CAVCO INDUSTRIES INC
Form 10-Q
August 09, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission File Number 000-08822

Cavco Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**56-2405642**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**
1001 North Central Avenue, Suite 800, Phoenix, Arizona	**85004**
(Address of principal executive offices)	**(Zip Code)**

(602) 256-6263

(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last year)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No x

As of August 6, 2012, there were 6,967,954 shares of the registrant s common stock, $.01 par value, issued and outstanding.

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CAVCO INDUSTRIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CAVCO INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)

	June 30, 2012 (Unaudited)	March 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 47,149	$ 41,094
Restricted cash, current	7,132	6,331
Accounts receivable, net	14,262	14,871
Short-term investments	5,514	5,377
Current portion of consumer loans receivable, net	20,190	20,705
Inventories	57,840	62,246
Assets held for sale	3,903	3,903
Prepaid expenses and other current assets	8,736	7,848
Deferred income taxes	6,498	6,657
Total current assets	171,224	169,032
Restricted cash	453	453
Investments	9,595	8,825
Consumer loans receivable, net	97,683	98,594
Inventory finance notes receivable, net	24,682	24,681
Property, plant and equipment, net	49,606	50,064
Goodwill and other intangibles, net	80,469	80,915
Deferred income taxes	4,011	4,770
Total assets	$ 437,723	$ 437,334
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 12,342	$ 11,732
Accrued liabilities	58,304	58,495
Construction lending lines	2,536	4,550
Current portion of securitized financings	10,976	10,728
Total current liabilities	84,158	85,505
Securitized financings	78,446	80,747
Deferred income taxes	16,212	16,198
Redeemable noncontrolling interest	87,286	86,541
Stockholders equity		
Preferred stock, $.01 par value; 1,000,000 shares authorized;		
No shares issued or outstanding		

Common stock, $.01 par value; 20,000,000 shares authorized;		
Outstanding 6,966,454 and 6,890,796 shares, respectively	70	69
Additional paid-in capital	134,019	131,589
Retained earnings	37,487	36,627
Accumulated other comprehensive income	45	58
Total stockholders equity	171,621	168,343
Total liabilities, redeemable noncontrolling interest and stockholders equity	$ 437,723	$ 437,334

See accompanying Notes to Consolidated Financial Statements

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CAVCO INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,	
	2012	2011
Net sales	$ 118,781	$ 98,981
Cost of sales	94,726	82,821
Gross profit	24,055	16,160
Selling, general and administrative expenses	19,975	16,990
Income (loss) from operations	4,080	(830)
Interest expense	(1,683)	(1,461)
Other income	395	360
Gain on bargain purchase		22,009
Income before income taxes	2,792	20,078
Income tax (expense) benefit	(1,174)	610
Net income	1,618	20,688
Less: net income attributable to redeemable noncontrolling interest	758	10,466
Net income attributable to Cavco common stockholders	$ 860	$ 10,222
Comprehensive income:		
Net income	$ 1,618	$ 20,688
Unrealized loss on available-for-sale securities, net of tax	(26)	(64)
Comprehensive income	1,592	20,624
Comprehensive income attributable to redeemable noncontrolling interest	745	10,434
Comprehensive income attributable to Cavco common stockholders	$ 847	$ 10,190
Net income per share attributable to Cavco common stockholders:		
Basic	$ 0.12	$ 1.49
Diluted	$ 0.12	$ 1.48
Weighted average shares outstanding:		
Basic	6,923,676	6,838,324
Diluted	6,995,771	6,894,380

See accompanying Notes to Consolidated Financial Statements

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CAVCO INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011
OPERATING ACTIVITIES		
Net income	$ 1,618	$ 20,688
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,091	867
Provision for credit losses	213	(84)
Deferred income taxes	946	(414)
Share-based compensation expense	270	185
Non-cash interest income	(364)	(624)
Non-cash interest expense	189	188
Loss on sale of property, plant and equipment including assets held for sale	13	
Gain on bargain purchase		(22,009)
Gain on sale of loans	(1,539)	(950)
Gain on sale of investments	(30)	(14)
Changes in operating assets and liabilities:		
Restricted cash	(801)	(634)
Accounts receivable	599	(1,652)
Consumer loans originated	(22,705)	(14,014)
Principal payments on consumer loans receivable	2,983	2,117
Proceeds from sales of consumer loans	22,829	13,188
Inventories	4,406	(960)
Prepaid expenses and other current assets	(888)	(2,826)
Inventory finance receivable	18	(489)
Accounts payable and accrued liabilities	419	12,639
Net cash provided by operating activities	9,267	5,202
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(221)	(1,029)
Proceeds from sale of property, plant and equipment including assets held for sale	21	
Purchase of Palm Harbor assets and certain liabilities, net of cash acquired		(67,639)
Purchases of investments	(1,578)	(75)
Proceeds from sale of investments	608	1,129
Investment in debtor-in-possession note receivable		(6,238)
Proceeds from payoff of debtor-in-possession note receivable		45,301
Net cash used in investing activities	(1,170)	(28,551)
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	2,161	1,436
Net (repayment) proceeds of construction lending line	(2,014)	808
Payments on Virgo debt		(19,456)
Payments on securitized financings	(2,189)	(2,415)

Net cash used in financing activities	(2,042)	(19,627)
Net increase (decrease) in cash and cash equivalents	6,055	(42,976)
Cash and cash equivalents at beginning of period	41,094	76,513
Cash and cash equivalents at end of period	$ 47,149	$ 33,537
Supplemental disclosures of cash flow information:		
Cash paid during the period for income taxes	$ 1,514	$ 1,160
Cash paid during the period for interest	$ 1,644	$ 1,565

See accompanying Notes to Consolidated Financial Statements

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CAVCO INDUSTRIES, INC.

Notes to Consolidated Financial Statements

June 30, 2012

(Unaudited)

1. Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of Cavco Industries, Inc., and its subsidiaries (collectively, the Company or Cavco), have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for Quarterly Reports on Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) have been condensed or omitted pursuant to such rules and regulations.

In the opinion of management, these statements include all of the normal recurring adjustments necessary to fairly state the Company s Consolidated Financial Statements. Certain prior period amounts have been reclassified to conform to current period classification. The Company has evaluated subsequent events after the balance sheet date of June 30, 2012 through the date of the filing of this report with the SEC; there were no disclosable subsequent events. These Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and the Notes to Consolidated Financial Statements included in the Company s Annual Report on Form 10-K for the year ended March 31, 2012 filed with the SEC on June 12, 2012 (the Form 10-K).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and the accompanying Notes. Actual results could differ from those estimates. The Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows for the interim periods are not necessarily indicative of the results or cash flows for the full year.

The Company operates principally in two segments: (1) factory-built housing, which includes manufactured housing, modular housing and retail operations, and (2) financial services, which includes consumer finance and insurance.

Through our Fleetwood Homes, Inc. (Fleetwood) subsidiary, jointly owned by the Company and its investment partners, Third Avenue Value Fund and an affiliate (collectively, Third Avenue), certain manufactured housing assets and liabilities were acquired on August 17, 2009 (the Fleetwood Acquisition Date). Third Avenue Management is an investment advisor to Third Avenue Value Fund and is a principal stockholder of the Company, as described further in Note 20 to the Consolidated Financial Statements.

Financial information for Fleetwood is included in the Consolidated Financial Statements and the related Notes in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 810, *Consolidation* (ASC 810). Management has determined that, under GAAP, although Fleetwood is only fifty-percent owned by the Company, Cavco has a controlling interest and is required to fully consolidate the results of Fleetwood. The primary factors that contributed to this determination were Cavco s management and board control of Fleetwood wherein members of Cavco s management hold all of the seats on the board of directors of Fleetwood. In addition, as part of a management services agreement among Cavco, Fleetwood and Third Avenue, Cavco provides all executive-level management services to Fleetwood including, among other things, general management oversight, marketing and customer relations, accounting and cash management. Third Avenue s financial interest in Fleetwood is considered a redeemable noncontrolling interest, and is designated as such in the Consolidated Financial Statements (see Note 19).

During fiscal year 2012, Fleetwood, through its wholly-owned subsidiary, Palm Harbor Homes, Inc., a Delaware corporation (Palm Harbor or Palm Harbor Delaware), purchased substantially all of the assets and assumed specified liabilities of Palm Harbor Inc., a Florida corporation, and certain of its subsidiaries, (collectively, Palm Harbor Florida) pursuant to an auction process under Section 363 of the U.S. Bankruptcy Code. The effective date of the transaction was April 23, 2011 (the Palm Harbor Acquisition Date), except for Palm Harbor s acquisition of the stock of Standard Casualty Co. The aggregate gross purchase price was $83.9 million, exclusive of transaction costs, specified liabilities assumed and post-closing adjustments (these adjustments have been recorded). Approximately $45.3 million of the purchase price was used to retire the Debtor-In-Possession (DIP) loan previously made by Fleetwood to Palm Harbor Florida. The purchase price was funded by Fleetwood s cash on hand, along with equal contributions of $36.0 million each from the Company and Third Avenue. On June 7, 2011, regulatory approval of the acquisition of Standard Casualty Co. was received from the Texas Department of Insurance and on June 10, 2011 (the SCC Acquisition Date), Palm Harbor Delaware completed the purchase of the insurance subsidiary.

Palm Harbor Delaware acquired five operating manufactured housing production facilities, idled factories in nine locations, 49 operating retail locations, one office building, real estate, all related equipment, accounts receivable, customer deposits, inventory, certain trademarks and trade names, intellectual property, and specified contracts and leases. In addition, as of the Palm Harbor Acquisition Date, Palm Harbor Delaware purchased all of the outstanding shares of CountryPlace Acceptance Corp., CountryPlace Mortgage, Ltd. and their wholly-owned finance subsidiaries (collectively, CountryPlace). Palm Harbor Delaware also acquired all of the outstanding shares of Standard Casualty Co., Standard Insurance Agency, Inc. and its subsidiary (collectively, Standard). Further, Palm Harbor Delaware assumed certain liabilities of Palm Harbor Florida, including primarily debt facilities of the finance subsidiaries. The results of Palm Harbor s operations and the results of Standard s operations since the Palm Harbor Acquisition Date and SCC Acquisition Date, respectively, have been included in the Consolidated Financial Statements and the related Notes in accordance with the provisions of ASC 810.

Standard is domiciled in Texas and is primarily a specialty writer of manufactured home physical damage insurance. Standard holds insurance licenses in multiple states; however, a significant portion of its writing occurs in Texas. In addition to writing direct policies, Standard assumes and cedes reinsurance in the ordinary course of business (see Note 12).

CountryPlace originates single-family residential mortgages and services, for itself and others, conforming mortgages, non-conforming land-home mortgages and manufactured homes chattel loans. CountryPlace is authorized by the U.S. Department of Housing and Urban Development (HUD) to directly endorse Federal Housing Administration (FHA) Title I and Title II mortgage insurance, is approved by the Government National Mortgage Association (GNMA or Ginnie Mae) to issue GNMA-insured mortgage-backed securities, and is authorized to sell mortgages to, and service mortgages for, the Federal National Mortgage Association (FNMA or Fannie Mae). A conforming mortgage or loan is one that conforms to the guidelines of a Government-Sponsored Enterprise (GSE), such as Fannie Mae, or a government agency, such as FHA; a non-conforming mortgage or loan does not conform to these guidelines (see Note 5).

Recent Accounting Pronouncements. In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*. The amendments in this update are effective for public companies for fiscal years, and interim periods within those years, beginning after December 15, 2011. In this update, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. The adoption of ASU 2011-05 affected the Company s presentation of comprehensive income within the Consolidated Financial Statements.

In September 2011, the FASB issued ASU 2011-08, *Intangibles Goodwill and Other (Topic 350): Testing Goodwill for Impairment.* The amendments in this update are effective for public companies for fiscal years beginning after December 15, 2011. In this update, an entity has the option to first assess qualitative factors to determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then it is required to perform the first step of the two-step impairment test. However, if an entity concludes otherwise, then performing the two-step impairment test is unnecessary. As of the beginning of the current fiscal year, the Company has adopted all of the aforementioned provisions of ASU 2011-08.

In July 2012, the FASB issued ASU 2012-02, *Intangibles Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment.* The amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. In this update, an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is more likely than not that the indefinite-lived intangible asset is impaired, then the entity is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Subtopic 350-30. However, if an entity concludes otherwise, then no further action is required. The Company will consider this guidance as it completes its annual evaluation.

For a description of other significant accounting policies used by the Company in the preparation of its Consolidated Financial Statements, please refer to Note 1 of the Notes to Consolidated Financial Statements in the Form 10-K.

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2. Restricted Cash

Restricted cash consists of the following (in thousands):

	June 30, 2012	March 31, 2012
Cash related to CountryPlace customer payments to be remitted to third parties	$ 3,928	$ 3,643
Cash related to CountryPlace customers principal and interest payments on securitized loans to be remitted to bondholders	2,159	2,128
Cash related to retail homebuyer deposits held in trust	1,045	560
Other restricted cash	453	453
	$ 7,585	$ 6,784

3. Investments

The following table summarizes the Company s available-for-sale investment securities, gross unrealized gains and losses and fair value, aggregated by investment category (in thousands):

	June 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and government agencies	$ 1,662	$ 12	$	$ 1,674
Mortgage-backed securities	4,674	19	(72)	4,621
States and political subdivisions	1,179	27		1,206
Corporate debt securities	3,611	36		3,647
Marketable equity securities	3,847	245	(131)	3,961
	$ 14,973	$ 339	$ (203)	$ 15,109

	March 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury and government agencies	$ 1,371	$ 11	$ (1)	$ 1,381
Mortgage-backed securities	3,946	17	(48)	3,915
States and political subdivisions	1,186	26		1,212
Corporate debt securities	3,640	37	(1)	3,676
Marketable equity securities	3,883	218	(83)	4,018
	$ 14,026	$ 309	$ (133)	$ 14,202

The following tables show the gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position (in thousands):

	June 30, 2012		
	Less than 12 Months	12 Months or Longer	Total

	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$ 2,373	$ (72)	$	$	$ 2,373	$ (72)
Marketable equity securities	695	(54)	471	(77)	1,166	(131)
	$ 3,068	$ (126)	$ 471	$ (77)	$ 3,539	$ (203)

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	March 31, 2012					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury and Government Agencies	$ 249	$ (1)	$	$	$ 249	$ (1)
Mortgage-backed securities	2,509	(48)			2,509	(48)
Corporate debt securities	384	(1)			384	(1)
Marketable equity securities	1,194	(83)			1,194	(83)
	$ 4,336	$ (133)	$	$	$ 4,336	$ (133)

Based on the Company s ability and intent to hold the investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider any investments to be other-than-temporarily impaired at June 30, 2012.

The Company s investments in marketable equity securities consist of investments in common stock of industrial and other companies ($2.5 million of the total fair value and $121,000 of the total unrealized losses) and bank trust, insurance, and public utility companies ($1.5 million of the total fair value and $10,000 of the total unrealized losses).

The amortized cost and fair value of the Company s investments in debt securities, by contractual maturity, are shown in the table below (in thousands). Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	June 30, 2012		March 31, 2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$ 1,549	$ 1,553	$ 1,355	$ 1,359
Due after one year through five years	5,751	5,823	5,498	5,573
Due after five years through ten years	259	272	260	270
Due after ten years	3,567	3,500	3,030	2,982
	$ 11,126	$ 11,148	$ 10,143	$ 10,184

Realized gains and losses from the sale of securities are determined using the specific identification method. Gross gains realized on the sales of investment securities for the three months ended June 30, 2012 were approximately $31,000. Gross losses realized were approximately $1,000 for the three months ended June 30, 2012.

4. Inventories

Inventories consist of the following (in thousands):

	June 30, 2012	March 31, 2012
Raw materials	$ 18,785	$ 18,570
Work in process	6,520	6,270
Finished goods and other	32,535	37,406
	$ 57,840	$ 62,246

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5. Consumer Loans Receivable

The Company acquired consumer loans receivable during the first quarter of fiscal 2012 as part of the Palm Harbor transaction. Acquired consumer loans receivable held for investment were acquired at fair value and subsequently are accounted for in a manner similar to ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* (ASC 310-30). Consumer loans receivable held for sale and construction advances are carried at the lower of cost or market value. The following table summarizes consumer loans receivable (in thousands):

	June 30, 2012	March, 31 2012
Loans held for investment (acquired on Palm Harbor Acquisition Date)	$ 107,926	$ 110,629
Loans held for investment (originated after Palm Harbor Acquisition Date)	665	511
Loans held for sale	5,555	4,534
Loans held - construction advances on non-conforming mortgages	3,952	3,865
Consumer loans receivable	118,098	119,539
Deferred financing fees and other, net	(225)	(240)
Consumer loans receivable, net	$ 117,873	$ 119,299

As of the Palm Harbor Acquisition Date, management evaluated consumer loans receivable held for investment by CountryPlace to determine whether there was evidence of deterioration of credit quality and if it was probable that CountryPlace would be unable to collect all amounts due according to the loans contractual terms. The Company also considered expected prepayments and estimated the amount and timing of undiscounted expected principal, interest and other cash flows. The Company determined the excess of the loan pool s scheduled contractual principal and contractual interest payments over all cash flows expected as of the Palm Harbor Acquisition Date as an amount that cannot be accreted into interest income (the non-accretable difference). The remaining difference is accreted into interest income over the remaining life of the loans (referred to as accretable yield). Interest income on consumer loans receivable is recognized as net sales.

	June 30, 2012	March 31, 2012
	(in thousands)	
Consumer loans receivable held for investment contractual amount	$ 290,591	$ 293,818
Purchase Discount		
Accretable	(103,385)	(106,949)
Non-accretable	(78,760)	(75,928)
Less consumer loans receivable reclassified as other assets	(520)	(312)
Total acquired consumer loans receivable held for investment, net	$ 107,926	$ 110,629

Over the life of the acquired loans, the Company continues to estimate cash flows expected to be collected by CountryPlace. At the balance sheet date, the Company evaluates whether the present value of expected cash flows, determined using the effective interest rate, has decreased and, if so, recognizes an allowance for loan loss subsequent to the Palm Harbor Acquisition Date. The present value of any subsequent increase in the loan pool s actual cash flows expected to be collected is used first to reverse any existing allowance for loan loss. Any remaining increase in cash flows expected to be collected adjusts the amount of accretable yield recognized on a prospective basis over the loan pool s remaining life.

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The changes in accretable yield on acquired consumer loans receivable held for investment were as follows (in thousands):

	Three Months Ended June 30,	
	2012	2011
Balance at the beginning of the period	$ 106,949	$
Additions		118,335
Accretion	(3,564)	(2,864)
Balance at the end of the period	$ 103,385	$ 115,471

CountryPlace s consumer loans receivable consists of fixed-rate, fixed-term, fully-amortizing single-family home loans. These loans are either secured by a manufactured home, excluding the land upon which the home is located (chattel property loans and retail installment sale contracts), or by a combination of the home and the land upon which the home is located (real property mortgage loans). The real property mortgage loans are primarily for manufactured homes. Combined land and home loans are further disaggregated by the type of loan documentation: those conforming to the requirements of GSEs, and those that are non-conforming. In most instances, CountryPlace s loans are secured by a first-lien position and are provided for the consumer purchase of a home. In rare instances CountryPlace may provide other types of loans in second-lien or unsecured positions. Accordingly, CountryPlace classifies its loans receivable as follows: chattel loans, conforming mortgages, non-conforming mortgages, and other loans.

In measuring credit quality within each segment and class, CountryPlace uses commercially available credit scores (FICO). At the time of each loan s origination, CountryPlace obtains credit scores from each of the three primary credit bureaus, if available. To evaluate credit quality of individual loans, CountryPlace uses the mid-point of the available credit scores or, if only two scores are available, the Company uses the lower of the two. CountryPlace does not update credit bureau scores after the time of origination.

The following table disaggregates CountryPlace s gross consumer loans receivable as of June 30, 2012, for each class by portfolio segment and credit quality indicator as of the time of origination (in thousands):

	Consumer Loans Held for Investment				Consumer	
	Securitized 2005	Securitized 2007	Unsecuritized	Construction Advances	Loans Held For Sale	Total
Asset Class						
Credit Quality Indicator						
Chattel loans						
0-619	$ 1,392	$ 896	$ 915	$	$	$ 3,203
620-719	20,600	13,829	1,148			35,577
720+	23,630	16,082	733			40,445
Subtotal	45,622	30,807	2,796			79,225
Conforming mortgages						
0-619			309			309
620-719			1,457	2,805	2,578	6,840
720+			107	1,147	2,977	4,231
Subtotal			1,873	3,952	5,555	11,380
Non-conforming mortgages						
0-619	97	856	2,682			3,635
620-719	2,127	7,764	5,207			15,098
720+	2,189	5,010	1,544			8,743

Subtotal	4,413	13,630	9,433			27,476
Other loans						
Subtotal			17			17
	$ 50,035	$ 44,437	$ 14,119	$ 3,952	$ 5,555	$ 118,098

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Loan contracts secured by collateral that is geographically concentrated could experience higher rates of delinquencies, default and foreclosure losses than loan contracts secured by collateral that is more geographically dispersed. Consumer loans receivable are located in the key states shown below with the corresponding percentage of loans aged 61 days or more:

June 30, 2012

State	Portfolio concentration	Aging 61 days or more: Percent of state s loan balance	Aging 61 days or more: Percent of total loan balance
Texas	41.9%	0.87%	0.36%
Florida	6.9%	2.11%	0.14%
New Mexico	6.8%	1.16%	0.08%
Arizona	6.0%	1.68%	0.10%
Alabama	5.9%	1.76%	0.10%
California	2.1%	3.35%	0.07%
All others	30.4%	3.30%	1.00%
	100.0%		1.85%

The States of California, Florida and Arizona, and to a lesser degree Texas, have experienced economic weakness resulting from the decline in real estate values. The risks created by these concentrations have been considered by management in the determination of the accretable yield and the adequacy of any allowance for loan losses. Other than Texas, no other states had concentrations in excess of 10% of the principal balance of the consumer loans receivable as of June 30, 2012.

6. Inventory Finance Receivables and Allowance for Loan Loss

The Company s inventory finance receivables balance consists of two classes: (i) amounts loaned by the Company under participation inventory financing programs; and (ii) direct inventory financing arrangements for the home product inventory needs of our independent distribution base.

Under the terms of the participation programs, the Company provides loans to independent floorplan lenders, representing a significant portion of the funds that such financiers then lend to retailers to finance their inventory purchases of our products. The participation inventory finance receivables are unsecured general obligations of the independent floorplan lenders.

Under the terms of the direct inventory finance arrangements, the Company provides all of the funds for the independent retailers inventory financed. The notes are secured by the inventory collateral and other security depending on the borrower s (retailer s) circumstances. The other terms of direct inventory finance arrangements vary depending on the needs of the borrower and the opportunity for the Company, but generally follow the same tenets as the participation programs.

Inventory finance notes receivables, net, consist of the following by class of financing notes receivable (in thousands):

	June 30, 2012	March 31, 2012
Direct inventory finance receivables	$ 17,458	$ 18,367
Participation inventory finance receivables	7,420	6,529
Allowance for loan loss	(196)	(215)
	$ 24,682	$ 24,681

The Company evaluates the potential for loss from its participation inventory finance programs based on the independent lender s overall financial stability and has determined that an applicable allowance for loan loss was not needed at either June 30, 2012 or March 31, 2012.

With respect to the direct inventory finance notes receivable, the risk of loss is spread over numerous borrowers. Borrower inventory levels and activity are monitored in conjunction with third-party service providers, where applicable, to estimate the potential for loss on the related notes receivable, considering potential exposures including repossession costs, remarketing expenses, impairment of value and the risk of collateral loss. The Company has historically been able

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to resell repossessed unused homes, thereby mitigating loss experience. If a default occurs and collateral is lost, the Company is exposed to loss of the full value of the home loan. If the Company determines that it is probable that a borrower will default, a specific reserve is determined and recorded within the estimated allowance for loan loss. The Company recorded an allowance for loan loss of $196,000 and $215,000 at June 30, 2012 and March 31, 2012, respectively. The following table represents changes in the estimated allowance for loan losses, including related additions and deductions to the allowance for loan loss applicable to the direct inventory finance receivables (in thousands):

	Three Months Ended June 30,	
	2012	2011
Balance at beginning of period	$ 215	$ 169
Provision for credit losses	(19)	4
Loans charged off, net of recoveries		
Balance at end of period	$ 196	$ 173

The following table disaggregates inventory finance notes receivable and the estimated allowance for loan loss for each class of financing receivable by evaluation methodology (in thousands):

	Direct Inventory Finance		Participation Inventory Finance	
	June 30, 2012	March 31, 2012	June 30, 2012	March 31, 2012
Inventory finance notes receivable:				
Collectively evaluated for impairment	$ 12,674	$ 13,916	$	$
Individually evaluated for impairment	4,784	4,451	7,420	6,529
	$ 17,458	$ 18,367	$ 7,420	$ 6,529
Allowance for loan loss:				
Collectively evaluated for impairment	$ (196)	$ (215)	$	$
Individually evaluated for impairment				
	$ (196)	$ (215)	$	$

Loans are subject to regular review and are given management s attention whenever a problem situation appears to be developing. Loans with indicators of potential performance problems are placed on watch list status and are subject to additional monitoring and scrutiny. Nonperforming status includes loans accounted for on a non-accrual basis and accruing loans with principal payments past due 90 days or more. The Company s policy is to place loans on nonaccrual status when interest is past due and remains unpaid 90 days or more or when there is a clear indication that the borrower has the inability or unwillingness to meet payments as they become due. Payments received on nonaccrual loans are recorded on a cash basis, first to interest and then to principal. Charge-offs occur when it becomes probable that outstanding amounts will not be recovered. At June 30, 2012, the Company did not have any loans on nonaccrual status and was not aware of any potential problem loans that would have a material effect on the inventory finance receivables balance. The following table disaggregates the Company s inventory finance receivables by class and credit quality indicator (in thousands):

	Direct Inventory Finance		Participation Inventory Finance	
	June 30, 2012	March 31, 2012	June 30, 2012	March 31, 2012
Risk profile based on payment activity:				
Performing	$ 17,045	$ 17,972	$ 7,420	$ 6,529
Watch list	413	395		

Nonperforming				
	$ 17,458	$ 18,367	$ 7,420	$ 6,529

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The Company has concentrations of inventory finance notes receivable related to factory-built homes located in the following states, measured as a percentage of inventory finance receivables principal balance outstanding as of June 30, 2012 and March 31, 2012:

	June 30, 2012	March 31, 2012
Arizona	18.5%	21.4%
Texas	12.0%	11.3%
Florida	10.2%	10.7%
California	6.0%	3.0%

The States of Arizona, Florida, California, and to a lesser degree Texas, have experienced economic weakness. The risks created by these concentrations have been considered in the determination of the adequacy of the allowance for loan losses. The Company did not have concentrations in excess of 10% of the principal balance of the inventory finance receivables in any other states as of June 30, 2012 or March 31, 2012, respectively.

7. Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of each asset. Estimated useful lives for significant classes of assets are as follows: buildings and improvements, 10 to 39 years, and machinery and equipment, 3 to 25 years. Repairs and maintenance charges are expensed as incurred. Property, plant and equipment consist of the following (in thousands):

	June 30, 2012	March 31, 2012
Property, plant and equipment, at cost:		
Land	$ 21,106	$ 21,106
Buildings and improvements	25,216	25,111
Machinery and equipment	15,539	15,476
	61,861	61,693
Accumulated depreciation	(12,255)	(11,629)
Property, plant and equipment, net	$ 49,606	$ 50,064

8. Goodwill and Other Intangibles

Intangible assets principally consist of goodwill, trademarks and trade names, state insurance licenses, customer relationships, technology, insurance business in force, and insurance policies and renewal rights. Goodwill, trademarks and trade names and state insurance licenses are indefinite-lived intangible assets and are tested for impairment annually and whenever events or circumstances indicate that more likely than not impairment has occurred. During the three months ended June 30, 2012 and 2011, no impairment expense was recorded. Finite-lived intangibles are amortized over their estimated useful lives on a straight-line basis and are reviewed for possible impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. The value of customer relationships is amortized over 4 to 11 years, technology over 7 to 10 years, insurance business in force over one year and insurance policies and renewal rights over 15 years.

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Aggregate Compensation from the Funds[2]

Fund	**Robert P. Bremner**	**Jack B. Evans**	**William C. Hunter**	**David J. Kundert**	**William J. Schneider**	**Judith M. Stockdale**	**Carol E. Stone**	**Terence J. Toth[1]**
Insured Massachusetts Tax-Free Advantage	$ 184	$ 173	$ 144	$ 165	$ 170	$ 156	$ 144	$
Michigan Dividend Advantage	139	129	110	125	128	118	110	
Michigan Premium Income	510	475	406	460	469	433	406	
Michigan Quality Income	797	736	589	620	666	661	643	
Missouri Premium Income	147	139	116	133	136	125	116	
New Jersey Dividend Advantage	443	418	348	398	409	376	348	
New Jersey Dividend Advantage 2	311	294	245	280	288	264	245	
New Jersey Investment Quality	1,396	1,308	1,035	1,117	1,201	1,158	1,111	
New Jersey Premium Income	821	770	609	658	707	682	654	
North Carolina Dividend Advantage	154	146	121	139	142	131	121	
North Carolina Dividend Advantage 2	255	241	200	229	236	216	200	
North Carolina Dividend Advantage 3	258	244	203	232	239	219	203	
North Carolina Premium Income	421	397	331	378	389	357	331	

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Aggregate Compensation from the Funds[2]

Fund	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Terence J. Toth[1]
Ohio Dividend Advantage	$ 284	$ 264	$ 226	$ 256	$ 261	$ 241	$ 226	$
Ohio Dividend Advantage 2	209	195	166	189	193	178	166	
Ohio Dividend Advantage 3	147	137	117	133	135	125	117	
Ohio Quality Income	695	647	553	627	640	590	553	
Pennsylvania Dividend Advantage	229	216	180	206	211	194	180	
Pennsylvania Dividend Advantage 2	258	244	203	232	238	219	203	
Pennsylvania Investment Quality	1,122	1,052	832	898	965	931	893	
Pennsylvania Premium Income 2	1,032	967	765	825	887	856	822	
Texas Quality Income	631	587	501	569	580	535	501	
Virginia Dividend Advantage	213	202	168	192	197	181	168	
Virginia Dividend Advantage 2	387	366	305	349	358	329	305	
Virginia Premium Income	597	564	470	537	552	507	470	
Total Compensation from Nuveen Funds Paid to Board Members/Nominees	204,141	193,523	141,423	155,655	169,137	162,064	120,250	0

(1) In April 2008, Mr. Toth was appointed to each Fund s Board effective June 30, 2008.

(2) Includes deferred fees. Pursuant to a deferred compensation agreement with certain of the Funds, deferred amounts are treated as though an equivalent dollar amount has been invested in shares of one or more Participating Funds. Total deferred fees for the Funds (including the return from the assumed investment in the Participating Funds) payable are:

Fund	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Terence J. Toth(1)
Floating Rate Income	$ 493	$ 758	$ 2,720	$ 2,792	$ 2,995	$ 1,083	$	$
Floating Rate Income Opportunity	298	456	1,640	1,683	1,805	652		
Senior Income	181	283	1,013	1,040	1,116	398		
Tax-Advantaged Floating Rate	104	161	542	572	624	235		
California Dividend Advantage	210	333	1,147	1,218	1,299	447		
California Dividend Advantage 2	132	209	720	765	816	280		
California Dividend Advantage 3	212	336	1,157	1,229	1,310	451		
California Investment Quality	126	199	685	728	776	267		
California Value	97	149	522	557	595	201		
California Performance Plus	119	188	649	689	735	253		
California Quality Income	207	328	1,131	1,202	1,282	440		

Fund	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Terence J. Toth(1)
California Select Quality	$ 214	$ 339	$ 1,167	$ 1,240	$ 1,322	$ 455	$	$
Insured California Dividend Advantage	139	220	760	807	860	296		
Insured California Premium Income 2	112	178	613	651	695	239		
Florida Investment Quality	157	248	838	904	971	360		
Florida Quality Income	139	219	738	796	856	317		
Insured Florida Premium Income	138	217	733	791	850	314		
Michigan Quality Income	110	171	589	620	666	229		
New Jersey Investment Quality	194	307	1,035	1,117	1,201	444		
New Jersey Premium Income	114	181	609	658	707	261		
Pennsylvania Investment Quality	156	247	832	898	965	357		
Pennsylvania Premium Income 2	144	227	765	825	887	328		

Committees

The Board of each Fund has five standing committees: the executive committee, the dividend committee, the compliance, risk management and regulatory oversight committee, the audit committee and the nominating and governance committee.

John P. Amboian, Robert P. Bremner, Chair, and Judith M. Stockdale serve as current members of the executive committee of each Fund. The executive committee, which meets between regular meetings of the Board, is authorized to exercise all of the powers of the Board; provided that the scope of the powers of the executive committee, unless otherwise specifically authorized by the full Board, is limited to: (i) emergency matters where assembly of the full Board is impracticable (in which case management will take all reasonable steps to quickly notify each individual Board Member of the actions taken by the executive committee) and (ii) matters of an administrative or ministerial nature. The number of executive committee meetings of each Fund held during its last fiscal year is shown in Appendix B.

Jack B. Evans, Chair, Judith M. Stockdale and Terence J. Toth are current members of the dividend committee of each Fund. The dividend committee is authorized to declare distributions on the Fund s shares including, but not limited to, regular and special dividends, capital gains and ordinary income distributions. The number of dividend committee meetings of each Fund held during its last fiscal year is shown in Appendix B.

William C. Hunter, William J. Schneider, Chair, Judith M. Stockdale and Carole E. Stone are current members of the compliance, risk management and regulatory oversight committee of each Fund. The compliance, risk management and regulatory oversight committee is responsible for the oversight of compliance issues, risk management, and other regulatory matters affecting the Funds which are not otherwise the jurisdiction of the other Board committees. The number of compliance, risk management and regulatory oversight committee meetings of each Fund held during its last fiscal year is shown in Appendix B.

Each Fund s Board has an audit committee, in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the 1934 Act), that is composed of Independent Board Members who are also independent as that term is defined in the listing standards pertaining to closed-end funds of the New York Stock Exchange and American Stock Exchange, as applicable. Robert P. Bremner, Jack B. Evans, David J. Kundert, Chair, and William J. Schneider are current members of the audit committee of each Fund. The audit committee is responsible for the oversight and monitoring of (1) the accounting and reporting policies, procedures and practices and the audit of the financial statements of the Funds, (2) the quality and integrity of the financial statements of the Funds and (3) the independent registered public accounting firm s qualifications, performance and independence. The audit committee reviews the work and any recommendations of the Funds independent registered public accounting firm. Based on such review, it is authorized to make recommendations to the Board. The audit committee is also responsible for the oversight of the Pricing Procedures of the Funds and the internal Valuation Group. The Boards have adopted a written Audit Committee Charter that conforms to the listing standards of the New York Stock Exchange and American Stock Exchange. A copy of the Audit Committee Charter is attached to the proxy statement as Appendix C. The number of audit committee meetings of each Fund held during its last fiscal year is shown in Appendix B.

Each Fund has a nominating and governance committee that is composed entirely of Independent Board Members who are also independent as defined by New York Stock Exchange or American Stock Exchange listing standards, as applicable. Robert P. Bremner, Chair, Jack B. Evans, William C. Hunter, David J. Kundert, William J. Schneider, Judith M. Stockdale, Carole E. Stone and Terence J. Toth are current members of the nominating and governance committee of each Fund. The purpose of the nominating and governance committee is to seek, identify and recommend to the Board qualified candidates for election or appointment to each Fund s Board. In addition, the committee oversees matters of corporate governance, including the evaluation of Board

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performance and processes, and assignment and rotation of committee members, and the establishment of corporate governance guidelines and procedures, to the extent necessary or desirable. The committee operates under a written charter adopted and approved by the Boards of each Fund, a copy of which is available on the Funds website at www.nuveen.com/etf/products/fundGovernance.aspx. The number of nominating and governance committee meetings of each Fund held during its last fiscal year is shown in Appendix B.

The nominating and governance committee looks to many sources for recommendations of qualified candidates, including current Board Members, employees of the Adviser, current shareholders of the Funds, third party sources and any other persons or entities that may be deemed necessary or desirable by the committee. Shareholders of the Funds who wish to nominate a candidate to their Fund s Board should mail information to the attention of Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606. This information must include evidence of Fund ownership of the person or entity recommending the candidate, a full listing of the proposed candidate s education, experience, current employment, date of birth, names and addresses of at least three professional references, information as to whether the candidate is an interested person (as such term is defined in the 1940 Act) in relation to the Fund and such other information that would be helpful to the nominating and governance committee in evaluating the candidate. All satisfactorily completed information regarding candidates will be forwarded to the chairman of the nominating and governance committee and the outside counsel to the Independent Board Members. Recommendations for candidates to the Board will be evaluated in light of whether the number of Board members is expected to change and whether the Board expects any vacancies. All nominations from Fund shareholders will be acknowledged, although there may be times when the committee is not actively recruiting new Board members. In those circumstances nominations will be kept on file until active recruitment is under way.

The nominating and governance committee sets appropriate standards and requirements for nominations to the Board. In considering a candidate s qualifications, each candidate must meet certain basic requirements, including relevant skills and experience, time availability and, if qualifying as an Independent Board Member candidate, independence from the Adviser or other service providers. These experience requirements may vary depending on the current composition of the Board, since the goal is to ensure an appropriate range of skills and experience, in the aggregate. All candidates must meet high expectations of personal integrity, governance experience and professional competence that are assessed on the basis of personal interviews, recommendations, or direct knowledge by committee members. The committee may use any process it deems appropriate for the purpose of evaluating candidates, which process may include, without limitation, personal interviews, background checks, written submissions by the candidates and third party references. There is no difference in the manner in which the nominating and governance committee evaluates candidates when the candidate is submitted by a shareholder. The nominating and governance committee reserves the right to make the final selection regarding the nomination of any prospective Board member.

The number of regular quarterly meetings and special meetings held by the Board of each Fund during the Fund s last fiscal year is shown in Appendix B. During the last fiscal year, each Board Member attended 75% or more of each Fund s Board meetings and the committee meetings (if a member thereof) held during the period for which such Board Member was a Board Member. The policy of the Board relating to attendance by Board Members at annual meetings of the Funds and the number of Board Members who attended the last annual meeting of shareholders of each Fund is posted on the Funds website at www.nuveen.com/etf/products/fundgovernance.aspx.

The Officers

The following table sets forth information with respect to each officer of the Funds. Officers receive no compensation from the Funds. The officers are elected by the Board on an annual basis to serve until successors are elected and qualified.

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served[(1)]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606 (9/9/56)	Chief Administrative Officer	Term: Annual Length of Service: Since 1988	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Investments, LLC; Managing Director (since 2002), Assistant Secretary and Associate General Counsel, formerly, Vice President of Nuveen Asset Management; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002) and Nuveen Investments Advisers Inc. (since 2002); Managing Director, Associate General Counsel and Assistant Secretary of Rittenhouse Asset Management, Inc. and Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary, Tradewinds Global Investors, LLC and Santa Barbara Asset Management LLC (since 2006), Nuveen HydePark Group, LLC and Richards & Tierney, Inc. (since 2007); previously, Managing Director (from 2002-2004), General Counsel and Assistant Secretary of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.[(2)]; Chartered Financial Analyst.	186

Williams Adams IV 333 West Wacker Drive Chicago, IL 60606 (6/9/55)	Vice President	Term: Annual Length of Service: Since 2007	Executive Vice President, U.S. Structured Products of Nuveen Investments, LLC (since 1999), prior thereto, Managing Director of Structured Investments.	120

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served[(1)]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Cedric H. Antosiewicz 333 West Wacker Drive Chicago, IL 60606 (1/11/62)	Vice President	Term: Annual Length of Service: Since 2007	Managing Director (since 2004), previously, Vice President (1993-2004) of Nuveen Investments LLC.	120
Michael T. Atkinson 333 West Wacker Drive Chicago, IL 60606 (2/3/66)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2002	Vice President (since 2002) of Nuveen Investments, LLC.	186
Lorna C. Ferguson 333 West Wacker Drive Chicago, IL 60606 (10/24/45)	Vice President	Term: Annual Length of Service: Since 1998	Managing Director (since 2004), formerly, Vice President of Nuveen Investments, LLC; Managing Director of Nuveen Asset Management; Managing Director (2004), formerly, Vice President (1998-2004) of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.[(2)]	186
Stephen D. Foy 333 West Wacker Drive Chicago, IL 60606 (5/31/54)	Vice President and Controller	Term: Annual Length of Service: Since 1993	Vice President (since 1993) and Funds Controller (since 1998) of Nuveen Investments, LLC; Vice President (since 1998), formerly, Funds Controller of Nuveen Investments, Inc.; Certified Public Accountant.	186
Walter M. Kelly 333 West Wacker Drive Chicago, IL 60606 (2/24/70)	Chief Compliance Officer and Vice President	Term: Annual Length of Service: Since 2003	Senior Vice President (since 2008) formerly, Vice President (2006-2008), formerly, Assistant Vice President and Assistant General Counsel of Nuveen Investments, LLC; Vice President (since 2006) and Assistant Secretary (since 2003) of Nuveen Asset Management; formerly, Assistant Vice President and Assistant Secretary of the Nuveen Funds (2003-2006).	186
David J. Lamb 333 West Wacker Drive Chicago, IL 60606 (3/22/63)	Vice President	Term: Annual Length of Service: Since 2000	Vice President of Nuveen Investments, LLC (since 2000); Certified Public Accountant.	186

Tina M. Lazar 333 West Wacker Drive Chicago, IL 60606 (8/27/61) 29	Vice President	Term: Annual Length of Service: Since 2002	Vice President of Nuveen Investments, LLC (since 1999).	186

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served[(1)]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Larry W. Martin 333 West Wacker Drive Chicago, IL 60606 (7/27/51)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 1988	Vice President, Assistant Secretary and Assistant General Counsel of Nuveen Investments, LLC; Vice President, Assistant General Counsel and Assistant Secretary of Nuveen Investments, Inc.; Vice President (since 2005) and Assistant Secretary (since 1997) of Nuveen Asset Management; Vice President (since 2000), Assistant Secretary and Assistant General Counsel (since 1998) of Rittenhouse Asset Management, Inc.; Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002); NWQ Investment Management Company, LLC (since 2002), Symphony Asset Management LLC (since 2003), Tradewinds Global Investors, LLC and Santa Barbara Asset Management LLC (since 2006), Nuveen Hyde Park Group, LLC and Richards & Tierney, Inc. (since 2007); formerly, Vice President and Assistant Secretary of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.[(2)]	186

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Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Kevin J. McCarthy 333 West Wacker Drive Chicago, IL 60606 (3/26/66)	Vice President and Secretary	Term: Annual Length of Service: Since 2007	Managing Director (since 2008), Vice President (since 2007), Nuveen Investments, LLC; Managing Director (since 2008), Vice President and Assistant Secretary (since 2007), Nuveen Asset Management, Rittenhouse Asset Management, Inc., Nuveen Investments Advisers Inc., Nuveen Investment Institutional Services Group LLC, NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, Nuveen HydePark Group, LLC and Richards & Tierney, Inc.; Vice President and Assistant General Counsel, Nuveen Investments, Inc. (since 2007); prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).	186
John V. Miller 333 West Wacker Drive Chicago, IL 60606 (4/10/67)	Vice President	Term: Annual Length of Service: Since 2007	Managing Director (since 2007), formerly, Vice President (2002-2007) of Nuveen Investments, LLC; Chartered Financial Analyst.	186
Christopher M. Rohrbacher 333 West Wacker Drive Chicago, IL 60606 (8/1/71)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2008	Vice President, Nuveen Investments, LLC (since 2008); Vice President and Assistant Secretary, Nuveen Asset Management (since 2008); prior thereto, Associate, Skadden, Arps, Slate, Meagher & Flom LLP (2002-2008).	186
James F. Ruane 333 West Wacker Drive Chicago, IL 60606 (7/3/62)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2007	Vice President, Nuveen Investments (since 2007); prior thereto, Partner, Deloitte & Touche USA LLP (since 2005), formerly, senior tax manager (since 2002).	186

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served[(1)]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Mark L. Winget 333 West Wacker Drive Chicago, IL 60606 (12/21/68)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2008	Vice President, Nuveen Investments, LLC (since 2008); Vice President and Assistant Secretary, Nuveen Asset Management (since 2008); Vice President and Assistant General Counsel, Nuveen Investments, Inc. (since 2008); prior thereto, Counsel, Vedder Price P.C. (1997-2007).	186

(1) Length of Time Served indicates the year the individual became an officer of a fund in the Nuveen fund complex.

(2) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.

2. Approval of the Elimination of Fundamental Investment Policies and Approval of New Fundamental Policies for each Municipal Fund

The Municipal Funds have adopted certain fundamental investment policies relating to (i) investments in municipal securities and below investment grade securities, (ii) investments in other investment companies and (iii) investments in derivatives, short sales and commodities as described below (together, the Current Fundamental Policies, and each, a Current Fundamental Policy), that can only be changed by shareholder vote. The Current Fundamental Policies adopted by the Municipal Funds reflected industry and other market conditions present at the time of the inception of each Fund.

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, the 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. The potential benefits to you as a fund shareholder of the New Investment Policies are:

enhanced ability of the Municipal Funds to generate attractive levels of tax-exempt income, while retaining the Municipal Funds orientation 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 common shareholder net asset value and asset coverage levels for preferred shares; and improved secondary market competitiveness which may benefit common shareholders through higher relative market price and/or stronger premium/discount performance.

In order to implement the New Investment Policies, each Municipal Fund must make certain changes to its existing policies, including certain fundamental policies that require your vote of approval. In some cases, this may require your separate votes to approve the elimination of a Current Fundamental Policy as well as the implementation of a new, replacement fundamental policy (together, the New Fundamental Policies and each, a New 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.

The primary purposes of these changes are to provide the Municipal Funds with increased investment flexibility and to create consistent investment policies for all Nuveen municipal bond funds to promote operational efficiencies. Implementation of the New Fundamental Policy is contingent on shareholder approval of the elimination of the corresponding Current Fundamental Policy.

The Board has unanimously approved, and unanimously recommends the approval by shareholders of each Municipal Fund, the elimination of the Current Fundamental Policies of the Municipal Funds. In connection with eliminating the Current Fundamental Policies, the Board unanimously approved, and unanimously recommends the approval by shareholders of each Municipal Fund of the New Fundamental Policies, described below. In addition, the Board has approved certain new non-fundamental policies, described below (the New Non-Fundamental Policies).

a. Elimination of Fundamental Policies Relating to Investments in Municipal Securities and Below Investment Grade Securities

The Current Fundamental Policies with respect to each Municipal Fund s investments in municipal securities and the ability to invest in below investment grade securities that are proposed to be eliminated are as follows:

Arizona Dividend Advantage, Arizona Dividend Advantage 2, Connecticut Dividend Advantage, Georgia Dividend Advantage, Maryland Dividend Advantage, Maryland Dividend Advantage 2, Massachusetts Dividend Advantage, Michigan Dividend Advantage, New Jersey Dividend Advantage, North Carolina Dividend Advantage, North Carolina Dividend Advantage 2, Ohio Dividend Advantage, Ohio Dividend Advantage 2, Pennsylvania Dividend Advantage, Virginia Dividend Advantage and Virginia Dividend Advantage 2

(1) Under normal [circumstances/market conditions], the Fund will invest its net assets in a portfolio of municipal bonds that are exempt from regular federal and [State] income taxes. Under normal market conditions, the Fund expects to be fully invested (at least 95% of its assets) in such tax-exempt municipal bonds.

Arizona Dividend Advantage 3, Connecticut Dividend Advantage 2, Connecticut Dividend Advantage 3, Georgia Dividend Advantage 2, Maryland Dividend Advantage 3, New Jersey Dividend Advantage 2, North Carolina Dividend Advantage 3, Ohio Dividend Advantage 3 and Pennsylvania Dividend Advantage 2

(1) The Fund [as a fundamental policy] may not, under normal circumstances, invest less than 80% of the Fund s net assets (plus any borrowings for investment

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purposes) in investments the income from which is exempt from both regular federal and [State] income tax.

Arizona Premium Income, California Premium Income, Connecticut Premium Income, Georgia Premium Income, Maryland Premium Income, Massachusetts Premium Income, Michigan Premium Income, Missouri Premium Income, New Jersey Premium Income, North Carolina Premium Income, Ohio Quality Income, Pennsylvania Premium Income, Texas Quality Income and Virginia Premium Income

(1) [Except to the extent the Fund invests in temporary investments as described below and more fully in the Statement of Additional Information], the Fund [will, as a fundamental policy,] invest substantially all (in excess of 80%) of its assets in tax-exempt [State] Municipal Obligations rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody s Investors Services, Inc. (Moody s) or Standard & Poor s Corporation (S&P or in unrated [State] Municipal Obligations which, in the opinion of the Adviser, have credit characteristics equivalent to, and will be of comparable quality to, [State] Municipal Obligations rated within the four highest grades by Moody s or S&P, provided that the Fund may not invest more than 20% of its assets in such unrated [State] Municipal Obligations.

(2) The Fund will not invest in any rated [State] Municipal Obligations that are rated lower than Baa by Moody s or BBB by S&P at the time of purchase.

California Dividend Advantage

(1) The Fund will invest its net assets in a diversified portfolio of municipal bonds that are exempt from regular Federal and California income tax. Under normal market conditions, the Fund expects to be fully invested (at least 95% of its assets) in such tax-exempt municipal bonds.

(2) The Fund will invest at least 80% of its net assets in investment grade quality municipal bonds.

(3) The Fund may invest up to 20% of its net assets in municipal bonds that are rated, at the time of investment, Ba/BB or B by Moody s, S&P or Fitch or that are unrated but judged to be of comparable quality by Nuveen Advisory.

California Dividend Advantage 2 and California Dividend Advantage 3

(1) The Fund will invest its net assets in a diversified portfolio of municipal bonds that are exempt from regular Federal and California income tax. Under normal market conditions, the Fund expects to be fully invested (at least 95% of its assets) in such tax-exempt municipal bonds.

California Investment Quality, California Market Opportunity, California Performance Plus, Florida Investment Quality, Florida Quality Income, Michigan Quality Income, New Jersey Investment Quality and Pennsylvania Investment Quality

(1) Except to the extent that the Fund buys temporary investments as described in [the Fund s Statement of Additional Information], the Fund will, as

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a fundamental policy, invest substantially all of its assets (more than 80%) in tax-exempt [State] municipal bonds that are rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody s or Standard and Poor s, except that the Fund may invest up to 20% of its assets in unrated [State] municipal bonds which, in Nuveen Advisory s opinion, have credit characteristics equivalent to, and are of comparable quality to, municipal bonds so rated.

California Value

(1) Except during temporary defensive periods, the Fund will, as a fundamental policy, invest 100% of its net assets in tax-exempt California Municipal Obligations, of which 80% will be Municipal Obligations rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody s or S&P.

(2) The Fund may invest up to 20% of its net assets in unrated California Municipal Obligations or in California Municipal Obligations rated lower than the four highest grades, but no more than half of this amount (10% of the Fund s net assets) will be invested in such lower rated California Municipal Obligations.

(3) The Fund will only invest in unrated California Municipal Obligations which, in the opinion of the Adviser, have credit characteristics equivalent to Obligations rated Baa or BBB or better. The Fund will not invest in any rated California Municipal Obligations that are rated lower than Ba by Moody s or BB by S&P at the time of purchase.

California Quality Income and California Select Quality

(1) Except to the extent that the Fund buys temporary investments as described in [the Fund s Statement of Additional Information], the Fund will, as a fundamental policy, invest substantially all of its assets (more than 80%) in tax-exempt California municipal bonds that are rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody s or Standard and Poor s, except that the Fund may invest up to 20% of its assets in unrated California municipal bonds which, in Nuveen Advisory s opinion, have credit characteristics equivalent to, and are of comparable quality to, California municipal bonds so rated.

b. Approval of New Fundamental Policy Relating to Investments in Municipal Securities

The following New Fundamental Policies will replace each Municipal Fund s Current Fundamental Policies (1) referenced in 2a. above. Implementation of the following New Fundamental Policy by each Municipal Fund is contingent on shareholder approval of the elimination of each Municipal Fund s Current Fundamental Policies. The proposed New Fundamental Policy with respect to each Fund s investments in municipal securities is as follows:

All Municipal Funds

(1) Under normal circumstances, the Fund will invest at least 80% of its net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or any preferred shares outstanding (Managed Assets) in municipal securities and other related

investments, the income from which is exempt from regular federal [and state] income taxes.

In addition, the Board has adopted New Non-Fundamental Policies with respect to investing in investment grade securities for each Municipal Fund. The New Non-Fundamental Policies will be implemented upon the elimination of the Current Fundamental Policies described in 2a. above for the Municipal Funds that currently have different fundamental policies relating to investing in investment grade securities. The New Non-Fundamental Policies relating to investing in investment grade securities are as follows:

(1) 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 nationally recognized statistical rating organization or are unrated but judged to be of comparable quality by the Fund s investment adviser (NAM).

(2) The 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 NAM.

(3) 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 NAM.

Related to these changes, the Board of each Municipal Fund has also amended and standardized the description of municipal securities or municipal obligations in which a Municipal Fund may invest to include various types of municipal securities. The new description, tailored as appropriate to each Municipal Fund, generally provides:

The 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 [and State] income tax[es] (Municipal Obligations). Municipal Obligations are generally debt obligations issued by state and local governmental entities and may be issued by U.S. territories to finance or refinance public projects such as roads, schools, and water supply systems. Municipal Obligations may also be issued for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal Obligations 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 Obligations may also be issued to finance projects on a short term interim basis, anticipating repayment with the proceeds on long term debt. Municipal Obligations 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 Fund.

c. Elimination of Fundamental Policies Relating to Commodities

The Current Fundamental Policies relating to commodities that are proposed to be eliminated are as follow:

Arizona Premium Income, California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Quality Income, California Select Quality, Florida Investment Quality, Florida Quality Income, Maryland Premium Income, Michigan Premium Income, Michigan Quality Income, New Jersey Investment Quality, New Jersey Premium Income, Pennsylvania Investment Quality and Texas Quality Income

(1) The Fund, as a fundamental policy, may not purchase or sell commodities or commodities contracts, except for transactions involving futures contracts within the limits described under Certain Trading Strategies of the Fund Financial Futures and Options Transactions. *

California Premium Income, Connecticut Premium Income, Georgia Premium Income, Massachusetts Premium Income, Missouri Premium Income, North Carolina Premium Income, Ohio Quality Income, Pennsylvania Premium Income 2 and Virginia Premium Income

(1) The Fund, as a fundamental policy, may not purchase or sell commodities or commodities contracts, except for transactions involving futures contracts that represent no more than 10% of the Fund s total assets and are otherwise within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

d. Approval of New Fundamental Policy Relating to Commodities

It is proposed that each Premium/Quality Fund adopt a New Fundamental Policy with respect to commodities. The adoption of the following New Fundamental Policy for each Premium/Quality Fund is contingent on shareholder approval of the elimination of that Premium/Quality Fund s Current Fundamental Policy with respect to commodities, as reflected in 2c above. The proposed New Fundamental Policy is as follows:

All Premium/Quality Funds

(1) The Fund may not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from purchasing or selling options, futures contracts or derivative

* References are to a Fund s registration statement.

instruments or from investing in securities or other instruments backed by physical commodities).

e. Elimination of Fundamental Policies Relating to Derivatives and Short Sales

The Current Fundamental Policies relating to derivatives and short sales that are proposed to be eliminated are as follows:

Arizona Premium Income, California Investment Quality, California Market Opportunity, California Performance Plus, California Quality Income, California Select Quality, Florida Investment Quality, Florida Quality Income, Maryland Premium Income, Michigan Premium Income, Michigan Quality Income, New Jersey Investment Quality, New Jersey Premium Income, Pennsylvania Investment Quality and Texas Quality Income

(1) The Fund may not make short sales of securities or purchase any securities on margin (except for such short-term credits as are necessary for the clearance of transactions), or write or purchase put or call options, except to the extent that the purchase of a stand-by commitment may be considered the purchase of a put, and except for transactions involving options within the limits described [in/under] Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

(2) The Fund may not purchase financial futures and options except within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

California Value

(1) The Fund may not make short sales of securities or purchase any securities on margin (except for such short-term credits as are necessary for the clearance of transactions), or write or purchase put or call options, and except for transactions involving options within the limits described under Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

California Premium Income, Connecticut Premium Income, Georgia Premium Income, Massachusetts Premium Income, Missouri Premium Income, North Carolina Premium Income, Ohio Quality Income, Pennsylvania Premium Income 2 and Virginia Premium Income

(1) The Fund may not make short sales of securities or purchase any securities on margin (except for such short-term credits as are necessary for the clearance of transactions), or write or purchase put or call options, except to the extent that the purchase of a stand-by commitment may be considered the purchase of a put, and except for transactions involving options that represent no more than 10% of the Fund s total assets and are otherwise within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

(2) The Fund may not purchase financial futures and options that represent no more than 10% of the Fund s total assets and are otherwise within the limits

* References are to a Fund s registration statement.

described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

In connection with the elimination of the Current Fundamental Policies relating to derivatives and short sales, as reflected in 2c above, the Board has adopted the following New Non-Fundamental Policies for each of the above Premium/Quality Funds. The New Non-Fundamental Policies are contingent on shareholder approval of the elimination of that Premium/Quality Fund s Current Fundamental Policies with respect to derivatives and short sales. The New Non-Fundamental Polices are as follows:

(1) The Fund may invest in 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. NAM uses derivatives to seek to enhance return, to hedge some of the risks of its investments in fixed income securities or as a substitute for a position in the underlying asset.

(2) The Fund may not sell securities short, unless the Fund owns or has the right to obtain securities equivalent in kind and amount to the securities sold at no added cost, and provided that transactions in options, futures contracts, options on futures contracts, or other derivative instruments are not deemed to constitute selling securities short.

(3) The Fund may not enter into futures contracts 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 and related options.

f. Elimination of the Fundamental Policy Prohibiting Investment in Other Investment Companies

The Current Fundamental Policies of the Premium/Quality Funds relating to investments in other investment companies that are proposed to be eliminated are noted below. The Premium/Quality Funds do not have specific restrictions as to investments in other investment companies. However, each Premium/Quality Fund has an investment policy which only permits investment in municipal obligations and temporary investments and thereby prohibits investment in other investment companies. The general restriction that only permits investment in municipal obligations and temporary investments is as follows:

All Premium/Quality Funds, except California Value

(1) The Fund may not invest in securities other than [state] Municipal Obligations and temporary investments[,] as described [in/under] Investment Objective and Policies [of the Funds] Portfolio Investments. *

California Value

(1) The Fund may not invest in securities other than California Municipal Obligations and temporary investments, as those terms are defined [in the Fund s Prospectus.]

* References are to a Fund s registration statement.

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In addition, with respect to each Fund s ability to invest in other investment companies, the Board has adopted a New Non-Fundamental Policy to be implemented upon the elimination of that Premium/Quality Fund s Current Fundamental Policy that only permits investment in municipal obligations and temporary investments. The proposed New Non-Fundamental Policy relating to investments in other investment companies is as follows:

(1) The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds (often referred to as ETFs)) that invest primarily in municipal securities of the types in which the Fund may invest directly.

Board Recommendation

The Board believes that eliminating the Current Fundamental Policies and adopting the New Investment Policies gives the Adviser flexibility to rapidly respond to continuing developments in the municipal market and would enhance the portfolio managers ability to meet each Municipal Fund s investment objective. In addition, the Board believes that the proposed changes will create consistent investment policies for all Nuveen municipal bond funds and will help to promote operational efficiencies.

The Board recommends that shareholders of each Municipal Fund vote to approve the elimination of each Current Fundamental Policy and vote to approve each New Fundamental Policy.

3. Approval of the Elimination of Fundamental Investment Policies and Approval of New Fundamental Policy for Each Insured Fund

The Insured Funds have adopted certain fundamental investment policies, as described below (together, Insured Fundamental Policies, each an Insured Fundamental Policy), that can only be changed by shareholder vote. The Insured Fundamental Policies adopted by the Insured Funds reflected industry conditions present in the municipal bond market at the time of the inception of each Fund.

Since that time, however, deterioration in the credit quality of securities backed by sub-prime residential mortgages has disrupted many markets and companies, including bond insurers, who in addition to insuring municipal bonds, have also provided guarantees on these mortgage-related securities. As a result, the financial strength ratings of certain municipal bond insurers have come under greater scrutiny. The ratings assigned to some municipal bond insurers either have been downgraded or are being reviewed for possible downgrades by certain of the primary ratings agencies.

Additionally, all of Nuveen s municipal closed-end funds are seeking to adopt a uniform, up to date set of investment policies, as described in 2 above. In general, the 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.

As a result of these conditions facing the bond insurance market and the developments of the municipal market, the Board unanimously approved, and unanimously recommends the approval by each Insured Fund s shareholders of the elimination of certain Insured Fundamental Policies of the Insured Funds that are restricting, or may be expected in the future to restrict, each Insured Fund s ability to effectively make investments. In connection with eliminating the Insured Fundamental Policies, the Board unanimously approved, and unanimously recommends the approval by shareholders of a new fundamental policy, described below (each a New Insured Fundamental Policy). Implementation of the New Insured Fundamental Policy, with respect to each Insured Fund, is contingent on shareholder approval of the elimination of such Insured Fund s Insured Fundamental Policy or Insured Fundamental Policies, as applicable. In addition, the Board has approved new non-fundamental policies, described below (the New Insured Non-Fundamental Policies and together with the New Insured Fundamental Policy, the New Insured Policies). The New Insured Policies are designed to provide portfolio managers with important flexibility to respond to on-going developments in the bond insurance market, while ensuring the Insured Funds continue to invest substantially all (at least 80%) of their municipal investments in insured bonds backed by insurers with solid credit ratings.

a. Elimination of Insured Fundamental Policies Relating to Investments in Insured Municipal Securities

The Insured Fundamental Policies of each Insured Fund that are proposed to be eliminated are as follows:

Insured California Dividend Advantage

(1) Under normal circumstances, the Fund will invest at least 80% of its net assets in a portfolio of municipal bonds that are exempt from regular federal and California income taxes and that are covered by insurance guaranteeing the timely payment of principal and interest thereon.

Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income

(1) Except to the extent the Fund invests in temporary investments, the Fund will invest all of its assets in tax-exempt [State] Municipal Obligations which are either covered by insurance guaranteeing the timely payment of principal and interest thereon or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities to ensure timely payment of principal and interest.

(2) Each insured [State] Municipal Obligation held by the Fund will either be (1) covered by an insurance policy applicable to a specific security, whether obtained by the issuer of the security or a third party at the time of original issuance (Original Issue Insurance) by the Fund or a third party subsequent to the time of original issuance (Secondary Market Insurance), or (2) covered by a master municipal insurance policy purchased by the Fund (Portfolio Insurance).

(3) The Fund will only obtain policies of portfolio insurance issued by insurers whose claims-paying ability is rated Aaa by Moody s Investors Services, Inc. (Moody s) or AAA by Standard & Poor s Corporation (Standard & Poor

(4) Municipal obligations backed by an escrow account or trust account will not constitute more than 20% of the Fund s assets.

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Insured California Tax-Free Advantage, Insured Florida Tax Free Advantage and Insured Massachusetts Tax-Free Advantage

(1) Under normal circumstances, the Fund will invest at least 80% of its average daily net assets, including assets attributable to MuniPreferred shares outstanding (Managed Assets) in a portfolio of municipal bonds that pay interest that is exempt from regular federal and [State] income tax and from the federal alternative minimum tax applicable to individuals [and are exempt from the Florida intangible personal property tax](Insured Florida Tax Free Advantage only).

(2) Under normal circumstances, the Fund will invest at least 80% of its average daily net assets, including assets attributable to MuniPreferred shares outstanding (Managed Assets) in a portfolio of municipal bonds that are covered by insurance guaranteeing the timely payment of principal and interest thereon.

b. Approval of the New Insured Fundamental Policy Relating to Investments in Insured Municipal Securities

In connection with eliminating the Insured Fundamental Policies, the Board of each Insured Fund has unanimously approved, and recommends that shareholders of each Insured Fund approve, a New Insured Fundamental Policy relating to each Insured Fund s policy of investing 80% (or greater) of its assets in a portfolio of municipal securities or related investments that pay tax-exempt interest. The New Insured Fundamental Policy will replace each Insured Fund s Insured Fundamental Policy or Insured Fundamental Policies, as described above. Implementation of the New Insured Fundamental Policy is contingent on shareholder approval of the elimination of the Insured Fundamental Policy or Insured Fundamental Policies for each Insured Fund, as applicable. The New Insured Fundamental Policy is as follows:

(1) Under normal circumstances, the Fund will invest at least 80% of its net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or preferred shares outstanding (Managed Assets), in municipal securities and other related investments that pay interest exempt from federal and [State] income taxes (municipal securities) and are covered by insurance guaranteeing the timely payment of principal and interest thereon.

New Insured Non-Fundamental Policies

In connection with eliminating the Insured Fundamental Policies, the Board of each Insured Fund has also adopted New Insured Non-Fundamental Policies, as described below. To the extent that the New Insured Non-Fundamental Policies conflict with the existing Insured Fundamental Policies, implementation of the New Insured Non-Fundamental Policies is contingent on shareholder approval of the elimination of the Insured Fundamental Policies. To the extent such Insured Non-Fundamental Policies do not conflict with the existing Insured Fundamental Policies, the New Insured Non-Fundamental Policies have already been implemented. By eliminating the Insured Fundamental Policies and adopting the New Insured Non-Fundamental Policies, each Insured Fund would be able to change these policies in the future with the approval of the Board, without the need to obtain prior shareholder approval.

The New Insured Non-Fundamental Policies that the Board of each Insured Fund has adopted are as follows:

(1) Inverse floaters whose underlying bonds are covered by insurance guaranteeing the timely payment of principal and interest thereon are included in the above-referenced 80% test. In addition, for the 80% test above, insurers must have a claims-paying ability rated at least A by a nationally recognized statistical rating organization (NRSRO) at the time of purchase or at the time the bond is insured while in the portfolio.**

(2) Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities covered by insurance from insurers with a claims-paying ability rated AA or better by an NRSRO at the time of purchase; municipal securities rated AA or better by an NRSRO, or that are unrated but judged to be of comparable quality by the Fund s investment adviser, at the time of purchase; or municipal bonds backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities to ensure timely payment of principal and interest.

(3) Under normal circumstances, the Fund may invest up to 20% of its Managed Assets in municipal securities covered by insurance from insurers with a claims-paying ability rated BBB or better by an NRSRO; or municipal securities rated at least BBB or better by an NRSRO, or that are unrated but judged to be of comparable quality by the Fund s investment adviser, at the time of purchase.

c. Elimination of Fundamental Policies Relating to Commodities

The Current Insured Fundamental Policies relating to commodities that are proposed to be eliminated are as follow:

Insured California Premium Income and Insured Florida Premium Income

(1) The Fund, as a fundamental policy, may not purchase or sell commodities or commodities contracts, except for transactions involving futures contracts within the limits described in Certain Trading Strategies of the Fund Financial Futures and Options Transactions. *

Insured California Premium Income 2

(1) The Fund, as a fundamental policy, may not purchase or sell commodities or commodities contracts, except for transactions involving futures contracts that represent no more than 10% of the Fund s total assets and are otherwise within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

d. Approval of New Fundamental Policy Relating to Commodities

It is proposed that Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income adopt a New Insured Fundamental Policy with

** The above referenced 80% test refers to the new fundamental policy proposed in item 3(b).
* References are to a Fund s registration statement.

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respect to commodities. The adoption of the following New Insured Fundamental Policy for each applicable Insured Fund is contingent on shareholder approval of the elimination of that Insured Fund s Current Insured Fundamental Policy with respect to commodities, as reflected in 3c above. The proposed New Insured Fundamental Policy is as follows:

Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income

(1) The Fund may not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from purchasing or selling options, futures contracts or derivative instruments or from investing in securities or other instruments backed by physical commodities)

e. Elimination of Fundamental Policies Relating to Derivatives and Short Sales

The Current Insured Fundamental Policies relating to derivatives and short sales that are proposed to be eliminated are as follows:

Insured California Premium Income and Insured Florida Premium Income

(1) The Fund, as a fundamental policy, may not make short sales of securities or purchase any securities on margin (except for such short-term credits as are necessary for the clearance of transactions), or write or purchase put or call options, except to the extent that the purchase of a stand-by commitment may be considered the purchase of a put, and except for transactions involving options within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

(2) The Fund may not purchase financial futures and options except within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

Insured California Premium Income 2

(1) The Fund may not make short sales of securities or purchase any securities on margin (except for such short-term credits as are necessary for the clearance of transactions), or write or purchase put or call options, except to the extent that the purchase of a stand-by commitment may be considered the purchase of a put, and except for transactions involving options within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

(2) The Fund may not purchase financial futures and options that represent no more than 10% of the Fund s total assets and are otherwise within the limits described in Certain Trading Strategies of The Fund Financial Futures and Options Transactions. *

In connection with the elimination of the Current Insured Fundamental Policies relating to derivatives and short sales, as reflected in 3e above, the Board has adopted the following New Insured Non-Fundamental Policies for each of Insured California Premium Income,

* References are to a Fund s registration statement.

Insured California Premium Income 2 and Insured Florida Premium Income. The New Insured Non-Fundamental Policies are contingent on shareholder approval of the elimination of that Insured Fund s Current Fundamental Policies with respect to derivatives and short sales. The New Insured Non-Fundamental Polices are as follows:

(1) The Fund may not sell securities short, unless the Fund owns or has the right to obtain securities equivalent in kind and amount to the securities sold at no added cost, and provided that transactions in options, futures contracts, options on futures contracts, or other derivative instruments are not deemed to constitute selling securities short.

(2) The Fund may invest in 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. NAM uses derivatives to seek to enhance return, to hedge some of the risks of its investments in fixed income securities or as a substitute for a position in the underlying asset.

(3) The Fund may not enter into futures contracts 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 and related options.

f. Elimination of the Fundamental Policy Prohibiting Investment in Other Investment Companies

The Current Insured Fundamental Policies of Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income relating to investments in other investment companies that are proposed to be eliminated are noted below. Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income do not have specific restrictions as to investments in other investment companies. However, each such Fund has an investment policy which only permits investment in municipal obligations and temporary investments and thereby prohibiting investment in other investment companies. The general restriction that only permits investment in municipal obligations and temporary investments is as follows:

Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income

(1) The Fund may not invest in securities other than [state] Municipal Obligations and temporary investments, as described in Investment Objective and Policies Portfolio Investments. *

In addition, with respect to each Fund s ability to invest in other investment companies, the Board has adopted a New Insured Non-Fundamental Policy to be implemented upon the elimination of Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income s Current Fundamental Policy prohibiting

* References are to a Fund s registration statement.

investments in other investment companies. The proposed New Insured Non-Fundamental Policy relating to investments in other investment companies is as follows:

Insured California Premium Income, Insured California Premium Income 2 and Insured Florida Premium Income

(1) The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds (often referred to as ETFs)) that invest primarily in municipal securities of the types in which the Fund may invest directly.

Board Recommendation

The Board believes that eliminating the Insured Fundamental Policies and adopting the New Insured Policies gives the Adviser flexibility to rapidly respond to continuing developments in the bond insurance market and would enhance the portfolio managers ability to meet each Insured Fund s investment objective and keep each Fund fully invested. While the Board believes that the New Insured Policies give the Adviser adequate flexibility under current market conditions, if the market changes in the future, the Insured Funds may desire to refine these parameters further and the Board may change the New Insured Non-Fundamental Policies without shareholder approval.

The Board of Trustees recommends that shareholders of each Insured Fund vote to approve the elimination of each Insured Fundamental Policy and vote to approve the New Insured Fundamental Policy.

Audit Committee Report

The audit committee of each Board is responsible for the oversight and monitoring of (1) the accounting and reporting policies, processes and practices, and the audit of the financial statements, of each Fund, and (2) the quality and integrity of the Fund s financial statements, and (3) the independent registered public accounting firm s qualifications, performance and independence. In its oversight capacity, the committee reviews each Fund s annual financial statements with both management and the independent registered public accounting firm and the committee meets periodically with the independent registered public accounting firm and internal auditors to consider their evaluation of each Fund s financial and internal controls. The committee also selects, retains, evaluates and may replace each Fund s independent registered public accounting firm. The committee is currently composed of four Board Members and operates under a written charter adopted and approved by each Board, a copy of which is attached as Appendix C. Each committee member meets the independence and experience requirements, as applicable, of the New York Stock Exchange, American Stock Exchange, Section 10A of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission.

The committee, in discharging its duties, has met with and held discussions with management and each Fund s independent registered public accounting firm. The committee has also reviewed and discussed the audited financial statements with management. Management has represented to the independent registered public accounting firm that each Fund s financial statements were prepared in accordance with generally accepted accounting principles. The committee has also discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards (SAS) No. 61

(Communication with Audit Committees), as amended by SAS No. 90 (Audit Committee Communications). Each Fund s independent registered public accounting firm provided to the committee the written disclosure required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the committee discussed with representatives of the independent registered public accounting firm their firm s independence. As provided in the Audit Committee Charter, it is not the committee s responsibility to determine, and the considerations and discussions referenced above do not ensure, that each Fund s financial statements are complete and accurate and presented in accordance with generally accepted accounting principles.

Based on the committee s review and discussions with management and the independent registered public accounting firm, the representations of management and the report of the independent registered public accounting firm to the committee, the committee has recommended that the Boards include the audited financial statements in each Fund s Annual Report.

The current members of the committee are:

Robert P. Bremner
Jack B. Evans (financial expert)
David J. Kundert
William J. Schneider

Audit and Related Fees. The following tables provide the aggregate fees billed during each Fund s last two fiscal years by each Fund s independent registered accounting firm for engagements directly related to the operations and financial reporting of each Fund, including those relating (i) to each Fund for services provided to the Fund and (ii) to the Adviser and certain entities controlling, controlled by, or under common control with the Adviser that provide ongoing services to each Fund (Adviser Entities).

	Audit Fees(1)		**Audit Related Fees**				**Tax Fees(2)**				**All Other Fees(3)**			
	Fund		**Fund**		**Adviser and Adviser Entities**		**Fund**		**Adviser and Adviser Entities**		**Fund**		**Advis and Advis Entiti**	
	Fiscal Year Ended 2007	**Fiscal Year Ended 2008**	**Fiscal Year Ended 2007**	**Fiscal Year Ended 2008**	**Fiscal Year Ended 2007**	**Fiscal Year Ended 2008**	**Fiscal Year Ended 2007**	**Fiscal Year Ended 2008**	**Fiscal Year Ended 2007**	**Fiscal Year Ended 2008**	**Fiscal Year Ended 2007**	**Fiscal Year Ended 2008**	**Fiscal Year Ended 2007**	**F Y E 2**
ting Rate me	$ 63,484	$ 66,809	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,000	$ 0	$ 0	$ 1,650	$ 1,800	$ 0	
ting Rate me ortunity	45,923	48,236	0	0	0	0	0	1,000	0	0	1,650	1,800	0	
or Income	36,092	37,955	0	0	0	0	0	1,000	0	0	6,750	7,400	0	
Advantaged ting Rate	22,700	24,000	0	0	0	0	0	1,000	0	0	1,650	1,800	0	
ona dend antage	7,283	8,242	0	0	0	0	0	500	0	0	1,500	800	0	
ona dend antage 2	7,817	8,847	0	0	0	0	0	500	0	0	1,500	800	0	
ona dend antage 3	8,113	9,182	0	0	0	0	0	500	0	0	1,500	800	0	
ona nium Income	8,834	10,005	0	0	0	0	0	500	0	0	3,100	3,300	0	
fornia dend antage	20,481	23,226	0	0	0	0	500	0	0	0	1,500	800		
fornia dend antage 2	15,186	17,257	0	0	0	0	500	0	0	0	1,500	800		
fornia dend	20,774	23,388	0	0	0	0	500	0	0	0	1,500	800		

antage 3													
fornia stment ity	14,772	16,795	0	0	0	0	500	0	0	0	3,100	3,300	0
fornia ket ortunity	11,483	12,998	0	0	0	0	500	0	0	0	3,100	3,300	0
fornia Value	13,057	14,840	0	0	0	0	500	0	0	0	0	0	0
fornia ormance Plus	14,382	16,280	0	0	0	0	500	0	0	0	3,100	3,300	0
fornia nium Income	9,702	11,006	0	0	0	0	500	0	0	0	1,500	800	0
fornia ity Income	20,177	23,024	0	0	0	0	500	0	0	0	3,100	3,300	0
fornia Select ity	20,740	23,540	0	0	0	0	500	0	0	0	3,100	3,300	0
red fornia dend antage	15,669	17,818	0	0	0	0	500	0	0	0	2,300	800	0
red fornia nium Income	10,157	11,604	0	0	0	0	500	0	0	0	3,100	3,300	0
red fornia nium Income	13,844	15,795	0	0	0	0	500	0	0	0	3,100	3,300	0
red fornia Free antage	9,861	11,215	0	0	0	0	500	0	0	0	1,500	800	
necticut dend antage	7,881	8,952	0	0	0	0	0	500	0	0	2,250	800	0
necticut dend antage 2	7,733	8,780	0	0	0	0	0	500	0	0	2,250	800	0

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	Audit Fees[(1)] Fund Fiscal Year Ended 2007	Audit Fees[(1)] Fund Fiscal Year Ended 2008	Audit Related Fees Fund Fiscal Year Ended 2007	Audit Related Fees Fund Fiscal Year Ended 2008	Audit Related Fees Adviser and Adviser Entities Fiscal Year Ended 2007	Audit Related Fees Adviser and Adviser Entities Fiscal Year Ended 2008	Tax Fees[(2)] Fund Fiscal Year Ended 2007	Tax Fees[(2)] Fund Fiscal Year Ended 2008	Tax Fees[(2)] Adviser and Adviser Entities Fiscal Year Ended 2007	Tax Fees[(2)] Adviser and Adviser Entities Fiscal Year Ended 2008	All Other Fees[(3)] Fund Fiscal Year Ended 2007	All Other Fees[(3)] Fund Fiscal Year Ended 2008	All Other Fees[(3)] Adviser and Adviser Entities Fiscal Year Ended 2007	All Other Fees[(3)] Adviser and Adviser Entities Fisca Yea Ende 200
onnecticut ividend dvantage 3	$ 8,856	$ 10,064	$ 0	$ 0	$ 0	$ 0	$ 0	$ 500	$ 0	$ 0	$ 2,250	$ 800	$ 0	$ 0
onnecticut remium ncome	9,415	10,711	0	0	0	0	0	500	0	0	2,250	800	0	0
lorida nvestment uality	16,422	18,540	0	0	0	0	0	500	0	0	1,500	800	0	0
lorida uality ncome	15,188	17,212	0	0	0	0	0	500	0	0	1,500	800	0	0
nsured lorida remium ncome	15,099	17,114	0	0	0	0	0	500	0	0	1,500	800	0	0
nsured lorida ax-Free dvantage	8,605	9,780	0	0	0	0	0	500	0	0	1,500	800	0	0
eorgia ividend dvantage	7,521	8,537	0	0	0	0	0	500	0	0	2,250	800	0	0
eorgia ividend dvantage 2	8,973	10,173	0	0	0	0	0	500	0	0	2,250	800	0	0
eorgia remium ncome	8,561	9,723	0	0	0	0	0	500	0	0	2,250	800	0	0
aryland ividend dvantage	8,827	9,996	0	0	0	0	0	500	0	0	2,250	800	0	0
	8,849	10,025	0	0	0	0	0	500	0	0	2,250	800	0	0

aryland Dividend dvantage 2														
aryland Dividend dvantage 3	9,445	10,711	0	0	0	0	0	500	0	0	2,250	800	0	0
aryland remium ncome	12,558	14,295	0	0	0	0	0	500	0	0	2,250	800	0	0
assachusetts Dividend dvantage	7,527	8,530	0	0	0	0	0	500	0	0	2,250	800	0	0
assachusetts remium ncome	9,097	10,330	0	0	0	0	0	500	0	0	2,250	800	0	0
nsured assachusetts ax-Free dvantage	7,949	9,032	0	0	0	0	0	500	0	0	2,250	800	0	0
ichigan Dividend dvantage	7,599	8,603	0	0	0	0	0	500	0	0	1,500	800	0	0
ichigan remium ncome	10,881	12,343	0	0	0	0	0	500	0	0	3,100	3,300	0	0
ichigan uality ncome	13,548	15,368	0	0	0	0	0	500	0	0	3,100	3,300	0	0
issouri remium ncome	7,655	8,656	0	0	0	0	0	500	0	0	2,250	800	0	0
ew Jersey Dividend dvantage	10,223	11,592	0	0	0	0	0	500	0	0	1,500	800	0	0
ew Jersey Dividend dvantage 2	9,081	10,274	0	0	0	0	0	500	0	0	1,500	800	0	0
ew Jersey nvestment uality	18,649	21,228	0	0	0	0	0	500	0	0	2,300	3,250	0	0
ew Jersey remium ncome	13,582	15,464	0	0	0	0	0	500	0	0	2,300	3,250	0	0
orth Carolina Dividend dvantage	7,694	8,727	0	0	0	0	0	500	0	0	2,250	800	0	0
orth Carolina Dividend dvantage 2	8,567	9,723	0	0	0	0	0	500	0	0	2,250	800	0	0
orth Carolina Dividend	8,599	9,767	0	0	0	0	0	500	0	0	2,250	800	0	0

dvantage 3 orth Carolina remium ncome	10,015	11,371	0	0	0	0	0	500	0	0	2,250	800	0	0

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	Audit Fees[1]		Audit Related Fees				Tax Fees[2]				All Other Fees[3]			
	Fund		Fund		Adviser and Adviser Entities		Fund		Adviser and Adviser Entities		Fund		Adviser and Adviser Entities	
	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008
Ohio Dividend Advantage	$ 8,867	$ 10,057	$ 0	$ 0	$ 0	$ 0	$ 0	$ 500	$ 0	$ 0	$ 1,500	$ 800	$ 0	$ 0
Ohio Dividend Advantage 2	8,219	9,309	0	0	0	0	0	500	0	0	1,500	800	0	0
Ohio Dividend Advantage 3	7,658	8,685	0	0	0	0	0	500	0	0	1,500	800	0	0
Ohio Quality Income	12,520	14,208	0	0	0	0	0	500	0	0	3,100	3,300		0
Pennsylvania Dividend Advantage	8,358	9,462	0	0	0	0	0	500	0	0	1,500	800	0	0
Pennsylvania Dividend Advantage 2	8,608	9,754	0	0	0	0	0	500	0	0	1,500	800	0	0
Pennsylvania Investment Quality	16,322	18,476	0	0	0	0	0	500	0	0	1,500	800	0	0
Pennsylvania Premium Income 2	15,560	17,550	0	0	0	0	0	500	0	0	1,500	800	0	0
Texas Quality Income	11,964	13,557	0	0	0	0	0	500	0	0	1,500	800	0	0
Virginia Dividend Advantage	8,237	9,306	0	0	0	0	0	500	0	0	2,250	800	0	0
Virginia Dividend Advantage 2	9,757	11,022	0	0	0	0	0	500	0	0	2,250	800	0	0
Virginia Premium	11,566	13,122	0	0	0	0	0	500	0	0	2,250	800	0	0

ncome

(1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund s annual financial statements and services provided in connection with statutory and regulatory filings or engagements.
(2) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance and tax planning.
(3) All Other Fees are the aggregate fees billed for products and services for agreed-upon procedures engagements for the leveraged Funds.

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Non-Audit Fees. The following tables provide the aggregate non-audit fees billed by each Fund s independent registered accounting firm for services rendered to each Fund, the Adviser and the Adviser Entities during each Fund s last two fiscal years.

Fund	Total Non-Audit Fees Billed to Fund		Total Non-Audit Fees Billed to Adviser and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Adviser and Adviser Entities (All Other Engagements)		Total	
	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008
Floating Rate Income	$ 1,650	$ 2,800	$ 0	$ 0	$ 0	$ 0	$ 1,650	$ 2,800
Floating Rate Income Opportunity	1,650	2,800	0	0	0	0	1,650	2,800
Senior Income	6,750	8,400	0	0	0	0	6,750	8,400
Tax-Advantaged Floating Rate	1,650	2,800	0	0	0	0	1,650	2,800
Arizona Dividend Advantage	1,500	1,300	0	0	0	0	1,500	1,300
Arizona Dividend Advantage 2	1,500	1,300	0	0	0	0	1,500	1,300
Arizona Dividend Advantage 3	1,500	1,300	0	0	0	0	1,500	1,300
Arizona Premium Income	3,100	3,800	0	0	0	0	3,100	3,800
California Dividend Advantage	2,000	800	0	0	0	0	2,000	800
California Dividend Advantage 2	2,000	800	0	0	0	0	2,000	800
California Dividend Advantage 3	2,000	800	0	0	0	0	2,000	800
California Investment Quality	3,600	3,300	0	0	0	0	3,600	3,300
California Market Opportunity	3,600	3,300	0	0	0	0	3,600	3,300
California Value	500	0	0	0	0	0	500	0

California Performance Plus	3,600	3,300	0	0	0	0	3,600	3,300
California Premium Income	2,000	800	0	0	0	0	2,000	800
California Quality Income	3,600	3,300	0	0	0	0	3,600	3,300
California Select Quality	3,600	3,300	0	0	0	0	3,600	3,300
Insured California Dividend Advantage	2,800	800	0	0	0	0	2,800	800
Insured California Premium Income	3,600	3,300	0	0	0	0	3,600	3,300
Insured California Premium Income 2	3,600	3,300	0	0	0	0	3,600	3,300
Insured California Tax-Free Advantage	2,000	800	0	0	0	0	2,000	800
Connecticut Dividend Advantage	2,250	1,300	0	0	0	0	2,250	1,300

Fund	Total Non-Audit Fees Billed to Fund		Total Non-Audit Fees Billed to Adviser and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Adviser and Adviser Entities (All Other Engagements)		Total	
	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008
Connecticut Dividend Advantage 2	$ 2,250	$ 1,300	$ 0	$ 0	$ 0	$ 0	$ 2,250	$ 1,300
Connecticut Dividend Advantage 3	2,250	1,300	0	0	0	0	2,250	1,300
Connecticut Premium Income	2,250	1,300	0	0	0	0	2,250	1,300
Florida Investment Quality	1,500	1,300	0	0	0	0	1,500	1,300
Florida Quality Income	1,500	1,300	0	0	0	0	1,500	1,300
Insured Florida Premium Income	1,500	1,300	0	0	0	0	1,500	1,300
Insured Florida Tax-Free Advantage	1,500	1,300	0	0	0	0	1,500	1,300
Georgia Dividend Advantage	2,250	1,300	0	0	0	0	2,250	1,300
Georgia Dividend Advantage 2	2,250	1,300	0	0	0	0	2,250	1,300
Georgia Premium Income	2,250	1,300	0	0	0	0	2,250	1,300
Maryland Dividend Advantage	2,250	1,300	0	0	0	0	2,250	1,300
Maryland Dividend Advantage 2	2,250	1,300	0	0	0	0	2,250	1,300
Maryland Dividend Advantage 3	2,250	1,300	0	0	0	0	2,250	1,300
Maryland Premium Income	2,250	1,300	0	0	0	0	2,250	1,300
	2,250	1,300	0	0	0	0	2,250	1,300

Massachusetts Dividend Advantage								
Massachusetts Premium Income	2,250	1,300	0	0	0	0	2,250	1,300
Insured Massachusetts Tax-Free Advantage	2,250	1,300	0	0	0	0	2,250	1,300
Michigan Dividend Advantage	1,500	1,300	0	0	0	0	1,500	1,300
Michigan Premium Income	3,100	3,800	0	0	0	0	3,100	3,800
Michigan Quality Income	3,100	3,800	0	0	0	0	3,100	3,800
Missouri Premium Income	2,250	1,300	0	0	0	0	2,250	1,300
New Jersey Dividend Advantage	1,500	1,300	0	0	0	0	1,500	1,300
New Jersey Dividend Advantage 2	1,500	1,300	0	0	0	0	1,500	1,300
New Jersey Investment Quality	2,300	3,750	0	0	0	0	2,300	3,750
New Jersey Premium Income	2,300	3,750	0	0	0	0	2,300	3,750
North Carolina Dividend Advantage	2,250	1,300	0	0	0	0	2,250	1,300

Fund	Total Non-Audit Fees Billed to Fund		Total Non-Audit Fees Billed to Adviser and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Adviser and Adviser Entities (All Other Engagements)		Total	
	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008	Fiscal Year Ended 2007	Fiscal Year Ended 2008
North Carolina Dividend Advantage 2	$ 2,250	$ 1,300	$ 0	$ 0	$ 0	$ 0	$ 2,250	$ 1,300
North Carolina Dividend Advantage 3	2,250	1,300	0	0	0	0	2,250	1,300
North Carolina Premium Income	2,250	1,300	0	0	0	0	2,250	1,300
Ohio Dividend Advantage	1,500	1,300	0	0	0	0	1,500	1,300
Ohio Dividend Advantage 2	1,500	1,300	0	0	0	0	1,500	1,300
Ohio Dividend Advantage 3	1,500	1,300	0	0	0	0	1,500	1,300
Ohio Quality Income	3,100	3,800	0	0	0	0	3,100	3,800
Pennsylvania Dividend Advantage	1,500	1,300	0	0	0	0	1,500	1,300
Pennsylvania Dividend Advantage 2	1,500	1,300	0	0	0	0	1,500	1,300
Pennsylvania Investment Quality	1,500	1,300	0	0	0	0	1,500	1,300
Pennsylvania Premium Income 2	1,500	1,300	0	0	0	0	1,500	1,300
Texas Quality Income	1,500	1,300	0	0	0	0	1,500	1,300
Virginia Dividend Advantage	2,250	1,300	0	0	0	0	2,250	1,300
Virginia Dividend Advantage 2	2,250	1,300	0	0	0	0	2,250	1,300
Virginia Premium Income	2,250	1,300	0	0	0	0	2,250	1,300

Audit Committee Pre-Approval Policies and Procedures. Generally, the audit committee must approve each Fund s independent registered public accounting firm s engagements (i) with the Fund for audit or non-audit services and (ii) with the Adviser and Adviser Entities for non-audit services if the engagement relates directly to the operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent registered public accounting firm for each Fund and the Adviser and Adviser Entities (with respect to the operations and financial reporting of each Fund), such engagements will be (i) pre-approved by the audit committee if they are expected to be for amounts greater than $10,000; (ii) reported to the audit committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under $10,000 but greater than $5,000; and (iii) reported to the audit committee at the next audit committee meeting if they are expected to be for an amount under $5,000.

The audit committee has approved in advance all audit services and non-audit services that the independent registered public accounting firm provided to each Fund and to the Adviser and Adviser Entities (with respect to the operations and financial reporting of each Fund). None of the services rendered by the independent registered accounting firm to each Fund or the Adviser or Adviser Entities were pre-approved by the audit committee pursuant to the pre-approval exception under Rule 2.01(c)(7)(i)(C) or Rule 2.01(c)(7)(ii) of Regulation S-X.

Additional Information

Appointment of the Independent Registered Public Accounting Firm

Each Board has appointed Ernst & Young LLP as independent registered public accounting firm to audit the books and records of each Fund for its current fiscal year. A representative of Ernst & Young LLP will be present at the Annual Meetings to make a statement, if such representative so desires, and to respond to shareholders questions. Ernst & Young LLP has informed each Fund that it has no direct or indirect material financial interest in the Funds, Nuveen, the Adviser or any other investment company sponsored by Nuveen.

Section 16(a) Beneficial Interest Reporting Compliance

Section 30(h) of the 1940 Act and Section 16(a) of the 1934 Act require Board Members and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of a Fund s equity securities to file forms reporting their affiliation with that Fund and reports of ownership and changes in ownership of that Fund s shares with the Securities and Exchange Commission (the SEC) and the New York Stock Exchange or American Stock Exchange, as applicable. These persons and entities are required by SEC regulation to furnish the Funds with copies of all Section 16(a) forms they file. Based on a review of these forms furnished to each Fund, each Fund believes that its Board Members and officers, investment adviser and affiliated persons of the investment adviser have complied with all applicable Section 16(a) filing requirements during its last fiscal year. To the knowledge of management of the Funds, no shareholder of a Fund owns more than 10% of a registered class of a Fund s equity securities.

Information About the Adviser

The Adviser, located at 333 West Wacker Drive, Chicago, Illinois 60606, serves as investment adviser and manager for each Fund. The Adviser is a wholly-owned subsidiary of Nuveen.

Nuveen is a wholly-owned subsidiary of Windy City, a corporation formed by investors led by Madison Dearborn Partners, LLC (MDP), a private equity investment firm based in Chicago, Illinois. Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds. Other owners of Windy City include Merrill Lynch & Co. s Global Private Equity group and affiliates (including private equity funds) of Wachovia, Citigroup and Deutsche Bank.

Shareholder Proposals

To be considered for presentation at the annual meeting of shareholders of the Funds to be held in 2009, a shareholder proposal submitted pursuant to Rule 14a-8 of the 1934 Act must be received at the offices of that Fund, 333 West Wacker Drive, Chicago, Illinois 60606, not later than June 8, 2009. A shareholder wishing to provide notice in the manner prescribed by Rule 14a-4(c)(1) 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 Fund not later than August 21, 2009 or prior to August 6, 2009. Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

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 and so indicates 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.

Expenses of Proxy Solicitation

The cost of preparing, printing and mailing the enclosed proxy, accompanying notice and proxy statement will be paid by the Funds pro rata based on the number of shareholder accounts. 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. The Funds, with the exception of Floating Rate, Floating Rate Income Opportunity, Senior Income and Tax-Advantaged Floating Rate, have engaged Computershare Fund Services to assist in the solicitation of proxies at an estimated cost of $2,000 per Fund plus reasonable expenses.

Fiscal Year

The fiscal year end for each of the Funds is as follows: April 30, 2008 for Florida Investment Quality, Florida Quality Income, Insured Florida Premium Income and Insured Florida Tax-Free Advantage, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Premium Income, Pennsylvania Dividend Advantage, Pennsylvania Dividend Advantage 2, Pennsylvania Investment Quality and Pennsylvania Premium Income 2; May 31, 2008 for Connecticut Dividend Advantage, Connecticut Dividend Advantage 2, Connecticut Dividend Advantage 3, Connecticut Premium 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, Insured Massachusetts

Tax-Free Advantage, Missouri Premium Income, North Carolina Dividend Advantage, North Carolina Dividend Advantage 2, North Carolina Dividend Advantage 3, North Carolina Premium Income, Virginia Dividend Advantage, Virginia Dividend Advantage 2 and Virginia Premium Income; June 30, 2008 for Tax-Advantaged Floating Rate; July 31, 2008 for Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Arizona Dividend Advantage, Arizona Dividend Advantage 2, Arizona Dividend Advantage 3, Arizona Premium Income, Michigan Dividend Advantage, Michigan Premium Income, Michigan Quality Income, Ohio Dividend Advantage, Ohio Dividend Advantage 2, Ohio Dividend Advantage 3, Ohio Quality Income and Texas Quality Income; and August 31, 2008 for 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, Insured California Dividend Advantage, Insured California Premium Income, Insured California Premium Income 2, Insured California Tax-Free Advantage.

Annual Report Delivery

Annual 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 such Fund at 333 West Wacker Drive, Chicago, Illinois 60606 or by calling 1-800-257-8787.

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.

General

Management does not intend to present and does not have reason to believe that any other items of business will be presented at the Annual Meetings. However, if other matters are properly presented to the Annual Meetings for a vote, the proxies will be voted by the persons acting under the proxies upon such matters in accordance with their judgment of the best interests of the Fund.

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

Failure of a quorum to be present at any Annual Meeting will necessitate adjournment and will subject that Fund to additional expense. The persons named in the enclosed proxy may also move for an adjournment of any Annual Meeting to permit further solicitation of proxies with respect to the proposal if they determine that adjournment and further solicitation is reasonable and in the best interests of the shareholders. Under each Fund s By-Laws, an adjournment of a meeting requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting.

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

October _, 2008

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APPENDIX A

Beneficial Ownership

The following table lists the dollar range of equity securities beneficially owned by each Board Member/nominee in each Fund and in all Nuveen funds overseen by the Board Member/nominee as of December 31, 2007.

Board Member Nominees	Floating Rate Income	Floating Rate Income Opportunity	Senior Income	Tax-Advantaged Floating Rate	Arizona Dividend Advantage	Arizona Dividend Advantage 2
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	$10,001-50,000	$0	$50,001-100,000	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0
Terence J. Toth[(1)]	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[(1)]	$0	$0	$0	$0	$0	$0

Board Member Nominees	Arizona Dividend Advantage 3	Arizona Premium Income	California Dividend Advantage	California Dividend Advantage 2	California Dividend Advantage 3	California Investment Quality
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0
Terence J. Toth[(1)]	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[(1)]	$0	$0	$0	$0	$0	$0

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Board Member Nominees	Dollar Range of Equity Securities California Market Opportunity	California Value	California Performance Plus	California Premium Income	California Quality Income	California Select Quality
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0
Terence J. Toth(1)	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	$0	$0	$0	$0	$0	$0

Board Member Nominees	Insured California Dividend Advantage	Insured California Premium Income	Insured California Premium Income 2	Insured California Tax-Free Advantage	Connecticut Dividend Advantage	Connecticut Dividend Advantage 2
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	$0	$0	$0	$0	$0	$0
William C. Hunter	$0	$0	$0	$0	$0	$0
David J. Kundert	$0	$0	$0	$0	$0	$0
William J. Schneider	$0	$0	$0	$0	$0	$0
Judith M. Stockdale	$0	$0	$0	$0	$0	$0
Carole E. Stone	$0	$0	$0	$0	$0	$0
Terence J. Toth(1)	$0	$0	$0	$0	$0	$0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	$0	$0	$0	$0	$0	$0

(1) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

(2) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

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Dollar Range of Equity Securities

Board Member Nominees	Connecticut Dividend Advantage 3	Connecticut Premium Income	Florida Investment Quality	Florida Quality Income	Insured Florida Premium Income	Insured Florida Tax-Free Advantage
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Jack B. Evans	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William C. Hunter	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
David J. Kundert	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William J. Schneider	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Judith M. Stockdale	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Carole E. Stone	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Terence J. Toth(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Board Member Nominees	Georgia Dividend Advantage	Georgia Dividend Advantage 2	Georgia Premium Income	Maryland Dividend Advantage	Maryland Dividend Advantage 2	Maryland Dividend Advantage 3
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Jack B. Evans	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William C. Hunter	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
David J. Kundert	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William J. Schneider	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Judith M. Stockdale	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Carole E. Stone	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Terence J. Toth(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
John P. Amboian(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(1) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

(2) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

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Dollar Range of Equity Securities

Board Member Nominees	**Maryland Premium Income**	**Massachusetts Dividend Advantage**	**Massachusetts Premium Income**	**Insured Massachusetts Tax-Free Advantage**	**Michigan Dividend Advantage**	**Michigan Premium Income**
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Jack B. Evans	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William C. Hunter	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
David J. Kundert	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William J. Schneider	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Judith M. Stockdale	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Carole E. Stone	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Terence J. Toth(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Board Member Nominees	**Michigan Quality Income**	**Missouri Premium Income**	**New Jersey Dividend Advantage**	**New Jersey Dividend Advantage 2**	**New Jersey Investment Quality**	**New Jersey Premium Income**
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Jack B. Evans	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William C. Hunter	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
David J. Kundert	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
William J. Schneider	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Judith M. Stockdale	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Carole E. Stone	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Terence J. Toth(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(1) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

(2) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

Board Member Nominees	Dollar Range of Equity Securities 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
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth(1)	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	0	0	0	0	0	0

Board Member Nominees	Dollar Range of Equity Securities Ohio Dividend Advantage 3	Ohio Quality Income	Pennsylvania Dividend Advantage	Pennsylvania Dividend Advantage 2	Pennsylvania Investment Quality	Pennsylvania Premium Income 2
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	50,001-100,000	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth(1)	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian(1)	0	0	0	0	0	0

(1) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

(2) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

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Dollar Range of Equity Securities

Board Member Nominees	Texas Quality Income	Virginia Dividend Advantage	Virginia Dividend Advantage 2	Virginia Premium Income	Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Board Member Nominees in Family of Investment Companies[2]
Board Members/Nominees who are not interested persons of the Funds					
Robert P. Bremner	$0	$0	$0	$0	Over $100,000
Jack B. Evans	0	0	0	0	Over $100,000
William C. Hunter	0	0	0	0	Over $100,000
David J. Kundert	0	0	0	0	Over $100,000
William J. Schneider	0	0	0	0	Over $100,000
Judith M. Stockdale	0	0	0	0	Over $100,000
Carole E. Stone	0	0	0	0	$10,001-50,000
Terence J. Toth[1]	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds					
John P. Amboian[1]	0	0	0	0	Over $100,000

(1) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

(2) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

The following table sets forth, for each Board Member and Board Member Nominee and for the Board Members and Board Member Nominees and officers as a group, the amount of shares beneficially owned in each Fund as of December 31, 2007. The information as to beneficial ownership is based on statements furnished by each Board Member and officer.

	Fund Shares Owned By Board Members And Officers[1]					
Board Member Nominees	Floating Rate Income	Floating Rate Income Opportunity	Senior Income	Tax-Advantaged Floating Rate	Arizona Dividend Advantage	Arizona Dividend Advantage 2
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	1,600	0	10,000	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	1,600	0	10,000	0	0	0

	Fund Shares Owned By Board Members And Officers[1]					
Board Member Nominees	Arizona Dividend Advantage 3	Arizona Premium Income	California Dividend Advantage	California Dividend Advantage 2	California Dividend Advantage 3	California Investment Quality
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0

All Board Members and Officers as a Group	0	0	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	California Market Opportunity	California Value	California Performance Plus	California Premium Income	California Quality Income	California Select Quality
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Insured California Dividend Advantage	Insured California Premium Income	Insured California Premium Income 2	Insured California Tax-Free Advantage	Connecticut Dividend Advantage	Connecticut Dividend Advantage 2
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

(1)

The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Connecticut Dividend Advantage 3	Connecticut Premium Income	Florida Investment Quality	Florida Quality Income	Insured Florida Premium Income	Insured Florida Tax-Free Advantage
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

Board Member Nominees	Georgia Dividend Advantage	Georgia Dividend Advantage 2	Georgia Premium Income	Maryland Dividend Advantage	Maryland Dividend Advantage 2	Maryland Dividend Advantage 3
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

(1)

The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

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Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Maryland Premium Income	Massachusetts Dividend Advantage	Massachusetts Premium Income	Insured Massachusetts Tax-Free Advantage	Michigan Dividend Advantage	Michigan Premium Income
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

Board Member Nominees	Michigan Quality Income	Missouri Premium Income	New Jersey Dividend Advantage	New Jersey Dividend Advantage 2	New Jersey Investment Quality	New Jersey Premium Income
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

(1)

The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

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Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	**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**
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0	0	0

Board Member Nominees	**Ohio Dividend Advantage 3**	**Ohio Quality Income**	**Pennsylvania Dividend Advantage**	**Pennsylvania Dividend Advantage 2**	**Pennsylvania Investment Quality**	**Pennsylvania Premium Income 2**
Board Members/Nominees who are not interested persons of the Funds						
Robert P. Bremner	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0
William J. Schneider	0	7,018	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0
Terence J. Toth[2]	0	0	0	0	0	0
Board Member/Nominee who is an interested person of the Funds						
John P. Amboian[2]	0	0	0	0	0	0
All Board Members and Officers as a Group	0	7,018	0	0	0	0

(1)

The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	Texas Quality Income	Virginia Dividend Advantage	Virginia Dividend Advantage 2	Virginia Premium Income
Board Members/Nominees who are not interested persons of the Funds				
Robert P. Bremner	$0	$0	$0	$0
Jack B. Evans	0	0	0	0
William C. Hunter	0	0	0	0
David J. Kundert	0	0	0	0
William J. Schneider	0	0	0	0
Judith M. Stockdale	0	0	0	0
Carole E. Stone	0	0	0	0
Terence J. Toth[2]	0	0	0	0
Board Member/Nominee who is an interested person of the Funds				
John P. Amboian[2]	0	0	0	0
All Board Members and Officers as a Group	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) In April 2008, Mr. Amboian and Mr. Toth were appointed to each Fund s Board effective June 30, 2008. Mr. Toth did not own any shares of Nuveen funds prior to becoming a Board Member.

APPENDIX B

NUMBER OF BOARD AND COMMITTEE MEETINGS HELD DURING EACH FUND S LAST FISCAL YEAR

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting
Floating Rate Income	5	5	2	8	4	4	4
Floating Rate Income Opportunity	5	5	2	8	4	4	4
Senior Income	5	5	1	8	4	4	4
Tax-Advantaged Floating Rate	4	12	2	8	4	4	5
Arizona Dividend Advantage	5	9	1	8	4	4	4
Arizona Dividend Advantage 2	5	9	1	8	4	4	4
Arizona Dividend Advantage 3	5	9	1	8	4	4	4
Arizona Premium Income	5	9	1	8	4	4	4
California Dividend Advantage	4	9	1	7	4	4	4
California Dividend Advantage 2	4	9	1	7	4	4	4
California Dividend Advantage 3	4	9	1	7	4	4	4
California Investment Quality	4	9	2	7	4	4	4
California Market Opportunity	4	9	1	7	4	4	4
California Value	4	9	1	7	4	4	4
California Performance Plus	4	9	2	7	4	4	4
California Premium Income	4	9	1	7	4	4	4
California Quality Income	4	9	2	7	4	4	4
California Select Quality	4	9	2	7	4	4	4
Insured California Dividend Advantage	4	9	2	7	4	4	4
Insured California Premium Income	4	9	1	7	4	4	4
Insured California Premium Income 2	4	9	1	7	4	4	4
Insured California Tax-Free Advantage	4	9	1	7	4	4	4
Connecticut Dividend Advantage	4	15	1	7	4	4	6
Connecticut Dividend Advantage 2	4	15	1	7	4	4	6

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting
Connecticut Dividend Advantage 3	4	15	1	7	4	4	6
Connecticut Premium Income	4	15	1	7	4	4	6
Florida Investment Quality	4	14	1	7	4	4	6
Florida Quality Income	4	14	1	7	4	4	6
Insured Florida Premium Income	4	14	1	7	4	4	6
Insured Florida Tax-Free Advantage	4	14	1	7	4	4	6
Georgia Dividend Advantage	4	15	1	7	4	4	6
Georgia Dividend Advantage 2	4	15	1	7	4	4	6
Georgia Premium Income	4	15	1	7	4	4	6
Maryland Dividend Advantage	4	15	1	7	4	4	6
Maryland Dividend Advantage 2	4	15	1	7	4	4	6
Maryland Dividend Advantage 3	4	15	1	7	4	4	6
Maryland Premium Income	4	15	1	7	4	4	6
Massachusetts Dividend Advantage	4	15	1	7	4	4	6
Massachusetts Premium Income	4	15	1	7	4	4	6
Insured Massachusetts Tax-Free Advantage	4	15	1	7	4	4	6
Michigan Dividend Advantage	5	9	1	8	4	4	4
Michigan Premium Income	5	9	1	8	4	4	4
Michigan Quality Income	5	9	1	8	4	4	4
Missouri Premium Income	4	15	1	7	4	4	6
New Jersey Dividend Advantage	4	14	1	7	4	4	6
New Jersey Dividend Advantage 2	4	14	1	7	4	4	6
New Jersey Investment Quality	4	14	1	7	4	4	6
New Jersey Premium Income	4	14	1	7	4	4	6
North Carolina Dividend Advantage	4	15	1	7	4	4	6
North Carolina Dividend Advantage 2	4	15	1	7	4	4	6
North Carolina Dividend Advantage 3	4	15	1	7	4	4	6
North Carolina Premium Income	4	15	1	7	4	4	6
Ohio Dividend Advantage	5	9	1	8	4	4	4
Ohio Dividend Advantage 2	5	9	1	8	4	4	4

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting
Ohio Dividend Advantage 3	5	9	1	8	4	4	4
Ohio Quality Income	5	9	1	8	4	4	4
Pennsylvania Dividend Advantage	4	14	1	7	4	4	6
Pennsylvania Dividend Advantage 2	4	14	1	7	4	4	6
Pennsylvania Investment Quality	4	14	1	7	4	4	6
Pennsylvania Premium Income 2	4	14	1	7	4	4	6
Texas Quality Income	5	9	1	8	4	4	4
Virginia Dividend Advantage	4	15	1	7	4	4	6
Virginia Dividend Advantage 2	4	15	1	7	4	4	6
Virginia Premium Income	4	15	1	7	4	4	6

Appendix C

NUVEEN FUND BOARD
AUDIT COMMITTEE CHARTER

I. Organization and Membership

There shall be a committee of each Board of Directors/Trustees (the Board) of the Nuveen Management Investment Companies (the Funds or, individually, a Fund) to be known as the Audit Committee. The Audit Committee shall be comprised of at least three Directors/Trustees. Audit Committee members shall be independent of the Funds and free of any relationship that, in the opinion of the Directors/Trustees, would interfere with their exercise of independent judgment as an Audit Committee member. In particular, each member must meet the independence and experience requirements applicable to the Funds of the exchanges on which shares of the Funds are listed, Section 10a of the Securities Exchange Act of 1934 (the Exchange Act), and the rules and regulations of the Securities and Exchange Commission (the Commission). Each such member of the Audit Committee shall have a basic understanding of finance and accounting, be able to read and understand fundamental financial statements, and be financially literate, and at least one such member shall have accounting or related financial management expertise, in each case as determined by the Directors/Trustees, exercising their business judgment (this person may also serve as the Audit Committee s financial expert as defined by the Commission). The Board shall appoint the members and the Chairman of the Audit Committee, on the recommendation of the Nominating and Governance Committee. The Audit Committee shall meet periodically but in any event no less frequently than on a semi-annual basis. Except for the Funds, Audit Committee members shall not serve simultaneously on the audit committees of more than two other public companies.

II. Statement of Policy, Purpose and Processes

The Audit Committee shall assist the Board in oversight and monitoring of (1) the accounting and reporting policies, processes and practices, and the audits of the financial statements, of the Funds; (2) the quality and integrity of the financial statements of the Funds; (3) the Funds compliance with legal and regulatory requirements, (4) the independent auditors qualifications, performance and independence; and (5) oversight of the Pricing Procedures of the Funds and the Valuation Group. In exercising this oversight, the Audit Committee can request other committees of the Board to assume responsibility for some of the monitoring as long as the other committees are composed exclusively of independent directors.

In doing so, the Audit Committee shall seek to maintain free and open means of communication among the Directors/Trustees, the independent auditors, the internal auditors and the management of the Funds. The Audit Committee shall meet periodically with Fund management, the Funds internal auditor, and the Funds independent auditors, in separate executive sessions. The Audit Committee shall prepare reports of the Audit Committee as required by the Commission to be included in the Fund s annual proxy statements or otherwise.

The Audit Committee shall have the authority and resources in its discretion to retain special legal, accounting or other consultants to advise the Audit Committee and to otherwise discharge its responsibilities, including appropriate funding as determined by the Audit Committee for compensation to independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for a Fund, compensation to advisers employed by the Audit Committee, and ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties, as determined in its discretion. The Audit Committee may request any officer or employee of Nuveen Investments, Inc. (or its affiliates) (collectively, Nuveen) or the Funds independent auditors or outside counsel to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Funds independent auditors and internal auditors shall have unrestricted accessibility at any time to Committee members.

Responsibilities

Fund management has the primary responsibility to establish and maintain systems for accounting, reporting, disclosure and internal control.

The independent auditors have the primary responsibility to plan and implement an audit, with proper consideration given to the accounting, reporting and internal controls. Each independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Funds shall report directly to the Audit Committee. The independent auditors are ultimately accountable to the Board and the Audit Committee. It is the ultimate responsibility of the Audit Committee to select, appoint, retain, evaluate, oversee and replace any independent auditors and to determine their compensation, subject to ratification of the Board, if required. These Audit Committee responsibilities may not be delegated to any other Committee or the Board.

<u>The Audit Committee is responsible for the following:</u>

With respect to Fund financial statements:

A. Reviewing and discussing the annual audited financial statements and semi-annual financial statements with Fund management and the independent auditors including major issues regarding accounting and auditing principles and practices, and the Funds disclosures in its periodic reports under Management s Discussion and Analysis.

B. Requiring the independent auditors to deliver to the Chairman of the Audit Committee a timely report on any issues relating to the significant accounting policies, management judgments and accounting estimates or other matters that would need to be communicated under Statement on Auditing Standards (sas) No. 90, Audit Committee Communications (which amended sas No. 61, Communication with Audit Committees), that arise during the auditors review of the Funds financial statements, which information the Chairman shall further communicate to the other members of the Audit Committee, as deemed necessary or appropriate in the Chairman s judgment.

C. Discussing with management the Funds press releases regarding financial results and dividends, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made. The Chairman of the Audit Committee shall be authorized to have these discussions with management on behalf of the Audit Committee.

D. Discussing with management and the independent auditors (a) significant financial reporting issues and judgments made in connection with the preparation and presentation of the Funds financial statements, including any significant changes in the Funds selection or application of accounting principles and any major issues as to the adequacy of the Funds internal controls and any special audit steps adopted in light of material control deficiencies; and (b) analyses prepared by Fund management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative gaap methods on the financial statements.

E. Discussing with management and the independent auditors the effect of regulatory and accounting initiatives on the Funds financial statements.

F. Reviewing and discussing reports, both written and oral, from the independent auditors and/or Fund management regarding (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative treatments and disclosures, and the treatment preferred by the independent auditors; and (c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

G. Discussing with Fund management the Funds major financial risk exposures and the steps management has taken to monitor and control these exposures, including the Funds risk assessment and risk management policies and guidelines. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to risk assessment and risk management.

H. Reviewing disclosures made to the Audit Committee by the Funds principal executive officer and principal financial officer during their certification process for the Funds periodic reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Funds internal controls. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to deficiencies in internal controls, material weaknesses, or any fraud associated with internal controls.

With respect to the independent auditors:

A. Selecting, appointing, retaining or replacing the independent auditors, subject, if applicable, only to Board and shareholder ratification; and compensating, evaluating and overseeing the work of the independent auditor (including the resolution of disagreements between Fund management and the independent auditor regarding financial reporting).

B. Meeting with the independent auditors and Fund management to review the scope, fees, audit plans and staffing for the audit, for the current year. At the conclusion of the audit, reviewing such audit results, including the independent auditors evaluation of the Funds financial and internal controls, any comments or recommendations of the independent auditors, any audit problems or difficulties and management s response, including any restrictions on the scope of the independent auditor s activities or on access to requested information, any significant disagreements with management, any accounting adjustments noted or proposed by the auditor but not made by the Fund, any communications between the audit team and the audit firm s national office regarding auditing or accounting issues presented by the engagement, any significant changes required from the originally planned audit programs and any adjustments to the financial statements recommended by the auditors.

C. Pre-approving all audit services and permitted non-audit services, and the terms thereof, to be performed for the Funds by their independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10a of the Exchange Act that the Audit Committee approves prior to the completion of the audit, in accordance with any policies or procedures relating thereto as adopted by the Board or the Audit Committee. The Chairman of the Audit Committee shall be authorized to give pre-approvals of such non-audit services on behalf of the Audit Committee.

D. Obtaining and reviewing a report or reports from the independent auditors at least annually (including a formal written statement delineating all relationships between the auditors and the Funds consistent with Independent Standards Board Standard 1, as may be amended, restated, modified or replaced) regarding (a) the independent auditor s internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Funds and their affiliates, in order to assist the Audit committee in assessing the auditor s independence. After reviewing the foregoing report[s] and the independent auditor s work throughout the year, the Audit Committee shall be responsible for evaluating the qualifications, performance and independence of the independent auditor and their compliance with all applicable requirements for independence and peer review, and a review and evaluation of the lead partner, taking into account the opinions of Fund management and the internal auditors, and discussing such reports with the independent auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

E. Reviewing any reports from the independent auditors mandated by Section 10a(b) of the Exchange Act regarding any illegal act detected by the independent auditor (whether or not perceived to have a material effect on the Funds financial statements) and obtaining from the independent auditors any information about illegal acts in accordance with Section 10a(b).

F. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and further considering the rotation of the independent auditor firm itself.

G. Establishing and recommending to the Board for ratification policies for the Funds , Fund management or the Fund adviser s hiring of employees or former employees of the independent auditor who participated in the audits of the Funds.

H. Taking, or recommending that the Board take, appropriate action to oversee the independence of the outside auditor.

With respect to any internal auditor:

A. Reviewing the proposed programs of the internal auditor for the coming year. It is not the obligation or responsibility of the Audit Committee to confirm the independence of any Nuveen internal auditors performing services relating to the Funds or to approve any termination or replacement of the Nuveen Manager of Internal Audit.

B. Receiving a summary of findings from any completed internal audits pertaining to the Funds and a progress report on the proposed internal audit plan for the Funds, with explanations for significant deviations from the original plan.

With respect to pricing and valuation oversight:

A. The Board has responsibilities regarding the pricing of a Fund s securities under the 1940 Act. The Board has delegated this responsibility to the Committee to address valuation issues that arise between Board meetings, subject to the Board s general supervision of such actions. The Committee is primarily responsible for the oversight of the Pricing Procedures and actions taken by the internal Valuation Group (Valuation Matters). The Valuation Group will report on Valuation Matters to the Committee and/or the Board of Directors/Trustees, as appropriate.

B. Performing all duties assigned to it under the Funds Pricing Procedures, as such may be amended from time to time.

C. Periodically reviewing and making recommendations regarding modifications to the Pricing Procedures as well as consider recommendations by the Valuation Group regarding the Pricing Procedures.

D. Reviewing any issues relating to the valuation of a Fund s securities brought to the Committee s attention, including suspensions in pricing, pricing irregularities, price overrides, self-pricing, nav errors and corrections thereto, and other pricing matters. In this regard, the Committee should consider the risks to the Funds in assessing the possible resolutions of these Valuation Matters.

E. Evaluating, as it deems necessary or appropriate, the performance of any pricing agent and recommend changes thereto to the full Board.

F. Reviewing any reports or comments from examinations by regulatory authorities relating to Valuation Matters of the Funds and consider management s responses to any such comments and, to the extent the Committee deems necessary or appropriate, propose to management and/or the full Board the modification of the Fund s policies and procedures relating to such matters. The Committee, if deemed necessary or desirable, may also meet with regulators.

G. Meeting with members of management of the Funds, outside counsel, or others in fulfilling its duties hereunder, including assessing the continued appropriateness and adequacy of the Pricing Procedures, eliciting any recommendations for improvements of such procedures or other Valuation Matters, and assessing the possible resolutions of issues regarding Valuation Matters brought to its attention.

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H. Performing any special review, investigations or oversight responsibilities relating to Valuation as requested by the Board of Directors/Trustees.

I. Investigating or initiating an investigation of reports of improprieties or suspected improprieties in connection with the Fund s policies and procedures relating to Valuation Matters not otherwise assigned to another Board committee.

Other responsibilities:

A. Reviewing with counsel to the Funds, counsel to Nuveen, the Fund adviser s counsel and independent counsel to the Board legal matters that may have a material impact on the Fund s financial statements or compliance policies.

B. Receiving and reviewing periodic or special reports issued on exposure/controls, irregularities and control failures related to the Funds.

C. Reviewing with the independent auditors, with any internal auditor and with Fund management, the adequacy and effectiveness of the accounting and financial controls of the Funds, and eliciting any recommendations for the improvement of internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose payments, transactions or procedures that might be deemed illegal or otherwise improper.

D. Reviewing the reports of examinations by regulatory authorities as they relate to financial statement matters.

E. Discussing with management and the independent auditor any correspondence with regulators or governmental agencies that raises material issues regarding the Funds financial statements or accounting policies.

F. Obtaining reports from management with respect to the Funds policies and procedures regarding compliance with applicable laws and regulations.

G. Reporting regularly to the Board on the results of the activities of the Audit Committee, including any issues that arise with respect to the quality or integrity of the Funds financial statements, the Funds compliance with legal or regulatory requirements, the performance and independence of the Funds independent auditors, or the performance of the internal audit function.

H. Performing any special reviews, investigations or oversight responsibilities requested by the Board.

I. Reviewing and reassessing annually the adequacy of this charter and recommending to the Board approval of any proposed changes deemed necessary or advisable by the Audit Committee.

J. Undertaking an annual review of the performance of the Audit Committee.

K. Establishing procedures for the receipt, retention and treatment of complaints received by the Funds regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of Fund management, the

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investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the Funds, as well as employees of the Funds.

Although the Audit Committee shall have the authority and responsibilities set forth in this Charter, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine that the Funds financial statements are complete and accurate and are in accordance with generally accepted accounting principles. That is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to ensure compliance with laws and regulations.

Nuveen Investments 333 West Wacker Dr. Chicago IL 60606
www.nuveen.com

999 999 999 999 99

3 EASY WAYS TO VOTE YOUR PROXY

1. Automated Touch Tone Voting: Call toll-free 1-888-___-___ and follow the recorded instructions.

2. On the Internet at www.proxyweb.com, and follow the simple instructions.

3. Sign, Date and Return this proxy card using the enclosed postage-paid envelope.

FUND NAME PRINTS HERE
COMMON SHARES

THIS PROXY IS SOLICITED BY THE BOARD OF THE FUND FOR AN ANNUAL MEETING OF SHAREHOLDERS, NOVEMBER 18, 2008

The Annual Meeting of shareholders will be held Tuesday, November 18, 2008 at __:__ a.m. Central time, in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois, 60606. At this meeting, you will be asked to vote on the proposals described in the proxy statement attached. The undersigned hereby appoints Kevin J. McCarthy and Gifford R. Zimmerman, and each of them, with full power of substitution, proxies for the undersigned, to represent and vote the shares of the undersigned at the Annual Meeting of shareholders to be held on November 18, 2008, or any adjournment or adjournments thereof.

WHETHER OR NOT YOU PLAN TO JOIN US AT THE MEETING, PLEASE COMPLETE, DATE AND SIGN YOUR PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE SO THAT YOUR VOTE WILL BE COUNTED. AS AN ALTERNATIVE, PLEASE CONSIDER VOTING BY TELEPHONE AT (888) ___-___ OR OVER THE INTERNET (www.proxyweb com).

Date:____________________

SIGN HERE EXACTLY AS NAME(S) APPEAR(S) ON LEFT.
(Please sign in Box)

NOTE: PLEASE SIGN YOUR NAME EXACTLY AS IT APPEARS ON THIS PROXY. IF SHARES ARE HELD JOINTLY, EACH HOLDER MUST SIGN THE PROXY. IF YOU ARE SIGNING ON BEHALF OF AN ESTATE, TRUST OR CORPORATION, PLEASE STATE YOUR TITLE OR CAPACITY.

NCU-NTC-NQF-NUF-NPG-
NMY-NMT-NNC-NTX-NPV-
NOM-NQP-NPY

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.
Properly executed proxies will be voted as specified. If no specification is made, such shares will be voted FOR each proposal.

Please fill in box(es) as shown using black or blue ink or number 2 pencil. ý
PLEASE DO NOT USE FINE POINT PENS.

		FOR NOMINEES listed at left (except as marked to the contrary)	**WITHHOLD AUTHORITY** to vote for all nominees listed at left	
1c.	Election of Board Members: Class II: (01) John P. Amboian (02) David J. Kundert (03) Terence J. Toth	o	o	
	(INSTRUCTION: To withhold authority to vote for any individual nominee(s), write the number(s) of the nominee(s) on the line provided above.)	**FOR**	**AGAINST**	**ABSTAIN**
2a.	To approve the elimination of the Fund s fundamental policies relating to investments in municipal securities and below investment grade securities.	o	o	o
2b.	To approve the new fundamental policy relating to investments in municipal securities.	o	o	o
2c.	To approve the elimination of the Fund s fundamental policy relating to commodities.	o	o	o
2d.	To approve the new fundamental policy relating to commodities.	o	o	o
2e.	To approve the elimination of the Fund s fundamental policies relating to derivatives and short sales.	o	o	o
2f.	To approve the elimination of the Fund s fundamental policy prohibiting investment in other investment companies.	o	o	o
4.	To transact such other business as may properly come before the Annual Meeting.			

PLEASE SIGN ON REVERSE SIDE

Nuveen Investments 333 West Wacker Dr. Chicago IL 60606
www.nuveen.com

999 999 999 999 99

3 EASY WAYS TO VOTE YOUR PROXY

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2. On the Internet at www.proxyweb.com, and follow the simple instructions.

3. Sign, Date and Return this proxy card using the enclosed postage-paid envelope.

FUND NAME PRINTS HERE
PREFERRED SHARES

THIS PROXY IS SOLICITED BY THE BOARD OF THE FUND FOR AN ANNUAL MEETING OF SHAREHOLDERS, NOVEMBER 18, 2008

The Annual Meeting of shareholders will be held Tuesday, November 18, 2008 at __:__ a.m. Central time, in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois, 60606. At this meeting, you will be asked to vote on the proposals described in the proxy statement attached. The undersigned hereby appoints Kevin J. McCarthy and Gifford R. Zimmerman, and each of them, with full power of substitution, proxies for the undersigned, to represent and vote the shares of the undersigned at the Annual Meeting of shareholders to be held on November 18, 2008, or any adjournment or adjournments thereof.

WHETHER OR NOT YOU PLAN TO JOIN US AT THE MEETING, PLEASE COMPLETE, DATE AND SIGN YOUR PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE SO THAT YOUR VOTE WILL BE COUNTED. AS AN ALTERNATIVE, PLEASE CONSIDER VOTING BY TELEPHONE AT (888) ___-___ OR OVER THE INTERNET (www.proxyweb com).

Date:____________________

SIGN HERE EXACTLY AS NAME(S) APPEAR(S) ON LEFT.
(Please sign in Box)

NOTE: PLEASE SIGN YOUR NAME EXACTLY AS IT APPEARS ON THIS PROXY. IF SHARES ARE HELD JOINTLY, EACH HOLDER MUST SIGN THE PROXY. IF YOU ARE SIGNING ON BEHALF OF AN ESTATE, TRUST OR CORPORATION, PLEASE STATE YOUR TITLE OR CAPACITY.

NCU-NTC-NQF-NUF-NPG-
NMY-NMT-NNC-NTX-NPV-
NOM-NQP-NPY

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.

Properly executed proxies will be voted as specified. If no specification is made, such shares will be voted FOR each proposal.

Please fill in box(es) as shown using black or blue ink or number 2 pencil. ý
PLEASE DO NOT USE FINE POINT PENS.

			FOR NOMINEES listed at left (except as marked to the contrary)	**WITHHOLD AUTHORITY** to vote for all nominees listed at left
1c.	Election of Board Members: Class II: (01) John P. Amboian (02) David J. Kundert (03) Terence J. Toth	Preferred Shares Only: (04) William C. Hunter (05) William J. Schneider	..	..

(INSTRUCTION: To withhold authority to vote for any individual nominee(s), write the number(s) of the nominee(s) on the line provided above.)

		FOR	**AGAINST**	**ABSTAIN**
2a.	To approve the elimination of the Fund s fundamental policies relating to investments in municipal securities and below investment grade securities.	..	..	..
2b.	To approve the new fundamental policy relating to investments in municipal securities.	..	..	..
2c.	To approve the elimination of the Fund s fundamental policy relating to commodities.	..	..	..
2d.	To approve the new fundamental policy relating to commodities.	..	..	..
2e.	To approve the elimination of the Fund s fundamental policies relating to derivatives and short sales.	..	..	..
2f.	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.

PLEASE SIGN ON REVERSE SIDE