

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND INC  
Form N-CSR  
October 07, 2010

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

Nuveen Arizona Premium Income Municipal Fund, Inc.  
(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
(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

Date of fiscal year end: July 31

Date of reporting period: July 31, 2010

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.

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Nuveen Investments Announces Strategic Combination with FAF Advisors

On July 29, 2010, Nuveen Investments, Inc. announced that U.S. Bancorp will receive a 9.5% stake in Nuveen Investments and cash consideration in exchange for the long-term asset business of U.S. Bancorp's FAF Advisors (FAF). Nuveen Investments is the parent of Nuveen Asset Management (NAM), the investment adviser for the Funds included in this report.

FAF Advisors, which currently manages about \$25 billion of long-term assets and serves as the advisor of the First American Funds, will be combined with NAM, which currently manages about \$75 billion in municipal fixed income assets. Upon completion of the transaction, Nuveen Investments, which currently manages about \$150 billion of assets across several high-quality affiliates, will manage a combined total of about \$175 billion in institutional and retail assets.

This combination will not affect the investment objectives, strategies or policies of the Funds in this report. Over time, Nuveen Investments expects that the combination will provide even more ways to meet the needs of investors who work with financial advisors and consultants by enhancing the multi-boutique model of Nuveen Investments, which also includes highly respected investment teams at NWQ Investment Management, Santa Barbara Asset Management, Symphony Asset Management, Tradewinds Global Investors, Winslow Capital and Nuveen HydePark.

The transaction is expected to close late in 2010, subject to customary conditions.

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Chairman's  
Letter to Shareholders

Dear Shareholder,

Recent months have revealed the fragility and disparity of the global economic recovery. In the U.S., the rate of economic growth has slowed as various stimulus programs have started to wind down, exposing weakness in the underlying economy. In contrast, many emerging market countries are experiencing a return to comparatively high rates of growth. Confidence in global financial markets has been undermined by concerns about high sovereign debt levels in Europe and the U.S. Until these countries can begin credible programs to reduce their budgetary deficits, market unease and hesitation will remain. On a more positive note, even though the countries now enjoying the strongest recovery depend on exports to countries with trade deficits, these importing countries have resisted the temptation to damage world trade by erecting trade barriers.

The U.S. economy is subject to unusually high levels of uncertainty as it struggles to recover from a devastating financial crisis. Unemployment remains stubbornly high, due to what appears to be both cyclical and structural forces. Federal Reserve policy makers are considering novel approaches to provide support to the economy, and administration policy makers are debating additional stimulus measures. However, the high levels of debt owed both by U.S. consumers and the U.S. government limit their ability to engineer a stronger economic recovery.

The U.S. financial markets reflect the crosscurrents now impacting the U.S. economy. Today's historically low interest rates reflect the Fed's easy monetary policy and the demand for U.S. government debt by U.S. and overseas investors looking for a safe haven for investment. Despite a continued corporate earnings recovery, equity markets continue to reflect concern about the possibility of a "double dip" recession. Encouragingly, financial institutions are rebuilding their balance sheets and the financial reform legislation enacted this summer has the potential to address many of the most significant contributors to the financial crisis, although many details still have to be worked out.

In this difficult environment, your Nuveen investment team continues to seek sustainable investment opportunities and, at the same time, remains alert for potential risks that may result from a recovery still facing many headwinds. As your representative, the Nuveen Fund Board monitors the activities of each investment team to assure that all maintain their investment disciplines. As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen Fund.

On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner  
Chairman of the Board  
September 22, 2010

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## Portfolio Managers' Comments

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)  
Nuveen Texas Quality Income Municipal Fund (NTX)

Portfolio managers Scott Romans and Daniel Close review economic and municipal market conditions at the national and state levels, key investment strategies, and the twelve-month performance of these five Nuveen Funds. Scott, who has been with Nuveen since 2000, has managed the Arizona Funds since 2003. Dan, who joined Nuveen in 2000, assumed portfolio management responsibility for NTX in 2007.

What factors affected the U.S. economic and municipal market environments during the twelve-month reporting period ended July 31, 2010?

During this period, there continued to be considerable stress on the economy and both the Federal Reserve (Fed) and the federal government took actions intended to improve the overall economic environment. For its part, the Fed continued to hold the benchmark fed funds rate in a target range of zero to 0.25%. At its June 2010 meeting, the central bank renewed its pledge to keep the fed funds rate “exceptionally low” for an “extended period.” The federal government focused on implementing a \$787 billion economic stimulus package intended to provide job creation, tax relief, fiscal assistance to state and local governments and expansion of unemployment benefits.

These and other measures taken by the Fed and the government to ease the economic recession helped to produce some signs of improvement. Over the four calendar quarters comprising most of this period, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at annualized rates of 1.6%, 5.0%, 3.7% and 1.6%, respectively. This marked the first time since 2007 that the economy managed to string together four consecutive positive quarters. Housing also provided something of a bright spot, as the S&P/Case-Shiller Home Price Index of average residential prices gained 3.6% for the twelve months ended June 2010 (the most recent data available at the time this report was produced). This moved average home prices across the United States to levels similar to where they were in the autumn of 2003.

Inflation continued to be relatively tame, as the Consumer Price Index (CPI) rose 1.2% year-over-year as of July 2010. The labor markets remained weak, with the national unemployment rate at 9.5% as of July 2010. This compares with the 26-year high of 10.1% in October 2009 and a rate of 9.4% in July 2009.

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

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Municipal market conditions began to show general signs of improvement throughout most of the period, as strong cash flows into municipal bond funds combined with tighter supply of new tax-exempt issuance to create favorable supply and demand conditions. The reduced issuance of tax-exempt municipal debt was due in part to the introduction of the Build America Bond program in 2009. Build America Bonds are a new class of taxable municipal debt, created as part of the February 2009 economic stimulus package. These bonds currently offer municipal issuers a federal subsidy equal to 35% of the bond's interest payments, often times providing issuers with a lower cost alternative to traditional tax-exempt debt. During the twelve months ended July 31, 2010, taxable Build America Bonds issuance totaled \$102.8 billion, accounting for over 24% of new bonds issued in the municipal market.

Over the twelve months ended July 31, 2010, municipal bond issuance nationwide—both tax-exempt and taxable—totaled \$420.8 billion, an increase of 20% compared with the twelve-month period ended July 31, 2009. However, if taxable Build America Bond issuance were removed from the equation, the supply of tax-exempt bonds alone fell more than 4%. Demand for tax-exempt securities generally remained strong during this period, bolstered in part by the prospect of higher tax rates in the future. Combined with the lower supply of tax-exempt bonds, this drove prices on municipal bonds higher.

How were the economic and market environments in Arizona and Texas during this period?

Like the national economy, Arizona recently took small steps toward economic improvement. Growth in the education and health services sector continued to provide some stability on the jobs front, and the professional and business services, leisure and hospitality and financial services sectors all saw fewer job losses than they did in the previous twelve months. However, Arizona's overall employment picture remained weak, as the state's unemployment rate for July 2010 reached 9.6%, the highest in 27 years, up from 9.4% in July 2009. The construction sector continued to be the hardest hit, losing more than 50% of its jobs since the recession began in 2007. For fiscal 2011, the \$8.5 billion Arizona state budget closed an estimated \$3 billion budget gap through spending cuts, federal stimulus funding, and a voter-approved one-cent sales tax increase effective through May 2013. In November 2010, Arizona voters will decide two additional proposals that would redirect money from two voter-established funds (land conservation and early childhood programs) to the state's general fund. As of July 31, 2010, Moody's listed Arizona's issuer credit rating at Aa2 with a stable outlook, while Standard & Poor's (S&P) rated the state at AA- with a negative outlook. For the twelve months ended July 31, 2010, municipal issuance (both taxable and tax-free) in Arizona totaled \$5.3 billion, down almost 38% from the previous twelve months.

In Texas, the economic recovery appeared to be proceeding at a somewhat faster pace than in the nation as a whole, as a strong rebound in the state's exports—chiefly, crude energy products, petrochemicals and electronics—provided major support over the period. Although demand from Europe was projected to taper off, the market for these products was expected to remain strong in Asia, Latin America and domestically. In

recent months, the education and health services, government, leisure and hospitality and professional and business services sectors of the Texas market have all posted job gains, although construction and information services continued to suffer losses. While unemployment in Texas rose from 7.9% in July 2009 to 8.2% in July 2010, its highest level since 1987, the state's jobless rate remained below the national average of 9.5%. The strength of the Texas job market was reflected in the stability of the state's housing market, which also benefited from the fact that Texas did not participate in subprime lending to the extent of many other states. As Texas headed into fiscal 2011, the state was facing a shortfall of approximately \$18 billion in its \$182 billion fiscal 2010-2011 biennium budget. As of July 31, 2010, Moody's and S&P rated Texas general obligation (GO) debt at Aaa and AA+, respectively; both rating agencies maintained stable outlooks for the state. For the twelve months ended July 31, 2010, municipal issuance (both taxable and tax-free) in Texas totaled \$34.1 billion, an increase of 12% over the previous twelve months. Texas continued to rank as the third largest state issuer behind California and New York.

What key strategies were used to manage the Arizona and Texas Funds during this reporting period?

As previously mentioned, the supply of tax-exempt bonds nationally tightened during this period, due in part to the introduction of taxable Build America Bonds in April 2009. This program also impacted the availability of tax-exempt bonds in both Texas and Arizona, which ranked 6th and 19th, respectively, among the 50 states by dollar amount of bonds issued under the Build America Bond program during the first half of 2010. For the twelve months ended July 2010, Build America Bonds accounted for approximately 23% of municipal supply in Texas and 24% in Arizona, where overall issuance was already down significantly. Since interest payments from Build America Bonds represent taxable income, we do not view these bonds as good investment opportunities for these Funds.

Despite the constrained issuance of tax-exempt municipal bonds, we continued to find attractive value opportunities, taking a bottom-up approach to discovering undervalued sectors and individual credits with the potential to perform well over the long term. In the Arizona Funds, we found value in several areas of the market, including health care, utilities and community facilities district (CFD) bonds associated with land development projects, also known as "dirt deals," which we purchased in both the primary and secondary markets. In general, we focused on bonds at the lower end of the quality spectrum, which we believed offered value relative to historical credit spreads, particularly during the earlier part of the period. We also purchased higher quality bonds when necessary to keep the Funds fully invested.

In NTX, our purchases during the second half of this period included single A rated health care and public power bonds, an insured higher education issue (with a single-A underlying rating), and a BBB rated, zero coupon toll road credit. Earlier in the period, NTX also purchased several GO credits and toll road, electric utility and tax incremental financing (TIF) district bonds.

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Some of this investment activity resulted from opportunities created by the provisions of the Build America Bond program. For example, tax-exempt supply was more plentiful in the health care and higher education sectors because, as 501(c)(3) (nonprofit) organizations, hospitals and private universities generally do not qualify for the Build America Bond program and must continue to issue bonds in the tax-exempt municipal market. Bonds with proceeds earmarked for refundings, working capital and private activities also are not covered by the Build America Bond program and this resulted in attractive opportunities in various other sectors of the market.

The impact of the Build America Bond program was also evident in the area of longer-term issuance, as municipal issuers sought to take full advantage of the attractive financing terms offered by these bonds. Approximately 70% of Build America Bonds were issued with maturities of at least 30 years. Even though this significantly reduced the availability of tax-exempt credits with longer maturities, we continued to find good opportunities to purchase attractive longer-term bonds for these Funds. For example, nearly all of the bonds purchased in NTX during the second half of the period offered longer maturities. These bonds helped us to maintain NTX's duration and also rewarded investors as the yield curve remained relatively steep.

Cash for new purchases during this period was generated primarily by the proceeds from called and maturing bonds, which we worked to redeploy to keep the Funds fully invested. In NTX, we also sold a couple of pre-refunded bonds with very short maturities. On the whole, however, selling was relatively limited during this period, as the bonds in our portfolios generally offered higher yields than those available in the current marketplace.

As of July 31, 2010, all five of these Funds continued to use inverse floating rate securities.<sup>1</sup> We employ inverse floaters as a form of leverage for a variety of reasons, including duration management, income enhancement and total return enhancement.

<sup>1</sup> An inverse floating rate security, also known as an inverse floater, 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 this reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in this Report sections of this report.

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How did the Funds perform?

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

Average Annual Total Returns on Common Share Net Asset Value For periods ended 7/31/10

Arizona Funds	1-Year		5-Year		10-Year	
NAZ	13.94	%	4.11	%	5.44	%
NFZ	17.93	%	3.71	%	5.65	%
NKR	14.75	%	4.36	%	6.04	%
NXE	16.66	%	4.42	%	5.10	%
Standard & Poor's (S&P) Arizona Municipal Bond Index <sup>2</sup>	9.47	%	4.74	%	5.51	%
Standard & Poor's (S&P) National Municipal Bond Index <sup>3</sup>	9.88	%	4.51	%	5.58	%
Lipper Other States Municipal Debt Funds Average <sup>4</sup>	14.58	%	4.31	%	6.27	%
Texas Fund						
NTX	14.71	%	4.89	%	6.50	%
Standard & Poor's (S&P) Texas Municipal Bond Index <sup>2</sup>	10.20	%	4.89	%	5.81	%
Standard & Poor's (S&P) National Municipal Bond Index <sup>3</sup>	9.88	%	4.51	%	5.58	%
Lipper Other States Municipal Debt Funds Average <sup>4</sup>	14.58	%	4.31	%	6.27	%

For the twelve months ended July 31, 2010, the total returns on common share net asset value (NAV) for all of the Arizona and Texas Funds exceeded the returns for their respective state's Standard & Poor's (S&P) Municipal Bond Index as well as that of the S&P National Municipal Bond Index. For the same period, NFZ, NKR, NXE and NTX outperformed the average return for the Lipper Other States Municipal Debt Funds Average, while NAZ lagged this Lipper average.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, credit exposure and sector allocation. In addition, the use of structural leverage was an important positive factor during this period. The impact of structural leverage is discussed in more detail on page eight.

During this period, bonds with longer maturities generally outperformed those with shorter maturities, with bonds at the longest end of the yield curve posting the strongest returns. The outperformance of longer term bonds was due in part to the decline in interest rates, particularly at the longer end of the curve. The scarcity of tax-exempt bonds with longer maturities also drove up the prices of these bonds. Overall, yield curve positioning and duration proved positive for the performance of NAZ, NXE and NTX, with NFZ having the longest duration among these Funds. All four of these Funds were underweighted in the shortest part of the yield curve that produced the weakest returns. However, yield curve positioning and duration were a net negative for NKR, which had the shortest duration among these Funds. In particular, the performance of this Fund was restrained by its overweighting in the underperforming short intermediate part of the curve.

Credit exposure also played an important role in performance in these funds. The demand for municipal bonds increased during this period driven by a variety of factors,

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 The Standard & Poor's (S&P) Municipal Bond Indexes for Arizona and Texas are unleveraged, market value-weighted indexes designed to measure the performance of the tax-exempt, investment-grade Arizona and Texas municipal bond markets, respectively. These indexes do not reflect any initial or ongoing expenses and are not available for direct investment.
- 3 The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. These indexes do not reflect any or ongoing expenses and are not available for direct investment.
- 4 The Lipper Other States Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 46 funds; 5-year, 46 funds; and 10-year, 20 funds. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

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including concerns about potential tax increases, the need to rebalance portfolio allocations and a growing appetite for additional risk. At the same time, the supply of new tax-exempt municipal paper declined, due largely to the Build America Bond program. As investors bid up municipal bond prices, bonds rated BBB or below and non-rated bonds generally outperformed those rated AAA. In this environment, the performance of all of these Funds benefited from their overexposure to lower quality credits. Because NAZ cannot invest in sub-investment grade securities (those rated BB and lower by at least one Nationally Recognized Statistical Rating Organization (NRSRO) or those non-rated), which performed well, the contribution from credit exposure was smaller in this Fund.

Holdings that generally contributed to the Funds' returns during this period included industrial development revenue (IDR) and health care bonds, both of which exceeded the overall municipal market return by substantial margins. NTX, in particular, benefited from its overweight in IDR credits. Revenue bonds as a whole performed well, with transportation, special tax and leasing among the other sectors that outperformed the general municipal market. Zero coupon bonds also were among the strongest performers.

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities, performed relatively poorly during this period. The underperformance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. As of July 31, 2010, NKR, NXE and NTX held the heaviest weightings of pre-refunded bonds, while NFZ had the smallest holding of these bonds. Among the revenue sectors, resource recovery trailed the overall municipal market by the widest margin and electric utilities and water and sewer also turned in weaker performances. In addition, many general obligation and other tax-supported bonds failed to keep pace with the market for the twelve months.

One sector that generally performed in line with the market but that outperformed dramatically for the Arizona Funds was the "other revenue" sector. In Arizona, the other revenue sector is focused largely on CFD or land development bonds, also known as "dirt deals." This area of the market had been hit hard in the states most affected by the housing crisis, including California, Florida and Arizona. In California, which is a relatively high wealth state with higher taxes and a more developed market for this type of credit, we saw dirt deal bonds begin to rally, while the Arizona market for these bonds continued to lag. This occurred despite the fact that, because of Arizona's smaller, less developed market for dirt deals, Arizona-issued bonds of this type generally have stronger fundamental credit quality and security features. During this twelve-month reporting period, however, as investors sought higher yields, these Arizona bonds became very attractive to buyers and performed exceptionally well. The performances of NFZ, NKR and NXE were boosted by their significant exposure to Arizona dirt deals, especially to non-rated CFD bonds that were judged to be in the sub-investment grade credit quality category by Nuveen Asset Management. In NKR, as mentioned previously, this contribution was offset to some degree by the Fund's shorter duration. Also as noted above, NAZ's participation in the Arizona dirt deal rally was limited by its inability to invest in sub-investment grade bonds.

#### IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of these Funds relative to the comparative indexes was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can

expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a Fund generally are rising.

Leverage made a positive contribution to the performance of all these Funds over this reporting period.

#### RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURE

Shortly after their inceptions, each of the Funds issued auction rate preferred shares (ARPS) to create financial leverage. As noted in past shareholder reports, the ARPS issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more ARPS have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. In fact, offers to buy have been almost completely non-existent since late February 2008. This means that these auctions have "failed to clear," and that many, or all, of the ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. This lack of liquidity in ARPS did not lower the credit quality of these shares, and ARPS shareholders unable to sell their shares continued to receive distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the ARPS. In the recent market, with short-term rates at multi-generational lows, those maximum rates also have been low.

One continuing implication for common shareholders from the auction failures is that each Fund's cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, each Fund's common share earnings likely have been incrementally lower at times than they otherwise might have been.

As noted in past shareholder reports, the Nuveen funds' Board of Directors/Trustees authorized several methods to refinance a portion of the Nuveen funds' outstanding ARPS. Some funds have utilized tender option bonds (TOBs), also known as inverse floating rate securities, for leverage purposes. The amount of TOBs that a fund may use varies according to the composition of each fund's portfolio. Some funds have a greater ability to use TOBs than others. Some funds have issued Variable Rate Demand Preferred (VRDP) Shares, a floating rate form of preferred stock. Some funds have issued MuniFund Term Preferred (MTP) Shares, a fixed rate form of preferred stock with a mandatory redemption period of five years.

While all these efforts have reduced the total amount of outstanding ARPS issued by the Nuveen funds, the funds cannot provide any assurance on when the remaining outstanding ARPS might be redeemed.

In April and May 2010, 30 Nuveen leveraged closed-end funds, including NXE, received a demand letter from a law firm on behalf of purported holders of common shares of each such fund, alleging that Nuveen and the funds' officers and Board of Directors/ Trustees breached their fiduciary duties related to the redemption at par of the funds' ARPS. In response, the Board established an ad hoc Demand Committee consisting of certain of its disinterested and independent Board members to investigate the claims. The Demand Committee retained independent counsel to assist it in conducting an extensive investigation. Based upon its investigation, the Demand Committee found





that it was not in the best interests of each fund or its shareholders to take the actions suggested in the demand letters, and recommended that the full Board reject the demands made in the demand letters. After reviewing the findings and recommendation of the Demand Committee, the full Board of each fund unanimously adopted the Demand Committee's recommendation.

Subsequently, twenty of the funds that received demand letters (not including NXE) were named as nominal defendants in a putative shareholder derivative action complaint captioned Safier and Smith v. Nuveen Asset Management, et al. that was filed in the Circuit Court of Cook County, Illinois, Chancery Division (the "Cook County Chancery Court") on July 27, 2010. Three additional funds (not including NXE) were named as nominal defendants in a similar complaint captioned Curbow v. Nuveen Asset Management, et al. filed in the Cook County Chancery Court on August 12, 2010, and three additional funds (including NXE) were named as nominal defendants in a similar complaint captioned Beidler v. Nuveen Asset Management, et al. filed in the Cook County Chancery Court on September 21, 2010 (collectively, the "Complaints"). The Complaints, filed on behalf of purported holders of each fund's common shares, also name Nuveen Asset Management as a defendant, together with current and former Officers and Trustees of each of the funds (together with the nominal defendants, collectively, the "Defendants"). The Complaints contain the same basic allegations contained in the demand letters. The suits seek a declaration that the Defendants have breached their fiduciary duties, an order directing the Defendants not to redeem any ARPS at their liquidation value using fund assets, indeterminate monetary damages in favor of the funds and an award of plaintiffs' costs and disbursements in pursuing the action. Nuveen Asset Management believes that the Complaints are without merit, and intends to defend vigorously against these charges.

As of July 31, 2010, the amounts of ARPS redeemed by the Funds are as shown in the accompanying table.

Fund	Auction Rate Preferred Shares Redeemed	% of Original Auction Rate Preferred Share
NAZ	\$ 2,125,000	7.1 %
NFZ	\$ 1,400,000	11.7 %
NKR	\$ 1,875,000	10.1 %
NXE	\$ 3,600,000	16.4 %
NTX	\$ 3,950,000	5.7 %

During the twelve-month reporting period, NFZ, NKR and NXE filed with the Securities and Exchange Commission (SEC) a registration statement seeking to register MTP. These registration statements, declared effective by the SEC, enable the Funds to issue to the public shares of MTP to refinance all or a portion of their ARPS. The issuance of MTP by NFZ, NKR and NXE is subject to market conditions. There is no assurance that these MTP shares will be issued.

As of July 31, 2010, 83 out of the 84 Nuveen closed-end municipal funds that had issued ARPS have redeemed, at par, all or a portion of these shares. These redemptions bring the total amount of Nuveen's municipal closed-end funds' ARPS redemptions to approximately \$4.4 billion of the approximately \$11 billion outstanding.

For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: <http://www.nuveen.com/arps>.



Common Share Dividend and  
Share Price Information

During the twelve-month reporting period ended July 31, 2010, NFZ and NKR each had four monthly dividend increases and NAZ, NXE and NTX each had three monthly dividend increases.

Due to normal portfolio activity, common shareholders of NTX received a long-term capital gains distribution of \$0.0118 per share and a short-term capital gains distribution of \$0.0002 per share at the end of December 2009.

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 July 31, 2010, all five of the Funds in this report had positive UNII balances for both tax and financial reporting purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

As of July 31, 2010, and since the inception of the Funds' repurchase program, NFZ, NKR and NXE have cumulatively repurchased their outstanding common shares as shown in the accompanying table. Since the inception of the Funds' repurchase program, NAZ and NTX have not repurchased any of their outstanding common shares.

Fund	Common Shares Repurchased	% of Outstanding Common Shares
NFZ	2,500	0.2 %
NKR	800	0.0 %
NXE	1,600	0.1 %

During the twelve-month reporting period, NFZ, NKR and NXE did not repurchase any of their outstanding common shares.

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As of July 31, 2010, the Funds' common share prices were trading at (+) premiums or (-) discounts to their common share NAVs as shown in the accompanying table.

Fund	7/31/10		Twelve-Month Average	
	(+)Premium/(-)Discount	(+)Premium/(-)Discount	(+)Premium/(-)Discount	(+)Premium/(-)Discount
NAZ	-4.65	%	-4.09	%
NFZ	-0.07	%	-6.83	%
NKR	-4.98	%	-6.68	%
NXE	-6.94	%	-7.43	%
NTX	+12.72	%	+6.50	%

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NAZ  
Performance  
OVERVIEW

Nuveen Arizona  
Premium Income  
Municipal Fund, Inc.

as of July 31, 2010

Fund Snapshot

Common Share Price	\$13.34	
Common Share Net Asset Value	\$13.99	
Premium/(Discount) to NAV	-4.65	%
Market Yield	5.62	%
Taxable-Equivalent Yield <sup>1</sup>	8.18	%
Net Assets Applicable to Common Shares (\$000)	\$62,549	
Average Effective Maturity on Securities (Years)	17.83	
Leverage-Adjusted Duration	7.86	

Average Annual Total Return  
(Inception 11/19/92)

	On Share		On NAV	
	Price			
1-Year	14.47	%	13.94	%
5-Year	2.37	%	4.11	%
10-Year	4.48	%	5.44	%

Portfolio Composition  
(as a % of total investments)

Tax Obligation/Limited	23.9	%
Utilities	16.8	%
Health Care	15.5	%
Water and Sewer	14.7	%
Education and Civic Organizations	9.6	%
U.S. Guaranteed	7.7	%
Tax Obligation/General	7.7	%
Other	4.1	%

[Missing Graphic Reference]

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

<sup>1</sup> 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 combined federal and state income tax rate of 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

12 Nuveen  
Investments

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NFZ  
Performance  
OVERVIEW

Nuveen Arizona  
Dividend Advantage  
Municipal Fund  
as of July 31, 2010

Fund Snapshot

Common Share Price	\$14.19		
Common Share			
Net Asset Value	\$14.20		
Premium/(Discount) to NAV	-0.07	%	
Market Yield	5.45	%	
Taxable-Equivalent Yield <sup>1</sup>	7.93	%	
Net Assets Applicable to Common Shares (\$000)	\$21,984		
Average Effective Maturity on Securities (Years)	15.57		
Leverage-Adjusted Duration	8.74		

Average Annual Total Return  
(Inception 1/30/01)

	On Share		On NAV	
	Price			
1-Year	23.34	%	17.93	%
5-Year	2.88	%	3.71	%
Since Inception	5.08	%	5.65	%

Portfolio Composition  
(as a % of total investments)

Tax Obligation/Limited	32.2	%
Utilities	21.4	%
Health Care	12.4	%
Water and Sewer	9.5	%
Tax Obligation/General	8.0	%
Education and Civic Organizations	7.2	%
U.S. Guaranteed	4.8	%
Other	4.5	%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

<sup>1</sup> 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 combined federal and state income tax rate of 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

Nuveen Investments 13

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NKR  
Performance  
OVERVIEW

Nuveen Arizona  
Dividend Advantage  
Municipal Fund 2

as of July 31, 2010

Fund Snapshot		
Common Share Price		\$13.92
Common Share		
Net Asset Value		\$14.65
Premium/(Discount) to NAV		-4.98 %
Market Yield		5.78 %
Taxable-Equivalent Yield <sup>1</sup>		8.41 %
Net Assets Applicable to Common Shares (\$000)		\$35,733
Average Effective Maturity on Securities (Years)		14.18
Leverage-Adjusted Duration		6.49

Average Annual Total Return  
(Inception 3/25/02)

	On Share		On NAV	
	Price			
1-Year	17.65	%	14.75	%
5-Year	2.67	%	4.36	%
Since Inception	4.94	%	6.04	%

Portfolio Composition  
(as a % of total investments)

Tax Obligation/Limited	31.5	%
Health Care	16.9	%
Tax Obligation/General	13.9	%
U.S. Guaranteed	12.0	%
Water and Sewer	8.7	%
Education and Civic Organizations	6.0	%
Utilities	4.2	%
Other	6.8	%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance

Overview page.

<sup>1</sup> 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 combined federal and state income tax rate of 31.3%. When comparing

this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

<sup>2</sup> Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes

bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

14 Nuveen  
Investments

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NXE  
Performance  
OVERVIEW

Nuveen Arizona  
Dividend Advantage  
Municipal Fund 3  
as of July 31, 2010

Fund Snapshot

Common Share Price	\$13.14	
Common Share		
Net Asset Value	\$14.12	
Premium/(Discount) to NAV	-6.94	%
Market Yield	5.75	%
Taxable-Equivalent Yield <sup>1</sup>	8.37	%
Net Assets Applicable to Common Shares (\$000)	\$43,280	
Average Effective Maturity on Securities (Years)	16.01	
Leverage-Adjusted Duration	7.20	

Average Annual Total Return  
(Inception 9/25/02)

	On Share		On NAV	
	Price			
1-Year	18.58	%	16.66	%
5-Year	3.43	%	4.42	%
Since Inception	3.78	%	5.10	%

Portfolio Composition  
(as a % of total investments)

Tax Obligation/Limited	22.7	%
Health Care	20.9	%
Education and Civic Organizations	11.9	%
U.S. Guaranteed	10.2	%
Water and Sewer	10.0	%
Transportation	9.7	%
Utilities	9.6	%
Other	5.0	%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

<sup>1</sup> 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 combined federal and state income tax rate of 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

Nuveen Investments 15

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NTX  
Performance  
OVERVIEW

Nuveen Texas  
Quality Income  
Municipal Fund

as of July 31, 2010

Fund Snapshot

Common Share Price	\$ 16.92	
Common Share Net Asset Value	\$ 15.01	
Premium/(Discount) to NAV	12.72	%
Market Yield	5.07	%
Taxable-Equivalent Yield <sup>1</sup>	7.04	%
Net Assets Applicable to Common Shares (\$000)	\$ 143,080	
Average Effective Maturity on Securities (Years)	15.92	
Leverage-Adjusted Duration	6.98	

Average Annual Total Return  
(Inception 10/17/91)

	On Share Price		On NAV	
1-Year	20.92	%	14.71	%
5-Year	6.65	%	4.89	%
10-Year	9.03	%	6.50	%

Portfolio Composition

(as a % of total investments)

Tax Obligation/General	30.9	%
Education and Civic Organizations	10.9	%
U.S. Guaranteed	10.4	%
Health Care	8.8	%
Utilities	8.7	%
Water and Sewer	7.9	%
Transportation	7.0	%
Tax Obligation/Limited	6.3	%
Other	9.1	%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance

Overview page.

<sup>1</sup> 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 invest-

ments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

<sup>2</sup> Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes

bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

<sup>3</sup> The Fund paid shareholders capital gains and net ordinary income distributions in December 2009 of \$0.0120 per share.

16 Nuveen  
Investments

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NAZ Shareholder Meeting Report  
NFZ

NKR

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 30, 2009; at this meeting the shareholders were asked to vote on the election of Board Members, the elimination of Fundamental Investment Policies and the approval of new Fundamental Investment Policies. The meeting for all funds was subsequently adjourned to January 12, 2010; the meeting for NAZ and NKR was additionally adjourned to March 23, 2010. The meeting for NKR was additionally adjourned to March 30, 2010.

	NAZ		NFZ		NKR	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
To approve the elimination of the Fund's fundamental policy relating to investments in municipal securities and below investment grade securities.						
For	2,280,789	873	771,037	256	1,200,028	319
Against	233,433	139	47,643	7	75,228	91
Abstain	93,611	17	38,273	—	55,084	7
Broker Non-Votes	566,661	—	196,335	—	379,788	117
Total	3,174,494	1,029	1,053,288	263	1,710,128	534
To approve the new fundamental policy relating to investments in municipal securities for the Fund.						
For	2,390,577	873	782,112	256	1,206,462	319
Against	140,959	139	42,868	7	72,814	91
Abstain	76,297	17	31,973	—	51,064	7
Broker Non-Votes	566,661	—	196,335	—	379,788	117
Total	3,174,494	1,029	1,053,288	263	1,710,128	534
To approve the elimination of the fundamental policy prohibiting investment in other investment companies.						

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For	2,381,154	873	—	—	—	—
Against	141,502	139	—	—	—	—
Abstain	85,177	17	—	—	—	—
Broker Non-Votes	566,661	—	—	—	—	—
Total	3,174,494	1,029	—	—	—	—
To approve the elimination of the fundamental policy relating to derivatives and short sales.						
For	2,267,770	873	—	—	—	—
Against	257,385	139	—	—	—	—
Abstain	82,678	17	—	—	—	—
Broker Non-Votes	566,661	—	—	—	—	—
Total	3,174,494	1,029	—	—	—	—
To approve the elimination of the fundamental policy relating to commodities.						
For	2,259,516	873	—	—	—	—
Against	267,358	139	—	—	—	—
Abstain	80,959	17	—	—	—	—
Broker Non-Votes	566,661	—	—	—	—	—
Total	3,174,494	1,029	—	—	—	—
To approve the new fundamental policy relating to commodities.						
For	2,260,959	873	—	—	—	—
Against	260,594	139	—	—	—	—
Abstain	86,280	17	—	—	—	—
Broker Non-Votes	566,661	—	—	—	—	—
Total	3,174,494	1,029	—	—	—	—

Nuveen Investments 17



NAZ  
NFZ  
NKR

Shareholder Meeting Report (continued)

	NAZ		NFZ		NKR	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Approval of the Board Members was reached as follows:						
John P. Amboian						
For	2,929,434	—	—	—	—	—
Withhold	244,566	—	—	—	—	—
Total	3,174,000	—	—	—	—	—
Robert P. Bremner						
For	2,918,583	—	1,004,873	—	1,604,900	—
Withhold	255,417	—	48,415	—	105,101	—
Total	3,174,000	—	1,053,288	—	1,710,001	—
Jack B. Evans						
For	2,917,233	—	1,004,873	—	1,604,900	—
Withhold	256,767	—	48,415	—	105,101	—
Total	3,174,000	—	1,053,288	—	1,710,001	—
William C. Hunter						
For	—	362	—	219	—	216
Withhold	—	173	—	44	—	190
Total	—	535	—	263	—	406
David J. Kundert						
For	2,929,084	—	—	—	—	—
Withhold	244,916	—	—	—	—	—
Total	3,174,000	—	—	—	—	—
William J. Schneider						
For	—	362	—	219	—	216
Withhold	—	173	—	44	—	190
Total	—	535	—	263	—	406
Judith M. Stockdale						
For	2,926,384	—	—	—	—	—
Withhold	247,616	—	—	—	—	—
Total	3,174,000	—	—	—	—	—
Carole E. Stone						
For	2,928,084	—	—	—	—	—
Withhold	245,916	—	—	—	—	—
Total	3,174,000	—	—	—	—	—
Terence J. Toth						
For	2,927,384	—	—	—	—	—
Withhold	246,616	—	—	—	—	—

Total	3,174,000	—	—	—	—	—
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18 Nuveen  
Investments

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NXE  
NTX

	NXE		NTX	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
To approve the elimination of the Fund's fundamental policy relating to investments in municipal securities and below investment grade securities.				
For	1,604,588	547	4,575,435	1,768
Against	73,702	24	377,271	28
Abstain	39,454	—	129,374	2
Broker Non-Votes	469,959	—	1,499,903	—
Total	2,187,703	571	6,581,983	1,798
To approve the new fundamental policy relating to investments in municipal securities for the Fund.				
For	1,609,489	547	4,613,150	1,735
Against	63,670	24	336,083	61
Abstain	44,585	—	132,847	2
Broker Non-Votes	469,959	—	1,499,903	—
Total	2,187,703	571	6,581,983	1,798
To approve the elimination of the fundamental policy prohibiting investment in other investment companies.				
For	—	—	4,544,203	1,735
Against	—	—	395,405	63
Abstain	—	—	142,472	—
Broker Non-Votes	—	—	1,499,903	—
Total	—	—	6,581,983	1,798
To approve the elimination of the fundamental policy relating to derivatives and short sales.				
For	—	—	4,548,122	1,737
Against	—	—	392,713	61
Abstain	—	—	141,245	—
Broker Non-Votes	—	—	1,499,903	—
Total	—	—	6,581,983	1,798
To approve the elimination of the fundamental policy relating to commodities.				
For	—	—	4,554,664	1,735
Against	—	—	391,793	63
Abstain	—	—	135,623	—
Broker Non-Votes	—	—	1,499,903	—
Total	—	—	6,581,983	1,798
To approve the new fundamental policy relating				

to commodities.

For	—	—	4,492,126	1,735
Against	—	—	457,240	61
Abstain	—	—	132,714	2
Broker Non-Votes	—	—	1,499,903	—
Total	—	—	6,581,983	1,798

Nuveen Investments 19

## Shareholder Meeting Report (continued)

NXE  
NTX

	NXE		NTX	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Approval of the Board Members was reached as follows:				
John P. Amboian				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
Robert P. Bremner				
For	2,113,145	—	6,340,269	—
Withhold	74,558	—	241,714	—
Total	2,187,703	—	6,581,983	—
Jack B. Evans				
For	2,115,870	—	6,346,942	—
Withhold	71,833	—	235,041	—
Total	2,187,703	—	6,581,983	—
William C. Hunter				
For	—	476	—	1,569
Withhold	—	95	—	229
Total	—	571	—	1,798
David J. Kundert				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
William J. Schneider				
For	—	476	—	1,569
Withhold	—	95	—	229
Total	—	571	—	1,798
Judith M. Stockdale				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
Carole E. Stone				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
Terence J. Toth				
For	—	—	—	—

Withhold	—	—	—	—
Total	—	—	—	—

20 Nuveen  
Investments

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Report of Independent  
Registered Public Accounting Firm

The Board of Directors/Trustees and Shareholders  
Nuveen Arizona Premium Income Municipal Fund, Inc.  
Nuveen Arizona Dividend Advantage Municipal Fund  
Nuveen Arizona Dividend Advantage Municipal Fund 2  
Nuveen Arizona Dividend Advantage Municipal Fund 3  
Nuveen Texas Quality Income Municipal Fund

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3 and Nuveen Texas Quality Income Municipal Fund (the "Funds"), as of July 31, 2010, 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 July 31, 2010, 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 Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3 and Nuveen Texas Quality Income Municipal Fund at July 31, 2010, the results of their operations for the year then ended, the 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.

Chicago, Illinois  
September 27, 2010

Nuveen Investments 21





Nuveen Arizona Premium Income Municipal Fund, Inc.  
 NAZ Portfolio of Investments

July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Consumer Staples – 1.2% (0.8% of Total Investments)			
\$ 765	Puerto Rico, The Children’s Trust Fund, Tobacco Settlement	5/12 at 100.00	BBB	\$ 730,613
	Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33			
	Education and Civic Organizations – 13.5% (9.6% of Total Investments)			
2,500	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction	9/10 at 100.00	A	2,055,600
1,000	Rate Securities, 0.585%, 11/01/41 (Alternative Minimum Tax) (4)			
	Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 – FGIC Insured	7/12 at 100.00	AA	1,056,590
1,455	Arizona State University, System Revenue Bonds, Series 2005: 5.000%, 7/01/20 – AMBAC Insured	7/15 at 100.00	Aa3	1,527,634
750	5.000%, 7/01/21 – AMBAC Insured	7/15 at 100.00	Aa3	782,490
1,600	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A-	1,607,824
1,500	Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University	7/13 at 100.00	N/R	1,410,300
8,805	Foundation Project, Series 2003, 5.000%, 7/01/34 – AMBAC Insured			8,440,438
	Total Education and Civic Organizations			
	Health Care – 21.8% (15.5% of Total Investments)			
1,430	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25	1/17 at 100.00	A+	1,456,655
885	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.167%, 1/01/37	1/17 at 100.00	A+	573,834
3,470	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	A+	3,552,551
675	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health	12/15 at 100.00	BBB	619,488
1,110	Network, Series 2005B, 5.000%, 12/01/37			
	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health	12/17 at 100.00	BBB	1,001,775
2,150	Network, Series 2007, 5.000%, 12/01/42		A	2,227,379

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	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23	7/14 at 100.00		
2,800	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	2,843,680
515	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion, Series 2000A, 6.375%, 11/15/15	11/10 at 101.00	Aa1	526,953
950	Winslow Industrial Development Authority, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital, Series 1998, 5.500%, 6/01/22	12/10 at 100.00	N/R	852,017
13,985	Total Health Care Housing/Single Family – 4.6% (3.3% of Total Investments)			13,654,332
795	Phoenix and Pima County Industrial Development Authority, Arizona, Single Family Mortgage Revenue Bonds, Series 2007-4, 5.800%, 12/01/39 (Alternative Minimum Tax)	7/17 at 103.00	Aaa	822,332
2,010	Tucson and Pima County Industrial Development Authority, Arizona, Joint Single Family Mortgage Revenue Bonds, Series 2007B, 5.350%, 6/01/47 (Alternative Minimum Tax)	6/17 at 101.00	Aaa	2,052,130
2,805	Total Housing/Single Family			2,874,462

22 Nuveen  
Investments

Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/General – 10.8% (7.7% of Total Investments)			
\$ 1,265	Gila County Unified School District 10 Payson, Arizona, School Improvement Bonds, Project 2006, Series 2008B, 5.750%, 7/01/28	7/18 at 100.00	Aa3	\$ 1,390,083
1,200	Maricopa County Unified School District 95 Queen Creek, Arizona, General Obligation Bonds, Series 2008, 5.000%, 7/01/27 – AGM Insured	7/18 at 100.00	Aa3	1,257,060
3,530	Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C, 5.250%, 7/01/28	7/18 at 100.00	A	3,761,497
330	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.375%, 7/01/28	7/11 at 100.00	A3	331,142
6,325	Total Tax Obligation/General			6,739,782
	Tax Obligation/Limited – 33.7% (23.9% of Total Investments)			
355	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	362,384
3,000	Glendale Western Loop 101 Public Facilities Corporation, Arizona, Third Lien Excise Tax Revenue Bonds, Series 2008B, 6.250%, 7/01/38	1/14 at 100.00	AA	3,153,870
1,280	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 – NPFPG Insured	8/16 at 100.00	AA–	1,347,149
740	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 – NPFPG Insured	8/16 at 100.00	AA–	786,161
575	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 – AMBAC Insured	7/13 at 100.00	AA	590,997
1,511	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	1,441,811
3,400	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 – AMBAC Insured	6/12 at 100.00	N/R	3,595,840
3,400	Mesa, Arizona, Street and Highway User Tax Revenue Bonds, Series 2005, 5.000%, 7/01/24 – AGM Insured	7/15 at 100.00	AAA	3,631,710
1,140	Pinetop Fire District of Navajo County, Arizona, Certificates of Participation, Series 2008, 7.750%, 6/15/29	6/16 at 102.00	A3	1,156,564
1,200	Prescott Valley Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 – FGIC Insured	1/13 at 100.00	AA–	1,225,428

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265	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100.00	A3	265,779
1,610	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured	7/15 at 100.00	A+	1,657,286
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24	No Opt. Call	AAA	1,178,670
645	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	683,100
20,121	Total Tax Obligation/Limited U.S. Guaranteed – 10.8% (7.7% of Total Investments) (5)			21,076,749
1,000	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 7.000%, 12/01/25 (Pre-refunded 12/01/10)	12/10 at 102.00	BBB (5)	1,041,490
1,250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31 (Pre-refunded 5/15/11)	5/11 at 101.00	AAA	1,317,688
1,250	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 – MBIA Insured (ETM)	No Opt. Call	A (5)	1,525,850

Nuveen Investments 23

NAZ

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

Portfolio of Investments July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions	(2) Ratings (3)	Value
(000)	U.S. Guaranteed (5) (continued)			
\$ 385	Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)	4/15 at 100.00	N/R (5)	\$ 449,615
735	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 (Pre-refunded 7/01/12)	7/12 at 100.00	Baa3 (5)	798,151
1,500	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 (Pre-refunded 12/01/11)	12/11 at 101.00	N/R (5)	1,624,665
6,120	Total U.S. Guaranteed Utilities – 23.6% (16.8% of Total Investments)			6,757,459
1,000	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. Call	AA	1,182,010
1,340	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29	1/15 at 100.00	BBB–	1,371,034
2,170	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/27 – SYNCORA GTY Insured	7/15 at 100.00	A3	2,190,159
530	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22	1/13 at 100.00	Aa1	567,360
715	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 17.172%, 1/01/38 (IF)	1/18 at 100.00	Aa1	856,684
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A, 5.125%, 1/01/27	1/12 at 101.00	Aa1	1,029,930
4,500	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007: 5.500%, 12/01/29	No Opt. Call	A	4,459,995
3,500	5.000%, 12/01/37	No Opt. Call	A	3,120,320
14,755	Total Utilities Water and Sewer – 20.7% (14.7% of Total Investments)			14,777,492

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1,005	Cottonwood, Arizona, Senior Lien Water System Revenue Bonds, Municipal Property Corporation, Series 2004, 5.000%, 7/01/24 – SYNCORA GTY Insured	7/14 at 100.00	A	1,006,729
3,500	Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28 – AMBAC Insured	7/13 at 100.00	AA	3,663,730
1,425	Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39	7/20 at 100.00	A2	1,432,994
600	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 – NPFGE Insured	7/13 at 100.00	AA-	620,874
1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2004, 5.000%, 7/01/24 – NPFGE Insured	7/14 at 100.00	AA+	1,055,210
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 100.00	AAA	1,549,125
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. Call	AAA	1,531,275

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Investments

Principal Amount	Description (1)	Optional Call Provisions	(2) Ratings (3)	Value
	Water and Sewer (continued)			
	Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:			
		4/14 at		\$
\$ 600	4.700%, 4/01/22	100.00	N/R	604,386
		4/17 at		
695	4.900%, 4/01/32	100.00	N/R	646,016
	Yuma County Industrial Development Authority, Arizona, Exempt	12/17 at		
905	Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)	100.00	N/R	841,478
12,480	Total Water and Sewer			12,951,817
\$ 86,161	Total Investments (cost \$83,508,446) – 140.7%			88,003,144
	Other Assets Less Liabilities – 3.9%			2,420,402
	Auction Rate Preferred Shares, at Liquidation Value – (44.6)% (6)			(27,875,000)
				\$
	Net Assets Applicable to Common Shares – 100%			62,548,546

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

Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (2) (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

Ratings (not covered by the report of independent registered public accounting firm): Using the highest of (3) Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.

Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of (4) Directors. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.

Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, (5) which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(6) Auction Rate Preferred shares, at Liquidation Value as a percentage of Total Investments is 31.7%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund  
 NFZ Portfolio of Investments

July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Education and Civic Organizations – 10.5% (7.2% of Total Investments)			
\$ 280	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.585%, 11/01/41 (Alternative Minimum Tax) (4)	9/10 at 100.00	A	\$ 230,227
500	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A–	502,445
1,000	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System, Series 1999, 5.375%, 2/01/29	8/10 at 100.50	BBB–	975,400
300	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, University of the Sacred Heart, Series 2001, 5.250%, 9/01/21	9/11 at 100.00	BBB	301,713
305	Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34	9/14 at 100.00	BBB–	288,323
2,385	Total Education and Civic Organizations			2,298,108
	Health Care – 18.0% (12.4% of Total Investments)			
565	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25	1/17 at 100.00	A+	575,532
325	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.167%, 1/01/37	1/17 at 100.00	A+	210,730
720	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	A+	737,129
10	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/28	3/13 at 100.00	A	10,002
250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37	12/15 at 100.00	BBB	229,440
415			BBB	374,538

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	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42	12/17 at 100.00		
750	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23	7/14 at 100.00	A	776,993
1,025	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	1,040,990
4,060	Total Health Care Housing/Multifamily – 3.3% (2.2% of Total Investments)			3,955,354
1,000	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Whispering Palms Apartments, Series 1999A, 5.900%, 7/01/29 – NPMG Insured Housing/Single Family – 3.3% (2.3% of Total Investments)	8/10 at 101.00	Baa1	724,150
720	Tucson and Pima County Industrial Development Authority, Arizona, Joint Single Family Mortgage Revenue Bonds, Series 2007B, 5.350%, 6/01/47 (Alternative Minimum Tax) Tax Obligation/General – 11.7% (8.0% of Total Investments)	6/17 at 101.00	Aaa	735,091
1,000	Maricopa County Unified School District 11, Peoria, Arizona, General Obligation Bonds, Second Series 2005, 5.000%, 7/01/20 – FGIC Insured	7/15 at 100.00	Aa2	1,105,900
1,340	Yuma & La Paz Counties Community College District, Arizona, General Obligation Bonds, Series 2006, 5.000%, 7/01/21 – NPMG Insured	7/16 at 100.00	Aa2	1,458,912
2,340	Total Tax Obligation/General Tax Obligation/Limited – 46.8% (32.2% of Total Investments)			2,564,812
1,220	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.000%, 7/01/31 – NPMG Insured	7/13 at 100.00	A1	1,209,020
88	Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29	7/15 at 100.00	N/R	72,340
207	Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007, 5.700%, 7/01/27	1/17 at 100.00	N/R	160,547

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Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/Limited (continued)			
\$ 138	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	\$ 140,870
1,000	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 – NPFQ Insured	8/16 at 100.00	AA–	1,052,460
275	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 – NPFQ Insured	8/16 at 100.00	AA–	292,155
1,180	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 – AMBAC Insured	7/13 at 100.00	AA	1,246,587
528	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	503,823
150	Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2007, 6.100%, 7/15/32	7/17 at 100.00	N/R	130,886
255	Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33	7/18 at 100.00	N/R	256,293
330	Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31	7/16 at 100.00	N/R	261,779
225	Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32	7/17 at 100.00	N/R	188,980
100	Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31	7/16 at 100.00	N/R	79,862
900	Phoenix Industrial Development Authority, Arizona, Government Bonds, Capitol Mall LLC II, Series 2001, 5.250%, 9/15/16 – AMBAC Insured	3/12 at 100.00	A1	949,014
680	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 – ACA Insured	No Opt. Call	BBB–	665,244
600	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured	7/15 at 100.00	A+	617,622
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series	No Opt. Call	AAA	1,178,670

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	2006, 5.000%, 7/01/24			
350	Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32	7/17 at 100.00	N/R	297,780
500	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	529,535
341	Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30	7/16 at 100.00	N/R	281,802
10,292	Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31	7/16 at 100.00	N/R	177,282
	Total Tax Obligation/Limited			10,292,551
	U.S. Guaranteed – 7.0% (4.8% of Total Investments) (5)			
240	Maricopa County Union High School District 210 Phoenix, Arizona, General Obligation Bonds, Series 2006C, 5.000%, 7/01/24 (Pre-refunded 7/01/16) – MBIA Insured	7/16 at 100.00	AA (5)	288,689
140	Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)	4/15 at 100.00	N/R (5)	163,496
1,000	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 (Pre-refunded 12/01/11)	12/11 at 101.00	N/R (5)	1,083,110
1,380	Total U.S. Guaranteed Utilities – 31.1% (21.4% of Total Investments)			1,535,295
1,500	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/17	No Opt. Call	AA	1,789,245
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 – FGIC Insured	No Opt. Call	Aa2	1,176,850
665	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29	1/15 at 100.00	BBB–	680,401

Nuveen Investments 27

NFZ

Nuveen Arizona Dividend Advantage Municipal Fund (continued)  
Portfolio of Investments July 31, 2010

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Utilities (continued)			
\$ 1,000	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 – SYNCORA GTY Insured	7/15 at 100.00	A3	\$ 1,013,220
200	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22	1/13 at 100.00	Aa1	214,098
560	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 17.172%, 1/01/38 (IF)	1/18 at 100.00	Aa1	670,970
235	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 1997A, 5.000%, 1/01/20	7/10 at 100.00	Aa1	235,848
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A, 5.250%, 1/01/18	1/12 at 101.00	Aa1	1,064,150
6,160	Total Utilities Water and Sewer – 13.8% (9.5% of Total Investments)			6,844,782
475	Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39	7/20 at 100.00	A2	477,665
225	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 – NPMG Insured	7/13 at 100.00	AA–	232,828
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 100.00	AAA	1,549,125
225	Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007: 4.700%, 4/01/22	4/14 at 100.00	N/R	226,644
260	4.900%, 4/01/32	4/17 at 100.00	N/R	241,674
325	Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)	12/17 at 100.00	N/R	302,187
3,010	Total Water and Sewer			3,030,123
\$ 31,347	Total Investments (cost \$31,425,432) – 145.5%			31,980,266
	Other Assets Less Liabilities – 2.7%			604,129

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Auction Rate Preferred Shares, at Liquidation Value – (48.2)% (6)	(10,600,000)
	\$
Net Assets Applicable to Common Shares – 100%	21,984,395

- All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares
- (1) unless otherwise noted.
- Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates
- (2) (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- Ratings (not covered by the report of independent registered public accounting firm): Using the highest of
- (3) Standard & Poor’s Group (“Standard & Poor’s”), Moody’s Investor Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”) rating. Ratings below BBB by Standard & Poor’s, Baa by Moody’s or BBB by Fitch are considered to be below investment grade.
- Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of
- (4) Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities,
- (5) which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (6) Auction Rate Preferred shares, at Liquidation Value as a percentage of Total Investments is 33.1%.
- N/R Not rated.
- (IF) Inverse floating rate investment.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund 2		July 31, 2010		
NKR Portfolio of Investments				
Principal Amount		Optional Call		
(000)	Description (1)	Provisions (2)	Ratings (3)	Value
	Education and Civic Organizations – 8.6% (6.0% of Total Investments)			
\$ 1,130	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction	9/10 at 100.00	A	\$ 929,131
	Rate Securities, 0.585%, 11/01/41 (Alternative Minimum Tax) (4)			
775	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A–	778,790
485	Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah	12/14 at 100.00	BBB–	469,107
	Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24			
320	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System, Series 1999, 5.375%, 2/01/19	8/10 at 100.50	BBB–	320,854
480	Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona	9/14 at 100.00	BBB–	453,754
	Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34			
65	University of Arizona, Certificates of Participation, Series 2002A:			
	5.500%, 6/01/18 – AMBAC Insured	6/12 at 100.00	AA–	69,566
40	5.125%, 6/01/22 – AMBAC Insured	6/12 at 100.00	AA–	41,860
3,295	Total Education and Civic Organizations			3,063,062
	Health Care – 24.0% (16.9% of Total Investments)			
	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series			
845	2007A, 5.000%, 1/01/25	1/17 at 100.00	A+	860,751
	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series			
520	2007B, 1.167%, 1/01/37	1/17 at 100.00	A+	337,168

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1,150	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	A+	1,177,359
600	Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20	4/14 at 100.00	A	617,574
400	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37	12/15 at 100.00	BBB	367,104
655	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42	12/17 at 100.00	BBB	591,138
1,375	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23	7/14 at 100.00	A	1,424,486
1,650	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	1,675,740
500	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37	11/10 at 100.00	Aa2	500,195
1,000	Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100.00	Baa2	1,009,820
8,695	Total Health Care Housing/Multifamily – 2.1% (1.5% of Total Investments)			8,561,335
705	Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Refunding Bonds, Pine Ridge, Cambridge Court, Cove on 44th and Fountain Place Apartments, Series 2001A-1, 6.000%, 10/20/31	10/11 at 105.00	AAA	746,102
1,185	Housing/Single Family – 3.4% (2.4% of Total Investments) Tucson and Pima County Industrial Development Authority, Arizona, Joint Single Family Mortgage	6/17 at 101.00	Aaa	1,209,838



Revenue Bonds, Series 2007B, 5.350%, 6/01/47  
(Alternative Minimum Tax)

Nuveen Investments 29

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (continued)  
Portfolio of Investments July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
(000)	Tax Obligation/General – 19.6% (13.9% of Total Investments)			
\$ 1,000	Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A, 5.375%, 7/01/16 – AGM Insured	No Opt. Call	AAA	\$ 1,186,890
1,165	Maricopa County Unified School District 69, Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002A, 5.250%, 7/01/14 – FGIC Insured	No Opt. Call	Aa2	1,342,208
1,405	Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 – FGIC Insured	No Opt. Call	AA	1,639,073
	Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B:			
1,700	5.000%, 7/01/22	7/12 at 100.00	AAA	1,810,143
500	5.000%, 7/01/27	7/12 at 100.00	AAA	513,745
510	Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24	7/11 at 100.00	AAA	518,588
6,280	Total Tax Obligation/General			7,010,647
	Tax Obligation/Limited – 44.6% (31.5% of Total Investments)			
	Arizona State, Certificates of Participation, Series 2002A:			
750	5.000%, 11/01/17 – NPMFG Insured	5/12 at 100.00	A+	776,430
1,000	5.000%, 11/01/18 – NPMFG Insured	5/12 at 100.00	A+	1,030,760
500	5.000%, 11/01/20 – NPMFG Insured	5/12 at 100.00	A+	511,675
124	Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29	7/15 at 100.00	N/R	101,933
340	Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007, 5.800%, 7/01/32	1/17 at 100.00	N/R	251,529
218	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	222,534
884	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	843,522
	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002:			

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840	5.375%, 6/01/18 – AMBAC Insured	6/12 at 100.00	N/R	888,384
2,645	5.375%, 6/01/19 – AMBAC Insured	6/12 at 100.00	N/R	2,797,352
240	Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General	7/17 at 100.00	N/R	209,417
415	Obligation Bonds, Series 2007, 6.100%, 7/15/32 Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33	7/18 at 100.00	N/R	417,104
530	Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31	7/16 at 100.00	N/R	420,433
350	Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32	7/17 at 100.00	N/R	293,969
140	Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31	7/16 at 100.00	N/R	111,807
1,500	Phoenix Industrial Development Authority, Arizona, Government Bonds, Capitol Mall LLC II, Series 2001, 5.250%, 9/15/16 – AMBAC Insured	3/12 at 100.00	A1	1,581,690
1,070	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 – ACA Insured	No Opt. Call	BBB–	1,046,781
270	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100.00	A3	270,794
960	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured	7/15 at 100.00	A+	988,195
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24	No Opt. Call	AAA	1,178,670
555	Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32	7/17 at 100.00	N/R	472,194
750	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	794,303

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Investments

Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/Limited (continued)			
\$ 538	Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30	7/16 at 100.00	N/R	\$ 444,603
350	Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31	7/16 at 100.00	N/R	275,772
15,969	Total Tax Obligation/Limited Transportation – 4.1% (2.9% of Total Investments)			15,929,851
470	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 1998A, 5.000%, 7/01/25 – AGM Insured	1/11 at 100.00	AAA	471,415
1,000	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/27 – FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	AA–	1,008,120
1,470	Total Transportation U.S. Guaranteed – 17.0% (12.0% of Total Investments) (5)			1,479,535
735	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children’s Hospital, Series 2002A, 6.250%, 2/15/21 (Pre-refunded 2/15/12)	2/12 at 101.00	N/R (5)	809,529
715	Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 (Pre-refunded 7/01/12) – FGIC Insured	7/12 at 100.00	AAA	789,160
100	Maricopa County Unified School District 89, Dysart, Arizona, General Obligation Bonds, Series 2004B, 5.250%, 7/01/20 (Pre-refunded 7/01/14) – AGM Insured	7/14 at 100.00	AAA	117,369
375	Maricopa County Union High School District 210 Phoenix, Arizona, General Obligation Bonds, Series 2006C, 5.000%, 7/01/24 (Pre-refunded 7/01/16) – MBIA Insured	7/16 at 100.00	AA (5)	451,076
225	Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)	4/15 at 100.00	N/R (5)	262,762
730	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 (Pre-refunded 7/01/12)	7/12 at 100.00	Baa3 (5)	792,722
1,000	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 (Pre-refunded 12/01/11)	12/11 at 101.00	N/R (5)	1,083,110
490	Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24 (Pre-refunded 7/01/11)	7/11 at 100.00	AAA	511,663
685	University of Arizona, Certificates of Participation, Series 2002A: 5.500%, 6/01/18 (Pre-refunded 6/01/12) – AMBAC Insured		AA– (5)	747,678

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		6/12 at		
		100.00		
		6/12 at		
460	5.125%, 6/01/22 (Pre-refunded 6/01/12) – AMBAC Insured	100.00	Aa3 (5)	498,939
5,515	Total U.S. Guaranteed			6,064,008
	Utilities – 5.9% (4.2% of Total Investments)			
	Pima County Industrial Development Authority, Arizona, Revenue	1/15 at		
665	Bonds, Tucson Electric Power	100.00	BBB–	680,401
	Company, Refunding Series 2008, 5.750%, 9/01/29			
	Salt River Project Agricultural Improvement and Power District,	1/18 at		
450	Arizona, Electric System	100.00	Aa1	539,172
	Revenue Bonds, Tender Option Bond Trust 09-9W, 17.172%, 1/01/38			
	(IF)			
	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue	No Opt.		
1,000	Bonds, Citigroup Energy Inc	Call	A	891,520
	Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37			
2,115	Total Utilities			2,111,093
	Water and Sewer – 12.3% (8.7% of Total Investments)			
	Maricopa County Industrial Development Authority, Arizona, Water	12/10 at		
500	System Improvement Revenue	100.00	N/R	500,050
	Bonds, Chaparral City Water Company, Series 1997A, 5.400%,			
	12/01/22 – AMBAC Insured			
	(Alternative Minimum Tax)			
	Oro Valley Municipal Property Corporation, Arizona, Senior Lien	7/13 at		
360	Water Revenue Bonds, Series	100.00	AA–	372,524
	2003, 5.000%, 7/01/23 – NPMFG Insured			
	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water	No Opt.		
1,000	System Revenue Refunding	Call	AAA	1,221,410
	Bonds, Series 2001, 5.500%, 7/01/22 – FGIC Insured			

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (continued)  
Portfolio of Investments July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Water and Sewer (continued)			
	Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:			
\$		4/14 at		\$
350	4.700%, 4/01/22	100.00	N/R	352,559
		4/17 at		
410	4.900%, 4/01/32	100.00	N/R	381,102
	Tucson, Arizona, Water System Revenue Refunding Bonds,			
1,000	Series 2002, 5.500%, 7/01/18 –	7/12 at		
	FGIC Insured	102.00	Aa2	1,097,039
	Yuma County Industrial Development Authority, Arizona,			
525	Exempt Revenue Bonds, Far West Water &	12/17 at		
	Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37	100.00	N/R	488,149
	(Alternative Minimum Tax)			
4,145	Total Water and Sewer			4,412,833
\$				
49,374	Total Investments (cost \$49,228,018) – 141.6%			50,588,304
	Other Assets Less Liabilities – 4.9%			1,769,958
	Auction Rate Preferred Shares, at Liquidation Value – (46.5)% (6)			(16,625,000 )
				\$
	Net Assets Applicable to Common Shares – 100%			35,733,262

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

Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates

(2) (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

Ratings (not covered by the report of independent registered public accounting firm): Using the highest of

(3) Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.

Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of

(4) Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies,

Investment Valuation for more information.

- Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities,
- (5) which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
  - (6) Auction Rate Preferred shares, at Liquidation Value as a percentage of Total Investments is 32.9%.
- N/R Not rated.
- (IF) Inverse floating rate investment.

See accompanying notes to financial statements.

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Investments

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Nuveen Arizona Dividend Advantage Municipal Fund 3		July 31, 2010		
NXE Portfolio of Investments		Optional Call		
Principal Amount	Description (1)	Provisions (2)	Ratings (3)	Value
(000)	Consumer Staples – 1.1% (0.8% of Total Investments)			
\$	Puerto Rico, The Children’s Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds,	5/12 at 100.00	BBB	\$ 463,199
485	Series 2002, 5.375%, 5/15/33			
	Education and Civic Organizations – 16.6% (11.9% of Total Investments)			
690	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction	9/10 at 100.00	A	567,346
	Rate Securities, 0.585%, 11/01/41 (Alternative Minimum Tax) (4)			
1,250	AMBAC Insured	7/15 at 100.00	Aa3	1,312,400
	Energy Management Services LLC, Arizona State University, Energy Conservation			
1,130	Revenue Bonds,	7/12 at 100.00	AA	1,209,089
	Main Campus Project, Series 2002, 5.250%, 7/01/18 – NPFG Insured			
	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern			
900	University,	5/20 at 100.00	A–	904,401
	Series 2010, 5.125%, 5/15/40			
	Pima County Industrial Development Authority, Arizona, Charter School Revenue			
560	Bonds, Noah	12/14 at 100.00	BBB–	541,649
	Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24			
	Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds,			
565	Arizona	9/14 at 100.00	BBB–	534,106
	Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34			
2,000	University of Arizona, Certificates of Participation, Series 2002B, 5.125%, 6/01/20 –	6/12 at 100.00	AA–	2,126,980
	AMBAC Insured			
7,095	Total Education and Civic Organizations			7,195,971
	Health Care – 29.1% (20.9% of Total Investments)			
1,015	Arizona Health Facilities Authority, Hospital	1/17 at 100.00	A+	1,033,920
	Revenue Bonds, Banner Health Systems,			



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	Series			
	2007A, 5.000%, 1/01/25			
	Arizona Health Facilities Authority, Hospital			
	Revenue Bonds, Banner Health Systems,			
620	Series	1/17 at 100.00	A+	402,008
	2007B, 1.167%, 1/01/37			
	Arizona Health Facilities Authority, Hospital			
	Revenue Bonds, Banner Health Systems,			
2,390	Series	1/18 at 100.00	A+	2,446,858
	2008D, 5.500%, 1/01/38			
	Arizona Health Facilities Authority, Revenue			
625	Bonds, Blood Systems Inc., Series 2004,	4/14 at 100.00	A	643,306
	5.000%, 4/01/20			
	Glendale Industrial Development Authority,			
	Arizona, Revenue Bonds, John C. Lincoln			
475	Health	12/15 at 100.00	BBB	435,936
	Network, Series 2005B, 5.000%, 12/01/37			
	Glendale Industrial Development Authority,			
	Arizona, Revenue Bonds, John C. Lincoln			
785	Health	12/17 at 100.00	BBB	708,463
	Network, Series 2007, 5.000%, 12/01/42			
	Maricopa County Industrial Development			
	Authority, Arizona, Health Facility Revenue			
1,825	Bonds,	7/14 at 100.00	A	1,890,682
	Catholic Healthcare West, Series 2004A,			
	5.375%, 7/01/23			
	Maricopa County Industrial Development			
	Authority, Arizona, Health Facility Revenue			
1,985	Bonds,	7/17 at 100.00	A	2,015,966
	Catholic Healthcare West, Series 2007A,			
	5.250%, 7/01/32			
	Maricopa County Industrial Development			
	Authority, Arizona, Hospital Revenue Bonds,			
2,000	Mayo Clinic	11/10 at 100.00	Aa2	2,000,780
	Hospital, Series 1998, 5.250%, 11/15/37			
	Yavapai County Industrial Development			
	Authority, Arizona, Hospital Revenue Bonds,			
1,000	Yavapai	8/13 at 100.00	Baa2	1,009,820
	Regional Medical Center, Series 2003A,			
	6.000%, 8/01/33			
12,720	Total Health Care			12,587,739
	Housing/Single Family – 3.3% (2.4% of Total			
	Investments)			
	Tucson and Pima County Industrial			
	Development Authority, Arizona, Joint Single			
1,420	Family Mortgage	6/17 at 101.00	Aaa	1,449,763
	Revenue Bonds, Series 2007B, 5.350%,			
	6/01/47 (Alternative Minimum Tax)			



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Nuveen Arizona Dividend Advantage Municipal Fund 3 (continued)  
Portfolio of Investments July 31, 2010

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/General – 2.5% (1.8% of Total Investments)			
\$ 1,000	Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C, 5.250%, 7/01/28	7/18 at 100.00	A	\$ 1,065,580
	Tax Obligation/Limited – 31.6% (22.7% of Total Investments)			
142	Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29	7/15 at 100.00	N/R	116,730
2,250	DC Ranch Community Facilities District, Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/15/27 – AMBAC Insured	7/13 at 100.00	A1	2,224,620
	Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007:			
250	5.700%, 7/01/27	1/17 at 100.00	N/R	193,898
155	5.800%, 7/01/32	1/17 at 100.00	N/R	114,667
257	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	262,346
525	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 – NPMFG Insured	8/16 at 100.00	AA–	557,750
1,033	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	985,699
290	Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2007, 6.100%, 7/15/32	7/17 at 100.00	N/R	253,045
490	Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33	7/18 at 100.00	N/R	492,484
2,175	Mohave County, Arizona, Certificates of Participation, Series 2004, 5.250%, 7/01/19 – AMBAC Insured	7/14 at 100.00	N/R	2,334,645
640	Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31	7/16 at 100.00	N/R	507,693
425			N/R	356,962

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	Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32	7/17 at 100.00		
160	Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31	7/16 at 100.00	N/R	127,779
1,250	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 – ACA Insured	No Opt. Call	BBB-	1,222,875
1,130	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 – SYNCORA GTY Insured	7/15 at 100.00	A+	1,163,188
665	Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32	7/17 at 100.00	N/R	565,782
1,250	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	1,323,838
639	Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30	7/16 at 100.00	N/R	528,070
425	Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31	7/16 at 100.00	N/R	334,866
14,151	Total Tax Obligation/Limited			13,666,937

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Investments

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Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
(000)	Transportation – 13.5% (9.7% of Total Investments) Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B:			
\$		7/12 at		\$
1,000	5.750%, 7/01/16 – FGIC Insured (Alternative Minimum Tax)	100.00	AA–	1,050,610
2,300	5.250%, 7/01/21 – FGIC Insured (Alternative Minimum Tax) Tucson Airport Authority Inc., Arizona, Revenue Refunding Bonds,	100.00	AA–	2,347,633
2,450	Series 2001B, 5.000%, 6/01/20 – AMBAC Insured (Alternative Minimum Tax)	6/11 at 100.00	A1	2,464,088
5,750	Total Transportation			5,862,331
	U.S. Guaranteed – 14.3% (10.2% of Total Investments) (5) Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health	12/10 at 102.00	BBB (5)	624,654
600	Network, Series 2000, 6.875%, 12/01/20 (Pre-refunded 12/01/10) Maricopa County Union High School District 210, Phoenix, Arizona,	7/14 at 100.00	AAA	1,833,379
1,575	General Obligation Bonds, Series 2004A, 5.000%, 7/01/20 (Pre-refunded 7/01/14) – AGM Insured Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health	4/15 at 100.00	N/R (5)	315,314
270	Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15) Scottsdale Industrial Development Authority, Arizona, Hospital	12/11 at 101.00	N/R (5)	270,778
250	Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 (Pre-refunded 12/01/11) Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003,	7/13 at 100.00	AAA	3,126,915
2,770	5.000%, 7/01/22 (Pre-refunded 7/01/13)			
5,465	Total U.S. Guaranteed			6,171,040
	Utilities – 13.4% (9.6% of Total Investments) Maricopa County Pollution Control Corporation, Arizona, Revenue	11/12 at 100.00	Baa2	1,190,213
1,250	Bonds, Arizona Public Service Company – Palo Verde Project, Series 2002A, 5.050%, 5/01/29 – AMBAC Insured			
665	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power	1/15 at 100.00	BBB–	680,401
	Company, Refunding Series 2008, 5.750%, 9/01/29 Puerto Rico Electric Power Authority, Power Revenue Bonds, Series	7/15 at 100.00	A3	1,681,945
1,660	2005RR, 5.000%, 7/01/26 – SYNCORA GTY Insured			
270	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System	1/13 at 100.00	Aa1	289,032
	Revenue Bonds, Series 2002B, 5.000%, 1/01/22 Salt River Project Agricultural Improvement and Power District, Arizona, Electric System	1/18 at 100.00	Aa1	928,574
775				

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	Revenue Bonds, Tender Option Bond Trust 09-9W, 17.172%, 1/01/38 (IF)			
1,165	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc	No Opt. Call	A	1,038,621
5,785	Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37 Total Utilities			5,808,786
	Water and Sewer – 13.9% (10.0% of Total Investments)			
955	Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39	7/20 at 100.00	A2	960,358
405	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 – NPMFG Insured	7/13 at 100.00	AA–	419,090
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 100.00	AA+	1,034,379

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Nuveen Arizona Dividend Advantage Municipal Fund 3 (continued)  
Portfolio of Investments July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions	(2) Ratings (3)	Value
(000)	Water and Sewer (continued)			
\$	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water	7/12 at		\$
2,000	System Revenue Bonds, Series	100.00	AAA	2,134,299
	2002, 5.000%, 7/01/18 – FGIC Insured			
	Surprise Municipal Property Corporation, Arizona, Wastewater			
	System Revenue Bonds, Series 2007:			
		4/14 at		
425	4.700%, 4/01/22	100.00	N/R	428,106
		4/17 at		
490	4.900%, 4/01/32	100.00	N/R	455,464
	Yuma County Industrial Development Authority, Arizona, Exempt	12/17 at		
615	Revenue Bonds, Far West Water &	100.00	N/R	571,832
	Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative			
	Minimum Tax)			
5,890	Total Water and Sewer			6,003,528
\$				
59,761	Total Investments (cost \$59,477,262) – 139.3%			60,274,874
	Other Assets Less Liabilities – 3.2%			1,405,358
	Auction Rate Preferred Shares, at Liquidation Value – (42.5)% (6)			(18,400,000)
				\$
	Net Assets Applicable to Common Shares – 100%			43,280,232

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

(1) unless otherwise noted.

Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates

(2) (month and year) and prices of the earliest

optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

Ratings (not covered by the report of independent registered public accounting firm): Using the highest of

(3) Standard & Poor's Group ("Standard & Poor's"),

Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.

Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of

(4) Trustees. For fair value measurement disclo-

sure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies,

Investment Valuation for more information.

Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities,  
(5) which ensure the timely payment of principal  
and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(6) Auction Rate Preferred shares, at Liquidation Value as a percentage of Total Investments is 30.5%.

N/R Not rated.

(IF) Inverse floating rate investment.

See accompanying notes to financial statements.

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Investments

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Nuveen Texas Quality Income Municipal Fund NTX Portfolio of Investments		July 31, 2010		
Principal Amount		Optional Call Provisions (2)	Ratings (3)	Value
(000)	Description (1)			
	Consumer Staples – 1.5% (1.0% of Total Investments)			
\$	Puerto Rico, The Children’s Trust Fund, Tobacco			\$
2,280	Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100.00	BBB	2,177,514
	Education and Civic Organizations – 15.9% (10.9% of Total Investments)			
2,000	Laredo Community College District, Wells County, Texas, Combined Fee Revenue Bonds, Series 2010, 5.250%, 8/01/35 – AGM Insured	8/20 at 100.00	AAA	2,081,320
1,170	Red River Education Finance Corporation, Texas, Revenue Bonds, Hockaday School, Series 2005: 5.000%, 5/15/27	5/15 at 100.00	AA	1,217,385
1,230	5.000%, 5/15/28	5/15 at 100.00	AA	1,274,391
1,290	5.000%, 5/15/29	5/15 at 100.00	AA	1,332,596
	Texas Public Finance Authority, Revenue Bonds, Texas Southern University Financing System, Series 2003:			
1,710	5.000%, 5/01/18 – FGIC Insured	5/13 at 100.00	Ba1	1,635,683
1,795	5.000%, 5/01/19 – FGIC Insured	5/13 at 100.00	Ba1	1,696,185
1,885	5.000%, 5/01/20 – FGIC Insured	5/13 at 100.00	Ba1	1,764,360
1,665	Texas State University System, Financing Revenue Bonds, Series 2004, 5.000%, 3/15/24 – AGM Insured	9/14 at 100.00	AAA	1,772,010
2,000	Texas State University System, Financing Revenue Refunding Bonds, Series 2002, 5.000%, 3/15/20 – AGM Insured	3/12 at 100.00	AAA	2,117,240
2,330	Universal City Education Facilities Corporation, Texas, Revenue Bonds, Wayland Baptist University Project, Series 2001, 5.625%, 3/01/26	3/11 at 102.00	A–	2,378,394
5,000	University of North Texas, Financing System Revenue Bonds, Series 2001, 5.000%, 4/15/24 – AGM Insured	4/12 at 100.00	AAA	5,399,400
22,075	Total Education and Civic Organizations			22,668,964
	Energy – 2.0% (1.4% of Total Investments)			
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)	10/10 at 100.00	BBB	2,843,100
	Health Care – 12.8% (8.8% of Total Investments)			
	Brazoria County Health Facilities Development Corporation, Texas, Revenue Bonds, Brazosport Memorial Hospital, Series 2004:			

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1,745	5.250%, 7/01/20 – RAAI Insured	7/14 at 100.00	BBB-	1,692,458
1,835	5.250%, 7/01/21 – RAAI Insured	7/14 at 100.00	BBB-	1,755,526
1,270	Midland County Hospital District, Texas, Hospital Revenue Bonds, Series 1992, 0.000%, 6/01/11	No Opt. Call	BBB-	1,224,521
2,000	North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Baylor Healthcare System, Series 2001A, 5.125%, 5/15/29	5/11 at 100.00	Aa2	2,007,620
105	Richardson Hospital Authority, Texas, Hospital Revenue Refunding and Improvement Bonds, Baylor/Richardson Medical Center, Series 1998, 5.625%, 12/01/28	12/10 at 100.00	Baa2	98,869
	Richardson Hospital Authority, Texas, Revenue Bonds, Richardson Regional Medical Center, Series 2004:			
2,000	5.875%, 12/01/24	12/13 at 100.00	Baa2	1,981,680
1,000	6.000%, 12/01/34	12/13 at 100.00	Baa2	968,840
2,500	Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Texas Health Resources, Series 2007B, 5.000%, 11/15/42	11/17 at 100.00	AA-	2,499,825
1,250	Tarrant County Cultural Education Facilities Finance Corporation, Texas, Hospital Revenue Bonds, Scott & White HealthCare Project, Series 2010, 5.250%, 8/15/40	8/20 at 100.00	A1	1,250,938
2,000	Tarrant County Cultural Education Facilities Finance Corporation, Texas, Revenue Refunding Bonds, Christus Health, Series 2008, 6.500%, 7/01/37 – AGC Insured	1/19 at 100.00	AAA	2,199,680

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Nuveen Texas Quality Income Municipal Fund (continued)  
Portfolio of Investments July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions	(2) Ratings (3)	Value
(000)	Health Care (continued)			
\$ 700	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2007B, 5.000%, 7/01/37	7/17 at 100.00	Baa1	\$ 615,503
2,250	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2007, 5.000%, 7/01/33	7/17 at 100.00	Baa1	2,018,003
18,655	Total Health Care			18,313,463
	Housing/Multifamily – 1.7% (1.2% of Total Investments)			
	Bexar County Housing Finance Corporation, Texas, Insured Multifamily Housing Revenue Bonds, Waters at Northern Hills Apartments Project, Series 2001A:			
2,000	6.000%, 8/01/31 – NPFG Insured	8/11 at 102.00	Baa1	1,816,260
750	6.050%, 8/01/36 – NPFG Insured	8/11 at 102.00	Baa1	670,958
2,750	Total Housing/Multifamily			2,487,218
	Housing/Single Family – 2.8% (1.9% of Total Investments)			
1,418	El Paso Housing Finance Corporation, Texas, GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 2001A-3, 6.180%, 4/01/33	4/11 at 106.75	AAA	1,511,916
5	Galveston Property Finance Authority Inc., Texas, Single Family Mortgage Revenue Bonds, Series 1991A, 8.500%, 9/01/11	9/10 at 100.00	Caa1	4,924
2,440	Texas Department of Housing and Community Affairs, Single Family Mortgage Bonds, Series 2002B, 5.550%, 9/01/33 – NPFG Insured (Alternative Minimum Tax)	3/12 at 100.00	AAA	2,460,838
3,863	Total Housing/Single Family			3,977,678
	Long-Term Care – 1.0% (0.7% of Total Investments)			
	Bexar County, Texas, Health Facilities Development Corporation Revenue Bonds, Army Retirement Residence, Series 2007:			
1,000	5.000%, 7/01/27	7/17 at 100.00	BBB	912,430
600	5.000%, 7/01/37	7/17 at 100.00	BBB	521,052
1,600	Total Long-Term Care			1,433,482
	Materials – 4.2% (2.9% of Total Investments)			
3,000	Cass County Industrial Development Corporation, Texas, Environmental Improvement Revenue	9/10 at 101.00	BBB	3,032,520

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	Bonds, International Paper Company, Series 2000A, 6.600%, 3/15/24 (Alternative Minimum Tax)			
3,000	Guadalupe-Blanco River Authority, Texas, Sewage and Solid Waste Disposal Facility Bonds, E.I.	10/10 at 100.00	A	3,002,700
6,000	DuPont de Nemours and Company Project, Series 1996, 6.400%, 4/01/26 (Alternative Minimum Tax) Total Materials			6,035,220
	Tax Obligation/General – 45.1% (30.9% of Total Investments)			
1,260	Bexar County, Texas, Combined Tax and Revenue Certificates of Obligation, Series 2004, 5.000%, 6/15/19	6/14 at 100.00	Aaa	1,366,634
2,000	Borger Independent School District, Hutchison County, Texas, General Obligation Bonds, Series 2006, 5.000%, 2/15/36	2/16 at 100.00	AAA	2,087,880
400	Calallen Independent School District, Nueces County, Texas, General Obligation Bonds, School Building Series 2008, 5.000%, 2/15/38	2/18 at 100.00	AAA	419,308
1,190	Canutillo Independent School District, El Paso County, Texas, General Obligation Bonds, Series 2006A, 5.000%, 8/15/22	8/15 at 100.00	AAA	1,331,170
325	Copperas Cove, Texas, Certificates of Obligation, Series 2003, 5.000%, 8/15/23 – MBIA Insured	8/12 at 100.00	AA–	343,554
2,305	Corpus Christi, Texas, Combination Tax and Municipal Hotel Occupancy Tax Revenue Certificates of Obligation, Series 2002, 5.500%, 9/01/21 – AGM Insured	9/12 at 100.00	AAA	2,482,116
2,595	Denton County, Texas, Permanent Improvement General Obligation Bonds, Series 2005, 5.000%, 7/15/25	7/12 at 100.00	AAA	2,821,959
1,750	El Paso County, Texas, Certificates of Obligation, Series 2001, 5.000%, 2/15/21 – AGM Insured	No Opt. Call	AAA	2,049,775

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Principal Amount	Description (1)	Optional Call Provisions	(2) Ratings (3)	Value
	Tax Obligation/General (continued)			
	Fort Bend County Municipal Utility District 25, Texas, General Obligation Bonds, Series 2005:			
\$ 1,330	5.000%, 10/01/26 – FGIC Insured	10/12 at 100.00	A	\$ 1,343,247
1,320	5.000%, 10/01/27 – FGIC Insured	10/12 at 100.00	A	1,330,428
3,615	2/15/26 – FGIC Insured	2/16 at 100.00	Aa1	3,852,180
8,500	Grand Prairie Independent School District, Dallas County, Texas, General Obligation Bonds, Capital Appreciation Refunding Series 2009, 0.000%, 8/15/39	8/18 at 22.64	AA–	1,233,265
	Houston Community College System, Texas, Limited Tax General Obligation Bonds, Series 2003:			
2,500	5.000%, 2/15/20 – AMBAC Insured	2/13 at 100.00	AA+	2,707,675
2,235	5.000%, 2/15/21 – AMBAC Insured	2/13 at 100.00	AA+	2,420,661
5,000	3/01/23 – AMBAC Insured	3/15 at 100.00	AA	5,408,000
100	Judson Independent School District, Bexar County, Texas, General Obligation Refunding Bonds, Series 2002, 5.250%, 2/01/21	2/11 at 100.00	Aaa	102,157
4,900	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/45	8/14 at 17.78	AAA	704,963
1,000	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2008, 0.000%, 8/15/36	8/17 at 33.01	AAA	231,990
5,220	Leander Independent School District, Williamson and Travis Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 0.000%, 8/15/21	8/10 at 49.80	AAA	2,603,893
365	Lone Star College System, Harris and Montgomery Counties, Texas, General Obligation Bonds, Series 2009, 5.000%, 8/15/34	8/19 at 100.00	AAA	389,747
1,000	Mansfield Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2004, 5.000%, 2/15/20	2/14 at 100.00	AAA	1,114,380
1,010	Mercedes Independent School District, Hidalgo County, Texas, General Obligation Bonds, Series 2005, 5.000%, 8/15/23	8/15 at 100.00	AAA	1,097,587
5,515	Midlothian Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2005, 5.000%, 2/15/34	2/15 at 100.00	Aaa	5,724,460
1,500			AA	1,614,735

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	Montgomery County, Texas, General Obligation Bonds, Refunding Series 2008B, 5.250%, 3/01/32	3/19 at 100.00		
100	Northside Independent School District, Bexar County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 5.875%, 8/15/25	8/10 at 100.00	AAA	100,414
2,000	Plano Independent School District, Collin County, Texas, General Obligation Bonds, Series 2008, 5.250%, 2/15/34	2/18 at 100.00	Aaa	2,156,620
	Roma Independent School District, Texas, General Obligation Bonds, Series 2005:			
1,110	5.000%, 8/15/22	8/15 at 100.00	AAA	1,241,679
1,165	5.000%, 8/15/23 – AGM Insured	8/15 at 100.00	AAA	1,294,210
1,250	Southside Independent School District, Bexar County, Texas, General Obligation Bonds, Series 2004A, 5.000%, 8/15/22	8/14 at 100.00	Aaa	1,382,588
1,140	Sunnyvale School District, Texas, General Obligation Bonds, Series 2004, 5.250%, 2/15/25	2/14 at 100.00	AAA	1,247,035
5,000	Texas State, General Obligation Bonds, Transportation Commission Mobility Fund, Series 2006A, 5.000%, 4/01/33 (UB)	4/17 at 100.00	Aaa	5,267,450
1,000	Texas State, General Obligation Bonds, Transportation Commission Mobility Fund, Series 2008, 5.000%, 4/01/30 (UB)	4/18 at 100.00	Aaa	1,074,660
1,110	Texas State, General Obligation Bonds, Water Utility, Series 2001, 5.250%, 8/01/23	8/11 at 100.00	Aaa	1,152,247
3,025	Victoria Independent School District, Victoria County, Texas, General Obligation Bonds, Series 2007, 5.000%, 2/15/32	2/17 at 100.00	AAA	3,212,762
	West Texas Independent School District, McLennan and Hill Counties, General Obligation Refunding Bonds, Series 1998:			
1,000	0.000%, 8/15/22	8/13 at 61.20	AAA	545,140
1,000	0.000%, 8/15/24	8/13 at 54.88	AAA	485,250

Nuveen Investments 39

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Nuveen Texas Quality Income Municipal Fund (continued)  
Portfolio of Investments July 31, 2010

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/General (continued) White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006:			
\$ 1,500	0.000%, 8/15/43	8/15 at 23.11	AAA	\$ 266,970
1,500	0.000%, 8/15/44	8/15 at 21.88	AAA	252,435
425	0.000%, 8/15/45	8/15 at 20.76	AAA	67,805
79,260	Total Tax Obligation/General Tax Obligation/Limited – 9.1% (6.3% of Total Investments)			64,529,029
7,940	Dallas Area Rapid Transit, Texas, Sales Tax Revenue Bonds, Senior Lien Refunding Series 2007, 5.000%, 12/01/36 – AMBAC Insured	12/16 at 100.00	AAA	8,218,218
1,720	Harris County-Houston Sports Authority, Texas, Junior Lien Revenue Bonds, Series 2001H: 0.000%, 11/15/34 – NPMFG Insured	11/31 at 83.17	A	307,089
930	0.000%, 11/15/36 – NPMFG Insured	11/31 at 73.51	A	144,085
3,265	0.000%, 11/15/38 – NPMFG Insured Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Bonds, Series 2001G:	11/31 at 64.91	A	438,947
2,250	5.250%, 11/15/22 – NPMFG Insured	11/11 at 100.00	A	2,262,510
2,475	0.000%, 11/15/41 – NPMFG Insured Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment	11/31 at 53.78	A	267,350
1,470	Project, Series 2001B, 0.000%, 9/01/32 – AMBAC Insured	No Opt. Call	A2	386,581
1,000	Uptown Development Authority, Houston, Texas, Tax Increment Revenue Bonds, Infrastructure	9/19 at 100.00	BBB+	1,015,670
21,050	Improvement Facilities, Series 2009, 5.500%, 9/01/29 Total Tax Obligation/Limited Transportation – 10.2% (7.0% of Total Investments)			13,040,450
1,000	Austin, Texas, Airport System Prior Lien Revenue Bonds, Series 2003, 5.250%, 11/15/16 – NPMFG Insured	11/13 at 100.00	A	1,072,710

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Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2010:

2,945	0.000%, 1/01/36	No Opt. Call	BBB-	517,378
2,205	0.000%, 1/01/37	No Opt. Call	BBB-	359,900
2,000	0.000%, 1/01/38	No Opt. Call	BBB-	303,200
3,260	Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/22 – FGIC Insured	1/15 at 100.00	A	3,301,076
2,600	Dallas-Ft. Worth International Airport Facility Improvement Corporation, Texas, Revenue Bonds, American Airlines Inc., Series 1999, 6.375%, 5/01/35 (Alternative Minimum Tax)	11/10 at 100.50	CCC+	2,092,012
2,000	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 2000A, 5.625%, 7/01/30 – AGM Insured (Alternative Minimum Tax)	1/11 at 100.00	AAA	2,000,680
2,500	North Texas Thruway Authority, First Tier System Revenue Refunding Bonds, Capital Appreciation Series 2008, 0.000%, 1/01/36 – AGC Insured	No Opt. Call	AAA	602,050
395	North Texas Thruway Authority, First Tier System Revenue Refunding Bonds, Series 2008A, 5.750%, 1/01/40	1/18 at 100.00	A2	412,040
325	North Texas Thruway Authority, First Tier System Revenue Refunding Bonds, Series 2008B: 5.750%, 1/01/40	1/18 at 100.00	A2	339,021
225	5.750%, 1/01/40 – NPMG Insured	1/18 at 100.00	A	234,707
950	North Texas Thruway Authority, Second Tier System Revenue Refunding Bonds, Series 2008, 5.750%, 1/01/38	1/18 at 100.00	A3	996,370
100	North Texas Tollway Authority, System Revenue Bonds, First Tier Series 2009A: 6.100%, 1/01/28	1/19 at 100.00	A2	110,259
2,000	6.250%, 1/01/39	1/19 at 100.00	A2	2,186,520
22,505	Total Transportation			14,527,923

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Principal Amount	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
(000)	U.S. Guaranteed – 15.2% (10.4% of Total Investments) (4)			
\$	Coppell Independent School District, Dallas County, Texas, Unlimited	No Opt. Call	AAA	\$ 279,330
295	Tax School Building and Refunding Bonds, Series 1992, 0.000%, 8/15/14 – MBIA Insured (ETM)			
950	Copperas Cove, Texas, Certificates of Obligation, Series 2003, 5.000%, 8/15/23 (Pre-refunded 8/15/12) – MBIA Insured	8/12 at 100.00	A (4)	1,038,996
	Gregg County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Good Shepherd Medical Center Project, Series 2000:			
2,000	6.875%, 10/01/20 (Pre-refunded 10/01/10) – RAAI Insured	10/10 at 101.00	N/R (4)	2,041,980
3,250	6.375%, 10/01/25 (Pre-refunded 10/01/10) – RAAI Insured	10/10 at 101.00	N/R (4)	3,315,520
500	Harris County Health Facilities Development Corporation, Texas, Revenue Bonds, St. Luke’s Episcopal Hospital, Series 2001A, 5.500%, 2/15/21 (Pre-refunded 8/15/11)	8/11 at 100.00	AAA	527,535
1,000	North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Presbyterian Healthcare System, Series 1996B, 5.750%, 6/01/26 – NPFG Insured (ETM)	No Opt. Call	Aaa	1,221,780
2,500	Retama Development Corporation, Texas, Special Facilities Revenue Bonds, Retama Park Racetrack, Series 1993, 8.750%, 12/15/18 (Pre-refunded 12/15/17)	12/17 at 100.00	AAA	3,525,025
1,750	San Antonio, Texas, Electric and Gas System Revenue Refunding Bonds, Series 2002, 5.375%, 2/01/20 (Pre-refunded 2/01/12)	2/12 at 100.00	AAA	1,881,198
1,440	South Texas Community College District, General Obligation Bonds, Series 2002, 5.500%, 8/15/17 (Pre-refunded 8/15/12) – AMBAC Insured	8/12 at 100.00	Aa2 (4)	1,588,277
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 (Pre-refunded 11/15/10)	11/10 at 101.00	N/R (4)	3,598,735
1,500	Texas, General Obligation Refunding Bonds, Public Finance Authority, Series 2002, 5.000%, 10/01/18 (Pre-refunded 10/01/12)	10/12 at 100.00	Aaa	1,648,035
1,000	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2001, 6.000%, 7/01/31 (Pre-refunded 7/01/12)	7/12 at 100.00	Baa1 (4)	1,096,930

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19,685	Total U.S. Guaranteed Utilities – 12.7% (8.7% of Total Investments)			21,763,341
	Brazos River Authority, Texas, Pollution Control Revenue Refunding	4/13 at		
2,560	Bonds, TXU Electric Company, Series 1999C, 7.700%, 3/01/32 (Alternative Minimum Tax)	101.00	Caa3	1,368,986
	Brazos River Authority, Texas, Revenue Bonds, Reliant Energy Inc.,	10/10 at		
2,400	Series 1999A, 5.375%, 4/01/19	100.50	BBB-	2,409,288
	Brownsville, Texas, Utility System Priority Revenue Bonds, Series	9/15 at		
5,000	2005A, 5.000%, 9/01/27 – AMBAC Insured	100.00	Aa3	5,189,400
	Bryan, Brazos County, Texas, Electric System Revenue Bonds, Series	7/17 at		
2,000	2009, 5.000%, 7/01/34	100.00	A+	2,039,160
	Harris County Health Facilities Development Corporation, Texas,	8/10 at		
2,000	Thermal Utility Revenue Bonds, TECO Project, Series 2000, 5.750%, 2/15/15 – AMBAC Insured (Alternative Minimum Tax)	100.00	Aa3	2,005,160
	Lower Colorado River Authority, Texas, Revenue Bonds, Series 2008,	5/15 at		
2,000	5.750%, 5/15/37	100.00	A1	2,106,080
	Matagorda County Navigation District 1, Texas, Revenue Bonds,	11/10 at		
1,000	Reliant Energy Inc., Series 1999B, 5.950%, 5/01/30 (Alternative Minimum Tax)	100.50	BBB-	1,000,140
	Matagorda County Navigation District Number One, Texas, Pollution	7/19 at		
1,000	Control Revenue Refunding Bonds, Central Power and Light Company Project, Series 2009A, 6.300%, 11/01/29	102.00	BBB	1,094,070
	Texas Municipal Power Agency, Revenue Bonds, Transmission	9/20 at		
1,000	Refunding Series 2010, 5.000%, 9/01/40 (WI/DD, Settling 8/30/10)	100.00	A+	1,010,620
18,960	Total Utilities			18,222,904

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NTX

Nuveen Texas Quality Income Municipal Fund (continued)  
Portfolio of Investments July 31, 2010

Principal Amount	Description (1)	Optional Call Provisions	(2) Ratings (3)	Value
	Water and Sewer – 11.6% (7.9% of Total Investments) Coastal Water Authority, Texas, Contract Revenue Bonds, Houston Water Projects, Series 2004:			
\$		12/14 at		
1,005	5.000%, 12/15/20 – FGIC Insured	100.00	A \$	1,066,375
		12/14 at		
1,030	5.000%, 12/15/21 – FGIC Insured	100.00	A	1,086,443
	El Paso, Texas, Water and Sewer Revenue Bonds, Refunding Series 2008C, 5.375%, 3/01/29	3/18 at		
1,000		100.00	AA	1,088,489
	Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2004A, 5.250%,	5/14 at		
3,000		100.00	AA	3,287,549
	5/15/23 – FGIC Insured			
	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001A,	12/11 at		
3,500		100.00	AAA	3,708,669
	5.500%, 12/01/17 – AGM Insured			
	Irving, Texas, Subordinate Lien Waterworks and Sewerage Revenue Bonds, Series 2004:			
		8/14 at		
1,680	5.000%, 8/15/22 – AMBAC Insured	100.00	Aa1	1,816,213
		8/14 at		
1,760	5.000%, 8/15/23 – AMBAC Insured	100.00	Aa1	1,889,482
	Rowlett, Rockwall and Dallas Counties, Texas, Waterworks and Sewerage System Revenue Bonds,	3/14 at		
1,260		100.00	AA–	1,323,969
	Series 2004A, 5.000%, 3/01/22 – NPFPG Insured			
	Texas Water Development Board, Senior Lien State Revolving Fund Revenue Bonds, Series 1999A,	1/11 at		
1,300		100.00	AAA	1,305,602
	5.500%, 7/15/21			
15,535	Total Water and Sewer			16,572,791
\$				
237,218	Total Investments (cost \$201,879,097) – 145.8%			208,593,077
	Floating Rate Obligations – (2.8)%			(3,960,000)
	Other Assets Less Liabilities – 2.5%			3,496,817
	Auction Rate Preferred Shares, at Liquidation Value – (45.5)% (5)			(65,050,000)
				\$
	Net Assets Applicable to Common Shares – 100%			143,079,894

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

(1) unless otherwise noted.

(2)

Optional Call Provisions (not covered by the report of independent registered public accounting firm): 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. Certain mortgage-backed securities may be subject to periodic principal paydowns.

Ratings (not covered by the report of independent registered public accounting firm): Using the highest of

- (3) Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.

- Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities,  
(4) which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

- (5) Auction Rate Preferred shares, at Liquidation Value as a percentage of Total Investments is 31.2%.

N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.

(ETM) Escrowed to maturity.

Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial

- (UB) Statements, Footnote 1 – Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

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Investments

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Statement of  
Assets & Liabilities

July 31, 2010

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
<b>Assets</b>					
Investments, at value (cost \$83,508,446, \$31,425,432, \$49,228,018, \$59,477,262 and \$201,879,097, respectively)	\$88,003,144	\$31,980,266	\$50,588,304	\$60,274,874	\$208,593,077
Cash	2,113,293	459,732	1,552,243	1,231,287	1,463,040
<b>Receivables:</b>					
Interest	590,159	265,069	411,268	418,964	3,074,789
Investments sold	55,000	—	—	—	1,046,665
Other assets	19,484	16,053	19,932	16,135	45,237
<b>Total assets</b>	<b>90,781,080</b>	<b>32,721,120</b>	<b>52,571,747</b>	<b>61,941,260</b>	<b>214,222,808</b>
<b>Liabilities</b>					
Floating rate obligations	—	—	—	—	3,960,000
<b>Payables:</b>					
Investments purchased	—	—	—	—	1,331,909
Auction Rate Preferred share dividends	628	496	584	1,288	2,147
Common share dividends	262,204	97,479	159,261	190,926	603,100
<b>Accrued expenses:</b>					
Management fees	49,713	16,120	24,300	30,025	112,949
Other	44,989	22,630	29,340	38,789	82,809
<b>Total liabilities</b>	<b>357,534</b>	<b>136,725</b>	<b>213,485</b>	<b>261,028</b>	<b>6,092,914</b>
Auction Rate Preferred shares, at liquidation value	27,875,000	10,600,000	16,625,000	18,400,000	65,050,000
<b>Net assets applicable to Common shares</b>	<b>\$62,548,546</b>	<b>\$21,984,395</b>	<b>\$35,733,262</b>	<b>\$43,280,232</b>	<b>\$143,079,894</b>
Common shares outstanding	4,469,952	1,548,020	2,439,551	3,066,030	9,529,884
<b>Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)</b>	<b>\$13.99</b>	<b>\$14.20</b>	<b>\$14.65</b>	<b>\$14.12</b>	<b>\$15.01</b>
<b>Net assets applicable to Common shares consist of:</b>					
Common shares, \$.01 par value per share	\$44,700	\$15,480	\$24,396	\$30,660	\$95,299
Paid-in surplus	62,166,864	21,910,016	34,577,972	43,233,092	135,135,057
Undistributed (Over-distribution of) net investment income	961,516	278,947	427,638	487,582	2,042,050
Accumulated net realized gain (loss)	(5,119,232 )	(774,882 )	(657,030 )	(1,268,714 )	(906,492 )

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Net unrealized appreciation (depreciation)	4,494,698	554,834	1,360,286	797,612	6,713,980
Net assets applicable to Common shares	\$62,548,546	\$21,984,395	\$35,733,262	\$43,280,232	\$143,079,894
Authorized shares:					
Common	200,000,000	Unlimited	Unlimited	Unlimited	Unlimited
Auction Rate Preferred	1,000,000	Unlimited	Unlimited	Unlimited	Unlimited

See accompanying notes to financial statements.

Nuveen Investments 43

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Statement of  
Operations

Year Ended July 31, 2010

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Investment Income	\$4,507,457	\$1,579,349	\$2,571,398	\$3,099,881	\$10,596,403
Expenses					
Management fees	582,148	202,746	336,597	399,605	1,318,389
Auction Rate Preferred shares – auction fees	41,811	15,899	24,937	27,601	97,575
Auction Rate Preferred shares – dividend disbursing agent fees	10,000	10,000	10,000	10,000	20,000
Shareholders’ servicing agent fees and expenses	3,352	536	482	390	9,051
Interest expense on floating rate obligations	—	—	—	—	20,183
Custodian’s fees and expenses	20,920	11,611	15,505	16,322	42,365
Directors’/Trustees’ fees and expenses	2,548	908	1,469	1,909	5,852
Professional fees	18,717	11,034	12,841	13,604	41,748
Shareholders’ reports – printing and mailing expenses	27,656	14,043	18,775	21,141	52,459
Stock exchange listing fees	9,145	217	342	430	9,177
Investor relations expense	7,114	2,533	4,103	4,752	14,710
Other expenses	18,336	15,284	16,644	15,704	22,882
Total expenses before custodian fee credit and expense reimbursement	741,747	284,811	441,695	511,458	1,654,391
Custodian fee credit	(310 )	(281 )	(403 )	(304 )	(569 )
Expense reimbursement	—	(23,792 )	(69,610 )	(57,404 )	—
Net expenses	741,437	260,738	371,682	453,750	1,653,822
Net investment income	3,766,020	1,318,611	2,199,716	2,646,131	8,942,581
Realized and Unrealized Gain (Loss)					
Net realized gain (loss) from investments	211,410	3,081	15,295	103,076	197,927
Change in net unrealized appreciation (depreciation) of investments	4,067,325	2,172,884	2,615,288	3,715,857	10,122,568
Net realized and unrealized gain (loss)	4,278,735	2,175,965	2,630,583	3,818,933	10,320,495
Distributions to Auction Rate Preferred Shareholders					
From net investment income	(115,298 )	(44,516 )	(69,894 )	(76,983 )	(257,907 )
From accumulated net realized gains	—	—	—	—	(19,921 )
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(115,298 )	(44,516 )	(69,894 )	(76,983 )	(277,828 )

Net increase (decrease) in net assets  
applicable to

Common shares from operations	\$7,929,457	\$3,450,060	\$4,760,405	\$6,388,081	\$18,985,248
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See accompanying notes to financial statements.

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Investments

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Statement of  
Changes in Net Assets

	Arizona		Arizona		Arizona	
	Premium Income (NAZ)		Dividend Advantage (NFZ)		Dividend Advantage 2 (NKR)	
	Year Ended 7/31/10	Year Ended 7/31/09	Year Ended 7/31/10	Year Ended 7/31/09	Year Ended 7/31/10	Year Ended 7/31/09
Operations						
Net investment income	\$3,766,020	\$3,812,672	\$1,318,611	\$1,299,942	\$2,199,716	\$2,259,065
Net realized gain (loss) from:						
Investments	211,410	(2,710,445 )	3,081	(429,021 )	15,295	(349,393 )
Futures contracts	—	—	—	—	—	—
Change in net unrealized appreciation (depreciation) of:						
Investments	4,067,325	1,955,974	2,172,884	(604,752 )	2,615,288	(337,136 )
Futures contracts	—	—	—	—	—	—
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(115,298 )	(565,487 )	(44,516 )	(220,718 )	(69,894 )	(349,919 )
From accumulated net realized gains	—	—	—	—	—	—
Net increase (decrease) in net assets applicable to Common shares						
from operations	7,929,457	2,492,714	3,450,060	45,451	4,760,405	1,222,617
Distributions to Common Shareholders						
From net investment income	(3,146,573 )	(2,846,851 )	(1,070,455 )	(976,248 )	(1,856,497 )	(1,712,859 )
From accumulated net realized gains	—	—	—	—	—	—
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(3,146,573 )	(2,846,851 )	(1,070,455 )	(976,248 )	(1,856,497 )	(1,712,859 )
Capital Share Transactions						
Common shares:						
Net proceeds from shares issued to						

shareholders due to reinvestment of distributions	10,931	12,298	—	7,371	—	16,440
Repurchased and retired	—	—	—	(24,038 )	—	(8,296 )
Net increase in net assets applicable to Common shares from capital share transactions	10,931	12,298	—	(16,667 )	—	8,144
Net increase (decrease) in net assets applicable to Common shares	4,793,815	(341,839 )	2,379,605	(947,464 )	2,903,908	(482,098 )
Net assets applicable to Common shares at the beginning of year	57,754,731	58,096,570	19,604,790	20,552,254	32,829,354	33,311,452
Net assets applicable to Common shares at the end of year	\$62,548,546	\$57,754,731	\$21,984,395	\$19,604,790	\$35,733,262	\$32,829,354
Undistributed (Over-distribution of) net investment income at the end of year	\$961,516	\$492,363	\$278,947	\$75,318	\$427,638	\$154,645

See accompanying notes to financial statements.

Statement of  
Changes in Net Assets (continued)

	Arizona		Texas	
	Dividend Advantage 3		Quality Income (NTX)	
	Year	Year	Year	Year
	Ended	Ended	Ended	Ended
	7/31/10	7/31/09	7/31/10	7/31/09
Operations				
Net investment income	\$2,646,131	\$2,685,306	\$8,942,581	\$8,942,930
Net realized gain (loss) from:				
Investments	103,076	(323,361 )	197,927	(260,097 )
Futures contracts	—	—	—	279,232
Change in net unrealized appreciation (depreciation) of:				
Investments	3,715,857	(880,027 )	10,122,568	(1,592,328 )
Futures contracts	—	—	—	(80,805 )
Distributions to Auction Rate Preferred Shareholders:				
From net investment income	(76,983 )	(412,423 )	(257,907 )	(1,209,638 )
From accumulated net realized gains	—	—	(19,921 )	(148,005 )
Net increase (decrease) in net assets applicable to Common shares from operations	6,388,081	1,069,495	18,985,248	5,931,289
Distributions to Common Shareholders				
From net investment income	(2,236,669 )	(2,005,865 )	(7,745,753 )	(6,752,824 )
From accumulated net realized gains	—	—	(114,136 )	(446,272 )
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(2,236,669 )	(2,005,865 )	(7,859,889 )	(7,199,096 )
Capital Share Transactions				
Common shares:				
Net proceeds from shares issued to shareholders due to reinvestment of distributions	—	—	441,175	67,966
Repurchased and retired	—	(15,380 )	—	—
Net increase in net assets applicable to Common shares from capital share transactions	—	(15,380 )	441,175	67,966
Net increase (decrease) in net assets applicable to Common shares	4,151,412	(951,750 )	11,566,534	(1,199,841 )
Net assets applicable to Common shares at the beginning of year	39,128,820	40,080,570	131,513,360	132,713,201
Net assets applicable to Common shares at the end of year	\$43,280,232	\$39,128,820	\$143,079,894	\$131,513,360
Undistributed (Over-distribution of) net investment income at the end of year	\$487,582	\$157,033	\$2,042,050	\$1,103,875

See accompanying notes to financial statements.

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Investments

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Notes to  
Financial Statements

1. General Information and Significant Accounting Policies

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) (collectively, the “Funds”). Common shares of Arizona Premium Income (NAZ) and Texas Quality Income (NTX) are traded on the New York Stock Exchange (“NYSE”) while Common shares of Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR) and Arizona Dividend Advantage 3 (NXE) are traded on the NYSE Amex. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

Each Fund seeks to provide current income exempt from both regular federal and designated state income taxes by investing primarily in a portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories.

In June 2009, the Financial Accounting Standards Board (“FASB”) established the FASB Accounting Standards Codification™ (the “Codification”) as the single source of authoritative accounting principles recognized by the FASB in the preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”). The Codification supersedes existing non-grandfathered, non-SEC accounting and reporting standards. The Codification did not change GAAP but rather organized it into a hierarchy where all guidance within the Codification carries an equal level of authority. The Codification became effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Codification did not have a material effect on the Funds’ financial statements.

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Investment Valuation

Prices of fixed-income securities and derivative instruments are provided by a pricing service approved by the Funds’ Board of Directors/Trustees. Fixed-income securities are valued by a pricing service that values portfolio securities at the mean between the quoted bid and ask prices or the yield equivalent when quotations are readily available. These securities are generally classified as Level 2. Securities for which quotations are not readily available (which is usually the case for municipal securities) are valued at fair value as determined by the pricing service using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor’s credit characteristics considered relevant. The pricing service may employ electronic data processing techniques and/or a matrix system to determine valuations. These securities are generally classified as Level 2.

Futures contracts are valued using the closing settlement price or, in the absence of such a price, at the mean of the bid and ask prices and are generally classified as Level 1.

Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value. These securities are generally classified as Level 1.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds' Board of Directors/Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; fixed-income securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of an issue of securities would appear to be the amount that the owner might reasonably expect to receive for them in a current sale. A variety of factors may be considered in determining the fair value of these securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These

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Notes to  
Financial Statements (continued)

securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds' Board of Directors/Trustees or its designee.

Refer to Footnote 2 – Fair Value Measurements for further details on the leveling of securities held by the Funds as of the end of the reporting period.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments 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/delayed delivery purchase commitments. At July 31, 2010, Texas Quality Income (NTX) had outstanding when-issued/delayed delivery purchase commitments of \$1,010,190. There were no such outstanding purchase commitments in any of the other Funds.

Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also includes paydown gains and losses, if any.

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from regular federal and designated state income taxes, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

For all open tax years and all major taxing jurisdictions, management of the Funds has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Funds is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

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 at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to Common shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

Auction Rate Preferred Shares

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The Funds have issued and outstanding Auction Rate Preferred shares (“ARPS”), \$25,000 stated value per share, which approximates market value, as a means of effecting financial leverage. Each Fund’s ARPS are issued in one or more Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period.

As of July 31, 2010, the number of ARPS 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	—	—	—	736	716
Series T	—	424	—	—	—
Series W	—	—	665	—	—
Series TH	1,115	—	—	—	1,886
Total	1,115	424	665	736	2,602

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the ARPS issued by the Funds than there were offers to buy. This meant that these auctions “failed to clear,” and that many ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. ARPS shareholders unable to sell their shares received distributions at the “maximum rate” applicable to failed auctions as

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Investments



calculated in accordance with the pre-established terms of the ARPS. As of July 31, 2010, the aggregate amount of outstanding ARPS redeemed by 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)
ARPS redeemed, at liquidation value	\$2,125,000	\$1,400,000	\$1,875,000	\$3,600,000	\$3,950,000

#### Inverse Floating Rate Securities

Each Fund is authorized to invest in inverse floating rate securities. An inverse floating rate security is created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. In turn, this trust (a) issues floating rate certificates, in face amounts equal to some fraction of the deposited bond's par amount or market value, that typically pay short-term tax-exempt interest rates to third parties, and (b) issues to a long-term investor (such as one of the Funds) an inverse floating rate certificate (sometimes referred to as an "inverse floater") that represents all remaining or residual interest in the trust. The income received by the inverse floater holder varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the inverse floater holder bears substantially all of the underlying bond's downside investment risk and also benefits disproportionately from any potential appreciation of the underlying bond's value. The price of an inverse floating rate security will be more volatile than that of the underlying bond because the interest rate is dependent on not only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as "(IF) – Inverse floating rate investment." An investment in a self-deposited inverse floater is accounted for as a financing transaction. In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as "(UB) – Underlying bond of an inverse floating rate trust reflected as a financing transaction," with the Fund accounting for the short-term floating rate certificates issued by the trust as "Floating rate obligations" on the Statement of Assets and Liabilities. In addition, the Fund reflects in "Investment Income" the entire earnings of the underlying bond and recognizes the related interest paid to the holders of the short-term floating rate certificates as "Interest expense on floating rate obligations" on the Statement of Operations.

During the fiscal year ended July 31, 2010, each Fund invested in externally-deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a "recourse trust" or "credit recovery swap") (such agreements referred to herein as "Recourse Trusts") with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund's inverse floater investments as a Fund may potentially be liable to

fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as “Unrealized depreciation on Recourse Trusts” on the Statement of Assets and Liabilities.

At July 31, 2010, the Funds were not invested in externally-deposited Recourse Trusts.

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Maximum exposure to Recourse Trusts	\$ —	\$ —	\$ —	\$ —	\$ —

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended July 31, 2010, were as follows:

	Texas Quality Income (NTX)
Average floating rate obligations outstanding	\$3,960,000
Average annual interest rate and fees	0.51 %

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Financial Statements (continued)

Futures Contracts

Each Fund is subject to interest rate risk in the normal course of pursuing its investment objectives and is authorized to invest in futures contracts in an attempt to manage such risk. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the “initial margin.” Cash held by the broker to cover initial margin requirements on open futures contracts, if any, is recognized as “Deposits with brokers for open futures contracts” on the Statement of Assets and Liabilities. Subsequent payments (“variation margin”) are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract. Variation margin is recognized as a receivable or payable for “Variation margin on futures contracts” on the Statement of Assets and Liabilities, when applicable.

During the period the futures contract is open, changes in the value of the contract are recorded as an unrealized gain or loss by “marking-to-market” on a daily basis to reflect the changes in market value of the contract and is recognized as “Change in net unrealized appreciation (depreciation) of futures contracts” on the Statement of Operations. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into and is recognized as “Net realized gain (loss) from futures contracts” on the Statement of Operations.

Risks of investments in futures contracts include the possible adverse movement of the securities or indices underlying the contracts, the possibility that there may not be a liquid secondary market for the contracts and/or that a change in the value of the contract may not correlate with a change in the value of the underlying securities or indices. The Funds did not invest in futures contracts during the fiscal year ended July 31, 2010.

Market and Counterparty Credit Risk

In the normal course of business each Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, when applicable. The extent of each Fund’s exposure to counterparty credit risk in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities. Futures contracts, when applicable, expose a Fund to minimal counterparty credit risk as they are exchange traded and the exchange’s clearinghouse, which is counterparty to all exchange traded futures, guarantees the futures contracts against default.

Each Fund helps manage counterparty credit risk by entering into agreements only with counterparties Nuveen Asset Management (the “Adviser”), a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen”), believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the daily valuation of the financial asset) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when each Fund has an unrealized loss, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the valuations fluctuate, either up or down, by at least the predetermined threshold amount.

Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

#### Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which a Fund overdraws its account at the custodian bank.

#### Indemnifications

Under the Funds' organizational documents, their officers and directors/trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

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## 2. Fair Value Measurements

In determining the value of each Fund's investments, various inputs are used. These inputs are summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of July 31, 2010:

Arizona Premium Income (NAZ)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$85,947,544	\$2,055,600	\$88,003,144
Arizona Dividend Advantage (NFZ)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$31,750,039	\$230,227	\$31,980,266
Arizona Dividend Advantage 2 (NKR)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$49,659,173	\$929,131	\$50,588,304
Arizona Dividend Advantage 3 (NXE)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$59,707,528	\$567,346	\$60,274,874
Texas Quality Income (NTX)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$208,593,077	\$—	\$208,593,077

The following is a reconciliation of each Fund's Level 3 investments held at the beginning and end of the measurement period:

	Arizona Premium Income (NAZ) Level 3 Municipal Bonds	Arizona Dividend Advantage (NFZ) Level 3 Municipal Bonds	Arizona Dividend Advantage 2 (NKR) Level 3 Municipal Bonds	Arizona Dividend Advantage 3 (NXE) Level 3 Municipal Bonds	Texas Quality Income (NTX) Level 3 Municipal Bonds
Balance at the beginning of year	\$1,978,300	\$221,570	\$894,192	\$546,011	\$950,615
Gains (losses):					
Net realized gains (losses)	—	—	—	—	180
Net change in unrealized appreciation (depreciation)	77,300	8,657	34,939	21,335	49,205
Net purchases at cost (sales at proceeds)	—	—	—	—	(1,000,000)
Net discounts (premiums)	—	—	—	—	—

Net transfers in to (out of) at end of period  
fair value

Balance at the end of year	\$2,055,600	\$230,227	\$929,131	\$567,346	\$—
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“Change in net unrealized appreciation (depreciation) of investments” presented on the Statement of Operations includes net appreciation (depreciation) related to securities classified as Level 3 at year end as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)
Level 3 net appreciation (depreciation)	\$77,300	\$8,657	\$34,939	\$21,335

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Financial Statements (continued)

3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the fiscal year ended July 31, 2010.

4. Fund Shares

Common Shares

Transactions in Common shares were as follows:

	Arizona Premium Income (NAZ)		Arizona Dividend Advantage (NFZ)		Arizona Dividend Advantage 2 (NKR)	
	Year Ended 7/31/10	Year Ended 7/31/09	Year Ended 7/31/10	Year Ended 7/31/09	Year Ended 7/31/10	Year Ended 7/31/09
Common shares:						
Issued to shareholders due to reinvestment of distributions	798	944	—	581	—	1,193
Repurchased and retired	—	—	—	(2,500 )	—	(800 )
Weighted average Common share:						
Price per share repurchased and retired	—	—	—	\$9.60	—	\$10.35
Discount per share repurchased and retired	—	—	—	19.20 %	—	17.60 %

	Arizona Dividend Advantage 3 (NXE)		Texas Quality Income (NTX)	
	Year Ended 7/31/10	Year Ended 7/31/09	Year Ended 7/31/10	Year Ended 7/31/09
Common shares:				
Issued to shareholders due to reinvestment of distributions	—	—	29,688	5,052
Repurchased and retired	—	(1,600 )	—	—
Weighted average Common share:				
Price per share repurchased and retired	—	\$9.59	—	—
Discount per share repurchased and retired	—	18.61 %	—	—

Auction Rate Preferred Shares

Transactions in ARPS were as follows:

	Arizona Premium Income (NAZ)				Arizona Dividend Advantage (NFZ)			
	Year		Year		Year		Year	
	Ended 7/31/10	Amount	Ended 7/31/09	Amount	Ended 7/31/10	Amount	Ended 7/31/09	Amount
ARPS redeemed:	Shares		Shares		Shares		Shares	
Series T	—	\$ —	—	\$ —	—	\$ —	56	\$1,400,000
Series TH	—	—	85	2,125,000	—	—	—	—
Total	—	\$ —	85	\$2,125,000	—	\$ —	56	\$1,400,000

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	Arizona Dividend Advantage 2 (NKR)				Arizona Dividend Advantage 3 (NXE)			
	Year		Year		Year		Year	
	Ended 7/31/10	Amount	Ended 7/31/09	Amount	Ended 7/31/10	Amount	Ended 7/31/09	Amount
ARPS redeemed:	Shares		Shares		Shares		Shares	
Series M	—	\$ —	—	\$ —	—	\$ —	144	\$3,600,000
Series W	—	—	75	1,875,000	—	—	—	—
Total	—	\$ —	75	\$1,875,000	—	\$ —	144	\$3,600,000

	Texas Quality Income (NTX)			
	Year		Year	
	Ended 7/31/10	Amount	Ended 7/31/09	Amount
ARPS redeemed:	Shares		Shares	