

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form PRE 14A
October 03, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- 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 §240.14a-11(c) or §240.14a-12

Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)

(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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:

5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o 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:

Important Notice to Fund Shareholders

OCTOBER 17, 2011

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

Q. Why am I receiving this Joint Proxy Statement?

- A.** You are receiving this Joint Proxy Statement in connection with the annual shareholders meeting of the Nuveen closed-end funds listed at the top of the Notice of Annual Meeting of Shareholders (each a Fund and collectively, the Funds). The following proposals will be considered:
- (i) the election of board members for each Fund (the list of specific nominees is contained in the enclosed Joint Proxy Statement);
 - (ii) the elimination of the current fundamental investment policy and adoption of a new fundamental investment policy regarding the ability to make loans by each Affected Municipal Fund (as defined in the Joint Proxy Statement) in order to update and conform such Funds policies with other Nuveen closed-end municipal funds.
 - (iii) the elimination of certain fundamental investment policies and adoption of new fundamental investment policies for Nuveen California Investment Quality Municipal Fund, Inc. and Nuveen California Performance Plus Municipal Fund, Inc. in order to update and conform such Funds policies with other Nuveen closed-end municipal funds relating to municipal securities and below investment grade securities, derivatives and short sales and other investment companies.

Your Fund s Board of Trustees/Directors (Board), including your Board s independent members, unanimously recommends that you vote **FOR** each proposal.

Your vote is very important. We encourage you as a shareholder to participate in your Fund s governance by returning your vote as soon as possible. If enough shareholders don t cast their votes, your Fund may not be able to hold its meeting or the vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.

Proposals Regarding New Fundamental Investment Policies

Q. Why are the funds proposing a change to their fundamental investment policies?

- A.** The proposals are part of a multi-year effort to ensure that all of Nuveen s municipal bond closed-end funds have a uniform and up-to-date set of investment policies that reflect the evolution and changes in the municipal bond market that have emerged over the past 20 years. The proposed changes are part of a more comprehensive best practices initiative on behalf of the funds that began more than three years ago.

Nuveen s municipal bond closed-end funds have been brought to market at different intervals over the course of more than 20 years, and reflect various policies and investment capabilities prevalent at the time of their creation. The investment policies of older fund s generally do not reflect subsequent developments in the municipal market, including new types of securities and investment strategies. Consequently, many of Nuveen s more recently offered municipal bond closed-end funds feature investment capabilities not uniformly enjoyed

by older municipal bond closed-end funds. The

proposals set forth in the Proxy Statement are designed to provide those funds with the same portfolio management tools currently available to Nuveen's more recently offered funds.

Proposal Regarding Fundamental Policy Relating to Loans.

Q. What are the potential benefits of the new fundamental investment policy relating to loans for common shareholders of the Affected Municipal Funds?

A. The proposed new fundamental investment policy would permit each Fund to make loans to the extent permitted by the securities laws. Among other things, this change is intended to provide each Affected Municipal Fund the flexibility to make loans in circumstances where a municipal issuer is in distress, if Nuveen Fund Advisors, Inc. believes that doing so would both:

- (i) facilitate a timely workout of the issuer's situation in a manner which benefits that Fund; and
- (ii) be the best choice for reducing the likelihood or severity of loss on the Fund's investment.

Q. Was there a particular catalyst or portfolio concern prompting the loan policy proposal?

A. This proposal is part of a broader policy initiative undertaken by Nuveen for the past several years. There are currently no identified credit situations within the complex where the use of this greater loan flexibility is intended or targeted. As stated in the Joint Proxy Statement, this policy change proposal reflects the broader intent to provide Nuveen's municipal closed-end funds, including the Affected Municipal Funds, the same portfolio management flexibility already available to other funds with similar investment objectives within the Nuveen complex.

Q. Does the loan policy proposal reflect a growing concern on Nuveen's part over the state of municipal issuers?

A. Nuveen's portfolio management and research team is actively engaged in monitoring both macro issues impacting the municipal bond market as well as individual credit holdings held by the various Nuveen funds. The team regularly comments on the strength of the municipal bond market as well as provides in-depth research articles. Providing an Affected Municipal Fund with the option of making loans to help facilitate a timely workout of a distressed issuer's situation merely provides the Fund with an additional tool to help preserve shareholder value, and, importantly, should not be viewed as a commentary on the state of the municipal bond market.

Q. Have the Nuveen municipal closed-end funds participated in loans to municipal issuers in the past?

A. Though such a loan situation in the municipal market is rare, it represents a more common workout practice in the corporate bond market. The most recent situation where a Nuveen fund with the flexibility to do so made a loan to an issuer facing a credit workout situation occurred approximately eight years ago. Since that time, a limited number of funds having a policy permitting the making of loans have considered doing so in particular workout situations, but ultimately determined to take other actions in pursuit of maximizing shareholder value.

Q. Is this proposal in response to any past or current municipal credit litigation?

A. This proposal is not related to any past or pending litigation.

Q. If approved, do you know when/if you plan to employ this option?

A. As stated in the Proxy Statement, this policy is designed to provide each fund the flexibility to make loans in circumstances where a municipal issuer is in distress if the adviser believes that doing so would both:

facilitate a timely workout of the issuer's situation in a manner that benefits the fund; and,

is the best choice for reducing the likelihood or severity of loss on the fund's investment.

Again, there are currently no identified credit situations within the complex where this option is intended or targeted.

Q. Will this option impact how the underlying bonds should be valued?

A. The funds will value a loan based on several factors that draw upon policies and procedures adopted and approved by the funds' Board of Trustees/Directors that are able to value instruments issued in these types of situations. As with any investment, risks exist, and if the adviser is wrong, the valuation of a particular loan could be impacted and effect the value of the underlying bond held in the fund. However, we would not expect that any loans would constitute a meaningful portion of a fund's total assets.

Proposal Regarding Other Changes to Fundamental Policies.

Q. What are the potential benefits of the new investment policies to common shareholders of the Nuveen California Investment Quality Fund, Inc. and Nuveen California Performance Plus Fund, Inc.?

The potential benefits to common shareholders of Nuveen California Investment Quality Municipal Fund, Inc. and Nuveen California Performance Plus Municipal Fund, Inc. from changes to investment policies relating to investments in municipal securities, below investment grade securities, other investment companies and derivatives, short sales and commodities include:

- (i) enhanced ability of the Funds to generate attractive tax-free income while retaining their orientation on investment grade quality municipal securities;
- (ii) increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation of and possible growth of capital, which, if successful, will help to sustain and build net asset value; and
- (iii) improved secondary market competitiveness that may lead to a higher relative market price and/or stronger premium/discount performance.

In addition, all funds registered under the Investment Company Act of 1940 are required to have a policy regarding investments in commodities. This category includes several types of investments, including certain types of derivative investments that have developed over time, and which a fund may potentially use as a means to enhance return, to hedge some of the risks of its investments in fixed income securities or as a substitute for a position in the underlying asset. The commodity and derivative policy changes stated in this Joint Proxy Statement seek to increase Nuveen Fund Advisors, Inc.'s flexibility to use derivatives in these ways in pursuit of fund investment objectives, which have not changed.

Conforming and updating these investment policies is intended to benefit common shareholders by increasing portfolio manager efficiency and flexibility to take advantage of a wide range of appropriate opportunities in the municipal bond markets in pursuit of the Fund's investment objectives.

Q. What are the potential benefits of the new investment policies for preferred shareholders of the Nuveen California Investment Quality Municipal Fund, Inc. and Nuveen California Performance Plus Municipal Fund, Inc.?

- A. The potential benefits to preferred shareholders are increased flexibility in diversifying portfolio risks and optimizing returns on current investments in order to pursue the preservation and possible growth of capital which, if successful, will help to sustain and build net asset value and therefore, asset coverage levels for preferred shares.

General

Q. What actions are required in order to implement the new investment policies?

- A. In order to implement the new investment policies and obtain the potential benefits described above, shareholders are being asked to approve the elimination of existing fundamental policies and the implementation of new replacement fundamental policies.

Q. What happens if shareholders do not approve the elimination of the fundamental investment policies and/or do not approve a new investment policy or policies?

- A. The Fund will not be able to implement a new investment policy or policies as discussed above. The Fund would likely incur further expenses to solicit additional shareholder participation, and may experience potential disruptions to its investment operations. Each Fund's Board urges you to vote without delay in order to avoid the potential for higher costs and/or disruptions to portfolio operations.

Q. Who do I call if I have questions?

- A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund's proxy solicitor, at (866) 963-5818 weekdays during its business hours of 9:00 a.m. to 11:00 p.m. and Saturdays from 12:00 p.m. to 6:00 p.m. Eastern time. Please have your proxy materials available when you call.

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 following the instructions, using your proxy card as a guide.

Q. Will anyone contact me?

- A. You may receive a call from Computershare Fund Services, the proxy solicitor hired by your Fund, to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote your proxy.

We recognize the inconvenience of the proxy solicitation process and would not impose on you if we did not believe that the matters being proposed were important and in the best interests of the Funds. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

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

Notice of Annual Meeting

of Shareholders

November 15, 2011

October 17, 2011

Nuveen Floating Rate Income Fund (JFR)

Nuveen Floating Rate Income Opportunity Fund (JRO)

Nuveen Senior Income Fund (NSL)

Nuveen Tax-Advantaged Floating Rate Fund (JFP)

Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)

Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)

Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)

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

Nuveen California Dividend Advantage Municipal Fund (NAC)

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)

Nuveen California Dividend Advantage Municipal Fund 3 (NZH, NZH PrC)

Nuveen California Investment Quality Municipal Fund, Inc. (NQC)

Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)

Nuveen California Municipal Value Fund, Inc. (NCA)

Nuveen California Municipal Value 2 (NCB)

Nuveen California Performance Plus Municipal Fund, Inc. (NCP)

Nuveen California Premium Income Municipal Fund (NCU)

Nuveen California Quality Income Municipal Fund, Inc. (NUC)

Nuveen California Select Quality Municipal Fund, Inc. (NVC)

Nuveen Maryland Dividend Advantage Municipal Fund (NFM, NFM PrC)

Nuveen Maryland Dividend Advantage Municipal Fund 2 (NZR, NZR PrC)

Nuveen Maryland Dividend Advantage Municipal Fund 3 (NWI, NWI PrC)

Nuveen Maryland Premium Income Municipal Fund (NMY, NMY PrC)

Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB, NMB PrC)

Nuveen Massachusetts Premium Income Municipal Fund (NMT, NMT PrC)

Nuveen Michigan Dividend Advantage Municipal Fund (NZW)

Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)

Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)

Nuveen Missouri Premium Income Municipal Fund (NOM)

Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)

Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ)

Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)

Nuveen New Jersey Municipal Value Fund (NJV)

Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)

Nuveen Ohio Dividend Advantage Municipal Fund (NXI)

Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ)

Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ)

Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)

Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM)

Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY)

Nuveen Pennsylvania Investment Quality Municipal Fund (NQP)

Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY)

Nuveen Pennsylvania Municipal Value Fund (NPN)

Nuveen Texas Quality Income Municipal Fund (NTX)

Nuveen Virginia Dividend Advantage Municipal Fund (NGB, NGB PrC)

**Nuveen Virginia Dividend Advantage Municipal Fund 2 (NNB, NNB PrC)
Nuveen Virginia Premium Income Municipal Fund (NPV, NPV PrC)**

To the Shareholders of the Above Funds:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of Nuveen Arizona Premium Income Municipal Fund, Inc. (Arizona Premium Income), Nuveen California Investment Quality Municipal Fund, Inc. (California Investment Quality), Nuveen California Municipal Market Opportunity Fund, Inc. (California Market Opportunity), Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen California Performance Plus Municipal Fund, Inc. (California Performance Plus), Nuveen California Quality Income Municipal Fund, Inc. (California Quality Income), Nuveen California Select Quality Municipal Fund, Inc. (California Select Quality), Nuveen Michigan Premium Income Municipal Fund, Inc. (Michigan Premium Income), Nuveen Michigan Quality Income Municipal Fund, Inc. (Michigan Quality Income), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income) and Nuveen Ohio Quality Income Municipal Fund, Inc. (Ohio Quality Income), **each a Minnesota corporation** (each a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Floating Rate Income Fund (Floating Rate Income), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Senior Income Fund (Senior Income), Nuveen Tax-Advantaged Floating Rate Fund (Tax-Advantaged Floating Rate), Nuveen Arizona Dividend Advantage Municipal Fund (Arizona Dividend Advantage), Nuveen Arizona Dividend Advantage Municipal Fund 2 (Arizona Dividend Advantage 2), Nuveen Arizona Dividend Advantage Municipal Fund 3 (Arizona Dividend Advantage 3), Nuveen California Dividend Advantage Municipal Fund (California Dividend Advantage), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Municipal Value 2 (California Value 2), Nuveen California Premium Income Municipal Fund (California Premium Income), Nuveen Maryland Dividend Advantage Municipal Fund (Maryland Dividend Advantage), Nuveen Maryland Dividend Advantage Municipal Fund 2 (Maryland Dividend Advantage 2), Nuveen Maryland Dividend Advantage Municipal Fund 3 (Maryland Dividend Advantage 3), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Massachusetts Dividend Advantage Municipal Fund (Massachusetts Dividend Advantage), Nuveen Massachusetts Premium Income Municipal Fund (Massachusetts Premium Income), Nuveen Michigan Dividend Advantage Municipal Fund (Michigan Dividend Advantage), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen New Jersey Municipal Value Fund (New Jersey Value), Nuveen Ohio Dividend Advantage Municipal Fund (Ohio Dividend Advantage), Nuveen Ohio Dividend Advantage Municipal Fund 2 (Ohio Dividend Advantage 2), Nuveen Ohio Dividend Advantage Municipal Fund 3 (Ohio Dividend Advantage 3), Nuveen Pennsylvania Municipal Value Fund (Pennsylvania Value), Nuveen Pennsylvania Dividend Advantage Municipal Fund (Pennsylvania Dividend Advantage), Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (Pennsylvania Dividend Advantage 2), Nuveen Pennsylvania Investment Quality Municipal Fund (Pennsylvania Investment Quality), Nuveen Pennsylvania Premium Income Municipal Fund 2 (Pennsylvania Premium Income 2), Nuveen Texas Quality Income Municipal Fund (Texas Quality Income), Nuveen Virginia Dividend Advantage Municipal Fund (Virginia Dividend Advantage), Nuveen Virginia Dividend Advantage Municipal Fund 2 (Virginia Dividend Advantage 2) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts business trust** (each a Massachusetts Fund and

collectively, the Massachusetts Funds) (the Minnesota Funds and Massachusetts Funds are each, a Fund and collectively, the Funds), will be held in the offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, November 15, 2011, at 10:30 a.m., Central 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 elect Members to the Board of Directors/Trustees (each a Board and each Director or Trustee a Board Member) of each Fund as outlined below:
 - a. For each Minnesota Fund, except California Value, to elect ten (10) Board Members:
 - (i) eight (8) Board Members to be elected by the holders of Common Shares and Municipal Auction Rate Cumulative Preferred Shares (Preferred Shares), voting together as a single class; and
 - (ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting as a single class.
 - b. For California Value, to elect three (3) Board Members.
 - c. For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate, California Value 2, New Jersey Value and Pennsylvania Value, to elect five (5) Board Members:
 - (i) three (3) Board Members to be elected by the holders of Common Shares and Preferred Shares, voting together as a single class; and
 - (ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting as a single class.
 - d. For Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate, California Value 2, New Jersey Value and Pennsylvania Value to elect three (3) Board Members.
2. To approve the elimination of fundamental investment policies and to approve the new fundamental investment policies for each Affected Municipal Fund (as defined in the Joint Proxy Statement).
 - (a)(i) For shareholders of each Affected Municipal Fund, all shareholders voting as a single class, to approve the elimination of each Fund s existing fundamental investment policy related to the Fund s ability to make loans.
 - (a)(ii) For shareholders of each Affected Municipal Fund (except for California Value), the Preferred Shares voting as a single class, to approve the elimination of each Fund s existing fundamental investment policy related to the Fund s ability to make loans.
 - (b)(i) For shareholders of each Affected Municipal Fund, all shareholders voting as a single class, to approve a new fundamental investment policy related to the Fund s ability to make loans.
 - (b)(ii) For shareholders of each Affected Municipal Fund (except for California Value), the Preferred Shares voting as a single class, to approve a new fundamental investment policy related to the Fund s ability to make loans.
3. To approve the elimination of fundamental investment policies and to approve the new fundamental investment policies for California Investment Quality and California Performance Plus.

- (a)(i) For shareholders of California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve the elimination of each Fund s
-

existing fundamental investment policy related to investments in municipal securities and below investment grade securities.

- (a)(ii) For shareholders of California Investment Quality and California Performance Plus, the Preferred Shares voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to investments in municipal securities and below investment grade securities.
- (b)(i) For shareholders of California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve a new fundamental investment policy related to investments in municipal securities.
- (b)(ii) For shareholders of California Investment Quality and California Performance Plus, the Preferred Shares voting as a single class, to approve a new fundamental investment policy related to investments in municipal securities.
- (c)(i) For shareholders of California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to commodities.
- (c)(ii) For shareholders of California Investment Quality and California Performance Plus, the Preferred Shares voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to commodities.
- (d)(i) For shareholders of California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve a new fundamental investment policy related to commodities.
- (d)(ii) For shareholders of California Investment Quality and California Performance Plus, the Preferred Shares voting as a single class, to approve a new fundamental investment policy related to commodities.
- (e)(i) For shareholders of California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to derivatives and short sales.
- (e)(ii) For shareholders of California Investment Quality and California Performance Plus, the Preferred Shares voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to derivatives and short sales.
- (f)(i) For shareholders of California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy prohibiting investment in other investment companies.
- (f)(ii) For shareholders of California Investment Quality and California Performance Plus, the Preferred Shares voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy prohibiting investment in other investment companies.

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

Shareholders of record at the close of business on September 19, 2011 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 and to assure that your shares are represented, please vote as promptly as possible, regardless of 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.

Kevin J. McCarthy
Vice President and Secretary

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

Joint Proxy Statement

October 17, 2011

This Joint Proxy Statement is first being mailed to shareholders on or about October 17, 2011.

Nuveen Floating Rate Income Fund (JFR)
Nuveen Floating Rate Income Opportunity Fund (JRO)
Nuveen Senior Income Fund (NSL)
Nuveen Tax-Advantaged Floating Rate Fund (JFP)
Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)
Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)
Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)
Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)
Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Nuveen California Dividend Advantage Municipal Fund 3 (NZH, NZH PrC)
Nuveen California Investment Quality Municipal Fund, Inc. (NQC)
Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)
Nuveen California Municipal Value Fund, Inc. (NCA)
Nuveen California Municipal Value 2 (NCB)
Nuveen California Performance Plus Municipal Fund, Inc. (NCP)
Nuveen California Premium Income Municipal Fund (NCU)
Nuveen California Quality Income Municipal Fund, Inc. (NUC)
Nuveen California Select Quality Municipal Fund, Inc. (NVC)
Nuveen Maryland Dividend Advantage Municipal Fund (NFM, NFM PrC)
Nuveen Maryland Dividend Advantage Municipal Fund 2 (NZR, NZR PrC)
Nuveen Maryland Dividend Advantage Municipal Fund 3 (NWI, NWI PrC)
Nuveen Maryland Premium Income Municipal Fund (NMY, NMY PrC)
Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB, NMB PrC)
Nuveen Massachusetts Premium Income Municipal Fund (NMT, NMT PrC)
Nuveen Michigan Dividend Advantage Municipal Fund (NZW)
Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)
Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)
Nuveen Missouri Premium Income Municipal Fund (NOM)
Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)
Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ)
Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)
Nuveen New Jersey Municipal Value Fund (NJV)
Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)
Nuveen Ohio Dividend Advantage Municipal Fund (NXI)
Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ)
Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ)
Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)
Nuveen Pennsylvania Municipal Value Fund (NPN)
Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM)
Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY)

Nuveen Pennsylvania Investment Quality Municipal Fund (NQP)
Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY)
Nuveen Texas Quality Income Municipal Fund (NTX)
Nuveen Virginia Dividend Advantage Municipal Fund (NGB, NGB PrC)

1

Nuveen Virginia Dividend Advantage Municipal Fund 2 (NNB, NNB PrC)
Nuveen Virginia Premium Income Municipal Fund (NPV, NPV PrC)

General Information

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Directors or Trustees (each a Board and collectively, the Boards, and each Director or Trustee, a Board Member and collectively, the Board Members) of Nuveen Arizona Premium Income Municipal Fund, Inc. (Arizona Premium Income), Nuveen California Investment Quality Municipal Fund, Inc. (California Investment Quality), Nuveen California Municipal Market Opportunity Fund, Inc. (California Market Opportunity), Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen California Performance Plus Municipal Fund, Inc. (California Performance Plus), Nuveen California Quality Income Municipal Fund, Inc. (California Quality Income), Nuveen California Select Quality Municipal Fund, Inc. (California Select Quality), Nuveen Michigan Premium Income Municipal Fund, Inc. (Michigan Premium Income), Nuveen Michigan Quality Income Municipal Fund, Inc. (Michigan Quality Income), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income) and Nuveen Ohio Quality Income Municipal Fund, Inc. (Ohio Quality Income), **each a Minnesota Corporation** (each a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Floating Rate Income Fund (Floating Rate Income), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Senior Income Fund (Senior Income), Nuveen Tax-Advantaged Floating Rate Fund (Tax-Advantaged Floating Rate), Nuveen Arizona Dividend Advantage Municipal Fund (Arizona Dividend Advantage), Nuveen Arizona Dividend Advantage Municipal Fund 2 (Arizona Dividend Advantage 2), Nuveen Arizona Dividend Advantage Municipal Fund 3 (Arizona Dividend Advantage 3), Nuveen California Dividend Advantage Municipal Fund (California Dividend Advantage), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Municipal Value 2 (California Value 2), Nuveen California Premium Income Municipal Fund (California Premium Income), Nuveen Maryland Dividend Advantage Municipal Fund (Maryland Dividend Advantage), Nuveen Maryland Dividend Advantage Municipal Fund 2 (Maryland Dividend Advantage 2), Nuveen Maryland Dividend Advantage Municipal Fund 3 (Maryland Dividend Advantage 3), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Massachusetts Dividend Advantage Municipal Fund (Massachusetts Dividend Advantage), Nuveen Massachusetts Premium Income Municipal Fund (Massachusetts Premium Income), Nuveen Michigan Dividend Advantage Municipal Fund (Michigan Dividend Advantage), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen New Jersey Municipal Value Fund (New Jersey Value), Nuveen Ohio Dividend Advantage Municipal Fund (Ohio Dividend Advantage), Nuveen Ohio Dividend Advantage Municipal Fund 2 (Ohio Dividend Advantage 2), Nuveen Ohio Dividend Advantage Municipal Fund 3 (Ohio Dividend Advantage 3), Nuveen Pennsylvania Municipal Value Fund (Pennsylvania Value), Nuveen Pennsylvania Dividend Advantage Municipal Fund (Pennsylvania Dividend Advantage), Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (Pennsylvania Dividend Advantage 2), Nuveen Pennsylvania Investment Quality Municipal Fund (Pennsylvania Investment Quality), Nuveen Pennsylvania Premium Income Municipal Fund 2 (Pennsylvania Premium Income 2), Nuveen Texas Quality

Income Municipal Fund (Texas Quality Income), Nuveen Virginia Dividend Advantage Municipal Fund (Virginia Dividend Advantage), Nuveen Virginia Dividend Advantage Municipal Fund 2 (Virginia Dividend Advantage 2) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts Business Trust** (each a Massachusetts Fund and collectively, the Massachusetts Funds) (the Massachusetts Funds and Minnesota Funds are each, a Fund and collectively, the Funds), of proxies to be voted at the Annual Meeting of Shareholders to be held in the offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, November 15, 2011, at 10:30 a.m., Central time (for each Fund, an Annual Meeting and collectively, the Annual Meetings), and at any and all adjournments thereof.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a proxy is returned and no choice is specified, the shares will be voted **FOR** the election of the nominees as listed in this Joint Proxy Statement and **FOR** the elimination of the current fundamental investment policy and the adoption of a new fundamental investment policy for Arizona Dividend Advantage, Arizona Dividend Advantage 2, Arizona Dividend Advantage 3, Arizona Premium Income, California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Investment Quality, California Market Opportunity, California Value, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Maryland Dividend Advantage, Maryland Dividend Advantage 2, Maryland Dividend Advantage 3, Maryland Premium Income, Massachusetts Dividend Advantage, Massachusetts Premium Income, Michigan Dividend Advantage, Michigan Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Premium Income, Ohio Dividend Advantage, Ohio Dividend Advantage 2, Ohio Dividend Advantage 3, Ohio Quality Income, Pennsylvania Dividend Advantage, Pennsylvania Dividend Advantage 2, Pennsylvania Investment Quality, Pennsylvania Premium Income, Texas Quality Income, Virginia Dividend Advantage, Virginia Dividend Advantage 2 and Virginia Premium Income (each an Affected Municipal Fund and collectively, the Affected Municipal Funds). Shareholders of a Fund who execute proxies may revoke them at any time before they are voted by filing with that 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.

The Board of each Fund has determined that the use of this Joint Proxy Statement for each Annual Meeting is in the best interest of each Fund and its shareholders in light of the similar matters being considered and voted on by the shareholders.

The following table indicates which shareholders are solicited with respect to each matter:

Matter	Common Shares	Preferred Shares ⁽¹⁾
1(a)(i) For each Minnesota Fund, except California Value, election of eight (8) Board Members by all shareholders.	X	X
1(a)(ii) For each Minnesota Fund, except California Value, election of two (2) Board Members by Preferred Shares only.		X
1(b) For California Value, election of three (3) Board Members by all shareholders.	X	N/A

Matter	Common Shares	Preferred Shares ⁽¹⁾
1(c)(i) For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate, California Value 2, New Jersey Value and Pennsylvania Value, election of three (3) Board Members by all shareholders.	X	X
1(c)(ii) For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate, California Value 2, New Jersey Value and Pennsylvania Value, election of two (2) Board Members by Preferred Shares only.		X
1(d) For Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate, California Value 2, New Jersey Value and Pennsylvania Value, election of three (3) Board Members by all shareholders.	X	N/A
2(a)(i) For each Affected Municipal Fund, all shareholders voting as a single class, to approve the elimination of the Fund's fundamental investment policy relating to the Fund's ability to make loans.	X	X
2(a)(ii) For each Affected Municipal Fund (except California Value), the Preferred Shareholders voting separately as a single class, to approve the elimination of the Fund's fundamental investment policy relating to the Fund's ability to make loans.		X
2(b)(i) For each Affected Municipal Fund, all shareholders voting as a single class, to approve a new fundamental investment policy relating to the Fund's ability to make loans.	X	X
2(b)(ii) For each Affected Municipal Fund (except California Value), the Preferred Shareholders voting separately as a single class, to approve a new fundamental investment policy relating to the Fund's ability to make loans.		X

3(a)(i)	For California Investment Quality and California Performance Plus, all shareholders voting as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to investments in municipal securities and below investment grade securities.	X	X
---------	--	---	---

4

Matter	Common Shares	Preferred Shares⁽¹⁾
3(a)(ii) For California Investment Quality and California Performance Plus, the Preferred Shareholders voting separately as a single class, to approve the elimination of each Fund's existing fundamental investment policy related to investments in municipal securities and below investment grade securities.		