

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND
Form PRE 14A
September 29, 2009

**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 California Dividend Advantage Municipal Fund (NAC)

(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 19, 2009

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

Q. Why am I receiving this Proxy Statement?

- A. You are receiving this Proxy Statement as a Fund shareholder in connection with the annual shareholders meeting for the Nuveen closed-end funds listed at the top of the Notice of Annual Meeting of Shareholders.

You are being asked to vote on a number of important matters:

- (i) Updated Investment Policies (all Affected Municipal Funds (as defined in the Proxy Statement)). Nuveen's municipal closed-end funds are seeking to adopt a uniform, up to date set of investment policies (the New Investment Policies). In general, these funds currently have a somewhat diverse set of policies, reflecting when the funds were launched over the past 20 years as well as developments over time in the municipal market, including new types of securities as well as investment strategies.
- (ii) Elimination of Fundamental Investment Policies and Approval of New Fundamental Investment Policy (Insured Funds (as defined in the Proxy Statement)). Fund shareholders are being asked to approve the elimination of certain fundamental investment policies and to approve a new fundamental policy or policies (also referred to as, the New Investment Policy or New Investment Policies). These changes are designed to give the Insured Funds important flexibility to respond to on-going developments in the bond insurance market while maintaining their current focus on insured bonds backed by insurers with solid credit ratings. In addition, the Insured Funds are seeking to adopt a uniform, up to date set of investment policies.
- (iii) Approval of Fund Board Nominees (all Funds). Each year, you and other Fund shareholders must approve the election of Board members to serve on your Fund's Board. This is a requirement for all funds that list their common shares on a stock exchange. The Funds described in this Proxy Statement are holding their annual shareholders meetings at which Board members will be elected. The list of specific nominees is contained in the enclosed Proxy Statement.

Your Fund's Board of Trustees/Directors, 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.

Q. What are the potential benefits of the New Investment Policies for common shareholders of the Affected Municipal Funds?

- A. The potential benefits to common shareholders are:

Enhanced ability of the Affected Municipal Funds to generate attractive tax-free income while retaining their orientation on investment grade quality municipal securities;

Increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation and possible growth of capital, which, if successful, will help to sustain and build net asset value; and

Improved secondary market competitiveness that may lead to a higher relative market price and/or stronger premium/discount performance.

Q. What are the potential benefits of the New Investment Policies for preferred shareholders of the Affected Municipal Funds?

A. The potential benefits to preferred shareholders are increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) 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.

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, each Affected Municipal Fund or Insured Fund must make certain changes to its existing policies, including certain fundamental policies that require approval of shareholders. In some cases, this may require shareholder approval of the elimination of an existing fundamental policy as well as the implementation of a new replacement fundamental policy. Because each Affected Municipal Fund or Insured Fund tends to be situated somewhat differently, the specific changes required to implement the New Investment Policies often vary from fund to fund.

Q. Why are shareholders of the Insured Funds being asked to approve the elimination of fundamental investment policies and to approve a New Investment Policy?

A. As a result of conditions facing the bond insurance market, shareholders are being asked to approve the elimination of certain fundamental investment policies that are restricting, or may be expected in the future to restrict, each Insured Fund's ability to effectively maintain its existing focus on insured bonds backed by insurers with solid credit ratings. In connection with eliminating the respective fundamental investment policies, shareholders are being asked to approve a new fundamental investment policy that will provide the Insured Funds with flexibility to respond to on-going developments in the bond insurance market, while ensuring that the Insured Funds continue to invest substantially all (at least 80%) of their investments in insured bonds backed by insurers with solid credit ratings.

Q. What happens if shareholders don't approve the elimination of the fundamental investment policies and/or don't approve the New Investment Policy or Policies?

A. An Affected Municipal Fund or Insured Fund will not be able to implement the New Investment Policies as discussed above. The Affected Municipal Fund or Insured Fund would likely incur further expenses to solicit additional shareholder participation, and may experience potential disruptions to its investment operations. The Boards of the Affected Municipal Funds and Insured Funds urge 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) 864-0471]. Please have your proxy material 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 30, 2009**

October 19, 2009

**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)
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 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 Insured California Dividend Advantage Municipal Fund (NKL)
Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)
Nuveen Connecticut Dividend Advantage Municipal Fund (NFC)
Nuveen Connecticut Dividend Advantage Municipal Fund 2 (NGK)
Nuveen Connecticut Dividend Advantage Municipal Fund 3 (NGO)
Nuveen Connecticut Premium Income Municipal Fund (NTC)
Nuveen Georgia Dividend Advantage Municipal Fund (NZX)
Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)
Nuveen Georgia Premium Income Municipal Fund (NPG)
Nuveen Maryland Dividend Advantage Municipal Fund (NFM)
Nuveen Maryland Dividend Advantage Municipal Fund 2 (NZR)
Nuveen Maryland Dividend Advantage Municipal Fund 3 (NWI)
Nuveen Maryland Premium Income Municipal Fund (NMY)
Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB)
Nuveen Massachusetts Premium Income Municipal Fund (NMT)
Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (NGX)
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 Premium Income Municipal Fund, Inc. (NNJ)
Nuveen North Carolina Dividend Advantage Municipal Fund (NRB)
Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO)

Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII)
Nuveen North Carolina Premium Income Municipal Fund (NNC)
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 Texas Quality Income Municipal Fund (NTX)
Nuveen Virginia Dividend Advantage Municipal Fund (NGB)
Nuveen Virginia Dividend Advantage Municipal Fund 2 (NNB)
Nuveen Virginia Premium Income Municipal Fund (NPV)

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 Insured California Premium Income Municipal Fund, Inc. (Insured California Premium Income), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (Insured California Premium Income 2), 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), 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 Premium Income Municipal Fund (California Premium Income), Nuveen Insured California Dividend Advantage Municipal Fund (Insured California Dividend Advantage), Nuveen Insured California Tax-Free Advantage Municipal Fund (Insured California Tax-Free Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund (Connecticut Dividend Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund 2 (Connecticut Dividend Advantage 2), Nuveen Connecticut Dividend Advantage Municipal Fund 3 (Connecticut Dividend Advantage 3), Nuveen Connecticut Premium Income Municipal Fund (Connecticut Premium Income), Nuveen Georgia Dividend Advantage Municipal Fund (Georgia Dividend Advantage), Nuveen Georgia Dividend Advantage Municipal Fund 2 (Georgia Dividend Advantage 2), Nuveen Georgia Premium Income Municipal Fund (Georgia 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 Insured Massachusetts Tax-Free Advantage Municipal Fund (Insured Massachusetts Tax-Free Advantage), 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 North Carolina Dividend Advantage Municipal Fund (North Carolina Dividend Advantage), Nuveen North Carolina Dividend Advantage Municipal Fund 2 (North Carolina Dividend Advantage 2), Nuveen North Carolina Dividend Advantage Municipal Fund 3 (North Carolina Dividend Advantage 3), Nuveen North Carolina Premium Income Municipal Fund (North Carolina Premium Income), 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 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 [31st floor conference room] of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, November 30, 2009, [at 9:30 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 nine (9) Board Members:
 - i) seven (7) 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 separately as a single class.
 - b. For California Value, to elect three (3) Board Members.
 - c. For each Massachusetts Fund, to elect four (4) Board Members:
 - i) For each Massachusetts Fund, except Floating Rate, Floating Rate Income Opportunity, Senior Income, Tax-Advantaged Floating Rate and Insured California Tax-Free Advantage, two (2) Board Members to be elected by the holders of Common Shares and Preferred Shares, voting together as a single class; and two (2) Board Members to be elected by the holders of Common Shares and Taxable Auctioned Preferred Shares for Senior Income, FundPreferred Shares for Floating Rate, Floating Rate Income Opportunity and Tax-Advantaged Floating Rate and Variable Rate Demand Preferred Shares for Insured California Tax-Free Advantage (collectively, also referred to herein as 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 separately as a single class.
 2. To approve the elimination of fundamental investment policies and/or to approve the new fundamental investment policies 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 Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Dividend Advantage, Connecticut Dividend Advantage 2, Connecticut Dividend Advantage 3, Connecticut Premium Income, Georgia Dividend Advantage 2, Georgia Premium Income, Maryland Dividend Advantage, Maryland Dividend Advantage 2, Maryland Dividend Advantage 3, Massachusetts Dividend Advantage, Massachusetts Premium Income, Michigan Dividend Advantage, Michigan Premium Income, Missouri Premium Income, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Premium Income, North Carolina Dividend Advantage, North Carolina Dividend Advantage 2, 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 2, Texas Quality Income and Virginia Premium Income.
 3. To approve the elimination of fundamental investment policies and to approve the new fundamental investment policies for Insured California Dividend Advantage, Insured California Premium Income, Insured California Premium Income 2, Insured California Tax-Free Advantage and Insured Massachusetts Tax-Free Advantage.
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4. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on October 2, 2009 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 19, 2009

This Joint Proxy Statement is first being mailed to shareholders on or about October 30, 2009.

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)
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 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 Insured California Dividend Advantage Municipal Fund (NKL)
Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)
Nuveen Connecticut Dividend Advantage Municipal Fund (NFC)
Nuveen Connecticut Dividend Advantage Municipal Fund 2 (NGK)
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Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (NGX)
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 Premium Income Municipal Fund, Inc. (NNJ)
Nuveen North Carolina Dividend Advantage Municipal Fund (NRB)

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Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO)
Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII)
Nuveen North Carolina Premium Income Municipal Fund (NNC)
Nuveen Ohio Dividend Advantage Municipal Fund (NXI)
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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 Texas Quality Income Municipal Fund (NTX)
Nuveen Virginia Dividend Advantage Municipal Fund (NGB)
Nuveen Virginia Dividend Advantage Municipal Fund 2 (NNB)
Nuveen Virginia Premium Income Municipal Fund (NPV)

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 Insured California Premium Income Municipal Fund, Inc. (Insured California Premium Income), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (Insured California Premium Income 2), 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 referred to herein as a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Floating Rate Income Fund (Floating Rate), 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 Premium Income Municipal Fund (California Premium Income), Nuveen Insured California Dividend Advantage Municipal Fund (Insured California Dividend Advantage), Nuveen Insured California Tax-Free Advantage Municipal Fund (Insured California Tax-Free Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund (Connecticut Dividend Advantage), Nuveen Connecticut Dividend Advantage Municipal Fund 2 (Connecticut Dividend Advantage 2), Nuveen

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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 fundamental investment policies and the adoption of new fundamental investment policies for the Affected Municipal Funds (as defined below) and the Insured Funds (as defined below). 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 seven (7) 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
1(c)(i) For each Massachusetts Fund, election of two (2) Board Members by all shareholders.	X	X
1(c)(ii) For each Massachusetts Business Trust, election of two (2) Board Members by Preferred Shares only.		X

Matter	Common Shares	Preferred Shares ⁽¹⁾
<p>2. 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 Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Dividend Advantage, Connecticut Dividend Advantage 2, Connecticut Dividend Advantage 3, Connecticut Premium Income, Georgia Dividend Advantage 2, Georgia Premium Income, Maryland Dividend Advantage, Maryland Dividend Advantage 2, Maryland Dividend Advantage 3, Massachusetts Dividend Advantage, Massachusetts Premium Income, Michigan Dividend Advantage, Michigan Premium Income, Missouri Premium Income, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, New Jersey Investment Quality, New Jersey Premium Income, North Carolina Dividend Advantage, North Carolina Dividend Advantage 2, 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 2, Texas Quality Income and Virginia Premium Income (each an Affected Municipal Fund), to approve the elimination of fundamental investment policies and/or to approve the new fundamental investment policies.</p>	X	X
<p>2(a) For each Affected Municipal Fund, except Michigan Premium Income, to approve the elimination of the Fund s fundamental investment policies relating to investments in municipal securities and below investment grade securities.</p>	X	X
<p>2(b) For each Affected Municipal Fund, except Michigan Premium Income, to approve the new fundamental policy relating to investments in municipal securities.</p>	X	X

Matter	Common Shares	Preferred Shares ⁽¹⁾
2(c) For Arizona Premium Income, California Investment Quality, California Market Opportunity, California Performance Plus, California Premium Income, California Quality Income, California Select Quality, Connecticut Premium Income, Georgia Premium Income, Massachusetts Premium Income, Michigan Premium Income, Missouri Premium Income, New Jersey Investment Quality, New Jersey Premium Income, Ohio Quality Income, Pennsylvania Investment Quality, Pennsylvania Premium Income 2, Texas Quality Income and Virginia Premium Income (each a Premium/Quality Fund), to approve the elimination of the Fund s fundamental policy relating to commodities.	X	X
2(d) For each Premium/Quality Fund, to approve the new fundamental policy relating to commodities.	X	X
2(e) For each Premium/Quality Fund, to approve the elimination of the Fund s fundamental policies relating to derivatives and short sales.	X	X
2(f) For each Premium/Quality Fund, to approve the elimination of the Fund s fundamental policy prohibiting investment in other investment companies.	X	X
3(a) For Insured California Dividend Advantage, Insured California Premium Income, Insured California Premium Income 2, Insured California Tax-Free Advantage and Insured Massachusetts Tax-Free Advantage (each an Insured Fund), to approve the elimination of the Fund s fundamental investment policies relating to investments in insured municipal securities.	X	X
3(b) For each Insured Fund, to approve the new fundamental investment policy relating to investments in insured municipal securities.	X	X
3(c) For Insured California Premium Income and Insured California Premium Income 2, to approve the elimination of	X	X

the Fund's fundamental policy relating to commodities.

3(d)	For Insured California Premium Income and Insured California Premium Income 2, to approve the new fundamental policy relating to commodities.	X	X
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Matter	Common Shares	Preferred Shares ⁽¹⁾
3(e) For Insured California Premium Income and Insured California Premium Income 2, to approve the elimination of the Fund's fundamental policies relating to derivatives and short sales.	X	X
3(f) For Insured California Premium Income and Insured California Premium Income 2, to approve the elimination of the Fund's fundamental policy prohibiting investment in other investment companies.	X	X

(1) Taxable Auctioned Preferred Shares for Senior Income; Fund Preferred Shares for Floating Rate, Floating Rate Income Opportunity and Tax-Advantaged Floating Rate; Variable Rate Demand Preferred Shares for Insured California Tax-Free Advantage; and Municipal Auction Rate Cumulative Preferred Shares for each Municipal Fund, except California Value, are referred to as Preferred Shares. California Value has not issued Preferred Shares.

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

For each Fund, the affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect the Board Members of that Fund. For purposes of determining the approval of the proposal to elect nominees for each Fund, abstentions and broker non-votes will have no effect on the election of Board Members. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies for the Affected Municipal Funds and Insured Funds, a change will only be consummated if approved by the affirmative vote of the holders of a majority of the outstanding shares of a Fund's Common Shares and Preferred Shares, voting together as a single class, and by the affirmative vote of a majority of the Fund's outstanding Preferred Shares, voting as a separate class. For this purpose, a majority of the outstanding shares means, as defined in the Investment Company Act of 1940, as amended (the 1940 Act), (a) 67% or more of the voting securities present at the Annual Meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy; or (b) more than 50% of the outstanding voting securities, whichever is less. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

Preferred Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Annual

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

Those persons who were shareholders of record at the close of business on October 2, 2009 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held. As of October 2, 2009, the shares of the Funds were issued and outstanding as follows:

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Floating Rate Income	JFR	47,395,206	Series M	1,650
			Series T	1,650
			Series W	1,650
			Series F	1,650
Floating Rate Income Opportunity	JRO	28,419,322	Series M	1,334
			Series TH	1,334
			Series F	1,332
Senior Income	NSL	29,834,353	Series TH	1,840
Tax-Advantaged Floating Rate	JFP	13,868,283	Series TH	920
Arizona Dividend Advantage	NFZ	1,550,199	Series T	480
Arizona Dividend Advantage 2	NKR	2,440,349	Series W	740
Arizona Dividend Advantage 3	NXE	3,067,630	Series M	880
Arizona Premium Income	NAZ	4,469,154	Series TH	1,200
California Dividend Advantage	NAC	23,480,254	Series TH	2,710

			Series F	2,711
California Dividend Advantage 2	NVX	14,797,422	Series M Series F	2,200 2,200
California Dividend Advantage 3	NZH	24,132,334	Series M Series TH	3,198 3,199
California Investment Quality	NQC	13,580,232	Series M Series W	3,051 746
California Market Opportunity	NCO	8,168,248	Series W Series F	2,200 520
California Value	NCA	25,253,681	N/A	
California Performance Plus	NCP	12,965,742	Series T Series W Series F	1,697 603 1,697

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
California Premium Income	NCU	5,775,188	Series M	1,720
California Quality Income	NUC	22,020,090	Series M Series W Series F	1,249 2,676 2,676
California Select Quality	NVC	23,129,870	Series T Series W Series TH	2,116 1,481 3,174
Insured California Dividend Advantage	NKL	15,286,005	Series T Series F	2,165 2,165
Insured California Premium Income	NPC	6,459,832	Series T	1,800
Insured California Premium Income 2	NCL	12,716,370	Series T Series TH	1,597 1,596
Insured California Tax-Free Advantage	NKX	5,886,667	Series 1	355
Connecticut Dividend Advantage	NFC	2,580,246	Series T	780
Connecticut Dividend Advantage 2	NGK	2,316,806	Series W	700
Connecticut Dividend Advantage 3	NGO	4,365,873	Series F	1,280
Connecticut Premium Income	NTC	5,363,976	Series TH	1,532
Georgia Dividend Advantage	NZX	1,969,350	Series M	600
Georgia Dividend Advantage 2	NKG	4,554,375	Series F	1,320

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Georgia Premium Income	NPG	3,805,652	Series TH	1,112
Maryland Dividend Advantage	NFM	4,187,933	Series M	1,280
Maryland Dividend Advantage 2	NZR	4,194,422	Series F	1,280
Maryland Dividend Advantage 3	NWI	5,363,909	Series T	1,560
Maryland Premium Income	NMY	10,640,076	Series W Series TH	1,404 1,760
Massachusetts Dividend Advantage	NMB	1,960,437	Series T	600
Massachusetts Premium Income	NMT	4,763,486	Series TH	1,360
Insured Massachusetts Tax-Free Advantage	NGX	2,723,242	Series W	820
Michigan Dividend Advantage	NZW	2,066,986	Series W	640
Michigan Premium Income	NMP	7,751,048	Series M Series TH	840 1,400
Michigan Quality Income	NUM	11,714,953	Series TH Series F	3,200 560
Missouri Premium Income	NOM	2,307,415	Series TH	640
New Jersey Dividend Advantage	NXJ	6,577,112	Series T	1,920
New Jersey Dividend Advantage 2	NUJ	4,523,121	Series W	1,380
New Jersey Investment Quality	NQJ	20,484,322	Series M Series TH Series F	3,200 2,000 1,280

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
New Jersey Premium Income	NNJ	12,049,496	Series T	624
			Series W	1,440
			Series TH	1,600
North Carolina Dividend Advantage	NRB	2,264,699	Series T	680
North Carolina Dividend Advantage 2	NNO	3,749,642	Series F	1,120
North Carolina Dividend Advantage 3	NII	3,932,730	Series W	1,120
North Carolina Premium Income	NNC	6,351,838	Series TH	1,872
Ohio Dividend Advantage	NXI	4,244,093	Series W	1,240
Ohio Dividend Advantage 2	NBJ	3,121,477	Series F	960
Ohio Dividend Advantage 3	NVJ	2,158,458	Series T	660
Ohio Quality Income	NUO	9,746,032	Series M	680
			Series TH1	1,400
			Series TH2	1,000
Pennsylvania Dividend Advantage	NXM	3,332,584	Series T	1,000
Pennsylvania Dividend Advantage 2	NVY	3,725,809	Series M	1,140
Pennsylvania Investment Quality	NQP	16,161,598	Series T	880
			Series W	2,400
			Series TH	2,000
Pennsylvania Premium Income 2	NPY	15,670,651	Series M	844
			Series TH	2,080
			Series F	1,800

Texas Quality Income	NTX	9,495,144	Series M Series TH	760 2,000
Virginia Dividend Advantage	NGB	3,133,733	Series W	960
Virginia Dividend Advantage 2	NNB	5,734,157	Series M	1,680
Virginia Premium Income	NPV	8,933,535	Series T Series TH	832 1,720

* The Common Shares of all of the Funds are listed on the NYSE Amex, except JFR, JRO, NSL, JFP, NAZ, NAC, NQC, NCO, NCA, NCP, NUC, NVC, NPC, NCL, NTC, NMY, NMT, NMP, NUM, NQJ, NNJ, NNC, NUO, NQP, NPY, NTX and NPV, which are listed on the New York Stock Exchange.

1. Election of Board Members

Minnesota Funds

At the Annual Meeting of each Minnesota Fund, except California Value, Board Members are to be elected to serve until the next annual meeting or until their successors have been duly elected and qualified. Under the terms of each Minnesota Fund's organizational documents (except California Value), under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members, and the remaining Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Pursuant to the organizational documents of California Value, its Board is divided into three classes, with each class being elected to serve until the third succeeding annual meeting subsequent to their election or thereafter in each case when their respective successors are duly elected and

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qualified. For California Value, three (3) Board Members are nominated to be elected at this Annual Meeting.

(a) For each Minnesota Fund, except California Value:

- (i) seven (7) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Amboian, Bremner, Evans, Kundert, Stockdale, Stone and Toth are nominees for election by all shareholders.
- (ii) two (2) Board Members are to be elected by holders of Preferred Shares, each series voting together as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares.

(b) For California Value: three (3) Board Members are to be elected by all shareholders.

With respect to California Value, Board Members Bremner, Evans and Schneider have been designated as Class III Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. Board Members Amboian, Hunter, Kundert, Stockdale, Stone and Toth are current and continuing Board Members. Board Members Hunter, Stockdale and Stone have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2010 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2011 or until their successors have been duly elected and qualified.

Massachusetts Funds

Pursuant to the organizational documents of each Massachusetts Fund, each Board is divided into three classes, Class I, Class II and Class III, to be elected by the holders of the outstanding Common Shares and any outstanding Preferred Shares, voting together as a single class to serve until the third succeeding annual meeting subsequent to their election or thereafter, in each case until their successors have been duly elected and qualified. For each Massachusetts Fund, under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members. The Board Members elected by holders of Preferred Shares will be elected to serve until the next annual meeting or until their successors have been duly elected and qualified.

(c) For each Massachusetts Fund:

- (i) two (2) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Bremner and Evans have been designated as Class III Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert, Stockdale, Stone and Toth are current and continuing Board Members. Board Members Stockdale and Stone have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2010 or until their successors have been duly elected and

qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2011 or until their successors have been duly elected and qualified.

- (ii) two (2) Board Members are to be elected by holders of Preferred Shares, voting separately as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares for a term expiring at the next annual meeting or until their successors have been duly elected and qualified.

It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the nominees listed in the table below unless the proxy is marked otherwise. Each of the nominees has agreed to serve as a Board Member of each Fund if elected. However, should any nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by that Fund's present Board.

For each Minnesota Fund, except for California Value, all Board Member nominees, were last elected to each Fund's Board at the annual meeting of shareholders held on November 18, 2008 and adjourned to January 13, 2009 and March 17, 2009.

For California Value, Board Members Amboian, Kundert and Toth were last elected as Class II Board Members at the annual meeting of shareholders held on November 18, 2008 and adjourned to January 13, 2009 and March 17, 2009. Board Member Hunter was last elected as a Class I Board Member of the Board of California Value at the annual meeting of shareholders held on November 18, 2008 and adjourned to January 13, 2009 and March 17, 2009. Board Members Stockdale and Stone were last elected as Class I Board Members of the Board of California Value at the annual meeting of shareholders held on December 18, 2007. Board Members Bremner, Evans and Schneider were last elected as Class III Board Members at the annual meeting of shareholders held on November 14, 2006.

For each Massachusetts Fund, Board Members Amboian, Kundert and Toth were last elected to each Fund's Board as Class II Board Members and Board Members Hunter and Schneider were last elected to each Fund's Board at the annual meeting of shareholders held on November 18, 2008 and adjourned to January 13, 2009 and March 17, 2009.

For each Massachusetts Fund, except Floating Rate, Floating Rate Income Opportunity, Tax-Advantage Floating Rate, California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Insured California Dividend Advantage, Insured California Tax-Free Advantage, Maryland Dividend Advantage 3 and New Jersey Dividend Advantage, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members at the annual meeting of shareholders held on October 12, 2007. For Floating Rate Income, Floating Rate Income Opportunity and Maryland Dividend Advantage 3, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members at the annual meeting of shareholders held on October 12, 2007, which was adjourned to October 22, 2007. For New Jersey Dividend Advantage, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members at the annual meeting of shareholders held on October 12, 2007 and adjourned to October 22, 2007 and November 8, 2007. For Tax-Advantaged Floating Rate, Board Members Stockdale and Stone were last elected to the Fund's Board as Class I Board Members at the

annual meeting of shareholders held on October 12, 2007 and adjourned to October 22, 2007, November 12, 2007 and November 30, 2007.

For each Massachusetts Fund, except California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Insured California Dividend Advantage and Insured California Tax-Free Advantage, Board Members Bremner and Evans were last elected to each Fund's Board at the annual meeting of shareholders held on November 14, 2006.

For California Dividend Advantage, California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Insured California Dividend Advantage and Insured California Tax-Free Advantage, Board Members Stockdale and Stone were last elected to each Fund's Board as Class I Board Members at the annual meeting of shareholders held on December 18, 2007. Board Members Bremner and Evans were last elected to each Fund's Board at the annual meeting of shareholders held on November 14, 2006.

Other than Mr. Amboian (for all Funds), all Board Member nominees are not interested persons as defined in the 1940 Act, of the Funds or of Nuveen Asset Management (the Adviser or NAM) and have never been an employee or director of Nuveen Investments, Inc. (Nuveen), the Adviser's parent company, or any affiliate. Accordingly, such Board Members are deemed Independent Board Members.

The Board unanimously recommends that shareholders vote FOR the election of the nominees named below.

Board Nominees/Board Members

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in	
				Fund Complex Overseen by Board Member	Other Directorships Held by Board Member

Nominees/Board Members who are not interested persons of the Funds

Robert P. Bremner c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (8/22/40)	Chairman of the Board, Board Member	Term: Annual or Class III Board Member until 2009 Length of Service: Since 1996; Chairman of the Board Since 2008; Lead Independent Director (2005-2008)	Private Investor and Management Consultant; Treasurer and Director, Humanities Council of Washington D.C.	200	N/A
Jack B. Evans c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (10/22/48)	Board Member	Term: Annual or Class III Board Member until 2009 Length of Service: Since 1999	President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Director and Vice Chairman, United Fire Group, a publicly held company; Member of the Board of Regents for the State of Iowa University System; Director, Gazette Companies; Life Trustee of Coe College and Iowa College Foundation; Member of the Advisory Council of the Department of Finance in the Tippie College of Business, University of Iowa; formerly, Director, Alliant	200	See Principal Occupation Description

Energy; formerly,
Director, Federal Reserve
Bank of Chicago;
formerly, President and
Chief Operating Officer,
SCI Financial Group, Inc.,
a regional financial
services firm.

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member
<p>William C. Hunter c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (3/6/48)</p>	<p>Board Member</p>	<p>Term: Annual or Class II Board Member until 2010</p> <p>Length of Service: Since 2004</p>	<p>Dean, Tippie College of Business, University of Iowa (since 2006); Director (since 2004) of Xerox Corporation, a publicly held company; formerly, (2003-2006), Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut; formerly, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director, SS&C Technologies, Inc. (May 2005-October 2005); formerly, Director, Credit Research Center at Georgetown University (1997-2007).</p>	<p>200</p>	<p>See Principal Occupation Description</p>
<p>David J. Kundert c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (10/28/42)</p>	<p>Board Member</p>	<p>Term: Annual or Class II Board Member until 2011</p> <p>Length of Service: Since 2005</p>	<p>Director, Northwestern Mutual Wealth Management Company; retired (2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior</p>	<p>200</p>	<p>See Principal Occupation Description</p>

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

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member
<p>William J. Schneider c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (9/24/44)</p>	<p>Board Member</p>	<p>Term: Annual or Class III Board Member until 2009 Length of Service: Since 1996</p>	<p>Chairman, of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired, 2004) of Miller-Valentine Group; Member, University of Dayton Business School Advisory Council; Member, Dayton Philharmonic Orchestra Board; formerly, Member, Business Advisory Council, Cleveland Federal Reserve Bank; formerly, Director, Dayton Development Coalition.</p>	<p>200</p>	<p>See Principal Occupation Description</p>
<p>Judith M. Stockdale c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (12/29/47)</p>	<p>Board Member</p>	<p>Term: Annual or Class I Board Member until 2010 Length of Service: Since 1997</p>	<p>Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (from 1990 to 1994).</p>	<p>200</p>	<p>N/A</p>
<p>Carole E. Stone c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (6/28/47)</p>	<p>Board Member</p>	<p>Term: Annual or Class I Board Member until 2010 Length of Service: Since 2007</p>	<p>Director, Chicago Board Options Exchange (since 2006); Commissioner, NYSE Commission on Public Authority Reform (since 2005); formerly Director, New York State</p>	<p>200</p>	<p>See Principal Occupation Description</p>

Division of the Budget
(2000-2004), Chair, Public
Authorities Control Board
(2000-2004) and Director,
Local Government
Assistance Corporation
(2000-2004); Chair, New
York Racing Association
Oversight Board
(2005-2007).

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member
Terence J. Toth c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (9/29/59)	Board Member	Term: Annual or Class II Board Member until 2011 Length of Service: Since 2008	Director, Legal & General Investment Management America, Inc. (since 2008); Managing Partner, Musso Capital Management (since 2008); Private Investor (since 2007); CEO and President, Northern Trust Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); Member: Goodman Theatre Board (since 2004), Chicago Fellowship Board (since 2005), University of Illinois Leadership Council Board (since 2007) and Catalyst Schools of Chicago Board (since 2008); formerly Member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board	200	See Principal Occupation Description

(1997-2004).

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾		Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund	Other Directorships Held by Board Member
					Complex Overseen by Board Member	

Nominee/Board Member who is an interested person of the Funds

John P. Amboian ⁽²⁾ 333 West Wacker Drive Chicago, IL 60606 (6/14/61)	Board Member	Term: Annual or Class II Board Member until 2011 Length of Service: Since 2008	Chief Executive Officer (since July 2007) and Director (since 1999) of Nuveen Investments, Inc.; Chief Executive Officer (since 2007) of Nuveen Asset Management, Nuveen Investments Advisers, Inc. formerly, President (1999-2004) of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. ⁽³⁾	200	See Principal Occupation Description
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- (1) Length of Time Served indicates the year in which the individual became a Board Member of a fund in the Nuveen fund complex.
- (2) Interested person as defined in the 1940 Act, by reason of being an officer and director of each Fund's Adviser.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were merged into Nuveen Asset Management, effective January 1, 2005.

The dollar range of equity securities beneficially owned by each Board Member in each Fund and all Nuveen funds overseen by the Board Member as of December 31, 2008 is set forth in Appendix A. The number of shares of each Fund beneficially owned by each Board Member and by the Board Members and officers of the Funds as a group as of December 31, 2008 is set forth in Appendix A. [On December 31, 2008, Board Members and executive officers as a group beneficially owned approximately 640,000 shares of all funds managed by NAM (including shares held by the Board Members through the Deferred Compensation Plan for Independent Board Members and by executive officers in Nuveen's 401 (k)/profit sharing plan).] [As of October 2, 2009, each Board Member's individual beneficial shareholdings of each Fund constituted less than 1% of the outstanding shares of each Fund. As of October 2, 2009, the Board Members and executive officers as a group beneficially owned less than 1% of the outstanding shares of each Fund. As of October 2, 2009, no shareholder beneficially owned more than 5% of any class of shares of any

Fund, except as provided in Appendix B.]

Compensation

Effective January 1, 2008, for all funds in the Nuveen complex, Independent Board Members receive a \$100,000 annual retainer plus (a) a fee of \$3,250 per day for attendance in person or by telephone at a regularly scheduled meeting of the Board; (b) a fee of \$2,500 per meeting for attendance in person where such in-person attendance is required and \$1,500 per meeting for attendance by telephone or in person where in-person attendance is not required at a special, non-regularly scheduled board meeting; (c) a fee of \$2,000 per meeting for attendance in person or \$1,500 per meeting for by telephone at an audit committee meeting; (d) a fee of \$2,000 per meeting for attendance at a regularly scheduled compliance, risk management and

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regulatory oversight committee meeting for regular quarterly meetings and \$1,000 per meeting for attendance of other, non-quarterly meetings; (e) a fee of \$1,000 per meeting for attendance in person or by telephone for a meeting of the dividend committee; and (f) a fee of \$500 per meeting for attendance in person at all other committee meetings, \$1,000 for attendance at shareholder meetings, on a day on which no regularly scheduled board meeting is held in which in-person attendance is required and \$250 per meeting for attendance by telephone or in person at such committee meetings (excluding shareholder meetings) where in-person attendance is not required and \$100 per meeting when the executive committee acts as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings. In addition to the payments described above, the Independent Chairman receives \$50,000 annually and the Lead Independent Director, if any, receives \$35,000, the chairpersons of the audit committee, dividend committee and the compliance, risk management and regulatory oversight committee receive \$7,500 and the chairperson of the nominating and governance committee receives \$5,000 as additional retainers to the annual retainer paid to such individuals. Independent Board Members also receive a fee of \$2,500 per day for site visits to entities that provide services to the Nuveen funds on days on which no regularly scheduled board meeting is held. When ad hoc committees are organized, the nominating and governance committee will at the time of formation determine compensation to be paid to the members of such committee, however, in general such fees will be \$1,000 per meeting for attendance in person at any ad hoc committee meeting where in-person attendance is required and \$500 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required. The annual retainer, fees and expenses are allocated among the funds managed by the Adviser, on the basis of relative net asset sizes although fund management may, in its discretion, establish a minimum amount to be allocated to each fund. The Board Member affiliated with Nuveen and the Adviser serves without any compensation from the Funds.

The boards of certain Nuveen funds (the Participating Funds) established a Deferred Compensation Plan for Independent Board Members (Deferred Compensation Plan). Under the Deferred Compensation Plan, Independent Board Members of the Participating Funds may defer receipt of all, or a portion, of the compensation they earn for their services to the Participating Funds, in lieu of receiving current payments of such compensation. Any deferred amount is treated as though an equivalent dollar amount had been invested in shares of one or more eligible Nuveen funds.

Aggregate Compensation from the Funds⁽²⁾

Fund	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Terence J. Toth
Floating Rate Income	\$	\$	\$	\$	\$	\$	\$	\$
Floating Rate Income Opportunity								
Senior Income								
Tax-Advantaged Floating Rate								
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								
Insured California Dividend Advantage								
Insured California Premium Income								
Insured California Premium Income 2								
Insured California Tax-Free Advantage								
Connecticut Dividend Advantage								
Connecticut Dividend Advantage 2								
Connecticut Dividend Advantage 3								
Connecticut Premium Income								

Aggregate Compensation from the Funds⁽²⁾

Fund	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Terence J. Toth
Georgia Dividend Advantage	\$	\$	\$	\$	\$	\$	\$	\$
Georgia Dividend Advantage 2								
Georgia Premium Income								
Maryland Dividend Advantage								
Maryland Dividend Advantage 2								
Maryland Dividend Advantage 3								
Maryland Premium Income								
Massachusetts Dividend Advantage								
Massachusetts Premium Income								
Insured Massachusetts Tax-Free Advantage								
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
North Carolina
Dividend
Advantage
North Carolina
Dividend
Advantage 2
North Carolina
Dividend
Advantage 3
North Carolina
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 2
Texas Quality
Income
Virginia
Dividend
Advantage

Virginia									
Dividend									
Advantage 2									
Virginia									
Premium									
Income									
Total									
Compensation									
from Nuveen									
Funds Paid to									
Board									
Members/									
Nominees⁽¹⁾	[\$ 216,138	\$ 189,578	\$ 120,659	\$ 128,240	\$ 140,917	\$ 160,362	\$ 171,750	\$ 28,695]	

(1) Based on the total compensation paid, including deferred fees (including the return from the assumed investment in the eligible Nuveen funds), to the Board Members for the calendar year ended December 31, 2008 for services to the Nuveen open-end and closed-end funds advised by NAM.

(2) Includes deferred fees. Pursuant to a deferred compensation agreement with certain of the Funds, deferred amounts are treated as though an equivalent dollar amount has been invested in shares of one or more Participating Funds. Total deferred fees for the Funds (including the return from the assumed investment in the Participating Funds) payable are:

Fund	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Terence J. Toth
Floating Rate Income	\$	\$	\$	\$	\$	\$	\$	\$
Floating Rate Income Opportunity								
Senior Income								
Tax-Advantaged Floating Rate								
California Dividend Advantage								
California Dividend Advantage 2								
California Dividend Advantage 3								
California Investment Quality								
California Value								
California Performance Plus								
California Quality Income								
California Select Quality								
Insured California Dividend Advantage								
Insured California Premium Income 2								
Michigan Quality Income								
New Jersey Investment Quality								
New Jersey Premium Income								
Pennsylvania Investment Quality								
Pennsylvania Premium Income 2								

Committees

The Board of each Fund has five standing committees: the executive committee, the audit committee, the nominating and governance committee, the dividend committee and the compliance, risk management and regulatory oversight committee.

John P. Amboian, Robert P. Bremner, Chair, and Judith M. Stockdale serve as current members of the executive committee of each Fund. The executive committee, which meets between regular meetings of the Board, is authorized to exercise all of the powers of the Board; provided that the scope of the powers of the executive committee, unless otherwise specifically authorized by the full Board, is limited to: (i) emergency matters where assembly of the full Board is impracticable (in which case management will take all reasonable steps to quickly notify each individual Board Member of the actions taken by the executive committee) and (ii) matters of an administrative or ministerial nature. The number of executive committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

Jack B. Evans, Chair, Judith M. Stockdale and Terence J. Toth are current members of the dividend committee of each Fund. The dividend committee is authorized to declare distributions on the Fund's shares including, but not limited to, regular and special dividends, capital gains and ordinary income distributions. The number of dividend committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

William C. Hunter, William J. Schneider, Chair, Judith M. Stockdale and Carole E. Stone are current members of the compliance, risk management and regulatory oversight committee of each Fund. The compliance, risk management and regulatory oversight committee is responsible for the oversight of compliance issues, risk management, and other regulatory matters affecting the Funds which are not otherwise the jurisdiction of the other Board committees. The number of compliance, risk management and regulatory oversight committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

Each Fund's Board has an audit committee, in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the 1934 Act), that is composed of Independent Board Members who are also independent as that term is defined in the listing standards pertaining to closed-end funds of the New York Stock Exchange or the NYSE Amex, as applicable. Robert P. Bremner, Jack B. Evans, David J. Kundert, Chair, William J. Schneider and Terence J. Toth are current members of the audit committee of each Fund. The audit committee is responsible for the oversight and monitoring of (1) the accounting and reporting policies, procedures and practices and the audit of the financial statements of the Funds, (2) the quality and integrity of the financial statements of the Funds and (3) the independent registered public accounting firm's qualifications, performance and independence. The audit committee reviews the work and any recommendations of the Funds' independent registered public accounting firm. Based on such review, it is authorized to make recommendations to the Board. The audit committee is also responsible for the oversight of the Pricing Procedures of the Funds and the internal Valuation Group. The Boards have adopted a written Audit Committee Charter that conforms to the listing standards of the New York Stock Exchange or the NYSE Amex, as applicable. A copy of the Audit Committee Charter is attached as Appendix D. The number of audit committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

Each Fund has a nominating and governance committee that is composed entirely of Independent Board Members who are also independent as defined by New York Stock

Exchange or NYSE Amex US listing standards, as applicable. Robert P. Bremner, Chair, Jack B. Evans, William C. Hunter, David J. Kundert, William J. Schneider, Judith M. Stockdale, Carole E. Stone and Terence J. Toth are current members of the nominating and governance committee of each Fund. The purpose of the nominating and governance committee is to seek, identify and recommend to the Board qualified candidates for election or appointment to each Fund's Board. In addition, the committee oversees matters of corporate governance, including the evaluation of Board performance and processes, and assignment and rotation of committee members, and the establishment of corporate governance guidelines and procedures, to the extent necessary or desirable. The committee operates under a written charter adopted and approved by the Boards of each Fund, a copy of which is available on the Funds' website at www.nuveen.com/CEF/Info/Shareholder/. The number of nominating and governance committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The nominating and governance committee looks to many sources for recommendations of qualified candidates, including current Board Members, employees of the Adviser, current shareholders of the Funds, third party sources and any other persons or entities that may be deemed necessary or desirable by the committee. Shareholders of the Funds who wish to nominate a candidate to their Fund's Board should mail information to the attention of Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606. This information must include evidence of Fund ownership of the person or entity recommending the candidate, a full listing of the proposed candidate's education, experience, current employment, date of birth, names and addresses of at least three professional references, information as to whether the candidate is an interested person (as such term is defined in the 1940 Act) in relation to the Fund and such other information that would be helpful to the nominating and governance committee in evaluating the candidate. All satisfactorily completed information regarding candidates will be forwarded to the chairman of the nominating and governance committee and the outside counsel to the Independent Board Members. Recommendations for candidates to the Board will be evaluated in light of whether the number of Board members is expected to change and whether the Board expects any vacancies. All nominations from Fund shareholders will be acknowledged, although there may be times when the committee is not actively recruiting new Board members. In those circumstances nominations will be kept on file until active recruitment is under way.

The nominating and governance committee sets appropriate standards and requirements for nominations to the Board. In considering a candidate's qualifications, each candidate must meet certain basic requirements, including relevant skills and experience, time availability and, if qualifying as an Independent Board Member candidate, independence from the Adviser or other service providers. These experience requirements may vary depending on the current composition of the Board, since the goal is to ensure an appropriate range of skills and experience, in the aggregate. All candidates must meet high expectations of personal integrity, governance experience and professional competence that are assessed on the basis of personal interviews, recommendations, or direct knowledge by committee members. The committee may use any process it deems appropriate for the purpose of evaluating candidates, which process may include, without limitation, personal interviews, background checks, written submissions by the candidates and third party references. There is no difference in the manner in which the nominating and governance committee evaluates candidates when the candidate is submitted by a shareholder. The nominating and governance committee reserves the right to make the final selection regarding the nomination of any prospective Board member.

The number of regular quarterly meetings and special meetings held by the Board of each Fund during the Fund's last fiscal year is shown in Appendix C. During the last fiscal year, each Board Member attended 75% or more of each Fund's Board meetings and the committee meetings (if a member thereof) held during the period for which such Board Member was a Board Member. The policy of the Board relating to attendance by Board Members at annual meetings of the Funds and the number of Board Members who attended the last annual meeting of shareholders of each Fund is posted on the Funds' website at www.nuveen.com/CEF/Info/Shareholder/.

The Officers

The following table sets forth information with respect to each officer of the Funds. Officers receive no compensation from the Funds. The officers are elected by the Board on an annual basis to serve until successors are elected and qualified.

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606 (9/9/56)	Chief Administrative Officer	Term: Annual Length of Service: Since 1988	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Investments, LLC; Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Asset Management; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002) and Nuveen Investments Advisers Inc. (since 2002); Managing Director, Associate General Counsel and Assistant Secretary of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of Tradewinds Global Investors, LLC and Santa Barbara Asset Management LLC (since 2006), Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007); previously, Managing Director (from 2002-2004), General Counsel and Assistant Secretary of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. ⁽²⁾ ; Chartered Financial Analyst.	200

Williams Adams IV 333 West Wacker Drive Chicago, IL 60606 (6/9/55)	Vice President	Term: Annual Length of Service: Since 2007	Executive Vice President, U.S. Structured Products of Nuveen Investments, LLC (since 1999), prior thereto, Managing Director of Structured Investments.	125
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Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Mark J.P. Anson 333 West Wacker Drive Chicago, IL 60606 (6/10/59)	Vice President	Term: Annual Length of Service: Since 2009	President and Executive Director of Nuveen Investments, Inc. (since 2007); President of Nuveen Investments Institutional Services Group LLC (since 2007); previously, Chief Executive Officer of British Telecom Pension Scheme (2006-2007); Chief Investment Officer of Calpers (1999-2006); PhD, Chartered Financial Analyst, Chartered Alternative Investment Analyst, Certified Public Accountant, Certified Management Accountant and Certified Internal Auditor.	200
Cedric H. Antosiewicz 333 West Wacker Drive Chicago, IL 60606 (1/11/62)	Vice President	Term: Annual Length of Service: Since 2007	Managing Director (since 2004), previously, Vice President (1993-2004) of Nuveen Investments LLC.	125
Nizida Arriaga 333 West Wacker Drive Chicago, IL 60606 (6/1/68)	Vice President	Term: Annual Length of Service: Since 2009	Vice President of Nuveen Investments, LLC (since 2007); previously, Portfolio Manager, Allstate Investments, LLC (1996-2006); Chartered Financial Analyst.	200
Michael T. Atkinson 333 West Wacker Drive Chicago, IL 60606 (2/3/66)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2002	Vice President (since 2002) of Nuveen Investments, LLC; Vice President of Nuveen Asset Management (since 2005).	200
Margo L. Cook 333 West Wacker Drive Chicago, IL 60606	Vice President	Term: Annual Length of	Executive Vice President (since 2008) of Nuveen Investments, Inc.; previously, Head of Institutional	200

(4/11/64)	Service: Since 2009	Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Mgt. (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.	
Stephen D. Foy 333 West Wacker Drive Chicago, IL 60606 (5/31/54)	Vice President and Controller	Term: Annual Length of Service: Since 1993	Vice President (since 1993) and Funds Controller (since 1998) of Nuveen Investments, LLC; Vice President (since 2005) of Nuveen Asset Management; Certified Public Accountant.

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
William T. Huffman 333 West Wacker Drive Chicago, IL 60606 (5/7/69)	Vice President	Term: Annual Length of Service: Since 2009	Chief Operating Officer, Municipal Fixed Income (since 2008) of Nuveen Asset Management; previously, Chairman, President and Chief Executive Officer (2002-2007) of Northern Trust Global Advisors, Inc. and Chief Executive Officer (2007) of Northern Trust Global Investments Limited; Certified Public Accountant.	200
Walter M. Kelly 333 West Wacker Drive Chicago, IL 60606 (2/24/70)	Chief Compliance Officer and Vice President	Term: Annual Length of Service: Since 2003	Senior Vice President (since 2008) formerly, Vice President (2006-2008), formerly, Assistant Vice President and Assistant General Counsel of Nuveen Investments, LLC; Senior Vice President (since 2008), formerly, Vice President (2006-2008), and Assistant Secretary (since 2003) of Nuveen Asset Management; formerly, Assistant Vice President and Assistant Secretary of the Nuveen Funds (2003-2006).	200
David J. Lamb 333 West Wacker Drive Chicago, IL 60606 (3/22/63)	Vice President	Term: Annual Length of Service: Since 2000	Senior Vice President (since 2009), formerly, Vice President (2000-2009) of Nuveen Investments, LLC; Vice President of Nuveen Asset Management (since 2005); Certified Public Accountant.	200
Tina M. Lazar 333 West Wacker Drive Chicago, IL 60606 (8/27/61)	Vice President	Term: Annual Length of Service: Since 2002	Senior Vice President (since 2009), formerly, Vice President (1999-2009) of Nuveen Investments, LLC; Vice President of Nuveen Asset Management (since 2005).	200

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served ⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Larry W. Martin 333 West Wacker Drive Chicago, IL 60606 (7/27/51)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 1988	Vice President, Assistant Secretary and Assistant General Counsel of Nuveen Investments, LLC; Vice President, Assistant General Counsel and Assistant Secretary of Nuveen Investments, Inc.; Vice President (since 2005) and Assistant Secretary (since 1997) of Nuveen Asset Management; Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002), NWQ Investment Management Company, LLC (since 2002), Symphony Asset Management LLC (since 2003), Tradewinds Global Investors, LLC and Santa Barbara Asset Management LLC (since 2006), Nuveen Hyde Park Group, LLC and Nuveen Investment Solutions, Inc. (since 2007); formerly, Vice President and Assistant Secretary of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. ⁽²⁾	200
Kevin J. McCarthy 333 West Wacker Drive Chicago, IL 60606 (3/26/66)	Vice President and Secretary	Term: Annual Length of Service: Since 2007	Managing Director (since 2008), formerly Vice President (2007-2008), Nuveen Investments, LLC; Managing Director (since 2008), formerly Vice President (2007-2008) and Assistant Secretary (since 2007), Nuveen Asset Management, Nuveen Investments Advisers Inc., Nuveen Investment Institutional Services Group LLC, NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, NWQ Holdings, LLC, Symphony	200

Asset Management LLC,
Santa Barbara Asset Management,
LLC, Nuveen HydePark Group, LLC
and Nuveen Investment Solutions,
Inc.; prior thereto, Partner, Bell,
Boyd & Lloyd LLP (1997-2007).

Name, Address and Birthdate	Position(s) Held with Fund	Term of Office and Length of Time Served⁽¹⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
John V. Miller 333 West Wacker Drive Chicago, IL 60606 (4/10/67)	Vice President	Term: Annual Length of Service: Since 2007	Managing Director (since 2007), formerly, Vice President (2002-2007) of Nuveen Asset Management and Nuveen Investments, LLC; Chartered Financial Analyst.	200
Gregory Mino 333 West Wacker Drive Chicago, IL 60606 (1/4/71)	Vice President	Term: Annual Length of Service: Since 2009	Vice President of Nuveen Investments, LLC (since 2008); previously, Director (2004-2007) and Executive Director (2007-2008) of UBS Global Asset Management; previously, Vice President (2000-2003) and Director (2003-2004) of Merrill Lynch Investment Managers; Chartered Financial Analyst.	200
Christopher M. Rohrbacher 333 West Wacker Drive Chicago, IL 60606 (8/1/71)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2008	Vice President and Assistant Secretary of Nuveen Investments, LLC (since 2008); Vice President and Assistant Secretary of Nuveen Asset Management (since 2008); prior thereto, Associate, Skadden, Arps, Slate Meagher & Flom LLP (2002-2008).	200
James F. Ruane 333 West Wacker Drive Chicago, IL 60606 (7/3/62)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2007	Vice President, Nuveen Investments (since 2007); prior thereto, Partner, Deloitte & Touche USA LLP (2005-2007), formerly, senior tax manager (2002-2005); Certified Public Accountant.	200
Mark L. Winget 333 West Wacker Drive Chicago, IL 60606 (12/21/68)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since	Vice President, Nuveen Investments, LLC (since 2008); Vice President and Assistant Secretary, Nuveen Asset Management (since 2008);	200

2008

prior thereto, Counsel, Vedder Price
P.C. (1997-2007).

- (1) Length of Time Served indicates the year the individual became an officer of a fund in the Nuveen fund complex.
- (2) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.

2. Approval of the Elimination of Fundamental Investment Policies and Approval of New Fundamental Policies for each Affected Municipal Fund

The Affected Municipal Funds have adopted certain fundamental investment policies relating to (i) investments in municipal securities and below investment grade securities, (ii) investments in

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other investment companies and/or (iii) investments in derivatives, short sales and commodities as described below (together, the Current Fundamental Policies, and each, a Current Fundamental Policy), that can only be changed by shareholder vote. The Current Fundamental Policies adopted by the Affected Municipal Funds reflected industry and other market conditions present at the time of the inception of each Fund.

Nuveen's municipal closed-end funds are seeking to adopt a uniform, up to date set of investment policies (the New Investment Policies). In general, the funds currently have a somewhat diverse set of policies, reflecting when the funds were launched over the past 20 years as well as developments over time in the municipal market, including new types of securities as well as investment strategies. The potential benefits of the New Investment Policies to you as a Fund shareholder are:

enhanced ability of the Affected Municipal Funds to generate attractive levels of tax-exempt income, while retaining the Affected Municipal Funds' orientation on investment grade quality municipal securities;

increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation and possible growth of capital, which, if successful, will help to sustain and build common shareholder net asset value and asset coverage levels for preferred shares; and

improved secondary market competitiveness which may benefit common shareholders through higher relative market price and/or stronger premium/discount performance.

In order to implement the New Investment Policies, each Affected Municipal Fund must make certain changes to its existing policies, including certain fundamental policies that require your vote of approval. In some cases, this may require your separate votes to approve the elimination of a Current Fundamental Policy as well as the implementation of a new, replacement fundamental policy (together, the New Fundamental Policies and each, a New Fundamental Policy). Because each Affected Municipal Fund tends to be situated somewhat differently, the specific changes required to implement the New Investment Policies often vary from fund to fund.

The primary purposes of these changes are to provide the Affected Municipal Funds with increased investment flexibility and to create consistent investment policies for all Nuveen municipal bond funds to promote operational efficiencies. Implementation of the New Fundamental Policies is contingent on shareholder approval of the elimination of the Current Fundamental Policies.

The majority of this positive development in the second quarter of 2007 resulted from favorable development of reserves on prior accident quarters for automobile bodily injury and uninsured/underinsured motorist bodily injury. Improvements in the prior accident quarter loss ratios in these lines were a result of improved frequency and severity trends.

§ Catastrophe losses incurred contributed 2.2 points to the GAAP combined ratio in the second quarter of 2007 compared to 9.2 points in the second quarter of 2006.

Table of Contents**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)**
PROFITABILITY MEASURES

	Three months ended June		Six months ended June 30,	
	2007	2006	2007	2006
Erie Indemnity Company GAAP Loss and LAE ratio	57.2%	71.8%	59.6%	63.7%
Erie Indemnity Company GAAP combined ratio (1)	84.8	99.4	87.0	92.9
P&C Group statutory combined ratio	82.4	97.2	86.0	91.8
P&C Group adjusted statutory combined ratio (2)	77.7	92.3	81.5	87.2
Direct business:				
Personal lines adjusted statutory combined ratio	80.9	97.6	81.3	90.3
Commercial lines adjusted statutory combined ratio	76.6	89.4	82.6	81.4
Prior accident year reserve development (redundancy) deficiency	(4.3)	0.3	(7.4)	(3.9)
Prior year salvage and subrogation recoveries collected	(1.8)	(1.6)	(2.4)	(2.3)
Total loss ratio points from prior accident years	(6.1)%	(1.3)%	(9.8)%	(6.2)%

(1) *The GAAP combined ratio represents the ratio of losses, loss adjustment, acquisition and other underwriting expenses incurred to premiums earned.*

(2) *The adjusted statutory combined ratio removes Property and Casualty Group costs stemming from the profit we earn on the management fee.*

Development of direct loss reserves

Our 5.5% share of the Property and Casualty Group's development of prior accident year losses, after removing the effects of salvage and subrogation recoveries, had a \$2.2 million favorable impact in the second quarter of 2007,

which improved the loss ratio by 4.3 points. A majority of the favorable development resulted from improved severity trends on automobile bodily injury and improved frequency trends and flattening severity trends on uninsured/underinsured motorist bodily injury. These trends reflect results from the Claims IMPACT initiative and changes in the way these claims are settled in Pennsylvania. Overall our personal auto loss trends remain favorable, which is consistent with industry projections. In the second quarter of 2006, our share of prior accident year loss development, after removing the effects of salvage and subrogation recoveries, was an adverse impact of \$0.1 million. There was a strengthening of pre-1986 automobile catastrophic liability injury reserves in the second quarter of 2006 based on a claim by claim review, which increased our share of the reserves by \$1.4 million. The strengthening of certain other catastrophic injury reserves was due to escalating pharmaceutical costs and a deterioration in the health of the claimants.

Underwriting losses are seasonally higher in the second through fourth quarters, and as a consequence, our property/casualty combined ratio generally increases as the year progresses. In the second quarter of 2007, our share of the increase to incurred but not reported reserves related to seasonality adjustments was \$1.5 million. In the first quarter of 2007, the seasonality adjustment reduced our share of the incurred but not reported reserves by \$3.3 million.

Catastrophe losses

Our share of catastrophe losses, as defined by the Property and Casualty Group, amounted to \$1.1 million and \$5.0 million in the second quarters of 2007 and 2006, respectively. The second quarter of 2007 included tornados and flooding in Ohio, North Carolina and Virginia, while 2006 included hail storms in Indiana. These catastrophe losses contributed 2.2 points and 9.2 points to the GAAP combined ratio in the second quarters of 2007 and 2006, respectively. Catastrophe losses incurred for the first half of 2007 and 2006 were \$1.4 million and \$5.3 million, respectively.

Table of Contents**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** (Continued)**Investment Operations**

	Three months ended June 30,			Six months ended June 30,		
	2007	2006	% Change	2007	2006	% Change
<i>(in thousands)</i>	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
Net investment income	\$ 14,138	\$ 14,603	(3.2)%	\$ 28,116	\$ 29,603	(5.0)%
Net realized gains (losses) on investments	2,222	(632)	NM	4,112	152	NM
Equity in earnings of limited partnerships	20,180	14,058	43.5	32,698	18,200	79.7
Equity in earnings of EFL	1,247	1,430	(12.8)	2,613	2,081	25.6
Net revenue from investment operations	\$ 37,787	\$ 29,459	28.3%	\$ 67,539	\$ 50,036	35.0%

NM = not meaningful

KEY POINTS

Net investment income decreased 3.2% for the quarter as a result of lower invested asset balances due to continued share repurchase activity.

Funds used to repurchase our common stock under the stock repurchase plan amounted to \$159.3 million in the second quarter of 2006, decreasing the size of our investment portfolio.

The net realized gains on investments include impairment charges of \$2.0 million and \$1.3 million for the second quarters of 2007 and 2006, respectively.

Equity in earnings of limited partnerships increased \$6.1 million in the second quarter of 2007 due to favorable market conditions.

Impairment charges on fixed maturities were \$1.4 million in the second quarter of 2007. There were no impairment charges on fixed maturities in the second quarter of 2006. Impairment charges on equity securities were \$0.6 million and \$1.3 million in the second quarters of 2007 and 2006, respectively. For the six months ended June 30, 2007 and 2006, impairment charges on fixed maturities were \$1.6 million and \$0.9 million, respectively. Impairment charges on equity securities were \$1.0 million and \$2.5 million during the first half of 2007 and 2006, respectively.

Private equity and mezzanine debt limited partnerships generated earnings of \$8.1 million and \$9.6 million for the quarters ended June 30, 2007 and 2006, respectively. Real estate limited partnerships generated earnings of \$12.1 million and \$4.5 million in the second quarters of 2007 and 2006, respectively. Optimal market conditions resulted in a higher return on capital on mezzanine debt and private equity partnership investments by some of our more seasoned limited partnerships and realized gains on sales of commercial properties owned by our real estate limited partnerships.

Provision for Income Taxes

Our 2007 provision for income taxes was based on an annualized effective income tax rate of 32.7% in the second quarter of 2007. However, the second quarter 2007 provision was benefited by \$1.0 million in interest income received related to the settlement of the IRS examinations for the years 2001 and 2002, and a \$0.5 million reduction to the interest expense as the result of settlement of an uncertain tax position recorded in accordance with Financial Accounting Standards Interpretation 48, Accounting for Uncertainty in Income Taxes. The effective tax rate for the

six months ended June 30, 2007 was also impacted by a change to the deferred income tax calculation related to anticipated salvage and subrogation and a recoverable recorded for the IRS audit for the years 2003 and 2004.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)
FINANCIAL CONDITION

Investments

Our investment strategy takes a long-term perspective emphasizing investment quality, diversification and superior investment returns. Investments are managed on a total return approach that focuses on current income and capital appreciation. Our investment strategy also provides for liquidity to meet our short- and long-term commitments. At June 30, 2007, our investment portfolio of investment-grade bonds and preferred stock, common stock and cash and cash equivalents represents \$1.1 billion, or 35%, of total assets. These investments provide the liquidity we require to meet the demands on our funds.

Our investments are subject to certain risks, including interest rate and price risk. Our exposure to interest rates is concentrated in our fixed maturities portfolio. The fixed maturities portfolio comprises 61% and 63% of invested assets at June 30, 2007 and December 31, 2006, respectively. We calculate the duration and convexity of the fixed maturities portfolio each month to measure the price sensitivity of the portfolio to interest rate changes. Duration measures the relative sensitivity of the fair value of an investment to changes in interest rates. Convexity measures the rate of change of duration with respect to changes in interest rates. These factors are analyzed monthly to ensure that both the duration and convexity remain in the targeted ranges established by management.

We continually review the investment portfolio to evaluate positions that might incur other-than-temporary declines in value. For all investment holdings, general economic conditions and/or conditions specifically affecting the underlying issuer or its industry, including downgrades by the major rating agencies, are considered in evaluating impairment in value. In addition to specific factors, other factors considered in our review of investment valuation are the length of time and amount the market value is below cost.

There is a presumption of impairment for common equity securities when the decline is, in management's opinion, significant and of an extended duration. We consider market conditions, industry characteristics and the fundamental operating results of the issuer to determine if sufficient objective evidence exists to refute the presumption of impairment. When the presumption of impairment is confirmed, we will recognize an impairment charge to operations. Impairments are included in realized losses in the Consolidated Statements of Operations.

For fixed maturity and preferred stock investments, we individually analyze all positions with emphasis on those that have, in management's opinion, declined significantly below cost. We consider market conditions, industry characteristics and the fundamental operating results of the issuer to determine if the decline is due to changes in interest rates, changes relating to a decline in credit quality, or other issues affecting the investment. A charge is recorded in the Consolidated Statements of Operations for positions that have experienced other-than-temporary impairments due to credit quality or other factors, or for which it is not our intent or ability to hold the position until recovery has occurred. (See Investment Operations section).

If our policy for determining the recognition of impaired positions were different, our Consolidated Results of Operations could be significantly impacted. Management believes its investment valuation philosophy and accounting practices result in appropriate and timely measurement of value and recognition of impairment.

Our portfolio of marketable equity securities, which is carried on the Consolidated Statements of Financial Position at estimated fair value, has exposure to price risk, the risk of potential loss in estimated fair value resulting from an adverse change in prices. We do not hedge our exposure to equity price risk inherent in our equity investments. Our objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio holdings are diversified across industries and among exchange traded mid- to large-cap stocks. We measure risk by comparing the performance of the marketable equity portfolio to benchmark returns such as the S&P 500.

Table of Contents**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** (Continued)**Property/casualty loss reserves**

Loss reserves are established to account for the estimated ultimate costs of loss and loss adjustment expenses for claims that have been reported but not yet settled and claims that have been incurred but not reported.

The factors which may potentially cause the greatest variation between current reserve estimates and the actual future paid amounts are: unforeseen changes in statutory or case law altering the amounts to be paid on existing claim obligations, new medical procedures and/or drugs whose cost is significantly different from that seen in the past, and claims patterns on current business that differ significantly from historical claims patterns.

Loss and loss adjustment expense reserves are presented on our Consolidated Statements of Financial Position on a gross basis for EIC, EINY, and EIPC, our property/casualty insurance subsidiaries that wrote about 17% of the direct property/casualty premiums of the Property and Casualty Group. Under the terms of the Property and Casualty Group quota share and intercompany pooling arrangement, a significant portion of these reserve liabilities are recoverable. Recoverable amounts are reflected as an asset on our Consolidated Statements of Financial Position. The direct and assumed loss and loss adjustment expense reserves by major line of business and the related amount recoverable under the intercompany pooling arrangement are presented as follows:

<i>(in thousands)</i>	June 30, 2007	As of December 31, 2006
Gross reserve liability:		
Personal lines:		
Private passenger auto	\$ 336,534	\$ 373,108
Catastrophic injury	186,459	196,306
Homeowners	27,617	27,224
Other personal	11,188	11,416
Commercial lines:		
Workers compensation	246,963	221,078
Commercial auto	81,175	87,202
Commercial multi-peril	73,534	73,542
Catastrophic injury	703	550
Other commercial	25,044	37,119
Reinsurance	47,145	46,025
Gross reserves	1,036,362	1,073,570
Reinsurance recoverables	843,950	874,485
Net reserve liability	\$ 192,412	\$ 199,085

The reserves that have the greatest potential for variation is the pre-1986 automobile catastrophic injury liability reserve. There are currently about 300 claimants requiring lifetime medical care of which less than 100 involve catastrophic injuries.

The reserve carried by the Property and Casualty Group for the catastrophic injury claimants, which is our best estimate of this liability at this time, was \$275.7 million at June 30, 2007, which is net of \$156.1 million of anticipated reinsurance recoverables. Our property/casualty subsidiaries share of the net automobile catastrophic injury liability reserve is \$15.2 million at June 30, 2007.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Off-balance sheet arrangements

There are no off-balance sheet obligations related to the variable interest we have in the Exchange. Any liabilities between the Exchange and us are recorded in our Consolidated Statements of Financial Position. We have no other material off-balance sheet obligations or guarantees, other than the limited partnership investment commitments discussed in the Notes to the Consolidated Financial Statements, Footnote 11, Commitments and Contingencies.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is a measure of an entity's ability to secure enough cash to meet its contractual obligations and operating needs. We have historically generated sufficient net positive cash flow from our operations to fund our commitments and build the investment portfolio. We also maintain a high degree of liquidity in our investment portfolio in the form of readily marketable fixed maturities, equity securities and short-term investments.

Our primary sources of cash from operations are generated from our net management revenues and by collecting and investing in premiums from new and renewal business in advance of paying claims. Management fees from the Exchange represented 71% of our total revenues for the second quarter of 2007. Cash outflows are variable because settlement dates for claim payments vary and cannot be predicted with absolute certainty. While volatility in claims payments could be significant for the Property and Casualty Group, the effect on us of this volatility is mitigated by the intercompany reinsurance pooling arrangement. The cash flow requirements for claims have not historically been significant to our liquidity. Historically, about 50% of losses and loss adjustment expenses included in the reserve are paid out in the subsequent 12-month period and approximately 89% is paid out within a five year period. Such payments are reduced by recoveries under the intercompany reinsurance pooling agreement. We generated positive cash flows from our operating activities of \$94.4 million for the six months ended June 30, 2007.

Cash paid in the first half of 2007 for agent bonuses was \$91.7 million, of which \$90.2 million was accrued at December 31, 2006. We made pension contributions of \$14.8 million and \$8.1 million to our pension plan in 2007 and 2006, respectively.

During the second quarter of 2007, we repurchased 313,110 shares of our outstanding Class A common stock in conjunction with the continuation of our stock repurchase plan that was authorized in February 2006. The shares were purchased at a total cost of \$16.7 million. In the first half of 2007, 595,649 shares were repurchased at a cost of \$31.7 million. We have \$98 million remaining under this plan authorized through December 31, 2009. (See Part II of Item 2. Issuer Purchases of Equity Securities.) During the second quarter of 2006, we repurchased 2,891,565 shares of our outstanding Class A common stock under the stock repurchase plan for a total cost of \$159.3 million. Included in this amount were shares repurchased from the Black Limited Partnerships, LLC.

CRITICAL ACCOUNTING ESTIMATES

We make estimates and assumptions that have a significant effect on the amounts and disclosures reported in the financial statements. The most significant estimates relate to valuation of investments, reserves for property/casualty insurance unpaid losses and loss adjustment expenses and retirement benefits. While management believes its estimates are appropriate, the ultimate amounts may differ from estimates provided. Our most critical accounting estimates are described in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2006. There have been no significant changes to the policies surrounding these estimates since that time.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

FACTORS THAT MAY AFFECT FUTURE RESULTS

Financial condition of the Exchange

We have a direct interest in the financial condition of the Exchange because management fee revenues are based on the direct written premiums of the Exchange and the other members of the Property and Casualty Group. Additionally, we participate in the underwriting results of the Exchange through the pooling arrangement in which our insurance subsidiaries have 5.5% participation. A concentration of credit risk also exists related to the unsecured receivables due from the Exchange for certain fees, costs and reimbursements.

To the extent that the Exchange incurs underwriting losses or investment losses resulting from declines in the value of its marketable securities, the Exchange's policyholders' surplus would be adversely affected. If the surplus of the Exchange were to decline significantly from its current level, the Property and Casualty Group could find it more difficult to retain its existing business and attract new business. A decline in the business of the Property and Casualty Group would have an adverse effect on the amount of the management fees we receive and the underwriting results of the Property and Casualty Group in which we have 5.5% participation. In addition, a substantial decline in the surplus of the Exchange from its current level would make it more likely that the management fee rate would be reduced. At June 30, 2007, the Exchange had \$4.6 billion in statutory surplus and a premium to surplus ratio of less than 1 to 1. We believe the Exchange's capital levels are very strong. The Exchange's A.M. Best rating of A+ (Superior) was affirmed during the second quarter of 2007.

Additional information, including condensed statutory financial statements of the Exchange, is presented in Note 12 to the Consolidated Financial Statements herein.

Insurance premium rates

The changes in premiums written attributable to rate changes of the Property and Casualty Group directly affect underwriting profitability of the Property and Casualty Group, the Exchange and us and also have a direct bearing on management fees. Rate reductions have been implemented and continue to be sought in 2007 by the Property and Casualty Group to recognize improved underwriting results and to maintain price competitiveness.

Pricing actions contemplated or taken by the Property and Casualty Group are subject to various regulatory requirements of the states in which these insurers operate. The pricing actions already implemented, or to be implemented through 2007, will also have an effect on the market competitiveness of the Property and Casualty Group's insurance products. Such pricing actions, and those of competitors, could affect the ability of our agents to sell and/or renew business. Management forecasts that pricing actions approved, filed and awaiting approval or contemplated through 2007, will reduce premium for the Property and Casualty Group by \$30.9 million through the remainder of the year.

The Property and Casualty Group continues refining its pricing segmentation model for private passenger auto and homeowners lines of business. The refined rating plans include significantly more pricing segments than the former plans, providing us greater flexibility in pricing for policyholders with varying degrees of risk. Refining pricing segmentation should enable us to provide more competitive rates to policyholders with varying risk characteristics, as risks can be more accurately priced over time.

The continued introduction of new pricing variables could impact retention of existing policyholders and could affect the Property and Casualty Group's ability to attract new policyholders. These outcomes will then impact the Property and Casualty Group's premium dollars and ultimately our management fee revenue.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Policy growth

Premium levels attributable to growth in policies in force of the Property and Casualty Group directly affect the profitability of our management operations. The continued focus on underwriting discipline and implementation of the new rate classification plan through the pricing segmentation model resulted in an initial reduction in new policy sales and policy retention ratios, as expected. In 2007, new policy sales and policy retention ratios have experienced modest but steady improvements. The growth of the policy base of the Property and Casualty Group is dependent upon its ability to retain existing and attract new policyholders. A lack of new policy growth or the inability to retain existing customers could have an adverse effect on the growth of premium levels for the Property and Casualty Group.

Catastrophe losses

The Property and Casualty Group conducts business in 11 states and the District of Columbia, primarily in the mid-Atlantic, midwestern and southeastern portions of the United States. A substantial portion of the business is private passenger and commercial automobile, homeowners and other commercial lines of business in Ohio, Maryland, Virginia and particularly, Pennsylvania. As a result, a single catastrophe occurrence or destructive weather pattern could have a material adverse affect on the results of operations and surplus position of the members of the Property and Casualty Group. Common catastrophic events include severe winter storms, hurricanes, earthquakes, tornadoes, wind and hail storms. In its homeowners line of insurance, the Property and Casualty Group is particularly exposed to an Atlantic hurricane, which might strike the states of North Carolina, Maryland, Virginia and Pennsylvania. The Property and Casualty Group maintains catastrophe occurrence reinsurance coverage to mitigate the future potential catastrophe loss exposure.

Information technology development and costs

Management has established a program of initiatives to enhance the functionality of our legacy processing and Agency interface systems aimed at improving the ease of doing business, enhancing Agent and Employee productivity and access to information. Several of these initiatives are underway and others are in the planning or preliminary development stages. The entire cost and duration of these investments is not yet determined, but is not expected to have a material financial impact in any single period. Management is also exploring alternatives for acquisition of Agency interface and policy processing systems, but is unable to estimate the timing and cost of these efforts at this early stage of evaluation.

Erie Family Life business process outsourcing

During 2006, Erie Family Life (EFL) decided to outsource certain business processes and core information technology to an external vendor beginning in 2007. The transition of functions and technology to the external vendor is expected to be complete in the third quarter of 2007. EFL expects to incur substantial conversion costs in 2007 by which we will be impacted due to our 21.6% ownership share of EFL.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is primarily related to fluctuations in prices and interest rates. Quantitative and qualitative disclosures about market risk resulting from changes in prices and interest rates are included in Item 7A. in our 2006 Annual Report on Form 10-K. There have been no material changes in such risks or our periodic reviews of asset and liability positions during the three months ended June 30, 2007. The information contained in the investments section of Management's Discussion and Analysis of Financial Condition and Results of Operations is incorporated herein by reference.

Our objective is to earn competitive returns by investing in a diversified portfolio of securities. We are exposed to credit risk through our portfolios of fixed maturity securities, nonredeemable preferred stock, mortgage loans and to a lesser extent short-term investments. This risk is defined as the potential loss in market value resulting from adverse changes in the borrower's ability to repay the debt. We manage this risk by performing up front underwriting analysis and ongoing reviews of credit quality by position and for the fixed maturity portfolio in total. We do not hedge credit risk inherent in our fixed maturity investments.

Our investment portfolio is diversified with 96% of the fixed income portfolio rated investment grade (BBB or higher). Approximately 3.5% of our fixed income portfolio is invested in structured products which include mortgage-backed securities, collateralized debt/loan obligations, asset backs and credit linked notes. Our structured product portfolio has an average rating of AA or higher. We believe we have no direct exposure to the subprime residential mortgage market through investments in structured products.

We have significant receivables from the Exchange, which are subject to credit risk. Our results are directly related to the financial strength of the Exchange. Credit risks related to the receivables from the Exchange are evaluated periodically by management. Since our inception, we have collected all amounts due from the Exchange in a timely manner (generally within 120 days). Similar to our investment portfolio, the Exchange maintains 95% of its fixed income portfolio rated investment grade. Approximately 8.7% of the Exchange's fixed income portfolio is invested in structured products with an average rating of AA or higher.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Certain forward-looking statements contained herein involve risks and uncertainties. These statements include certain discussions relating to management fee revenue, cost of management operations, underwriting, premium and investment income volume, business strategies, profitability and business relationships and our other business activities during 2007 and beyond.

In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, plan, intend, anticipate, believe, estimate, project, predict, potential and similar expressions. These forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that may cause results to differ materially from those anticipated in those statements. Many of the factors that will determine future events or achievements are beyond our ability to control or predict.

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ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation, with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (pursuant to Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective. Our management evaluated, with the participation of the Chief Executive Officer and Chief Financial Officer, any change in our internal control over financial reporting and determined that there has been no change in our internal control over financial reporting during the quarter ended June 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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Table of Contents**PART II. OTHER INFORMATION****ITEM 1A. RISK FACTORS**

There have been no material changes from the risk factors previously disclosed in our annual report on Form 10-K for the fiscal year ended December 31, 2006.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**Issuer Purchases of Equity Securities**

Period		Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
April 1	30, 2007	160,609	\$ 52.67	157,847	
May 1	31, 2007	0			
June 1	30, 2007	155,263	53.87	155,263	
Total		315,872		313,110	\$ 98,000,000

The month of April 2007 includes 2,762 shares that vested under the stock compensation plan for our outside directors. Included in this amount are the vesting of 2,507 of awards previously granted and 255 dividend equivalent shares that vest as they are granted (as dividends are declared).

In February 2006, our Board of Directors approved a continuation of the stock repurchase program for an additional \$250 million authorizing repurchases through December 31, 2009.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The election of directors to serve on our Board occurred at our Annual Meeting of Shareholders in April 2007. This information is incorporated by reference to our Form 8-K as filed with the Securities and Exchange Commission on April 17, 2007. All nominees to the Board were elected by a unanimous 2,552 votes with the exception of Susan Hirt Hagen, who received 2,549 for votes and 3 withheld votes, Thomas B. Hagen, who received 2,539 for votes and 13 withheld votes, and Lucian L. Morrison, who received 2,550 for votes and 2 withheld votes.

Second, an amendment to our articles of incorporation to permit holders of Class B common stock to act by majority written consent was voted on and approved with 2,532 votes for the amendment and 20 votes against.

Finally, an amendment to our bylaws to require the affirmative vote of the holders of a majority of the outstanding shares of our Class B common stock to elect directors was subject to vote and approved with 2,532 votes for and 20 votes against.

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PART II. OTHER INFORMATION (Continued)

ITEM 5. OTHER MATTERS

As discussed in our 8-K filing of July 16, 2007, F. William Hirt, board chairman of the Erie Indemnity Company and retired president and chief executive officer of Erie Insurance, passed away on July 13, 2007, at the age of 81. During his tenure as CEO (1976-1990), Erie Insurance grew 15 times in assets and nine times in premiums, making it larger than 99% of the 3,000 property/casualty insurance companies in the country. Mr. Hirt also founded Erie's life insurance affiliate, Erie Family Life Insurance Company. With the exception of a three-year hiatus from 1990-1993, he served as the Chairman of the Board of Directors of the Erie Indemnity Company from 1981 until his passing.

As discussed in our 8-K filing of July 20, 2007, Elizabeth Hirt Vorsheck has been named as a new individual trustee of the H.O. Hirt Trusts. In her role as trustee of the H.O.Hirt Trusts, Mrs. Vorsheck replaces her father, F. William Hirt. According to the Trust Agreement the remaining trustees, Susan Hirt Hagen and Sentinel Trust Company, LBA, and the Board of Directors of Erie Indemnity Company each has one vote to select a new trustee. The decision to appoint Mrs. Vorsheck was unanimously agreed to by both remaining trustees and the Erie Indemnity Board.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.92	Amended Articles of Incorporation of Registrant effective May 10, 2007
10.93	Amendment to the By-laws of Registrant effective April 17, 2007
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Erie Indemnity Company

(Registrant)

Date: August 1, 2007

/s/ Jeffrey A. Ludrof
Jeffrey A. Ludrof, President & CEO

/s/ Philip A. Garcia
Philip A. Garcia, Executive Vice President
& CFO

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