

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3
 Form 3
 December 10, 2008

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *

^ CITIGROUP INC

(Last) (First) (Middle)

399 PARK AVENUE, ^ 3RD FLOOR

(Street)

NEW YORK, ^ NY ^ 10043

(City) (State) (Zip)

2. Date of Event Requiring Statement

(Month/Day/Year)
 11/30/2008

3. Issuer Name and Ticker or Trading Symbol
 NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 [NXE]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer Other
 (give title below) (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)

Auction Rate Preferred

2. Amount of Securities Beneficially Owned (Instr. 4)

322 ⁽¹⁾

3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)

I

4. Nature of Indirect Beneficial Ownership (Instr. 5)

By Subsidiary

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)

2. Date Exercisable and Expiration Date (Month/Day/Year)

3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)
 Title

4. Conversion or Exercise Price of Derivative

5. Ownership Form of Derivative Security:

6. Nature of Indirect Beneficial Ownership (Instr. 5)

| | | | | |
|---------------------|--------------------|----------------------------------|----------|--|
| Date Exercisable | Expiration Date | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) |
|---------------------|--------------------|----------------------------------|----------|--|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| CITIGROUP INC 399 PARK AVENUE 3RD FLOOR NEW YORK, NY 10043 | ^ | ^ X | ^ | ^ |

Signatures

Citigroup Inc., By: /s/ Riqueza V. Feaster, Assistant Secretary 12/10/2008

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
 (1) The Auction Preferred Shares ("Shares") reported in Table I represent 322 Shares beneficially owned by Citigroup Global Markets Inc. ("CGMI"). Citigroup Financial Products Inc. ("CFP") is the sole stockholder of CGMI. Citigroup Global Markets Holdings Inc. ("CGMHI") is the sole stockholder of CFP. Citigroup Inc. ("Citigroup") is the sole stockholder of CGMHI.

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Remarks:

The 322 Shares reported herein represent Citigroup's combined holdings in multiple series of auction

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.