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NUVEEN REAL ESTATE INCOME FUND
Form PRE 14A
December 03, 2003

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the registrant [X]

Filed by a party other than the registrant []

Check the appropriate box:

[X] Preliminary proxy statement. [] Confidential, for use of the
Commission only (as permitted by
Rule 14a-6(e) (2)).

[] Definitive proxy statement.

[] Definitive additional materials.

[] Soliciting material pursuant to Section 240.14a-12

NUVEEN REAL ESTATE INCOME FUND

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

[X] No fee required.

[] Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and
0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed
pursuant to Exchange Act Rule 0-11 (set forth the amount on which the
filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

JANUARY 20, 2004

IMPORTANT NOTICE
TO FUND SHAREHOLDERS

Although we recommend that you read the complete Proxy Statement, for your convenience, we have provided a brief overview of the issues to be voted on.

Q. WHY AM I RECEIVING THIS PROXY STATEMENT?

A. Nuveen Institutional Advisory Corp. ("NIAC") serves as the investment adviser of the Nuveen Real Estate Income Fund (the "Fund"). NIAC has entered into an Investment Sub-Advisory Agreement (the "Sub-Advisory Agreement") with Security Capital Research & Management Incorporated (the "Sub-Adviser") for the Fund pursuant to which the Sub-Adviser is retained to furnish investment advisory services to the Fund. The Sub-Adviser is a wholly-owned subsidiary of GECIA Capital Holdings, Inc. ("GECIA"). On November 24, 2003, GECIA sold all of the capital stock of the Sub-Adviser to Banc One Investment Advisors Corporation ("Banc One") (the "Sale").

The Sub-Advisory Agreement has terminated as a result of the Sale. Currently, an interim subadvisory agreement approved by the Fund's Board of Trustees allows the Sub-Adviser to continue to serve as sub-adviser for the Fund for a limited period of time. In order for the Sub-Adviser to continue to serve as sub-adviser of the Fund after termination of the interim sub-advisory agreement, the Fund's shareholders must approve a new sub-advisory agreement. The enclosed Proxy Statement gives you additional information on Banc One, the interim sub-advisory agreement and the proposed new sub-advisory agreement, as well as certain other matters. The Trustees of the Fund, including those who are not affiliated with NIAC or the Sub-Adviser, recommend that you vote FOR the approval of the new sub-advisory agreement for the Fund.

In addition, closed-end investment companies listed on a stock exchange, such as

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the Fund, are required to hold annual meetings to approve the election of Board Members. The Fund is seeking shareholder approval to elect Board Members to serve on the Board.

Please refer to the Proxy Statement for a detailed explanation of each item.

Q. WHY IS A VOTE ON THE PROPOSED NEW SUB-ADVISORY AGREEMENT REQUIRED?

A. The Investment Company Act of 1940, which regulates investment companies in the United States such as the Fund, generally requires a shareholder vote to approve a new investment management or sub-advisory agreement whenever there is a "change in control" of a fund's investment adviser or sub-adviser. The Sale of the Sub-Adviser to Banc One resulted in such a change in control. As a result, shareholder approval of a new sub-advisory agreement is necessary to permit the Sub-Adviser to continue to serve the Fund after termination of the interim sub-advisory agreement.

Q. WHAT WILL HAPPEN IF SHAREHOLDERS DO NOT APPROVE THE NEW SUB-ADVISORY AGREEMENT?

A. If the new sub-advisory agreement is not approved, the Fund's Board will take such actions as it deems to be in the best interests of the Fund. This is discussed in more detail in the Proxy Statement.

Q. HOW WILL THE SALE TO BANC ONE AFFECT ME AS A FUND SHAREHOLDER?

A. Your investment in the Fund did not change as a result of the Sale. You still own the same shares in the Fund, and the value of your investment did not change as a result of the Sale. The new sub-advisory agreement will still be with the Sub-Adviser and the terms of the new sub-advisory agreement are substantially identical to the terms of the original Sub-Advisory Agreement.

Q. WILL THE INVESTMENT MANAGEMENT AND SUB-ADVISORY FEE RATES BE THE SAME UPON THE APPROVAL OF THE NEW SUB-ADVISORY AGREEMENT?

A. Yes, the investment management and sub-advisory fee rates will remain the same.

Q. WILL THE FUND PAY FOR THE PROXY SOLICITATION AND LEGAL COSTS ASSOCIATED WITH THE APPROVAL OF THE NEW SUB-ADVISORY AGREEMENT?

A. No, neither you nor your Fund will bear any costs associated with the approval of the new sub-advisory agreement. The Sub-Adviser has agreed to bear these costs.

Q. HOW DO THE TRUSTEES OF THE FUND SUGGEST THAT I VOTE IN CONNECTION WITH THE NEW SUB-ADVISORY AGREEMENT?

A. After careful consideration, the Board of Trustees of the Fund recommends that you vote "FOR" the approval of the new sub-advisory agreement.

Q. WHY ARE INDIVIDUALS RECOMMENDED FOR ELECTION TO THE BOARD OF THE FUND?

A. Currently, two separate board clusters oversee the funds in the Nuveen family of funds. One board cluster comprised of the same board members oversees the funds managed by NIAC, and another board cluster comprised of the same board members oversees all but one of the funds managed by Nuveen Advisory Corp. Together with the boards of other Nuveen funds, the Board of the Fund has proposed to consolidate both board clusters into a single board cluster so that the same individuals serve on the boards of most Nuveen funds.

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The Board believes that the consolidation of board clusters will have the following advantages:

- the consolidation will avoid the need to add new board members to each board cluster at various later dates to maintain the current size and structure of each board cluster;
- the consolidation ensures that each fund will gain new board members who already are knowledgeable about Nuveen and investment companies in general;
- the consolidation would reduce the duplication of board materials and reports covering the same issues and would avoid the need for repeated presentation of the same material by the same personnel at different meetings;
- reducing such administrative burdens will allow the investment adviser and its personnel to focus more on non-administrative matters; and
- a single board cluster overseeing most of the operations of the Nuveen family of funds will have a better picture of all issues facing shareholders.

Q. HOW DO THE BOARD MEMBERS OF THE FUND SUGGEST THAT I VOTE IN CONNECTION WITH THE ELECTION OF BOARD MEMBERS?

A. After careful consideration, the trustees of the Fund unanimously recommend that you vote "FOR" the nominees for the Board.

Q. WILL MY VOTE MAKE A DIFFERENCE?

A. Your vote is needed to ensure that the proposals can be acted upon. Additionally, your immediate response will help save on the costs of any future solicitations for a shareholder vote. We encourage all shareholders to participate in the governance of the Fund.

Q. WHO DO I CALL IF I HAVE QUESTIONS?

A. If you need any assistance, or have any questions regarding the proposal or how to vote your shares, please call your financial advisor or call Nuveen at (800) 257-8787 weekdays from 8:00 a.m. to 6:00 p.m. Central time.

Q. HOW DO I VOTE MY SHARES?

A. You can vote your shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage-paid envelope. Alternatively, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and follow the instructions using your proxy card as a guide.

Q. WILL ANYONE CONTACT ME?

A. You may receive a call to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS - JANUARY 20, 2004 333 West Wacker Drive
Chicago, Illinois 60606

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(800) 257-8787

NUVEEN REAL ESTATE INCOME FUND (JRS)

, 2003

TO THE SHAREHOLDERS OF THE ABOVE FUND:

Notice is hereby given that the Annual Meeting of Shareholders (the "Annual Meeting") of Nuveen Real Estate Income Fund (the "Fund"), a Massachusetts business trust, will be held in the 31st floor conference room of Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, Illinois, on Tuesday, January 20, 2004, at 10:00 a.m., Chicago time, for the following purposes and to transact such other business, if any, as may properly come before the Annual Meeting:

MATTERS TO BE VOTED ON BY SHAREHOLDERS:

1. To approve or disapprove a new sub-advisory agreement between Security Capital Research & Management Incorporated (the "Sub-Adviser") and Nuveen Institutional Advisory Corp. ("NIAC"), the Fund's investment adviser, on behalf of the Fund.

2. To elect twelve (12) Members to the Board of Trustees (the "Board," and each Trustee a "Board Member") of the Fund to serve until the next annual meeting of shareholders and until their successors shall have been duly elected and qualified:

a. ten (10) Board Members to be elected by the holders of common shares and FundPreferred shares, voting together as a single class; and

b. two (2) Board Members to be elected by the holders of FundPreferred shares only, voting separately as a single class.

3. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on November 21, 2003 are entitled to notice of and to vote at the Annual Meeting.

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IN ORDER TO AVOID DELAY AND ADDITIONAL EXPENSE TO YOUR FUND, AND TO ASSURE THAT YOUR SHARES ARE REPRESENTED, PLEASE VOTE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING. YOU MAY VOTE BY MAIL, TELEPHONE OR OVER THE INTERNET. TO VOTE BY MAIL, PLEASE MARK, SIGN, DATE AND MAIL THE ENCLOSED PROXY CARD. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. TO VOTE BY TELEPHONE, PLEASE CALL THE TOLL-FREE NUMBER LOCATED ON YOUR PROXY CARD, AND FOLLOW THE RECORDED INSTRUCTIONS, USING YOUR PROXY CARD AS A GUIDE. TO VOTE OVER THE INTERNET, GO TO THE INTERNET ADDRESS PROVIDED ON YOUR PROXY CARD, AND FOLLOW THE INSTRUCTIONS, USING YOUR PROXY CARD AS A GUIDE.

Jessica R. Droeger
Vice President and Secretary

PROXY STATEMENT
, 2003

333 West Wacker Drive
Chicago, Illinois 60606
(800) 257-8787

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NUVEEN REAL ESTATE INCOME FUND (JRS)

GENERAL INFORMATION

THIS PROXY STATEMENT IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE BOARD OF TRUSTEES (THE "BOARD," AND EACH TRUSTEE A "BOARD MEMBER") OF NUVEEN REAL ESTATE INCOME FUND (THE "FUND"), A MASSACHUSETTS BUSINESS TRUST, OF PROXIES TO BE VOTED AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE FUND TO BE HELD ON TUESDAY, JANUARY 20, 2004 (THE "ANNUAL MEETING"), AND AT ANY AND ALL ADJOURNMENTS THEREOF.

On the matters coming before the Annual Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If no choice is so specified, the shares will be voted FOR the approval of the new sub-advisory agreement and FOR the election of the nominees as listed in this Proxy Statement. Shareholders who execute proxies may revoke them at any time before they are voted by filing with the Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person.

This Proxy Statement is first being mailed to shareholders on or about
 , 2003.

The following table indicates the matters on which shareholders are solicited:

MATTER

-
1. To approve a new sub-advisory agreement for the Fund.
 - 2.a Election of ten (10) Board Members by holders of common shares and FundPreferred shares, voting together as a single class.
 - 2.b Election of two (2) Board Members by FundPreferred shares, voting as a separate class.

A quorum of shareholders is required to take action at the Annual Meeting. A majority of the shares entitled to vote at the Annual Meeting, represented in person or by proxy, will constitute a quorum of shareholders at the Annual Meeting, except that for the election of the two nominees to be elected by holders of FundPreferred shares, 33 1/3% of the FundPreferred shares entitled to vote and represented in person or by proxy will constitute a quorum. Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed for the Annual Meeting. The inspectors of election will determine whether or not a quorum is present at the Annual Meeting. The inspectors of election will treat abstentions and "broker non-votes" (i.e., shares held by brokers or nominees, typically in "street name," as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

For purposes of determining the approval of the new sub-advisory agreement, abstentions and broker non-votes will be treated as shares voted against the proposal. For purposes of determining the approval of the proposal to elect nominees, abstentions and broker non-

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votes will have no effect on the election of Board Members. The details of the proposals to be voted on by the shareholders of the Fund and the vote required for approval of the proposals are set forth under the description of the proposals below.

Shares of FundPreferred held in "street name" as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Annual Meeting, or, if adjourned, one business day before the day to which the Annual Meeting is adjourned, and that would otherwise be treated as "broker non-votes" may, pursuant to Rule 452 of the New York Stock Exchange, be voted by the broker on the proposal in the same proportion as the votes cast by all FundPreferred shareholders as a class who have voted on the proposal or in the same proportion as the votes cast by all FundPreferred shareholders of the Fund who have voted on that item. Rule 452 permits proportionate voting of FundPreferred with respect to a particular item if, among other things, (i) a minimum of 30% of the shares of FundPreferred or shares of a series of FundPreferred outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the shares of FundPreferred or shares of a series of FundPreferred outstanding has been voted by the holders of such shares against such item. For the purpose of meeting the 30% test, abstentions will be treated as shares "voted" and, for the purpose of meeting the 10% test, abstentions will not be treated as shares "voted" against the item.

Those persons who were shareholders of record at the close of business on November 21, 2003 will be entitled to one vote for each share held. As of November 21, 2003, the Fund had 28,136,413 common shares of beneficial interest issued and outstanding and 1,720 issued and outstanding FundPreferred shares, of each Series M, Series T, Series W and Series F. The common shares of the Fund are listed on the American Stock Exchange.

1. APPROVAL OR DISAPPROVAL OF THE NEW SUB-ADVISORY AGREEMENT

BACKGROUND

Nuveen Institutional Advisory Corp ("NIAC" or the "Adviser") is the Fund's investment adviser. NIAC entered into an Investment Sub-Advisory Agreement dated July 24, 2002 and continued on August 1, 2003 with respect to the Fund (the "Original Sub-Advisory Agreement"), with Security Capital Research & Management Incorporated (the "Sub-Adviser") pursuant to which the Sub-Adviser was retained to furnish investment advisory services to the Fund. Until November 24, 2003, the Sub-Adviser was a wholly-owned subsidiary of GECIA Holdings, Inc. ("GECIA"). All of the outstanding common stock of GECIA is owned by General Electric Capital Services, Inc.

The Original Sub-Advisory Agreement, as required by Section 15 of the Investment Company Act of 1940, as amended (the "1940 Act"), provided for its automatic termination in the event of its assignment. Any change in control of the Sub-Adviser is deemed to be an assignment. On November 24, 2003, GECIA sold all of the capital stock of the Sub-Adviser to Banc One Investment Advisors Corporation ("Banc One") (the "Sale"). The consummation of the Sale caused the Sub-Adviser to undergo a change in control and caused the automatic termination of the Original Sub-Advisory Agreement, as required by the 1940 Act.

Investment advisory services to the Fund are provided by the Portfolio Management Committee of the Sub-Adviser. The Sale did not result in any change in the Portfolio

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Management Committee of the Sub-Adviser. Banc One, a registered investment adviser under the Investment Advisers Act of 1940, as amended, provides asset management to a broad spectrum of institutional and individual clients including public entities, foundations, endowments, corporate retirement plans and Taft-Hartley plans, as well as to One Group Mutual Funds(R). Banc One is an indirect wholly-owned subsidiary of Bank One Corporation ("Bank One Corp.") 1 Bank One Plaza, Chicago, Illinois 60670. Banc One provides portfolio management, research and trading functions for asset management clients throughout the entire Banc One affiliate network. Banc One had over \$175 billion in assets under management as of November 21, 2003 and is headquartered at 1111 Polaris Parkway, Columbus, Ohio 43271.

On September 3, 2003, the Attorney General of the State of New York filed and simultaneously settled a complaint (the "Complaint") against a hedge fund. The Complaint alleged, among other things, that Banc One permitted the hedge fund to engage in inappropriate market timing transactions with certain mutual funds managed by Banc One. Since the filing of the Complaint, numerous class action lawsuits have been filed in various jurisdictions alleging, among other things, that Banc One violated various provisions of the federal securities laws, the Investment Advisers Act of 1940 and the Racketeer Influenced and Corrupt Organizations Act. Plaintiffs in these suits are seeking, among other things, injunctive and declaratory relief, compensatory and punitive damages, disgorgement of profits and payment of attorneys' and experts' fees. Additional lawsuits presenting allegations and requests for relief arising out of or in connection with the foregoing matters, in addition to possible actions by federal regulators and state officials, may be filed against Banc One and related parties in the future. As a result of the Sale, the Sub-Adviser is currently an affiliate of Banc One.

On July 29, 2003, the Board approved NIAC entering into a new sub-advisory agreement with the Sub-Adviser (the "New Sub-Advisory Agreement") with respect to the Fund, subject to the consummation of the Sale and approval of the New Sub-Advisory Agreement by the shareholders of the Fund. The New Sub-Advisory Agreement is substantially identical to the Original Sub-Advisory Agreement. The 1940 Act requires that the New Sub-Advisory Agreement be approved by the Fund's shareholders in order for it to become effective. As more fully explained below, a majority of the Board Members of the Fund, including a majority of the Board Members who are not parties to the Fund's investment management agreement with NIAC, the Original Sub-Advisory Agreement or the New Sub-Advisory Agreement, or who are not interested persons of the Fund, NIAC or the Sub-Adviser (the "Independent Trustees"), recommends that the shareholders of the Fund approve the New Sub-Advisory Agreement between the Sub-Adviser and NIAC. The Sub-Adviser does not anticipate that the Sale will have any adverse effect on the performance of its obligations under the New Sub-Advisory Agreement. If shareholders of the Fund approve the New Sub-Advisory Agreement, the New Sub-Advisory Agreement will become effective on or about the date of the Annual Meeting.

Approval of New Sub-Advisory Agreement. The Board met in person for the purpose of considering whether it would be in the best interests of the Fund and its shareholders to approve the New Sub-Advisory Agreement between the Sub-Adviser and NIAC. At its meeting and for reasons discussed below (see "The Board's Considerations" below), the Board, including the Independent Trustees, unanimously approved the New Sub-Advisory Agreement and recommended its approval by shareholders, in order to assure continuity of

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investment advisory services to the Fund after the Sale. The form of the New Sub-Advisory Agreement is attached hereto as Appendix A.

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The terms of the New Sub-Advisory Agreement, including fees payable to the Sub-Adviser by NIAC thereunder, are substantially identical to those of the Original Sub-Advisory Agreement, except for the date of effectiveness. There is no change in the fee rate payable by NIAC to the Sub-Adviser, nor is there a change in fee rate payable by the Fund to NIAC under its investment management agreement with NIAC. Certain of the terms of the Original Sub-Advisory Agreement are described below. If approved by shareholders of the Fund, the New Sub-Advisory Agreement will expire on August 1, 2004, unless continued. The New Sub-Advisory Agreement will continue in effect from year to year thereafter if such continuance is approved for the Fund at least annually in the manner required by the 1940 Act and the rules and regulations thereunder. In the event that the shareholders of the Fund do not approve the New Sub-Advisory Agreement, the Interim Sub-Advisory Agreement (as described below) will remain in effect until expiration or termination and the Board will take such action as it deems to be in the best interests of the Fund and its shareholders.

The Original Sub-Advisory Agreement. The Original Sub-Advisory Agreement was approved by the shareholders of the Fund on July 24, 2002. The Original Sub-Advisory Agreement provided that, subject always to the supervision of the Fund's Board and NIAC, the Sub-Adviser would furnish an investment program in respect of, make investment decisions for, and place all orders for the purchase and sale of securities for the Fund, all on behalf of the Fund. In the performance of its duties, the Sub-Adviser was required to satisfy its fiduciary duties to the Fund, monitor the Fund's investments, and comply with the provisions of the Fund's Declaration of Trust and By-laws, as amended from time to time, and the stated investment objectives, policies and restrictions of the Fund. The Sub-Adviser was also required to report to the Board and to NIAC with respect to the implementation of such program, prepare necessary books and records and make persons available to communicate with the Board and NIAC. In addition, the Sub-Adviser was authorized to select the brokers or dealers that executed the purchases and sales of portfolio securities for the Fund.

Expenses Paid by the Sub-Adviser. The Original Sub-Advisory Agreement also provided that the Sub-Adviser would pay all expenses incurred by it in connection with its activities under the Original Sub-Advisory Agreement other than the cost of securities (including brokerage commissions, if any) purchased for the Fund.

Compensation. Pursuant to the investment management agreement between NIAC and the Fund, the Fund has agreed to pay an annual management fee, payable on a monthly basis, for the services and facilities provided by NIAC according to the following schedule:

AVERAGE DAILY MANAGED ASSETS (*)	MANAGEMENT FEE
Up to \$500 million	0.900%
\$500 million to \$1 billion	0.875%
\$1 billion to \$1.5 billion	0.850%
\$1.5 billion to \$2 billion	0.825%
\$2 billion and over	0.800%

(*) Net assets including assets attributable to Fund Preferred shares and the principal amount of borrowings.

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The Original Sub-Advisory Agreement provided that the Sub-Adviser would receive from NIAC a percentage of the management fee (net of the reimbursements described below) that accrued daily and was paid monthly according to the following schedule:

DAILY NET ASSETS	PERCENTAGE OF NET MANAGEMENT FEE
Up to \$125 million	50.0%
\$125 million to \$150 million	47.5%
\$150 million to \$175 million	45.0%
\$175 million to \$200 million	42.5%
\$200 million and over	40.0%

NIAC has contractually agreed to reimburse the Fund for fees and expenses in the amounts, and for the time periods, set forth below. NIAC has not agreed to reimburse the Fund for any portion of its fees and expenses beyond November 31, 2011.

YEAR ENDING NOVEMBER 30	AMOUNT REIMBURSED (AS A PERCENTAGE OF AVERAGE DAILY MANAGED ASSETS) (*)
2001 (**)	0.30%
2002	0.30%
2003	0.30%
2004	0.30%
2005	0.30%
2006	0.30%
2007	0.25%
2008	0.20%
2009	0.15%
2010	0.10%
2011	0.05%

(*) Net assets including assets attributable to Fund Preferred shares and the principal amount of borrowings.

(**) From the commencement of operations.

For the most recently completed fiscal year of the Fund, NIAC received \$3,516,753.10 in advisory fees from the Fund (net of reimbursements), of which it paid \$1,509,044.69 in sub-advisory fees to the Sub-Adviser.

The Sub-Adviser acts as investment adviser or subadviser to other investment companies with investment objectives similar to the Fund. Information on these similar investment companies, including advisory fee rates, net assets and aggregate advisory fees paid for each fund, is set forth in Appendix C to this Proxy Statement.

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Limitation on Liability. The Original Sub-Advisory Agreement also provided that NIAC would not take any action against the Sub-Adviser to hold the Sub-Adviser liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the performance of the Sub-Adviser's duties under the Original Sub-Advisory Agreement, except

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for a loss resulting from the Sub-Adviser's willful misfeasance, bad faith or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Original Sub-Advisory Agreement.

Termination. The Original Sub-Advisory Agreement provided that it may be terminated at any time without the payment of any penalty by NIAC on sixty (60) days' written notice to the Sub-Adviser. The Original Sub-Advisory Agreement also was terminable by the Sub-Adviser as of July 31 of any year after 2003 without payment of any penalty upon sixty (60) days' prior written notice to NIAC. In addition, the Original Sub-Advisory Agreement may have been terminated by the Fund by action of the Board or by a vote of a majority of the outstanding voting securities (as defined in the 1940 Act) of the Fund on sixty (60) days' written notice to the Sub-Adviser by the Fund.

The Original Sub-Advisory Agreement also was terminable at any time without the payment of any penalty, by NIAC, by the Board or by vote of a majority of the outstanding voting securities of the Fund (as defined in the 1940 Act) in the event that it was established by a court of competent jurisdiction that the Sub-Adviser or any officer or director of the Sub-Adviser had taken any action which resulted in a breach of the covenants of the Sub-Adviser set forth in the Original Sub-Advisory Agreement. The Original Sub-Advisory Agreement became effective on July 24, 2002.

Interim Sub-Advisory Agreement. To enable the Sub-Adviser to continue to provide sub-advisory services to the Fund prior to the Annual Meeting, on July 29, 2003, by a majority vote, at a meeting held in person, the Board of the Fund, including the Independent Trustees, approved NIAC's entering into an interim sub-advisory agreement with the Sub-Adviser (the "Interim Sub-Advisory Agreement") with respect to the Fund. The Interim Sub-Advisory Agreement was effective on November 24, 2003, the date of the Sale. Pursuant to Rule 15a-4 under the 1940 Act, the Board of the Fund, including the Independent Trustees, determined that the scope and quality of services to be provided to the Fund under the Interim Sub-Advisory Agreement would be at least equivalent to the scope and quality of services provided under the Original Sub-Advisory Agreement. The Interim Sub-Advisory Agreement contains substantially the same terms and conditions as the Original Sub-Advisory Agreement, including the fee rate payable to the Sub-Adviser, but also includes special provisions required by Rule 15a-4, including:

- a maximum term of 150 days;
- a provision that the Board or holders of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act) may terminate the agreement at any time without penalty on not more than 10 days' written notice to the Sub-Adviser; and
- a provision that the compensation earned by the Sub-Adviser under the agreement is to be held in an interest-bearing escrow account until shareholder approval of the New Sub-Advisory Agreement is obtained, after which the amount in the escrow account (together with any interest) would be paid to the Sub-Adviser.

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If the Fund has not received the requisite shareholder approval for the New Sub-Advisory Agreement within 150 days after consummation of the Sale, the Sub-Advisor will be paid, out of the escrow account, the lesser of (i) any costs incurred in performing the Interim Sub-Advisory Agreement (plus interest earned on that amount while in escrow) or (ii) the total

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amount in the escrow account (plus interest earned) and the Board will take such actions as it deems to be in the best interest of the Fund.

The Board's Considerations. In determining whether to approve the Interim Sub-Advisory Agreement and New Sub-Advisory Agreement, the Board evaluated the implications of the Sale for the Sub-Advisor and the Sub-Advisor's ability to continue to provide services of substantially the same scope and quality as are currently provided. In particular, the Board inquired as to the impact of the Sale on the Sub-Advisor's personnel, facilities and financial capabilities. The Board received assurances from representatives of the Sub-Advisor that there were no current plans to make any material personnel changes that would affect the investment advisory services provided to the Fund. The Board Members also received assurances from the Sub-Advisor that the Sale would not adversely affect the Sub-Advisor's ability to fulfill its obligations to the Fund or to operate its business in a manner consistent with past practices.

The Board further considered: (i) the quality of the operations and services which have been provided to the Fund by the Sub-Advisor and which are expected to continue to be provided after the Sale, with no change in fee rates, (ii) the overall experience and reputation of the Sub-Advisor in providing such services to investment companies, and the likelihood of its continued financial stability, (iii) the reputation and capitalization of Banc One and its affiliates, and (iv) the benefits of continuity in the services to be provided under the Interim Sub-Advisory Agreement and New Sub-Advisory Agreement. Based upon its review, the Board has determined that continuity and efficiency of portfolio management services after the Sale can best be assured by approving the New Sub-Advisory Agreement. The Board believes that the New Sub-Advisory Agreement will enable the Fund to continue to obtain investment advisory services of high quality at costs which it deems appropriate and reasonable under the circumstances, and that approval of the New Sub-Advisory Agreement is in the best interests of the Fund and its shareholders. Accordingly, the Board approved the New Sub-Advisory Agreement and recommends that shareholders approve the New Sub-Advisory Agreement.

Furthermore, the Board recognized that NIAC and the Sub-Advisor have each assured the Board Members that they intend to comply with Section 15(f) of the 1940 Act. Section 15(f) provides a non-exclusive safe harbor for an investment adviser (or sub-adviser) to an investment company or any affiliated persons to receive any amount or benefit in connection with a change in control of the investment adviser (or sub-adviser) to an investment company as long as two conditions are satisfied.

First, an "unfair burden" must not be imposed on investment company clients of the adviser as a result of the transaction, or any express or implied terms, conditions or understandings applicable to the transaction. The term "unfair burden" (as defined in the 1940 Act) includes any arrangement during the two-year period after the transaction whereby the investment adviser or sub-adviser (or predecessor or successor adviser or sub-adviser), or any "interested person" (as defined in the 1940 Act) (an "Interested Person") of any such adviser or sub-adviser, receives or is entitled to receive any compensation, directly or indirectly, from such an investment company or its security holders (other than fees for bona fide investment advisory or other services) or from any other person in connection with the purchase or sale of

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securities or other property to, from or on behalf of such investment company. The Board has been advised that neither the Sub-Adviser nor Banc One is aware of any circumstances arising from the Sale that might result in an unfair burden being imposed on the Fund.

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Second, for a period of three years after the change in control, at least 75% of the board members of the investment company must be persons who are not Interested Persons of the predecessor or successor investment adviser or sub-adviser.

The Sub-Adviser has undertaken to pay the costs of preparing and distributing proxy materials to the Fund's shareholders with respect to this proposal, as well as other fees and expenses in connection with the Sale, including the fees and expenses of legal counsel and consultants to the Fund and the Board Members relating to their review of the Sale.

The principal executive officers and directors of the Sub-Adviser and their principal occupations are respectively as follows: Anthony R. Manno Jr., President, Director and Managing Director; Kenneth D. Statz, Managing Director; Kevin W. Bedell, Senior Vice President; David E. Rosenbaum, Senior Vice President; and Michael J. Heller, Secretary, Treasurer and Controller. The business address of the Sub-Adviser and each of the foregoing individuals is 11 South LaSalle Street, 2nd Floor, Chicago, Illinois 60603.

Shareholder Approval. To become effective, the New Sub-Advisory Agreement must be approved by a vote of a majority of the outstanding voting securities of the Fund, with the common and FundPreferred shareholders voting together as a single class. The "vote of a majority of the outstanding voting securities" is defined in the 1940 Act as the lesser of the vote of (i) 67% or more of the shares of the Fund entitled to vote thereon present at the meeting if the holders of more than 50% of such outstanding shares are present in person or represented by proxy; or (ii) more than 50% of such outstanding shares of the Fund entitled to vote thereon. The Interim Sub-Advisory Agreement and the New Sub-Advisory Agreement were approved by the Board after consideration of all factors which it determined to be relevant to its deliberations, including those discussed above. The Board also determined to submit the New Sub-Advisory Agreement for consideration by the shareholders of the Fund.

THE BOARD RECOMMENDS THAT SHAREHOLDERS OF THE FUND VOTE FOR APPROVAL OF THE NEW SUB-ADVISORY AGREEMENT.

2. ELECTION OF BOARD MEMBERS

GENERAL

Currently, two separate board clusters oversee the funds in the Nuveen family of funds. One board cluster comprised of the same board members oversees the funds managed by NIAC and another board cluster comprised of the same board members oversees all but one of the funds managed by Nuveen Advisory Corp. ("NAC"). The NIAC board cluster and NAC board cluster currently have a total of five and seven board members, respectively, who are not "interested persons" (as that term is defined in the 1940 Act) and who are not affiliated with Nuveen or a fund's investment adviser (the "Independent Board Members") and one board member who is an "interested person."

Together with the boards of other Nuveen funds, the Board has proposed to consolidate both board clusters into a single board cluster so that the same individuals serve on the boards of most of the Nuveen funds. All individuals serving on both board clusters are nominated to serve on the combined board.

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The following is a list of Board Members under the proposal who are continuing Board Members currently serving on the NIAC board cluster and Board Member nominees who are currently serving on the NAC board cluster:

CONTINUING BOARD MEMBERS (NIAC BOARD CLUSTER):

Timothy R. Schwertfeger*
William E. Bennett**
Jack B. Evans
William L. Kissick
Thomas E. Leafstrand
Sheila W. Wellington

NEW BOARD MEMBER NOMINEES (NAC BOARD CLUSTER):

Robert P. Bremner
Lawrence H. Brown
Anne E. Impellizzeri
Peter R. Sawers
William J. Schneider
Judith M. Stockdale

* Interested person. Mr. Schwertfeger currently serves on both board clusters.
** Mr. Bennett, currently a member of the NIAC board cluster, was appointed to the NAC board cluster on July 29, 2003.

In part, the proposal to create a single board is being recommended because of the large number of retirements that will occur over the next few years. Within two years, the aggregate number of Independent Board Members that serve on both board clusters (currently 11) is expected to fall to six, due to a number of retirements because of age and/or tenure limitations for board membership. Continuing Board Members Leafstrand and Wellington will retire effective July 1, 2004 pursuant to the Fund's board mandated retirement policy. Combining the boards will avoid the need to add new board members to each board cluster at various later dates to maintain the current size and structure of each board cluster. In addition, combining the boards ensures that each fund will gain new board members who already are knowledgeable about Nuveen and investment companies in general.

Historically, the two separate board clusters have had separate meetings but often have reviewed similar policy issues, contractual arrangements and other matters. Among other potential efficiencies, the Board believes that consolidating the board clusters into one board would reduce the duplication of board materials and reports covering the same issues and would avoid the need for repeated presentation of the same material by the same personnel at different meetings. This would permit the Adviser and its personnel to focus more on non-administrative matters. In addition, a single board overseeing most of the operations of the Nuveen family of funds will have a better picture of all issues facing shareholders.

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At its May 15, 2003 meeting, each board cluster reviewed the compensation paid to Independent Board Members and determined that compensation should be increased because of the expanded responsibilities of the Board Members due to (a) the increase in the number and types of investment companies overseen by the Board Members and (b) recent

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additional legal and regulatory requirements. Effective July 1, 2003, for all Nuveen funds overseen, Independent Board Members receive a \$65,000 annual retainer plus (a) a fee of \$2,000 per day for attendance in person or by telephone at a regularly scheduled meeting of the Board; (b) a fee of \$1,000 per day for attendance in person where such in-person attendance is required and \$500 per day for attendance by telephone or in person where in-person attendance is not required at a special, non-regularly scheduled, board meeting; (c) a fee of \$1,000 per day for attendance in person at an audit committee meeting where in-person attendance is required and \$500 per day for attendance by telephone or in person where in-person attendance is not required; (d) a fee of \$500 per day for attendance in person or by telephone for a meeting of the dividend committee; and (e) a fee of \$500 per day for attendance in person at all other committee meetings on a day on which no regularly scheduled board meeting is held in which in-person attendance is required and \$250 per day for attendance by telephone or in person at such meetings where in-person attendance is not required, plus, in each case, expenses incurred in attending such meetings. Compensation to the Independent Board Members is allocated among the Nuveen family of funds based on assets per fund. The Board does not anticipate any further change in the compensation schedule as a result of the board consolidation.

Prior to July 1, 2003, for all Nuveen funds overseen, the continuing Independent Board Members received a \$60,000 annual retainer for serving as a board member and a \$1,750 fee per day for attendance in person or by telephone at all meetings (including any committee meetings) held on a day on which a regularly scheduled board meeting was held, a \$1,000 fee per day for attendance in person or a \$500 fee per day for attendance by telephone at all meetings (including any committee meetings) held on a day on which no regular board meeting was held, and a \$500 fee per day for attendance in person or \$250 if by telephone at a meeting of any committee, plus in each case, expenses incurred in attending such meetings.

Twelve (12) Board Members are nominated to be elected to serve until the next annual meeting of shareholders or until their successors shall have been duly elected and qualified. Under the terms of the Fund's organizational documents, under normal circumstances holders of FundPreferred are entitled to elect two (2) Board Members, and the remaining Board Members are to be elected by holders of common shares and FundPreferred, voting together as a single class.

a. Ten (10) Board Members are to be elected by holders of common shares and FundPreferred shares, voting together as a single class. Board Members Bennett, Bremner, Brown, Evans, Impellizzeri, Kissick, Leafstrand, Sawers, Stockdale and Wellington are nominees for election by all shareholders.

b. Holders of FundPreferred shares, each series voting together as a single class, are entitled to elect two (2) of the Board Members. Board Members Schneider and Schwertfeger are nominees for election by holders of FundPreferred.

The affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect the Board Members .

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It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the nominees listed below unless the proxy is marked otherwise. Each of the nominees has agreed to serve as a Board Member of the Fund if elected.

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However, should any nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by the Fund's present Board.

All of the continuing Board Member nominees were last elected to the Fund's Board at the 2002 annual meeting of shareholders.

Other than Mr. Schwertfeger, none of the Board Member nominees has ever been a director or an employee of Nuveen Investments, Inc. ("Nuveen") or any affiliate.

THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES NAMED BELOW.

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BOARD NOMINEES

NAME, ADDRESS AND BIRTH DATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED**	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS

NOMINEES WHO ARE NOT INTERESTED PERSONS OF THE FUND			
Continuing Board Members			
William E. Bennett 333 West Wacker Drive Chicago, IL 60606 (10/16/46)	Board Member	Term: Annual Length of Service: Since 2001	Private Investor; previously President and C.E.O., Draper Kramer, Inc. (1995-1998). Prior thereto, Executive Vice President and Chief Credit Officer of First Chicago Corporation and its principal subsidiary, The First National Bank of Chicago.
Jack B. Evans 333 West Wacker Drive Chicago, IL 60606 (10/22/48)	Board Member	Term: Annual Length of Service: Since 1999	President, The Hall-Perrine Foundation (a private philanthropic corporation); Director, Alliant Energy; Director and Vice Chairman, United Fire & Casualty Company; Director, Federal Reserve Bank of Chicago; previously President and Chief Operating Officer, Financial Group, Inc. (a regional financial services firm).

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NAME, ADDRESS AND BIRTH DATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED**	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
William L. Kissick 333 West Wacker Drive Chicago, IL 60606 (7/29/32)	Board Member	Term: Annual Length of Service: Since 1992	Professor Emeritus, School of Medicine and The Wharton School of Management and former Chairman, Leonard Davis Institute of Health Economics University of Pennsylvania; Adjunct Professor, Health Policy and Management, Yale University Retired; previously, Vice President in charge of Municipal Underwriting, Trading, and Dealer Sales at The Northern Trust Company.
Thomas E. Leafstrand 333 West Wacker Drive Chicago, IL 60606 (11/11/31)	Board Member	Term: Annual Length of Service: Since 1992	President in charge of Municipal Underwriting, Trading, and Dealer Sales at The Northern Trust Company.
Sheila W. Wellington 333 West Wacker Drive Chicago, IL 60606 (2/24/32)	Board Member	Term: Annual Length of Service: Since 1994	President of Catalyst (a not-for-profit organization focusing on women's leadership development in business and professions).

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NAME, ADDRESS AND BIRTH DATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED ON FUNDS IN FUND COMPLEX***	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
New Board Members Robert P. Bremner 333 West Wacker Drive Chicago, IL 60606 (8/22/40)	Nominee	Term: Annual Length of Service: Since 1996	Private Investor and Management Consultant.
Lawrence H. Brown 333 West Wacker Drive Chicago, IL 60606 (7/29/34)	Nominee	Term: Annual Length of Service: Since 1993	Retired (August 1989) as Senior President of The Northern Trust Company; Director of the United Highland Park-Highwood (since 1998-2001) of Manitoga/The R
Anne E. Impellizzeri 333 West Wacker Drive Chicago, IL 60606 (1/26/33)	Nominee	Term: Annual Length of Service: Since 1994	Retired; formerly, Executive (1998-2001) of Manitoga/The R Wright Design Center; prior to President and Chief Executive

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Peter R. Sawers
333 West Wacker Drive
Chicago, IL 60606
(4/3/33)

Nominee

Term: Annual
Length of Service:
Since 1991

of Blanton-Peale Institute; p
thereto, Vice President, Metr
Life Insurance Co.
Adjunct Professor of Business
Economics, University of Dubu
Iowa; formerly (1991-2000) Ad
Professor, Lake Forest Gradua
of Management, Lake Forest, I
Director, Executive Service C
Chicago; prior thereto, Execu
Director, Towers Perrin Austr
management consulting firm; C
Financial Analyst; Certified
Management Consultant.

NAME, ADDRESS AND BIRTH DATE	OTHER DIRECTOR- SHIPS HELD BY BOARD MEMBER
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New Board Members	
Robert P. Bremner 333 West Wacker Drive Chicago, IL 60606 (8/22/40)	N/A
Lawrence H. Brown 333 West Wacker Drive Chicago, IL 60606 (7/29/34)	See Principal Occupation Description
Anne E. Impellizzeri 333 West Wacker Drive Chicago, IL 60606 (1/26/33)	N/A
Peter R. Sawers 333 West Wacker Drive Chicago, IL 60606 (4/3/33)	See Principal Occupation Description

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NAME, ADDRESS AND BIRTH DATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED ON FUNDS IN FUND COMPLEX***	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
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William J. Schneider
333 West Wacker Drive
Chicago, IL 60606
(9/24/44)

Nominee

Term: Annual
Length of Service:
Since 1996

Senior Partner and Chief Oper
Officer, Miller- Valentine Gr
President, Miller-Valentine R
construction company; Chair,
Valley Hospital; Chair, Dayto

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Judith M. Stockdale 333 West Wacker Drive Chicago, IL 60606 (12/29/47)	Nominee	Term: Annual Length of Service: Since 1997	Development Coalition; former Member, Community Advisory Bo National City Bank, Dayton, O Business Advisory Council, CL Federal Reserve Bank. Executive Director, Gaylord a Dorothy Donnelley Foundation 1994); prior thereto, Executi Director, Great Lakes Protect (from 1990 to 1994).
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NAME, ADDRESS AND BIRTH DATE	OTHER DIRECTOR- SHIPS HELD BY BOARD MEMBER
William J. Schneider 333 West Wacker Drive Chicago, IL 60606 (9/24/44)	N/A
Judith M. Stockdale 333 West Wacker Drive Chicago, IL 60606 (12/29/47)	N/A

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NAME, ADDRESS AND BIRTH DATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED**	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS

NOMINEE WHO IS AN INTERESTED PERSON OF THE FUND			
Continuing Board Member *Timothy R. Schwertfeger 333 West Wacker Drive Chicago, IL 60606 (3/28/49)	Chairman of the Board and Board Member	Term: Annual Length of Service: Since 1996	Chairman and Director (since 19 Nuveen Investments, Inc. and Nu Investments, LLC; Director (sin and Chairman (since 1996) of Nu Advisory Corp. and Nuveen Insti Advisory Corp.; Chairman and Di (since 1997) of Nuveen Asset Ma Inc.; Director (since 1996) of Institutional Capital Corporati Chairman and Director (since 19 Rittenhouse Asset Management, I Chairman of Nuveen Investments Inc. (since 2002).

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NAME, ADDRESS AND BIRTH DATE	OTHER DIRECTOR- SHIPS HELD BY BOARD MEMBER
NOMINEE WHO IS AN INTERESTED PERSON OF THE FUND Continuing Board Member *Timothy R. Schwertfeger 333 West Wacker Drive Chicago, IL 60606 (3/28/49)	See Principal Occupation Description

* "Interested person" as defined in the 1940 Act, by reason of being an officer and director of the Fund's Adviser.

** Length of Service indicates the year in which the individual became a Trustee or Director of a fund in the NIAC board cluster.

*** Length of Service indicates the year in which the individual became a Trustee or Director of a fund in the NAC board cluster.

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BENEFICIAL OWNERSHIP

The following table lists the dollar range and number of common shares beneficially owned by each Board Member nominee in the Fund and in all Nuveen funds overseen by the Board Member nominees as of August 31, 2003:

DOLLAR RANGE AND NUMBER OF COMMON SHARES

BOARD MEMBER NOMINEES	FUND	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES OVERSEEN BY BOARD MEMBER NOMINEES IN FAMILY OF INVESTMENT COMPANIES (1)
William E. Bennett....	0	\$50,001 - \$100,000 4,629 shares
Jack B. Evans.....	0	Over \$100,000 15,186 shares
William L. Kissick....	0	Over \$100,000 10,953 shares
Thomas E. Leafstrand.....	\$50,001-\$100,000 3,000 shares	Over \$100,000 38,132 shares
Sheila W. Wellington.....	0	Over \$100,000

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		18,030 shares
Timothy R. Schwertfeger.....	0	Over \$100,000 499,212 shares
Robert P. Bremner.....	0	\$10,001 - \$50,000 1,889 shares
Lawrence H. Brown.....	0	Over \$100,000 15,741 shares
Anne E. Impellizzeri.....	0	Over \$100,000 16,260 shares
Peter R. Sawers.....	0	Over \$100,000 26,979 shares
William J. Schneider.....	0	Over \$100,000 59,621 shares
Judith M. Stockdale...	0	\$50,001 - \$100,000 4,983 shares

(1) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Fund and in all Nuveen funds overseen by each Board Member.

As of August 31, 2003, the Board Member nominees and the Board Member nominees and officers as a group, beneficially owned 6,660 shares of the Fund. The information as to

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beneficial ownership is based on statements furnished by each Board Member nominee and Fund officer.

On August 31, 2003, the continuing Board Members and executive officers as a group beneficially owned 800,433 common shares of all funds managed by NAC and NIAC (includes deferred units in connection with the Deferred Compensation Plan, as described below, and shares held by the executive officers in Nuveen's 401(k)/profit sharing plan). Each continuing Board Member's individual beneficial shareholdings of the Fund constitute less than 1% of the outstanding shares of the Fund. As of November 21, 2003, the continuing Board Members and executive officers as a group beneficially owned less than 1% of the outstanding common shares of the Fund. As of November 21, 2003, the Board Member nominees and executive officers of the Fund did not own any shares of Fund Preferred. As of November 21, 2003, no shareholder beneficially owned more than 5% of any class of shares of the Fund.

COMPENSATION

The Board Member affiliated with Nuveen and the Adviser serves without any compensation from the Fund. The Independent Board Members are paid an annual retainer and fees and expenses for Board meetings and committee meetings as described above. The annual retainer, fees and expenses are allocated among the funds managed by the Adviser on the basis of relative net asset sizes although fund management may, in its discretion, establish a minimum amount to be allocated to each fund. The boards of certain Nuveen funds (the "Participating Funds") established a Deferred Compensation Plan for Independent Board Members ("Deferred Compensation Plan"). Under the Deferred Compensation Plan, Independent Board Members of the Participating Funds may defer receipt of all, or a portion, of the compensation they earn for their services to the Participating Funds, in lieu of receiving current payments of such compensation.

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Any deferred amount is treated as though an equivalent dollar amount had been invested in shares of one or more eligible Nuveen funds. Each Independent Board Member, other than Mr. Brown, has elected to defer at least a portion of his or her fees. The Fund is a Participating Fund.

The table below shows, for each continuing Board Member who is not affiliated with Nuveen or the Adviser, the aggregate compensation (i) paid by the Fund to each continuing Board Member for its last fiscal year and (ii) paid (including deferred fees) for service on the boards of the Nuveen open-end and closed-end funds managed by NAC ("NAC Funds") and NIAC ("NIAC Funds") for the calendar year ended 2002. Mr. Schwertfeger, a Board Member who is an interested person of the Fund, does not receive any compensation from the Fund or any Nuveen funds.

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AGGREGATE COMPENSATION FROM THE FUNDS

CONTINUING BOARD MEMBERS	FUND (1)	TOTAL COMPENSATION FROM NUVEEN FUNDS PAID TO BOARD MEMBERS
James E. Bacon(2)	\$3,473	\$48,800
William E. Bennett	4,482	53,050
Jack B. Evans	4,009	49,100
William L. Kissick	3,975	49,000
Thomas E. Leafstrand	4,192	52,300
Sheila W. Wellington	3,189	47,600

(1) Includes deferred fees. Pursuant to the Deferred Compensation Plan for the Fund, deferred amounts are treated as though an equivalent dollar amount has been invested in shares of one or more Participating Funds. Total deferred fees for the Fund (including the return from the assumed investment in the Participating Funds) payable are:

DEFERRED FEES

CONTINUING BOARD MEMBERS

JAMES E. BACON (2)	WILLIAM E. BENNETT	JACK B. EVANS	WILLIAM L. KISSICK	THOMAS E. LEAFSTRAND	SHEILA W. WELLINGTON
\$2,415	\$2,855	\$702	\$1,206	\$2,161	\$1,880

(2) Mr. Bacon retired effective July 1, 2003.

COMMITTEES

The Board has five standing committees: the executive committee, the audit committee, the nominating and governance committee, the dividend committee and the valuation committee.

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William L. Kissick and Timothy R. Schwertfeger currently serve as members of the executive committee of the Board. The executive committee, which meets between regular meetings of the Board, is authorized to exercise all of the powers of the Board; provided that the scope of the powers of the executive committee, unless otherwise specifically authorized by the full Board, are limited to: (i) emergency matters where assembly of the full Board is impracticable (in which case management will take all reasonable steps to quickly notify each individual Board Member of the actions taken by the executive committee) and (ii) matters of an administrative or ministerial nature. The executive committee did not hold any meetings during the Fund's last fiscal year.

William E. Bennett, Thomas E. Leafstrand and Timothy R. Schwertfeger are current members of the dividend committee. The dividend committee is authorized to declare distributions on the Fund's shares including, but not limited to, regular and special dividends, capital gains and ordinary income distributions. The dividend committee held two (2) meetings during the Fund's last fiscal year.

William E. Bennett and Thomas E. Leafstrand are current members of the valuation committee for the Board. The valuation committee oversees the Fund's Pricing Procedures including, but not limited to, the review and approval of fair value pricing determinations

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made by Nuveen's Valuation Group. The valuation committee held one meeting during the Fund's last fiscal year.

The Fund's Board has an audit committee, established in accordance with Section 3(a) (58) (A) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), composed of Independent Board Members who are "independent" as that term is defined in Section 121(a) of the American Stock Exchange's listing standards. The audit committee monitors the accounting and reporting policies and practices of the Fund, the quality and integrity of the financial statements of the Fund, compliance by the Fund with legal and regulatory requirements and the independence and performance of the external and internal auditors. The audit committee reviews the work and any recommendations of the Fund's independent auditors. Based on such review, it is authorized to make recommendations to the Board. A copy of the Audit Committee Charter is attached to the proxy statement as Appendix B. The audit committee held three (3) meetings during the Fund's last fiscal year.

Nomination of those Board Members who are not "interested persons" of the Fund is committed to a nominating and governance committee composed of all Board Members who are not "interested persons" of the Fund. It identifies and recommends individuals to be nominated for election as non-interested Board Members. The committee also reviews matters relating to (1) the composition, duties, recruitment, independence and tenure of Board Members, (2) the selection and review of committee assignments, and (3) Board Member education, Board meetings and Board performance. The nominating and governance committee held three (3) meetings during the Fund's last fiscal year. In the event of a vacancy on the Board, the nominating and governance committee receives suggestions from various sources as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Vice President for Board Relations, Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, IL 60606. The nominating and governance committee sets appropriate standards and requirements for nominations for new Board Members and reserves the right to interview all candidates and to make the final selection regarding the nomination of any new Board Member.

The Board of the Fund held four (4) regular quarterly meetings during the Fund's last fiscal year. During the last fiscal year, each Board Member attended 75% or more of the Fund's Board meetings and the committee meetings (if a member

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thereof).

THE OFFICERS

The following table sets forth information as of November 21, 2003 with respect to each officer other than Mr. Schwertfeger (who is a Board Member and is included in the table relating to nominees for the Board). Officers receive no compensation from the Fund. The officers of the Fund are elected by the Board on an annual basis to serve until successors are elected and qualified.

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NAME, ADDRESS AND BIRTHDATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606 (9/9/56)	Chief Administrative Officer	Term: Annual Length of Service: Since 1988	Managing Director (since 2002), Assistant and Associate General Counsel, former President of Nuveen Investments, LLC; Director (since 2002), General Counsel Secretary, formerly, Vice President of Advisory Corp. and Nuveen Institutional Corp.; Managing Director (since 2002) Secretary and Associate General Counsel Vice President (since 2000) of Nuveen Management, Inc.; Assistant Secretary Investments, Inc. (since 1994); Assistant of NWQ Investment Management Company, 2002); Vice President and Assistant Secretary Nuveen Investments Advisers Inc. (since Managing Director, Associate General Assistant Secretary of Rittenhouse Asset Inc. (since May 2003); Chartered Financial Vice President (since 2002), formerly President (from 2000), previously, Assistant Nuveen Investments, LLC.
Michael T. Atkinson 333 West Wacker Drive Chicago, IL 60606 (2/3/66)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2002	Vice President of Nuveen Investments, 1999); prior thereto, Assistant Vice President (1997); Vice President and Treasurer (Nuveen Investments, Inc.; Vice President Treasurer (since 1999) of Nuveen Institutional Advisory Corp.; and Treasurer of Nuveen Asset Management (2002) and of Nuveen Investments Advisers (2002); Assistant Treasurer of NWQ Investment Management Company, LLC. (since 2002) and Treasurer of Nuveen Rittenhouse Asset Inc. (since May 2003); Chartered Financial
Peter H. D'Arrigo 333 West Wacker Drive Chicago, IL 60606 (11/28/67)	Vice President and Treasurer	Term: Annual Length of Service: Since 1999	Vice President of Nuveen Investments, 1999); prior thereto, Assistant Vice President (1997); Vice President and Treasurer (Nuveen Investments, Inc.; Vice President Treasurer (since 1999) of Nuveen Institutional Advisory Corp.; and Treasurer of Nuveen Asset Management (2002) and of Nuveen Investments Advisers (2002); Assistant Treasurer of NWQ Investment Management Company, LLC. (since 2002) and Treasurer of Nuveen Rittenhouse Asset Inc. (since May 2003); Chartered Financial

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NAME, ADDRESS AND BIRTHDATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Susan M. DeSanto 333 West Wacker Drive Chicago, IL 60606 (9/8/54)	Vice President	Term: Annual Length of Service: Since 2001	Vice President of Nuveen Advisory Corp. previously, Vice President of Van Kamp Advisory Corp. (from 1998).
Jessica R. Droeger 333 West Wacker Drive Chicago, IL 60606 (9/24/64)	Vice President and Secretary	Term: Annual Length of Service: Since 1998	Vice President (since 2002) and Assistant Counsel (since 1998), formerly Assistant President (from 1998) of Nuveen Investments; Vice President (since 2002) and Assistant (from 1998), formerly Assistant Vice President of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.
Lorna C. Ferguson 333 West Wacker Drive Chicago, IL 60606 (10/24/45)	Vice President	Term: Annual Length of Service: Since 1998	Vice President of Nuveen Investments, Inc. (since 1998); Vice President (since 1998) of Nuveen Institutional Advisory Corp. and Nuveen Institutional Advisory Corp.
William M. Fitzgerald 333 West Wacker Drive Chicago, IL 60606 (3/2/64)	Vice President	Term: Annual Length of Service: Since 1995	Managing Director (since 2001), formerly President (since 1995) of Nuveen Institutional Advisory Corp.; Director of Nuveen Asset Management, Inc. (since 2002); Vice President of Nuveen Investments, Inc. (since 2002); Chartered Financial Analyst (since 1993)
Stephen D. Foy 333 West Wacker Drive Chicago, IL 60606 (5/31/54)	Vice President and Controller	Term: Annual Length of Service: Since 1993	Vice President (since 1993) and Funds Controller (since 1998) of Nuveen Investment, LLC; President and Funds Controller (since 1993) of Nuveen Investments, Inc.; Certified Public Accountant (since 1993)
David J. Lamb 333 West Wacker Drive Chicago, IL 60606 (3/22/63)	Vice President	Term: Annual Length of Service: Since 2000	Vice President of Nuveen Investments, Inc. (since 2000); prior thereto, Assistant Vice President (since 1999); formerly Associate of Nuveen Institutional Advisory Corp. Certified Public Accountant.

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NAME, ADDRESS AND BIRTHDATE	POSITION(S) HELD WITH FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Tina M. Lazar 333 West Wacker Drive Chicago, IL 60606 (8/27/61)	Vice President	Term: Annual Length of Service: Since 2002	Vice President of Nuveen Investments, Inc. (since 1999); prior thereto, Assistant Vice President (since 1993) of Nuveen Investments, LLC.
Larry W. Martin 333 West Wacker Drive Chicago, IL 60606 (7/27/51)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 1988	Vice President, Assistant Secretary and General Counsel of Nuveen Investments, Inc. (since 1993); Assistant Secretary of Nuveen Institutional Advisory Corp. and Nuveen Institutional Advisory Corp. Assistant Secretary of Nuveen Institutional Advisory Corp.

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Edward F. Neild, IV
333 West Wacker Drive
Chicago, IL 60606
(7/7/65)

Vice President

Term: Annual
Length of
Service:
Since 1996

Assistant Secretary of Nuveen Asset Management (since 1997); Vice President (since 2002); Secretary and Assistant General Counsel of Rittenhouse Asset Management, Inc. and Assistant Secretary of Nuveen Investment Advisers Inc. (since 2002); Assistant Managing Director (since 2002), former President (from 1996) of Nuveen Institutional Advisory Corp. and Nuveen Advisory Director of Nuveen Asset Management, (1999); Chartered Financial Analyst.

* Length of Time Served indicates the year the individual became an officer of a fund in the Nuveen fund complex.

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AUDIT COMMITTEE REPORT

The audit committee of the Board is responsible for assisting the Board in monitoring (1) the accounting and reporting policies and procedures of the Fund, (2) the quality and integrity of the Fund's financial statements, (3) the Fund's compliance with regulatory requirements, and (4) the independence and performance of the Fund's independent and internal auditors. Among other responsibilities, the committee reviews, in its oversight capacity, the Fund's annual financial statements with both management and the independent auditors and the committee meets periodically with the independent and internal auditors to consider their evaluation of the Fund's financial and internal controls. The committee also selects, retains, evaluates and may replace the Fund's independent auditors and determines their compensation, subject to ratification of the Board, if required. The committee is currently composed of four Board Members and operates under a written charter adopted and approved by the Board, a copy of which is attached as Appendix B. Each committee member is independent as defined by American Stock Exchange listing standards.

The committee, in discharging its duties, has met with and held discussions with management and the Fund's independent and internal auditors. The committee has reviewed and discussed the audited financial statements with management. Management has represented to the independent auditors that the Fund's financial statements were prepared in accordance with generally accepted accounting principles. The committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees). The Fund's independent auditors provided to the committee the written disclosure required by Independent Standards Board Standard No. 1 (Independent Discussions with Audit Committees), and the committee discussed with representatives of the independent auditors their firm's independence. As provided in the Audit Committee Charter, it is not the committee's responsibility to determine, and the considerations and discussions referenced above do not ensure, that the Fund's financial statements are complete and accurate and presented in accordance with generally accepted accounting principles.

Based on the committee's review and discussions with management and the independent auditors, the representations of management and the report of the independent auditors to the committee, the committee has recommended that the Board include the audited financial statements in the Fund's Annual Report.

The members of the committee are:

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William E. Bennett
Jack B. Evans
William L. Kissick
Thomas E. Leafstrand

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AUDIT AND RELATED FEES

Audit Fees. The aggregate fees billed by Ernst & Young LLP for professional services for the audit of the Fund's financial statements for its most recently completed fiscal year were as follows:

AUDIT FEES	FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION FEES	ALL OTHER FEES
\$15,677	\$0	\$12,475

All Non-Audit Fees. The audit committee has generally considered whether the receipt of non-audit fees by Ernst & Young LLP from the Fund is compatible with maintaining Ernst & Young LLP's independence.

APPOINTMENT OF INDEPENDENT AUDITORS

The Fund has appointed Ernst & Young LLP, independent public accountants, as independent auditors to audit the books and records of the Fund for its fiscal year. A representative of Ernst & Young LLP will be present at the meeting to make a statement, if such representative so desires, and to respond to shareholders' questions. Ernst & Young LLP has informed the Fund that it has no direct or indirect material financial interest in the Fund, Nuveen, the Adviser or any other investment company sponsored by Nuveen.

SECTION 16(A) BENEFICIAL INTEREST REPORTING COMPLIANCE

Section 30(h) of the 1940 Act and Section 16(a) of the 1934 Act require Board Members and officers, the investment adviser, affiliated persons of the investment adviser and persons who own more than 10% of a registered class of the Fund's equity securities to file forms reporting their affiliation with the Fund and reports of ownership and changes in ownership of the Fund's shares with the Securities and Exchange Commission (the "SEC") and the American Stock Exchange. These persons and entities are required by SEC regulation to furnish the Fund with copies of all Section 16(a) forms they file. Based on a review of these forms furnished to the Fund, the Fund believes that its Board Members and officers, investment adviser and affiliated persons of the investment adviser have complied with all applicable Section 16(a) filing requirements during its last fiscal year except that a late filing was made on Form 3 on behalf of NIAC. To the knowledge of management of the Fund, no shareholder of the Fund owns more than 10% of a registered class of the Fund's equity securities.

INFORMATION ABOUT THE ADVISER

The Adviser, located at 333 West Wacker Drive, Chicago, Illinois 60606, serves as investment adviser and manager for the Fund. The Adviser is a wholly owned

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subsidiary of Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, Illinois 60606. Nuveen Investments, Inc., is approximately 79% owned by The St. Paul Companies, Inc. ("St. Paul"). St. Paul is located at 385 Washington Street, St. Paul, Minnesota 55102, and is principally engaged in providing property-liability insurance through subsidiaries. On November 17, 2003, St. Paul and Travelers Property Casualty Corp. ("Travelers") announced that they have signed a definitive

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merger agreement, under which holders of Travelers common stock will each receive common shares of St. Paul in exchange for their Travelers shares. The transaction is subject to customary closing conditions, including approval by the shareholders of both companies as well as certain regulatory approvals.

SHAREHOLDER PROPOSALS

To be considered for presentation at the annual meeting of shareholders of the Fund to be held in 2004, a shareholder proposal submitted pursuant to Rule 14a-8 of the 1934 Act must be received at the offices of the Fund, 333 West Wacker Drive, Chicago, Illinois 60606, not later than _____, 2004. A shareholder wishing to provide notice in the manner prescribed by Rule 14a-4(c)(1) of a proposal submitted outside of the process of Rule 14a-8 must submit such written notice to the Fund not later than _____, 2004. Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

EXPENSES OF PROXY SOLICITATION

All costs incurred in connection with approval of the New Sub-Advisory Agreement will be paid by the Sub-Adviser and the remainder of the costs of preparing, printing and mailing the enclosed proxy, accompanying notice and proxy statement and all other costs in connection with the solicitation of proxies will be paid by the Fund. Additional solicitation may be made by letter, telephone or telegraph by officers or employees of Nuveen or the Adviser, or by dealers and their representatives.

FISCAL YEAR

The last fiscal year end for the Fund was October 31, 2003.

ANNUAL REPORT DELIVERY

Annual reports will be sent to shareholders of record of the Fund following the Fund's fiscal year end. The Fund will furnish, without charge, a copy of its annual report and/or semi-annual report as available upon request. Such written or oral requests should be directed to the Fund at 333 West Wacker Drive, Chicago, Illinois 60606 or by calling 1-800-257-8787.

Please note that only one annual report or proxy statement may be delivered to two or more shareholders of the Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual report or proxy statement, or for instructions as to how to request a separate copy of such documents or as to how to request a single copy if multiple copies of such documents are received, shareholders should contact the Fund at the address and phone number set forth above.

GENERAL

Management does not intend to present and does not have reason to believe that any other items of business will be presented at the Annual Meeting. However, if other matters are properly presented to the Annual Meeting for a vote, the

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proxies will be voted by the persons acting under the proxies upon such matters in accordance with their judgment of the best interests of the Fund.

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A list of shareholders entitled to be present and to vote at the Annual Meeting will be available at the offices of the Fund, 333 West Wacker Drive, Chicago, Illinois, for inspection by any shareholder during regular business hours beginning ten days prior to the date of the Annual Meeting.

Failure of a quorum to be present at the Annual Meeting will necessitate adjournment and will subject the Fund to additional expense. The persons named in the enclosed proxy may also move for an adjournment of the Annual Meeting to permit further solicitation of proxies with respect to the proposal if they determine that adjournment and further solicitation is reasonable and in the best interests of the shareholders. Under the Fund's By-Laws, an adjournment of a meeting requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting.

IF YOU CANNOT BE PRESENT AT THE MEETING, YOU ARE REQUESTED TO FILL IN, SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

Jessica R. Droeger
Vice President and Secretary
, 2003

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APPENDIX A

INVESTMENT SUB-ADVISORY AGREEMENT

AGREEMENT MADE THIS day of , 2004 by and between Nuveen Institutional Advisory Corp., a Delaware corporation and a registered investment adviser ("Manager"), and Security Capital Research & Management Incorporated, a Delaware corporation and a registered investment adviser ("Sub-Adviser").

WHEREAS, Manager serves as the investment manager for the Nuveen Real Estate Income Fund (the "Fund"), a closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act") pursuant to an Investment Management Agreement between Manager and the Fund (as such agreement may be modified from time to time, the "Management Agreement"); and

WHEREAS, Manager desires to retain Sub-Adviser as its agent to furnish investment advisory services for the Fund, upon the terms and conditions hereafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Appointment. Manager hereby appoints Sub-Adviser to provide certain sub-investment advisory services to the Fund for the period and on the terms set forth in this Agreement. Sub-Adviser accepts such appointments and agrees to furnish the services herein set forth for the compensation herein provided.
2. Services to be Performed. Subject always to the supervision of Fund's Board of Trustees and the Manager, Sub-Adviser will furnish an investment program in respect of, make investment decisions for, and place all orders for the purchase and sale of securities for the Fund, all on behalf of the

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Fund. In the performance of its duties, Sub-Adviser will satisfy its fiduciary duties to the Fund, will monitor the Fund's investments, and will comply with the provisions of Fund's Declaration of Trust and By-laws, as amended from time to time, and the stated investment objectives, policies and restrictions of the Fund. Manager will provide Sub-Adviser with current copies of the Fund's Declaration of Trust, By-laws, prospectus and any amendments thereto, and any objectives, policies or limitations not appearing therein as they may be relevant to Sub-Adviser's performance under this Agreement. Sub-Adviser and Manager will each make its officers and employees available to the other from time to time at reasonable times to review investment policies of the Fund and to consult with each other regarding the investment affairs of the Fund. Sub-Adviser will report to the Board of Trustees and to Manager with respect to the implementation of such program.

Sub-Adviser is authorized to select the brokers or dealers that will execute the purchases and sales of portfolio securities for the Fund, and is directed to use its best efforts to obtain best execution, which includes most favorable net results and execution of the Fund's orders, taking into account all appropriate factors, including price, dealer spread or commission, size and difficulty of the transaction and research or other services provided. It is understood that the Sub-Adviser will not be deemed to have acted unlawfully, or to have breached a fiduciary duty to the Fund, or be in breach of any obligation owing to the Fund under this Agreement, or otherwise, solely by reason of its having caused the Fund to pay a member of a securities

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exchange, a broker or a dealer a commission for effecting a securities transaction for the Fund in excess of the amount of commission another member of an exchange, broker or dealer would have charged if the Sub-Adviser determined in good faith that the commission paid was reasonable in relation to the brokerage or research services provided by such member, broker or dealer, viewed in terms of that particular transaction or the Sub-Adviser's overall responsibilities with respect to its accounts, including the Fund, as to which it exercises investment discretion. In addition, if in the judgment of the Sub-Adviser, the Fund would be benefited by supplemental services, the Sub-Adviser is authorized to pay spreads or commissions to brokers or dealers furnishing such services in excess of spreads or commissions which another broker or dealer may charge for the same transaction, provided that the Sub-Adviser determined in good faith that the commission or spread paid was reasonable in relation to the services provided. The Sub-Adviser will properly communicate to the officers and trustees of the Fund such information relating to transactions for the Fund as they may reasonably request. In no instance will portfolio securities be purchased from or sold to the Manager, Sub-Adviser or any affiliated person of either the Fund, Manager, or Sub-Adviser, except as may be permitted under the 1940 Act;

Sub-Adviser further agrees that it:

(a) will use the same degree of skill and care in providing such services as it uses in providing services to fiduciary accounts for which it has investment responsibilities;

(b) will conform to all applicable Rules and Regulations of the Securities and Exchange Commission in all material respects and in addition will conduct its activities under this Agreement in accordance with any applicable regulations of any governmental authority pertaining to its investment advisory activities;

(c) will report regularly to Manager and to the Board of Trustees of

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the Fund and will make appropriate persons available for the purpose of reviewing with representatives of Manager and the Board of Trustees on a regular basis at reasonable times the management of the Fund, including, without limitation, review of the general investment strategies of the Fund, the performance of the Fund in relation to standard industry indices and general conditions affecting the marketplace and will provide various other reports from time to time as reasonably requested by Manager; and

(d) will prepare such books and records with respect to the Fund's securities transactions as requested by the Manager and will furnish Manager and Fund's Board of Trustees such periodic and special reports as the Board or Manager may reasonably request.

3. Expenses. During the term of this Agreement, Sub-Adviser will pay all expenses incurred by it in connection with its activities under this Agreement other than the cost of securities (including brokerage commission, if any) purchased for the Fund.
4. Compensation. For the services provided and the expenses assumed pursuant to this Agreement, Manager will pay the Sub-Adviser, and the Sub-Adviser agrees to accept as full compensation therefor, a portfolio management fee equal to the portion specified below of the investment management fee payable by the Fund to the Manager based on average daily net assets which includes net assets attributable to Fund Preferred Shares and the principal amount of borrowings pursuant to the Management Agreement, as the net amount of such fee is reduced by the obligation of

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Manager to reimburse certain fees and expenses to the Fund pursuant to an Expense Reimbursement Agreement of even date herewith by and between the Fund and the Manager, as such agreement may be modified from time to time:

DAILY NET ASSETS	PERCENTAGE OF NET MANAGEMENT FEE
Up to \$125 million	50.0%
\$125 million to \$150 million	47.5%
\$150 million to \$175 million	45.0%
\$175 million to \$200 million	42.5%
\$200 million and over	40.0%

The portfolio management fee shall accrue on each calendar day, and shall be payable monthly on the first business day of the next succeeding calendar month. The daily fee accrual shall be computed by multiplying the fraction of one divided by the number of days in the calendar year by the applicable annual rate of fee, and multiplying this product by the net assets of the Fund, determined in the manner established by the Fund's Board of Trustees, as of the close of business on the last preceding business day on which the Fund's net asset value was determined.

For the month and year in which this Agreement becomes effective or terminates, there shall be an appropriate proration on the basis of the number of days that the Agreement is in effect during the month and year, respectively.

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5. Services to Others. Manager understands, and has advised Fund's Board of Trustees, that Sub-Adviser now acts, or may in the future act, as an investment adviser to fiduciary and other managed accounts, and as investment adviser or sub-investment adviser to one other investment company that is not a series of the Fund, provided that whenever the Fund and one or more other investment advisory clients of Sub-Adviser have available funds for investment, investments suitable and appropriate for each will be allocated in a manner believed by Sub-Adviser to be equitable to each. Manager recognizes, and has advised Fund's Board of Trustees, that in some cases this procedure may adversely affect the size of the position that the Fund may obtain in a particular security. It is further agreed that, on occasions when the Sub-Adviser deems the purchase or sale of a security to be in the best interests of the Fund as well as other accounts, it may, to the extent permitted by applicable law, but will not be obligated to, aggregate the securities to be so sold or purchased for the Fund with those to be sold or purchased for other accounts in order to obtain favorable execution and lower brokerage commissions. In addition, Manager understands, and has advised Fund's Board of Trustees, that the persons employed by Sub-Adviser to assist in Sub-Adviser's duties under this Agreement will not devote their full such efforts and service to the Fund. It is also agreed that the Sub-Adviser may use any supplemental research obtained for the benefit of the Fund in providing investment advice to its other investment advisory accounts or for managing its own accounts.
6. Limitation of Liability. Manager will not take any action against Sub-Adviser to hold Sub-Adviser liable for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the performance of Sub-Adviser's duties under this

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Agreement, except for a loss resulting from Sub-Adviser's willful misfeasance, bad faith, or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under this Agreement.

7. Term; Termination; Amendment. This Agreement shall become effective with respect to the Fund on the same date as the Management Agreement between the Fund and the Manager becomes effective, provided that it has been approved by a vote of a majority of the outstanding voting securities of the Fund in accordance with the requirements of the 1940 Act, and shall remain in full force until August 1, 2004 unless sooner terminated as hereinafter provided. This Agreement shall continue in force from year to year thereafter with respect to the Fund, but only as long as such continuance is specifically approved for the Fund at least annually in the manner required by the 1940 Act and the rules and regulations thereunder; provided, however, that if the continuation of this Agreement is not approved for the Fund, the Sub-Adviser may continue to serve in such capacity for the Fund in the manner and to the extent permitted by the 1940 Act and the rules and regulations thereunder.

This Agreement shall automatically terminate in the event of its assignment and may be terminated at any time without the payment of any penalty by the Manager on sixty (60) days' written notice to the Sub-Adviser. This Agreement may be terminated by the Sub-Adviser as of July 31 of any year after 2003 without payment of any penalty upon sixty (60) days' prior written notice to the Manager. This Agreement may also be terminated by the Fund with respect to the Fund by action of the Board of Trustees or by a vote of a majority of the outstanding voting securities of such Fund on sixty (60) days' written notice to the Sub-Adviser by the Fund.

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This Agreement may be terminated with respect to the Fund at any time without the payment of any penalty by the Manager, the Board of Trustees or by vote of a majority of the outstanding voting securities of the Fund in the event that it shall have been established by a court of competent jurisdiction that the Sub-Adviser or any officer or director of the Sub-Adviser has taken any action which results in a breach of the covenants of the Sub-Adviser set forth herein.

The terms "assignment" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the 1940 Act and the rules and regulations thereunder.

Termination of this Agreement shall not affect the right of the Sub-Adviser to receive payments on any unpaid balance of the compensation described in Section 4 earned prior to such termination. This Agreement shall automatically terminate in the event the Investment Management Agreement between the Manager and the Fund is terminated, assigned or not renewed.

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8. Notice. Any notice under this Agreement shall be in writing, addressed and delivered or mailed, postage prepaid, to the other party

If to the Manager:	If to the Sub-Adviser:
Nuveen Institutional Advisory Corp.	Security Capital Group Inc.
333 West Wacker Drive	11 South LaSalle Street
Chicago, Illinois 60606	Chicago, Illinois 60603
Attention: Gifford R. Zimmerman	Attention: Anthony R. Manno, Jr.

With a copy to:	With a copy to:
Nuveen Investments	
333 West Wacker Drive	
Chicago, Illinois 60606	
Attention: General Counsel	

or such address as such party may designate for the receipt of such notice.

9. Limitations on Liability. All parties hereto are expressly put on notice of the Fund's Agreement and Declaration of Trust and all amendments thereto, a copy of which is on file with the Secretary of the Commonwealth of Massachusetts, and the limitation of shareholder and trustee liability contained therein. The obligations of the Fund entered in the name or on behalf thereof by any of the Trustees, representatives or agents are made not individually but only in such capacities and are not binding upon any of the Trustees, officers, or shareholders of the Fund individually but are binding upon only the assets and property of the Fund, and persons dealing with the Fund must look solely to the assets of the Fund and those assets belonging to the subject Fund, for the enforcement of any claims.
10. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect. If any provision of this Agreement is held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement will not be affected thereby. This Agreement will be binding upon and shall inure to the benefit of the parties hereto and their respective successors.
11. Applicable Law. This Agreement shall be construed in accordance with

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applicable federal law and (except as to Section 10 hereof which shall be construed in accordance with the laws of Massachusetts) the laws of the State of Illinois.

IN WITNESS WHEREOF, the Manager and the Sub-Adviser have caused this Agreement to be executed as of the day and year first above written.

NUVEEN INSTITUTIONAL ADVISORY CORP., a Delaware corporation SECURITY CAPITAL RESEARCH & MANAGEMENT INCORPORATED, a Delaware corporation

By:

Title: Vice President

By:

Title:

NUVEEN MANAGEMENT INVESTMENT COMPANIES

AUDIT COMMITTEES CHARTER

REVISED MAY, 2003

ORGANIZATION AND MEMBERSHIP

There shall be a committee of each Board of Directors/Trustees of the Nuveen Management Investment Companies (the "Funds") to be known as the Audit Committee. The Audit Committee shall be composed of at least three Directors/Trustees. Audit Committee members shall be independent of the Funds and free of any relationship that, in the opinion of the Directors/Trustees, would interfere with their exercise of independent judgment as a Committee member. In particular, each member must meet the independence and experience requirements of the New York Stock Exchange, Section 10A of the Securities Exchange Act of 1934 (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission (the "Commission"). Each such member of the Audit Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements. At least one such member shall have accounting or related financial management expertise, in each case as determined by the Directors/Trustees, exercising their business judgment (this person may also be the Committee's "financial expert"). The Board shall appoint the members of the Audit Committee, on the recommendation of the Governance Committee.

STATEMENT OF POLICY

The Audit Committee shall assist the Board in monitoring (1) the accounting and reporting policies and practices of the Management Investment Companies (hereafter referred to as "Funds" or individually "Fund"), (2) the quality and integrity of the financial statements of the Funds, (3) the Funds' compliance with legal and regulatory requirements and (4) the independent auditors' qualifications and independence, and the performance of the internal audit function and independent auditors. In doing so, the Audit Committee shall seek to maintain free and open means of communication among the Directors/Trustees, the independent auditors, the internal auditors and the management of Nuveen. The Audit Committee shall meet periodically with Nuveen management, the Funds'

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internal auditor, and the Funds' independent auditors, in separate executive sessions.

The Audit Committee shall have the authority and resources in its discretion to retain special legal, accounting or other consultants to advise the Committee. The Audit Committee may request any officer or employee of Nuveen Investments, Inc. (or its affiliates) or the Funds' independent auditors or outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Funds' independent auditors and internal auditors shall have unrestricted accessibility at any time to Committee members.

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RESPONSIBILITIES

Fund management has the primary responsibility to establish and maintain systems for accounting, reporting and internal control.

The independent auditors have the primary responsibility to plan and implement an audit, with proper consideration given to the accounting, reporting and internal controls. The independent auditors are ultimately accountable to the Board and Audit Committee. It is the ultimate responsibility of the Audit Committee to select, retain, evaluate and replace the independent auditors and to determine their compensation, subject to ratification of the Board, if required.

In carrying out its responsibilities the Audit Committee believes its policies and procedures should remain flexible, in order to react to changing conditions and requirements applicable to the Funds.

The Audit Committee is responsible for the following:

Fund Financial Statements:

1. Reviewing the annual audited financial statements with Fund management and the independent auditors including major issues regarding accounting and auditing principles and practices, and the Funds' disclosures in its periodic reports under "Management's Discussion and Analysis."
2. Requiring the independent auditors to deliver to the Chairman of the Committee a timely report on any issues relating to the significant accounting policies, management judgments and accounting estimates or other matters that would need to be communicated under Statement on Auditing Standards (SAS) No. 90, Audit Committee Communications (which amended SAS No. 61, Communication with Audit Committees), that arise during the auditors' review of the Funds' financial statements, which information the Chairman shall further communicate to the other members of the Committee, as deemed necessary or appropriate in the Chairman's judgment.
3. Discussing with management the Funds' press releases regarding dividends, as well as financial information and guidance provided to analysts and rating agencies. This discussion may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made. The Chairman of the Audit Committee shall be authorized to have these discussions with management on behalf of the Audit Committee.
4. Discussing with management and the independent auditors significant financial reporting issues and judgments made in connection with the preparation of the Funds' financial statements, including any significant changes in the Funds' selection or application of accounting principles and any major issues as to the adequacy of the Funds' internal controls and any

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special audit steps adopted in light of control deficiencies.

5. Discussing with management and the independent auditors the effect of regulatory and accounting initiatives on the Funds' financial statements.
6. Reviewing and discussing reports from the independent auditors regarding (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed

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with management, ramifications of the use of such alternative treatments and disclosures, and the treatment preferred by the independent auditors; and (c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

7. Discussing with management the Funds' major financial risk exposures and the steps management has taken to monitor and control these exposures, including the Funds' risk assessment and risk management policies.
8. Reviewing disclosures made to the Audit Committee by the Funds' principal executive officer and principal financial officer during their certification process for the Funds' periodic reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Funds' internal controls.

With respect to the independent auditors:

1. Appointing or replacing the independent auditors, subject, if applicable, only to Board and shareholder ratification; and compensating and overseeing the work of the independent auditor (including the resolution of disagreements between management and the independent auditor regarding financial reporting), who shall report directly to the Audit Committee, for the purpose of preparing or issuing an audit report or related work.
2. Meeting with the independent auditors and Fund management to review the scope, fees, audit plans and staffing for the audit, for the current year. At the conclusion of the audit, reviewing such audit results, including the independent auditors' evaluation of the Funds' financial and internal controls, any comments or recommendations of the independent auditors, any audit problems or difficulties and management's response, any significant changes required from the originally planned audit programs and any adjustments to such statements recommended by the auditors.
3. Pre-approving all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Funds by their independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A of the Exchange Act that the Audit Committee approves prior to the completion of the audit. The Chairman of the Audit Committee shall be authorized to give pre-approvals of such non-audit services on behalf of the Audit Committee.
4. Obtaining and reviewing a report from the independent auditors at least annually (including a formal written statement delineating all relationships between the auditors and the Funds) regarding (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by an inquiry or investigation by governmental or professional authorities

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within the preceding five years, respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Funds and their affiliates; and evaluating the qualifications, performance and independence of the independent auditor, including their membership in the SEC practice section of the AICPA and their compliance with all applicable requirements for independence and peer review, and a review and evaluation of the lead partner, taking into account the opinions

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of management and the internal auditors, and discussing such reports with the independent auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

5. Reviewing any reports from the independent auditors mandated by Section 10A(b) of the Exchange Act regarding any illegal act detected by the independent auditor (whether or not perceived to have a material effect on the Funds' financial statements) and obtaining from the independent auditors any information about illegal acts in accordance with Section 10A(b).
6. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and further considering the rotation of the independent auditor firm itself.
7. Recommending to the Board of Directors policies for the Funds' or the Adviser's hiring of employees or former employees of the independent auditor who participated in the audit of the Funds.

With respect to any internal auditor:

1. Reviewing the internal audit function as it relates to the Funds including the proposed programs for the coming year. I