

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form DEF 14A
October 10, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2)).
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to Section 240.14A-11(c) or Section 240.14a-12

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NXE)

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
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 - 2) Aggregate number of securities to which transaction applies:
 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - 4) Proposed maximum aggregate value of transaction:
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 - 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:

4) Date Filed:

Important Notice to Fund Shareholders

OCTOBER 14, 2008

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

Q. Why am I receiving this Proxy Statement?

- A. You are receiving this Proxy Statement as a Fund shareholder in connection with the annual shareholders meeting for the Nuveen closed-end funds listed at the top of the Notice of Annual Meeting of Shareholders.

You are being asked to vote on one or more important matters affecting your investment in the Fund:

- (i) Updated Investment Policies (all Municipal Funds, excluding Insured Funds). Nuveen's municipal closed-end funds are seeking to adopt a uniform, up to date set of investment policies (the New Investment Policies). In general, these funds currently have a somewhat diverse set of policies, reflecting when the funds were launched over the past 20 years as well as developments over time in the municipal market, including new types of securities as well as investment strategies.
- (ii) Elimination of certain Fundamental Investment Policies and Approval of New Fundamental Investment Policy (Insured Funds only). Insured Fund shareholders are being asked to approve the elimination of certain fundamental investment policies and to approve a new fundamental policy. These changes are designed to give the Insured Funds important flexibility to respond to on-going developments in the bond insurance market while maintaining their current focus on insured bonds backed by insurers with solid credit ratings. In addition, the Insured Funds are seeking to adopt a uniform, up to date set of investment policies.
- (iii) Approval of Fund Board Nominees (all Funds). Each year, you and other Fund shareholders must approve the election of Board members to serve on your Fund's Board. This is a requirement for all funds that list their common shares on a stock exchange. The Funds described in this proxy statement are holding their annual shareholders meetings at which Board members will be elected. The list of specific nominees is contained in the enclosed Proxy Statement.

Your Fund's Board of Trustees/Directors, including your Board's independent members, unanimously recommends that you vote **FOR** each proposal.

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 don't cast their votes, your Fund may not be able to hold its meeting or the vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.

Q. What are the potential benefits of the New Investment Policies for common shareholders of the Municipal Funds?

- A. The potential benefits to common shareholders are:

Enhanced ability of the Municipal Funds to generate attractive tax-free income while retaining their focus on investment grade quality municipal securities;

Increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation and possible

growth of capital, which, if successful, will help to sustain and build net asset value; and

Improved secondary market competitiveness that may lead to a higher relative market price and/or stronger premium/discount performance.

Q. What are the potential benefits of the New Investment Policies for preferred shareholders of the Municipal Funds?

A. The potential benefits to preferred shareholders are increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation and possible growth of capital, which, if successful, will help to sustain and build net asset value and therefore asset coverage levels for preferred shares.

Q. What actions are required in order to implement the New Investment Policies?

A. In order to implement the New Investment Policies and obtain the potential benefits described above, each Municipal Fund must make certain changes to its existing policies, including certain fundamental policies that require approval of shareholders. In some cases, this may require shareholder approval of the elimination of an existing fundamental policy as well as the implementation of a new replacement fundamental policy. Because each Municipal Fund tends to be situated somewhat differently, the specific changes required to implement the New Investment Policies often vary from fund to fund.

Q. Why are shareholders of the Insured Funds being asked to approve the elimination of certain fundamental investment policies and to approve a new fundamental investment policy?

A. As a result of conditions facing the bond insurance market, shareholders are being asked to approve the elimination of certain fundamental investment policies that are restricting, or may be expected in the future to restrict, each Insured Fund's ability to effectively maintain its existing focus on insured bonds backed by insurers with solid credit ratings. In connection with eliminating the respective fundamental investment policies, shareholders are being asked to approve a new fundamental investment policy that will provide the Insured Funds with flexibility to respond to on-going developments in the bond insurance market, while ensuring that the Insured Funds continue to invest substantially all (at least 80%) of their investments in insured bonds backed by insurers with solid credit ratings.

Q. What happens if shareholders don't approve the elimination of the fundamental investment policies and/or don't approve the new fundamental investment policies?

A. A Municipal Fund or an Insured Fund will not be able to implement the new investment policies discussed above. The Municipal Fund or Insured Fund would likely incur further expenses to solicit additional shareholder participation, and may experience potential disruptions to its investment operations. The Municipal Funds and Insured Funds Boards urge you to vote without delay in order to avoid the potential for higher costs and/or disruptions to portfolio operations.

Q. Who do I call if I have questions?

A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund's proxy solicitor, at (866) 864-0471. Please have your proxy material available when you call.

Q. How do I vote my shares?

- A.** You can vote your shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage-paid envelope. Alternatively, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and following 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 and in the best interests of the Funds. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

333 West Wacker Drive
Chicago, Illinois 60606
(800) 257-8787
**Notice of Annual Meeting
of Shareholders
November 18, 2008**

October 14, 2008

**Nuveen Floating Rate Income Fund (JFR)
Nuveen Floating Rate Income Opportunity Fund (JRO)
Nuveen Senior Income Fund (NSL)
Nuveen Tax-Advantaged Floating Rate Fund (JFP)
Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)
Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)
Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)
Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)
Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Nuveen California Dividend Advantage Municipal Fund 3 (NZH)
Nuveen California Investment Quality Municipal Fund, Inc. (NQC)
Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)
Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Performance Plus Municipal Fund, Inc. (NCP)
Nuveen California Premium Income Municipal Fund (NCU)
Nuveen California Quality Income Municipal Fund, Inc. (NUC)
Nuveen California Select Quality Municipal Fund, Inc. (NVC)
Nuveen Insured California Dividend Advantage Municipal Fund (NKL)
Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)
Nuveen Connecticut Dividend Advantage Municipal Fund (NFC)
Nuveen Connecticut Dividend Advantage Municipal Fund 2 (NGK)
Nuveen Connecticut Dividend Advantage Municipal Fund 3 (NGO)
Nuveen Connecticut Premium Income Municipal Fund (NTC)
Nuveen Florida Investment Quality Municipal Fund (NQF)
Nuveen Florida Quality Income Municipal Fund (NUF)
Nuveen Insured Florida Premium Income Municipal Fund (NFL)
Nuveen Insured Florida Tax-Free Advantage Municipal Fund (NWF)
Nuveen Georgia Dividend Advantage Municipal Fund (NZX)
Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)
Nuveen Georgia Premium Income Municipal Fund (NPG)
Nuveen Maryland Dividend Advantage Municipal Fund (NFM)
Nuveen Maryland Dividend Advantage Municipal Fund 2 (NZR)
Nuveen Maryland Dividend Advantage Municipal Fund 3 (NWI)
Nuveen Maryland Premium Income Municipal Fund (NMY)
Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB)
Nuveen Massachusetts Premium Income Municipal Fund (NMT)**

Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (NGX)

Nuveen Michigan Dividend Advantage Municipal Fund (NZW)

Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)

Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)

Nuveen Missouri Premium Income Municipal Fund (NOM)

Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)

Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ)

Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)
Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)
Nuveen North Carolina Dividend Advantage Municipal Fund (NRB)
Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO)
Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII)
Nuveen North Carolina Premium Income Municipal Fund (NNC)
Nuveen Ohio Dividend Advantage Municipal Fund (NXI)
Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ)
Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ)
Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)
Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM)
Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY)
Nuveen Pennsylvania Investment Quality Municipal Fund (NQP)
Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY)
Nuveen Texas Quality Income Municipal Fund (NTX)
Nuveen Virginia Dividend Advantage Municipal Fund (NGB)
Nuveen Virginia Dividend Advantage Municipal Fund 2 (NNB)
Nuveen Virginia Premium Income Municipal Fund (NPV)

To the Shareholders of the Above Funds:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of Nuveen Arizona Premium Income Municipal Fund, Inc. (Arizona Premium Income), Nuveen California Investment Quality Municipal Fund, Inc. (California Investment Quality), Nuveen California Municipal Market Opportunity Fund, Inc. (California Market Opportunity), Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen California Performance Plus Municipal Fund, Inc. (California Performance Plus), Nuveen California Quality Income Municipal Fund, Inc. (California Quality Income), Nuveen California Select Quality Municipal Fund, Inc. (California Select Quality), Nuveen Insured California Premium Income Municipal Fund, Inc. (Insured California Premium Income), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (Insured California Premium Income 2), Nuveen Michigan Premium Income Municipal Fund, Inc. (Michigan Premium Income), Nuveen Michigan Quality Income Municipal Fund, Inc. (Michigan Quality Income), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income) and Nuveen Ohio Quality Income Municipal Fund, Inc. (Ohio Quality Income), **each a Minnesota corporation (collectively, the Minnesota Corporations)**, and Nuveen Floating Rate Income Fund (Floating Rate), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Senior Income Fund (Senior Income), Nuveen Tax-Advantaged Floating Rate Fund (Tax-Advantaged Floating Rate), Nuveen Arizona Dividend Advantage Municipal Fund (Arizona Dividend Advantage), Nuveen Arizona Dividend Advantage Municipal Fund 2 (Arizona Dividend Advantage 2), Nuveen Arizona Dividend Advantage Municipal Fund 3 (Arizona Dividend Advantage 3), Nuveen California Dividend Advantage Municipal Fund (California Dividend Advantage), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Premium Income Municipal Fund (California Premium Income), Nuveen Insured California Dividend Advantage Municipal Fund (Insured California Dividend Advantage), Nuveen Insured California Tax-Free Advantage Municipal Fund (Insured California Tax-Free Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund (Connecticut Dividend Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund 2 (Connecticut Dividend Advantage 2), Nuveen Connecticut Dividend Advantage Municipal Fund 3 (Connecticut Dividend Advantage 3), Nuveen Connecticut Premium Income Municipal Fund

(Connecticut Premium Income), Nuveen Florida Investment Quality Municipal Fund (Florida Investment Quality), Nuveen Florida Quality Income Municipal Fund (Florida Quality Income), Nuveen Insured Florida Premium Income Municipal Fund (Insured Florida Premium Income), Nuveen Insured Florida Tax-Free Advantage Municipal Fund (Insured Florida Tax-Free Advantage), Nuveen Georgia Dividend Advantage Municipal Fund (Georgia Dividend Advantage), Nuveen Georgia Dividend Advantage Municipal Fund 2 (Georgia Dividend Advantage 2), Nuveen Georgia Premium Income Municipal Fund (Georgia Premium Income), Nuveen Maryland Dividend Advantage Municipal Fund (Maryland Dividend Advantage), Nuveen Maryland Dividend Advantage Municipal Fund 2 (Maryland Dividend Advantage 2), Nuveen Maryland Dividend Advantage Municipal Fund 3 (Maryland Dividend Advantage 3), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Massachusetts Dividend Advantage Municipal Fund (Massachusetts Dividend Advantage), Nuveen Massachusetts Premium Income Municipal Fund (Massachusetts Premium Income), Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (Insured Massachusetts Tax-Free Advantage), Nuveen Michigan Dividend Advantage Municipal Fund (Michigan Dividend Advantage), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen North Carolina Dividend Advantage Municipal Fund (North Carolina Dividend Advantage), Nuveen North Carolina Dividend Advantage Municipal Fund 2 (North Carolina Dividend Advantage 2), Nuveen North Carolina Dividend Advantage Municipal Fund 3 (North Carolina Dividend Advantage 3), Nuveen North Carolina Premium Income Municipal Fund (North Carolina Premium Income), Nuveen Ohio Dividend Advantage Municipal Fund (Ohio Dividend Advantage), Nuveen Ohio Dividend Advantage Municipal Fund 2 (Ohio Dividend Advantage 2), Nuveen Ohio Dividend Advantage Municipal Fund 3 (Ohio Dividend Advantage 3), Nuveen Pennsylvania Dividend Advantage Municipal Fund (Pennsylvania Dividend Advantage), Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (Pennsylvania Dividend Advantage 2), Nuveen Pennsylvania Investment Quality Municipal Fund (Pennsylvania Investment Quality), Nuveen Pennsylvania Premium Income Municipal Fund 2 (Pennsylvania Premium Income 2), Nuveen Texas Quality Income Municipal Fund (Texas Quality Income), Nuveen Virginia Dividend Advantage Municipal Fund (Virginia Dividend Advantage), Nuveen Virginia Dividend Advantage Municipal Fund 2 (Virginia Dividend Advantage 2) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts business trust (collectively, the Massachusetts Business Trusts)** (the Minnesota Corporations and Massachusetts Business Trusts are each, a Fund and collectively, the Funds), will be held in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, November 18, 2008, at 9:30 a.m., Central time, for the following purposes and to transact such other business, if any, as may properly come before the Annual Meeting:

Matters to Be Voted on by Shareholders:

1. To elect Members to the Board of Directors/Trustees (each a Board and each Director or Trustee a Board Member) of each Fund as outlined below:
 - a. For each Minnesota Corporation, except California Value, to elect nine (9) Board Members:
 - i) seven (7) Board Members to be elected by the holders of Common Shares and Municipal Auction Rate Cumulative Preferred Shares (Preferred Shares), voting together as a single class; and
 - ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting separately as a single class.
 - b. For California Value, to elect four (4) Board Members.
 - c. For each Massachusetts Business Trust, to elect five (5) Board Members:
 - i) For each Massachusetts Business Trust, except Floating Rate, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate and Insured California Tax-Free Advantage, three (3) Board Members to be elected by the holders of Common Shares and Preferred Shares, voting together as a single class; and three (3) Board Members to be elected by the holders of Common Shares and Taxable Auctioned Preferred Shares for Senior Income, Fund Preferred Shares for Floating Rate, Floating Rate Income Opportunity and Tax-Advantaged Floating Rate and Variable Rate Demand Preferred Shares for Insured California Tax-Free Advantage (collectively, also referred to herein as Preferred Shares), voting together as a single class; and
 - ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting separately as a single class.
 2. To approve the elimination of fundamental investment policies and to approve the adoption of new fundamental investment policies for Arizona Dividend Advantage, Arizona Dividend Advantage 2, Arizona Dividend Advantage 3, Arizona Premium Income, California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Dividend Advantage, Connecticut Dividend Advantage 2, Connecticut Dividend Advantage 3, Connecticut Premium Income, Florida Investment Quality, Florida Quality Income, Georgia Dividend Advantage, Georgia Dividend Advantage 2, Georgia Premium Income, Maryland Dividend Advantage, Maryland Dividend Advantage 2, Maryland Dividend Advantage 3, Maryland Premium Income, Massachusetts Dividend Advantage, Massachusetts Premium Income, Michigan Dividend Advantage, Michigan Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Premium Income, North Carolina Dividend Advantage, North Carolina Dividend Advantage 2, North Carolina Dividend Advantage 3, North Carolina Premium Income, Ohio Dividend Advantage, Ohio Dividend Advantage 2, Ohio Dividend Advantage 3, Ohio Quality Income, Pennsylvania Dividend Advantage, Pennsylvania Dividend Advantage 2, Pennsylvania Investment Quality,
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Pennsylvania Premium Income 2, Texas Quality Income, Virginia Dividend Advantage, Virginia Dividend Advantage 2 and Virginia Premium Income (each a Municipal Fund), as follows:

- a. For each Municipal Fund, to approve the elimination of the Fund's fundamental investment policies relating to investments in municipal securities and below investment grade securities.
 - b. For each Municipal Fund, to approve the new fundamental policy relating to investments in municipal securities.
 - c. For Arizona Premium Income, California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Premium Income, Florida Investment Quality, Florida Quality Income, Georgia Premium Income, Maryland Premium Income, Massachusetts Premium Income, Michigan Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Investment Quality, New Jersey Premium Income, North Carolina Premium Income, Ohio Quality Income, Pennsylvania Investment Quality, Pennsylvania Premium Income 2, Texas Quality Income and Virginia Premium Income (each a Premium/Quality Fund), to approve the elimination of the Fund's fundamental policy relating to commodities.
 - d. For each Premium/Quality Fund, to approve the new fundamental policy relating to commodities.
 - e. For each Premium/Quality Fund, to approve the elimination of the Fund's fundamental policies relating to derivatives and short sales.
 - f. For each Premium/Quality Fund, to approve the elimination of the Fund's fundamental policy prohibiting investment in other investment companies.
3. To approve the elimination of fundamental investment policies and to approve the new fundamental investment policy for Insured California Dividend Advantage, Insured California Premium Income, Insured California Premium Income 2, Insured California Tax-Free Advantage, Insured Florida Premium Income, Insured Florida Tax-Free Advantage and Insured Massachusetts Tax-Free Advantage (each an Insured Fund), as follows:
- a. For each Insured Fund, to approve the elimination of the Fund's fundamental investment policies relating to investments in insured municipal securities.
 - b. For each Insured Fund, to approve the new fundamental investment policy relating to investment in insured municipal securities.
 - c. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the elimination of the Fund's fundamental policy relating to commodities.
 - d. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the new fundamental policy relating to commodities.
 - e. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the elimination of the Fund's fundamental policies relating to derivatives and short sales.
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- f. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the elimination of the Fund's fundamental policy prohibiting investment in other investment companies.
4. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on September 22, 2008 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting. In order to avoid delay and additional expense and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Annual Meeting. You may vote by mail, 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.

Kevin J. McCarthy
Vice President and Secretary

333 West Wacker Drive
Chicago, Illinois 60606
(800) 257-8787

Joint Proxy Statement

October 14, 2008

This Joint Proxy Statement is first being mailed to shareholders on or about October 14, 2008.

Nuveen Floating Rate Income Fund (JFR)
Nuveen Floating Rate Income Opportunity Fund (JRO)
Nuveen Senior Income Fund (NSL)
Nuveen Tax-Advantaged Floating Rate Fund (JFP)
Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)
Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)
Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)
Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)
Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Nuveen California Dividend Advantage Municipal Fund 3 (NZH)
Nuveen California Investment Quality Municipal Fund, Inc. (NQC)
Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)
Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Performance Plus Municipal Fund, Inc. (NCP)
Nuveen California Premium Income Municipal Fund (NCU)
Nuveen California Quality Income Municipal Fund, Inc. (NUC)
Nuveen California Select Quality Municipal Fund, Inc. (NVC)
Nuveen Insured California Dividend Advantage Municipal Fund (NKL)
Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)
Nuveen Connecticut Dividend Advantage Municipal Fund (NFC)
Nuveen Connecticut Dividend Advantage Municipal Fund 2 (NGK)
Nuveen Connecticut Dividend Advantage Municipal Fund 3 (NGO)
Nuveen Connecticut Premium Income Municipal Fund (NTC)
Nuveen Florida Investment Quality Municipal Fund (NQF)
Nuveen Florida Quality Income Municipal Fund (NUF)
Nuveen Insured Florida Premium Income Municipal Fund (NFL)
Nuveen Insured Florida Tax-Free Advantage Municipal Fund (NWF)
Nuveen Georgia Dividend Advantage Municipal Fund (NZX)
Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)
Nuveen Georgia Premium Income Municipal Fund (NPG)
Nuveen Maryland Dividend Advantage Municipal Fund (NFM)
Nuveen Maryland Dividend Advantage Municipal Fund 2 (NZR)
Nuveen Maryland Dividend Advantage Municipal Fund 3 (NWI)
Nuveen Maryland Premium Income Municipal Fund (NMY)
Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB)

Nuveen Massachusetts Premium Income Municipal Fund (NMT)
Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (NGX)
Nuveen Michigan Dividend Advantage Municipal Fund (NZW)
Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)
Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)
Nuveen Missouri Premium Income Municipal Fund (NOM)

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Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)
Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ)
Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)
Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)
Nuveen North Carolina Dividend Advantage Municipal Fund (NRB)
Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO)
Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII)
Nuveen North Carolina Premium Income Municipal Fund (NNC)
Nuveen Ohio Dividend Advantage Municipal Fund (NXI)
Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ)
Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ)
Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)
Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM)
Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY)
Nuveen Pennsylvania Investment Quality Municipal Fund (NQP)
Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY)
Nuveen Texas Quality Income Municipal Fund (NTX)
Nuveen Virginia Dividend Advantage Municipal Fund (NGB)
Nuveen Virginia Dividend Advantage Municipal Fund 2 (NNB)
Nuveen Virginia Premium Income Municipal Fund (NPV)

General Information

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Directors or Trustees (each a Board and collectively, the Boards, and each Director or Trustee, a Board Member and collectively, the Board Members) of Nuveen Arizona Premium Income Municipal Fund, Inc. (Arizona Premium Income), Nuveen California Investment Quality Municipal Fund, Inc. (California Investment Quality), Nuveen California Municipal Market Opportunity Fund, Inc. (California Market Opportunity), Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen California Performance Plus Municipal Fund, Inc. (California Performance Plus), Nuveen California Quality Income Municipal Fund, Inc. (California Quality Income), Nuveen California Select Quality Municipal Fund, Inc. (California Select Quality), Nuveen Insured California Premium Income Municipal Fund, Inc. (Insured California Premium Income), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (Insured California Premium Income 2), Nuveen Michigan Premium Income Municipal Fund, Inc. (Michigan Premium Income), Nuveen Michigan Quality Income Municipal Fund, Inc. (Michigan Quality Income), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income) and Nuveen Ohio Quality Income Municipal Fund, Inc. (Ohio Quality Income), **each a Minnesota corporation (collectively, the Minnesota Corporations)**, and Nuveen Floating Rate Income Fund (Floating Rate), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Senior Income Fund (Senior Income), Nuveen Tax-Advantaged Floating Rate Fund (Tax-Advantaged Floating Rate), Nuveen Arizona Dividend Advantage Municipal Fund (Arizona Dividend Advantage), Nuveen Arizona Dividend Advantage Municipal Fund 2 (Arizona Dividend Advantage 2), Nuveen Arizona Dividend Advantage Municipal Fund 3 (Arizona Dividend Advantage 3), Nuveen California Dividend Advantage Municipal Fund (California Dividend Advantage), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Premium Income Municipal Fund (California Premium Income), Nuveen

Insured California Dividend Advantage Municipal Fund (Insured California Dividend Advantage), Nuveen Insured California Tax-Free Advantage Municipal Fund (Insured California Tax-Free Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund (Connecticut Dividend Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund 2 (Connecticut Dividend Advantage 2), Nuveen Connecticut Dividend Advantage Municipal Fund 3 (Connecticut Dividend Advantage 3), Nuveen Connecticut Premium Income Municipal Fund (Connecticut Premium Income), Nuveen Florida Investment Quality Municipal Fund (Florida Investment Quality), Nuveen Florida Quality Income Municipal Fund (Florida Quality Income), Nuveen Insured Florida Premium Income Municipal Fund (Insured Florida Premium Income), Nuveen Insured Florida Tax-Free Advantage Municipal Fund (Insured Florida Tax-Free Advantage), Nuveen Georgia Dividend Advantage Municipal Fund (Georgia Dividend Advantage), Nuveen Georgia Dividend Advantage Municipal Fund 2 (Georgia Dividend Advantage 2), Nuveen Georgia Premium Income Municipal Fund (Georgia Premium Income), Nuveen Maryland Dividend Advantage Municipal Fund (Maryland Dividend Advantage), Nuveen Maryland Dividend Advantage Municipal Fund 2 (Maryland Dividend Advantage 2), Nuveen Maryland Dividend Advantage Municipal Fund 3 (Maryland Dividend Advantage 3), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Massachusetts Dividend Advantage Municipal Fund (Massachusetts Dividend Advantage), Nuveen Massachusetts Premium Income Municipal Fund (Massachusetts Premium Income), Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (Insured Massachusetts Tax-Free Advantage), Nuveen Michigan Dividend Advantage Municipal Fund (Michigan Dividend Advantage), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen North Carolina Dividend Advantage Municipal Fund (North Carolina Dividend Advantage), Nuveen North Carolina Dividend Advantage Municipal Fund 2 (North Carolina Dividend Advantage 2), Nuveen North Carolina Dividend Advantage Municipal Fund 3 (North Carolina Dividend Advantage 3), Nuveen North Carolina Premium Income Municipal Fund (North Carolina Premium Income), Nuveen Ohio Dividend Advantage Municipal Fund (Ohio Dividend Advantage), Nuveen Ohio Dividend Advantage Municipal Fund 2 (Ohio Dividend Advantage 2), Nuveen Ohio Dividend Advantage Municipal Fund 3 (Ohio Dividend Advantage 3), Nuveen Pennsylvania Dividend Advantage Municipal Fund (Pennsylvania Dividend Advantage), Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (Pennsylvania Dividend Advantage 2), Nuveen Pennsylvania Investment Quality Municipal Fund (Pennsylvania Investment Quality), Nuveen Pennsylvania Premium Income Municipal Fund 2 (Pennsylvania Premium Income 2), Nuveen Texas Quality Income Municipal Fund (Texas Quality Income), Nuveen Virginia Dividend Advantage Municipal Fund (Virginia Dividend Advantage), Nuveen Virginia Dividend Advantage Municipal Fund 2 (Virginia Dividend Advantage 2) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts business trust (collectively, the Massachusetts Business Trusts)** (the Minnesota Corporations and Massachusetts Business Trusts are each, a Fund and collectively, the Funds), of proxies to be voted at the Annual Meeting of Shareholders to be held in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, November 18, 2008, at 9:30 a.m., Central time (for each Fund, an Annual Meeting and collectively, the Annual Meetings), and at any and all adjournments thereof.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a proxy is returned and no choice is specified, the shares will be voted **FOR** the election of the nominees as listed in this

Joint Proxy Statement and **FOR** the elimination of the fundamental investment policies and the adoption of new fundamental investment policies for each Fund. Shareholders of a Fund who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

The Board of each Fund has determined that the use of this Joint Proxy Statement for each Annual Meeting is in the best interest of each Fund and its shareholders in light of the similar matters being considered and voted on by the shareholders.

The following table indicates which shareholders are solicited with respect to each matter:

Matter	Common Shares	Preferred Shares ⁽¹⁾⁽²⁾
1a(i). For each Minnesota Corporation, except California Value, election of seven (7) Board Members by all shareholders.	X	X
a(ii). For each Minnesota Corporation, except California Value, election of two (2) Board Members by Preferred Shares only.		X
b. Election of four (4) Board Members for California Value by all shareholders.	X	N/A
c(i). For each Massachusetts Business Trust, election of three (3) Board Members by all shareholders.	X	X
c(ii). For each Massachusetts Business Trust, election of two (2) Board Members by Preferred Shares only.		X

Matter	Common Shares	Preferred Shares ⁽¹⁾⁽²⁾
<p>2a. For Arizona Dividend Advantage, Arizona Dividend Advantage 2, Arizona Dividend Advantage 3, Arizona Premium Income, California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Dividend Advantage, Connecticut Dividend Advantage 2, Connecticut Dividend Advantage 3, Connecticut Premium Income, Florida Investment Quality, Florida Quality Income, Georgia Dividend Advantage, Georgia Dividend Advantage 2, Georgia Premium Income, Maryland Dividend Advantage, Maryland Dividend Advantage 2, Maryland Dividend Advantage 3, Maryland Premium Income, Massachusetts Dividend Advantage, Massachusetts Premium Income, Michigan Dividend Advantage, Michigan Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Premium Income, North Carolina Dividend Advantage, North Carolina Dividend Advantage 2, North Carolina Dividend Advantage 3, North Carolina Premium Income, Ohio Dividend Advantage, Ohio Dividend Advantage 2, Ohio Dividend Advantage 3, Ohio Quality Income, Pennsylvania Dividend Advantage, Pennsylvania Dividend Advantage 2, Pennsylvania Investment Quality, Pennsylvania Premium Income 2, Texas Quality Income, Virginia Dividend Advantage, Virginia Dividend Advantage 2 and Virginia Premium Income (each a Municipal Fund), to approve the elimination of the Fund s fundamental investment policies relating to investments in municipal securities and below investment grade securities.</p>	X	X
<p>b. For each Municipal Fund, to approve the new fundamental policy relating to investments in municipal securities.</p>	X	X

Matter	Common Shares	Preferred Shares ⁽¹⁾⁽²⁾
c. For Arizona Premium Income, California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Premium Income, Florida Investment Quality, Florida Quality Income, Georgia Premium Income, Maryland Premium Income, Massachusetts Premium Income, Michigan Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Investment Quality, New Jersey Premium Income, North Carolina Premium Income, Ohio Quality Income, Pennsylvania Investment Quality, Pennsylvania Premium Income 2, Texas Quality Income and Virginia Premium Income (each a Premium/Quality Fund), to approve the elimination of the Fund s fundamental policy relating to commodities.	X	X
d. For each Premium/Quality Fund, to approve the new fundamental policy relating to commodities.	X	X
e. For each Premium/Quality Fund, to approve the elimination of the Fund s fundamental policies relating to derivatives and short sales.	X	X
f. For each Premium/Quality Fund, to approve the elimination of the Fund s fundamental policy prohibiting investment in other investment companies.	X	X
3a. For Insured California Dividend Advantage, Insured California Premium Income, Insured California Premium Income 2, Insured California Tax-Free Advantage, Insured Florida Premium Income, Insured Florida Tax-Free Advantage and Insured Massachusetts Tax-Free Advantage (each an Insured Fund), to approve the elimination of the Fund s fundamental investment policies relating to investments in insured municipal securities.	X	X
b. For each Insured Fund, to approve the new fundamental investment policy relating to investments in insured municipal securities.	X	X

Matter	Common Shares	Preferred Shares ⁽¹⁾⁽²⁾
c. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the elimination of the Fund's fundamental policy relating to commodities.	X	X
d. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the new fundamental policy relating to commodities.	X	X
e. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the elimination of the Fund's fundamental policies relating to derivatives and short sales.	X	X
f. For Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income, to approve the elimination of the Fund's fundamental policy prohibiting investment in other investment companies.	X	X

(1) Taxable Auctioned Preferred Shares for Senior Income; Fund Preferred Shares for Floating Rate, Floating Rate Income Opportunity and Tax-Advantaged Floating Rate; Variable Rate Demand Preferred Shares for Insured California Tax-Free Advantage; and Municipal Auction Rate Cumulative Preferred Shares for each Municipal Fund, except California Value, are referred to as Preferred Shares.

(2) California Value has not issued Preferred Shares.

A quorum of shareholders is required to take action at each Annual Meeting. A majority of the shares entitled to vote at each Annual Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Annual Meeting, except that for the two Board Member nominees to be elected by holders of Preferred Shares of each Fund (except California Value), 33 1/3% of the Preferred Shares entitled to vote and represented in person or by proxy will constitute a quorum. Votes cast by proxy or in person at each Annual Meeting will be tabulated by the inspectors of election appointed for that Annual Meeting. The inspectors of election will determine whether or not a quorum is present at the Annual 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 (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

For each Fund, the affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect the Board Members of that Fund. For purposes of determining the approval of the proposal to elect

nominees for each Fund, abstentions and broker non-votes will have no effect on the election of Board Members. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies for California Value, a change will only be consummated if approved by the affirmative vote of the holders of a majority of the outstanding shares of a Fund. For purposes of determining the approval of the elimination of the

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fundamental investment policies and the approval of the new fundamental investment policies for the Insured Funds and Municipal Funds, except California Value, a change will only be consummated if approved by the affirmative vote of the holders of a majority of the outstanding shares of a Fund's Common Shares and Preferred Shares, voting together as a single class, and by the affirmative vote of a majority of the Fund's outstanding Preferred Shares, voting as a separate class. For this purpose, a majority of the outstanding shares means, as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), (a) 67% or more of the voting securities present at the Annual Meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy; or (b) more than 50% of the outstanding voting securities, whichever is less. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

Preferred 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 Annual Meeting, or, if adjourned, one business day before the day to which the Annual Meeting is adjourned, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the New York Stock Exchange, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of Preferred Shares as a class who have voted on the proposal or in the same proportion as the votes cast by all holders of Preferred Shares of the Fund who have voted on that item. Rule 452 permits proportionate voting of Preferred Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the Preferred Shares or shares of a series of Preferred Shares outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the Preferred Shares or shares of a series of Preferred Shares outstanding has been voted by the holders of such shares against such item. 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.

Those persons who were shareholders of record at the close of business on September 22, 2008 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held. As of September 22, 2008, the shares of the Funds were issued and outstanding as follows:

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Floating Rate Income	JFR	47,395,206	Series M	1,650
			Series T	1,650
			Series W	1,650
			Series F	1,650
Floating Rate Income Opportunity	JRO	28,419,322	Series M	1,334
			Series TH	1,334
			Series F	1,332
Senior Income	NSL	29,834,353	Series TH	1,840
Tax-Advantaged Floating Rate	JFP	13,868,283	Series TH	920
Arizona Dividend Advantage	NFZ	1,550,199	Series T	480
Arizona Dividend Advantage 2	NKR	2,440,349	Series W	740
Arizona Dividend Advantage 3	NXE	3,067,630	Series M	880
Arizona Premium Income	NAZ	4,469,154	Series TH	1,200
California Dividend Advantage	NAC	23,480,254	Series TH	2,710
			Series F	2,711
California Dividend Advantage 2	NVX	14,797,422	Series M	2,200
			Series F	2,200
California Dividend Advantage 3	NZH	24,132,334	Series M	3,198
			Series TH	3,199

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California Investment Quality	NQC	13,580,232	Series M Series W	3,051 746
California Market Opportunity	NCO	8,168,248	Series W Series F	2,200 520
California Value	NCA	25,253,681	N/A	
California Performance Plus	NCP	12,965,742	Series T Series W Series F	1,697 603 1,697
California Premium Income	NCU	5,775,188	Series M	1,720
California Quality Income	NUC	22,020,090	Series M Series W Series F	1,249 2,676 2,676
California Select Quality	NVC	23,129,870	Series T Series W Series TH	2,116 1,481 3,174
Insured California Dividend Advantage	NKL	15,286,005	Series T Series F	2,165 2,165
Insured California Premium Income	NPC	6,459,832	Series T	1,800
Insured California Premium Income 2	NCL	12,716,370	Series T Series TH	1,597 1,596

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Insured California Tax-Free Advantage	NKX	5,886,667	Series I	355
Connecticut Dividend Advantage	NFC	2,580,246	Series T	780
Connecticut Dividend Advantage 2	NGK	2,316,806	Series W	700
Connecticut Dividend Advantage 3	NGO	4,365,873	Series F	1,280
Connecticut Premium Income	NTC	5,363,976	Series TH	1,532
Florida Investment Quality	NQF	16,368,802	Series T Series F	3,080 2,200
Florida Quality Income	NUF	14,154,895	Series M Series TH Series F	1,700 1,700 1,280
Insured Florida Premium Income	NFL	14,218,896	Series W Series TH	1,640 2,800
Insured Florida Tax-Free Advantage	NWF	3,882,373	Series W	1,160
Georgia Dividend Advantage	NZX	1,969,350	Series M	600
Georgia Dividend Advantage 2	NKG	4,554,375	Series F	1,320
Georgia Premium Income	NPG	3,805,652	Series TH	1,112
Maryland Dividend Advantage	NFM	4,187,933	Series M	1,280
Maryland Dividend Advantage 2	NZR	4,194,422	Series F	1,280

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Maryland Dividend Advantage 3	NWI	5,363,909	Series T	1,560
Maryland Premium Income	NMY	10,640,076	Series W Series TH	1,404 1,760
Massachusetts Dividend Advantage	NMB	1,960,437	Series T	600
Massachusetts Premium Income	NMT	4,763,486	Series TH	1,360
Insured Massachusetts Tax-Free Advantage	NGX	2,723,242	Series W	820
Michigan Dividend Advantage	NZW	2,066,986	Series W	640
Michigan Premium Income	NMP	7,751,048	Series M Series TH	840 1,400
Michigan Quality Income	NUM	11,714,953	Series TH Series F	3,200 560
Missouri Premium Income	NOM	2,307,415	Series TH	640
New Jersey Dividend Advantage	NXJ	6,577,112	Series T	1,920
New Jersey Dividend Advantage 2	NUJ	4,523,121	Series W	1,380
New Jersey Investment Quality	NQJ	20,484,322	Series M Series TH Series F	3,200 2,000 1,280
New Jersey Premium Income	NNJ	12,049,496	Series T Series W Series TH	624 1,440 1,600
North Carolina Dividend Advantage	NRB	2,264,699	Series T	680

North Carolina Dividend Advantage 2	NNO	3,749,642	Series F	1,120
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Fund	Ticker Symbol*	Common Shares	Preferred Shares	
North Carolina Dividend Advantage 3	NII	3,932,730	Series W	1,120
North Carolina Premium Income	NNC	6,351,838	Series TH	1,872
Ohio Dividend Advantage	NXI	4,244,093	Series W	1,240
Ohio Dividend Advantage 2	NBJ	3,121,477	Series F	960
Ohio Dividend Advantage 3	NVJ	2,158,458	Series T	660
Ohio Quality Income	NUO	9,746,032	Series M Series TH1 Series TH2	680 1,400 1,000
Pennsylvania Dividend Advantage	NXM	3,332,584	Series T	1,000
Pennsylvania Dividend Advantage 2	NVY	3,725,809	Series M	1,140
Pennsylvania Investment Quality	NQP	16,161,598	Series T Series W Series TH	880 2,400 2,000
Pennsylvania Premium Income 2	NPY	15,670,651	Series M Series TH Series F	844 2,080 1,800
Texas Quality Income	NTX	9,495,144	Series M Series TH	760 2,000
Virginia Dividend Advantage	NGB	3,133,733	Series W	960
Virginia Dividend Advantage 2	NNB	5,734,157	Series M	1,680

Virginia Premium Income	NPV	8,933,535	Series T	832
			Series TH	1,720

* The Common Shares of all of the Funds are listed on the American Stock Exchange, except JFR, JRO, NSL, JFP, NAZ, NAC, NQC, NCO, NCA, NCP, NUC, NVC, NPC, NCL, NTC, NQF, NUF, NFL, NMY, NMT, NMP, NUM, NQJ, NNJ, NNC, NUO, NQP, NPY, NTX and NPV which are listed on the New York Stock Exchange.

1. Election of Board Members

Minnesota Corporations

At the Annual Meeting of each Minnesota Corporation (except California Value), Board Members are to be elected to serve until the next annual meeting or until their successors have been duly elected and qualified. Under the terms of each Minnesota Corporation's organizational documents (except California Value), under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members, and the remaining Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Pursuant to the organizational documents of California Value, its Board is divided into three classes, with each class being elected to serve until the third succeeding annual meeting subsequent to their election or thereafter in each case when their respective successors are duly elected and qualified. For California Value, four (4) Board Members are nominated to be elected at this Annual Meeting.

a. For each Minnesota Corporation, except California Value:

- (i) seven (7) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Amboian,

Bremner, Evans, Kundert, Stockdale, Stone and Toth are nominees for election by all shareholders.

- (ii) two (2) Board Members are to be elected by holders of Preferred Shares, each series voting together as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares.

- b. For California Value:** The Board of California Value has designated Board Members Amboian, Kundert and Toth as Class II Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2011 and has re-designated Board Member Hunter as a Class I Board Member and as a nominee for a Board Member for a term expiring at the annual meeting of shareholders in 2010 or until their successors have been duly elected and qualified. The remaining Board Members Bremner, Evans, Schneider, Stockdale and Stone are current and continuing Board Members. The Board of California Value has designated Board Members Stockdale and Stone as continuing Class I Board Members for a term expiring in 2010 and has designated Board Members Bremner, Evans and Schneider as Class III Board Members for a term expiring in 2009.

Massachusetts Business Trusts

Pursuant to the organizational documents of each Massachusetts Business Trust, each Board is divided into three classes, Class I, Class II and Class III, to be elected by the holders of the outstanding Common Shares and any outstanding Preferred Shares, voting together as a single class to serve until the third succeeding annual meeting subsequent to their election or thereafter, in each case until their successors have been duly elected and qualified. For each Massachusetts Business Trust, under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members. The Board Members elected by holders of Preferred Shares will be elected to serve until the next annual meeting or until their successors have been duly elected and qualified.

c. For each Massachusetts Business Trust:

- (i) three (3) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2011 or until their successors have been duly elected and qualified. Board Members Bremner, Evans, Stockdale and Stone are current and continuing Board Members. Board Members Bremner and Evans have been designated as Class III Board Members for a term expiring at the annual meeting of shareholders in 2009 or until their successors have been duly elected and qualified. Board Members Stockdale and Stone have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2010 or until their successors have been duly elected and qualified.
- (ii) two (2) Board Members are to be elected by holders of Preferred Shares, each series voting together as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares for a term expiring at the next annual meeting or until their successors have been duly elected and qualified.

It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the nominees listed in the table below unless the proxy is marked otherwise. Each of the nominees has agreed to serve as a Board Member of each Fund if elected. However, should any nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by that Fund's present Board.

For each Minnesota Corporation, except for California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Quality Income, California Select Quality, Insured California Premium Income and Insured California Premium Income 2, all Board Member nominees, with the exception of Mr. Amboian and Mr. Toth, were last elected to each Fund's Board at the annual meeting of shareholders held on October 12, 2007.

For California Investment Quality, California Market Opportunity, California Performance Plus, California Quality Income, California Select Quality, Insured California Premium Income and Insured California Premium Income 2 all Board Member nominees, with the exception of Mr. Amboian and Mr. Toth, were last elected to each Fund's Board at the annual meeting of shareholders held on December 18, 2007.

For California Value, Board Members Stockdale and Stone were last elected as Class I Board Members at the annual meeting of shareholders held on December 18, 2007. Board Members Bremner, Evans and Schneider were last elected as Class III Board Members at the annual meeting of shareholders held on November 14, 2006. Board Members Hunter and Kundert were last elected as Class II Board Members at the annual meeting of shareholders held on November 15, 2005.

For each Massachusetts Business Trust, except Floating Rate, Floating Rate Income Opportunity, Tax-Advantage Floating Rate, California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Insured California Dividend Advantage, Insured California Tax-Free Advantage, Florida Quality Income, Maryland Dividend Advantage 3 and New Jersey Dividend Advantage, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members and Board Member Schneider was last elected to each Fund's Board at the annual meeting of shareholders held on October 12, 2007. For Floating Rate Income, Floating Rate Income Opportunity and Maryland Dividend Advantage 3, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members and Board Member Schneider was last elected to each Fund's Board at the annual meeting of shareholders held on October 12, 2007, which was adjourned to October 22, 2007. For Florida Quality Income and New Jersey Dividend Advantage, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members and Board Member Schneider was last elected to each Fund's Board at the annual meeting of shareholders held on October 12, 2007, which was adjourned to October 22, 2007 and November 8, 2007. For Tax-Advantaged Floating Rate, Board Members Stockdale and Stone were last elected to the Fund's Board as Class I Board Members and Board Member Schneider were last elected to the Fund's Board at the annual meeting of shareholders held on October 12, 2007, which was adjourned to October 22, 2007, November 12, 2007 and November 30, 2007. For each Massachusetts Business Trust, except California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Insured California Dividend Advantage and Insured California Tax-Free Advantage, Board Members Bremner, Evans, Hunter and Kundert were last elected to each Fund's Board at the annual meeting of shareholders held on November 14, 2006.

For California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Insured California Dividend Advantage and Insured California Tax-Free Advantage, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members and Board Member Schneider was last elected to each Fund's Board at the annual meeting of shareholders held on December 18, 2007.