.65	\$ 32.07	\$	\$	\$	\$
Variable MuniFund Term Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$	\$ 92,500	\$ 92,500	\$ 92,500	\$	\$	\$	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$	\$	\$ 316,883	\$ 342,768	\$ 323,476	\$	\$	\$	\$	\$	\$
Variable Rate Demand Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$ 179,000	\$ 179,000	\$	\$	\$	\$	\$	\$	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$ 340,503	\$ 341,951	\$	\$	\$	\$	\$	\$	\$	\$	\$
MTP, VMTP and/or VRDP Shares at the End of Period:											
Asset Coverage Per \$1 Liquidation Preference	\$	\$	\$ 3.17	\$ 3.43	\$ 3.23	\$ 3.27	\$ 3.21	\$	\$	\$	\$

- (a) The amounts shown for Auction Rate Preferred Shares (ARPS) are based on Common share equivalents.
- (b) Total Return Based on Common Share NAV is the combination of changes in common share NAV, reinvested dividend income at NAV and reinvested capital gains distributions at NAV, 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 NAV. 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 NAV), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gain 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.

- (c) Ratios do not reflect the effect of dividend payments to ARPS shareholders, during periods when ARPS were outstanding; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and other subsequent forms of preferred shares issued by the Fund, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. As of March 31, 2012 the Adviser is no longer reimbursing the Fund for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to preferred shares (as described in Note 4 Fund Shares, Preferred Shares, in the most recent shareholder report) and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund (as described in Note 3 Portfolio Securities and Investments in Derivatives, Inverse Floating Rate Securities, in the most recent shareholder report), where applicable, as follows:

Year Ended 10/31:	
2015(g)	0.45%**
2014	0.75
2013	1.06
2012	1.05
2011	0.90
2010	0.84
2009	0.08
2008	0.15
2007	0.17
2006	
2005	

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- (f) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales (as disclosed in Note 5 Investment Transactions, in the most recent shareholder report) divided by the average long-term market value during the period.
- (g) For the six months ended April 30, 2015. Unaudited.
- (h) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares outstanding were as follows:

	2014	2013	2012	2011	2010	2009
Series 2014 (NVG PRCCL)						
Ending Market Value per Share	\$	\$ 10.09	\$ 10.12	\$ 10.10	\$ 10.22	\$ 9.98
Average Market Value per Share	10.05***	10.11	10.16	10.12	10.19	10.03****

* Rounds to less than \$0.01 per share.

** Annualized.

*** For the period November 1, 2013 through December 23, 2013.

**** For the period October 19, 2009 (first issuance date of shares) through October 31, 2009.

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

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Target Funds

The following Financial Highlights table is intended to help a prospective investor understand each Target Fund's financial performance for the periods shown. Certain information reflects financial results for a single Common share or preferred share of each Fund. The total returns in the table represent the rate an investor would have earned or lost on an investment in common shares of each Fund (assuming reinvestment of all dividends). The Funds' annual financial statements as of October 31, 2014, including the financial highlights for the fiscal year then ended, have been audited by KPMG LLP, independent registered public accounting firm. The information with respect to the fiscal years ended prior to October 31, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm. Ernst & Young LLP has not reviewed or examined any records, transactions or events after the date of such reports. Also included is selected data for the six months ended April 30, 2015, which is unaudited, and appears in the Funds' 2015 Semi-Annual Report. A copy of the Annual and Semi-Annual Report may be obtained from www.sec.gov or by visiting www.nuveen.com.

Quality Municipal Per Share Operating Performance	Year Ended October 31										
	2015(f)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Beginning Common Share NAV	\$ 15.09	\$ 13.76	\$ 15.49	\$ 14.17	\$ 14.26	\$ 13.61	\$ 11.68	\$ 14.88	\$ 15.40	\$ 15.31	\$ 15.85
Investment Operations:											
Net Investment Income (Loss)	0.36	0.68	0.72	0.84	0.87	0.95	0.99	0.99	0.99	0.99	1.03
Net Realized/ Unrealized Gain (Loss)	(0.09)	1.36	(1.61)	1.38	(0.08)	(0.58)	1.76	(3.16)	(0.49)	0.24	(0.39)
Distributions from Net Investment Income to Auction Rate Preferred Shareholders(a)					(0.01)	(0.03)	(0.06)	(0.30)	(0.29)	(0.25)	(0.16)
Distributions from Accumulated Net Realized Gains to Auction Rate Preferred Shareholders(a)										(0.01)	
Total	0.27	2.04	(0.89)	2.22	0.78	1.50	2.69	(2.47)	0.21	0.97	0.48
Less Distributions to Common Shareholders:											
From Net Investment Income	(0.33)	(0.71)	(0.84)	(0.90)	(0.87)	(0.85)	(0.76)	(0.73)	(0.73)	(0.80)	(0.97)
From Accumulated Net Realized Gains										(0.08)	(0.05)
Total	(0.33)	(0.71)	(0.84)	(0.90)	(0.87)	(0.85)	(0.76)	(0.73)	(0.73)	(0.88)	(1.02)
Common Share: Discount Per Share Repurchased and Retired	\$	\$ *	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ending NAV	\$ 15.03	\$ 15.09	\$ 13.76	\$ 15.49	\$ 14.17	\$ 14.26	\$ 13.61	\$ 11.68	\$ 14.88	\$ 15.40	\$ 15.31
Ending Share Price	\$ 13.24	\$ 13.17	\$ 12.26	\$ 15.49	\$ 14.11	\$ 14.40	\$ 13.30	\$ 11.15	\$ 13.61	\$ 14.83	\$ 15.31
Common Share Total Returns:											
Based on NAV(b)	1.78%	15.22%	(5.93)%	16.06%	5.98%	11.30%	23.65%	(17.24)%	1.38%	6.53%***	3.09%
	3.03%	13.57%	(15.89)%	16.65%	4.65%	15.03%	26.98%	(13.35)%	(3.48)%	2.76%	2.11%

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Based on Share

Price(b)

**Ratios/Supplemental
Data**

Ending Net Assets

Applicable to

Common Shares (000)	\$ 577,671	\$ 579,989	\$ 529,382	\$ 595,740	\$ 544,500	\$ 547,598	\$ 521,216	\$ 447,463	\$ 569,958	\$ 589,928	\$ 585,777
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Ratios to Average Net

Assets Applicable to

Common Shares(c)

Expenses(d)	1.46%**	1.54%	1.67%	1.69%	1.66%	1.19%	1.32%	1.49%	1.52%	1.20%	1.19%
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Net Investment

Income (Loss)	4.71%**	4.76%	4.88%	5.55%	6.43%	6.81%	7.86%	7.03%	6.53%	6.49%	6.58%
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Portfolio Turnover

Rate(e)	8%	14%	15%	23%	18%	11%	4%	7%	5%	13%	21%
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Per Share Operating Performance	Year Ended October 31										
	2015(f)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Auction Rate Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$ 239,200	\$ 245,850	\$ 298,425	\$ 318,000	\$ 318,000	\$ 318,000
Asset Coverage Per \$25,000 Share	\$	\$	\$	\$	\$	\$ 82,232	\$ 78,001	\$ 62,485	\$ 69,808	\$ 71,378	\$ 71,052
Variable MuniFund Term Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$ 240,400	\$ 240,400	\$ 240,400	\$ 240,400	\$ 240,400	\$	\$	\$	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$ 340,296	\$ 341,260	\$ 320,209	\$ 347,812	\$ 326,498	\$	\$	\$	\$	\$	\$

- (a) The amounts shown for Auction Rate Preferred Shares (ARPS) are based on Common share equivalents.
- (b) Total Return Based on Common Share NAV is the combination of changes in common share NAV, reinvested dividend income at NAV and reinvested capital gains distributions at NAV, 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 NAV. 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 NAV), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gain 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.

- (c) Ratios do not reflect the effect of dividend payments to ARPS shareholders, during periods when ARPS were outstanding; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and other subsequent forms of preferred shares issued by the Fund, where applicable.
- (d) The expense ratios reflect, among other things, all interest expense and other costs related to preferred shares (as described in Note 4 Fund Shares, Preferred Shares, in the most recent shareholder report) and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund (as described in Note 3 Portfolio Securities and Investments in Derivatives, Inverse Floating Rate Securities, in the most recent shareholder report), where applicable, as follows:

Year Ended 10/31:	
2015(f)	0.52%**
2014	0.56
2013	0.71
2012	0.70
2011	0.57
2010	0.07
2009	0.11
2008	0.26
2007	0.34
2006	
2005	

- (e) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales (as disclosed in Note 5 Investment Transactions, in the most recent shareholder report) divided by average the long-term market value during the period.
- (f) For the six months ended April 30, 2015. Unaudited.
- * Rounds to less than \$0.01 per share.
- ** Annualized.
- *** During the fiscal year ended October 31, 2006, the Fund received payments from the Adviser of \$27,762, to offset losses realized on the disposal of investments purchased in violation of the Fund s investment restrictions. This reimbursement did not have an impact on the Fund s Total Return on Common Share Net Asset Value.

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Quality Income Per Share Operating Performance	Year Ended October 31										
	2015(f)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Beginning Common Share NAV	\$ 15.69	\$ 14.21	\$ 16.15	\$ 14.37	\$ 14.83	\$ 14.29	\$ 12.68	\$ 14.94	\$ 15.49	\$ 15.26	\$ 15.54
Investment Operations:											
Net Investment Income (Loss)	0.40	0.82	0.79	0.86	0.93	1.04	1.05	1.03	1.01	1.01	1.02
Net Realized/ Unrealized Gain (Loss)	(0.01)	1.48	(1.89)	1.89	(0.43)	0.45	1.42	(2.26)	(0.51)	0.30	(0.22)
Distributions from Net Investment Income to Auction Rate Preferred Shareholders(a)					(0.01)	(0.03)	(0.06)	(0.30)	(0.30)	(0.26)	(0.16)
Distributions from Accumulated Net Realized Gains to Auction Rate Preferred Shareholders(a)											
Total	0.39	2.30	(1.10)	2.75	0.49	1.46	2.41	(1.53)	0.20	1.05	0.64
Less Distributions to Common Shareholders:											
From Net Investment Income	(0.41)	(0.82)	(0.81)	(0.94)	(0.95)	(0.92)	(0.80)	(0.73)	(0.75)	(0.82)	(0.92)
From Accumulated Net Realized Gains		(0.03)	(0.03)	(0.03)							
Total	(0.41)	(0.85)	(0.84)	(0.97)	(0.95)	(0.92)	(0.80)	(0.73)	(0.75)	(0.82)	(0.92)
Common Share: Discount Per Share Repurchased through Tender Offer	\$	\$ 0.03	\$	\$	\$	\$	\$	\$	\$	\$	\$
Ending NAV	\$ 15.67	\$ 15.69	\$ 14.21	\$ 16.15	\$ 14.37	\$ 14.83	\$ 14.29	\$ 12.68	\$ 14.94	\$ 15.49	\$ 15.26
Ending Share Price	\$ 13.87	\$ 13.97	\$ 12.64	\$ 15.81	\$ 13.90	\$ 14.79	\$ 13.26	\$ 11.67	\$ 13.64	\$ 14.73	\$ 14.34
Common Share Total Returns:											
Based on NAV(b)	2.49%	16.84%	(7.07)%	19.63%	3.79%	10.56%	19.58%	(10.67)%	1.31%	7.07%	4.15%
Based on Share Price(b)	2.22%	17.69%	(15.18)%	21.16%	0.79%	18.94%	21.10%	(9.55)%	(2.54)%	8.55%	4.78%
Ratios/Supplemental Data											
Ending Net Assets Applicable to Common Shares (000)	\$ 766,917	\$ 768,050	\$ 772,590	\$ 878,070	\$ 781,061	\$ 804,985	\$ 774,982	\$ 687,593	\$ 810,086	\$ 839,751	\$ 827,077
Ratios to Average Net Assets Applicable to Common Shares(c)											
Expenses(d)	1.62%*	1.87%	1.81%	1.82%	1.92%	1.18%	1.28%	1.38%	1.38%	1.18%	1.18%
Net Investment Income (Loss)	5.11%*	5.45%	5.11%	5.58%	6.80%	7.16%	7.80%	7.15%	6.65%	6.62%	6.57%
Portfolio Turnover Rate(e)	7%	9%	29%	17%	16%	17%	8%	9%	5%	11%	6%

Per Share Operating Performance	Year Ended October 31										
	2015(f)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Auction Rate Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$	\$	\$	\$	\$	\$ 386,875	\$ 386,875	\$ 416,375	\$ 452,000	\$ 452,000	\$ 452,000
Asset Coverage Per \$25,000 Share	\$	\$	\$	\$	\$	\$ 77,018	\$ 75,080	\$ 66,284	\$ 69,806	\$ 71,446	\$ 70,745
Variable Rate Demand Preferred Shares at the End of Period:											
Aggregate Amount Outstanding (000)	\$ 385,400	\$ 385,400	\$ 428,400	\$ 388,400	\$ 388,400	\$	\$	\$	\$	\$	\$
Asset Coverage Per \$100,000 Share	\$ 298,992	\$ 299,286	\$ 280,343	\$ 326,074	\$ 301,097	\$	\$	\$	\$	\$	\$

- (a) The amounts shown for Auction Rate Preferred Shares (ARPS) are based on Common share equivalents.
- (b) Total Return Based on Common Share NAV is the combination of changes in common share NAV, reinvested dividend income at NAV and reinvested capital gains distributions at NAV, 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 NAV. 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 NAV), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Price is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gain 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.

- (c) Ratios do not reflect the effect of dividend payments to ARPS shareholders, during periods when ARPS were outstanding; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and other subsequent forms of preferred shares issued by the Fund, where applicable.
- (d) The expense ratios reflect, among other things, all interest expense and other costs related to preferred shares (as described in Note 4 Fund Shares, Preferred Shares, in the most recent shareholder report) and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund (as described in Note 3 Portfolio Securities and Investments in Derivatives, Inverse Floating Rate Securities, in the most recent shareholder report), where applicable, as follows:

Year Ended 10/31:	
2015(f)	0.65%*
2014	0.81
2013	0.80
2012	0.82
2011	0.85
2010	0.06
2009	0.08
2008	0.19
2007	0.21
2006	
2005	

- (e) Portfolio Turnover Rate is calculated based on the lesser of long-term purchases or sales (as disclosed in Note 5 Investment Transactions, in the most recent shareholder report) divided by the average long-term market value during the period.
- (f) For the six months ended April 30, 2015. Unaudited.
- * Annualized.

Municipal Opportunity Per Share Operating Performance	Year Ended October 31										
	2015(f)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Beginning Common Share NAV	\$ 15.75	\$ 14.46	\$ 15.97	\$ 14.69	\$ 14.92	\$ 14.22	\$ 12.39	\$ 15.04	\$ 15.57	\$ 15.46	\$ 16.06
Investment Operations:											
Net Investment Income (Loss)	0.42	0.86	0.85	0.84	0.88	0.97	0.96	0.97	0.98	0.98	