

NUVEEN MICHIGAN QUALITY INCOME MUNICIPAL FUND INC

Form N-30D

October 03, 2002

ANNUAL REPORT July 31, 2002

Nuveen  
Municipal Closed-End  
Exchange-Traded  
Funds

ARIZONA  
NAZ  
NFZ  
NKR

MICHIGAN  
NUM  
NMP  
NZW

OHIO  
NUO  
NXI  
NBJ  
NVJ

TEXAS  
NTX

photo: woman and girl

photo: horse, man & elder man

Dependable,  
tax-free income  
because  
it's not what you earn,  
it's what you keep. (R)

artwork: water with pool  
The Nuveen Investor  
See page 17

artwork: Nuveen Investments

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IF YOUR NUVEEN FUND  
DIVIDENDS AND STATEMENTS

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Dear

Shareholder

photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

sidebar:

" I urge you to consider receiving future Fund reports and other information electronically ...see the inside front cover of this report for detailed instructions."

end sidebar

I am pleased to report that during the period covered by this report, your Fund continued to meet its primary objective of providing attractive tax-free monthly income, while at the same time offering opportunities to reduce overall portfolio volatility. Detailed information on your Fund's performance can be found in the Portfolio Managers' Comments and Performance Overview sections of this report. I urge you to take the time to read them.

I also urge you to consider receiving future Fund reports and other information electronically via the Internet and e-mail rather than in hard copy. Not only will you be able to receive the information faster, but this also may help lower Fund expenses. Sign up is quick and easy - see the inside front cover of this report for detailed instructions.

In addition to providing you with tax-free income, your Nuveen Fund also features several characteristics that can help make it an essential part of your overall investment strategy. These include careful research, constant surveillance and judicious trading by Nuveen's seasoned portfolio management team, with every action designed to supplement income, improve portfolio structure, better adapt to current market conditions or increase diversification. In uncertain markets like these, prudent investors understand the importance of diversification, balance, and risk management, all attributes your Nuveen Fund can bring to your portfolio.

For more than 100 years, Nuveen has specialized in offering quality investments such as these Nuveen Funds to those seeking to accumulate and preserve wealth. Our mission continues to be to assist you and your financial advisor by offering the investment services and products that can help you meet your financial objectives. We thank you for continuing to choose Nuveen Investments as a partner as you work toward that goal.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

September 16, 2002

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Nuveen Municipal Closed-End Exchange-Traded Funds  
(NAZ, NFZ, NKR, NUM, NMP, NZW, NUO, NXI, NBJ, NVJ, NTX)

Portfolio Managers'  
Comments

Portfolio managers Tom Futrell and Rick Huber discuss economic and market conditions, key strategies, and recent Fund performance. With 19 years of investment experience, Tom assumed investment management responsibility for the Nuveen Arizona, Michigan and Texas Funds in March 2002. Rick, who has 17 years of investment experience, has managed NUO and NXI since March 2001 and added NBJ and NVJ upon their inception in September 2001 and March 2002, respectively.

WHAT WERE THE MAJOR DRIVERS OF THE U.S. ECONOMY AND THE MUNICIPAL MARKET DURING THIS REPORTING PERIOD?

The two major forces at work during the twelve months ended July 31, 2002, were slow economic growth and the Federal Reserve's efforts to address this situation by aggressively easing short-term interest rates. The events of September 11, 2001, and the uncertain geopolitical climate that has followed also have impacted the economy and the markets.

In the municipal market, the general economic environment of the past twelve months, including a sluggish recovery and lack of inflationary pressures, helped many bonds perform well. The first seven months of 2002 also saw a continuation of the trend toward increased municipal issuance at the national level, with \$189.9 billion in new supply, up 21% over January-July 2001. On the demand side, municipal bonds continued to be highly sought after by individual investors looking for diversification, tax-free income, and an alternative to a volatile stock market. Institutional investors, especially traditional purchasers such as property/casualty insurance companies, have also been active buyers in the municipal market.

TOM, HOW WAS THE ECONOMIC AND MUNICIPAL ENVIRONMENT IN ARIZONA, MICHIGAN AND TEXAS?

During the first seven months of 2002, Arizona issued \$5.6 billion in new bonds, up 107% over the same period in 2001. This increase can be attributed to the state's rapid growth, the concurrent rise in need for essential services, and low interest rates. However, both Michigan and Texas experienced declines in issuance from 2001 levels. Michigan was affected by a slowdown in the manufacturing sector, and its \$4 billion in new issuance over the first seven months of 2002 represented a decrease of 24% from 2001. Supply in Texas was off slightly, with \$13.2 billion of issuance, down 4%.

Over the past decade, Arizona had one of the fastest growing state economies in the nation, driven primarily by rapid development in the high-tech sector and growth of the state's tourism industry. However, weakness in the national economy, contraction in the high-tech sector, and deterioration of tourism following September 11 have all had an impact. State revenues for 2002 and 2003

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are expected to be 11% and 16%, respectively, lower than original estimates. The projected budget gap is being addressed through a combination of expense reductions, fund transfers, federal revenue adjustments, and use of stabilization funds and lease-purchase financing. In addition, the Arizona economy is also expected to benefit from an increase in the national defense budget. As of July 31, 2002, Arizona appropriation bonds were rated A1 with a stable outlook by Moody's, and AA- with a negative outlook by Standard & Poor's, which revised its evaluation from stable in June 2002.

In contrast to Arizona, Michigan experienced a more significant slowdown in economic activity over the past few years, as the state's job market weakened and unemployment trended higher, particularly in manufacturing and construction. As of July 31, 2002, Michigan's jobless rate was 6.6%, compared with the national average of 5.9%. Permanent job cuts and productivity gains are expected to keep employment in the state's manufacturing sector from returning to the high

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levels seen during the 1990s. In addition, Michigan continues to face fiscal pressure from a weaker economy, with the latest state revenue forecast projecting a \$1.2 billion budget shortfall. Michigan has responded with expenditure reductions and the deployment of surpluses carried forward from prior years. Overall, the state's debt position remains low and well managed, and its pension system remains fully funded. Michigan's debt is rated Aaa/AAA/AA+, with S&P and Fitch maintaining stable credit outlooks and Moody's revising its outlook to negative from stable in December 2001.

While Texas also experienced a slowdown in line with the national economy, the state's economic fundamentals remained stable, as growth in construction, services, and manufacturing, especially high-tech and computer manufacturing, helped the state continue to diversify away from its reliance on the oil and gas industries. Although the state lost a number of high-paying jobs, the Texas economy has already shown signs of recovery, with job growth in the services and retail trade sectors over the past few months. Since Texas does not levy personal or corporate income taxes, the state has managed to avoid the budget shortfalls faced by many other states following a decline in these revenue sources.

### RICK, WHAT ABOUT OHIO?

Ohio saw a sharp drop in new municipal issuance in the first half of 2002, primarily as a result of the recession in manufacturing and resultant budgetary pressures. For January-July 2002, the state issued \$3.6 billion in new bonds, down 39% from 2001. Although the manufacturing sector has stabilized somewhat in recent months, Ohio's recovery has been constrained by weak employment growth, including continued job losses in the trade and services industries, and by its demographic profile, particularly the state's difficulty in keeping university graduates. Following significant shortfalls in tax collections and a downward revision in revenue projections for 2003 and 2004, Ohio is facing a substantial budget gap. Adding to concerns about Ohio's ability to achieve a balanced budget for fiscal 2003 and 2004 is the state's reliance on one-time revenue resources to balance operations. While the credit ratings for state-issued debt remained intact at Aa1/AA+/AA+, Moody's and S&P revised their credit outlooks for Ohio to negative from stable in December 2001 and June 2002, respectively.

### HOW DID THESE NUVEEN FUNDS PERFORM OVER THE PAST TWELVE MONTHS?

Fund performance for the twelve months ended July 31, 2002, is summarized in the following table:

LEHMAN

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|     | MARKET YIELD | TOTAL RETURN<br>ON NAV  | TOTAL<br>RETURN1           | LIPPER<br>AVERAGE2         |
|-----|--------------|-------------------------|----------------------------|----------------------------|
|     | 7/31/02      | TAXABLE-<br>EQUIVALENT3 | 1 YEAR<br>ENDED<br>7/31/02 | 1 YEAR<br>ENDED<br>7/31/02 |
| NAZ | 5.43%        | 8.17%                   | 2.88%                      | 6.71%                      |
| NFZ | 5.33%        | 8.02%                   | 9.32%                      | 6.71%                      |
| NKR | 5.47%        | 8.23%                   | NA                         | -                          |
| NUM | 5.63%        | 8.40%                   | 7.68%                      | 6.71%                      |
| NMP | 5.75%        | 8.58%                   | 7.40%                      | 6.71%                      |
| NZW | 5.69%        | 8.49%                   | NA                         | -                          |
| NUO | 5.12%        | 7.88%                   | 7.63%                      | 6.71%                      |
| NXI | 5.78%        | 8.89%                   | 8.02%                      | 6.71%                      |
| NBJ | 5.65%        | 8.69%                   | NA                         | -                          |
| NVJ | 5.73%        | 8.82%                   | NA                         | -                          |
| NTX | 6.29%        | 8.99%                   | 6.61%                      | 6.71%                      |

Past performance is not predictive of future results.

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

In a market characterized by rising bond values, funds with longer durations<sup>4</sup> typically would be expected to outperform funds or indexes with shorter durations. As of July 31, 2002, the durations of the Nuveen Funds having at least one year of history ranged from 7.75 to 11.91, compared with 8.01 for the unleveraged Lehman Brothers Municipal Bond Index. These generally longer durations were one reason that most of these funds outperformed the Lehman benchmark.

sidebar:

1 The Funds' total annual returns on common share net asset value are compared with the total annual return of the Lehman Brothers Municipal Bond Index, an unleveraged index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses.

2 The total returns of the Arizona, Ohio, and Texas Funds are compared with the average annualized return of the 26 funds in the Lipper Other States Closed-End Municipal Debt Funds category, while the Michigan Funds are compared with the average annualized return of the 5 funds in the Lipper Michigan Closed-End Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends.

3 The taxable-equivalent yield represents the yield that must be earned on a taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. The taxable-equivalent yield is based on the Fund's market yield on the indicated date and a federal income tax rate of 30% plus the applicable state income tax rate. The combined federal and state tax rates

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used in this report are as follows: Arizona 33.5%, Michigan 33%, and Ohio 35%. Because Texas has no state income tax, NTX's taxable-equivalent yield is based on the federal income tax rate of 30%.

4 Duration is a measure of a Fund's NAV volatility in reaction to interest rate movements. Fund duration, also known as leverage-adjusted duration, takes into account the leveraging process for a Fund and therefore is generally longer than the duration of the actual portfolio of individual bonds that make up the Fund. Unless otherwise noted, references to duration in this commentary are intended to indicate Fund duration.

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In addition to duration, the relative total return performance of these Funds also was influenced by market activity, portfolio structure, call exposure and individual holdings. NAZ's underperformance, for example, reflects this portfolio's holding of bonds issued by the Gila County Industrial Development Authority for the ASARCO Incorporated project. While credit deterioration affecting this company has negatively impacted the value of these bonds, the bonds continue to pay interest on a timely basis. We are working to bring about a resolution to this situation that we believe will serve the best interests of shareholders.

### WHAT ABOUT THE FUNDS' DIVIDENDS AND SHARE PRICES?

As the Fed continued to keep short-term interest rates relatively low, the dividend-payment capabilities of all these Funds benefited from the use of leverage, a strategy that can potentially enhance the dividends paid to common shareholders. This is because of the relatively low rates that were paid to the Funds' MuniPreferred(R) shareholders. Low short-term rates, such as those currently in effect, can enable the Funds to reduce the amount of income they pay preferred shareholders, which can leave more earnings to support common share dividends.

During the fiscal year ended July 31, 2002, low short-term interest rates enabled us to implement four dividend increases in NMP, NUO and NTX, three in NAZ, two in NUM, and one in NXI. Among the newer Funds, NFZ, NZW, and NBJ maintained steady, attractive dividends during this period, while NKR and NVJ, which were introduced in March 2002, paid their first monthly dividends in June.

Over the past year, the share prices of these Nuveen Funds remained relatively stable (see the charts on individual Performance Overview pages). Steady demand helped to substantially narrow the discounts (share prices below NAV) on NMP and NTX during the past twelve months, while the remaining nine Funds were trading at a premium to their common share net asset values as of July 31, 2002.

### WHAT KEY STRATEGIES WERE USED TO MANAGE THESE NUVEEN FUNDS DURING THE FISCAL YEAR ENDED JULY 31, 2002?

During the twelve months ended July 31, 2002, we focused on purchasing attractive bonds with the potential to enhance the Funds' long-term dividend-payment capabilities and add diversification. Specifically in the Arizona, Michigan, and Texas Funds, we found value in the essential services sectors (e.g., water and sewer, utilities) and--on a case-by-case basis--in healthcare, education, and airport issues. In contrast, we remained cautious about industrial development bonds and other issues that rely on private sector revenues to meet their obligations.

Because of current spread relationships and the potential for state and county budget pressures if the current economic weakness persists, we also emphasized strong credit quality, with many of the bonds added to our portfolios rated AAA/insured, AA, or A. In addition, we focused on yield curve positioning, finding the most attractive yields in the 15- to 20-year maturity range. In

general, as a result of this positioning, the Funds' durations have shortened somewhat over the past six months. We believe this will help make our portfolios less sensitive to potential interest rate changes while still providing yields and returns that are competitive with longer duration funds.

Although tighter supply in the Ohio market during 2002 limited our ability to execute some of our targeted strategies, we looked to optimize yield curve positioning and lengthen the effective duration of the Ohio Funds, moving quickly as favorable situations developed. In light of NUO's duration, however, which at 6.61 as of July 31, 2001, was significantly shorter than its benchmark, we took a slightly different path with this Fund. Over the past year, in an effort to bring NUO's duration more closely in line with the other Funds, we reinvested bond call proceeds further out on the yield curve and successfully extended NUO's duration to 8.66.

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As mentioned earlier, in the current geopolitical and economic climate, we believed that maintaining strong credit quality remained a key requirement for all of the Nuveen Funds. As of July 31, 2002, each of these Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 68% to 89%.

In March 2002, we introduced the Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR) and the Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ). These Funds are now fully invested and, in our opinion, performing well for shareholders. As mentioned earlier, both Funds paid their first dividends in June 2002, and we believe the Funds' holdings place them in an excellent position to pay attractive, dependable dividends on a monthly basis going forward. Because of the strong supply of high-quality bonds in the Arizona market at the time we were assembling NKR, this Fund offers extremely high credit quality, with 89% of its assets invested in AAA/U.S. guaranteed and AA issues. Availability also affected our sector allocation decisions in NVJ, as the Ohio market provided a heavier supply of healthcare and general obligation bonds early in 2002. Over time, we plan to bring NVJ's and NBJ's weightings in these two sectors more closely in line with established targets.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET IN GENERAL AND THESE NUVEEN FUNDS IN PARTICULAR?

In general, our outlook for the fixed-income markets over the next twelve months remains positive. We believe the U.S. economy is headed for an eventual recovery, but one that could be slower to arrive and offer a slower rate of growth than some are currently predicting. We also expect inflation and interest rates to remain relatively low over the near term, while new municipal supply should continue to be strong. Demand for tax-exempt municipal bonds should remain solid, as investors look for ways to rebalance their portfolios and reduce risk. One item that will bear watching, however, is any increase in budgetary pressures at the state and county levels that could potentially result in a credit rating downgrade.

Most of these Funds continued to offer excellent levels of call protection through 2002 and 2003. However, NAZ and NMP, which reach their ten-year anniversaries in late 2002, face a slightly higher level of potential calls (22% and 34%, respectively) during this period, as the Funds work their way through the phase of the bond market cycle normally associated with increased call exposure. The number of actual calls will depend largely on market interest rates over this time. In general, we believe the call exposure of these Funds is very manageable, and we foresee no problems in working through it. Given current market interest rates, our general approach has been to hold higher-yielding bonds as long as possible to support the Funds' current dividends while we look



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for attractive replacement opportunities that can enhance credit quality, diversification, and future dividend-payment capabilities.

In coming months, we plan to remain focused on strategies that add value for our shareholders, provide support for the Funds' dividends, and fully utilize Nuveen's experience and research expertise. Specific areas of concentration will include managing interest rate volatility through the purchase of bonds in the 15- to 20-year part of the yield curve, and watching changes in credit spreads for specific investment opportunities. Overall, we believe these Nuveen Funds are well positioned for the market environment ahead. In our opinion, they continue to represent an important element of investors' long-range financial programs, providing dependable tax-free income, diversification, and balance in uncertain times.

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NAZ

Nuveen Arizona Premium Income Municipal Fund, Inc.

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

### CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 64% |
| AA                | 16% |
| A                 | 5%  |
| BBB               | 11% |
| NR                | 1%  |
| Other             | 3%  |

### 2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Aug | 0.071  |
| Sep | 0.0725 |
| Oct | 0.0725 |
| Nov | 0.0725 |
| Dec | 0.0725 |
| Jan | 0.0725 |
| Feb | 0.0725 |
| Mar | 0.0745 |
| Apr | 0.0745 |
| May | 0.0745 |
| Jun | 0.0765 |
| Jul | 0.0765 |

### SHARE PRICE PERFORMANCE

|        |       |
|--------|-------|
| 8/1/01 | 16.35 |
|        | 16.36 |
|        | 16.46 |
|        | 16.66 |
|        | 16.53 |
|        | 16.4  |
|        | 16.42 |
|        | 16.25 |
|        | 16.12 |
|        | 16.15 |

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16.23  
 16.1  
 16.15  
 16.28  
 16.54  
 16.45  
 16.44  
 16.15  
 16.1  
 15.87  
 15.98  
 16  
 16.17  
 16.09  
 16.2  
 16.12  
 16.15  
 16.15  
 16.07  
 16.25  
 16.37  
 16.49  
 16.1  
 15.89  
 16.08  
 16.3  
 16.29  
 16.35  
 16.4  
 16.55  
 16.58  
 16.58  
 16.45  
 16.45  
 16.43  
 16.72  
 17  
 17.18  
 17.45  
 17.1  
 16.65  
 16.91

7/31/02

Weekly Closing Price

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$16.90  |
| Common Share Net Asset Value   | \$14.25  |
| Market Yield   | 5.43%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 7.76%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.17%    |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$62,876 |

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|                                    |       |
|------------------------------------|-------|
| Average Effective Maturity (Years) | 15.54 |
| Leverage-Adjusted Duration         | 8.23  |

ANNUALIZED TOTAL RETURN (Inception 11/92)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 9.63%          | 2.88%  |
| 5-Year          | 7.50%          | 4.41%  |
| Since Inception | 6.93%          | 5.94%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| U.S. Guaranteed        | 26% |
| Tax Obligation/Limited | 17% |
| Healthcare             | 14% |
| Tax Obligation/General | 11% |
| Utilities              | 9%  |

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 33.5%.

2 The Fund also paid shareholders a capital gains distribution in December 2001 of \$0.0416 per share.

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NFZ

Nuveen Arizona Dividend Advantage Municipal Fund

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 51% |
| AA                | 19% |
| A                 | 14% |
| BBB               | 14% |
| Other             | 2%  |

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Aug 0.07

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|     |      |
|-----|------|
| Sep | 0.07 |
| Oct | 0.07 |
| Nov | 0.07 |
| Dec | 0.07 |
| Jan | 0.07 |
| Feb | 0.07 |
| Mar | 0.07 |
| Apr | 0.07 |
| May | 0.07 |
| Jun | 0.07 |
| Jul | 0.07 |

SHARE PRICE PERFORMANCE

|        |       |
|--------|-------|
| 8/1/01 | 15.7  |
|        | 15.76 |
|        | 15.91 |
|        | 15.95 |
|        | 15.73 |
|        | 15.64 |
|        | 15.82 |
|        | 15.35 |
|        | 15.23 |
|        | 15.34 |
|        | 15.32 |
|        | 15.36 |
|        | 15.44 |
|        | 15.32 |
|        | 15.88 |
|        | 15.71 |
|        | 15.71 |
|        | 15.79 |
|        | 15.64 |
|        | 15.25 |
|        | 15.05 |
|        | 15.11 |
|        | 15.17 |
|        | 15.33 |
|        | 15.36 |
|        | 15.27 |
|        | 15.27 |
|        | 15.3  |
|        | 15.1  |
|        | 15.2  |
|        | 15.01 |
|        | 15.1  |
|        | 15.18 |
|        | 14.97 |
|        | 14.66 |
|        | 14.79 |
|        | 15.03 |
|        | 15.18 |
|        | 15.28 |
|        | 15.73 |
|        | 15.61 |
|        | 15.74 |
|        | 15.75 |
|        | 15.45 |
|        | 15.43 |
|        | 15.57 |
|        | 15.55 |
|        | 16    |

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|         |       |
|---------|-------|
|         | 16.1  |
|         | 15.9  |
|         | 15.87 |
| 7/31/02 | 15.71 |

Weekly Closing Price

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$15.75  |
| Common Share Net Asset Value   | \$14.81  |
| Market Yield   | 5.33%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 7.61%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.02%    |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$22,791 |
| Average Effective Maturity (Years)   | 20.51    |
| Leverage-Adjusted Duration   | 11.91    |

ANNUALIZED TOTAL RETURN (Inception 1/01)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 6.38%          | 9.32%  |
| Since Inception | 8.89%          | 8.13%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Utilities              | 20% |
| Tax Obligation/Limited | 15% |
| Tax Obligation/General | 15% |
| Housing/Multifamily    | 14% |
| Healthcare             | 10% |

<sup>1</sup> Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 33.5%.

<sup>2</sup> The Fund also paid shareholders a capital gains distribution in December 2001 of \$0.0138 per share.

7

NKR

Nuveen Arizona Dividend Advantage Municipal Fund 2

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 74% |
| AA                | 15% |
| A                 | 4%  |
| BBB               | 7%  |

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |       |
|-----|-------|
| May | 0.072 |
| Jun | 0.072 |
| Jul | 0.072 |

SHARE PRICE PERFORMANCE

|         |       |
|---------|-------|
| 3/28/02 | 15.55 |
|         | 15.3  |
|         | 15.17 |
|         | 15.14 |
|         | 15.26 |
|         | 15.22 |
|         | 15.27 |
|         | 15.15 |
|         | 15.02 |
|         | 15.29 |
|         | 15.27 |
|         | 15.31 |
|         | 15.01 |
|         | 15.9  |
|         | 15.6  |
|         | 15.8  |
|         | 15.8  |
| 7/31/02 | 15.51 |

Weekly Closing Price

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |         |
|--|---------|
| Share Price  | \$15.80 |
| Common Share Net Asset Value   | \$14.88 |
| Market Yield   | 5.47%   |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 7.81%   |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.23%   |

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-----  
 Net Assets Applicable to  
 Common Shares (\$000) \$35,913  
 -----

Average Effective Maturity (Years) 19.28  
 -----

Leverage-Adjusted Duration 12.14  
 -----

CUMULATIVE TOTAL RETURN (Inception 3/02)  
 -----

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 6.81%          | 5.38%  |

-----

TOP FIVE SECTORS (as a % of total investments)  
 -----

Tax Obligation/General 30%  
 -----

Tax Obligation/Limited 24%  
 -----

Education and Civic Organizations 10%  
 -----

Utilities 9%  
 -----

Healthcare 8%  
 -----

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 33.5%.

8

NUM

Nuveen Michigan Quality Income Municipal Fund, Inc.

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 81% |
| AA                | 4%  |
| A                 | 8%  |
| BBB               | 6%  |
| NR                | 1%  |

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Aug | 0.0735 |
| Sep | 0.0735 |
| Oct | 0.0735 |

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|     |        |
|-----|--------|
| Nov | 0.0735 |
| Dec | 0.0745 |
| Jan | 0.0745 |
| Feb | 0.0745 |
| Mar | 0.0755 |
| Apr | 0.0755 |
| May | 0.0755 |
| Jun | 0.0755 |
| Jul | 0.0755 |

SHARE PRICE PERFORMANCE

|        |       |
|--------|-------|
| 8/1/01 | 15.38 |
|        | 15.43 |
|        | 15.5  |
|        | 15.45 |
|        | 15.6  |
|        | 15.45 |
|        | 15.47 |
|        | 14.61 |
|        | 14.82 |
|        | 15.2  |
|        | 15.04 |
|        | 15.1  |
|        | 15    |
|        | 15    |
|        | 15.33 |
|        | 15.22 |
|        | 15.11 |
|        | 15.3  |
|        | 15    |
|        | 14.9  |
|        | 14.95 |
|        | 15.14 |
|        | 15.35 |
|        | 15.45 |
|        | 15.47 |
|        | 15.5  |
|        | 15.54 |
|        | 15.75 |
|        | 15.75 |
|        | 15.68 |
|        | 15.89 |
|        | 15.82 |
|        | 15.7  |
|        | 15.3  |
|        | 15.19 |
|        | 15.24 |
|        | 15.2  |
|        | 15.3  |
|        | 15.3  |
|        | 15.68 |
|        | 15.85 |
|        | 15.69 |
|        | 15.86 |
|        | 16.05 |
|        | 16.15 |
|        | 16.3  |
|        | 16.21 |
|        | 16.25 |
|        | 16.15 |



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|                      |       |
|----------------------|-------|
|                      | 16.09 |
|                      | 16.2  |
| 7/31/02              | 16.05 |
| Weekly Closing Price |       |

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$16.10   |
| Common Share Net Asset Value   | \$15.48   |
| Market Yield   | 5.63%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.04%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.40%     |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$179,630 |
| Average Effective Maturity (Years)   | 18.27     |
| Leverage-Adjusted Duration   | 11.15     |

ANNUALIZED TOTAL RETURN (Inception 10/91)

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 11.18%         | 7.68%  |
| 5-Year  | 5.73%          | 5.87%  |
| 10-Year | 6.99%          | 6.86%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 23% |
| Healthcare             | 14% |
| Utilities              | 13% |
| U.S. Guaranteed        | 11% |
| Water and Sewer        | 9%  |

<sup>1</sup> Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 33%.

<sup>2</sup> The Fund also paid shareholders a capital gains distribution in December 2001 of \$0.0748 per share.

9

NMP

Nuveen Michigan Premium Income Municipal Fund, Inc.

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 68% |
| AA                | 13% |
| A                 | 13% |
| BBB               | 6%  |

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Aug | 0.0675 |
| Sep | 0.069  |
| Oct | 0.069  |
| Nov | 0.069  |
| Dec | 0.071  |
| Jan | 0.071  |
| Feb | 0.071  |
| Mar | 0.072  |
| Apr | 0.072  |
| May | 0.072  |
| Jun | 0.0735 |
| Jul | 0.0735 |

SHARE PRICE PERFORMANCE

|        |       |
|--------|-------|
| 8/1/01 | 14.8  |
|        | 14.73 |
|        | 14.85 |
|        | 14.7  |
|        | 14.75 |
|        | 14.79 |
|        | 14.76 |
|        | 14.2  |
|        | 14.31 |
|        | 14.53 |
|        | 14.33 |
|        | 14.37 |
|        | 14.36 |
|        | 14.53 |
|        | 14.58 |
|        | 14.46 |
|        | 14.38 |
|        | 14.48 |
|        | 14.25 |
|        | 14.25 |
|        | 14.17 |
|        | 14.28 |
|        | 14.44 |
|        | 14.4  |
|        | 14.5  |

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|         |       |
|---------|-------|
|         | 14.6  |
|         | 14.66 |
|         | 14.6  |
|         | 14.79 |
|         | 14.7  |
|         | 14.82 |
|         | 14.82 |
|         | 14.8  |
|         | 14.59 |
|         | 14.45 |
|         | 14.4  |
|         | 14.45 |
|         | 14.4  |
|         | 14.31 |
|         | 14.98 |
|         | 15.1  |
|         | 15.03 |
|         | 15.01 |
|         | 15.4  |
|         | 15.1  |
|         | 15.28 |
|         | 15.4  |
|         | 15.55 |
|         | 15.49 |
|         | 15.46 |
|         | 15.23 |
| 7/31/02 | 15.17 |

Weekly Closing Price

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$15.35   |
| Common Share Net Asset Value   | \$15.56   |
| Market Yield   | 5.75%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.21%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.58%     |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$119,820 |
| Average Effective Maturity (Years)   | 16.86     |
| Leverage-Adjusted Duration   | 7.75      |

ANNUALIZED TOTAL RETURN (Inception 12/92)

|        | ON SHARE PRICE | ON NAV |
|--------|----------------|--------|
| 1-Year | 10.52%         | 7.40%  |
| 5-Year | 8.04%          | 6.28%  |



|                      |       |
|----------------------|-------|
|                      | 14.87 |
|                      | 14.93 |
|                      | 15.04 |
|                      | 14.56 |
|                      | 14.13 |
|                      | 14    |
|                      | 13.81 |
|                      | 14    |
|                      | 14.07 |
|                      | 14.01 |
|                      | 14.22 |
|                      | 14.43 |
|                      | 14.54 |
|                      | 14.66 |
|                      | 14.53 |
|                      | 14.75 |
|                      | 14.63 |
|                      | 14.5  |
|                      | 14.53 |
|                      | 14.2  |
|                      | 14.08 |
|                      | 14.16 |
|                      | 14.15 |
|                      | 14.35 |
|                      | 14.39 |
|                      | 14.45 |
|                      | 14.32 |
|                      | 14.51 |
|                      | 14.82 |
|                      | 15    |
|                      | 14.85 |
|                      | 15    |
|                      | 14.85 |
|                      | 14.93 |
|                      | 14.68 |
| 7/31/02              | 14.86 |
| Weekly Closing Price |       |

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$14.65  |
| Common Share Net Asset Value   | \$14.42  |
| Market Yield   | 5.69%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.13%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.49%    |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$29,679 |
| Average Effective Maturity (Years)   | 24.01    |
| Leverage-Adjusted Duration   | 16.13    |

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CUMULATIVE TOTAL RETURN (Inception 9/01)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 2.00%          | 5.21%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 36% |
| Tax Obligation/Limited | 23% |
| Healthcare             | 12% |
| Utilities              | 8%  |
| Water and Sewer        | 7%  |

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 33%.

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NUO

Nuveen Ohio Quality Income Municipal Fund, Inc.

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 70% |
| AA                | 16% |
| A                 | 6%  |
| BBB               | 4%  |
| NR                | 3%  |
| Other             | 1%  |

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Aug | 0.075  |
| Sep | 0.076  |
| Oct | 0.076  |
| Nov | 0.076  |
| Dec | 0.077  |
| Jan | 0.077  |
| Feb | 0.077  |
| Mar | 0.0785 |
| Apr | 0.0785 |
| May | 0.0785 |
| Jun | 0.0795 |
| Jul | 0.0795 |

SHARE PRICE PERFORMANCE

|         |       |
|---------|-------|
| 8/1/01  | 16.93 |
|         | 16.99 |
|         | 17.13 |
|         | 17.06 |
|         | 17.06 |
|         | 16.84 |
|         | 16.88 |
|         | 15.67 |
|         | 15.96 |
|         | 16.51 |
|         | 16.5  |
|         | 16.92 |
|         | 16.7  |
|         | 17    |
|         | 17.03 |
|         | 17.06 |
|         | 17    |
|         | 17.39 |
|         | 17.13 |
|         | 17.12 |
|         | 16.87 |
|         | 17.02 |
|         | 17.12 |
|         | 17.5  |
|         | 17.7  |
|         | 17.6  |
|         | 17.5  |
|         | 17.4  |
|         | 17.4  |
|         | 17.25 |
|         | 17.45 |
|         | 17.31 |
|         | 16.55 |
|         | 16.69 |
|         | 16.34 |
|         | 16.43 |
|         | 16.49 |
|         | 16.84 |
|         | 17.05 |
|         | 17.38 |
|         | 17.25 |
|         | 17.15 |
|         | 17.32 |
|         | 17.45 |
|         | 17.63 |
|         | 17.6  |
|         | 17.7  |
|         | 18.6  |
|         | 18.65 |
|         | 18.45 |
|         | 18.6  |
| 7/31/02 | 18.4  |

Weekly Closing Price

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

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|  |           |
|--|-----------|
| Share Price  | \$18.62   |
| Common Share Net Asset Value   | \$16.36   |
| Market Yield   | 5.12%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 7.31%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 7.88%     |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$156,351 |
| Average Effective Maturity (Years)   | 17.24     |
| Leverage-Adjusted Duration   | 8.66      |

ANNUALIZED TOTAL RETURN (Inception 10/91)

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 17.00%         | 7.63%  |
| 5-Year  | 7.28%          | 5.81%  |
| 10-Year | 8.23%          | 7.22%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 21% |
| U.S. Guaranteed        | 16% |
| Healthcare             | 14% |
| Housing/Multifamily    | 9%  |
| Water and Sewer        | 9%  |

<sup>1</sup> Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 35%.

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NXI

Nuveen Ohio Dividend Advantage Municipal Fund

Performance

Overview As of July 31, 2002



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Charts: first pie, then bar, then line

## CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 46% |
| AA                | 22% |
| A                 | 16% |
| BBB               | 12% |
| NR                | 2%  |
| Other             | 2%  |

## 2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |       |
|-----|-------|
| Aug | 0.072 |
| Sep | 0.072 |
| Oct | 0.072 |
| Nov | 0.072 |
| Dec | 0.072 |
| Jan | 0.072 |
| Feb | 0.072 |
| Mar | 0.073 |
| Apr | 0.073 |
| May | 0.073 |
| Jun | 0.073 |
| Jul | 0.073 |

## SHARE PRICE PERFORMANCE

|        |       |
|--------|-------|
| 8/1/01 | 15.38 |
|        | 15.76 |
|        | 15.74 |
|        | 15.88 |
|        | 15.59 |
|        | 15.21 |
|        | 15.19 |
|        | 14.45 |
|        | 15.1  |
|        | 15.61 |
|        | 15.42 |
|        | 15.44 |
|        | 15.48 |
|        | 15.71 |
|        | 15.6  |
|        | 15.4  |
|        | 15.41 |
|        | 15.39 |
|        | 15.2  |
|        | 15.25 |
|        | 15.04 |
|        | 15.1  |
|        | 15.43 |
|        | 14.84 |
|        | 15    |
|        | 15.09 |
|        | 15.1  |
|        | 15    |
|        | 14.82 |
|        | 14.98 |
|        | 15.03 |
|        | 15.19 |
|        | 15.32 |
|        | 15.3  |

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|                      |       |
|----------------------|-------|
|                      | 14.92 |
|                      | 15.11 |
|                      | 14.89 |
|                      | 14.85 |
|                      | 15.11 |
|                      | 15.1  |
|                      | 15.17 |
|                      | 15.29 |
|                      | 15.45 |
|                      | 15.4  |
|                      | 15.38 |
|                      | 15.81 |
|                      | 15.39 |
|                      | 15.2  |
|                      | 15.59 |
|                      | 15.36 |
|                      | 15.27 |
| 7/31/02              | 15.15 |
| Weekly Closing Price |       |

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$15.15  |
| Common Share Net Asset Value   | \$14.83  |
| Market Yield   | 5.78%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.26%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.89%    |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$62,548 |
| Average Effective Maturity (Years)   | 20.03    |
| Leverage-Adjusted Duration   | 10.83    |

ANNUALIZED TOTAL RETURN (Inception 3/01)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 4.48%          | 8.02%  |
| Since Inception | 6.20%          | 8.43%  |

TOP FIVE SECTORS (as a % of total investments)

|                                   |     |
|-----------------------------------|-----|
| Tax Obligation/General            | 26% |
| Education and Civic Organizations | 15% |
| Healthcare                        | 14% |

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-----  
 Utilities 13%  
 -----

Housing/Single Family 9%  
 -----

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 35%.

13

NBJ

Nuveen Ohio Dividend Advantage Municipal Fund 2

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

## CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 60% |
| AA                | 10% |
| A                 | 17% |
| BBB               | 10% |
| NR                | 3%  |

## 2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |       |
|-----|-------|
| Nov | 0.069 |
| Dec | 0.069 |
| Jan | 0.069 |
| Feb | 0.069 |
| Mar | 0.069 |
| Apr | 0.069 |
| May | 0.069 |
| Jun | 0.069 |
| Jul | 0.069 |

## SHARE PRICE PERFORMANCE

|         |       |
|---------|-------|
| 9/28/01 | 15.25 |
|         | 15.5  |
|         | 15.35 |
|         | 15.45 |
|         | 15.32 |
|         | 15.1  |
|         | 15.06 |
|         | 15.05 |
|         | 15.2  |
|         | 15.29 |
|         | 15.17 |
|         | 14.87 |
|         | 14.72 |
|         | 13.85 |
|         | 14.49 |

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|                      |       |
|----------------------|-------|
|                      | 14.49 |
|                      | 15    |
|                      | 14.69 |
|                      | 15    |
|                      | 14.82 |
|                      | 14.78 |
|                      | 14.8  |
|                      | 14.67 |
|                      | 14.74 |
|                      | 14.43 |
|                      | 14.3  |
|                      | 14.1  |
|                      | 13.76 |
|                      | 14.2  |
|                      | 14.24 |
|                      | 14.25 |
|                      | 14.4  |
|                      | 14.47 |
|                      | 14.3  |
|                      | 14.34 |
|                      | 14.35 |
|                      | 14.45 |
|                      | 14.4  |
|                      | 14.56 |
|                      | 14.58 |
|                      | 14.8  |
|                      | 14.9  |
|                      | 14.75 |
| 7/31/02              | 14.75 |
| Weekly Closing Price |       |

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |                |        |
|--|----------------|--------|
| Share Price                                      | \$14.65        |        |
| Common Share Net Asset Value                     | \$14.48        |        |
| Market Yield                                     | 5.65%          |        |
| Taxable-Equivalent Yield                         |                |        |
| (Federal Income Tax Rate) <sup>1</sup>           | 8.07%          |        |
| Taxable-Equivalent Yield                         |                |        |
| (Federal and State Income Tax Rate) <sup>1</sup> | 8.69%          |        |
| Net Assets Applicable to                         |                |        |
| Common Shares (\$000)                            | \$45,073       |        |
| Average Effective Maturity (Years)               | 21.62          |        |
| Leverage-Adjusted Duration                       | 13.04          |        |
| CUMULATIVE TOTAL RETURN (Inception 9/01)         |                |        |
|  | ON SHARE PRICE | ON NAV |
| Since Inception                                  | 1.91%          | 5.58%  |

-----  
 TOP FIVE SECTORS (as a % of total investments)  
 -----

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 33% |
| Healthcare             | 19% |
| Utilities              | 9%  |
| Transportation         | 9%  |
| Tax Obligation/Limited | 7%  |

-----

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 35%.

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NVJ

Nuveen Ohio Dividend Advantage Municipal Fund 3

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 65% |
| AA                | 20% |
| A                 | 10% |
| BBB               | 5%  |

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |       |
|-----|-------|
| May | 0.073 |
| Jun | 0.073 |
| Jul | 0.073 |

SHARE PRICE PERFORMANCE

|         |       |
|---------|-------|
| 3/28/02 | 15.05 |
|         | 15.03 |
|         | 15.02 |
|         | 15    |
|         | 15.05 |
|         | 15.05 |
|         | 15    |
|         | 15.1  |
|         | 15.23 |
|         | 15.13 |
|         | 15.4  |
|         | 15.45 |
|         | 15.58 |

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|                      |       |
|----------------------|-------|
|                      | 15.15 |
|                      | 15.33 |
|                      | 15.4  |
|                      | 15.36 |
| 7/31/02              | 15.36 |
| Weekly Closing Price |       |

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$15.30  |
| Common Share Net Asset Value   | \$14.83  |
| Market Yield   | 5.73%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.19%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.82%    |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$31,995 |
| Average Effective Maturity (Years)   | 19.84    |
| Leverage-Adjusted Duration   | 11.81    |

CUMULATIVE TOTAL RETURN (Inception 3/02)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 3.47%          | 5.05%  |

TOP FIVE SECTORS (as a % of total investments)

|                                   |     |
|-----------------------------------|-----|
| Tax Obligation/General            | 36% |
| Healthcare                        | 18% |
| Education and Civic Organizations | 13% |
| Housing/Single Family             | 10% |
| Tax Obligation/Limited            | 7%  |

<sup>1</sup> Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 35%.

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NTX

Nuveen Texas Quality Income Municipal Fund

Performance

Overview As of July 31, 2002

Charts: first pie, then bar, then line

## CREDIT QUALITY

|                   |     |
|-------------------|-----|
| AAA/US Guaranteed | 60% |
| AA                | 14% |
| A                 | 11% |
| BBB               | 13% |
| Other             | 2%  |

## 2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Aug | 0.0725 |
| Sep | 0.074  |
| Oct | 0.074  |
| Nov | 0.074  |
| Dec | 0.0765 |
| Jan | 0.0765 |
| Feb | 0.0765 |
| Mar | 0.078  |
| Apr | 0.078  |
| May | 0.078  |
| Jun | 0.079  |
| Jul | 0.079  |

## SHARE PRICE PERFORMANCE

|        |       |
|--------|-------|
| 8/1/01 | 14.82 |
|        | 14.87 |
|        | 14.89 |
|        | 14.95 |
|        | 15.07 |
|        | 15.1  |
|        | 15.04 |
|        | 13.9  |
|        | 14.52 |
|        | 14.85 |
|        | 14.84 |
|        | 14.54 |
|        | 14.5  |
|        | 14.7  |
|        | 14.85 |
|        | 14.83 |
|        | 14.76 |
|        | 14.44 |
|        | 14.18 |
|        | 14.25 |
|        | 14.24 |
|        | 14.44 |
|        | 14.58 |
|        | 14.85 |
|        | 14.81 |
|        | 14.95 |
|        | 14.84 |
|        | 15.1  |
|        | 15.04 |

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|         |       |
|---------|-------|
|         | 15.08 |
|         | 15.2  |
|         | 14.82 |
|         | 14.86 |
|         | 14.85 |
|         | 14.55 |
|         | 14.76 |
|         | 14.6  |
|         | 14.75 |
|         | 14.74 |
|         | 15.09 |
|         | 15    |
|         | 15.05 |
|         | 15.05 |
|         | 15.1  |
|         | 15.2  |
|         | 15.2  |
|         | 15.35 |
|         | 15.4  |
|         | 15.56 |
|         | 15.42 |
|         | 15.34 |
| 7/31/02 | 15.06 |

Weekly Closing Price

Past performance is not predictive of future results.

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$15.07   |
| Common Share Net Asset Value                                       | \$15.14   |
| Market Yield   | 6.29%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup> | 8.99%     |
| Net Assets Applicable to<br>Common Shares (\$000)                  | \$143,305 |
| Average Effective Maturity (Years)                                 | 21.56     |
| Leverage-Adjusted Duration   | 11.05     |

ANNUALIZED TOTAL RETURN (Inception 10/91)

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 9.29%          | 6.61%  |
| 5-Year  | 5.97%          | 5.51%  |
| 10-Year | 6.63%          | 6.71%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 20% |
|------------------------|-----|



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|                        |       |
|------------------------|-------|
| Healthcare             | 14%   |
| -----                  | ----- |
| Water and Sewer        | 9%    |
| -----                  | ----- |
| Tax Obligation/Limited | 7%    |
| -----                  | ----- |
| Transportation         | 6%    |
| -----                  | ----- |

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%.

2 The Fund also paid shareholders a capital gains distribution in December 2001 of \$0.0672 per share.

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photo: pond with ripples  
2 boys with gloves, bat  
VI

THE NUVEEN INVESTOR

BOND SURVEILLANCE -  
A HIGH PRIORITY AT NUVEEN

The Enron scandal has raised numerous questions about the real value of American securities. Investors want to know what safeguards are in place to inspire their trust and ensure their holdings are dependable. The Nuveen Investor recently spoke with David Blair, Assistant Vice President and Senior Analyst at Nuveen, about the research and surveillance processes used for Nuveen funds.

HOW DO NUVEEN'S RESEARCH ANALYSTS EVALUATE BONDS PRIOR TO PURCHASE?

We evaluate factors impacting market sectors, issuers and specific bonds and assign credit ratings to bonds we consider for purchase. We seek to purchase bonds with stable and improving credit characteristics, which have attractive prices and yields relative to other bonds in their sectors.

HOW DO YOU CONDUCT YOUR RESEARCH?

We conduct detailed analyses that often involve site visits and discussions with managers of the projects being financed. Since Nuveen is a major investor with large buying power, issuers and project managers are willing to listen to us and respond to our concerns.

IS THE RESEARCH AND ANALYSIS PROCESS ANY DIFFERENT WHEN CONSIDERING HIGH-YIELD BONDS?

Up to 20 percent of some funds can be invested in below investment grade bonds to help the fund attain a higher yield. This underscores the need for research. If one of our 16 analysts believes a high-yield bond should be purchased, a second analyst reviews the issue as well.

HOW DO YOU MONITOR THE VARIOUS BONDS ONCE THEY'VE BEEN PURCHASED?

We have a proprietary database with information and analysis on the bonds Nuveen holds in its funds. Among other things, we are able to evaluate risk exposure to sectors, issuers and specific bonds on an on-going basis.

HOW DOES THE RESEARCH DEPARTMENT COMMUNICATE THE INFORMATION GATHERED?

We conduct biweekly meetings within the research department and weekly meetings with portfolio managers. We also write-up our findings and distribute them with "buy," "hold" or "sell" recommendations to portfolio managers.

Volume one 2002  
INSIDE

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A High Priority at Nuveen
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Your Bond Strategy?
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- 20 Fund Reports  
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- 20 ETFConnect:  
The Source for All Exchange-Traded Funds  
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VI

#### IS IT TIME TO RETHINK YOUR BOND STRATEGY?

Significant stock market losses in recent history have sent many investors toward bonds as a way to potentially cut their losses and balance equity-dominated portfolios. While many consider bonds a set-and-forget investment, there are several circumstances that might prompt you to reassess -- and perhaps revamp -- your bond holdings.

#### TAX BRACKET CHANGES

The Economic Growth and Tax Relief Reconciliation Act of 2001 has dropped tax brackets a percentage point this year, but a higher salary, large bonus, sale of assets or retirement may push you into a higher tax bracket for 2002.

If you are in a higher tax bracket and want to generate an income stream without raising your tax burden, tax-free municipal bonds may be a prudent option. Even if you are in a lower tax bracket, municipal bonds could make sense. The question is whether municipal or taxable bonds will deliver a better taxable yield.

#### RETIREMENT PLANS CHANGE

Whether you are near retirement or are currently enjoying it, you may want to consider rebalancing your retirement accounts with less stock and more bonds, to potentially reduce risk and try to preserve the assets that you have accumulated. If you are just entering retirement you may want to make tax-free municipal bonds a part of your portfolio to emphasize income generation and protection from taxation.

#### RISK TOLERANCE CHANGES

The recent market volatility and market downturn may have caused many investors to reevaluate their tolerance for risk. On the other hand, your portfolio might have performed well over the last few years and you may not need to take on extra risk to meet your long-term goals. In either situation you could take a

look at your bond portfolio and determine whether you need to make changes to correspond with your tolerance for risk.

#### PORTFOLIO CHANGES

If you make significant changes to one or more of your investments, you'll want to look at your portfolio as a whole, particularly with regard to overall asset allocation. You may need to do some rebalancing to stay on track with your investment strategy.

Your financial advisor can help. Regardless of how your circumstances change, he or she can provide up-to-date information on the bond market and various funds to help you decide how to maximize your returns consistent with your short- and long-term financial goals.

No investment is risk free and some investments carry more risk than others. It is important to know what the risks are, to evaluate them against any potential rewards, and to determine your tolerance for risk when selecting an investment.

photo: lighthouse  
photo: 2 children

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logo:Nuveen Investments

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V1

photo: clouds  
photo: woman & girl

#### MANY INVESTORS CONTINUE TO FIND SOLUTIONS WITH PROFESSIONAL ADVICE

For many investors, current financial markets are confusing and frustrating. According to research conducted for the Forum for Investor Advice\*, that's the number one reason many turn to a financial advisor. They want someone to suggest ideas and provide consultation, dialogue and professional advice.

Investors say their advisors are helpful in other key ways, including...

- o Saving time. After consultation, investors note that the second most important reason for using an advisor is to have someone else monitor their portfolio, reducing the amount of time they spend on investing.
- o Help in sorting through information. Investors in the 21st century have more products from which to choose than in the past. For example, there are approximately 8,000 mutual funds today, up from 3,000 in 1990.
- o Assistance in setting financial goals. According to investors who use a financial advisor, they are more likely to have a plan for a specific financial goal than do-it-yourself investors.
- o Staying focused. Advisor-assisted investors are more likely than do-it-yourself investors to have developed a comprehensive investment program.
- o Peace of mind. Investors say their comfort level in all types of markets is higher when using an advisor for a "second opinion" on an investment decision.

\*The survey of 324 investors was conducted in December of 2000 by Market Facts and analyzed by New York based Neuwirth Research. Of the 324, 166 said they had an ongoing relationship with a financial advisor, while 157 described themselves as do-it-yourselfers.

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(continued from page 17)

HOW ARE PROBLEM BONDS IDENTIFIED AND HANDLED?

We conduct surveillance on our bonds on a regular basis to ensure, among other things, that deteriorating bonds are identified early. We then discuss any emerging problems and potential courses of action with the portfolio manager.

HOW MANY ISSUES DOES THE RESEARCH DEPARTMENT FOLLOW?

We follow 12 sectors and 1,500 uninsured bonds, worth about \$18 billion of Nuveen's \$45 billion in total municipal assets. The remaining \$27 billion in municipal assets are insured or escrowed (backed by Treasury bonds). For the insured bonds, we monitor closely on a regular basis the insurers guaranteeing the bonds.

WILL RESEARCH AND SURVEILLANCE CHANGE IN LIGHT OF PROBLEMS WITH ENRON SECURITIES?

Overall, our investment process and surveillance have worked well and been effective. However, we meet as a group on a regular basis and are constantly evaluating ways to improve the process to respond to issues and the market environment.

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logo:Nuveen Investments

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V1

LOOK AHEAD...

FUND REPORTS  
AVAILABLE  
ONLINE

Nuveen Fund information is now available online. Once you register, you'll receive an e-mail notice with a link to your Fund's reports and other information just as soon as it is ready. Registering takes only a few minutes.

If you receive statements from a brokerage firm or financial advisor, go to WWW.INVESTORDELIVERY.COM. Enter your personal 13-character enrollment number imprinted on the address sheet of this report near your name. From the options on the follow-up page, select the New Enrollment>Create screen. Once there, enter your e-mail address and a personal, four-digit PIN. Hit the Submit button. Confirm the information you entered is correct, then hit Submit again.

If you receive statements directly from Nuveen, go to WWW.NUVEEN.COM. Select the Access Your Account tab, then select E-Report Enrollment. Finally, click on the Enrollment Page. Once there, you'll need to provide your social security number and e-mail address. Click on Enroll.

After registering, you should receive a confirming e-mail within 24 hours. If not, repeat these steps to ensure all information is accurate. You can use this same process if you need to change your registration information or want to cancel Internet viewing. The e-mail address you provide is strictly confidential and will only be used to notify you of shareholder information.

photos: website

The information in this newsletter should not be construed as specific tax or investment advice. Contact your advisor for information about your particular situation.

ETFCONNECT:  
THE SOURCE FOR ALL  
EXCHANGE-TRADED FUNDS

Last fall, Nuveen launched ETFConnect, the industry's first website featuring all-encompassing information on exchanged-traded funds. Whatever you're looking for in the world of Index ETFs or Closed-End Exchange-Traded Funds - prices, NAVs, dividend information, performance histories, new developments - this is the place. Highlights include Quick Facts sheets for more than 500 funds, a multi-fund search capability, website links, a list of fund sponsors, tools for portfolio tracking, and a continually updated education center. Check out [www.etfconnect.com](http://www.etfconnect.com).

photo: website

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Report of  
Independent Auditors

THE BOARDS OF DIRECTORS, TRUSTEES AND SHAREHOLDERS  
NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND, INC.  
NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND  
NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
NUVEEN MICHIGAN QUALITY INCOME MUNICIPAL FUND, INC.  
NUVEEN MICHIGAN PREMIUM INCOME MUNICIPAL FUND, INC.  
NUVEEN MICHIGAN DIVIDEND ADVANTAGE MUNICIPAL FUND  
NUVEEN OHIO QUALITY INCOME MUNICIPAL FUND, INC.  
NUVEEN OHIO DIVIDEND ADVANTAGE MUNICIPAL FUND  
NUVEEN OHIO DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
NUVEEN OHIO DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
NUVEEN TEXAS QUALITY INCOME MUNICIPAL FUND

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Michigan Quality Income Municipal Fund, Inc., Nuveen Michigan Premium Income Municipal Fund, Inc., Nuveen Michigan Dividend Advantage Municipal Fund, Nuveen Ohio Quality Income Municipal Fund, Inc., Nuveen Ohio Dividend Advantage Municipal Fund, Nuveen Ohio Dividend Advantage Municipal Fund 2, Nuveen Ohio Dividend Advantage Municipal Fund 3 and Nuveen Texas Quality Income Municipal Fund as of July 31, 2002, and the related statements of operations, changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit

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to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of July 31, 2002, by correspondence with the custodian and brokers or by other appropriate auditing procedures when replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Michigan Quality Income Municipal Fund, Inc., Nuveen Michigan Premium Income Municipal Fund, Inc., Nuveen Michigan Dividend Advantage Municipal Fund, Nuveen Ohio Quality Income Municipal Fund, Inc., Nuveen Ohio Dividend Advantage Municipal Fund, Nuveen Ohio Dividend Advantage Municipal Fund 2, Nuveen Ohio Dividend Advantage Municipal Fund 3 and Nuveen Texas Quality Income Municipal Fund at July 31, 2002, and the results of their operations, changes in their net assets and the financial highlights for the periods indicated therein in conformity with accounting principles generally accepted in the United States.

/s/Ernst & Young LLP

Chicago, Illinois  
September 9, 2002

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Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)

Portfolio of  
Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
| -----                     |  |                       |
|                           | BASIC MATERIALS - 1.8%   |                       |
| \$ 4,000                  | Industrial Development Authority of the County of Gila, Arizona, Environmental Revenue Refunding Bonds (ASARCO Incorporated Project), Series 1998, 5.550%, 1/01/27 | 1/08 at 10            |
| -----                     |  |                       |
|                           | CONSUMER STAPLES - 1.0%  |                       |
| 635                       | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20  | 7/10 at 10            |
| -----                     |  |                       |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 9.0%   |                       |
| 1,000                     | Arizona State University, Certificates of Participation, Series 2002, 5.375%, 7/01/19  | 7/12 at 10            |

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|       |  |            |
|-------|--|------------|
| 1,750 | Student Loan Acquisition Authority of Arizona, Subordinated Fixed Rate Student Loan Revenue Bonds, Series 1994B, 6.600%, 5/01/10 (Alternative Minimum Tax)             | 5/04 at 10 |
| 1,250 | Industrial Development Authority of the City of Glendale, Arizona, Revenue Bonds (Midwestern University), Series 2001A, 5.875%, 5/15/31                                | 5/11 at 10 |
| 1,400 | Southern Arizona Capital Facilities Financing Corporation, Student Housing Revenue Bonds (La Aldea Project at the University of Arizona), Series 2002, 5.000%, 9/01/23 | 9/12 at 10 |

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HEALTHCARE - 21.1%

|       |   |             |
|-------|---|-------------|
| 2,000 | Arizona Health Facilities Authority, Hospital Revenue Bonds (Phoenix Children's Hospital), Series 1999A, 6.125%, 11/15/22   | 11/09 at 10 |
| 2,125 | Arizona Health Facilities Authority, Hospital System Revenue Bonds (John C. Lincoln Health Network), Series 2000, 7.000%, 12/01/25  | 12/10 at 10 |
| 2,000 | Arizona Health Facilities Authority, Revenue Bonds (Catholic Healthcare West), 1999 Series A, 6.625%, 7/01/20   | 7/10 at 10  |
| 3,000 | Industrial Development Authority of the City of Mesa, Arizona, Revenue Bonds (Discovery Health System), Series 1999A, 5.750%, 1/01/25   | 1/10 at 10  |
| 515   | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds (Hospital de la Concepcion Project), 2000 Series A, 6.375%, 11/15/15 | 11/10 at 10 |
| 250   | Industrial Development Authority of the City of Scottsdale, Arizona, Hospital Revenue Bonds (Scottsdale Healthcare), Series 2001, 5.800%, 12/01/31  | 12/11 at 10 |
| 2,000 | University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Refunding Bonds, Series 1992, 6.250%, 7/01/16  | 1/03 at 10  |
| 1,055 | Industrial Development Authority of the City of Winslow, Arizona, Hospital Revenue Bonds (Winslow Memorial Hospital Project), Series 1998, 5.500%, 6/01/22  | 6/08 at 10  |

---

HOUSING/MULTIFAMILY - 11.9%

|       |  |             |
|-------|--|-------------|
| 2,011 | Industrial Development Authority of the City of Glendale, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan - Maridale Apartments Project), Series 2000A, 7.500%, 10/20/35 | 10/10 at 10 |
| 1,275 | Industrial Development Authority of the County of Maricopa, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized - Villas at Augusta Project), Series 2000, 6.400%, 10/20/20                | 10/10 at 10 |
| 400   | Industrial Development Authority of the City of Phoenix, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized - Campaigne Place on Jackson Project), Series 2001, 5.700%, 6/20/31           | 6/11 at 10  |

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(Alternative Minimum Tax)

|       |   |            |
|-------|---|------------|
| 3,215 | Industrial Development Authority of the County of Tucson, Arizona, Senior Living Facilities Revenue Bonds (The Christian Care Project), Series 2000A, 5.625%, 7/01/20 | 7/10 at 10 |
|-------|---|------------|

-----  
HOUSING/SINGLE FAMILY - 2.9%

|     |  |            |
|-----|--|------------|
| 200 | Industrial Development Authority of the City of Phoenix, Arizona, Statewide Single Family Mortgage Revenue Bonds, Series 1995, 6.150%, 6/01/08 (Alternative Minimum Tax) | 6/05 at 10 |
|-----|--|------------|

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISION |
|---------------------------|-------------|-----------------------|
|---------------------------|-------------|-----------------------|

-----

HOUSING/SINGLE FAMILY (continued)

|        |   |            |
|--------|---|------------|
| \$ 930 | Industrial Development Authority of the City of Phoenix, Arizona, Single Family Mortgage Revenue Bonds, Series 2000-1B, 7.350%, 6/01/31 (Alternative Minimum Tax) | 6/10 at 10 |
|--------|---|------------|

|     |   |            |
|-----|---|------------|
| 530 | Industrial Development Authority of the County of Pima, Arizona, Single Family Mortgage Revenue Bonds, Series 1997A, 6.250%, 11/01/30 (Alternative Minimum Tax) | 5/07 at 10 |
|-----|---|------------|

-----  
LONG-TERM CARE - 2.5%

|     |  |            |
|-----|--|------------|
| 500 | Arizona Health Facilities Authority, Revenue Bonds (Bethesda Foundation - Bethesda Gardens Project), Series 1997A, 6.375%, 8/15/15 | 8/07 at 10 |
|-----|--|------------|

|       |  |            |
|-------|--|------------|
| 1,000 | Industrial Development Authority of the County of Mohave, Arizona, Healthcare Revenue Refunding Bonds (GNMA Collateralized - Chris Ridge and Silver Ridge Village Projects), Series 1996, 6.375%, 11/01/31 | 5/06 at 10 |
|-------|--|------------|

-----  
TAX OBLIGATION/GENERAL - 16.6%

City of Glendale, Arizona, General Obligation Bonds, Series 2002 Refunding:

|       |                 |            |
|-------|-----------------|------------|
| 1,875 | 5.000%, 7/01/15 | 7/11 at 10 |
| 500   | 5.000%, 7/01/18 | 7/11 at 10 |

|       |  |         |
|-------|--|---------|
| 1,000 | Washington Elementary School District No. 6 of Maricopa County, Arizona, General Obligation Bonds, Series 2002A Refunding, 5.375%, 7/01/15 | No Opt. |
|-------|--|---------|

|       |   |            |
|-------|---|------------|
| 1,400 | Chandler Unified School District No. 80 of Maricopa County, Arizona, General Obligation Refunding Bonds, Series 1993, 5.950%, 7/01/10 | 7/03 at 10 |
|-------|---|------------|



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|       |  |            |
|-------|--|------------|
| 3,000 | City of Mesa, Arizona, General Obligation Bonds, Series 1999,<br>5.000%, 7/01/18   | 7/09 at 10 |
|       | Commonwealth of Puerto Rico, Public Improvement General<br>Obligation Bonds, Series 2002A,<br>1,000 5.500%, 7/01/19 (WI, settling 8/08/02) | No Opt.    |
| 500   | 5.375%, 7/01/28  | 7/11 at 10 |
| 585   | Tempe Union High School District No. 213 of Maricopa County,<br>Arizona, General Obligation Bonds, Series 1994, 6.000%, 7/01/12            | 7/04 at 10 |

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TAX OBLIGATION/LIMITED - 25.0%

|       |   |            |
|-------|---|------------|
|       | City of Bullhead, Arizona, Parkway District Improvement Bonds,<br>Series 1993:  |            |
| 910   | 6.100%, 1/01/08   | 1/03 at 10 |
| 970   | 6.100%, 1/01/09   | 1/03 at 10 |
| 1,500 | Industrial Development Authority of the County of Maricopa, Education<br>Revenue Bonds (Arizona Charter Schools Project I), Series<br>2000A, 6.750%, 7/01/29          | 7/10 at 10 |
| 3,400 | Maricopa County, Arizona, Stadium District Revenue Refunding<br>Bonds, Series 2002, 5.375%, 6/01/18   | 6/12 at 10 |
|       | Industrial Development Authority of the City of Phoenix,<br>Arizona, Government Office Lease Revenue Bonds (Capitol Mall LLC<br>Project), Series 2000:                |            |
| 1,000 | 5.375%, 9/15/22   | 9/10 at 10 |
| 2,000 | 5.500%, 9/15/27   | 9/10 at 10 |
| 2,150 | Phoenix Civic Plaza Building Corporation, Arizona, Senior Lien Excise<br>Tax Revenue Bonds, Series 1994, 6.000%, 7/01/14  | 7/05 at 10 |
| 1,000 | Puerto Rico Public Buildings Authority, Government Facilities Revenue<br>Refunding Bonds, Series D, Guaranteed by the Commonwealth<br>of Puerto Rico, 5.125%, 7/01/24 | 7/12 at 10 |
| 500   | Surprise Municipal Property Corporation, Arizona, Excise Tax Revenue<br>Bonds, Series 2000, 5.700%, 7/01/20   | 7/09 at 10 |
| 500   | City of Tucson, Arizona, Certificates of Participation, Series 2000,<br>5.700%, 7/01/20   | 7/08 at 10 |
| 1,100 | City of Tucson, Arizona, Junior Lien Street and Highway User Revenue ,<br>Bonds, Series 1994-E 5.000%, 7/01/18  | 7/10 at 10 |

---

U.S. GUARANTEED - 38.8%

|       |  |         |
|-------|--|---------|
| 3,500 | Industrial Development Authority of the County of Maricopa, Arizona,<br>Hospital System Revenue Refunding Bonds (Samaritan Health<br>Services), Series 1990A, 7.000%, 12/01/16                                       | No Opt. |
|       | Industrial Development Authority of the County of Mohave, Arizona,<br>Hospital System Revenue Refunding Bonds (Medical Environments,<br>Inc. and Phoenix Baptist Hospital and Medical Center, Inc.),<br>Series 1993: |         |

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|       |   |            |
|-------|---|------------|
| 5,000 | 6.750%, 7/01/08 (Pre-refunded to 7/01/03) | 7/03 at 10 |
| 1,000 | 7.000%, 7/01/16 (Pre-refunded to 7/01/03) | 7/03 at 10 |

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Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
| -----                     |  |                       |
|                           | U.S. GUARANTEED (continued)  |                       |
| \$ 2,700                  | City of Phoenix Civic Improvement Corporation, Arizona, Wastewater System Lease Revenue Bonds, Series 1993, 6.125%, 7/01/23 (Pre-refunded to 7/01/03)  | 7/03 at 10            |
| 2,000                     | City of Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded to 7/01/10)  | 7/10 at 10            |
| 1,510                     | Metropolitan Domestic Water Improvement District of Pima County, Arizona, Special Assessment and Water Revenue Bonds, Series 1992, 6.200%, 1/01/12 (Pre-refunded to 1/01/03)                         | 1/03 at 10            |
| 1,000                     | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series B, 6.500%, 7/01/27 (Pre-refunded to 7/01/10)  | 7/10 at 10            |
| 1,415                     | Tempe Union High School District No. 213 of Maricopa County, Arizona, General Obligation Bonds, Series 1994, 6.000%, 7/01/12 (Pre-refunded to 7/01/04)   | 7/04 at 10            |
| 3,000                     | City of Tucson, Arizona, General Obligation Bonds, Series 1984-G, 6.250%, 7/01/18 (Pre-refunded to 7/01/04)  | 7/04 at 10            |
| 725                       | City of Tucson, Arizona, Certificates of Participation, Series 1994, 6.375%, 7/01/09 (Pre-refunded to 7/01/04)   | 7/04 at 10            |
| -----                     |  |                       |
|                           | UTILITIES - 13.7%  |                       |
| 1,000                     | Arizona Power Authority, Power Resource Revenue Bonds (Hoover Upgrading Project), Special Obligation Crossover Refunding Series 2001, 5.250%, 10/01/15   | No Opt.               |
| 2,615                     | Coconino County Pollution Control Corporation, Arizona, Pollution Control Revenue Bonds (Nevada Power Company Project), Series 1996, 6.375%, 10/01/36 (Alternative Minimum Tax)                      | 10/06 at 10           |
| 2,000                     | Industrial Development Authority of the County of Mohave, Arizona, Industrial Development Revenue Bonds (Citizen Utilities Company Projects), 1994 Series, 6.600%, 5/01/29 (Alternative Minimum Tax) | 11/03 at 10           |

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|  |   |            |
|--|---|------------|
| 500  | Navajo County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds (Arizona Public Service Company), 1993 Series A, 5.875%, 8/15/28                                      | 8/03 at 10 |
| 1,325  | Industrial Development Authority of the County of Pima, Arizona, Industrial Development Lease Obligation Refunding Revenue Bonds (Irvington Project), 1988 Series A, 7.250%, 7/15/10                  | 1/03 at 10 |
| 500  | Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Refunding Revenue Bonds, 2002 Series A, 5.000%, 1/01/31                                   | 1/12 at 10 |
| 1,450  | Industrial Development Authority of the County of Yavapai, Arizona, Industrial Development Revenue Bonds (Citizens Utilities Company Project), 1998 Series, 5.450%, 6/01/33 (Alternative Minimum Tax) | 6/07 at 10 |
| -----  |   |            |
| WATER AND SEWER - 2.4%                           |   |            |
| 1,500  | City of Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26  | 7/12 at 10 |
| -----  |   |            |
| \$ 90,671  | Total Investments (cost \$90,874,228) - 146.7%  |            |
| =====  |   |            |
| Other Assets Less Liabilities - 1.0%             |   |            |
| -----  |   |            |
| Preferred Shares, at Liquidation Value - (47.7)% |   |            |
| -----  |   |            |
| Net Assets Applicable to Common Shares - 100%    |   |            |
| =====  |   |            |

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

\*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

(WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

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| PRINCIPAL<br>AMOUNT (000)                 | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---|--|-----------------------|
| -----                                     |  |                       |
| EDUCATION AND CIVIC ORGANIZATIONS - 10.2% |  |                       |
| \$ 1,020                                  | Industrial Development Authority of the City of Mesa, Arizona, Student Housing Revenue Bonds (ASU East/Maricopa County Community College District Williams Campus Project), Series 2001A, 6.000%, 7/01/26              | 7/11 at 10            |
| 1,000                                     | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds (Ana G. Mendez University System Project), Series 1999, 5.375%, 2/01/29 | 2/09 at 10            |
| 300                                       | Puerto Rico Industrial, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds (University of the Sacred Heart Project), Series 2001, 5.250%, 9/01/21           | 9/11 at 10            |
| -----                                     |  |                       |
| HEALTHCARE - 14.7%                        |  |                       |
| 1,050                                     | Arizona Health Facilities Authority, Hospital System Revenue Bonds (John C. Lincoln Health Network), Series 2000, 6.875%, 12/01/20   | 12/10 at 10           |
| 1,170                                     | Arizona Health Facilities Authority, Revenue Bonds (Catholic Healthcare West), 1999 Series A, 6.625%, 7/01/20  | 7/10 at 10            |
| 1,000                                     | Industrial Development Authority of the City of Scottsdale, Arizona, Hospital Revenue Bonds (Scottsdale Healthcare), Series 2001, 5.800%, 12/01/31   | 12/11 at 10           |
| -----                                     |  |                       |
| HOUSING/MULTIFAMILY - 20.6%               |  |                       |
| 1,000                                     | Industrial Development Authority of the County of Maricopa, Arizona, Multifamily Housing Revenue Bonds (Whispering Palms Apartments Project), Series 1999A, 5.900%, 7/01/29  | 7/09 at 10            |
| 1,000                                     | Industrial Development Authority of the County of Maricopa, Arizona, Multifamily Housing Revenue Bonds (Sun King Apartments Project), Series 2000A, 6.750%, 5/01/31  | 5/10 at 10            |
| 1,125                                     | Industrial Development Authority of the County of Maricopa, Arizona, Multifamily Housing Revenue Bonds (Syl-Mar Apartments Project), Series 2001, 5.650%, 4/20/21 (Alternative Minimum Tax)                            | 10/11 at 10           |
| 275                                       | Industrial Development Authority of the City of Phoenix, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized - Campaigne Place on Jackson Project), Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax) | 6/11 at 10            |
| 1,000                                     | Industrial Development Authority of the City of Phoenix, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized - Bay Club Apartments Project), Series 2001, 5.900%, 11/20/31                                 | 11/11 at 10           |

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| HOUSING/SINGLE FAMILY - 4.5%   |  |             |
|--------------------------------|--|-------------|
| 1,000                          | Industrial Development Authority of the County of Pima, Arizona, Single Family Mortgage Revenue Bonds, Series 2001-A4, 5.050%, 5/01/17                                 | 11/10 at 10 |
| LONG-TERM CARE - 4.4%          |  |             |
| 1,000                          | Mesa County, Colorado, Residential Care Facilities Mortgage Revenue Bonds (Hilltop Community Resources, Inc. Obligated Group Projects), Series 2001A, 5.375%, 12/01/28 | 12/11 at 10 |
| TAX OBLIGATION/GENERAL - 23.2% |  |             |
| 1,500                          | Washington Elementary School District No. 6 of Maricopa County, Arizona, General Obligation Bonds, Series 2002A Refunding, 5.375%, 7/01/15                             | No Opt.     |
| 1,000                          | City of Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/17  | 7/09 at 10  |
| 1,000                          | City of Phoenix, Arizona, General Obligation Refunding Bonds, Series 1995A, 5.000%, 7/01/19  | 7/05 at 10  |
| 500                            | Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds, Series 2002A, 5.500%, 7/01/29  | No Opt.     |
| 1,020                          | City of Tucson, Arizona, General Obligation Refunding Bonds, Series 1997, 5.000%, 7/01/19  | 7/07 at 10  |

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Nuveen Arizona Dividend Advantage Municipal Fund (NFZ) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL AMOUNT (000)         | DESCRIPTION  | OPTIONAL PROVISION |
|--------------------------------|--|--------------------|
| TAX OBLIGATION/LIMITED - 23.4% |  |                    |
| \$ 700                         | Arizona School Facilities Board, State School Improvement Revenue Bonds, Series 2001, 5.500%, 7/01/18  | 7/11 at 10         |
| 1,415                          | State of Arizona, Certificates of Participation, Series 2002A, 4.800%, 11/01/15  | 5/12 at 10         |
| 2,000                          | Industrial Development Authority of the County of Maricopa, Arizona, Education Revenue Bonds (Horizon Community Learning Center Project), Series 2000, 6.350%, 6/01/26 | 6/07 at 10         |
| 900                            | Industrial Development Authority of the City of Phoenix, Arizona,  | 3/12 at 10         |

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Government Office Lease Revenue Bonds (Capitol Mall LLC II Project),  
Series 2001, 5.250%, 9/15/16

-----  
U.S. GUARANTEED - 8.6%

|       |  |             |
|-------|--|-------------|
| 500   | Industrial Development Authority of the County of Maricopa, Arizona, Baptist Hospital System Revenue Refunding Bonds, Series 1995, 5.500%, 9/01/16 (Pre-refunded to 9/01/05) | 9/05 at 10  |
| 1,350 | Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, 2000 Series A, 5.500%, 10/01/40  | 10/10 at 10 |

-----  
UTILITIES - 29.7%

|       |  |             |
|-------|--|-------------|
| 1,500 | Arizona Power Authority, Power Resource Revenue Bonds (Hoover Uprating Project), Special Obligation Crossover Refunding Series 2001, 5.250%, 10/01/17                            | No Opt.     |
| 1,000 | Coconino County Pollution Control Corporation, Arizona, Pollution Control Revenue Bonds (Nevada Power Company Project), Series 1997B, 5.800%, 11/01/32 (Alternative Minimum Tax) | 11/02 at 10 |
| 1,000 | City of Mesa, Arizona, Utility System Revenue Bonds, Series 2000, 5.125%, 7/01/19  | 7/09 at 10  |
| 1,000 | City of Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17  | No Opt.     |
| 350   | Puerto Rico Electric Power Authority, Power Revenue Bonds, 2002 Series II, 5.125%, 7/01/26   | 7/12 at 10  |
| 805   | Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Refunding Revenue Bonds, 1997 Series A, 5.000%, 1/01/20              | 1/08 at 10  |
| 1,000 | Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Refunding Revenue Bonds, 2002 Series A, 5.250%, 1/01/18              | 1/12 at 10  |

-----  
WATER AND SEWER - 11.0%

|       |  |            |
|-------|--|------------|
| 1,025 | City of Chandler, Arizona, Water and Sewer Revenue Bonds, Series 2001, 4.500%, 7/01/18                                       | 7/10 at 10 |
| 1,500 | City of Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 | 7/12 at 10 |

-----  
\$ 33,005 Total Investments (cost \$33,382,601) - 150.3%  
=====

Other Assets Less Liabilities - 2.4%

-----  
Preferred Shares, at Liquidation Value - (52.7)%  
-----

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

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\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)  
 Portfolio of  
 Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 3.6%  |                        |
| \$ 1,215                  | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/12  | 7/10 at 100            |
| -----                     |  |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 14.5%  |                        |
| 510                       | Arizona State University, Certificates of Participation, Series 2002, 5.125%, 7/01/26  | 7/12 at 100            |
|                           | Arizona Board of Regents, Arizona State University System Revenue Bonds, Series 2002:  |                        |
| 1,000                     | 5.000%, 7/01/25  | 7/12 at 100            |
| 715                       | 5.750%, 7/01/27  | 7/12 at 100            |
| 1,250                     | Industrial Development Authority of the City of Glendale, Arizona, Revenue Bonds (Midwestern University), Series 2001A, 5.875%, 5/15/31  | 5/11 at 100            |
| 320                       | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds (Ana G. Mendez University System Project), Series 1999, 5.375%, 2/01/19 | 2/09 at 100            |
|                           | Arizona Board of Regents, Certificates of Participation (University of Arizona Project), Series 2002A:   |                        |
| 750                       | 5.500%, 6/01/18  | 6/12 at 100            |
| 500                       | 5.125%, 6/01/22  | 6/12 at 100            |
| -----                     |  |                        |
|                           | HEALTHCARE - 11.8%   |                        |

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|       |   |            |
|-------|---|------------|
| 735   | Arizona Health Facilities Authority, Hospital System Revenue Bonds (Phoenix Children's Hospital), Series 2002A, 6.250%, 2/15/21                                       | 2/12 at 10 |
| 1,000 | Arizona Health Facilities Authority, Revenue Bonds (Catholic Healthcare West), 1999 Series A, 6.625%, 7/01/20   | 7/10 at 10 |
| 1,000 | Industrial Development Authority of the County of Maricopa, Arizona, Health Facility Revenue Bonds (Catholic Healthcare West Project), 1998 Series A, 5.000%, 7/01/21 | 7/08 at 10 |
| 500   | Industrial Development Authority of the County of Maricopa, Arizona, Hospital Revenue Bonds (Mayo Clinic Hospital), Series 1998, 5.250%, 11/15/37                     | 5/08 at 10 |
| 1,000 | Industrial Development Authority of the City of Mesa, Arizona, Revenue Bonds (Discovery Health System), Series 1999A, 5.625%, 1/01/29                                 | 1/10 at 10 |

-----  
HOUSING/MULTIFAMILY - 7.6%

|       |   |             |
|-------|---|-------------|
| 1,000 | Industrial Development Authority of the County of Maricopa, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized - Pine Ridge, Cambridge Court, Cove on 44th and Fountain Place Apartments Projects), Series 2001-A1 Refunding, 6.000%, 10/20/31 | 10/11 at 10 |
| 1,425 | Industrial Development Authority of the City of Phoenix, Arizona, Multifamily Housing Revenue Bonds (GNMA Collateralized - Summit Apartments Project), Series 2002, 6.450%, 7/20/32   | 7/12 at 10  |

-----  
HOUSING/SINGLE FAMILY - 1.3%

|     |   |             |
|-----|---|-------------|
| 470 | Industrial Development Authority of the County of Pima, Arizona, Single Family Mortgage Revenue Bonds, Series 2001-A1, 5.350%, 11/01/24 (Alternative Minimum Tax) | 11/10 at 10 |
|-----|---|-------------|

-----  
TAX OBLIGATION/GENERAL - 44.6%

|       |  |            |
|-------|--|------------|
| 1,725 | City of Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/17  | 7/12 at 10 |
| 1,000 | Town of Gilbert, Arizona, General Obligation Bonds, Series 2002A, 5.000%, 7/01/18  | 7/11 at 10 |
| 1,000 | Washington Elementary School District No. 6 of Maricopa County, Arizona, General Obligation Bonds, Series 2002A Refunding: 5.375%, 7/01/15 | No Opt.    |
| 2,000 | 5.375%, 7/01/16  | No Opt.    |



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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | TAX OBLIGATION/GENERAL (continued)  |                       |
| \$ 2,165                  | Paradise Valley Unified School District No. 69 of Maricopa County, Arizona, General Obligation Bonds, Series 2002A Refunding, 5.250%, 7/01/14                       | No Opt.               |
| 1,000                     | City of Mesa, Arizona, General Obligation Bonds, Series 2000, 6.500%, 7/01/11   | No Opt.               |
| 1,405                     | City of Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15   | No Opt.               |
|                           | City of Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B:   |                       |
| 1,700                     | 5.000%, 7/01/22   | 7/12 at 10            |
| 250                       | 5.000%, 7/01/27   | 7/12 at 10            |
| 1,000                     | Apache Junction Unified School District No. 43 of Pinal County, Arizona, General Obligation Refunding Bonds, Series 2001, 5.750%, 7/01/15                           | No Opt.               |
| 1,500                     | City of Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24   | 7/11 at 10            |
| -----                     |   |                       |
|                           | TAX OBLIGATION/LIMITED - 36.1%  |                       |
|                           | State of Arizona, Certificates of Participation, Series 2002A:  |                       |
| 750                       | 5.000%, 11/01/17  | 5/12 at 10            |
| 1,000                     | 5.000%, 11/01/18  | 5/12 at 10            |
| 500                       | 5.000%, 11/01/20  | 5/12 at 10            |
| 1,000                     | Maricopa County Public Finance Authority, Arizona, Lease Revenue Bonds, Series 2001, 5.500%, 7/01/15  | 7/11 at 10            |
|                           | Maricopa County, Arizona, Stadium District Revenue Refunding Bonds, Series 2002:  |                       |
| 840                       | 5.375%, 6/01/18   | 6/12 at 10            |
| 2,645                     | 5.375%, 6/01/19   | 6/12 at 10            |
| 1,500                     | Industrial Development Authority of the City of Phoenix, Arizona, Government Office Lease Revenue Bonds (Capitol Mall LLC II Project), Series 2001, 5.250%, 9/15/16 | 3/12 at 10            |
| 500                       | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 1996Y, 5.500%, 7/01/36  | 7/16 at 10            |
| 1,000                     | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.000%, 7/01/32   | 7/12 at 10            |
| 1,000                     | Puerto Rico Public Buildings Authority, Government Facilities Revenue Refunding Bonds, Series D, Guaranteed by the Commonwealth of Puerto Rico, 5.125%, 7/01/24     | 7/12 at 10            |
| 1,000                     | City of Tucson, Arizona, Junior Lien Street and Highway User  | 7/10 at 10            |

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Revenue Bonds, Series 1994-E, 5.000%, 7/01/18

|     |  |            |
|-----|--|------------|
| 640 | City of Yuma Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2001, 5.000%, 7/01/21 | 7/10 at 10 |
|-----|--|------------|

-----  
 TRANSPORTATION - 5.6%

|       |  |            |
|-------|--|------------|
| 1,000 | City of Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 1998A, 5.000%, 7/01/25 | 7/08 at 10 |
|-------|--|------------|

|       |  |            |
|-------|--|------------|
| 1,000 | City of Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/27 (Alternative Minimum Tax) | 7/12 at 10 |
|-------|--|------------|

-----  
 U.S. GUARANTEED - 4.4%

|       |   |             |
|-------|---|-------------|
| 1,500 | Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, 2000 Series A, 5.500%, 10/01/40 | 10/10 at 10 |
|-------|---|-------------|

-----  
 UTILITIES - 13.5%

|       |   |         |
|-------|---|---------|
| 1,115 | Arizona Power Authority, Power Resource Revenue Bonds (Hoover Uprating Project), Special Obligation Crossover Refunding Series 2001, 5.250%, 10/01/15 | No Opt. |
|-------|---|---------|

|       |   |            |
|-------|---|------------|
| 1,000 | City of Mesa, Arizona, Utility System Revenue Bonds, Series 2002, 5.000%, 7/01/20 | 7/11 at 10 |
|-------|---|------------|

|       |   |         |
|-------|---|---------|
| 1,000 | City of Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 | No Opt. |
|-------|---|---------|

|       |   |            |
|-------|---|------------|
| 1,500 | Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Refunding Revenue Bonds, 2002 Series A, 5.000%, 1/01/31 | 1/12 at 10 |
|-------|---|------------|

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISION |
|---------------------------|-------------|-----------------------|
|---------------------------|-------------|-----------------------|

-----

WATER AND SEWER - 7.5%

|        |  |             |
|--------|--|-------------|
| \$ 500 | Industrial Development Authority of the County of Maricopa, Arizona, Water System Improvement Revenue Bonds (Chaparral City Water Company Project), Series 1997A, 5.400%, 12/01/22 (Alternative Minimum Tax) | 12/07 at 10 |
|--------|--|-------------|

|       |  |         |
|-------|--|---------|
| 1,000 | City of Phoenix Civic Improvement Corporation, Arizona, Water System Junior Lien Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/22 | No Opt. |
|-------|--|---------|

|       |  |            |
|-------|--|------------|
| 1,000 | City of Tucson, Arizona, Water System Revenue Refunding Bonds, | 7/12 at 10 |
|-------|--|------------|

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Series 2001, 5.500%, 7/01/18

-----  
 \$ 51,125 Total Investments (cost \$52,359,201) - 150.5%  
 =====

Other Assets Less Liabilities - 1.0%

-----  
 Preferred Shares, at Liquidation Value - (51.5)%  
 -----

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

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)  
 Portfolio of  
 Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISI |
|---------------------------|---|---------------------|
|                           | Capital Goods - 0.6%  |                     |
| \$ 1,000                  | Michigan Strategic Fund, Limited Obligation Revenue Bonds (WMX Technologies, Inc. Project), Series 1993, 6.000%, 12/01/13 (Alternative Minimum Tax) | 12/03 at 10         |
|                           | CONSUMER STAPLES - 0.2%   |                     |
| 330                       | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20   | 7/10 at 10          |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 7.4%  |                     |
| 1,720                     | Board of Trustees of Ferris State University, Michigan, General Revenue Bonds, Series 1998, 5.000%, 10/01/23  | 4/08 at 10          |
| 1,685                     | Michigan Higher Education Facilities Authority, Limited Obligation Revenue Bonds (Kettering University), Refunding Series 2001, 5.500%, 9/01/17     | 9/11 at 10          |

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|       |  |             |
|-------|--|-------------|
| 1,500 | Michigan Higher Education Student Loan Authority, Revenue Bonds, 2000 Series XII-T, 5.300%, 9/01/10 (Alternative Minimum Tax)  | No Opt.     |
| 1,000 | Michigan Higher Education Student Loan Authority, Revenue Bonds, 2002 Series XVII-G, 5.200%, 9/01/20 (Alternative Minimum Tax) | 9/12 at 10  |
| 1,000 | Board of Trustees of Oakland University, Michigan, General Revenue Bonds, Series 1995, 5.750%, 5/15/15                         | 5/05 at 10  |
|       | Board of Governors of Wayne State University, Michigan, General Revenue Bonds, Series 1999:                                    |             |
| 3,430 | 5.250%, 11/15/19   | 11/09 at 10 |
| 1,000 | 5.125%, 11/15/29   | 11/09 at 10 |
| 1,450 | Board of Trustees of Western Michigan University, General Revenue Bonds, Series 1993A, 5.000%, 7/15/21                         | 7/03 at 10  |

-----  
HEALTHCARE - 20.9%

|       |   |             |
|-------|---|-------------|
| 2,900 | Economic Development Corporation of the City of Dearborn, Michigan, Hospital Revenue Bonds (Oakwood Obligated Group), Series 1995A, 5.875%, 11/15/25          | 11/05 at 10 |
| 1,235 | City of Hancock Hospital Finance Authority, Michigan, FHA-Insured Mortgage Hospital Revenue Bonds (Portage Health System, Inc.), Series 1998, 5.450%, 8/01/47 | 8/08 at 10  |
| 3,500 | Kent Hospital Finance Authority, Michigan, Revenue Bonds (Spectrum Health), Series 2001A, 5.250%, 1/15/21   | 7/11 at 10  |
| 3,306 | Michigan State Hospital Finance Authority, Detroit Medical Center Collateralized Loan, Series 2001, 7.360%, 4/01/07   | No Opt.     |
| 1,000 | Michigan State Hospital Finance Authority, Revenue Refunding Bonds (OSF Healthcare System), Series 1999, 6.125%, 11/15/19                                     | 11/09 at 10 |
|       | Michigan State Hospital Finance Authority, Revenue Bonds (Ascension Health Credit Group), Series 1999A:   |             |
| 1,000 | 6.125%, 11/15/23  | 11/09 at 10 |
| 2,500 | 6.125%, 11/15/26  | 11/09 at 10 |
| 1,700 | Michigan State Hospital Finance Authority, Revenue and Refunding Bonds (Mercy Health Services Obligated Group), 1999 Series X, 5.750%, 8/15/19                | 8/09 at 10  |
|       | Michigan State Hospital Finance Authority, Hospital Revenue and Refunding Bonds (Mercy Mount Clemens Corporation Obligated Group), Series 1999A:              |             |
| 3,385 | 5.750%, 5/15/17   | 5/09 at 10  |
| 500   | 5.750%, 5/15/29   | 5/09 at 10  |
| 3,000 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds (Detroit Medical Center Obligated Group), Series 1998A, 5.250%, 8/15/28                     | 8/08 at 10  |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
| -----                     |  |                       |
|                           | HEALTHCARE (continued)   |                       |
| \$ 1,000                  | Michigan State Hospital Finance Authority, Revenue and Refunding Bonds (Memorial Healthcare Center Obligated Group), Series 1999, 5.875%, 11/15/21   | 11/09 at 10           |
| 5,000                     | Michigan State Hospital Finance Authority, Hospital Revenue Bonds (Henry Ford Health System), Series 1999A, 6.000%, 11/15/24   | 11/09 at 10           |
| 5,500                     | City of Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds (William Beaumont Hospital), Series 2001M, 5.250%, 11/15/31   | 11/11 at 10           |
| 2,195                     | Regents of the University of Michigan, Medical Service Plan Revenue Bonds, Series 1991, 0.000%, 12/01/10   | No Opt.               |
| -----                     |  |                       |
|                           | HOUSING/MULTIFAMILY - 11.2%  |                       |
| 2,675                     | Michigan State Housing Development Authority, Limited Obligation Multifamily Housing Revenue Bonds (Parkview Place Apartments), Series 2002A, 5.550%, 12/01/34 (Alternative Minimum Tax)                       | 12/20 at 10           |
| 5,250                     | Michigan State Housing Development Authority, Limited Obligation Revenue Bonds (Parkway Meadows Project), Series 1991, 6.850%, 10/15/18  | 10/02 at 10           |
| 5,000                     | Michigan State Housing Development Authority, Rental Housing Revenue Bonds, 1995 Series B, 6.150%, 10/01/15  | 6/05 at 10            |
| 6,795                     | Michigan State Housing Development Authority, Rental Housing Revenue Bonds, 1999 Series A, 5.300%, 10/01/37 (Alternative Minimum Tax)  | 4/09 at 10            |
| -----                     |  |                       |
|                           | HOUSING/SINGLE FAMILY - 0.6%   |                       |
| 1,000                     | Michigan State Housing Development Authority, Single Family Mortgage Revenue Bonds, Series 2001, 5.300%, 12/01/16 (Alternative Minimum Tax)  | 1/11 at 10            |
| -----                     |  |                       |
|                           | LONG-TERM CARE - 6.6%  |                       |
| 2,000                     | Economic Development Corporation of the Charter Township of Grand Rapids, Michigan, Limited Obligation Revenue Bonds (Porter Hills Obligated Group - Cook Valley Estate Project), Series 1999, 5.450%, 7/01/29 | 7/09 at 10            |
| 3,300                     | Michigan State Hospital Finance Authority, Revenue Bonds (Presbyterian Villages of Michigan Obligated Group), Series 1997, 6.375%, 1/01/25   | 1/07 at 10            |
| 1,300                     | Michigan Strategic Fund, Limited Obligation Revenue Bonds  | 7/08 at 10            |

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(Porter Hills Presbyterian Village), Series 1998 Refunding,  
5.375%, 7/01/28

|       |  |            |
|-------|--|------------|
| 5,280 | Economic Development Corporation of the City of Warren, Michigan, Nursing Home Revenue Refunding Bonds (GNMA Mortgage-Backed Security - Autumn Woods Project), Series 1992, 6.900%, 12/20/22 (Pre-refunded to 8/20/02) | 8/02 at 10 |
|-------|--|------------|

-----  
TAX OBLIGATION/GENERAL - 35.2%

|   |  |             |
|---|--|-------------|
| Allegan Public Schools, County of Allegan, Michigan, 2000 General Obligation Bonds: |  |             |
| 1,850   | 5.600%, 5/01/20  | 5/10 at 10  |
| 1,150   | 5.750%, 5/01/30  | 5/10 at 10  |
| 4,200   | Anchor Bay School District, Counties of Macomb and St. Clair, Michigan, 2001 Refunding General Obligation Unlimited Tax Bonds, 5.000%, 5/01/29 | 5/11 at 10  |
| 1,000   | Anchor Bay School District, Counties of Macomb and St. Clair, Michigan, Refunding General Obligation Bonds, Series 2002, 5.000%, 5/01/25       | 5/12 at 10  |
| 1,000   | Belding Area Schools, Counties of Ionia, Kent and Montcalm, Michigan, 1998 Refunding General Obligation Unlimited Tax Bonds, 5.000%, 5/01/26   | 5/08 at 10  |
| 1,320   | Bridgeport Spaulding Community School District, County of Saginaw, Michigan, General Obligation Bonds, Series 2002, 5.500%, 5/01/16            | 5/12 at 10  |
| 1,000   | Charlotte Public Schools, County of Easton, Michigan, 1999 School Building and Site General Obligation Unlimited Tax Bonds, 5.250%, 5/01/25    | 5/09 at 10  |
| 1,000   | Chippewa Valley Schools, County of Macomb, Michigan, General Obligation Bonds, Series 1993, 5.000%, 5/01/21                                    | 5/03 at 10  |
| 2,000   | Clarkston Community Schools, Michigan, General Obligation Bonds, 5.250%, 5/01/23   | 5/07 at 10  |
| 1,000   | East China School District, County of St. Clair, Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/20                              | 11/11 at 10 |

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Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISION |
|---------------------------|-------------|-----------------------|
|---------------------------|-------------|-----------------------|

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Tax Obligation/General (continued)

|          |  |            |
|----------|--|------------|
| \$ 1,085 | Freeland Community School District, Counties of Saginaw, Midland | 5/10 at 10 |
|----------|--|------------|

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|       |   |             |
|-------|---|-------------|
|       | and Bay, Michigan, 2000 School Building and Site General<br>Obligation Unlimited Tax Bonds, 5.250%, 5/01/19   |             |
| 3,300 | Grand Ledge Public Schools, Counties of Eaton, Clinton and Ionia,<br>Michigan, 1995 Refunding Bonds, 5.375%, 5/01/24  | 5/05 at 10  |
| 3,000 | Grand Rapids and Kent Counties Joint Building Authority, Michigan,<br>Limited Tax General Obligation Bonds (Devos Place Project),<br>Series 2001, 0.000%, 12/01/26      | No Opt.     |
| 1,500 | Huron Valley School District, Counties of Oakland and Livingston,<br>Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/17                                   | 11/11 at 10 |
| 2,000 | Lake Fenton Community Schools, County of Genesee, Michigan,<br>General Obligation Bonds, Series 2002, 5.000%, 5/01/24   | 5/12 at 10  |
| 725   | Lake Orion Community School District, County of Oakland, Michigan,<br>1995 Refunding General Obligation Unlimited Tax Bonds,<br>5.500%, 5/01/20                         | 5/05 at 10  |
| 1,000 | Mancelona Public School District, Counties of Antrim and Kalkaska,<br>Michigan, General Obligation Bonds, Series 1997, 5.200%, 5/01/17                                  | 5/06 at 10  |
| 2,875 | Milan Area Schools, Counties of Washtenaw and Monroe, Michigan,<br>2000 School Building and Site General Obligation Unlimited Tax<br>Bonds, Series A, 5.750%, 5/01/24   | 5/10 at 10  |
| 4,300 | Montcalm County Building Authority, Michigan, Correctional Facility<br>Improvement General Obligation Bonds, Series 2000,<br>5.250%, 5/01/25                            | 5/10 at 10  |
| 2,500 | Montrose Township School District, Michigan, School Building and<br>Site Bonds, Series 1997, 6.000%, 5/01/22  | No Opt.     |
| 1,000 | Muskegon Heights Public Schools, County of Muskegon, Michigan,<br>1999 School Building and Site General Obligation Unlimited<br>Tax Bonds, 5.000%, 5/01/29              | 5/09 at 10  |
| 1,045 | Nice Community School District, Counties of Marquette and Baraga,<br>Michigan, 1995 School Building and Site General Obligation<br>Unlimited Tax Bonds, 5.250%, 5/01/20 | 5/04 at 10  |
| 1,225 | North Branch Area Schools, County of Lapeer, Michigan, 1993 General<br>Obligation Unlimited Tax Refunding Bonds, 5.375%, 5/01/21  | 5/03 at 10  |
| 1,625 | Northville Public Schools, County of Wayne, Michigan, General<br>Obligation Bonds, Series 2001, 5.375%, 5/01/18   | 11/11 at 10 |
| 1,000 | Oakland County Building Authority, Michigan, General Obligation<br>Bonds, Series 2002, 5.125%, 9/01/22  | 9/11 at 10  |
| 1,225 | Paw Paw Public Schools, County of Van Buren, Michigan, General<br>Obligation Refunding Bonds, Series 1998, 5.000%, 5/01/21  | No Opt.     |
| 4,000 | Pinckney Community Schools, Counties of Livingston and Washtenaw,<br>Michigan, 1997 School Building and Site General Obligation<br>Unlimited Tax Bonds, 5.500%, 5/01/27 | 5/07 at 10  |
| 4,200 | Commonwealth of Puerto Rico, Public Improvement Refunding General<br>Obligation Bonds, 2002 Series A, 5.500%, 7/01/20   | No Opt.     |
| 685   | Reeths-Puffer Schools, County of Muskegon, Michigan, 1995 School  | 5/05 at 10  |

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|       |   |             |
|-------|---|-------------|
|       | Building and Site Refunding Bonds, 5.750%, 5/01/15  |             |
| 1,000 | Rochester Community School District, Counties of Oakland and Macomb, Michigan, 2000 School Building, Site and Refunding General Obligation Unlimited Tax Bonds, Series I, 5.750%, 5/01/19 | 5/10 at 10  |
| 2,500 | City of Taylor Building Authority, County of Wayne, Michigan, Limited Tax General Obligation Bonds, Series 2000, 5.125%, 3/01/17  | 3/10 at 10  |
| 1,050 | Warren Consolidated Schools, Counties of Macomb and Oakland, Michigan, General Obligation Bonds, Series 2001, 5.375%, 5/01/19   | 11/11 at 10 |
| 1,980 | Washtenaw County Building Authority, Michigan, General Obligation Limited Tax Bonds, Series 1999, 5.400%, 9/01/17   | 9/07 at 10  |
| 1,125 | Whitehall District Schools, County of Muskegon, Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/17  | 11/11 at 10 |
| 1,725 | Williamston Community School District, Michigan, General Obligation Unlimited Tax Bonds, Series 1996, 5.500%, 5/01/25   | No Opt.     |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
|                           | TAX OBLIGATION/LIMITED - 13.8%   |                       |
| \$ 1,800                  | Tax Increment Finance Authority of the City of Dearborn Heights, County of Wayne, Michigan, Tax Increment Limited Tax General Obligation Bonds (Police and Courthouse Facility), Series 2001-A, 5.000%, 10/01/26 | 10/10 at 10           |
| 1,000                     | City of Grand Rapids Building Authority, County of Kent, Michigan, General Obligation Limited Tax Bonds, Series 1998, 5.000%, 4/01/16  | No Opt.               |
| 1,145                     | City of Grand Rapids Building Authority, County of Kent, Michigan, General Obligation Limited Tax Bonds, Series 2001, 5.125%, 10/01/26   | 10/11 at 10           |
| 255                       | Michigan Municipal Bond Authority, Local Government Loan Program Revenue Bonds, Series 1992D, 6.650%, 5/01/12  | 11/02 at 10           |
| 750                       | Michigan State Building Authority, 1998 Revenue Refunding Bonds (Facilities Program), Series I, 4.750%, 10/15/21   | 10/09 at 10           |
| 2,000                     | State of Michigan, Certificates of Participation (525 Redevco Inc): 5.500%, 6/01/19  | 6/10 at 10            |
| 2,000                     | State of Michigan, Certificates of Participation (525 Redevco Inc): 5.500%, 6/01/27  | 6/10 at 10            |
| 1,000                     | State of Michigan, Certificates of Participation (New Center Development, Inc.), Series 2001, 5.375%, 9/01/21  | 9/11 at 10            |
| 1,000                     | State of Michigan, State Trunk Line Fund Bonds, Series 2001A, 5.000%, 11/01/25   | 11/11 at 10           |



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|       |   |             |
|-------|---|-------------|
| 1,100 | Muskegon County, Michigan, General Obligation Limited Tax Wastewater Management System No. 2 Revenue Bonds, Series 2002, 5.000%, 7/01/26                                  | 7/11 at 10  |
|       | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 1996Y:  |             |
| 4,100 | 5.500%, 7/01/36   | 7/16 at 10  |
| 2,000 | 5.000%, 7/01/36   | 7/16 at 10  |
| 1,000 | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 2002 Series E, 6.000%, 8/01/26  | No Opt.     |
| 5,000 | Charter County of Wayne, Michigan, Limited Tax General Obligation Airport Hotel Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 2001A, 5.000%, 12/01/21 | 12/11 at 10 |

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TRANSPORTATION - 4.3%

|       |   |             |
|-------|---|-------------|
| 1,000 | Capital Region Airport Authority, Michigan, Revenue Refunding Bonds, Series 2002 Refunding, 5.250%, 7/01/21 (Alternative Minimum Tax)   | 7/12 at 10  |
| 2,505 | Charter County of Wayne, Michigan, Subordinate Lien Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 1991B, 6.750%, 12/01/21 (Alternative Minimum Tax) (Pre-refunded to 8/29/02) | 8/02 at 10  |
| 3,000 | Charter County of Wayne, Michigan, Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 1998A, 5.000%, 12/01/28 (Alternative Minimum Tax)  | 12/08 at 10 |
| 1,195 | Charter County of Wayne, Michigan, Airport Revenue Bonds (Detroit Metropolitan Wayne County Airport), Series 1998B, 4.875%, 12/01/23  | 12/08 at 10 |

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U.S. GUARANTEED - 16.2%

|       |   |            |
|-------|---|------------|
| 2,190 | Anchor Bay School District, Counties of Macomb and St. Clair, Michigan, 1999 School Building and Site General Obligation Unlimited Tax Bonds, Series I, 6.000%, 5/01/29 (Pre-refunded to 5/01/09) | 5/09 at 10 |
| 1,000 | City of Detroit, Michigan, Sewage Disposal System Revenue Bonds, Series 1999-A, 5.875%, 7/01/27 (Pre-refunded to 1/01/10)   | 1/10 at 10 |
| 2,000 | City of Detroit, Michigan, Water Supply System Revenue Senior Lien Bonds, Series 1999-A, 5.750%, 7/01/26 (Pre-refunded to 1/01/10)  | 1/10 at 10 |
| 2,000 | East Grand Rapids Public Schools, County of Kent, Michigan, 2000 School Building and Site General Obligation Unlimited Tax Bonds, 6.000%, 5/01/29 (Pre-refunded to 5/01/09)                       | 5/09 at 10 |
| 1,000 | Grosse Ile Township School District, Michigan, General Obligation School Improvement Refunding Bonds, Series 1996, 6.000%, 5/01/22 (Pre-refunded to 5/01/07)                                      | 5/07 at 10 |

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Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | U.S. GUARANTEED (continued)   |                       |
| \$ 2,000                  | Lincoln Park School District, Michigan, General Obligation Bonds, Series 1996, 5.900%, 5/01/26 (Pre-refunded to 5/01/06)  | 5/06 at 10            |
| 2,100                     | Michigan Municipal Bond Authority, State Revolving Fund Revenue Bonds, Series 1992A, 6.600%, 10/01/18 (Pre-refunded to 10/01/02)  | 10/02 at 10           |
| 3,035                     | Michigan State Hospital Finance Authority, Hospital Revenue Bonds (MidMichigan Obligated Group), Series 1992, 6.900%, 12/01/24 (Pre-refunded to 12/01/02)                       | 12/02 at 10           |
| 1,125                     | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series B, 6.000%, 7/01/39 (Pre-refunded to 7/01/10)   | 7/10 at 10            |
| 2,100                     | Romulus Community Schools, County of Wayne, Michigan, 1999 School Building and Site General Obligation Unlimited Tax Bonds, 5.750%, 5/01/25 (Pre-refunded to 5/01/09)           | 5/09 at 10            |
| 4,845                     | Saginaw-Midland Municipal Water Supply Corporation, Michigan, Limited Tax General Obligation Water Supply Revenue Bonds, Series 1992, 6.875%, 9/01/16 (Pre-refunded to 9/01/04) | 9/04 at 10            |
| 2,600                     | West Bloomfield School District, County of Oakland, Michigan, 2000 School Building and Site Unlimited Tax General Obligation Bonds, 5.900%, 5/01/18 (Pre-refunded to 5/01/10)   | 5/10 at 10            |
| -----                     |   |                       |
|                           | UTILITIES - 19.9%   |                       |
| 3,000                     | Michigan Public Power Agency, Combustion Turbine No. 1 Project Revenue Bonds, 2001 Series A, 5.250%, 1/01/27  | 1/12 at 10            |
| 2,390                     | Michigan South Central Power Agency, Power Supply System Revenue Refunding Bonds, 1991 Series, 6.750%, 11/01/10   | 11/02 at 10           |
| 4,475                     | Michigan South Central Power Agency, Power Supply System Revenue Bonds, 2000 Series, 6.000%, 5/01/12  | No Opt.               |
| 3,630                     | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (Detroit Edison Company), Series 1991BB, 7.000%, 5/01/21  | No Opt.               |
| 2,000                     | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (Detroit Edison Company), Series 1995CC Remarketed, 4.850%, 9/01/30 (Mandatory put 9/01/11)                 | No Opt.               |
| 4,000                     | Michigan Strategic Fund, Limited Obligation Refunding Revenue   | 9/11 at 10            |

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|       |              |   |             |
|-------|--------------|---|-------------|
|       |              | Bonds (Detroit Edison Company Pollution Control Project),<br>Collateralized Series 2001C, 5.450%, 9/01/29   |             |
| 1,000 |              | Michigan Strategic Fund, Limited Obligation Refunding Revenue<br>Bonds (Detroit Edison Company Pollution Control Project),<br>Collateralized Series 1999A, 5.550%, 9/01/29 (Alternative<br>Minimum Tax) | 9/09 at 10  |
| 7,000 |              | County of Monroe, Michigan, Pollution Control Revenue Bonds (Detroit<br>Edison Company Monroe and Fermi Plants Project), Collateralized<br>1992 Series I, 6.875%, 9/01/22 (Alternative Minimum Tax)     | 9/02 at 10  |
| 400   |              | Puerto Rico Electric Power Authority, Power Revenue Bonds,<br>Series HH, 5.250%, 7/01/29  | 7/10 at 10  |
| 1,000 |              | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series X,<br>5.500%, 7/01/25   | 7/05 at 10  |
| 5,000 |              | Wyandotte, Michigan, Electric Revenue Bonds, Series 1992 Refunding,<br>6.250%, 10/01/17 (Pre-refunded to 10/01/02)  | 10/02 at 10 |
| ----- |              |   |             |
|       |              | WATER AND SEWER - 14.0%   |             |
| 5,250 |              | City of Detroit, Michigan, Sewage Disposal System Revenue<br>Refunding Bonds, Series 1995-B, 5.000%, 7/01/25  | 7/05 at 10  |
|       |              | City of Detroit, Michigan, Sewage Disposal System Revenue Bonds,<br>Series 1997-A:  |             |
| 3,000 |              | 5.500%, 7/01/20   | 7/07 at 10  |
| 1,730 |              | 5.000%, 7/01/22   | 7/07 at 10  |
| 1,500 |              | City of Detroit, Michigan, Sewage System Disposal Revenue Second<br>Lien Bonds, Series 2001B, 5.500%, 7/01/29   | No Opt.     |
| 6,000 |              | City of Detroit, Michigan, Water Supply System Revenue and Revenue<br>Refunding Bonds, Series 1993, 5.000%, 7/01/23   | 7/04 at 10  |
| ----- |              |   |             |
| 34    |              |   |             |
|       | PRINCIPAL    |   | OPTIONAL    |
|       | AMOUNT (000) | DESCRIPTION   | PROVISION   |
| ----- |              |   |             |
|       |              | WATER AND SEWER (continued)   |             |
|       |              | City of Detroit, Michigan, Water Supply System Revenue Senior<br>Lien Bonds, Series 2001A:  |             |
| \$    | 3,400        | 5.750%, 7/01/28   | 7/11 at 10  |
|       | 1,500        | 5.250%, 7/01/33   | 7/11 at 10  |
|       |              | City of Muskegon Heights, County of Muskegon, Michigan, Water<br>Supply System Revenue Bonds, Series 2000A:   |             |
|       | 1,040        | 5.625%, 11/01/25  | 11/10 at 10 |
|       | 1,160        | 5.625%, 11/01/30  | 11/10 at 10 |
| ----- |              |   |             |
| \$    | 263,946      | Total Investments (cost \$255,797,520) - 150.9%   |             |

-----  
 Other Assets Less Liabilities - 1.4%  
 -----  
 Preferred Shares, at Liquidation Value - (52.3)%  
 -----  
 Net Assets Applicable to Common Shares - 100%  
 =====

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

\*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)  
 Portfolio of  
 Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
|                           | CAPITAL GOODS - 3.8%  |                       |
| \$ 3,050                  | Michigan Strategic Fund, Limited Obligation Revenue Bonds (Waste Management, Inc. Project), Series 1992, 6.625%, 12/01/12 (Alternative Minimum Tax) | 12/02 at 10           |
| 1,370                     | Michigan Strategic Fund, Limited Obligation Revenue Bonds (WMX Technologies, Inc. Project), Series 1993, 6.000%, 12/01/13 (Alternative Minimum Tax) | 12/03 at 10           |
|                           | CONSUMER STAPLES - 0.4%   |                       |
| 475                       | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20   | 7/10 at 10            |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 6.4%  |                       |

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|       |  |             |
|-------|--|-------------|
| 1,100 | Michigan Higher Education Student Loan Authority, Revenue Bonds, 1992 Series XIV-A Refunding, 6.700%, 10/01/05 (Alternative Minimum Tax) | 10/02 at 10 |
| 2,000 | Michigan Higher Education Student Loan Authority, Revenue Bonds, 2002 Series XVII-G, 5.200%, 9/01/20 (Alternative Minimum Tax)           | 9/12 at 10  |
| 1,000 | Board of Control of Saginaw Valley State University, Michigan, General Revenue Bonds, Series 1999, 5.625%, 7/01/29                       | 7/09 at 10  |
| 3,500 | Board of Governors of Wayne State University, Michigan, General Revenue Bonds, Series 1999, 5.125%, 11/15/29                             | 11/09 at 10 |

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HEALTHCARE - 27.6%

|       |   |             |
|-------|---|-------------|
| 2,050 | The Economic Development Corporation of the City of Dearborn, Michigan, Hospital Revenue Bonds (Oakwood Obligated Group), Series 1995A, 5.875%, 11/15/25            | 11/05 at 10 |
| 2,200 | City of Hancock Hospital Finance Authority, Michigan, FHA-Insured Mortgage Hospital Revenue Bonds (Portage Health System, Inc.), Series 1998, 5.450%, 8/01/47       | 8/08 at 10  |
| 2,500 | City of Kalamazoo Hospital Finance Authority, Michigan, Hospital Revenue Refunding and Improvement Bonds (Bronson Methodist Hospital), Series 1996, 5.750%, 5/15/16 | 5/06 at 10  |
|       | Michigan State Hospital Finance Authority, Revenue and Refunding Bonds (The Detroit Medical Center Obligated Group), Series 1993A:                                  |             |
| 2,000 | 6.250%, 8/15/13   | 8/03 at 10  |
| 3,200 | 6.500%, 8/15/18   | 8/03 at 10  |
| 4,000 | Michigan State Hospital Finance Authority, Hospital Revenue and Refunding Bonds (Henry Ford Health System), Series 1992A, 5.750%, 9/01/17                           | 9/02 at 10  |
| 2,000 | Michigan State Hospital Finance Authority, Hospital Revenue and Refunding Bonds (Otsego Memorial Hospital - Gaylord, Michigan), Series 1995, 6.250%, 1/01/20        | 1/05 at 10  |
| 2,500 | Michigan State Hospital Finance Authority, Revenue Bonds (Ascension Health Credit Group), Series 1999A, 6.125%, 11/15/26  | 11/09 at 10 |
| 4,000 | Michigan State Hospital Finance Authority, Hospital Revenue and Refunding Bonds (Mercy Mount Clemens Corporation Obligated Group), Series 1999A, 5.750%, 5/15/29    | 5/09 at 10  |
| 500   | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds (Sparrow Obligated Group), Series 2001, 5.625%, 11/15/31                                | 11/11 at 10 |
| 4,300 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds (Henry Ford Health System), Series 1999A, 6.000%, 11/15/24  | 11/09 at 10 |
| 3,000 | Regents of the University of Michigan, Hospital Revenue Refunding Bonds, Series 1993A, 5.500%, 12/01/21   | 12/02 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISI |
|---------------------------|--|---------------------|
| -----                     |  |                     |
|                           | HOUSING/MULTIFAMILY - 8.2%   |                     |
| \$ 1,335                  | Michigan State Housing Development Authority, Multifamily Revenue Bonds, Landings Project, Senior Lien Series 2001A, 5.950%, 12/01/33 (Alternative Minimum Tax)  | 12/10 at 10         |
| 1,000                     | Michigan State Housing Development Authority, Limited Obligation Multifamily Housing Revenue Bonds, Burkshire Pointe Apartments, GNMA Collateralized Program, Series 2002A, 5.400%, 10/20/32 (Alternative Minimum Tax) | 4/12 at 10          |
| 2,400                     | Michigan State Housing Development Authority, Limited Obligation Revenue Bonds, Walled Lake Villa Project, Series 1993, 6.000%, 4/15/18  | 4/04 at 10          |
| 1,500                     | Michigan State Housing Development Authority, Limited Obligation Revenue Bonds, Brenton Village Green Project, Series 1993, 5.625%, 10/15/18   | 10/03 at 10         |
| 790                       | Michigan State Housing Development Authority, Rental Housing Revenue Bonds, Series 1993A, 5.875%, 10/01/17   | 4/03 at 10          |
|                           | Mount Clemens Housing Corporation, Michigan, Multifamily Housing Refunding Revenue Bonds, Series 1992A (FHA-Insured Mortgage Loan - Section 8 Assisted Project):   |                     |
| 1,000                     | 6.600%, 6/01/13  | 6/03 at 10          |
| 1,500                     | 6.600%, 6/01/22  | 6/03 at 10          |
| -----                     |  |                     |
|                           | TAX OBLIGATION/GENERAL - 12.2%   |                     |
| 1,000                     | Central Montcalm Public Schools, Counties of Montcalm and Ionia, State of Michigan, 1999 School Building and Site Bonds (General Obligation - Unlimited Tax), 5.750%, 5/01/24  | 5/09 at 10          |
| 730                       | Clarkston Community Schools, County of Oakland, State of Michigan, 1993 School Building and Site and Refunding Bonds, 5.900%, 5/01/16  | 5/03 at 10          |
| 1,500                     | School District of the City of Detroit, Wayne County, Michigan, School Building and Site Improvement Bonds (General Obligation - Unlimited Tax), Series 1998B, 4.750%, 5/01/28   | 5/09 at 10          |
| 500                       | School District of the City of Detroit, Wayne County, Michigan, School Building and Site Improvement Bonds (General Obligation - Unlimited Tax), Series 2001A, 5.500%, 5/01/21   | 5/12 at 10          |
| 3,000                     | Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan, 1993 School Building and Site and Refunding Bonds (General Obligation - Unlimited Tax), 5.000%, 5/01/17                             | 5/03 at 10          |
| 1,000                     | Durand Area Schools, Shiawasee County, Michigan, General Obligation Bonds, Series 1997, 5.375%, 5/01/23  | 5/07 at 10          |

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|       |   |            |
|-------|---|------------|
| 3,815 | City of East Lansing Building Authority, Counties of Ingham and Clinton, State of Michigan, 2000 Building Authority Bonds (General Obligation - Unlimited Tax), 5.375%, 4/01/25                           | 4/11 at 10 |
| 1,240 | Milan Area Schools, Counties of Washtenaw and Monroe, State of Michigan, 2000 School Building and Site Bonds (General Obligation - Unlimited Tax), Series A, 5.625%, 5/01/16                              | 5/10 at 10 |
| 380   | Reeths-Puffer Schools, County of Muskegon, State of Michigan, 1995 School Building and Site and Refunding Bonds, 5.750%, 5/01/15  | 5/05 at 10 |
| 1,000 | Rochester Community School District, Counties of Oakland and Macomb, State of Michigan, 2000 School Building and Site and Refunding Bonds, Series I (General Obligation - Unlimited Tax), 5.750%, 5/01/19 | 5/10 at 10 |

-----  
TAX OBLIGATION/LIMITED - 27.3%

|       |  |             |
|-------|--|-------------|
| 5,750 | City of Detroit, Michigan, Limited Tax Convention Facility Revenue Refunding Bonds (Cobo Hall Expansion Project), Series 1993, 5.250%, 9/30/12               | 9/03 at 10  |
| 1,000 | City of Detroit, Michigan, Downtown Development Authority, Tax Increment Refunding Bonds (Development Area No. 1 Projects), Series 1998A, 4.750%, 7/01/25    | 7/08 at 10  |
| 7,000 | Detroit/Wayne County Stadium Authority, State of Michigan, Building Authority Stadium Bonds, Series 1997 (General Obligation - Limited Tax), 5.250%, 2/01/27 | 2/07 at 10  |
| 5,000 | Michigan Municipal Bond Authority, Drinking Water Revolving Fund Revenue Bonds, Series 1999, 5.500%, 10/01/21  | 10/09 at 10 |
| 1,500 | State Building Authority, Michigan, 2000 Revenue Bonds, Series I, Facilities Program, 5.375%, 10/15/20   | 10/10 at 10 |

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Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP) (continued)  
Portfolio of Investments July 31, 2002

|                           |             |                       |
|---------------------------|-------------|-----------------------|
| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISION |
|---------------------------|-------------|-----------------------|

-----

TAX OBLIGATION/LIMITED (continued)

|    |       |   |             |
|----|-------|---|-------------|
| \$ | 2,570 | State Building Authority, Michigan, 2001 Revenue Refunding Bonds, Series I, Facilities Program:<br>5.500%, 10/15/19 | 10/11 at 10 |
|    | 3,500 | 5.000%, 10/15/24  | 10/11 at 10 |
|    | 1,000 | State of Michigan, Certificates of Participation, New Center Development, Inc., Series 2001, 5.375%, 9/01/21        | 9/11 at 10  |

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|       |   |            |
|-------|---|------------|
| 1,000 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series Y of 1996, 5.000%, 7/01/36  | 7/16 at 10 |
| 3,615 | Saginaw-Midland Municipal Water Supply Corporation, State of Michigan, Water Supply System Revenue Bonds (General Obligation - Limited Tax), Series 1993, 5.250%, 9/01/16 | 9/02 at 10 |

-----  
 TRANSPORTATION - 3.1%

|       |   |             |
|-------|---|-------------|
| 1,000 | Puerto Rico Ports Authority, Special Facilities Revenue Bonds, 1993 Series A (American Airlines, Inc. Project), 6.300%, 6/01/23 (Alternative Minimum Tax)     | 6/03 at 10  |
| 2,000 | Charter County of Wayne, Michigan, Detroit Metropolitan Wayne County Airport, Airport Revenue Bonds, Series 1998A, 5.000%, 12/01/28 (Alternative Minimum Tax) | 12/08 at 10 |
| 1,000 | Charter County of Wayne, Michigan, Detroit Metropolitan Wayne County Airport, Airport Revenue Bonds, Series 1998B, 4.875%, 12/01/23                           | 12/08 at 10 |

-----  
 U.S. GUARANTEED - 20.2%

|       |  |             |
|-------|--|-------------|
| 2,000 | City of Detroit, Michigan, Sewage Disposal System Revenue Bonds, Series 1999-A, 5.875%, 7/01/27 (Pre-refunded to 1/01/10)  | 1/10 at 10  |
| 4,000 | City of Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, Series 1999-A, 5.750%, 7/01/26 (Pre-refunded to 1/01/10)   | 1/10 at 10  |
| 3,000 | Board of Regents of Eastern Michigan University, General Revenue Bonds, Series 1997, 5.500%, 6/01/27 (Pre-refunded to 12/01/06)  | 12/06 at 10 |
| 2,000 | Board of Control of Ferris State University, Michigan, General Revenue Bonds, Series 1993, 6.250%, 10/01/19 (Pre-refunded to 10/01/03)   | 10/03 at 10 |
| 1,950 | Michigan Municipal Bond Authority, State Revolving Fund Revenue Bonds, Series 1994, 7.000%, 10/01/03   | No Opt.     |
| 3,000 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, St. John Hospital, Series 1993A, 6.000%, 5/15/13  | 5/03 at 10  |
| 1,100 | Commonwealth of Puerto Rico, Public Improvement Refunding Bonds, Series 1997 (General Obligation Bonds), 5.750%, 7/01/17 (Pre-refunded to 7/01/07)                                 | 7/07 at 10  |
| 620   | Reeths-Puffer Schools, County of Muskegon, State of Michigan, 1995 School Building and Site and Refunding Bonds, 5.750%, 5/01/15 (Pre-refunded to 5/01/05)                         | 5/05 at 10  |
| 1,500 | Romulus Community Schools, County of Wayne, State of Michigan, 1999 School Building and Site Bonds (General Obligation - Unlimited Tax), 5.750%, 5/01/25 (Pre-refunded to 5/01/09) | 5/09 at 10  |
| 2,500 | West Bloomfield School District, County of Oakland, State of Michigan, 2000 School Building and Site Bonds (General Obligation -   | 5/10 at 10  |



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Unlimited Tax), 5.800%, 5/01/17 (Pre-refunded to 5/01/10)

---

| UTILITIES - 26.2% |  |            |
|-------------------|--|------------|
| 4,020             | Michigan Public Power Agency, Belle River Project Refunding Revenue Bonds, 1993 Series A, 5.250%, 1/01/18  | 1/03 at 10 |
| 1,000             | Michigan Public Power Agency, Combustion Turbine No. 1 Project Revenue Bonds, 2001 Series A, 5.250%, 1/01/27   | 1/12 at 10 |
| 1,000             | Michigan South Central Power Agency, Power Supply System Revenue Bonds, Series 2000, 6.000%, 5/01/12   | No Opt.    |
| 3,500             | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (Consumers Power Company Project), Collateralized Series 1993B, 5.800%, 6/15/10                  | 6/03 at 10 |
| 3,000             | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (The Detroit Edison Company), Series 1995CC Remarketing, 4.850%, 9/01/30 (Mandatory put 9/01/11) | No Opt.    |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
| <hr/>                     |  |                       |
| UTILITIES (continued)     |  |                       |
| \$ 5,000                  | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (The Detroit Edison Company Pollution Control Bonds Project), Collateralized Series 2001C, 5.450%, 9/01/29                           | 9/11 at 10            |
| 1,000                     | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (The Detroit Edison Company Pollution Control Bonds Project), Collateralized Series 1999A, 5.550%, 9/01/29 (Alternative Minimum Tax) | 9/09 at 10            |
| 2,500                     | County of Monroe, Michigan, Pollution Control Revenue Bonds (The Detroit Edison Company Project), Series CC-1992: 6.550%, 6/01/24 (Alternative Minimum Tax)  | 6/03 at 10            |
| 1,500                     | County of Monroe, Michigan, Pollution Control Revenue Bonds (The Detroit Edison Company Project), Series CC-1992: 6.550%, 9/01/24 (Alternative Minimum Tax)  | 9/03 at 10            |
| 6,000                     | County of Monroe, Michigan, Pollution Control Revenue Bonds (The Detroit Edison Company Project), 1994 Series A, 6.350%, 12/01/04 (Alternative Minimum Tax)  | No Opt.               |
| 1,500                     | Wyandotte, Michigan, Electric Revenue Bonds, Series 2002 Refunding, 5.375%, 10/01/17   | 10/08 at 10           |
| <hr/>                     |  |                       |
| WATER AND SEWER - 9.5%    |  |                       |
| 2,000                     | City of Detroit, Michigan, Sewage Disposal System Revenue Bonds, Series 1997-A, 5.500%, 7/01/20  | 7/07 at 10            |

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|            |  |            |
|------------|--|------------|
| 3,755      | City of Detroit, Michigan, Sewage Disposal System Revenue and Revenue Refunding Bonds, Series 1993-A, 5.700%, 7/01/13        | 7/03 at 10 |
| 1,500      | City of Detroit, Michigan, Sewage System Disposal Revenue Bonds, Second Lien Series 20001B, 5.500%, 7/01/29                  | No Opt.    |
| 2,700      | City of Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, 2001 Series A, 5.250%, 7/01/33                     | 7/11 at 10 |
| 1,000      | City of Grand Rapids, Michigan, Sanitary Sewer System Improvement and Refunding Revenue Bonds, Series 1998A, 4.750%, 1/01/28 | 7/08 at 10 |
| -----      |  |            |
| \$ 167,015 | Total Investments (cost \$162,456,413) - 144.9%  |            |
| =====      |  |            |
|            | Other Assets Less Liabilities - 1.8%   |            |
| -----      |  |            |
|            | Preferred Shares, at Liquidation Value - (46.7)%   |            |
| -----      |  |            |
|            | Net Assets Applicable to Common Shares - 100%  |            |
| =====      |  |            |

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

\*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

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Nuveen Michigan Dividend Advantage Municipal Fund (NZW)  
Portfolio of  
Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
| -----                     |  |                       |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 3.8%   |                       |
| \$ 1,150                  | Michigan Higher Education Facilities Authority, Limited Obligation Revenue Bonds, Kettering University Refunding, Series 2001, 5.000%, 9/01/26 | 9/11 at 10            |

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-----  
HEALTHCARE - 18.9%

|       |  |             |
|-------|--|-------------|
| 1,000 | Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.250%, 1/15/21                                   | 7/11 at 10  |
| 1,200 | Michigan State Hospital Finance Authority, Hospital Revenue Bonds (Sinai Hospital Refunding), Series 1995, 6.625%, 1/01/16                 | 1/06 at 10  |
| 600   | Michigan State Hospital Finance Authority, Hospital Revenue and Refunding Bonds (Henry Ford Health System), Series 1995A, 5.250%, 11/15/20 | 5/06 at 10  |
| 1,000 | Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds (Sparrow Obligated Group), Series 2001, 5.625%, 11/15/31       | 11/11 at 10 |
| 1,800 | City of Royal Oak, Michigan, Hospital Finance Authority, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 | 11/11 at 10 |

-----  
HOUSING/MULTIFAMILY - 5.8%

|       |   |            |
|-------|---|------------|
| 1,700 | Michigan State Housing Development Authority, Limited Obligation Multifamily Housing Revenue Bonds, GNMA Collateralized Program - Cranbrook Apartments, Series 2001A, 5.400%, 2/20/31 (Alternative Minimum Tax) | 8/12 at 10 |
|-------|---|------------|

-----  
HOUSING/SINGLE FAMILY - 4.4%

|       |   |            |
|-------|---|------------|
| 1,250 | Michigan State Housing Development Authority, Single Family Mortgage Revenue Bonds, Series 2001, 5.300%, 12/01/16 (Alternative Minimum Tax) | 1/11 at 10 |
|-------|---|------------|

-----  
TAX OBLIGATION/GENERAL - 54.7%

|       |  |            |
|-------|--|------------|
| 1,000 | School District of the City of Detroit, Wayne County, Michigan, School Building and Site Improvement Bonds (General Obligation - Unlimited Tax), Series 1998B, 4.750%, 5/01/28 | 5/09 at 10 |
| 1,000 | School District of the City of Detroit, Wayne County, Michigan, School Building and Site Improvement Bonds (General Obligation - Unlimited Tax), Series 2001A, 5.500%, 5/01/21 | 5/12 at 10 |
| 1,000 | School District of the City of Garden, Wayne County, Michigan, General Obligation Bonds, Series 2001 Refunding, 5.000%, 5/01/26  | 5/11 at 10 |
| 1,300 | Harper Creek Community School District, County of Calhoun, State of Michigan, General Obligation Bonds, Series 2001, 5.125%, 5/01/31   | 5/11 at 10 |
| 2,200 | Huron School District, Counties of Wayne and Monroe, State of Michigan, General Obligation Bonds, Series 2001, 5.375%, 5/01/26   | 5/11 at 10 |

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|       |   |             |
|-------|---|-------------|
| 1,500 | Huron Valley School District, Counties of Oakland and Livingston, State of Michigan, General Obligation Bonds, Series 2001, 5.000%, 5/01/27 | 11/11 at 10 |
| 1,050 | Lawton Community Schools, County of Van Buren, State of Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/21                    | 11/11 at 10 |
| 1,000 | Manchester Community Schools, State of Michigan, General Obligation Bonds, Series 2001, 5.000%, 5/01/31                                     | 5/11 at 10  |
| 1,000 | Portland Public Schools, County of Ionia, State of Michigan, General Obligation Bonds, Series 2001, 5.000%, 5/01/29                         | 11/11 at 10 |
| 1,000 | Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds of 2002, Series A, 5.125%, 7/01/31                                 | 7/11 at 10  |

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| PRINCIPAL AMOUNT (000)             | DESCRIPTION  | OPTIONAL PROVISION |
|------------------------------------|--|--------------------|
| TAX OBLIGATION/GENERAL (continued) |  |                    |
| \$ 1,000                           | Rochester Community School District, Counties of Oakland and Macomb, State of Michigan, General Obligation Bonds, 2001 Series II, 5.500%, 5/01/22  | 11/11 at 10        |
| 500                                | Warren, Michigan, Building Authority Bonds (General Obligation - Limited Tax), Series 2001, 5.150%, 11/01/22   | 11/10 at 10        |
| 500                                | Washtenaw County, Michigan, General Obligation Limited Tax Bonds, Sylvan Township Water and Wastewater System, Series 2001: 5.000%, 5/01/19  | 5/09 at 10         |
| 800                                | 5.000%, 5/01/20  | 5/09 at 10         |
| 1,300                              | Willow Run Community Schools, County of Washtenaw, State of Michigan, General Obligation Bonds, Series 2001, 5.000%, 5/01/21   | 5/11 at 10         |
| TAX OBLIGATION/LIMITED - 34.6%     |  |                    |
| 400                                | Tax Increment Finance Authority of the City of Dearborn Heights, County of Wayne, State of Michigan, Tax Increment Bonds (General Obligation - Limited Tax), Police and Courthouse Facility, Series 2001-A, 5.000%, 10/01/30 | 10/10 at 10        |
| 1,300                              | City of Grand Rapids Building Authority, County of Kent, State of Michigan, General Obligation Limited Tax Bonds, Series 2001, 5.125%, 10/01/26  | 10/11 at 10        |
| 1,000                              | Michigan Municipal Bond Authority, State Drinking Water Revolving Fund Revenue Bonds, Series 2000, 5.875%, 10/01/17  | 10/10 at 10        |
| 1,205                              | State Building Authority, State of Michigan, 2001 Revenue Refunding Bonds, Facilities Program, Series I, 5.000%, 10/15/24  | 10/11 at 10        |

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|                        |  |             |
|------------------------|--|-------------|
| 2,000                  | State of Michigan, State Trunk Line Fund Bonds, Series 2001A, 5.000%, 11/01/25   | 11/11 at 10 |
| 1,450                  | Muskegon County, Michigan, General Obligation Limited Tax Wastewater Management System No. 2 Revenue Bonds, Series 2002, 5.000%, 7/01/26   | 7/11 at 10  |
| 1,000                  | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 2002 Series E, 6.000%, 8/01/26   | No Opt.     |
| 1,750                  | Charter County of Wayne, Michigan, Detroit Metropolitan Wayne County Airport, Airport Hotel Revenue Bonds (General Obligation - Limited Tax), Series 2001A, 5.000%, 12/01/30   | 12/11 at 10 |
| -----                  |  |             |
| TRANSPORTATION - 5.7%  |  |             |
| 1,750                  | Charter County of Wayne, Michigan, Detroit Metropolitan Wayne County Airport, Airport Revenue Bonds, Series 1998A, 5.000%, 12/01/28 (Alternative Minimum Tax)  | 12/08 at 10 |
| -----                  |  |             |
| U.S. GUARANTEED - 1.8% |  |             |
| 500                    | Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, 2000 Series A, 5.500%, 10/01/40  | 10/10 at 10 |
| -----                  |  |             |
| UTILITIES - 11.7%      |  |             |
| 1,235                  | Michigan Public Power Agency, Combustion Turbine No. 1 Project Revenue Bonds, 2001 Series A, 5.250%, 1/01/24   | 1/12 at 10  |
| 2,215                  | Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds (The Detroit Edison Company Pollution Control Bonds Project), Collateralized Series 1999C (Fixed-Rate Conversion), 5.650%, 9/01/29 (Alternative Minimum Tax) | 9/11 at 10  |

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Nuveen Michigan Dividend Advantage Municipal Fund (NZW) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISI |
|---------------------------|--|---------------------|
| -----                     |  |                     |
| WATER AND SEWER - 10.4%   |  |                     |
| \$ 1,000                  | City of Detroit, Michigan, Sewage System Disposal Revenue Bonds, Second Lien Series 2001B, 5.500%, 7/01/29 | No Opt.             |
|                           | City of Detroit, Michigan, Senior Lien Water Supply System   |                     |

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| Revenue Bonds, 2001 Series A:                    |  |            |
|--|--|------------|
| 1,000  | 5.000%, 7/01/30                                | 7/11 at 10 |
| 1,000  | 5.250%, 7/01/33                                | 7/11 at 10 |
| -----  |  |            |
| \$ 44,655  | Total Investments (cost \$44,444,890) - 151.8% |            |
| =====  |  |            |
| Other Assets Less Liabilities - 2.1%             |  |            |
| -----  |  |            |
| Preferred Shares, at Liquidation Value - (53.9)% |  |            |
| -----  |  |            |
| Net Assets Applicable to Common Shares - 100%    |  |            |
| =====  |  |            |

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)  
Portfolio of  
Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000)                | DESCRIPTION  | OPTIONAL<br>PROVISI |
|--|--|---------------------|
| -----                                    |  |                     |
| CAPITAL GOODS - 1.4%                     |  |                     |
| \$ 2,210                                 | Ohio Water Development Authority, Revenue Bonds, USA Waste Services, Series 1992, 7.750%, 9/01/07 (Alternative Minimum Tax)                | 9/02 at 10          |
| -----                                    |  |                     |
| CONSUMER STAPLES - 2.0%                  |  |                     |
| 3,065                                    | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20                                | 7/10 at 10          |
| -----                                    |  |                     |
| EDUCATION AND CIVIC ORGANIZATIONS - 6.3% |  |                     |
| 825                                      | Bowling Green State University, Ohio, General Receipts Bonds, Series 1991, 6.700%, 6/01/07   | 12/02 at 10         |
| 3,665                                    | State of Ohio, Education Loan Revenue Bonds, Series 1997A1 (Supplemental Student Loan Program), 5.850%, 12/01/19 (Alternative Minimum Tax) | 6/07 at 10          |

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|       |  |             |
|-------|--|-------------|
| 1,000 | Ohio Higher Educational Facility Commission, Higher Educational Facility Revenue Bonds (University of Dayton 1994 Project), 5.800%, 12/01/14 | 12/04 at 10 |
| 1,200 | Ohio Higher Educational Facility Commission, Higher Educational Facility Revenue Bonds (University of Findlay 1996 Project), 6.125%, 9/01/16 | 9/06 at 10  |
| 1,200 | Ohio State University, General Receipts Bonds, Series 2002, 5.125%, 12/01/31   | 12/12 at 10 |
| 1,575 | Ohio State University, General Receipts Bonds, Series 1992A1, 5.875%, 12/01/12   | 12/02 at 10 |

---

HEALTHCARE - 20.1%

|       |  |             |
|-------|--|-------------|
| 2,675 | County of Clermont, Ohio, Hospital Facilities Revenue Refunding Bonds, Series 1993A (Mercy Health System), 5.875%, 1/01/15                             | 1/03 at 10  |
| 1,000 | County of Cuyahoga, Ohio, Hospital Improvement and Refunding Revenue Bonds, Series 1997 (The MetroHealth System Project), 5.625%, 2/15/17              | 2/07 at 10  |
| 1,170 | County of Cuyahoga, Ohio, Hospital Facilities Revenue Bonds, Series 1993 (Health Cleveland, Inc.) (Fairview General Hospital Project), 6.300%, 8/15/15 | 2/03 at 10  |
| 2,500 | County of Erie, Ohio, Hospital Facilities Revenue Bonds, Series 2002A (Firelands Regional Medical Center), 5.625%, 8/15/32                             | 8/12 at 10  |
|       | County of Franklin, Ohio, Hospital Refunding and Improvement Revenue Bonds, 1996 Series A (The Children's Hospital Project):                           |             |
| 1,000 | 5.750%, 11/01/20   | 11/06 at 10 |
| 1,500 | 5.875%, 11/01/25   | 11/06 at 10 |
| 1,500 | County of Franklin, Ohio, Hospital Revenue Refunding and Improvement Bonds, 1992 Series A (The Children's Hospital Project), 6.600%, 5/01/13           | 11/02 at 10 |
| 2,500 | County of Marion, Ohio, Hospital Refunding and Improvement Revenue Bonds, Series 1996 (The Community Hospital), 6.375%, 5/15/11                        | 5/06 at 10  |
| 2,405 | County of Miami, Ohio, Hospital Facilities Revenue Refunding and Improvement Bonds, Series 1996A (Upper Valley Medical Center), 6.250%, 5/15/16        | 5/06 at 10  |
| 1,500 | County of Montgomery, Ohio, Hospital Facilities Revenue Refunding and Improvement Bonds, Series 1996 (Kettering Medical Center), 5.625%, 4/01/16       | 4/06 at 10  |
| 3,000 | County of Montgomery, Ohio, Hospital Facilities Revenue Bonds, Series 1999 (Kettering Medical Center Network Obligated Group), 6.750%, 4/01/18         | 4/10 at 10  |
| 4,000 | City of Parma, Ohio, Hospital Improvement and Refunding Revenue Bonds, Series 1998 (The Parma Community Hospital Association), 5.375%, 11/01/29        | 11/08 at 10 |

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|       |  |             |
|-------|--|-------------|
| 2,500 | County of Richland, Ohio, Hospital Facilities Revenue Improvement Bonds, Series 2000B (MedCentral Health System Obligated Group), 6.375%, 11/15/30 | 11/10 at 10 |
| 1,500 | City of Steubenville, Ohio, Hospital Facilities Revenue Refunding and Improvement Bonds, Series 2000, Trinity Health System, 6.375%, 10/01/20      | 10/10 at 10 |

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Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | HEALTHCARE (continued)   |                        |
| \$ 1,705                  | County of Tuscarawas, Ohio, Hospital Facilities Revenue Bonds, Union Hospital Project, Series 2001, 5.750%, 10/01/21   | 10/11 at 10            |
| -----                     |  |                        |
|                           | HOUSING/MULTIFAMILY - 14.0%  |                        |
| 1,385                     | County of Clermont, Ohio, Mortgage Revenue Bonds, Series 1994 (GNMA Collateralized - S.E.M. Villa II Project), Series 1994-A, 5.950%, 2/20/30  | 8/03 at 10             |
| 1,435                     | County of Cuyahoga, Ohio, Multifamily Housing Revenue Bonds (Water Street Associates Project), Series 1997, 6.150%, 12/20/26 (Alternative Minimum Tax)   | 6/08 at 10             |
|                           | County of Cuyahoga, Ohio, Multifamily Housing Mortgage Revenue Bonds, 2001 Series A, GNMA Collateralized - Longwood Phase One Associates L.P. Project:   |                        |
| 2,475                     | 5.350%, 1/20/21 (Alternative Minimum Tax)  | 7/11 at 10             |
| 2,250                     | 5.450%, 1/20/31 (Alternative Minimum Tax)  | 7/11 at 10             |
| 1,000                     | County of Cuyahoga, Ohio, Multifamily Revenue Bonds, Livingston Park (GNMA Collateralized), Series 2002A, 5.350%, 9/20/27  | 9/12 at 10             |
| 985                       | County of Franklin, Ohio, Multifamily Housing Mortgage Revenue Bonds, Series 1994A (FHA-Insured Mortgage Loan - Hamilton Creek Apartments Project), 5.550%, 7/01/24 (Alternative Minimum Tax)        | 1/05 at 10             |
| 4,060                     | Lucas Northgate Housing Development Corporation, Ohio, Mortgage Revenue Refunding Bonds, Series 1999A (FHA-Insured Mortgage Loan - Northgate Apartments Section 8 Assisted Project), 6.000%, 7/01/24 | 1/04 at 10             |
| 3,265                     | Ohio Housing Finance Agency, Multifamily Housing Revenue Bonds (Timber Lake Apartments Project), Series 1999C, 6.150%, 12/01/24 (Alternative Minimum Tax)  | 12/09 at 10            |



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|                                |   |             |
|--------------------------------|---|-------------|
| 4,315                          | Ohio Capital Corporation for Housing Mortgage, Revenue Refunding Bonds, Series 1999G (FHA-Insured Mortgage Loans - Section 8 Assisted Projects), 5.950%, 2/01/24    | 2/09 at 10  |
| -----                          |   |             |
| HOUSING/SINGLE FAMILY - 11.8%  |   |             |
| 2,915                          | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series A1 (Mortgage-Backed Securities Program), 6.350%, 9/01/31 (Alternative Minimum Tax)     | 9/09 at 10  |
| 3,075                          | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 1996 Series B-3 (Mortgage-Backed Securities Program), 5.750%, 9/01/28 (Alternative Minimum Tax)    | 9/07 at 10  |
| 5,000                          | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 1998 Series A1, 5.300%, 9/01/19 (Alternative Minimum Tax)  | 3/08 at 10  |
| 4,000                          | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 1997 Series B (Mortgage-Backed Securities Program), 5.400%, 9/01/29 (Alternative Minimum Tax)      | 9/08 at 10  |
| 3,000                          | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2002 Series D (GNMA Mortgage-Backed Securities Program), 5.400%, 9/01/34 (Alternative Minimum Tax) | 3/12 at 10  |
| -----                          |   |             |
| LONG-TERM CARE - 1.4%          |   |             |
| 1,365                          | County of Franklin, Ohio, Healthcare Facilities Revenue Bonds, Series 1993 (Ohio Presbyterian Retirement Services), 6.500%, 7/01/23                                 | 7/03 at 10  |
| 1,000                          | County of Marion, Ohio, Healthcare Facilities Refunding and Improvement Revenue Bonds, Series 1993 (United Church Homes, Inc. Project), 6.300%, 11/15/15            | 11/03 at 10 |
| -----                          |   |             |
| TAX OBLIGATION/GENERAL - 31.0% |   |             |
| 1,000                          | Ansonia Local School District, Darke County, Ohio, General Obligation Bonds, Series 2000, 5.500%, 12/01/22  | 12/10 at 10 |
|                                | Berea City School District, Ohio, School Improvement Bonds, Series 1993 (General Obligation - Unlimited Tax):   |             |
| 650                            | 7.500%, 12/15/06  | 12/03 at 10 |
| 680                            | 7.450%, 12/15/07  | 12/03 at 10 |
| 1,750                          | Brecksville-Broadview Heights City School District, Ohio, School Improvement Bonds, Series 1996 (General Obligation - Unlimited Tax), 6.500%, 12/01/16              | 12/06 at 10 |
| 1,000                          | City School District of Cincinnati, Hamilton County, Ohio, School Improvement Bonds, Series 2001 (General Obligation - Limited Tax), 5.375%, 12/01/15               | 12/11 at 10 |
| 1,000                          | City of Dublin, Ohio, Unlimited Tax Various Purpose Improvement Bonds, Series 2000A, 5.000%, 12/01/20   | 12/10 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | TAX OBLIGATION/GENERAL (continued)  |                       |
| \$ 1,300                  | County of Franklin, Ohio, Refunding Bonds, Series 1993 (General Obligation - Limited Tax), 5.375%, 12/01/20   | 12/08 at 10           |
| 2,000                     | Garfield Heights City School District, Cuyahoga County, Ohio, General Obligation School Improvement Bonds, Series 2001, 5.000%, 12/15/26  | 12/11 at 10           |
| 1,000                     | Hilliard City School District, Ohio, General Obligation School Improvement Bonds, Series 2000, 5.750%, 12/01/24   | 12/10 at 10           |
| 2,000                     | Lakota Local School District, County of Butler, Ohio, School Improvement and Refunding Bonds (General Obligation - Unlimited Tax), Series 2001, 5.125%, 12/01/26                  | 6/11 at 10            |
| 1,750                     | London City School District, Ohio, General Obligation School Facilities Construction and Improvement Bonds, Series 2001, 5.000%, 12/01/29   | 12/11 at 10           |
| 2,500                     | Louisville City School District, Ohio, General Obligation Bonds, Series 2001, 5.000%, 12/01/29  | 12/11 at 10           |
| 2,335                     | Milford Exempted Village School District, Ohio, General Obligation Bonds, Series 2001, 5.125%, 12/01/30   | 12/11 at 10           |
| 1,260                     | Morgan Local School District, Counties of Morgan, Muskingum and Washington, Ohio, School Improvement Bonds (General Obligation - Unlimited Tax), Series 2000, 5.750%, 12/01/22    | 12/10 at 10           |
|                           | North Canton City School District, Ohio, School Improvement Bonds, Series 1994 (General Obligation - Unlimited Tax):  |                       |
| 650                       | 9.750%, 12/01/03  | No Opt.               |
| 715                       | 9.700%, 12/01/04  | No Opt.               |
| 2,720                     | Pickerington Local School District, Fairfield and Franklin Counties, Ohio, General Obligation School Facilities Construction and Improvement Bonds, Series 2001, 5.000%, 12/01/28 | 12/11 at 10           |
| 1,500                     | Plain Local School District, Franklin and Licking Counties, Ohio, Various Purpose Bonds, Series 2000, 6.000%, 12/01/20  | 12/10 at 10           |
| 1,100                     | Plain Local School District, Franklin and Licking Counties, Ohio, Various Purpose Bonds, Series 2002 (General Obligation - Unlimited Tax), 5.500%, 12/01/17                       | 6/12 at 10            |
| 1,445                     | Portage County, Ohio, General Obligation Bonds, Series 2001, 5.000%, 12/01/27   | 12/11 at 10           |
| 2,000                     | Commonwealth of Puerto Rico, Public Improvement Bonds of 1996 (General Obligation), 5.400%, 7/01/25   | 7/06 at 10            |

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|       |   |             |
|-------|---|-------------|
| 1,000 | Revere Local School District, Ohio, School Improvement Bonds, Series 1993 (General Obligation - Unlimited Tax), 6.000%, 12/01/16                                      | 12/03 at 10 |
| 2,830 | Springfield Township, Hamilton County, Ohio, Various Purpose Bonds (General Obligation - Limited Tax), Series 2002, 5.250%, 12/01/27                                  | 12/11 at 10 |
| 2,000 | City of Strongsville, Ohio, General Obligation Bonds, Series 2001, 5.000%, 12/01/21   | 12/11 at 10 |
| 70    | City of Strongsville, Ohio, Various Purpose Improvement Bonds, Series 1996 (General Obligation - Limited Tax), 5.950%, 12/01/21                                       | 12/06 at 10 |
| 1,135 | City of Toledo, Ohio, Various Purpose Improvement Bonds (General Obligation - Limited Tax), Series 1994, 7.000%, 12/01/03   | No Opt.     |
| 1,000 | Upper Arlington City School District, Ohio, General Obligation Improvement Bonds, Series 1996, 5.250%, 12/01/22   | 12/06 at 10 |
| 2,000 | Board of Education, Wayne Local School District, County of Warren, Ohio, School Improvement Bonds, Series 1996 (General Obligation - Unlimited Tax), 6.100%, 12/01/24 | 12/06 at 10 |
| 3,000 | Board of Education, West Clermont Local School District, Ohio, School Improvement Bonds, Series 1995 (General Obligation - Unlimited Tax), 6.000%, 12/01/18           | 12/05 at 10 |
| 2,000 | Westerville City School District, Franklin and Delaware Counties, Ohio, General Obligation Various Purpose Bonds, Series 2001, 5.000%, 12/01/27                       | 6/11 at 10  |
| 1,000 | City of Westlake, Ohio, Various Purpose Improvement and Refunding Bonds (General Obligation), Series 1997, 5.550%, 12/01/17   | 12/08 at 10 |

-----  
TAX OBLIGATION/LIMITED - 3.7%

|       |   |            |
|-------|---|------------|
| 1,250 | City of Columbus, Ohio, Tax Increment Financing Bonds, Series 1999 (Easton Project), 4.875%, 12/01/24 | 6/09 at 10 |
| 7,000 | County of Hamilton, Ohio, Sales Tax Bonds, Subordinate Series B, 0.000%, 12/01/28                     | No Opt.    |

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Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | TAX OBLIGATION/LIMITED (continued)  |                       |
| \$ 1,000                  | New Albany Community Authority, Ohio, Community Facilities Revenue Bonds, Series 2001B Refunding:<br>5.500%, 10/01/15 | 4/12 at 10            |

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|                         |  |             |
|-------------------------|--|-------------|
| 1,000                   | 5.500%, 10/01/17   | 4/12 at 10  |
| 680                     | State of Ohio, Department of Transportation, Certificates of Participation (Rickenbacker Port Authority Improvements), 6.125%, 4/15/15 (Alternative Minimum Tax)   | 10/02 at 10 |
| -----                   |  |             |
| TECHNOLOGY - 0.3%       |  |             |
| 500                     | County of Franklin, Ohio, Revenue Bonds, Series 1993 (Online Computer Library Center, Inc. Project), 6.000%, 4/15/13   | 4/03 at 10  |
| -----                   |  |             |
| TRANSPORTATION - 8.8%   |  |             |
|                         | City of Cleveland, Ohio, Airport System Revenue Bonds, Series 2000A:   |             |
| 1,780                   | 5.250%, 1/01/16  | 1/10 at 10  |
| 3,000                   | 5.000%, 1/01/31  | 1/10 at 10  |
| 3,430                   | City of Cleveland, Ohio, Parking Facilities Refunding Revenue Bonds, Series 1996, 5.500%, 9/15/22  | 9/06 at 10  |
|                         | Columbus Municipal Airport Authority, Ohio, Airport Improvement Revenue Bonds, Series 1994A (Port Columbus International Airport Project):   |             |
| 830                     | 5.950%, 1/01/08 (Alternative Minimum Tax)  | 1/04 at 10  |
| 1,000                   | 6.000%, 1/01/14 (Alternative Minimum Tax)  | 1/04 at 10  |
| 1,500                   | City of Dayton, Ohio, Special Facilities Revenue Refunding Bonds, Series 1998A (Emery Air Freight Corporation and Emery Worldwide Airlines, Inc. - Guarantors), 5.625%, 2/01/18  | 2/08 at 10  |
| 2,000                   | State of Ohio, Turnpike Revenue Bonds, Issued by the Ohio Turnpike Commission, 1998 Series A, 5.500%, 2/15/18  | No Opt.     |
| -----                   |  |             |
| U.S. GUARANTEED - 23.1% |  |             |
| 2,000                   | City of Cleveland, Ohio, Public Power System First Mortgage Revenue Bonds, Series 1994A, 7.000%, 11/15/24 (Pre-refunded to 11/15/04)   | 11/04 at 10 |
| 3,960                   | City of Cleveland, Ohio, Waterworks Improvement and Refunding Revenue Bonds, 1st Mortgage Series 1996-H, 5.750%, 1/01/26 (Pre-refunded to 1/01/06)   | 1/06 at 10  |
| 1,950                   | City School District of Columbus, Franklin County, Ohio, School Building Renovation and Improvement Bonds, Series 1992 (General Obligation - Unlimited Tax), 6.650%, 12/01/12 (Pre-refunded to 12/01/02)                       | 12/02 at 10 |
| 1,000                   | Dublin City School District, Franklin, Delaware and Union Counties, Ohio, Various Purpose School Building Construction and Improvement Bonds (General Obligation - Unlimited Tax), 6.200%, 12/01/19 (Pre-refunded to 12/01/02) | 12/02 at 10 |
| 2,240                   | County of Franklin, Ohio, First Mortgage Revenue Bonds, Series 1979 (Online Computer Library Center, Inc. Project), 7.500%, 6/01/09  | 12/02 at 10 |

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|       |  |             |
|-------|--|-------------|
| 3,250 | City of Garfield Heights, Ohio, Hospital Improvement and Refunding Revenue Bonds, Series 1992B (Marymount Hospital Project), 6.650%, 11/15/11 (Pre-refunded to 11/15/02)         | 11/02 at 10 |
| 1,505 | Greater Cleveland Regional Transit Authority, Ohio, General Obligation Capital Improvement Bonds, Series 1996, 5.650%, 12/01/16 (Pre-refunded to 12/01/06)                       | 12/06 at 10 |
| 2,100 | Lakota Local School District, County of Butler, Ohio, School Improvement Bonds (General Obligation - Unlimited Tax), Series 1994, 6.250%, 12/01/14 (Pre-refunded to 12/01/05)    | 12/05 at 10 |
| 1,000 | City of Newark, Ohio, Water System Improvement Bonds (General Obligation - Limited Tax), 6.000%, 12/01/18 (Pre-refunded to 12/01/03)   | 12/03 at 10 |
| 1,000 | Ohio Building Authority, State Facilities Bonds (Juvenile Correctional Building Fund Projects), 1992 Series B, 6.000%, 10/01/12 (Pre-refunded to 10/01/02)                       | 10/02 at 10 |
| 3,000 | Ohio Building Authority, State Facilities Bonds (Adult Correctional Building Fund Projects), 1993 Series A, 6.125%, 10/01/12 (Pre-refunded to 10/01/03)                          | 10/03 at 10 |
| 2,400 | Ohio Higher Educational Facility Commission, Higher Educational Facility Mortgage Revenue Bonds (University of Dayton 1992 Project), 6.600%, 12/01/17 (Pre-refunded to 12/01/03) | 12/03 at 10 |
| 1,000 | Ohio Water Development Authority, Water Development Revenue Bonds, 1995 Fresh Water Series, 5.900%, 12/01/21 (Pre-refunded to 6/01/05)   | 6/05 at 10  |
| 1,300 | Commonwealth of Puerto Rico, Public Improvement Refunding Bonds, Series 1997 (General Obligation), 5.750%, 7/01/17 (Pre-refunded to 7/01/07)                                     | 7/07 at 10  |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | U.S. GUARANTEED (continued)   |                       |
| \$ 1,400                  | Reynoldsburg City School District, Ohio, General Obligation School Building Construction and Improvement Bonds, 6.550%, 12/01/17 (Pre-refunded to 12/01/02) | 12/02 at 10           |
| 2,800                     | City of Strongsville, Ohio, Various Purpose Improvement Bonds, Series 1996 (General Obligation - Limited Tax), 5.950%, 12/01/21 (Pre-refunded to 12/01/06)  | 12/06 at 10           |
| 1,000                     | Sylvania City School District, Ohio, General Obligation Unlimited Tax Bonds, Series 1995, 5.800%, 12/01/15 (Pre-refunded to 12/01/05)                       | 12/05 at 10           |
| -----                     |   |                       |

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UTILITIES - 10.7%

|       |   |             |
|-------|---|-------------|
| 4,000 | American Municipal Power Ohio, Inc., City of Wadsworth Project, Electric System Improvement Revenue Bonds, Series 2002, 5.000%, 2/15/22   | 2/12 at 10  |
| 1,250 | City of Hamilton, Ohio, Electric System Mortgage Revenue Bonds, 1992 Series B, 6.300%, 10/15/25   | 10/02 at 10 |
|       | Ohio Air Quality Development Authority, Air Quality Development Revenue Refunding Bonds (JMG Funding Limited Partnership Project), Series 1994:                                 |             |
| 2,000 | 6.375%, 1/01/29 (Alternative Minimum Tax)   | 10/04 at 10 |
| 4,000 | 6.375%, 4/01/29 (Alternative Minimum Tax)   | 10/04 at 10 |
| 3,000 | Ohio Air Quality Development Authority, Air Quality Development Revenue Bonds (JMG Funding Limited Partnership Project), Series 1997, 5.625%, 1/01/23 (Alternative Minimum Tax) | 4/07 at 10  |
| 2,000 | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds (Bay Shore Power Project), Convertible Series 1998A, 5.875%, 9/01/20 (Alternative Minimum Tax)             | 9/08 at 10  |

-----  
WATER AND SEWER - 13.7%

|       |  |             |
|-------|--|-------------|
|       | City of Cincinnati, Ohio, Water System Revenue Bonds, Series 2001:   |             |
| 1,000 | 5.500%, 12/01/17   | 6/11 at 10  |
| 6,010 | 5.000%, 12/01/18   | 6/11 at 10  |
| 3,000 | 5.000%, 12/01/19   | 6/11 at 10  |
| 1,000 | 5.000%, 12/01/20   | 6/11 at 10  |
| 1,000 | City of Cleveland, Ohio, Waterworks Improvement First Mortgage Refunding Revenue Bonds, 1993 Series G, 5.500%, 1/01/21                               | No Opt.     |
| 1,000 | City of Cleveland, Ohio, Waterworks Improvement and Refunding Revenue Bonds, 1998 Series I, 5.000%, 1/01/28  | 1/08 at 10  |
| 40    | City of Cleveland, Ohio, Waterworks Improvement and Refunding Revenue Bonds, 1st Mortgage Series 1996-H, 5.750%, 1/01/26                             | 1/06 at 10  |
| 2,110 | Hamilton County, Ohio, Sewer System Improvement Revenue Bonds, The Metropolitan Sewer District of Greater Cincinnati, Series 2000A, 5.750%, 12/01/25 | 6/10 at 10  |
| 2,000 | Northeast Ohio Regional Sewer District, Wastewater Improvement Revenue Refunding Bonds, Series 1995, 5.600%, 11/15/16                                | 11/05 at 10 |
| 1,250 | City of Oxford, Ohio, Water Supply System Mortgage Revenue Refunding Bonds, Series 1992, 6.000%, 12/01/14  | 12/02 at 10 |
| 2,000 | Southwest Regional Water District, Ohio, Waterworks System Revenue Bonds, Series 1995, 6.000%, 12/01/20  | 12/05 at 10 |

-----  
\$ 227,645 Total Investments (cost \$220,780,839) - 148.3%  
=====

Other Assets Less Liabilities - 0.9%

-----  
Preferred Shares, at Liquidation Value - (49.2)%  
-----

Net Assets Applicable to Common Shares - 100%

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

\*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Ohio Dividend Advantage Municipal Fund (NXI)  
 Portfolio of  
 Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000)                 | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---|--|-----------------------|
| -----                                     |  |                       |
| EDUCATION AND CIVIC ORGANIZATIONS - 22.3% |  |                       |
| \$ 1,000                                  | State of Ohio, Higher Educational Facilities Revenue Bonds (University of Dayton 2000 Project), 5.500%, 12/01/25   | 12/10 at 10           |
| 2,000                                     | Ohio Higher Educational Facilities Commission, Higher Educational Facility Revenue Bonds, Denison University 2001 Project, 5.200%, 11/01/26                        | 11/11 at 10           |
| 2,650                                     | Ohio Higher Educational Facilities Commission, Ohio Northern University Revenue Bonds, Series 2002, 5.000%, 5/01/22  | 5/12 at 10            |
| 3,150                                     | The Student Loan Funding Corporation, Cincinnati, Ohio, Student Loan Subordinated Revenue Refunding Bonds, Series 1992D, 6.600%, 7/01/05 (Alternative Minimum Tax) | 1/03 at 10            |
| 2,000                                     | The University of Cincinnati, Ohio, General Receipts Bonds, Series 2001A, 5.750%, 6/01/17  | 6/11 at 10            |
| 2,735                                     | The University of Cincinnati, Ohio, General Receipts Bonds, Series 2002F, 5.375%, 6/01/19  | 6/12 at 10            |
| -----                                     |  |                       |
| HEALTHCARE - 20.2%                        |  |                       |

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|       |  |             |
|-------|--|-------------|
| 1,300 | Akron, Bath and Copley Joint Township Hospital District, Ohio, Hospital Facilities Revenue Bonds, Series 1993A (Summa Health System Project), 5.500%, 11/15/13 | 11/03 at 10 |
| 1,950 | County of Lucas, Ohio, Hospital Revenue Bonds, Series 1999 (ProMedica Healthcare Obligated Group), 5.375%, 11/15/29  | 11/09 at 10 |
| 2,500 | County of Miami, Ohio, Hospital Facilities Revenue Refunding and Improvement Bonds, Series 1996A (Upper Valley Medical Center), 6.375%, 5/15/26                | 5/06 at 10  |
|       | City of Parma, Ohio, Hospital Improvement and Refunding Revenue Bonds, Series 1998 (The Parma Community Hospital Association):                                 |             |
| 2,250 | 5.250%, 11/01/13   | 11/08 at 10 |
| 2,000 | 5.375%, 11/01/29   | 11/08 at 10 |
| 1,000 | County of Richland, Ohio, Hospital Facilities Revenue Improvement Bonds, Series 2000B (MedCentral Health System Obligated Group), 6.375%, 11/15/30             | 11/10 at 10 |
| 1,500 | County of Tuscarawas, Ohio, Hospital Facilities Revenue Bonds, Series 1993A (Union Hospital Project), 6.500%, 10/01/21   | 10/03 at 10 |

-----  
HOUSING/MULTIFAMILY - 7.6%

|       |  |            |
|-------|--|------------|
| 1,790 | Lucas Northgate Housing Development Corporation, Ohio, Mortgage Revenue Refunding Bonds, Series 1999A (FHA-Insured Mortgage Loan - Northgate Apartments Section 8 Assisted Project), 5.950%, 7/01/19 | 1/04 at 10 |
| 2,885 | Ohio Housing Finance Agency, FHA-Insured Mortgage, Asbury Woods Project, Series 2001A, 5.450%, 4/01/26   | 4/11 at 10 |

-----  
HOUSING/SINGLE FAMILY - 13.2%

|       |  |            |
|-------|--|------------|
| 2,065 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series C, Mortgage-Backed Securities Program, 6.050%, 3/01/32 (Alternative Minimum Tax)      | 8/10 at 10 |
| 2,495 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series D, Mortgage-Backed Securities Program, 5.450%, 9/01/31 (Alternative Minimum Tax)      | 8/10 at 10 |
| 2,050 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series F, Mortgage-Backed Securities Program, 5.625%, 9/01/16                                | 8/10 at 10 |
| 1,215 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, GNMA Mortgage-Backed Securities Program, 2002 Series D, 5.400%, 9/01/34 (Alternative Minimum Tax) | 3/12 at 10 |

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|                           |             |                       |
|---------------------------|-------------|-----------------------|
| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISION |
|---------------------------|-------------|-----------------------|



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|    |       |   |             |
|----|-------|---|-------------|
|    |       | LONG-TERM CARE - 4.7%   |             |
| \$ | 1,000 | County of Franklin, Ohio, Healthcare Facilities Revenue Bonds, Series 2001A, Ohio Presbyterian Retirement Services, 7.125%, 7/01/29 | 7/11 at 10  |
|    | 1,970 | County of Hamilton, Ohio, Healthcare Facilities Improvement Revenue Bonds, Series 1999A (Twin Towers), 5.750%, 10/01/19             | 10/08 at 10 |

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|  |       |  |             |
|--|-------|--|-------------|
|  |       | TAX OBLIGATION/GENERAL - 38.2%   |             |
|  | 2,440 | Bay Village City School District, Ohio, School Improvement Bonds (General Obligation - Unlimited Tax), Series 2001, 5.000%, 12/01/25                             | 12/10 at 10 |
|  | 1,000 | City of Centerville, Ohio, Capital Facilities Improvement Bonds (General Obligation - Limited Tax), Series 2001, 5.125%, 12/01/26                                | 12/11 at 10 |
|  |       | Jackson City School District, County of Jackson, Ohio, School Improvement Bonds (General Obligation - Unlimited Tax), Series 2001:                               |             |
|  | 880   | 5.500%, 12/01/22   | 6/11 at 10  |
|  | 935   | 5.500%, 12/01/23   | 6/11 at 10  |
|  | 2,000 | Lakota Local School District, County of Butler, Ohio, School Improvement and Refunding Bonds (General Obligation - Unlimited Tax), Series 2001, 5.125%, 12/01/26 | 6/11 at 10  |
|  | 2,000 | Medina City School District, Medina County, Ohio, School Building Construction Bonds (General Obligation - Unlimited Tax), Series 1999, 5.250%, 12/01/28         | 12/09 at 10 |
|  | 1,000 | Nordonia Hills City School District, Ohio, School Improvement Bonds, Series 2000, 5.450%, 12/01/25   | 12/10 at 10 |
|  | 1,850 | Swanton Local School District, Fulton County, Ohio, General Obligation Bonds, Series 2001, 5.250%, 12/01/25  | 12/11 at 10 |
|  | 1,275 | Sycamore Community School District, County of Hamilton, Ohio, School Improvement Bonds (General Obligation - Unlimited Tax), Series 1999, 5.000%, 12/01/23       | 12/09 at 10 |
|  | 2,000 | Tipp City Exempted Village School District, Ohio, School Facilities Construction and Improvement Bonds, Series 2001, 5.000%, 12/01/24                            | 6/11 at 10  |
|  | 1,485 | West Chester Township, Butler County, Ohio, Various Purpose Refunding Bonds (General Obligation - Limited Tax), Series 2001, 5.500%, 12/01/17                    | 11/11 at 10 |
|  | 1,000 | West Holmes Local School District, Ohio, School Improvement Bonds, Series 1997, 5.375%, 12/01/23   | 6/07 at 10  |
|  | 2,500 | Westerville City School District, Franklin and Delaware Counties, Ohio, General Obligation Various Purpose Bonds, Series 2001, 5.000%, 12/01/27                  | 6/11 at 10  |

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|                                |   |             |
|--------------------------------|---|-------------|
| 2,965                          | City of Worthington, Franklin County, Ohio, Various Purpose Bonds (General Obligation - Unlimited Tax), Series 2001, 5.375%, 12/01/21                 | 12/11 at 10 |
| -----                          |   |             |
| TAX OBLIGATION/LIMITED - 13.0% |   |             |
| 2,000                          | State of Ohio, Higher Education Capital Facilities Bonds, Series II-2001A, 5.000%, 2/01/20  | 2/11 at 10  |
| 4,000                          | Puerto Rico Municipal Finance Agency, 1999 Series A Bonds, 6.000%, 8/01/16  | 8/09 at 10  |
| 1,400                          | Virgin Islands Public Finance Authority, Revenue Bonds (Virgin Islands Gross Receipts Tax Loan Note), Series 1999A, 6.375%, 10/01/19                  | 10/10 at 10 |
| -----                          |   |             |
| TRANSPORTATION - 7.4%          |   |             |
| 2,000                          | City of Cleveland, Ohio, Airport Special Revenue Bonds, Continental Airlines, Inc. Refunding, Series 1999, 5.700%, 12/01/19 (Alternative Minimum Tax) | 12/09 at 10 |
| 2,000                          | State of Ohio, Turnpike Revenue Bonds, Issued by Ohio Turnpike Commission, Series 2001A, 5.500%, 2/15/26  | 2/11 at 10  |
| 1,000                          | Toledo-Lucas County Port Authority, Ohio, Revenue Refunding Bonds, Series 1992, CSX Transportation Inc. Project, 6.450%, 12/15/21                     | No Opt.     |

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Nuveen Ohio Dividend Advantage Municipal Fund (NXI) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---------------------------|--|-----------------------|
| -----                     |  |                       |
| UTILITIES - 18.7%         |  |                       |
| \$ 1,440                  | American Municipal Power Ohio, Inc., Electric System Improvement Revenue Bonds (City of Wadsworth Project), Series 2002, 5.250%, 2/15/17 | 2/12 at 10            |
|                           | City of Lebanon, Ohio, Electric System Mortgage Revenue Bonds, Series 2001:  |                       |
| 565                       | 5.500%, 12/01/17   | 12/10 at 10           |
| 910                       | 5.500%, 12/01/18   | 12/10 at 10           |
| 2,000                     | Ohio Air Quality Development Authority, Revenue Bonds, 1985 Series A (Columbus Southern Power Company Project), 6.250%, 12/01/20         | 6/03 at 10            |
| 2,000                     | Ohio Air Quality Development Authority, Air Quality Development  | 9/05 at 10            |

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|       |        |  |             |
|-------|--------|--|-------------|
|       |        | Revenue Refunding Bonds, 1995 Series (The Dayton Power and Light Company Project), 6.100%, 9/01/30   |             |
| 2,000 |        | Ohio Air Quality Development Authority, Air Quality Development Revenue Refunding Bonds, Series C (Ohio Power Company Project), 5.150%, 5/01/26                          | 5/09 at 10  |
| 1,500 |        | Ohio Air Quality Development Authority, Pollution Control Revenue Refunding Bonds, Series 1999-C (Ohio Edison Company Project), 5.800%, 6/01/16 (Mandatory put 12/01/04) | 12/04 at 10 |
| 1,000 |        | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power Project, Convertible Series 1998A, 5.875%, 9/01/20 (Alternative Minimum Tax)       | 9/08 at 10  |
| ----- |        |  |             |
|       |        | WATER AND SEWER - 2.8%   |             |
| 1,700 |        | City of Cincinnati, Ohio, Water System Revenue Bonds, Series 2001, 5.125%, 12/01/21  | 6/11 at 10  |
| ----- |        |  |             |
| \$    | 90,350 | Total Investments (cost \$90,260,616) - 148.1%   |             |
| ===== |        |  |             |
|       |        | Other Assets Less Liabilities - 1.5%   |             |
| ----- |        |  |             |
|       |        | Preferred Shares, at Liquidation Value - (49.6)%   |             |
| ----- |        |  |             |
|       |        | Net Assets Applicable to Common Shares - 100%  |             |
| ===== |        |  |             |

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ)  
Portfolio of  
Investments July 31, 2002

|                           |             |                        |
|---------------------------|-------------|------------------------|
| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISIONS |
| -----                     |             |                        |

CONSUMER STAPLES - 6.7%

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|    |       |  |             |
|----|-------|--|-------------|
| \$ | 3,000 | State of Ohio, Sewage and Solid Waste Disposal Facilities Revenue Bonds, Anheuser-Busch Project, Series 2001, 5.500%, 11/01/35 (Alternative Minimum Tax) | 11/11 at 10 |
|----|-------|--|-------------|

---

EDUCATION AND CIVIC ORGANIZATIONS - 4.9%

|       |  |             |
|-------|--|-------------|
| 2,050 | Ohio Higher Educational Facilities Commission, Higher Education Facility Revenue Bonds, Wittenberg University Project, Series 2001, 5.500%, 12/01/15 | 12/11 at 10 |
|-------|--|-------------|

---

HEALTHCARE - 28.3%

|       |  |         |
|-------|--|---------|
| 2,000 | Akron, Bath and Copley Joint Township Hospital District, Ohio, Hospital Facilities Revenue Bonds, Series 1998A (Summa Health System Project), 5.000%, 11/15/08 | No Opt. |
|-------|--|---------|

|       |  |            |
|-------|--|------------|
| 1,000 | Erie County, Ohio, Hospital Facilities Revenue Bonds, Firelands Regional Medical Center, Series 2002A, 5.500%, 8/15/22 | 8/12 at 10 |
|-------|--|------------|

|       |   |             |
|-------|---|-------------|
| 1,850 | Lorain County, Ohio, Hospital Improvement and Refunding Revenue Bonds, Catholic Healthcare Partners, Series 2001A, 5.400%, 10/01/21 | 10/11 at 10 |
|-------|---|-------------|

|       |   |             |
|-------|---|-------------|
| 2,000 | City of Parma, Ohio, Hospital Improvement and Refunding Revenue Bonds, Series 1998 (The Parma Community Hospital Association), 5.375%, 11/01/29 | 11/08 at 10 |
|-------|---|-------------|

|       |   |             |
|-------|---|-------------|
| 2,000 | County of Richland, Ohio, Hospital Facilities Revenue Improvement Bonds, Series 2000B, MedCentral Health System Obligated Group, 6.375%, 11/15/30 | 11/10 at 10 |
|-------|---|-------------|

|       |  |             |
|-------|--|-------------|
| 3,670 | County of Tuscarawas, Ohio, Hospital Facilities Revenue Bonds, Union Hospital Project, Series 2001, 5.750%, 10/01/26 | 10/11 at 10 |
|-------|--|-------------|

---

HOUSING/MULTIFAMILY - 2.3%

|       |  |            |
|-------|--|------------|
| 1,000 | County of Franklin, Ohio, Multifamily Housing Mortgage Revenue Bonds, Agler Project, GNMA Collateralized Series 2002A, 5.550%, 5/20/22 (Alternative Minimum Tax) | 5/12 at 10 |
|-------|--|------------|

---

HOUSING/SINGLE FAMILY - 8.6%

|       |  |            |
|-------|--|------------|
| 2,850 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, Mortgage-Backed Securities Program, Series 2001A, 5.500%, 9/01/34 (Alternative Minimum Tax) | 9/10 at 10 |
|-------|--|------------|

|       |   |            |
|-------|---|------------|
| 1,000 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, GNMA Mortgage-Backed Securities Program, Series 2002D, 5.400%, 9/01/34 (Alternative Minimum Tax) | 3/12 at 10 |
|-------|---|------------|

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LONG-TERM CARE - 4.3%

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2,000 County of Hamilton, Ohio, Healthcare Facilities Improvement Revenue Bonds, Series 1999A (Twin Towers), 5.800%, 10/01/23 10/08 at 10

-----  
TAX OBLIGATION/GENERAL - 49.4%

1,860 Fairfield City School District, Ohio, General Obligation Bonds, Series 2001 Refunding, 5.375%, 12/01/19 12/11 at 10

1,000 Greater Cleveland Regional Transit Authority, Ohio, General Obligation Capital Improvement Bonds, Series 2001A, 5.125%, 12/01/21 12/11 at 10

2,000 Hamilton Local School District, Franklin County, Ohio, School Facilities Construction and Improvement Bonds (General Obligation - Unlimited Tax), 5.000%, 12/01/28 12/11 at 10

Lebanon City School District, Warren County, Ohio, General Obligation Bonds, Series 2001:

4,000 5.500%, 12/01/21 12/11 at 10

2,000 5.000%, 12/01/29 12/11 at 10

2,420 Lorain County, Ohio, Justice Center Bonds (General Obligation - Limited Tax), Series 2002, 5.500%, 12/01/22 12/12 at 10

1,000 Medina City School District, Medina County, Ohio, School Building Construction Bonds, Series 1999 (General Obligation - Unlimited Tax), 5.250%, 12/01/28 12/09 at 10

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Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ) (continued)  
Portfolio of Investments July 31, 2002

PRINCIPAL AMOUNT (000) DESCRIPTION OPTIONAL PROVISION

-----  
TAX OBLIGATION/GENERAL (continued)

\$ 3,000 Milford Exempted Village School District, Ohio, General Obligation Bonds, Series 2001, 5.125%, 12/01/30 12/11 at 10

1,000 State of Ohio, Full Faith and Credit Common School Capital Facilities General Obligation Bonds, Series 2001B, 5.000%, 9/15/21 9/11 at 10

1,960 Portage County, Ohio, General Obligation Bonds, Series 2001, 5.000%, 12/01/25 12/11 at 10

1,500 City of Strongsville, Ohio, General Obligation Bonds, Series 2001, 5.000%, 12/01/21 12/11 at 10

-----  
TAX OBLIGATION/LIMITED - 10.9%

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|   |  |             |
|---|--|-------------|
| 1,700   | City of Hamilton, Butler County, Ohio, One Renaissance Center Acquisition Bonds (General Obligation - Limited Tax), Series 2001, 5.000%, 11/01/26                        | 11/11 at 10 |
| 1,000   | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series E Refunding, 5.750%, 7/01/24  | 7/12 at 10  |
| 1,000   | Summit County Port Authority, Ohio, Revenue Bonds, Civic Theatre Project, Series 2001, 5.500%, 12/01/26  | 12/11 at 10 |
| 1,000   | Virgin Islands Public Finance Authority, Revenue Bonds (Virgin Islands Gross Receipts Tax Loan Note), Series 1999A, 6.375%, 10/01/19                                     | 10/10 at 10 |
| -----   |  |             |
| TRANSPORTATION - 13.0%  |  |             |
| 3,495   | City of Cleveland, Ohio, Airport System Revenue Bonds, Series 2000A, 5.250%, 1/01/18   | 1/10 at 10  |
| 2,000   | State of Ohio, Turnpike Revenue Bonds, Issued by the Ohio Turnpike Commission, 1998 Series A, 5.500%, 2/15/18  | No Opt.     |
| -----   |  |             |
| UTILITIES - 13.1%   |  |             |
| 2,500   | Ohio Air Quality Development Authority, Air Quality Development Revenue Refunding Bonds (Ohio Power Company Project), Series C, 5.150%, 5/01/26                          | 5/09 at 10  |
| 1,500   | Ohio Air Quality Development Authority, Pollution Control Revenue Refunding Bonds (Ohio Edison Company Project), Series 1999-C, 5.800%, 6/01/16 (Mandatory put 12/01/04) | 12/04 at 10 |
| 2,000   | Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power Project, Convertible Series 1998A, 5.875%, 9/01/20 (Alternative Minimum Tax)       | 9/08 at 10  |
| -----   |  |             |
| WATER AND SEWER - 10.0%   |  |             |
| 3,000   | City of Cleveland, Ohio, Waterworks Improvement and Refunding Revenue Bonds, 1998 Series I, 5.000%, 1/01/23  | 1/08 at 10  |
| 1,500   | Ohio Water Development Authority, Water Development Revenue Bonds, Fresh Water Series 2001A, 5.000%, 12/01/21  | 12/11 at 10 |
| -----   |  |             |
| \$ 66,855   | Total Investments (cost \$67,167,728) - 151.5%   |             |
| =====   |  |             |
| Other Assets Less Liabilities - 1.7%  |  |             |
| -----   |  |             |
| Preferred Shares, at Liquidation Value - (53.2)%  |  |             |
| -----   |  |             |
| Net Assets Applicable to Common Shares - 100%   |  |             |
| =====   |  |             |
| <p>* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption.</p> |  |             |

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There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ)  
Portfolio of  
Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000)                 | DESCRIPTION  | OPTIONAL<br>PROVISION |
|---|--|-----------------------|
| -----                                     |  |                       |
| EDUCATION AND CIVIC ORGANIZATIONS - 20.0% |  |                       |
| \$ 1,125                                  | Ohio Higher Educational Facilities Commission, Northern University Revenue Bonds, Series 2002, 5.750%, 5/01/16   | 5/12 at 10            |
| 2,000                                     | Ohio Higher Educational Facilities Commission, Case Western Reserve University, Revenue Bonds, Series 2002B, 5.500%, 10/01/22                                  | 10/12 at 10           |
| 1,000                                     | Ohio State University, General Receipts Bonds, Series 1999A, 5.800%, 12/01/29  | 12/09 at 10           |
| 1,000                                     | Ohio State University, General Receipts Bonds, Series 2002, 5.125%, 12/01/31   | 12/12 at 10           |
| 1,000                                     | University of Cincinnati, Ohio, General Receipts Bonds, Series 2001A, 5.000%, 6/01/31  | 6/11 at 10            |
| -----                                     |  |                       |
| HEALTHCARE - 26.3%                        |  |                       |
| 1,000                                     | Akron, Bath and Copley Joint Township Hospital District, Ohio, Hospital Facilities Revenue Bonds, Series 1998A (Summa Health System Project), 5.000%, 11/15/08 | No Opt.               |
| 1,000                                     | County of Cuyahoga, Ohio, Hospital Facilities Revenue Bonds, Health Cleveland, Inc. (Fairview General Hospital Project), Series 1993, 6.300%, 8/15/15          | 2/03 at 10            |
| 1,750                                     | County of Erie, Ohio, Hospital Facilities Revenue Bonds, Firelands Regional Medical Center, Series 2002A, 5.500%, 8/15/22                                      | 8/12 at 10            |
| 1,425                                     | County of Montgomery, Ohio, Hospital Facilities Revenue Bonds, Series 1999 (Kettering Medical Center Network Obligated Group), 6.750%, 4/01/18                 | 4/10 at 10            |

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|       |   |             |
|-------|---|-------------|
| 1,000 | Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, Series 2001, 5.500%, 9/01/12   | 9/11 at 10  |
| 1,000 | City of Parma, Ohio, Hospital Improvement and Refunding Revenue Bonds, Series 1998 (The Parma Community Hospital Association), 5.375%, 11/01/29   | 11/08 at 10 |
| 1,000 | County of Richland, Ohio, Hospital Facilities Revenue Improvement Bonds, Series 2000B, MedCentral Health System Obligated Group, 6.375%, 11/15/30 | 11/10 at 10 |

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HOUSING/SINGLE FAMILY - 15.0%

|       |   |            |
|-------|---|------------|
| 1,000 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series C, Mortgage-Backed Securities Program, 6.050%, 3/01/32 (Alternative Minimum Tax) | 8/10 at 10 |
| 1,530 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series D, Mortgage-Backed Securities Program, 5.450%, 9/01/31 (Alternative Minimum Tax) | 8/10 at 10 |
| 1,985 | Ohio Housing Finance Agency, Residential Mortgage Revenue Bonds, 2000 Series F, Mortgage-Backed Securities Program, 5.625%, 9/01/16                           | 8/10 at 10 |

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TAX OBLIGATION/GENERAL - 53.5%

|       |   |             |
|-------|---|-------------|
| 320   | Bedford, Ohio, General Obligation Bonds, Series 2002, 5.000%, 12/01/27  | 12/12 at 10 |
| 2,000 | Canal Winchester Local School District, Franklin and Fairfield Counties, Ohio, School Improvement Bonds (General Obligation - Unlimited Tax), Series 1998, 5.300%, 12/01/25 | 12/08 at 10 |
| 1,300 | Crawford County, Ohio, General Obligation Bonds, Series 2002, 5.200%, 12/01/26  | 12/12 at 10 |
| 1,475 | Eaton City School District, Preble County, Ohio, General Obligation Bonds, Series 2002, 5.750%, 12/01/21  | 12/12 at 10 |
| 2,000 | Granville Exempt Village School District, Ohio, General Obligation Bonds, Series 2001, 5.500%, 12/01/28   | 12/11 at 10 |
| 1,000 | Hamilton Local School District, Franklin County, Ohio, School Facilities Construction and Improvement Bonds (General Obligation - Unlimited Tax), 5.000%, 12/01/28          | 12/11 at 10 |
| 1,000 | Hilliard, Ohio, General Obligation Bonds, Series 2002, 5.375%, 12/01/22   | 12/12 at 10 |
| 1,270 | Lorain, Ohio, General Obligation Bonds, Series 2002, 5.125%, 12/01/26   | 12/12 at 10 |
| 1,190 | Miami East Local School District, Miami County, Ohio, General Obligation Bonds, Series 2002, 5.125%, 12/01/29   | 12/12 at 10 |



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Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | TAX OBLIGATION/GENERAL (continued)  |                       |
| \$ 1,265                  | Monroe Local School District, Butler County, Ohio, General Obligation Bonds, Series 2002, 5.750%, 12/01/20  | No Opt.               |
| 1,000                     | State of Ohio, Full Faith and Credit Common School Capital Facilities General Obligation Bonds, Series 2001B, 5.000%, 9/15/20   | 9/11 at 10            |
| 1,535                     | Pickerington Local School District, Fairfield and Franklin Counties, Ohio, General Obligation School Facilities Construction and Improvement Bonds, Series 2001, 5.250%, 12/01/20 | 12/11 at 10           |
| 1,130                     | Solon, Ohio, General Obligation Bonds, Series 2002 Refunding and Improvement, 5.000%, 12/01/18  | 12/12 at 10           |
| -----                     |   |                       |
|                           | TAX OBLIGATION/LIMITED - 11.2%  |                       |
| 1,250                     | Ohio Building Authority, State Facilities Bonds, Administration Building Fund Projects, 2002 Series A, 5.500%, 4/01/18  | 4/12 at 10            |
| 2,000                     | Puerto Rico Public Building Authority, Revenue Refunding Bonds, Guaranteed by the Commonwealth of Puerto Rico, Series L, 5.500%, 7/01/21  | No Opt.               |
| -----                     |   |                       |
|                           | TRANSPORTATION - 5.4%   |                       |
| 1,550                     | State of Ohio, Turnpike Revenue Bonds, Issued by the Ohio Turnpike Commission, 1998 Series A, 5.500%, 2/15/18   | No Opt.               |
| -----                     |   |                       |
|                           | U.S. GUARANTEED - 3.3%  |                       |
| 1,000                     | County of Hamilton, Ohio, Hospital Facilities Revenue Refunding Bonds, Series 1992A (Bethesda Hospital, Inc.), 6.250%, 1/01/12 (Pre-refunded to 1/01/03)                          | 1/03 at 10            |
| -----                     |   |                       |
|                           | UTILITIES - 5.0%  |                       |
| 1,500                     | American Municipal Power Ohio, Inc., City of Wadsworth Project, Electric System Improvement Revenue Bonds, Series 2002, 5.250%, 2/15/17   | 2/12 at 10            |

---

WATER AND SEWER - 9.7%

|    |        |   |             |
|----|--------|---|-------------|
|    | 1,500  | Hamilton County, Ohio, Sewer System Improvement and Refunding Revenue Bonds, The Metropolitan Sewer District of Greater Cincinnati, 2001 Series A, 5.250%, 12/01/18 | 12/11 at 10 |
|    | 1,500  | Ohio Water Development Authority, Water Development Revenue Bonds, Fresh Water Series 2001A, 5.000%, 12/01/21   | 12/11 at 10 |
| \$ | 45,600 | Total Investments (cost \$46,369,861) - 149.4%  |             |

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Other Assets Less Liabilities - 2.2%

---

Preferred Shares, at Liquidation Value - (51.6)%

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Net Assets Applicable to Common Shares - 100%

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- \* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

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Nuveen Texas Quality Income Municipal Fund (NTX)  
Portfolio of  
Investments July 31, 2002

|    | PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIONAL<br>PROVISI |
|----|---------------------------|--|---------------------|
|    |                           | BASIC MATERIALS - 5.5%   |                     |
| \$ | 4,500                     | Cass County Industrial Development Corporation, Texas, Environmental Improvement Revenue Bonds, 2000 Series A (International Paper Company Project), 6.600%, 3/15/24 (Alternative Minimum Tax) | 3/10 at 10          |
|    | 3,000                     | Guadalupe-Blanco River Authority, Texas, Sewage and Solid Waste Disposal Facility Bonds (E.I. du Pont de Nemours and Company Project), Series 1996, 6.400%, 4/01/26 (Alternative Minimum Tax)  | 4/06 at 10          |

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-----  
 CONSUMER STAPLES - 0.5%

690 The Children's Trust Fund, Puerto Rico, Tobacco Settlement 7/10 at 10  
 Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20

-----  
 EDUCATION AND CIVIC ORGANIZATIONS - 9.2%

205 Brazos Higher Education Authority, Inc., Texas, Student Loan No Opt.  
 Revenue Refunding Bonds, Subordinate Series 1993A-2,  
 6.800%, 12/01/04 (Alternative Minimum Tax)

1,000 City of Georgetown, Texas, Higher Education Finance Corporation, 2/04 at 10  
 Higher Education Revenue Bonds, Series 1994 (Southwestern  
 University Project), 6.300%, 2/15/14

1,000 Raven Hills Higher Education Corporation, Texas, Student Housing 8/11 at 10  
 Revenue Bonds, Cardinal Village LLC - Lamar University Project,  
 Series 2001A, 5.250%, 8/01/24

1,445 Tyler Junior College District, Smith and Van Zanlt Counties, Texas, 8/04 at 10  
 Combined Fee Improvement Revenue and Refunding Bonds,  
 Series 1994, 5.900%, 8/15/13

2,330 Universal City, Texas, Education Facilities Corporation, Revenue 3/11 at 10  
 Bonds, Wayland Baptist University Project, Series 2001,  
 5.625%, 3/01/26

2,000 Board of Regents of The University of Houston System, Texas, 2/05 at 10  
 Consolidated Revenue Bonds, Series 1995, 6.000%, 2/15/17

5,000 University of North Texas Board of Regents, Financing System 4/12 at 10  
 Revenue Bonds, Series 2001, 5.000%, 4/15/24

-----  
 ENERGY - 8.5%

5,000 Gulf Coast Waste Disposal Authority, Texas, Waste Disposal 4/08 at 10  
 Revenue Bonds, Valero Refining and Marketing Company Project,  
 Series 1998, 5.600%, 4/01/32 (Alternative Minimum Tax)

5,000 Gulf Coast Industrial Development Authority, Texas, Waste Disposal 6/08 at 10  
 Revenue Bonds (Valero Refining and Marketing Company Project),  
 Series 1997, 5.600%, 12/01/31 (Alternative Minimum Tax)

2,800 Gulf Coast Waste Disposal Authority, Texas, Waste Disposal Revenue 4/09 at 10  
 Bonds (Valero Energy Corporation Project), Series 1999,  
 5.700%, 4/01/32 (Alternative Minimum Tax)

-----  
 HEALTHCARE - 19.8%

3,500 Abilene Health Facilities Development Corporation, Texas, Hospital 9/05 at 10  
 Revenue Refunding and Improvement Bonds (Hendrick Medical  
 Center Project), Series 1995C, 6.150%, 9/01/25

Gregg County, Texas, Health Facilities Development Corporation,

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|       |  |             |
|-------|--|-------------|
|       | Hospital Revenue Bonds (Good Shepherd Medical Center Project),<br>Series 2000:   |             |
| 2,000 | 6.875%, 10/01/20   | 10/10 at 10 |
| 3,250 | 6.375%, 10/01/25   | 10/10 at 10 |
| 1,500 | Harris County, Texas, Health Facilities Development Corporation,<br>Revenue Bonds, St. Luke's Episcopal Hospital, Series 2001A,<br>5.500%, 2/15/21               | 8/11 at 10  |
| 2,000 | Harris County, Texas, Health Facilities Development Corporation,<br>Hospital Revenue Bonds, Memorial Hermann Healthcare System,<br>Series 2001A, 6.375%, 6/01/29 | 6/11 at 10  |
| 5,750 | Midland County Hospital District, Texas, Hospital Revenue Bonds,<br>Series 1992, 0.000%, 6/01/11   | No Opt.     |
| 2,000 | North Central Texas Health Facilities Development Corporation,<br>Hospital Revenue Bonds, Baylor Healthcare System Project,<br>Series 2001A, 5.125%, 5/15/29     | 5/11 at 10  |

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Nuveen Texas Quality Income Municipal Fund (NTX) (continued)  
Portfolio of Investments July 31, 2002

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | HEALTHCARE (continued)  |                       |
| \$ 1,760                  | Parker County Hospital District, Texas, Hospital Revenue Bonds<br>(Campbell Health System), Series 1999, 6.250%, 8/15/19  | 8/09 at 10            |
| 1,050                     | Tarrant County Health Facilities Development Corporation, Texas,<br>Hospital Revenue Bonds, Series 1998, Adventist Health System/<br>Sunbelt Obligated Group, 5.375%, 11/15/20  | 11/08 at 10           |
| 3,500                     | Tarrant County, Texas, Health Facilities Development Corporation,<br>Hospital Revenue Bonds, Series 2000, Adventist Health System/<br>Sunbelt Obligated Group, 6.625%, 11/15/20 | 11/10 at 10           |
| 2,000                     | Tom Green County, Texas, Health Facilities Development Corporation,<br>Hospital Revenue Bonds, Series 2001, Shannon Health System<br>Project, 6.750%, 5/15/21                   | 5/11 at 10            |
| 1,000                     | Tyler Health Facilities Development Corporation, Texas, Hospital<br>Revenue Bonds, Series 2001, Mother Frances Hospital Regional<br>Health Center, 6.000%, 7/01/31              | 7/12 at 10            |
| -----                     |   |                       |
|                           | HOUSING/MULTIFAMILY - 8.7%  |                       |
|                           | Bexar County Housing Finance Corporation, Texas, Multifamily<br>Housing Revenue Bonds, The Waters at Northern Hills Apartments<br>Project, Series 2001A:                        |                       |

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|       |   |            |
|-------|---|------------|
| 2,000 | 6.000%, 8/01/31   | 8/11 at 10 |
| 750   | 6.050%, 8/01/36   | 8/11 at 10 |
|       | Grand Prairie, Texas, Housing Finance Corporation, Multifamily Housing Revenue Bonds, Landings at Carrier Project, GNMA Series 2000A:                             |            |
| 1,000 | 6.650%, 9/20/22   | 9/10 at 10 |
| 2,030 | 6.750%, 9/20/28   | 9/10 at 10 |
| 5,668 | Houston Housing Finance Corporation, Texas, Multifamily Housing Revenue Bonds, RRG Apartments Project, GNMA Collateralized Mortgage, Series 2001, 6.250%, 9/20/35 | 9/11 at 10 |

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HOUSING/SINGLE FAMILY - 8.5%

|       |  |             |
|-------|--|-------------|
| 580   | Baytown Housing Finance Corporation, Texas, Single Family Mortgage Revenue Refunding Bonds, Series 1992-A, 8.500%, 9/01/11 (Pre-refunded to 9/01/02) | 9/02 at 10  |
| 2,800 | El Paso Housing Finance Corporation, Texas, Single Family Mortgage Revenue Bonds, Series 2001A-3, 6.180%, 4/01/33                                    | 4/11 at 10  |
| 415   | City of Galveston Property Finance Authority, Inc., Texas, Single Family Mortgage Revenue Bonds, Series 1991A, 8.500%, 9/01/11                       | 9/02 at 10  |
| 1,070 | The Harrison County Finance Corporation, Texas, Single Family Mortgage Revenue Refunding Bonds, Series 1991, 8.875%, 12/01/11                        | 12/02 at 10 |
| 730   | Houston Housing Finance Corporation, Texas, Single Family Mortgage Revenue Refunding Bonds, Series 1993A, 5.950%, 12/01/10                           | 6/03 at 10  |
| 450   | Port Arthur Housing Finance Corporation, Texas, Single Family Mortgage Revenue Refunding Bonds, Series 1992, 8.700%, 3/01/12                         | 9/02 at 10  |
| 2,215 | Texas Department of Housing and Community Affairs, Single Family Mortgage Revenue Bonds, 1996 Series E, 6.000%, 9/01/17                              | 9/06 at 10  |
| 3,000 | Texas Department of Housing and Community Affairs, Single Family Mortgage Bonds, 2002 Series B, 5.550%, 3/01/34 (Alternative Minimum Tax)            | 3/12 at 10  |
| 460   | Victoria Housing Finance Corporation, Texas, Single Family Mortgage Revenue Refunding Bonds, Series 1995, 8.125%, 1/01/11                            | No Opt.     |

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LONG-TERM CARE - 7.0%

|       |   |             |
|-------|---|-------------|
|       | Bell County Health Facilities Development Corporation, Texas, Retirement Facility Revenue Bonds (Buckner Retirement Services, Inc. Obligated Group Project), Series 1998:     |             |
| 3,400 | 5.250%, 11/15/19  | 11/08 at 10 |
| 5,000 | 5.250%, 11/15/28  | 11/08 at 10 |
| 2,000 | Tarrant County Health Facilities Development Corporation, Texas, Tax-Exempt Mortgage Revenue Bonds (South Central Nursing Homes, Inc. Project), Series 1997A, 6.000%, 1/01/37 | 1/08 at 10  |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
|                           | TAX OBLIGATION/GENERAL - 29.5%  |                       |
| \$ 4,130                  | Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1992, 0.000%, 8/15/14                  | 8/09 at 7             |
| 1,450                     | Donna Independent School District, Hidalgo County, Texas, Unlimited Tax School Building Bonds, Series 2000, 6.000%, 2/15/17                                 | 2/11 at 10            |
| 1,750                     | El Paso County, Texas, Certificates of Obligation, Series 2001, 5.000%, 2/15/21   | 2/12 at 10            |
| 2,000                     | Harlingen Consolidated Independent School District, Cameron County, Texas, Unlimited Tax School Building Bonds, Series 1999, 5.650%, 8/15/29                | 8/09 at 10            |
| 2,000                     | Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27  | 8/11 at 10            |
| 2,600                     | Klein Independent School District, Harris County, Texas, Unlimited Tax Schoolhouse Bonds, Series 1999A, 5.000%, 8/01/18                                     | 8/09 at 10            |
| 1,500                     | Lake Dallas Independent School District, Denton County, Texas, General Obligation Building Bonds, Series 2001, 5.000%, 8/15/30                              | 8/11 at 10            |
| 5,220                     | Leander Independent School District, Williamson and Travis Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 0.000%, 8/15/21 | 8/09 at 4             |
| 1,545                     | Montgomery County (a political subdivision of the state of Texas), Refunding Bonds, Series 1997, 0.000%, 3/01/14  | 9/07 at 7             |
| 2,000                     | Northside Independent School District, Bexar County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 5.875%, 8/15/25                 | 8/10 at 10            |
| 500                       | Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds of 2002, Series A, 5.500%, 7/01/29   | No Opt.               |
| 1,825                     | Socorro Independent School District, El Paso County, Texas, General Obligation Bonds, Series 1996, 5.750%, 2/15/21  | 2/06 at 10            |
| 1,440                     | South Texas Community College District, General Obligation Bonds, Series 2002, 5.500%, 8/15/17  | 8/12 at 10            |
| 2,000                     | State of Texas, General Obligation Bonds, Veterans Land Board, Series 1994, 6.400%, 12/01/24 (Alternative Minimum Tax)                                      | 12/04 at 10           |
| 3,490                     | State of Texas, General Obligation Bonds, Veterans Housing Assistance Program Fund, Series 1993, 6.800%, 12/01/23   | 12/03 at 10           |

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(Alternative Minimum Tax)

|       |  |             |
|-------|--|-------------|
| 2,000 | State of Texas, General Obligation Bonds, Water Financial Assistance and Refunding Bonds, Series 2001, 5.250%, 8/01/23               | 8/11 at 10  |
| 1,500 | State of Texas, General Obligation Bonds, Public Finance Authority, Series 2002 Refunding, 5.000%, 10/01/18                          | 10/12 at 10 |
| 1,795 | United Independent School District, Webb County, Texas, Unlimited Tax School Building Bonds, Series 2000, 5.375%, 8/15/18            | 8/12 at 10  |
| 5,290 | Weslaco Independent School District, Hidalgo County, Texas, General School Building Obligation Bonds, Series 2000, 5.500%, 2/15/25   | 2/10 at 10  |
|       | West Independent School District, McLennan and Hill Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1998: |             |
| 1,000 | 0.000%, 8/15/22  | 8/13 at 6   |
| 1,000 | 0.000%, 8/15/23  | 8/13 at 5   |
| 1,000 | 0.000%, 8/15/24  | 8/13 at 5   |
| 1,800 | Williamson County, Texas, General Obligation Road Bonds, Series 2002, 5.500%, 2/15/16  | 2/12 at 10  |

-----  
TAX OBLIGATION/LIMITED - 10.1%

|       |  |             |
|-------|--|-------------|
| 4,500 | City of Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 1999, 5.800%, 11/15/29           | 11/09 at 10 |
| 2,250 | Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Bonds, Series 2001G, 5.250%, 11/15/22                     | 11/11 at 10 |
| 1,575 | Harris County, Texas, Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 1992A, 6.500%, 8/15/15    | 8/02 at 10  |
| 1,000 | City of Laredo, Texas, Sports Venue Sales Tax Revenue Bonds, Series 2001, 5.300%, 3/15/26                                    | 3/09 at 10  |
| 4,580 | City of San Antonio, Texas, Hotel Occupancy Tax Revenue Bonds (Henry B. Gonzalez Convention Center Project), 5.700%, 8/15/26 | 8/06 at 10  |

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Nuveen Texas Quality Income Municipal Fund (NTX) (continued)  
Portfolio of Investments July 31, 2002

|                           |             |                     |
|---------------------------|-------------|---------------------|
| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIONAL<br>PROVISI |
|---------------------------|-------------|---------------------|

-----

TRANSPORTATION - 9.3%

|    |       |  |             |
|----|-------|--|-------------|
| \$ | 3,005 | Alliance Airport Authority, Inc., Texas, Special Facilities Revenue Bonds, Series 1990 (American Airlines, Inc. Project), 7.500%, 12/01/29 (Alternative Minimum Tax) | 12/02 at 10 |
|----|-------|--|-------------|

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|       |  |             |
|-------|--|-------------|
| 5,020 | Dallas-Fort Worth International Airport Facility Improvement Corporation, Texas, United Parcel Service, Inc. Revenue Bonds, Series 1992, 6.600%, 5/01/32 (Alternative Minimum Tax) | 11/02 at 10 |
| 3,000 | Dallas-Fort Worth International Airport Facility Improvement Corporation, Texas, American Airlines, Inc. Revenue Bonds, Series 1999, 6.375%, 5/01/35 (Alternative Minimum Tax)     | 11/09 at 10 |
| 1,000 | Harris County, Texas, Toll Road Senior Lien Revenue Refunding Bonds, Series 1994, 5.375%, 8/15/20  | 8/04 at 10  |
| 220   | Harris County, Texas, Toll Road Senior Lien Revenue Refunding Bonds, Series 1992A, 6.500%, 8/15/17   | 8/02 at 10  |
| 320   | Harris County, Texas, Toll Road Senior Lien Revenue Refunding Bonds, Series 1992B, 6.625%, 8/15/17   | 8/02 at 10  |
| 2,000 | City of Houston, Texas, Airport System Subordinate Lien Revenue Bonds, Series 2000A, 5.625%, 7/01/30 (Alternative Minimum Tax)   | 7/10 at 10  |

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U.S. GUARANTEED - 8.6%

|       |   |            |
|-------|---|------------|
| 230   | Abilene Housing Development Corporation, Texas, First Lien Revenue Bonds, Series 1978, 7.000%, 7/01/08  | No Opt.    |
| 1,000 | Caddo Mills Independent School District, Hunt County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1995, 6.375%, 8/15/25 (Pre-refunded to 2/15/05)                            | 2/05 at 10 |
| 1,185 | Fort Bend County Levee Improvement District No. 11 (a political subdivision of the state of Texas), Unlimited Tax Levee Improvement Bonds, Series 1994, 6.900%, 9/01/17 (Pre-refunded to 9/01/04) | 9/04 at 10 |
| 1,450 | Industrial Development Corporation of the City of Galveston, Texas, Sales Tax Revenue Bonds, Series 1995, 5.750%, 9/01/15 (Pre-refunded to 9/01/05)   | 9/05 at 10 |
| 800   | City of Laredo, Webb County, Texas, Combination Tax and Waterworks System, Revenue Certificates of Obligation, Series 1994, 5.625%, 8/15/11 (Pre-refunded to 8/15/04)                             | 8/04 at 10 |
| 1,000 | North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds (Presbyterian Healthcare System Project), Series 1996B, 5.750%, 6/01/26                                     | No Opt.    |
| 2,500 | Retama Development Corporation, Texas, Special Facilities Revenue Bonds (Retama Park Racetrack Project), Series 1993, 8.750%, 12/15/17  | No Opt.    |
| 665   | City of San Antonio, Texas, Water System Revenue Refunding Bonds, Series 1992, 6.500%, 5/15/10  | No Opt.    |
| 1,500 | Texas Health Facilities Development Corporation, Hospital Revenue Bonds (All Saints Episcopal Hospitals of Fort Worth Project), Series 1993B, 6.250%, 8/15/22 (Pre-refunded to 8/15/03)           | 8/03 at 10 |

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UTILITIES - 5.5%



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|       |   |            |
|-------|---|------------|
| 2,500 | Brazos River Authority, Texas, Revenue Refunding Bonds (Reliant Energy, Inc. Project), Series 1999A, 5.375%, 4/01/19  | 4/09 at 10 |
| 2,000 | Harris County, Texas, Health Facilities Development Corporation, Thermal Utility Revenue Bonds (TECO Project), Series 2000, 5.750%, 2/15/15 (Alternative Minimum Tax)     | 2/10 at 10 |
| 1,500 | Matagorda County Navigation District Number One, Texas, Pollution Control Revenue Refunding Bonds (Central Power and Light Company Project), Series 1993, 6.000%, 7/01/28 | 7/03 at 10 |
| 2,000 | Sabine River Authority of Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company Project, Series 2001A, 5.500%, 5/01/22 (Mandatory put 11/01/11)          | No Opt.    |

-----  
WATER AND SEWER - 13.0%

|       |  |             |
|-------|--|-------------|
| 3,500 | City of Houston, Texas, Water and Sewer System, Junior Lien Revenue Refunding Bonds, Series 2002A, 5.000%, 12/01/30  | 12/12 at 10 |
| 7,000 | City of Houston, Texas, Water and Sewer System, Junior Lien , Revenue Refunding Bonds, Series 1998A 0.000%, 12/01/27 | No Opt.     |
| 1,000 | City of Houston, Texas, Water and Sewer System, Prior Lien Revenue Refunding Bonds, Series 1992B, 6.375%, 12/01/14   | 12/02 at 10 |
| 5,275 | City of Houston, Texas, Water and Sewer System, Junior Lien Revenue Refunding Bonds, Series 2000B, 5.250%, 12/01/30  | 12/10 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIONAL<br>PROVISION |
|---------------------------|---|-----------------------|
| -----                     |   |                       |
|                           | WATER AND SEWER (continued)   |                       |
| \$ 800                    | City of Houston, Texas, Water and Sewer System, Junior Lien Revenue Bonds, Series 1997A, 5.375%, 12/01/27           | 12/07 at 10           |
| 3,500                     | City of Houston, Texas, Water and Sewer System, Junior Lien Revenue Bonds, Series 2001A Refunding, 5.500%, 12/01/17 | 12/11 at 10           |
| 1,000                     | City of San Antonio, Texas, Water System Refunding Bonds, Senior Lien Series 2002 Refunding, 5.000%, 5/15/28        | 5/12 at 10            |
| 1,500                     | Texas Water Development Board, State Revolving Fund, Revenue Bonds, Senior Lien Series 1999A, 5.500%, 7/15/21       | 7/09 at 10            |
| -----                     |   |                       |
| \$ 216,058                | Total Investments (cost \$197,725,025) - 143.7%   |                       |
| =====                     |   |                       |
|                           | Other Assets Less Liabilities - 4.4%  |                       |
|                           | -----   |                       |
|                           | Preferred Shares, at Liquidation Value - (48.1)%  |                       |
| -----                     |   |                       |

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Net Assets Applicable to Common Shares - 100%

- \* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.

See accompanying notes to financial statements.

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Statement of  
Assets and Liabilities July 31, 2002

|   | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) |
|---|---------------------------------------|---|---|--|
| <b>ASSETS</b>   |                                       |   |   |  |
| Investments in municipal securities,<br>at market value | \$92,270,844                          | \$34,238,138                              | \$54,052,898                                | \$271,027,587                          |
| Cash  | 1,381,152                             | 360,115                                   | 229,362                                     | 275,955                                |
| Receivables:  |                                       |   |   |  |
| Interest  | 797,093                               | 359,793                                   | 496,968                                     | 3,442,351                              |
| Investments sold  | 5,051                                 | --  | --  | --                                     |
| Other assets  | 12,243                                | 4,765                                     | 8,684                                       | 16,641                                 |
| <b>Total assets</b>                                     | <b>94,466,383</b>                     | <b>34,962,811</b>                         | <b>54,787,912</b>                           | <b>274,762,534</b>                     |
| <b>LIABILITIES</b>                                      |                                       |   |   |  |
| Payable for investments purchased                       | 1,123,740                             | --  | --  | --                                     |
| Accrued expenses:                                       |                                       |   |   |  |
| Management fees   | 51,166                                | 10,290                                    | 16,108                                      | 148,808                                |
| Organization and offering costs                         | --                                    | 7,713                                     | 77,448                                      | --                                     |
| Other   | 73,146                                | 46,126                                    | 102,643                                     | 88,211                                 |
| Preferred share dividends payable                       | 4,926                                 | 301                                       | 4,788                                       | 18,972                                 |
| Common share dividends payable                          | 337,481                               | 107,744                                   | 173,743                                     | 876,057                                |
| <b>Total liabilities</b>                                | <b>1,590,459</b>                      | <b>172,174</b>                            | <b>374,730</b>                              | <b>1,132,048</b>                       |
| Preferred shares, at<br>liquidation value               | \$30,000,000                          | \$12,000,000                              | \$18,500,000                                | \$ 94,000,000                          |
| Net assets applicable to                                |                                       |   |   |  |

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|   |              |              |              |               |
|---|--------------|--------------|--------------|---------------|
| Common shares   | \$62,875,924 | \$22,790,637 | \$35,913,182 | \$179,630,486 |
| Common shares outstanding   | 4,411,525    | 1,539,195    | 2,413,100    | 11,603,427    |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.25     | \$ 14.81     | \$ 14.88     | \$ 15.48      |
| Net assets applicable to Common shares consist of:  |              |              |              |               |
| Common shares, \$.01 par value per share  | \$ 44,115    | \$ 15,392    | \$ 24,131    | \$ 116,034    |
| Paid-in surplus   | 61,241,318   | 21,724,930   | 34,181,189   | 162,125,563   |
| Undistributed net investment income   | 656,041      | 135,959      | 169          | 1,500,913     |
| Accumulated net realized gain (loss) from investments   | (462,166)    | 58,819       | 13,996       | 657,909       |
| Net unrealized appreciation of investments  | 1,396,616    | 855,537      | 1,693,697    | 15,230,067    |
| Net assets applicable to Common shares  | \$62,875,924 | \$22,790,637 | \$35,913,182 | \$179,630,486 |
| Authorized shares:  |              |              |              |               |
| Common  | 200,000,000  | Unlimited    | Unlimited    | 200,000,000   |
| Preferred   | 1,000,000    | Unlimited    | Unlimited    | 1,000,000     |

See accompanying notes to financial statements.

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|  | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) |
|--|------------------------------------|--|--|
| ASSETS   |                                    |  |  |
| Investments in municipal securities, at market value | \$231,982,991                      | \$92,612,915                           | \$68,326,300                             |
| Cash   | 576,659                            | 100,632                                | 225,618                                  |
| Receivables:   |                                    |  |  |
| Interest   | 2,833,661                          | 1,239,509                              | 832,394                                  |
| Investments sold                                     | --                                 | --                                     | --                                       |
| Other assets   | 20,741                             | 9,069                                  | 4,076                                    |
| Total assets   | 235,414,052                        | 93,962,125                             | 69,388,388                               |
| LIABILITIES  |                                    |  |  |
| Payable for investments purchased                    | 1,004,310                          | --                                     | --                                       |
| Accrued expenses:                                    |                                    |  |  |
| Management fees                                      | 127,296                            | 27,731                                 | 20,453                                   |
| Organization and offering costs                      | --                                 | 2,237                                  | 3,709                                    |
| Other  | 161,132                            | 68,707                                 | 74,336                                   |
| Preferred share dividends payable                    | 10,032                             | 7,725                                  | 1,971                                    |

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|   |               |              |              |
|---|---------------|--------------|--------------|
| Common share dividends payable  | 759,928       | 307,792      | 214,810      |
| Total liabilities   | 2,062,698     | 414,192      | 315,279      |
| Preferred shares, at liquidation value  | \$ 77,000,000 | \$31,000,000 | \$24,000,000 |
| Net assets applicable to<br>Common shares   | \$156,351,354 | \$62,547,933 | \$45,073,109 |
| Common shares outstanding   | 9,558,840     | 4,216,333    | 3,113,188    |
| Net asset value per Common share<br>outstanding (net assets<br>applicable to Common<br>shares, divided by<br>Common shares outstanding) | \$ 16.36      | \$ 14.83     | \$ 14.48     |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:  |               |              |              |
| Common shares, \$.01 par value per share  | \$ 95,588     | \$ 42,163    | \$ 31,132    |
| Paid-in surplus   | 144,524,428   | 59,773,648   | 44,064,338   |
| Undistributed net investment income   | 1,162,184     | 410,424      | 244,181      |
| Accumulated net realized gain (loss)<br>from investments  | (632,998)     | (30,601)     | (425,114)    |
| Net unrealized appreciation of<br>investments   | 11,202,152    | 2,352,299    | 1,158,572    |
| Net assets applicable to Common<br>shares   | \$156,351,354 | \$62,547,933 | \$45,073,109 |
| Authorized shares:  |               |              |              |
| Common  | 200,000,000   | Unlimited    | Unlimited    |
| Preferred   | 1,000,000     | Unlimited    | Unlimited    |

See accompanying notes to financial statements.

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Statement of  
Operations Year Ended July 31, 2002

|  | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) * | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) |
|--|---------------------------------------|---|---|--|
| Investment Income                                    | \$ 5,524,613                          | \$1,803,947                               | \$663,637                                     | \$15,085,775                           |
| Expenses   |                                       |   |   |  |
| Management fees                                      | 606,648                               | 222,245                                   | 101,287                                       | 1,735,102                              |
| Preferred shares - auction fees                      | 75,000                                | 30,000                                    | 9,630   | 235,000                                |
| Preferred shares - dividend<br>disbursing agent fees | 10,000                                | 10,000                                    | 2,082   | 20,000                                 |
| Shareholders' servicing agent<br>fees and expenses   | 9,378                                 | 863                                       | 454   | 42,969                                 |
| Custodian's fees and expenses                        | 35,672                                | 24,693                                    | 13,512  | 77,921                                 |
| Directors'/Trustees' fees<br>and expenses            | 1,560                                 | 410                                       | 372   | 3,121                                  |

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|   |              |             |             |              |
|---|--------------|-------------|-------------|--------------|
| Professional fees   | 10,675       | 7,649       | 7,152       | 13,169       |
| Shareholders' reports - printing<br>and mailing expenses  | 15,633       | 7,178       | 5,522       | 38,689       |
| Stock exchange listing fees   | 16,480       | 130         | --          | 18,140       |
| Investor relations expense  | 13,495       | 5,639       | --          | 43,248       |
| Other expenses  | 12,844       | 4,878       | 933         | 26,369       |
| -----   |              |             |             |              |
| Total expenses before custodian fee<br>credit and expense reimbursement                               | 807,385      | 313,685     | 140,944     | 2,253,728    |
| Custodian fee credit  | (9,136)      | (4,165)     | (2,918)     | (10,200)     |
| Expense reimbursement   | --           | (102,574)   | (46,748)    | --           |
| -----   |              |             |             |              |
| Net expenses  | 798,249      | 206,946     | 91,278      | 2,243,528    |
| -----   |              |             |             |              |
| Net investment income   | 4,726,364    | 1,597,001   | 572,359     | 12,842,247   |
| -----   |              |             |             |              |
| REALIZED AND UNREALIZED GAIN<br>(LOSS) FROM INVESTMENTS   |              |             |             |              |
| Net realized gain (loss)<br>from investments  | (462,165)    | 148,987     | 13,996      | 1,255,918    |
| Change in net unrealized<br>appreciation (depreciation)<br>of investments                             | (2,058,272)  | 425,309     | 1,693,697   | 580,210      |
| -----   |              |             |             |              |
| Net gain (loss) from investments  | (2,520,437)  | 574,296     | 1,707,693   | 1,836,128    |
| -----   |              |             |             |              |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS   |              |             |             |              |
| From net investment income  | (414,197)    | (175,122)   | (51,112)    | (1,264,782)  |
| From accumulated net realized<br>gains from investments   | (51,989)     | (4,730)     | --          | (279,535)    |
| -----   |              |             |             |              |
| Decrease in net assets applicable<br>to Common shares from distributions<br>to Preferred shareholders | (466,186)    | (179,852)   | (51,112)    | (1,544,317)  |
| -----   |              |             |             |              |
| Net increase in net assets<br>applicable to Common shares<br>from operations                          | \$ 1,739,741 | \$1,991,445 | \$2,228,940 | \$13,134,058 |
| =====   |              |             |             |              |

\* For the period March 26, 2002 (commencement of operations) through July 31, 2002.

\*\* For the period September 25, 2001 (commencement of operations) through July 31, 2002.

See accompanying notes to financial statements

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|                   | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) * |
|-------------------|------------------------------------|--|--|
| INVESTMENT INCOME | \$12,818,107                       | \$4,927,791                            | \$2,709,697                                |

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|   |              |             |             |
|---|--------------|-------------|-------------|
| EXPENSES  |              |             |             |
| Management fees   | 1,484,180    | 600,324     | 349,235     |
| Preferred shares - auction fees   | 192,500      | 77,500      | 42,410      |
| Preferred shares - dividend<br>disbursing agent fees  | 30,000       | 10,000      | 7,069       |
| Shareholders' servicing agent<br>fees and expenses  | 45,503       | 2,222       | 1,303       |
| Custodian's fees and expenses   | 56,622       | 33,744      | 29,069      |
| Directors'/Trustees' fees and expenses  | 2,851        | 1,388       | 977         |
| Professional fees   | 12,319       | 9,421       | 13,417      |
| Shareholders' reports - printing<br>and mailing expenses  | 42,730       | 13,666      | 12,573      |
| Stock exchange listing fees   | 11,705       | 358         | 298         |
| Investor relations expense  | 36,200       | 5,044       | 2,283       |
| Other expenses  | 17,769       | 9,755       | 1,592       |
| Total expenses before custodian fee<br>credit and expense reimbursement                               | 1,932,379    | 763,422     | 460,226     |
| Custodian fee credit  | (28,276)     | (6,889)     | (4,609)     |
| Expense reimbursement   | --           | (277,072)   | (160,478)   |
| Net expenses  | 1,904,103    | 479,461     | 295,139     |
| Net investment income   | 10,914,004   | 4,448,330   | 2,414,558   |
| REALIZED AND UNREALIZED GAIN<br>(LOSS) FROM INVESTMENTS   |              |             |             |
| Net realized gain (loss) from investments   | 1,127,600    | (10,990)    | (425,114)   |
| Change in net unrealized appreciation<br>(depreciation) of investments                                | 387,460      | 836,808     | 1,158,572   |
| Net gain (loss) from investments  | 1,515,060    | 825,818     | 733,458     |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS   |              |             |             |
| From net investment income  | (1,205,443)  | (508,862)   | (237,497)   |
| From accumulated net realized<br>gains from investments   | --           | --          | --          |
| Decrease in net assets applicable<br>to Common shares from distributions<br>to Preferred shareholders | (1,205,443)  | (508,862)   | (237,497)   |
| Net increase in net assets applicable<br>to Common shares from operations                             | \$11,223,621 | \$4,765,286 | \$2,910,519 |

\* For the period September 26, 2001 (commencement of operations) through July 31, 2002.

\*\* For the period March 27, 2002 (commencement of operations) through July 31, 2002.

See accompanying notes to financial statements.

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|   | ARIZONA<br>PREMIUM INCOME (NAZ) |                       | ARIZONA<br>DIVIDEND ADVANTAGE (NFZ) |   |
|---|---------------------------------|-----------------------|-------------------------------------|---|
|   | YEAR ENDED<br>7/31/02           | YEAR ENDED<br>7/31/01 | YEAR ENDED<br>7/31/02               | FOR THE<br>PERIOD 1/31/0<br>(COMMENCEMEN<br>OF OPERATIONS<br>THROUGH 7/31/0 |
| <b>OPERATIONS</b>                               |                                 |                       |                                     |   |
| Net investment income                           | \$ 4,726,364                    | \$ 4,754,581          | \$ 1,597,001                        | \$ 668,04   |
| Net realized gain (loss)                        |                                 |                       |                                     |   |
| from investments                                | (462,165)                       | 574,900               | 148,987                             | (64,22  |
| Change in net unrealized appreciation           |                                 |                       |                                     |   |
| (depreciation) of investments                   | (2,058,272)                     | 1,610,292             | 425,309                             | 432,47  |
| Distributions to Preferred Shareholders:        |                                 |                       |                                     |   |
| From net investment income                      | (414,197)                       | (1,026,132)           | (175,122)                           | (126,74   |
| From accumulated net realized gains             |                                 |                       |                                     |   |
| from investments                                | (51,989)                        | (7,956)               | (4,730)                             | -   |
| <b>Net increase in net assets applicable to</b> |                                 |                       |                                     |   |
| Common shares from operations                   | 1,739,741                       | 5,905,685             | 1,991,445                           | 909,54  |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>     |                                 |                       |                                     |   |
| From net investment income                      | (3,884,716)                     | (3,620,798)           | (1,291,796)                         | (537,66   |
| From accumulated net realized gains             |                                 |                       |                                     |   |
| from investments                                | (182,992)                       | (26,704)              | (21,217)                            | -   |
| <b>Decrease in net assets applicable to</b>     |                                 |                       |                                     |   |
| Common shares from distributions                |                                 |                       |                                     |   |
| to Common shareholders                          | (4,067,708)                     | (3,647,502)           | (1,313,013)                         | (537,66   |
| <b>CAPITAL SHARE TRANSACTIONS</b>               |                                 |                       |                                     |   |
| <b>Common shares:</b>                           |                                 |                       |                                     |   |
| Net proceeds from sale of shares                | --                              | --                    | --                                  | 21,858,48   |
| Net proceeds from shares                        |                                 |                       |                                     |   |
| issued to shareholders due to                   |                                 |                       |                                     |   |
| reinvestment of distributions                   | 344,887                         | 314,009               | 39,766                              | 4,29  |
| Preferred shares offering costs                 | --                              | --                    | --                                  | (262,50   |
| <b>Net increase in net assets applicable</b>    |                                 |                       |                                     |   |
| to Common shares from capital                   |                                 |                       |                                     |   |
| share transactions                              | 344,887                         | 314,009               | 39,766                              | 21,600,28   |
| <b>Net increase (decrease) in net assets</b>    |                                 |                       |                                     |   |
| applicable to Common shares                     | (1,983,080)                     | 2,572,192             | 718,198                             | 21,972,16   |
| <b>Net assets applicable to Common</b>          |                                 |                       |                                     |   |
| shares at the beginning                         |                                 |                       |                                     |   |
| of period                                       | 64,859,004                      | 62,286,812            | 22,072,439                          | 100,27  |
| <b>Net assets applicable to Common</b>          |                                 |                       |                                     |   |
| shares at the end of period                     | \$62,875,924                    | \$64,859,004          | \$22,790,637                        | \$22,072,43   |
| <b>Undistributed net investment</b>             |                                 |                       |                                     |   |
| income at the end of period                     | \$ 656,041                      | \$ 228,590            | \$ 135,959                          | \$ 3,62   |

See accompanying notes to financial statements.

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|   | MICHIGAN<br>QUALITY INCOME (NUM) |                       | MICHIGAN<br>PREMIUM INCOME (NMP) |                       |
|---|----------------------------------|-----------------------|----------------------------------|-----------------------|
|   | YEAR ENDED<br>7/31/02            | YEAR ENDED<br>7/31/01 | YEAR ENDED<br>7/31/02            | YEAR ENDED<br>7/31/01 |
| <b>OPERATIONS</b>                           |                                  |                       |                                  |                       |
| Net investment income                       | \$ 12,842,247                    | \$ 13,395,664         | \$ 8,069,853                     | \$ 8,237,45           |
| Net realized gain (loss)                    |                                  |                       |                                  |                       |
| from investments                            | 1,255,918                        | 722,430               | 509,493                          | 1,000,97              |
| Change in net unrealized appreciation       |                                  |                       |                                  |                       |
| (depreciation) of investments               | 580,210                          | 8,535,587             | 764,121                          | 7,232,19              |
| Distributions to Preferred Shareholders:    |                                  |                       |                                  |                       |
| From net investment income                  | (1,264,782)                      | (3,290,957)           | (820,275)                        | (1,952,91             |
| From accumulated net realized gains         |                                  |                       |                                  |                       |
| from investments                            | (279,535)                        | (73,780)              | --                               | --                    |
| Net increase in net assets applicable to    |                                  |                       |                                  |                       |
| Common shares from operations               | 13,134,058                       | 19,288,944            | 8,523,192                        | 14,517,70             |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b> |                                  |                       |                                  |                       |
| From net investment income                  | (10,352,127)                     | (10,158,506)          | (6,545,391)                      | (6,298,85             |
| From accumulated net realized gains         |                                  |                       |                                  |                       |
| from investments                            | (863,646)                        | (222,220)             | --                               | --                    |
| Decrease in net assets applicable to        |                                  |                       |                                  |                       |
| Common shares from distributions            |                                  |                       |                                  |                       |
| to Common shareholders                      | (11,215,773)                     | (10,380,726)          | (6,545,391)                      | (6,298,85             |
| <b>CAPITAL SHARE TRANSACTIONS</b>           |                                  |                       |                                  |                       |
| Common shares:                              |                                  |                       |                                  |                       |
| Net proceeds from sale of shares            | --                               | --                    | --                               | --                    |
| Net proceeds from shares                    |                                  |                       |                                  |                       |
| issued to shareholders due to               |                                  |                       |                                  |                       |
| reinvestment of distributions               | 1,048,301                        | 326,968               | 57,829                           | --                    |
| Preferred shares offering costs             | --                               | --                    | --                               | --                    |
| Net increase in net assets applicable       |                                  |                       |                                  |                       |
| to Common shares from capital               |                                  |                       |                                  |                       |
| share transactions                          | 1,048,301                        | 326,968               | 57,829                           | --                    |
| Net increase (decrease) in net assets       |                                  |                       |                                  |                       |
| applicable to Common shares                 | 2,966,586                        | 9,235,186             | 2,035,630                        | 8,218,85              |
| Net assets applicable to Common             |                                  |                       |                                  |                       |
| shares at the beginning                     |                                  |                       |                                  |                       |
| of period                                   | 176,663,900                      | 167,428,714           | 117,784,057                      | 109,565,19            |
| Net assets applicable to Common             |                                  |                       |                                  |                       |
| shares at the end of period                 | \$179,630,486                    | \$176,663,900         | \$119,819,687                    | \$117,784,05          |
| Undistributed net investment                |                                  |                       |                                  |                       |
| income at the end of period                 | \$ 1,500,913                     | \$ 116,948            | \$ 1,187,234                     | \$ 213,12             |

See accompanying notes to financial statements.



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Statement of  
Changes in Net Assets (continued)

|   | OHIO<br>QUALITY INCOME (NUO) |                       | OHIO<br>DIVIDEND ADVANTAGE (NXI) |   |
|---|------------------------------|-----------------------|----------------------------------|---|
|   | YEAR ENDED<br>7/31/02        | YEAR ENDED<br>7/31/01 | YEAR ENDED<br>7/31/02            | FOR THE<br>PERIOD 3/28/<br>(COMMENCEME<br>OF OPERATION<br>THROUGH 7/31/ |
| <b>OPERATIONS</b>                           |                              |                       |                                  |   |
| Net investment income                       | \$ 10,914,004                | \$ 11,399,510         | \$ 4,448,330                     | \$ 1,209,41   |
| Net realized gain (loss)                    |                              |                       |                                  |   |
| from investments                            | 1,127,600                    | 319,530               | (10,990)                         | (25,60  |
| Change in net unrealized appreciation       |                              |                       |                                  |   |
| (depreciation) of investments               | 387,460                      | 5,042,976             | 836,808                          | 1,528,24  |
| Distributions to Preferred Shareholders:    |                              |                       |                                  |   |
| From net investment income                  | (1,205,443)                  | (2,592,880)           | (508,862)                        | (177,88   |
| From accumulated net realized gains         |                              |                       |                                  |   |
| from investments                            | --                           | --                    | --                               | --  |
| Net increase in net assets applicable to    |                              |                       |                                  |   |
| Common shares from operations               | 11,223,621                   | 14,169,136            | 4,765,286                        | 2,534,17  |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b> |                              |                       |                                  |   |
| From net investment income                  | (8,853,521)                  | (8,621,168)           | (3,662,910)                      | (910,41   |
| From accumulated net realized gains         |                              |                       |                                  |   |
| from investments                            | --                           | --                    | --                               | -   |
| Decrease in net assets applicable to        |                              |                       |                                  |   |
| Common shares from distributions            |                              |                       |                                  |   |
| to Common shareholders                      | (8,853,521)                  | (8,621,168)           | (3,662,910)                      | (910,41   |
| <b>CAPITAL SHARE TRANSACTIONS</b>           |                              |                       |                                  |   |
| Common shares:                              |                              |                       |                                  |   |
| Net proceeds from sale of shares            | --                           | --                    | --                               | 60,151,93   |
| Net proceeds from shares                    |                              |                       |                                  |   |
| issued to shareholders due to               |                              |                       |                                  |   |
| reinvestment of distributions               | 817,099                      | 571,647               | 21,725                           | 12  |
| Preferred shares offering costs             | --                           | --                    | --                               | (452,25   |
| Net increase in net assets applicable       |                              |                       |                                  |   |
| to Common shares from capital               |                              |                       |                                  |   |
| share transactions                          | 817,099                      | 571,647               | 21,725                           | 59,699,80   |
| Net increase (decrease) in net assets       |                              |                       |                                  |   |
| applicable to Common shares                 | 3,187,199                    | 6,119,615             | 1,124,101                        | 61,323,55   |
| Net assets applicable to Common             |                              |                       |                                  |   |
| shares at the beginning                     |                              |                       |                                  |   |
| of period                                   | 153,164,155                  | 147,044,540           | 61,423,832                       | 100,27  |
| Net assets applicable to Common             |                              |                       |                                  |   |

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|                              |               |               |              |             |
|------------------------------|---------------|---------------|--------------|-------------|
| shares at the end of period  | \$156,351,354 | \$153,164,155 | \$62,547,933 | \$61,423,83 |
| =====                        |               |               |              |             |
| Undistributed net investment |               |               |              |             |
| income at the end of period  | \$ 1,162,184  | \$ 270,766    | \$ 410,424   | \$ 121,10   |
| =====                        |               |               |              |             |

See accompanying notes to financial statements.

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|  | OHIO<br>DIVIDEND ADVANTAGE 3 (NVJ)  |
|--|---|
|  | -----   |
|  | FOR THE<br>PERIOD 3/27/0<br>(COMMENCEMEN<br>OF OPERATIONS<br>THROUGH 7/31/0 |
|  | -----   |
| OPERATIONS   |   |
| Net investment income  | \$ 544,89   |
| Net realized gain (loss) from investments  | (11,35  |
| Change in net unrealized appreciation<br>(depreciation) of investments                             | 1,409,66  |
| Distributions to Preferred Shareholders:   |   |
| From net investment income   | (41,04  |
| From accumulated net realized gains<br>from investments  | -   |
| -----  |   |
| Net increase in net assets applicable to<br>Common shares from operations                          | 1,902,17  |
| -----  |   |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |   |
| From net investment income   | (472,38   |
| From accumulated net realized gains<br>from investments  | -   |
| -----  |   |
| Decrease in net assets applicable to<br>Common shares from distributions<br>to Common shareholders | (472,38   |
| -----  |   |
| CAPITAL SHARE TRANSACTIONS   |   |
| Common shares:   |   |
| Net proceeds from sale of shares   | 30,734,25   |
| Net proceeds from shares<br>issued to shareholders due to<br>reinvestment of distributions         | 53  |
| Preferred shares offering costs  | (269,91   |
| -----  |   |
| Net increase in net assets applicable<br>to Common shares from capital<br>share transactions       | 30,464,86   |
| -----  |   |
| Net increase (decrease) in net assets<br>applicable to Common shares                               | 31,894,65   |
| Net assets applicable to Common<br>shares at the beginning of period                               | 100,27  |

|  |             |
|--|-------------|
| Net assets applicable to Common<br>shares at the end of period | \$31,994,93 |
| Undistributed net investment<br>income at the end of period    | \$ 31,47    |

See accompanying notes to financial statements.

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Notes to  
Financial Statements

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The state funds (the "Funds") covered in this report and their corresponding exchange symbols are Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ), Nuveen Arizona Dividend Advantage Municipal Fund (NFZ), Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR), Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM), Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP), Nuveen Michigan Dividend Advantage Municipal Fund (NZW), Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO), Nuveen Ohio Dividend Advantage Municipal Fund (NXI), Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ), Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ) and Nuveen Texas Quality Income Municipal Fund (NTX). Arizona Premium Income (NAZ), Michigan Quality Income (NUM), Michigan Premium Income (NMP), Ohio Quality Income (NUO) and Texas Quality Income (NTX) are traded on the New York Stock Exchange while Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR), Michigan Dividend Advantage (NZW), Ohio Dividend Advantage (NXI), Ohio Dividend Advantage 2 (NBJ) and Ohio Dividend Advantage 3 (NVJ) are traded on the American Stock Exchange. Prior to the commencement of operations of Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR), Michigan Dividend Advantage (NZW), Ohio Dividend Advantage (NXI), Ohio Dividend Advantage 2 (NBJ) and Ohio Dividend Advantage 3 (NVJ), each Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,275 by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of The John Nuveen Company, and the recording of the organization expenses (\$15,000, \$11,500, \$11,500, \$15,000, \$11,500 and \$11,500, respectively) and their reimbursement by Nuveen Investments, also a wholly owned subsidiary of The John Nuveen Company.

Each Fund seeks to provide current income exempt from both regular federal and designated state income taxes, where applicable, by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within a single state. The Funds are registered under the Investment Company Act of 1940 as closed-end management investment companies.

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

Securities Valuation

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

unavailable or inappropriate, the Board of Directors/Trustees of the Funds may establish a fair value for the security. Temporary investments in securities that have variable rate and demand features qualifying them as short-term securities are valued at amortized cost, which approximates market value.

#### Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may have extended settlement periods. The securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets in a separate account with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At July 31, 2002, Arizona Premium Income (NAZ) had an outstanding when-issued purchase commitment of \$1,123,740. There were no such outstanding purchase commitments in any of the other Funds.

#### Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis.

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#### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its net investment income to its share holders. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and designated state income taxes, where applicable, to retain such tax-exempt status when distributed to shareholders of the Funds. All monthly tax-exempt income dividends paid during the period ended July 31, 2002, have been designated Exempt Interest Dividends.

#### Dividends and Distributions to Common Shareholders

Tax-exempt net investment income is declared monthly as a dividend. Generally, payment is made or reinvestment is credited to shareholder accounts after month-end. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to Common Shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States. Accordingly, temporary over-distributions as a result of these differences may occur and will be classified as either distributions in excess of net investment income, distributions in excess of net realized gains and/or distributions in excess of net ordinary taxable income from investment transactions, where applicable.

#### Preferred Shares

The Funds have issued and outstanding \$25,000 stated value Preferred shares.

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Each Fund's Preferred shares are issued in one or more Series. The dividend rate on each Series may change every seven days, as set pursuant to a dutch auction process by the auction agent, and is payable at or near the end of each rate period. The number of shares outstanding, by Series and in total, for each Fund is as follows:

|                   | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) |
|-------------------|---------------------------------------|---|---|--|--|
| -----             |                                       |   |   |  |  |
| Number of shares: |                                       |   |   |  |  |
| Series M          | --                                    | --  | --  | --                                     | 840                                    |
| Series T          | --                                    | 480                                       | --  | --                                     | --                                     |
| Series W          | --                                    | --  | 740   | --                                     | --                                     |
| Series TH         | 1,200                                 | --  | --  | 3,200                                  | 1,400                                  |
| Series TH2        | --                                    | --  | --  | --                                     | --                                     |
| Series F          | --                                    | --  | --  | 560                                    | --                                     |
| -----             |                                       |   |   |  |  |
| Total             | 1,200                                 | 480                                       | 740   | 3,760                                  | 2,240                                  |
| =====             |                                       |   |   |  |  |

|                   | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ) |
|-------------------|------------------------------------|--|--|--|
| -----             |                                    |  |  |  |
| Number of shares: |                                    |  |  |  |
| Series M          | 680                                | --                                     | --                                       | --                                       |
| Series T          | --                                 | --                                     | --                                       | 660                                      |
| Series W          | --                                 | 1,240                                  | --                                       | --                                       |
| Series TH         | 1,400                              | --                                     | --                                       | --                                       |
| Series TH2        | 1,000                              | --                                     | --                                       | --                                       |
| Series F          | --                                 | --                                     | 960                                      | --                                       |
| -----             |                                    |  |  |  |
| Total             | 3,080                              | 1,240                                  | 960                                      | 660                                      |
| =====             |                                    |  |  |  |

Effective November 16, 2001, Michigan Dividend Advantage (NZW) and Ohio Dividend Advantage 2 (NBJ) issued 640 Series W and 960 Series F, respectively, \$25,000 stated value Preferred shares.

Effective May 17, 2002, Arizona Dividend Advantage 2 (NKR) and Ohio Dividend Advantage 3 (NVJ) issued 740 Series W and 660 Series T, respectively, \$25,000 stated value Preferred shares.

Derivative Financial Instruments

The Funds may invest in certain derivative financial instruments including futures, forward, swap, and option contracts, and other financial instruments with similar characteristics. Although the Funds are authorized to invest in such financial instruments, and may do so in the future, they did not make any such investments during the period ended July 31, 2002.

Notes to  
Financial Statements (continued)

Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments.

Offering Costs

Nuveen Investments has agreed to pay all offering costs (other than the sales load) that exceed \$.03 per Common share for Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR), Michigan Dividend Advantage (NZW), Ohio Dividend Advantage (NXI), Ohio Dividend Advantage 2 (NBJ) and Ohio Dividend Advantage 3 (NVJ). Arizona Dividend Advantage's (NFZ), Arizona Dividend Advantage 2's (NKR), Michigan Dividend Advantage's (NZW), Ohio Dividend Advantage's (NXI), Ohio Dividend Advantage 2's (NBJ) and Ohio Dividend Advantage 3's (NVJ) share of offering costs (\$45,873, \$72,150, \$61,530, \$126,237, \$93,150 and \$64,500, respectively) were recorded as a reduction of the proceeds from the sale of the common shares.

Costs incurred by Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR), Michigan Dividend Advantage (NZW), Ohio Dividend Advantage (NXI), Ohio Dividend Advantage 2 (NBJ) and Ohio Dividend Advantage 3 (NVJ) in connection with their offering of Preferred shares (\$262,500, \$291,302, \$326,000, \$452,250, \$408,000 and \$269,918, respectively) were recorded as a reduction to paid-in surplus.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

Change in Accounting Policy

As required, effective August 1, 2001, the following Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. Prior to August 1, 2001, the Funds did not accrete taxable market discount on debt securities until they were sold. The cumulative effect of this accounting change had no impact on the total net assets applicable to Common shares or the Common share net asset values of the Funds, but resulted in an increase in the cost of securities and a corresponding decrease in net unrealized appreciation based on securities held by the Funds on August 1, 2001, as follows:

| ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) |
|---------------------------------------|---|--|--|------------------------------------|--|
| \$--                                  | \$2,248                                   | \$158,627                              | \$269,926                              | \$36,378                           | \$12,758                               |

The Statement of Changes in Net Assets and Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

The net effect of this change for the fiscal year ended July 31, 2002, is as follows:

|   | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) |
|---|---------------------------------------|---|--|--|------------------------------------|--|
| Investment income                                     | \$--                                  | \$ 4,792                                  | \$ 32,842                              | \$ 50,019                              | \$ 10,798                          | \$ 44,512                              |
| Net increase (decrease) in<br>unrealized appreciation | --                                    | (4,792)                                   | (32,842)                               | (50,019)                               | (10,798)                           | (38,520)                               |
| Net realized gain (loss)                              | --                                    | --  | --                                     | --                                     | --                                 | (5,992)                                |

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Classification and Measurement of Redeemable Securities

The Funds have adopted the classification requirement of EITF D-98, Classification and Measurement of Redeemable Securities. EITF D-98 requires that Preferred shares, at liquidation value, be presented separately in the Statement of Assets and Liabilities. Accordingly, certain reclassifications have been made to the financial statements and financial highlights for all prior periods presented. The adoption of EITF D-98 had no impact on the Funds' Common share net asset values.

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

|                               | ARIZONA PREMIUM<br>INCOME (NAZ) | ARIZONA DIVIDEND<br>ADVANTAGE (NFZ) | FOR THE<br>PERIOD 1/31/01<br>(COMMENCE-<br>MENT OF<br>OPERATIONS) | PER<br>(C<br>OP<br>T<br>7 |
|-------------------------------|---------------------------------|-------------------------------------|---|---------------------------|
|                               | YEAR ENDED<br>7/31/02           | YEAR ENDED<br>7/31/01               | YEAR ENDED<br>7/31/02<br>THROUGH<br>7/31/01                       |                           |
| Common shares:                |                                 |                                     |   |                           |
| Shares sold                   | --                              | --                                  | --  | 1,529,100                 |
| Shares issued to shareholders |                                 |                                     |   |                           |

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|                                      |        |        |       |           |
|--------------------------------------|--------|--------|-------|-----------|
| due to reinvestment of distributions | 21,407 | 20,422 | 2,811 | 284       |
|                                      | 21,407 | 20,422 | 2,811 | 1,529,384 |
| Preferred shares sold                | --     | --     | --    | 480       |

|  | MICHIGAN QUALITY INCOME (NUM) |                    | MICHIGAN PREMIUM INCOME (NMP) |                    | MIC DIV ADV (FO PERIOD (CO M OPE T 7 |
|--|-------------------------------|--------------------|-------------------------------|--------------------|--------------------------------------|
|  | YEAR ENDED 7/31/02            | YEAR ENDED 7/31/01 | YEAR ENDED 7/31/02            | YEAR ENDED 7/31/01 |                                      |
| Common shares:   |                               |                    |                               |                    |                                      |
| Shares sold  | --                            | --                 | --                            | --                 | 2                                    |
| Shares issued to shareholders due to reinvestment of distributions | 68,086                        | 21,344             | 3,743                         | --                 |                                      |
|  | 68,086                        | 21,344             | 3,743                         | --                 | 2                                    |
| Preferred shares sold  | --                            | --                 | --                            | --                 |                                      |

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Notes to Financial Statements (continued)

|  | OHIO QUALITY INCOME (NUO) |                    | OHIO DIVIDEND ADVANTAGE (NXI) |   | DI ADV (FO PERIOD (CO M OPE T 7 |
|--|---------------------------|--------------------|-------------------------------|---|---------------------------------|
|  | YEAR ENDED 7/31/02        | YEAR ENDED 7/31/01 | YEAR ENDED 7/31/02            | FOR THE PERIOD 3/28/01 (COMMENCEMENT OF OPERATIONS) THROUGH 7/31/01 |                                 |
| Common shares:                                       |                           |                    |                               |   |                                 |
| Shares sold  | --                        | --                 | --                            | 4,207,900   | 3                               |
| Shares issued to shareholders due to reinvestment of |                           |                    |                               |   |                                 |



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|                       |        |        |       |           |
|-----------------------|--------|--------|-------|-----------|
| distributions         | 47,904 | 34,578 | 1,425 | 8         |
|                       | 47,904 | 34,578 | 1,425 | 4,207,908 |
| Preferred shares sold | --     | --     | --    | 1,240     |

|  | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ)  | TEXAS QUAL<br>INCOME (NT |
|--|---|--------------------------|
|  | FOR THE<br>PERIOD 3/27/02<br>(COMMENCE-<br>MENT OF<br>OPERATIONS)<br>THROUGH<br>7/31/02 | YEAR ENDED<br>7/31/02    |
| Common shares:   |   |                          |
| Shares sold  | 2,150,000   | --                       |
| Shares issued to shareholders<br>due to reinvestment of<br>distributions | 35  | 21,816                   |
|  | 2,150,035   | 21,816                   |
| Preferred shares sold  | 660   | --                       |

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3. SUBSEQUENT EVENT-DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid September 3, 2002, to shareholders of record on August 15, 2002, as follows:

|                    | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) |
|--------------------|---------------------------------------|---|---|--|--|
| Dividend per share | \$.0765                               | \$.0700                                   | \$.0720                                     | \$.0755                                | \$.0735                                |

|                    | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ) |
|--------------------|------------------------------------|--|--|--|
| Dividend per share | \$.0795                            | \$.0730                                | \$.0690                                  | \$.0730                                  |

4. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities and short-term securities during the fiscal year ended July 31, 2002, were as follows:

|                                | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) * | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) |              |
|--------------------------------|---------------------------------------|---|---|--|--|--------------|
| -----                          |                                       |   |   |  |  |              |
| Purchases:                     |                                       |   |   |  |  |              |
| Long-term municipal securities | \$18,986,824                          | \$13,693,753                              | \$52,863,052                                  | \$52,699,797                           | \$15,648,473                           | \$52,863,052 |
| Short-term securities          | 3,600,000                             | --  | 2,100,000                                     | 11,900,000                             | 7,100,000                              | 6,000,000    |
| Sales and maturities:          |                                       |   |   |  |  |              |
| Long-term municipal securities | 17,765,871                            | 13,863,784                                | 498,750                                       | 51,232,629                             | 15,195,522                             | 8,000,000    |
| Short-term securities          | 3,600,000                             | --  | 2,100,000                                     | 11,900,000                             | 7,100,000                              | 6,000,000    |

|                                | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) *** | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ) **** |              |              |
|--------------------------------|------------------------------------|--|--|---|--------------|--------------|
| -----                          |                                    |  |  |   |              |              |
| Purchases:                     |                                    |  |  |   |              |              |
| Long-term municipal securities |                                    | \$64,807,091                           | \$16,898,282                                 | \$90,991,812                                  | \$48,912,937 | \$48,912,937 |
| Short-term securities          |                                    | 7,500,000                              | 7,700,000                                    | 29,550,000                                    | 29,225,000   | 3,000,000    |
| Sales and maturities:          |                                    |  |  |   |              |              |
| Long-term municipal securities |                                    | 58,210,697                             | 16,305,693                                   | 23,362,318                                    | 2,503,049    | 50,000,000   |
| Short-term securities          |                                    | 7,500,000                              | 7,700,000                                    | 29,550,000                                    | 29,225,000   | 3,000,000    |

\* For the period March 26, 2002 (commencement of operations) through July 31, 2002.

\*\* For the period September 25, 2001 (commencement of operations) through July 31, 2002.

\*\*\* For the period September 26, 2001 (commencement of operations) through July 31, 2002.

\*\*\*\* For the period March 27, 2002 (commencement of operations) through July 31, 2002.

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5. INCOME TAX INFORMATION

The following information is presented on an income tax basis as of July 31, 2002. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing income on taxable market discount securities and timing differences in recognizing certain gains and losses on security transactions.

|                     | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) |
|---------------------|---------------------------------------|---|---|--|--|
| Cost of Investments | \$90,874,228                          | \$33,383,217                              | \$52,357,637                                | \$255,782,971                          | \$162,136,468                          |

|                     | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ) |
|---------------------|------------------------------------|--|--|--|
| Cost of Investments | \$220,733,663                      | \$90,209,338                           | \$67,162,379                             | \$46,369,861                             |

|   | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) |
|---|---------------------------------------|---|---|--|--|
| Gross unrealized:<br>appreciation             | \$ 5,405,155                          | \$ 995,787                                | \$1,695,645                                 | \$16,027,668                           | \$11,930,123                           |
| depreciation                                  | (4,008,539)                           | (140,866)                                 | (384)                                       | (783,052)                              | (396,651)                              |
| Net unrealized appreciation<br>on investments | \$ 1,396,616                          | \$ 854,921                                | \$1,695,261                                 | \$15,244,616                           | \$11,533,472                           |

|   | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ) |
|---|------------------------------------|--|--|--|
| Gross unrealized:<br>appreciation             | \$11,716,212                       | \$2,682,531                            | \$1,265,475                              | \$1,409,668                              |
| depreciation                                  | (466,884)                          | (278,954)                              | (101,554)                                | --                                       |
| Net unrealized appreciation<br>on investments | \$11,249,328                       | \$2,403,577                            | \$1,163,921                              | \$1,409,668                              |

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The tax components of undistributed net investment income and realized gains at July 31, 2002, were as follows:

|                                       | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) |
|---------------------------------------|---------------------------------------|---|---|--|
| Undistributed tax-exempt income       | \$984,047                             | \$237,288                                 | \$177,136                                   | \$2,203,902                            |
| Undistributed ordinary income *       | --                                    | 2,154                                     | 13,996                                      | --                                     |
| Undistributed long-term capital gains | --                                    | 63,997                                    | --  | 834,829                                |

|                                       | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) |
|---------------------------------------|------------------------------------|--|--|
| Undistributed tax-exempt income       | \$1,718,741                        | \$668,671                              | \$455,613                                |
| Undistributed ordinary income *       | --                                 | --                                     | --                                       |
| Undistributed long-term capital gains | --                                 | --                                     | --                                       |

The tax character of distributions paid during the period ended July 31, 2002, were designated for purposes of the dividends paid deduction as follows:

|  | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKR) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) |
|--|---------------------------------------|---|---|--|
| Distributions from tax-exempt income       | \$4,276,629                           | \$1,469,871                               | \$393,659                                   | \$11,598,566                           |
| Distributions from ordinary income *       | --                                    | 25,947                                    | --  | --                                     |
| Distributions from long-term capital gains | 234,981                               | --  | --  | 1,143,181                              |

|                                      | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) |
|--------------------------------------|------------------------------------|--|--|
| Distributions from tax-exempt income | \$10,020,828                       | \$4,172,472                            | \$1,953,596                              |

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|  |    |    |    |
|--|----|----|----|
| Distributions from ordinary income *       | -- | -- | -- |
| Distributions from long-term capital gains | -- | -- | -- |

\* Ordinary income consists of taxable market discount income and short-term capital gains, if any.

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Notes to  
Financial Statements (continued):

At July 31, 2002, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

|                  | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) |
|------------------|---------------------------------------|--|------------------------------------|--|
| Expiration year: |                                       |  |                                    |  |
| 2004             | \$ --                                 | \$136,711                              | \$291,693                          | \$--                                   |
| 2005             | --                                    | --                                     | --                                 | --                                     |
| 2006             | --                                    | --                                     | --                                 | --                                     |
| 2007             | --                                    | --                                     | --                                 | --                                     |
| 2008             | --                                    | --                                     | 279,929                            | --                                     |
| 2009             | --                                    | --                                     | 61,376                             | --                                     |
| 2010             | 2,164                                 | --                                     | --                                 | 836                                    |
| Total            | \$2,164                               | \$136,711                              | \$632,998                          | \$836                                  |

The following Funds have elected to defer net realized losses from investments incurred from November 1, 2001 through July 31, 2002 ("post-October losses") in accordance with Federal income tax regulations. The following post-October losses are treated as having arisen in the following year:

| ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) | MICHIGAN<br>DIVIDEND<br>ADVANTAGE<br>(NZW) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | OHIO<br>DIVIDEND<br>ADVANTAGE 2<br>(NBJ) | OHIO<br>DIVIDEND<br>ADVANTAGE 3<br>(NVJ) |
|---------------------------------------|--|--|--|--|--|
| \$460,002                             | \$83,263                               | \$179,018                                  | \$29,765                               | \$425,114                                | \$11,350                                 |

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6. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Under Arizona Premium Income's (NAZ), Michigan Quality Income's (NUM), Michigan Premium Income's (NMP), Ohio Quality Income's (NUO) and Texas Quality Income's

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(NTX) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TOPREFERRED SHARES) | MANAGEMENT FEE |
|---|----------------|
| For the first \$125 million   | .6500 of 1%    |
| For the next \$125 million  | .6375 of 1     |
| For the next \$250 million  | .6250 of 1     |
| For the next \$500 million  | .6125 of 1     |
| For the next \$1 billion  | .6000 of 1     |
| For the next \$3 billion  | .5875 of 1     |
| For net assets over \$5 billion   | .5750 of 1     |

Under Arizona Dividend Advantage's (NFZ), Arizona Dividend Advantage 2's (NKR), Michigan Dividend Advantage's (NZW), Ohio Dividend Advantage's (NXI), Ohio Dividend Advantage 2's (NBJ) and Ohio Dividend Advantage 3's (NVJ) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TOPREFERRED SHARES) | MANAGEMENT FEE |
|---|----------------|
| For the first \$125 million   | .6500 of 1%    |
| For the next \$125 million  | .6375 of 1     |
| For the next \$250 million  | .6250 of 1     |
| For the next \$500 million  | .6125 of 1     |
| For the next \$1 billion  | .6000 of 1     |
| For net assets over \$2 billion   | .5750 of 1     |

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

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

\* From the commencement of operations.

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

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

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

\* From the commencement of operations.

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

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Notes to  
Financial Statements (continued)

For the first ten years of Michigan Dividend Advantage's (NZW) and Ohio Dividend Advantage 2's (NBJ) operations, the Adviser has agreed to reimburse the Funds, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts, and for the time periods set forth below:

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

\* From the commencement of operations.

The Adviser has not agreed to reimburse Michigan Dividend Advantage (NZW) and Ohio Dividend Advantage 2 (NBJ) for any portion of its fees and expenses beyond September 30, 2011.

For the first ten years of Arizona Dividend Advantage 2's (NKR) and Ohio Dividend Advantage 3's (NVJ) operations, the Adviser has agreed to reimburse the Funds, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts, and for the time periods set forth below:

| YEAR ENDING<br>MARCH 31, |      | YEAR ENDING<br>MARCH 31, |      |
|--------------------------|------|--------------------------|------|
| 2002*                    | .30% | 2008                     | .25% |
| 2003                     | .30  | 2009                     | .20  |
| 2004                     | .30  | 2010                     | .15  |
| 2005                     | .30  | 2011                     | .10  |
| 2006                     | .30  | 2012                     | .05  |
| 2007                     | .30  |                          |      |

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\* From the commencement of operations.

The Adviser has not agreed to reimburse Arizona Dividend Advantage 2 (NKR) and Ohio Dividend Advantage 3 (NVJ) for any portion of its fees and expenses beyond March 31, 2012.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Directors/Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Funds from the Adviser.

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Financial  
Highlights

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Financial  
Highlights

Selected data for a Common share outstanding throughout each period:

|  | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Investment Operations                                       |   |   | Total  |
|--|--|-----------------------------|---|---|---|--------|
|  |  |                             | Net<br>Realized/<br>Unrealized<br>Investment<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ |        |
| ARIZONA<br>PREMIUM<br>INCOME (NAZ)     |  |                             |   |   |   |        |
| -----                                  |  |                             |   |   |   |        |
| Year Ended 7/31:                       |  |                             |   |   |   |        |
| 2002 (d)                               | \$14.77  | \$1.07                      | \$ (.57)  | \$ (.09)  | \$ (.01)  | \$ .40 |
| 2001                                   | 14.25  | 1.09                        | .50   | (.23)   | --  | 1.36   |
| 2000                                   | 14.90  | 1.06                        | (.61)   | (.25)   | --  | .20    |
| 1999                                   | 15.43  | 1.07                        | (.55)   | (.21)   | --  | .31    |
| 1998                                   | 15.34  | 1.05                        | .10   | (.23)   | --  | .92    |
| ARIZONA<br>DIVIDEND<br>ADVANTAGE (NFZ) |  |                             |   |   |   |        |
| -----                                  |  |                             |   |   |   |        |
| Year Ended 7/31:                       |  |                             |   |   |   |        |
| 2002 (d)                               | 14.37  | 1.04                        | .36   | (.11)   | --  | 1.29   |
| 2001 (a)                               | 14.33  | .44                         | .23   | (.08)   | --  | .59    |
| ARIZONA DIVIDEND<br>ADVANTAGE 2 (NKR)  |  |                             |   |   |   |        |



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-----  
 Year Ended 7/31:  
 2002 (b) 14.33 .24 .71 (.02) -- .93

MICHIGAN QUALITY  
 INCOME (NUM)

-----  
 Year Ended 7/31:  
 2002 (d) 15.32 1.11 .15 (.11) (.02) 1.13  
 2001 14.54 1.16 .82 (.29) (.01) 1.68  
 2000 15.20 1.19 (.53) (.30) (.02) .34  
 1999 15.91 1.15 (.63) (.21) (.02) .29  
 1998 15.95 1.17 (.01) (.24) -- .92

MICHIGAN PREMIUM  
 INCOME (NMP)

-----  
 Year Ended 7/31:  
 2002 (d) 15.31 1.05 .16 (.11) -- 1.10  
 2001 14.24 1.07 1.07 (.25) -- 1.89  
 2000 14.68 1.07 (.41) (.27) -- .39  
 1999 15.30 1.05 (.64) (.21) -- .20  
 1998 15.14 1.04 .19 (.25) -- .98

MICHIGAN DIVIDEND  
 ADVANTAGE (NZW)

-----  
 Year Ended 7/31:  
 2002 (c) 14.33 .76 .22 (.07) -- .91  
 =====

|  |   |                           | Total Returns                    |   |  |
|--|---|---------------------------|----------------------------------|---|--|
|  |   |                           | -----                            |   |  |
| Offering<br>Costs and<br>Preferred<br>Share<br>Underwriting<br>Discounts | Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value** | Based<br>on<br>Common<br>Share<br>Net<br>Asset<br>Value** |  |

ARIZONA  
 PREMIUM  
 INCOME (NAZ)

-----  
 Year Ended 7/31:  
 2002 (d) \$-- \$14.25 \$16.9000 9.63 % 2.88%  
 2001 -- 14.77 16.3200 17.77 9.74  
 2000 -- 14.25 14.6250 (8.80) 1.61  
 1999 -- 14.90 17.0000 8.67 1.92  
 1998 -- 15.43 16.4375 12.18 6.14

ARIZONA  
 DIVIDEND  
 ADVANTAGE (NFZ)

-----  
 Year Ended 7/31:  
 2002 (d) -- 14.81 15.7500 6.38 9.32  
 2001 (a) (.20) 14.37 15.6500 6.76 2.81

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ARIZONA DIVIDEND  
ADVANTAGE 2 (NKR)

---

|                  |       |       |         |      |      |
|------------------|-------|-------|---------|------|------|
| Year Ended 7/31: |       |       |         |      |      |
| 2002 (b)         | (.16) | 14.88 | 15.8000 | 6.81 | 5.38 |

MICHIGAN QUALITY  
INCOME (NUM)

---

|                  |       |       |         |        |       |
|------------------|-------|-------|---------|--------|-------|
| Year Ended 7/31: |       |       |         |        |       |
| 2002 (d)         | --    | 15.48 | 16.1000 | 11.18  | 7.68  |
| 2001             | --    | 15.32 | 15.4200 | 17.11  | 11.90 |
| 2000             | --    | 14.54 | 14.0000 | (9.92) | 2.51  |
| 1999             | (.02) | 15.20 | 16.6875 | 2.18   | 1.62  |
| 1998             | --    | 15.91 | 17.3125 | 10.27  | 5.97  |

MICHIGAN PREMIUM  
INCOME (NMP)

---

|                  |    |       |         |        |       |
|------------------|----|-------|---------|--------|-------|
| Year Ended 7/31: |    |       |         |        |       |
| 2002 (d)         | -- | 15.56 | 15.3500 | 10.52  | 7.40  |
| 2001             | -- | 15.31 | 14.7100 | 17.81  | 13.61 |
| 2000             | -- | 14.24 | 13.2500 | (6.16) | 2.95  |
| 1999             | -- | 14.68 | 15.0625 | 5.95   | 1.23  |
| 1998             | -- | 15.30 | 15.0000 | 13.74  | 6.62  |

MICHIGAN DIVIDEND  
ADVANTAGE (NZW)

---

|                  |       |       |         |      |      |
|------------------|-------|-------|---------|------|------|
| Year Ended 7/31: |       |       |         |      |      |
| 2002 (c)         | (.19) | 14.42 | 14.6500 | 2.00 | 5.21 |

---

Ratios/Supplemental Data

---

|   | Before Credit/Reimbursement   | After Credit/Reimbursement   |   |   |
|---|---|--|---|---|
| Ending Net Assets Applicable to Common Shares (000) | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++ | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ratio of Investment Income to Average Net Asset Applicable to Common Shares++ |

---

ARIZONA  
PREMIUM  
INCOME (NAZ)

---

|                  |           |       |       |       |       |
|------------------|-----------|-------|-------|-------|-------|
| Year Ended 7/31: |           |       |       |       |       |
| 2002 (d)         | \$ 62,876 | 1.28% | 7.45% | 1.26% | 7.47% |
| 2001             | 64,859    | 1.28  | 7.47  | 1.27  | 7.48  |
| 2000             | 62,287    | 1.26  | 7.58  | 1.25  | 7.59  |
| 1999             | 64,775    | 1.29  | 6.88  | 1.29  | 6.88  |
| 1998             | 66,546    | 1.28  | 6.85  | 1.28  | 6.85  |

ARIZONA  
DIVIDEND  
ADVANTAGE (NFZ)

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---

|                  |        |       |       |      |       |
|------------------|--------|-------|-------|------|-------|
| Year Ended 7/31: |        |       |       |      |       |
| 2002 (d)         | 22,791 | 1.41  | 6.72  | .93  | 7.20  |
| 2001 (a)         | 22,072 | 1.43* | 5.80* | .95* | 6.28* |

ARIZONA DIVIDEND  
ADVANTAGE 2 (NKR)

---

|                  |        |       |       |      |       |
|------------------|--------|-------|-------|------|-------|
| Year Ended 7/31: |        |       |       |      |       |
| 2002 (b)         | 35,913 | 1.19* | 4.43* | .77* | 4.85* |

MICHIGAN QUALITY  
INCOME (NUM)

---

|                  |         |      |      |      |      |
|------------------|---------|------|------|------|------|
| Year Ended 7/31: |         |      |      |      |      |
| 2002 (d)         | 179,630 | 1.28 | 7.29 | 1.27 | 7.29 |
| 2001             | 176,664 | 1.30 | 7.79 | 1.29 | 7.80 |
| 2000             | 167,429 | 1.29 | 8.29 | 1.27 | 8.31 |
| 1999             | 174,591 | 1.19 | 7.28 | 1.19 | 7.28 |
| 1998             | 181,259 | 1.19 | 7.35 | 1.19 | 7.35 |

MICHIGAN PREMIUM  
INCOME (NMP)

---

|                  |         |      |      |      |      |
|------------------|---------|------|------|------|------|
| Year Ended 7/31: |         |      |      |      |      |
| 2002 (d)         | 119,820 | 1.25 | 6.82 | 1.24 | 6.83 |
| 2001             | 117,784 | 1.24 | 7.24 | 1.23 | 7.25 |
| 2000             | 109,565 | 1.29 | 7.73 | 1.28 | 7.74 |
| 1999             | 112,851 | 1.29 | 6.82 | 1.28 | 6.83 |
| 1998             | 117,451 | 1.29 | 6.87 | 1.29 | 6.87 |

MICHIGAN DIVIDEND  
ADVANTAGE (NZW)

---

|                  |        |       |       |      |       |
|------------------|--------|-------|-------|------|-------|
| Year Ended 7/31: |        |       |       |      |       |
| 2002 (c)         | 29,679 | 1.35* | 6.00* | .90* | 6.45* |

---

Municipal Auction Rate Cumulative  
Preferred Stock at End of Period

---

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

---

ARIZONA  
PREMIUM  
INCOME (NAZ)

---

|                  |          |          |          |
|------------------|----------|----------|----------|
| Year Ended 7/31: |          |          |          |
| 2002 (d)         | \$30,000 | \$25,000 | \$77,397 |
| 2001             | 30,000   | 25,000   | 79,049   |
| 2000             | 30,000   | 25,000   | 76,906   |
| 1999             | 30,000   | 25,000   | 78,979   |
| 1998             | 30,000   | 25,000   | 80,455   |

ARIZONA  
DIVIDEND  
ADVANTAGE (NFZ)

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| -----            |        |        |        |
|------------------|--------|--------|--------|
| Year Ended 7/31: |        |        |        |
| 2002 (d)         | 12,000 | 25,000 | 72,480 |
| 2001 (a)         | 12,000 | 25,000 | 70,984 |

ARIZONA DIVIDEND  
ADVANTAGE 2 (NKR)

| -----            |        |        |        |
|------------------|--------|--------|--------|
| Year Ended 7/31: |        |        |        |
| 2002 (b)         | 18,500 | 25,000 | 73,531 |

MICHIGAN QUALITY  
INCOME (NUM)

| -----            |        |        |        |
|------------------|--------|--------|--------|
| Year Ended 7/31: |        |        |        |
| 2002 (d)         | 94,000 | 25,000 | 72,774 |
| 2001             | 94,000 | 25,000 | 71,985 |
| 2000             | 94,000 | 25,000 | 69,529 |
| 1999             | 94,000 | 25,000 | 71,434 |
| 1998             | 80,000 | 25,000 | 81,644 |

MICHIGAN PREMIUM  
INCOME (NMP)

| -----            |        |        |        |
|------------------|--------|--------|--------|
| Year Ended 7/31: |        |        |        |
| 2002 (d)         | 56,000 | 25,000 | 78,491 |
| 2001             | 56,000 | 25,000 | 77,582 |
| 2000             | 56,000 | 25,000 | 73,913 |
| 1999             | 56,000 | 25,000 | 75,380 |
| 1998             | 56,000 | 25,000 | 77,433 |

MICHIGAN DIVIDEND  
ADVANTAGE (NZW)

| -----            |        |        |        |
|------------------|--------|--------|--------|
| Year Ended 7/31: |        |        |        |
| 2002 (c)         | 16,000 | 25,000 | 71,374 |

=====

\* Annualized.

\*\* Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in Common share net asset value per share. Total returns are not annualized.

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

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

(a) For the period January 31, 2001 (commencement of operations) through July 31, 2001.

(b) For the period March 26, 2002 (commencement of operations) through July 31, 2002.

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- (c) For the period September 25, 2001 (commencement of operations) through July 31, 2002.
- (d) As required, effective August 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. The effect of this change for the fiscal year ended July 31, 2002, was to increase net investment income per share with a corresponding decrease in net realized/unrealized investment gain (loss) per share and increase each ratio of net investment income to average net assets applicable to Common Shares as follows:

|                              | ARIZONA<br>PREMIUM<br>INCOME<br>(NAZ) | ARIZONA<br>DIVIDEND<br>ADVANTAGE<br>(NFZ) | MICHIGAN<br>QUALITY<br>INCOME<br>(NUM) | MICHIGAN<br>PREMIUM<br>INCOME<br>(NMP) |
|------------------------------|---------------------------------------|---|--|--|
| 2002 per share impact (\$)   | --                                    | --  | --                                     | .01                                    |
| 2002 income ratio impact (%) | --                                    | .02                                       | .02                                    | .04                                    |

The Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

See accompanying notes to financial statements.

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Financial Highlights (continued)

Selected data for a Common share outstanding throughout each period:

|                                  | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Investment<br>Gain (Loss) | Investment Operations  |   | Total  |
|----------------------------------|--|-----------------------------|---|--|---|--------|
|                                  |  |                             |   | Distributions<br>from Net<br>Investment<br>Income to<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ |        |
| OHIO QUALITY<br>INCOME (NUO)     |  |                             |   |  |   |        |
| Year Ended 7/31:                 |  |                             |   |  |   |        |
| 2002                             | \$16.10  | \$1.14                      | \$ .18  | \$ (.13)   | \$--  | \$1.19 |
| 2001                             | 15.52  | 1.20                        | .56   | (.27)  | --  | 1.49   |
| 2000                             | 16.13  | 1.21                        | (.56)   | (.29)  | --  | .36    |
| 1999                             | 16.65  | 1.21                        | (.51)   | (.24)  | --  | .46    |
| 1998                             | 16.57  | 1.22                        | .09   | (.26)  | --  | 1.05   |
| OHIO DIVIDEND<br>ADVANTAGE (NXI) |  |                             |   |  |   |        |
| Year Ended 7/31:                 |  |                             |   |  |   |        |
| 2002                             | 14.57  | 1.06                        | .19   | (.12)  | --  | 1.13   |

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|                                    |       |      |       |       |       |      |
|------------------------------------|-------|------|-------|-------|-------|------|
| 2001 (a)                           | 14.33 | .29  | .35   | (.04) | --    | .60  |
| OHIO DIVIDEND<br>ADVANTAGE 2 (NBJ) |       |      |       |       |       |      |
| -----                              |       |      |       |       |       |      |
| Year Ended 7/31:<br>2002 (b)       | 14.33 | .78  | .23   | (.08) | --    | .93  |
| OHIO DIVIDEND<br>ADVANTAGE 3 (NVJ) |       |      |       |       |       |      |
| -----                              |       |      |       |       |       |      |
| Year Ended 7/31:<br>2002 (c)       | 14.33 | .25  | .65   | (.02) | --    | .88  |
| TEXAS QUALITY<br>INCOME (NTX)      |       |      |       |       |       |      |
| -----                              |       |      |       |       |       |      |
| Year Ended 7/31:                   |       |      |       |       |       |      |
| 2002                               | 15.16 | 1.11 | (.02) | (.10) | (.02) | .97  |
| 2001                               | 14.26 | 1.16 | .88   | (.27) | --    | 1.77 |
| 2000                               | 15.13 | 1.16 | (.74) | (.27) | (.02) | .13  |
| 1999                               | 15.90 | 1.16 | (.72) | (.22) | (.02) | .20  |
| 1998                               | 15.86 | 1.17 | .07   | (.27) | --    | .97  |
| =====                              |       |      |       |       |       |      |

|       |  |   |                           | Total Returns                    |   |
|-------|--|---|---------------------------|----------------------------------|---|
|       | Offering<br>Costs and<br>Preferred<br>Share<br>Underwriting<br>Discounts | Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value** | Based<br>on<br>Common<br>Share<br>Net<br>Asset<br>Value** |
| ----- |  |   |                           |                                  |   |

OHIO QUALITY  
INCOME (NUO)

|                  |      |         |           |        |       |
|------------------|------|---------|-----------|--------|-------|
| Year Ended 7/31: |      |         |           |        |       |
| 2002             | \$-- | \$16.36 | \$18.6200 | 17.00% | 7.63% |
| 2001             | --   | 16.10   | 16.8000   | 6.86   | 9.85  |
| 2000             | --   | 15.52   | 16.6250   | (1.80) | 2.50  |
| 1999             | --   | 16.13   | 18.0000   | 5.09   | 2.74  |
| 1998             | --   | 16.65   | 18.0625   | 10.14  | 6.53  |

OHIO DIVIDEND  
ADVANTAGE (NXI)

|                  |       |       |         |      |      |
|------------------|-------|-------|---------|------|------|
| Year Ended 7/31: |       |       |         |      |      |
| 2002             | --    | 14.83 | 15.1500 | 4.48 | 8.02 |
| 2001 (a)         | (.14) | 14.57 | 15.3500 | 3.77 | 3.21 |

OHIO DIVIDEND  
ADVANTAGE 2 (NBJ)

|                  |       |       |         |      |      |
|------------------|-------|-------|---------|------|------|
| Year Ended 7/31: |       |       |         |      |      |
| 2002 (b)         | (.16) | 14.48 | 14.6500 | 1.91 | 5.58 |

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OHIO DIVIDEND  
ADVANTAGE 3 (NVJ)

---

|                  |       |       |         |      |      |
|------------------|-------|-------|---------|------|------|
| Year Ended 7/31: |       |       |         |      |      |
| 2002 (c)         | (.16) | 14.83 | 15.3000 | 3.47 | 5.05 |

TEXAS QUALITY  
INCOME (NTX)

---

|                  |    |       |         |        |       |
|------------------|----|-------|---------|--------|-------|
| Year Ended 7/31: |    |       |         |        |       |
| 2002             | -- | 15.14 | 15.0700 | 9.29   | 6.61  |
| 2001             | -- | 15.16 | 14.7300 | 21.16  | 12.74 |
| 2000             | -- | 14.26 | 12.9375 | (7.93) | 1.15  |
| 1999             | -- | 15.13 | 15.1875 | 2.97   | 1.21  |
| 1998             | -- | 15.90 | 15.6875 | 6.45   | 6.27  |

---

Ratios/Supplemental Data

---

|              | Before Credit/Reimbursement | Ratio of Net |            | After Credit/Reimbursement | Ratio of   |
|--------------|-----------------------------|--------------|------------|----------------------------|------------|
|              |                             | Investment   | Income to  |                            | Investment |
| Ending       | Ratio of                    | Average      | Average    | Ratio of                   | Income to  |
| Net          | Expenses                    | Net Assets   | Net Assets | Expenses                   | Average    |
| Assets       | to Average                  | to Common    | to Common  | to Average                 | Net Asset  |
| Applicable   | Net Assets                  | Applicable   | Applicable | Net Assets                 | Net Asset  |
| to Common    | Applicable                  | to Common    | to Common  | Applicable                 | Applicable |
| Shares (000) | to Common                   | Shares++     | Shares++   | Shares++                   | Shares++   |

---

OHIO QUALITY  
INCOME (NUO)

---

|                  |           |       |       |       |       |
|------------------|-----------|-------|-------|-------|-------|
| Year Ended 7/31: |           |       |       |       |       |
| 2002             | \$156,351 | 1.26% | 7.10% | 1.24% | 7.12% |
| 2001             | 153,164   | 1.32  | 7.58  | 1.30  | 7.60  |
| 2000             | 147,045   | 1.31  | 7.88  | 1.29  | 7.89  |
| 1999             | 151,961   | 1.26  | 7.26  | 1.25  | 7.27  |
| 1998             | 155,940   | 1.29  | 7.37  | 1.29  | 7.37  |

OHIO DIVIDEND  
ADVANTAGE (NXI)

---

|                  |        |       |       |      |       |
|------------------|--------|-------|-------|------|-------|
| Year Ended 7/31: |        |       |       |      |       |
| 2002             | 62,548 | 1.24  | 6.79  | .78  | 7.25  |
| 2001 (a)         | 61,424 | 1.15* | 5.58* | .71* | 6.02* |

OHIO DIVIDEND  
ADVANTAGE 2 (NBJ)

---

|                  |        |       |       |      |       |
|------------------|--------|-------|-------|------|-------|
| Year Ended 7/31: |        |       |       |      |       |
| 2002 (b)         | 45,073 | 1.25* | 6.12* | .80* | 6.57* |

OHIO DIVIDEND  
ADVANTAGE 3 (NVJ)

---

|                  |        |       |       |      |       |
|------------------|--------|-------|-------|------|-------|
| Year Ended 7/31: |        |       |       |      |       |
| 2002 (c)         | 31,995 | 1.22* | 4.72* | .80* | 5.15* |

TEXAS QUALITY

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INCOME (NTX)

| Year Ended 7/31: |         |      |      |      |      |
|------------------|---------|------|------|------|------|
| 2002             | 143,305 | 1.23 | 7.40 | 1.22 | 7.42 |
| 2001             | 143,127 | 1.21 | 7.87 | 1.19 | 7.88 |
| 2000             | 134,637 | 1.27 | 8.18 | 1.26 | 8.19 |
| 1999             | 142,784 | 1.23 | 7.31 | 1.23 | 7.32 |
| 1998             | 149,669 | 1.22 | 7.40 | 1.22 | 7.40 |

Municipal Auction Rate Cumulative  
Preferred Stock at End of Period

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

OHIO QUALITY  
INCOME (NUO)

| Year Ended 7/31: |          |          |          |
|------------------|----------|----------|----------|
| 2002             | \$77,000 | \$25,000 | \$75,763 |
| 2001             | 77,000   | 25,000   | 74,729   |
| 2000             | 77,000   | 25,000   | 72,742   |
| 1999             | 77,000   | 25,000   | 74,338   |
| 1998             | 77,000   | 25,000   | 75,630   |

OHIO DIVIDEND  
ADVANTAGE (NXI)

| Year Ended 7/31: |        |        |        |
|------------------|--------|--------|--------|
| 2002             | 31,000 | 25,000 | 75,442 |
| 2001 (a)         | 31,000 | 25,000 | 74,535 |

OHIO DIVIDEND  
ADVANTAGE 2 (NBK)

| Year Ended 7/31: |        |        |        |
|------------------|--------|--------|--------|
| 2002 (b)         | 24,000 | 25,000 | 71,951 |

OHIO DIVIDEND  
ADVANTAGE 3 (NVJ)

| Year Ended 7/31: |        |        |        |
|------------------|--------|--------|--------|
| 2002 (c)         | 16,500 | 25,000 | 73,477 |

TEXAS QUALITY  
INCOME (NTX)

| Year Ended 7/31: |        |        |        |
|------------------|--------|--------|--------|
| 2002             | 69,000 | 25,000 | 76,922 |
| 2001             | 69,000 | 25,000 | 76,858 |
| 2000             | 69,000 | 25,000 | 73,782 |
| 1999             | 69,000 | 25,000 | 76,733 |
| 1998             | 69,000 | 25,000 | 79,228 |

\* Annualized.



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\*\* Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in Common share net asset value per share. Total returns are not annualized.

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

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

- (a) For the period March 28, 2001 (commencement of operations) through July 31, 2001.
- (b) For the period September 26, 2001 (commencement of operations) through July 31, 2002.
- (c) For the period March 27, 2002 (commencement of operations) through July 31, 2002.
- (d) As required, effective August 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. The effect of this change for the fiscal year ended July 31, 2002, was to increase net investment income per share with a corresponding decrease in net realized/unrealized investment gain (loss) per share and increase each ratio of net investment income to average net assets applicable to Common Shares as follows:

|                              | OHIO<br>QUALITY<br>INCOME<br>(NUO) | OHIO<br>DIVIDEND<br>ADVANTAGE<br>(NXI) | TEXAS<br>QUALITY<br>INCOME<br>(NTX) |
|------------------------------|------------------------------------|--|-------------------------------------|
| 2002 per share impact (\$)   | --                                 | .01                                    | --                                  |
| 2002 income ratio impact (%) | .01                                | .07                                    | .02                                 |

The Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

See accompanying notes to financial statements.

82-83 SPREAD

Directors/Trustees  
and Officers

The management of the Funds, including general supervision of the duties performed for the Funds under the Management Agreement, is the responsibility of the Board of Directors/Trustees of the Funds. The number of directors/trustees of the Funds is currently set at seven, one of whom is an "interested person" (as the term is defined in the Investment Company Act of 1940) and six of whom are not interested persons. None of the directors/trustees who are not interested persons of the Funds have ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the

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directors/trustees and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S) HELD<br>WITH THE FUND | YEAR FIRST<br>ELECTED OR APPOINTED<br>AND TERM OF OFFICE (a) | PRINCIPAL OCCUPATION(S)<br>INCLUDING OTHER DIRECTORSHIPS<br>DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

DIRECTOR/TRUSTEE WHO IS AN INTERESTED PERSON OF THE FUNDS:

|  |   |                               |   |
|--|---|-------------------------------|---|
| TIMOTHY R. SCHWERTFEGER (1)<br>3/28/1949<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chairman of the<br>Board, President<br>and Director/<br>Trustee | 1994<br>Term:<br>one year (2) | Chairman and Director (since<br>Nuveen Company, Nuveen Inve<br>John Advisory Corp. and Nuve<br>Advisory Corp.; Chairman an<br>(since 1997) of Nuveen Asse<br>Inc.; Director (since 1996)<br>Capital Corporation; Chairm<br>(since 1999) of Rittenhouse<br>Services Inc.; Chief Execut<br>(since 1999) of Nuveen Seni<br>Management Inc. |
|--|---|-------------------------------|---|

DIRECTORS/TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

|  |                  |                               |                             |
|--|------------------|-------------------------------|-----------------------------|
| ROBERT P. BREMNER<br>8/22/1940<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1997<br>Term:<br>one year (2) | Private Investor and Manage |
|--|------------------|-------------------------------|-----------------------------|

|  |                  |                               |  |
|--|------------------|-------------------------------|--|
| LAWRENCE H. BROWN<br>7/29/1934<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1993<br>Term:<br>one year (2) | Retired (1989) as Senior Vi<br>Northern Trust Company. |
|--|------------------|-------------------------------|--|

|   |                  |                               |   |
|---|------------------|-------------------------------|---|
| ANNE E. IMPELLIZZERI<br>1/26/1933<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1994<br>Term:<br>one year (2) | Retired (2002); formerly, E<br>(since 1998) of Manitoga (C<br>Wright's Design with Nature<br>President and Chief Executi<br>Blanton-Peale Institutes of<br>Health; prior thereto, Vice<br>Metropolitan Life Insurance |
|---|------------------|-------------------------------|---|

|   |                  |                               |  |
|---|------------------|-------------------------------|--|
| PETER R. SAWERS<br>4/3/1933<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1991<br>Term:<br>one year (2) | Adjunct Professor of Busine<br>University of Dubuque, Iowa<br>Executive Service Corps of<br>(not-for-profit); Director,<br>the Blind (not-for-profit);<br>(1991-2000) Adjunct Profess<br>Graduate School of Manageme<br>Illinois; prior thereto, Ex<br>Towers Perrin Australia, a<br>consulting firm; Chartered<br>Certified Management Consul |
|---|------------------|-------------------------------|--|

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| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S) HELD<br>WITH THE FUND | YEAR FIRST<br>ELECTED OR APPOINTED<br>AND TERM OF OFFICE (a) | PRINCIPAL OCCUPATION(S)<br>INCLUDING OTHER DIRECTORSHIPS<br>DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

-----  
DIRECTORS/TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS (CONTINUED):  
-----

|   |                  |                               |   |
|---|------------------|-------------------------------|---|
| WILLIAM J. SCHNEIDER<br>9/24/1944<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1997<br>Term:<br>one year (2) | Senior Partner and Chief Operating Officer, Miller-Valentine Group, Vice President, Miller-Valentine Realty, a contract company; Chair, Miami Children's Hospital; Vice Chair, Miami Children's Hospital Development Coalition; former member, Community Advisory Board, National City Bank, Dayton, Ohio; and Business Council, Cleveland Federal Reserve Bank |
|---|------------------|-------------------------------|---|

|   |                  |                               |  |
|---|------------------|-------------------------------|--|
| JUDITH M. STOCKDALE<br>12/29/1947<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1997<br>Term:<br>one year (2) | Executive Director, Gaylord Donnelley Foundation (since 1997); thereto, Executive Director, National Protection Fund (from 1990) |
|---|------------------|-------------------------------|--|

| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S) HELD<br>WITH THE FUND | YEAR FIRST ELECTED<br>OR APPOINTED (b) | PRINCIPAL OCCUPATION(S)<br>INCLUDING OTHER DIRECTORSHIPS<br>DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

-----  
OFFICERS OF THE FUNDS:  
-----

|   |                |      |   |
|---|----------------|------|---|
| MICHAEL T. ATKINSON<br>2/3/1966<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2002 | Vice President (since January 2002); Assistant Vice President (since 2001); Associate of Nuveen Investments |
|---|----------------|------|---|

|   |                |      |  |
|---|----------------|------|--|
| PAUL L. BRENNAN<br>11/10/1966<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2002 | Vice President (since January 2002); Assistant Vice President of Nuveen Investments Advisory Corp. |
|---|----------------|------|--|

|   |                                 |      |  |
|---|---------------------------------|------|--|
| PETER H. D'ARRIGO<br>11/28/1967<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Treasurer | 1999 | Vice President of Nuveen Investments (since 1999), prior thereto, Assistant Vice President (from 1997); Vice President (from 1999) of Nuveen Senior Loan Fund; Inc.; Chartered Financial Analyst |
|---|---------------------------------|------|--|

|                              |                |      |   |
|------------------------------|----------------|------|---|
| SUSAN M. DESANTO<br>9/8/1954 | Vice President | 2001 | Vice President of Nuveen Investments (since 2001); previously, Vice President |
|------------------------------|----------------|------|---|

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333 W. Wacker Drive  
Chicago, IL 60606

Investment Advisory Corp. (thereeto, Assistant Vice Pre Investment Advisory Corp.

JESSICA R. DROEGER Vice President 2002  
9/24/1964  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President (since Janua General Counsel and Assista 1998), formerly Assistant V Investments; Vice President and Assistant Secretary (si Assistant Vice President of and Nuveen Institutional Ad Associate at the law firm D

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Directors/Trustees  
and Officers (continued)

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED (b) | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHI DURING PAST 5 YEARS |
|-----------------------------|--------------------------------|-------------------------------------|---|
|-----------------------------|--------------------------------|-------------------------------------|---|

OFFICERS OF THE FUNDS (CONTINUED):

|   |                |      |   |
|---|----------------|------|---|
| LORNA C. FERGUSON<br>10/24/1945<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1998 | Vice President of Nuveen In President (since 1998) of N and Nuveen Institutional Ad |
|---|----------------|------|---|

|   |                |      |   |
|---|----------------|------|---|
| WILLIAM M. FITZGERALD<br>3/2/1964<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1995 | Managing Director (since Ja Nuveen Investments; Managin Nuveen Advisory Corp. and N Advisory Corp. (since 2001) Vice President of Nuveen Ad Chartered Financial Analyst |
|---|----------------|------|---|

|   |                               |      |   |
|---|-------------------------------|------|---|
| STEPHEN D. FOY<br>5/31/1954<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President and Controller | 1998 | Vice President of Nuveen In (since 1998) The John Nuvee President (since 1999) of N Asset Management Inc.; Cert Accountant. |
|---|-------------------------------|------|---|

|   |                |      |   |
|---|----------------|------|---|
| J. THOMAS FUTRELL<br>7/5/1955<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1992 | Vice President of Nuveen Ad Chartered Financial Analyst |
|---|----------------|------|---|

|   |                |      |   |
|---|----------------|------|---|
| RICHARD A. HUBER<br>3/26/1963<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1997 | Vice President of Nuveen In Corp. (since 1998) and Nuve |
|---|----------------|------|---|

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|  |  |      |  |
|--|--|------|--|
| STEVEN J. KRUPA<br>8/21/1957<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President                               | 1990 | Vice President of Nuveen Ad  |
| DAVID J. LAMB<br>3/22/1963<br>333 W. Wacker Drive<br>Chicago, IL 60606   | Vice President                               | 2000 | Vice President (since 2000)<br>Investments, previously Ass<br>President (since 1999); pri<br>Associate of Nuveen Investm<br>Public Accountant.   |
| TINA M. LAZAR<br>8/27/1961<br>333 W. Wacker Drive<br>Chicago, IL 60606   | Vice President                               | 2002 | Vice President (since 1999)<br>Assistant Vice President (s<br>Nuveen Investments.  |
| LARRY W. MARTIN<br>7/27/1951<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Assistant<br>Secretary | 1992 | Vice President, Assistant S<br>Assistant General Counsel o<br>Investments; Vice President<br>Secretary of Nuveen Advisor<br>Institutional Advisory Corp<br>Assistant Secretary of The<br>Company and Nuveen Asset Ma<br>Vice President and Assistan<br>of Nuveen Senior Loan Asset |

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| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S) HELD<br>WITH THE FUND | YEAR FIRST ELECTED<br>OR APPOINTED (b) | PRINCIPAL OCCUPATION(S)<br>INCLUDING OTHER DIRECTORSHI<br>DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

OFFICERS OF THE FUNDS (CONTINUED):

|   |                |      |   |
|---|----------------|------|---|
| EDWARD F. NEILD, IV<br>7/7/1965<br>333 W. Wacker Drive<br>Chicago, IL 60606     | Vice President | 1996 | Managing Director (since Ja<br>Nuveen Investments; Managin<br>(since 1997) of Nuveen Advi<br>and Nuveen Institutional Ad<br>Chartered Financial Analyst |
| THOMAS J. O'SHAUGHNESSY<br>9/4/1960<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2002 | Vice President (since Janua<br>Assistant Vice President (s<br>Advisory Corp.; prior there   |
| THOMAS C. SPALDING<br>7/31/1951<br>333 W. Wacker Drive<br>Chicago, IL 60606     | Vice President | 1982 | Vice President of Nuveen Ad<br>Nuveen Institutional Adviso<br>Financial Analyst.  |
| GIFFORD R. ZIMMERMAN  | Vice President | 1992 | Managing Director (since Ja   |

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9/9/1956  
333 W. Wacker Drive  
Chicago, IL 60606

and Secretary

formerly Vice President), A  
and Associate General Couns  
Assistant General Counsel)  
Managing Director (since Ja  
Vice President) and Assista  
Advisory Corp. and Nuveen I  
Corp.; Vice President and A  
The John Nuveen Company; Ma  
(since January 2002, former  
and Assistant Secretary (si  
Senior Loan Asset Managemen  
Financial Analyst.

- (a) Year First Elected or Appointed is the year presented or each Fund's respective inception date if later.
- (b) Year First Elected or Appointed is the year presented or each Fund's respective inception date if later. Officers serve one year terms through July of each year.
- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and director of Nuveen Advisory Corp.
- (2) Directors/Trustees are elected each year by shareholders and serve a one year term until his/her successor is elected.

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Build Your Wealth  
Automatically

SIDEBAR TEXT:

Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.

end sidebar text

NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS DIVIDEND REINVESTMENT PLAN

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

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

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

EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement

showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

#### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

#### FLEXIBILITY

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

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

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

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

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Fund  
Information

#### BOARD OF DIRECTORS/TRUSTEES

Robert P. Bremner  
Lawrence H. Brown  
Anne E. Impellizzeri  
Peter R. Sawers  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale

#### FUND MANAGER

Nuveen Advisory Corp.  
333 West Wacker Drive  
Chicago, IL 60606

CUSTODIAN  
State Street Bank & Trust  
Boston, MA

TRANSFER AGENT AND  
SHAREHOLDER SERVICES  
Nuveen Investments  
P.O. Box 43071  
Providence, RI 02940-3071  
(800) 257-8787

LEGAL COUNSEL  
Morgan, Lewis &  
Bockius LLP  
Washington, D.C.

INDEPENDENT AUDITORS  
Ernst & Young LLP  
Chicago, IL

Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period ended July 31, 2002. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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Serving Investors  
for Generations

PHOTO OF: John Nuveen, Sr.  
John Nuveen, Sr.

For over a century, generations of Americans have relied on Nuveen Investments to help them grow and keep the money they've earned. Financial advisors, investors and their families have associated Nuveen Investments with quality, expertise and dependability since 1898. That is why financial advisors have entrusted the assets of more than 1.3 million investors to Nuveen.

With the know-how that comes from a century of experience, Nuveen continues to build upon its reputation for quality. Now, financial advisors and investors can count on Nuveen Investments to help them design customized solutions that meet the far-reaching financial goals unique to family wealth strategies - solutions that can translate into legacies.

To find out more about how Nuveen Investments' products and services can help you preserve your financial security, talk with your financial advisor, or call us at (800) 257-8787 for more information, including a prospectus where applicable. Please read that information carefully before you invest.

Logo: NUVEEN Investments

Nuveen Investments 333 West Wacker Drive  
Chicago, IL 60606 [www.nuveen.com](http://www.nuveen.com)

EAN-A-0702