

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
Form N-CSR  
January 07, 2008

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 811-10345  
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Nuveen Dividend Advantage Municipal Fund 3  
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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)

Kevin J. McCarthy  
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: October 31  
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Date of reporting period: October 31, 2007  
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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.

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ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT | Nuveen Investments  
October 31, 2007 | Municipal Closed-End Funds

Photo of: Small child

NUVEEN PERFORMANCE  
PLUS MUNICIPAL  
FUND, INC.  
NPP

NUVEEN MUNICIPAL  
ADVANTAGE FUND, INC.  
NMA

NUVEEN MUNICIPAL  
MARKET OPPORTUNITY  
FUND, INC.  
NMO

NUVEEN DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND  
NAD

NUVEEN DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND 2  
NXZ

NUVEEN DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND 3  
NZF

IT'S NOT WHAT YOU EARN, IT'S WHAT YOU KEEP. (R) | [LOGO]  
NUVEEN  
INVESTMENTS

Photo of: Man working on computer

Life is complex.  
Nuveen  
makes things  
e-simple.

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financial advisor or brokerage account.		from Nuveen.

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[LOGO]  
NUVEEN  
INVESTMENTS

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Chairman's  
LETTER TO SHAREHOLDERS

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photo: Timothy R. Schwertfeger

| Timothy R. Schwertfeger | Chairman of the Board

Once again, I am pleased to report that over the twelve-month period covered by this report your Fund continued to provide you with attractive monthly tax-free income. For more details about the management strategy and performance of your Fund, please read the Portfolio Managers' Comments, the Dividend and Share Price Information, and the Performance Overview sections of this report.

I also wanted to take this opportunity to report some important news about Nuveen Investments. The firm recently was acquired by a group led by Madison Dearborn Partners, LLC. While this affects the corporate structure of Nuveen Investments, it has no impact on the investment objectives, portfolio management strategies or dividend policy of your Fund.

With the recent volatility in the stock market, many have begun to wonder which way the market is headed, and whether they need to adjust their holdings of investments. No one knows what the future will bring, which is why we think a well-balanced portfolio that is structured and carefully monitored with the help of an investment professional is an important component in achieving your long-term financial goals. A well-diversified portfolio may actually help to reduce your overall investment risk, and we believe that investments like your Nuveen Investments Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

We also are pleased to be able to offer you a choice concerning how you receive your shareholder reports and other Fund information. As an alternative to mailed copies, you can sign up to receive future Fund reports and other Fund information by e-mail and the internet. The inside front cover of this report contains information on how you can sign up.

We are grateful that you have chosen us as a partner as you pursue your financial goals and we look forward to continuing to earn your trust in the months and years ahead. At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger

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Chairman of the Board  
December 14, 2007

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## Portfolio Managers' COMMENTS

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Nuveen Investments Municipal Closed-End Funds | NPP, NMA, NMO  
| NAD, NXZ, NZF

PORTFOLIO MANAGERS TOM SPALDING AND PAUL BRENNAN DISCUSS U.S. ECONOMIC AND MUNICIPAL MARKET CONDITIONS, KEY INVESTMENT STRATEGIES, AND THE ANNUAL PERFORMANCE OF THESE SIX FUNDS. A 31-YEAR VETERAN OF NUVEEN, TOM HAS MANAGED NXZ SINCE ITS INCEPTION IN 2001 AND NPP, NMA, NMO, AND NAD SINCE 2003. WITH 18 YEARS OF INDUSTRY EXPERIENCE, INCLUDING 16 YEARS AT NUVEEN, PAUL ASSUMED PORTFOLIO MANAGEMENT RESPONSIBILITY FOR NZF IN 2006.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE ANNUAL REPORTING PERIOD ENDED OCTOBER 31, 2007?

Between November 1, 2006, and October 31, 2007, the yield on the benchmark 10-year U.S. Treasury note dropped 14 basis points to end the reporting period at 4.47%. In the municipal bond market, the yield on the Bond Buyer 25 Revenue Bond Index, a widely followed measure of longer-term municipal bond interest rates, fell to 4.67% at the end of October 2007, a decline of 11 basis points from the end of October 2006. The numbers, however, do not give a true indication of the events of the summer of 2007, when developments in the credit markets led to increased volatility, tightening liquidity and a flight to quality. This was particularly evident in August, when market concerns about defaults on subprime mortgages resulted in a liquidity crisis across all fixed income asset classes. (NONE OF THESE FUNDS HAD EXPOSURE TO THE COLLATERALIZED DEBT PRODUCTS THAT WERE AT THE CENTER OF THIS LIQUIDITY CRISIS.)

Discussions of specific investments are for illustrative purposes only and are not intended as recommendations of individual investments. The views expressed in this commentary represent those of the portfolio managers as of the date of this report and are subject to change at any time, based on market conditions and other factors. The Funds disclaim any obligation to advise shareholders of such changes.

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After fourteen months of remaining on the sidelines, the Federal Reserve responded to credit market volatility by cutting the fed funds rate by 50 basis points--from 5.25% to 4.75%--in September 2007 and another 25 basis points--to 4.50%--in October 2007. A corresponding decline in short-term municipal bond interest rates, coupled with a jump in longer-term municipal bonds interest rates, produced a steepening of the yield curve late in the reporting period. For the annual period, bonds with longer maturities generally underperformed shorter maturity bonds. In addition, as the markets repriced risk, higher quality bonds generally outperformed lower quality credits.

The U.S. gross domestic product (GDP), a closely watched measure of economic growth, expanded at below-trend levels of 2.1% in the fourth quarter of 2006 and 0.6% in the first quarter of 2007 before rebounding sharply to 3.8% in the second quarter of 2007 (all GDP numbers are annualized). In the third quarter of

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2007, increases in consumer spending, business investment, and exports helped GDP growth climb to 4.9%, overcoming a 20% decline in residential investment. Driven largely by higher energy and food prices, the Consumer Price Index (CPI) registered a 3.5% year-over-year gain as of October 2007. The labor market continued to be tight, with a national unemployment rate of 4.7% in October 2007, up from 4.4% in October 2006. October 2007 marked the 50th consecutive month of employment growth, the longest string in U.S. history.

Over the twelve months ended October 2007, municipal bond issuance nationwide totaled \$487.9 billion, an increase of 27% from the previous twelve months. One factor in this increased volume was an increase in advance refundings,<sup>(1)</sup> driven by attractive borrowing rates for issuers during the earlier part of this period. For the majority of the period, the strength and diversity of demand for municipal bonds were as important as supply, as the surge in issuance was absorbed by a broad-based universe of traditional and nontraditional buyers, including retail investors, property and casualty insurance companies, hedge funds and arbitragers and overseas investors.

- (1) Advance refundings, also known as pre-refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older existing bonds. This process often results in lower borrowing costs for bond issuers.

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### WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THIS REPORTING PERIOD?

With the substantial increase in municipal issuance nationwide during this reporting period, our investment strategies continued to focus on finding opportunities in undervalued sectors and individual securities with the potential to add value to the Funds. The majority of our purchases were bonds at the longer end of the yield curve (i.e., bonds with at least 20 years to maturity). These purchases helped to offset the shortening of the Funds' portfolio durations due to bond calls and the natural tendency of bond durations to shorten as time passes. In addition, as the yield curve steepened, bonds at this end of the curve generally offered some incremental yield to support the Funds' dividends.

Given the market events over the past twelve months, the Funds generally placed greater priority on higher quality bonds through most of this period. During the late summer of 2007, we also took advantage of opportunities to add a few lower-quality credits. For example, all of the Funds except NXZ participated in the \$5.5 billion Ohio Buckeye Tobacco Settlement Financing Authority offering, the largest tobacco settlement financing deal ever issued. Tobacco bonds in general were being offered at attractive spreads compared with the national norm, and NZF also purchased some additional tobacco credits from other issuers in order to bring the Fund's tobacco bond exposure closer to the market average.

During this period, a number of uninsured health care credits--mostly rated AA--came to market at very attractive prices. As credit spreads widened and lower-quality credits began to underperform the market, we believed that these AA rated hospital credits offered a good alternative to lower-rated bonds and provided us with an opportunity to add both quality and attractive yields that we believed would help to support the Funds' income streams.

To generate cash for purchases, we generally sold bonds that were nearing their redemption dates, particularly some of the Funds' pre-refunded holdings. The

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proceeds from these sales, as well as called bond proceeds, were reinvested out longer on

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the yield curve, which helped to maintain the Funds' durations within our preferred strategic range and improve the Funds' overall call protection profile.

In the municipal bond interest rate environment over the twelve-month period, we also continued to emphasize a disciplined approach to duration(2) management and yield curve positioning. As part of our duration management strategies we used inverse floating rate securities, (3) a type of derivative financial instrument, in all six of these Funds. These inverse floaters had the dual benefit of bringing the Funds' durations closer to our preferred strategic target and enhancing their income-generation capabilities. In addition, NZF used forward interest rate swaps and futures contracts, two other types of derivative financial instruments. The goal of this strategy was to help us manage net asset value (NAV) volatility without having a negative impact on income streams or common share dividends over the short term.

### HOW DID THE FUNDS PERFORM?

Individual results for these Funds, as well as relevant index and peer group information, are presented in the accompanying table.

Total Returns on Net Asset Value\*  
For periods ended 10/31/07

	1-YEAR	5-YEAR	10-YEAR
NPP	1.53%	5.79%	6.10%
NMA	1.06%	6.14%	6.22%
NMO	1.20%	6.29%	5.58%
NAD	1.10%	6.24%	NA
NXZ	2.76%	7.53%	NA
NZF	2.31%	6.94%	NA

#### LEHMAN BROTHERS MUNICIPAL

BOND INDEX(4)	2.91%	4.46%	5.29%
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#### LIPPER GENERAL LEVERAGED MUNICIPAL DEBT

FUNDS AVERAGE(5)	0.70%	6.31%	5.76%
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\* Annualized.

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.

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

- (2) Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.

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- (3) An inverse floating rate security is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during the reporting period, are further defined within the "Notes to Financial Statements" and "Glossary of Terms Used in This Report" sections of this shareholder report.
- (4) The Lehman Brothers Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses.
- (5) The Lipper General Leveraged Municipal Debt Funds Average category is calculated using the returns of all closed-end funds in this category for each period as follows: 1 year, 54 funds; 5 years, 52 funds; and 10 years, 38 funds. Fund and Lipper returns assume reinvestment of dividends.

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For the twelve months ended October 31, 2007, the total return on NAV for all six Funds was less than the return on the Lehman Brothers Municipal Bond Index. All six Funds exceeded the Lipper General Leveraged Municipal Debt Funds Average for this period.

One of the key factors in the performance of these Funds relative to that of the unleveraged Lehman Brothers Municipal Bond Index over this period was the use of financial leverage. The returns of all of these Funds were negatively impacted by their use of leverage. Although leveraging provides opportunities for additional income and total returns for common shareholders, it can also expose shareholders to additional risk when market conditions are unfavorable. With the increases in yields on longer municipal bonds, the impact of valuation changes in these bonds was magnified by the use of leverage. However, we firmly believe that the use of this strategy should work to the benefit of the Funds over the long term. This is demonstrated by the longer-term return performances--both in absolute terms and relative to the Lehman Brothers Municipal Bond Index--of these Funds.

Other factors that influenced the Funds' returns included yield curve positioning and duration management, the use of derivatives, credit exposure and sector allocations.

During this twelve-month period, bonds in the Lehman Brothers Municipal Bond Index with maturities between one and eight years, especially those maturing in approximately three years, benefited the most from changes in the interest rate environment. As a result, these bonds generally outperformed credits with longer maturities. Bonds having the longest maturities (22 years and longer) posted the worst returns for the period. Varying levels of exposure to the longer part of the yield curve, accounted for much of the performance differential among these six Funds.

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Because they effectively increased exposure to longer maturity bonds during a period when shorter maturities were in favor in the market, the inverse floaters in place in these six Funds had a negative impact on their returns for the period. At the same time, however, the inverse floaters benefited these Funds by helping to support their income streams. We believe that, over time, these derivative financial instruments will work to the advantage of the Funds.

While yield curve and duration positioning played an important role in performance, especially during the last part of this period, credit exposure was also a dominant factor over this period. As the markets repriced risk, lower credit quality bonds generally underperformed the municipal market as a whole for the first time in several years. As of October 31, 2007, allocations of bonds rated BBB or lower and non-rated bonds accounted for approximately 8% of NMO's portfolio, 11% of NPP, 13% of NAD, 16% of NXZ and NZF, and 18% of NMA. In NXZ, however, some of the negative impact of this credit exposure was offset by the fact that many of the Fund's holdings of lower-rated credits had shorter durations, and bonds with shorter durations tended to perform well. At the same time, the Funds' weightings in bonds rated AAA and AA were generally positive for performance during this twelve-month period.

Bonds backed by the 1998 master tobacco settlement agreement also performed poorly, due to the overall lower credit quality of the tobacco sector as well as the ample supply of these bonds in the marketplace. As of October 31, 2007, these bonds comprised approximately 3% to 6% of the portfolios of these six Funds, with NMA and NAD having the heaviest weightings.

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Sectors of the market that performed well included transportation credits, special tax-backed issues, and water and sewer bonds. Pre-refunded bonds, especially those that were advance refunded before longer municipal interest rates began to rise in mid-2007, also performed well.

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### Dividend and Share Price INFORMATION

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As previously noted, all of the Funds in this report use leverage to potentially enhance opportunities for additional income for common shareholders. Although the Funds' use of this strategy continued to provide incremental income, the extent of this benefit was reduced due to short-term interest rates that remained relatively high during most of this period. This, in turn, kept the Funds' borrowing costs high. The Funds' income streams were also impacted as the proceeds from older, higher-yielding bonds that matured or were called were reinvested into bonds currently available in the market, which generally offered lower yields during the majority of this period. These factors resulted in one monthly dividend reduction in NXZ, two in NPP, NMA, NMO and NAD, and three in NZF over the twelve-month period ended October 31, 2007.

Due to normal portfolio activity, common shareholders of the following Funds also received capital gains and/or net ordinary income distributions at the end of December 2006 as follows:



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	Long-Term Capital Gains (per share)	Short-Term Capital Gains and/or Ordinary Income (per share)
NPP	\$0.0461	\$ 0.0008
NMO	--	\$ 0.0014
NAD	--	\$ 0.0024
NZF	\$0.0198	--

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each 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 a 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 NAV. Conversely, if a 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 October 31, 2007, NMA and NXZ had a positive UNII balance for both financial

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statement and tax purposes. NPP, NMO, NAD, and NZF had negative UNII balances for financial statement purposes and positive UNII balances for tax purposes.

As of October 31, 2007, the Funds' share prices were trading at discounts to their NAVs as shown in the accompanying chart:

	10/31/07 Discount	Twelve Month Average Premium/Discount
NPP	-10.71%	-4.92%
NMA	-8.22%	-0.34%
NMO	-8.77%	-3.34%
NAD	-8.52%	-1.81%
NXZ	-0.45%	+3.67%
NZF	-7.85%	+0.54%

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NPP | Nuveen Performance  
 PERFORMANCE | Plus Municipal  
 OVERVIEW | Fund, Inc.  
 as of October 31, 2007

Credit Quality (as a % of total investments)

[PIE CHART]

AAA/U.S. Guaranteed	76%
AA	7%
A	6%
BBB	8%
BB or Lower	1%
N/R	2%

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2006-2007 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

0.064	0.064	0.064	0.064	0.064	0.064	0.064	0.060	0.060	0.060	0.060	0.057
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct

Share Price Performance -- Weekly Closing Price

[LINE CHART]

11/01/06	15.14
	15.17
	15.18
	15.07
	15.13
	15.18
	15.11
	14.91
	14.78
	15.19
	15.06
	15.01
	15.03
	15.07
	15.16
	15.30
	15.15
	15.12
	15.24
	15.23
	15.19
	15.18
	15.16
	15.13
	15.10
	15.12
	15.15
	15.23
	15.27
	15.26
	15.21
	15.14
	14.67
	14.32
	14.17
	14.21
	14.21
	14.02
	13.92
	14.00
	14.11
	13.90
	13.82
	13.78
	13.98

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	14.46
	14.01
	13.91
	13.99
	13.88
	13.63
	13.59
	13.50
10/31/07	13.59

FUND SNAPSHOT

Common Share Price	\$13.59
Common Share Net Asset Value	\$15.22
Premium/(Discount) to NAV	-10.71%
Market Yield	5.08%
Taxable-Equivalent Yield(1)	7.06%
Net Assets Applicable to Common Shares (\$000)	\$912,066
Average Effective Maturity on Securities (Years)	14.41
Leverage-Adjusted Duration	9.14

AVERAGE ANNUAL TOTAL RETURN  
(Inception 6/22/89)

	ON SHARE PRICE	ON NAV
1-Year	-4.97%	1.53%
5-Year	5.33%	5.79%
10-Year	5.42%	6.10%

STATES  
(as a % of total investments)

Illinois	15.1%
California	10.3%
New York	6.9%
New Jersey	5.2%
Indiana	4.5%
Texas	4.5%
Michigan	4.3%
Florida	4.2%

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Colorado	3.9%
-----	-----
Massachusetts	3.9%
-----	-----
Ohio	3.6%
-----	-----
Washington	3.3%
-----	-----
South Carolina	2.8%
-----	-----
Nevada	2.5%
-----	-----
Pennsylvania	2.2%
-----	-----
Georgia	2.1%
-----	-----
Utah	2.1%
-----	-----
Minnesota	1.9%
-----	-----
Louisiana	1.9%
-----	-----
Other	14.8%
-----	-----

### INDUSTRIES

(as a % of total investments)

U.S. Guaranteed	27.4%
-----	-----
Tax Obligation/Limited	15.6%
-----	-----
Tax Obligation/General	14.5%
-----	-----
Transportation	9.8%
-----	-----
Utilities	9.5%
-----	-----
Health Care	8.8%
-----	-----
Other	14.4%
-----	-----

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) The Fund paid shareholders capital gains and net ordinary income distributions in December 2006 of \$0.0469 per share.

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### FUND SNAPSHOT

Common Share Price	\$13.95
Common Share Net Asset Value	\$15.20
Premium/(Discount) to NAV	-8.22%
Market Yield	5.51%
Taxable-Equivalent Yield(1)	7.65%
Net Assets Applicable to Common Shares (\$000)	\$656,806
Average Effective Maturity on Securities (Years)	15.59
Leverage-Adjusted Duration	9.36

### AVERAGE ANNUAL TOTAL RETURN (Inception 12/19/89)

	ON SHARE PRICE	ON NAV
1-Year	-7.08%	1.06%
5-Year	5.52%	6.14%
10-Year	5.33%	6.22%

### STATES

(as a % of total investments)

Texas	10.5%
Illinois	10.4%
Washington	9.1%
California	8.4%
Louisiana	8.3%
New York	8.0%
Colorado	4.9%
Ohio	4.2%
Nevada	3.8%
Tennessee	3.5%
Oklahoma	2.8%
Florida	2.6%
South Carolina	2.6%

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New Jersey	2.3%
Alabama	2.0%
Wisconsin	1.9%
Other	14.7%

INDUSTRIES  
(as a % of total investments)

U.S. Guaranteed	30.6%
Health Care	13.5%
Utilities	13.2%
Tax Obligation/Limited	10.5%
Transportation	8.9%
Tax Obligation/General	7.2%
Consumer Staples	5.1%
Other	11.0%

Credit Quality (as a % of total investments)

[PIE CHART]

AAA/U.S. Guaranteed	68%
AA	9%
A	5%
BBB	13%
BB or Lower	5%

2006-2007 Monthly Tax-Free Dividends Per Share

[BAR CHART]

0.0715	0.0715	0.0715	0.0715	0.0715	0.0715	0.0715	0.0675	0.0675	0.0675	0.0675	0.0640
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct

Share Price Performance -- Weekly Closing Price

[LINE CHART]

11/01/06	15.88
	15.87
	15.80
	15.80
	15.94

	16.04
	16.03
	16.04
	15.93
	16.36
	16.14
	16.17
	16.29
	16.19
	16.12
	16.21
	16.21
	16.05
	16.16
	16.27
	16.06
	16.10
	16.06
	16.10
	16.00
	16.07
	16.05
	16.21
	16.28
	16.13
	16.05
	16.06
	15.50
	15.07
	14.98
	14.93
	14.80
	14.65
	14.55
	14.74
	14.85
	14.48
	14.01
	14.24
	14.62
	15.12
	14.57
	14.42
	14.48
	14.26
	13.94
	14.10
	13.92
10/31/07	13.95

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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PERFORMANCE | Market Opportunity  
 OVERVIEW | Fund, Inc.  
 as of October 31, 2007

Credit Quality (as a % of total investments)

[PIE CHART]

AAA/U.S. Guaranteed	81%
AA	7%
A	4%
BBB	5%
BB or Lower	3%

2006-2007 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

0.0660	0.0660	0.0660	0.0660	0.0635	0.0635	0.0635	0.0605	0.0605	0.0605	0.0605	0.0605
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct

Share Price Performance -- Weekly Closing Price

[LINE CHART]

11/01/06	15.03
	14.99
	15.07
	15.09
	15.16
	15.23
	15.19
	15.02
	15.01
	15.29
	15.18
	15.31
	15.33
	15.32
	15.16
	15.17
	15.19
	15.20
	15.21
	15.18
	15.03
	15.01
	15.15
	15.10
	15.02
	15.00
	14.99
	15.13
	15.00
	15.02
	14.88



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	14.94
	14.64
	14.13
	14.01
	14.03
	13.91
	13.75
	13.73
	13.61
	13.76
	13.44
	13.21
	13.47
	13.79
	14.09
	13.77
	13.59
	13.79
	13.73
	13.60
	13.47
	13.46
10/31/07	13.53

FUND SNAPSHOT

Common Share Price	\$13.53
Common Share Net Asset Value	\$14.83
Premium/(Discount) to NAV	-8.77%
Market Yield	5.37%
Taxable-Equivalent Yield(1)	7.46%
Net Assets Applicable to Common Shares (\$000)	\$675,577
Average Effective Maturity on Securities (Years)	12.79
Leverage-Adjusted Duration	9.14

AVERAGE ANNUAL TOTAL RETURN  
(Inception 3/21/90)

	ON SHARE PRICE	ON NAV
1-Year	-5.00%	1.20%
5-Year	5.86%	6.29%
10-Year	4.68%	5.58%

STATES

(as a % of total investments)

Texas	16.3%
-------	-------

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Washington	11.1%
Illinois	8.2%
California	7.5%
New York	6.4%
Minnesota	4.9%
South Carolina	4.7%
New Jersey	4.1%
Nevada	3.9%
Colorado	3.6%
Ohio	3.0%
Georgia	2.8%
North Dakota	2.7%
Pennsylvania	2.4%
Massachusetts	2.3%
Puerto Rico	1.8%
Other	14.3%

INDUSTRIES  
(as a % of total investments)

U.S. Guaranteed	36.0%
Tax Obligation/General	16.8%
Transportation	12.6%
Health Care	8.3%
Tax Obligation/Limited	7.9%
Utilities	5.7%
Other	12.7%

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(2) The Fund paid shareholders a net ordinary income distribution in December 2006 of \$0.0014 per share.

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NAD | Nuveen Dividend  
 PERFORMANCE | Advantage  
 OVERVIEW | Municipal Fund  
 as of October 31, 2007

FUND SNAPSHOT

Common Share Price	\$13.63
Common Share Net Asset Value	\$14.90
Premium/(Discount) to NAV	-8.52%
Market Yield	5.59%
Taxable-Equivalent Yield(1)	7.76%
Net Assets Applicable to Common Shares (\$000)	\$585,496
Average Effective Maturity on Securities (Years)	15.04
Leverage-Adjusted Duration	9.53

AVERAGE ANNUAL TOTAL RETURN  
 (Inception 5/26/99)

	ON SHARE PRICE	ON NAV
1-Year	-5.96%	1.10%
5-Year	5.14%	6.24%
Since Inception	5.21%	6.82%

STATES  
 (as a % of total investments)

Illinois	17.9%
Texas	10.5%
New York	9.6%
Washington	7.0%
Florida	6.8%
Wisconsin	5.3%
Louisiana	4.2%
New Jersey	3.8%

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Indiana	3.6%
Ohio	3.4%
Pennsylvania	3.3%
California	2.8%
Nevada	2.8%
Michigan	2.3%
Rhode Island	2.2%
Other	14.5%

INDUSTRIES  
(as a % of total investments)

U.S. Guaranteed	21.5%
Health Care	17.6%
Tax Obligation/General	15.8%
Tax Obligation/Limited	14.3%
Transportation	10.2%
Utilities	5.8%
Consumer Staples	5.7%
Other	9.1%

Credit Quality (as a % of total investments)

[PIE CHART]

AAA/U.S. Guaranteed	69%
AA	13%
A	5%
BBB	6%
BB or Lower	5%
N/R	2%

2006-2007 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

0.0690	0.0690	0.0690	0.0690	0.0665	0.0665	0.0665	0.0665	0.0665	0.0665	0.0665	0.0635
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct

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Share Price Performance -- Weekly Closing Price

[LINE CHART]

11/01/06	15.32
	15.25
	15.43
	15.34
	15.38
	15.54
	15.52
	15.48
	15.54
	15.72
	15.65
	15.74
	15.73
	15.55
	15.55
	15.43
	15.39
	15.43
	15.44
	15.42
	15.33
	15.22
	14.86
	14.91
	14.89
	14.86
	15.01
	15.29
	15.36
	15.27
	15.16
	15.07
	14.82
	14.81
	14.71
	14.76
	14.60
	14.46
	14.38
	14.27
	14.31
	14.09
	14.23
	14.24
	14.28
	14.54
	14.35
	14.26
	14.30
	14.15
	13.76
	13.73
	13.66
10/31/07	13.63

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an

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after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

- (2) The Fund paid shareholders a net ordinary income distribution in December 2006 of \$0.0024 per share.

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NXZ | Nuveen Dividend  
 PERFORMANCE | Advantage  
 OVERVIEW | Municipal Fund 2  
 as of October 31, 2007

Credit Quality (as a % of total investments)

[PIE CHART]

AAA/U.S. Guaranteed	68%
AA	8%
A	8%
BBB	9%
BB or Lower	5%
N/R	2%

2006-2007 Monthly Tax-Free Dividends Per Share

[BAR CHART]

0.0765	0.0765	0.0765	0.0765	0.0765	0.0765	0.0765	0.0730	0.0730	0.0730	0.0730	0.0730
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct

Share Price Performance -- Weekly Closing Price

[LINE CHART]

11/01/06	16.57
	16.59
	16.85
	16.70
	16.61
	16.70
	16.82
	16.72
	16.68
	16.91
	16.98
	17.30
	16.90
	17.03
	17.05
	16.97
	16.98

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	16.86
	16.96
	16.98
	16.86
	17.00
	17.03
	17.01
	17.11
	17.13
	17.01
	17.19
	17.16
	17.06
	16.84
	16.80
	16.12
	15.76
	15.60
	15.81
	15.76
	15.47
	15.54
	15.55
	15.62
	15.26
	14.61
	14.95
	15.30
	15.94
	15.48
	15.32
	15.50
	15.34
	15.35
	15.56
	15.37
10/31/07	15.48

FUND SNAPSHOT

Common Share Price	\$15.48
Common Share Net Asset Value	\$15.55
Premium/(Discount) to NAV	-0.45%
Market Yield	5.66%
Taxable-Equivalent Yield(1)	7.86%
Net Assets Applicable to Common Shares (\$000)	\$456,992
Average Effective Maturity on Securities (Years)	16.25
Leverage-Adjusted Duration	7.19

AVERAGE ANNUAL TOTAL RETURN  
(Inception 3/27/01)

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	ON SHARE PRICE	ON NAV
1-Year	-0.78%	2.76%
5-Year	8.93%	7.53%
Since Inception	7.00%	7.77%

STATES  
(as a % of total investments)

Texas	16.6%
Michigan	9.4%
Illinois	7.8%
New York	6.1%
California	5.5%
Nevada	4.9%
Colorado	4.8%
New Mexico	3.5%
Washington	3.4%
Florida	3.3%
Louisiana	3.3%
Missouri	3.2%
Indiana	3.1%
Alabama	2.9%
Kansas	2.5%
Oregon	2.5%
Pennsylvania	2.3%
Other	14.9%

INDUSTRIES  
(as a % of total investments)

U.S. Guaranteed	37.2%
Tax Obligation/Limited	16.7%
Health Care	13.7%
Transportation	10.9%



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Utilities	5.8%
-----	
Tax Obligation/General	4.2%
-----	
Other	11.5%
-----	

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NZF | Nuveen Dividend  
 PERFORMANCE | Advantage  
 OVERVIEW | Municipal Fund 3  
 as of October 31, 2007

### FUND SNAPSHOT

Common Share Price	\$13.85
-----	
Common Share Net Asset Value	\$15.03
-----	
Premium/(Discount) to NAV	-7.85%
-----	
Market Yield	5.55%
-----	
Taxable-Equivalent Yield(1)	7.71%
-----	
Net Assets Applicable to Common Shares (\$000)	\$606,908
-----	
Average Effective Maturity on Securities (Years)	16.72
-----	
Leverage-Adjusted Duration	9.48
-----	

### AVERAGE ANNUAL TOTAL RETURN (Inception 9/25/01)

	ON SHARE PRICE	ON NAV
1-Year	-7.72%	2.31%
5-Year	7.01%	6.94%
Since Inception	5.04%	7.04%

### STATES

(as a % of total investments)

Illinois	12.7%
----------	-------

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Texas	11.8%
Washington	9.9%
California	9.1%
Michigan	6.3%
Iowa	3.9%
Indiana	3.8%
Colorado	3.8%
Wisconsin	2.8%
New York	2.6%
New Jersey	2.6%
Louisiana	2.5%
Ohio	2.1%
Kentucky	2.1%
Missouri	1.9%
Oklahoma	1.7%
Maryland	1.7%
Oregon	1.6%
Georgia	1.6%
Florida	1.5%
Other	14.0%
INDUSTRIES (as a % of total investments)	
U.S. Guaranteed	23.9%
Transportation	15.4%
Health Care	14.3%
Tax Obligation/General	11.7%
Tax Obligation/Limited	6.0%
Utilities	5.6%
Education and Civic Organizations	5.0%
Consumer Staples	4.2%
Other	13.9%

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Credit Quality (as a % of total investments)

[PIE CHART]

AAA/U.S. Guaranteed	75%
AA	7%
A	2%
BBB	7%
BB or Lower	2%
N/R	7%

2006-2007 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

0.0730	0.0730	0.0730	0.0730	0.0705	0.0705	0.0705	0.0675	0.0675	0.0675	0.0675	0.0640
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct

Share Price Performance -- Weekly Closing Price

[LINE CHART]

11/01/06	15.89
	15.85
	16.02
	15.92
	15.93
	15.98
	16.10
	15.90
	16.07
	16.17
	16.24
	16.03
	15.85
	15.93
	15.95
	16.00
	15.90
	15.93
	16.05
	16.05
	15.95
	15.95
	15.82
	15.92
	15.89
	15.75
	15.81
	15.86
	15.90
	15.82
	15.60
	15.47

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14.96  
 14.65  
 14.67  
 14.88  
 14.96  
 14.73  
 14.66  
 14.39  
 14.44  
 14.26  
 14.10  
 14.08  
 14.45  
 14.66  
 14.58  
 14.25  
 14.32  
 14.12  
 13.95  
 13.98  
 13.90  
 13.85

10/31/07

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) The Fund paid shareholders a capital gains distribution in December 2006 of \$0.0198 per share.

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NPP | Shareholder MEETING REPORT  
 NMA | The annual meeting of shareholders was held on July 31, 2007, at The  
 NMO | Northern Trust Company, 50 South La Salle Street, Chicago, IL 60675;  
 at this meeting shareholders were asked to vote on the election of  
 Board Members. Additionally a special meeting of shareholders was  
 held in the offices of Nuveen Investments on October 12, 2007; at  
 this meeting shareholders were asked to vote on a New Investment  
 Management Agreement and to ratify the selection of Ernst and Young  
 LLP as the Funds' independent registered public accounting firm.

	NPP		NMA		
	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voting together as a class	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voting together as a class	Common MuniPrefer shares vo
TO APPROVE A NEW INVESTMENT MANAGEMENT AGREEMENT:					
For	33,019,803	--	23,118,106	--	23,103
Against	1,343,355	--	988,823	--	1,222

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Abstain	1,146,239	--	850,001	--	776
Broker Non-Votes	8,837,535	--	6,570,425	--	7,542
<hr/>					
Total	44,346,932	--	31,527,355	--	32,645
<hr/>					
APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:					
Robert P. Bremner					
For	51,601,356	--	36,626,204	--	39,604
Withhold	813,223	--	664,659	--	569
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173
<hr/>					
Jack B. Evans					
For	51,597,653	--	36,624,074	--	39,611
Withhold	816,926	--	666,789	--	561
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173
<hr/>					
William C. Hunter					
For	51,618,169	--	36,618,268	--	39,609
Withhold	796,410	--	672,595	--	563
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173
<hr/>					
David J. Kundert					
For	51,598,019	--	36,626,073	--	39,607
Withhold	816,560	--	664,790	--	566
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173
<hr/>					
William J. Schneider					
For	--	16,813	--	12,754	
Withhold	--	28	--	260	
<hr/>					
Total	--	16,841	--	13,014	
<hr/>					
Timothy R. Schwertfeger					
For	--	16,813	--	12,754	
Withhold	--	28	--	260	
<hr/>					
Total	--	16,841	--	13,014	
<hr/>					
Judith M. Stockdale					
For	51,611,442	--	36,628,839	--	39,596
Withhold	803,137	--	662,024	--	577
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173
<hr/>					
Carole E. Stone					
For	51,609,587	--	36,611,626	--	39,591
Withhold	804,992	--	679,237	--	581
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173
<hr/>					
Eugene S. Sunshine (1)					
For	51,604,995	--	36,617,233	--	39,597
Withhold	809,584	--	673,630	--	576
<hr/>					
Total	52,414,579	--	37,290,863	--	40,173

TO RATIFY THE SELECTION OF ERNST & YOUNG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE CURRENT FISCAL YEAR:

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For	43,041,554	--	30,707,156	--	31,697,422
Against	563,486	--	370,457	--	409,742
Abstain	741,892	--	449,742	--	537,422
Total	44,346,932	--	31,527,355	--	32,645,422

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NAD | Shareholder MEETING REPORT (continued)  
 NXZ |  
 NZF |

	NAD		NXZ		
	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voting together as a class	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voting together as a class	Common MuniPrefer shares vo toge as a c
TO APPROVE A NEW INVESTMENT MANAGEMENT AGREEMENT:					
For	21,124,422	--	15,333,938	--	20,309,422
Against	850,622	--	788,428	--	778,422
Abstain	703,968	--	528,668	--	740,422
Broker Non-Votes	6,543,436	--	5,002,836	--	7,734,422
Total	29,222,448	--	21,653,870	--	29,563,422
APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:					
Robert P. Bremner					
For	--	--	--	--	--
Withhold	--	--	--	--	--
Total	--	--	--	--	--
Jack B. Evans					
For	--	--	--	--	--
Withhold	--	--	--	--	--
Total	--	--	--	--	--
William C. Hunter					
For	--	--	--	--	--
Withhold	--	--	--	--	--
Total	--	--	--	--	--
David J. Kundert					
For	--	--	--	--	--
Withhold	--	--	--	--	--
Total	--	--	--	--	--

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=====					
William J. Schneider					
For	--	10,342	--	7,964	
Withhold	--	23	--	13	
-----					
Total	--	10,365	--	7,977	
=====					
Timothy R. Schwertfeger					
For	--	10,342	--	7,964	
Withhold	--	23	--	13	
-----					
Total	--	10,365	--	7,977	
=====					
Judith M. Stockdale					
For	36,639,177	--	27,888,280	--	37,724
Withhold	550,094	--	377,207	--	549
-----					
Total	37,189,271	--	28,265,487	--	38,274
=====					
Carole E. Stone					
For	36,629,724	--	27,888,302	--	37,721
Withhold	559,547	--	377,185	--	552
-----					
Total	37,189,271	--	28,265,487	--	38,274
=====					
Eugene S. Sunshine (1)					
For	--	--	--	--	
Withhold	--	--	--	--	
-----					
Total	--	--	--	--	
=====					
TO RATIFY THE SELECTION OF ERNST & YOUNG LLP AS THE INDEPENDENT					
REGISTERED PUBLIC ACCOUNTING FIRM FOR THE CURRENT FISCAL YEAR:					
For	28,346,168	--	21,138,179	--	28,871
Against	390,998	--	212,090	--	282
Abstain	485,282	--	303,601	--	408
-----					
Total	29,222,448	--	21,653,870	--	29,563
=====					

(1) Mr. Sunshine resigned from the Funds' Board of Directors/Trustees on July 31, 2007.

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Report of  
INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS/TRUSTEES AND SHAREHOLDERS  
NUVEEN PERFORMANCE PLUS MUNICIPAL FUND, INC.  
NUVEEN MUNICIPAL ADVANTAGE FUND, INC.  
NUVEEN MUNICIPAL MARKET OPPORTUNITY FUND, INC.  
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND  
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3

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We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Performance Plus Municipal Fund, Inc., Nuveen Municipal Advantage Fund, Inc., Nuveen Municipal Market Opportunity Fund, Inc., Nuveen Dividend Advantage Municipal Fund, Nuveen Dividend Advantage Municipal Fund 2 and Nuveen Dividend Advantage Municipal Fund 3 (the "Funds") as of October 31, 2007, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2007, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Performance Plus Municipal Fund, Inc., Nuveen Municipal Advantage Fund, Inc., Nuveen Municipal Market Opportunity Fund, Inc., Nuveen Dividend Advantage Municipal Fund, Nuveen Dividend Advantage Municipal Fund 2 and Nuveen Dividend Advantage Municipal Fund 3 at October 31, 2007, the results of their operations for the year then ended, changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois  
December 20, 2007

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| Nuveen Performance Plus Municipal Fund, Inc.  
NPP | Portfolio of INVESTMENTS

October 31, 2007



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AMOUNT (000)	DESCRIPTION (1)	PROVISIONS (2)
ALABAMA - 0.3% (0.2% OF TOTAL INVESTMENTS)		
	Jefferson County, Alabama, Sewer Revenue Refunding Warrants, Series 1997A:	
\$ 1,435	5.625%, 2/01/22 - FGIC Insured	2/08 at 100.
1,505	5.375%, 2/01/27 - FGIC Insured	2/08 at 100.
2,940	Total Alabama	
ARIZONA - 1.4% (0.9% OF TOTAL INVESTMENTS)		
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/22 (Pre-refunded 7/01/12)	7/12 at 100.
	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B:	
5,365	5.750%, 7/01/15 - FGIC Insured (Alternative Minimum Tax)	7/12 at 100.
5,055	5.750%, 7/01/16 - FGIC Insured (Alternative Minimum Tax)	7/12 at 100.
11,420	Total Arizona	
ARKANSAS - 0.7% (0.5% OF TOTAL INVESTMENTS)		
5,080	Independence County, Arkansas, Hydroelectric Power Revenue Bonds, Series 2003, 5.350%, 5/01/28 - ACA Insured	5/13 at 100.
1,000	Washington County, Arkansas, Hospital Revenue Bonds, Washington Regional Medical Center, Series 2005A, 5.000%, 2/01/35	2/15 at 100.
6,080	Total Arkansas	
CALIFORNIA - 15.6% (10.3% OF TOTAL INVESTMENTS)		
3,500	Alameda Corridor Transportation Authority, California, Subordinate Lien Revenue Bonds, Series 2004A, 0.000%, 10/01/25 - AMBAC Insured	10/17 at 100.
11,000	Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C, 0.000%, 9/01/20 - FSA Insured	No Opt. Ca
	California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A:	
4,000	6.000%, 5/01/15 (Pre-refunded 5/01/12)	5/12 at 101.
3,175	5.375%, 5/01/22 (Pre-refunded 5/01/12)	5/12 at 101.
3,365	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33	3/13 at 100.
	California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006:	
5,000	5.000%, 4/01/37	4/16 at 100.
7,000	5.250%, 4/01/39	4/16 at 100.
2,380	California Infrastructure Economic Development Bank, Revenue Bonds, J. David Gladstone Institutes, Series 2001, 5.250%, 10/01/34	10/11 at 101.

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3,500	California Pollution Control Financing Authority, Revenue Bonds, Pacific Gas and Electric Company, Series 2004C, 4.750%, 12/01/23 - FGIC Insured (Alternative Minimum Tax)	6/17 at 100.
5,335	California State, Variable Purpose General Obligation Bonds, Series 2007, Lehman Municipal Trust Receipts FC5, 7.690%, 6/01/37 (IF)	6/17 at 100.
5,300	California, General Obligation Bonds, Series 2004, 5.100%, 2/01/34 (Pre-refunded 2/01/09)	2/09 at 100.
5,000	California, General Obligation Bonds, Series 2005, 5.000%, 3/01/31	3/16 at 100.
6,435	California, General Obligation Refunding Bonds, Series 2002, 6.000%, 4/01/16 - AMBAC Insured	No Opt. Ca

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PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CA PROVISIONS (
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	CALIFORNIA (continued)	
\$ 5,000	Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/32 - FSA Insured	8/18 at 100.
1,500	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47	6/17 at 100.
10,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39 (Pre-refunded 6/01/13)	6/13 at 100.
8,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45	6/15 at 100.
1,000	Mt. Diablo Hospital District, California, Insured Hospital Revenue Bonds, Series 1993A, 5.125%, 12/01/23 - AMBAC Insured (ETM)	12/07 at 100.
13,450	Ontario Redevelopment Financing Authority, San Bernardino County, California, Revenue Refunding Bonds, Redevelopment Project 1, Series 1995, 7.200%, 8/01/17 - MBIA Insured	No Opt. Ca
11,270	Palmdale Community Redevelopment Agency, California, Residential Mortgage Revenue Refunding Bonds, Series 1991A, 7.150%, 2/01/10 (ETM)	No Opt. Ca
2,325	Palmdale Community Redevelopment Agency, California,	No Opt. Ca

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Restructured Single Family Mortgage Revenue Bonds, Series  
1986D, 8.000%, 4/01/16 (Alternative Minimum Tax) (ETM)

2,000	San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 1999, Issue 23B, 5.125%, 5/01/30 (Pre-refunded 5/01/09) - FGIC Insured	5/09 at 101.
2,000	San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, Issue 27B, 5.125%, 5/01/26 - FGIC Insured	5/11 at 100.
3,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured	No Opt. Ca
15,745	Walnut Valley Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 7.200%, 2/01/16 - MBIA Insured	8/11 at 103.
140,280	Total California	
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COLORADO - 5.9% (3.9% OF TOTAL INVESTMENTS)		
5,240	Adams 12 Five Star Schools, Adams County, Colorado, General Obligation Bonds, Series 2005, 5.000%, 12/15/24 - FSA Insured	12/15 at 100.
3,000	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Peak-to-Peak Charter School, Series 2004, 5.250%, 8/15/34 - XLCA Insured	8/14 at 100.
5,860	Colorado Health Facilities Authority, Revenue Refunding Bonds, Catholic Health Initiatives, Series 2001, 5.250%, 9/01/21 (Pre-refunded 9/01/11)	9/11 at 100.
20,000	Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2003A, 5.000%, 12/01/33 (Pre-refunded 12/01/13) - XLCA Insured	12/13 at 100.
12,615	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B, 0.000%, 9/01/21 - MBIA Insured	No Opt. Ca
15,700	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/32 - MBIA Insured	No Opt. Ca
755	Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured	12/14 at 100.
4,125	Municipal Subdistrict Northern Colorado Water District, Revenue Bonds, Series 1997G, 5.250%, 12/01/15 (Pre-refunded 12/01/07) - AMBAC Insured	12/07 at 101.
1,330	University of Colorado Hospital Authority, Revenue Bonds, Series 1999A, 5.000%, 11/15/29 - AMBAC Insured	11/09 at 101.
68,625	Total Colorado	
-----		
DISTRICT OF COLUMBIA - 1.8% (1.2% OF TOTAL INVESTMENTS)		
5,745	District of Columbia Tobacco Settlement Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2001, 6.250%, 5/15/24	5/11 at 101.

NPP | Nuveen Performance Plus Municipal Fund, Inc. (continued)  
 | Portfolio of INVESTMENTS October 31, 2007

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CA PROVISIONS (
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	DISTRICT OF COLUMBIA (continued)	
\$ 5,590	District of Columbia, General Obligation Bonds, Series 1999B, 5.500%, 6/01/13 - FSA Insured	6/09 at 101.
5,000	Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 2007A, 4.500%, 10/01/30 - AMBAC Insured	10/16 at 100.
-----		
16,335	Total District of Columbia	
-----		
	FLORIDA - 6.4% (4.2% OF TOTAL INVESTMENTS)	
	Broward County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Venice Homes Apartments, Series 2001A:	
1,545	5.700%, 1/01/32 - FSA Insured (Alternative Minimum Tax)	7/11 at 100.
1,805	5.800%, 1/01/36 - FSA Insured (Alternative Minimum Tax)	7/11 at 100.
5,300	Escambia County Health Facilities Authority, Florida, Revenue Bonds, Ascension Health Credit Group, Series 2003A, 5.250%, 11/15/14	No Opt. Ca
2,105	Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds, Series 2000-11, 5.850%, 1/01/22 - FSA Insured (Alternative Minimum Tax)	1/10 at 100.
10,050	Florida State Board of Education, Full Faith and Credit Public Education Capital Outlay Refunding Bonds, Series 1999D, 5.750%, 6/01/22	6/10 at 101.
7,000	Hillsborough County Aviation Authority, Florida, Revenue Bonds, Tampa International Airport, Series 2003A, 5.250%, 10/01/17 - MBIA Insured (Alternative Minimum Tax)	10/13 at 100.
10,000	JEA, Florida, Electric System Revenue Bonds, Series 2006-3A, 5.000%, 10/01/41 - FSA Insured	4/15 at 100.
10,750	Martin County Industrial Development Authority, Florida, Industrial Development Revenue Bonds, Indiantown Cogeneration LP, Series 1994A, 7.875%, 12/15/25 (Alternative Minimum Tax)	12/07 at 100.
2,570	Miami-Dade County Housing Finance Authority, Florida, Multifamily Mortgage Revenue Bonds, Country Club Villas II Project, Series 2001-1A, 5.850%, 1/01/37 - FSA Insured (Alternative Minimum Tax)	6/11 at 100.

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3,500	Miami-Dade County, Florida, Aviation Revenue Bonds, Miami International Airport, Series 2005A, 5.000%, 10/01/37 - XLCA Insured (Alternative Minimum Tax)	10/15 at 100.
1,700	Miami-Dade County, Florida, Beacon Tradeport Community Development District, Special Assessment Bonds, Commercial Project, Series 2002A, 5.625%, 5/01/32 - RAAI Insured	5/12 at 102.
56,325	Total Florida	
-----		
GEORGIA - 3.1% (2.1% OF TOTAL INVESTMENTS)		
4,920	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.600%, 1/01/30 (Pre-refunded 1/01/10) - FGIC Insured	1/10 at 101.
5,000	Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 1999A, 5.500%, 11/01/22 - FGIC Insured	No Opt. Ca
2,000	George L. Smith II World Congress Center Authority, Atlanta, Georgia, Revenue Refunding Bonds, Domed Stadium Project, Series 2000, 5.500%, 7/01/20 - MBIA Insured (Alternative Minimum Tax)	7/10 at 101.
15,000	Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 1999A, 5.500%, 11/01/25 (Pre-refunded 11/01/09)	11/09 at 101.
26,920	Total Georgia	
-----		
IDAHO - 0.1% (0.1% OF TOTAL INVESTMENTS)		
510	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000D, 6.200%, 7/01/14 (Alternative Minimum Tax)	1/10 at 100.
295	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000G-2, 5.950%, 7/01/25 (Alternative Minimum Tax)	7/10 at 100.
805	Total Idaho	
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PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CA PROVISIONS (
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ILLINOIS - 22.9% (15.1% OF TOTAL INVESTMENTS)		
\$ 10,000	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1998B-1, 0.000%, 12/01/19 - FGIC Insured	No Opt. Ca

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10,000	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 0.000%, 12/01/20 - FGIC Insured	No Opt. Ca
	Chicago, Illinois, General Obligation Bonds, City Colleges, Series 1999:	
32,170	0.000%, 1/01/21 - FGIC Insured	No Opt. Ca
32,670	0.000%, 1/01/22 - FGIC Insured	No Opt. Ca
3,000	Chicago, Illinois, General Obligation Bonds, Library Projects, Series 1997, 5.750%, 1/01/17 (Pre-refunded 1/01/08) - FGIC Insured	1/08 at 102.
9,145	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 1996A, 5.500%, 1/01/29 - MBIA Insured	1/08 at 100.
1,665	Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 - FGIC Insured	1/16 at 100.
	DuPage County Forest Preserve District, Illinois, General Obligation Bonds, Series 2000:	
8,000	0.000%, 11/01/18	No Opt. Ca
15,285	0.000%, 11/01/19	No Opt. Ca
3,530	Illinois Finance Authority, Revenue Bonds, University of Chicago, Series 2007, Trust 73TP, 7.568%, 7/01/46 (IF)	7/17 at 100.
4,000	Illinois Health Facilities Authority, FHA-Insured Mortgage Revenue Refunding Bonds, Sinai Health System, Series 2003, 5.150%, 2/15/37	8/13 at 100.
1,180	Illinois Health Facilities Authority, Revenue Bonds, Lake Forest Hospital, Series 2002A, 5.750%, 7/01/29	7/12 at 100.
3,000	Illinois Health Facilities Authority, Revenue Bonds, Lake Forest Hospital, Series 2003, 6.000%, 7/01/33	7/13 at 100.
4,580	Illinois Health Facilities Authority, Revenue Bonds, Midwest Care Center IX Inc., Series 2000, 6.250%, 8/20/35	8/10 at 102.
2,410	Illinois Health Facilities Authority, Revenue Bonds, Silver Cross Hospital and Medical Centers, Series 1999, 5.250%, 8/15/15 (Mandatory put 8/15/08)	8/09 at 101.
7,250	Kane, Kendall, LaSalle, and Will Counties, Illinois, Community College District 516, General Obligation Bonds, Series 2005E, 0.000%, 12/15/24 - FGIC Insured	12/13 at 57.
5,000	Kane, McHenry, Cook and DeKalb Counties Community Unit School District 300, Carpentersville, Illinois, General Obligation Bonds, Series 2000, 5.500%, 12/01/19 (Pre-refunded 12/01/11) - MBIA Insured	12/11 at 100.
3,700	Libertyville, Illinois, Affordable Housing Revenue Bonds, Liberty Towers Project, Series 1999A, 7.000%, 11/01/29 (Pre-refunded 11/01/09) (Alternative Minimum Tax)	11/09 at 100.

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