

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-CSRS
April 07, 2006

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 811-21157

Nuveen Arizona Dividend Advantage Municipal Fund 3

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: July 31

Date of reporting period: January 31, 2006

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.

Semiannual Report January 31, 2006

Nuveen Investments
Municipal Exchange-Traded
Closed-End
Funds

NUVEEN ARIZONA
PREMIUM INCOME
MUNICIPAL FUND, INC.
NAZ

NUVEEN ARIZONA
DIVIDEND ADVANTAGE
MUNICIPAL FUND
NFZ

[GRAPHIC OMITTED]

NUVEEN ARIZONA
DIVIDEND ADVANTAGE
MUNICIPAL FUND 2
NKR

NUVEEN ARIZONA
DIVIDEND ADVANTAGE
MUNICIPAL FUND 3
NXE

NUVEEN TEXAS
QUALITY INCOME
MUNICIPAL FUND
NTX

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

[LOGO]
NUVEEN
Investments

[PHOTO OMITTED]

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Investments

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Timothy R. Schwertfeger
Chairman of the Board

Chairman's
Letter to Shareholders

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

Municipal bonds can be an important building block in a well balanced investment portfolio. In addition to providing attractive tax-free monthly income, a municipal bond investment like your Fund may help you achieve and benefit from greater portfolio diversification. Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. I encourage you to contact your personal financial advisor who can explain the advantages of diversification in more detail.

"Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing."

Nuveen Investments is pleased to offer you choices when it comes to receiving your Fund reports. Instead of mailed printed copies, you can sign up to receive future Fund reports and other Fund information by e-mail and the Internet. Not only will you be able to receive the

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information faster, but this also may help lower your Fund's expenses. The inside front cover of this report contains information on how you can sign up - just follow the quick and easy step-by-step instructions.

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

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

March 15, 2006

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

Portfolio Managers'
Comments

Portfolio managers Scott Romans and Cathryn Steeves review key investment strategies and the semiannual performance of these five Nuveen Funds. Scott, who joined Nuveen in 2000, has managed the Arizona Funds since 2003. Cathryn, who has been with Nuveen since 1996, assumed portfolio management responsibility for NTX in 2004.

What key strategies were used to manage the Arizona and Texas Funds during the six-month reporting period ended January 31, 2006?

During this period, bond valuations generally declined as yields generally rose and the yield curve flattened, with shorter-term rates rising to approach the levels of longer-term rates.

In this environment, one of our key strategies continued to be careful duration management. Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations. Our purchase activity focused mainly on finding attractively priced bonds maturing in 15 to 20 years for the Arizona Funds and in 15 to 25 years for NTX. As the yield curve flattened, we believed that bonds in this range of the curve generally offered the most attractive opportunities and the best values. We also continued to look for bonds with premium coupons; that is, bonds that at the time of purchase were trading above their par value because their coupons were higher than current interest rate levels. Premium bonds have been in demand recently because historically they have held their value better than current coupon bonds when long-term interest rates rise.

To help us maintain the Funds' durations within our preferred range, we also selectively sold holdings with shorter maturities, including pre-refunded bonds, and reinvested the proceeds in longer maturities as attractive opportunities arose. Proceeds from called bonds also were reinvested into longer maturities.

We also kept an opportunistic eye out for all types of bonds that we believed

could add value to the Funds. Because of the overall high credit quality of new issue supply in both states, the majority of our new purchases were highly rated and/or insured. However, due to Arizona's rapid population growth and corresponding infrastructure

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needs, the credit market in that state also offered some unique opportunities among lower-rated land-secured issues and community facilities district bonds. In NTX, we found some good opportunities in AAA-rated utilities bonds.

In NFZ, NKR and NXE, our duration management strategies also included the use of forward interest rate swaps, a type of derivative financial instrument. As discussed in our last shareholder report, we began using these swaps in late 2004 in an effort to reduce the interest rate risk of these three Funds. These hedges were not an attempt to profit from correctly predicting the timing and direction of interest rate movements. Instead, our sole objective was to reduce the Funds' durations (and resulting price sensitivity) without having a negative impact on their income streams or common share dividends over the short term. During this reporting period, the hedges performed as expected and had a positive impact on the returns of NFZ, NKR and NXE. As long-term interest rates rose, the value of the hedges increased while the valuation of the Funds' holdings generally declined.

How did the Funds perform?

Individual results for these Funds, as well as for relevant indexes and peer groups, are presented in the accompanying table.

Total Returns on Net Asset Value*

For periods ended 1/31/06

| Arizona Funds | 6-Month | 1-Year | 5-Year | 10-Year |
|---|---------|--------|--------|---------|
| NAZ | 1.16% | 2.80% | 5.78% | 5.40% |
| NFZ | 1.20% | 2.71% | 7.29% | NA |
| NKR | 1.44% | 2.90% | NA | NA |
| NXE | 1.70% | 3.07% | NA | NA |
| Texas Fund | | | | |
| NTX | 1.59% | 3.10% | 6.97% | 6.14% |
| Lehman Brothers Municipal Bond Index(1) | 1.33% | 2.85% | 5.44% | 5.67% |
| Lipper Other States Municipal Debt Funds Average(2) | | | | |
| | 1.06% | 1.90% | 4.18% | 4.46% |

* Six-month returns are cumulative; returns for one year, five years, and ten years are annualized.

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of

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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.

- (1) The Lehman Brothers Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses. It is not possible to invest directly in an index.
- (2) The Lipper Other State Municipal Debt Funds category average is calculated using the returns of all closed-end exchange-traded funds in this category for each period as follows: 6 months, 44 funds; 1 year, 44 funds; 5 years, 19 funds; and 10 years, 17 funds. Fund and Lipper returns assume reinvestment of dividends.

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For the six months ended January 31, 2006, the cumulative returns on net asset value (NAV) for NKR, NXE and NTX outperformed the return on the Lehman Brothers Municipal Bond Index, while NAZ and NFZ underperformed this measure. All five of the Funds in this report exceeded the average return for the Lipper Other States peer group over the reporting period.

One of the factors affecting the six-month performance of the Funds relative to that of the unleveraged Lehman Brothers municipal index was the Funds' use of financial leverage. While leveraging provides opportunities for additional income and total returns for common shareholders when interest rates fall or remain consistently low (as they have over the past several years), this benefit is reduced when interest rates rise. With the increase in long-term interest rates during this six-month period, the decline in value of the bonds in these Funds' portfolios was exacerbated by the effects of leveraging. In addition, the benefits of leveraging are tied in part to the short-term rates leveraged Funds pay their MuniPreferred(R) shareholders. During periods of low short-term rates, these Funds generally pay lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. Conversely, when short-term interest rates rise, as they did during this reporting period, the Funds' borrowing costs also rise, impacting the Funds' income streams, and total returns. However, we remain convinced that, over the long term, leveraging should work to the benefit of the Funds' performance as the older Funds' 5-year and 10-year absolute and relative return performance illustrates.

During this reporting period, positive contributors to the Funds' returns included exposure to the intermediate part of the yield curve, allocations to lower-rated credits, pre-refunding activity in all of the Funds, and credit upgrades of several of the Arizona Funds' holdings. As mentioned earlier, the hedging strategies we employed in NFZ, NKR and NXE also had a positive impact on the performance of these Funds for the period.

As the yield curve continued to flatten over the course of this period, bonds with intermediate maturities generally outperformed both longer-maturity bonds and those with short maturities. Yield curve positioning or, more specifically, greater exposure to the intermediate part of the curve helped the performance of all of these Funds. However, NAZ had more exposure to the longer end of the curve than the other four

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Funds in this report, which hampered its performance. Part of the duration management strategies discussed earlier included efforts to more closely align the yield curve positioning of all of these Funds.

All of the Funds also benefited from their allocations of lower-quality credits, as bonds rated BBB or lower and non-rated bonds generally outperformed higher-rated securities. This was largely the result of investor demand for the higher yields typically associated with lower-quality bonds, which drove up the prices of these bonds. Among the holdings making positive contributions to the Funds' returns for this period were those from sectors that tend to have a greater number of lower-quality credits, including healthcare (especially hospitals), housing, and bonds backed by the 1998 master tobacco settlement agreement. With some signs of improvement in the airline industry, NTX's small position in American Airlines bonds, which were rated CCC by S&P as of the end of the reporting period, also contributed to this Fund's performance.

We continued to see a substantial number of refinancings during this period, which benefited the Funds through price appreciation and enhanced credit quality. As the yield curve flattened, the impact of price appreciation from advance refundings generally was less than in the previous reporting period.

NAZ, NKR and NXE also benefited from price appreciation associated with the recent credit upgrade and improved tradability of bonds issued by Arizona Health for Phoenix Children's Hospital. These bonds, which had been rated Ba2 (sub-investment grade) by Moody's were upgraded prior to the beginning of this reporting period to Baa3 (investment-grade) based on the hospital's stronger financial picture. Due to the size of NAZ's position (\$2 million in par value), the appreciation of these bonds made this holding the second largest contributor to NAZ's performance for the period.

While pre-refundings generally enhanced performance for this six-month period, the rising interest rate environment (especially in the one- to five-year part of the yield curve) during this time meant that the Funds' holdings of older, previously pre-refunded bonds tended to underperform the general municipal market, due primarily to the shorter effective maturities of these bonds. This was especially true in NAZ, which had the largest allocation of pre-refunded bonds among the Funds in this report. In addition, NFZ

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held bonds issued for a federally guaranteed multifamily housing project that were restructured by the Federal Housing Administration, which had a negative impact on the Fund's performance during this period.

How were the Funds positioned in terms of credit quality and bond calls as of January 31, 2006?

We continued to believe that maintaining strong credit quality was an important requirement. As of January 31, 2006, all of these Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 75% in NKR to 78% in NXE, 79% in NTX and 81% in NFZ and NAZ.

As of January 31, 2006, potential call exposure for the period February 2006 through the end of 2007 ranged from 0% in NXE to 1% in NKR, 4% in NAZ, 6% in NTX and 10% in NFZ. The number of actual bond calls in all of these Funds depends largely on future market interest rates.

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Dividend and Share Price
Information

All of these Funds use leverage to potentially enhance opportunities for additional income for common shareholders. During periods of rising short-term interest rates, as was the case during this reporting period, the Funds' borrowing costs also rise, reducing the extent of the benefits of leveraging. The Funds' income streams were also impacted as the proceeds from older, higher-yielding bonds that matured or were called and were reinvested into bonds that generally offered lower yields. These factors resulted in one monthly dividend reduction in NKR, NXE and NTX and two reductions in NAZ and NFZ over the six-month period ended January 31, 2006.

In addition, due to normal portfolio activity, common shareholders of the following Funds received capital gains or net ordinary income distributions at the end of December 2005 as follows:

| | Long-Term Capital Gains (per share) | Ordinary Income (per share) |
|-----|--|--------------------------------|
| NFZ | \$0.0764 | -- |
| NKR | \$0.1058 | -- |
| NTX | -- | \$0.0020 |

These distributions, which represented an important part of NFZ's and NKR's total returns for this period, were generated by bond calls and the sale of appreciated securities. This had a slight negative impact on the Funds' earning power per common share and was a minor factor in the common share dividend reductions noted above.

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 January 31, 2006, NFZ, NKR and NTX had positive UNII balances for financial statement purposes, and positive UNII balances, based on our best estimate, for tax purposes. As of January 31, 2006, NAZ and NXE had negative UNII balances for financial statement purposes and positive UNII balances, based on our best estimates, for tax purposes.

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As of January 31, 2006, the Funds' share prices were trading at premiums or discounts to their NAVs as shown in the accompanying chart:

| | 1/31/06 Premium/Discount | 6-Month Average Premium/Discount |
|-----|-----------------------------|-------------------------------------|
| NAZ | -0.56% | +3.14% |

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| | | |
|-----|--------|---------|
| NFZ | +7.05% | +11.31% |
| NKR | +1.64% | +3.78% |
| NXE | -1.10% | +1.17% |
| NTX | -1.90% | -2.89% |

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Nuveen Arizona Premium Income Municipal Fund, Inc.

NAZ

Performance

Overview As of January 31, 2006

Credit Quality

(as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 69% |
| AA | 12% |
| A | 7% |
| BBB | 9% |
| BB or Lower | 1% |
| N/R | 2% |

[PIE CHART]

2005-2006 Monthly Tax-Free Dividends Per Share

[BAR CHART]

| | |
|-----|--------|
| Feb | 0.071 |
| Mar | 0.068 |
| Apr | 0.068 |
| May | 0.068 |
| Jun | 0.0645 |
| Jul | 0.0645 |
| Aug | 0.0645 |
| Sep | 0.0615 |
| Oct | 0.0615 |

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| | |
|-----|--------|
| Nov | 0.0615 |
| Dec | 0.058 |
| Jan | 0.058 |

Share Price Performance

[LINE GRAPH]

| Date | Weekly Closing Price |
|-----------|----------------------|
| 2/01/2005 | 16.04 |
| | 15.95 |
| | 15.74 |
| | 15.88 |
| | 15.81 |
| | 15.75 |
| | 15.9 |
| | 15.93 |
| | 15.66 |
| | 15.82 |
| | 15.78 |
| | 15.75 |
| | 15.72 |
| | 15.45 |
| | 15.51 |
| | 15.76 |
| | 15.71 |
| | 15.9 |
| | 15.92 |
| | 15.85 |
| | 15.9 |
| | 15.83 |
| | 15.87 |
| | 15.95 |
| | 16.17 |
| | 16.08 |
| | 16 |
| | 15.9 |
| | 15.76 |
| | 15.92 |
| | 15.9 |
| | 15.83 |
| | 15.73 |
| | 15.61 |
| | 15.6 |
| | 15.39 |
| | 15.4 |
| | 15.33 |
| | 15.1 |
| | 15.12 |
| | 15.02 |
| | 15.1 |
| | 15.2 |
| | 15.25 |
| | 15.21 |
| | 15.2 |
| | 15.25 |

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15.4
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15.54
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| | |
|-----------|-------|
| | 14.45 |
| | 14.45 |
| | 14.5 |
| | 14.67 |
| | 14.5 |
| | 14.33 |
| | 14.46 |
| | 14.15 |
| | 14.3 |
| | 14.35 |
| | 14.25 |
| | 14.36 |
| | 14.36 |
| | 14.34 |
| | 14.39 |
| | 14.43 |
| | 14.37 |
| | 14.26 |
| | 14.26 |
| | 14.29 |
| | 14.44 |
| 1/31/2006 | 14.25 |

Past performance is not predictive of future results.

Fund Snapshot

| | |
|--|----------|
| Common Share Price | \$14.25 |
| Common Share Net Asset Value | \$14.33 |
| Premium/(Discount) to NAV | -0.56% |
| Market Yield | 4.88% |
| Taxable-Equivalent Yield(1) | 7.12% |
| Net Assets Applicable to Common Shares (\$000) | \$64,003 |
| Average Effective Maturity on Securities (Years) | 15.25 |
| Leverage-Adjusted Duration | 8.27 |

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

| | On Share Price | On NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -4.04% | 1.16% |
| 1-Year | -5.24% | 2.80% |
| 5-Year | 3.64% | 5.78% |
| 10-Year | 5.67% | 5.40% |

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Industries

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 24.7% |
| U.S. Guaranteed | 17.3% |
| Water and Sewer | 15.7% |
| Education and Civic Organizations | 12.7% |
| Health Care | 9.8% |
| Utilities | 7.1% |
| Tax Obligation/General | 5.1% |
| Other | 7.6% |

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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Nuveen Arizona Dividend Advantage Municipal Fund

NFZ

Performance

Overview As of January 31, 2006

Fund Snapshot

| | |
|--|----------|
| Common Share Price | \$16.10 |
| Common Share Net Asset Value | \$15.04 |
| Premium/(Discount) to NAV | 7.05% |
| Market Yield | 5.14% |
| Taxable-Equivalent Yield(1) | 7.50% |
| Net Assets Applicable to Common Shares (\$000) | \$23,266 |
| Average Effective Maturity on Securities (Years) | 15.43 |
| Leverage-Adjusted Duration | 7.72 |

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

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| | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month (Cumulative) | 3.20% | 1.20% |
| 1-Year | 2.85% | 2.71% |
| 5-Year | 7.48% | 7.29% |
| Since Inception | 7.47% | 7.28% |

Industries
(as a % of total investments)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 36.4% |
| Utilities | 20.8% |
| U.S. Guaranteed | 10.1% |
| Tax Obligation/General | 8.1% |
| Health Care | 7.2% |
| Water and Sewer | 6.7% |
| Other | 10.7% |

Credit Quality
(as a % of total investments)

| | | |
|---------------------|-----|-------------|
| AAA/U.S. Guaranteed | 61% | |
| AA | 20% | |
| A | 8% | [PIE CHART] |
| BBB | 7% | |
| BB or Lower | 1% | |
| N/R | 3% | |

2005-2006 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

| | |
|-----|--------|
| Feb | 0.0765 |
| Mar | 0.0765 |
| Apr | 0.0765 |
| May | 0.0765 |

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| | |
|-----|--------|
| Jun | 0.0765 |
| Jul | 0.0765 |
| Aug | 0.0765 |
| Sep | 0.073 |
| Oct | 0.073 |
| Nov | 0.073 |
| Dec | 0.069 |
| Jan | 0.069 |

Share Price Performance

[LINE GRAPH]

| Date | Weekly Closing Price |
|-----------|----------------------|
| 2/01/2005 | 16.55 |
| | 16.45 |
| | 16.38 |
| | 16.46 |
| | 16.48 |
| | 16.39 |
| | 16.39 |
| | 16.39 |
| | 16.34 |
| | 16.54 |
| | 16.54 |
| | 16.44 |
| | 16.5 |
| | 16.48 |
| | 16.55 |
| | 16.7 |
| | 16.8 |
| | 16.37 |
| | 16.39 |
| | 16.39 |
| | 16.39 |
| | 16.35 |
| | 16.35 |
| | 16.17 |
| | 16.2 |
| | 16.15 |
| | 15.97 |
| | 16 |
| | 16.15 |
| | 16.15 |
| | 16.15 |
| | 16.05 |
| | 16.05 |
| | 16.05 |
| | 16.05 |
| | 15.95 |
| | 15.95 |

15.83
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15.42
15.44
15.33
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15.32
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15.45
15.54
15.55
15.62
15.6
15.72
15.7
16.04
15.9
15.7
15.66
15.9
16.02
15.83
16.08
16.02
16.02
16.02
16.14
16.14
16.5
16.59
16.42
16.58
16.6
16.84
16.65
16.46
16.35
16.35
16.6
16.53
16.33
16.2

16.14
16.25
16.27
16.35
16.75
16.9
17.15
17.1
17.3
17.79
17.95
18
17.05
16.91
17.25
16.78
16.74
16.68
16.35
16.3
16.25
16.25
16.03
15.94
16.1
16.1
16.08
16.08
16.07
16.16
16.25
16.25
16.25
16.25
16.21
16.55
16.7
17.25
17.35
17.64
17.85
17.82
17.82
17.75
17.75
17.7
17.6
17.6
17.75
17.75
17.72
17.73
18.25
18.4
18.4
18.4
18.4
18.4
18.15
18
17.7
17.65

17.65
17.56
17.56
17.47
17.47
17.03
16.86
16.86
17.03
16.7
16.7
16.8
16.8
16.81
16.81
16.8
16.7
16.7
16.8
16.8
17
16.9
16.99
17.25
17.38
17.2
17.25
16.7
16.45
16.45
16.55
16.55
16.62
16.58
16.5
16.35
16.45
16.58
16.45
16.45
16.08
16.08
15.7
15.8
15.8
15.78
15.89
15.76
15.95
15.98
16.05
16.3
16.3
16.55
16.59
16.6
16.59
16.6
16.6
16.6
16.4
16.1

16.1
 16.48
 16.47
 16.55
 16.59
 16.8
 17
 16.9
 16.9
 17.01
 17.11
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 17.05
 17.1
 16.9
 17
 17.08
 17.09
 17
 16.8
 16.8
 16.6
 16.6
 16.51
 16.64
 16.64
 16.64
 16.64
 16.2
 16.1

1/31/2006

Past performance is not predictive of future results.

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) The Fund also paid shareholders a capital gains distribution in December 2005 of \$0.1058 per share.

12

Nuveen Arizona Dividend Advantage Municipal Fund 2

NKR

Performance

Overview As of January 31, 2006

Credit Quality

(as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 64% |
| AA | 11% |

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| | | |
|-----|-----|-------------|
| A | 12% | [PIE CHART] |
| BBB | 10% | |
| N/R | 3% | |

2005-2006 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

| | |
|-----|--------|
| Feb | 0.072 |
| Mar | 0.072 |
| Apr | 0.072 |
| May | 0.072 |
| Jun | 0.072 |
| Jul | 0.072 |
| Aug | 0.072 |
| Sep | 0.072 |
| Oct | 0.072 |
| Nov | 0.072 |
| Dec | 0.0685 |
| Jan | 0.0685 |

Share Price Performance

[LINE GRAPH]

| Date | Weekly Closing Price |
|-----------|----------------------|
| 2/01/2005 | 16.01 |
| | 16.03 |
| | 16.14 |
| | 16.14 |
| | 16.21 |
| | 16.22 |
| | 16.22 |
| | 16.4 |
| | 16.33 |
| | 16.32 |
| | 16.25 |
| | 16.25 |
| | 16.14 |
| | 15.96 |
| | 15.68 |

15.83
15.9
16.24
16.28
16.27
16.16
16.19
15.97
15.87
15.95
15.5
15.64
15.49
15.49
15.26
15.28
15
15
14.82
14.7
14.41
14.55
14.6
14.57
14.57
14.6
14.65
14.68
14.78
14.78
14.78
14.74
14.7
14.77
14.8
14.66
14.68
14.72
15
14.97
14.82
14.85
14.8
14.8
14.87
14.8
14.71
14.71
14.77
14.83
14.85
14.93
14.84
14.84
14.84
14.8
14.93
14.83
14.94
14.99
14.97
15.1

15.28
15.4
15.5
15.5
15.42
15.39
15.48
15.57
15.51
15.67
15.65
15.85
15.87
15.82
15.82
15.82
15.69
15.7
15.7
15.59
15.64
15.64
15.88
15.74
15.7
15.8
15.76
15.9
15.93
15.83
15.83
15.83
15.81
15.82
16
16.1
15.96
15.85
16.05
16.05
15.97
15.89
16.09
16.01
16.01
16.25
16.2
16.19
16.19
16.19
16.12
16.31
16.15
16.39
16.39
16.39
16.2
16.16
16.09
16.5
16.45
16.77

16.77
16.77
16.75
16.6
16.37
16.45
16.4
16.33
16.33
16.25
16.17
16.14
16.25
16.25
16.25
16.44
16.44
16.24
16.52
16.69
16.77
16.55
16.55
16.55
16.55
16.39
16.27
16.15
15.86
15.86
16
15.87
15.87
15.87
15.72
15.85
15.85
15.74
15.74
15.6
15.91
16.12
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16.2
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16.11
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16.06
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 16.25
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 15.74
 15.63
 15.74
 15.74
 15.6
 15.6
 15.29
 15.13
 14.95
 14.94
 14.83
 15.25
 15.05
 14.93
 15.2
 15.52
 15.3
 14.97
 15.35
 15.5
 15.54
 15.54
 15.46
 15.35
 15.39
 15.4
 15.65
 15.99
 15.8
 15.9
 15.9
 15.9
 15.63
 15.63
 15.74
 15.85
 15.75
 15.75
 15.61
 15.64
 15.51
 15.5

1/31/2006

Past performance is not predictive of future results.

Fund Snapshot

 Common Share Price \$15.50

Common Share

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| | |
|---|----------|
| Net Asset Value | \$15.25 |
| Premium/(Discount) to NAV | 1.64% |
| Market Yield | 5.30% |
| Taxable-Equivalent Yield(1) | 7.74% |
| Net Assets Applicable to Common Shares (\$000) | \$37,022 |
| Average Effective Maturity on Securities (Years) | 15.17 |
| Leverage-Adjusted Duration | 7.83 |

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

| | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month (Cumulative) | -0.98% | 1.44% |
| 1-Year | 3.98% | 2.90% |
| Since Inception | 7.01% | 7.83% |

Industries
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 27.0% |
| Tax Obligation/General | 22.5% |
| Health Care | 11.5% |
| U.S. Guaranteed | 9.0% |
| Water and Sewer | 7.3% |
| Education and Civic Organizations | 7.2% |
| Housing/Multifamily | 5.3% |
| Other | 10.2% |

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(2) The Fund also paid shareholders a capital gains distribution in December 2005 of \$0.1058 per share.

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Nuveen Arizona Dividend Advantage Municipal Fund 3

NXE

Performance

Overview As of January 31, 2006

Fund Snapshot

| | |
|---|----------|
| Common Share Price | \$14.33 |
| Common Share Net Asset Value | \$14.49 |
| Premium/(Discount) to NAV | -1.10% |
| Market Yield | 5.07% |
| Taxable-Equivalent Yield(1) | 7.40% |
| Net Assets Applicable to Common Shares (\$000) | \$44,461 |
| Average Effective Maturity on Securities (Years) | 16.31 |
| Leverage-Adjusted Duration | 7.12 |

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

| | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month (Cumulative) | 1.50% | 1.70% |
| 1-Year | 2.91% | 3.07% |
| Since Inception | 4.19% | 5.86% |

Industries
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 25.6% |
| Health Care | 13.9% |
| Tax Obligation/General | 13.1% |
| Education and Civic Organizations | 10.9% |
| Transportation | 9.1% |
| Water and Sewer | 8.0% |
| U.S. Guaranteed | 7.2% |

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| | |
|-----------|------|
| Utilities | 6.8% |
| Other | 5.4% |

Credit Quality
(as a % of total investments)

| | | |
|---------------------|-----|-------------|
| AAA/U.S. Guaranteed | 63% | [PIE CHART] |
| AA | 15% | |
| A | 10% | |
| BBB | 8% | |
| N/R | 4% | |

2005-2006 Monthly Tax-Free Dividends Per Share

[BAR CHART]

| | |
|-----|--------|
| Feb | 0.067 |
| Mar | 0.067 |
| Apr | 0.067 |
| May | 0.067 |
| Jun | 0.0635 |
| Jul | 0.0635 |
| Aug | 0.0635 |
| Sep | 0.0635 |
| Oct | 0.0635 |
| Nov | 0.0635 |
| Dec | 0.0605 |
| Jan | 0.0605 |

Share Price Performance

[LINE GRAPH]

| Date | Weekly Closing Price |
|-----------|----------------------|
| 2/01/2005 | 15.4 |
| | 15.43 |
| | 15.36 |

15.48
15.48
15.52
15.57
15.9
15.84
15.96
15.99
15.71
15.77
15.71
15.44
15.45
15.62
15.77
15.94
16.15
16.11
15.92
15.87
16.06
15.94
15.96
15.96
16.08
15.85
15.76
15.76
15.52
15.43
15.25
14.82
14.75
14.58
14.62
14.71
14.8
15
15.2
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15.5
15.8
15.55
15.46
15.26
15.16
15.14
15.13
15.1
15.11
15.11
15.16
15.2
15.15
15.2
15.26
15.44
15.44
15.47
15.47
15.8
15.88

15.89
15.71
15.45
15.58
15.78
15.85
15.81
15.71
15.78
15.75
15.94
15.92
15.83
15.87
15.9
15.9
15.85
15.87
15.87
15.94
15.98
15.95
15.9
15.88
15.86
15.85
15.74
15.65
15.69
15.6
15.51
15.52
15.52
15.64
15.79
15.87
15.96
16.09
16.3
16.2
16.12
16.2
16.09
16.01
16.03
16.02
16.13
16.44
16.31
16.28
16.4
16.29
16.26
16.2
16.15
16.15
16.08
16.06
16.07
16.14
16.19
16.19

16.2
16
15.95
15.84
15.84
15.69
15.63
15.48
15.3
15.45
15.48
15.55
15.59
15.68
15.61
15.61
15.6
15.61
15.56
15.52
15.61
15.63
15.72
15.7
15.64
15.61
15.51
15.59
15.67
15.58
15.61
15.57
15.4
15.4
15.43
15.4
15.29
15.2
15.07
15.09
14.9
14.92
14.87
14.99
14.97
14.99
14.8
14.78
14.64
14.66
14.59
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14.27
14.03
14.07
14.12
14.37
14.41
14.5
14.29

14.38
14.42
14.37
14.45
14.4
14.38
14.46
14.37
14.37
14.4
14.27
14.21
14.19
14.17
14.24
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14.26
14.35
14.4
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14.45
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14.44
14.41
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14.39
14.43
14.4
14.42
14.55
14.43
14.44
14.46
14.48
14.55
14.5
14.45
14.44
14.45
14.45
14.5
14.57
14.55
14.49
14.6
14.6
14.69
14.85
14.76
14.87
14.81
14.92
14.77
14.74
14.75
14.69
14.64
14.65
14.76
14.75
14.82
14.77

| | |
|-----------|-------|
| | 14.8 |
| | 14.91 |
| | 15.07 |
| 1/31/2006 | 14.99 |

Past performance is not predictive of future results.

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

14

Nuveen Texas Quality Income Municipal Fund

NTX

Performance

Overview As of January 31, 2006

Credit Quality

(as a % of total investments)

| | | |
|---------------------|-----|-------------|
| AAA/U.S. Guaranteed | 67% | |
| AA | 12% | |
| A | 7% | [PIE CHART] |
| BBB | 12% | |
| BB or Lower | 2% | |

2005-2006 Monthly Tax-Free Dividends Per Share(2)

[BAR CHART]

| | |
|-----|--------|
| Feb | 0.08 |
| Mar | 0.077 |
| Apr | 0.077 |
| May | 0.077 |
| Jun | 0.073 |
| Jul | 0.073 |
| Aug | 0.073 |
| Sep | 0.0695 |
| Oct | 0.0695 |

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| | |
|-----|--------|
| Nov | 0.0695 |
| Dec | 0.0695 |
| Jan | 0.0695 |

Share Price Performance

[LINE GRAPH]

| Date | Weekly Closing Price |
|-----------|----------------------|
| 2/01/2005 | 14.8 |
| | 14.77 |
| | 14.76 |
| | 14.75 |
| | 15.1 |
| | 14.96 |
| | 15.12 |
| | 15.1 |
| | 15.08 |
| | 15 |
| | 14.98 |
| | 14.82 |
| | 14.57 |
| | 14.33 |
| | 14.2 |
| | 14.24 |
| | 14.47 |
| | 14.63 |
| | 14.76 |
| | 14.75 |
| | 14.65 |
| | 14.4 |
| | 14.4 |
| | 14.29 |
| | 14.4 |
| | 13.92 |
| | 13.91 |
| | 13.97 |
| | 14.04 |
| | 14.2 |
| | 13.93 |
| | 13.79 |
| | 13.96 |
| | 13.81 |
| | 13.78 |
| | 13.61 |
| | 13.45 |
| | 13.33 |
| | 13.3 |
| | 13.37 |
| | 13.35 |
| | 13.45 |
| | 13.5 |
| | 13.73 |
| | 13.73 |
| | 13.78 |

13.75
13.72
13.76
13.6
13.6
13.76
13.74
13.82
13.63
13.69
13.65
13.54
13.77
13.78
13.68
13.8
13.8
13.81
13.88
13.93
13.94
13.88
13.95
14.03
13.95
13.96
14.1
14.09
14
14.09
14.01
13.97
14.2
14.3
14.29
14.24
14.22
14.32
14.39
14.33
14.39
14.4
14.4
14.5
14.35
14.28
14.34
14.37
14.39
14.39
14.35
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14.62
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14.63
14.62
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14.62
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14.84
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14.75
14.82
14.72
14.32
14.38
14.51
14.5
14.59
14.72
14.68
14.45
14.59
14.48
14.48
14.45
14.33
14.3
14.39
14.16
14.22
14.08
14.21
14.11
14.18
14.17
14.24
14.29
14.39
14.47
14.51
14.52
14.63
14.85
14.75
15.1
15.1
14.8
15
15.1
15
15
14.81
15.1
14.95
15.01
15.26
15.05
14.7
14.6
14.63
14.63
14.63
14.63
14.68
14.75
14.8
14.65

14.78
14.78
14.78
14.78
14.89
14.87
15.13
14.8
14.73
14.66
14.66
14.53
14.6
14.98
14.99
14.8
14.9
14.9
14.72
14.95
14.86
14.99
14.95
14.7
14.74
14.4
14.35
14.5
14.3
14.15
14.18
14.17
14.48
14.49
14.5
14.5
14.5
14.5
14.62
14.67
14.4
14.52
14.42
14.55
14.6
14.61
14.94
14.98
14.98
14.97
15.02
14.82
14.91
14.91
14.95
14.95
15.01
14.95
14.73
14.76
14.9
14.9

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| | |
|-----------|-------|
| | 15.05 |
| | 15.05 |
| | 15.05 |
| | 15.02 |
| | 14.95 |
| | 15.05 |
| | 15.05 |
| | 15.11 |
| | 14.8 |
| | 14.71 |
| | 14.44 |
| | 14.44 |
| | 14.45 |
| | 14.5 |
| | 14.43 |
| | 14.42 |
| | 14.5 |
| | 14.41 |
| | 14.16 |
| | 14.12 |
| | 14.25 |
| | 14.15 |
| 1/31/2006 | 14.33 |

Past performance is not predictive of future results.

Fund Snapshot

| | | |
|--|----------------|-----------|
| Common Share Price | | \$14.99 |
| Common Share Net Asset Value | | \$15.28 |
| Premium/(Discount) to NAV | | -1.90% |
| Market Yield | | 5.56% |
| Taxable-Equivalent Yield(1) | | 7.72% |
| Net Assets Applicable to Common Shares (\$000) | | \$145,068 |
| Average Effective Maturity on Securities (Years) | | 16.94 |
| Leverage-Adjusted Duration | | 7.67 |
| Average Annual Total Return (Inception 10/17/91) | | |
| | On Share Price | On NAV |
| 6-Month (Cumulative) | -4.75% | 1.59% |
| 1-Year | 3.93% | 3.10% |
| 5-Year | 7.09% | 6.97% |
| 10-Year | 6.49% | 6.14% |

| Industries (as a % of total investments) | |
|---|-------|
| Tax Obligation/General | 26.5% |
| Health Care | 13.1% |
| U.S. Guaranteed | 11.3% |
| Education and Civic Organizations | 9.9% |
| Water and Sewer | 7.4% |
| Utilities | 6.5% |
| Long-Term Care | 5.1% |
| Housing/Multifamily | 4.4% |
| Transportation | 4.0% |
| Other | 11.8% |

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) The Fund also paid shareholders a net ordinary income distribution in December 2005 of \$.0020 per share.

15

Special Shareholder
Meeting Report

The Special Shareholder Meeting was held at the offices of Nuveen Investments on November 15, 2005.

| | NAZ | | NFZ | |
|--|--|--|--|--|
| Approval of the the Board Members was reached as follows: | | | | |
| | Common and MuniPreferred shares voting together as a class | MuniPreferred shares voting together as a class | Common and MuniPreferred shares voting together as a class | MuniPreferre shares votin togethe as a clas |
| Robert P. Bremner | | | | |
| For | 4,198,565 | -- | 1,516,999 | -- |
| Withhold | 56,771 | -- | 9,266 | -- |

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| | | | | |
|-------------------------|-----------|-------|-----------|----|
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |
| Lawrence H. Brown | | | | |
| For | 4,197,283 | -- | 1,514,999 | -- |
| Withhold | 58,053 | -- | 11,266 | -- |
| ----- | | | | |
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |
| Jack B. Evans | | | | |
| For | 4,199,203 | -- | 1,514,999 | -- |
| Withhold | 56,133 | -- | 11,266 | -- |
| ----- | | | | |
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |
| William C. Hunter | | | | |
| For | 4,188,834 | -- | 1,516,999 | -- |
| Withhold | 66,502 | -- | 9,266 | -- |
| ----- | | | | |
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |
| David J. Kundert | | | | |
| For | 4,194,891 | -- | 1,514,999 | -- |
| Withhold | 60,445 | -- | 11,266 | -- |
| ----- | | | | |
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |
| William J. Schneider | | | | |
| For | -- | 1,081 | -- | 45 |
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | 1,081 | -- | 45 |
| ===== | | | | |
| Timothy R. Schwertfeger | | | | |
| For | -- | 1,081 | -- | 45 |
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | 1,081 | -- | 45 |
| ===== | | | | |
| Judith M. Stockdale | | | | |
| For | 4,198,565 | -- | 1,516,999 | -- |
| Withhold | 56,771 | -- | 9,266 | -- |
| ----- | | | | |
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |
| Eugene S. Sunshine | | | | |
| For | 4,184,522 | -- | 1,516,999 | -- |
| Withhold | 70,814 | -- | 9,266 | -- |
| ----- | | | | |
| Total | 4,255,336 | -- | 1,526,265 | -- |
| ===== | | | | |

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NXE

NTX

Approval of the the Board Members
was reached as follows:

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| | Common and MuniPreferred shares voting together as a class | MuniPreferred shares voting together as a class | Common and MuniPreferred shares voting together as a class | MuniPreferred shares votin togethe as a clas |
|-------------------------|--|--|--|---|
| ----- | | | | |
| Robert P. Bremner | | | | |
| For | 2,970,894 | -- | 8,425,789 | -- |
| Withhold | 21,280 | -- | 62,749 | -- |
| ----- | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| ===== | | | | |
| Lawrence H. Brown | | | | |
| For | 2,970,894 | -- | 8,424,085 | -- |
| Withhold | 21,280 | -- | 64,453 | -- |
| ----- | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| ===== | | | | |
| Jack B. Evans | | | | |
| For | 2,970,894 | -- | 8,425,143 | -- |
| Withhold | 21,280 | -- | 63,395 | -- |
| ----- | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| ===== | | | | |
| William C. Hunter | | | | |
| For | 2,970,894 | -- | 8,425,793 | -- |
| Withhold | 21,280 | -- | 62,745 | -- |
| ----- | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| ===== | | | | |
| David J. Kundert | | | | |
| For | 2,968,894 | -- | 8,422,340 | -- |
| Withhold | 23,280 | -- | 66,198 | -- |
| ----- | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| ===== | | | | |
| William J. Schneider | | | | |
| For | -- | 874 | -- | 2,590 |
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | 874 | -- | 2,590 |
| ===== | | | | |
| Timothy R. Schwertfeger | | | | |
| For | -- | 874 | -- | 2,590 |
| Withhold | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | 874 | -- | 2,590 |
| ===== | | | | |
| Judith M. Stockdale | | | | |
| For | 2,970,894 | -- | 8,427,443 | -- |
| Withhold | 21,280 | -- | 61,095 | -- |
| ----- | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| ===== | | | | |

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| | | | | |
|--------------------|-----------|----|-----------|----|
| Eugene S. Sunshine | | | | |
| For | 2,970,894 | -- | 8,426,443 | -- |
| Withhold | 21,280 | -- | 62,095 | -- |
| <hr/> | | | | |
| Total | 2,992,174 | -- | 8,488,538 | -- |
| <hr/> | | | | |

17

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

Portfolio of
Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|---|----------------|
| <hr/> | | |
| | Consumer Staples - 1.4% (1.0% of Total Investments) | |
| \$ 910 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33 | 5/12 at |
| <hr/> | | |
| | Education and Civic Organizations - 18.4% (12.7% of Total Investments) | |
| 1,000 | Arizona State University, Certificates of Participation, Series 2002, 5.375%, 7/01/19 - MBIA Insured | 7/12 at |
| 1,000 | Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 - FGIC Insured | 7/12 at |
| 2,455 | Arizona State University, System Revenue Bonds, Series 2005: 5.000%, 7/01/20 - AMBAC Insured | 7/15 at |
| 1,500 | 5.000%, 7/01/21 - AMBAC Insured | 7/15 at |
| 1,395 | 5.000%, 7/01/26 - AMBAC Insured | 7/15 at |
| 1,250 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31 | 5/11 at |
| 1,050 | Northern Arizona University, System Revenue Bonds, Series 2002, 5.000%, 6/01/34 - FGIC Insured | 6/12 at |
| 1,500 | Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 - AMBAC Insured | 7/13 at |
| <hr/> | | |
| 11,150 | Total Education and Civic Organizations | |
| <hr/> | | |
| | Health Care - 14.2% (9.8% of Total Investments) | |
| 800 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 | 7/10 at |
| 2,000 | Arizona Health Facilities Authority, Hospital System Revenue Bonds, | 11/09 at |

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| | | |
|-------|---|----------|
| | Phoenix Children's Hospital, Series 1999A, 6.125%, 11/15/22 | |
| 675 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37 | 12/15 at |
| 2,150 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23 | 7/14 at |
| 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 |
| 1,500 | Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 | 12/11 at |
| 1,055 | Winslow Industrial Development Authority, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital, Series 1998, 5.500%, 6/01/22 | 6/08 at |
| 8,695 | Total Health Care | |

Housing/Multifamily - 6.7% (4.7% of Total Investments)

| | | |
|-------|--|---------|
| 400 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax) | 6/11 at |
| 530 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Park Lee Apartments, Series 2004A, 5.050%, 10/20/44 (Alternative Minimum Tax) | 4/15 at |
| 3,215 | Tucson Industrial Development Authority, Arizona, Senior Living Facilities Revenue Bonds, Christian Care Project, Series 2000A, 5.625%, 7/01/20 - RAAI Insured | 7/10 at |
| 4,145 | Total Housing/Multifamily | |

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| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|--|----------------|
| | Industrials - 2.1% (1.5% of Total Investments) | |
| \$ 1,345 | Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2003B, 4.450%, 3/01/28 (Mandatory put 3/01/08) (Alternative Minimum Tax) | 3/28 at |
| | Long-Term Care - 0.6% (0.4% of Total Investments) | |
| 345 | Mohave County Industrial Development Authority, Arizona, GNMA Collateralized Healthcare Revenue Refunding Bonds, Chris Ridge and Silver Village Projects, Series 1996, 6.375%, 11/01/31 | 5/06 at |

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| | | |
|---|---|---------|
| Tax Obligation/General - 7.0% (4.8% of Total Investments) | | |
| 1,525 | Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2004A, 5.000%, 7/01/21 - FSA Insured | 7/14 at |
| 465 | Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2005B, 5.000%, 7/01/23 - MBIA Insured | 7/15 at |
| 330 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.375%, 7/01/28 | 7/11 at |
| 500 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2002A, 5.500%, 7/01/19 - FGIC Insured | No Op |
| 1,340 | Tucson, Arizona, General Obligation Bonds, Series 2005, 5.000%, 7/01/20 - FGIC Insured | No Op |
| ----- | | |
| 4,160 | Total Tax Obligation/General | |
| ----- | | |
| Tax Obligation/Limited - 35.8% (24.7% of Total Investments) | | |
| 2,000 | Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2004A, 5.750%, 7/01/18 - AMBAC Insured | 7/14 at |
| 2,000 | Arizona State Transportation Board, Subordinate Highway Revenue Bonds, Series 2004B, 5.000%, 7/01/22 | 7/14 at |
| | Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A: | |
| 3,000 | 5.375%, 7/01/20 - MBIA Insured | 7/13 at |
| 1,000 | 5.375%, 7/01/21 - MBIA Insured | 7/13 at |
| | Bullhead City, Arizona, Special Assessment Bonds, Parkway District Improvements, Series 1993: | |
| 730 | 6.100%, 1/01/08 | 7/06 at |
| 785 | 6.100%, 1/01/09 | 7/06 at |
| 499 | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25 | 7/10 at |
| 575 | Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 - AMBAC Insured | 7/13 at |
| 3,400 | Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 - AMBAC Insured | 6/12 at |
| 1,340 | Phoenix Civic Improvement Corporation, Arizona, Subordinate Excise Tax Revenue Bonds, Civic Plaza Expansion Project, Series 2005A, 5.000%, 7/01/22 - FGIC Insured | 7/15 at |
| 2,000 | Phoenix Civic Improvement Corporation, Arizona, Subordinate Lien Excise Tax Revenue Bonds, Series 2003A, 5.000%, 7/01/21 - MBIA Insured | 7/13 at |
| 1,200 | Prescott Valley Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 - FGIC Insured | 1/13 at |
| 1,000 | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 | 7/12 at |

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| | | |
|--------|--|---------|
| 1,350 | Tempe, Arizona, Excise Tax Revenue Bonds, Series 2004, 5.250%, 7/01/20 - AMBAC Insured | 7/14 at |
| 500 | Tucson, Arizona, Certificates of Participation, Series 2000, 5.700%, 7/01/20 - MBIA Insured | 7/08 at |
| ----- | | |
| 21,379 | Total Tax Obligation/Limited | |
| ----- | | |

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

Portfolio of Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---------------------------|---|-------------------|
| ----- | | |
| | U.S. Guaranteed (4) - 25.1% (17.3% of Total Investments) | |
| \$ 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 |
| 1,000 | Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2003, 5.000%, 7/01/21 (Pre-refunded 7/01/13) | 7/13 at |
| 2,250 | Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 (ETM) - MBIA Insured | No Op |
| 3,000 | Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.750%, 1/01/25 (Pre-refunded 1/01/10) - MBIA Insured | 1/10 at |
| 2,000 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded 7/01/10) - FGIC Insured | 7/10 at |
| | Phoenix Industrial Development Authority, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC, Series 2000: | |
| 1,000 | 5.375%, 9/15/22 (Pre-refunded 9/15/10) - AMBAC Insured | 9/10 at |
| 2,000 | 5.500%, 9/15/27 (Pre-refunded 9/15/10) - AMBAC Insured | 9/10 at |
| 1,000 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.500%, 7/01/27 (Pre-refunded 7/01/10) | 7/10 at |
| 500 | Surprise Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Series 2000, 5.700%, 7/01/20 (Pre-refunded 7/01/09) - FGIC Insured | 7/09 at |
| 600 | Tucson, Arizona, Junior Lien Street and Highway User Revenue Bonds, Series 2000E, 5.000%, 7/01/18 (Pre-refunded 7/01/10) - FGIC Insured | 7/10 at |
| ----- | | |
| 14,350 | Total U.S. Guaranteed | |
| ----- | | |

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Utilities - 10.3% (7.1% of Total Investments)

| | | |
|-------|---|----------|
| 1,000 | Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15 | No Op |
| 1,000 | Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1996, 6.375%, 10/01/36 (Alternative Minimum Tax) | 10/06 at |
| 765 | Pima County Industrial Development Authority, Arizona, Lease Obligation Revenue Refunding Bonds, Tucson Electric Power Company, Series 1988A, 7.250%, 7/15/10 - FSA Insured | 7/06 at |
| 530 | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22 | 1/13 at |
| | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A: | |
| 2,000 | 5.125%, 1/01/27 | 1/12 at |
| 1,000 | 5.000%, 1/01/31 | 1/12 at |
| ----- | | |
| 6,295 | Total Utilities | |
| ----- | | |

Water and Sewer - 22.7% (15.7% of Total Investments)

| | | |
|-------|--|----------|
| | Arizona Water Infrastructure Finance Authority, Water Quality Revenue Bonds, Series 2004A: | |
| 1,825 | 5.000%, 10/01/19 | 10/14 at |
| 1,815 | 5.000%, 10/01/22 | 10/14 at |
| 1,005 | Cottonwood, Arizona, Senior Lien Water System Revenue Bonds, Municipal Property Corporation, Series 2004, 5.000%, 7/01/24 - XLCA Insured | 7/14 at |
| 3,500 | Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28 - AMBAC Insured | 7/13 at |
| 600 | Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured | 7/13 at |
| 875 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2004, 5.000%, 7/01/24 - MBIA Insured | 7/14 at |
| 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 |

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| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|---|----------------|
| ----- | | |
| | Water and Sewer (continued) | |
| \$ 1,325 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2005, 5.000%, 7/01/29 - MBIA Insured | 7/15 at |

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| | | | |
|---|--------|---|-------|
| | 1,250 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 - FGIC Insured | No Op |
| <hr/> | | | |
| | 13,695 | Total Water and Sewer | |
| <hr/> | | | |
| \$ | 86,469 | Total Long-Term Investments (cost \$88,498,842) - 144.3% | |
| <hr/> | | | |
| Short-Term Investments - 0.5% (0.3% of Total Investments) | | | |
| | 300 | Puerto Rico Government Development Bank, Adjustable Refunding Bonds, Variable Rate Demand Obligations, Series 1985, 2.930%, 12/01/15 - MBIA Insured (5) | No Op |
| <hr/> | | | |
| \$ | 300 | Total Short-Term Investments (cost \$300,000) | |
| <hr/> | | | |
| Total Investments (cost \$88,798,842) - 144.8% | | | |
| <hr/> | | | |
| Other Assets Less Liabilities - 2.1% | | | |
| <hr/> | | | |
| Preferred Shares, at Liquidation Value - (46.9)% | | | |
| <hr/> | | | |
| Net Assets Applicable to Common Shares - 100% | | | |
| <hr/> | | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.
 - (4) Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
 - (5) Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
- N/R Investment is not rated.
- (ETM) Security is escrowed to maturity.

See accompanying notes to financial statements.

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Portfolio of
Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|--|---|-------------------|
| ----- | | |
| Education and Civic Organizations - 7.0% (4.7% of Total Investments) | | |
| \$ 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 | 2/09 at |
| 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 |
| 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 |
| ----- | | |
| 1,605 | Total Education and Civic Organizations | |
| ----- | | |
| Health Care - 10.8% (7.2% of Total Investments) | | |
| 365 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 | 7/10 at |
| 250 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37 | 12/15 at |
| 750 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23 | 7/14 at |
| 1,000 | Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 | 12/11 at |
| ----- | | |
| 2,365 | Total Health Care | |
| ----- | | |
| Housing/Multifamily - 6.5% (4.3% of Total Investments) | | |
| 1,000 | Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Whispering Palms Apartments, Series 1999A, 5.900%, 7/01/29 - MBIA Insured | 7/09 at |
| 275 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax) | 6/11 at |
| 205 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Park Lee Apartments, Series 2004A, 5.050%, 10/20/44(Alternative Minimum Tax) | 4/15 at |
| ----- | | |
| 1,480 | Total Housing/Multifamily | |
| ----- | | |
| Housing/Single Family - 0.5% (0.2% of Total Investments) | | |

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| | | |
|--|--|----------|
| 105 | Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-4, 5.050%, 5/01/17 | 11/10 at |
| ----- | | |
| Industrials - 2.2% (1.5% of Total Investments) | | |
| 510 | Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2003B, 4.450%, 3/01/28 (Mandatory put 3/01/08) (Alternative Minimum Tax) | 3/28 at |
| ----- | | |
| Tax Obligation/General - 12.2% (8.1% of Total Investments) | | |
| 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 |
| 180 | Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2005B, 5.000%, 7/01/23 - MBIA Insured | 7/15 at |
| 500 | Tucson, Arizona, General Obligation Bonds, Series 2005, 5.000%, 7/01/20 - FGIC Insured | No Op |
| 1,020 | Tucson, Arizona, General Obligation Refunding Bonds, Series 1997, 5.000%, 7/01/19 | 7/07 at |
| ----- | | |
| 2,700 | Total Tax Obligation/General | |
| ----- | | |

22

| Principal Amount (000) | Description (1) | Option Provisi |
|---|---|----------------|
| ----- | | |
| Tax Obligation/Limited - 54.8% (36.4% of Total Investments) | | |
| \$ 2,750 | Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2004A, 5.750%, 7/01/18 - AMBAC Insured | 7/14 at |
| 1,000 | Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/21 - MBIA Insured | 7/13 at |
| 100 | Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29 | 7/15 at |
| 194 | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25 | 7/10 at |
| 1,180 | Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 - AMBAC Insured | 7/13 at |
| 510 | Phoenix Civic Improvement Corporation, Arizona, Subordinate Excise Tax Revenue Bonds, Civic Plaza Expansion Project, Series 2005A, 5.000%, 7/01/22 - FGIC Insured | 7/15 at |
| 900 | Phoenix Industrial Development Authority, Arizona, Government Bonds, | 3/12 at |

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| | | | |
|--------|--|--|----------|
| | Capitol Mall LLC II, Series 2001, 5.250%, 9/15/16 - AMBAC Insured | | |
| 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 Op |
| 1,000 | Tempe, Arizona, Excise Tax Revenue Bonds, Series 2004, 5.250%, 7/01/20 - AMBAC Insured | | 7/14 at |
| 2,675 | Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/21 | | 7/13 at |
| 500 | Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24 | | 7/15 at |
| 355 | Watson Road Community Facilities District, Arizona, Special Assesment Revenue Bonds, Series 2005, 6.000%, 7/01/30 | | 7/16 at |
| ----- | | | |
| 11,844 | Total Tax Obligation/Limited | | |
| ----- | | | |
| | U.S. Guaranteed (4) - 15.2% (10.1% of Total Investments) | | |
| 550 | Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20 (Pre-refunded 12/01/10) | | 12/10 at |
| 400 | Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2001, 5.500%, 7/01/18 (Pre-refunded 7/01/11) | | 7/11 at |
| 2,000 | Maricopa County Industrial Development Authority, Arizona, Education Revenue Bonds, Horizon Community Learning Center Project, Series 2000, 6.350%, 6/01/26 (Pre-refunded 6/01/07) - ACA Insured | | 6/07 at |
| | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 1997A: | | |
| 140 | 5.000%, 1/01/20 (Pre-refunded 1/01/08) | | 1/08 at |
| 180 | 5.000%, 1/01/20 (Pre-refunded 1/01/11) | | 1/08 at |
| ----- | | | |
| 3,270 | Total U.S. Guaranteed | | |
| ----- | | | |
| | Utilities - 31.3% (20.8% of Total Investments) | | |
| 1,500 | Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/17 | | No Op |
| 500 | Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1997B, 5.800%, 11/01/32 (Alternative Minimum Tax) | | 5/06 at |
| 1,000 | Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured | | No Op |
| 350 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.125%, 7/01/26 - FSA Insured | | 7/12 at |
| | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR: | | |
| 1,000 | 5.000%, 7/01/26 - XLCA Insured | | 7/15 at |
| 1,000 | 5.000%, 7/01/30 - XLCA Insured | | 7/15 at |

Nuveen Arizona Dividend Advantage Municipal Fund (NFZ) (continued)

Portfolio of Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---|---|----------------|
| Utilities (continued) | | |
| \$ 200 | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22 | 1/13 at |
| 235 | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 1997A, 5.000%, 1/01/20 | 1/08 at |
| 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 |
| 6,785 | Total Utilities | |
| Water and Sewer - 10.0% (6.7% of Total Investments) | | |
| 225 | Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured | 7/13 at |
| 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 |
| 510 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2005, 5.000%, 7/01/29 - MBIA Insured | 7/15 at |
| 2,235 | Total Water and Sewer | |
| \$ 32,899 | Total Investments (cost \$33,769,618) - 150.5% | |
| Other Assets Less Liabilities - 1.1% | | |
| Preferred Shares, at Liquidation Value - (51.6)% | | |
| Net Assets Applicable to Common Shares - 100% | | |

Forward Swaps outstanding at January 31, 2006:

| Counterparty | Notional Amount | Fixed Rate Paid by the Fund (annualized) | Fixed Rate Payment Frequency | Floating Rate Received by the Fund Based On | Floating Rate Payment Frequency | Effective Date |
|--------------|-----------------|--|------------------------------|---|---------------------------------|----------------|
| ----- | | | | | | |

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| | | | | | | |
|----------------|-----------|--------|---------------|-------------------|-----------|-----|
| Citigroup Inc. | \$200,000 | 4.699% | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2/2 |
| Morgan Stanley | 700,000 | 4.816 | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2/1 |

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.
 - (4) Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
 - (5) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)

Portfolio of
Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|---|----------------|
| | Education and Civic Organizations - 10.7% (7.2% of Total Investments) | |
| \$ 1,250 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31 | 5/11 at |
| 460 | Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24 | 12/14 at |
| 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 | 2/09 at |

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| | | |
|-------|---|----------|
| 480 | 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 |
| | University of Arizona, Certificates of Participation, Series 2002A: | |
| 750 | 5.500%, 6/01/18 - AMBAC Insured | 6/12 at |
| 500 | 5.125%, 6/01/22 - AMBAC Insured | 6/12 at |
| <hr/> | | |
| 3,760 | Total Education and Civic Organizations | |
| <hr/> | | |
| | Health Care - 17.1% (11.5% of Total Investments) | |
| 400 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 | 7/10 at |
| 735 | Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 2002A, 6.250%, 2/15/21 | 2/12 at |
| 600 | Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20 | 4/14 at |
| 400 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37 | 12/15 at |
| 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 |
| 500 | Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37 | 5/08 at |
| 1,000 | Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 | 12/11 at |
| 1,000 | Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33 | 8/13 at |
| <hr/> | | |
| 6,010 | Total Health Care | |
| <hr/> | | |
| | Housing/Multifamily - 7.9% (5.3% of Total Investments) | |
| 1,000 | Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Refunding Bonds, Pine Ridge, Cambridge Court, Cove on 44th and Fountain Place Apartments, Series 2001A-1, 6.000%, 10/20/31 | 10/11 at |
| 325 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Park Lee Apartments, Series 2004A, 5.050%, 10/20/44 (Alternative Minimum Tax) | 4/15 at |
| 1,425 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Summit Apartments, Series 2002, 6.450%, 7/20/32 | 7/12 at |
| <hr/> | | |
| 2,750 | Total Housing/Multifamily | |
| <hr/> | | |
| | Housing/Single Family - 0.2% (0.2% of Total Investments) | |
| 50 | Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single | 11/10 at |

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Family Mortgage Revenue Bonds, Series 2001A-1, 5.350%, 11/01/24
(Alternative Minimum Tax)

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR) (continued)

Portfolio of Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---|--|-------------------|
| ----- | | |
| Industrials - 2.2% (1.5% of Total Investments) | | |
| \$ 810 | Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2003B, 4.450%, 3/01/28 (Mandatory put 3/01/08) (Alternative Minimum Tax) | 3/28 at |
| ----- | | |
| Tax Obligation/General - 33.5% (22.5% of Total Investments) | | |
| 1,725 | Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/17 | 7/12 at |
| 1,000 | Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A: 5.375%, 7/01/15 - FSA Insured | No Op |
| 1,000 | 5.375%, 7/01/16 - FSA Insured | No Op |
| 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 Op |
| 285 | Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2005B, 5.000%, 7/01/23 - MBIA Insured | 7/15 at |
| 1,000 | Mesa, Arizona, General Obligation Bonds, Series 2000, 6.500%, 7/01/11 - FGIC Insured | No Op |
| 1,405 | Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 - FGIC Insured | No Op |
| 1,700 | Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B: 5.000%, 7/01/22 | 7/12 at |
| 500 | 5.000%, 7/01/27 | 7/12 at |
| 1,000 | Pinal County Unified School District 43, Apache Junction, Arizona, General Obligation Refunding Bonds, Series 2001, 5.750%, 7/01/15 - FGIC Insured | No Op |
| 510 | Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24 | 7/11 at |
| ----- | | |
| 11,290 | Total Tax Obligation/General | |
| ----- | | |

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Tax Obligation/Limited - 40.2% (27.0% of Total Investments)

| | | |
|--|--|---------|
| Arizona State, Certificates of Participation, Series 2002A: | | |
| 750 | 5.000%, 11/01/17 - MBIA Insured | 5/12 at |
| 1,000 | 5.000%, 11/01/18 - MBIA Insured | 5/12 at |
| 500 | 5.000%, 11/01/20 - MBIA Insured | 5/12 at |
| 140 | Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29 | 7/15 at |
| 307 | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25 | 7/10 at |
| 670 | Goodyear Community Facilities Utility District 1, Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured | 7/13 at |
| 870 | Maricopa County Public Finance Corporation, Arizona, Lease Revenue Bonds, Series 2001, 5.500%, 7/01/15 - AMBAC Insured | 7/11 at |
| Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002: | | |
| 840 | 5.375%, 6/01/18 - AMBAC Insured | 6/12 at |
| 2,645 | 5.375%, 6/01/19 - AMBAC Insured | 6/12 at |
| 800 | Phoenix Civic Improvement Corporation, Arizona, Subordinate Excise Tax Revenue Bonds, Civic Plaza Expansion Project, Series 2005A, 5.000%, 7/01/22 - FGIC Insured | 7/15 at |
| 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 |
| 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 Op |
| 1,000 | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 | 7/12 at |
| 750 | Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24 | 7/15 at |

26

| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------------------|--|-------------------|
| ----- | | |
| Tax Obligation/Limited (continued) | | |
| \$ 560 | Watson Road Community Facilities District, Arizona, Special Assesment Revenue Bonds, Series 2005, 6.000%, 7/01/30 | 7/16 at |
| 640 | Yuma Municipal Property Corporation, Arizona, Municipal Facilities Tax Revenue Bonds, Series 2001, 5.000%, 7/01/21 - AMBAC Insured | 7/10 at |
| ----- | | |
| 14,042 | Total Tax Obligation/Limited | |
| ----- | | |

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Transportation - 5.6% (3.7% of Total Investments)

| | | |
|-------|--|---------|
| 1,000 | Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 1998A, 5.000%, 7/01/25 - FSA Insured | 7/08 at |
| 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 |
| 2,000 | Total Transportation | |

U.S. Guaranteed (4) - 13.4% (9.0% of Total Investments)

| | | |
|-------|---|---------|
| 400 | Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/21 (Pre-refunded 7/01/12) | 7/12 at |
| 715 | Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 (Pre-refunded 7/01/12) - FGIC Insured | 7/12 at |
| 1,000 | Gilbert, Arizona, General Obligation Bonds, Series 2002A, 5.000%, 7/01/18 (Pre-refunded 7/01/11) - AMBAC Insured | 7/11 at |
| 130 | Maricopa County Public Finance Corporation, Arizona, Lease Revenue Bonds, Series 2001, 5.500%, 7/01/15 (Pre-refunded 7/01/11) - AMBAC Insured | 7/11 at |
| 300 | Maricopa County Unified School District 89, Dysart, Arizona, General Obligation Bonds, Series 2004B, 5.250%, 7/01/20 (Pre-refunded 7/01/14) - FSA Insured | 7/14 at |
| 1,000 | Mesa, Arizona, Street and Highway User Tax Revenue Bonds, Series 2004, 5.125%, 7/01/23 (Pre-refunded 7/01/14) - FSA Insured | 7/14 at |
| 990 | Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24 (Pre-refunded 7/01/11) | 7/11 at |
| 4,535 | Total U.S. Guaranteed | |

Utilities - 7.1% (4.8% of Total Investments)

| | | |
|-------|---|---------|
| 1,115 | Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15 | No Op |
| 1,000 | Mesa, Arizona, Utility System Revenue Bonds, Series 2002, 5.000%, 7/01/20 - FGIC Insured | 7/11 at |
| 320 | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22 | 1/13 at |
| 2,435 | Total Utilities | |

Water and Sewer - 10.8% (7.3% of Total Investments)

| | | |
|-----|---|----------|
| 500 | Maricopa County Industrial Development Authority, Arizona, Water System Improvement Revenue Bonds, Chaparral City Water Company, Series 1997A, 5.400%, 12/01/22 - AMBAC Insured (Alternative Minimum Tax) | 12/07 at |
| 360 | Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured | 7/13 at |

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| | | |
|-------|---|---------|
| 805 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2005, 5.000%, 7/01/29 - MBIA Insured | 7/15 at |
| 1,000 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/22 - FGIC Insured | No Op |

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR) (continued)

Portfolio of Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---------------------------|--|-------------------|
| ----- | | |
| | Water and Sewer (continued) | |
| \$ 1,000 | Tucson, Arizona, Water System Revenue Refunding Bonds, Series 2002, 5.500%, 7/01/18 - FGIC Insured | 7/12 at |
| ----- | | |
| 3,665 | Total Water and Sewer | |
| ----- | | |
| \$ 51,347 | Total Investments (cost \$52,415,010) - 148.7% | |
| ===== | | |
| | Other Assets Less Liabilities - 1.3% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (50.0)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

Forward Swaps outstanding at January 31, 2006:

| Counterparty | Notional Amount | Fixed Rate Paid by the Fund (annualized) | Fixed Rate Payment Frequency | Floating Rate Received by the Fund Based On | Floating Rate Payment Frequency | Eff Da |
|----------------|--------------------|---|------------------------------------|--|---------------------------------------|-----------|
| ----- | | | | | | |
| Citigroup Inc. | \$600,000 | 4.699% | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2 |
| JPMorgan | 500,000 | 4.833 | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2 |
| Morgan Stanley | 700,000 | 4.816 | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2 |
| ----- | | | | | | |

=====

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

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

(2) Optional Call Provisions: Dates (month and year) and prices of the

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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.

- (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.
- (4) Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest.
- (5) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)

Portfolio of
Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---------------------------|---|-------------------|
| ----- | | |
| | Consumer Staples - 1.4% (1.0% of Total Investments) | |
| \$ 580 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33 | 5/12 at |
| ----- | | |
| | Education and Civic Organizations - 16.1% (10.9% of Total Investments) | |
| 1,250 | Arizona State University, System Revenue Bonds, Series 2005, 5.000%, 7/01/20 - AMBAC Insured | 7/15 at |
| 1,000 | Arizona Student Loan Acquisition Authority, Student Loan Revenue Refunding Bonds, Senior Series 1999A-1, 5.750%, 5/01/15 (Alternative Minimum Tax) | 11/09 at |
| 1,130 | Energy Management Services LLC, Arizona State University, Energy Conservation Revenue Bonds, Main Campus Project, Series 2002, 5.250%, 7/01/18 - MBIA Insured | 7/12 at |
| 270 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 1998A, 5.375%, 5/15/28 | 5/08 at |
| 540 | Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24 | 12/14 at |
| 565 | Tucson Industrial Development Authority, Arizona, Charter School Revenue | 9/14 at |

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| | | | |
|-------|--|--|----------|
| | Bonds, Arizona 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 - AMBAC Insured | | 6/12 at |
| ----- | | | |
| 6,755 | Total Education and Civic Organizations | | |
| ----- | | | |
| | Health Care - 20.6% (13.9% of Total Investments) | | |
| 300 | Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 | | 7/10 at |
| | Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 1999A: | | |
| 750 | 6.125%, 11/15/22 | | 11/09 at |
| 520 | 6.250%, 11/15/29 | | 11/09 at |
| 625 | Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20 | | 4/14 at |
| 475 | Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37 | | 12/15 at |
| 1,825 | Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23 | | 7/14 at |
| 2,000 | Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37 | | 5/08 at |
| 1,250 | Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 | | 12/11 at |
| 1,000 | Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33 | | 8/13 at |
| ----- | | | |
| 8,745 | Total Health Care | | |
| ----- | | | |
| | Housing/Multifamily - 4.5% (3.0% of Total Investments) | | |
| 1,545 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.600%, 6/20/21 (Alternative Minimum Tax) | | 6/11 at |
| 380 | Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Park Lee Apartments, Series 2004A, 5.050%, 10/20/44 (Alternative Minimum Tax) | | 4/15 at |
| ----- | | | |
| 1,925 | Total Housing/Multifamily | | |
| ----- | | | |

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Portfolio of Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---|--|-------------------|
| ----- | | |
| Industrials - 2.2% (1.4% of Total Investments) | | |
| \$ 945 | Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2003B, 4.450%, 3/01/28 (Mandatory put 3/01/08) (Alternative Minimum Tax) | 3/28 at |
| ----- | | |
| Tax Obligation/General - 19.5% (13.1% of Total Investments) | | |
| 660 | Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/18 | 7/12 at |
| 2,250 | DC Ranch Community Facilities District, Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/15/27 - AMBAC Insured | 7/13 at |
| 1,930 | Glendale, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/19 | 7/11 at |
| 1,000 | Maricopa County Unified School District 11, Peoria, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/15 - FSA Insured | No Op |
| 1,575 | Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2004A, 5.000%, 7/01/20 - FSA Insured | 7/14 at |
| 330 | Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2005B, 5.000%, 7/01/23 - MBIA Insured | 7/15 at |
| 440 | Tucson, Arizona, General Obligation Bonds, Series 2001B, 5.000%, 7/01/20 | 7/11 at |
| ----- | | |
| 8,185 | Total Tax Obligation/General | |
| ----- | | |
| Tax Obligation/Limited - 38.0% (25.6% of Total Investments) | | |
| 3,000 | Arizona State Transportation Board, Highway Revenue Refunding Bonds, Series 2002A, 5.250%, 7/01/18 | 7/12 at |
| 2,660 | Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/20 - MBIA Insured | 7/13 at |
| 160 | Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29 | 7/15 at |
| 358 | Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25 | 7/10 at |
| 800 | Goodyear Community Facilities Utility District 1, Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured | 7/13 at |
| 2,000 | Mohave County, Arizona, Certificates of Participation, Series 2004, 5.250%, 7/01/19 - AMBAC Insured | 7/14 at |
| 950 | Phoenix Civic Improvement Corporation, Arizona, Subordinate Excise Tax Revenue Bonds, Civic Plaza Expansion Project, Series 2005A, 5.000%, 7/01/22 - FGIC Insured | 7/15 at |

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| | | |
|--------|--|---------|
| 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 Op |
| 2,770 | Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/22 | 7/13 at |
| 1,250 | Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24 | 7/15 at |
| 665 | Watson Road Community Facilities District, Arizona, Special Assesment Revenue Bonds, Series 2005, 6.000%, 7/01/30 | 7/16 at |
| ----- | | |
| 15,863 | Total Tax Obligation/Limited | |
| ----- | | |

Transportation - 13.5% (9.1% of Total Investments)

| | | |
|-------|--|---------|
| | Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series Series 2002B: | |
| 1,000 | 5.750%, 7/01/16 - FGIC Insured (Alternative Minimum Tax) | 7/12 at |
| 2,300 | 5.250%, 7/01/21 - FGIC Insured (Alternative Minimum Tax) | 7/12 at |
| 2,450 | Tucson Airport Authority Inc., Arizona, Revenue Refunding Bonds, Series 2001B, 5.000%, 6/01/20 - AMBAC Insured (Alternative Minimum Tax) | 6/11 at |
| ----- | | |
| 5,750 | Total Transportation | |
| ----- | | |

U.S. Guaranteed (4) - 10.7% (7.2% of Total Investments)

| | | |
|-------|---|----------|
| 1,000 | Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20 (Pre-refunded 12/01/10) | 12/10 at |
|-------|---|----------|

30

| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|--|----------------|
| ----- | | |
| | U.S. Guaranteed (4) (continued) | |
| \$ 1,500 | Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2002, 5.250%, 7/01/20 (Pre-refunded 7/01/12) | 7/12 at |
| 1,760 | Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 (Pre-refunded 7/01/12) - FGIC Insured | 7/12 at |
| ----- | | |
| 4,260 | Total U.S. Guaranteed | |
| ----- | | |

Utilities - 10.0% (6.8% of Total Investments)

| | | |
|-------|---|----------|
| 1,250 | Maricopa County Pollution Control Corporation, Arizona, Revenue Bonds, Arizona Public Service Company - Palo Verde Project, Series 2002A, | 11/12 at |
|-------|---|----------|

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5.050%, 5/01/29 - AMBAC Insured

| | | |
|-----------|--|----------|
| 1,660 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 - XLCA Insured | 7/15 at |
| | Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B: | |
| 360 | 5.000%, 1/01/22 | 1/13 at |
| 1,000 | 5.000%, 1/01/31 | 1/13 at |
| ----- | | |
| 4,270 | Total Utilities | |
| ----- | | |
| | Water and Sewer - 11.9% (8.0% of Total Investments) | |
| 650 | Arizona Water Infrastructure Finance Authority, Water Quality Revenue Bonds, Series 2004A, 5.000%, 10/01/22 | 10/14 at |
| 405 | Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured | 7/13 at |
| 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 |
| 2,000 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/18 - FGIC Insured | 7/12 at |
| 955 | Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2005, 5.000%, 7/01/29 - MBIA Insured | 7/15 at |
| ----- | | |
| 5,010 | Total Water and Sewer | |
| ----- | | |
| \$ 62,288 | Total Investments (cost \$64,170,631) - 148.4% | |
| ===== | | |
| | Other Assets Less Liabilities - 1.1% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (49.5)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

Forward Swaps outstanding at January 31, 2006:

| Counterparty | Notional Amount | Fixed Rate Paid by the Fund (annualized) | Fixed Rate Payment Frequency | Floating Rate Received by the Fund Based On | Floating Rate Payment Frequency | Eff Da |
|----------------|--------------------|---|------------------------------------|--|---------------------------------------|-----------|
| Citigroup Inc. | \$ 500,000 | 4.699% | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2 |
| JPMorgan | 800,000 | 4.833 | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2 |
| Morgan Stanley | 1,600,000 | 4.816 | Semi-Annually | 3 Month USD-LIBOR | Quarterly | 2 |

=====

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

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- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.
 - (4) Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
 - (5) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Texas Quality Income Municipal Fund (NTX)

Portfolio of
Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|---------------------------|---|-------------------|
| ----- | | |
| | Consumer Staples - 2.0% (1.4% of Total Investments) | |
| \$ 2,730 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33 | 5/12 at |
| ----- | | |
| | Education and Civic Organizations - 14.5% (9.9% of Total Investments) | |
| | Red River Education Finance Corporation, Texas, Revenue Bonds, Hockaday School, Series 2005: | |
| 1,170 | 5.000%, 5/15/27 | 5/15 at |
| 1,230 | 5.000%, 5/15/28 | 5/15 at |
| 1,290 | 5.000%, 5/15/29 | 5/15 at |
| | 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 |
| 1,795 | 5.000%, 5/01/19 - FGIC Insured | 5/13 at |
| 1,885 | 5.000%, 5/01/20 - FGIC Insured | 5/13 at |
| 1,665 | Texas State University System, Financing Revenue Bonds, Series 2004, 5.000%, 3/15/24 - FSA Insured | 9/14 at |

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| | | |
|---|--|----------|
| 2,000 | Texas State University System, Financing Revenue Refunding Bonds, Series 2002, 5.000%, 3/15/20 - FSA Insured | 3/12 at |
| 2,330 | Universal City Education Facilities Corporation, Texas, Revenue Bonds, Wayland Baptist University Project, Series 2001, 5.625%, 3/01/26 | 3/11 at |
| 5,000 | University of North Texas, Financing System Revenue Bonds, Series 2001, 5.000%, 4/15/24 - FSA Insured | 4/12 at |
| ----- | | |
| 20,075 | Total Education and Civic Organizations | |
| ----- | | |
| Energy - 2.1% (1.5% 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) | 4/08 at |
| ----- | | |
| Health Care - 19.1% (13.1% of Total Investments) | | |
| 3,500 | Abilene Health Facilities Development Corporation, Texas, Hospital Revenue Refunding and Improvement Bonds, Hendrick Medical Center Project, Series 1995C, 6.150%, 9/01/25- MBIA Insured | 3/06 at |
| Brazoria County Health Facilities Development Corporation, Texas, Revenue Bonds, Brazosport Memorial Hospital, Series 2004: | | |
| 1,745 | 5.250%, 7/01/20 - RAAI Insured | 7/14 at |
| 1,835 | 5.250%, 7/01/21 - RAAI Insured | 7/14 at |
| Gregg County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Good Shepherd Medical Center Project, Series 2000: | | |
| 2,000 | 6.875%, 10/01/20 - RAAI Insured | 10/10 at |
| 3,250 | 6.375%, 10/01/25 - RAAI Insured | 10/10 at |
| 5,750 | Midland County Hospital District, Texas, Hospital Revenue Bonds, Series 1992, 0.000%, 6/01/11 | No Op |
| 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 |
| 1,760 | Parker County Hospital District, Texas, Hospital Revenue Bonds, Campbell Health System, Series 1999, 6.250%, 8/15/19 | 8/09 at |
| 2,000 | Richardson Hospital Authority, Texas, Revenue Bonds, Richardson Regional Medical Center, Series 2004, 5.875%, 12/01/24 | 12/13 at |
| 1,050 | Tarrant County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Adventist Health System - Sunbelt Obligated Group, Series 1998, 5.375%, 11/15/20 | 11/08 at |

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| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|-----------------|----------------|
| ----- | | |

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Health Care (continued)

| | | | |
|-------|--------|--|---------|
| \$ | 2,000 | Tom Green County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Shannon Health System Project, Series 2001, 6.750%, 5/15/21 | 5/11 at |
| | 1,000 | Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2001, 6.000%, 7/01/31 | 7/12 at |
| ----- | | | |
| | 27,890 | Total Health Care | |
| ----- | | | |

Housing/Multifamily - 6.5% (4.4% 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 - MBIA Insured | 8/11 at |
| | 750 | 6.050%, 8/01/36 - MBIA Insured | 8/11 at |
| Grand Prairie Housing Finance Corporation, Texas, GNMA Multifamily Housing Revenue Bonds, Landings of Carrier Project, Series 2000A: | | | |
| | 1,000 | 6.650%, 9/20/22 | 9/10 at |
| | 2,030 | 6.750%, 9/20/28 | 9/10 at |
| | 2,064 | Houston Housing Finance Corporation, Texas, GNMA Collateralized Mortgage Multifamily Housing Revenue Bonds, RRG Apartments Project, Series 2001, 6.250%, 9/20/35 | 9/11 at |
| | 1,000 | Raven Hills Higher Education Corporation, Texas, Student Housing Revenue Bonds, Lamar University - Cardinal Village LLC, Series 2001A, 5.250%, 8/01/24 - MBIA Insured | 8/11 at |
| ----- | | | |
| | 8,844 | Total Housing/Multifamily | |
| ----- | | | |

Housing/Single Family - 5.1% (3.5% of Total Investments)

| | | | |
|-------|-------|---|---------|
| | 2,752 | El Paso Housing Finance Corporation, Texas, GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 2001A-3, 6.180%, 4/01/33 | 4/11 at |
| | 150 | Galveston Property Finance Authority Inc., Texas, Single Family Mortgage Revenue Bonds, Series 1991A, 8.500%, 9/01/11 | 3/06 at |
| | 2,900 | Texas Department of Housing and Community Affairs, Single Family Mortgage Bonds, Series 2002B, 5.550%, 9/01/33 - MBIA Insured (Alternative Minimum Tax) | 3/12 at |
| | 1,250 | Texas Department of Housing, Single Family Mortgage Revenue Bonds, Series 1996E, 6.000%, 9/01/17 - MBIA Insured | 9/06 at |
| | 75 | Victoria Housing Finance Corporation, Texas, FNMA Single Family Mortgage Revenue Refunding Bonds, Series 1995, 8.125%, 1/01/11 | No Op |
| ----- | | | |
| | 7,127 | Total Housing/Single Family | |
| ----- | | | |

Long-Term Care - 7.4% (5.1% of Total Investments)

Bell County Health Facilities Development Corporation, Texas, Retirement

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| | | | |
|--------|---|--|----------|
| | Facility Revenue Bonds, Buckner Retirement Services Inc. Obligated Group, Series 1998: | | |
| 3,400 | 5.250%, 11/15/19 | | 11/08 at |
| 5,000 | 5.250%, 11/15/28 | | 11/08 at |
| 2,000 | Tarrant County Health Facilities Development Corporation, Texas, Tax-Exempt Mortgage Revenue Bonds, South Central Nursing Homes Inc., Series 1997A, 6.000%, 1/01/37 - MBIA Insured | | 1/08 at |
| ----- | | | |
| 10,400 | Total Long-Term Care | | |
| ----- | | | |
| | Materials - 4.3% (3.0% of Total Investments) | | |
| 3,000 | Cass County Industrial Development Corporation, Texas, Environmental Improvement Revenue Bonds, International Paper Company, Series 2000A, 6.600%, 3/15/24 (Alternative Minimum Tax) | | 3/10 at |
| 3,000 | Guadalupe-Blanco River Authority, Texas, Sewage and Solid Waste Disposal Facility Bonds, E.I. DuPont de Nemours and Company Project, Series 1996, 6.400%, 4/01/26 (Alternative Minimum Tax) | | 4/06 at |
| ----- | | | |
| 6,000 | Total Materials | | |
| ----- | | | |
| | Tax Obligation/General - 38.8% (26.5% of Total Investments) | | |
| | Bexar County, Texas, Combined Tax and Revenue Certificates of Obligation, Series 2004: | | |
| 1,235 | 5.000%, 6/15/17 | | 6/14 at |
| 1,295 | 5.000%, 6/15/18 | | 6/14 at |
| 1,260 | 5.000%, 6/15/19 | | 6/14 at |

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Nuveen Texas Quality Income Municipal Fund (NTX) (continued)

Portfolio of Investments January 31, 2006 (Unaudited)

| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|---|----------------|
| ----- | | |
| | Tax Obligation/General (continued) | |
| \$ 4,130 | Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1992, 0.000%, 8/15/14 - MBIA Insured | 8/09 a |
| 1,275 | Copperas Cove, Texas, Certificates of Obligation, Series 2003, 5.000%, 8/15/23 - MBIA Insured | 8/12 at |
| 2,305 | Corpus Christi, Texas, Combination Tax and Municipal Hotel Occupancy Tax Revenue Certificates of Obligation, Series 2002, 5.500%, 9/01/21 - FSA Insured | 9/12 at |
| 2,595 | Denton County, Texas, Permanent Improvement General Obligation Bonds, | 7/12 at |

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| | | |
|-------|---|----------|
| | Series 2005, 5.000%, 7/15/25 | |
| 5,000 | Dickinson Independent School District, Galveston County, Texas, General Obligation Bonds, Series 2005, 5.000%, 2/15/30 | 2/15 at |
| 1,750 | El Paso County, Texas, Certificates of Obligation, Series 2001, 5.000%, 2/15/21 - FSA Insured | No Op |
| | 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 |
| 1,320 | 5.000%, 10/01/27 - FGIC Insured | 10/12 at |
| | Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003: | |
| 2,500 | 5.000%, 2/15/20 - AMBAC Insured | 2/13 at |
| 2,235 | 5.000%, 2/15/21 - AMBAC Insured | 2/13 at |
| 5,000 | Houston, Texas, General Obligation Bonds, Series 2005E, 5.000%, 3/01/23 - AMBAC Insured | 3/15 at |
| 1,500 | Judson Independent School District, Bexar County, Texas, General Obligation Refunding Bonds, Series 2002, 5.250%, 2/01/21 | 2/11 at |
| 5,220 | Leander Independent School District, Williamson and Travis Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 0.000%, 8/15/21 | 8/09 a |
| 1,000 | Mansfield Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2004, 5.000%, 2/15/20 | 2/14 at |
| | Mercedes Independent School District, Hidalgo County, Texas, General Obligation Bonds, Series 2005: | |
| 2,020 | 5.000%, 8/15/22 | 8/15 at |
| 1,010 | 5.000%, 8/15/23 | 8/15 at |
| 1,545 | Montgomery County, Texas, General Obligation Refunding Bonds, Series 1997, 0.000%, 3/01/14 - MBIA Insured | 9/07 a |
| 925 | Northside Independent School District, Bexar County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 5.875%, 8/15/25 | 8/10 at |
| 1,255 | Pasadena, Texas, Certificates of Obligation, Series 2002, 5.125%, 4/01/24 - FGIC Insured | 4/11 at |
| 500 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.500%, 7/01/29 | No Op |
| | Roma Independent School District, Texas, General Obligation Bonds, Series 2005: | |
| 1,110 | 5.000%, 8/15/22 | 8/15 at |
| 1,165 | 5.000%, 8/15/23 - FSA Insured | 8/15 at |
| 1,440 | South Texas Community College District, General Obligation Bonds, Series 2002, 5.500%, 8/15/17 - AMBAC Insured | 8/12 at |
| 1,250 | Southside Independent School District, Bexar County, Texas, General Obligation Bonds, Series 2004A, 5.000%, 8/15/22 | 8/14 at |
| 1,140 | Sunnyvale School District, Texas, General Obligation Bonds, Series 2004, 5.250%, 2/15/25 | 2/14 at |

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| | | |
|--------|--|----------|
| 2,000 | Texas, General Obligation Bonds, Water Financial Assistance Program, Series 2001, 5.250%, 8/01/23 | 8/11 at |
| 1,500 | Texas, General Obligation Refunding Bonds, Public Finance Authority, Series 2002, 5.000%, 10/01/18 | 10/12 at |
| | West Texas Independent School District, McLennan and Hill Counties, General Obligation Refunding Bonds, Series 1998: | |
| 1,000 | 0.000%, 8/15/22 | 8/13 a |
| 1,000 | 0.000%, 8/15/24 | 8/13 a |
| ----- | | |
| 59,810 | Total Tax Obligation/General | |

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| Principal Amount (000) | Description (1) | Option Provisi |
|------------------------|---|----------------|
| ----- | | |
| | Tax Obligation/Limited - 3.5% (2.4% of Total Investments) | |
| \$ 2,250 | Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Bonds, Series 2001G, 5.250%, 11/15/22 - MBIA Insured | 11/11 at |
| 2,685 | San Antonio, Texas, Hotel Occupancy Tax Revenue Bonds, Henry B. Gonzalez Convention Center Project, Series 1996, 5.700%, 8/15/26 - FGIC Insured | 8/06 at |
| ----- | | |
| 4,935 | Total Tax Obligation/Limited | |
| ----- | | |
| | Transportation - 5.9% (4.0% of Total Investments) | |
| 1,000 | Austin, Texas, Airport System Prior Lien Revenue Bonds, Series 2003, 5.250%, 11/15/16 - MBIA Insured | 11/13 at |
| 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 |
| 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) | 11/09 at |
| 2,000 | Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 2000A, 5.625%, 7/01/30 - FSA Insured (Alternative Minimum Tax) | 7/10 at |
| ----- | | |
| 8,860 | Total Transportation | |
| ----- | | |
| | U.S. Guaranteed (4) - 16.5% (11.3% of Total Investments) | |
| 130 | Abilene Housing Development Corporation, Texas, Section 8 First Lien Revenue Bonds, Abilene East Apartments, Series 1978, 7.000%, 7/01/08 (ETM) | No Op |
| 2,000 | Harris County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Memorial Hermann Healthcare System, Series 2001A, | 6/11 at |

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6.375%, 6/01/29 (Pre-refunded 6/01/11)

| | | |
|-------|---|----------|
| 1,500 | 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 |
| 1,000 | North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Presbyterian Healthcare System, Series 1996B, 5.750%, 6/01/26 (ETM) - MBIA Insured | No Op |
| 1,075 | Northside Independent School District, Bexar County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 2000, 5.875%, 8/15/25 (Pre-refunded 8/15/10) | 8/10 at |
| 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) (5) | 12/17 at |
| 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 |
| 665 | San Antonio, Texas, Water System Revenue Refunding Bonds, Series 1992, 6.500%, 5/15/10 (ETM) - MBIA Insured | No Op |
| 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 |
| 1,795 | United Independent School District, Webb County, Texas, Unlimited Tax School Building Bonds, Series 2000, 5.375%, 8/15/18 (Pre-refunded 8/15/12) | 8/12 at |
| 5,290 | Weslaco Independent School District, Hidalgo County, Texas, General Obligation School Building Bonds, Series 2000, 5.500%, 2/15/25 (Pre-refunded 2/15/10) | 2/10 at |

21,205 Total U.S. Guaranteed

Utilities - 9.5% (6.5% of Total Investments)

| | | |
|-------|---|---------|
| 2,560 | Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 1999C, 7.700%, 3/01/32 (Alternative Minimum Tax) | 4/13 at |
| 2,400 | Brazos River Authority, Texas, Revenue Bonds, Reliant Energy Inc., Series 1999A, 5.375%, 4/01/19 | 4/09 at |
| 5,000 | Brownsville, Texas, Utility System Priority Revenue Bonds, Series 2005A, 5.000%, 9/01/27 - AMBAC Insured | 9/15 at |

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Nuveen Texas Quality Income Municipal Fund (NTX) (continued)

Portfolio of Investments January 31, 2006 (Unaudited)

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| Principal Amount (000) | Description (1) | Option Provisi |
|---------------------------|---|-------------------|
| ----- | | |
| | Utilities (continued) | |
| \$ 2,000 | Harris County Health Facilities Development Corporation, Texas, Thermal Utility Revenue Bonds, TECO Project, Series 2000, 5.750%, 2/15/15 - AMBAC Insured (Alternative Minimum Tax) | 2/10 at |
| 1,000 | Matagorda County Navigation District 1, Texas, Revenue Bonds, Reliant Energy Inc., Series 1999B, 5.950%, 5/01/30 (Alternative Minimum Tax) | 5/09 at |
| ----- | | |
| 12,960 | Total Utilities | |
| ----- | | |
| | Water and Sewer - 10.8% (7.4% of Total Investments) | |
| | Coastal Water Authority, Texas, Contract Revenue Bonds, Houston Water Projects, Series 2004: | |
| 1,005 | 5.000%, 12/15/20 - FGIC Insured | 12/14 at |
| 1,030 | 5.000%, 12/15/21 - FGIC Insured | 12/14 at |
| 3,000 | Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2004A, 5.250%, 5/15/23 - FGIC Insured | 5/14 at |
| 3,500 | Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001A, 5.500%, 12/01/17 - FSA Insured | 12/11 at |
| | Irving, Texas, Subordinate Lien Waterworks and Sewerage Revenue Bonds, Series 2004: | |
| 1,680 | 5.000%, 8/15/22 - AMBAC Insured | 8/14 at |
| 1,760 | 5.000%, 8/15/23 - AMBAC Insured | 8/14 at |
| 1,260 | Rowlett, Rockwall and Dallas Counties, Texas, Waterworks and Sewerage System Revenue Bonds, Series 2004A, 5.000%, 3/01/22 - MBIA Insured | 3/14 at |
| 1,500 | Texas Water Development Board, Senior Lien State Revolving Fund Revenue Bonds, Series 1999A, 5.500%, 7/15/21 | 7/09 at |
| ----- | | |
| 14,735 | Total Water and Sewer | |
| ----- | | |
| \$ 208,571 | Total Investments (cost \$202,483,055) - 146.0% | |
| ===== | | |
| | Other Assets Less Liabilities - 1.6% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (47.6)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by

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Standard & Poor's Group are considered to be below investment grade.

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

(5) The issuer has received a proposed adverse determination from the Internal Revenue Service (the "IRS") regarding the tax-exempt status of the bonds' coupon payments. The Fund will continue to treat coupon payments as tax-exempt income until such time that it is formally determined that the interest on the bonds should be treated as taxable.

N/R Investment is not rated.

(ETM) Security is escrowed to maturity.

See accompanying notes to financial statements.

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Statement of
Assets and Liabilities January 31, 2006 (Unaudited)

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) |
|---|---------------------------------------|---|---|
| ----- | | | |
| Assets | | | |
| Investments, at value (cost \$88,798,842, \$33,769,618, \$52,415,010, \$64,170,631 and \$202,483,055, respectively) | \$ 92,708,022 | \$ 35,023,343 | \$ 55,042,980 |
| Cash | 756,345 | -- | -- |
| Receivables: | | | |
| Interest | 630,084 | 265,795 | 430,314 |
| Investments sold | -- | -- | -- |
| Unrealized appreciation on forward swaps | -- | 46,890 | 93,315 |
| Other assets | 1,438 | 1,208 | 2,976 |
| ----- | | | |
| Total assets | 94,095,889 | 35,337,236 | 55,569,585 |
| ----- | | | |
| Liabilities | | | |
| Cash overdraft | -- | 47,055 | 12,051 |
| Accrued expenses: | | | |
| Management fees | 51,175 | 10,188 | 16,031 |
| Other | 32,541 | 8,486 | 10,769 |
| Preferred share dividends payable | 9,248 | 5,294 | 8,969 |
| ----- | | | |
| Total liabilities | 92,964 | 71,023 | 47,820 |
| ----- | | | |
| Preferred shares, at liquidation value | 30,000,000 | 12,000,000 | 18,500,000 |
| ----- | | | |
| Net assets applicable to Common shares | \$ 64,002,925 | \$ 23,266,213 | \$ 37,021,765 |
| ===== | | | |
| Common shares outstanding | 4,467,309 | 1,546,588 | 2,427,087 |

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| | | | |
|--|---------------|---------------|---------------|
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.33 | \$ 15.04 | \$ 15.25 |
| Net assets applicable to Common shares consist of: | | | |
| Common shares, \$.01 par value per share | \$ 44,673 | \$ 15,466 | \$ 24,271 |
| Paid-in surplus | 62,130,982 | 21,874,470 | 34,386,372 |
| Undistributed (Over-distribution of) net investment income | (96,422) | 94,814 | 41,341 |
| Accumulated net realized gain (loss) from investments and derivative transactions | (1,985,488) | (19,152) | (151,504) |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | 3,909,180 | 1,300,615 | 2,721,285 |
| Net assets applicable to Common shares | \$ 64,002,925 | \$ 23,266,213 | \$ 37,021,765 |
| Authorized shares: | | | |
| Common | 200,000,000 | Unlimited | Unlimited |
| Preferred | 1,000,000 | Unlimited | Unlimited |

See accompanying notes to financial statements.

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Statement of
Operations Six Months Ended January 31, 2006 (Unaudited)

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) |
|--|---------------------------------------|---|---|
| Investment Income | \$ 2,243,068 | \$ 830,050 | \$ 1,319,275 |
| Expenses | | | |
| Management fees | 303,772 | 114,297 | 179,950 |
| Preferred shares - auction fees | 38,384 | 15,353 | 23,669 |
| Preferred shares - dividend disbursing agent fees | 5,041 | 5,041 | 5,041 |
| Shareholders' servicing agent fees and expenses | 2,746 | 183 | 124 |
| Custodian's fees and expenses | 14,877 | 6,889 | 9,950 |
| Directors'/Trustees' fees and expenses | 948 | 390 | 600 |
| Professional fees | 6,203 | 4,930 | 5,172 |
| Shareholders' reports - printing and mailing expenses | 5,993 | 4,303 | 5,890 |
| Stock exchange listing fees | 5,261 | 66 | 104 |
| Investor relations expense | 6,146 | 2,236 | 3,528 |
| Other expenses | 6,150 | 4,694 | 5,206 |

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| | | | |
|---|-------------|------------|------------|
| Total expenses before custodian fee credit and expense reimbursement | 395,521 | 158,382 | 239,234 |
| Custodian fee credit | (4,543) | (3,860) | (3,262) |
| Expense reimbursement | -- | (53,588) | (84,370) |
| Net expenses | 390,978 | 100,934 | 151,602 |
| Net investment income | 1,852,090 | 729,116 | 1,167,673 |
| Realized and Unrealized Gain (Loss) | | | |
| Net realized gain (loss) from investments | 237,715 | 37,555 | 104,987 |
| Net realized gain (loss) from forward swaps | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of investments | (1,017,023) | (358,957) | (525,365) |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- | 21,545 | 42,759 |
| Net realized and unrealized gain (loss) | (779,308) | (299,857) | (377,619) |
| Distributions to Preferred Shareholders | | | |
| From net investment income | (350,395) | (130,689) | (205,602) |
| From accumulated net realized gains | -- | (14,818) | (34,000) |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (350,395) | (145,507) | (239,602) |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ 722,387 | \$ 283,752 | \$ 550,452 |

See accompanying notes to financial statements.

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Statement of
Changes in Net Assets (Unaudited)

| | Arizona Premium Income (NAZ) | |
|---|---------------------------------|-----------------------|
| | Six Months Ended 1/31/06 | Year Ended 7/31/05 |
| Operations | | |
| Net investment income | \$ 1,852,090 | \$ 3,821,484 |
| Net realized gain (loss) from investments | 237,715 | 769,058 |
| Net realized gain (loss) from forward swaps | -- | -- |
| Change in net unrealized appreciation (depreciation) of investments | (1,017,023) | 1,754,362 |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- | -- |

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| | | |
|---|---------------|---------------|
| Distributions to Preferred shareholders: | | |
| From net investment income | (350,395) | (405,070) |
| From accumulated net realized gains | -- | -- |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 722,387 | 5,939,834 |
| ----- | | |
| Distributions to Common Shareholders | | |
| From net investment income | (1,629,665) | (3,762,499) |
| From accumulated net realized gains | -- | -- |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (1,629,665) | (3,762,499) |
| ----- | | |
| Capital Share Transactions | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 87,737 | 213,665 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 87,737 | 213,665 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | (819,541) | 2,391,000 |
| Net assets applicable to Common shares at the beginning of period | 64,822,466 | 62,431,466 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$ 64,002,925 | \$ 64,822,466 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ (96,422) | \$ 31,548 |
| ===== | | |

Arizona
Dividend Advantage 2 (NKR)

| | Six Months Ended 1/31/06 | Year Ended 7/31/05 |
|---|--------------------------------|-----------------------|
| ----- | | |
| Operations | | |
| Net investment income | \$ 1,167,673 | \$ 2,346,916 |
| Net realized gain (loss) from investments | 104,987 | 357,503 |
| Net realized gain (loss) from forward swaps | -- | (323,226) |
| Change in net unrealized appreciation (depreciation) of investments | (525,365) | 1,331,714 |
| Change in net unrealized appreciation (depreciation) of forward swaps | 42,759 | 50,556 |
| Distributions to Preferred shareholders: | | |
| From net investment income | (205,602) | (262,016) |
| From accumulated net realized gains | (34,000) | (19,342) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | | |

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| | | |
|---|---------------|---------------|
| from operations | 550,452 | 3,482,105 |
| ----- | | |
| Distributions to Common Shareholders | | |
| From net investment income | (1,031,007) | (2,092,582) |
| From accumulated net realized gains | (256,789) | (288,186) |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (1,287,796) | (2,380,768) |
| ----- | | |
| Capital Share Transactions | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 54,765 | 60,045 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 54,765 | 60,045 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | (682,579) | 1,161,382 |
| Net assets applicable to Common shares at the beginning of period | 37,704,344 | 36,542,962 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$ 37,021,765 | \$ 37,704,344 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 41,341 | \$ 110,277 |
| ===== | | |

See accompanying notes to financial statements.

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Statement of
Changes in Net Assets (Unaudited) (continued)

| | Arizona | |
|--|--------------------------------|-----------------------|
| | Dividend Advantage 3 (NXE) | |
| | Six Months Ended 1/31/06 | Year Ended 7/31/05 |
| ----- | | |
| Operations | | |
| Net investment income | \$ 1,346,834 | \$ 2,735,161 |
| Net realized gain (loss) from investments | 165,542 | (44,805) |
| Net realized gain (loss) from forward swaps | -- | (530,167) |
| Change in net unrealized appreciation (depreciation) of investments | (534,677) | 2,365,824 |
| Change in net unrealized appreciation (depreciation) of forward swaps | 69,732 | 78,665 |
| Distributions to Preferred shareholders: | | |

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| | | |
|---|---------------|---------------|
| From net investment income | (269,359) | (313,291) |
| From accumulated net realized gains | -- | -- |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 778,072 | 4,291,387 |
| ----- | | |
| Distributions to Common Shareholders | | |
| From net investment income | (1,150,271) | (2,444,592) |
| From accumulated net realized gains | -- | -- |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (1,150,271) | (2,444,592) |
| ----- | | |
| Capital Share Transactions | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 4,303 | -- |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 4,303 | -- |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | (367,896) | 1,846,795 |
| Net assets applicable to Common shares at the beginning of period | 44,829,316 | 42,982,521 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$ 44,461,420 | \$ 44,829,316 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ (35,249) | \$ 37,547 |
| ===== | | |

See accompanying notes to financial statements.

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Notes to
Financial Statements (Unaudited)

1. General Information and Significant Accounting Policies

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

Each Fund seeks to provide current income exempt from both regular federal and

applicable state income taxes, if any, by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories.

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.

Investment Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers, evaluations of anticipated cash flows or collateral and general market conditions. Prices of derivative investments are also provided by an independent pricing service approved by each Fund's Board of Directors/Trustees. If the pricing service is unable to supply a price for a municipal bond or derivative investment, each Fund may use a market price or fair market value quote provided by a major broker/dealer in such investments. If it is determined that the market price or fair market value quote for an investment is unavailable or inappropriate, the Board of Directors/Trustees of the Funds, or its designee, may establish a fair value for the investment. 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.

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 or 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 and delayed delivery purchase commitments. At January 31, 2006, there were no such outstanding purchase commitments in any of the 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.

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Notes to Financial Statements (Unaudited) (continued)

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all 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 which will enable interest from municipal securities, which is exempt from regular federal and applicable state

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income taxes, if any, 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.

Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

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. generally accepted accounting principles.

Preferred Shares

The Funds have issued and outstanding Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's Preferred shares 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. The number of Preferred shares outstanding, by Series and in total, for each Fund is as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage 3 (NXE) | Texas Quality Income (NTX) |
|-------------------|---------------------------------------|---|---|---|-------------------------------------|
| ----- | | | | | |
| Number of shares: | | | | | |
| Series M | -- | -- | -- | 880 | 760 |
| Series T | -- | 480 | -- | -- | -- |
| Series W | -- | -- | 740 | -- | -- |
| Series TH | 1,200 | -- | -- | -- | 2,000 |
| ----- | | | | | |
| Total | 1,200 | 480 | 740 | 880 | 2,760 |
| ===== | | | | | |

Forward Swap Transactions

The Funds are authorized to invest in certain derivative financial instruments. The Funds' use of forward interest rate swap transactions is intended to mitigate the negative impact that an increase in long-term interest rates could have on Common share net asset value. Forward interest rate swap transactions involve each Fund's agreement with the counterparty to pay, in the future, a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the forward swap contract, and would increase or decrease in value based primarily on the extent to which long-term interest rates for bonds having a maturity of the swaps' termination date were to increase or decrease. The Funds may close out a contract prior to the effective date, at which point a realized gain or loss would be recognized. When a forward swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Each Fund intends, but is not obligated to, terminate its forward swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with

a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. To minimize such credit risk, all counterparties are required to pledge collateral daily (based on the daily valuation of each swap) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when any of the Funds have an unrealized loss on a swap contract, 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 swap valuations fluctuate, either up or down, by at least the predetermined threshold amount.

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Custodian Fee Credit

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

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. generally accepted accounting principles 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.

2. Fund Shares

Transactions in Common shares were as follows:

| | Arizona Premium Income (NAZ) | | Arizona Dividend Advantage (NFZ) | | Six |
|---|---------------------------------|---------------|-------------------------------------|---------------|-----|
| | Six Months Ended | Year Ended | Six Months Ended | Year Ended | |
| Common shares issued to shareholders due to reinvestment of distributions | 1/31/06 | 7/31/05 | 1/31/06 | 7/31/05 | |
| | 5,860 | 13,619 | 1,079 | 1,750 | |

| | Arizona Dividend Advantage 3 (NXE) | | Six Months Ended 1/31/06 | Year Ended 7/31/05 | Six |
|---|---------------------------------------|--|-----------------------------------|--------------------------|-----|
| | ----- | | | | |
| | | | | | |
| Common shares issued to shareholders due to reinvestment of distributions | | | 288 | -- | |

3. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended January 31, 2006, were as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividen Advantage (NXE) |
|----------------------|---------------------------------------|---|---|--|
| Purchases | \$ 3,690,860 | \$ 2,207,617 | \$ 1,811,612 | \$ 2,151,28 |
| Sales and maturities | 4,631,418 | 1,790,375 | 1,788,658 | 2,952,08 |

4. Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, timing differences in recognizing taxable market discount and timing differences in recognizing certain gains and losses on investment transactions.

At January 31, 2006, the cost of investments was as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividen Advantage (NXE) |
|---------------------|---------------------------------------|---|---|--|
| Cost of investments | \$88,778,083 | \$33,820,272 | \$52,597,463 | \$64,374,35 |

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Notes to
Financial Statements (Unaudited) (continued)

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2006, were as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage (NXL) |
|--|---------------------------------------|---|---|---|
| Gross unrealized: | | | | |
| Appreciation | \$ 4,080,019 | \$ 1,294,102 | \$ 2,684,154 | \$ 1,876,500 |
| Depreciation | (150,080) | (91,031) | (238,637) | (252,600) |
| Net unrealized appreciation (depreciation) of investments | \$ 3,929,939 | \$ 1,203,071 | \$ 2,445,517 | \$ 1,623,900 |

The tax components of undistributed net investment income and net realized gains at July 31, 2005, the Funds' last fiscal year end, were as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage (NXL) |
|---|---------------------------------------|---|---|---|
| Undistributed net tax-exempt income * | \$ 304,454 | \$ 282,284 | \$ 287,112 | \$ 236,830 |
| Undistributed net ordinary income ** | -- | -- | -- | -- |
| Undistributed net long-term capital gains | -- | 132,895 | 217,992 | -- |

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on July 1, 2005, paid on August 1, 2005.

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

The tax character of distributions paid during the fiscal year ended July 31, 2005, the Funds' last fiscal year end, was designated for purposes of the dividends paid deduction as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage (NXL) |
|---|---------------------------------------|---|---|---|
| Distributions from net tax-exempt income | \$ 4,217,354 | \$ 1,573,643 | \$ 2,351,896 | \$ 2,764,460 |
| Distributions from net ordinary income ** | -- | -- | -- | -- |
| Distributions from net long-term capital gains | -- | 71,358 | 307,825 | -- |

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

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At July 31, 2005, the Funds' last fiscal year end, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage 3 (NXE) | Texas Quality Income (NTX) |
|------------------|---------------------------------------|---|-------------------------------------|
| Expiration year: | | | |
| 2011 | \$ 669,574 | \$ -- | \$ -- |
| 2012 | 1,553,629 | 205,820 | 1,204,018 |
| 2013 | -- | 134,877 | -- |
| Total | \$2,223,203 | \$340,697 | \$1,204,018 |

Arizona Dividend Advantage 3 (NXE) elected to defer net realized losses from investments incurred from November 1, 2004 through July 31, 2005 ("post-October losses"), in accordance with federal income tax regulations. Post-October losses of \$376,462 were treated as having arisen on the first day of the current fiscal year.

5. Management Fee and Other Transactions with Affiliates

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc., and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| Average Daily Net Assets (including net assets attributable to Preferred shares) | Arizona Premium Income (NAZ) Texas Quality Income (NTX) Fund-Level Fee Rate |
|--|---|
| For the first \$125 million | .4500% |
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For the next \$3 billion | .3875 |
| For net assets over \$5 billion | .3750 |

| Average Daily Net Assets (including net assets attributable to Preferred shares) | Arizona Dividend Advantage (NFZ) Arizona Dividend Advantage 2 (NKR) Arizona Dividend Advantage 3 (NXE) Fund-Level Fee Rate |
|--|---|
| For the first \$125 million | .4500% |
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For net assets over \$2 billion | .3750 |

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Notes to
Financial Statements (Unaudited) (continued)

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of January 31, 2006, the complex-level fee rate was .1891%.

| Complex-Level Assets(1) | Complex-Level Fee Rate |
|---|------------------------|
| For the first \$55 billion | .2000% |
| For the next \$1 billion | .1800 |
| For the next \$1 billion | .1600 |
| For the next \$3 billion | .1425 |
| For the next \$3 billion | .1325 |
| For the next \$3 billion | .1250 |
| For the next \$5 billion | .1200 |
| For the next \$5 billion | .1175 |
| For the next \$15 billion | .1150 |
| For Managed Assets over \$91 billion(2) | .1400 |

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.

(2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Directors/Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Directors/Trustees has adopted a deferred compensation plan for independent Directors/Trustees that enables Directors/Trustees to elect to defer receipt of

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all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds.

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

| Year Ending January 31, | | Year Ending January 31, | |
|----------------------------|------|----------------------------|------|
| 2001* | .30% | 2007 | .25% |
| 2002 | .30 | 2008 | .20 |
| 2003 | .30 | 2009 | .15 |
| 2004 | .30 | 2010 | .10 |
| 2005 | .30 | 2011 | .05 |
| 2006 | .30 | | |

* From the commencement of operations.

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

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

| Year Ending March 31, | | Year Ending March 31, | |
|--------------------------|------|--------------------------|------|
| 2002* | .30% | 2008 | .25% |
| 2003 | .30 | 2009 | .20 |
| 2004 | .30 | 2010 | .15 |
| 2005 | .30 | 2011 | .10 |
| 2006 | .30 | 2012 | .05 |
| 2007 | .30 | | |

* From the commencement of operations.

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

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

| Year Ending September 30, | | Year Ending September 30, | |
|------------------------------|------|------------------------------|------|
| 2002* | .32% | 2007 | .32% |
| 2003 | .32 | 2008 | .24 |
| 2004 | .32 | 2009 | .16 |

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| | | | |
|------|-----|------|-----|
| 2005 | .32 | 2010 | .08 |
| 2006 | .32 | | |

* From the commencement of operations.

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

6. Subsequent Event - Distributions to Common Shareholders

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on March 1, 2006, to shareholders of record on February 15, 2006, as follows:

| | Arizona Premium Income (NAZ) | Arizona Dividend Advantage (NFZ) | Arizona Dividend Advantage 2 (NKR) | Arizona Dividend Advantage 3 (NXE) | Texas Quality Income (NTX) |
|--------------------|---------------------------------------|---|---|---|-------------------------------------|
| Dividend per share | \$.0580 | \$.0690 | \$.0685 | \$.0605 | \$.0695 |

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Financial
Highlights (Unaudited)

Selected data for a Common share outstanding throughout each period:

| | Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Dis |
|----------------------------------|--|-----------------------------|---|---|-----|
| Investment Operations | | | | | |
| ----- | | | | | |
| Arizona Premium Income (NAZ) | | | | | |
| ----- | | | | | |
| Year Ended 7/31: | | | | | |
| 2006(d) | \$14.53 | \$.41 | \$ (.16) | \$ (.08) | |
| 2005 | 14.04 | .86 | .56 | (.09) | |
| 2004 | 13.66 | .92 | .43 | (.05) | |
| 2003 | 14.25 | .97 | (.57) | (.07) | |
| 2002 | 14.77 | 1.07 | (.57) | (.09) | |
| 2001 | 14.25 | 1.09 | .50 | (.23) | |
| Arizona Dividend Advantage (NFZ) | | | | | |
| ----- | | | | | |
| Year Ended 7/31: | | | | | |
| 2006(d) | 15.37 | .47 | (.20) | (.08) | |
| 2005 | 15.00 | .97 | .46 | (.10) | |
| 2004 | 14.45 | .99 | .57 | (.06) | |
| 2003 | 14.81 | 1.00 | (.38) | (.07) | |

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| | | | | |
|---------|-------|------|-----|-------|
| 2002 | 14.37 | 1.04 | .36 | (.11) |
| 2001(a) | 14.33 | .44 | .23 | (.08) |

Arizona Dividend Advantage 2 (NKR)

Year Ended 7/31:

| | | | | |
|---------|-------|-----|-------|-------|
| 2006(d) | 15.56 | .48 | (.16) | (.08) |
| 2005 | 15.10 | .97 | .59 | (.11) |
| 2004 | 14.57 | .96 | .53 | (.06) |
| 2003 | 14.88 | .96 | (.31) | (.08) |
| 2002(b) | 14.33 | .24 | .71 | (.02) |

Arizona Dividend Advantage 3 (NXE)

Year Ended 7/31:

| | | | | |
|---------|-------|-----|-------|-------|
| 2006(d) | 14.62 | .44 | (.10) | (.09) |
| 2005 | 14.01 | .89 | .62 | (.10) |
| 2004 | 13.45 | .89 | .54 | (.06) |
| 2003(c) | 14.33 | .66 | (.67) | (.05) |

Texas Quality Income (NTX)

Year Ended 7/31:

| | | | | |
|---------|-------|------|-------|-------|
| 2006(d) | 15.46 | .48 | (.14) | (.10) |
| 2005 | 15.12 | 1.00 | .41 | (.13) |
| 2004 | 14.57 | 1.03 | .55 | (.07) |
| 2003 | 15.14 | 1.05 | (.58) | (.08) |
| 2002 | 15.16 | 1.11 | (.02) | (.10) |
| 2001 | 14.26 | 1.16 | .88 | (.27) |

Less Distributions

| | Net Investment Income to Common Share- holders | Capital Gains to Common Share- holders | Total | Offering Costs and Preferred Share Underwriting Discounts | Ending Common Share Net Asset Value |
|--|---|--|-------|--|---|
|--|---|--|-------|--|---|

Arizona Premium Income (NAZ)

Year Ended 7/31:

| | | | | | |
|---------|----------|-------|----------|-------|---------|
| 2006(d) | \$ (.37) | \$ -- | \$ (.37) | \$ -- | \$14.33 |
| 2005 | (.84) | -- | (.84) | -- | 14.53 |
| 2004 | (.92) | -- | (.92) | -- | 14.04 |
| 2003 | (.92) | -- | (.92) | -- | 13.66 |
| 2002 | (.88) | (.04) | (.92) | -- | 14.25 |
| 2001 | (.83) | (.01) | (.84) | -- | 14.77 |

Arizona Dividend Advantage (NFZ)

Year Ended 7/31:

| | | | | | |
|---------|-------|-------|-------|-------|-------|
| 2006(d) | (.43) | (.08) | (.51) | -- | 15.04 |
| 2005 | (.92) | (.04) | (.96) | -- | 15.37 |
| 2004 | (.91) | (.04) | (.95) | -- | 15.00 |
| 2003 | (.88) | (.04) | (.92) | .02 | 14.45 |
| 2002 | (.84) | (.01) | (.85) | -- | 14.81 |
| 2001(a) | (.35) | -- | (.35) | (.20) | 14.37 |

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Arizona Dividend Advantage 2 (NKR)

Year Ended 7/31:

| | | | | | |
|---------|-------|-------|-------|-------|-------|
| 2006(d) | (.43) | (.11) | (.54) | -- | 15.25 |
| 2005 | (.86) | (.12) | (.98) | -- | 15.56 |
| 2004 | (.86) | (.04) | (.90) | -- | 15.10 |
| 2003 | (.86) | (.01) | (.87) | (.01) | 14.57 |
| 2002(b) | (.22) | -- | (.22) | (.16) | 14.88 |

Arizona Dividend Advantage 3 (NXE)

Year Ended 7/31:

| | | | | | |
|---------|-------|----|-------|-------|-------|
| 2006(d) | (.38) | -- | (.38) | -- | 14.49 |
| 2005 | (.80) | -- | (.80) | -- | 14.62 |
| 2004 | (.80) | -- | (.80) | (.01) | 14.01 |
| 2003(c) | (.61) | -- | (.61) | (.21) | 13.45 |

Texas Quality Income (NTX)

Year Ended 7/31:

| | | | | | |
|---------|-------|-------|-------|----|-------|
| 2006(d) | (.42) | -- | (.42) | -- | 15.28 |
| 2005 | (.94) | -- | (.94) | -- | 15.46 |
| 2004 | (.96) | -- | (.96) | -- | 15.12 |
| 2003 | (.95) | (.01) | (.96) | -- | 14.57 |
| 2002 | (.92) | (.07) | (.99) | -- | 15.14 |
| 2001 | (.87) | -- | (.87) | -- | 15.16 |

* Annualized.

** Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.

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

+ The amounts shown are based on Common share equivalents.

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

(a) For the period January 30, 2001 (commencement of operations) through July 31, 2001.

(b) For the period March 25, 2002 (commencement of operations) through July 31, 2002.

(c) For the period September 25, 2002 (commencement of operations) through July 31, 2003.

(d) For the six months ended January 31, 2006.

| | Ratios/Supplemental | | | | |
|------------------------------------|----------------------------------|---|--|---|---|
| | Total Returns | | Before Credit/ Reimbursement | | |
| | Based on Market Value** | Based on Common Share Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++ |
| Arizona Premium Income (NAZ) | | | | | |
| Year Ended 7/31: | | | | | |
| 2006 (d) | (4.04)% | 1.16% | \$64,003 | 1.22%* | 5.71%* |
| 2005 | 5.17 | 9.69 | 64,822 | 1.20 | 5.91 |
| 2004 | 7.97 | 9.66 | 62,431 | 1.22 | 6.49 |
| 2003 | (5.98) | 2.21 | 60,547 | 1.25 | 6.81 |
| 2002 | 9.63 | 2.88 | 62,876 | 1.28 | 7.45 |
| 2001 | 17.77 | 9.74 | 64,859 | 1.28 | 7.47 |
| Arizona Dividend Advantage (NFZ) | | | | | |
| Year Ended 7/31: | | | | | |
| 2006 (d) | 3.20 | 1.20 | 23,266 | 1.34* | 5.69* |
| 2005 | 10.88 | 9.04 | 23,753 | 1.34 | 5.82 |
| 2004 | 7.05 | 10.56 | 23,153 | 1.30 | 6.10 |
| 2003 | 3.06 | 3.67 | 22,290 | 1.35 | 6.11 |
| 2002 | 6.38 | 9.32 | 22,791 | 1.41 | 6.72 |
| 2001 (a) | 6.76 | 2.81 | 22,072 | 1.43* | 5.80* |
| Arizona Dividend Advantage 2 (NKR) | | | | | |
| Year Ended 7/31: | | | | | |
| 2006 (d) | (.98) | 1.44 | 37,022 | 1.27* | 5.75* |
| 2005 | 16.30 | 9.74 | 37,704 | 1.27 | 5.76 |
| 2004 | 9.46 | 9.98 | 36,543 | 1.27 | 5.83 |
| 2003 | (3.53) | 3.67 | 35,237 | 1.27 | 5.78 |
| 2002 (b) | 6.81 | 5.38 | 35,913 | 1.19* | 4.43* |
| Arizona Dividend Advantage 3 (NXE) | | | | | |
| Year Ended 7/31: | | | | | |
| 2006 (d) | 1.50 | 1.70 | 44,461 | 1.27* | 5.53* |
| 2005 | 15.11 | 10.21 | 44,829 | 1.25 | 5.63 |
| 2004 | 1.01 | 10.25 | 42,983 | 1.25 | 5.80 |
| 2003 (c) | (2.76) | (2.05) | 41,247 | 1.19* | 5.05* |
| Texas Quality Income (NTX) | | | | | |
| Year Ended 7/31: | | | | | |
| 2006 (d) | (4.75) | 1.59 | 145,068 | 1.20* | 6.23* |
| 2005 | 17.83 | 8.61 | 146,718 | 1.18 | 6.42 |
| 2004 | 5.87 | 10.51 | 143,233 | 1.18 | 6.77 |
| 2003 | 4.14 | 2.54 | 137,975 | 1.20 | 6.93 |

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| | | | | | |
|------|-------|-------|---------|------|------|
| 2002 | 9.29 | 6.61 | 143,305 | 1.23 | 7.40 |
| 2001 | 21.16 | 12.74 | 143,127 | 1.21 | 7.87 |

Preferred Shares at End of Period

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

Arizona Premium Income (NAZ)

Year Ended 7/31:

| | | | |
|---------|----------|----------|----------|
| 2006(d) | \$30,000 | \$25,000 | \$78,336 |
| 2005 | 30,000 | 25,000 | 79,019 |
| 2004 | 30,000 | 25,000 | 77,026 |
| 2003 | 30,000 | 25,000 | 75,456 |
| 2002 | 30,000 | 25,000 | 77,397 |
| 2001 | 30,000 | 25,000 | 79,049 |

Arizona Dividend Advantage (NFZ)

Year Ended 7/31:

| | | | |
|---------|--------|--------|--------|
| 2006(d) | 12,000 | 25,000 | 73,471 |
| 2005 | 12,000 | 25,000 | 74,485 |
| 2004 | 12,000 | 25,000 | 73,235 |
| 2003 | 12,000 | 25,000 | 71,438 |
| 2002 | 12,000 | 25,000 | 72,480 |
| 2001(a) | 12,000 | 25,000 | 70,984 |

Arizona Dividend Advantage 2 (NKR)

Year Ended 7/31:

| | | | |
|---------|--------|--------|--------|
| 2006(d) | 18,500 | 25,000 | 75,029 |
| 2005 | 18,500 | 25,000 | 75,952 |
| 2004 | 18,500 | 25,000 | 74,382 |
| 2003 | 18,500 | 25,000 | 72,618 |
| 2002(b) | 18,500 | 25,000 | 73,531 |

Arizona Dividend Advantage 3 (NXE)

Year Ended 7/31:

| | | | |
|---------|--------|--------|--------|
| 2006(d) | 22,000 | 25,000 | 75,524 |
| 2005 | 22,000 | 25,000 | 75,942 |
| 2004 | 22,000 | 25,000 | 73,844 |
| 2003(c) | 22,000 | 25,000 | 71,872 |

Texas Quality Income (NTX)

Year Ended 7/31:

| | | | |
|---------|--------|--------|--------|
| 2006(d) | 69,000 | 25,000 | 77,561 |
| 2005 | 69,000 | 25,000 | 78,159 |
| 2004 | 69,000 | 25,000 | 76,896 |
| 2003 | 69,000 | 25,000 | 74,991 |
| 2002 | 69,000 | 25,000 | 76,922 |
| 2001 | 69,000 | 25,000 | 76,858 |

See accompanying notes to financial statements.

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Reinvest Automatically
Easily and Conveniently

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

Nuveen Exchange-Traded Closed-End Funds
Dividend Reinvestment Plan

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

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

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

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

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

Flexible

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

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his

or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

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

Call today to start reinvesting dividends and/or distributions

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

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Other Useful
Information

Quarterly Portfolio of Investments and Proxy voting information

Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the 12-month period ended June 30, 2006, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public References Section at 450 Fifth Street NW, Washington, D.C. 20549.

Glossary of terms used in this report

Average Annual Total Return: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

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

Leverage-Adjusted Duration: Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.

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Market Yield (also known as Dividend Yield or Current Yield): An investment's current annualized dividend divided by its current market price.

Net Asset Value (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

Taxable-Equivalent Yield: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.

Board of Directors/Trustees

Robert P. Bremner
Lawrence H. Brown
Jack B. Evans
William C. Hunter
David J. Kundert
William J. Schneider
Timothy R. Schwertfeger
Judith M. Stockdale
Eugene S. Sunshine

Fund Manager

Nuveen Asset Management
333 West Wacker Drive
Chicago, IL 60606

Custodian

State Street Bank & Trust Company
Boston, MA

Transfer Agent and Shareholder Services

State Street Bank & Trust Company
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

Legal Counsel

Chapman and Cutler LLP
Chicago, IL

Independent Registered Public Accounting Firm

Ernst & Young LLP
Chicago, IL

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

[GRAPHIC OMITTED]

Learn more
about Nuveen Funds at
www.nuveen.com/etf

Nuveen Investments:

SERVING Investors
For GENERATIONS

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

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

We offer many different investing solutions for our clients' different needs.

Managing more than \$135 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

Find out how we can help you reach your financial goals.

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

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

- o Share prices
- o Fund details
- o Daily financial news
- o Investor education
- o Interactive planning tools

[LOGO]
NUVEEN
Investments

ESA-A-0106D

ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

Not applicable to this filing.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable to this filing.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this Item.

ITEM 11. CONTROLS AND PROCEDURES.

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

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control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable to this filing.

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

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

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

SIGNATURES

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

(Registrant) Nuveen Arizona Dividend Advantage Municipal Fund 3

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

Jessica R. Droeger
Vice President and Secretary

Date: April 7, 2006

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

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

Gifford R. Zimmerman
Chief Administrative Officer
(principal executive officer)

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Date: April 7, 2006

By (Signature and Title)* /s/ Stephen D. Foy

Stephen D. Foy
Vice President and Controller
(principal financial officer)

Date: April 7, 2006

* Print the name and title of each signing officer under his or her signature.