

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND INC  
Form N-CSRS  
April 08, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-7278  
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Nuveen Arizona Premium Income Municipal Fund, Inc.  
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(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: July 31  
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Date of reporting period: January 31  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

Nuveen Investments  
Municipal Closed-End  
Exchange-Traded  
Funds

SEMIANNUAL REPORT January 31, 2004

NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND  
NAZ

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND  
NFZ

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
NKR

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
NXE

NUVEEN TEXAS QUALITY INCOME MUNICIPAL FUND  
NTX

Photo of: Man holding up small boy.  
Photo of: 2 women with 2 girls looking at seashells.

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

Logo:  
NUVEEN INVESTMENTS

FASTER INFORMATION  
RECEIVE YOUR  
NUVEEN FUND REPORT  
ELECTRONICALLY

By registering for electronic delivery, you will receive an e-mail as soon as your Nuveen Fund information is available. Click on the link and you will be taken directly to the report. Your Fund report can be viewed and saved on your computer. Your report will arrive faster via e-mail than by traditional mail.

Registering is easy and only takes a few minutes (see instructions at right).

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SOME COMMON CONCERNS:

WILL MY E-MAIL ADDRESS BE DISTRIBUTED TO OTHER COMPANIES?

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If you decide you do not like receiving your reports electronically, it's a simple process to go back to regular mail delivery.

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IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME FROM YOUR FINANCIAL ADVISOR ORBROKERAGE ACCOUNT,

FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to [WWW.INVESTORDELIVERY.COM](http://WWW.INVESTORDELIVERY.COM) and follow the simple instructions, using the address sheet that accompanied this report as a guide.
- 2 You'll be taken to a page with several options. Select the NEW ENROLLMENT-CREATE screen and follow the simple instructions.
- 3 Click Submit. Confirm the information you just entered is correct, then click Submit again.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME DIRECTLY TO YOU FROM NUVEEN,

FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to [WWW.NUVEEN.COM](http://WWW.NUVEEN.COM)
- 2 Select ACCESS YOUR ACCOUNT. Select the E-REPORT ENROLLMENT section. Click on Enrollment Today.
- 3 You'll be taken to a screen that asks for your Social Security number and e-mail address. Fill in this information, then click Enroll.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Logo:

NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger

Chairman of the Board

Sidebar text: "We think that municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio designed to perform well through a variety of market conditions."

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Dear  
SHAREHOLDER

I am very pleased to report that for the period ended January 31, 2004, your Nuveen Fund continued to provide you with attractive monthly tax-free income. Your Fund is managed with a value investing strategy that puts an emphasis on finding securities that we think are undervalued or underrated. We believe there are always some municipal bonds that the market is not properly valuing, and that by using a consistent, research-oriented management approach we have the opportunity to find them for your Fund.

In the current environment, many have begun to wonder whether interest rates will soon start to rise, and whether that possibility should cause them to adjust their holdings of fixed-income investments. We believe that by constructing a carefully balanced portfolio with the help of a trusted investment professional you may be able to reduce your overall investment risk and give yourself a better chance to meet your financial goals. We think that municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio designed to perform well through a variety of market conditions.

Since 1898, Nuveen Investments has offered financial products and solutions that incorporate careful research, diversification, and the application of conservative risk-management principles. We are grateful that you have chosen us as a partner as you pursue your financial goals. We look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

March 15, 2004

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

Portfolio Managers'  
COMMENTS

Portfolio managers Scott Romans and Dan Solender review national and state economic and market conditions, key investment strategies, and the recent performance of these Funds. Scott, who joined Nuveen in 2000, assumed portfolio management responsibility for the four Arizona Funds in November 2003. With eleven years of investment experience, including seven at Nuveen, Dan took over management responsibility for NTX in November 2003.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE REPORTING PERIOD ENDED JANUARY 31, 2004?

During this period, the greatest influences on the general economy and the

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municipal market continued to be historically low interest rates, a generally modest rate of inflation and the overall pace of economic improvement. Since its last credit easing in June 2003, the Federal Reserve has maintained the fed funds rate at 1.0%, the lowest level since 1958. Inflation remained under control, with the 1.1% annual change in the core CPI rate for 2003 representing the smallest gain in more than 40 years. The gross domestic product growth rate in 2003 was a respectable 3.1%, the fastest pace since 2000.

The combination of low interest rates, the absence of inflationary pressures, and a slowly improving economy created generally favorable conditions for municipal bonds. In 2003, municipal bond new issue supply reached \$382 billion nationally, a 7% increase over the previous new issue record set in 2002. However, the pace of issuance slowed somewhat during the last half of 2003 and the slow pace continued into the first month of 2004.

### HOW WERE CONDITIONS IN ARIZONA AND TEXAS?

Arizona's economy continued to recover during this reporting period, with steady job growth in the services industry, positive developments in the high-tech and biotech sector, and increased defense-related manufacturing. In terms of total jobs gained in 2003, Arizona ranked third in the nation (behind Florida and Georgia). As of January 2004, Moody's rated Arizona's debt A1 with a negative outlook, while Standard & Poor's rated the state AA with a negative outlook. These negative outlooks reflected the fact that, despite the state's current economic rebound, Arizona's surplus funds were depleted in 2002 and, according to the rating agencies, budget imbalances could continue over the next several fiscal years.

In Texas, low oil and gas inventories and rising prices gave a boost to the state's energy industry, while employment in the financial services sector rose, supported by a rapidly growing population and increased demand for mortgage financing. As home to more than 200,000 military personnel, the state also continued to benefit from new defense contracts and increased military activity. Texas ranked fourth in the nation, behind Arizona, in jobs added during 2003. Both Moody's and S&P maintained their Aa1/AA general obligation rating and stable outlook for Texas.

### HOW DID THESE FUNDS PERFORM OVER THE 12-MONTH PERIOD ENDED JANUARY 31, 2004?

Individual results for these Arizona and Texas Funds, as well as for relevant benchmarks, are presented in the accompanying table.

	MARKET YIELD		TOTAL RETURN ON NAV	LEHMAN TOTAL RETURN1	LIPPER AVERAGE2
	1/31/04	TAXABLE- EQUIVALENT3	1 YEAR ENDED 1/31/04	1 YEAR ENDED 1/31/04	1 YEAR ENDED 1/31/04
NAZ	5.64%	8.23%	8.78%	6.19%	9.57%
NFZ	5.35%	7.81%	9.82%	6.19%	9.57%
NKR	5.79%	8.45%	9.46%	6.19%	9.57%
NXE	5.70%	8.32%	9.56%	6.19%	9.57%
NTX	6.34%	8.81%	11.06%	6.19%	9.57%

Past performance is not predictive of future results.

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

- 1 The total annual returns on common share net asset value (NAV) for these Nuveen Funds are compared with the total annual return of the Lehman Brothers Municipal Bond Index, an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses. You cannot invest directly in an index.
- 2 The total returns of these Nuveen Funds are compared with the average annualized return of the 44 funds in the Lipper Other States Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends. It should be noted that the performance of the Lipper Other States category represents the overall average of annual returns for funds from 10 different states with a wide variety of economic and municipal market conditions.
- 3 The taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current yield and a federal income tax rate of 28% plus the applicable state income tax rate. Because Texas has no state income tax, NTX's taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%, while the combined federal and state tax rate used for Arizona is 31.5%. The yields shown for Arizona highlight the added value of owning shares that are exempt from state as well as federal income taxes.

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For the 12 months ended January 31, 2004, the total returns of all five of the Funds in this report outperformed the unleveraged national Lehman Brothers Municipal Bond Index. The Funds' use of leverage was a primary factor that influenced their total return performance relative to the Lehman index. Leveraging can add volatility to a Fund's net asset value, share price and income. However, during periods of low short-term interest rates and low or falling long-term interest rates, such as the environment during much of this 12-month period, this strategy also can provide opportunities for net asset value appreciation and enhanced income for common shareholders.

In addition to leverage, factors such as bond calls and the price movement of specific sectors and holdings also had an impact on each Fund's relative performance during this period. For example, NTX benefited from its holdings of bonds backed by American Airlines, as airline-backed bonds rebounded strongly in the last part of 2003. The Texas Fund was also helped by the fact that Texas municipal bonds were, on average, the nation's best performers in 2003, as ranked by Lehman.

Among the Arizona Funds, NAZ marked its 10-year anniversary in November 2002, a point in a Fund's life cycle that often signals an increased potential for bond calls from the portfolio. Through the year, NAZ held a relatively large group of bonds that were priced to near-term call dates, which limited their upside price potential in the period's generally declining interest rate environment. In addition, as these bonds were called from NAZ's portfolio, the proceeds were reinvested in the lower-yielding securities reflecting current market rates. Both of these factors acted to restrain the performance of this Fund relative to the other Arizona Funds in this report.

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Over the 12-month period, increased investor demand for higher-yielding securities caused the yield spreads between higher- and lower-rated bonds to narrow as the market yields for all bonds generally fell. Since the yields of lower-rated bonds generally fell more than higher-rated bonds, and the prices of lower-rated bonds rose accordingly, some of the Funds' lower-rated holdings were among their best performers. For example, all four Arizona Funds also held bonds issued for Catholic Healthcare West, which showed improved financial performance during the period and began a bond buyback to reduce its outstanding debt. In addition, both NAZ and NXE held industrial development revenue bonds issued by Yavapai County, which has been repurchasing its outstanding bonds as it converts from a standard utility to a telecommunications company. In some cases, we took advantage of these narrowed credit spreads to sell some of our positions in lower-rated bonds at what we believed were very attractive prices.

### WHAT ABOUT DIVIDENDS AND SHARE PRICES?

With short-term interest rates at historically low levels, the dividend-paying capabilities of all these Funds benefited from their use of leverage. The extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. Low short-term rates can enable the Funds to reduce the amount of income paid to MuniPreferred shareholders, which can leave more earnings to support common share dividends. During the 12 months ended January 2004, continued low short-term rates enabled us to implement two dividend increases in NFZ and one in NTX. Leverage also

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helped to support the dividend of NAZ, which as of January 31, 2004, had offered shareholders 44 consecutive months of steady or increasing dividends. NKR and NXE, which were introduced in 2002, had provided 21 and 15 months, respectively, of stable, attractive dividends.

Each Fund seeks to pay a stable dividend at a rate that reflects the Fund's past results and projected future performance. A Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If the Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's net asset value (NAV). Conversely, if the Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of January 31, 2004, all of the Funds in this report had positive UNII.

Over the 12-month period ended January 31, 2004, the share prices of these Funds generally performed well, with most ending the period higher than they began. The lone exception was NKR, which saw its share price decline. As of January 31, 2004, NAZ and NFZ were trading at premiums, while NKR, NXE and NTX were trading at discounts to their NAV (see charts on individual Performance Overview pages).

### WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THE PERIOD ENDED JANUARY 31, 2004?

Over this reporting period, a major focus continued to be management of the Funds' durations<sup>4</sup> in an attempt to make the interest rate risk more consistent across funds. Interest rate risk is the risk that the value of a Fund's portfolio will decline when market interest rates rise (since bond prices move in the opposite direction of interest rates). The longer the duration of a Fund's portfolio, the greater its interest rate risk. Overall, our goal was to

properly calibrate each Fund's interest rate risk. In NAZ, this meant working to extend the Fund's duration, as we reinvested proceeds from a number of bond calls and the sale of issues with relatively short effective maturities into bonds with longer maturities.

In the other Funds, our objective was to shorten the Funds' durations. Generally, we focused on selling 30-year bonds and replacing them with bonds in the 20-year maturity range and with 8 to 10 years of call protection. In many cases, we believed that bonds in this part of the yield curve offered yields similar to those of longer-term bonds but had better total return potential.

Although the heavy volume of municipal issuance during 2003 provided some opportunities to make trades that we believed would benefit the Funds, in recent months we have seen supply soften. This was true in both Arizona and Texas, where issuance during August 2003-January 2004

4 Duration is a measure of a Fund's NAV volatility in reaction to interest rate movements. Fund duration, also known as leverage-adjusted duration, takes into account the leveraging process for a Fund and therefore is generally longer than the duration of the actual portfolio of individual bonds that make up the Fund. References to duration in this commentary are intended to indicate Fund duration unless otherwise noted.

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declined 17% and 10%, respectively, from levels of the previous six months. Both markets presented challenges in finding issues with the types of structures we prefer and the potential to add value. In Texas, our focus was on purchasing higher quality issues, particularly in the general obligation category, reflecting the increased issuance in this sector. For the Arizona Funds, we looked for bonds that had the potential to enhance the Fund's income while maintaining diversity and overall credit quality. We found the majority of our yield opportunities in the healthcare, utilities, and-- to a lesser degree--higher education sectors.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF JANUARY 31, 2004?

We believe that, given the current geopolitical and economic climate, maintaining strong credit quality is a vital requirement. As of January 31, 2004, all of these Funds offered excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 75% to 87%.

As of January 31, 2004, potential call exposure over the 2004 - 2006 period ranged from zero in NKR and NXE to 14% in NTX. The actual number of bond calls these Funds will face in the coming months will depend largely on current and anticipated changes in market interest rates.

In general, we believe that these Funds can continue to serve as attractive sources of tax-free income, while simultaneously offering the potential for portfolio diversification. In our opinion, they represent a quality component within a well-balanced core investment portfolio that can continue to benefit shareholders over time.

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Nuveen Arizona Premium Income Municipal Fund, Inc.

## Performance

OVERVIEW As of January 31, 2004

NAZ

### Pie Chart:

#### CREDIT QUALITY

AAA/U.S. Guaranteed	65%
AA	14%
A	3%
BBB	13%
NR	1%
BB or Lower	4%

#### PORTFOLIO STATISTICS

Share Price	\$16.27
Common Share Net Asset Value	\$14.42
Premium/(Discount) to NAV	12.83%
Market Yield	5.64%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	7.83%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	8.23%
Net Assets Applicable to Common Shares (\$000)	\$64,041
Average Effective Maturity (Years)	18.37
Leverage-Adjusted Duration	9.00

#### AVERAGE ANNUAL TOTAL RETURN (Inception 11/19/92)

	On Share Price	On NAV
1-Year	10.58%	8.78%
5-Year	5.73%	4.48%
10-Year	6.55%	5.29%

#### TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	31%
Healthcare	14%
U.S. Guaranteed	11%

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Education and Civic Organizations	10%
-----	
Utilities	8%
-----	

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Feb	0.0765
Mar	0.0765
Apr	0.0765
May	0.0765
Jun	0.0765
Jul	0.0765
Aug	0.0765
Sep	0.0765
Oct	0.0765
Nov	0.0765
Dec	0.0765
Jan	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

2/1/03	15.6
	16.18
	15.87
	15.89
	15.95
	16
	16.11
	16.11
	16.12
	16.08
	15.85
	15.59
	15.37
	15.84
	16
	15.9
	16.56
	16.52
	16.45
	16.7
	16.58
	16.9
	16.62
	14.96
	15.03
	14.9
	14.76
	14.77
	14.8
	14.66
	14.71
	14.86
	15.27
	15.18
	15.16
	15.1
	15.05
	15.24

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	15.39
	15.41
	15.49
	15.61
	16.1
	16.06
	16.17
	16.14
1/31/04	16.27

Weekly Closing Price

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 31.5%.

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Nuveen Arizona Dividend Advantage Municipal Fund

Performance

OVERVIEW As of January 31, 2004

NFZ

Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	55%
AA	20%
A	11%
BBB	13%
BB or Lower	1%

PORTFOLIO STATISTICS

Share Price	\$17.17
Common Share Net Asset Value	\$15.45
Premium/(Discount) to NAV	11.13%
Market Yield	5.35%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	7.43%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	7.81%
Net Assets Applicable to Common Shares (\$000)	\$23,834

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Average Effective Maturity (Years)	19.20
Leverage-Adjusted Duration	9.56

AVERAGE ANNUAL TOTAL RETURN (Inception 1/30/01)

	ON SHARE PRICE	ON NAV
1-Year	19.30%	9.82%
Since Inception	10.67%	8.78%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	29%
Utilities	14%
Housing/Multifamily	13%
U.S. Guaranteed	11%
Education and Civic Organizations	10%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE2

Feb	0.073
Mar	0.0755
Apr	0.0755
May	0.0755
Jun	0.0755
Jul	0.0755
Aug	0.0755
Sep	0.0755
Oct	0.0755
Nov	0.0755
Dec	0.0765
Jan	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

2/1/03	15.28
	15.28
	15.24
	15.5
	15.65
	16.19
	16.23
	16.09
	15.8
	15.53
	15.52
	15.56
	15.38
	15.65
	16.01

	16.3
	16.25
	16.57
	16.5
	16.54
	16.79
	16.88
	16.52
	15.1
	15.12
	15.14
	15.12
	15.14
	15.05
	14.95
	14.91
	14.78
	14.66
	14.67
	14.81
	14.9
	15.04
	15.49
	15.51
	15.64
	15.65
	16.6
	16.67
	16.58
	16.49
	16.8
1/31/04	17.17

Weekly Closing Price

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 31.5%.

2 The Fund also paid shareholders a net ordinary income distribution in December 2003 of \$0.0418 per share.

Nuveen Arizona Dividend Advantage Municipal Fund 2

Performance

OVERVIEW As of January 31, 2004

NKR

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Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	75%
AA	12%
A	4%
BBB	8%
BB or Lower	1%

PORTFOLIO STATISTICS

Share Price	\$14.92
Common Share Net Asset Value	\$15.52
Premium/(Discount) to NAV	-3.87%
Market Yield	5.79%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	8.04%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	8.45%
Net Assets Applicable to Common Shares (\$000)	\$37,543
Average Effective Maturity (Years)	17.22
Leverage-Adjusted Duration	10.42

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

	ON SHARE PRICE	ON NAV
1-Year	1.98%	9.46%
Since Inception	5.45%	10.36%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/General	32%
Tax Obligation/Limited	26%
Education and Civic Organizations	8%
Healthcare	7%
Utilities	6%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Feb	0.072
Mar	0.072
Apr	0.072
May	0.072
Jun	0.072

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Jul	0.072
Aug	0.072
Sep	0.072
Oct	0.072
Nov	0.072
Dec	0.072
Jan	0.072

Line Chart:  
SHARE PRICE PERFORMANCE

2/1/03	15.55
	15.3
	15.09
	15.15
	15.34
	15.21
	15.26
	15.1
	15.1
	15.23
	15.31
	15.32
	15.12
	15.21
	15.44
	15.86
	15.8
	16.08
	15.83
	16.15
	16.18
	16.2
	15.76
	14.05
	14.32
	14.27
	14.09
	14.09
	14.3
	14.43
	14.39
	14.3
	14.36
	14.3
	14.2
	14.5
	14.4
	14.38
	14.4
	14.24
	14.35
	14.43
	14.76
	14.74
	15.1
	15.23
1/31/04	14.92

Weekly Closing Price  
Past performance is not predictive of future results.

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1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 31.5%.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of \$0.0441 per share.

8

Nuveen Arizona Dividend Advantage Municipal Fund 3

Performance

OVERVIEW As of January 31, 2004

NXE

Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	70%
AA	14%
A	3%
BBB	11%
BB or Lower	2%

PORTFOLIO STATISTICS

Share Price	\$14.10
Common Share Net Asset Value	\$14.40
Premium/(Discount) to NAV	-2.08%
Market Yield	5.70%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	7.92%
Taxable-Equivalent Yield (Federal and State Income Tax Rate) <sup>1</sup>	8.32%
Net Assets Applicable to Common Shares (\$000)	\$44,163
Average Effective Maturity (Years)	19.38
Leverage-Adjusted Duration	11.07

AVERAGE ANNUAL TOTAL RETURN (Inception 9/25/02)

ON SHARE PRICE ON NAV



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1-Year	10.56%	9.56%
Since Inception	0.83%	5.79%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	20%
Tax Obligation/General	18%
Housing/Multifamily	13%
Education and Civic Organizations	13%
Healthcare	11%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Feb	0.067
Mar	0.067
Apr	0.067
May	0.067
Jun	0.067
Jul	0.067
Aug	0.067
Sep	0.067
Oct	0.067
Nov	0.067
Dec	0.067
Jan	0.067

Line Chart:

SHARE PRICE PERFORMANCE

2/1/03	13.52
	13.85
	13.75
	13.85
	14
	14.01
	14.02
	13.85
	13.8
	13.65
	13.4
	13.65
	13.93
	14.01
	14.01
	14.18
	14.11
	14.26
	14.05
	14.29
	14.7
	14.73
	14.25

	13.96
	13.5
	13.57
	13.13
	13.26
	13.25
	13.05
	13.1
	13.19
	13.2
	13.03
	13.14
	13.21
	13.09
	13.1
	13.34
	13.21
	13.3
	13.4
	13.45
	13.65
	14.19
	14.2
1/31/04	14.1

Weekly Closing Price

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 31.5%.

Nuveen Texas Quality Income Municipal Fund

Performance

OVERVIEW As of January 31, 2004

NTX

Pie Chart:

CREDIT QUALITY

AAA/U.S. Guaranteed	65%
AA	11%
A	9%
BBB	14%
BB or Lower	1%

PORTFOLIO STATISTICS

-----

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Share Price	\$15.15
Common Share Net Asset Value	\$15.54
Premium/(Discount) to NAV	-2.51%
Market Yield	6.34%
Taxable-Equivalent Yield (Federal Income Tax Rate) <sup>1</sup>	8.81%
Net Assets Applicable to Common Shares (\$000)	\$147,187
Average Effective Maturity (Years)	20.12
Leverage-Adjusted Duration	8.94

AVERAGE ANNUAL TOTAL RETURN (Inception 10/17/91)

	ON SHARE PRICE	ON NAV
1-Year	11.98%	11.06%
5-Year	6.12%	5.92%
10-Year	6.39%	6.35%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/General	24%
Healthcare	14%
Tax Obligation/Limited	9%
Water and Sewer	8%
Utilities	7%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Feb	0.079
Mar	0.08
Apr	0.08
May	0.08
Jun	0.08
Jul	0.08
Aug	0.08
Sep	0.08
Oct	0.08
Nov	0.08
Dec	0.08
Jan	0.08

Line Chart:

SHARE PRICE PERFORMANCE

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2/1/03	14.43
	14.51
	14.29
	14.39
	14.55
	14.9
	14.93
	14.74
	14.82
	14.94
	14.9
	15.09
	15.09
	15.05
	15.17
	15.34
	15.38
	15.54
	15.53
	15.25
	15.44
	15.7
	15.17
	14.52
	14.8
	14.45
	14.64
	14.35
	14.2
	14.23
	14.35
	14.4
	14.22
	14.27
	14.34
	14.4
	14.56
	14.66
	14.68
	14.82
	14.98
	15.02
	15.52
	15.34
	15.3
	15.55
1/31/04	15.15

Weekly Closing Price

Past performance is not predictive of future results.

- 1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. With respect to investments that generate qualified dividend income that is taxable at a maximum rate of 15%, the taxable-equivalent yield is lower. The taxable-equivalent yield is calculated using the current market yield and a federal income tax rate of 28%.

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Shareholder  
MEETING REPORT

The Shareholder Meeting was held in Chicago, Illinois, on October 22, 2003.

NAZ

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voted together as a class
William E. Bennett		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Robert P. Bremner		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Lawrence H. Brown		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Jack B. Evans		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Anne E. Impellizzeri		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
William L. Kissick		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Thomas E. Leafstrand		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Peter R. Sawers		
For	3,795,380	

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Withhold	128,560
Total	3,923,940

11

Shareholder  
MEETING REPORT (continued)

NAZ

APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS: (CONTINUED)

	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voti togeth as a cla
William J. Schneider		
For	--	1,1
Withhold	--	
Total	--	1,1
Timothy R. Schwertfeger		
For	--	1,1
Withhold	--	
Total	--	1,1
Judith M. Stockdale		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	
Sheila W. Wellington		
For	3,795,380	
Withhold	128,560	
Total	3,923,940	

12

NKR

APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS:

	Common and MuniPreferred shares voting together	MuniPreferred shares voti togeth
--	--	--

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	as a class	as a cla
=====		
William E. Bennett		
For	2,315,969	
Withhold	83,133	
-----		
Total	2,399,102	
=====		
Robert P. Bremner		
For	2,315,969	
Withhold	83,133	
-----		
Total	2,399,102	
=====		
Lawrence H. Brown		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		
Jack B. Evans		
For	2,311,779	
Withhold	87,323	
-----		
Total	2,399,102	
=====		
Anne E. Impellizzeri		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		
William L. Kissick		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		
Thomas E. Leafstrand		
For	2,308,779	
Withhold	90,323	
-----		
Total	2,399,102	
=====		
Peter R. Sawers		
For	2,312,969	
Withhold	86,133	
-----		
Total	2,399,102	
=====		

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APPROVAL OF THE BOARD MEMBERS  
 WAS REACHED AS FOLLOWS: (CONTINUED)

	Common and MuniPreferred shares voting together as a class	MuniPreferred shares voti togeth as a cla
=====		
William J. Schneider		
For	--	6
Withhold	--	
-----		
Total	--	6
=====		
Timothy R. Schwertfeger		
For	--	6
Withhold	--	
-----		
Total	--	6
=====		
Judith M. Stockdale		
For	2,311,779	
Withhold	87,323	
-----		
Total	2,399,102	
=====		
Sheila W. Wellington		
For	2,301,279	
Withhold	97,823	
-----		
Total	2,399,102	
=====		

-----  
 APPROVAL OF THE BOARD MEMBERS  
 WAS REACHED AS FOLLOWS:

=====		
William E. Bennett		
For		
Withhold		
-----		
Total		
=====		
Robert P. Bremner		
For		
Withhold		
-----		
Total		
=====		



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Lawrence H. Brown  
For  
Withhold

-----  
Total  
=====

Jack B. Evans  
For  
Withhold

-----  
Total  
=====

Anne E. Impellizzeri  
For  
Withhold

-----  
Total  
=====

William L. Kissick  
For  
Withhold

-----  
Total  
=====

Thomas E. Leafstrand  
For  
Withhold

-----  
Total  
=====

Peter R. Sawers  
For  
Withhold

-----  
Total  
=====

15

Shareholder  
MEETING REPORT (continued)

-----  
APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS: (CONTINUED)  
=====

William J. Schneider  
For  
Withhold

-----  
Total  
=====

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Timothy R. Schwertfeger  
 For  
 Withhold

-----  
 Total  
 =====

Judith M. Stockdale  
 For  
 Withhold

-----  
 Total  
 =====

Sheila W. Wellington  
 For  
 Withhold

-----  
 Total  
 =====

16

Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)  
 Portfolio of  
 INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
	CONSUMER STAPLES - 1.4%	
\$ 965	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100
	EDUCATION AND CIVIC ORGANIZATIONS - 14.6%	
1,000	Arizona State University, Certificates of Participation, Series 2002, 5.375%, 7/01/19 - MBIA Insured	7/12 at 100
1,000	Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 - FGIC Insured	7/12 at 100
1,750	Arizona Student Loan Acquisition Authority, Student Loan Revenue Bonds, Subordinated Fixed Rate, Series 1994B, 6.600%, 5/01/10 (Alternative Minimum Tax)	5/04 at 102
1,250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31	5/11 at 101
1,050	Northern Arizona University, System Revenue Bonds, Series 2002, 5.000%, 6/01/34 - FGIC Insured	6/12 at 100
1,400	Southern Arizona Capital Facilities Financing Corporation, Student Housing Revenue Bonds, La Aldea Project at the	9/12 at 100

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University of Arizona, Series 2002, 5.000%, 9/01/23 -  
MBIA Insured

1,500 Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 - AMBAC Insured 7/13 at 100

-----  
HEALTHCARE - 20.5%

2,000 Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 1999A, 6.125%, 11/15/22 11/09 at 100

2,125 Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 7.000%, 12/01/25 12/10 at 102

800 Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20 7/10 at 101

3,000 Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.750%, 1/01/25 - MBIA Insured 1/10 at 101

515 Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion Project, Series 2000A, 6.375%, 11/15/15 11/10 at 101

1,500 Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31 12/11 at 101

2,000 University Medical Center Corporation Tucson, Arizona, Hospital Revenue Refunding Bonds, Series 1992, 6.250%, 7/01/16 - MBIA Insured 7/04 at 100

1,055 Industrial Development Authority, Winslow, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital Project, Series 1998, 5.500%, 6/01/22 6/08 at 101

-----  
HOUSING/MULTIFAMILY - 11.2%

2,011 Glendale Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Maridale Apartments Project, Series 2000A, 7.500%, 10/20/35 10/10 at 105

400 Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson Project, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax) 6/11 at 102

1,000 Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Camelback Crossings Apartments Project, Series 2000, 6.350%, 9/20/35 9/10 at 103

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3,215	Tucson Industrial Development Authority, Arizona, Senior Living Facilities Revenue Bonds, Christian Care Project, Series 2000A, 5.625%, 7/01/20 - RAAI Insured	7/10 at 101
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-----  
HOUSING/SINGLE FAMILY - 0.1%

75	Phoenix Industrial Development Authority, Arizona, Statewide Single Family Mortgage Revenue Bonds, Series 1995, 6.150%, 6/01/08 (Alternative Minimum Tax)	6/05 at 102
----	---	-------------

17

Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ) (continued)  
Portfolio of INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
------------------------	----------------	--------------------

-----

INDUSTRIALS - 3.3%

\$ 2,000	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
----------	--	-----------

-----  
LONG-TERM CARE - 0.6%

345	Mohave County Industrial Development Authority, Arizona, GNMA Collateralized Health Care Revenue Refunding Bonds, Chris Ridge and Silver Ridge Village Projects, Series 1996, 6.375%, 11/01/31	5/06 at 103
-----	--	-------------

-----  
TAX OBLIGATION/GENERAL - 7.6%

3,000	Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/18 - FGIC Insured	7/09 at 100
	Puerto Rico Public Improvement, General Obligation Bonds, Series 2002A:	
500	5.500%, 7/01/19 - FGIC Insured	No Opt. C
500	5.375%, 7/01/28	7/11 at 100
585	Tempe Union High School District 213, Maricopa County, Arizona, General Obligation Bonds, Series 1994, 6.000%, 7/01/12 - FGIC Insured	7/04 at 101

-----  
TAX OBLIGATION/LIMITED - 43.9%

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1,985	Arizona School Facilities Board, State School Improvement Revenue Bonds, Series 2003, 5.000%, 7/01/21	7/13 at 100
	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A:	
3,000	5.375%, 7/01/20 - MBIA Insured	7/13 at 100
1,000	5.375%, 7/01/21 - MBIA Insured	7/13 at 100
	Bullhead City, Arizona, Parkway District Special Assessment Improvement Bonds, Series 1993:	
830	6.100%, 1/01/08	7/04 at 102
890	6.100%, 1/01/09	7/04 at 102
575	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 - AMBAC Insured	7/13 at 100
1,500	Maricopa County Industrial Development Authority, Education Revenue Bonds, Arizona Charter Schools Project I, Series 2000A, 6.750%, 7/01/29	7/10 at 102
3,400	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 - AMBAC Insured	6/12 at 100
	Phoenix Industrial Development Authority, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC Project, Series 2000:	
1,000	5.375%, 9/15/22 - AMBAC Insured	9/10 at 100
2,000	5.500%, 9/15/27 - AMBAC Insured	9/10 at 100
2,150	Phoenix Civic Plaza Building Corporation, Arizona, Senior Lien Excise Tax Revenue Bonds, Series 1994, 6.000%, 7/01/14	7/05 at 101
2,000	Phoenix Civic Improvement Corporation, Arizona, Subordinate Lien Excise Tax Revenue Bonds, Series 2003A, 5.000%, 7/01/21 - MBIA Insured	7/13 at 100
1,200	Prescott Valley Municipal Property Corp., Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 - FGIC Insured	1/13 at 100
1,000	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100
500	Tucson, Arizona, Certificates of Participation, Series 2000, 5.700%, 7/01/20 - MBIA Insured	7/08 at 100
1,100	Tucson, Arizona, Streets and Highway Junior Lien User Fee Revenue Bonds, Series 1994E, 5.000%, 7/01/18 - FGIC Insured	7/10 at 100
2,300	Virgin Islands Public Finance Authority, Gross Receipts Taxes Loan Notes, Series 2003, 5.000%, 10/01/33 - RAAI Insured	10/14 at 100
-----		
	TELECOMMUNICATION SERVICES - 2.4%	
1,450	Industrial Development Authority, Yavapai County, Arizona, Revenue Bonds, Citizens Utilities Company Project, Series 1998, 5.450%, 6/01/33 (Alternative Minimum Tax)	6/07 at 101

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
-----		
	U.S. GUARANTEED - 15.7%	
\$ 530	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 (Pre-refunded to 7/01/10)	7/10 at 100
3,500	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 - MBIA Insured	No Opt. C
2,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded to 7/01/10) - FGIC Insured	7/10 at 101
1,000	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.500%, 7/01/27 (Pre-refunded to 7/01/10)	7/10 at 101
500	Surprise Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Series 2000, 5.700%, 7/01/20 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 101
725	Tucson, Arizona, Certificates of Participation, Series 1994, 6.375%, 7/01/09 (Pre-refunded to 7/01/04) - RAAI Insured	7/04 at 100
-----		
	UTILITIES - 11.7%	
1,000	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. C
1,615	Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1996, 6.375%, 10/01/36 (Alternative Minimum Tax)	10/06 at 102
500	Navajo County Pollution Control Corp., Arizona, Pollution Control Revenue Refunding Bonds, Arizona Public Service Company, Series 1993A, 5.875%, 8/15/28 - MBIA Insured	2/04 at 102
1,075	Pima County Industrial Development Authority, Arizona, Lease Obligation Revenue Refunding Bonds, Tucson Electric Power Company Irvington Project, Series 1988A, 7.250%, 7/15/10 - FSA Insured	7/04 at 102
2,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Salt River Project, Series 2002A: 5.125%, 1/01/27	1/12 at 101

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1,000	5.000%, 1/01/31	1/12 at 101
-----		
WATER AND SEWER - 10.3%		
3,500	Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28	7/13 at 100
1,250	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 - FGIC Insured	No Opt. C
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 - FGIC Insured	7/12 at 100
-----		
\$ 86,116	Total Long-Term Investments (cost \$86,763,422) - 143.3%	
=====		
Other Assets Less Liabilities - 3.5%		
-----		
Preferred Shares, at Liquidation Value - (46.8)%		
-----		
Net Assets Applicable to Common Shares - 100%		
=====		

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)  
Portfolio of  
INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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EDUCATION AND CIVIC ORGANIZATIONS - 14.2%

\$	1,020	Mesa Industrial Development Authority, Arizona, Student Housing Revenue Bonds, ASU East/Maricopa County Community College District, Williams Campus Project, Series 2001A, 6.000%, 7/01/26	7/11 at 101
	1,000	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System Project, Series 1999, 5.375%, 2/01/29	2/09 at 101
	300	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, University of the Sacred Heart Project, Series 2001, 5.250%, 9/01/21	9/11 at 100
	1,000	Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 - AMBAC Insured	7/13 at 100

-----  
HEALTHCARE - 8.6%

	550	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20	12/10 at 102
	365	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
	1,000	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101

-----  
HOUSING/MULTIFAMILY - 19.4%

	1,000	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Whispering Palms Apartments Project, Series 1999A, 5.900%, 7/01/29 - MBIA Insured	7/09 at 102
	1,125	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Syl-Mar Apartments Project, Series 2001, 5.650%, 4/20/21 (Alternative Minimum Tax)	10/11 at 103
	275	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson Project, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax)	6/11 at 102
	990	Phoenix Industrial Development Authority, Arizona, GNMA Enhanced Mortgage Loan Multifamily Housing Revenue Bonds, Liberty Cove Apartments, Series 2002A, 5.050%, 10/20/32	10/12 at 102



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1,000	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Camelback Crossings Apartments Project, Series 2000, 6.350%, 9/20/35	9/10 at 103
-----		
HOUSING/SINGLE FAMILY - 1.4%		
320	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-4, 5.050%, 5/01/17	11/10 at 101
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INDUSTRIALS - 4.4%		
1,000	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
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TAX OBLIGATION/GENERAL - 11.3%		
1,000	Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/17 - FGIC Insured	7/09 at 100
500	Puerto Rico Public Improvement, General Obligation Bonds, Series 2002A, 5.500%, 7/01/29	No Opt. C
1,020	Tucson, Arizona, General Obligation Refunding Bonds, Series 1997, 5.000%, 7/01/19	7/07 at 100
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TAX OBLIGATION/LIMITED - 42.3%		
700	Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2001, 5.500%, 7/01/18	7/11 at 100
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2003A, 5.000%, 7/01/22	7/13 at 100

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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TAX OBLIGATION/LIMITED (continued)		
\$ 1,000	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/21 - MBIA Insured	7/13 at 100

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1,180	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 - AMBAC Insured	7/13 at 100
2,000	Maricopa County Industrial Development Authority, Arizona, Education Revenue Bonds, Horizon Community Learning Center Project, Series 2000, 6.350%, 6/01/26 - ACA Insured	6/07 at 102
900	Phoenix Industrial Development, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC II Project, Series 2001, 5.250%, 9/15/16 - AMBAC Insured	3/12 at 100
2,675	Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/21	7/13 at 100

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U.S. GUARANTEED - 15.9%

500	Maricopa County Industrial Development Authority, Arizona, Baptist Hospital System Revenue Refunding Bonds, Series 1995, 5.500%, 9/01/16 (Pre-refunded to 9/01/05) - MBIA Insured	9/05 at 101
1,000	Mesa, Arizona, Utility System Revenue Bonds, Series 2000, 5.125%, 7/01/19 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 100
1,350	Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, Series 2000A, 5.500%, 10/01/40	10/10 at 101
	Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Revenue Refunding Bonds, Series 1997A:	
140	5.000%, 1/01/20 (Pre-refunded to 1/01/08)	1/08 at 101
430	5.000%, 1/01/20 (Pre-refunded to 1/01/08)	1/08 at 101

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UTILITIES - 21.0%

1,500	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/17	No Opt. C
500	Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1997B, 5.800%, 11/01/32 (Alternative Minimum Tax)	5/04 at 101
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured	No Opt. C
350	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.125%, 7/01/26 - FSA Insured	7/12 at 101
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Salt River Project, Series 2002A, 5.250%, 1/01/18	1/12 at 101
235	Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Revenue Refunding Bonds, Series 1997A, 5.000%, 1/01/20	1/08 at 101

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		WATER AND SEWER - 6.5%	
	1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 - FGIC Insured	7/12 at 100
\$	32,425	Total Long-Term Investments (cost \$32,831,457) - 145.0%	

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		Other Assets Less Liabilities - 5.3%	
		Preferred Shares, at Liquidation Value - (50.3)%	
		Net Assets Applicable to Common Shares - 100%	

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- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)  
Portfolio of  
INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
	EDUCATION AND CIVIC ORGANIZATIONS - 11.6%	
\$	510 Arizona State University, Certificates of Participation, Series 2002, 5.125%, 7/01/26 - MBIA Insured	7/12 at 100
	715 Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 - FGIC Insured	7/12 at 100
	1,250 Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31	5/11 at 101

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320	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System Project, Series 1999, 5.375%, 2/01/19	2/09 at 101
	University of Arizona, Certificates of Participation, Series 2002A:	
750	5.500%, 6/01/18 - AMBAC Insured	6/12 at 100
500	5.125%, 6/01/22 - AMBAC Insured	6/12 at 100
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	HEALTHCARE - 9.9%	
735	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 2002A, 6.250%, 2/15/21	2/12 at 101
400	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
500	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37	5/08 at 101
1,000	Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.625%, 1/01/29 - MBIA Insured	1/10 at 101
1,000	Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100
-----		
	HOUSING/MULTIFAMILY - 6.8%	
1,000	Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Refunding Bonds, Pine Ridge, Cambridge Court, Cove on 44th and Fountain Place Apartments Projects, Series 2001A-1, 6.000%, 10/20/31	10/11 at 105
1,425	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Summit Apartments Project, Series 2002, 6.450%, 7/20/32	7/12 at 105
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	HOUSING/SINGLE FAMILY - 0.4%	
150	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-1, 5.350%, 11/01/24 (Alternative Minimum Tax)	11/10 at 101
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	INDUSTRIALS - 2.8%	
1,000	Yavapai County Industrial Development Authority,	No Opt. C

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Arizona, Solid Waste Disposal Revenue Bonds,  
Waste Management Inc. Project, Series 2003B,  
4.450%, 3/01/28 (Alternative Minimum Tax)  
(Mandatory put 3/01/08)

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TAX OBLIGATION/GENERAL - 47.0%		
1,725	Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/17	7/12 at 100
1,000	Gilbert, Arizona, General Obligation Bonds, Series 2002A, 5.000%, 7/01/18 - AMBAC Insured	7/11 at 100
Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A:		
1,000	5.375%, 7/01/15 - FSA Insured	No Opt. C
2,000	5.375%, 7/01/16 - FSA Insured	No Opt. C
2,165	Maricopa County Unified School District 69 Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002A, 5.250%, 7/01/14 - FGIC Insured	No Opt. C
1,000	Mesa, Arizona, General Obligation Bonds, Series 2000, 6.500%, 7/01/11 - FGIC Insured	No Opt. C

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISI
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TAX OBLIGATION/GENERAL (continued)		
\$ 1,405	Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 - FGIC Insured	No Opt. C
Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B:		
1,700	5.000%, 7/01/22	7/12 at 100
250	5.000%, 7/01/27	7/12 at 100
1,000	Pinal County Unified School District 43, Apache Junction, Arizona, General Obligation Refunding Bonds, Series 2001, 5.750%, 7/01/15 - FGIC Insured	No Opt. C
1,500	Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24	7/11 at 100
1,090	Tempe, Arizona, General Obligation Bonds, Certificates of Ownership, Series 2004, 5.000%, 7/01/17 (WI, Settling 2/03/04)	7/14 at 100

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TAX OBLIGATION/LIMITED - 38.8%

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	Arizona State, Certificates of Participation, Series 2002A:	
750	5.000%, 11/01/17 - MBIA Insured	5/12 at 100
1,000	5.000%, 11/01/18 - MBIA Insured	5/12 at 100
500	5.000%, 11/01/20 - MBIA Insured	5/12 at 100
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/21	7/12 at 100
670	Goodyear Community Facilities Utility District No. 1, Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured	7/13 at 100
1,000	Maricopa County Public Finance Authority, Arizona, Lease Revenue Bonds, Series 2001, 5.500%, 7/01/15 - AMBAC Insured	7/11 at 100
	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002:	
840	5.375%, 6/01/18 - AMBAC Insured	6/12 at 100
2,645	5.375%, 6/01/19 - AMBAC Insured	6/12 at 100
1,500	Phoenix Industrial Development, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC II Project, Series 2001, 5.250%, 9/15/16 - AMBAC Insured	3/12 at 100
500	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 1996Y, 5.500%, 7/01/36	7/16 at 100
500	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.000%, 7/01/32 - FSA Insured	7/12 at 100
1,000	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100
1,000	Tucson, Arizona, Streets and Highway Junior Lien User Fee Revenue Bonds, Series 1994E, 5.000%, 7/01/18 - FGIC Insured	7/10 at 100
640	Yuma Municipal Property Corporation, Arizona, Municipal Facilities Tax Revenue Bonds, Series 2001, 5.000%, 7/01/21 - AMBAC Insured	7/10 at 100

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TRANSPORTATION - 5.5%

1,000	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 1998A, 5.000%, 7/01/25 - FSA Insured	7/08 at 101
1,000	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/27 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100

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U.S. GUARANTEED - 8.2%

1,215	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/12	7/10 at 100
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(Pre-refunded to 7/01/10)

1,500	Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, Series 2000A, 5.500%, 10/01/40	10/10 at 101
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UTILITIES - 9.2%

1,115	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. C
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1,000	Mesa, Arizona, Utility System Revenue Bonds, Series 2002, 5.000%, 7/01/20 - FGIC Insured	7/11 at 100
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1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured	No Opt. C
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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR) (continued)  
Portfolio of INVESTMENTS January 31, 2004 (Unaudited)

PRINCIPAL