

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND INC  
Form N-CSRS  
April 08, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-7278  
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Nuveen Arizona Premium Income Municipal Fund, Inc.  
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(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(Address of principal executive offices) (Zip code)

Jessica R. Droeger  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: July 31  
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Date of reporting period: January 31  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

Nuveen Investments  
Municipal Closed-End  
Exchange-Traded  
Funds

SEMIANNUAL REPORT January 31, 2004

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND  
NAZ

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND  
NFZ

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
NKR

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
NXE

NUVEEN TEXAS QUALITY INCOME MUNICIPAL FUND  
NTX

Photo of: Man holding up small boy.  
Photo of: 2 women with 2 girls looking at seashells.

DEPENDABLE,  
TAX-FREE INCOME  
BECAUSE  
IT'S NOT WHAT YOU EARN,  
IT'S WHAT YOU KEEP. (R)

Logo:  
NUVEEN INVESTMENTS

FASTER INFORMATION  
RECEIVE YOUR  
NUVEEN FUND REPORT  
ELECTRONICALLY

By registering for electronic delivery, you will receive an e-mail as soon as your Nuveen Fund information is available. Click on the link and you will be taken directly to the report. Your Fund report can be viewed and saved on your computer. Your report will arrive faster via e-mail than by traditional mail.

Registering is easy and only takes a few minutes (see instructions at right).

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SOME COMMON CONCERNS:

WILL MY E-MAIL ADDRESS BE DISTRIBUTED TO OTHER COMPANIES?

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IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME FROM YOUR FINANCIAL ADVISOR ORBROKERAGE ACCOUNT,

FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to [WWW.INVESTORDELIVERY.COM](http://WWW.INVESTORDELIVERY.COM) and follow the simple instructions, using the address sheet that accompanied this report as a guide.
- 2 You'll be taken to a page with several options. Select the NEW ENROLLMENT-CREATE screen and follow the simple instructions.
- 3 Click Submit. Confirm the information you just entered is correct, then click Submit again.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME DIRECTLY TO YOU FROM NUVEEN,

FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to [WWW.NUVEEN.COM](http://WWW.NUVEEN.COM)
- 2 Select ACCESS YOUR ACCOUNT. Select the E-REPORT ENROLLMENT section. Click on Enrollment Today.
- 3 You'll be taken to a screen that asks for your Social Security number and e-mail address. Fill in this information, then click Enroll.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Logo:

NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger

Chairman of the Board

Sidebar text: "We think that municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio designed to perform well through a variety of market conditions."

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Dear  
SHAREHOLDER

I am very pleased to report that for the period ended January 31, 2004, your Nuveen Fund continued to provide you with attractive monthly tax-free income. Your Fund is managed with a value investing strategy that puts an emphasis on finding securities that we think are undervalued or underrated. We believe there are always some municipal bonds that the market is not properly valuing, and that by using a consistent, research-oriented management approach we have the opportunity to find them for your Fund.

In the current environment, many have begun to wonder whether interest rates will soon start to rise, and whether that possibility should cause them to adjust their holdings of fixed-income investments. We believe that by constructing a carefully balanced portfolio with the help of a trusted investment professional you may be able to reduce your overall investment risk and give yourself a better chance to meet your financial goals. We think that municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio designed to perform well through a variety of market conditions.

Since 1898, Nuveen Investments has offered financial products and solutions that incorporate careful research, diversification, and the application of conservative risk-management principles. We are grateful that you have chosen us as a partner as you pursue your financial goals. We look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

March 15, 2004

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Nuveen Arizona and Texas Municipal Closed-End Exchange-Traded Funds  
(NAZ, NFZ, NKR, NXE, NTX)

Portfolio Managers'  
COMMENTS

Portfolio managers Scott Romans and Dan Solender review national and state economic and market conditions, key investment strategies, and the recent performance of these Funds. Scott, who joined Nuveen in 2000, assumed portfolio management responsibility for the four Arizona Funds in November 2003. With eleven years of investment experience, including seven at Nuveen, Dan took over management responsibility for NTX in November 2003.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE REPORTING PERIOD ENDED JANUARY 31, 2004?

During this period, the greatest influences on the general economy and the

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municipal market continued to be historically low interest rates, a generally modest rate of inflation and the overall pace of economic improvement. Since its last credit easing in June 2003, the Federal Reserve has maintained the fed funds rate at 1.0%, the lowest level since 1958. Inflation remained under control, with the 1.1% annual change in the core CPI rate for 2003 representing the smallest gain in more than 40 years. The gross domestic product growth rate in 2003 was a respectable 3.1%, the fastest pace since 2000.

The combination of low interest rates, the absence of inflationary pressures, and a slowly improving economy created generally favorable conditions for municipal bonds. In 2003, municipal bond new issue supply reached \$382 billion nationally, a 7% increase over the previous new issue record set in 2002. However, the pace of issuance slowed somewhat during the last half of 2003 and the slow pace continued into the first month of 2004.

### HOW WERE CONDITIONS IN ARIZONA AND TEXAS?

Arizona's economy continued to recover during this reporting period, with steady job growth in the services industry, positive developments in the high-tech and biotech sector, and increased defense-related manufacturing. In terms of total jobs gained in 2003, Arizona ranked third in the nation (behind Florida and Georgia). As of January 2004, Moody's rated Arizona's debt A1 with a negative outlook, while Standard & Poor's rated the state AA with a negative outlook. These negative outlooks reflected the fact that, despite the state's current economic rebound, Arizona's surplus funds were depleted in 2002 and, according to the rating agencies, budget imbalances could continue over the next several fiscal years.

In Texas, low oil and gas inventories and rising prices gave a boost to the state's energy industry, while employment in the financial services sector rose, supported by a rapidly growing population and increased demand for mortgage financing. As home to more than 200,000 military personnel, the state also continued to benefit from new defense contracts and increased military activity. Texas ranked fourth in the nation, behind Arizona, in jobs added during 2003. Both Moody's and S&P maintained their Aa1/AA general obligation rating and stable outlook for Texas.

### HOW DID THESE FUNDS PERFORM OVER THE 12-MONTH PERIOD ENDED JANUARY 31, 2004?

Individual results for these Arizona and Texas Funds, as well as for relevant benchmarks, are presented in the accompanying table.

	MARKET YIELD		TOTAL RETURN ON NAV	LEHMAN TOTAL RETURN1	LIPPER AVERAGE2
	1/31/04	TAXABLE- EQUIVALENT3	1 YEAR ENDED 1/31/04	1 YEAR ENDED 1/31/04	1 YEAR ENDED 1/31/04
NAZ	5.64%	8.23%	8.78%	6.19%	9.57%
NFZ	5.35%	7.81%	9.82%	6.19%	9.57%
NKR	5.79%	8.45%	9.46%	6.19%	9.57%
NXE	5.70%	8.32%	9.56%	6.19%	9.57%
NTX	6.34%	8.81%	11.06%	6.19%	9.57%

Past performance is not predictive of future results.

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

- 1 The total annual returns on common share net asset value (NAV) for these Nuveen Funds are compared with the total annual return of the Lehman Brothers Municipal Bond Index, an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses. You cannot invest directly in an index.
- 2 The total returns of these Nuveen Funds are compared with the average annualized return of the 44 funds in the Lipper Other States Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends. It should be noted that the performance of the Lipper Other States category represents the overall average of annual returns for funds from 10 different states with a wide variety of economic and municipal market conditions.
- 3 The taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current yield and a federal income tax rate of 28% plus the applicable state income tax rate. Because Texas has no state income tax, NTX's taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%, while the combined federal and state tax rate used for Arizona is 31.5%. The yields shown for Arizona highlight the added value of owning shares that are exempt from state as well as federal income taxes.

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For the 12 months ended January 31, 2004, the total returns of all five of the Funds in this report outperformed the unleveraged national Lehman Brothers Municipal Bond Index. The Funds' use of leverage was a primary factor that influenced their total return performance relative to the Lehman index. Leveraging can add volatility to a Fund's net asset value, share price and income. However, during periods of low short-term interest rates and low or falling long-term interest rates, such as the environment during much of this 12-month period, this strategy also can provide opportunities for net asset value appreciation and enhanced income for common shareholders.

In addition to leverage, factors such as bond calls and the price movement of specific sectors and holdings also had an impact on each Fund's relative performance during this period. For example, NTX benefited from its holdings of bonds backed by American Airlines, as airline-backed bonds rebounded strongly in the last part of 2003. The Texas Fund was also helped by the fact that Texas municipal bonds were, on average, the nation's best performers in 2003, as ranked by Lehman.

Among the Arizona Funds, NAZ marked its 10-year anniversary in November 2002, a point in a Fund's life cycle that often signals an increased potential for bond calls from the portfolio. Through the year, NAZ held a relatively large group of bonds that were priced to near-term call dates, which limited their upside price potential in the period's generally declining interest rate environment. In addition, as these bonds were called from NAZ's portfolio, the proceeds were reinvested in the lower-yielding securities reflecting current market rates. Both of these factors acted to restrain the performance of this Fund relative to the other Arizona Funds in this report.

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Over the 12-month period, increased investor demand for higher-yielding securities caused the yield spreads between higher- and lower-rated bonds to narrow as the market yields for all bonds generally fell. Since the yields of lower-rated bonds generally fell more than higher-rated bonds, and the prices of lower-rated bonds rose accordingly, some of the Funds' lower-rated holdings were among their best performers. For example, all four Arizona Funds also held bonds issued for Catholic Healthcare West, which showed improved financial performance during the period and began a bond buyback to reduce its outstanding debt. In addition, both NAZ and NXE held industrial development revenue bonds issued by Yavapai County, which has been repurchasing its outstanding bonds as it converts from a standard utility to a telecommunications company. In some cases, we took advantage of these narrowed credit spreads to sell some of our positions in lower-rated bonds at what we believed were very attractive prices.

### WHAT ABOUT DIVIDENDS AND SHARE PRICES?

With short-term interest rates at historically low levels, the dividend-paying capabilities of all these Funds benefited from their use of leverage. The extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. Low short-term rates can enable the Funds to reduce the amount of income paid to MuniPreferred shareholders, which can leave more earnings to support common share dividends. During the 12 months ended January 2004, continued low short-term rates enabled us to implement two dividend increases in NFZ and one in NTX. Leverage also

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helped to support the dividend of NAZ, which as of January 31, 2004, had offered shareholders 44 consecutive months of steady or increasing dividends. NKR and NXE, which were introduced in 2002, had provided 21 and 15 months, respectively, of stable, attractive dividends.

Each Fund seeks to pay a stable dividend at a rate that reflects the Fund's past results and projected future performance. A Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If the Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's net asset value (NAV). Conversely, if the Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of January 31, 2004, all of the Funds in this report had positive UNII.

Over the 12-month period ended January 31, 2004, the share prices of these Funds generally performed well, with most ending the period higher than they began. The lone exception was NKR, which saw its share price decline. As of January 31, 2004, NAZ and NFZ were trading at premiums, while NKR, NXE and NTX were trading at discounts to their NAV (see charts on individual Performance Overview pages).

### WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THE PERIOD ENDED JANUARY 31, 2004?

Over this reporting period, a major focus continued to be management of the Funds' durations<sup>4</sup> in an attempt to make the interest rate risk more consistent across funds. Interest rate risk is the risk that the value of a Fund's portfolio will decline when market interest rates rise (since bond prices move in the opposite direction of interest rates). The longer the duration of a Fund's portfolio, the greater its interest rate risk. Overall, our goal was to

properly calibrate each Fund's interest rate risk. In NAZ, this meant working to extend the Fund's duration, as we reinvested proceeds from a number of bond calls and the sale of issues with relatively short effective maturities into bonds with longer maturities.

In the other Funds, our objective was to shorten the Funds' durations. Generally, we focused on selling 30-year bonds and replacing them with bonds in the 20-year maturity range and with 8 to 10 years of call protection. In many cases, we believed that bonds in this part of the yield curve offered yields similar to those of longer-term bonds but had better total return potential.

Although the heavy volume of municipal issuance during 2003 provided some opportunities to make trades that we believed would benefit the Funds, in recent months we have seen supply soften. This was true in both Arizona and Texas, where issuance during August 2003-January 2004

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. References to duration in this commentary are intended to indicate Fund duration unless otherwise noted.

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declined 17% and 10%, respectively, from levels of the previous six months. Both markets presented challenges in finding issues with the types of structures we prefer and the potential to add value. In Texas, our focus was on purchasing higher quality issues, particularly in the general obligation category, reflecting the increased issuance in this sector. For the Arizona Funds, we looked for bonds that had the potential to enhance the Fund's income while maintaining diversity and overall credit quality. We found the majority of our yield opportunities in the healthcare, utilities, and-- to a lesser degree--higher education sectors.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF JANUARY 31, 2004?

We believe that, given the current geopolitical and economic climate, maintaining strong credit quality is a vital requirement. As of January 31, 2004, all of these Funds offered excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 75% to 87%.

As of January 31, 2004, potential call exposure over the 2004 - 2006 period ranged from zero in NKR and NXE to 14% in NTX. The actual number of bond calls these Funds will face in the coming months will depend largely on current and anticipated changes in market interest rates.

In general, we believe that these Funds can continue to serve as attractive sources of tax-free income, while simultaneously offering the potential for portfolio diversification. In our opinion, they represent a quality component within a well-balanced core investment portfolio that can continue to benefit shareholders over time.

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Nuveen Arizona Premium Income Municipal Fund, Inc.

## Performance

OVERVIEW As of January 31, 2004

NAZ

### Pie Chart:

#### CREDIT QUALITY

AAA/U.S. Guaranteed	65%
AA	14%
A	3%
BBB	13%
NR	1%
BB or Lower	4%

#### PORTFOLIO STATISTICS

Share Price	\$16.27
Common Share Net Asset Value	\$14.42
Premium/(Discount) to NAV	12.83%
Market Yield	5.64%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	7.83%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	8.23%
Net Assets Applicable to Common Shares (\$000)	\$64,041
Average Effective Maturity (Years)	18.37
Leverage-Adjusted Duration	9.00

#### AVERAGE ANNUAL TOTAL RETURN (Inception 11/19/92)

	On Share Price	On NAV
1-Year	10.58%	8.78%
5-Year	5.73%	4.48%
10-Year	6.55%	5.29%

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

Tax Obligation/Limited	31%
Healthcare	14%
U.S. Guaranteed	11%

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Education and Civic Organizations	10%
-----	
Utilities	8%
-----	

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Feb	0.0765
Mar	0.0765
Apr	0.0765
May	0.0765
Jun	0.0765
Jul	0.0765
Aug	0.0765
Sep	0.0765
Oct	0.0765
Nov	0.0765
Dec	0.0765
Jan	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

2/1/03	15.6
	16.18
	15.87
	15.89
	15.95
	16
	16.11
	16.11
	16.12
	16.08
	15.85
	15.59
	15.37
	15.84
	16
	15.9
	16.56
	16.52
	16.45
	16.7
	16.58
	16.9
	16.62
	14.96
	15.03
	14.9
	14.76
	14.77
	14.8
	14.66
	14.71
	14.86
	15.27
	15.18
	15.16
	15.1
	15.05
	15.24

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	15.39
	15.41
	15.49
	15.61
	16.1
	16.06
	16.17
	16.14
1/31/04	16.27

Weekly Closing Price

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. 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 31.5%.

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Nuveen Arizona Dividend Advantage Municipal Fund

Performance

OVERVIEW As of January 31, 2004

NFZ

Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	55%
AA	20%
A	11%
BBB	13%
BB or Lower	1%

PORTFOLIO STATISTICS

Share Price	\$17.17
Common Share Net Asset Value	\$15.45
Premium/(Discount) to NAV	11.13%
Market Yield	5.35%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	7.43%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	7.81%
Net Assets Applicable to Common Shares (\$000)	\$23,834

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Average Effective Maturity (Years)	19.20
Leverage-Adjusted Duration	9.56

AVERAGE ANNUAL TOTAL RETURN (Inception 1/30/01)

	ON SHARE PRICE	ON NAV
1-Year	19.30%	9.82%
Since Inception	10.67%	8.78%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	29%
Utilities	14%
Housing/Multifamily	13%
U.S. Guaranteed	11%
Education and Civic Organizations	10%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Feb	0.073
Mar	0.0755
Apr	0.0755
May	0.0755
Jun	0.0755
Jul	0.0755
Aug	0.0755
Sep	0.0755
Oct	0.0755
Nov	0.0755
Dec	0.0765
Jan	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

2/1/03	15.28
	15.28
	15.24
	15.5
	15.65
	16.19
	16.23
	16.09
	15.8
	15.53
	15.52
	15.56
	15.38
	15.65
	16.01

	16.3
	16.25
	16.57
	16.5
	16.54
	16.79
	16.88
	16.52
	15.1
	15.12
	15.14
	15.12
	15.14
	15.05
	14.95
	14.91
	14.78
	14.66
	14.67
	14.81
	14.9
	15.04
	15.49
	15.51
	15.64
	15.65
	16.6
	16.67
	16.58
	16.49
	16.8
1/31/04	17.17

Weekly Closing Price

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. 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 31.5%.

2 The Fund also paid shareholders a net ordinary income distribution in December 2003 of \$0.0418 per share.

Nuveen Arizona Dividend Advantage Municipal Fund 2

Performance

OVERVIEW As of January 31, 2004

NKR

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## Pie Chart:

### CREDIT QUALITY

AAA/U.S. Guaranteed	75%
AA	12%
A	4%
BBB	8%
BB or Lower	1%

## PORTFOLIO STATISTICS

Share Price	\$14.92
Common Share Net Asset Value	\$15.52
Premium/(Discount) to NAV	-3.87%
Market Yield	5.79%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	8.04%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	8.45%
Net Assets Applicable to Common Shares (\$000)	\$37,543
Average Effective Maturity (Years)	17.22
Leverage-Adjusted Duration	10.42

## AVERAGE ANNUAL TOTAL RETURN (Inception 3/25/02)

	ON SHARE PRICE	ON NAV
1-Year	1.98%	9.46%
Since Inception	5.45%	10.36%

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

Tax Obligation/General	32%
Tax Obligation/Limited	26%
Education and Civic Organizations	8%
Healthcare	7%
Utilities	6%

## Bar Chart:

### 2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Feb	0.072
Mar	0.072
Apr	0.072
May	0.072
Jun	0.072

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Jul	0.072
Aug	0.072
Sep	0.072
Oct	0.072
Nov	0.072
Dec	0.072
Jan	0.072

Line Chart:  
SHARE PRICE PERFORMANCE

2/1/03	15.55
	15.3
	15.09
	15.15
	15.34
	15.21
	15.26
	15.1
	15.1
	15.23
	15.31
	15.32
	15.12
	15.21
	15.44
	15.86
	15.8
	16.08
	15.83
	16.15
	16.18
	16.2
	15.76
	14.05
	14.32
	14.27
	14.09
	14.09
	14.3
	14.43
	14.39
	14.3
	14.36
	14.3
	14.2
	14.5
	14.4
	14.38
	14.4
	14.24
	14.35
	14.43
	14.76
	14.74
	15.1
	15.23
1/31/04	14.92

Weekly Closing Price  
Past performance is not predictive of future results.

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1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. 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 31.5%.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of \$0.0441 per share.

8

Nuveen Arizona Dividend Advantage Municipal Fund 3

Performance

OVERVIEW As of January 31, 2004

NXE

Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	70%
AA	14%
A	3%
BBB	11%
BB or Lower	2%

PORTFOLIO STATISTICS

Share Price	\$14.10
Common Share Net Asset Value	\$14.40
Premium/(Discount) to NAV	-2.08%
Market Yield	5.70%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	7.92%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	8.32%
Net Assets Applicable to Common Shares (\$000)	\$44,163
Average Effective Maturity (Years)	19.38
Leverage-Adjusted Duration	11.07

AVERAGE ANNUAL TOTAL RETURN (Inception 9/25/02)

ON SHARE PRICE ON NAV



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1-Year	10.56%	9.56%
Since Inception	0.83%	5.79%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	20%
Tax Obligation/General	18%
Housing/Multifamily	13%
Education and Civic Organizations	13%
Healthcare	11%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Feb	0.067
Mar	0.067
Apr	0.067
May	0.067
Jun	0.067
Jul	0.067
Aug	0.067
Sep	0.067
Oct	0.067
Nov	0.067
Dec	0.067
Jan	0.067

Line Chart:

SHARE PRICE PERFORMANCE

2/1/03	13.52
	13.85
	13.75
	13.85
	14
	14.01
	14.02
	13.85
	13.8
	13.65
	13.4
	13.65
	13.93
	14.01
	14.01
	14.18
	14.11
	14.26
	14.05
	14.29
	14.7
	14.73
	14.25

	13.96
	13.5
	13.57
	13.13
	13.26
	13.25
	13.05
	13.1
	13.19
	13.2
	13.03
	13.14
	13.21
	13.09
	13.1
	13.34
	13.21
	13.3
	13.4
	13.45
	13.65
	14.19
	14.2
1/31/04	14.1

Weekly Closing Price

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. 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 31.5%.

Nuveen Texas Quality Income Municipal Fund

Performance

OVERVIEW As of January 31, 2004

NTX

Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	65%
AA	11%
A	9%
BBB	14%
BB or Lower	1%

PORTFOLIO STATISTICS

-----

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Share Price	\$15.15
Common Share Net Asset Value	\$15.54
Premium/(Discount) to NAV	-2.51%
Market Yield	6.34%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	8.81%
Net Assets Applicable to Common Shares (\$000)	\$147,187
Average Effective Maturity (Years)	20.12
Leverage-Adjusted Duration	8.94

AVERAGE ANNUAL TOTAL RETURN (Inception 10/17/91)

	ON SHARE PRICE	ON NAV
1-Year	11.98%	11.06%
5-Year	6.12%	5.92%
10-Year	6.39%	6.35%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/General	24%
Healthcare	14%
Tax Obligation/Limited	9%
Water and Sewer	8%
Utilities	7%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Feb	0.079
Mar	0.08
Apr	0.08
May	0.08
Jun	0.08
Jul	0.08
Aug	0.08
Sep	0.08
Oct	0.08
Nov	0.08
Dec	0.08
Jan	0.08

Line Chart:

SHARE PRICE PERFORMANCE

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2/1/03	14.43
	14.51
	14.29
	14.39
	14.55
	14.9
	14.93
	14.74
	14.82
	14.94
	14.9
	15.09
	15.09
	15.05
	15.17
	15.34
	15.38
	15.54
	15.53
	15.25
	15.44
	15.7
	15.17
	14.52
	14.8
	14.45
	14.64
	14.35
	14.2
	14.23
	14.35
	14.4
	14.22
	14.27
	14.34
	14.4
	14.56
	14.66
	14.68
	14.82
	14.98
	15.02
	15.52
	15.34
	15.3
	15.55
1/31/04	15.15

Weekly Closing Price

Past performance is not predictive of future results.

- 1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%.

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Shareholder  
MEETING REPORT

The Shareholder Meeting was held in Chicago, Illinois, on October 22, 2003.

NAZ

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voted together as a class
William E. Bennett		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Robert P. Bremner		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Lawrence H. Brown		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Jack B. Evans		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Anne E. Impellizzeri		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
William L. Kissick		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Thomas E. Leafstrand		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Peter R. Sawers		
For	3,795,380	

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Withhold	128,560
Total	3,923,940

11

Shareholder  
MEETING REPORT (continued)

NAZ

APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS: (CONTINUED)

	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voti togeth as a cla
William J. Schneider		
For	--	1,1
Withhold	--	
Total	--	1,1
Timothy R. Schwertfeger		
For	--	1,1
Withhold	--	
Total	--	1,1
Judith M. Stockdale		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Sheila W. Wellington		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	

12

NKR

APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS:

	Common and MuniPreferred shares voting together	MuniPreferred shares voti togeth
--	--	--

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	as a class	as a cla
=====		
William E. Bennett		
For	2,315,969	
Withhold	83,133	
-----		
Total	2,399,102	
=====		
Robert P. Bremner		
For	2,315,969	
Withhold	83,133	
-----		
Total	2,399,102	
=====		
Lawrence H. Brown		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		
Jack B. Evans		
For	2,311,779	
Withhold	87,323	
-----		
Total	2,399,102	
=====		
Anne E. Impellizzeri		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		
William L. Kissick		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		
Thomas E. Leafstrand		
For	2,308,779	
Withhold	90,323	
-----		
Total	2,399,102	
=====		
Peter R. Sawers		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		

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APPROVAL OF THE BOARD MEMBERS  
 WAS REACHED AS FOLLOWS: (CONTINUED)

	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voted together as a class
=====		
William J. Schneider		
For	--	6
Withhold	--	
-----		
Total	--	6
=====		
Timothy R. Schwertfeger		
For	--	6
Withhold	--	
-----		
Total	--	6
=====		
Judith M. Stockdale		
For	2,311,779	
Withhold	87,323	
-----		
Total	2,399,102	
=====		
Sheila W. Wellington		
For	2,301,279	
Withhold	97,823	
-----		
Total	2,399,102	
=====		

-----  
 APPROVAL OF THE BOARD MEMBERS  
 WAS REACHED AS FOLLOWS:

=====		
William E. Bennett		
For		
Withhold		
-----		
Total		
=====		
Robert P. Bremner		
For		
Withhold		
-----		
Total		
=====		



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Lawrence H. Brown  
For  
Withhold

-----  
Total  
=====

Jack B. Evans  
For  
Withhold

-----  
Total  
=====

Anne E. Impellizzeri  
For  
Withhold

-----  
Total  
=====

William L. Kissick  
For  
Withhold

-----  
Total  
=====

Thomas E. Leafstrand  
For  
Withhold

-----  
Total  
=====

Peter R. Sawers  
For  
Withhold

-----  
Total  
=====

15

Shareholder  
MEETING REPORT (continued)

-----  
APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS: (CONTINUED)

-----  
William J. Schneider  
For  
Withhold

-----  
Total  
=====

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Timothy R. Schwertfeger  
 For  
 Withhold

-----  
 Total  
 =====

Judith M. Stockdale  
 For  
 Withhold

-----  
 Total  
 =====

Sheila W. Wellington  
 For  
 Withhold

-----  
 Total  
 =====

16

Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)  
 Portfolio of  
 INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
	CONSUMER STAPLES - 1.4%	
\$ 965	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100
	EDUCATION AND CIVIC ORGANIZATIONS - 14.6%	
1,000	Arizona State University, Certificates of Participation, Series 2002, 5.375%, 7/01/19 - MBIA Insured	7/12 at 100
1,000	Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 - FGIC Insured	7/12 at 100
1,750	Arizona Student Loan Acquisition Authority, Student Loan Revenue Bonds, Subordinated Fixed Rate, Series 1994B, 6.600%, 5/01/10 (Alternative Minimum Tax)	5/04 at 102
1,250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31	5/11 at 101
1,050	Northern Arizona University, System Revenue Bonds, Series 2002, 5.000%, 6/01/34 - FGIC Insured	6/12 at 100
1,400	Southern Arizona Capital Facilities Financing Corporation, Student Housing Revenue Bonds, La Aldea Project at the	9/12 at 100

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University of Arizona, Series 2002, 5.000%, 9/01/23 -  
MBIA Insured

1,500 Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 - AMBAC Insured 7/13 at 100

-----  
HEALTHCARE - 20.5%

2,000 Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 1999A, 6.125%, 11/15/22 11/09 at 100

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 102

800 Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 7/10 at 101

3,000 Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.750%, 1/01/25 - MBIA Insured 1/10 at 101

515 Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion Project, Series 2000A, 6.375%, 11/15/15 11/10 at 101

1,500 Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 12/11 at 101

2,000 University Medical Center Corporation Tucson, Arizona, Hospital Revenue Refunding Bonds, Series 1992, 6.250%, 7/01/16 - MBIA Insured 7/04 at 100

1,055 Industrial Development Authority, Winslow, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital Project, Series 1998, 5.500%, 6/01/22 6/08 at 101

-----  
HOUSING/MULTIFAMILY - 11.2%

2,011 Glendale Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Maridale Apartments Project, Series 2000A, 7.500%, 10/20/35 10/10 at 105

400 Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson Project, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax) 6/11 at 102

1,000 Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Camelback Crossings Apartments Project, Series 2000, 6.350%, 9/20/35 9/10 at 103

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3,215	Tucson Industrial Development Authority, Arizona, Senior Living Facilities Revenue Bonds, Christian Care Project, Series 2000A, 5.625%, 7/01/20 - RAAI Insured	7/10 at 101
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-----  
HOUSING/SINGLE FAMILY - 0.1%

75	Phoenix Industrial Development Authority, Arizona, Statewide Single Family Mortgage Revenue Bonds, Series 1995, 6.150%, 6/01/08 (Alternative Minimum Tax)	6/05 at 102
----	---	-------------

17

Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ) (continued)  
Portfolio of INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
------------------------	----------------	--------------------

-----

INDUSTRIALS - 3.3%

\$ 2,000	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
----------	--	-----------

-----  
LONG-TERM CARE - 0.6%

345	Mohave County Industrial Development Authority, Arizona, GNMA Collateralized Health Care Revenue Refunding Bonds, Chris Ridge and Silver Ridge Village Projects, Series 1996, 6.375%, 11/01/31	5/06 at 103
-----	--	-------------

-----  
TAX OBLIGATION/GENERAL - 7.6%

3,000	Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/18 - FGIC Insured	7/09 at 100
	Puerto Rico Public Improvement, General Obligation Bonds, Series 2002A:	
500	5.500%, 7/01/19 - FGIC Insured	No Opt. C
500	5.375%, 7/01/28	7/11 at 100
585	Tempe Union High School District 213, Maricopa County, Arizona, General Obligation Bonds, Series 1994, 6.000%, 7/01/12 - FGIC Insured	7/04 at 101

-----  
TAX OBLIGATION/LIMITED - 43.9%

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1,985	Arizona School Facilities Board, State School Improvement Revenue Bonds, Series 2003, 5.000%, 7/01/21	7/13 at 100
	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A:	
3,000	5.375%, 7/01/20 - MBIA Insured	7/13 at 100
1,000	5.375%, 7/01/21 - MBIA Insured	7/13 at 100
	Bullhead City, Arizona, Parkway District Special Assessment Improvement Bonds, Series 1993:	
830	6.100%, 1/01/08	7/04 at 102
890	6.100%, 1/01/09	7/04 at 102
575	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 - AMBAC Insured	7/13 at 100
1,500	Maricopa County Industrial Development Authority, Education Revenue Bonds, Arizona Charter Schools Project I, Series 2000A, 6.750%, 7/01/29	7/10 at 102
3,400	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 - AMBAC Insured	6/12 at 100
	Phoenix Industrial Development Authority, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC Project, Series 2000:	
1,000	5.375%, 9/15/22 - AMBAC Insured	9/10 at 100
2,000	5.500%, 9/15/27 - AMBAC Insured	9/10 at 100
2,150	Phoenix Civic Plaza Building Corporation, Arizona, Senior Lien Excise Tax Revenue Bonds, Series 1994, 6.000%, 7/01/14	7/05 at 101
2,000	Phoenix Civic Improvement Corporation, Arizona, Subordinate Lien Excise Tax Revenue Bonds, Series 2003A, 5.000%, 7/01/21 - MBIA Insured	7/13 at 100
1,200	Prescott Valley Municipal Property Corp., Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 - FGIC Insured	1/13 at 100
1,000	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100
500	Tucson, Arizona, Certificates of Participation, Series 2000, 5.700%, 7/01/20 - MBIA Insured	7/08 at 100
1,100	Tucson, Arizona, Streets and Highway Junior Lien User Fee Revenue Bonds, Series 1994E, 5.000%, 7/01/18 - FGIC Insured	7/10 at 100
2,300	Virgin Islands Public Finance Authority, Gross Receipts Taxes Loan Notes, Series 2003, 5.000%, 10/01/33 - RAAI Insured	10/14 at 100
-----		
	TELECOMMUNICATION SERVICES - 2.4%	
1,450	Industrial Development Authority, Yavapai County, Arizona, Revenue Bonds, Citizens Utilities Company Project, Series 1998, 5.450%, 6/01/33 (Alternative Minimum Tax)	6/07 at 101

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	U.S. GUARANTEED - 15.7%	
\$	530 Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 (Pre-refunded to 7/01/10)	7/10 at 100
	3,500 Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 - MBIA Insured	No Opt. C
	2,000 Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded to 7/01/10) - FGIC Insured	7/10 at 101
	1,000 Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.500%, 7/01/27 (Pre-refunded to 7/01/10)	7/10 at 101
	500 Surprise Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Series 2000, 5.700%, 7/01/20 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 101
	725 Tucson, Arizona, Certificates of Participation, Series 1994, 6.375%, 7/01/09 (Pre-refunded to 7/01/04) - RAAI Insured	7/04 at 100
-----		
	UTILITIES - 11.7%	
	1,000 Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. C
	1,615 Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1996, 6.375%, 10/01/36 (Alternative Minimum Tax)	10/06 at 102
	500 Navajo County Pollution Control Corp., Arizona, Pollution Control Revenue Refunding Bonds, Arizona Public Service Company, Series 1993A, 5.875%, 8/15/28 - MBIA Insured	2/04 at 102
	1,075 Pima County Industrial Development Authority, Arizona, Lease Obligation Revenue Refunding Bonds, Tucson Electric Power Company Irvington Project, Series 1988A, 7.250%, 7/15/10 - FSA Insured	7/04 at 102
	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Salt River Project, Series 2002A: 5.125%, 1/01/27	1/12 at 101

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1,000	5.000%, 1/01/31	1/12 at 101
-----		
WATER AND SEWER - 10.3%		
3,500	Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28	7/13 at 100
1,250	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 - FGIC Insured	No Opt. C
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 - FGIC Insured	7/12 at 100
-----		
\$ 86,116	Total Long-Term Investments (cost \$86,763,422) - 143.3%	
=====		
Other Assets Less Liabilities - 3.5%		
-----		
Preferred Shares, at Liquidation Value - (46.8)%		
-----		
Net Assets Applicable to Common Shares - 100%		
=====		

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions: 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: 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. Such securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)  
Portfolio of  
INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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EDUCATION AND CIVIC ORGANIZATIONS - 14.2%

\$	1,020	Mesa Industrial Development Authority, 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 101
	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 101
	300	Puerto Rico Industrial, Tourist, 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 100
	1,000	Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 - AMBAC Insured	7/13 at 100

-----  
HEALTHCARE - 8.6%

	550	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20	12/10 at 102
	365	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
	1,000	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101

-----  
HOUSING/MULTIFAMILY - 19.4%

	1,000	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Whispering Palms Apartments Project, Series 1999A, 5.900%, 7/01/29 - MBIA Insured	7/09 at 102
	1,125	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Syl-Mar Apartments Project, Series 2001, 5.650%, 4/20/21 (Alternative Minimum Tax)	10/11 at 103
	275	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson Project, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax)	6/11 at 102
	990	Phoenix Industrial Development Authority, Arizona, GNMA Enhanced Mortgage Loan Multifamily Housing Revenue Bonds, Liberty Cove Apartments, Series 2002A, 5.050%, 10/20/32	10/12 at 102



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1,000	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Camelback Crossings Apartments Project, Series 2000, 6.350%, 9/20/35	9/10 at 103
-----		
HOUSING/SINGLE FAMILY - 1.4%		
320	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-4, 5.050%, 5/01/17	11/10 at 101
-----		
INDUSTRIALS - 4.4%		
1,000	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
-----		
TAX OBLIGATION/GENERAL - 11.3%		
1,000	Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/17 - FGIC Insured	7/09 at 100
500	Puerto Rico Public Improvement, General Obligation Bonds, Series 2002A, 5.500%, 7/01/29	No Opt. C
1,020	Tucson, Arizona, General Obligation Refunding Bonds, Series 1997, 5.000%, 7/01/19	7/07 at 100
-----		
TAX OBLIGATION/LIMITED - 42.3%		
700	Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2001, 5.500%, 7/01/18	7/11 at 100
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2003A, 5.000%, 7/01/22	7/13 at 100

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
TAX OBLIGATION/LIMITED (continued)		
\$ 1,000	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/21 - MBIA Insured	7/13 at 100

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1,180	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 - AMBAC Insured	7/13 at 100
2,000	Maricopa County Industrial Development Authority, Arizona, Education Revenue Bonds, Horizon Community Learning Center Project, Series 2000, 6.350%, 6/01/26 - ACA Insured	6/07 at 102
900	Phoenix Industrial Development, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC II Project, Series 2001, 5.250%, 9/15/16 - AMBAC Insured	3/12 at 100
2,675	Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/21	7/13 at 100

-----  
U.S. GUARANTEED - 15.9%

500	Maricopa County Industrial Development Authority, Arizona, Baptist Hospital System Revenue Refunding Bonds, Series 1995, 5.500%, 9/01/16 (Pre-refunded to 9/01/05) - MBIA Insured	9/05 at 101
1,000	Mesa, Arizona, Utility System Revenue Bonds, Series 2000, 5.125%, 7/01/19 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 100
1,350	Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, Series 2000A, 5.500%, 10/01/40	10/10 at 101
	Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Revenue Refunding Bonds, Series 1997A:	
140	5.000%, 1/01/20 (Pre-refunded to 1/01/08)	1/08 at 101
430	5.000%, 1/01/20 (Pre-refunded to 1/01/08)	1/08 at 101

-----  
UTILITIES - 21.0%

1,500	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/17	No Opt. C
500	Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1997B, 5.800%, 11/01/32 (Alternative Minimum Tax)	5/04 at 101
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured	No Opt. C
350	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.125%, 7/01/26 - FSA Insured	7/12 at 101
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Salt River Project, Series 2002A, 5.250%, 1/01/18	1/12 at 101
235	Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Revenue Refunding Bonds, Series 1997A, 5.000%, 1/01/20	1/08 at 101

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		WATER AND SEWER - 6.5%	
	1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 - FGIC Insured	7/12 at 100
<hr/>			
\$	32,425	Total Long-Term Investments (cost \$32,831,457) - 145.0%	
<hr/>			
		Other Assets Less Liabilities - 5.3%	
<hr/>			
		Preferred Shares, at Liquidation Value - (50.3)%	
<hr/>			
		Net Assets Applicable to Common Shares - 100%	
<hr/>			

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions: 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: 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. Such securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)  
Portfolio of  
INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
	EDUCATION AND CIVIC ORGANIZATIONS - 11.6%	
\$	510 Arizona State University, Certificates of Participation, Series 2002, 5.125%, 7/01/26 - MBIA Insured	7/12 at 100
	715 Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 - FGIC Insured	7/12 at 100
	1,250 Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31	5/11 at 101

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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 101
	University of Arizona, Certificates of Participation, Series 2002A:	
750	5.500%, 6/01/18 - AMBAC Insured	6/12 at 100
500	5.125%, 6/01/22 - AMBAC Insured	6/12 at 100
-----		
	HEALTHCARE - 9.9%	
735	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 2002A, 6.250%, 2/15/21	2/12 at 101
400	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
500	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37	5/08 at 101
1,000	Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.625%, 1/01/29 - MBIA Insured	1/10 at 101
1,000	Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100
-----		
	HOUSING/MULTIFAMILY - 6.8%	
1,000	Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Refunding Bonds, Pine Ridge, Cambridge Court, Cove on 44th and Fountain Place Apartments Projects, Series 2001A-1, 6.000%, 10/20/31	10/11 at 105
1,425	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Summit Apartments Project, Series 2002, 6.450%, 7/20/32	7/12 at 105
-----		
	HOUSING/SINGLE FAMILY - 0.4%	
150	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-1, 5.350%, 11/01/24 (Alternative Minimum Tax)	11/10 at 101
-----		
	INDUSTRIALS - 2.8%	
1,000	Yavapai County Industrial Development Authority,	No Opt. C

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Arizona, Solid Waste Disposal Revenue Bonds,  
Waste Management Inc. Project, Series 2003B,  
4.450%, 3/01/28 (Alternative Minimum Tax)  
(Mandatory put 3/01/08)

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TAX OBLIGATION/GENERAL - 47.0%		
1,725	Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/17	7/12 at 100
1,000	Gilbert, Arizona, General Obligation Bonds, Series 2002A, 5.000%, 7/01/18 - AMBAC Insured	7/11 at 100
Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A:		
1,000	5.375%, 7/01/15 - FSA Insured	No Opt. C
2,000	5.375%, 7/01/16 - FSA Insured	No Opt. C
2,165	Maricopa County Unified School District 69 Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002A, 5.250%, 7/01/14 - FGIC Insured	No Opt. C
1,000	Mesa, Arizona, General Obligation Bonds, Series 2000, 6.500%, 7/01/11 - FGIC Insured	No Opt. C

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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TAX OBLIGATION/GENERAL (continued)		
\$ 1,405	Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 - FGIC Insured	No Opt. C
Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B:		
1,700	5.000%, 7/01/22	7/12 at 100
250	5.000%, 7/01/27	7/12 at 100
1,000	Pinal County Unified School District 43, Apache Junction, Arizona, General Obligation Refunding Bonds, Series 2001, 5.750%, 7/01/15 - FGIC Insured	No Opt. C
1,500	Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24	7/11 at 100
1,090	Tempe, Arizona, General Obligation Bonds, Certificates of Ownership, Series 2004, 5.000%, 7/01/17 (WI, Settling 2/03/04)	7/14 at 100

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TAX OBLIGATION/LIMITED - 38.8%

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	Arizona State, Certificates of Participation, Series 2002A:	
750	5.000%, 11/01/17 - MBIA Insured	5/12 at 100
1,000	5.000%, 11/01/18 - MBIA Insured	5/12 at 100
500	5.000%, 11/01/20 - MBIA Insured	5/12 at 100
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/21	7/12 at 100
670	Goodyear Community Facilities Utility District No. 1, Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured	7/13 at 100
1,000	Maricopa County Public Finance Authority, Arizona, Lease Revenue Bonds, Series 2001, 5.500%, 7/01/15 - AMBAC Insured	7/11 at 100
	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002:	
840	5.375%, 6/01/18 - AMBAC Insured	6/12 at 100
2,645	5.375%, 6/01/19 - AMBAC Insured	6/12 at 100
1,500	Phoenix Industrial Development, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC II Project, Series 2001, 5.250%, 9/15/16 - AMBAC Insured	3/12 at 100
500	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 1996Y, 5.500%, 7/01/36	7/16 at 100
500	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.000%, 7/01/32 - FSA Insured	7/12 at 100
1,000	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100
1,000	Tucson, Arizona, Streets and Highway Junior Lien User Fee Revenue Bonds, Series 1994E, 5.000%, 7/01/18 - FGIC Insured	7/10 at 100
640	Yuma Municipal Property Corporation, Arizona, Municipal Facilities Tax Revenue Bonds, Series 2001, 5.000%, 7/01/21 - AMBAC Insured	7/10 at 100

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TRANSPORTATION - 5.5%

1,000	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 1998A, 5.000%, 7/01/25 - FSA Insured	7/08 at 101
1,000	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/27 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100

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U.S. GUARANTEED - 8.2%

1,215	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/12	7/10 at 100
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(Pre-refunded to 7/01/10)

1,500	Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, Series 2000A, 5.500%, 10/01/40	10/10 at 101
-----		
UTILITIES - 9.2%		
1,115	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. C
1,000	Mesa, Arizona, Utility System Revenue Bonds, Series 2002, 5.000%, 7/01/20 - FGIC Insured	7/11 at 100
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured	No Opt. C

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR) (continued)  
Portfolio of INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
WATER AND SEWER - 7.4%		
\$ 500	Maricopa County Industrial Development Authority, Arizona, Water System Improvement Revenue Bonds, Chaparral City Water Company Project, Series 1997A, 5.400%, 12/01/22 (Alternative Minimum Tax) - AMBAC Insured	12/07 at 102
1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/22 - FGIC Insured	No Opt. C
1,000	Tucson, Arizona, Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/18 - FGIC Insured	7/12 at 102
-----		
\$ 50,965	Total Long-Term Investments (cost \$52,371,670) - 147.6%	
=====		
Other Assets Less Liabilities - 1.7%		
-----		
Preferred Shares, at Liquidation Value - (49.3)%		
-----		
Net Assets Applicable to Common Shares - 100%		
=====		

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

\* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption.

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

\*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.

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

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)  
Portfolio of  
INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	CONSUMER STAPLES - 4.2%	
\$ 1,930	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100
-----		
	EDUCATION AND CIVIC ORGANIZATIONS - 18.6%	
2,000	Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 - FGIC Insured	7/12 at 100
1,000	Arizona Student Loan Acquisition Authority, Student Loan Revenue Refunding Bonds, Senior Series 1999A1, 5.750%, 5/01/15 (Alternative Minimum Tax)	11/09 at 102
1,130	Energy Management Services LLC, Arizona State University, Energy Conservation Revenue Bonds, Main Campus Project, Series 2002, 5.250%, 7/01/18 - MBIA Insured	7/12 at 100
500	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 1998A, 5.375%, 5/15/28	5/08 at 101
1,000	Tucson Industrial Development Authority, Arizona, Lease Revenue Bonds, University of Arizona - Marshall Foundation Project, Series 2002A, 5.000%, 7/15/32 - AMBAC Insured	7/12 at 100
2,000	University of Arizona, Certificates of Participation, Series 2002B, 5.125%, 6/01/20 - AMBAC Insured	6/12 at 100
-----		
	HEALTHCARE - 15.7%	



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	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 1999A:	
750	6.125%, 11/15/22	11/09 at 100
520	6.250%, 11/15/29	11/09 at 100
1,000	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20	12/10 at 102
300	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
2,000	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37	5/08 at 101
1,250	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101
1,000	Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100

-----  
Housing/Multifamily - 19.4%

1,750	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Senior Revenue Bonds, National Voluntary Health Facilities II Project, Series 1998A, 5.100%, 1/01/33 - FSA Insured	1/18 at 100
2,500	Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Villas at Augusta Project, Series 2000, 6.500%, 10/20/33	10/10 at 105
1,545	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson Project, Series 2001, 5.600%, 6/20/21 (Alternative Minimum Tax)	6/11 at 102
2,460	Phoenix Industrial Development Authority, Arizona, GNMA Enhanced Mortgage, Loan Multifamily Housing Revenue Bonds, Liberty Cove Apartments, Series 2002A, 4.950%, 10/20/22 (Alternative Minimum Tax)	10/12 at 102

Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE) (continued)  
Portfolio of INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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INDUSTRIALS - 3.6%

\$	1,500	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
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TAX OBLIGATION/GENERAL - 26.4%

660	Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/18	7/12 at 100
2,250	DC Ranch Community Facilities District, Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/15/27 - AMBAC Insured	7/13 at 100
1,930	Glendale, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/19	7/11 at 100
1,000	Maricopa County School District 11, Peoria, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/15 - FSA Insured	No Opt. C
765	Maricopa County Unified School District 69, Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/15 - FSA Insured	No Opt. C
1,000	Maricopa County Unified School District 95, Queen Creek Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/14 - FGIC Insured	No Opt. C
1,500	Puerto Rico Public Improvement, General Obligation Refunding Bonds, Series 2002A, 5.500%, 7/01/20 - MBIA Insured	No Opt. C
1,150	Scottsdale, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/16	No Opt. C
440	Tucson, Arizona, General Obligation Bonds, Series 2001B, 5.000%, 7/01/20	7/11 at 100

-----  
TAX OBLIGATION/LIMITED - 29.8%

2,000	Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2002, 5.250%, 7/01/20	7/12 at 100
3,000	Arizona State Transportation Board, Highway Revenue Refunding Bonds, Series 2002A, 5.250%, 7/01/18	7/12 at 102
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/22	7/12 at 100
2,660	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/20 - MBIA Insured	7/13 at 100
800	Goodyear Community Facilities Utility District No. 1,	7/13 at 100

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	Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured	
2,770	Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/22	7/13 at 100
-----		
	TELECOMMUNICATION SERVICES - 1.3%	
530	Industrial Development Authority, Yavapai County, Arizona, Revenue Bonds, Citizens Utilities Company Project, Series 1998, 5.450%, 6/01/33 (Alternative Minimum Tax)	6/07 at 101
-----		
	TRANSPORTATION - 13.7%	
	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B:	
1,000	5.750%, 7/01/16 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100
2,300	5.250%, 7/01/21 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100
2,450	Tucson Airport Authority Inc., Arizona, Revenue Refunding Bonds, Series 2001B, 5.000%, 6/01/20 (Alternative Minimum Tax) - AMBAC Insured	6/11 at 100
-----		
	UTILITIES - 6.4%	
1,750	Maricopa County, Arizona, Pollution Control Corporation Revenue Bonds, Arizona Public Service Company Palo Verde Project, Series 2002A, 5.050%, 5/01/29 - AMBAC Insured	11/12 at 100
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Salt River Project, Series 2002B, 5.000%, 1/01/31	1/13 at 100
-----		
	WATER AND SEWER - 7.2%	
\$ 1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001, 5.125%, 7/01/21 - FGIC Insured	7/11 at 100
2,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/18 - FGIC Insured	7/12 at 100
-----		
\$ 61,090	Total Long-Term Investments (cost \$63,369,767) - 146.3%	
=====		
	Other Assets Less Liabilities - 3.5%	

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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	WATER AND SEWER - 7.2%	
\$ 1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001, 5.125%, 7/01/21 - FGIC Insured	7/11 at 100
2,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/18 - FGIC Insured	7/12 at 100
-----		
\$ 61,090	Total Long-Term Investments (cost \$63,369,767) - 146.3%	
=====		
	Other Assets Less Liabilities - 3.5%	

-----  
 Preferred Shares, at Liquidation Value - (49.8)%  
 -----

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

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions: 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: Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Texas Quality Income Municipal Fund (NTX)  
 Portfolio of  
 INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	CONSUMER STAPLES - 1.9%	
\$ 2,895	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100
-----		
	EDUCATION AND CIVIC ORGANIZATIONS - 9.1%	
205	Brazos Higher Education Authority, Inc., Texas, Student Loan Revenue Refunding Bonds, Subordinate Series 1993A-2, 6.800%, 12/01/04 (Alternative Minimum Tax)	No Opt. C
1,000	Georgetown Higher Education Finance Corporation, Texas, Higher Education Revenue Bonds, Southwestern University Project, Series 1994, 6.300%, 2/15/14	2/04 at 100
1,000	Raven Hills Higher Education Corporation, Texas, Student Housing Revenue Bonds, Cardinal Village LLC - Lamar University Project, Series 2001A, 5.250%, 8/01/24 - MBIA Insured	8/11 at 100
2,000	Texas State University System, Financing Revenue Refunding Bonds, Series 2002, 5.000%, 3/15/20 - FSA Insured	No Opt. C

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1,445	Tyler Junior College District, Smith and Van Zanlt Counties, Texas, Combined Fee Improvement Revenue Refunding Bonds, Series 1994, 5.900%, 8/15/13 - MBIA Insured	8/04 at 100
2,330	Universal City Education Facilities Corporation, Texas, Revenue Bonds, Wayland Baptist University Project, Series 2001, 5.625%, 3/01/26	3/11 at 102
5,000	University of North Texas, Financing System Revenue Bonds, Series 2001, 5.000%, 4/15/24 - FSA Insured	4/12 at 100
-----		
	ENERGY - 2.9%	
3,000	Gulf Coast Waste Disposal Authority, Texas, Waste Disposal Revenue Bonds, Valero Energy Corporation Project, Series 1998, 5.600%, 4/01/32 (Alternative Minimum Tax)	4/08 at 102
1,300	Gulf Coast Waste Disposal Authority, Texas, Waste Disposal Revenue Bonds, Valero Energy Corporation Project, Series 1999, 5.700%, 4/01/32 (Alternative Minimum Tax)	4/09 at 101
-----		
	HEALTHCARE - 20.0%	
3,500	Abilene Health Facilities Development Corporation, Texas, Hospital Revenue Refunding and Improvement Bonds, Hendrick Medical Center Project, Series 1995C, 6.150%, 9/01/25 - MBIA Insured	9/05 at 102
	Gregg County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Good Shepherd Medical Center Project, Series 2000:	
2,000	6.875%, 10/01/20 - RAAI Insured	10/10 at 101
3,250	6.375%, 10/01/25 - RAAI Insured	10/10 at 101
1,500	Harris County Health Facilities Development Corporation, Texas, Revenue Bonds, St. Luke's Episcopal Hospital, Series 2001A, 5.500%, 2/15/21	8/11 at 100
2,000	Harris County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Memorial Hermann Healthcare System, Series 2001A, 6.375%, 6/01/29	6/11 at 101
5,750	Midland County Hospital District, Texas, Hospital Revenue Bonds, Series 1992, 0.000%, 6/01/11	No Opt. C
2,000	North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Baylor Health Care System Project, Series 2001A, 5.125%, 5/15/29	5/11 at 100
1,760	Parker County Hospital District, Texas, Hospital Revenue Bonds, Campbell Health System, Series 1999, 6.250%, 8/15/19	8/09 at 102
1,050	Tarrant County Health Facilities Development Corporation,	11/08 at 101

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	Texas, Hospital Revenue Bonds, Adventist Health System/ Sunbelt Obligated Group, Series 1998, 5.375%, 11/15/20	
3,500	Tarrant County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Adventist Health System/ Sunbelt Obligated Group, Series 2000, 6.625%, 11/15/20	11/10 at 101
2,000	Tom Green County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Shannon Health System Project, Series 2001, 6.750%, 5/15/21	5/11 at 101
1,000	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Health Center, Series 2001, 6.000%, 7/01/31	7/12 at 100

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	HOUSING/MULTIFAMILY - 8.3%	
	Bexar County Housing Finance Corporation, Texas, Multifamily Housing Revenue Bonds, Waters at Northern Hills Apartments Project, Series 2001A:	
\$ 2,000	6.000%, 8/01/31 - MBIA Insured	8/11 at 102
750	6.050%, 8/01/36 - MBIA Insured	8/11 at 102
	Grand Prairie Housing Finance Corporation, Texas, GNMA Multifamily Housing Revenue Bonds, Landings of Carrier Project, Series 2000A:	
1,000	6.650%, 9/20/22	9/10 at 105
2,030	6.750%, 9/20/28	9/10 at 105
5,668	Houston Housing Finance Corporation, Texas, GNMA Collateralized Mortgage Multifamily Housing Revenue Bonds, RRG Apartments Project, Series 2001, 6.250%, 9/20/35	9/11 at 105
-----		
	HOUSING/SINGLE FAMILY - 6.0%	
2,800	El Paso Housing Finance Corporation, Texas, GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 2001A-3, 6.180%, 4/01/33	4/11 at 106
270	Galveston Property Finance Authority, Inc., Texas, Single Family Mortgage Revenue Bonds, Series 1991A, 8.500%, 9/01/11	3/04 at 101
455	Houston Housing Finance Corporation, Texas, Single Family Mortgage Revenue Refunding Bonds, Series 1993A, 5.950%, 12/01/10 - FSA Insured	6/04 at 101
1,745	Texas Department of Housing, Single Family Mortgage Revenue Bonds, Series 1996E, 6.000%, 9/01/17 - MBIA Insured	9/06 at 102

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2,995	Texas Department of Housing and Community Affairs, Single Family Mortgage Bonds, Series 2002B, 5.550%, 9/01/33 (Alternative Minimum Tax) - MBIA Insured	3/12 at 100
235	Victoria Housing Finance Corporation, Texas, FNMA Single Family Mortgage Revenue Refunding Bonds, Series 1995, 8.125%, 1/01/11	No Opt. C
-----		
LONG-TERM CARE - 7.2%		
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 101
5,000	5.250%, 11/15/28	11/08 at 101
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 - MBIA Insured	1/08 at 105
-----		
MATERIALS - 5.5%		
4,500	Cass County Industrial Development Corporation, Texas, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2000A, 6.600%, 3/15/24 (Alternative Minimum Tax)	3/10 at 101
3,000	Guadalupe-Blanco River Authority, Texas, Sewage and Solid Waste Disposal Facility Bonds, E.I. DuPont de Nemours and Company Project, Series 1996, 6.400%, 4/01/26 (Alternative Minimum Tax)	4/06 at 102
-----		
TAX OBLIGATION/GENERAL - 34.3%		
4,130	Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1992, 0.000%, 8/15/14 - MBIA Insured	8/09 at 75
1,450	Donna Independent School District, Hidalgo County, Texas, Unlimited Tax School Building Bonds, Series 2000, 6.000%, 2/15/17	2/11 at 100
1,750	El Paso County, Texas, Certificates of Obligation, Series 2001, 5.000%, 2/15/21 - FSA Insured	2/12 at 100
5,000	Grand Prairie Independent School District, Dallas County, Texas, General Obligation Bonds, Series 2003, 5.125%, 2/15/31 - FSA Insured	2/13 at 100
2,000	Harlingen Independent School District, Cameron County, Texas, Unlimited Tax School Building Bonds, Series 1999, 5.650%, 8/15/29	8/09 at 100

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2,000	Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27	8/11 at 100
	Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003:	
2,500	5.000%, 2/15/20 - AMBAC Insured	2/13 at 100
2,235	5.000%, 2/15/21 - AMBAC Insured	2/13 at 100
1,500	Judson Independent School District, Bexar County, Texas, General Obligation Refunding Bonds, Series 2002, 5.250%, 2/01/21	2/11 at 100

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Nuveen Texas Quality Income Municipal Fund (NTX) (continued)  
Portfolio of INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
	TAX OBLIGATION/GENERAL (continued)	
\$ 2,600	Klein Independent School District, Harris County, Texas, Unlimited Tax Schoolhouse Bonds, Series 1999A, 5.000%, 8/01/18	8/09 at 100
5,220	Leander Independent School District Williamson & Travis Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 0.000%, 8/15/21	8/09 at 46
1,545	Montgomery County, Texas, General Obligation Refunding Bonds, Series 1997, 0.000%, 3/01/14 - MBIA Insured	9/07 at 72
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 100
500	Puerto Rico Public Improvement, General Obligation Bonds, Series 2002A, 5.500%, 7/01/29	No Opt. C
1,825	Socorro Independent School District, El Paso County, Texas, General Obligation Bonds, Series 1996, 5.750%, 2/15/21	2/06 at 100
1,440	South Texas Community College District, General Obligation Bonds, Series 2002, 5.500%, 8/15/17 - AMBAC Insured	8/12 at 100
2,000	Texas State, General Obligation Bonds, Veterans Land Board, Series 1994, 6.400%, 12/01/24 (Alternative Minimum Tax)	12/04 at 100
2,000	Texas State, General Obligation Bonds, Water Financial Assistance Program, Series 2001, 5.250%, 8/01/23	8/11 at 100
1,500	Texas State Public Finance Authority, General Obligation Refunding Bonds, Series 2002, 5.000%, 10/01/18	10/12 at 100



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1,795	United Independent School District, Webb County, Texas, Unlimited Tax School Building Bonds, Series 2000, 5.375%, 8/15/18	8/12 at 100
5,290	Weslaco Independent School District, Hidalgo County, Texas, General School Building Obligation Bonds, Series 2000, 5.500%, 2/15/25	2/10 at 100
	West Texas Independent School District, McLennan and Hill Counties, Unlimited Tax School Building and Refunding Bonds, Series 1998:	
1,000	0.000%, 8/15/22	8/13 at 61
1,000	0.000%, 8/15/24	8/13 at 54
1,800	Williamson County, Texas, General Obligation Road Bonds, Series 2002, 5.500%, 2/15/16 - FSA Insured	2/12 at 100

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TAX OBLIGATION/LIMITED - 12.6%

4,500	Austin, Texas, Hotel Occupancy Tax Subordinate Lien Revenue Refunding Bonds, Series 1999, 5.800%, 11/15/29 - AMBAC Insured	11/09 at 100
1,275	Copperas Cove, Texas, Certificates of Obligation, Series 2003, 5.000%, 8/15/23 - MBIA Insured	8/12 at 100
2,305	Corpus Christi, Texas, Certificates of Obligation, Limited Tax and Hotel Occupancy Tax Revenue Bonds, Series 2002, 5.500%, 9/01/21 - FSA Insured	9/12 at 100
2,250	Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Bonds, Series 2001G, 5.250%, 11/15/22 - MBIA Insured	11/11 at 100
1,000	Laredo, Texas, Sports Venue Sales Tax Revenue Bonds, Series 2001, 5.300%, 3/15/26 - FGIC Insured	3/09 at 100
1,255	Pasadena, Texas, Certificates of Obligation, Series 2002, 5.125%, 4/01/24 - FGIC Insured	4/11 at 100
4,580	San Antonio, Texas, Hotel Occupancy Tax Revenue Bonds, Henry B. Gonzalez Convention Center Project, Series 1996, 5.700%, 8/15/26 - FGIC Insured	8/06 at 102

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TRANSPORTATION - 6.4%

1,000	Austin, Texas, Airport System Prior Lien Revenue Bonds, Series 2003, 5.250%, 11/15/16 - MBIA Insured	11/13 at 100
2,600	Dallas-Fort Worth International Airport Facility Improvement Corporation, Texas, Revenue Bonds, American Airlines, Inc., Series 1999, 6.375%, 5/01/35 (Alternative Minimum Tax)	11/09 at 101
1,000	Harris County, Texas, Toll Road Senior Lien Revenue Refunding Bonds, Series 1994, 5.375%, 8/15/20 - FGIC Insured	8/04 at 102

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	TRANSPORTATION (continued)	
\$ 2,000	Houston, Texas, Airport System Subordinate Lien Revenue Bonds, Series 2000A, 5.625%, 7/01/30 (Alternative Minimum Tax) - FSA Insured	7/10 at 100
3,000	Texas Turnpike Authority, Central Texas Turnpike System First Tier Revenue Bonds, Series 2002A, 5.500%, 8/15/39 - AMBAC Insured	8/12 at 100
-----		
	U.S. GUARANTEED - 9.0%	
195	Abilene Housing Development Corporation, Texas, Section 8 First Lien Revenue Bonds, Abilene East Apartments, Series 1978, 7.000%, 7/01/08	No Opt. C
1,000	Caddo Mills Independent School District, Hunt County, Texas, General Obligation Unlimited Tax School Building and Refunding Bonds, Series 1995, 6.375%, 8/15/25 (Pre-refunded to 2/15/05)	2/05 at 100
575	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 (Pre-refunded to 7/01/10)	7/10 at 100
1,185	Fort Bend County Levee Improvement District 11, Texas, Unlimited Tax Levee Improvement Bonds, Series 1994, 6.900%, 9/01/17 (Pre-refunded to 9/01/04) - MBIA Insured	9/04 at 100
1,450	Galveston Industrial Development Corporation, Texas, Sales Tax Revenue Bonds, Series 1995, 5.750%, 9/01/15 (Pre-refunded to 9/01/05) - AMBAC Insured	9/05 at 100
800	Laredo, Webb County, Texas, Waterworks System Combined Tax and Revenue Certificates of Obligation, Series 1994, 5.625%, 8/15/11 (Pre-refunded to 8/15/04) - MBIA Insured	8/04 at 100
1,000	North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Presbyterian Health Care System Project, Series 1996B, 5.750%, 6/01/26 - MBIA Insured	No Opt. C
2,500	Retama Development Corporation, Texas, Special Facilities Revenue Bonds, Retama Park Racetrack Project, Series 1993, 8.750%, 12/15/17	No Opt. C
665	San Antonio, Texas, Water System Revenue Refunding Bonds, Series 1992, 6.500%, 5/15/10 - MBIA Insured	No Opt. C
2,000	University of Houston, Texas, Consolidated Revenue	2/05 at 100

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Bonds, Series 1995, 6.000%, 2/15/17 (Pre-refunded  
to 2/15/05) - FGIC Insured

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UTILITIES - 9.7%		
2,560	Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company Project, Series 1999C, 7.700%, 3/01/32 (Alternative Minimum Tax)	4/13 at 101
2,500	Brazos River Authority, Texas, Revenue Refunding Bonds, Reliant Energy, Incorporated Project, Series 1999A, 5.375%, 4/01/19	4/09 at 101
2,000	Harris County Health Facilities Development Corporation, Texas, Thermal Utility Revenue Bonds, TECO Project, Series 2000, 5.750%, 2/15/15 (Alternative Minimum Tax) - AMBAC Insured	2/10 at 100
1,500	Matagorda County Navigation District 1, Texas, Pollution Control Revenue Refunding Bonds, Central Power and Light Company Project, Series 1993, 6.000%, 7/01/28 - MBIA Insured	7/04 at 101
1,000	Matagorda County Navigation District 1, Texas, Revenue Refunding Bonds, Reliant Energy Project, Series 1999B, 5.950%, 5/01/30 (Alternative Minimum Tax)	5/09 at 101
2,000	Sabine River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company Project, Series 2001A, 5.500%, 5/01/22 (Mandatory put 11/01/11)	No Opt. C
1,750	San Antonio, Texas, Electric and Gas System Revenue Refunding Bonds, Series 2002, 5.375%, 2/01/20	2/12 at 100

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WATER AND SEWER - 11.2%		
3,500	Houston, Texas, Water and Sewer System Junior Lien Revenue Refunding Bonds, Series 2002A, 5.000%, 12/01/30 - FSA Insured	12/12 at 100
5,275	Houston, Texas, Water and Sewer System Junior Lien Revenue Refunding Bonds, Series 2000B, 5.250%, 12/01/30 - FGIC Insured	12/10 at 100
800	Houston, Texas, Water and Sewer System Junior Lien Revenue Refunding Bonds, Series 1997A, 5.375%, 12/01/27 - FGIC Insured	12/07 at 101

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	WATER AND SEWER (continued)	
\$ 3,500	Houston, Texas, Water and Sewer System Junior Lien Revenue Refunding Bonds, Series 2001A, 5.500%, 12/01/17 - FSA Insured	12/11 at 100
1,000	San Antonio, Texas, Water System Senior Lien Revenue Refunding Bonds, Series 2002, 5.000%, 5/15/28 - FSA Insured	5/12 at 100
1,500	Texas Water Development Board, State Revolving Fund Senior Lien Revenue Bonds, Series 1999A, 5.500%, 7/15/21	7/09 at 100
-----		
\$ 208,433	Total Long-Term Investments (cost \$197,135,949) - 144.2%	
-----		
	SHORT-TERM INVESTMENTS - 0.3%	
500	Puerto Rico Government Development Bank, Adjustable Refunding Bonds, Variable Rate Demand Obligations, Series 1985, 0.900%, 12/01/15 - MBIA Insured+	
-----		
\$ 500	Total Short-Term Investments (cost \$500,000)	
=====		
	Total Investments (cost \$197,635,949) - 144.5%	
	-----	
	Other Assets Less Liabilities - 2.4%	
	-----	
	Preferred Shares, at Liquidation Value - (46.9)%	
	-----	
	Net Assets Applicable to Common Shares - 100%	
	=====	

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions: 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: 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. Such securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.
- + Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically

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based on market conditions or a specified market index.

See accompanying notes to financial statements.

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Statement of  
ASSETS AND LIABILITIES January 31, 2004 (Unaudited)

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)
<hr/>			
ASSETS			
Investments, at market value (cost \$86,763,422, \$32,831,457, \$52,371,670, \$63,369,767 and \$197,635,949, respectively)	\$91,764,254	\$34,555,945	\$55,421,182
Cash	1,615,472	955,878	1,442,824
Receivables:			
Interest	769,237	344,824	413,238
Investments sold	--	--	--
Other assets	1,315	1,963	3,585
<hr/>			
Total assets	94,150,278	35,858,610	57,280,829
<hr/>			
LIABILITIES			
Payable for investments purchased	--	--	1,205,425
Accrued expenses:			
Management fees	51,887	10,638	16,712
Other	56,628	13,109	14,560
Preferred share dividends payable	823	1,119	1,338
<hr/>			
Total liabilities	109,338	24,866	1,238,035
<hr/>			
Preferred shares, at liquidation value	30,000,000	12,000,000	18,500,000
<hr/>			
Net assets applicable to Common shares	\$64,040,940	\$23,833,744	\$37,542,794
<hr/>			
Common shares outstanding	4,439,903	1,543,102	2,419,197
<hr/>			
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.42	\$ 15.45	\$ 15.52
<hr/>			
NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:			
<hr/>			
Common shares, \$.01 par value per share	\$ 44,399	\$ 15,431	\$ 24,192
Paid-in surplus	61,703,377	21,817,418	34,260,492
Undistributed net investment income	539,144	231,855	78,941
Accumulated net realized gain (loss) from investments	(3,246,812)	44,552	129,657
Net unrealized appreciation of investments	5,000,832	1,724,488	3,049,512
<hr/>			
Net assets applicable to Common shares	\$64,040,940	\$23,833,744	\$37,542,794
<hr/>			
Authorized shares:			
Common	200,000,000	Unlimited	Unlimited

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Preferred	1,000,000	Unlimited	Unlimited
See accompanying notes to financial statements.			
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Statement of OPERATIONS Six Months Ended January 31, 2004 (Unaudited)			
	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)
INVESTMENT INCOME	\$2,457,451	\$ 860,480	\$1,306,538
EXPENSES			
Management fees	302,042	114,874	180,464
Preferred shares - auction fees	37,845	15,143	23,446
Preferred shares - dividend disbursing agent fees	5,042	5,042	5,042
Shareholders' servicing agent fees and expenses	2,532	141	373
Custodian's fees and expenses	13,345	4,115	5,692
Directors'/Trustees' fees and expenses	1,084	527	948
Professional fees	5,477	4,424	5,392
Shareholders' reports - printing and mailing expenses	3,322	524	5,206
Stock exchange listing fees	5,616	71	110
Investor relations expense	965	996	2,761
Other expenses	5,906	4,329	4,788
Total expenses before custodian fee credit and expense reimbursement	383,176	150,186	234,222
Custodian fee credit	(5,128)	(2,208)	(2,704)
Expense reimbursement	--	(53,019)	(83,291)
Net expenses	378,048	94,959	148,227
Net investment income	2,079,403	765,521	1,158,311
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS			
Net realized gain (loss) from investments	465,780	82,220	129,794
Change in net unrealized appreciation (depreciation) of investments	2,966,939	1,492,156	2,235,913
Net gain from investments	3,432,719	1,574,376	2,365,707
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS			
From net investment income	(116,083)	(42,780)	(69,300)
From accumulated net realized gains from investments	--	(4,168)	(9,227)
Decrease in net assets applicable to Common shares from distributions to Preferred shareholders	(116,083)	(46,948)	(78,527)
Net increase in net assets applicable to Common shares from operations	\$5,396,039	\$2,292,949	\$3,445,491

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited)

	ARIZONA PREMIUM INCOME (NAZ)		ARIZONA DIVIDEND ADVANTAGE (NFZ)	
	SIX MONTHS ENDED 1/31/04	YEAR ENDED 7/31/03	SIX MONTHS ENDED 1/31/04	YEAR ENDED 7/31/03
<b>OPERATIONS</b>				
Net investment income	\$ 2,079,403	\$ 4,313,339	\$ 765,521	\$ 1,536,000
Net realized gain (loss) from investments	465,780	(3,250,460)	82,220	43,500
Change in net unrealized appreciation (depreciation) of investments	2,966,939	649,626	1,492,156	(623,900)
Distributions to Preferred Shareholders:				
From net investment income	(116,083)	(295,481)	(42,780)	(100,600)
From accumulated net realized gains from investments	--	--	(4,168)	(8,300)
Net increase (decrease) in net assets applicable to Common shares from operations	5,396,039	1,417,024	2,292,949	846,600
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>				
From net investment income	(2,036,290)	(4,059,731)	(701,903)	(1,357,000)
From accumulated net realized gains from investments	--	--	(64,486)	(65,500)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(2,036,290)	(4,059,731)	(766,389)	(1,422,600)
<b>CAPITAL SHARE TRANSACTIONS</b>				
Common shares:				
Net proceeds from sale of shares	--	--	1,664	
Net proceeds from shares issued to shareholders due to reinvestment of distributions	134,381	313,593	15,111	45,700
Preferred shares offering costs	--	--	--	29,900
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	134,381	313,593	16,775	75,700
Net increase (decrease) in net assets applicable to Common shares	3,494,130	(2,329,114)	1,543,335	(500,200)
Net assets applicable to Common shares at the beginning				

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of period	60,546,810	62,875,924	22,290,409	22,790,6
Net assets applicable to Common shares at the end of period	\$64,040,940	\$60,546,810	\$23,833,744	\$22,290,4
Undistributed (Over-distribution of) net investment income at the end of period	\$ 539,144	\$ 612,114	\$ 231,855	\$ 211,0

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited) (continued)

	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	
	SIX MONTHS ENDED 1/31/04	FOR THE PERIOD 9/25/ (COMMENCEME OF OPERATION THROUGH 7/31/
OPERATIONS		
Net investment income	\$ 1,348,551	\$ 2,008,2
Net realized gain (loss) from investments	(300,495)	(72,2
Change in net unrealized appreciation (depreciation) of investments	3,208,177	(1,959,4
Distributions to Preferred Shareholders:		
From net investment income	(92,479)	(166,9
From accumulated net realized gains from investments	--	
Net increase (decrease) in net assets applicable to Common shares from operations	4,163,754	(190,5
DISTRIBUTIONS TO COMMON SHAREHOLDERS		
From net investment income	(1,232,981)	(1,849,4
From accumulated net realized gains from investments	--	
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(1,232,981)	(1,849,4
CAPITAL SHARE TRANSACTIONS		
Common shares:		
Net proceeds from sale of shares	--	43,742,7
Net proceeds from shares issued to shareholders due to reinvestment of distributions	1,632	



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Preferred shares offering costs	(16,200)	(556,0
-----		
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	(14,568)	43,186,6
-----		
Net increase (decrease) in net assets applicable to Common shares	2,916,205	41,146,7
Net assets applicable to Common shares at the beginning of period	41,247,042	100,2
-----		
Net assets applicable to Common shares at the end of period	\$44,163,247	\$41,247,0
=====		
Undistributed (Over-distribution of) net investment income at the end of period	\$ 14,433	\$ (8,6
=====		

See accompanying notes to financial statements.

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Notes to  
FINANCIAL STATEMENTS (Unaudited)

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The state Funds (the "Funds") covered in this report and their corresponding common share stock 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 Arizona Dividend Advantage Municipal Fund 3 (NXE) and Nuveen Texas Quality Income Municipal Fund (NTX). Common shares of Arizona Premium Income (NAZ) and Texas Quality Income (NTX) are traded on the New York Stock Exchange while Common shares of Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR) and Arizona Dividend Advantage 3 (NXE) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

Prior to the commencement of operations of Arizona Dividend Advantage 3 (NXE), the 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 Nuveen Investments, Inc., and the recording of the organization expenses (\$11,500) and its reimbursement by Nuveen Investments, LLC, also a wholly owned subsidiary of Nuveen Investments, Inc.

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 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 Funds' 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, evaluations of anticipated cash flows or collateral 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, or its designee, 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 with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At January 31, 2004, Arizona Dividend Advantage 2 (NKR) had an outstanding when-issued purchase commitment of \$1,205,425. There were no such outstanding purchase commitments in any of the other Funds.

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#### Notes to FINANCIAL STATEMENTS (Unaudited) (continued)

#### Investment Income

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

#### 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.

#### Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. 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.

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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.

### Preferred Shares

The Funds have issued and outstanding \$25,000 stated value Preferred shares. 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 Preferred shares outstanding, by Series and in total, for each Fund is as follows:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	TEXAS QUALITY INCOME (NTX)
-----					
Number of shares:					
Series M	--	--	--	880	760
Series T	--	480	--	--	--
Series W	--	--	740	--	--
Series TH	1,200	--	--	--	2,000
-----					
Total	1,200	480	740	880	2,760
=====					

Arizona Dividend Advantage 3 (NXE) issued the Preferred shares listed above on November 15, 2002.

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### 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 six months ended January 31, 2004.

### 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, LLC has agreed to pay all common share offering costs (other than the sales load) that exceed \$.03 per Common share for Arizona Dividend Advantage 3 (NXE). Arizona Dividend Advantage 3's (NXE) share of common share offering costs of (\$91,800) was recorded as a reduction of the proceeds from the sale of common shares.

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Costs incurred by Arizona Dividend Advantage 3 (NXE) in connection with its offering of Preferred shares (\$572,201) 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.

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

	ARIZONA PREMIUM INCOME (NAZ)		ARIZONA DIVIDEND ADVANTAGE (NFZ)		ARIZONA DIVI ADVANTAGE 2	
	-----		-----		-----	
	SIX MONTHS ENDED 1/31/04	YEAR ENDED 7/31/03	SIX MONTHS ENDED 1/31/04	YEAR ENDED 7/31/03	SIX MONTHS ENDED 1/31/04	YE
Common shares:						
Shares sold	--	--	--	--	--	
Shares issued to shareholders due to reinvestment of distributions	8,855	19,523	960	2,947	926	
	8,855	19,523	960	2,947	926	
Preferred shares sold	--	--	--	--	--	

	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)		TEXAS QUAL INCOME (NT	
	-----		-----	
	SIX MONTHS ENDED 1/31/04	FOR THE PERIOD 9/25/02 (COMMENCE- MENT OF OPERATIONS) THROUGH 7/31/03	SIX MONTHS ENDED 1/31/04	YE
Common shares:				

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Shares sold	--	3,060,000	--
Shares issued to shareholders due to reinvestment of distributions	117	--	3,899
	117	3,060,000	3,899
Preferred shares sold	--	880	--

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3. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities for the six months ended January 31, 2004, were as follows:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	
Purchases	\$20,042,871	\$3,232,037	\$2,845,541	\$7,859,985	\$13,970,434
Sales and maturities	14,453,605	3,342,455	1,736,760	7,805,644	12,338,464

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. 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.

At January 31, 2004, the cost of investments were as follows:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	
Cost of investments	\$86,745,933	\$32,833,383	\$52,371,100	\$63,367,960	\$195,318,376

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2004, were as follows:

ARIZONA PREMIUM	ARIZONA DIVIDEND	ARIZONA DIVIDEND	ARIZONA DIVIDEND
--------------------	---------------------	---------------------	---------------------

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	INCOME (NAZ)	ADVANTAGE (NFZ)	ADVANTAGE 2 (NKR)	ADVANTAGE 3 (NXE)	
-----					
Gross unrealized:					
Appreciation	\$5,575,900	\$1,727,740	\$3,237,121	\$1,472,903	\$15
Depreciation	(557,579)	(5,178)	(187,039)	(222,417)	
-----					
Net unrealized appreciation of investments	\$5,018,321	\$1,722,562	\$3,050,082	\$1,250,486	\$15
=====					

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Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

The tax components of undistributed net investment income and net realized gains at July 31, 2003, the Funds' last fiscal year end, were as follows:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	
-----					
Undistributed net tax-exempt income	\$937,435	\$325,194	\$208,855	\$196,735	\$2
Undistributed net ordinary income *	216	68,563	110,761	--	
Undistributed net long-term capital gains	--	--	5,120	--	
=====					

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

The tax character of distributions paid during the fiscal year ended July 31, 2003, the Funds' last fiscal year end, was designated for purposes of the dividends paid deduction as follows:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	
-----					
Distributions from net tax-exempt income	\$4,355,548	\$1,446,815	\$2,277,296	\$1,809,880	
Distributions from net ordinary income *	--	2,222	33,393	--	
Distributions from net long-term capital gains	--	73,795	--	--	
=====					

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

At July 31, 2003, the Funds' last fiscal year end, 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 PREMIUM INCOME (NAZ)	TEXAS QUALITY INCOME (NTX)
Expiration year:		
2010	\$ 2,164	\$ --
2011	1,436,486	855,431
Total	\$1,438,650	\$855,431

The following Funds elected to defer net realized losses from investments incurred from November 1, 2002 through July 31, 2003 ("post-October losses") in accordance with Federal income tax regulations. The following post-October losses are treated as having arisen on the first day of the current fiscal year:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	TEXAS QUALITY INCOME (NTX)
	\$2,273,974	\$32,396	\$71,776	\$2,981,841

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Under Arizona Premium Income's (NAZ) and Texas Quality Income's (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%
For the next \$125 million	.6375
For the next \$250 million	.6250
For the next \$500 million	.6125
For the next \$1 billion	.6000
For the next \$3 billion	.5875
For net assets over \$5 billion	.5750

Under Arizona Dividend Advantage's (NFZ), Arizona Dividend Advantage 2's (NKR) and Arizona Dividend Advantage 3's (NXE) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the

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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 TO PREFERRED SHARES)	MANAGEMENT FEE
For the first \$125 million	.6500%
For the next \$125 million	.6375
For the next \$250 million	.6250
For the next \$500 million	.6125
For the next \$1 billion	.6000
For net assets over \$2 billion	.5750

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 or its affiliates.

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

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 JANUARY 31,		YEAR ENDING 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 Arizona Dividend Advantage 2's (NKR) 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 MARCH 31,		YEAR ENDING MARCH 31,	
2002*	.30%	2008	.25%
2003	.30	2009	.20
2004	.30	2010	.15



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2005	.30	2011	.10
2006	.30	2012	.05
2007	.30		

\* From the commencement of operations.

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

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For the first eight years of Arizona Dividend Advantage 3's (NXE) 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 SEPTEMBER 30,		YEAR ENDING SEPTEMBER 30,	
2002*	.32%	2007	.32%
2003	.32	2008	.24
2004	.32	2009	.16
2005	.32	2010	.08
2006	.32		

\* From the commencement of operations.

The Adviser has not agreed to reimburse Arizona Dividend Advantage 3 (NXE) for any portion of its fees and expenses beyond September 30, 2010.

6. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on March 1, 2004, to shareholders of record on February 15, 2004, as follows:

	ARIZONA PREMIUM INCOME (NAZ)	ARIZONA DIVIDEND ADVANTAGE (NFZ)	ARIZONA DIVIDEND ADVANTAGE 2 (NKR)	ARIZONA DIVIDEND ADVANTAGE 3 (NXE)	TEXAS QUALITY INCOME (NTX)
Dividend per share	\$.0765	\$.0765	\$.0720	\$.0670	\$.0800

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Financial  
HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

Investment Operations

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	Beginning Common Share Net Asset Value	Net Investment Income	Net Realized/ Unrealized Investment Gain (Loss)	Distributions from Net Investment Income to Preferred Share- holders+	Distributions from Capital Gains to Preferred Share- holders+	Total
<b>ARIZONA PREMIUM INCOME (NAZ)</b>						
Year Ended 7/31:						
2004 (d)	\$13.66	\$ .47	\$ .78	\$ (.03)	\$ --	\$1.22
2003	14.25	.97	(.57)	(.07)	--	.33
2002	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
<b>ARIZONA DIVIDEND ADVANTAGE (NFZ)</b>						
Year Ended 7/31:						
2004 (d)	14.45	.50	1.03	(.03)	--	1.50
2003	14.81	1.00	(.38)	(.07)	(.01)	.54
2002	14.37	1.04	.36	(.11)	--	1.29
2001 (a)	14.33	.44	.23	(.08)	--	.59
<b>ARIZONA DIVIDEND ADVANTAGE 2 (NKR)</b>						
Year Ended 7/31:						
2004 (d)	14.57	.48	.97	(.03)	--	1.42
2003	14.88	.96	(.31)	(.08)	--	.57
2002 (b)	14.33	.24	.71	(.02)	--	.93
<b>ARIZONA DIVIDEND ADVANTAGE 3 (NXE)</b>						
Year Ended 7/31:						
2004 (d)	13.45	.44	.95	(.03)	--	1.36
2003 (c)	14.33	.66	(.67)	(.05)	--	(.06)
<b>TEXAS QUALITY INCOME (NTX)</b>						
Year Ended 7/31:						
2004 (d)	14.57	.52	.96	(.03)	--	1.45
2003	15.14	1.05	(.58)	(.08)	--	.39
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

Total Returns

---

Based  
on  
Common

Offering Costs and Ending

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	Preferred Share Underwriting Discounts	Common Share Net Asset Value	Ending Market Value	Based on Market Value**	Share Net Asset Value**
--	---	---------------------------------------	---------------------------	----------------------------------	----------------------------------

ARIZONA PREMIUM  
INCOME (NAZ)

Year Ended 7/31:

2004 (d)	\$--	\$14.42	\$16.2700	11.74%	9.04%
2003	--	13.66	15.0000	(5.98)	2.21
2002	--	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

ARIZONA DIVIDEND  
ADVANTAGE (NFZ)

Year Ended 7/31:

2004 (d)	--	15.45	17.1700	15.81	10.48
2003	.02	14.45	15.3000	3.06	3.67
2002	--	14.81	15.7500	6.38	9.32
2001 (a)	(.20)	14.37	15.6500	6.76	2.81

ARIZONA DIVIDEND  
ADVANTAGE 2 (NKR)

Year Ended 7/31:

2004 (d)	--	15.52	14.9200	7.05	9.88
2003	(.01)	14.57	14.4000	(3.53)	3.67
2002 (b)	(.16)	14.88	15.8000	6.81	5.38

ARIZONA DIVIDEND  
ADVANTAGE 3 (NXE)

Year Ended 7/31:

2004 (d)	(.01)	14.40	14.1000	3.99	10.15
2003 (c)	(.21)	13.45	13.9700	(2.76)	(2.05)

TEXAS QUALITY  
INCOME (NTX)

Year Ended 7/31:

2004 (d)	--	15.54	15.1500	6.39	10.07
2003	--	14.57	14.7100	4.14	2.54
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

Ratios/Supplemental Data

Ending Net	Before Credit/Reimbursement		After Credit/Reimbursement	
	Ratio of Expenses to Average	Ratio of Net Investment Income to Average	Ratio of Expenses to Average	Ratio of Investment Income Average

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	Assets Applicable to Common Shares (000)	Net Assets Applicable to Common Shares++	Net Assets Applicable to Common Shares++	Net Assets Applicable to Common Shares++	Net Ass Applica to Com Sha
--	---	---	---	---	-------------------------------------

ARIZONA PREMIUM  
INCOME (NAZ)

Year Ended 7/31:					
2004 (d)	\$ 64,041	1.22%*	6.59%*	1.20%*	6
2003	60,547	1.25	6.81	1.24	6
2002	62,876	1.28	7.45	1.26	7
2001	64,859	1.28	7.47	1.27	7
2000	62,287	1.26	7.58	1.25	7
1999	64,775	1.29	6.88	1.29	6

ARIZONA DIVIDEND  
ADVANTAGE (NFZ)

Year Ended 7/31:					
2004 (d)	23,834	1.29*	6.08*	.81*	6
2003	22,290	1.35	6.11	.91	6
2002	22,791	1.41	6.72	.93	7
2001 (a)	22,072	1.43*	5.80*	.95*	6

ARIZONA DIVIDEND  
ADVANTAGE 2 (NKR)

Year Ended 7/31:					
2004 (d)	37,543	1.26*	5.79*	.80*	6
2003	35,237	1.27	5.78	.82	6
2002 (b)	35,913	1.19*	4.43*	.77*	4

ARIZONA DIVIDEND  
ADVANTAGE 3 (NXE)

Year Ended 7/31:					
2004 (d)	44,163	1.25*	5.72*	.76*	6
2003 (c)	41,247	1.19*	5.05*	.73*	5

TEXAS QUALITY  
INCOME (NTX)

Year Ended 7/31:					
2004 (d)	147,187	1.20*	6.75*	1.20*	6
2003	137,975	1.20	6.93	1.19	6
2002	143,305	1.23	7.40	1.22	7
2001	143,127	1.21	7.87	1.19	7
2000	134,637	1.27	8.18	1.26	8
1999	142,784	1.23	7.31	1.23	7

Preferred Shares at End of Period

Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share
---	---	--------------------------------

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ARIZONA PREMIUM  
INCOME (NAZ)

-----

Year Ended 7/31:

2004 (d)	\$30,000	\$25,000	\$78,367
2003	30,000	25,000	75,456
2002	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

ARIZONA DIVIDEND  
ADVANTAGE (NFZ)

-----

Year Ended 7/31:

2004 (d)	12,000	25,000	74,654
2003	12,000	25,000	71,438
2002	12,000	25,000	72,480
2001 (a)	12,000	25,000	70,984

ARIZONA DIVIDEND  
ADVANTAGE 2 (NKR)

-----

Year Ended 7/31:

2004 (d)	18,500	25,000	75,734
2003	18,500	25,000	72,618
2002 (b)	18,500	25,000	73,531

ARIZONA DIVIDEND  
ADVANTAGE 3 (NXE)

-----

Year Ended 7/31:

2004 (d)	22,000	25,000	75,186
2003 (c)	22,000	25,000	71,872

TEXAS QUALITY  
INCOME (NTX)

-----

Year Ended 7/31:

2004 (d)	69,000	25,000	78,329
2003	69,000	25,000	74,991
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

=====

\* 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 at net asset value, reinvested capital gains distributions at net asset value, 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 30, 2001 (commencement of operations) through July

- 31, 2001.
- (b) For the period March 25, 2002 (commencement of operations) through July 31, 2002.
  - (c) For the period September 25, 2002 (commencement of operations) through July 31, 2003.
  - (d) For the six months ended January 31, 2004.

See accompanying notes to financial statements.

46-47 spread

Build Your Wealth  
AUTOMATICALLY

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

#### 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

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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

William E. Bennett  
Robert P. Bremner  
Lawrence H. Brown  
Jack B. Evans  
William C. Hunter\*  
Anne E. Impellizzeri  
William L. Kissick  
Thomas E. Leafstrand  
Peter R. Sawers  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale  
Sheila W. Wellington

#### FUND MANAGER

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

#### CUSTODIAN

State Street Bank & Trust  
Boston, MA

#### TRANSFER AGENT AND SHAREHOLDER SERVICES

State Street Bank & Trust  
Nuveen Funds  
P.O. Box 43071

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Providence, RI 02940-3071

(800) 257-8787

LEGAL COUNSEL  
Chapman and Cutler LLP  
Chicago, IL

INDEPENDENT AUDITORS  
Ernst & Young LLP  
Chicago, IL

## POLICY CHANGE

On February 25, 2004, the Board approved policies that would allow each Fund, at the discretion of the Adviser, to engage in certain types of derivative transactions for the purpose of hedging interest rate risk. There is no guarantee that the Adviser will cause a Fund to enter into such transactions. If a Fund were to engage in hedging, there is no guarantee that such hedging will be successful or that it will not reduce the Fund's total return.

## PROXY VOTING POLICIES AND PROCEDURES

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling Nuveen Investments at (800) 257-8787; and (ii) on the Commission's website at <http://www.sec.gov>.

## GLOSSARY OF TERMS USED IN THIS REPORT

**AVERAGE ANNUAL TOTAL RETURN:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return (including change in NAV and reinvested dividends) that would have been necessary on an annual basis to equal the investment's actual performance over the time period being considered.

**AVERAGE EFFECTIVE MATURITY:** The average of all the maturities of the bonds in a fund's portfolio, computed by weighting each maturity date (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions.

**LEVERAGE-ADJUSTED DURATION:** Duration is a measure of a bond or bond fund's sensitivity to changes in interest rates. Generally, the longer a bond or fund's duration, the more the price of the bond or fund will change as interest rates change. 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.

**MARKET YIELD (ALSO KNOWN AS DIVIDEND YIELD OR CURRENT YIELD):** An investment's current annualized dividend divided by its current market price.

**NET ASSET VALUE (NAV):** A fund's NAV is calculated by subtracting the liabilities of the fund from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

**TAXABLE-EQUIVALENT YIELD:** The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.

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Each Fund intends to repurchase shares of its own common or preferred stock in



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the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period ended January 31, 2004. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

\* Director for certain of the Funds contained in this report.

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### Serving Investors FOR GENERATIONS

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

Managing \$80 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in tax-free investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

To learn more about the products and services Nuveen Investments offers and for a prospectus, where applicable, talk to your financial advisor, or call us at (800) 257-8787. Please read the information carefully before you invest.

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| [www.nuveen.com](http://www.nuveen.com)

ESA-A-0104D

#### ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

#### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

#### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

#### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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Not applicable to this filing.

### ITEM 6. SCHEDULE OF INVESTMENTS

Not applicable at this time.

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not applicable to this filing.

### ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS

Not applicable at this time.

### ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no material changes by which shareholders may recommend nominees to the registrant's Board of Trustees implemented after the registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101) or this Item.

### ITEM 10. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 11. EXHIBITS.

File the exhibits listed below as part of this Form.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because posted on registrant's website at [www.nuveen.com/etf](http://www.nuveen.com/etf).

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT attached hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable

at this time.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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

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By (Signature and Title)\* /s/ Jessica R. Droeger

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Jessica R. Droeger  
Vice President and Secretary

Date: April 8, 2004  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)\* /s/ Gifford R. Zimmerman

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Gifford R. Zimmerman  
Chief Administrative Officer  
(Principal Executive Officer)

Date: April 8, 2004  
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By (Signature and Title)\* /s/ Stephen D. Foy

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Stephen D. Foy  
Vice President and Controller  
(Principal Financial Officer)

Date: April 8, 2004  
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\* Print the name and title of each signing officer under his or her signature.