

NUVEEN PENNSYLVANIA INVESTMENT QUALITY MUNICIPAL FUND INC

Form N-CSR

July 08, 2009

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-6265

Nuveen Pennsylvania Investment Quality Municipal Fund

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

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

Date of fiscal year end: April 30

Date of reporting period: April 30, 2009

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

LOGO: NUVEEN Investments

Closed-End Funds

Nuveen Investments
Municipal Closed-End Funds

IT'S NOT WHAT YOU EARN, IT'S WHAT YOU KEEP. (R)

Annual Report
April 30, 2009

| | | | |
|--|---|--|--|
| NUVEEN NEW JERSEY INVESTMENT QUALITY MUNICIPAL FUND, INC. NQJ | NUVEEN NEW JERSEY PREMIUM INCOME MUNICIPAL FUND, INC. NNJ | NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND NXJ | NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND 2 NUJ |
| NUVEEN PENNSYLVANIA INVESTMENT QUALITY MUNICIPAL FUND NPQ | NUVEEN PENNSYLVANIA PREMIUM INCOME MUNICIPAL FUND 2 NPY | NUVEEN PENNSYLVANIA DIVIDEND ADVANTAGE MUNICIPAL FUND NXM | NUVEEN PENNSYLVANIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 NVY |

(April 09)

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LOGO: NUVEEN Investments

Chairman's
Letter to Shareholders

(PHOTO OF ROBERT P. BREMNER)

DEAR SHAREHOLDER,

The problems in the U.S. financial system and the slowdown in global economic activity continue to create a very difficult environment for the U.S. economy. The administration, the Federal Reserve System and Congress have initiated a variety of programs directed at restoring liquidity to the financial markets, providing financial support for critical financial institutions and stimulating economic activity. There are encouraging signs that these initiatives are beginning to have a constructive impact. It is not possible to predict whether the actions taken to date will be sufficient to restore more normal conditions in the financial markets or enable the economy to stabilize and set a course toward recovery. However, the speed and scope of the government's actions are very encouraging and, more importantly, reflect a commitment to act decisively to meet the economic challenges we face.

The performance information in the attached report reflects the impact of many forces at work in the equity and fixed income markets. The comments by the portfolio manager describe the strategies being used to pursue your Fund's long-term investment goals. Parts of the financial markets continue to experience serious dislocations and thorough research and strong investment disciplines have never been more important in identifying risks and opportunities. I hope you will read this information carefully.

Your Board is particularly sensitive to our shareholders' concerns in these uncertain times. We believe that frequent and thorough communication is essential in this regard and encourage you to visit the Nuveen website: www.nuveen.com, for recent developments in all Nuveen funds. We also encourage you to communicate with your financial consultant for answers to your questions and to seek advice on your long-term investment strategy in the current market environment.

Nuveen continues to work on resolving the issues related to the auction rate preferred shares situation, but the unsettled conditions in the credit markets have slowed progress. Nuveen is actively pursuing a number of solutions, all with the goal of providing liquidity for preferred shareholders while preserving the potential benefits of leverage for common shareholders. We appreciate the patience you have shown as we work through the many issues involved.

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

Sincerely,

/s/ Robert P. Bremner
Robert P. Bremner
Chairman of the Nuveen Fund Board
June 19, 2009

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Portfolio Manager's Comments

Nuveen Investments Municipal Closed-End Funds NQJ, NNJ, NXJ, NUJ, NQP, NPY, NXM, NVY

Portfolio manager Cathryn Steeves reviews U.S. economic and municipal market conditions at the national and state levels, key investment strategies, and the

twelve-month performance of the Nuveen New Jersey and Pennsylvania Funds. Cathryn, who joined Nuveen in 1996, has managed NQJ, NNJ, NXJ, NUJ, NQP, NPY, NXM and NXY since 2006. In April 2009, she assumed portfolio management responsibility for the newly introduced Nuveen New Jersey Municipal Value (NJV) and Nuveen Pennsylvania Municipal Value Fund (NPN). These two new Funds are disclosed in a separate shareholder report for the period April 28, 2009 (commencement of operations) through April 30, 2009.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE TWELVE-MONTH PERIOD ENDED APRIL 30, 2009?

During this period, downward pressure on the economy continued and stress in the financial and credit markets led to increased price volatility for most securities, reduced liquidity and a general flight to quality. In an effort to improve overall economic conditions, the Federal Reserve (Fed) continued to cut interest rates, lowering the fed funds rate from 2.00% in May 2008 to a target range of zero to 0.25% in December 2008, its lowest level on record. In March 2009, the Fed announced that, in addition to maintaining the target rate at its current level, it would buy \$300 billion of long-term Treasury securities in an effort to support private credit markets, and up to an additional \$750 billion (for a total of \$1.25 trillion) in agency mortgage-backed securities to bolster the housing market.

The Fed's rate-cutting was in part a response to the decline in U.S. economic growth, as measured by the U.S. gross domestic product (GDP). Since posting growth of 2.8% in the second quarter of 2008, the GDP has contracted at annual rates of 0.5% in the third quarter of 2008, 6.3% in the fourth quarter of 2008, and 5.7% in the first quarter of 2009, all of which adds up to the worst recession in 50 years. The ongoing housing slump also continued to trouble the economy, with the average home price falling 19.1% nationally between March 2008 and March 2009, pushing home values to 2002 levels. In the labor markets, April 2009 marked the sixteenth consecutive month of job losses, with a total of 5.7 million jobs lost since the economic recession began in January 2008. The national unemployment rate for April 2009 was 8.9%, its highest point since 1983, up from 5.0% in April 2008. At the same time, inflation remained subdued, as the Consumer Price Index (CPI), reflecting a 25% drop in energy prices, fell 0.7% year-over-year as of April 2009, the largest 12-month decline since 1955. The core CPI (which excludes food and

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energy) rose 1.9% over this same period, within the Fed's unofficial objective of 2.0% or lower for this measure.

During this period, the nation's financial institutions and markets--including the municipal bond market--experienced significant turmoil, and reductions in demand for many types of securities decreased valuations. In the municipal market, this negative impact was felt across all credit ratings, particularly lower-rated credits, reducing the net asset values of municipal bond funds. As a result, some of the dealer firms that make markets in bonds were unwilling to

commit capital to purchase or continue serving as dealers. The reduction in dealer involvement was accompanied by significant selling pressure by investors, predominantly related to lower-rated municipal bonds. This was especially true of institutional investors, whose need to reduce the leveraging of their municipal investments forced them to remove money from the municipal market. This deleveraging was driven to some extent by the overall reduction in the amount of financing available for leverage, the increased costs of leverage financing, and the need to reduce leverage levels that had increased as municipal bond prices declined.

Municipal bond prices were further negatively impacted by concerns that the need for additional deleveraging and a supply overhang (i.e., a large backlog of new issues that had been postponed) would cause selling pressure to persist. The municipal market was also beset by conditions that contributed to greater price volatility, including wider credit spreads (i.e., lower quality bonds fell in price more than higher quality bonds); greatly reduced liquidity (i.e., the ability to sell bonds at prices close to their carrying values), particularly for lower quality bonds; and a lack of price transparency (i.e., the ability to accurately determine the price at which a bond would likely trade).

The performance of the municipal bond market was significantly impacted during this period by these events as well as by concerns about the credit markets, downgrades of municipal bond insurers, and the freeze-up of the auction rate market. The surges of selling pressure resulting from these events added to the level of illiquidity in the market, which combined with the Fed rate cuts to produce a steepening of the municipal yield curve. For the twelve-month period as a whole, bonds with shorter and intermediate maturities generally outperformed longer maturity bonds, and higher quality bonds tended to outperform lower quality credits.

After a very difficult phase, market conditions began to show some general signs of improvement in mid-December 2008, and municipal bonds were on an improving trend during the first four months of 2009. In April 2009, this was enhanced by the introduction of Build America Bonds (BABs), which were authorized by the American Recovery and Reinvestment Act of 2009. This legislation allows state and local governments to sell taxable bonds and receive a subsidy equal to 35% of the interest cost instead of the tax exemptions standard in the municipal market. The issuance of BABs has taken some of the supply out of the new issuance municipal market and reduced concerns about a supply overhang, driving up prices on tax-exempt municipal issues, especially among bonds with longer maturities.

Over the twelve months ended April 30, 2009, municipal bond issuance nationwide totaled \$430.0 billion, a drop of 5% compared with the twelve-month period ended April 30, 2008. While market conditions during this period impacted the demand for municipal

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bonds, investors, especially from the retail sector, continued to be attracted by the higher interest rates and yields of the municipal bond market relative to taxable bonds.

HOW WERE ECONOMIC AND MARKET CONDITIONS IN NEW JERSEY AND PENNSYLVANIA?

In 2008, New Jersey's economy grew at a rate of 0.6%, which ranked the state 31st in the nation in terms of GDP growth, just behind the national average growth rate of 0.7%. Although New Jersey continued to benefit from a highly diverse industrial base and the presence of a large number of high-tech and research companies, the state's labor market has recently deteriorated. Only the

education and health care services sector continued to post employment gains over the period, which were more than offset by major job losses in manufacturing, construction and financial services. The state's strong links to international trade, including import and export activity at New Jersey's once-bustling Newark and Camden ports, have been weakened by the deceleration in trade due to the worldwide recession. In April 2009, New Jersey's jobless rate was 8.4%, its highest level since December 1992, up from 5.0% in April 2008 but less than the national average of 8.9%.

All of these factors have led to a sharp decrease in state revenues, and New Jersey faces growing fiscal problems, including an estimated \$1.2 billion budget gap for fiscal 2010. Proposals for closing this shortfall include spending cuts and a reduction in state payrolls. New Jersey could also be forced to reduce spending on outside contracts, resulting in a negative impact on private sector businesses. As of April 30, 2009, New Jersey general obligation debt was rated Aa3/AA/AA by Moody's, Standard & Poor's (S&P) and Fitch, respectively. Moody's and Fitch listed their outlooks for the state as negative, while S&P continued to post a stable outlook. For the twelve months ended April 30, 2009, municipal issuance in New Jersey totaled \$15.1 billion.

Although still more dependent on the manufacturing sector than the nation as a whole, Pennsylvania has made aggressive efforts to diversify its economy into new industries in recent years. As a result, health and education services now comprise the largest segment of the commonwealth's economy. In conjunction with these sectors, Pennsylvania has a strong presence in biotechnology and pharmaceutical research and manufacturing, with the commonwealth's higher education institutions, including several medical schools, contributing to growth in these areas. Retail trade has served as another growth driver, although that sector is now feeling the impact of the economic slump. Even before the current recession, however, Pennsylvania's old-line manufacturing sector was in major decline, with little indication of any short-term turnaround. Growth in the service sectors also slowed. Declining home prices and the resulting layoffs in housing-related industries as well as an aging infrastructure also served as hurdles to growth. In 2008, Pennsylvania's economy grew at a rate of 1.1%, which ranked it 26th in the nation in terms of GDP growth, compared with the national average growth rate of 0.7%. As of April 2009, unemployment in Pennsylvania was 7.8%, up from 5.0% in April 2008 but less than the national average of 8.9%.

For fiscal 2009, the commonwealth's \$61.3 billion budget contained no broad-based tax increases, relying on \$375 million from the budget stabilization reserve fund to achieve balance. Current projections estimate a potential revenue shortfall of \$2.3 billion by the end of the fiscal year in June 2009, and various measures, including

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expenditure reductions and the use of federal stimulus funds, which are estimated at \$1.9 billion for Pennsylvania, have been suggested to close the gap. In March 2009, Moody's and S&P confirmed their ratings on Pennsylvania general obligation debt at Aa2 and AA, respectively, while Fitch maintained its rating at AA. Moody's listed its outlook for Pennsylvania as negative, while S&P's outlook remained positive. During the twelve months ended April 30, 2009, municipal issuance in the commonwealth totaled \$18.4 billion.

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

During this time, as the municipal market remained under pressure from price volatility, reduced liquidity and fundamental economic concerns, we continued to

focus on finding bonds that offered relative value, while seeking to manage liquidity and invest for the long term.

Much of our investment activity during this period was driven by opportunities created by market conditions. We sought to capitalize on this environment by continuing to take a bottom-up approach to finding undervalued sectors and individual credits with the potential to perform well over the long term. Overall, our emphasis was on purchasing higher coupon bonds with longer maturities, i.e., 20 to 30 years, to take advantage of the spreads offered by the extremely steep yield curve. Among the credits we added, especially in the Pennsylvania Funds, were higher education and housing bonds. We also were able to purchase lower-rated health care bonds at discounted prices as the result of selling by some municipal market participants, particularly during the last part of 2008.

Some of the cash for new purchases was generated by bond calls. In addition, we monitored the types of credits and bond structures that were attractive to the retail market and took advantage of strong bids to sell bonds into relatively consistent retail demand. In view of tighter liquidity, we positioned the Funds somewhat more defensively by retaining slightly more cash than usual in order to improve the Funds' liquidity profiles and have the capital we needed to reinvest at opportune times.

During this period, we used inverse floating rate securities¹ in seven of the eight Funds (NUJ did not use inverse floaters). We employed inverse floaters for a variety of reasons, including duration² management, income enhancement, and as a form of leverage. NNJ and NVY also invested in additional types of derivatives³ intended to help manage duration and common share net asset value (NAV) volatility without having a negative impact on income streams or common share dividends over the short term. As of April 30, 2009, the inverse floaters remained in place in the seven Funds, while we had removed the derivative positions from NNJ and NVY.

- (1) An inverse floating rate security, also known as inverse floaters, is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during the reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in this Report sections of this report.
- (2) Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.
- (3) Each Fund may invest in derivative instruments such as forwards, futures, options, and swap transactions. For additional information on the derivative instruments in which each Fund was invested during and at the end of the reporting period, see the Portfolio of Investments, Financial Statements, and Notes to Financial Statements sections of this report.

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HOW DID THE FUNDS PERFORM?

Individual results for these Nuveen New Jersey and Pennsylvania Funds, as well as relevant index and peer group information, are presented in the accompanying

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table.

AVERAGE ANNUAL TOTAL RETURNS ON COMMON SHARE NET ASSET VALUE FOR PERIODS ENDED
4/30/09

| | 1-YEAR | 5-YEAR | 10-YEAR |
|--|--------|--------|---------|
| ----- | | | |
| NEW JERSEY FUNDS | | | |
| NQJ | -3.41% | 3.23% | 4.47% |
| NNJ | -0.40% | 3.62% | 4.84% |
| NXJ | -3.63% | 3.16% | N/A |
| NUJ | -4.36% | 3.38% | N/A |
| | | | |
| PENNSYLVANIA FUNDS | | | |
| NQP | -1.01% | 3.11% | 4.34% |
| NPY | -2.65% | 2.53% | 4.37% |
| NXM | -4.57% | 2.82% | N/A |
| NVY | -2.33% | 3.32% | N/A |
| | | | |
| Lipper Other States Municipal Debt Funds Average(4) | -2.30% | 3.12% | 4.26% |
| | | | |
| Barclays Capital Municipal Bond Index(5) | 3.11% | 4.11% | 4.78% |
| | | | |
| S&P New Jersey Municipal Bond Index(6) | 1.14% | 3.84% | 4.61% |
| | | | |
| S&P Pennsylvania Municipal Bond Index(6) | 1.85% | 4.01% | 4.70% |
| ----- | | | |

For the twelve months ended April 30, 2009, the total returns on common share NAV for NNJ and NQP exceeded the average return for the Lipper Other States Municipal Debt Funds Average, NVY performed in line with the Lipper group, and NQJ, NXJ, NUJ, NPY and NXM trailed the Lipper benchmark. All of the New Jersey and Pennsylvania Funds underperformed the returns on the national Barclays Capital Municipal Bond Index and their respective Standard & Poor's (S&P) New Jersey or Pennsylvania Municipal Bond Index for the period. Shareholders should note that some of the benchmarks shown in the accompanying table include bonds from states in addition to New Jersey and Pennsylvania, which may make direct comparisons between the Funds and these benchmarks less meaningful.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, the use of derivatives, credit exposure and sector allocations, and individual security selection. In addition, the use of leverage was an important factor affecting the Funds' performances over this period. The impact of leverage is discussed in more detail on page 10.

Over the course of this twelve-month period, the municipal bond yield curve remained steep. Bonds in the Barclays Capital Municipal Bond Index with maturities of three to ten

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

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

(4) The Lipper Other States Municipal Debt Funds Average is calculated using

the returns of all closed-end funds in this category for each period as follows: 1-year, 46 funds; 5-year, 46 funds; and 10-year, 18 funds. Fund and Lipper returns assume reinvestment of dividends.

- (5) The Barclays Capital (formerly Lehman Brothers) Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Barclays Capital index do not reflect any expenses.
- (6) The Standard & Poor's (S&P) New Jersey and Pennsylvania Municipal Bond Indexes are unleveraged, market value-weighted indexes designed to measure the performance of the municipal bond market, in these states.

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years, especially those maturing in approximately four to six years, benefited the most from the interest rate environment. Although the New Jersey Funds were generally underweighted in the shorter part of the yield curve and overweighted in the longest part, these Funds had good allocations to the intermediate parts of the curve that performed well. This made their duration and yield curve positioning a net positive for performance during this period, except in NXJ, which had the highest exposure to longer bonds among these four Funds. Among the Pennsylvania Funds, duration positioning was neutral for performance except in NXM, which was penalized by heavier exposure to the longer part of the yield curve.

As mentioned earlier, seven of the eight Funds used inverse floating rate securities. During this period, the impact of the inverse floaters varied, with inverse floaters based on higher credit quality bonds outperforming those that used lower-quality credits. In general, the inverse floaters had a positive impact on performance in the Pennsylvania Funds and a neutral impact in the New Jersey Funds. At the same time, the inverse floaters also benefited all of the Funds by helping to support their income streams. In addition, NNJ and NVY, which had durations that were shorter than our strategic target, used derivative positions during part of this period to synthetically extend duration and move the Funds closer to the target. These derivative positions, which boosted the Funds' interest rate sensitivity, performed well and made positive contributions to NNJ and NVY's total return performance.

Credit quality exposure was also a major factor in performance during this period, as contributions from duration and yield curve positioning and the use of derivatives were offset to varying degrees by the Funds' exposures to lower-rated credits. During a difficult economic environment and disruptions in the financial markets, risk-averse investors put a priority on higher quality investments, and bonds with higher credit quality typically performed very well. Bonds rated BBB or below and non-rated bonds generally posted poorer returns. Pre-refunded⁷ bonds, which are backed by U.S. Treasury securities, were one of the top performing segments of the market, due primarily to their shorter effective maturities, higher credit quality, and perceived safety. Among the Pennsylvania Funds, NQP and NVY had significantly larger exposures to pre-refunded bonds, while NXM had the smallest allocation of these bonds. Additional sectors of the market that generally contributed positively to the Funds' returns included general obligation and other tax-backed bonds, water and sewer, education, and housing credits. The performances of all of these Funds were hampered by their underweighting in tax-backed bonds relative to the market indexes. The New Jersey Funds were also relatively underexposed to education bonds, while the Pennsylvania Funds benefited from good allocations of education credits.

Holdings that generally detracted from the Funds' performances included

industrial development revenue (IDR) bonds, which performed very poorly during this period. The health care revenue sector also underperformed the overall municipal market. All of these Funds, especially NXM and NVY, had larger allocations to the IDR sector than the market as a whole, and the New Jersey Funds were also heavily weighted in health care, particularly NUJ. Zero coupon bonds also performed poorly, as did lower-rated tobacco bonds.

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

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Individual security selection was also a factor in the Funds' performances during this period. In particular, the Funds were impacted to varying degrees by the downgrades of municipal bond issuers, and the subsequent impact on the returns and values of insured bonds. See below for more information on municipal bond insurers.

IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE

In this generally unfavorable investment environment, a significant factor impacting the returns of these Funds relative to the comparative indexes was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total returns for common shareholders. However, use of leverage also can expose common shareholders to additional risk--especially when market conditions are as unfavorable as they were during much of this twelve-month period. As the prices of many securities held by these Funds declined, the negative impact of these valuation changes on common share net asset value and common shareholder total return was magnified by the use of leverage.

RECENT DEVELOPMENTS REGARDING BOND INSURANCE COMPANIES

Another factor that had an impact on the performance of these Funds was their positions in bonds backed by municipal bond insurers that experienced downgrades in their credit ratings. At the time this report was prepared, there were no longer any bond insurers rated AAA by all three of the major rating agencies (Moody's Investor Service, S&P and Fitch) and at least one rating agency has placed each insurer on "negative credit watch," "credit watch evolving," "credit outlook developing," or "rating withdrawn," which may presage one or more rating reductions in the future. As concern increased about the balance sheets of insurers, prices on insured bonds - especially those bonds issued by weaker underlying credits - declined, detracting from the Funds' performance. By the end of this period, most insured bonds were being valued according to their fundamentals as if they were uninsured. On the whole, the holdings of these Funds continued to be well diversified, and it is important to note that municipal bonds historically have had a very low rate of default.

RECENT DEVELOPMENTS IN THE AUCTION RATE PREFERRED SECURITIES MARKETS

As noted in previous shareholder reports, beginning in February 2008, more shares were submitted for sale in the regularly scheduled auctions for the auction rate preferred shares issued by these Funds than there were offers to buy. This meant that these auctions "failed to clear," and that many, or all, of the Funds' auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and 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 auction rate preferred shares.

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These developments generally have not affected the portfolio management or investment policies of these Funds. However, one continuing implication for common shareholders of these auction failures is that the Funds' cost of leverage will likely be higher, at least temporarily, than it otherwise would have been had the auctions continued to be successful. As a result, the Funds' future common share earnings may be lower than they otherwise might have been.

As noted in the last shareholder report, the Funds' Board of Directors/Trustees authorized a plan to use tender option bonds (TOBs), also known as floating rate securities, to refinance a portion of the Funds' outstanding auction rate preferred shares. As of April 30, 2009, the amount of auction rate preferred securities redeemed by the Funds are as shown in the accompanying table.

| FUND | AUCTION RATE PREFERRED SHARES REDEEMED | % OF ORIGINAL AUCTION RATE PREFERRED SHARES |
|------|--|---|
| NQJ | \$ 12,175,000 | 7.5% |
| NNJ | \$ -- | 0.0% |
| NXJ | \$ 975,000 | 2.0% |
| NUJ | \$ 1,900,000 | 5.5% |
| NQP | \$ 20,250,000 | 15.3% |
| NPY | \$ 18,825,000 | 15.9% |
| NXM | \$ 2,500,000 | 10.0% |
| NVY | \$ 5,500,000 | 19.3% |

Subsequent to the reporting period, NQJ, NNJ, NXJ and NUJ noticed for redemption an additional \$3,525,000, \$2,075,000, \$1,100,000 and \$775,000 auction rate preferred securities, respectively.

While the Funds' Board of Directors/Trustees and management continue to work to resolve this situation, the Funds cannot provide any assurance on when the remaining outstanding auction rate preferred shares might be redeemed.

As of April 30, 2009, sixty-seven Nuveen closed-end municipal funds have redeemed and/or noticed for redemption at par a portion of their outstanding auction rate preferred shares. These redemptions bring the total amount of Nuveen's municipal closed-end funds' auction rate preferred share redemptions to approximately \$2.1 billion of the original \$11 billion outstanding.

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

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Common Share Dividend
and Share Price Information

During the twelve-month reporting period ended April 30, 2009, NQP, NPY and NVY each had two monthly dividend increases, NXM had one monthly dividend increase,

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and the dividends of NQJ, NXJ and NUJ remained stable throughout the period. NNJ had one dividend cut in October 2008.

Due to normal portfolio activity, common shareholders of the following Funds received capital gains and/or net ordinary income distributions at the end of December 2008 as follows:

| | | LONG-TERM CAPITAL GAINS (PER SHARE) | SHORT-TERM CAPITAL GAINS AND/OR ORDINARY INCOME (PER SHARE) |
|-----|----|---|--|
| NQJ | \$ | 0.0465 | \$ 0.0431 |
| NNJ | \$ | 0.0533 | \$ 0.0311 |
| NXJ | \$ | 0.0390 | \$ 0.0379 |
| NUJ | \$ | 0.0443 | \$ 0.0291 |
| NPY | | -- | \$ 0.0017 |
| NVY | \$ | 0.0040 | -- |

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 April 30, 2009, all of the Funds in this report had positive UNII balances for both tax and financial statement purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

The Funds' Board of Directors/Trustees approved an open-market share repurchase program on July 10, 2007, for NQP and NPY and on July 30, 2008, for NQJ, NNJ, NXJ, NUJ, NXM and NVY under which each Fund may repurchase an aggregate of up to 10% of its outstanding common shares. Since the inception of this program, NVY has not repurchased any of its outstanding common shares.

12 Nuveen Investments

As of April 30, 2009, the Funds repurchased common shares as shown in the accompanying table.

| FUND | COMMON SHARES REPURCHASED | % OF OUTSTANDING COMMON SHARES |
|------|---------------------------------|---|
| NQJ | 30,600 | 0.2% |
| NNJ | 12,900 | 0.1% |
| NXJ | 7,200 | 0.1% |
| NUJ | 2,800 | 0.1% |
| NQP | 167,400 | 1.0% |
| NPY | 207,900 | 1.3% |
| NXM | 2,000 | 0.1% |

During the twelve-month reporting period, common shares were repurchased at a weighted average price and a weighted average discount per common share as shown in the accompanying table.

| FUND | WEIGHTED AVERAGE PRICE PER SHARE REPURCHASED | WEIGHTED AVERAGE DISCOUNT PER SHARE REPURCHASED |
|------|--|---|
| NQJ | \$ 10.34 | 18.29% |
| NNJ | \$ 11.07 | 17.90% |
| NXJ | \$ 10.14 | 18.93% |
| NUJ | \$ 10.41 | 17.27% |
| NQP | \$ 10.80 | 18.20% |
| NPY | \$ 10.01 | 18.84% |
| NXM | \$ 10.49 | 17.12% |

As of April 30, 2009, the Funds' common share prices were trading at discounts to their common share NAVs as shown in the accompanying table.

| FUND | 4/30/09 DISCOUNT | TWELVE-MONTH AVERAGE DISCOUNT |
|------|---------------------|----------------------------------|
| NQJ | -12.54% | -13.30% |
| NNJ | -13.52% | -13.83% |
| NXJ | -14.03% | -14.06% |
| NUJ | -11.37% | -11.07% |
| NQP | -16.19% | -15.81% |
| NPY | -16.67% | -16.75% |
| NXM | -13.60% | -12.49% |
| NVY | -14.68% | -13.40% |

Nuveen Investments 13

NQJ Performance OVERVIEW | Nuveen New Jersey Investment Quality Municipal Fund, Inc. as of April 30, 2009

FUND SNAPSHOT

| | |
|--|------------|
| Common Share Price | \$ 11.37 |
| Common Share Net Asset Value | \$ 13.00 |
| Premium/(Discount) to NAV | -12.54% |
| Market Yield | 5.75% |
| Taxable-Equivalent Yield(2) | 8.53% |
| Net Assets Applicable to Common Shares (\$000) | \$ 265,928 |
| Average Effective Maturity on Securities (Years) | 15.48 |
| Leverage-Adjusted Duration | 10.47 |

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AVERAGE ANNUAL TOTAL RETURN
(Inception 2/21/91)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | -7.10% | -3.41% |
| 5-Year | 1.02% | 3.23% |
| 10-Year | 2.34% | 4.47% |

INDUSTRIES
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 22.8% |
| Transportation | 16.5% |
| Health Care | 14.7% |
| U.S. Guaranteed | 14.3% |
| Education and Civic Organizations | 10.8% |
| Water and Sewer | 5.4% |
| Tax Obligation/General | 4.6% |
| Other | 10.9% |

Credit Quality (as a % of total investments) (1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 32% |
| AA | 33% |
| A | 15% |
| BBB | 13% |
| BB or Lower | 1% |
| N/R | 6% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

| | |
|-----|-----------|
| May | \$ 0.0545 |
| Jun | 0.0545 |
| Jul | 0.0545 |
| Aug | 0.0545 |
| Sep | 0.0545 |
| Oct | 0.0545 |
| Nov | 0.0545 |
| Dec | 0.0545 |
| Jan | 0.0545 |
| Feb | 0.0545 |
| Mar | 0.0545 |
| Apr | 0.0545 |

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Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 5/01/08 | \$ | 13.13 |
| | | 13.1 |
| | | 13.248 |
| | | 13.24 |
| | | 13.36 |
| | | 13.25 |
| | | 13.37 |
| | | 13.08 |
| | | 12.94 |
| | | 12.8799 |
| | | 12.76 |
| | | 12.83 |
| | | 12.85 |
| | | 12.44 |
| | | 12.59 |
| | | 12.67 |
| | | 12.68 |
| | | 12.71 |
| | | 12.76 |
| | | 12.76 |
| | | 12.66 |
| | | 12.15 |
| | | 11.2 |
| | | 10.79 |
| | | 8.1 |
| | | 9.54 |
| | | 10.7101 |
| | | 10.31 |
| | | 10.7084 |
| | | 10.16 |
| | | 9.75 |
| | | 9.68 |
| | | 9.5 |
| | | 8.61 |
| | | 9.31 |
| | | 9.36 |
| | | 9.92 |
| | | 11.4 |
| | | 11.26 |
| | | 10.8 |
| | | 10.9 |
| | | 11.29 |
| | | 11.23 |
| | | 10.39 |
| | | 10.61 |
| | | 10.26 |
| | | 10.53 |
| | | 10.63 |
| | | 10.71 |
| | | 11.08 |
| | | 11.13 |
| | | 11.3001 |
| | | 11.38 |
| 4/30/09 | | 11.37 |

(1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an

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expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (2) 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 32.6%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.0896 per share.

14 Nuveen Investments

NNJ Performance OVERVIEW | Nuveen New Jersey Premium Income Municipal Fund, Inc. as of April 30, 2009

Credit Quality (as a % of total investments)(1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 28% |
| AA | 42% |
| A | 15% |
| BBB | 11% |
| BB or Lower | 1% |
| N/R | 3% |

2008-2009 Monthly Tax-Free Dividends Per Common Share(3)

[BAR CHART]

| | |
|-----|-----------|
| May | \$ 0.0545 |
| Jun | 0.0545 |
| Jul | 0.0545 |
| Aug | 0.0545 |
| Sep | 0.0545 |
| Oct | 0.0515 |
| Nov | 0.0515 |
| Dec | 0.0515 |
| Jan | 0.0515 |
| Feb | 0.0515 |
| Mar | 0.0515 |
| Apr | 0.0515 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | |
|---------|----------|
| 5/01/08 | \$ 13.53 |
| | 13.48 |
| | 13.6 |
| | 13.58 |
| | 13.64 |
| | 13.61 |
| | 13.597 |
| | 13.21 |
| | 13.01 |
| | 13.01 |

13
 13.07
 12.95
 12.85
 12.78
 12.977
 12.97
 12.8
 13.14
 13.12
 12.85
 12.86
 11.75
 11.15
 8.24
 9.78
 10.85
 10.86
 11.08
 10.674
 9.35
 9.994
 9.5754
 9.05
 10.25
 10.12
 10.57
 11.67
 11.46
 11.482
 11.88
 11.97
 12.1
 11.38
 11.8
 11.19
 11.1
 11.18
 11.36
 11.7
 12.03
 11.97
 11.97
 11.96

4/30/09

FUND SNAPSHOT

| | | |
|---|----|---------|
| Common Share Price | \$ | 11.96 |
| Common Share Net Asset Value | \$ | 13.83 |
| Premium/(Discount) to NAV | | -13.52% |
| Market Yield | | 5.17% |
| Taxable-Equivalent Yield(2) | | 7.67% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 166,428 |
| Average Effective | | |

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| | |
|--------------------------------|-------|
| Maturity on Securities (Years) | 13.94 |
| Leverage-Adjusted Duration | 9.74 |

AVERAGE ANNUAL TOTAL RETURN

(Inception 12/17/92)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | -5.69% | -0.40% |
| 5-Year | 1.92% | 3.62% |
| 10-Year | 2.86% | 4.84% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 27.2% |
| U.S. Guaranteed | 17.4% |
| Health Care | 12.7% |
| Transportation | 12.2% |
| Education and Civic Organizations | 9.9% |
| Water and Sewer | 8.8% |
| Tax Obligation/General | 6.5% |
| Other | 5.3% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) 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 32.6%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.0844 per share.

Nuveen Investments 15

NXJ Performance OVERVIEW | Nuveen New Jersey Dividend Advantage Municipal Fund as of April 30, 2009

FUND SNAPSHOT

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| | | |
|--|----|---------|
| Common Share Price | \$ | 11.15 |
| Common Share Net Asset Value | \$ | 12.97 |
| Premium/(Discount) to NAV | | -14.03% |
| Market Yield | | 5.92% |
| Taxable-Equivalent Yield(2) | | 8.78% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 85,230 |
| Average Effective Maturity on Securities (Years) | | 15.60 |
| Leverage-Adjusted Duration | | 11.65 |

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

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | -8.95% | -3.63% |
| 5-Year | 0.86% | 3.16% |
| Since Inception | 2.23% | 4.58% |

INDUSTRIES
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 23.1% |
| U.S. Guaranteed | 15.9% |
| Health Care | 14.7% |
| Water and Sewer | 13.9% |
| Education and Civic Organizations | 12.3% |
| Transportation | 11.8% |
| Other | 8.3% |

Credit Quality (as a % of total investments) (1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 24% |
| AA | 30% |
| A | 23% |
| BBB | 17% |
| BB or Lower | 2% |
| N/R | 4% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

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| | | |
|-----|----|-------|
| May | \$ | 0.055 |
| Jun | | 0.055 |
| Jul | | 0.055 |
| Aug | | 0.055 |
| Sep | | 0.055 |
| Oct | | 0.055 |
| Nov | | 0.055 |
| Dec | | 0.055 |
| Jan | | 0.055 |
| Feb | | 0.055 |
| Mar | | 0.055 |
| Apr | | 0.055 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|---------|--------|
| 5/01/08 | \$ | 13.13 |
| | | 13.2 |
| | | 13.36 |
| | | 13.25 |
| | | 13.27 |
| | | 13.37 |
| | | 13.3 |
| | | 12.94 |
| | | 12.85 |
| | | 12.65 |
| | | 12.65 |
| | | 12.63 |
| | | 12.62 |
| | | 12.5 |
| | | 12.58 |
| | | 12.55 |
| | | 12.55 |
| | | 12.44 |
| | | 12.68 |
| | | 12.56 |
| | | 12.48 |
| | | 11.95 |
| | | 11.03 |
| | | 10.618 |
| | | 8.1 |
| | | 9.74 |
| | | 10.3 |
| | | 10.23 |
| | | 10.26 |
| | | 9.675 |
| | | 9.1 |
| | | 9.5 |
| | | 9.05 |
| | | 8.53 |
| | | 8.9 |
| | | 8.97 |
| | | 9.57 |
| | 10.7999 | |
| | | 10.38 |
| | | 10.25 |
| | | 10.59 |
| | | 10.96 |
| | | 10.9 |
| | | 10.23 |
| | | 10.67 |

10.12
 10.39
 10.27
 10.55
 10.83
 10.976
 11.21
 11.1166
 11.15

4/30/09

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) 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 32.6%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.0769 per share.

16 Nuveen Investments

NUJ Performance OVERVIEW | Nuveen New Jersey Dividend Advantage Municipal Fund 2 as of April 30, 2009

Credit Quality (as a % of total investments)(1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 29% |
| AA | 30% |
| A | 23% |
| BBB | 13% |
| BB or Lower | 4% |
| N/R | 1% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

| | |
|-----|-----------|
| May | \$ 0.0575 |
| Jun | 0.0575 |
| Jul | 0.0575 |
| Aug | 0.0575 |
| Sep | 0.0575 |
| Oct | 0.0575 |
| Nov | 0.0575 |
| Dec | 0.0575 |
| Jan | 0.0575 |
| Feb | 0.0575 |
| Mar | 0.0575 |
| Apr | 0.0575 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | |
|---------|--|
| 5/01/08 | \$ 13.58 13.6 13.6 13.7 13.96 13.87 14.35 13.5 13.4 13.4 13.059 13.42 13.26 13.01 13.04 12.98 13.15 13.25 13.57 13.55 13.18 12.85 11.9 11.2 8.25 9.78 10.8 10.8 10.88 9.97 9.15 9.55 9.15 8.42 8.95 9.14 9.83 11.06 10.41 10.54 11 11.33 11.388 10.99 11.36 10.75 10.72 10.6116 10.88 11.25 11.59 11.32 11.51 11.46 |
| 4/30/09 | |

FUND SNAPSHOT

Common Share Price \$ 11.46

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| | | |
|---|----|---------|
| Common Share Net Asset Value | \$ | 12.93 |
| Premium/(Discount) to NAV | | -11.37% |
| Market Yield | | 6.02% |
| Taxable-Equivalent Yield(2) | | 8.93% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 58,456 |
| Average Effective Maturity on Securities (Years) | | 15.59 |
| Leverage-Adjusted Duration | | 10.86 |

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

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | -9.75% | -4.36% |
| 5-Year | 2.02% | 3.38% |
| Since Inception | 2.34% | 4.65% |

INDUSTRIES
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Health Care | 20.0% |
| Tax Obligation/Limited | 19.2% |
| U.S. Guaranteed | 18.1% |
| Transportation | 15.8% |
| Education and Civic Organizations | 10.0% |
| Long-Term Care | 5.7% |
| Other | 11.2% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) 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 32.6%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.0734 per share.

NQP Performance OVERVIEW | Nuveen Pennsylvania Investment Quality Municipal Fund
as of April 30, 2009

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 11.34 |
| Common Share Net Asset Value | \$ | 13.53 |
| Premium/(Discount) to NAV | | -16.19% |
| Market Yield | | 6.19% |
| Taxable-Equivalent Yield(2) | | 8.87% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 218,353 |
| Average Effective Maturity on Securities (Years) | | 15.32 |
| Leverage-Adjusted Duration | | 11.97 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 2/21/91)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | -7.99% | -1.01% |
| 5-Year | 1.64% | 3.11% |
| 10-Year | 1.62% | 4.34% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| U.S. Guaranteed | 20.1% |
| Education and Civic Organizations | 19.4% |
| Tax Obligation/General | 16.4% |
| Health Care | 8.5% |
| Transportation | 8.0% |
| Housing/Single Family | 6.3% |
| Tax Obligation/Limited | 6.2% |
| Water and Sewer | 4.3% |
| Other | 10.8% |

Credit Quality (as a % of total investments)(1)

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[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 40% |
| AA | 36% |
| A | 13% |
| BBB | 10% |
| N/R | 1% |

2008-2009 Monthly Tax-Free Dividends Per Common Share

[BAR CHART]

| | |
|-----|----------|
| May | \$ 0.055 |
| Jun | 0.055 |
| Jul | 0.055 |
| Aug | 0.055 |
| Sep | 0.057 |
| Oct | 0.057 |
| Nov | 0.057 |
| Dec | 0.057 |
| Jan | 0.057 |
| Feb | 0.057 |
| Mar | 0.0585 |
| Apr | 0.0585 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | |
|---------|----------|
| 5/01/08 | \$ 13.13 |
| | 13.154 |
| | 13.11 |
| | 13.16 |
| | 13.19 |
| | 13.05 |
| | 12.93 |
| | 12.7 |
| | 12.57 |
| | 12.57 |
| | 12.63 |
| | 12.59 |
| | 12.4401 |
| | 12.25 |
| | 12.25 |
| | 12.25 |
| | 12.19 |
| | 12.105 |
| | 12.23 |
| | 12.35 |
| | 12.24 |
| | 11.58 |
| | 10.67 |
| | 10.25 |
| | 7.66 |
| | 9.03 |
| | 10.29 |
| | 10.286 |
| | 10.47 |
| | 10.28 |
| | 9.08 |
| | 9.47 |
| | 8.76 |

| |
|---------|
| 8.25 |
| 8.83 |
| 9.17 |
| 9.67 |
| 10.97 |
| 10.9552 |
| 10.8499 |
| 10.95 |
| 11.26 |
| 11.38 |
| 10.67 |
| 10.975 |
| 10.68 |
| 10.5301 |
| 10.75 |
| 11.18 |
| 11.43 |
| 11.53 |
| 11.29 |
| 11.39 |
| 11.34 |

4/30/09

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) 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 30.2%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

18 Nuveen Investments

NPY Performance OVERVIEW | Nuveen Pennsylvania Premium Income Municipal Fund 2 as of April 30, 2009

Credit Quality (as a % of total investments)(1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 28% |
| AA | 35% |
| A | 14% |
| BBB | 15% |
| BB or Lower | 2% |
| N/R | 6% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

| | |
|-----|-----------|
| May | \$ 0.0495 |
| Jun | 0.0495 |
| Jul | 0.0495 |
| Aug | 0.0495 |
| Sep | 0.052 |

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| | |
|-----|--------|
| Oct | 0.052 |
| Nov | 0.052 |
| Dec | 0.052 |
| Jan | 0.052 |
| Feb | 0.052 |
| Mar | 0.0565 |
| Apr | 0.0565 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 5/01/08 | \$ | 12.31 |
| | | 12.26 |
| | | 12.28 |
| | | 12.4 |
| | | 12.36 |
| | | 12.32 |
| | | 12.37 |
| | | 12.13 |
| | | 11.83 |
| | | 11.8999 |
| | | 12.06 |
| | | 11.93 |
| | | 11.71 |
| | | 11.48 |
| | | 11.53 |
| | | 11.53 |
| | | 11.53 |
| | | 11.537 |
| | | 11.59 |
| | | 11.73 |
| | | 11.52 |
| | | 11.26 |
| | | 10.14 |
| | | 9.89 |
| | | 7.2 |
| | | 8.36 |
| | | 9.39 |
| | | 9.35 |
| | | 9.71 |
| | | 9.03 |
| | | 8.74 |
| | | 8.75 |
| | | 8.13 |
| | | 7.55 |
| | | 8.21 |
| | | 8.29 |
| | | 9.04 |
| | | 10.15 |
| | | 10.06 |
| | | 10.02 |
| | | 10.08 |
| | | 10.34 |
| | | 10.53 |
| | | 9.93 |
| | | 10.09 |
| | | 9.93 |
| | | 9.99 |
| | | 10.05 |
| | | 10.07 |
| | | 10.36 |

| | |
|---------|---------|
| | 10.68 |
| | 10.57 |
| | 10.63 |
| 4/30/09 | 10.6036 |

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 10.60 |
| Common Share Net Asset Value | \$ | 12.72 |
| Premium/(Discount) to NAV | | -16.67% |
| Market Yield | | 6.40% |
| Taxable-Equivalent Yield(2) | | 9.17% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 198,739 |
| Average Effective Maturity on Securities (Years) | | 15.71 |
| Leverage-Adjusted Duration | | 11.94 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 3/18/93)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | -8.43% | -2.65% |
| 5-Year | 0.93% | 2.53% |
| 10-Year | 3.36% | 4.37% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Education and Civic Organizations | 15.9% |
| U.S. Guaranteed | 15.3% |
| Transportation | 13.2% |
| Tax Obligation/General | 11.5% |
| Health Care | 9.3% |
| Water and Sewer | 8.1% |
| Utilities | 6.2% |
| Tax Obligation/Limited | 5.9% |
| Other | 14.6% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of

certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (2) 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 30.2%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders a net ordinary income distribution in December 2008 of \$0.0017 per share.

Nuveen Investments 19

NXM Performance OVERVIEW | Nuveen Pennsylvania Dividend Advantage Municipal Fund as of April 30, 2009

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 11.31 |
| Common Share Net Asset Value | \$ | 13.09 |
| Premium/(Discount) to NAV | | -13.60% |
| Market Yield | | 6.21% |
| Taxable-Equivalent Yield(2) | | 8.90% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 43,587 |
| Average Effective Maturity on Securities (Years) | | 16.75 |
| Leverage-Adjusted Duration | | 12.19 |

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

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | -11.67% | -4.57% |
| 5-Year | 1.21% | 2.82% |
| Since Inception | 2.85% | 5.19% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Education and Civic Organizations | 18.2% |
| Health Care | 14.6% |
| Long-Term Care | 11.5% |
| Tax Obligation/Limited | 9.6% |
| Tax Obligation/General | 9.4% |

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| | |
|-----------------------|-------|
| U.S. Guaranteed | 9.0% |
| Transportation | 8.0% |
| Housing/Single Family | 5.8% |
| Other | 13.9% |

Credit Quality (as a % of total investments)(1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 25% |
| AA | 29% |
| A | 19% |
| BBB | 11% |
| BB or Lower | 5% |
| N/R | 11% |

2008-2009 Monthly Tax-Free Dividends Per Common Share

[BAR CHART]

| | |
|-----|----------|
| May | \$ 0.057 |
| Jun | 0.057 |
| Jul | 0.057 |
| Aug | 0.057 |
| Sep | 0.0585 |
| Oct | 0.0585 |
| Nov | 0.0585 |
| Dec | 0.0585 |
| Jan | 0.0585 |
| Feb | 0.0585 |
| Mar | 0.0585 |
| Apr | 0.0585 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | |
|---------|----------|
| 5/01/08 | \$ 13.65 |
| | 13.7 |
| | 13.96 |
| | 13.85 |
| | 13.65 |
| | 13.58 |
| | 13.48 |
| | 13.1 |
| | 13.06 |
| | 12.99 |
| | 13.1 |
| | 12.94 |
| | 13.24 |
| | 13.05 |
| | 12.78 |
| | 12.67 |
| | 12.51 |
| | 12.51 |
| | 12.67 |
| | 12.84 |

| | |
|---------|---------|
| | 12.61 |
| | 11.84 |
| | 11.476 |
| | 11.56 |
| | 9.43 |
| | 9.63 |
| | 10.69 |
| | 10.76 |
| | 10.91 |
| | 11.17 |
| | 9.23 |
| | 9.54 |
| | 9.27 |
| | 8.482 |
| | 8.85 |
| | 9.28 |
| | 9.79 |
| | 11.65 |
| | 11.65 |
| | 11.28 |
| | 11.41 |
| | 11.44 |
| | 11.42 |
| | 10.86 |
| | 10.92 |
| | 10.15 |
| | 10.46 |
| | 10.388 |
| | 10.61 |
| | 10.96 |
| | 10.8895 |
| | 10.86 |
| | 11.14 |
| 4/30/09 | 11.31 |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) 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 30.2%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

20 Nuveen Investments

NVY Performance OVERVIEW | Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 as of April 30, 2009

Credit Quality (as a % of total investments)(1)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 26% |
| AA | 41% |
| A | 10% |

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| | |
|-------------|-----|
| BBB | 15% |
| BB or Lower | 4% |
| N/R | 4% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

| | |
|-----|-----------|
| May | \$ 0.0575 |
| Jun | 0.0575 |
| Jul | 0.0575 |
| Aug | 0.0575 |
| Sep | 0.0585 |
| Oct | 0.0585 |
| Nov | 0.0585 |
| Dec | 0.0585 |
| Jan | 0.0585 |
| Feb | 0.0585 |
| Mar | 0.0605 |
| Apr | 0.0605 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | |
|---------|----------|
| 5/01/08 | \$ 13.53 |
| | 13.51 |
| | 13.82 |
| | 13.85 |
| | 13.58 |
| | 13.59 |
| | 13.58 |
| | 13.04 |
| | 12.82 |
| | 12.78 |
| | 13.06 |
| | 12.71 |
| | 12.69 |
| | 12.78 |
| | 12.76 |
| | 12.56 |
| | 12.51 |
| | 12.63 |
| | 12.7 |
| | 12.82 |
| | 12.86 |
| | 11.85 |
| | 11.05 |
| | 11.139 |
| | 7.8 |
| | 9.73 |
| | 10.17 |
| | 10.33 |
| | 10.79 |
| | 10.2684 |
| | 8.77 |
| | 9.3619 |
| | 9.29 |
| | 8.57 |
| | 9.36 |
| | 9.14 |
| | 8.99 |

| | |
|---------|--------|
| | 11.25 |
| | 10.9 |
| | 11.15 |
| | 11.25 |
| | 11.251 |
| | 11.34 |
| | 11.026 |
| | 11.75 |
| | 12.03 |
| | 12.15 |
| | 11.62 |
| | 11.499 |
| | 12.24 |
| | 11.71 |
| | 11.76 |
| | 11.59 |
| 4/30/09 | 11.45 |

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 11.45 |
| Common Share Net Asset Value | \$ | 13.42 |
| Premium/(Discount) to NAV | | -14.68% |
| Market Yield | | 6.34% |
| Taxable-Equivalent Yield(2) | | 9.08% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 49,993 |
| Average Effective Maturity on Securities (Years) | | 14.26 |
| Leverage-Adjusted Duration | | 10.22 |

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

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | -9.16% | -2.33% |
| 5-Year | 2.10% | 3.32% |
| Since Inception | 2.19% | 4.89% |

INDUSTRIES
(as a % of total investments)

| | |
|-----------------------------------|-------|
| U.S. Guaranteed | 19.3% |
| Tax Obligation/Limited | 15.7% |
| Tax Obligation/General | 14.2% |
| Education and Civic Organizations | 12.5% |
| Health Care | 9.8% |

| | |
|-----------------------|-------|
| Water and Sewer | 6.3% |
| Housing/Single Family | 4.7% |
| Long-Term Care | 4.4% |
| Other | 13.1% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to