

VALERO L P
Form 4
October 31, 2006

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BLUNTZER JAMES R

(Last) (First) (Middle)

P.O. BOX 696000

(Street)

SAN ANTONIO, TX 78269-6000

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
VALERO L P [VLI]

3. Date of Earliest Transaction (Month/Day/Year)
10/27/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

Senior VP- Operations

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Units (tax withheld for restricted unit vesting)	10/27/2006		F	131	D \$ 52.95	3,754	D
Common Units (tax withheld for restricted)	10/30/2006		F	112	D \$ 52.72	3,642	D

unit vesting)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BLUNTZER JAMES R P.O. BOX 696000 SAN ANTONIO, TX 78269-6000			Senior VP- Operations	

Signatures

Amy L. Perry, as Attorney-In-Fact for James R. Bluntzer
10/31/2006

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. YLE="margin-top:12px;margin-bottom:0px;text-indent:7%">AA

An obligation rated AA differs from the highest-rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A

An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, and C

Obligations rated BB, B, CCC, CC, and C are regarded as having significant speculative characteristics. BB indicates the least degree of speculation and C the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB

An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B

An obligation rated B is more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC

An obligation rated CCC is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC

An obligation rated CC is currently highly vulnerable to nonpayment.

C

A Subordinated debt or preferred stock obligation rated C is CURRENTLY HIGHLY VULNERABLE to nonpayment. The C rating may be used to cover a situation where a bankruptcy petition has been filed or similar action has been taken, but payments on this obligation are being continued. A C also will be assigned to a preferred stock issue in arrears on dividends or sinking fund payments, but that is currently paying.

D

An obligation rated D is in payment default. The D rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The D rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Plus (+) or minus (-). The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

r

This symbol is attached to the ratings of instruments with significant noncredit risks. It highlights risks to principal or volatility of expected returns which are not addressed in the credit rating.

N.R.

This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

Short-Term Issue Credit Ratings

A-1

A short-term obligation rated A-1 is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2

A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3

A-3

A short-term obligation rated A-3 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B

A short-term obligation rated B is regarded as having significant speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

C

A short-term obligation rated C is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D

A short-term obligation rated D is in payment default. The D rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The D rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Moody's Investors Service, Inc. A brief description of the applicable Moody's Investors Service, Inc. (Moody's) rating symbols and their meanings (as published by Moody's) follows:

Municipal Bonds

Aaa

Bonds that are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as gilt edged. Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

Aa

Bonds that are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present that make the long-term risks appear somewhat larger than in Aaa securities.

A

Bonds that are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present that suggest a susceptibility to impairment sometime in the future.

Baa

Bonds that are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

Ba

Bonds that are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B

Bonds that are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

Caa

Bonds that are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

Ca

Bonds that are rated Ca represent obligations that are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C

Bonds that are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

#(hatchmark): Represents issues that are secured by escrowed funds held in cash, held in trust, invested and reinvested in direct, non-callable, non-prepayable United States government obligations or non-callable, non-prepayable obligations unconditionally guaranteed by the U.S. Government, Resolution Funding Corporation debt obligations.

Con. (...): Bonds for which the security depends upon the completion of some act or the fulfillment of some condition are rated conditionally. These are bonds secured by (a) earnings of

projects under construction, (b) earnings of projects unseasoned in operation experience, (c) rentals that begin when facilities are completed, or (d) payments to which some other limiting condition attaches. The parenthetical rating denotes probable credit stature upon completion of construction or elimination of the basis of the condition.

(P): When applied to forward delivery bonds, indicates the rating is provisional pending delivery of the bonds. The rating may be revised prior to delivery if changes occur in the legal documents or the underlying credit quality of the bonds.

Note: Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

Short-Term Loans

MIG 1/VMIG 1

This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2/VMIG 2

This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3/VMIG 3

This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG

This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Commercial Paper

Issuers (or supporting institutions) rated Prime-1 have a superior ability for repayment of senior short-term debt obligations. Prime-1 repayment ability will normally be evidenced by the following characteristics:

Leading market positions in well-established industries.

High rates of return on funds employed.

Conservative capitalization structures with moderate reliance on debt and ample asset protection.

Broad margins in earnings coverage of fixed financial charges and high internal cash generation.

Well-established access to a range of financial markets and assured sources of alternate liquidity.

Issuers (or supporting institutions) rated Prime-2 have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation than is the case for Prime-2 securities. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

Issuers (or supporting institutions) rated Prime-3 have an acceptable ability for repayment of senior short-term debt obligations. The effect of industry characteristics and market composition may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and the requirement for relatively high financial leverage. Adequate alternate liquidity is maintained.

Issuers rated Not Prime do not fall within any of the Prime rating categories.

Fitch, Inc. A brief description of the applicable Fitch, Inc. (Fitch) ratings symbols and meanings (as published by Fitch) follows:

Long-Term Credit Ratings

Investment Grade

AAA

Highest credit quality. AAA ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA

Very high credit quality. AA ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A

High credit quality. A ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB

Good credit quality. BBB ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category.

Speculative Grade

BB

Speculative. BB ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B

Highly speculative. B ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.

CCC, CC, C

High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. A CC rating indicates that default of some kind appears probable. C ratings signal imminent default.

DDD, DD, and D Default

The ratings of obligations in this category are based on their prospects for achieving partial or full recovery in a reorganization or liquidation of the obligor. While expected recovery values are highly speculative and cannot be estimated with any precision, the following serve as general guidelines. DDD obligations have the highest potential for recovery, around 90%-100% of outstanding amounts and accrued interest. DD indicates potential recoveries in the range of 50%-90%, and D the lowest recovery potential, i.e., below 50%. Entities rated in this category have defaulted on some or all of their obligations. Entities rated DDD have the highest prospect for resumption of performance or continued operation with or without a formal reorganization process. Entities rated DD and D are generally undergoing a formal reorganization or liquidation process; those rated DD are likely to satisfy a higher portion of their outstanding obligations, while entities rated D have a poor prospect for repaying all obligations.

Short-Term Credit Ratings

A short-term rating has a time horizon of less than 12 months for most obligations, or up to three years for U.S. public finance securities, and thus places greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

F1

Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added + to denote any exceptionally strong credit feature.

F2

Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.

F3

Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade. B Speculative. Minimal capacity for timely payment of financial commitments, plus vulnerability to near-term adverse changes in financial and economic conditions.

B

Speculative Minimal capacity for timely payment of financial commitments, plus vulnerability to near-term adverse changes in financial and economic conditions.

C

High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

D

Default. Denotes actual or imminent payment default.

Notes to Long-term and Short-term ratings:

+ or - may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the AAA Long-term rating category, to categories below CCC, or to Short-term ratings other than F1.

NR indicates that Fitch Ratings does not rate the issuer or issue in question.

Withdrawn : A rating is withdrawn when Fitch Ratings deems the amount of information available to be inadequate for rating purposes, or when an obligation matures, is called, or refinanced.

Rating Watch: Ratings are placed on Rating Watch to notify investors that there is a reasonable probability of a rating change and the likely direction of such change. These are designated as Positive, indicating a potential upgrade, Negative, for a potential downgrade, or Evolving, if ratings may be raised, lowered or maintained. Rating Watch is typically resolved over a relatively short period.

A Rating Outlook indicates the direction a rating is likely to move over a one to two year period. Outlooks may be positive, stable, or negative. A positive or negative Rating Outlook does not imply a rating change is inevitable. Similarly, ratings for which outlooks are stable could be downgraded before an outlook moves to positive or negative if circumstances warrant such an action. Occasionally, Fitch Ratings may be unable to identify the fundamental trend. In these cases, the Rating Outlook may be described as evolving.

APPENDIX B

TAXABLE EQUIVALENT YIELD TABLE

The taxable equivalent yield is the current yield you would need to earn on a taxable investment in order to equal a stated tax-free yield on a municipal investment. To assist you to more easily compare municipal investments like the Fund with taxable alternative investments, the table below presents the approximate taxable equivalent yields for individuals for a range of hypothetical tax-free yields assuming the stated marginal federal income tax rates for 2012 listed below. This table should not be considered a representation or guarantee of future results.

TAXABLE EQUIVALENT OF TAX-FREE YIELDS*

Single-Return Bracket	Joint-Return Bracket	Federal Tax Rate	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%	7.00%	7.50%
0-\$8,700	0-\$17,400	10.0%	4.44%	5.00%	5.56%	6.11%	6.67%	7.22%	7.78%	8.33%
\$8,700-\$35,350	\$17,400-\$70,700	15.0%	4.71%	5.29%	5.88%	6.47%	7.06%	7.65%	8.24%	8.82%
\$35,350-\$85,650	\$70,700-\$142,700	25.0%	5.33%	6.00%	6.67%	7.33%	8.00%	8.67%	9.33%	10.00%
\$85,650-\$178,650	\$142,700-\$217,450	28.0%	5.56%	6.25%	6.94%	7.64%	8.33%	9.03%	9.72%	10.42%
\$178,650-\$388,350	\$217,450-\$388,350	33.0%	5.97%	6.72%	7.46%	8.21%	8.96%	9.70%	10.45%	11.19%
Over \$388,350	Over \$388,350	35.0%	6.15%	6.92%	7.69%	8.46%	9.23%	10.00%	10.77%	11.54%

* Please note that the table does not reflect (i) any federal limitations on the amounts of allowable itemized deductions, phase-outs of personal or dependent exemption credits or other allowable credits, (ii) any state or local taxes imposed, or (iii) any alternative minimum taxes or any taxes other than federal personal income taxes.

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APPENDIX C

FORM OF

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND, INC.

STATEMENT ESTABLISHING AND FIXING THE RIGHTS AND PREFERENCES

OF MUNIFUND TERM PREFERRED SHARES

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NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND, INC.

STATEMENT ESTABLISHING AND FIXING THE RIGHTS AND PREFERENCES OF MUNIFUND TERM PREFERRED SHARES

Nuveen Arizona Premium Income Municipal Fund, Inc. (the Fund), a Minnesota corporation, certifies to the Secretary of State of Minnesota that:

RECITALS

FIRST: The Fund is authorized under Article Fifth of the Fund's Articles of Incorporation, as amended (which, as hereafter restated or amended from time to time, is herein called the Articles), to issue _____ preferred stock, par value \$.01 per share.

SECOND: Pursuant to the authority expressly vested in the Board of Directors of the Fund by Article Fifth of the Articles, the Board of Directors has, by resolution, authorized the issuance of _____ preferred stock, \$.01 par value per share, such shares to be classified as MuniFund Term Preferred Shares (MuniFund Term Preferred), and such shares of MuniFund Term Preferred to be issued in one or more series (each such series, a Series).

THIRD: The preferences, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, of each Series of MuniFund Term Preferred Shares are set forth in this Statement, as modified, amended or supplemented in the Appendix (each an Appendix and collectively the Appendices) to this Statement specifically relating to such Series as now or hereafter filed by the Fund with the Secretary of State of the State of Minnesota (each such Series being referred to herein as a Series of MuniFund Term Preferred Shares, and shares of all such Series being referred to herein individually as a MuniFund Term Preferred Share and collectively as the MuniFund Term Preferred Shares).

DEFINITIONS

1.1 Definitions. Unless the context or use indicates another or different meaning or intent and except with respect to any Series as specifically provided in the Appendix applicable to such Series, each of the following terms when used in this Statement shall have the meaning ascribed to it below, whether such term is used in the singular or plural and regardless of tense:

1940 Act means the Investment Company Act of 1940, as amended, or any successor statute.

1940 Act Asset Coverage means asset coverage, as defined for purposes of Section 18(h) of the 1940 Act, of at least 200% with respect to all outstanding senior securities of the Fund which are shares of stock for purposes of the 1940 Act, including all outstanding MuniFund Term Preferred Shares (or such other asset coverage as may in the future be specified in or under the 1940 Act or by rule, regulation or order of United States Securities and Exchange Commission as the minimum asset coverage for senior securities which are shares of stock of a closed-end investment company).

Additional Amount Payment means a payment to a Holder of MuniFund Term Preferred Shares of an amount which, when taken together with the aggregate amount of Taxable Allocations made to such Holder to which such Additional Amount Payment relates, would cause such Holder's dividends in dollars (after federal income tax consequences) from the aggregate of such Taxable Allocations and the related Additional Amount Payment to be equal to the dollar amount of the

dividends that would have been received by such Holder if the amount of such aggregate Taxable Allocations would have been excludable (for federal income tax purposes) from the gross income of such Holder. Such Additional Amount Payment shall be calculated (i) without consideration being given to the time value of money; (ii) assuming that no Holder of MuniFund Term Preferred Shares is subject to the federal alternative minimum tax with respect to dividends received from the Fund; and (iii) assuming that each Taxable Allocation and each Additional Amount Payment (except to the extent such Additional Amount Payment is designated as an exempt-interest dividend under Section 852(b)(5) of the Code) would be taxable in the hands of each Holder of MuniFund Term Preferred Shares at the maximum marginal regular federal individual income tax rate applicable to ordinary income or net capital gains, as applicable, or the maximum marginal regular federal corporate income tax rate applicable to ordinary income or net capital gains, as applicable, whichever is greater, in effect at the time such Additional Amount Payment is paid.

Adviser means Nuveen Asset Management, a Delaware corporation, or such other entity as shall be then serving as the investment adviser of the Fund, and shall include, as appropriate, any sub-adviser duly appointed by the Adviser.

Appendices and Appendix shall have the respective meanings as set forth in the Recitals of this Statement.

Articles shall have the meaning as set forth in the Recitals of this Statement.

Asset Coverage means asset coverage of a class of senior security which is a stock, as defined for purposes of Section 18(h) of the 1940 Act as in effect on the date hereof, determined on the basis of values calculated as of a time within 48 hours (only including Business Days) next preceding the time of such determination.

Asset Coverage Cure Date means, with respect to the failure by the Fund to maintain Asset Coverage as of the close of business on a Business Day (as required by Section 2.4(a)), the date that is thirty (30) calendar days following such Business Day).

Board of Directors means the Board of Directors of the Fund or any duly authorized committee thereof as permitted by applicable law.

Business Day means any calendar day on which the New York Stock Exchange is open for trading.

By-Laws means the By-Laws of the Fund as amended from time to time.

Code means the Internal Revenue Code of 1986, as amended.

Common Shares means the common shares of beneficial interest, par value \$.01 per share, of the Fund.

Custodian means a bank, as defined in Section 2(a)(5) of the 1940 Act, that has the qualifications prescribed in paragraph 1 of Section 26(a) of the 1940 Act, or such other entity as shall be providing custodian services to the Fund as permitted by the 1940 Act or any rule, regulation, or order thereunder, and shall include, as appropriate, any similarly qualified sub-custodian duly appointed by the Custodian.

Custodian Agreement means, with respect to any Series, the Custodian Agreement by and among the Custodian and the Fund with respect to such Series.

Date of Original Issue means, with respect to any Series, the date specified as the Date of Original Issue for such Series in the Appendix for such Series.

Default shall have the meaning as set forth in Section 2.2(h)(i).

Default Period shall have the meaning as set forth in Section 2.2(h)(i).

Default Rate shall have the meaning as set forth in Section 2.2(h)(i).

Deposit Securities means, as of any date, any United States dollar-denominated security or other investment of a type described below that either (i) is a demand obligation payable to the holder thereof on any Business Day or (ii) has a maturity date, mandatory redemption date or mandatory payment date, on its face or at the option of the holder, preceding the relevant Redemption Date, Dividend Payment Date or other payment date in respect of which such security or other investment has been deposited or set aside as a Deposit Security:

- (1) cash or any cash equivalent;
- (2) any U.S. Government Obligation;
- (3) any Municipal Obligation that has a credit rating from at least one NRSRO that is the highest applicable rating generally ascribed by such NRSRO to Municipal Obligations with substantially similar terms as of the date of this Statement (or such rating's future equivalent), including (A) any such Municipal Obligation that has been pre-refunded by the issuer thereof with the proceeds of such refunding having been irrevocably deposited in trust or escrow for the repayment thereof and (B) any such fixed or variable rate Municipal Obligation that qualifies as an eligible security under Rule 2a-7 under the 1940 Act;
- (4) any investment in any money market fund registered under the 1940 Act that qualifies under Rule 2a-7 under the 1940 Act, or similar investment vehicle described in Rule 12d1-1(b)(2) under the 1940 Act, that invests principally in Municipal Obligations or U.S. Government Obligations or any combination thereof; or
- (5) any letter of credit from a bank or other financial institution that has a credit rating from at least one NRSRO that is the highest applicable rating generally ascribed by such NRSRO to bank deposits or short-term debt of similar banks or other financial institutions as of the date of this Statement (or such rating's future equivalent).

Dividend Default shall have the meaning as set forth in Section 2.2(h)(i).

Dividend Payment Date means, with respect to any Series, each of the Dividend Payment Dates for such Series set forth in the Appendix for such Series.

Dividend Period means, with respect to any Series, the Dividend Period for such Series set forth in the Appendix for such Series.

Dividend Rate means, with respect to any Series and as of any date, the Fixed Dividend Rate for that Series as adjusted (if applicable) on such date in accordance with the provisions of Section 2.2(c) and Section 2.2(h).

Effective Leverage Ratio shall have the meaning as set forth in Section 2.4(d).

Effective Leverage Ratio Cure Date shall have the meaning as set forth in Section 2.5(b)(ii)(A).

Electronic Means means email transmission, facsimile transmission or other similar electronic means of communication providing evidence of transmission (but excluding online communications systems covered by a separate agreement) acceptable to the sending party and the receiving party, in any case if operative as between any two parties, or, if not operative, by telephone (promptly confirmed by any other method set forth in this definition), which, in the case of notices to the Redemption and Paying Agent and the Custodian, shall be sent by such means to each of its representatives set forth in the Redemption and Paying Agent Agreement and the Custodian Agreement, respectively.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended.

Fitch means Fitch Ratings, Inc. and any successor or successors thereto.

Fixed Dividend Rate means, with respect to any Series, the rate per annum specified as the Fixed Dividend Rate for such Series in the Appendix for such Series.

Fund shall have the meaning as set forth in the Preamble to this Statement.

Holder means, with respect to the MuniFund Term Preferred Shares of any Series or any other security issued by the Fund, a Person in whose name such security is registered in the registration books of the Fund maintained by the Redemption and Paying Agent or otherwise.

Liquidation Preference means, with respect to any Series, the amount specified as the liquidation preference per share for that Series in the Appendix for such Series.

Liquidity Account Initial Date means, with respect to any Series, the date designated as the Liquidity Account Initial Date in the Appendix for such Series.

Liquidity Account Investments means Deposit Securities or any other security or investment owned by the Fund that is rated not less than A3 by Moody's, A- by Standard & Poor's, A- by Fitch or an equivalent rating by any other NRSRO (or any such rating's future equivalent).

Liquidity Requirement shall have the meaning as set forth in Section 2.11(b).

Mandatory Redemption Price shall have the meaning as set forth in Section 2.5(b)(i)(A).

Market Value of any asset of the Fund means, for securities for which market quotations are readily available, the market value thereof determined by an independent third-party pricing service designated from time to time by the Board of Directors. Market Value of any asset shall include any interest accrued thereon. The pricing service values portfolio securities at the mean between the quoted

bid and asked price or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available are valued at fair value as determined by the pricing service using methods that include consideration of yields or prices of Municipal Obligations of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions. The pricing service may employ electronic data processing techniques or a matrix system, or both, to determine recommended valuations.

Moody's means Moody's Investors Service, Inc. and any successor or successors thereto.

Municipal Obligation means municipal securities as described in the prospectus or other offering document for a Series.

MuniFund Term Preferred shall have the meaning as set forth in the Recitals of this Statement.

MuniFund Term Preferred Shares shall have the meaning as set forth in the Recitals of this Statement.

Non-Call Period means, with respect to any Series, the period (if any) during which such Series shall not be subject to redemption at the option of the Fund, as set forth in the Appendix for such Series.

Notice of Redemption shall have the meaning as set forth in Section 2.5(d).

Notice of Taxable Allocation shall have the meaning as set forth in Section 2.10(a).

NRSRO means any nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

Optional Redemption Date shall have the meaning as set forth in Section 2.5(c)(i).

Optional Redemption Premium means, with respect to any Series, the premium (expressed as a percentage of the Liquidation Preference of the shares of such Series) payable by the Fund upon the redemption of MuniFund Term Preferred Shares of such Series at the option of the Fund, as set forth in the Appendix for such Series.

Optional Redemption Price shall have the meaning as set forth in Section 2.5(c)(i).

Outstanding means, as of any date with respect to MuniFund Term Preferred Shares of any Series, the number of MuniFund Term Preferred Shares of such Series theretofore issued by the Fund except (without duplication):

- (a) any shares of such Series theretofore cancelled or redeemed or delivered to the Redemption and Paying Agent for cancellation or redemption in accordance with the terms hereof;
- (b) any shares of such Series as to which the Fund shall have given a Notice of Redemption and irrevocably deposited with the Redemption and Paying Agent sufficient Deposit Securities to redeem such shares in accordance with Section 2.5 hereof;

- (c) any shares of such Series as to which the Fund shall be the Holder or the beneficial owner; and
- (d) any shares of such Series represented by any certificate in lieu of which any new certificate has been executed and delivered by the Fund.

Person means and includes an individual, a partnership, the Fund, a trust, a corporation, a limited liability company, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof

Preferred Shares means the authorized preferred stock of beneficial interest, par value \$.01 per share, of the Fund, including shares of each Series of MuniFund Term Preferred Shares, shares of any other series of such preferred stock now or hereafter issued by the Fund, and any other shares of beneficial interest hereafter authorized and issued by the Fund of a class having priority over any other class as to distribution of assets or payments of dividends.

Rating Agencies means any of Moody's, Standard & Poor's or Fitch, as designated by the Board of Directors from time to time as contemplated by Section 2.7 to be a Rating Agency for purposes of this Statement. The Board of Directors has initially designated Moody's, Standard & Poor's and Fitch to be Rating Agencies hereunder. In the event that at any time any Rating Agency (i) ceases to be a Rating Agency for purposes of any Series of MuniFund Term Preferred Shares, any references to any credit rating of such Rating Agency in this Statement or any Appendix shall be deemed instead to be references to the equivalent credit rating of the Rating Agency designated by the Board of Directors to replace such Rating Agency (if any such replacement is made) as of the most recent date on which such other Rating Agency published credit ratings for such Series of MuniFund Term Preferred Shares or (ii) replaces any credit rating of such Rating Agency with a replacement credit rating, any references to such replaced credit rating of such Rating Agency contained in this Statement or any Appendix shall instead be deemed to be references to such replacement credit rating. In the event that at any time the designation of any Rating Agency as a Rating Agency for purposes of any Series of MuniFund Term Preferred Shares is terminated by the Board of Directors, any rating of such terminated Rating Agency, to the extent it would have been taken into account in any of the provisions of this Statement or the Appendix for such Series, shall be disregarded, and only the ratings of the then-designated Rating Agencies for such Series shall be taken into account for purposes of this Statement and such Appendix.

Rating Agency Guidelines means the guidelines of any Rating Agency, as they may be amended or modified from time to time, compliance with which is required to cause such Rating Agency to continue to issue a rating with respect to a Series of MuniFund Term Preferred Shares for so long as such Series is Outstanding (which credit rating may consist of a credit rating on the MuniFund Term Preferred Shares generally or the Preferred Shares generally).

Rating Downgrade Period means, with respect to any Series, any period during which the MuniFund Term Preferred Shares of such Series are rated A+ or lower by Standard & Poor's, A1 or lower by Moody's and A+ or lower by Fitch (or an equivalent of such ratings, as permitted or contemplated by the definition of Rating Agency).

Redemption and Paying Agent means, with respect to any Series, State Street Bank and Trust Company and its successors or any other redemption and paying agent appointed by the Fund with respect to such Series.

Redemption and Paying Agent Agreement means, with respect to any Series, the Redemption and Paying Agent Agreement or other similarly titled agreement by and among the Redemption and Paying Agent for such Series and the Fund with respect to such Series.

Redemption Date shall have the meaning as set forth in Section 2.5(d).

Redemption Default shall have the meaning as set forth in Section 2.2(h)(i).

Redemption Price shall mean the Term Redemption Price, the Mandatory Redemption Price or the Optional Redemption Price, as applicable.

Securities Depository shall mean The Depository Trust Company and its successors and assigns or any other securities depository selected by the Fund that agrees to follow the procedures required to be followed by such securities depository as set forth in this Statement with respect to the MuniFund Term Preferred Shares.

Series shall have the meaning as set forth in the Recitals of this Statement.

Standard and Poor's means Standard and Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and any successor or successors thereto.

Statement means this Statement Establishing and Fixing the Rights and Preferences of MuniFund Term Preferred Shares, as it may be amended from time to time in accordance with its terms.

Taxable Allocation means, with respect to any Series, the allocation of any net capital gains or other income taxable for federal income tax purposes to a dividend paid in respect of such Series.

Term Redemption Amount shall have the meaning as set forth in Section 2.11(a).

Term Redemption Date means, with respect to any Series, the date specified as the Term Redemption Date in the Appendix for such Series.

Term Redemption Liquidity Account shall have the meaning as set forth in Section 2.11(a).

Term Redemption Price shall have the meaning as set forth in Section 2.5(a).

U.S. Government Obligations means direct obligations of the United States or of its agencies or instrumentalities that are entitled to the full faith and credit of the United States and that, other than United States Treasury Bills, provide for the periodic payment of interest and the full payment of principal at maturity or call for redemption.

Voting Period shall have the meaning as set forth in Section 2.6(b)(i).

With respect to any Series, any additional definitions specifically set forth in the Appendix relating to such Series and any amendments to any definitions specifically set forth in the Appendix relating to such Series, as such Appendix may be amended from time to time, shall be incorporated herein and made part hereof by reference thereto, but only with respect to such Series.

1.2 **Interpretation.** The headings preceding the text of Articles and Sections included in this Statement are for convenience only and shall not be deemed part of this Statement or be given any effect in interpreting this Statement. The use of the masculine, feminine or neuter gender or the singular or plural form of words herein shall not limit any provision of this Statement. The use of the terms including or include shall in all cases herein mean including, without limitation or include, without limitation, respectively. Reference to any Person includes such Person's successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any agreement (including this Statement), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms hereof. Except as otherwise expressly set forth herein, reference to any law means such law as amended, modified, codified, replaced or re-enacted, in whole or in part, including rules, regulations, enforcement procedures and any interpretations promulgated thereunder. Underscored references to Articles or Sections shall refer to those portions of this Statement. The use of the terms hereunder, hereof, hereto and words of similar import shall refer to this Statement as a whole and not to any particular Article, Section or clause of this Statement.

TERMS APPLICABLE TO ALL SERIES

OF MUNIFUND TERM PREFERRED SHARES

Except for such changes and amendments hereto with respect to a Series of MuniFund Term Preferred Shares that are specifically contemplated by the Appendix relating to such Series, each Series of MuniFund Term Preferred Shares shall have the following terms:

2.1 **Number of Shares, Ranking.**

- (a) The number of authorized shares constituting any Series of MuniFund Term Preferred Shares shall be as set forth with respect to such Series in the Appendix hereto relating to such Series. No fractional MuniFund Term Preferred Shares shall be issued.
- (b) The MuniFund Term Preferred Shares of each Series shall rank on a parity with shares of each other Series of MuniFund Term Preferred Shares and with shares of any other series of Preferred Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund. The MuniFund Term Preferred Shares of each Series shall have preference with respect to the payment of dividends and as to distribution of assets upon dissolution, liquidation or winding up of the affairs of the Fund over the Common Shares as set forth herein.
- (c) No Holder of MuniFund Term Preferred Shares shall have, solely by reason of being such a Holder, any preemptive or other right to acquire, purchase or subscribe for any MuniFund Term Preferred Shares or Common Shares or other securities of the Fund which it may hereafter issue or sell.

2.2 Dividends and Distributions.

(a) The Holders of any MuniFund Term Preferred Shares of any Series shall be entitled to receive, when, as and if declared by, or under authority granted by, the Board of Directors, out of funds legally available therefor and in preference to dividends and distributions on Common Shares, cumulative cash dividends and distributions on each share of such Series, calculated separately for each Dividend Period for such Series at the Dividend Rate in effect from time to time for such Series during such Dividend Period, computed on the basis of a 360-day year consisting of twelve 30-day months, on an amount equal to the Liquidation Preference for a share of such Series, and no more. Dividends and distributions on the MuniFund Term Preferred Shares of any Series shall accumulate from the Date of Original Issue with respect to such Series. Dividends payable on any MuniFund Term Preferred Shares of any Series for any period of less than a full monthly Dividend Period, including in connection with the first Dividend Period for such shares or upon any redemption of such shares on any Redemption Date other than on a Dividend Payment Date, shall be computed on the basis of a 360-day year consisting of twelve 30-day months and the actual number of days elapsed for any period of less than one month.

(b) Dividends on shares of each Series of MuniFund Term Preferred Shares with respect to any Dividend Period shall be declared to the Holders of record of such shares as their names shall appear on the registration books of the Fund at the close of business on the fifteenth (15th) day of the Dividend Period (or if such day is not a Business Day, the next preceding Business Day) and shall be paid as provided in Section 2.2(g) hereof

(c) So long as MuniFund Term Preferred Shares of a Series are rated on any date AAA by Standard & Poor's, Aaa by Moody's or AAA by Fitch (or an equivalent of such ratings, as permitted or contemplated by the definition of "Rating Agency"), the Dividend Rate applicable to MuniFund Term Preferred Shares of such Series for such date shall be equal to the Fixed Dividend Rate for such Series. If the highest credit rating assigned on any date to an Outstanding Series of MuniFund Term Preferred Shares by any Rating Agency is equal to one of the ratings set forth in the table below (or its equivalent, as permitted or contemplated by the definition of "Rating Agency"), the Dividend Rate applicable to the MuniFund Term Preferred Shares of such Series for such date shall be adjusted by multiplying the Fixed Dividend Rate for such Series by the applicable percentage (expressed as a decimal) set forth opposite the applicable highest credit rating so assigned on such date to such Series by such Rating Agency in the table below.

CREDIT RATINGS

Standard & Poor's	Moody's	Fitch	Applicable Percentage
AA+ to AA-	Aa1 to Aa3	AA+ to AA-	110%
A+ to A-	A1 to A3	A+ to A-	125%
BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	150%
BB+ and lower	Ba1 and lower	BB+ and lower	200%

If no Rating Agency is rating an Outstanding Series of MuniFund Term Preferred Shares, the Dividend Rate applicable to the MuniFund Term Preferred Shares of such Series for such date shall be adjusted by multiplying the Fixed Dividend Rate for such Series by 200%.

(d) (i) No full dividends and distributions shall be declared or paid on shares of a Series of MuniFund Term Preferred Shares for any Dividend Period or part thereof unless full cumulative dividends and distributions due through the most recent dividend payment dates therefor for all outstanding Preferred Shares (including shares of other Series of MuniFund Term Preferred Shares) have been or contemporaneously are declared and paid through the most recent dividend payment dates therefor. If full cumulative dividends and distributions due have not been declared and paid on all outstanding Preferred Shares of any series, any dividends and distributions being declared and paid on a Series of MuniFund Term Preferred Shares will be declared and paid as nearly pro rata as possible in proportion to the respective amounts of dividends and distributions accumulated but unpaid on each such series of Preferred Shares on the relevant dividend payment date for such series. No Holders of MuniFund Term Preferred Shares shall be entitled to any dividends and distributions, whether payable in cash, property or shares, in excess of full cumulative dividends and distributions as provided in this Section 2.2(d)(i) on such MuniFund Term Preferred Shares.

(ii) For so long as any MuniFund Term Preferred Shares are Outstanding, the Fund shall not: (x) declare any dividend or other distribution (other than a dividend or distribution paid in Common Shares) in respect of the Common Shares, (y) call for redemption, redeem, purchase or otherwise acquire for consideration any Common Shares, or (z) pay any proceeds of the liquidation of the Fund in respect of the Common Shares, unless, in each case, (A) immediately thereafter, the Fund shall have 1940 Act Asset Coverage after deducting the amount of such dividend or distribution or redemption or purchase price or liquidation proceeds, (B) all cumulative dividends and distributions on all MuniFund Term Preferred Shares and all other Preferred Shares ranking on a parity with the MuniFund Term Preferred Shares due on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition shall have been declared and paid (or shall have been declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Shares) for the payment thereof shall have been deposited irrevocably with the paying agent for such Preferred Shares) and (C) the Fund shall have deposited Deposit Securities pursuant to and in accordance with the requirements of Section 2.5(d)(ii) hereof with respect to Outstanding MuniFund Term Preferred Shares of any Series to be redeemed pursuant to Section 2.5(a) or Section 2.5(b) hereof for which a Notice of Redemption shall have been given or shall have been required to be given in accordance with the terms hereof on or prior to the date of the applicable dividend, distribution, redemption, purchase or acquisition.

(iii) Any dividend payment made on shares of a Series of MuniFund Term Preferred Shares shall first be credited against the dividends and distributions accumulated with respect to the earliest Dividend Period for such Series for which dividends and distributions have not been paid.

(e) Not later than 12:00 noon, New York City time, on the Dividend Payment Date for a Series of MuniFund Term Preferred Shares, the Fund shall deposit with the Redemption and Paying Agent Deposit Securities having an aggregate Market Value on such date sufficient to pay the dividends and distributions that are payable on such Dividend Payment Date in respect of such Series. The Fund may direct the Redemption and Paying Agent with respect to the investment or reinvestment of any such Deposit Securities prior to the Dividend Payment Date, provided that such investment consists exclusively of Deposit Securities and provided further that the proceeds of any such investment will be available as same day funds at the opening of business on such Dividend Payment Date.

(f) All Deposit Securities paid to the Redemption and Paying Agent for the payment of dividends payable on a Series of MuniFund Term Preferred Shares shall be held in trust for the payment of such dividends by the Redemption and Paying Agent for the benefit of the Holders of such Series entitled to the payment of such dividends pursuant to Section 2.2(g). Any moneys paid to the Redemption and Paying Agent in accordance with the foregoing but not applied by the Redemption and Paying Agent to the payment of dividends, including interest earned on such moneys while so held, will, to the extent permitted by law, be repaid to the Fund as soon as possible after the date on which such moneys were to have been so applied, upon request of the Fund.

(g) Dividends on shares of a Series of MuniFund Term Preferred Shares shall be paid on each Dividend Payment Date for such Series to the Holders of shares of such Series as their names appear on the registration books of the Fund at the close of business on the fifteenth (15th) day of the Dividend Period to which such Dividend Payment Date relates (or if such day is not a Business Day, the next preceding Business Day). Dividends in arrears on shares of a Series of MuniFund Term Preferred Shares for any past Dividend Period may be declared and paid at any time, without reference to any regular Dividend Payment Date, to the Holders of shares of such Series as their names appear on the registration books of the Fund on such date, not exceeding fifteen (15) calendar days preceding the payment date thereof, as may be fixed by the Board of Directors. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment or payments on shares of any Series of MuniFund Term Preferred Shares which may be in arrears.

(h) (i) The Dividend Rate on a Series of MuniFund Term Preferred Shares shall be adjusted to the Default Rate (as defined below) in the following circumstances. Subject to the cure provisions below, a Default Period with respect to a Series of MuniFund Term Preferred Shares shall commence on any date the Fund fails to deposit with the Redemption and Paying Agent by 12:00 noon, New York City time, on (A) a Dividend Payment Date for such Series, Deposit Securities that will provide funds available to the Redemption and Paying Agent on such Dividend Payment Date sufficient to pay the full amount of any dividend on such Series payable on such Dividend Payment Date (a Dividend Default) or (B) an applicable Redemption Date for such Series, Deposit Securities that will provide funds available to the Redemption and Paying Agent on such Redemption Date sufficient to pay the full amount of the Redemption Price payable in respect of such Series on such Redemption Date (a Redemption Default and together with a Dividend Default, hereinafter referred to as Default). Subject to the cure provisions of Section 2.2(h)(ii) below, a Default Period with respect to a Dividend Default or a Redemption Default on a Series of MuniFund Term Preferred Shares shall end on the Business Day on which, by 12:00 noon, New York City time, an amount equal to all unpaid dividends on such Series and any unpaid Redemption Price on such Series shall have been deposited irrevocably in trust in same-day funds with the Redemption and Paying Agent. In the case of any Default on a Series of MuniFund Term Preferred Shares, the Dividend Rate for such Series for each calendar day during the Default Period will be equal to the Default Rate. The Default Rate on a Series of MuniFund Term Preferred Shares for any calendar day shall be equal to the Dividend Rate in effect on such day for such Series plus five percent (5%) per annum.

(ii) No Default Period for a Series of MuniFund Term Preferred Shares with respect to any Default on such Series shall be deemed to commence if the amount of any dividend or any Redemption Price due in respect of such Series (if such Default is not solely due to the willful failure of the Fund) is deposited irrevocably in trust, in same-day funds, with the Redemption and Paying Agent by 12:00 noon, New York City time, on a Business Day that is not later than three (3) Business Days after the applicable Dividend Payment Date or Redemption Date for such Series with respect to

which such Default occurred, together with an amount equal to the Default Rate on such Series applied to the amount and period of such non-payment on such Series, based on the actual number of calendar days comprising such period-divided by 360.

2.3 Liquidation Rights.

(a) In the event of any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the Holders of MuniFund Term Preferred Shares shall be entitled to receive out of the assets of the Fund available for distribution to shareholders, after satisfying claims of creditors but before any distribution or payment shall be made in respect of the Common Shares, a liquidation distribution equal to the Liquidation Preference for such shares, plus an amount equal to all unpaid dividends and distributions on such shares accumulated to (but excluding) the date fixed for such distribution or payment on such shares (whether or not earned or declared by the Fund, but excluding interest thereon), and such Holders shall be entitled to no further participation in any distribution or payment in connection with any such liquidation, dissolution or winding up.

(b) If, upon any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, the assets of the Fund available for distribution among the Holders of all Outstanding MuniFund Term Preferred Shares and any other outstanding Preferred Shares shall be insufficient to permit the payment in full to such Holders of the Liquidation Preference of such MuniFund Term Preferred Shares plus accumulated and unpaid dividends and distributions on such shares as provided in Section 2.3(a) above and the amounts due upon liquidation with respect to such other Preferred Shares, then such available assets shall be distributed among the Holders of such MuniFund Term Preferred Shares and such other Preferred Shares ratably in proportion to the respective preferential liquidation amounts to which they are entitled. In connection with any liquidation, dissolution or winding up of the affairs of the Fund, whether voluntary or involuntary, unless and until the Liquidation Preference on each Outstanding MuniFund Term Preferred Share plus accumulated and unpaid dividends and distributions on such shares as provided in Section 2.3(a) above have been paid in full to the Holders of such shares, no dividends, distributions or other payments will be made on, and no redemption, purchase or other acquisition by the Fund will be made by the Fund in respect of, the Common Shares.

(c) Neither the sale of all or substantially all of the property or business of the Fund, nor the merger, consolidation or reorganization of the Fund into or with any other business or statutory trust, corporation or other entity, nor the merger, consolidation or reorganization of any other business or statutory trust, corporation or other entity into or with the Fund shall be a dissolution, liquidation or winding up, whether voluntary or involuntary, for the purpose of this Section 2.3.

2.4 Coverage & Leverage Tests.

(a) Asset Coverage Requirement. For so long as any shares of a Series of MuniFund Term Preferred Shares are Outstanding, the Fund shall have Asset Coverage of at least 225% as of the close of business on each Business Day. If the Fund shall fail to maintain such Asset Coverage as of any time as of which such compliance is required to be determined as aforesaid, the provisions of Section 2.5(b)(i) shall be applicable, which provisions shall constitute the sole remedy for the Fund's failure to comply with the provisions of this Section 2.4(a).

(b) Calculation of Asset Coverage. For purposes of determining whether the requirements of Section 2.4(a) are satisfied, (i) no MuniFund Term Preferred Shares of any Series or

other Preferred Shares shall be deemed to be Outstanding for purposes of any computation required by Section 2.4(a) if, prior to or concurrently with such determination, either (x) sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Series or other Preferred Shares) to pay the full redemption price for such Series or other Preferred Shares (or the portion thereof to be redeemed) shall have been deposited in trust with the paying agent for such Series or other Preferred Shares and the requisite notice of redemption for such Series or other Preferred Shares (or the portion thereof to be redeemed) shall have been given or (y) sufficient Deposit Securities or other sufficient funds (in accordance with the terms of such Series or other Preferred Shares) to pay the full redemption price for such Series or other Preferred Shares (or the portion thereof to be redeemed) shall have been segregated by the Custodian and the Fund from the assets of the Fund in the same manner and to the same extent as is contemplated by Section 2.11 with respect to the Liquidity Requirement, and (ii) the Deposit Securities or other sufficient funds that shall have been deposited with the applicable paying agent and/or segregated by the Custodian, as applicable, as provided in clause (i) of this sentence shall not be included as assets of the Fund for purposes of such computation.

(c) Effective Leverage Ratio Requirement. For so long as any MuniFund Term Preferred Shares of a Series are Outstanding, the Effective Leverage Ratio shall not exceed 50% as of the close of business on any Business Day. If the Effective Leverage Ratio shall exceed such percentage as of any time as of which such compliance is required to be determined as aforesaid, the provisions of Section 2.5(b)(ii) shall be applicable, which provisions shall constitute the sole remedy for the Fund's failure to comply with the provisions of this Section 2.4(c).

(d) Calculation of Effective Leverage Ratio. For purposes of determining whether the requirements of Section 2.4(c) are satisfied, the Effective Leverage Ratio on any date shall mean the quotient of:

- (i) The sum of (A) the aggregate liquidation preference of the Fund's senior securities (as that term is defined in the 1940 Act) that are stock for purposes of the 1940 Act, excluding, without duplication, (1) any such senior securities for which the Fund has issued a notice of redemption and either has delivered Deposit Securities or sufficient funds (in accordance with the terms of such senior securities) to the paying agent for such senior securities or otherwise has adequate Deposit Securities or sufficient funds on hand for the purpose of such redemption and (2) any such senior securities that are to be redeemed with net proceeds from the sale of the MuniFund Term Preferred Shares, for which the Fund has delivered Deposit Securities or sufficient funds (in accordance with the terms of such senior securities) to the paying agent for such senior securities or otherwise has adequate Deposit Securities or sufficient funds on hand for the purpose of such redemption; (B) the aggregate principal amount of the Fund's senior securities representing indebtedness (as that term is defined in the 1940 Act); and (C) the aggregate principal amount of floating rate securities not owned by the Fund that correspond to the associated inverse floating rate securities owned by the Fund; divided by
- (ii) The sum of (A) the market value (determined in accordance with the Fund's valuation procedures) of the Fund's total assets (including amounts attributable to senior securities), less the amount of the Fund's accrued liabilities (other than liabilities for the aggregate principal amount of senior securities representing indebtedness, including floating rate securities), and (B) the aggregate principal amount of floating rate securities not owned by the Fund that correspond to the associated inverse floating rate securities owned by the Fund.

2.5 Redemption. Each Series of MuniFund Term Preferred Shares shall be subject to redemption by the Fund as provided below:

(a) Term Redemption. The Fund shall redeem all shares of a Series of MuniFund Term Preferred Shares on the Term Redemption Date for such Series, at a price per share equal to the Liquidation Preference per share of such Series plus an amount equal to all unpaid dividends and distributions on such share of such Series accumulated to (but excluding) the Term Redemption Date for such Series (whether or not earned or declared by the Fund, but excluding interest thereon) (the Term Redemption Price).

(b) Asset Coverage and Effective Leverage Ratio Mandatory Redemption.

(i) Asset Coverage Mandatory Redemption. (A) If the Fund fails to comply with the Asset Coverage requirement as provided in Section 2.4(a) as of any time as of which such compliance is required to be determined in accordance with Section 2.4(a) and such failure is not cured as of the Asset Coverage Cure Date, the Fund shall, to the extent permitted by the 1940 Act and Minnesota law, by the close of business on such Asset Coverage Cure Date, fix a redemption date and proceed to redeem in accordance with the terms of such Preferred Shares, a sufficient number of Preferred Shares, which at the Fund's sole option (to the extent permitted by the 1940 Act and Minnesota law) may include any number or proportion of MuniFund Term Preferred Shares of any Series, to enable it to meet the requirements of Section 2.5(b)(i)(B). In the event that any shares of a Series of MuniFund Term Preferred Shares then Outstanding are to be redeemed pursuant to this Section 2.5(b)(i), the Fund shall redeem such shares at a price per share equal to the Liquidation Preference per share of such Series plus an amount equal to all unpaid dividends and distributions on such share of such Series accumulated to (but excluding) the date fixed for such redemption by the Board of Directors (whether or not earned or declared by the Fund, but excluding interest thereon) (the Mandatory Redemption Price).

(B) On the Redemption Date for a redemption contemplated by Section 2.5(b)(i)(A), the Fund shall redeem, out of funds legally available therefor, such number of Preferred Shares (which may include at the sole option of the Fund any number or proportion of MuniFund Term Preferred Shares of any Series) as shall be equal to the lesser of (x) the minimum number of Preferred Shares, the redemption of which, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, would result in the Fund having Asset Coverage on such Asset Coverage Cure Date of at least 230% (provided, however, that if there is no such minimum number of MuniFund Term Preferred Shares and other Preferred Shares the redemption or retirement of which would have such result, all MuniFund Term Preferred Shares and other Preferred Shares then outstanding shall be redeemed), and (y) the maximum number of Preferred Shares that can be redeemed out of funds expected to be legally available therefor in accordance with the Articles and applicable law. Notwithstanding the foregoing, in the event that Preferred Shares are redeemed pursuant to this Section 2.5(b)(i), the Fund may at its sole option, but is not required to, redeem a sufficient number of shares of any Series of MuniFund Term Preferred Shares pursuant to this Section 2.5(b)(i) that, when aggregated with other Preferred Shares redeemed by the Fund, would result, if deemed to have occurred immediately prior to the opening of business on the Asset Coverage Cure Date, in the Fund having Asset Coverage on such Asset Coverage Cure Date of up to and

including 285%. The Fund shall effect such redemption on the date fixed by the Fund therefor, which date shall not be later than thirty (30) calendar days after such Asset Coverage Cure Date, except that if the Fund does not have funds legally available for the redemption of all of the required number of MuniFund Term Preferred Shares and other Preferred Shares which have been designated to be redeemed or the Fund otherwise is unable to effect such redemption on or prior to thirty (30) calendar days after such Asset Coverage Cure Date, the Fund shall redeem those MuniFund Term Preferred Shares and other Preferred Shares which it was unable to redeem on the earliest practicable date on which it is able to effect such redemption. If fewer than all of the Outstanding MuniFund Term Preferred Shares of a Series are to be redeemed pursuant to this [Section 2.5\(b\)\(i\)](#), the number of MuniFund Term Preferred Shares of such Series to be redeemed shall be redeemed (A) pro rata among the Outstanding shares of such Series, (B) by lot or (C) in such other manner as the Board of Directors may determine to be fair and equitable.

(ii) [Effective Leverage Ratio Mandatory Redemption](#). (A) If the Fund fails to comply with the Effective Leverage Ratio requirement as provided in [Section 2.4\(c\)](#) as of any time as of which such compliance is required to be determined in accordance with [Section 2.4\(c\)](#) and such failure is not cured as of the close of business on the date that is thirty (30) calendar days following such Business Day (the [Effective Leverage Ratio Cure Date](#)), the Fund shall within thirty (30) calendar days following the Effective Leverage Ratio Cure Date cause the Effective Leverage Ratio to not exceed 50% by (x) engaging in transactions involving or relating to the floating rate securities not owned by the Fund and/or the inverse floating rate securities owned by the Fund, including the purchase, sale or retirement thereof, (y) to the extent permitted by the 1940 Act and Minnesota law, redeeming in accordance with the Articles a sufficient number of Preferred Shares, which at the Fund's sole option (to the extent permitted by the 1940 Act and Minnesota law) may include any number or proportion of MuniFund Term Preferred Shares of any Series, or (z) engaging in any combination of the actions contemplated by clauses (x) and (y) of this [Section 2.5\(b\)\(ii\)\(A\)](#). In the event that any MuniFund Term Preferred Shares of a Series are to be redeemed pursuant to clause (y) of this [Section 2.5\(b\)\(ii\)\(A\)](#), the Fund shall redeem such MuniFund Term Preferred Shares at a price per MuniFund Term Preferred Share equal to the Mandatory Redemption Price.

(B) On the Redemption Date for a redemption contemplated by clause (y) of [Section 2.5\(b\)\(ii\)\(A\)](#), the Fund shall not redeem more than the maximum number of Preferred Shares that can be redeemed out of funds expected to be legally available therefor in accordance with the Articles and applicable law. If the Fund is unable to redeem the required number of MuniFund Term Preferred Shares and other Preferred Shares which have been designated to be redeemed in accordance with clause (y) of [Section 2.5\(b\)\(ii\)\(A\)](#) due to the unavailability of legally available funds, the Fund shall redeem those MuniFund Term Preferred Shares and other Preferred Shares which it was unable to redeem on the earliest practicable date on which it is able to effect such redemption. If fewer than all of the Outstanding MuniFund Term Preferred Shares of a Series are to be redeemed pursuant to clause (y) of [Section 2.5\(b\)\(ii\)\(A\)](#), the number of MuniFund Term Preferred Shares of such Series to be redeemed shall be redeemed (A) pro rata among the Outstanding shares of such Series, (B) by lot or (C) in such other manner as the Board of Directors may determine to be fair and equitable.

(c) Optional Redemption.

(i) Subject to the provisions of Section 2.5(c)(ii), (A) on any Business Day following the expiration of the Non-Call Period for a Series of MuniFund Term Preferred Shares or (B) on any Business Day during a Rating Downgrade Period for a Series of MuniFund Term Preferred Shares, including a Business Day during the Non-Call Period for such Series (any Business Day referred to in clause (A) or (B) of this sentence, an Optional Redemption Date), the Fund may redeem in whole or from time to time in part the Outstanding MuniFund Term Preferred Shares of such Series, at a redemption price per MuniFund Term Preferred Share (the Optional Redemption Price) equal to (x) the Liquidation Preference per MuniFund Term Preferred Share of such Series plus (y) an amount equal to all unpaid dividends and distributions on such MuniFund Term Preferred Share of such Series accumulated to (but excluding) the Optional Redemption Date (whether or not earned or declared by the Fund, but excluding interest thereon) plus (z) the Optional Redemption Premium per share (if any) with respect to an optional redemption of MuniFund Term Preferred Shares of such Series that is effected on such Optional Redemption Date.

(ii) If fewer than all of the outstanding shares of a Series of MuniFund Term Preferred Shares are to be redeemed pursuant to Section 2.5(c)(i), the shares of such Series to be redeemed shall be selected either (A) pro rata among such Series, (B) by lot or (C) in such other manner as the Board of Directors may determine to be fair and equitable. Subject to the provisions of this Statement and applicable law, the Board of Directors will have the full power and authority to prescribe the terms and conditions upon which MuniFund Term Preferred Shares will be redeemed pursuant to this Section 2.5(c) from time to time.

(iii) The Fund may not on any date deliver a Notice of Redemption pursuant to Section 2.5(d) in respect of a redemption contemplated to be effected pursuant to this Section 2.5(c) unless on such date the Fund has available Deposit Securities for the Optional Redemption Date contemplated by such Notice of Redemption having a Market Value not less than the amount (including any applicable premium) due to Holders of MuniFund Term Preferred Shares by reason of the redemption of such MuniFund Term Preferred Shares on such Optional Redemption Date.

(d) Procedures for Redemption.

(i) If the Fund shall determine or be required to redeem, in whole or in part, MuniFund Term Preferred Shares of a Series pursuant to Section 2.5(a), (b) or (c), the Fund shall deliver a notice of redemption (the Notice of Redemption), by overnight delivery, by first class mail, postage prepaid or by Electronic Means to Holders thereof, or request the Redemption and Paying Agent, on behalf of the Fund, to promptly do so by overnight delivery, by first class mail, postage prepaid or by Electronic Means. A Notice of Redemption shall be provided not more than forty-five (45) calendar days prior to the date fixed for redemption in such Notice of Redemption (the Redemption Date). Each such Notice of Redemption shall state: (A) the Redemption Date; (B) the Series and number of MuniFund Term Preferred Shares to be redeemed; (C) the CUSIP number for MuniFund Term Preferred Shares of such Series; (D) the applicable Redemption Price on a per share basis; (E) if applicable, the place or places where the certificate(s) for such shares (properly endorsed or assigned for transfer, if the Board of Directors requires and the Notice of Redemption states) are to be surrendered for payment of the Redemption Price; (F) that dividends on the MuniFund Term Preferred Shares to be

redeemed will cease to accumulate from and after such Redemption Date; and (G) the provisions of this Statement under which such redemption is made. If fewer than all MuniFund Term Preferred Shares held by any Holder are to be redeemed, the Notice of Redemption delivered to such Holder shall also specify the number of MuniFund Term Preferred Shares to be redeemed from such Holder or the method of determining such number. The Fund may provide in any Notice of Redemption relating to a redemption contemplated to be effected pursuant to this Statement that such redemption is subject to one or more conditions precedent and that the Fund shall not be required to effect such redemption unless each such condition has been satisfied at the time or times and in the manner specified in such Notice of Redemption. No defect in the Notice of Redemption or delivery thereof shall affect the validity of redemption proceedings, except as required by applicable law.

(ii) If the Fund shall give a Notice of Redemption, then at any time from and after the giving of such Notice of Redemption and prior to 12:00 noon, New York City time, on the Redemption Date (so long as any conditions precedent to such redemption have been met or waived by the Fund), the Fund shall (A) deposit with the Redemption and Paying Agent Deposit Securities having an aggregate Market Value on the date thereof no less than the Redemption Price of the MuniFund Term Preferred Shares to be redeemed on the Redemption Date and (B) give the Redemption and Paying Agent irrevocable instructions and authority to pay the applicable Redemption Price to the Holders of the MuniFund Term Preferred Shares called for redemption on the Redemption Date. The Fund may direct the Redemption and Paying Agent with respect to the investment of any Deposit Securities consisting of cash so deposited prior to the Redemption Date, provided that the proceeds of any such investment shall be available at the opening of business on the Redemption Date as same day funds. Notwithstanding the provisions of clause (A) of the preceding sentence, if the Redemption Date is the Term Redemption Date, then such deposit of Deposit Securities (which may come in whole or in part from the Term Redemption Liquidity Account) shall be made no later than fifteen (15) calendar days prior to the Term Redemption Date.

(iii) Upon the date of the deposit of such Deposit Securities, all rights of the Holders of the MuniFund Term Preferred Shares so called for redemption shall cease and terminate except the right of the Holders thereof to receive the Redemption Price thereof and such MuniFund Term Preferred Shares shall no longer be deemed Outstanding for any purpose whatsoever (other than (A) the transfer thereof prior to the applicable Redemption Date and (B) the accumulation of dividends thereon in accordance with the terms hereof up to (but excluding) the applicable Redemption Date, which accumulated dividends, unless previously declared and paid as contemplated by the last sentence of Section 2.5(d)(vi) below, shall be payable only as part of the applicable Redemption Price on the Redemption Date). The Fund shall be entitled to receive, promptly after the Redemption Date, any Deposit Securities in excess of the aggregate Redemption Price of the MuniFund Term Preferred Shares called for redemption on the Redemption Date. Any Deposit Securities so deposited that are unclaimed at the end of ninety (90) calendar days from the Redemption Date shall, to the extent permitted by law, be repaid to the Fund, after which the Holders of the MuniFund Term Preferred Shares so called for redemption shall look only to the Fund for payment of the Redemption Price thereof. The Fund shall be entitled to receive, from time to time after the Redemption Date, any interest on the Deposit Securities so deposited.

(iv) On or after the Redemption Date, each Holder of MuniFund Term Preferred Shares in certificated form (if any) that are subject to redemption shall surrender the certificate(s) evidencing such MuniFund Term Preferred Shares to the Fund at the place designated in the Notice of Redemption and shall then be entitled to receive the Redemption Price for such MuniFund Term Preferred Shares, without interest, and in the case of a redemption of fewer than all the MuniFund Term Preferred Shares represented by such certificate(s), a new certificate representing the MuniFund Term Preferred Shares that were not redeemed.

(v) Notwithstanding the other provisions of this Section 2.5, except as otherwise required by law, the Fund shall not redeem any MuniFund Term Preferred Shares unless all accumulated and unpaid dividends and distributions on all Outstanding MuniFund Term Preferred Shares and other series of Preferred Shares ranking on a parity with the MuniFund Term Preferred Shares with respect to dividends and distributions for all applicable past dividend periods (whether or not earned or declared by the Fund) (x) shall have been or are contemporaneously paid or (y) shall have been or are contemporaneously declared and Deposit Securities or sufficient funds (in accordance with the terms of such Preferred Shares) for the payment of such dividends and distributions shall have been or are contemporaneously deposited with the Redemption and Paying Agent or other applicable paying agent for such Preferred Shares in accordance with the terms of such Preferred Shares, provided, however, that the foregoing shall not prevent the purchase or acquisition of Outstanding MuniFund Term Preferred Shares pursuant to an otherwise lawful purchase or exchange offer made on the same terms to Holders of all Outstanding MuniFund Term Preferred Shares and any other series of Preferred Shares for which all accumulated and unpaid dividends and distributions have not been paid.

(vi) To the extent that any redemption for which Notice of Redemption has been provided is not made by reason of the absence of legally available funds therefor in accordance with the Articles and applicable law, such redemption shall be made as soon as practicable to the extent such funds become available. No Redemption Default shall be deemed to have occurred if the Fund shall fail to deposit in trust with the Redemption and Paying Agent the Redemption Price with respect to any shares where (1) the Notice of Redemption relating to such redemption provided that such redemption was subject to one or more conditions precedent and (2) any such condition precedent shall not have been satisfied at the time or times and in the manner specified in such Notice of Redemption. Notwithstanding the fact that a Notice of Redemption has been provided with respect to any MuniFund Term Preferred Shares, dividends may be declared and paid on such MuniFund Term Preferred Shares in accordance with their terms if Deposit Securities for the payment of the Redemption Price of such MuniFund Term Preferred Shares shall not have been deposited in trust with the Redemption and Paying Agent for that purpose.

(e) Redemption and Paying Agent as Trustee of Redemption Payments by Fund. All Deposit Securities transferred to the Redemption and Paying Agent for payment of the Redemption Price of MuniFund Term Preferred Shares called for redemption shall be held in trust by the Redemption and Paying Agent for the benefit of Holders of MuniFund Term Preferred Shares so to be redeemed until paid to such Holders in accordance with the terms hereof or returned to the Fund in accordance with the provisions of Section 2.5(d)(iii) above.

(f) Compliance With Applicable Law. In effecting any redemption pursuant to this Section 2.5, the Fund shall use its best efforts to comply with all applicable conditions precedent to

effecting such redemption under the 1940 Act and any applicable Minnesota law, but shall effect no redemption except in accordance with the 1940 Act and any applicable Minnesota law.

(g) Modification of Redemption Procedures. Notwithstanding the foregoing provisions of this Section 2.5, the Fund may, in its sole discretion and without a shareholder vote, modify the procedures set forth above with respect to notification of redemption for the MuniFund Term Preferred Shares, provided that such modification does not materially and adversely affect the Holders of the MuniFund Term Preferred Shares or cause the Fund to violate any applicable law, rule or regulation; and provided further that no such modification shall in any way alter the rights or obligations of the Redemption and Paying Agent without its prior consent.

2.6 Voting Rights.

(a) One Vote Per MuniFund Term Preferred Share. Except as otherwise provided in the Articles or as otherwise required by law, (i) each Holder of MuniFund Term Preferred Shares shall be entitled to one vote for each MuniFund Term Preferred Share held by such Holder on each matter submitted to a vote of shareholders of the Fund, and (ii) the holders of outstanding Preferred Shares, including Outstanding MuniFund Term Preferred Shares, and of Common Shares shall vote together as a single class; provided, however, that the holders of outstanding Preferred Shares, including Outstanding MuniFund Term Preferred Shares, shall be entitled, as a class, to the exclusion of the Holders of all other securities and Common Shares of the Fund, to elect two directors of the Fund at all times. Subject to Section 2.6(b), the Holders of outstanding Common Shares and Preferred Shares, including MuniFund Term Preferred Shares, voting together as a single class, shall elect the balance of the directors.

(b) Voting For Additional Directors.

(i) Voting Period. During any period in which any one or more of the conditions described in clauses (A) or (B) of this Section 2.6(b)(i) shall exist (such period being referred to herein as a Voting Period), the number of directors constituting the Board of Directors shall be automatically increased by the smallest number that, when added to the two directors elected exclusively by the Holders of Preferred Shares, including MuniFund Term Preferred Shares, would constitute a majority of the Board of Directors as so increased by such smallest number; and the Holders of Preferred Shares, including MuniFund Term Preferred Shares, shall be entitled, voting as a class on a one-vote-per-share basis (to the exclusion of the Holders of all other securities and classes of capital stock of the Fund), to elect such smallest number of additional directors, together with the two directors that such Holders are in any event entitled to elect. A Voting Period shall commence:

(A) if, at the close of business on any dividend payment date for any outstanding Preferred Share including any Outstanding MuniFund Term Preferred Share, accumulated dividends (whether or not earned or declared) on such outstanding share of Preferred Shares equal to at least two (2) full years' dividends shall be due and unpaid and sufficient cash or specified securities shall not have been deposited with the Redemption and Paying Agent or other applicable paying agent for the payment of such accumulated dividends; or

(B) if at any time Holders of Preferred Shares are otherwise entitled under the 1940 Act to elect a majority of the Board of Directors.

Upon the termination of a Voting Period, the voting rights described in this Section 2.6(b)(i) shall cease, subject always, however, to the revesting of such voting rights in the Holders of Preferred Shares upon the further occurrence of any of the events described in this Section 2.6(b)(i).

(ii) Notice of Special Meeting. As soon as practicable after the accrual of any right of the Holders of Preferred Shares to elect additional directors as described in Section 2.6(b)(i), the Fund shall call a special meeting of such Holders and notify the Redemption and Paying Agent and/or such other Person as is specified in the terms of such Preferred Shares to receive notice (i) by mailing or delivery by Electronic Means or (ii) in such other manner and by such other means as are specified in the terms of such Preferred Shares, a notice of such special meeting to such Holders, such meeting to be held not less than ten (10) nor more than thirty (30) calendar days after the date of the delivery by Electronic Means or mailing of such notice. If the Fund fails to call such a special meeting, it may be called at the expense of the Fund by any such Holder on like notice. The record date for determining the Holders of Preferred Shares entitled to notice of and to vote at such special meeting shall be the close of business on the fifth (5th) Business Day preceding the calendar day on which such notice is mailed. At any such special meeting and at each meeting of Holders of Preferred Shares held during a Voting Period at which directors are to be elected, such Holders, voting together as a class (to the exclusion of the Holders of all other securities and classes of capital stock of the Fund), shall be entitled to elect the number of directors prescribed in Section 2.6(b)(i) on a one-vote-per-share basis.

(iii) Terms of Office of Existing Directors. The terms of office of the incumbent directors of the Fund at the time of a special meeting of Holders of the Preferred Shares to elect additional directors in accordance with Section 2.6(b)(i) shall not be affected by the election at such meeting by the Holders of MuniFund Term Preferred Shares and such other Holders of Preferred Shares of the number of directors that they are entitled to elect, and the directors so elected by the Holders of MuniFund Term Preferred Shares and such other Holders of Preferred Shares, together with the two (2) directors elected by the Holders of Preferred Shares in accordance with Section 2.6(a) hereof and the remaining directors elected by the holders of the Common Shares and Preferred Shares, shall constitute the duly elected directors of the Fund.

(iv) Terms of Office of Certain Directors to Terminate Upon Termination of Voting Period. Simultaneously with the termination of a Voting Period, the terms of office of the additional directors elected by the Holders of the Preferred Shares pursuant to Section 2.6(b)(i) shall terminate, the remaining directors shall constitute the directors of the Fund and the voting rights of the Holders of Preferred Shares to elect additional directors pursuant to Section 2.6(b)(i) shall cease, subject to the provisions of the last sentence of Section 2.6(b)(i).

(c) Holders of MuniFund Term Preferred Shares to Vote on Certain Matters.

(i) Certain Amendments Requiring Approval of MuniFund Term Preferred Shares. Except as otherwise permitted by the terms of this Statement, so long as any MuniFund Term Preferred Shares are Outstanding, the Fund shall not, without the affirmative vote or consent of the Holders of at least a majority of the MuniFund Term Preferred Shares of all Series Outstanding at the time, voting together as a separate class, amend, alter or repeal the

provisions of the Articles, or this Statement, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power of such MuniFund Term Preferred Shares or the Holders thereof; provided, however, that (i) a change in the capitalization of the Fund in accordance with Section 2.8 hereof shall not be considered to materially and adversely affect the rights and preferences of the MuniFund Term Preferred Shares, and (ii) a division of a MuniFund Term Preferred Share shall be deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the Holders of the MuniFund Term Preferred Shares. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a MuniFund Term Preferred Share of such Series or the Holder thereof unless such matter (i) alters or abolishes any preferential right of such MuniFund Term Preferred Share, or (ii) creates, alters or abolishes any right in respect of redemption of such MuniFund Term Preferred Share (other than as a result of a division of a MuniFund Term Preferred Share). So long as any MuniFund Term Preferred Shares are Outstanding, the Fund shall not, without the affirmative vote or consent of at least 66 2/3% of the Holders of the MuniFund Term Preferred Shares Outstanding at the time, voting as a separate class, file a voluntary application for relief under Federal bankruptcy law or any similar application under state law for so long as the Fund is solvent and does not foresee becoming insolvent.

(ii) 1940 Act Matters. Unless a higher percentage is provided for in the Articles, the affirmative vote of the Holders of at least a majority of the outstanding shares of Preferred Stock, including MuniFund Term Preferred Shares Outstanding at the time, voting as a separate class, shall be required (A) to approve any conversion of the Fund from a closed-end to an open-end investment company, (B) to approve any plan of reorganization (as such term is used in the 1940 Act) adversely affecting such shares, or (C) to approve any other action requiring a vote of security holders of the Fund under Section 13(a) of the 1940 Act. For purposes of the foregoing, the vote of a majority of the outstanding shares of Preferred Stock means the vote at an annual or special meeting duly called of (i) sixty-seven percent (67%) or more of such shares present at a meeting, if the Holders of more than fifty percent (50%) of such shares are present or represented by proxy at such meeting, or (ii) more than fifty percent (50%) of such shares, whichever is less.

(iii) Certain Amendments Requiring Approval of Specific Series of MuniFund Term Preferred Shares. Except as otherwise permitted by the terms of this Statement, so long as any MuniFund Term Preferred Shares of a Series are Outstanding, the Fund shall not, without the affirmative vote or consent of the Holders of at least a majority of the MuniFund Term Preferred Shares of such Series, Outstanding, at the time, voting as a separate class, amend, alter or repeal the provisions of the Appendix relating to such Series, whether by merger, consolidation or otherwise, so as to materially and adversely affect any preference, right or power set forth in such Appendix of the MuniFund Term Preferred Shares of such Series or the Holders thereof; provided, however, that (i) a change in the capitalization of the Fund in accordance with Section 2.8 hereof shall not be considered to materially and adversely affect the rights and preferences of the MuniFund Term Preferred Shares of such Series, and (ii) a division of a MuniFund Term Preferred Share shall be deemed to affect such preferences, rights or powers only if the terms of such division materially and adversely affect the Holders of the MuniFund Term Preferred Shares of such Series; and provided, further, that no amendment, alteration or repeal of the obligation of the Fund to (x) pay the Term Redemption Price on the Term Redemption Date for a Series, or (y) accumulate dividends at the Dividend Rate (as set

forth in this Statement and the applicable Appendix hereto) for a Series shall be effected without, in each case, the prior unanimous vote or consent of the Holders of such Series of MuniFund Term Preferred Shares. For purposes of the foregoing, no matter shall be deemed to adversely affect any preference, right or power of a MuniFund Term Preferred Share of a Series or the Holder thereof unless such matter (i) alters or abolishes any preferential right of such MuniFund Term Preferred Share, or (ii) creates, alters or abolishes any right in respect of redemption of such MuniFund Term Preferred Share.

(d) Voting Rights Set Forth Herein Are Sole Voting Rights. Unless otherwise required by law or the Articles, the Holders of MuniFund Term Preferred Shares shall not have any relative rights or preferences or other special rights with respect to voting other than those specifically set forth in this Section 2.6.

(e) No Cumulative Voting. The Holders of MuniFund Term Preferred Shares shall have no rights to cumulative voting.

(f) Voting for Directors Sole Remedy for Fund's Failure to Declare or Pay Dividends. In the event that the Fund fails to declare or pay any dividends on any Series of MuniFund Term Preferred Shares on the Dividend Payment Date therefor, the exclusive remedy of the Holders of the MuniFund Term Preferred Shares shall be the right to vote for directors pursuant to the provisions of this Section 2.6. Nothing in this Section 2.6(f) shall be deemed to affect the obligation of the Fund to accumulate and, if permitted by applicable law, the Articles and this Statement, pay dividends at the Default Rate in the circumstances contemplated by Section 2.2(h) hereof.

(g) Holders Entitled to Vote. For purposes of determining any rights of the Holders of MuniFund Term Preferred Shares to vote on any matter, whether such right is created by this Statement, by the Articles, by statute or otherwise, no Holder of MuniFund Term Preferred Shares shall be entitled to vote any MuniFund Term Preferred Share and no MuniFund Term Preferred Share shall be deemed to be Outstanding for the purpose of voting or determining the number of shares required to constitute a quorum if, prior to or concurrently with the time of determination of shares entitled to vote or the time of the actual vote on the matter, as the case may be, the requisite Notice of Redemption with respect to such MuniFund Term Preferred Share shall have been given in accordance with this Statement and Deposit Securities for the payment of the Redemption Price of such MuniFund Term Preferred Share shall have been deposited in trust with the Redemption and Paying Agent for that purpose. No MuniFund Term Preferred Share held by the Fund shall have any voting rights or be deemed to be outstanding for voting or for calculating the voting percentage required on any other matter or other purposes.

2.7 Rating Agency. The Fund shall use commercially reasonable efforts to cause at least one Rating Agency to issue a credit rating with respect to each Series of MuniFund Term Preferred Shares for so long as such Series is Outstanding (which credit rating may consist of a credit rating on the MuniFund Term Preferred Shares generally or the Preferred Shares generally). The Fund shall use commercially reasonable efforts to comply with any applicable Rating Agency Guidelines. The Board of Directors may elect to terminate the designation as a Rating Agency of any Rating Agency previously designated by the Board of Directors to act as a Rating Agency for purposes hereof (provided that at least one Rating Agency continues to maintain a rating with respect to the MuniFund Term Preferred Shares), and may elect to replace any Rating Agency previously designated as a Rating Agency by the Board of Directors with any other NRSRO permitted to act as Rating Agency as

contemplated by the definition of "Rating Agency" and not so designated as a Rating Agency at such time, provided that such replacement shall not occur unless such replacement Rating Agency shall have at the time of such replacement (i) published a rating for the MuniFund Term Preferred Shares of such Series and (ii) entered into an agreement with the Fund to continue to publish such rating subject to the Rating Agency's customary conditions. The Rating Agency Guidelines of any Rating Agency may be amended by such Rating Agency without the vote, consent or approval of the Fund, the Board of Directors or any Holder of Preferred Shares, including any MuniFund Term Preferred Shares, or Common Shares.

2.8 Issuance of Additional Preferred Shares. So long as any MuniFund Term Preferred Shares are Outstanding, the Fund may, without the vote or consent of the Holders thereof, authorize, establish and create and issue and sell shares of one or more series of a class of senior securities of the Fund representing stock under Section 18 of the 1940 Act, ranking on a parity with MuniFund Term Preferred Shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or the winding up of the affairs of the Fund, in addition to then Outstanding Series of MuniFund Term Preferred Shares, including additional Series of MuniFund Term Preferred Shares, and authorize, issue and sell additional shares of any such series of Preferred Shares then outstanding or so established and created, including additional MuniFund Term Preferred Shares of any Series, in each case in accordance with applicable law, provided that the Fund shall, immediately after giving effect to the issuance of such additional Preferred Shares and to its receipt and application of the proceeds thereof, including to the redemption of Preferred Shares with such proceeds, have Asset Coverage (calculated in the same manner as is contemplated by Section 2.4(b) hereof) of at least 225%.

2.9 Status of Redeemed or Repurchased MuniFund Term Preferred Shares. MuniFund Term Preferred Shares that at any time have been redeemed or purchased by the Fund shall, after such redemption or purchase, have the status of authorized but unissued Preferred Shares.

2.10 Distributions with respect to Taxable Allocations. Holders of shares of each Series of MuniFund Term Preferred Shares shall be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, additional distributions payable with respect to Taxable Allocations that are paid with respect to shares of such Series in accordance with one of the procedures set forth in clauses (a) through (c) of this Section 2.10:

(a) The Fund may provide notice to the Redemption and Paying Agent prior to the commencement of any Dividend Period for a Series of MuniFund Term Preferred Shares of the amount of a Taxable Allocation that will be made in respect of shares of such Series for such Dividend Period (a Notice of Taxable Allocation). Such Notice of Taxable Allocation will state the amount of the dividends payable in respect of each share of the applicable Series for such Dividend Period that will be treated as a Taxable Allocation and the amount of any Additional Amount Payments to be paid in respect of such Taxable Allocation. If the Fund provides a Notice of Taxable Allocation with respect to dividends payable on shares of a Series of MuniFund Term Preferred Shares for a Dividend Period, the Fund shall, in addition to and in conjunction with the payment of such dividends, make a supplemental distribution in respect of each share of such Series for such Dividend Period of an additional amount equal to the Additional Amount Payment payable in respect of the Taxable Allocation paid on such share for such Dividend Period.

(b) If the Fund does not provide a Notice of Taxable Allocation as provided in Section 2.10(a) with respect to a Taxable Allocation that is made in respect of shares of a Series of

MuniFund Term Preferred Shares, the Fund may make one or more supplemental distributions on shares of such Series equal to the amount of such Taxable Allocation. Any such supplemental distribution in respect of shares of a Series may be declared and paid on any date, without reference to any regular Dividend Payment Date, to the Holders of shares of such Series as their names appear on the registration books of the Fund on such date, not exceeding fifteen (15) calendar days preceding the payment date of such supplemental distribution, as may be fixed by the Board of Directors.

(c) If in connection with a redemption of MTP Shares, the Fund makes a Taxable Allocation without having either given advance notice thereof pursuant to Section 2.10(a) or made one or more supplemental distributions pursuant to Section 2.10(b), the Fund shall direct the Redemption and Paying Agent to send an Additional Amount Payment in respect of such Taxable Allocation to each Holder of such shares at such Holder's address as the same appears or last appeared on the record books of the Fund.

(d) The Fund shall not be required to pay Additional Amount Payments with respect to shares of any Series of MuniFund Term Preferred Shares with respect to any net capital gains or other taxable income determined by the Internal Revenue Service to be allocable in a manner different from the manner used by the Fund.

2.11 Term Redemption Liquidity Account and Liquidity Requirement.

(a) On or prior to the Liquidity Account Initial Date with respect to any Series of MuniFund Term Preferred Shares, the Fund shall cause the Custodian to segregate, by means of appropriate identification on its books and records or otherwise in accordance with the Custodian's normal procedures, from the other assets of the Fund (the Term Redemption Liquidity Account) Liquidity Account Investments with a Market Value equal to at least One Hundred and Ten Percent (110%) of the Term Redemption Amount with respect to such Series. The Term Redemption Amount for any Series of MuniFund Term Preferred Shares shall be equal to the Redemption Price to be paid on the Term Redemption Date for such Series, based on the number of shares of such Series then Outstanding, assuming for this purpose that the Dividend Rate for such Series in effect at the time of the creation of the Term Redemption Liquidity Account for such Series will be the Dividend Rate in effect for such Series until the Term Redemption Date for such Series. If, on any date after the Liquidity Account Initial Date, the aggregate Market Value of the Liquidity Account Investments included in the Term Redemption Liquidity Account for a Series of MuniFund Term Preferred Shares as of the close of business on any Business Day is less than One Hundred and Ten Percent (110%) of the Term Redemption Amount with respect to such Series, then the Fund shall cause the Custodian and the Adviser to take all such necessary actions, including segregating additional assets of the Fund as Liquidity Account Investments, so that the aggregate Market Value of the Liquidity Account Investments included in the Term Redemption Liquidity Account for such Series is at least equal to One Hundred and Ten Percent (110%) of the Term Redemption Amount with respect to such Series not later than the close of business on the next succeeding Business Day. With respect to assets of the Fund segregated as Liquidity Account Investments with respect to a Series of MuniFund Term Preferred Shares, the Adviser, on behalf of the Fund, shall be entitled to instruct the Custodian on any date to release any Liquidity Account Investments from such segregation and to substitute therefor other Liquidity Account Investments, so long as (i) the assets of the Fund segregated as Liquidity Account Investments at the close of business on such date have a Market Value equal to One Hundred and Ten Percent (110%) of the Term Redemption Amount with respect to such Series and (ii) the assets of the Fund designated and segregated as Deposit Securities at the close of business on such date

have a Market Value equal to the Liquidity Requirement (if any) determined in accordance with Section 2.11(b) below with respect to such Series for such date. The Fund shall cause the Custodian not to permit any lien, security interest or encumbrance to be created or permitted to exist on or in respect of any Liquidity Account Investments included in the Term Redemption Liquidity Account for any Series of MuniFund Term Preferred Shares, other than liens, security interests or encumbrances arising by operation of law and any lien of the Custodian with respect to the payment of its fees or repayment for its advances.

(b) The Market Value of the Deposit Securities held in the Term Redemption Liquidity Account for a Series of MuniFund Term Preferred Shares, from and after the 15th day of the calendar month that is the number of months preceding the month of the Term Redemption Date for such Series specified in the table set forth below, shall not be less than the percentage of the Term Redemption Amount for such Series set forth below opposite such number of months (the Liquidity Requirement), but in all cases subject to the cure provisions of Section 2.11(c) below:

Number of Months Preceding:	Value of Deposit Securities as Percentage of Term Redemption Amount
5	20%
4	40%
3	60%
2	80%
1	100%

(c) If the aggregate Market Value of the Deposit Securities included in the Term Redemption Liquidity Account for a Series of MuniFund Term Preferred Shares as of the close of business on any Business Day is less than the Liquidity Requirement in respect of such Series for such Business Day, then the Fund shall cause the segregation of additional or substitute Deposit Securities in respect of the Term Redemption Liquidity Account for such Series, so that the aggregate Market Value of the Deposit Securities included in the Term Redemption Liquidity Account for such Series is at least equal to the Liquidity Requirement for such Series not later than the close of business on the next succeeding Business Day.

(d) The Deposit Securities included in the Term Redemption Liquidity Account for a Series of MuniFund Term Preferred Shares may be applied by the Fund, in its discretion, towards payment of the Term Redemption Price for such Series as contemplated by Section 2.5(d). Upon the deposit by the Fund with the Redemption and Paying Agent of Deposit Securities having an initial combined Market Value sufficient to effect the redemption of the MuniFund Term Preferred Shares of a Series on the Term Redemption Date for such Series in accordance with Section 2.5(d)(ii), the requirement of the Fund to maintain the Term Redemption Liquidity Account as contemplated by this Section 2.11 shall lapse and be of no further force and effect.

2.12 Global Certificate. Prior to the commencement of a Voting Period, (i) all shares of any Series of MuniFund Term Preferred Shares Outstanding from time to time shall be represented by one global certificate for such Series registered in the name of the Securities Depository or its nominee and (ii) no registration of transfer of shares of such Series of MuniFund Term Preferred Shares shall be made on the books of the Fund to any Person other than the Securities Depository or its nominee. The foregoing restriction on registration of transfer shall be conspicuously noted on the face or back of the global certificates.

2.13 Notice. All notices or communications hereunder, unless otherwise specified in this Statement, shall be sufficiently given if in writing and delivered in person, by telecopier, by Electronic Means or by overnight mail or delivery or mailed by first-class mail, postage prepaid. Notices delivered pursuant to this Section 2.13 shall be deemed given on the date received or, if mailed by first class mail, the date five (5) calendar days after which such notice is mailed.

2.14 Termination. In the event that no shares of a Series of MuniFund Term Preferred Shares are Outstanding, all rights and preferences of the shares of such Series established and designated hereunder shall cease and terminate, and all obligations of the Fund under this Statement with respect to such Series shall terminate.

2.15 Appendices. The designation of each Series of MuniFund Term Preferred Shares shall be set forth in an Appendix to this Statement. The Board of Directors may, by resolution duly adopted, without shareholder approval (except as otherwise provided by this Statement or required by applicable law) (1) amend the Appendix to this Statement relating to a Series so as to reflect any amendments to the terms applicable to such Series including an increase in the number of authorized shares of such Series and (2) add additional Series of MuniFund Term Preferred Shares by including a new Appendix to this Statement relating to such Series.

2.16 Actions on Other than Business Days. Unless otherwise provided herein, if the date for making any payment, performing any act or exercising any right, in each case as provided for in this Statement, is not a Business Day, such payment shall be made, act performed or right exercised on the next succeeding Business Day, with the same force and effect as if made or done on the nominal date provided therefor, and, with respect to any payment so made, no dividends, interest or other amount shall accrue for the period between such nominal date and the date of payment.

2.17 Modification. The Board of Directors, without the vote of the Holders of MuniFund Term Preferred Shares, may interpret, supplement or amend the provisions of this Statement or any Appendix hereto to supply any omission, resolve any inconsistency or ambiguity or to cure, correct or supplement any defective or inconsistent provision, including any provision that becomes defective after the date hereof because of impossibility of performance or any provision that is inconsistent with any provision of any other Preferred Shares of the Fund.

2.18 No Additional Rights. Unless otherwise required by law or the Articles, the Holders of MuniFund Term Preferred Shares shall not have any relative rights or preferences or other special rights other than those specifically set forth in this Statement.

[Signature Page Begins on the Following Page]

IN WITNESS WHEREOF, Nuveen Arizona Premium Income Municipal Fund, Inc. has caused this Statement to be signed on _____, 2012 in its name and on its behalf by a duly authorized officer. The Articles are on file with the Secretary of State of the State of Minnesota, and the said officer of the Fund has executed this Statement as an officer and not individually, and the obligations and rights set forth in this Statement are not binding upon any such officer, or the directors of the Fund or shareholders of the Fund, individually, but are binding only upon the assets and property of the Fund.

**NUVEEN ARIZONA PREMIUM
INCOME MUNICIPAL FUND, INC.**

By:

Name: Kevin J. McCarthy
Title: Vice President and Secretary

[Signature Page to the Statement Establishing and Fixing the Rights and
Preferences of MuniFund Term Preferred Shares]

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND, INC.

MUNIFUND TERM PREFERRED SHARES X.XX% SERIES [NUMBER]

Preliminary Statement and Incorporation By Reference

This Appendix establishes a Series of MuniFund Term Preferred Shares of Nuveen Arizona Premium Income Municipal Fund, Inc. Except as set forth below, this Appendix incorporates by reference the terms set forth with respect to all Series of such MuniFund Term Preferred Shares in that Statement Establishing and Fixing the Rights and Preferences of MuniFund Term Preferred Shares dated _____, 2012 (the MTP Statement). This Appendix has been adopted by resolution of the Board of Directors of Nuveen Arizona Dividend Advantage Municipal Fund, Inc. Capitalized terms used herein but not defined herein have the respective meanings therefor set forth in the MTP Statement.

Section 1. Designation as to Series. MuniFund Term Preferred Shares, X.XX% Series [NUMBER]: A series of [No. of Authorized Shares] Preferred Shares classified as MuniFund Term Preferred Shares is hereby designated as the MuniFund Term Preferred Shares, X.XX% Series [NUMBER] (the Series MTP Shares). Each share of such Series shall have such preferences, voting powers, restrictions, limitations as to dividends and distributions, qualifications and terms and conditions of redemption, in addition to those required by applicable law and those that are expressly set forth in the Articles and the MTP Statement (except as the MTP Statement may be expressly modified by this Appendix), as are set forth in this Appendix A. The Series _____ MTP Shares shall constitute a separate series of Preferred Shares and of the MuniFund Term Preferred Shares and each Series _____ MTP Share shall be identical. The following terms and conditions shall apply solely to the Series _____ MTP Shares:

Section 2. Number of Authorized Shares of Series. The number of authorized shares is [No. of Authorized Shares].

Section 3. Date of Original Issue with respect to Series. The Date of Original Issue is [Closing Date].

Section 4. Fixed Dividend Rate Applicable to Series. The Fixed Dividend Rate is X.XX%.

Section 5. Liquidation Preference Applicable to Series. The Liquidation Preference is \$10.00 per share.

Section 6. Term Redemption Date Applicable to Series. The Term Redemption Date is [DATE].

Section 7. Dividend Payment Dates Applicable to Series. The Dividend Payment Dates are the first Business Day of the month next following each Dividend Period except that any dividend paid with respect to any Dividend Period consisting of the month of December in any year shall be paid on the last Business Day of such December.

Section 8. Non-Call Period Applicable to Series. Not applicable.

Section 9. Liquidity Account Initial Date Applicable to Series. The Liquidity Account Initial Date is [DATE].

Section 10. Exceptions to Certain Definitions Applicable to the Series. The following definitions contained under the heading "Definitions" in the MTP Statement are hereby amended as follows:

Not applicable.

Section 11. Additional Definitions Applicable to the Series. The following terms shall have the following meanings (with terms defined in the singular having comparable meanings when used in the plural and vice versa), unless the context otherwise requires:

Dividend Period means, with respect to each Series _____ MTP Share, in the case of the first Dividend Period, the period beginning on the Date of Original Issue for such Series and ending on and including [DATE], 2012 and for each subsequent Dividend Period, the period beginning on and including the first calendar day of the month following the month in which the previous Dividend Period ended and ending on and including the last calendar day of such month.

Optional Redemption Premium means with respect to each Series _____ MTP Share an amount equal to:

[VARIES BY SERIES]

Section 12. Amendments to Terms of MuniFund Term Preferred Shares Applicable to the Series. The following provisions contained under the heading "Terms of the MuniFund Term Preferred Shares" in the MTP Statement are hereby amended as follows:

Not applicable.

Section 13. Additional Terms and Provisions Applicable to the Series. The following provisions shall be incorporated into and be deemed part of the MTP Statement:

Notwithstanding anything in Section 2.2(b) or 2.2(g) of the MTP Statement to the contrary, dividends on the Series _____ MTP Shares for the first Dividend Period for such Series shall be paid to Holders of shares of such Series as their names appear on the registration books of the Fund at the close of business on [DATE], 2012.

[Signature Page Begins on the Following Page]

IN WITNESS WHEREOF, Nuveen Arizona Premium Income Municipal Fund, Inc. has caused this Appendix to be signed on _____, 2012 in its name and on its behalf by a duly authorized officer. The Articles and the MTP Statement are on file with the Secretary of State of the State of Minnesota, and the said officer of the Fund has executed this Appendix as an officer and not individually, and the obligations and rights set forth in this Appendix are not binding upon any such officer, or the directors of the Fund or shareholders of the Fund, individually, but are binding only upon the assets and property of the Fund.

**NUVEEN ARIZONA PREMIUM
INCOME MUNICIPAL FUND, INC.**

By:

Name: Kevin J. McCarthy
Title: Vice President and Secretary

[Signature Page to the Appendix Establishing and Fixing the Rights
and Preferences of MuniFund Term Preferred Shares]

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Chairman's

Letter to Shareholders

Dear Shareholders,

In recent months the positive atmosphere in financial markets has reflected efforts by central banks in the US and Europe to provide liquidity to the financial system and keep interest rates low. At the same time, future economic growth in these countries still faces serious headwinds in the form of high energy prices, uncertainties about potential political leadership changes and increasing pressure to reduce government spending regardless of its impact on the economy. Together with the continuing political tensions in the Middle East, investors have many reasons to remain cautious.

Though progress has been painfully slow, officials in Europe have taken important steps to address critical issues. The European Central Bank has provided vital liquidity to the banking system. Similarly, officials in the Euro area finally agreed to an enhanced firewall of funding to deal with financial crises in member countries. These steps, in addition to the completion of another round of financing for Greece, have eased credit conditions across the Continent. Several very significant challenges remain with the potential to derail the recent progress but European leaders have demonstrated political will and persistence in dealing with their problems.

In the US, strong corporate earnings and continued progress on job creation have contributed to a rebound in the equity market and many of the major stock market indexes are approaching their levels before the financial crisis. The Fed's commitment to an extended period of low interest rates is promoting economic growth, which remains moderate but steady and raises concerns about the future course of long term rates once the program ends. Pre-election maneuvering has added to the highly partisan atmosphere in the Congress. The end of the Bush-era tax cuts and implementation of the spending restrictions of the Budget Control act of 2011, both scheduled to take place at year-end loom closer with little progress being made to deal with them.

During the last year investors have experienced a sharp decline and a strong recovery in the equity markets. Experienced investment teams keep their eye on a longer time horizon and use their practiced investment disciplines to negotiate through market peaks and valleys to achieve long term goals for investors. Monitoring this process is an important consideration for the Fund Board as it oversees your Nuveen funds on your behalf.

As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner

Chairman of the Board

April 20, 2012

Portfolio Managers Comments

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

Ratings shown are the highest rating given by one of the following national rating agencies: Standard

& Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by a national rating agency.

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)

Explanation of Responses:

Nuveen Texas Quality Income Municipal Fund (NTX)

Portfolio managers Michael Hamilton and Daniel Close review economic and municipal market conditions at the national and state levels, key investment strategies, and the twelve-month performance of these five Nuveen Funds. Michael, who has 23 years of investment experience, assumed portfolio management responsibility for the Arizona Funds in January 2011. An eleven-year veteran of Nuveen, Dan has managed NTX since 2007.

What factors affected the U.S. economic and municipal market environments during the twelve-month reporting period ended February 29, 2012?

During this period, the U.S. economy's progress toward recovery from recession remained modest. The Federal Reserve (Fed) maintained its efforts to improve the overall economic environment by continuing to hold the benchmark fed funds rate at the record low level of zero to 0.25% that it had established in December 2008. At its March 2012 meeting (shortly after the end of this reporting period), the central bank reaffirmed its opinion that economic conditions would likely warrant keeping this rate at exceptionally low levels at least through late 2014. The Fed also stated that it would continue its program to extend the average maturity of its holdings of U.S. Treasury securities by purchasing \$400 billion of these securities with maturities of six to thirty years and selling an equal amount of U.S. Treasury securities with maturities of three years or less. The goals of this program, which the Fed expects to complete by the end of June 2012, are to lower longer-term interest rates, support a stronger economic recovery, and help ensure that inflation remains at levels consistent with the Fed's mandates of maximum employment and price stability.

In the fourth quarter of 2011, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 3.0%, the best growth number since the end of second quarter 2010 and the tenth consecutive quarter of positive growth. The Consumer Price Index (CPI) rose 2.9% year-over-year as of February 2012, while the core CPI (which excludes food and energy) increased 2.2% during the same period, edging above the Fed's unofficial objective of 2.0% or lower for this inflation measure. Labor market conditions have shown some signs of improvement, as national unemployment stood at 8.3% in February 2012, the lowest level in three years, down from 9.0% in February 2011. The housing market continued to be the major weak spot in the economy. For the twelve months ended January 2012 (most recent data available at the time this report was prepared), the average home price in the Standard & Poor's (S&P)/Case-Shiller Index of 20 major metropolitan areas lost 3.8%, as housing prices hit their lowest levels since early 2003. In addition, the U.S. economic picture continued to be clouded by concerns about the European debt crisis and efforts to reduce the federal deficit.

Municipal bond prices generally rallied over this period. Historically light issuance of new tax-exempt bonds served as a key driver of performance, as tight supply and strong demand combined to create favorable market conditions for municipal bonds. Concurrent with rising prices, yields declined across most maturities. The depressed level of municipal bond issuance was due in part to the continued impact of the taxable Build America Bonds (BAB) program. Even though the BAB program expired at the end of 2010, issuers had made extensive use of its favorable terms to issue almost \$190 billion in taxable BAB bonds during 2009 and 2010, representing approximately 25% of all municipal issuance during that period. Some borrowers accelerated issuance in order to take advantage of the program before its termination, fulfilling their capital program borrowing needs well into 2011 and 2012. This reduced the need for many borrowers to come to market with new tax-exempt issues during this period. The low level of municipal issuance during this period also reflected the current political distaste for additional borrowing by state and local governments and the prevalent atmosphere of municipal budget austerity.

Over the twelve months ended February 29, 2012, municipal bond issuance nationwide totaled \$307.4 billion, a decrease of 24% compared with issuance during the twelve-month period ended February 28, 2011. During this period, demand for municipal bonds remained very strong, especially from individual investors.

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

Arizona's economy was hard hit by the recent recession, as the housing decline and a major slowdown in the state's construction industry had repercussions throughout housing-related sectors, including manufacturing and finance. However, the pace of economic recovery has now picked up in Arizona, driven by labor market growth in education, health care, tourism and manufacturing. The state's financial sector has also made marginal, but important gains in employment. As of February 2012, the unemployment rate in Arizona dropped to 8.7%, the lowest level in three years, down from 9.7% in February 2011. After three years of steep housing and construction market declines, Arizona has made some progress in working through its excess inventory of housing, although a significant number of foreclosure filings remained. According to the S&P/Case-Shiller Index, housing prices in Phoenix rose 1.3% over the twelve months ended January 2012 (most recent data available at the time this report was prepared). Phoenix was one of only three metropolitan areas (along with Detroit and Denver) to post an increase for this period, compared with an average decrease of 3.8% nationwide. For fiscal 2012, Arizona enacted an \$8.3 billion general fund budget that closed an estimated \$1.5 billion budget gap through spending cuts targeted at Medicaid and education-related funding, including K-12, community colleges and state universities. The state received approval from the federal government for a Medicaid waiver, which has allowed the state to contain program costs. The proposed

general fund budget for fiscal 2013 totaled \$8.9 billion, an increase of 7%. At the end of fiscal 2013, the temporary one-cent sales tax, which was enacted in 2011, will expire, necessitating the location of additional revenue sources to avoid a potential budget gap for fiscal 2014. In February 2012, Moody's affirmed its issuer credit rating of Aa3 for Arizona and changed its outlook to stable from negative, citing improved overall liquidity and stabilization of the state's budget position. S&P affirmed its issuer rating of AA- and also changed its outlook to stable from negative in December 2011, citing Arizona's improving fiscal outlook. For the twelve months ended February 29, 2012, municipal issuance in Arizona totaled \$4.6 billion, down 20% from the previous twelve months.

Economic recovery has proceeded at a moderate pace in Texas, ahead of the national average rate of growth. Another active year for the oil and natural gas industry, a relatively healthy housing market and robust export performance have enabled Texas to maintain a stronger growth path. Nine of the state's eleven major industries added jobs in 2011, with the fastest growth rates in the mining (oil and natural gas) and logging sectors. Unemployment in Texas remained lower than the national average throughout the recession and continued this positive trend in recent months. As of February 2012, the state's unemployment rate was 7.1%, its best reading since April 2009, down from 8.0% in February 2011. This compares with the national unemployment rate of 8.3% in February 2012. The performance of the Texas job market played a role in keeping mortgage delinquency and default rates for the state well below the national average. Texas also benefited from the fact that there was no price boom or bust in the state's housing market. According to the S&P/Case-Shiller Index, housing prices in Dallas posted a year-over-year decline of 1.2% as of January 2012 (most recent data available at the time this report was prepared), below the average decline of 3.8% nationwide. As Texas headed into fiscal 2011, the state faced a shortfall of approximately \$4.3 billion, which was closed through the use of \$3.1 billion of the state's rainy day fund and \$1.2 billion in spending reductions. The enacted fiscal 2012-2013 biennial budget cut the state's all funds budget by 6% and reduced general fund spending by 2%, or \$1.7 billion compared with fiscal 2010-2011. In December 2011, general revenues were forecast at \$82.7 billion for the fiscal 2012-2013 biennium, an increase of 8.2% over the 2010-2011 budget cycle. As of February 2012, Moody's and S&P rated Texas general obligation (GO) debt at Aaa and AA+, respectively, with stable outlooks. For the twelve months ended February 29, 2012, municipal issuance in Texas totaled \$25.2 billion, a decrease of 30% from the previous twelve months. Texas continued to rank as the third largest state issuer behind New York and California.

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

As previously discussed, municipal bond prices generally rallied nationally during this period, as the supply of tax-exempt bonds remained tight and yields continued to be relatively low. In this environment, we continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that had the potential to perform well over the long term and helped us keep our Funds fully invested.

During this period, the Arizona Funds added to their positions in charter schools and health care. Because municipal issuance in Arizona continued to be lower than historical averages, we also looked for additional ways to put cash to work, purchasing some territorial bonds that are exempt from federal, state and local taxes. NTX took advantage of attractive opportunities to add to its holdings across a diverse array of sectors, including gas prepayment credits, water and sewer, airports and higher education, as well as state appropriation and dedicated tax bonds.

Our focus in the Arizona Funds generally was on purchasing bonds with longer maturities, while NTX emphasized intermediate and longer maturities. These purchases helped to keep the Funds' durations within their targeted objectives, duration and yield curve positioning. The purchase of longer bonds also enabled us to take advantage of more attractive yields at the longer end of the municipal yield curve. From a quality perspective, NTX emphasized mid-grade to higher-rated credits, while our strategy in the Arizona Funds was to purchase lower-rated credits when we believed that they offered greater value relative to higher-rated bonds. In NTX, the majority of our purchases were made in the primary market, based on our belief that it offered more attractive structures during this period. Later in the period, as the municipal market rally continued, we began to position NTX slightly more defensively by purchasing bonds with more defensive structures in terms of coupons and call provisions.

Cash for new purchases was generated primarily by the proceeds from called and maturing bonds. An elevated number of bond calls, especially in NTX, during this period provided a meaningful source of liquidity, which drove much of our activity as we worked to redeploy the proceeds to keep the Funds fully invested. In addition, all of the Funds sold some short-dated, pre-refunded holdings when we needed additional cash to take advantage of attractive purchase opportunities.

As of February 29, 2012, all five of these Funds continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

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

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

* Refer to Glossary of Terms Used in this Report for definitions.

How did the Funds perform during the twelve-month period ended February 29, 2012?

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

Average Annual Total Returns on Common Share Net Asset Value For periods ended 2/29/12

	1-Year	5-Year	10-Year
Arizona Funds			
NAZ	18.08%	5.59%	5.84%
NFZ	19.56%	5.15%	6.12%
NKR	16.91%	5.60%	N/A
NXE	17.30%	5.63%	N/A
Standard & Poor's (S&P) Arizona Municipal Bond Index*	12.33%	5.39%	5.35%
Standard & Poor's (S&P) National Municipal Bond Index*	12.87%	5.19%	5.36%
Lipper Other States Municipal Debt Funds Classification Average*	18.83%	5.61%	6.28%
Texas Fund			
NTX	16.23%	5.86%	6.20%
Standard & Poor's (S&P) Texas Municipal Bond Index*	12.13%	5.45%	5.57%
Standard & Poor's (S&P) National Municipal Bond Index*	12.87%	5.19%	5.36%
Lipper Other States Municipal Debt Funds Classification Average*	18.83%	5.61%	6.28%

For the twelve months ended February 29, 2012, the total return on common share net asset value (NAV) for all five of the Funds in this report exceeded the returns for their respective state's Standard & Poor's (S&P) Municipal Bond Index as well as that of the S&P National Municipal Bond Index. For the same period, NFZ outperformed the average return for the Lipper Other States Municipal Debt Funds Classification Average, while the remaining four Funds trailed this Lipper average. Shareholders of the Arizona and Texas Funds should note that the performance of the Lipper other States classification represents the overall average returns for funds from ten different states with a wide variety of municipal market conditions, which may make direct comparisons less meaningful.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, credit exposure and sector allocation. NFZ also benefited from strong individual security selection. In addition, the use of regulatory leverage was an important positive factor affecting the Funds' performance. Leverage is discussed in more detail later in this report.

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During this period, municipal bonds with longer maturities generally outperformed those with shorter maturities. Overall, credits at the longest end of the municipal yield curve posted the strongest returns, while bonds at the shortest end produced the weakest results. The Funds' duration and yield curve positionings were important determinants of performance during this period and for NTX, credit rating was also an

Nuveen Investments 9

important determinant for performance. On the whole, NFZ was the most advantageously positioned in terms of duration and yield curve exposure. The Arizona Funds benefited from their weightings in the outperforming longer part of the yield curve while all Funds benefited from their underweightings in the shorter segments of the curve that underperformed. During this period, we worked to extend the duration of NKR, which had started the period with the shortest duration among the Arizona Funds. While we were successful in our duration extension efforts, NKR benefited less from the market environment of this period than the three Arizona Funds that had entered the period with longer durations. As a result, NKR's return lagged that of the other Arizona Funds.

Credit exposure also played a role in performance during these twelve months, as lower-rated bonds, especially those rated BBB, generally outperformed higher-quality bonds rated AAA and AA. This outperformance was due in part to the greater demand for lower-rated bonds as investors looked for investments offering higher yields. Overall, the Arizona Funds benefited from being underweighted in bonds rated AAA and AA, which underperformed, while a strong weighting in BBB bonds helped NTX's performance.

Holdings that generally made positive contributions to the Funds' returns during this period included zero coupon bonds and health care, industrial development revenue (IDR), transportation and dedicated tax credits. Lease-backed and education bonds also outpaced the general municipal market for the period, while water and sewer credits just edged past the municipal market average. All of the Arizona Funds were overweighted in health care, while NTX's performance was boosted by a heavy weighting in long-dated zero coupon bonds.

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities, were the poorest performing market segment during this period. The underperformance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. NAZ, NXE and NTX were overweighted in pre-refunded bonds, with NTX having heaviest weighting, which negatively impacted the performance of these three Funds. The public power, housing and resource recovery sectors also lagged the performance of the general municipal market for this period.

In addition, NTX held two credits—Dallas-Ft. Worth International Airport Facility Improvement Corporation for American Airlines and Brazos River Authority for TXU Electric Company—that meaningfully detracted from the Fund's performance for this period. Due to competitive pressures, rising costs, reduced demand and mounting losses, American Airlines declared bankruptcy at the end of November 2011, and we sold our holdings in this credit at a loss in early December 2011. The Brazos/TXU bond price deteriorated in tandem with the decline in natural gas prices. As of February 29, 2012, we continued to hold this credit, based on its current valuation. At the same time, the Arizona Funds continued to monitor funding issues involving the Arizona Sports and Tourism Authority (AZSTA) and the potential impact on local municipalities. After funding derived from taxes on hotels and rental cars declined sharply during the recent recession, AZSTA has been unable to pay for improvements in spring training facilities.

that were made to attract and keep major league baseball teams. The responsibility for covering these costs could now fall to the cities where the stadiums are located. NFZ held a position in insured bonds issued by the AZSTA, which posted a negative return for this reporting period, and all of the Funds hold credits issued by cities, specifically Glendale, that could be impacted by this situation.

APPROVED FUND REORGANIZATIONS

On April 18, 2012, the Funds Board of Directors/Trustees approved a series of reorganizations for all the Arizona Funds included in this report. The reorganizations are intended to create a single larger state Fund, which would potentially offer shareholders the following benefits:

Lower Fund expense ratios (excluding the effects of leverage), as fixed costs are spread over a larger asset base;

Enhanced secondary market trading, as larger Funds potentially make it easier for investors to buy and sell Fund shares;

Lower per share trading costs through reduced bid/ask spreads due to a larger common share float; and

Increased Fund flexibility in managing the structure and cost of leverage over time.

The approved reorganizations are as follows:

Acquired Funds	Symbol	Acquiring Fund	Symbol
Nuveen Arizona Dividend Advantage Municipal Fund	NFZ		
Nuveen Arizona Dividend Advantage Municipal Fund 2	NKR	Nuveen Arizona Premium	NAZ
		Income Municipal Fund, Inc.	
Nuveen Arizona Dividend Advantage Municipal Fund 3	NXE		

If shareholders approve the reorganizations, and upon the closing of the reorganizations, the Acquired Funds will transfer substantially all of their assets to the Acquiring Fund in exchange for common and preferred shares of the Acquiring Fund, and the assumption by the Acquiring Fund of the liabilities of the Acquired Funds. The Acquired Funds will then be liquidated, dissolved and terminated in accordance with their Declaration of Trust.

Fund Leverage and Other Information

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the return of the Funds relative to their benchmarks was the Funds' use of leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a Fund generally are rising. Leverage had a positive impact on the performance of the Funds over this reporting period.

THE FUNDS' REGULATORY LEVERAGE

As of February 29, 2012, each of the Funds has redeemed all of their outstanding auction rate preferred shares (ARPS) at liquidation value.

As of February 29, 2012, the Funds have issued and outstanding MuniFund Term Preferred (MTP) Shares and Variable Rate MuniFund Term Preferred (VMTP) Shares as shown in the accompanying tables.

MTP Shares

Fund	Series	MTP Shares Issued at Liquidation Value	Annual		NYSE Ticker
			Interest Rate		
NFZ	2015	\$ 11,100,000	2.05%		NFZ PrC
NKR	2015	\$ 18,725,000	2.05%		NKR PrC
NXE	2016	\$ 20,846,000	2.90%		NXE PrC
NTX	2015	\$ 70,920,000	2.30%		NTX PrC

VMTP Shares

Fund	Series	VMTP Shares Issued at Liquidation Value
NAZ	2014	\$ 28,000,000

(Refer to Notes to Financial Statements, Footnote 1 - General Information and Significant Accounting Policies and Footnote 4 - Fund Shares for further details on MTP and VMTP Shares.)

As of October 5, 2011, all 84 of the Nuveen closed-end municipal funds that had issued ARPS, approximately \$11.0 billion, have redeemed at liquidation value all of these shares. For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: <http://www.nuveen.com/arps>.

UPDATE ON LITIGATION REGARDING THE FUNDS REDEMPTION OF AUCTION RATE PREFERRED SHARES

During 2011, certain funds (including NXE) were named in a consolidated complaint as nominal defendants in a putative shareholder derivative action captioned *Martin Safier, et al. v. Nuveen Asset Management, et al.* that was filed in the Circuit Court of Cook County, Illinois, Chancery Division (the Cook County Chancery Court) on February 18, 2011 (the Complaint). The Complaint, filed on behalf of purported holders of each fund's common shares, also named Nuveen Fund Advisors, Inc. as a defendant, together with current and former Officers and interested Directors/Trustees of each of the funds (together with the nominal defendants, collectively, the Defendants). The Complaint contained allegations regarding breaches of fiduciary duties in connection with the redemption of auction rate preferred shares issued by the funds. The Defendants filed a motion to dismiss the suit and on December 16, 2011, the court granted that motion dismissing the Complaint. The plaintiffs failed to file an appeal of the court's decision within the required time period, resulting in the final disposition of the suit.

RISK CONSIDERATIONS

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Past performance is no guarantee of future results. Fund common shares are subject to a variety of risks, including:

Investment and Market Risk. An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the municipal securities owned by the Fund, which generally trade in the over-the-counter markets. Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Price Risk. Shares of closed-end investment companies like these Funds frequently trade at a discount to their NAV. Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Leverage Risk. Each Fund's use of leverage creates the possibility of higher volatility for the Fund's per share NAV, market price, distributions and returns. There is no assurance that a Fund's leveraging strategy will be successful.

Tax Risk. The tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations.

Issuer Credit Risk. This is the risk that a security in a Fund's portfolio will fail to make dividend or interest payments when due.

Interest Rate Risk. Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

Reinvestment Risk. If market interest rates decline, income earned from a Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

Call Risk or Prepayment Risk. Issuers may exercise their option to prepay principal earlier than scheduled, forcing a Fund to reinvest in lower-yielding securities.

Inverse Floater Risk. The Funds invest in inverse floaters. Due to their leveraged nature, these investments can greatly increase a Fund's exposure to interest rate risk and credit risk. In addition, investments in inverse floaters involve the risk that the Fund could lose more than its original principal investment.

Common Share Dividend and Price Information

DIVIDEND INFORMATION

During the twelve-month reporting period ended February 29, 2012, NAZ had one monthly dividend increase, while the dividends of NFZ, NKR, NXE and NTX remained stable throughout the reporting period.

Due to normal portfolio activity, common shareholders of NTX received a long-term capital gains distribution of \$0.0259 per share in December 2011.

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 February 29, 2012, all five of the Funds in this report had positive UNII balances for both tax and financial reporting purposes.

SHARE REPURCHASES AND PRICE INFORMATION

As of February 29, 2012, and since the inception of the Funds' repurchase programs, the Funds have cumulatively repurchased and retired their outstanding common shares as shown in the accompanying table. Since the inception of the Funds' repurchase programs, NAZ and NTX have not repurchased any of their outstanding common shares.

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

* Rounds to less than 0.1%.

During the twelve-month reporting period, the Funds did not repurchase any of their outstanding common shares.

As of February 29, 2012, the Funds' common share prices were trading at (+) premiums or (-) discounts to their common share NAVs as shown in the accompanying table.

Fund	2/29/12 (+)Premium/(-)Discount	Twelve-Month Average (+)Premium/(-)Discount
NAZ	(-)1.42%	(-)4.70%
NFZ	(-)4.58%	(-)7.08%
NKR	(-)3.96%	(-)7.55%
NXE	(-)4.61%	(-)8.71%
NTX	(+)5.50%	(+)6.72%

Fund Snapshot

Common Share Price	\$14.61
Common Share Net Asset Value (NAV)	\$14.82
Premium/(Discount) to NAV	-1.42%
Market Yield	5.26%
Taxable-Equivalent Yield ¹	7.66%
Net Assets Applicable to Common Shares (\$000)	\$66,268

Leverage

Regulatory Leverage	29.70%
Effective Leverage	31.27%

Average Annual Total Returns

(Inception 11/19/92)

	On Share Price	On NAV
1-Year	25.48%	18.08%
5-Year	6.37%	5.59%
10-Year	4.33%	5.84%

Portfolio Composition³

(as a % of total investments)

Tax Obligation/Limited	26.9%
Utilities	17.8%
Health Care	15.5%
Education and Civic Organizations	12.1%
U.S. Guaranteed	10.0%
Water and Sewer	8.7%
Tax Obligation/General	8.2%
Consumer Staples	0.8%

NAZ

Nuveen Arizona

Performance

Premium Income

OVERVIEW

Municipal Fund, Inc.

as of February 29, 2012

Credit Quality (as a % of total investments)^{2,3}

2011-2012 Monthly Tax-Free Dividends Per Common Share

Explanation of Responses:

Common Share Price Performance **Weekly Closing Price**

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

- 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 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

- 2 Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by a national rating agency.

- 3 Holdings are subject to change.

NFZ

Nuveen Arizona

Performance

Dividend Advantage

OVERVIEW

Municipal Fund

as of February 29, 2012

Credit Quality (as a % of total investments)^{2,3}

2011-2012 Monthly Tax-Free Dividends Per Common Share

Common Share Price Performance Weekly Closing Price

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

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 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by a national rating agency.

3 Holdings are subject to change.

Fund Snapshot

Common Share Price	\$14.39
Common Share	
Net Asset Value (NAV)	\$15.08
Premium/(Discount) to NAV	-4.58%

Explanation of Responses:

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Market Yield	5.38%
Taxable-Equivalent Yield ¹	7.83%
Net Assets Applicable to	

Common Shares (\$000)	\$23,349
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Leverage

Regulatory Leverage	32.22%
Effective Leverage	35.37%

Average Annual Total Returns

(Inception 1/30/01)

	On Share Price	On NAV
1-Year	25.66%	19.56%
5-Year	4.79%	5.15%
10-Year	5.35%	6.12%

Portfolio Composition³

(as a % of total investments)

Tax Obligation/Limited	31.0%
Utilities	19.6%
Health Care	14.8%
Tax Obligation/General	12.9%
Education and Civic Organizations	10.0%
U.S. Guaranteed	5.3%
Other	6.4%

Fund Snapshot

Common Share Price	\$14.78
Common Share	
Net Asset Value (NAV)	\$15.39
Premium/(Discount) to NAV	-3.96%
Market Yield	5.44%
Taxable-Equivalent Yield ¹	7.92%
Net Assets Applicable to Common Shares (\$000)	\$37,546

Leverage

Regulatory Leverage	33.28%
Effective Leverage	34.84%

Average Annual Total Returns

(Inception 3/25/02)

	On Share Price	On NAV
1-Year	23.88%	16.91%
5-Year	5.16%	5.60%
Since Inception	5.77%	6.51%

Portfolio Composition³

(as a % of total investments)

Tax Obligation/Limited	33.3%
Health Care	20.6%
Tax Obligation/General	20.0%
Education and Civic	
Organizations	9.1%
Water and Sewer	6.9%
Utilities	6.4%
Other	3.7%

NKR

Nuveen Arizona

Performance

Dividend Advantage

OVERVIEW

Municipal Fund 2

as of February 29, 2012

Credit Quality (as a % of total investments)^{2,3}

2011-2012 Monthly Tax-Free Dividends Per Common Share

Common Share Price Performance Weekly Closing Price

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

- 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 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

- 2 Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by a national rating agency.

- 3 Holdings are subject to change.

NXE

Nuveen Arizona

Performance

Dividend Advantage

OVERVIEW

Municipal Fund 3

as of February 29, 2012

Credit Quality (as a % of total investments)^{2,3}

2011-2012 Monthly Tax-Free Dividends Per Common Share

Common Share Price Performance Weekly Closing Price

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

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 31.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by a national rating agency.

3 Holdings are subject to change.

Fund Snapshot

Common Share Price	\$14.28
Common Share	
Net Asset Value (NAV)	\$14.97
Premium/(Discount) to NAV	-4.61%
Market Yield	5.29%

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Taxable-Equivalent Yield ¹ Net Assets Applicable to	7.70%
Common Shares (\$000)	\$45,904

Leverage

Regulatory Leverage	31.23%
Effective Leverage	33.54%

Average Annual Total Returns

(Inception 9/25/02)

	On Share Price	On NAV
1-Year	23.63%	17.30%
5-Year	5.77%	5.63%
Since Inception	5.07%	5.82%

Portfolio Composition³

(as a % of total investments)

Tax Obligation/Limited	29.9%
Health Care	19.6%
Education and Civic Organizations	12.8%
Utilities	11.8%
Tax Obligation/General	7.5%
U.S. Guaranteed	7.0%
Water and Sewer	6.7%
Other	4.7%

Fund Snapshot

Common Share Price	\$16.31
Common Share	
Net Asset Value (NAV)	\$15.46
Premium/(Discount) to NAV	5.50%
Market Yield	5.26%
Taxable-Equivalent Yield ¹	7.31%
Net Assets Applicable to Common Shares (\$000)	\$148,222

Leverage

Regulatory Leverage	32.36%
Effective Leverage	33.56%

Average Annual Total Returns

(Inception 10/17/91)

	On Share Price	On NAV
1-Year	13.81%	16.23%
5-Year	8.05%	5.86%
10-Year	6.81%	6.20%

Portfolio Composition⁴

(as a % of total investments)

Tax Obligation/General	25.5%
U.S. Guaranteed	10.6%
Utilities	10.4%
Water and Sewer	10.3%
Tax Obligation/Limited	10.2%
Health Care	9.8%
Transportation	8.1%
Education and Civic Organizations	7.8%
Other	7.3%

NTX

Nuveen Texas

Performance

Quality Income

OVERVIEW

Municipal Fund

as of February 29, 2012

Credit Quality (as a % of total investments)^{2,4}

2011-2012 Monthly Tax-Free Dividends Per Common Share³

Common Share Price Performance Weekly Closing Price

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

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 Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by a national rating agency.

3 The Fund paid shareholders a capital gains distribution in December 2011 of \$0.0259 per share.

4 Holdings are subject to change.

5 Rounds to less than 1%.

20 Nuveen Investments

Shareholder Meeting Report

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 15, 2011; at this meeting the shareholders were asked to vote on the election of Board Members, the elimination of Fundamental Investment Policies and the approval of new Fundamental Investment Policies. The meeting was subsequently adjourned to December 16, 2011. The meeting for NFZ, NKR and NXE was additionally adjourned to January 31, 2012.

	NAZ		NFZ		NKR	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
To approve the elimination of the fundamental policies relating to the Fund's ability to make loans.						
For	2,113,498	280	1,162,602	394,600	1,946,180	661,900
Against	257,710		180,784	123,900	200,805	93,978
Abstain	144,826		46,123	1,000	72,985	22,000
Broker Non-Votes	500,208		215,808	22,999	372,045	103,287
Total	3,016,242	280	1,605,317	542,499	2,592,015	881,165
To approve the new fundamental policy relating to the Fund's ability to make loans.						
For	2,088,038	280	1,165,252	394,600	1,940,518	661,900
Against	272,029		182,534	123,900	204,777	93,978
Abstain	155,968		41,723	1,000	74,675	22,000
Broker Non-Votes	500,207		215,808	22,999	372,045	103,287
Total	3,016,242	280	1,605,317	542,499	2,592,015	881,165
Approval of the Board Members was reached as follows:						
John P. Amboian						
For	2,935,327		1,469,695		2,426,700	
Withhold	80,915		128,072		145,051	
Total	3,016,242		1,597,767		2,571,751	
Robert P. Bremner						
For	2,932,327					
Withhold	83,915					
Total	3,016,242					
Jack B. Evans						
For	2,935,009					
Withhold	81,233					
Total	3,016,242					
William C. Hunter						
For		280		518,650		912,687
Withhold				58,600		51,478
Total		280		577,250		964,165
David J. Kundert						
For	2,934,327		1,470,236		2,433,450	
Withhold	81,915		127,531		138,301	
Total	3,016,242		1,597,767		2,571,751	
William J. Schneider						
For		280		518,650		912,687
Withhold				58,600		51,478
Total		280		577,250		964,165
Judith M. Stockdale						
For	2,930,229					
Withhold	86,013					

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Total	3,016,242		
Carole E. Stone			
For	2,931,001		
Withhold	85,241		
Total	3,016,242		
Virginia L. Stringer			
For	2,934,001		
Withhold	82,241		
Total	3,016,242		
Terence J. Toth			
For	2,935,327	1,470,779	2,433,450
Withhold	80,915	126,988	138,301
Total	3,016,242	1,597,767	2,571,751

Nuveen Investments 21

Shareholder Meeting Report (continued)

	NXE		NTX	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
To approve the elimination of the fundamental policies relating to the Fund's ability to make loans.				
For	2,279,256	608,700	6,877,113	2,858,008
Against	239,195	91,800	724,877	168,661
Abstain	100,908	20,000	207,350	72,500
Broker Non-Votes	494,557	202,749	2,227,525	827,437
Total	3,113,916	923,249	10,036,865	3,926,606
To approve the new fundamental policy relating to the Fund's ability to make loans.				
For	2,260,006	603,700	6,871,716	2,859,508
Against	255,195	96,800	730,502	167,161
Abstain	104,158	20,000	207,122	72,500
Broker Non-Votes	494,557	202,749	2,227,525	827,437
Total	3,113,916	923,249	10,036,865	3,926,606
Approval of the Board Members was reached as follows:				
John P. Amboian				
For	3,077,871		9,790,124	
Withhold	162,109		246,741	
Total	3,239,980		10,036,865	
Robert P. Bremner				
For				
Withhold				
Total				
Jack B. Evans				
For				
Withhold				
Total				
William C. Hunter				
For		1,066,631		3,867,682
Withhold		32,418		58,924
Total		1,099,049		3,926,606
David J. Kundert				
For	3,077,871		9,800,132	
Withhold	162,109		236,733	
Total	3,239,980		10,036,865	
William J. Schneider				
For		1,066,631		3,867,682
Withhold		32,418		58,924
Total		1,099,049		3,926,606
Judith M. Stockdale				
For				
Withhold				
Total				

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Carole E. Stone

For

Withhold

Total

Virginia L. Stringer

For

Withhold

Total

Terence J. Toth

For 3,077,871 9,798,646

Withhold 162,109 238,219

Total 3,239,980 10,036,865

22 Nuveen Investments

Report of Independent Registered Public Accounting Firm

The Board of Directors/Trustees and Shareholders

Nuveen Arizona Premium Income Municipal Fund, Inc.

Nuveen Arizona Dividend Advantage Municipal Fund

Nuveen Arizona Dividend Advantage Municipal Fund 2

Nuveen Arizona Dividend Advantage Municipal Fund 3

Nuveen Texas Quality Income Municipal Fund

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3, and Nuveen Texas Quality Income Municipal Fund (the Funds) as of February 29, 2012, and the related statements of operations and cash flows for the year then ended and the statements of changes in net assets and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of February 29, 2012, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3, and Nuveen Texas Quality Income Municipal Fund at February 29, 2012, and the results of their operations and their cash flows for the year then ended and the changes in their net assets and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois

April 25, 2012

Nuveen Arizona Premium Income Municipal Fund, Inc.

Portfolio of Investments

February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Consumer Staples 1.1% (0.8% of Total Investments)				
\$ 745	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100.00	BBB	\$ 737,036
Education and Civic Organizations 17.1% (12.1% of Total Investments)				
2,500	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.543%, 11/01/41 (Alternative Minimum Tax) (4)	9/12 at 100.00	A	1,959,607
1,000	Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 FGIC Insured	7/12 at 100.00	AA	1,013,880
1,455	Arizona State University, System Revenue Bonds, Series 2005: 5.000%, 7/01/20 AMBAC Insured	7/15 at 100.00	Aa3	1,566,424
750	5.000%, 7/01/21 AMBAC Insured	7/15 at 100.00	Aa3	803,205
755	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Northwestern University, Refunding Series 2007, 5.000%, 5/15/31	5/22 at 100.00	A	819,386
1,600	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Northwestern University, Refunding Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A	1,672,944
280	Phoenix IDA, Arizona, Education Revenue Bonds, Painted Rock Academy Project, Series 2012A, 7.500%, 7/01/42	7/20 at 100.00	N/R	281,159
220	Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies Veritas Project, Series 2012, 6.300%, 7/01/42	7/21 at 100.00	N/R	222,233
280	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42	1/22 at 100.00	BBB	278,799
Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010:				
170	6.000%, 6/01/40	6/19 at 100.00	BBB	154,977
200	6.100%, 6/01/45	6/19 at 100.00	BBB	182,344
1,500	Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 AMBAC Insured	7/13 at 100.00	N/R	1,507,515
825	Yavapai County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2011, 7.875%, 3/01/42	3/21 at 100.00	BB+	887,618
11,535	Total Education and Civic Organizations			11,350,091
Health Care 21.8% (15.5% of Total Investments)				
1,430	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25	1/17 at 100.00	AA	1,600,099
885	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.059%, 1/02/37	1/17 at 100.00	AA	624,368
3,470	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	AA	3,733,789

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675	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37	12/15 at 100.00	BBB	665,807
1,110	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42	12/17 at 100.00	BBB	1,095,315
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 100.00	A	2,285,214
2,900	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	3,047,639
425	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	5/12 at 100.00	AA+	426,768
	Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:			
525	5.000%, 12/01/25 RAAI Insured	12/15 at 100.00	BBB+	531,573
435	5.000%, 12/01/30 RAAI Insured	12/15 at 100.00	BBB+	436,222
14,005	Total Health Care			14,446,794

24 Nuveen Investments

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Principal			Optional Call		
Amount (000)	Description (1)		Provisions (2)	Ratings (3)	Value
	Tax Obligation/General 11.5% (8.2% of Total Investments)				
\$ 1,265	Gila County Unified School District 10 Payson, Arizona, School Improvement Bonds, Project 2006, Series 2008B, 5.750%, 7/01/28		7/18 at 100.00	Aa3	\$ 1,438,963
1,200	Maricopa County Unified School District 95 Queen Creek, Arizona, General Obligation Bonds, Series 2008, 5.000%, 7/01/27 AGM Insured		7/18 at 100.00	Aa3	1,319,016
515	Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds, Series 2011A, 2.000%, 7/01/30 AGM Insured		7/21 at 100.00	AA	625,133
3,530	Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C, 5.250%, 7/01/28		7/18 at 100.00	A	3,915,335
330	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2002A, 5.375%, 7/01/28		7/12 at 100.00	Baa1	330,277
6,840	Total Tax Obligation/General				7,628,724
	Tax Obligation/Limited 38.0% (26.9% of Total Investments)				
321	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25		7/12 at 100.00	N/R	323,096
3,000	Glendale Western Loop 101 Public Facilities Corporation, Arizona, Third Lien Excise Tax Revenue Bonds, Series 2008B, 6.250%, 7/01/38		1/14 at 100.00	AA	3,158,130
1,280	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 NPFPG Insured		8/16 at 100.00	AA	1,375,040
740	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 NPFPG Insured		8/16 at 100.00	AA	791,667
1,110	Marana Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2008B, 5.125%, 7/01/28		7/12 at 100.00	AA	1,115,950
575	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 AMBAC Insured		7/13 at 100.00	AA	589,461
1,350	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26		7/16 at 100.00	A2	1,400,261
3,400	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 AMBAC Insured		6/12 at 100.00	N/R	3,263,320
3,400	Mesa, Arizona, Street and Highway User Tax Revenue Bonds, Series 2005, 5.000%, 7/01/24 AGM Insured		7/15 at 100.00	AA	3,633,376
170	Phoenix Mesa Gateway Airport Authority, Arizona, Special Facility Revenue Bonds, Mesa Project, Series 2012, 5.000%, 7/01/38 (Alternative Minimum Tax)		7/22 at 100.00	AA+	172,251
1,140	Pinetop Fire District of Navajo County, Arizona, Certificates of Participation, Series 2008, 7.750%, 6/15/29		6/16 at 102.00	A3	1,217,862
265	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24		7/12 at 100.00	Baa1	265,851
1,700	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010C, 0.000%, 8/01/38		No Opt. Call	A+	390,524
1,525	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2010A, 0.000%, 8/01/33		No Opt. Call	A+	495,518
1,610	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 SYNCORA GTY Insured		7/15 at 100.00	A+	1,703,364
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24		No Opt. Call	AAA	1,276,220
2,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Water & Sewer Improvements Project, Series 2010, 5.000%, 7/01/36		No Opt. Call	AAA	2,234,420

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

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Tax Obligation/Limited (continued)				
\$ 1,000	Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Senior Lien Series 2010A, 5.000%, 10/01/29	10/20 at 100.00	BBB	\$ 1,054,570
645	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	692,846
26,231	Total Tax Obligation/Limited			25,153,727
U.S. Guaranteed 14.1% (10.0% of Total Investments) (5)				
3,500	Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28 (Pre-refunded 7/01/13) AMBAC Insured	7/13 at 100.00	AA (5)	3,720,850
1,250	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 NPFQ Insured (ETM)	No Opt. Call	N/R (5)	1,483,638
385	Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)	4/15 at 100.00	N/R (5)	436,956
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 (Pre-refunded 7/01/12) FGIC Insured	7/12 at 100.00	AAA	1,524,510
1,200	Prescott Valley Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 (Pre-refunded 1/01/13) FGIC Insured	1/13 at 100.00	AA (5)	1,247,988
365	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 (Pre-refunded 7/01/12)	7/12 at 100.00	Baa1 (5)	371,092
530	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22 (Pre-refunded 1/01/13)	1/13 at 100.00	Aa1 (5)	551,380
8,730	Total U.S. Guaranteed			9,336,414
Utilities 25.0% (17.8% 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 Opt. Call	AA	1,160,010
1,600	Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35	6/20 at 100.00	A1	1,740,192
1,340	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29	1/15 at 100.00	BBB	1,401,345
650	Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36	7/21 at 100.00	A	701,981
2,170	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/27 SYNCORA GTY Insured	7/15 at 100.00	A3	2,287,397
715	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 17.970%, 1/01/38 (IF) (6)	1/18 at 100.00	Aa1	973,544
Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007:				
4,500	5.500%, 12/01/29	No Opt. Call	A	4,824,131
3,500	5.000%, 12/01/37	No Opt. Call	A	3,504,970
15,475	Total Utilities			16,593,570
Water and Sewer 12.2% (8.7% of Total Investments)				
1,005		7/14 at 100.00	A	1,031,924

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Cottonwood, Arizona, Senior Lien Water System Revenue Bonds, Municipal Property Corporation, Series 2004, 5.000%, 7/01/24 SYNCORA GTY Insured

1,425	Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39	7/20 at 100.00	A+	1,541,009
500	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 NPFPG Insured	7/13 at 100.00	AA	518,460
1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2004, 5.000%, 7/01/24 NPFPG Insured	7/14 at 100.00	AA+	1,087,730

26 Nuveen Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Water and Sewer (continued)				
\$ 1,250	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 FGIC Insured	No Opt. Call	AAA	\$ 1,612,350
Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:				
600	4.700%, 4/01/22	4/14 at 100.00	N/R	612,336
810	4.900%, 4/01/32	4/17 at 100.00	N/R	820,255
905	Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)	12/17 at 100.00	N/R	863,062
7,495	Total Water and Sewer			8,087,126
\$ 91,056	Total Investments (cost \$85,604,367) 140.8%			93,333,482
	Variable MuniFund Term Preferred Shares, at Liquidation Value (42.3)% (7)			(28,000,000)
	Other Assets Less Liabilities 1.5%			934,542
	Net Assets Applicable to Common Shares 100%			\$ 66,268,024

- (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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
 - (4) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Directors. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 - General Information and Significant Accounting Policies, Investment Valuation for more information.
 - (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.
 - (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
 - (7) Variable MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 30.0%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund

Portfolio of Investments

February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Education and Civic Organizations 14.5% (10.0% of Total Investments)				
\$ 280	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.543%, 11/01/41 (Alternative Minimum Tax) (4)	9/12 at 100.00	A	\$ 219,476
275	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31	5/22 at 100.00	A	298,452
500	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A	522,795
100	Phoenix IDA, Arizona, Education Revenue Bonds, Painted Rock Academy Project, Series 2012A, 7.500%, 7/01/42	7/20 at 100.00	N/R	100,414
80	Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies Veritas Project, Series 2012, 6.300%, 7/01/42	7/21 at 100.00	N/R	80,812
100	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42	1/22 at 100.00	BBB	99,571
130	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010, 6.000%, 6/01/40	6/19 at 100.00	BBB	118,512
165	Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Paradise Education Center Charter School, Series 2006, 6.000%, 6/01/36	6/16 at 100.00	BBB	151,226
220	Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Valley Academy Charter School Project, Series 2008, 6.500%, 7/01/38	7/18 at 100.00	Baa3	218,603
1,000	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System, Series 1999, 5.375%, 2/01/29	8/12 at 100.00	BBB	987,380
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	9/12 at 100.00	BBB	300,417
305	Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34	9/14 at 100.00	BB+	277,538
3,455	Total Education and Civic Organizations			3,375,196
Health Care 21.5% (14.8% of Total Investments)				
565	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25	1/17 at 100.00	AA	632,207
325	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.059%, 1/02/37	1/17 at 100.00	AA	229,288
720	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	AA	774,734
10	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/28	3/13 at 100.00	A	10,101

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250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37	12/15 at 100.00	BBB	246,595
415	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42	12/17 at 100.00	BBB	409,510
750	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23	7/14 at 100.00	A	797,168
1,025	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	1,077,183
Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:				
200	5.000%, 12/01/25 RAAI Insured	12/15 at 100.00	BBB+	202,504
150	5.000%, 12/01/30 RAAI Insured	12/15 at 100.00	BBB+	150,422

28 Nuveen Investments

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Principal		Optional Call Provisions (2)	Ratings (3)	Value
Amount (000)	Description (1)			
Health Care (continued)				
\$ 450	University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Bonds, Series 2011, 6.000%, 7/01/39	7/21 at 100.00	BBB+	\$ 499,343
4,860	Total Health Care			5,029,055
Housing/Multifamily 3.7% (2.5% 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 NPFPG Insured	4/12 at 100.00	Baa2	853,820
Tax Obligation/General 18.7% (12.9% 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 100.00	Aa2	1,132,250
180	Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds, Series 2011A, 2.000%, 7/01/30 AGM Insured	7/21 at 100.00	AA	218,493
1,310	Scottsdale, Arizona, General Obligation Bonds, Preserve Acquisition Series 1999, 5.000%, 7/01/32	7/21 at 100.00	AAA	1,537,703
1,340	Yuma & La Paz Counties Community College District, Arizona, General Obligation Bonds, Series 2006, 5.000%, 7/01/21 NPFPG Insured	7/16 at 100.00	Aa2	1,477,470
3,830	Total Tax Obligation/General			4,365,916
Tax Obligation/Limited 44.9% (31.0% of Total Investments)				
1,220	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.000%, 7/01/31 NPFPG Insured	7/13 at 100.00	A1	1,230,455
85	Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29	7/15 at 100.00	N/R	76,138
204	Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007, 5.700%, 7/01/27	1/17 at 100.00	N/R	192,246
125	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	125,816
1,000	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006-1, 5.000%, 8/01/22 NPFPG Insured	8/16 at 100.00	AA	1,074,250
275	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 NPFPG Insured	8/16 at 100.00	AA	294,201
1,180	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 AMBAC Insured	7/13 at 100.00	AA	1,237,018
471	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	488,535
150	Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2008 (Bank Qualified), 6.100%, 7/15/32	7/17 at 100.00	N/R	141,489
255	Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33	7/18 at 100.00	N/R	272,774
330	Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31	7/16 at 100.00	N/R	285,061
225	Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32	7/17 at 100.00	N/R	204,737

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100	Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31	7/16 at 100.00	N/R	86,926
725	Phoenix Industrial Development Authority, Arizona, Government Bonds, Capitol Mall LLC II, Series 2001, 5.250%, 9/15/16 AMBAC Insured	3/12 at 100.00	A1	727,414

Nuveen Investments 29

Nuveen Arizona Dividend Advantage Municipal Fund (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Tax Obligation/Limited (continued)				
\$ 100	Phoenix Mesa Gateway Airport Authority, Arizona, Special Facility Revenue Bonds, Mesa Project, Series 2012, 5.000%, 7/01/38 (Alternative Minimum Tax)	7/22 at 100.00	AA+	\$ 101,324
680	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 ACA Insured	No Opt. Call	BBB	684,094
600	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 SYNCORA GTY Insured	7/15 at 100.00	A+	634,794
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24	No Opt. Call	AAA	1,276,219
350	Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32	7/17 at 100.00	N/R	322,364
500	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	537,090
339	Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30	7/16 at 100.00	N/R	306,510
225	Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31	7/16 at 100.00	N/R	193,133
10,139	Total Tax Obligation/Limited			10,492,588
U.S. Guaranteed 7.8% (5.3% of Total Investments) (5)				
240	Maricopa County Union High School District 210 Phoenix, Arizona, General Obligation Bonds, Series 2006C, 5.000%, 7/01/24 (Pre-refunded 7/01/16) NCFG Insured	7/16 at 100.00	AA (5)	283,970
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 (Pre-refunded 7/01/12) FGIC Insured	7/12 at 100.00	AAA	1,524,509
1,740	Total U.S. Guaranteed			1,808,479
Utilities 28.4% (19.6% 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 Opt. Call	AA	1,840,168
600	Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35	6/20 at 100.00	A1	652,572
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 FGIC Insured	No Opt. Call	Aa2	1,204,220
665	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29	1/15 at 100.00	BBB	695,444
400	Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36	7/21 at 100.00	A	431,988
1,000	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 SYNCORA GTY Insured	7/15 at 100.00	A3	1,054,100
560	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 17.970%, 1/01/38 (IF) (6)	1/18 at 100.00	Aa1	762,496

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5,725	Total Utilities				6,640,988
	Water and Sewer	5.6%	(3.9% of Total Investments)		
475	Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39 Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:	7/20 at 100.00	A+		513,670
225	4.700%, 4/01/22	4/14 at 100.00	N/R		229,626
260	4.900%, 4/01/32	4/17 at 100.00	N/R		263,292

30 Nuveen Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Water and Sewer (continued)				
\$ 325	Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)	12/17 at 100.00	N/R	\$ 309,940
1,285	Total Water and Sewer			1,316,528
\$ 32,034	Total Investments (cost \$31,868,925)	145.1%		33,882,570
	MuniFund Term Preferred Shares, at Liquidation Value	(47.5)% (7)		(11,100,000)
	Other Assets Less Liabilities	2.4%		566,463
	Net Assets Applicable to Common Shares	100%		\$ 23,349,033

- (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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
 - (4) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 - General Information and Significant Accounting Policies, Investment Valuation for more information.
 - (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.
 - (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
 - (7) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 32.8%.
- N/R Not rated.
- (IF) Inverse floating rate investment.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund 2

Portfolio of Investments

February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Education and Civic Organizations 13.4% (9.1% of Total Investments)				
\$ 1,130	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.543%, 11/01/41 (Alternative Minimum Tax) (4)	9/12 at 100.00	A	\$ 885,742
450	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31	5/22 at 100.00	A	488,376
775	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A	810,332
360	Northern Arizona University, System Revenue Bonds, Series 2012, 5.000%, 6/01/41	6/21 at 100.00	A+	385,726
165	Phoenix IDA, Arizona, Education Revenue Bonds, Painted Rock Academy Project, Series 2012A, 7.500%, 7/01/42	7/20 at 100.00	N/R	165,683
130	Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies Veritas Project, Series 2012, 6.300%, 7/01/42	7/21 at 100.00	N/R	131,320
485	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 100.00	BBB	486,183
165	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42	1/22 at 100.00	BBB	164,292
210	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010, 6.000%, 6/01/40	6/19 at 100.00	BBB	191,442
175	Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Paradise Education Center Charter School, Series 2006, 6.000%, 6/01/36	6/16 at 100.00	BBB	160,391
365	Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Valley Academy Charter School Project, Series 2008, 6.500%, 7/01/38	7/18 at 100.00	Baa3	362,682
260	Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System, Series 1999, 5.375%, 2/01/19	8/12 at 100.00	BBB	260,164
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 100.00	BB+	436,781
University of Arizona, Certificates of Participation, Series 2002A:				
65	5.500%, 6/01/18 AMBAC Insured	6/12 at 100.00	AA	65,736
40	5.125%, 6/01/22 AMBAC Insured	6/12 at 100.00	AA	40,374
5,255	Total Education and Civic Organizations			5,035,224
Health Care 30.3% (20.6% of Total Investments)				
845	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25	1/17 at 100.00	AA	945,513
520	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.059%, 1/02/37	1/17 at 100.00	AA	366,860

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1,150	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	AA	1,237,423
600	Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20	4/14 at 100.00	A	633,222
400	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37	12/15 at 100.00	BBB	394,552
655	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42	12/17 at 100.00	BBB	646,334
1,375	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2004A, 5.375%, 7/01/23	7/14 at 100.00	A	1,461,474

32 Nuveen Investments

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Health Care (continued)				
\$ 1,650	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	\$ 1,734,002
1,120	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2006C. Re-offering, 5.000%, 9/01/35 AGC Insured	9/20 at 100.00	AA	1,206,352
Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:				
315	5.000%, 12/01/25 RAAI Insured	12/15 at 100.00	BBB+	318,944
260	5.000%, 12/01/30 RAAI Insured	12/15 at 100.00	BBB+	260,731
1,050	University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Bonds, Series 2011, 6.000%, 7/01/39	7/21 at 100.00	BBB+	1,165,133
1,000	Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100.00	Baa2	1,016,880
10,940	Total Health Care			11,387,420
Tax Obligation/General 29.6% (20.0% of Total Investments)				
1,000	Maricopa County Elementary School District 83 Cartwright, Arizona, General Obligation Bonds, School Improvement, Project 2010, Series 2011A, 5.375%, 7/01/30 AGM Insured	7/21 at 100.00	AA	1,123,210
1,000	Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A, 5.375%, 7/01/16 AGM Insured	No Opt. Call	Aa2	1,193,050
775	Maricopa County School District 79 Litchfield Elementary, Arizona, General Obligation Bonds, Series 2011, 5.000%, 7/01/23	7/21 at 100.00	Aa2	942,299
1,165	Maricopa County Unified School District 69, Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002A, 5.250%, 7/01/14 FGIC Insured	No Opt. Call	Aa2	1,286,160
1,405	Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 FGIC Insured	No Opt. Call	AA	1,621,131
Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B:				
985	5.000%, 7/01/22	7/12 at 100.00	AAA	999,716
290	5.000%, 7/01/27	7/12 at 100.00	AAA	294,237
310	Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds, Series 2011A, 2.000%, 7/01/30 AGM Insured	7/21 at 100.00	AA	376,294
500	Pima County Unified School District 08 Flowing Wells, Arizona, General Obligation Bonds, Series 2011B, 5.375%, 7/01/29	7/21 at 100.00	A+	562,865
1,000	Pima County Unified School District 6, Marana, Arizona, General Obligation Bonds, School Improvement Project 2010 Series 2011A, 5.000%, 7/01/25	7/21 at 100.00	A+	1,118,150
1,360	Scottsdale, Arizona, General Obligation Bonds, Preserve Acquisition Series 1999, 5.000%, 7/01/33	7/21 at 100.00	AAA	1,585,474
9,790	Total Tax Obligation/General			11,102,586
Tax Obligation/Limited 49.2% (33.3% of Total Investments)				
Arizona State, Certificates of Participation, Series 2002A:				
750	5.000%, 11/01/17 NPFG Insured	5/12 at 100.00	A+	753,285
1,000	5.000%, 11/01/18 NPFG Insured	5/12 at 100.00	A+	1,004,040
120	Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29	7/15 at 100.00	N/R	107,489
334	Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007, 5.800%, 7/01/32	1/17 at 100.00	N/R	303,940
197	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	198,286

Nuveen Arizona Dividend Advantage Municipal Fund 2 (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call		Value
		Provisions (2)	Ratings (3)	
Tax Obligation/Limited (continued)				
\$ 980	Marana Municipal Property Corporation, Arizona, Municipal Facilities Revenue Bonds, Series 2008B, 5.125%, 7/01/28	7/12 at 100.00	AA	\$ 985,253
789	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	818,374
Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002:				
840	5.375%, 6/01/18 AMBAC Insured	6/12 at 100.00	N/R	806,232
2,645	5.375%, 6/01/19 AMBAC Insured	6/12 at 100.00	N/R	2,562,525
240	Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2008 (Bank Qualified), 6.100%, 7/15/32	7/17 at 100.00	N/R	226,382
415	Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33	7/18 at 100.00	N/R	443,926
530	Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31	7/16 at 100.00	N/R	457,825
350	Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32	7/17 at 100.00	N/R	318,479
140	Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31	7/16 at 100.00	N/R	121,696
1,000	Phoenix Industrial Development Authority, Arizona, Government Bonds, Capitol Mall LLC II, Series 2001, 5.250%, 9/15/16 AMBAC Insured	3/12 at 100.00	A1	1,003,330
140	Phoenix Mesa Gateway Airport Authority, Arizona, Special Facility Revenue Bonds, Mesa Project, Series 2012, 5.000%, 7/01/38 (Alternative Minimum Tax)	7/22 at 100.00	AA+	141,854
1,070	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 ACA Insured	No Opt. Call	BBB	1,076,441
270	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100.00	Baa1	270,867
250	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 5.375%, 8/01/39	2/20 at 100.00	A+	270,578
3,055	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2010A, 0.000%, 8/01/33	No Opt. Call	A+	992,661
960	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 SYNCORA GTY Insured	7/15 at 100.00	A+	1,015,670
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Refunding Series 2006, 5.000%, 7/01/24	No Opt. Call	AAA	1,276,220
1,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Water & Sewer Improvements Project, Series 2010, 5.000%, 7/01/36	No Opt. Call	AAA	1,117,210
555	Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32	7/17 at 100.00	N/R	511,177
750	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	805,635

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636	Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30	7/16 at 100.00	N/R	575,046
350	Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31	7/16 at 100.00	N/R	300,430
20,366	Total Tax Obligation/Limited			18,464,851

34 Nuveen Investments

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Transportation 2.7% (1.8% of Total Investments)				
\$ 1,000	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/27 FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	AA	\$ 1,004,950
U.S. Guaranteed 2.8% (1.9% of Total Investments) (5)				
100	Maricopa County Unified School District 89, Dysart, Arizona, General Obligation Bonds, Series 2004B, 5.250%, 7/01/20 (Pre-refunded 7/01/14) AGM Insured	7/14 at 100.00	AA (5)	111,515
375	Maricopa County Union High School District 210 Phoenix, Arizona, General Obligation Bonds, Series 2006C, 5.000%, 7/01/24 (Pre-refunded 7/01/16) NPFPG Insured	7/16 at 100.00	AA (5)	443,704
500	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24 (Pre-refunded 7/01/12)	7/12 at 100.00	Baa1 (5)	508,345
975	Total U.S. Guaranteed			1,063,564
Utilities 9.5% (6.4% of Total Investments)				
900	Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35	6/20 at 100.00	A1	978,858
665	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29	1/15 at 100.00	BBB	695,444
250	Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36	7/21 at 100.00	A	269,993
450	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 17.970%, 1/01/38 (IF) (6)	1/18 at 100.00	Aa1	612,720
1,000	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37	No Opt. Call	A	1,001,420
3,265	Total Utilities			3,558,435
Water and Sewer 10.2% (6.9% of Total Investments)				
500	City of Goodyear, Arizona Subordinate Lien Water and Sewer Revenue Obligations, Series 2011, 5.500%, 7/01/41	7/21 at 100.00	AA	559,800
490	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)	6/12 at 100.00	N/R	490,539
210	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 NPFPG Insured	7/13 at 100.00	AA	217,753
1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/22 FGIC Insured	No Opt. Call	AAA	1,298,810

Nuveen Investments 35

Nuveen Arizona Dividend Advantage Municipal Fund 2 (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Water and Sewer (continued)				
Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:				
\$ 350	4.700%, 4/01/22	4/14 at 100.00	N/R	\$ 357,196
410	4.900%, 4/01/32	4/17 at 100.00	N/R	415,191
525	Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)	12/17 at 100.00	N/R	500,672
3,485	Total Water and Sewer			3,839,961
\$ 55,076	Total Investments (cost \$52,377,523)	147.7%		55,456,991
	MuniFund Term Preferred Shares, at Liquidation Value	(49.9)% (7)		(18,725,000)
	Other Assets Less Liabilities	2.2%		814,488
	Net Assets Applicable to Common Shares	100%		\$ 37,546,479

- (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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 - General Information and Significant Accounting Policies, Investment Valuation for more information.
- (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.
- (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
- (7) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.8%.
- N/R Not rated.
- (IF) Inverse floating rate investment.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund 3

Portfolio of Investments

February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Consumer Staples 1.0% (0.7% of Total Investments)				
\$ 470	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100.00	BBB	\$ 464,976
Education and Civic Organizations 18.4% (12.8% of Total Investments)				
690	Arizona Higher Education Loan Authority, Student Loan Revenue Bonds, Series 2007B, Auction Rate Securities, 0.543%, 11/01/41 (Alternative Minimum Tax) (4)	9/12 at 100.00	A	540,851
1,250	Arizona State University, System Revenue Bonds, Series 2005, 5.000%, 7/01/20 AMBAC Insured	7/15 at 100.00	Aa3	1,345,725
520	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2007, 5.000%, 5/15/31	5/22 at 100.00	A	564,346
900	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Refunding Series 2010, 5.125%, 5/15/40	5/20 at 100.00	A	941,031
430	Northern Arizona University, System Revenue Bonds, Series 2012, 5.000%, 6/01/41	6/21 at 100.00	A+	460,728
200	Phoenix IDA, Arizona, Education Revenue Bonds, Painted Rock Academy Project, Series 2012A, 7.500%, 7/01/42	7/20 at 100.00	N/R	200,828
155	Phoenix Industrial Development Authority, Arizona, Education Revenue Bonds, Great Hearts Academies Veritas Project, Series 2012, 6.300%, 7/01/42	7/21 at 100.00	N/R	156,573
560	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 100.00	BBB	561,366
200	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Carden Traditional Schools Project, Series 2012, 7.500%, 1/01/42	1/22 at 100.00	BBB	199,142
235	Pima County Industrial Development Authority, Arizona, Education Revenue Bonds, Paradise Education Center Project, Series 2010, 6.000%, 6/01/40	6/19 at 100.00	BBB	214,233
315	Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Paradise Education Center Charter School, Series 2006, 6.000%, 6/01/36	6/16 at 100.00	BBB	288,704
415	Pima County Industrial Development Authority, Arizona, Educational Revenue Bonds, Valley Academy Charter School Project, Series 2008, 6.500%, 7/01/38	7/18 at 100.00	Baa3	412,365
565	Tucson Industrial Development Authority, Arizona, Charter School Revenue Bonds, Arizona Agribusiness and Equine Center Charter School, Series 2004A, 6.125%, 9/01/34	9/14 at 100.00	BB+	514,127
2,000	University of Arizona, Certificates of Participation, Series 2002B, 5.125%, 6/01/20 AMBAC Insured	6/12 at 100.00	AA	2,020,840
8,435	Total Education and Civic Organizations			8,420,859
Health Care 28.1% (19.6% of Total Investments)				

Explanation of Responses:

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1,015	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007A, 5.000%, 1/01/25	1/17 at 100.00	AA	1,135,734
620	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2007B, 1.059%, 1/02/37	1/17 at 100.00	AA	437,410
2,390	Arizona Health Facilities Authority, Hospital Revenue Bonds, Banner Health Systems, Series 2008D, 5.500%, 1/01/38	1/18 at 100.00	AA	2,571,685
625	Arizona Health Facilities Authority, Revenue Bonds, Blood Systems Inc., Series 2004, 5.000%, 4/01/20	4/14 at 100.00	A	659,606
475	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2005B, 5.000%, 12/01/37	12/15 at 100.00	BBB	468,531
785	Glendale Industrial Development Authority, Arizona, Revenue Bonds, John C. Lincoln Health Network, Series 2007, 5.000%, 12/01/42	12/17 at 100.00	BBB	774,614
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 100.00	A	1,939,774
1,985	Maricopa County Industrial Development Authority, Arizona, Health Facility Revenue Bonds, Catholic Healthcare West, Series 2007A, 5.250%, 7/01/32	7/17 at 100.00	A	2,086,056

Nuveen Investments 37

Nuveen Arizona Dividend Advantage Municipal Fund 3 (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Health Care (continued)				
Show Low Industrial Development Authority, Arizona, Hospital Revenue Bonds, Navapache Regional Medical Center, Series 2005:				
\$ 375	5.000%, 12/01/25 RAAI Insured	12/15 at 100.00	BBB+	\$ 379,695
315	5.000%, 12/01/30 RAAI Insured	12/15 at 100.00	BBB+	315,885
1,000	University Medical Center Corporation, Tucson, Arizona, Hospital Revenue Bonds, Series 2011, 6.000%, 7/01/39	7/21 at 100.00	BBB+	1,109,650
1,000	Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100.00	Baa2	1,016,880
12,410	Total Health Care			12,895,520
Tax Obligation/General 10.7% (7.5% of Total Investments)				
365	Pima County Continental Elementary School District 39, Arizona, General Obligation Bonds, Series 2011A, 2.000%, 7/01/30 AGM Insured	7/21 at 100.00	AA	443,055
500	Pima County Unified School District 08 Flowing Wells, Arizona, General Obligation Bonds, Series 2011B, 5.375%, 7/01/29	7/21 at 100.00	A+	562,865
750	Pima County Unified School District 6, Marana, Arizona, General Obligation Bonds, School Improvement Project 2010 Series 2011A, 5.000%, 7/01/25	7/21 at 100.00	A+	838,613
1,000	Pinal County Unified School District 1, Florence, Arizona, General Obligation Bonds, Series 2008C, 5.250%, 7/01/28	7/18 at 100.00	A	1,109,160
1,705	Scottsdale, Arizona, General Obligation Bonds, Preserve Acquisition Series 1999, 5.000%, 7/01/34	7/21 at 100.00	AAA	1,974,100
4,320	Total Tax Obligation/General			4,927,793
Tax Obligation/Limited 42.8% (29.9% of Total Investments)				
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Subordinate Refunding Series 2011A, 5.000%, 7/01/36	7/21 at 100.00	AA+	1,119,840
138	Centerra Community Facilities District, Goodyear, Arizona, General Obligation Bonds, Series 2005, 5.500%, 7/15/29	7/15 at 100.00	N/R	123,612
2,000	DC Ranch Community Facilities District, Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/15/27 AMBAC Insured	7/13 at 100.00	A1	2,036,940
Estrella Mountain Ranch Community Facilities District, Arizona, Special Assessment Bonds, Montecito Assessment District, Series 2007:				
246	5.700%, 7/01/27	1/17 at 100.00	N/R	231,825
153	5.800%, 7/01/32	1/17 at 100.00	N/R	139,230
232	Estrella Mountain Ranch Community Facilities District, Goodyear, Arizona, Special Assessment Lien Bonds, Series 2001A, 7.875%, 7/01/25	7/12 at 100.00	N/R	233,515
510	Government of Guam, Business Privilege Tax Bonds, Series 2011A, 5.000%, 1/01/31	1/22 at 100.00	A	565,345
525	Greater Arizona Development Authority, Infrastructure Revenue Bonds, Series 2006A, 5.000%, 8/01/23 NPF Insured	8/16 at 100.00	AA	561,656
923	Marana, Arizona, Tangerine Farms Road Improvement District Revenue Bonds, Series 2006, 4.600%, 1/01/26	7/16 at 100.00	A2	957,363
290	Marley Park Community Facilities District, City of Surprise, Arizona, Limited Tax General Obligation Bonds, Series 2008 (Bank Qualified), 6.100%, 7/15/32	7/17 at 100.00	N/R	273,545

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490	Merrill Ranch Community Facilities District 1, Florence, Arizona, General Obligation Bonds, Series 2008A, 7.400%, 7/15/33		7/18 at 100.00	N/R	524,153
2,175	Mohave County, Arizona, Certificates of Participation, Series 2004, 5.250%, 7/01/19 Insured	AMBAC	7/14 at 100.00	N/R	2,275,355
300	Page, Arizona, Pledged Revenue Bonds, Refunding Series 2011, 5.000%, 7/01/26		7/21 at 100.00	AA	342,891
640	Palm Valley Community Facility District 3, Goodyear, Arizona, General Obligation Bonds, Series 2006, 5.300%, 7/15/31		7/16 at 100.00	N/R	552,845
425	Palm Valley Community Facility District 3, Goodyear, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.800%, 7/15/32		7/17 at 100.00	N/R	386,725

38 Nuveen Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Tax Obligation/Limited (continued)				
\$ 160	Parkway Community Facilities District 1, Prescott Valley, Arizona, General Obligation Bonds, Series 2006, 5.350%, 7/15/31	7/16 at 100.00	N/R	\$ 139,082
170	Phoenix Mesa Gateway Airport Authority, Arizona, Special Facility Revenue Bonds, Mesa Project, Series 2012, 5.000%, 7/01/38 (Alternative Minimum Tax)	7/22 at 100.00	AA+	172,251
1,250	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 ACA Insured	No Opt. Call	BBB	1,257,525
250	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 5.375%, 8/01/39	2/20 at 100.00	A+	270,578
1,650	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010C, 0.000%, 8/01/38	No Opt. Call	A+	379,038
1,130	San Luis Civic Improvement Corporation, Arizona, Municipal Facilities Excise Tax Revenue Bonds, Series 2005, 5.000%, 7/01/25 SYNCORA GTY Insured	7/15 at 100.00	A+	1,195,529
2,000	Scottsdale Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Water & Sewer Improvements Project, Series 2010, 5.000%, 7/01/36	No Opt. Call	AAA	2,234,420
665	Tartesso West Community Facility District, Buckeye, Arizona, Limited Tax General Obligation Bonds, Series 2007, 5.900%, 7/15/32	7/17 at 100.00	N/R	612,492
750	Virgin Islands Public Finance Authority, Matching Fund Loan Notes Revenue Bonds, Senior Lien Series 2010A, 5.000%, 10/01/29	10/20 at 100.00	BBB	790,928
1,250	Vistancia Community Facilities District, Arizona, Restricted General Obligation Bonds, Series 2005, 5.750%, 7/15/24	7/15 at 100.00	A1	1,342,725
637	Watson Road Community Facilities District, Arizona, Special Assessment Revenue Bonds, Series 2005, 6.000%, 7/01/30	7/16 at 100.00	N/R	575,950
425	Westpark Community Facilities District, Buckeye, Arizona, General Obligation Tax Increment Bonds Series 2006, 5.250%, 7/15/31	7/16 at 100.00	N/R	364,807
20,384	Total Tax Obligation/Limited			19,660,165
Transportation 5.7% (4.0% of Total Investments)				
Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 2002B:				
300	5.750%, 7/01/16 FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	AA	304,275
2,300	5.250%, 7/01/21 FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	AA	2,317,365
2,600	Total Transportation			2,621,640
U.S. Guaranteed 10.1% (7.0% of Total Investments) (5)				
1,130	Energy Management Services LLC, Arizona State University, Energy Conservation Revenue Bonds, Main Campus Project, Series 2002, 5.250%, 7/01/18 (Pre-refunded 7/01/12) NPMG Insured	7/12 at 100.00	AA (5)	1,149,300
1,575	Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2004A, 5.000%, 7/01/20 (Pre-refunded 7/01/14) AGM Insured	7/14 at 100.00	AA (5)	1,743,289
270	Maricopa County, Arizona, Hospital Revenue Bonds, Sun Health Corporation, Series 2005, 5.000%, 4/01/16 (Pre-refunded 4/01/15)	4/15 at 100.00	N/R (5)	306,437
1,400	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/18 (Pre-refunded 7/01/12) FGIC Insured	7/12 at 100.00	AAA	1,422,876
4,375	Total U.S. Guaranteed			4,621,902
Utilities 16.9% (11.8% of Total Investments)				
1,200	Maricopa County Pollution Control Corporation, Arizona, Pollution Control Revenue Refunding Bonds, Southern California Edison Company, Series 2000A, 5.000%, 6/01/35	6/20 at 100.00	A1	1,305,144
1,250	Maricopa County Pollution Control Corporation, Arizona, Revenue Bonds, Arizona Public Service Company Palo Verde Project, Series 2002A, 5.050%, 5/01/29 AMBAC Insured	11/12 at 100.00	BBB	1,259,088
665	Pima County Industrial Development Authority, Arizona, Revenue Bonds, Tucson Electric Power Company, Refunding Series 2008, 5.750%, 9/01/29	1/15 at 100.00	BBB	695,444

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500	Pinal County Electrical District 3, Arizona, Electric System Revenue Bonds, Refunding Series 2011, 5.250%, 7/01/36	7/21 at 100.00	A	539,985
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Nuveen Investments 39

Nuveen Arizona Dividend Advantage Municipal Fund 3 (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Utilities (continued)				
\$ 1,660	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 SYNCORA GTY Insured	7/15 at 100.00	A3	\$ 1,749,806
775	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Tender Option Bond Trust 09-9W, 17.970%, 1/01/38 (IF) (6)	1/18 at 100.00	Aa1	1,055,240
1,165	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37	No Opt. Call	A	1,166,654
7,215	Total Utilities			7,771,361
Water and Sewer 9.5% (6.7% of Total Investments)				
500	Glendale, Arizona, Water and Sewer Revenue Bonds, Refunding Series 2012, 5.000%, 7/01/28	7/22 at 100.00	AA	585,155
955	Goodyear, Arizona, Water and Sewer Revenue Obligations, Series 2010, 5.625%, 7/01/39	7/20 at 100.00	A+	1,032,747
405	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 NPG Insured	7/13 at 100.00	AA	419,953
750	Puerto Rico Aqueduct and Sewerage Authority, Revenue Bonds, Senior Lien Series 2008A, 6.000%, 7/01/38	7/18 at 100.00	Baa2	809,033
Surprise Municipal Property Corporation, Arizona, Wastewater System Revenue Bonds, Series 2007:				
425	4.700%, 4/01/22	4/14 at 100.00	N/R	433,738
490	4.900%, 4/01/32	4/17 at 100.00	N/R	496,203
615	Yuma County Industrial Development Authority, Arizona, Exempt Revenue Bonds, Far West Water & Sewer Inc. Refunding, Series 2007A, 6.375%, 12/01/37 (Alternative Minimum Tax)	12/17 at 100.00	N/R	586,501
4,140	Total Water and Sewer			4,363,330
\$ 64,349	Total Investments (cost \$62,398,752) 143.2%			65,747,546
	MuniFund Term Preferred Shares, at Liquidation Value (45.4)% (7)			(20,846,000)
	Other Assets Less Liabilities 2.2%			1,002,480
	Net Assets Applicable to Common Shares 100%			\$ 45,904,026

- (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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Investment valued at fair value using methods determined in good faith by, or at the discretion of, the Board of Trustees. For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 General Information and Significant Accounting Policies, Investment Valuation for more information.

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- (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.
 - (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
 - (7) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 31.7%.
- N/R Not rated.
- (IF) Inverse floating rate investment.

See accompanying notes to financial statements.

40 Nuveen Investments

Nuveen Texas Quality Income Municipal Fund

Portfolio of Investments

February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Consumer Staples 1.5% (1.0% of Total Investments)				
\$ 2,225	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100.00	BBB	\$ 2,201,215
Education and Civic Organizations 11.5% (7.8% of Total Investments)				
2,000	Board of Regents, University of Texas System, Financing System Revenue Bonds, Refunding Series 2012B, 5.000%, 8/15/22 (WI/DD, Settling 3/21/12)	No Opt. Call	AAA	2,566,640
1,000	Hale Center Education Facilities Corporation, Texas, Revenue Bonds, Wayland Baptist University Project, Improvement and Refunding Series 2010, 5.000%, 3/01/35	3/21 at 100.00	A	1,061,400
2,000	Laredo Community College District, Webb County, Texas, Combined Fee Revenue Bonds, Series 2010, 5.250%, 8/01/35 AGM Insured	8/20 at 100.00	AA	2,209,560
Red River Education Finance Corporation, Texas, Revenue Bonds, Hockaday School, Series 2005:				
1,170	5.000%, 5/15/27	5/15 at 100.00	AA	1,249,256
1,230	5.000%, 5/15/28	5/15 at 100.00	AA	1,309,962
1,290	5.000%, 5/15/29	5/15 at 100.00	AA	1,370,599
Texas Public Finance Authority, Revenue Bonds, Texas Southern University Financing System, Series 2003:				
1,710	5.000%, 5/01/18 FGIC Insured	5/13 at 100.00	Baa1	1,723,629
1,795	5.000%, 5/01/19 FGIC Insured	5/13 at 100.00	Baa1	1,806,255
1,885	5.000%, 5/01/20 FGIC Insured	5/13 at 100.00	Baa1	1,894,029
1,665	Texas State University System, Financing Revenue Bonds, Series 2004, 5.000%, 3/15/24 AGM Insured	9/14 at 100.00	Aa2	1,825,939
15,745	Total Education and Civic Organizations			17,017,269
Energy 2.0% (1.4% of Total Investments)				
3,000	Gulf Coast Waste Disposal Authority, Texas, Waste Disposal Revenue Bonds, Valero Energy Corporation Project, Series 1998, 5.600%, 4/01/32 (Alternative Minimum Tax)	4/12 at 100.00	BBB	3,000,810
Health Care 14.4% (9.8% of Total Investments)				
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 100.00	BBB	1,775,572
1,835	5.250%, 7/01/21 RAAI Insured	7/14 at 100.00	BBB	1,859,828
1,350	Harrison County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Good Shepherd Health System, Refunding Series 2010, 5.250%, 7/01/28	7/20 at 100.00	BBB+	1,373,153
2,000	North Central Texas Health Facilities Development Corporation, Texas, Revenue Bonds, Children's Medical Center Dallas Project, Series 2009, 5.750%, 8/15/39	8/19 at 100.00	Aa3	2,228,600
Richardson Hospital Authority, Texas, Revenue Bonds, Richardson Regional Medical Center, Series 2004:				
2,000	5.875%, 12/01/24	12/13 at 100.00	A	2,073,920
1,000	6.000%, 12/01/34	12/13 at 100.00	A	1,031,360

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2,500	Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Texas Health Resources, Series 2007B, 5.000%, 11/15/42	11/17 at 100.00	AA	2,642,725
1,250	Tarrant County Cultural Education Facilities Finance Corporation, Texas, Hospital Revenue Bonds, Scott & White HealthCare Project, Series 2010, 5.250%, 8/15/40	8/20 at 100.00	A1	1,321,200
2,000	Tarrant County Cultural Education Facilities Finance Corporation, Texas, Revenue Refunding Bonds, Christus Health, Series 2008, 6.500%, 7/01/37 AGC Insured	1/19 at 100.00	AA	2,304,840
1,720	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, East Texas Medical Center Regional Healthcare System, Series 2007A, 5.375%, 11/01/37	11/17 at 100.00	Baa2	1,733,657
700	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2007B, 5.000%, 7/01/37	7/17 at 100.00	Baa1	704,676
2,250	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2007, 5.000%, 7/01/33	7/17 at 100.00	Baa1	2,282,985
20,350	Total Health Care			21,332,516

Nuveen Investments 41

Nuveen Texas Quality Income Municipal Fund (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Housing/Multifamily 1.7% (1.2% of Total Investments)				
Bexar County Housing Finance Corporation, Texas, Insured Multifamily Housing Revenue Bonds, Waters at Northern Hills Apartments Project, Series 2001A:				
\$ 2,000	6.000%, 8/01/31 NPF Insured	8/12 at 101.00	Baa2	\$ 1,851,060
750	6.050%, 8/01/36 NPF Insured	8/12 at 101.00	Baa2	684,218
2,750	Total Housing/Multifamily			2,535,278
Housing/Single Family 2.4% (1.6% of Total Investments)				
1,217	El Paso Housing Finance Corporation, Texas, GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 2001A-3, 6.180%, 4/01/33	4/12 at 105.75	AA+	1,269,433
2,325	Texas Department of Housing and Community Affairs, Single Family Mortgage Bonds, Series 2002B, 5.550%, 9/01/33 NPF Insured (Alternative Minimum Tax)	5/12 at 100.00	AA+	2,326,837
3,542	Total Housing/Single Family			3,596,270
Long-Term Care 1.1% (0.7% of Total Investments)				
Bexar County, Texas, Health Facilities Development Corporation Revenue Bonds, Army Retirement Residence, Series 2007:				
1,000	5.000%, 7/01/27	7/17 at 100.00	BBB	1,026,540
600	5.000%, 7/01/37	7/17 at 100.00	BBB	596,970
1,600	Total Long-Term Care			1,623,510
Materials 2.0% (1.4% 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)	3/12 at 100.00	BBB	3,008,250
Tax Obligation/General 37.6% (25.5% of Total Investments)				
650	Bexar County, Texas, General Obligation Bonds, Series 2004, 5.000%, 6/15/19	6/14 at 100.00	Aaa	710,190
2,000	Borger Independent School District, Hutchison County, Texas, General Obligation Bonds, Series 2006, 5.000%, 2/15/36	2/16 at 100.00	AAA	2,210,100
400	Calallen Independent School District, Nueces County, Texas, General Obligation Bonds, School Building Series 2008, 5.000%, 2/15/38	2/18 at 100.00	AAA	433,704
1,190	Canutillo Independent School District, El Paso County, Texas, General Obligation Bonds, Series 2006A, 5.000%, 8/15/22	8/15 at 100.00	AAA	1,350,436
325	Copperas Cove, Texas, Certificates of Obligation, Series 2003, 5.000%, 8/15/23 NPF Insured	8/12 at 100.00	AA	330,704
2,305	Corpus Christi, Texas, Combination Tax and Municipal Hotel Occupancy Tax Revenue Certificates of Obligation, Series 2002, 5.500%, 9/01/21 AGM Insured	9/12 at 100.00	Aa2	2,362,717
1,750	El Paso County, Texas, Certificates of Obligation, Series 2001, 5.000%, 2/15/21 AGM Insured	No Opt. Call	AA	2,159,833
Fort Bend County Municipal Utility District 25, Texas, General Obligation Bonds, Series 2005:				
1,330	5.000%, 10/01/26 FGIC Insured	10/12 at 100.00	A	1,342,090
1,320	5.000%, 10/01/27 FGIC Insured	10/12 at 100.00	A	1,331,339
3,615	Frisco, Texas, General Obligation Bonds, Series 2006, 5.000%, 2/15/26 FGIC Insured	2/16 at 100.00	Aa1	4,033,147
8,500	Grand Prairie Independent School District, Dallas County, Texas, General Obligation Bonds, Capital Appreciation Refunding Series 2009, 0.000%, 8/15/39	8/18 at 22.64	AA	1,489,795
5,000	Houston, Texas, General Obligation Bonds, Series 2005E, 5.000%, 3/01/23 AMBAC Insured	3/15 at 100.00	AA	5,592,600
100	Judson Independent School District, Bexar County, Texas, General Obligation Refunding Bonds, Series 2002, 5.250%, 2/01/21	5/12 at 100.00	Aaa	100,397

Explanation of Responses:

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4,900	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/45	8/14 at 17.78	AAA	797,965
1,000	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2008, 0.000%, 8/15/36	8/17 at 33.01	AAA	262,400
365	Lone Star College System, Harris and Montgomery Counties, Texas, General Obligation Bonds, Series 2009, 5.000%, 8/15/34	8/19 at 100.00	AAA	419,918
42	Nuveen Investments			

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Tax Obligation/General (continued)				
\$ 1,750	Martin County Hospital District, Texas, Combination Limited Tax and Revenue Bonds, Series 2011A, 7.250%, 4/01/36	4/21 at 100.00	N/R	\$ 1,919,400
1,010	Mercedes Independent School District, Hidalgo County, Texas, General Obligation Bonds, Series 2005, 5.000%, 8/15/23	8/15 at 100.00	AAA	1,146,168
5,515	Midlothian Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2005, 5.000%, 2/15/34	2/15 at 100.00	Aaa	5,809,997
1,500	Montgomery County, Texas, General Obligation Bonds, Refunding Series 2008B, 5.250%, 3/01/32	3/19 at 100.00	Aa1	1,731,795
2,000	Plano Independent School District, Collin County, Texas, General Obligation Bonds, Series 2008A, 5.250%, 2/15/34	2/18 at 100.00	Aaa	2,234,100
1,425	Port of Houston Authority, Harris County, Texas, General Obligation Bonds, Series 2010E, 0.000%, 10/01/35	No Opt. Call	AAA	548,967
Roma Independent School District, Texas, General Obligation Bonds, Series 2005:				
1,110	5.000%, 8/15/22	8/15 at 100.00	AAA	1,255,599
1,165	5.000%, 8/15/23 AGM Insured	8/15 at 100.00	AAA	1,319,945
1,250	Southside Independent School District, Bexar County, Texas, General Obligation Bonds, Series 2004A, 5.000%, 8/15/22	8/14 at 100.00	Aaa	1,372,150
1,140	Sunnyvale School District, Texas, General Obligation Bonds, Series 2004, 5.250%, 2/15/25	2/14 at 100.00	AAA	1,232,340
5,000	Texas State, General Obligation Bonds, Transportation Commission Mobility Fund, Series 2006A, 5.000%, 4/01/33 (UB)	4/17 at 100.00	Aaa	5,769,900
1,000	Texas State, General Obligation Bonds, Transportation Commission Mobility Fund, Series 2008, 5.000%, 4/01/30 (UB)	4/18 at 100.00	Aaa	1,160,340
1,110	Texas State, General Obligation Bonds, Water Utility, Series 2001, 5.250%, 8/01/23	5/12 at 100.00	Aaa	1,114,462
3,025	Victoria Independent School District, Victoria County, Texas, General Obligation Bonds, Series 2007, 5.000%, 2/15/32	2/17 at 100.00	AAA	3,394,534
West Texas Independent School District, McLennan and Hill Counties, General Obligation Refunding Bonds, Series 1998:				
45	0.000%, 8/15/22	8/13 at 61.20	AAA	27,078
45	0.000%, 8/15/24	8/13 at 54.88	AAA	24,227
White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006:				
1,500	0.000%, 8/15/43	8/15 at 23.12	AAA	299,490
1,500	0.000%, 8/15/44	8/15 at 21.88	AAA	283,050
425	0.000%, 8/15/45	8/15 at 20.76	AAA	76,011
66,265	Total Tax Obligation/General			55,646,888
Tax Obligation/Limited 15.1% (10.2% of Total Investments)				
1,000	Bexar County, Texas, Venue Project Revenue Bonds, Refunding Series 2010, 5.250%, 8/15/38 AGM Insured	8/19 at 100.00	AA	1,087,660
7,940	Dallas Area Rapid Transit, Texas, Sales Tax Revenue Bonds, Senior Lien Refunding Series 2007, 5.000%, 12/01/36 AMBAC Insured	12/16 at 100.00	AA+	8,502,073
1,390	Harris County Metropolitan Transit Authority, Texas, Sales and Use Tax Revenue Bonds, Series 2011A, 5.000%, 11/01/41	11/21 at 100.00	AA	1,555,521
Harris County-Houston Sports Authority, Texas, Revenue Bonds, Junior Lien Series 2001H:				
1,720	0.000%, 11/15/34 NPFPG Insured	11/31 at 83.17	BBB	391,885
930	0.000%, 11/15/36 NPFPG Insured	11/31 at 73.51	BBB	183,796
3,265	0.000%, 11/15/38 NPFPG Insured	11/31 at 64.91	BBB	558,642
Harris County-Houston Sports Authority, Texas, Revenue Bonds, Senior Lien Series 2001G:				
2,250	5.250%, 11/15/22 NPFPG Insured	5/12 at 100.00	BBB	2,249,798
3,275	0.000%, 11/15/41 NPFPG Insured	11/31 at 53.78	BBB	486,796

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1,470	Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B, 0.000%, 9/01/32 AMBAC Insured	No Opt. Call	A2	503,387
			Nuveen Investments	43

Nuveen Texas Quality Income Municipal Fund (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Tax Obligation/Limited (continued)				
\$ 3,000	North Texas Tollway Authority, Special Projects System Revenue Bonds, Current Interest Series 2011D, 5.000%, 9/01/31	9/21 at 100.00	AA	\$ 3,411,900
2,000	North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011A, 5.500%, 9/01/41	9/21 at 100.00	AA	2,306,220
1,000	Uptown Development Authority, Houston, Texas, Tax Increment Revenue Bonds, Infrastructure Improvement Facilities, Series 2009, 5.500%, 9/01/29	9/19 at 100.00	BBB	1,081,610
29,240	Total Tax Obligation/Limited			22,319,288
Transportation 11.9% (8.1% of Total Investments)				
1,000	Austin, Texas, Airport System Prior Lien Revenue Bonds, Series 2003, 5.250%, 11/15/16 NPFQ Insured	11/13 at 100.00	A	1,066,340
Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2010:				
2,945	0.000%, 1/01/36	No Opt. Call	BBB	739,431
2,205	0.000%, 1/01/37	No Opt. Call	BBB	519,939
2,000	0.000%, 1/01/38	No Opt. Call	BBB	442,720
3,260	Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/22 FGIC Insured	1/15 at 100.00	BBB	3,303,651
1,000	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Bonds, Refunding Series 2010A, 5.000%, 11/01/42	11/20 at 100.00	A+	1,075,270
1,165	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Bonds, Refunding Series 2012B, 5.000%, 11/01/35 (WI/DD, Settling 3/01/12)	11/20 at 100.00	A+	1,271,458
500	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 2000A, 5.625%, 7/01/30 AGM Insured (Alternative Minimum Tax)	7/12 at 100.00	AA	500,605
3,000	Love Field Airport Modernization Corporation, Texas, Special Facilities Revenue Bonds, Southwest Airlines Company, Series 2010, 5.250%, 11/01/40	11/20 at 100.00	BBB	3,114,030
395	North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Series 2008A, 5.750%, 1/01/40	1/18 at 100.00	A2	429,476
North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Series 2008B:				
325	5.750%, 1/01/40	1/18 at 100.00	A2	353,366
225	5.750%, 1/01/40 NPFQ Insured	1/18 at 100.00	A2	244,638
2,500	North Texas Tollway Authority, First Tier System Revenue Refunding Bonds, Series 2008D, 0.000%, 1/01/36 AGC Insured	No Opt. Call	AA	746,475
950	North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38	1/18 at 100.00	A3	1,024,727
North Texas Tollway Authority, System Revenue Bonds, First Tier Series 2009A:				
100	6.100%, 1/01/28	1/19 at 100.00	A2	116,778
2,000	6.250%, 1/01/39	1/19 at 100.00	A2	2,259,780
1,250	Texas Turnpike Authority, Central Texas Turnpike System Revenue Bonds, First Tier Series 2002A, 0.000%, 8/15/29 AMBAC Insured	8/12 at 37.09	BBB+	446,225
24,820	Total Transportation			17,654,909
U.S. Guaranteed 15.6% (10.6% of Total Investments) (4)				
610	Bexar County, Texas, General Obligation Bonds, Series 2004, 5.000%, 6/15/19 (Pre-refunded 6/15/14)	6/14 at 100.00	Aaa	675,343

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295	Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1992, 0.000%, 8/15/14 NPFPG Insured (ETM)	No Opt. Call	Aa3 (4)	291,540
950	Copperas Cove, Texas, Certificates of Obligation, Series 2003, 5.000%, 8/15/23 (Pre-refunded 8/15/12) NPFPG Insured	8/12 at 100.00	A3(4)	971,299
1,095	Denton County, Texas, Permanent Improvement General Obligation Bonds, Series 2005, 5.000%, 7/15/25 (Pre-refunded 7/15/12)	7/12 at 100.00	AAA	1,115,137
	Houston Community College System, Texas, Limited Tax General Obligation Bonds, Series 2003:			
2,500	5.000%, 2/15/20 (Pre-refunded 2/15/13) AMBAC Insured	2/13 at 100.00	AA+ (4)	2,612,050
2,235	5.000%, 2/15/21 (Pre-refunded 2/15/13) AMBAC Insured	2/13 at 100.00	AA+ (4)	2,335,173

44 Nuveen Investments

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
U.S. Guaranteed (4) (continued)				
\$ 1,000	Mansfield Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2004, 5.000%, 2/15/20 (Pre-refunded 2/15/14)	2/14 at 100.00	AAA	\$ 1,086,990
1,000	North Central Texas Health Facilities Development Corporation, Hospital Revenue Bonds, Presbyterian Healthcare System, Series 1996B, 5.750%, 6/01/26 NPMG Insured (ETM)	No Opt. Call	Aaa	1,279,800
2,500	Retama Development Corporation, Texas, Special Facilities Revenue Bonds, Retama Park Racetrack, Series 1993, 8.750%, 12/15/18 (Pre-refunded 12/15/17)	12/17 at 100.00	Aaa	3,587,550
1,440	South Texas Community College District, Hidalgo and Starr Counties, Texas, General Obligation Bonds, Series 2002, 5.500%, 8/15/17 (Pre-refunded 8/15/12) AMBAC Insured	8/12 at 100.00	Aa2 (4)	1,475,597
1,500	Texas, General Obligation Refunding Bonds, Public Finance Authority, Series 2002, 5.000%, 10/01/18 (Pre-refunded 10/01/12)	10/12 at 100.00	Aaa	1,542,855
1,000	Tyler Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Mother Frances Hospital Regional Healthcare Center, Series 2001, 6.000%, 7/01/31 (Pre-refunded 7/01/12)	7/12 at 100.00	Baa1 (4)	1,019,860
4,000	University of North Texas, Financing System Revenue Bonds, Series 2001, 5.000%, 4/15/24 (Pre-refunded 4/15/12) AGM Insured	4/12 at 100.00	Aa2 (4)	4,024,960
West Texas Independent School District, McLennan and Hill Counties, General Obligation Refunding Bonds, Series 1998:				
955	0.000%, 8/15/22 (Pre-refunded 8/15/13)	8/13 at 61.21	N/R (4)	581,509
955	0.000%, 8/15/24 (Pre-refunded 8/15/13)	8/13 at 54.88	N/R (4)	521,411
22,035	Total U.S. Guaranteed			23,121,074
Utilities 15.4% (10.4% 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 101.00	Ca	384,819
5,000	Brownsville, Texas, Utility System Priority Revenue Bonds, Series 2005A, 5.000%, 9/01/27 AMBAC Insured	9/15 at 100.00	A+	5,276,150
2,000	Bryan, Brazos County, Texas, Electric System Revenue Bonds, Series 2009, 5.000%, 7/01/34	7/17 at 100.00	A+	2,135,300
3,000	Lower Colorado River Authority, Texas, Refunding Revenue Bonds, Series 2010A, 5.000%, 5/15/40	5/20 at 100.00	A1	3,239,640
2,000	Lower Colorado River Authority, Texas, Revenue Bonds, Series 2008, 5.750%, 5/15/37	5/15 at 100.00	A1	2,157,900
1,500	Matagorda County Navigation District Number One, Texas, Pollution Control Revenue Refunding Bonds, Central Power and Light Company Project, Series 2009A, 6.300%, 11/01/29	7/19 at 102.00	BBB	1,725,360
Texas Municipal Gas Acquisition and Supply Corporation I, Gas Supply Revenue Bonds, Senior Lien Series 2008D:				
1,340	5.625%, 12/15/17	No Opt. Call	A	1,493,551
3,000	6.250%, 12/15/26	No Opt. Call	A	3,532,500
1,000	Texas Municipal Gas Acquisition and Supply Corporation I, Gas Supply Revenue Bonds, Series 2006A, 5.250%, 12/15/20	No Opt. Call	A	1,085,400
Texas Municipal Power Agency, Revenue Bonds, Transmission Refunding Series 2010:				
640	5.000%, 9/01/34	9/20 at 100.00	A+	703,917
1,000	5.000%, 9/01/40	9/20 at 100.00	A+	1,089,930
23,040	Total Utilities			22,824,467
Water and Sewer 15.2% (10.3% of Total Investments)				
2,500	Bexar Metropolitan Water District, Texas, Waterworks System Revenue Bonds, Refunding Series 2010, 5.875%, 5/01/40	5/20 at 100.00	A1	2,811,800
2,500	Canadian River Municipal Water Authority, Texas, Contract Revenue Bonds, Conjunctive Use Groundwater Supply Project, Subordinate Lien Series 2011, 5.000%, 2/15/31	No Opt. Call	Aa3	2,815,975

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Coastal Water Authority, Texas, Contract Revenue Bonds, Houston Water Projects, Series 2004:

1,005	5.000%, 12/15/20	FGIC Insured	12/14 at 100.00	BBB	1,066,496
1,030	5.000%, 12/15/21	FGIC Insured	12/14 at 100.00	BBB	1,089,266
1,000	El Paso, Texas, Water and Sewer Revenue Bonds, Refunding Series 2008C, 5.375%, 3/01/29		3/18 at 100.00	AA	1,204,530
3,000	Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2004A, 5.250%, 5/15/23		5/14 at 100.00	AA	3,286,620

Nuveen Investments 45

Nuveen Texas Quality Income Municipal Fund (continued)

Portfolio of Investments February 29, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
Water and Sewer (continued)				
Irving, Texas, Subordinate Lien Waterworks and Sewerage Revenue Bonds, Series 2004:				
\$ 1,680	5.000%, 8/15/22 AMBAC Insured	8/14 at 100.00	Aa1	\$ 1,851,091
1,760	5.000%, 8/15/23 AMBAC Insured	8/14 at 100.00	Aa1	1,936,510
4,000	Laredo, Webb County, Texas, Waterworks and Sewer System Revenue Bonds, Series 2010, 5.250%, 3/01/40	3/20 at 100.00	AA	4,378,320
710	North Fort Bend Water Authority, Texas, Water System Revenue Bonds, Series 2011, 5.000%, 12/15/36 AGM Insured	12/21 at 100.00	AA	763,156
1,260	Rowlett, Rockwall and Dallas Counties, Texas, Waterworks and Sewerage System Revenue Bonds, Series 2004A, 5.000%, 3/01/22 NPF Insured	3/14 at 100.00	AA	1,322,858
20,445	Total Water and Sewer			22,526,622
\$ 238,057	Total Investments (cost \$204,367,183)	147.4%		218,408,366
	Floating Rate Obligations	(2.7)%		(3,960,000)
	MuniFund Term Preferred Shares, at Liquidation Value	(47.8)% (5)		(70,920,000)
	Other Assets Less Liabilities	3.1%		4,694,071
	Net Assets Applicable to Common Shares	100%		\$ 148,222,437

- (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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group (Standard & Poor's), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch) rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities.
- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 32.5%.

N/R Not rated.

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

(ETM) Escrowed to maturity.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Statement of

Assets & Liabilities

February 29, 2012

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Assets					
Investments, at value (cost \$85,604,367, \$31,868,925, \$52,377,523, \$62,398,752 and \$204,367,183, respectively)	\$ 93,333,482	\$ 33,882,570	\$ 55,456,991	\$ 65,747,546	\$ 218,408,366
Cash		129,934			3,724,873
Receivables:					
Interest	942,556	348,822	577,920	653,780	2,703,705
Investments sold	378,892		235,527	614,402	2,003,681
Deferred offering costs	80,290	358,014	444,966	537,711	1,059,128
Other assets	2,498	1,390	1,625	1,875	5,426
Total assets	94,737,718	34,720,730	56,717,029	67,555,314	227,905,179
Liabilities					
Cash overdraft	81,874		85,698	364,407	
Floating rate obligations					3,960,000
Payables:					
Common share dividends	271,212	97,099	159,339	192,877	615,979
Interest	26,355	19,596	33,058	52,053	140,447
Investments purchased					3,814,155
Offering costs		104,407	103,482	124,050	39,399
MuniFund Term Preferred (MTP) Shares, at liquidation value		11,100,000	18,725,000	20,846,000	70,920,000
Variable Rate MuniFund Term Preferred (VMTP) Shares, at liquidation value	28,000,000				
Accrued expenses:					
Management fees	47,561	17,010	26,160	34,091	109,101
Other	42,692	33,585	37,813	37,810	83,661
Total liabilities	28,469,694	11,371,697	19,170,550	21,651,288	79,682,742
Net assets applicable to Common shares	\$ 66,268,024	\$ 23,349,033	\$ 37,546,479	\$ 45,904,026	\$ 148,222,437
Common shares outstanding	4,470,695	1,548,312	2,439,551	3,066,030	9,587,454
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.82	\$ 15.08	\$ 15.39	\$ 14.97	\$ 15.46
Net assets applicable to Common shares consist of:					
Common shares, \$.01 par value per share	\$ 44,707	\$ 15,483	\$ 24,396	\$ 30,660	\$ 95,875
Paid-in surplus	60,424,984	21,781,768	34,412,701	43,099,258	135,653,870
Undistributed (Over-distribution of) net investment income	1,275,099	189,068	322,384	365,460	1,125,225
Accumulated net realized gain (loss)	(3,205,881)	(650,931)	(292,470)	(940,146)	(2,693,716)
Net unrealized appreciation (depreciation)	7,729,115	2,013,645	3,079,468	3,348,794	14,041,183

Explanation of Responses:

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Net assets applicable to Common shares	\$ 66,268,024	\$ 23,349,033	\$ 37,546,479	\$ 45,904,026	\$ 148,222,437
Authorized shares:					
Common	200,000,000	Unlimited	Unlimited	Unlimited	Unlimited
Auction Rate Preferred Shares (ARPS)	1,000,000	Unlimited	Unlimited	Unlimited	Unlimited
MTP		Unlimited	Unlimited	Unlimited	Unlimited
VMTP	Unlimited				

See accompanying notes to financial statements.

Statement of

Operations

Year ended February 29, 2012

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Investment Income	\$ 4,511,716	\$ 1,653,581	\$ 2,723,693	\$ 3,255,413	\$ 10,672,272
Expenses					
Management fees	578,976	206,669	347,914	416,852	1,342,612
Auction fees	12,656				
Dividend disbursing agent fees	10,000			6,712	
Shareholders' servicing agent fees and expenses	13,884	26,156	16,587	17,970	26,179
Interest expense and amortization of offering costs	216,746	324,879	505,731	711,161	1,927,837
Custodian's fees and expenses	19,791	10,838	16,015	16,180	41,878
Directors' /Trustees' fees and expenses	2,714	1,130	1,750	2,025	6,370
Professional fees	34,387	28,378	28,111	26,695	25,658
Shareholders' reports' printing and mailing expenses	17,121	12,996	23,361	18,540	43,715
Stock exchange listing fees	8,906	203	19,810	13,831	28,028
Investor relations expense	6,854	2,925	4,667	5,413	16,890
Other expenses	24,814	31,207	20,807	8,400	32,131
Total expenses before custodian fee credit and expense reimbursement	946,849	645,381	984,753	1,243,779	3,491,298
Custodian fee credit	(830)	(202)	(322)	(605)	(1,039)
Expense reimbursement			(30,001)		
Net expenses	946,019	645,179	954,430	1,243,174	3,490,259
Net investment income (loss)	3,565,697	1,008,402	1,769,263	2,012,239	7,182,013
Realized and Unrealized Gain (Loss)					
Net realized gain (loss) from investments	109,602	53,319	307,097	136,252	(1,681,044)
Change in net unrealized appreciation (depreciation) of investments	6,768,696	2,855,887	3,579,761	4,821,432	15,782,348
Net realized and unrealized gain (loss)	6,878,298	2,909,206	3,886,858	4,957,684	14,101,304
Distributions to Auction Rate Preferred Shareholders					
From net investment income	(38,807)			(4,515)	
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(38,807)			(4,515)	
Net increase (decrease) in net assets applicable to Common shares from operations	\$ 10,405,188	\$ 3,917,608	\$ 5,656,121	\$ 6,965,408	\$ 21,283,317

See accompanying notes to financial statements.

Statement of

Changes in Net Assets

	Arizona Premium Income (NAZ)			Arizona Dividend Advantage (NFZ)		
	Year Ended 2/29/12	Seven Months Ended 2/28/11	Year Ended 7/31/10	Year Ended 2/29/12	Seven Months Ended 2/28/11	Year Ended 7/31/10
Operations						
Net investment income (loss)	\$ 3,565,697	\$ 2,184,168	\$ 3,766,020	\$ 1,008,402	\$ 679,295	\$ 1,318,611
Net realized gain (loss) from investments	109,602	70,746	211,410	53,319	70,054	3,081
Change in net unrealized appreciation (depreciation) of investments	6,768,696	(3,534,279)	4,067,325	2,855,887	(1,397,076)	2,172,884
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(38,807)	(67,929)	(115,298)		(12,050)	(44,516)
From accumulated net realized gains						
Net increase (decrease) in net assets applicable to Common shares from operations	10,405,188	(1,347,294)	7,929,457	3,917,608	(659,777)	3,450,060
Distributions to Common Shareholders						
From net investment income	(3,393,258)	(1,955,790)	(3,146,573)	(1,198,393)	(699,030)	(1,070,455)
From accumulated net realized gains						
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(3,393,258)	(1,955,790)	(3,146,573)	(1,198,393)	(699,030)	(1,070,455)
Capital Share Transactions						
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions		10,632	10,931		4,230	
Net increase (decrease) in net assets applicable to Common shares from capital share transactions		10,632	10,931		4,230	
Net increase (decrease) in net assets applicable to Common shares	7,011,930	(3,292,452)	4,793,815	2,719,215	(1,354,577)	2,379,605
Net assets applicable to Common shares at the beginning of period	59,256,094	62,548,546	57,754,731	20,629,818	21,984,395	19,604,790
Net assets applicable to Common shares at the end of period	\$ 66,268,024	\$ 59,256,094	\$ 62,548,546	\$ 23,349,033	\$ 20,629,818	\$ 21,984,395
Undistributed (Over-distribution of) net investment income at the end of period	\$ 1,275,099	\$ 1,121,954	\$ 961,516	\$ 189,068	\$ 282,359	\$ 278,947

See accompanying notes to financial statements.

Statement of
Changes in Net Assets (continued)

	Arizona Dividend Advantage 2 (NKR)			Arizona Dividend Advantage 3 (NXE)		
	Year	Year	Year	Year	Year	Year
	Ended	Seven Months Ended	Ended	Ended	Seven Months Ended	Ended
	2/29/12	2/28/11	7/31/10	2/29/12	2/28/11	7/31/10
Operations						
Net investment income (loss)	\$ 1,769,263	\$ 1,087,152	\$ 2,199,716	\$ 2,012,239	\$ 1,453,852	\$ 2,646,131
Net realized gain (loss) from investments	307,097	55,036	15,295	136,252	190,001	103,076
Change in net unrealized appreciation (depreciation) of investments	3,579,761	(1,860,579)	2,615,288	4,821,432	(2,270,250)	3,715,857
Distributions to Auction Rate Preferred Shareholders:						
From net investment income		(18,967)	(69,894)	(4,515)	(45,179)	(76,983)
From accumulated net realized gains						
Net increase (decrease) in net assets applicable to Common shares from operations	5,656,121	(737,358)	4,760,405	6,965,408	(671,576)	6,388,081
Distributions to Common Shareholders						
From net investment income	(1,961,397)	(1,144,149)	(1,856,497)	(2,317,919)	(1,352,119)	(2,236,669)
From accumulated net realized gains						
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(1,961,397)	(1,144,149)	(1,856,497)	(2,317,919)	(1,352,119)	(2,236,669)
Capital Share Transactions						
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions						
Net increase (decrease) in net assets applicable to Common shares from capital share transactions						
Net increase (decrease) in net assets applicable to Common shares	3,694,724	(1,881,507)	2,903,908	4,647,489	(2,023,695)	4,151,412
Net assets applicable to Common shares at the beginning of period	33,851,755	35,733,262	32,829,354	41,256,537	43,280,232	39,128,820
Net assets applicable to Common shares at the end of period	\$ 37,546,479	\$ 33,851,755	\$ 35,733,262	\$ 45,904,026	\$ 41,256,537	\$ 43,280,232
Undistributed (Over-distribution of) net investment income at the end of period	\$ 322,384	\$ 395,361	\$ 427,638	\$ 365,460	\$ 544,489	\$ 487,582

See accompanying notes to financial statements.

	Texas		
	Quality Income (NTX)		
	Year		Year
	Ended	Seven Months Ended	Ended
	2/29/12	2/28/11	7/31/10
Operations			
Net investment income (loss)	\$ 7,182,013	\$ 4,618,090	\$ 8,942,581
Net realized gain (loss) from investments	(1,681,044)	213,495	197,927
Change in net unrealized appreciation (depreciation) of investments	15,782,348	(8,455,145)	10,122,568
Distributions to Auction Rate Preferred Shareholders:			
From net investment income		(85,730)	(257,907)
From accumulated net realized gains			(19,921)
Net increase (decrease) in net assets applicable to Common shares from operations	21,283,317	(3,709,290)	18,985,248
Distributions to Common Shareholders			
From net investment income	(8,211,637)	(4,775,546)	(7,745,753)
From accumulated net realized gains	(248,069)	(63,947)	(114,136)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(8,459,706)	(4,839,493)	(7,859,889)
Capital Share Transactions			
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions	548,918	318,797	441,175
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	548,918	318,797	441,175
Net increase (decrease) in net assets applicable to Common shares	13,372,529	(8,229,986)	11,566,534
Net assets applicable to Common shares at the beginning of period	134,849,908	143,079,894	131,513,360
Net assets applicable to Common shares at the end of period	\$ 148,222,437	\$ 134,849,908	\$ 143,079,894
Undistributed (Over-distribution of) net investment income at the end of period	\$ 1,125,225	\$ 1,891,219	\$ 2,042,050

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended February 29, 2012

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)
Cash Flows from Operating Activities:			
Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations	\$ 10,405,188	\$ 3,917,608	\$ 5,656,121
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:			
Purchases of investments	(7,003,987)	(2,557,441)	(8,471,522)
Proceeds from sales and maturities of investments	6,120,847	2,445,295	8,633,476
Amortization (Accretion) of premiums and discounts, net	68,321	58,948	40,578
(Increase) Decrease in:			
Receivable for interest	(40,383)	(9,049)	15,461
Receivable for investments sold	(348,892)		2,284,809
Other assets	7,710	2,748	4,744
Increase (Decrease) in:			
Payable for Auction Rate Preferred Share dividends	(966)		
Payable for interest	26,355	634	1,070
Payable for investments purchased			(3,027,216)
Accrued management fees	4,805	1,840	4,358
Accrued other expenses	6,598	22,527	20,378
Net realized (gain) loss from investments	(109,602)	(53,319)	(307,097)
Change in net unrealized (appreciation) depreciation of investments	(6,768,696)	(2,855,887)	(3,579,761)
Taxes paid on undistributed capital gains			
Net cash provided by (used in) operating activities	2,367,298	973,904	1,275,399
Cash Flows from Financing Activities:			
(Increase) Decrease in:			
Cash equivalents			
Deferred offering costs	(80,290)	96,700	120,806
Increase (Decrease) in:			
Cash overdraft balance	81,874		85,698
Payable for offering costs		(73,626)	(106,742)
ARPS noticed for redemption, at liquidation value			
MTP Shares, at liquidation value			
VMTP Shares, at liquidation value	28,000,000		
ARPS, at liquidation value	(27,875,000)		
Cash distributions paid to Common shareholders	(3,384,107)	(1,198,384)	(1,961,368)
Net cash provided by (used in) financing activities	(3,257,523)	(1,175,310)	(1,861,606)
Net Increase (Decrease) in Cash	(890,225)	(201,406)	(586,207)
Cash at the beginning of period	890,225	331,340	586,207
Cash at the End of Period	\$	\$ 129,934	\$

Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:

Arizona Premium	Arizona Dividend	Arizona Dividend
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	Income (NAZ)	Advantage (NFZ)	Advantage 2 (NKR)
Cash paid for interest (excluding amortization of offering costs) was as follows:	\$	\$	\$
	Arizona	Arizona	
	Premium	Dividend	Arizona
	Income	Advantage	Dividend
	(NAZ)	(NFZ)	(NKR)
	\$ 170,681	\$ 227,545	\$ 383,854

See accompanying notes to financial statements.

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	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Cash Flows from Operating Activities:		
Net Increase (Decrease) In Net Assets Applicable to Common Shares		
from Operations	\$ 6,965,408	\$ 21,283,317
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:		
Purchases of investments	(11,041,834)	(18,705,962)
Proceeds from sales and maturities of investments	8,985,143	19,424,077
Amortization (Accretion) of premiums and discounts, net	71,240	(45,757)
(Increase) Decrease in:		
Receivable for interest	(17,424)	(28,455)
Receivable for investments sold	(614,402)	418,870
Other assets	18,580	17,701
Increase (Decrease) in:		
Payable for Auction Rate Preferred Share dividends	(1,682)	
Payable for interest	50,519	4,517
Payable for investments purchased		2,089,075
Accrued management fees	4,419	9,385
Accrued other expenses	4,057	26,184
Net realized (gain) loss from investments	(136,252)	1,681,044
Change in net unrealized (appreciation) depreciation of investments	(4,821,432)	(15,782,348)
Taxes paid on undistributed capital gains		(19,157)
Net cash provided by (used in) operating activities	(533,660)	10,372,491
Cash Flows from Financing Activities:		
(Increase) Decrease in:		
Cash equivalents	18,409,700	
Deferred offering costs	107,713	276,588
Increase (Decrease) in:		
Cash overdraft balance	364,407	
Payable for offering costs	(235,950)	(164,056)
ARPS noticed for redemption, at liquidation value	(18,400,000)	
MTP Shares, at liquidation value	1,800,000	
VMTP Shares, at liquidation value		
ARPS, at liquidation value		
Cash distributions paid to Common shareholders	(2,317,078)	(7,902,454)
Net cash provided by (used in) financing activities	(271,208)	(7,789,922)
Net Increase (Decrease) in Cash	(804,868)	2,582,569
Cash at the beginning of period	804,868	1,142,304
Cash at the End of Period	\$	\$ 3,724,873

Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:

	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
	\$	\$ 548,918

Cash paid for interest (excluding amortization of offering costs) was as follows:

	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income

(NTX)

\$ 557,895 \$ 1,646,731

See accompanying notes to financial statements.

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Financial Highlights

Selected data for a Common share outstanding throughout each period:

Beginning	Investment Operations					Less Distributions					Ending	
	Common	Net	Net	Distributions from Net Investment	Net	Net	Net	Net	Net	Discount from Common		
Share	Investment	Realized/	to	to	Investment	Capital	Investment	Capital	Retired	Share	Market	
Value	(Loss)	Gain (Loss)	Auction Rate	Auction Rate	Income	Gains	Income	Gains	and	Net Asset	Value	
Value	(Loss)	Gain (Loss)	Preferred Share-holders(a)	Preferred Share-holders(a)	to Common Share-holders	to Common Share-holders	to Common Share-holders	to Common Share-holders	Retired	Value	Value	
Arizona Premium Income (NAZ)												
Year Ended 2/28 2/29:												
2012	\$13.25	\$.80	\$1.54	\$(.01)	\$	\$2.33	\$(.76)	\$	\$(.76)	\$	\$14.82	\$14.61
2011(f)	13.99	.49	(.77)	(.02)		(.30)	(.44)		(.44)		13.25	12.32
Year Ended 7/31:												
2010	12.92	.84	.96	(.03)		1.77	(.70)		(.70)		13.99	13.34
2009	13.00	.85	(.16)	(.13)		.56	(.64)		(.64)		12.92	12.29
2008	14.00	.88	(1.05)	(.22)		(.39)	(.61)		(.61)		13.00	13.35
2007	14.10	.83	(.10)	(.22)		.51	(.61)		(.61)		14.00	13.07
Arizona Dividend Advantage (NFZ)												
Year Ended 2/28 2/29:												
2012	13.32	.65	1.88			2.53	(.77)		(.77)		15.08	14.39
2011(f)	14.20	.44	(.86)	(.01)		(.43)	(.45)		(.45)		13.32	12.14
Year Ended 7/31:												
2010	12.66	.85	1.41	(.03)		2.23	(.69)		(.69)		14.20	14.19
2009	13.26	.84	(.67)	(.14)		.03	(.63)		(.63)	*	12.66	12.14
2008	14.48	.91	(1.23)	(.25)	*	(.57)	(.64)	(.01)	(.65)		13.26	13.70
2007	14.77	.91	(.17)	(.24)	(.02)	.48	(.71)	(.06)	(.77)		14.48	13.35

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Returns	Ending Net	Ratios/Supplemental Data					
		Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)			Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)		
Based on	Assets		Net		Net		
Common Share	Applicable		Investment		Investment		Portfolio
Based on	to Common		Income		Income		Turnover
Market	Net	(000) Expenses(e)	(Loss) Expenses(e)	(Loss) Expenses(e)	(Loss) Expenses(e)	(Loss) Expenses(e)	Rate
Value(b)	Asset Value(b)						
25.48%	18.08%	\$66,268	1.52%	5.73%	N/A	N/A	7%
(4.55)	(2.23)	59,256	1.19**	6.11**	N/A	N/A	5
14.47	13.94	62,549	1.21	6.13	N/A	N/A	8
(2.61)	4.73	57,755	1.33	7.01	N/A	N/A	25
7.10	(2.87)	58,097	1.40	6.42	N/A	N/A	21
(.22)	3.62	62,534	1.32	5.81	N/A	N/A	13
25.66	19.56	23,349	2.95	4.62	N/A	N/A	8
(11.47)	(3.10)	20,630	2.29**	5.37**	2.23%**	5.43%**	5
23.34	17.93	21,984	1.35	6.12	1.23	6.23	3
(6.12)	.58	19,605	1.51	6.70	1.30	6.91	6
7.72	(4.09)	20,552	1.58	6.14	1.31	6.42	10
(11.63)	3.24	22,439	1.48	5.74	1.14	6.08	19

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS, MTP Shares and/or VMTP Shares, where applicable.
- (d) Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of January 31, 2011, the Adviser is no longer reimbursing Arizona Dividend Advantage (NFZ) for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares, VMTP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, each as described in Footnote 1 General Information and Significant Accounting Policies, MuniFund Term Preferred Shares, Variable Rate MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Arizona Premium Income (NAZ)

Year Ended 2/28 2/29:

2012 .35%

2011(f)

Year Ended 7/31:

2010

2009

2008 .14

2007 .08

Arizona Dividend Advantage (NFZ)

Year Ended 2/28 2/29:

2012 1.49%

2011(f) .96**

Year Ended 7/31:

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2010	
2009	
2008	.14
2007	.10

(f) For the seven months ended February 28, 2011.

* Rounds to less than \$.01 per share.

** Annualized.

N/A The Fund did not have, or no longer has, a contractual reimbursement agreement with the Adviser.

See accompanying notes to financial statements.

Financial
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

	Beginning Common Share	Investment Operations					Less Distributions					Ending Common Share Net Asset Value	Ending Market Value
		Net Investment Income to Share- holders(a)	Realized/ Unrealized Gain (Loss)	Preferred Share- holders(a)	Auction Rate Preferred Share- holders(a)	Capital Gains to Share- holders(a)	Net Investment Income to Common Share- holder	Capital Gains to Common Share- holders	Discount from Common Shares Repur- chased and Retired	Total			
Arizona Dividend Advantage 2 (NKR)													
Year Ended 2/28 2/29:													
2012	\$13.88	\$.72	\$1.59	\$	\$	\$2.31	\$(.80)	\$	\$(.80)	\$	\$15.39	\$14.78	
2011(f)	14.65	.45	(.74)	(.01)		(.30)	(.47)		(.47)		13.88	12.66	
Year Ended 7/31:													
2010	13.46	.90	1.08	(.03)		1.95	(.76)		(.76)		14.65	13.92	
2009	13.66	.93	(.29)	(.14)		.50	(.70)		(.70)	*	13.46	12.52	
2008	14.76	.96	(1.03)	(.24)	(.02)	(.33)	(.71)	(.06)	(.77)		13.66	14.00	
2007	15.00	.97	(.18)	(.24)	(.01)	.54	(.74)	(.04)	(.78)		14.76	15.27	
Arizona Dividend Advantage 3 (NXE)													
Year Ended 2/28 2/29:													
2012	13.46	.66	1.61	*		2.27	(.76)		(.76)		14.97	14.28	
2011(f)	14.12	.47	(.68)	(.01)		(.22)	(.44)		(.44)		13.46	12.24	
Year Ended 7/31:													
2010	12.76	.86	1.26	(.03)		2.09	(.73)		(.73)		14.12	13.14	
2009	13.07	.88	(.41)	(.13)		.34	(.65)		(.65)	*	12.76	11.73	
2008	14.20	.91	(1.15)	(.24)		(.48)	(.65)		(.65)		13.07	13.30	
2007	14.32	.90	(.10)	(.25)		.55	(.67)		(.67)		14.20	13.44	

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Returns Based on Common Share Net Asset Value(b)		Ending Net Assets Applicable to Common Shares (000) Expenses(e)		Ratios/Supplemental Data			
				Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)		Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)	
Based on Market Value(b)	Share Net Asset Value(b)	Assets Applicable to Common Shares (000) Expenses(e)	Net Investment Income (Loss)	Net Investment Income (Loss)	Net Investment Income (Loss)	Net Investment Income (Loss)	Portfolio Turnover Rate
23.88%	16.91%	\$ 37,546	2.78%	4.92%	2.70%	5.00%	16%
(5.84)	(1.90)	33,852	2.22**	5.18**	2.06**	5.34**	7
17.65	14.75	35,733	1.27	6.11	1.07	6.31	4
(4.99)	4.09	32,829	1.40	6.93	1.11	7.22	5
(3.16)	(2.38)	33,311	1.49	6.32	1.13	6.68	15
4.52	3.59	35,976	1.39	5.92	.96	6.35	14
23.63	17.30	45,904	2.87	4.64	N/A	N/A	14
(3.63)	(1.60)	41,257	1.46**	5.85**	1.43**	5.88**	6
18.58	16.66	43,280	1.22	6.15	1.08	6.29	5
(6.18)	3.08	39,129	1.37	6.97	1.09	7.25	9
3.96	(3.48)	40,081	1.46	6.17	1.08	6.55	16
4.21	3.81	43,552	1.36	5.69	.88	6.16	15

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP Shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of September 30, 2010, the Adviser is no longer reimbursing Arizona Dividend Advantage 3 (NXE) for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Arizona Dividend Advantage 2 (NKR)

Year Ended 2/28 - 2/29:	
2012	1.43%
2011(f)	.91**
Year Ended 7/31:	
2010	
2009	
2008	.15
2007	.10

Arizona Dividend Advantage 3 (NXE)

Year Ended 2/28 - 2/29:	
2012	1.71
2011(f)	.01**

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Year Ended 7/31:

2010

2009

2008 .16

2007 .10

(f) For the seven months ended February 28, 2011.

* Rounds to less than \$.01 per share.

** Annualized.

N/A The Fund did not have, or no longer has, a contractual reimbursement agreement with the Adviser.

See accompanying notes to financial statements.

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Financial
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

Beginning	Investment Operations Distributions					Less Distributions					Ending	
	Common	Net	Net	Net	Net	Investment	Capital	Net	Capital	Common		
Value	(Loss)	Gain	(Loss)	holders(a)	holders(a)	Total	holders	holders	Total	Retired	Value	Market Value
Texas Quality Income (NTX)												
Year Ended 2/28 2/29:												
2012	\$14.12	\$.75	\$1.48	\$	\$	\$2.23	\$(.86)	\$(.03)	\$(.89)	\$	\$15.46	\$16.31
2011(f)	15.01	.48	(.85)	(.01)		(.38)	(.50)	(.01)*	(.51)		14.12	15.19
Year Ended 7/31:												
2010	13.84	.94	1.08	(.03)	*	1.99	(.81)	(.01)	(.82)		15.01	16.92
2009	13.98	.94	(.17)	(.13)	(.02)	.62	(.71)	(.05)	(.76)		13.84	14.78
2008	14.87	.94	(.83)	(.23)	(.02)	(.14)	(.69)	(.06)	(.75)		13.98	12.46
2007	15.06	.95	(.11)	(.25)	(.01)	.58	(.73)	(.04)	(.77)		14.87	13.89

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Returns	Ratios/Supplemental Data				
	Ratios to Average Net Assets Applicable to Common Shares(c)(d)				
Based on Common	Ending Net Assets	Applicable to Common	Expenses(e)	Net Investment Income (Loss)	Portfolio Turnover
Value(b)	Value(b)	Shares (000)			Rate
13.81%	16.23%	\$148,222	2.48%	5.10%	9%
(7.15)	(2.61)	134,850	1.92**	5.69**	10
20.92	14.71	143,080	1.19	6.42	6
25.98	4.80	131,513	1.27	7.06	10
(5.16)	(1.04)	132,713	1.26	6.46	8
(.52)	3.82	141,238	1.24	6.24	9

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP Shares, where applicable.
- (d) Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 - General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Texas Quality Income (NTX)

Year Ended 2/28 2/29:	
2012	1.37%
2011(f)	.80**
Year Ended 7/31:	
2010	.02
2009	.01
2008	.05
2007	.06

(f) For the seven months ended February 28, 2011.

* Rounds to less than \$.01 per share.

** Annualized.

See accompanying notes to financial statements.

Financial
Highlights (continued)

	ARPS at the End of Period		MTP Shares at the End of Period (g)			VMTP Shares at the End of Period			
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Liquidation Value		Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
				Aggregate Amount Outstanding (000)	Per Share				
Arizona Premium Income (NAZ)									
Year Ended 2/28 2/29:									
2012	\$	\$	\$	\$	\$	\$	\$ 28,000	\$ 100,000	\$ 336,672
2011(f)	27,875	25,000	78,144						
Year Ended 7/31:									
2010	27,875	25,000	81,097						
2009	27,875	25,000	76,798						
2008	30,000	25,000	73,414						
2007	30,000	25,000	77,111						
Arizona Dividend Advantage (NFZ)									
Year Ended 2/28 2/29:									
2012				11,100	10.00	31.04			
2011(f)				11,100	10.00	28.59			
Year Ended 7/31:									
2010	10,600	25,000	76,850						
2009	10,600	25,000	71,238						
2008	12,000	25,000	67,817						
2007	12,000	25,000	71,748						

(f) For the seven months ended February 28, 2011.

(g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value Per Share	Average Market Value Per Share
Arizona Dividend Advantage (NFZ)			
Year Ended 2/28 2/29:			
2012	2015	\$ 10.08	\$ 9.93
2011(f)	2015	9.63	9.83 [^]
Year Ended 7/31:			
2010			
2009			
2008			
2007			

[^] For the period October 18, 2010 (first issuance date of shares) through February 28, 2011.

	ARPS at the End of Period			MTP Shares at the End of Period (g)			ARPS and MTP Shares at the End of Period Asset Coverage
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Per \$1 Liquidation Preference
Arizona Dividend Advantage 2 (NKR)							
Year Ended 2/28 2/29:							
2012	\$	\$	\$	\$18,725	\$10.00	\$30.05	\$
2011(f)				18,725	10.00	28.08	
Year Ended 7/31:							
2010	16,625	25,000	78,734				
2009	16,625	25,000	74,367				
2008	18,500	25,000	70,015				
2007	18,500	25,000	73,616				
Arizona Dividend Advantage 3 (NXE)							
Year Ended 2/28 2/29:							
2012				20,846	10.00	32.02	
2011(f)	18,400	25,000	52,544	19,046	10.00	21.02	2.10
Year Ended 7/31:							
2010	18,400	25,000	83,805				
2009	18,400	25,000	78,164				
2008	22,000	25,000	70,546				
2007	22,000	25,000	74,490				

(f) For the seven months ended February 28, 2011.

(g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value Per Share	Average Market Value Per Share
Arizona Dividend Advantage 2 (NKR)			
Year Ended 2/28 2/29:			
2012	2015	\$10.05	\$9.89
2011(f)	2015	9.58	9.71 [^]
Year Ended 7/31:			
2010			
2009			
2008			
2007			
Arizona Dividend Advantage 3 (NXE)			
Year Ended 2/28 2/29:			
2012	2016	10.17	10.11
2011(f)	2016	9.97	9.96 ^{^^}
Year Ended 7/31:			
2010			
2009			
2008			
2007			

[^] For the period October 18, 2010 (first issuance date of shares) through February 28, 2011.

^{^^} As of February 28, 2011 (first issuance date of shares).

See accompanying notes to financial statements.

Financial
Highlights (continued)

	ARPS at the End of Period			MTP Shares at the End of Period (g)		
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Texas Quality Income (NTX)						
Year Ended 2/28 2/29:						
2012	\$	\$	\$	\$ 70,920	\$ 10.00	\$ 30.90
2011(f)				70,920	10.00	29.01
Year Ended 7/31:						
2010	65,050	25,000	79,988			
2009	65,050	25,000	75,543			
2008	69,000	25,000	73,084			
2007	69,000	25,000	76,173			

(f) For the seven months ended February 28, 2011.

(g) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value Per Share	Average Market Value Per Share
Texas Quality Income (NTX)			
Year Ended 2/28 2/29:			
2012	2015	\$ 10.05	\$ 9.97
2011(f)	2015	9.85	9.86^
Year Ended 7/31:			
2010			
2009			
2008			
2007			

^ For the period November 2, 2010 (first issuance date of shares) through February 28, 2011.

See accompanying notes to financial statements.

Notes to Financial Statements

1. General Information and Significant Accounting Policies

General Information

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

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

Significant Accounting Policies

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

Investment Valuation

Prices of municipal bonds are provided by a pricing service approved by the Funds Board of Directors/Trustees. These securities are generally classified as Level 2 for fair value measurement purposes. When price quotes are not readily available (which is usually the case for municipal bonds) the pricing service establishes a security's fair value using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer, or market activity, provided by Nuveen Fund Advisors, Inc. (the Adviser), a wholly-owned subsidiary of Nuveen Investments, Inc. (Nuveen). These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds Board of Directors/Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of such securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds Board of Directors/Trustees or its designee.

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

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments.

Notes to
Financial Statements (continued)

At February 29, 2012, Texas Quality Income (NTX) had outstanding when issued/delayed delivery purchase commitments of \$3,814,155. There were no such outstanding purchase commitments in any of the other Funds.

Investment Income

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

Income Taxes

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

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

Dividends and Distributions to Common Shareholders

Dividends from net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

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

Auction Rate Preferred Shares

Each Fund is authorized to issue Auction Rate Preferred Shares (ARPS). As of February 28, 2011, each Fund, with the exception of Arizona Premium Income (NAZ), had redeemed all of their outstanding ARPS at liquidation value. During the fiscal year ended February 29, 2012, Arizona Premium Income (NAZ) had issued and outstanding ARPS, \$25,000 stated value per share, which approximates market value, as a means of effecting financial leverage. The Fund's ARPS were issued in one Series. The dividend rate paid by the Fund was determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and was payable at the end of the rate period.

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the ARPS issued by the Funds than there were offers to buy. This meant that these auctions failed to clear, and that many Auction Rate Preferred shareholders who wanted to sell their shares in these auctions were unable to do so. Auction Rate Preferred shareholders unable to sell their shares received distributions at the maximum rate applicable to failed auctions as calculated in accordance with the pre-established terms of the ARPS. As of February 29, 2012, Arizona Premium Income (NAZ) redeemed all of its outstanding ARPS, at liquidation value, as follows:

**Arizona
 Premium
 Income**

(NAZ)

ARPS redeemed, at liquidation value	\$ 30,000,000
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During the seven months ended February 28, 2011, lawsuits pursuing claims made in a demand letter alleging that Arizona Dividend Advantage 3's (NXE) Board of Trustees breached its fiduciary duties related to the redemption at par of the Fund's ARPS had been filed on behalf of shareholders of the Fund, against the Adviser, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of the Fund. Nuveen and other named defendants filed a motion to dismiss the lawsuits and on December 16, 2011, the court granted that motion dismissing the lawsuits. The plaintiffs failed to file an appeal of the court's decision within the required time period, resulting in the final disposition of the suit.

MuniFund Term Preferred Shares

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The following Funds have issued and outstanding MuniFund Term Preferred (MTP) Shares, with a \$10 stated (par) value per share. Proceeds from the issuance of MTP Shares, net of offering expenses, were used to redeem all, or a portion of, each Fund 's outstanding ARPS. Each Fund 's MTP Shares are issued in one Series. Dividends on MTP shares, which are recognized as interest expense for financial reporting purposes, are paid monthly

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at a fixed annual rate, subject to adjustments in certain circumstances. The MTP Shares trade on the NYSE. As of February 29, 2012, the number of MTP Shares outstanding, annual interest rate and NYSE ticker symbol for each Fund's series of MTP Shares are as follows:

	Arizona Dividend Advantage (NFZ)			Arizona Dividend Advantage 2 (NKR)		
	Shares Outstanding	Annual Interest Rate	NYSE Ticker	Shares Outstanding	Annual Interest Rate	NYSE Ticker
Series 2015	1,110,000	2.05%	NFZ Pr C	1,872,500	2.05%	NKR Pr C
	Arizona Dividend Advantage 3 (NXE)			Texas Quality Income (NTX)		
	Shares Outstanding	Annual Interest Rate	NYSE Ticker	Shares Outstanding	Annual Interest Rate	NYSE Ticker
Series 2016				2,084,600	2.90%	NXE Pr C
Series 2015				7,092,000	2.30%	NTX Pr C

Each Fund is obligated to redeem its MTP Shares by the date as specified in its offering document (Term Redemption Date), unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory redemption in certain circumstances. MTP Shares will be subject to redemption at the option of each Fund (Optional Redemption Date), subject to a payment of premium for one year following the Optional Redemption Date (Premium Expiration Date), and at par thereafter. MTP Shares also will be subject to redemption, at the option of each Fund, at par in the event of certain changes in the credit rating of the MTP Shares. Each Fund may be obligated to redeem certain of the MTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund's series of MTP Shares are as follows.

	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
	Series 2015	Series 2015	Series 2016	Series 2015
Term Redemption Date	November 1, 2015	November 1, 2015	March 1, 2016	December 1, 2015
Optional Redemption Date	November 1, 2011	November 1, 2011	March 1, 2012	December 1, 2011
Premium Expiration Date	October 31, 2012	October 31, 2012	February 28, 2013	November 30, 2012

The average liquidation value of all MTP Shares outstanding for each Fund during the fiscal year ended February 29, 2012, was as follows:

	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Average liquidation value of MTP Shares outstanding	\$ 11,100,000	\$ 18,725,000	\$ 20,806,614	\$ 70,920,000

For financial reporting purposes only, the liquidation value of MTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on MTP Shares are recognized as a component of Interest payable on the Statement of Assets and Liabilities. Dividends paid on MTP Shares are recognized as a component of Interest expense and amortization of offering costs on the Statement of Operations.

Variable Rate MuniFund Term Preferred Shares

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Arizona Premium Income (NAZ) has issued and outstanding Variable Rate MuniFund Term Preferred (VMTP) Shares, with a \$100,000 liquidation value per share. The Fund issued its VMTP Shares in a privately negotiated offering during July 2011. Proceeds from the issuance of VMTP Shares, net of offering expenses, were used to redeem the Fund's outstanding ARPS. The Fund's VMTP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. As of February 29, 2012, the number of VMTP Shares outstanding, at liquidation value, for the Fund are as follows:

	Arizona Premium Income (NAZ)
Series 2014	\$ 28,000,000

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Notes to

Financial Statements (continued)

The Fund is obligated to redeem its VMTP Shares by the date as specified in its offering document (Term Redemption Date), unless earlier redeemed or repurchased by the Fund. VMTP Shares are subject to optional and mandatory redemption in certain circumstances. The VMTP Shares are subject to redemption at the option of each Fund (Optional Redemption Date), subject to payment of premium for one year following the Optional Redemption Date (Premium Expiration Date), and at par thereafter. The Fund may be obligated to redeem certain of the VMTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for the Fund's VMTP Shares are as follows:

	Arizona Premium Income (NAZ)
Term Redemption Date	August 1, 2014
Optional Redemption Date	August 1, 2012
Premium Expiration Date	July 31, 2012

The average liquidation value of VMTP Shares outstanding and annualized dividend rate of VMTP Shares for the Fund during the fiscal year ended February 29, 2012, were as follows:

	Arizona Premium Income (NAZ)*
Average liquidation value of VMTP Shares outstanding	\$28,000,000
Annualized dividend rate	1.19%

* For the period July 28, 2011 (issuance date of shares) through February 29, 2012.

Dividends on VMTP shares (which are treated as interest payments for financial reporting purposes) are set weekly.

For financial reporting purposes only, the liquidation value of VMTP Shares is recognized as a liability on the Statement of Assets and Liabilities. Unpaid dividends on VMTP Shares are recognized as a component of Interest payable on the Statement of Assets and Liabilities, when applicable. Dividends paid on VMTP Shares are recognized as a component of Interest expense and amortization of offering costs on the Statement of Operations.

Inverse Floating Rate Securities

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

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an externally-deposited inverse floater), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a self-deposited inverse floater). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as (IF) Inverse floating rate investment. An investment in a self-deposited inverse floater is accounted for as a financing transaction. In such instances, a fixed-rate bond deposited into a special purpose trust

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is identified in the Portfolio of Investments as (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction, with the Fund accounting for the short-term floating rate certificates issued by the trust as Floating rate obligations on the Statement of Assets and Liabilities. In addition, the Fund reflects in Investment Income the entire earnings of the underlying bond and related interest paid to the holders of the short-term floating rate certificates as a component of Interest expense and amortization of offering costs on the Statement of Operations.

During the fiscal year ended February 29, 2012, each Fund invested in externally-deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a recourse trust or credit recovery swap) (such agreements referred to herein as Recourse Trusts) with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain

circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund's inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as Unrealized depreciation on Recourse Trusts on the Statement of Assets and Liabilities.

At February 29, 2012, each Fund's maximum exposure to externally-deposited Recourse Trusts was as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Maximum exposure to Recourse Trusts	\$ 2,145,000	\$ 1,680,000	\$ 1,350,000	\$ 2,325,000	\$

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended February 29, 2012, were as follows:

	Texas Quality Income (NTX)
Average floating rate obligations outstanding	\$3,960,000
Average annual interest rate and fees <i>Derivative Financial Instruments</i>	0.39%

Each Fund is authorized to invest in certain derivative instruments, including foreign currency forwards, futures, options and swap contracts. Although the Funds are authorized to invest in such derivative instruments, and may do so in the future, they did not make any such investments during the fiscal year ended February 29, 2012.

Market and Counterparty Credit Risk

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

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

Zero Coupon Securities

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

Offering Costs

Costs incurred by the Funds in connection with their offerings of MTP Shares or VMTP Shares were recorded as a deferred charge, which will be amortized over the life of the shares. Each Fund's amortized deferred charges are recognized as a component of Interest expense and amortization of offering costs on the Statement of Operations. Each Fund's total offering costs incurred were as follows:

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	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
MTP Shares offering costs	\$491,500	\$588,375	\$672,690	\$1,366,300

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Notes to
Financial Statements (continued)

	Arizona
	Premium
	Income (NAZ)
VMTP Shares offering costs	\$100,000
<i>Custodian Fee Credit</i>	

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

Indemnifications

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

Use of Estimates

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

2. Fair Value Measurements

Fair value is defined as the price that the Funds would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 Quoted prices in active markets for identical securities.

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

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

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of February 29, 2012:

Arizona Premium Income (NAZ)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	\$91,373,875	\$1,959,607	\$93,333,482
Arizona Dividend Advantage (NFZ)	Level 1	Level 2	Level 3	Total

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Investments:				
Municipal Bonds	\$	\$33,663,094	\$219,476	\$33,882,570
Arizona Dividend Advantage 2 (NKR)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	\$54,571,249	\$885,742	\$55,456,991
Arizona Dividend Advantage 3 (NXE)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	\$65,206,695	\$540,851	\$65,747,546
Texas Quality Income (NTX)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	\$218,408,366	\$	\$218,408,366

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

	Arizona Premium Income (NAZ) Level 3 Municipal Bonds	Arizona Dividend Advantage (NFZ) Level 3 Municipal Bonds	Arizona Dividend Advantage 2 (NKR) Level 3 Municipal Bonds	Arizona Dividend Advantage 3 (NXE) Level 3 Municipal Bonds
Balance at the beginning of year	\$1,867,750	\$209,188	\$844,223	\$515,499
Gains (losses):				
Net realized gains (losses)				
Net change in unrealized appreciation (depreciation)	91,857	10,288	41,519	25,352
Purchases at cost				
Sales at proceeds				
Net discounts (premiums)				
Transfers in to				
Transfers out of				
Balance at the end of year	\$1,959,607	\$219,476	\$885,742	\$540,851
Change in net unrealized appreciation (depreciation) during the period of Level 3 securities held as of February 29, 2012	\$91,857	\$10,288	\$41,519	\$25,352

During the fiscal year ended February 29, 2012, the Funds recognized no significant transfers to or from Level 1, Level 2 or Level 3.

3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the fiscal year ended February 29, 2012.

4. Fund Shares

Common Shares

Transactions in Common shares were as follows:

	Arizona Premium Income (NAZ)			Arizona Dividend Advantage (NFZ) Year		
	Year Ended 2/29/12	Seven Months Ended 2/28/11	Year Ended 7/31/10	Ended 2/29/12	Seven Months Ended 2/28/11	Year Ended 7/31/10
Common shares issued to shareholders due to reinvestment of distributions		743	798		292	

	Arizona Dividend Advantage 2 (NKR)			Arizona Dividend Advantage 3 (NXE) Year		
	Year Ended 2/29/12	Seven Months Ended 2/28/11	Year Ended 7/31/10	Ended 2/29/12	Seven Months Ended 2/28/11	Year Ended 7/31/10

Common shares issued to shareholders
due to reinvestment of distributions

Year	Texas Quality Income (NTX)		
	Ended	Seven Months Ended	Year Ended
	2/29/12	2/28/11	7/31/10

Common shares issued to shareholders
due to reinvestment of distributions

36,629	20,941	29,688
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Notes to
Financial Statements (continued)

Preferred Shares

Transactions in ARPS were as follows:

	Arizona Premium Income (NAZ)					
	Year		Seven Months		Year	
	Ended		Ended		Ended	
	2/29/12		2/28/11		7/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed and/or noticed for redemption:						
Series TH	1,115	\$ 27,875,000		\$		\$

	Arizona Dividend Advantage (NFZ)					
	Year		Seven Months		Year	
	Ended		Ended		Ended	
	2/29/12		2/28/11		7/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed and/or noticed for redemption:						
Series T	N/A	N/A	424	\$ 10,600,000		\$

	Arizona Dividend Advantage 2 (NKR)					
	Year		Seven Months		Year	
	Ended		Ended		Ended	
	2/29/12		2/28/11		7/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed and/or noticed for redemption:						
Series W	N/A	N/A	665	\$ 16,625,000		\$

	Arizona Dividend Advantage 3 (NXE)					
	Year		Seven Months		Year	
	Ended		Ended		Ended	
	2/29/12		2/28/11		7/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed and/or noticed for redemption:						
Series M	N/A	N/A	736	\$ 18,400,000		\$

	Texas Quality Income (NTX)					
	Year		Seven Months		Year	
	Ended		Ended		Ended	
	2/29/12		2/28/11		7/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed and/or noticed for redemption:						

Explanation of Responses:

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Series M	N/A	N/A	716	\$ 17,900,000	\$
Series TH	N/A	N/A	1,886	47,150,000	
Total	N/A	N/A	2,602	\$ 65,050,000	\$

N/A As of February 28, 2011, the Fund redeemed all of its outstanding ARPS at liquidation value.

Transactions in MTP shares were as follows:

	Arizona Dividend Advantage (NFZ)					
	Year		Seven Months		Year	
	Ended		Ended		Ended	
	2/29/12		2/28/11		7/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount
MTP Shares issued:						
Series 2015		\$	1,110,000	\$ 11,100,000		\$

	Arizona Dividend Advantage 2 (NKR)				
	Year		Seven Months		Year
	Ended		Ended		Ended
	2/29/12		2/28/11		7/31/10
	Shares	Amount	Shares	Amount	Shares Amount
MTP Shares issued:					
Series 2015		\$	1,872,500	\$ 18,725,000	\$

	Arizona Dividend Advantage 3 (NXE)				
	Year		Seven Months		Year
	Ended		Ended		Ended
	2/29/12		2/28/11		7/31/10
	Shares	Amount	Shares	Amount	Shares Amount
MTP Shares issued:					
Series 2016	180,000	\$ 1,800,000	1,904,600	\$ 19,046,000	\$

	Texas Quality Income (NTX)				
	Year		Seven Months		Year
	Ended		Ended		Ended
	2/29/12		2/28/11		7/31/10
	Shares	Amount	Shares	Amount	Shares Amount
MTP Shares issued:					
Series 2015		\$	7,092,000	\$ 70,920,000	\$

Transactions in VMTP Shares were as follows:

	Arizona Premium Income (NAZ)				
	Year		Seven Months		Year
	Ended		Ended		Ended
	2/29/12		2/28/11		7/31/10
	Shares	Amount	Shares	Amount	Shares Amount
VMTP Shares issued:					
Series 2014	280	\$ 28,000,000		\$	\$

5. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments, where applicable) during the fiscal year ended February 29, 2012, were as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Purchases	\$ 7,003,987	\$ 2,557,441	\$ 8,471,522	\$ 11,041,834	\$ 18,705,962
Sales and maturities	6,120,847	2,445,295	8,633,476	8,985,143	19,424,077

6. Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

Notes to

Financial Statements (continued)

At February 29, 2012, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Cost of investments	\$ 87,702,220	\$ 31,840,650	\$ 52,337,032	\$ 62,352,626	\$ 201,265,145
Gross unrealized:					
Appreciation	\$ 8,620,645	\$ 2,485,115	\$ 3,857,685	\$ 3,996,291	\$ 16,687,326
Depreciation	(2,989,383)	(443,195)	(737,726)	(601,371)	(3,504,112)
Net unrealized appreciation (depreciation) of investments	\$ 5,631,262	\$ 2,041,920	\$ 3,119,959	\$ 3,394,920	\$ 13,183,214

Permanent differences, primarily due to expiration of capital loss carryforwards, federal taxes paid, taxable market discount, nondeductible offering costs and distribution character reclassifications, resulted in reclassifications among the Funds' components of Common share net assets at February 29, 2012, the Funds' tax year end, as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Paid-in surplus	\$ (1,463,538)	\$ (96,700)	\$ (120,807)	\$ (133,481)	\$ (256,188)
Undistributed (Over-distribution of) net investment income	19,513	96,700	119,157	131,166	263,630
Accumulated net realized gain (loss)	1,444,025		1,650	2,315	(7,442)

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at February 29, 2012, the Funds' tax year end, were as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Undistributed net tax-exempt income *	\$ 1,409,529	\$ 279,569	\$ 478,398	\$ 564,544	\$ 1,813,987
Undistributed net ordinary income **		686			24,171
Undistributed net long-term capital gains					

Undistributed net long-term capital gains

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on February 1, 2012, paid on March 1, 2012.

** 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 Funds' tax year ended February 29, 2012, seven months ended February 28, 2011, and the tax year ended July 31, 2010, was designated for purposes of the dividends paid deduction as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Year ended February 29, 2012					
Distributions from net tax-exempt income***	\$ 3,597,007	\$ 1,425,938	\$ 2,345,251	\$ 2,882,011	\$ 9,840,206
Distributions from net ordinary income**					351
Distributions from net long-term capital gains****					247,718
Seven months ended February 28, 2011					

Explanation of Responses:

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	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Distributions from net tax-exempt income	\$ 2,023,334	\$ 776,662	\$ 1,271,647	\$ 1,396,904	\$ 5,262,746
Distributions from net ordinary income**					3
Distributions from net long-term capital gains					64,372

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	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)	Texas Quality Income (NTX)
Year ended July 31, 2010					
Distributions from net tax-exempt income	\$3,223,648	\$1,096,403	\$ 1,905,599	\$ 2,287,520	\$ 7,910,812
Distributions from net ordinary income**					
Distributions from net long-term capital gains					134,057

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

*** The Funds hereby designate these amounts paid during the fiscal year ended February 29, 2012, as Exempt Interest Dividends.

**** The Funds designate as long term capital gain dividend, pursuant to the Internal Revenue Code Section 852(b)(3), the amount necessary to reduce earnings and profits of the Funds related to net capital gain to zero for the tax year ended February 29, 2012.

At February 29, 2012, the Funds tax 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 (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)
Expiration:				
February 28, 2014	\$	\$	\$	\$ 208,948
February 29, 2016	562,384	122,620		363,937
February 28, 2017	323,876	210,308	68,614	258,905
February 28, 2018	43,720	318,004	223,857	108,356
Total	\$ 929,980	\$ 650,932	\$ 292,471	\$ 940,146

During the Funds tax year ended February 29, 2012, the following Funds utilized capital loss carryforwards as follows:

	Arizona Premium Income (NAZ)	Arizona Dividend Advantage (NFZ)	Arizona Dividend Advantage 2 (NKR)	Arizona Dividend Advantage 3 (NXE)
Utilized capital loss carryforwards	\$ 109,799	\$ 53,319	\$ 308,747	\$ 138,567

At February 29, 2012, the Funds tax year end, \$1,443,828 of Arizona Premium Income s (NAZ) capital loss carryforward expired.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the Act) was enacted, which changed various technical rules governing the tax treatment of RICs. The changes are generally effective for taxable years beginning after the date of enactment. One of the more prominent changes addresses capital loss carryforwards. Under the Act, each Fund will be permitted to carry forward capital losses incurred in taxable years beginning after the date of enactment for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under previous regulation.

The Act also contains several provisions aimed at preserving the character of distributions made by a fiscal year RIC during the portion of its taxable year ending after October 31 or December 31, reducing the circumstances under which a RIC might be required to file amended Forms 1099 to restate previously reported distributions.

During the Funds tax year ended February 29, 2012, there were no post-enactment capital losses generated.

The Funds have elected to defer losses incurred from November 1, 2011 through February 29, 2012, the Funds tax year end, in accordance with federal income tax rules. These losses are treated as having arisen on the first day of the following fiscal year. The following Fund has elected to defer losses as follows:

Texas

Quality

	Income (NTX)
Post-October capital losses	\$ 1,722,730
Late-year ordinary losses	

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Financial Statements (continued)**7. Management Fees and Other Transactions with Affiliates**

Each Fund's management fee consists of two components – a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all eligible fund assets managed by the Adviser. This pricing structure enables Fund shareholders to benefit from growth in the assets within their Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee for each Fund, payable monthly, is calculated according to the following schedule:

Average Daily Managed Assets*	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 managed assets over \$5 billion	.3750

Average Daily Managed Assets*	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 managed assets over \$2 billion	.3750

The annual complex-level fee for each Fund, payable monthly, is calculated according to the following schedule:

Complex-Level Managed Asset Breakpoint Level*	Effective Rate at Breakpoint Level
\$55 billion	.2000%
\$56 billion	.1996
\$57 billion	.1989
\$60 billion	.1961
\$63 billion	.1931
\$66 billion	.1900
\$71 billion	.1851
\$76 billion	.1806
\$80 billion	.1773
\$91 billion	.1691
\$125 billion	.1599
\$200 billion	.1505
\$250 billion	.1469
\$300 billion	.1445

* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen Funds that constitute

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eligible assets. Eligible assets do not include assets attributable to investments in other Nuveen Funds and assets in excess of \$2 billion added to the Nuveen Fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of February 29, 2012, the complex-level fee rate for these Funds was .1724%.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser is responsible for each Fund's overall strategy and asset allocation decisions. The Adviser has entered into sub-advisory agreements with Nuveen Asset Management, LLC (the Sub-Adviser), a wholly-owned subsidiary of the Adviser, under which the Sub-Adviser manages the investment portfolios of the Funds. The Sub-Adviser is compensated for its services to the Funds from the management fees paid to the Adviser.

The Funds pay no compensation directly to those of its directors/trustees who are affiliated with the Adviser or to its 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 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.

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 managed assets, 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.

8. New Accounting Pronouncement

Fair Value Measurements and Disclosures

On May 12, 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04 (ASU No. 2011-04) modifying Topic 820, *Fair Value Measurements and Disclosures*. At the same time, the International Accounting Standards Board (IASB) issued International Financial Reporting Standard (IFRS) 13, Fair Value Measurement. The objective of the FASB and IASB is convergence of their guidance on fair value measurements and disclosures. Specifically, ASU No. 2011-04 requires reporting entities to disclose i) the amounts of any transfers between Level 1 and Level 2 and the reasons for the transfers and ii) for Level 3 fair value measurements, a) quantitative information about significant unobservable inputs used, b) a description of the valuation processes used by the reporting entity and c) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs might result in a significantly higher or lower fair value measurement. The effective date of ASU No. 2011-04 is for interim and annual periods beginning after December 15, 2011. At this time, management is evaluating the implications of this guidance and the impact it will have to the financial statement amounts and footnote disclosures, if any.

9. Subsequent Event

Approved Fund Reorganizations

On April 18, 2012, the Funds Board of Directors/Trustees approved a series of reorganizations for all the Arizona Funds included in this report. The reorganizations are intended to create a single larger state Fund, which would potentially offer shareholders the following benefits:

Lower Fund expense ratios (excluding the effects of leverage), as fixed costs are spread over a larger asset base;

Enhanced secondary market trading, as larger Funds potentially make it easier for investors to buy and sell Fund shares;

Lower per share trading costs through reduced bid/ask spreads due to a larger common share float; and

Increased Fund flexibility in managing the structure and cost of leverage over time.

The approved reorganizations are as follows:

Acquired Funds

Acquiring Fund

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Arizona Dividend Advantage (NFZ)
Arizona Dividend Advantage 2 (NKR)
Arizona Dividend Advantage 3 (NXE)

Arizona Premium Income (NAZ)

If shareholders approve the reorganizations, and upon the closing of the reorganizations, the Acquired Funds will transfer substantially all of their assets to the Acquiring Fund in exchange for common and preferred shares of the Acquiring Fund, and the assumption by the Acquiring Fund of the liabilities of the Acquired Funds. The Acquired Funds will then be liquidated, dissolved and terminated in accordance with their Declaration of Trust.

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Board Members & Officers (Unaudited)

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the board members of the Funds. The number of board members of the Funds is currently set at ten. None of the board members who are not interested persons of the Funds (referred to herein as independent board members) has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

Name, Birthdate & Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term ⁽¹⁾	Principal Occupation(s) including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
Independent Board Members:				
n ROBERT P. BREMNER 8/22/40 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Board Member	1996 Class III	Private Investor and Management Consultant; Treasurer and Director, Humanities Council of Washington, D.C.; Board Member, Independent Directors Council affiliated with the Investment Company Institute.	235
n JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	1999 Class III	President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Director and Chairman, United Fire Group, a publicly held company; member of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College and the Iowa College Foundation; formerly, Director, Alliant Energy; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm.	235
n WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	2004 Class I	Dean, Tippie College of Business, University of Iowa (since 2006); Director (since 2004) of Xerox Corporation; Director (since 2005), Beta Gamma Sigma International Honor Society; Director of Wellmark, Inc. (since 2009); formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.	235
n DAVID J. KUNDERT 10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board Member	2005 Class II	Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice	235

President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation.

n **WILLIAM J. SCHNEIDER**

9/24/44

333 W. Wacker Drive
Chicago, IL 60606

Board Member

1996
Class II

Chairman of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired 2004) of Miller-Valentine Group; member, University of Dayton Business School Advisory Council; member, Mid-America Health System Board; formerly, member and chair, Dayton Philharmonic Orchestra Association; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank.

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Name, Birthdate & Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term ⁽¹⁾	Principal Occupation(s) including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
Independent Board Members:				
n JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	1997 Class I	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).	235
n CAROLE E. STONE 6/28/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	2007 Class I	Director, Chicago Board Options Exchange (since 2006); Director, C2 Options Exchange, Incorporated (since 2009); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).	235
n VIRGINIA L. STRINGER 8/16/44 333 W. Wacker Drive Chicago, IL 60606	Board Member	2011	Board Member, Mutual Fund Directors Forum; Member, Governing Board, Investment Company Institute's Independent Directors Council; governance consultant and non-profit board member; former Owner and President, Strategic Management Resources, Inc. a management consulting firm; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company; Independent Director, First American Fund Complex (1987-2010) and Chair (1997-2010).	235
n TERENCE J. TOTH 9/29/59 333 W. Wacker Drive Chicago, IL 60606	Board Member	2008 Class II	Director, Legal & General Investment Management America, Inc. (since 2008); Managing Partner, Promus Capital (since 2008); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); member: Goodman Theatre Board (since 2004), Chicago Fellowship Board (since 2005) and Catalyst Schools of Chicago Board (since 2008); formerly, member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).	235
Interested Board Member:				
n JOHN P. AMBOIAN⁽²⁾ 6/14/61 333 W. Wacker Drive Chicago, IL 60606	Board Member	2008 Class II	Chief Executive Officer and Chairman (since 2007) and Director (since 1999) of Nuveen Investments, Inc., formerly, President (1999-2007); Chief Executive Officer (since 2007) of Nuveen Investments Advisers, Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisors, Inc.	235

Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed ⁽³⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds:				
n GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606	Chief Administrative Officer	1988	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Securities, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Managing Director, Associate General Counsel and Assistant Secretary, of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002), Nuveen Investments Advisers Inc. (since 2002), Santa Barbara Asset Management, LLC (since 2006), and of Winslow Capital Management Inc. (since 2010) Chief Administrative Officer and Chief Compliance Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.	235
n WILLIAM ADAMS IV 6/9/55 333 W. Wacker Drive Chicago, IL 60606	Vice President	2007	Senior Executive Vice President, Global Structured Products (since 2010), formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, Inc. (since 2011); formerly, Managing Director (2010-2011) of Nuveen Commodities Asset Management, LLC.	133
n CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606	Vice President	2007	Managing Director of Nuveen Securities, LLC.	133
n MARGO L. COOK 4/11/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	2009	Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors, Inc. (since 2011); Managing Director-Investment Services of Nuveen Commodities Asset Management, LLC (since August 2011), previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.	235
n LORNA C. FERGUSON				

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<p>10/24/45 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President 1998</p>	<p>Managing Director (since 2005) of Nuveen Fund Advisors, Inc. and Nuveen Securities, LLC (since 2004).</p>	<p>235</p>
<p>n STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President and Controller 1998</p>	<p>Senior Vice President (since 2010), formerly, Vice President (2005-2010) and Funds Controller of Nuveen Securities, LLC; Vice President of Nuveen Fund Advisors, Inc.; Chief Financial Officer of Nuveen Commodities Asset Management, LLC; (since 2010) Certified Public Accountant.</p>	<p>235</p>

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Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed ⁽³⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds:				
n SCOTT S. GRACE 8/20/70 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	2009	Managing Director, Corporate Finance & Development, Treasurer (since 2009) of Nuveen Securities, LLC; Managing Director and Treasurer (since 2009) of Nuveen Fund Advisors, Inc., Nuveen Investment Solutions, Inc., Nuveen Investments Advisers, Inc., Nuveen Investments Holdings Inc. and (since 2011) Nuveen Asset Management, LLC; Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, Inc.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation.	235
n WALTER M. KELLY 2/24/70 333 W. Wacker Drive Chicago, IL 60606	Chief Compliance Officer and Vice President	2003	Senior Vice President (since 2008) and Assistant Secretary (since 2003) of Nuveen Fund Advisors, Inc.	235
n TINA M. LAZAR 8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.	235
n KEVIN J. MCCARTHY 3/26/66 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	2007	Managing Director (since 2008), formerly, Vice President (2007-2008), Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008), and Assistant Secretary, Nuveen Investment Holdings, Inc.; Vice President (since 2007) and Assistant Secretary of Nuveen Investments Advisers Inc., NWQ Investment Management Company, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, and of Winslow Capital Management, Inc. (since 2010); Vice President and Secretary (since 2010) of Nuveen Commodities Asset Management, LLC; prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).	235

Board Members & Officers (Unaudited) (continued)

Name,	Position(s) Held with the Funds	Year First Elected or Appointed ⁽³⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
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Officers of the Funds:

<p>n KATHLEEN L. PRUDHOMME 3/30/53 901 Marquette Avenue Minneapolis, MN 55402</p>	<p>Vice President and Assistant Secretary</p>	<p>2011</p>	<p>Managing Director, Assistant Secretary and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director and Assistant Secretary (since 2011) of Nuveen Securities, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010).</p>	<p>235</p>
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- (1) For Arizona Dividend Advantage (NFZ), Arizona Dividend Advantage 2 (NKR), Arizona Dividend Advantage 3 (NXE) and Texas Quality Income (NTX), the Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. For Arizona Premium Income (NAZ) the Board Members serve a one year term to serve until the next annual meeting or until their successors shall have been duly elected and qualified. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (3) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Reinvest Automatically, Easily and Conveniently

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

Nuveen Closed-End Funds Automatic Reinvestment Plan

Your Nuveen Closed-End Fund allows you to conveniently reinvest distributions in additional Fund shares.

By choosing to reinvest, you will be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on 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 will receive a statement showing your total 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 greater of the net asset value or 95% of 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. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may

Reinvest Automatically,

Easily and Conveniently (continued)

exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the 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.

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 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.

Glossary of Terms

Used in this Report

- n **Auction Rate Bond:** An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have failed, with current holders receiving a formula-based interest rate until the next scheduled auction.

- n **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.

- n **Average Effective Maturity:** The market-value-weighted average of the effective maturity dates of the individual securities including cash. In the case of a bond that has been advance-refunded to a call date, the effective maturity is the date on which the bond is scheduled to be redeemed using the proceeds of an escrow account. In most other cases the effective maturity is the stated maturity date of the security.

- n **Effective Leverage:** Effective leverage is a Fund's effective economic leverage, and includes both regulatory leverage (see below) and the leverage effects of certain derivative investments in the Fund's portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage.

- n **Inverse Floating Rate Securities:** Inverse floating rate securities, also known as inverse floaters or tender option bonds (TOBs), are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond's par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an inverse floater) to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond's downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond's value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.

Glossary of Terms

Used in this Report (continued)

- n **Leverage:** Using borrowed money to invest in securities or other assets, seeking to increase the return of an investment or portfolio.

- n **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.

- n **Lipper Other States Municipal Debt Funds Classification Average:** Calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 46 funds; 5-year, 46 funds; and 10-year, 27 funds. Lipper returns account for the effects of management fees and assume reinvestment of distributions, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

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

- n **Net Asset Value (NAV):** The net market value of all securities held in a portfolio.

- n **Net Asset Value (NAV) Per Share:** The market value of one share of a mutual fund or closed-end fund. For a Fund, the NAV is calculated daily by taking the Fund's total assets (securities, cash, and accrued earnings), subtracting the Fund's liabilities, and dividing by the number of shares outstanding.

- n **Pre-Refunding:** Pre-Refunding, also known as advanced refundings or refinancings, is a procedure used by state and local governments to refinance municipal bonds to lower interest expenses. The issuer sells new bonds with a lower yield and uses the proceeds to buy U.S. Treasury securities, the interest from which is used to make payments on the higher-yielding bonds. Because of this collateral, pre-refunding generally raises a bond's credit rating and thus its value.

- n **Regulatory Leverage:** Regulatory leverage consists of preferred shares issued by or borrowings of a Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is sometimes referred to as 40 Act Leverage and is subject to asset coverage limits set in the Investment Company Act of 1940.

- n **Standard & Poor's (S&P) Arizona and Texas Municipal Bond Indexes:** Are unleveraged, market value-weighted indexes designed to measure the performance of the tax-exempt, investment-grade municipal bond markets in Arizona and Texas, respectively. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees. It is not possible to invest directly in an index.

- n **Standard & Poor's (S&P) National Municipal Bond Index:** An unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. Index returns assume reinvestment of distributions, but do not reflect any applicable sales charges or management fees. It is not possible to invest directly in an index.

- n **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.

- n **Zero Coupon Bond:** A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

Notes

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Additional Fund Information

Board of

Directors/Trustees

John P. Amboian

Robert P. Bremner

Jack B. Evans

William C. Hunter

David J. Kundert

William J. Schneider

Judith M. Stockdale

Carole E. Stone

Virginia L. Stringer

Terence J. Toth

Fund Manager

Nuveen Fund Advisors, Inc.

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

Explanation of Responses:

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

Quarterly Portfolio of Investments and Proxy Voting Information

You may obtain (i) each Fund’s quarterly portfolio of investments, (ii) information regarding how each Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, and (iii) a description of the policies and procedures that each Fund used to determine how to vote proxies relating to portfolio securities 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 (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 100 F Street NE, Washington, D.C. 20549.

CEO Certification Disclosure

Each Fund’s Chief Executive Officer (CEO) has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the SEC the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Common and Preferred Share Information

Each Fund intends to repurchase and/or redeem shares of its own common and/or auction rate preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased and/or redeemed shares of their common and/or auction rate preferred stock as shown in the accompanying table.

Fund	Common Shares Repurchased	Preferred Shares Redeemed
NAZ		1,115
NFZ		
NKR		
NXE		
NTX		

Any future repurchases will be reported to shareholders in the next annual or semi-annual report.

Nuveen Investments:

Serving Investors for Generations

Distributed by

Nuveen Securities, LLC

333 West Wacker Drive

Chicago, IL 60606

www.nuveen.com

EAN-D-0212D

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions through continued adherence to proven, long-term investing principles. Today, we offer a range of high quality equity and fixed-income solutions designed to be integral components of a well-diversified core portfolio.

Focused on meeting investor needs.

Nuveen Investments provides high-quality investment services designed to help secure the long-term goals of institutional and individual investors as well as the consultants and financial advisors who serve them. Nuveen Investments markets a wide range of specialized investment solutions which provide investors access to capabilities of its high-quality boutique investment affiliates-Nuveen Asset Management, Symphony Asset Management, NWQ Investment Management Company, Santa Barbara Asset Management, Tradewinds Global Investors, Winslow Capital Management and Gresham Investment Management. In total, Nuveen Investments managed \$220 billion as of December 31, 2011.

Find out how we can help you.

To learn more about how the products and services of Nuveen Investments may be able to help you meet your financial goals, talk to your financial advisor, or call us at **(800) 257-8787**. Please read the information provided carefully before you invest. Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain 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.

Learn more about Nuveen Funds at: www.nuveen.com/cef

PART C

OTHER INFORMATION

Item 15. Indemnification

Article EIGHTH of the Registrant's Articles of Incorporation provides as follows: To the maximum extent permitted by the Minnesota Business Corporation Act, as from time to time amended, the Corporation shall indemnify its currently acting and its former directors, officers, employees and agents, and those persons who, at the request of the Corporation, serve or have served another corporation, partnership, joint venture, trust or other enterprise in one or more such capacities. The indemnification provided for herein shall not be deemed exclusive of any other rights to which those seeking indemnification may otherwise be entitled.

Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding (including costs connected with the preparation of a settlement) may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, if authorized by the Board of Directors in the specific case, upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay that amount of the advance which exceeds the amount which it is ultimately determined that he is entitled to receive from the Corporation by reason of indemnification as authorized herein; provided, however, that prior to making any such advance at least one of the following conditions shall have been met: (1) the indemnitee shall provide a security for his undertaking, (2) the Corporation shall be insured against losses arising by reason of any lawful advances, or (3) a majority of a quorum of the disinterested, non-party directors of the Corporation, or an independent legal counsel in a written opinion, shall determine, based on a review of readily available facts, that there is reason to believe that the indemnitee ultimately will be found entitled to indemnification.

Nothing in these Articles of Incorporation or in the By-Laws shall be deemed to protect or provide indemnification to any director or officer of the Corporation against any liability to the Corporation or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office ("disabling conduct"), and the Corporation shall not indemnify any of its officers or directors against any liability to the Corporation or to its security holders unless a determination shall have been made in the manner provided hereafter that such liability has not arisen from such officer's or director's disabling conduct. A determination that an officer or director is entitled to indemnification shall have been properly made if it is based upon (1) a final decision on the merits by a court or other body before whom the proceeding was brought that the indemnitee was not liable by reason of disabling conduct, or (2) in the absence of such a decision, a reasonable determination, based upon a review of the facts, that the indemnitee was not liable by reason of disabling conduct, by (a) the vote of a majority of a quorum of directors who are neither "interested persons" of the Corporation as defined in the Investment Company Act of 1940 nor parties to the proceeding, or (b) an independent legal counsel in a written opinion.

The directors and officers of the Registrant are covered by Investment Trust Errors and Omission policies in the aggregate amount of \$40,000,000 (with a maximum deductible of \$500,000) against liability and expenses of claims of wrongful acts arising out of their position with the Registrant, except for matters which involve willful acts, bad faith, gross negligence and willful

disregard of duty (i.e., where the insured did not act in good faith for a purpose he or she reasonably believed to be in the best interest of the Registrant or where he or she had reasonable cause to believe this conduct was unlawful).

Insofar as indemnification for liability arising under the Securities Act of 1933, as amended (the Securities Act), may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Item 16. Exhibits.

- (1)(a) Articles of Incorporation of Registrant dated September 14, 1992. (1)
- (1)(b) Articles of Amendment of Registrant dated January 3, 1994. (1)
- (2) By-Laws of Registrant, Amended and Restated as February 20, 2006. (1)
- (3) Not applicable.
- (4) Form of Agreement and Plan of Reorganization is filed herewith as Appendix B to Part A of this Registration Statement.
- (5)(a) Form of Specimen Certificate of Shares of the Registrant is filed herewith.
- (5)(b) Form of Statement Establishing and Fixing the Rights and Preferences of MuniFund Term Preferred Shares is filed herewith as Appendix C to Part B of this Registration Statement.
- (5)(c) Rating Agency Guidelines are filed herewith.
- (6)(a) Investment Management Agreement dated November 13, 2007. (1)
- (6)(b) Renewal of Investment Management Agreement dated July 31, 2008. (1)
- (6)(c) Renewal of Investment Management Agreement dated May 28, 2009. (1)
- (6)(d) Renewal of Investment Management Agreement dated May 26, 2010. (1)
- (6)(e) Renewal of Investment Management Agreement dated May 25, 2011. (1)
- (6)(f) Investment Sub-Advisory Agreement dated December 31, 2010. (1)

- (7) Not applicable.
- (8) Not applicable.
- (9)(a) Amended and Restated Master Custodian Agreement between the Nuveen Funds and State Street Bank and Trust Company, dated February 25, 2005. (1)
- (9)(b) Appendix A to Custodian Agreement, dated June 5, 2012. (1)
- (10) Not applicable.
- (11) Opinion and Consent of Counsel is filed herewith.
- (12)(a) Form of Opinion and Consent of Vedder Price P.C. supporting the tax matters and consequences to shareholders discussed in the Joint Proxy Statement/Prospectus is filed herewith.
- (12)(b) Form of Opinion and Consent of K&L Gates LLP supporting the tax matters discussed in the Joint Proxy Statement/Prospectus is filed herewith.
- (13) Not applicable.
- (14) Consent of Independent Auditor is filed herewith.
- (15) Not applicable.
- (16) Powers of Attorney. (1)
- (17)(a) Form of Proxy is filed herein and appears following the Proxy Statement/Prospectus included in this registration statement.
- (17)(b) Form of Agreement and Plan of Reorganization relating to Registrant's change of domicile is filed herein and appears following the Proxy Statement/Prospectus included in this registration statement.

(1) Filed on July 16, 2012 with Registrant's Registration Statement on Form N-14 (333-182699) and incorporated by reference herein.

Item 17. Undertakings.

(1) The undersigned Registrant agrees that prior to any public reoffering of the securities registered through the use of a prospectus which is a part of this registration statement by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c) of the 1933 Act, the reoffering prospectus will contain the information called for by the applicable registration form for reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(2) The undersigned Registrant agrees that every prospectus that is filed under paragraph (1) above will be filed as a part of an amendment to the registration statement and will not be used until the amendment is effective, and that, in determining any liability under the 1933 Act, each post-effective amendment shall be deemed to be a new registration statement for the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering of them.

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SIGNATURES

As required by the Securities Act of 1933, this registration statement has been signed on behalf of the registrant, in the City of Chicago, the State of Illinois, on the 28th day of August, 2012.

NUVEEN ARIZONA PREMIUM INCOME
MUNICIPAL FUND, INC.

By: /s/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

As required by the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Capacity	Date
/s/ Stephen D. Foy	Vice President and Controller (principal financial and accounting officer)	August 28, 2012
Stephen D. Foy		
/s/ Gifford R. Zimmerman	Chief Administrative Officer (principal executive officer)	August 28, 2012
Gifford R. Zimmerman		
Robert P. Bremner*	Chairman of the Board and Director)
)
	Director)
John P. Amboian*)
	Director)
Jack B. Evans*)
	Director)
William C. Hunter*)
	Director)
David J. Kundert*)
	Director)
William J. Schneider*)
	Director)
Judith M. Stockdale*)
	Director)

By: /s/ Mark L. Winget

Mark L. Winget

Attorney-in-Fact
August 28, 2012

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Carole E. Stone*

)

)

Director

)

Virginia L. Stringer*

)

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Signature	Capacity	Date
)
	Director)
Terence J. Toth*)

* An original power of attorney authorizing, among others, Mark L. Winget, Kevin J. McCarthy and Gifford R. Zimmerman, to execute this registration statement, and amendments thereto, for each of the directors of the Registrant on whose behalf this registration statement is filed, has been executed and is incorporated by reference herein as an Exhibit.

EXHIBIT INDEX

Exhibit No.	Name of Exhibit
(5)(a)	Form of Specimen Certificate of Shares.
(5)(c)	Rating Agency Guidelines.
(11)	Opinion and Consent of Counsel.
(12)(a)	Form of Opinion and Consent of Vedder Price P.C.
(12)(b)	Form of Opinion and Consent of K&L Gates LLP.
(14)	Consent of Independent Auditor.