

NUVEEN SENIOR INCOME FUND

Form N-30D

April 05, 2002

LOGO: NUVEEN Investments

Closed-End Exchange-Traded Funds

Nuveen Senior Income Fund

High current income from a
portfolio of senior, secured
corporate loans

NSL

JANUARY 31, 2002

SEMIANNUAL REPORT

Photo of: Family

Photo of: Grandfather and Granddaughter on computer.

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NUVEEN

FUND

UPDATES

FASTER

THAN EVER!

Photo Of: Clouds

Photo Of: Hand on PC Mouse

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DIVIDENDS AND STATEMENTS

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DIVIDENDS AND STATEMENTS

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- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Photo of: Timothy R. Schwertfeger
Chairman of the Board

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Dear Shareholder

In the aftermath of September 11, the financial markets have reacted with volatility and uncertainty as investors attempt to better understand how the U.S. and world economies are likely to perform in the months ahead. It's been a difficult period for all senior loan funds, and it's too soon to tell what the long-term impact will be on the senior loan market or your Fund. However, one thing is increasingly clear to us - a diversified portfolio that includes a variety of asset classes can leave you well positioned to reduce overall investment volatility under any market conditions.

In our last report, we noted there was going to be a change in the management team of your Fund. I am pleased to say that this transition has been accomplished successfully, and your Fund is now in the very capable and experienced hands of a team from Symphony Asset Management, a unit of Nuveen Investments. There is more on their background and capabilities in the Portfolio Managers' Comments section of this report, and I urge you to take the time to read it and get to know them better.

I also would urge you to consider receiving future Fund reports and other information electronically via the Internet and e-mail rather than in hard copy. Not only will you be able to receive the information faster, but this may also help lower Fund expenses. Sign up is quick and easy - see the inside front cover of this report for detailed instructions.

For more than 100 years, Nuveen has specialized in offering quality investments to those seeking to accumulate and preserve wealth. We thank you for continuing to choose Nuveen Investments as your partner as you work toward these goals.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

March 15, 2002

Sidebar text: "I urge you to consider receiving future Fund reports and other information electronically... See the inside front cover of this report for details."

Nuveen Senior Income Fund (NSL)

Managers' Perspective

In October 2001, a team of four portfolio managers from Symphony Asset Management, a Nuveen Investments subsidiary, assumed management responsibility for the Nuveen Senior Income Fund. The team, consisting of Gunther Stein, Geoffrey Gwin, Lenny Mason and Deepak Gulrajani, has more than 30 years of combined investment management experience, much of it in evaluating and purchasing senior corporate loans and other high yield debt. Here the team from Symphony reviews their qualifications, the prevailing economic conditions and

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performance of NSL for the period ended January 31, 2002.

HOW HAS YOUR EXPERIENCE AT SYMPHONY PREPARED YOU TO MANAGE THE NUVEEN SENIOR INCOME FUND?

We currently manage approximately \$1 billion in high yield bonds. Working with high yield bonds is a lot like working with senior loans - except that, historically, high yield debt has been more volatile than senior loans. The single most critical factor is focusing on credit fundamentals. Every day we re-assess our holdings, using quantitative and qualitative data gathered from the entire investment team at Symphony - including fixed-income specialists and equity portfolio managers, who provide valuable perspectives on companies from their respective markets - as well as from outside analysts and news reports.

The Fund's management team has extensive senior loan industry experience that helps us thoroughly understand this highly complex market. Gunther Stein started his career as a member of the Wells Fargo loan syndication team, working daily with the same type of loans that are in the Fund. Lenny Mason was a managing director at Fleet Bank on the bank-loan side, where he led the structuring and advisory team for the technology and telecom group. Geoffry Gwin was a leveraged lender at the German bank BHF Bank, a position in which he evaluated the creditworthiness of companies seeking loans. Deepak Gulrajani was the Director of Fixed Income Strategies at Barclays Global Investors where he was responsible for more than \$30 billion of U.S. and global fixed income assets.

WHAT HAS BEEN THE GENERAL MARKET ENVIRONMENT OVER THE PAST TWELVE MONTHS?

The two major forces at work during the twelve months ended January 31, 2002, were the continued slowdown in economic growth and the Federal Reserve's aggressive approach to easing short-term interest rates. While the period of Fed rate easing may be over, inflation remains in check and we see some signs of a building economic recovery. In addition to these factors, the tragic events of September 11 and their aftermath also had a profound short-term effect on the economy and the markets. It is still unclear what the long-term effects, if any, may be.

HOW DID THE SENIOR LOAN MARKET PERFORM?

Like many other asset classes, the senior loan market has been sensitive to the generally declining economic fundamentals and these effects have been exacerbated to some extent by the events of September 11th. For example, in September 2001 the leveraged loan asset class, as measured by the Credit Suisse First Boston Leveraged Loan index, produced its third lowest monthly return since January 1992.

However, by mid-November the leveraged loan market began to benefit from a more positive economic outlook and strong institutional demand, primarily from Collateralized Debt Obligations (CDOs). This strong demand was further compounded by a lack of new issue supply, driving pricing of many better quality credits above par. As the supply of many of the higher quality loans disappeared, demand for discounted loans, primarily in the industrial sectors, picked up.

The opening of the high yield bond market for many credits has further enhanced the performance of many loans as some companies have taken the opportunity to improve tight liquidity positions and/or refinance their bank debt. Given our view that credit trends for many companies will continue to improve as we get past the September shock, and that the high yield markets will remain attractive over the near term, we think the asset class should perform well in the months

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ahead.

We are optimistic about the prospects for an improvement in the underlying fundamentals of the senior loan market, particularly if the economy continues to recover and default risks subside. Furthermore, if interest rates begin to climb, we foresee incremental demand for the asset class.

WHAT STRATEGIES HAVE YOU EMPLOYED TO MANAGE THE FUND?

Since we took over management of the Fund in October, our primary focus has been to review the portfolio's credits in detail and obtain a solid understanding of the companies prior to taking any action. We've been doing this by utilizing a bottom-up approach, which involves a company-by-company analysis. As we review credits, we are attempting to quantify the upside and downside of each company's loan price.

Although industry exposure is being closely monitored, our primary objective is to own loans which we perceive have solid underlying collateral values. For example, some industry sectors that we think have strong asset protection include food and beverage/consumer products, industrials, and gaming and lodging. Some sectors that we are cautious about include retail, non-cellular telecom, finance and energy.

HOW HAS THE FUND PERFORMED?

All senior loan funds have been under pressure for the past year, and this Fund is no exception. For the one-year period ended January 31, 2002, the Nuveen Senior Income Fund produced a total return on net asset value (NAV) of -4.60%.

Dividends have been affected by the Federal Reserve Bank's decision to combat the general economic declines by lowering short-term interest rates. As short-term interest rates (including, most importantly, LIBOR) declined, reset rates for senior loans were lowered. The result was that the Fund's portfolio generated less income, which in turn resulted in a dividend reduction for Fund shareholders. This has been true for all listed, traded senior loan funds.

WHAT IS YOUR STRATEGY GOING FORWARD?

Our overall strategy is to focus on principal preservation. We want to run a portfolio of loans that we feel comfortable owning, but we also want to enhance the yield without taking on undue risk. We believe this philosophy is consistent with Nuveen's commitment to a quality, disciplined, long-term investment philosophy. In general, we want to buy senior

loans that can ultimately be sold at reasonable levels. Our ideal loan would be one issued by a company offering strong collateral protection to secure the debt.

We can also take advantage of the current volatility in the senior loan market by looking to buy senior loans in sectors that we believe are trading at reasonable discounts. As we look to uncover these opportunities, we will stick to buying debt in companies whose business we fully understand. By focusing on our investment strengths, we hope to increase our odds of success.

DO YOU EXPECT TO SIGNIFICANTLY ALTER THE CURRENT PORTFOLIO HOLDINGS?

We are making adjustments incrementally. We clearly want to optimize the portfolio to reflect our focus on high-quality companies and good risk management. We are examining each loan currently in the portfolio, especially those trading at discounts to par. If we feel there is still significant downside potential, we may sell some of those loans. We will do this on a case-by-case basis. At this time, we are not planning on selling off a significant portion of the portfolio.

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WHAT IS YOUR OUTLOOK FOR THE SENIOR LOAN MARKET?

Absolute yields today are significantly lower than a year ago. Corporate default rates have increased, while recovery rates have decreased. Despite these trends, we believe there's still quite a bit of opportunity in this market. For example, floating rate funds could benefit should LIBOR rates increase from current levels that are at or close to historical lows. In addition, increased merger and acquisition activity and access to capital markets may help some companies' prospects and perhaps increase the Fund's NAVs. Finally, we're seeing a number of new loans that are being priced and structured much more attractively than previously. Banks are still creating and selling syndicated loans in this economy because they need to diversify their risk. The banks are essentially motivated sellers, who may or may not be acting rationally - which means that, as buyers, we may be able to pick up some bargains.

NUVEEN SENIOR INCOME FUND

Performance

Overview As of January 31, 2002

NSL

PORTFOLIO STATISTICS

| | |
|-------------------------|-----------|
| Share Price | \$7.43 |
| Net Asset Value | \$7.56 |
| Fund Net Assets (\$000) | \$270,683 |

| TOP 10 ISSUERS | % OF TOTAL INVESTMENTS |
|--|------------------------|
| NRT, Inc. | 2.87% |
| The Fairchild Corporation | 2.54% |
| Dr. Pepper/Seven Up Bottling Group, Inc. | 2.47% |
| Norcross Safety Products, LLC | 2.46% |
| Wyndham International, Inc. | 2.39% |
| Centennial Cellular Operating Company, LLC | 2.38% |
| Stone Container Corporation | 2.33% |
| North American Van Lines | 2.25% |
| Fitness Holdings Worldwide, Inc. | 2.22% |
| Mandalay Resort Group | 2.19% |

| TOP 10 INDUSTRIES | % OF TOTAL INVESTMENTS |
|-------------------|------------------------|
|-------------------|------------------------|

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| | |
|---------------------------------|-------|
| Beverage, Food & Tobacco | 7.79% |
| ----- | |
| Hotels, Motels, Inns & Gaming | 7.72% |
| ----- | |
| Containers, Packaging & Glass | 6.44% |
| ----- | |
| Aerospace/Defense | 4.77% |
| ----- | |
| Buildings & Real Estate | 4.75% |
| ----- | |
| Automotive | 4.72% |
| ----- | |
| Leisure & Entertainment | 4.61% |
| ----- | |
| Diversified Manufacturing | 4.30% |
| ----- | |
| Utilities | 3.80% |
| ----- | |
| Telecommunications/Cellular/PCS | 3.48% |
| ----- | |

ANNUALIZED TOTAL RETURN

Inception Date 10/99

| | Market | NAV |
|-----------------|---------|--------|
| ===== | | |
| 1-Year | -17.84% | -4.60% |
| ----- | | |
| Since Inception | -3.06% | 0.24% |
| ----- | | |

Bar Chart:

2001-2002 Monthly Dividends Per Share

| | |
|-------|-------|
| 2/01 | 0.09 |
| 3/01 | 0.087 |
| 4/01 | 0.087 |
| 5/01 | 0.083 |
| 6/01 | 0.079 |
| 7/01 | 0.079 |
| 8/01 | 0.079 |
| 9/01 | 0.075 |
| 10/01 | 0.067 |
| 11/01 | 0.067 |
| 12/01 | 0.055 |
| 1/02 | 0.049 |

SHARE PRICE PERFORMANCE

Line Chart:

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 2/1/01 | 10.06 |
| | 10.16 |
| | 10.16 |
| | 10.2 |
| | 10.15 |
| | 10.14 |
| | 10.02 |
| | 10.04 |
| | 9.18 |
| | 9.2 |
| | 9.45 |

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| | |
|---------|-------|
| | 9.79 |
| | 9.75 |
| | 9.9 |
| | 9.93 |
| | 9.95 |
| | 10.05 |
| | 10.12 |
| | 10.05 |
| | 10.08 |
| | 9.68 |
| | 9.83 |
| | 9.9 |
| | 9.9 |
| | 9.99 |
| | 10.06 |
| | 10.12 |
| | 9.97 |
| | 10.07 |
| | 10.05 |
| | 9.82 |
| | 9.77 |
| | 8.26 |
| | 9.14 |
| | 9.24 |
| | 8.92 |
| | 8.6 |
| | 8.55 |
| | 8.75 |
| | 8.23 |
| | 7.94 |
| | 7.64 |
| | 7.88 |
| | 7.3 |
| | 7.06 |
| | 7.37 |
| | 7.63 |
| | 7.8 |
| | 7.65 |
| | 7.38 |
| 1/31/02 | 7.44 |

Shareholder
Meeting Report

The Shareholder Meeting was held December 19, 2001, in Chicago at Nuveen's headquarters.

NSL

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

| | Common Shares | Preferred Shares Series-TH |
|----------------|------------------|----------------------------------|
| ===== | | |
| James E. Bacon | | |
| For | 28,897,237 | 1,468 |

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| | | |
|-------------------------|------------|-------|
| Withhold | 216,409 | -- |
| ----- | | |
| Total | 29,113,646 | 1,468 |
| ===== | | |
| William E. Bennett | | |
| For | 28,897,331 | 1,468 |
| Withhold | 216,315 | -- |
| ----- | | |
| Total | 29,113,646 | 1,468 |
| ===== | | |
| Jack B. Evans | | |
| For | 28,897,237 | 1,468 |
| Withhold | 216,409 | -- |
| ----- | | |
| Total | 29,113,646 | 1,468 |
| ===== | | |
| Thomas E. Leafstrand | | |
| For | 28,903,731 | 1,468 |
| Withhold | 209,915 | -- |
| ----- | | |
| Total | 29,113,646 | 1,468 |
| ===== | | |
| Sheila W. Wellington | | |
| For | 28,895,237 | 1,468 |
| Withhold | 218,409 | -- |
| ----- | | |
| Total | 29,113,646 | 1,468 |
| ===== | | |
| William L. Kissick | | |
| For | -- | 1,468 |
| Withhold | -- | -- |
| ----- | | |
| Total | -- | 1,468 |
| ===== | | |
| Timothy R. Schwertfeger | | |
| For | -- | 1,468 |
| Withhold | -- | -- |
| ----- | | |
| Total | -- | 1,468 |
| ===== | | |

Nuveen Senior Income Fund (NSL)

Portfolio of
Investments January 31, 2002 (Unaudited)

| PRINCIPAL AMOUNT (000) | DESCRIPTION | RATINGS* | |
|---------------------------|-------------|----------|-----|
| | | MOODY'S | S&P |
| ----- | | | |

VARIABLE RATE SENIOR LOAN INTERESTS(1) AND INTEREST
BEARING SECURITIES - 124.7%

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AEROSPACE/DEFENSE - 6.6% (4.7% OF TOTAL ASSETS)

| | | | | |
|----|--------|---|----|----|
| \$ | 4,962 | DeCrane Aircraft Holdings, Inc., Term Loan D | B2 | B |
| | 10,975 | The Fairchild Corporation, Term Loan B | B1 | BB |
| | 2,137 | United Defense Industries, Inc., Term Loan B | B1 | BB |
| | 1,377 | Vought Aircraft Industries, Inc., Term Loan A | NR | N |

AUTOMOTIVE - 6.5% (4.7% OF TOTAL ASSETS)

| | | | |
|-------|---|-----|----|
| 1,224 | Federal-Mogul Corporation, Term Loan A | NR | |
| 3,551 | Federal-Mogul Corporation, Term Loan B | NR | |
| 5,649 | Metaldyne Company/Metalync Company, LLC, Term Loan B | Ba3 | BB |
| 1,848 | Metaldyne Company/Metalync Company, LLC, Term Loan C2 | Ba3 | BB |
| 9,391 | MetalForming Technologies, Inc., Term Loan B | NR | N |
| 1,423 | Tenneco Auto, Inc. | B2 | B |

BEVERAGE, FOOD & TOBACCO - 10.7% (7.7% OF TOTAL ASSETS)

| | | | |
|-------|---|-----|-----|
| 1,730 | Cott Corporation, Purchase Money Term Loan | NR | B |
| 200 | Cott Corporation, Working Capital Term Loan | NR | B |
| 9,168 | Dr. Pepper/Seven Up Bottling Group, Inc., Term Loan B | NR | N |
| 1,911 | Eagle Family Foods, Inc., Term Loan | B1 | |
| 3,164 | Flowers Foods, Inc., Term Loan B | Ba2 | BBB |
| 1,990 | Interstate Brands Corporation, Term Loan B | Ba1 | BBB |
| 3,521 | Merisant Company, Term Loan B | Ba3 | BB |
| 5,500 | Pinnacle Foods Corporation, Term Loan | Ba3 | BB |
| 2,000 | Suiza Foods Corporation, Term Loan B | Ba2 | BB |

BROADCASTING/CABLE - 3.0% (2.2% OF TOTAL ASSETS)

| | | | |
|-------|--|-----|-----|
| 2,000 | Century Cable Holdings, LLC, Term Loan B | Ba3 | B |
| 3,333 | Charter Communications Operating, LLC, Incremental Term Loan | Ba3 | BBB |
| 3,000 | Charter Communications Operating, LLC, Term Loan B | Ba3 | BBB |

BROADCASTING/RADIO - 1.7% (1.2% OF TOTAL ASSETS)

| | | | |
|-------|---|----|---|
| 4,667 | Citadel Broadcasting Company, Term Loan B | NR | N |
|-------|---|----|---|

BUILDINGS & REAL ESTATE - 4.2% (3.0% OF TOTAL ASSETS)

| | | | |
|--------|--|-----|---|
| 10,845 | NRT, Inc., Term Loan | Ba3 | N |
| 3,000 | Washington Group International, Bond (a) | C | |

CARGO TRANSPORTATION - 3.1% (2.2% OF TOTAL ASSETS)

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| | | | |
|---|---|----------|----|
| 8,820 | North American Van Lines, Term Loan B | B1 | B |
| ----- | | | |
| CHEMICALS, PLASTICS & RUBBER - 2.7% (1.9% OF TOTAL ASSETS) | | | |
| 1,989 | Ineos US Finance, LLC, Term Loan C | Ba3 | B |
| 1,968 | OM Group, Inc., Term Loan B | Ba3 | B |
| 3,214 | Resolution Performance Products, LLC, Term Loan B | B1 | BB |
| ----- | | | |
| Nuveen Senior Income Fund (NSL) (continued) | | | |
| Portfolio of Investments January 31, 2002 (Unaudited) | | | |
| | | RATINGS* | |
| PRINCIPAL AMOUNT (000) | DESCRIPTION | MOODY'S | S& |
| ----- | | | |
| CONSTRUCTION MATERIALS - 2.7% (1.9% OF TOTAL ASSETS) | | | |
| \$ 16,667 | California Pollution Control Financing Authority, CanFibre of Riverside Project, Bonds (a) (b) (c) | NR | N |
| 9,000 | California Pollution Control Financing Authority, CanFibre of Riverside Project, Bonds (a) (b) (c) | NR | N |
| 7,000 | CanFibre of Lackawana, LLC, Construction Loan (a) (b) (c) | NR | N |
| 1,200 | CanFibre of Lackawana, LLC, Letter of Credit (a) (b) (c) | NR | N |
| 10,000 | CanFibre of Riverside, Inc., Letter of Credit (a) (b) (c) | NR | N |
| 533 | CanFibre of Riverside, Inc., Working Capital Loan (a) (b) (c) | NR | N |
| 858 | Mueller Group, Inc., Term Loan B | B1 | B |
| 3,519 | Mueller Group, Inc., Term Loan C | B1 | B |
| 491 | Mueller Group, Inc., Term Loan D | B1 | B |
| ----- | | | |
| CONTAINERS, PACKAGING & GLASS - 8.9% (6.4% OF TOTAL ASSETS) | | | |
| 2,585 | Graham Packaging Company, Term Loan B | B2 | B |
| 2,142 | Graham Packaging Company, Term Loan C | B2 | B |
| 3,556 | Greif Bros. Corporation, Term Loan B | Ba3 | B |
| 3,162 | Stone Container Corporation, Term Loan C | Ba3 | B |
| 2,910 | Stone Container Corporation, Term Loan D | Ba3 | B |
| 2,598 | Stone Container Corporation, Term Loan E | Ba3 | B |
| 3,940 | Tekni-Plex, Inc., Term Loan B | B1 | B |
| 3,978 | United States Can Company, Term Loan B | B2 | B |
| ----- | | | |
| DIVERSIFIED MANUFACTURING - 5.9% (4.3% OF TOTAL ASSETS) | | | |
| 2,382 | Blount, Inc., Term Loan B | B3 | B |
| 3,013 | Dayco Products, LLC, Term Loan B | Ba3 | BB |
| 2,963 | GenTek, Inc., Term Loan C | B1 | BB |
| 4,462 | UCAR Finance, Inc., Term Loan B | Ba3 | N |
| 5,449 | Western Industries Holding, Inc., Term Loan B | NR | N |

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| | | RATINGS* | | |
|---|--|---|-----|----|
| PRINCIPAL AMOUNT (000) | DESCRIPTION | MOODY'S | S&P | |
| ----- | | | | |
| ECOLOGICAL - 0.4% (0.3% OF TOTAL ASSETS) | | | | |
| 1,000 | Stericycle, Inc., Term Loan B | B1 | BB | |
| ----- | | | | |
| ELECTRONICS/ELECTRONIC SERVICES - 1.5% (1.1% OF TOTAL ASSETS) | | | | |
| 3,960 | Seagate Technology Holdings, Inc., Term Loan B | NR | BB | |
| ----- | | | | |
| FARMING & AGRICULTURAL - 1.6% (1.2% OF TOTAL ASSETS) | | | | |
| 4,429 | Shemin Holdings Corporation, Term Loan B | NR | N | |
| ----- | | | | |
| FINANCE & BANKING - 0.3% (0.2% OF TOTAL ASSETS) | | | | |
| 2,368 | Finova Group, Inc., Bond | NR | N | |
| ----- | | | | |
| HEALTHCARE - 3.2% (2.3% OF TOTAL ASSETS) | | | | |
| 1,890 | Advance PCS, Term Loan B | Ba3 | B | |
| 1,707 | Community Health Systems, Inc., Term Loan B | NR | B | |
| 1,707 | Community Health Systems, Inc., Term Loan C | NR | B | |
| 1,257 | Community Health Systems, Inc., Term Loan D | NR | B | |
| 1,995 | Triad Hospitals, Inc., Term Loan B | Ba3 | B | |
| ----- | | | | |
| HOTELS, MOTELS, INNS & GAMING - 10.6% (7.7% OF TOTAL ASSETS) | | | | |
| \$ | 4,000 | Alliance Gaming Corporation, LLC, Term Loan | B1 | B |
| | 2,000 | Extended Stay America, Inc., Term Loan B | Ba3 | BB |
| | 3,061 | Isle of Capri Casinos, Inc., Term Loan B | Ba2 | BB |
| | 2,678 | Isle of Capri Casinos, Inc., Term Loan C | Ba2 | BB |
| | 3,200 | Mandalay Resort Group, Bond | Ba3 | BB |
| | 5,000 | Mandalay Resort Group, Term Loan | NR | N |
| | 2,726 | Wyndham International, Inc., Increasing Rate Loan | NR | N |
| | 7,470 | Wyndham International, Inc., Term Loan B | NR | N |
| ----- | | | | |
| INSURANCE - 4.7% (3.4% OF TOTAL ASSETS) | | | | |
| | 9,957 | Conseco, Inc., Term Loan | NR | N |
| | 4,875 | GAB Robbins North America, Inc., Term Loan B | NR | N |

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LEISURE & ENTERTAINMENT - 6.4% (4.6% OF TOTAL ASSETS)

| | | | |
|-------|--|-----|----|
| 3,899 | Bally Total Fitness Holding Corporation, Term Loan | Ba3 | B |
| 3,391 | Fitness Holdings Worldwide, Inc., Term Loan B | NR | |
| 6,449 | Fitness Holdings Worldwide, Inc., Term Loan C | NR | |
| 4,988 | Six Flags Theme Parks, Inc., Term Loan B | Ba2 | BB |

NATURAL RESOURCES/OIL & GAS - 2.6% (1.9% OF TOTAL ASSETS)

| | | | |
|-------|-------------------------------------|-----|-----|
| 7,000 | Tesoro Petroleum Corp., Term Loan B | Ba2 | BBB |
|-------|-------------------------------------|-----|-----|

NON-DURABLE CONSUMER PRODUCTS - 1.4% (1.0% OF TOTAL ASSETS)

| | | | |
|-------|---|----|---|
| 5,061 | Norwood Promotional Products, Inc., Term Loan B | NR | N |
| 4,527 | Norwood Promotional Products, Inc., Term Loan C | NR | N |

PERSONAL & MISCELLANEOUS SERVICES - 3.3% (2.4% OF TOTAL ASSETS)

| | | | |
|-------|---|-----|----|
| 4,000 | Adams Outdoor Advertising Limited Partnership, Term Loan B | B1 | B |
| 2,000 | Lamar Media Corp., Incremental Term Loan C | Ba2 | BB |
| 2,966 | Weight Watchers International, Inc., Transferable Loan Certificate Facility | Ba1 | BB |

PRINTING & PUBLISHING - 4.3% (3.1% OF TOTAL ASSETS)

| | | | |
|-------|--|-----|----|
| 6,948 | American Media Operations, Inc., Term Loan B-1 | Ba3 | B |
| 4,975 | PRIMEDIA, Inc., Term Loan B | NR | BB |

RESTAURANTS & FOOD SERVICE - 2.4% (1.7% OF TOTAL ASSETS)

| | | | |
|-------|----------------------------------|----|---|
| 3,149 | Dominos Pizza, Inc., Term Loan B | B1 | B |
| 3,159 | Dominos Pizza, Inc., Term Loan C | B1 | B |

RETAIL/CATALOG - 1.3% (0.9% OF TOTAL ASSETS)

| | | | |
|-------|------------------------------------|----|---|
| 4,610 | Micro Warehouse, Inc., Term Loan B | B1 | B |
|-------|------------------------------------|----|---|

RETAIL/SPECIALTY - 1.5% (1.0% OF TOTAL ASSETS)

| | | | |
|-------|---------------------------------|----|----|
| 4,000 | Rite Aid Corporation, Term Loan | B1 | BB |
|-------|---------------------------------|----|----|

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Nuveen Senior Income Fund (NSL) (continued)
 Portfolio of Investments January 31, 2002 (Unaudited)

| PRINCIPAL AMOUNT (000) | DESCRIPTION | RATINGS* | |
|--|---|----------|-----|
| | | MOODY'S | S&P |
| RETAIL/STORES - 3.4% (2.4% OF TOTAL ASSETS) | | | |
| \$ 2,837 | HMV Media Group PLC, Term Loan C | B2 | B |
| 1,955 | HMV Media Group PLC, Term Loan D | B2 | B |
| 2,182 | SDM Corporation, Term Loan C | Ba3 | B |
| 2,182 | SDM Corporation, Term Loan E | Ba3 | B |
| TELECOMMUNICATIONS/CELLULAR/PCS - 4.8% (3.5% OF TOTAL ASSETS) | | | |
| 484 | Airgate PCS, Inc., Tranche I Loan | NR | N |
| 3,648 | Airgate PCS, Inc., Tranche II Loan | NR | N |
| 10,000 | Centennial Cellular Operating Company, LLC, Term Loan A | B1 | B |
| TELECOMMUNICATIONS/COMPETITIVE LOCAL EXCHANGE CARRIER (CLEC) - 1.5% (1.1% OF TOTAL ASSETS) | | | |
| 5,000 | RCN Corporation, Term Loan B | B2 | B |
| 4,750 | Teligent, Inc., Delayed Term Loan (a) (b) | NR | N |
| 5,000 | WCI Capital Corporation, Term Loan B (a) (b) | NR | N |
| TELECOMMUNICATIONS/HYBRID - 2.3% (1.7% OF TOTAL ASSETS) | | | |
| 2,500 | Nextel Communications, Inc., Term Loan B | Ba2 | BB |
| 2,500 | Nextel Communications, Inc., Term Loan C | Ba2 | BB |
| 2,000 | Nextel Partners Operating Company, Term Loan B | B1 | B |
| TELECOMMUNICATIONS/SATELLITE - 0.6% (0.4% OF TOTAL ASSETS) | | | |
| 1,822 | Satelites Mexicanos, SA de CV, Loan | B1 | B |
| TELECOMMUNICATIONS/WIRELESS MESSAGING - 0.5% (0.3% OF TOTAL ASSETS) | | | |
| 7,154 | Arch Wireless Holding, Inc., Term Loan C (a) (b) | NR | |
| TEXTILES & LEATHER - 3.4% (2.4% OF TOTAL ASSETS) | | | |
| 9,675 | Norcross Safety Products, LLC, Term Loan | NR | N |

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TRANSPORTATION/RAIL MANUFACTURING - 1.5% (1.1% OF TOTAL ASSETS)

| | | | |
|---|---|-----|----|
| 3,960 | Kansas City Southern Railway Company, Term Loan B | Ba1 | BB |
| | | | |
| UTILITIES - 5.2% (3.8% OF TOTAL ASSETS) | | | |
| 7,000 | AES EDC Funding II, LLC, Term Loan | NR | N |
| 3,930 | TNP Enterprises, Inc., Term Loan | Ba2 | BB |
| 3,647 | Western Resources, Inc., Term Loan B | NR | N |
| | | | |

Total Variable Rate Senior Loan Interests and Interest Bearing Securities
(cost \$376,414,373)

PRINCIPAL
AMOUNT (000) DESCRIPTION

| | |
|--|---|
| EQUITIES - 2.4% | |
| BUILDINGS & REAL ESTATE - 2.4% (1.7% OF TOTAL ASSETS) | |
| 278 | Washington Group International, Inc., Equity Shares (a) |
| | |
| CONSTRUCTION MATERIALS - 0.0% (0.0% OF TOTAL ASSETS) | |
| CanFibre of Lackawana, LLC, Income Participation Certificates, 13 units (a) (b) (c) | |
| CanFibre of Riverside, Inc., Income Participation Certificates, 17 units (a) (b) (c) | |
| | |
| Total Equities (cost \$7,679,783) | |
| | |

RATINGS*

PRINCIPAL DESCRIPTION MOODY'S S&

AMOUNT (000)

| | | | |
|--|--------|--|----|
| SHORT-TERM INVESTMENTS - 10.8% | | | |
| \$ | 116 | JPMorgan Chase, Commercial Paper, 1.35% | P1 |
| | 29,049 | JPMorgan Prime Funding Account, Money Market Fund, 1.49% | P1 |
| | | | |
| Total Short-Term Investments (cost \$29,165,255) | | | |
| | | | |
| Total Investments (cost \$413,259,411) - 137.9% | | | |
| | | | |
| Borrowings Payable - (38.1)%+ | | | |
| | | | |
| Other Assets Less Liabilities - 0.2% | | | |
| | | | |

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Net Assets - 100%

=====

NR Not rated.

* Bank loans rated below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

** Senior Loans in the Fund's portfolio generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans in the Fund's portfolio may occur. As a result, the actual remaining maturity of Senior Loans held in the Fund's portfolio may be substantially less than the stated maturities shown. The Fund estimates that the actual average maturity of the Senior Loans held in its portfolio will be approximately 18-24 months.

(1) Senior Loans in which the Fund invests generally pay interest at rates which are periodically redetermined by reference to a base lending rate plus a premium. These base lending rates are generally (i) the lending rate offered by one or more major European banks, such as the London Inter-Bank Offered Rate ("LIBOR"), (ii) the prime rate offered by one or more major United States banks, and (iii) the certificate of deposit rate. Senior loans are generally considered to be restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or borrower prior to the disposition of a Senior Loan.

(a) At or subsequent to January 31, 2002, this issue was non-incoming producing.

(b) At or subsequent to January 31, 2002, this issue was under the protection of the federal bankruptcy court.

(c) Position has a zero cost basis and was acquired as part of a workout program.

+ Borrowings payable as a percentage of total gross assets is 27.4%.

See accompanying notes to financial statements.

Statement of
Net Assets January 31, 2002 (Unaudited)

ASSETS

Investments, at market value (cost \$413,259,411)

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Cash
Interest receivable
Other assets

Total assets

LIABILITIES

Borrowings payable
Management fees
Taxable Auctioned Preferred Share dividends payable
Common Share dividends payable
Other liabilities

Total liabilities

Net assets

=====

Taxable Auctioned Preferred Shares, at liquidation value

=====

Taxable Auctioned Preferred Shares outstanding

=====

Common Shares outstanding

=====

Net asset value per Common Share outstanding (net assets
less Preferred Shares at liquidation value, divided by
Common Shares outstanding)

=====

NET ASSETS CONSIST OF:

Taxable Auctioned Preferred Shares, \$25,000 stated value per share,
at liquidation value
Common Shares, \$.01 par value per share
Paid-in surplus
Balance of undistributed net investment income
Accumulated net realized gain (loss) from
investment transactions
Net unrealized appreciation (depreciation) of investments

=====

Net assets

=====

Authorized shares:
Common
Preferred

=====

See accompanying notes to financial statements.

Statement of
Operations Six Months Ended January 31, 2002 (Unaudited)

INVESTMENT INCOME
Interest

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Fees

 Total investment income

EXPENSES

Management fees
 Taxable Auctioned Preferred Shares - auction fees
 Taxable Auctioned Preferred Shares - dividend disbursing agent fees
 Shareholders' servicing agent fees and expenses
 Interest expense
 Custodian's fees and expenses
 Trustees' fees and expenses
 Professional fees
 Shareholders' reports - printing and mailing expenses
 Stock exchange listing fees
 Investor relations expense
 Other expenses

 Total expenses

Expense waivers from the Adviser

 Net expenses

Net investment income

REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS

Net realized gain (loss) from investment transactions
 Change in net unrealized appreciation (depreciation) of investments

 Net gain (loss) from investments

Net increase (decrease) in net assets from operations
 =====

See accompanying notes to financial statements.

Statement of

Changes in Net Assets (Unaudited)

SIX MONTHS
 ENDED 1/31/02

OPERATIONS

| | |
|---|---------------|
| Net investment income | \$ 10,887,842 |
| Net realized gain (loss) from investment transactions | (835,976) |
| Change in net unrealized appreciation (depreciation) of investments | (14,966,176) |
| ----- | |
| Net increase (decrease) in net assets from operations | (4,914,310) |

DISTRIBUTIONS TO SHAREHOLDERS

| | |
|---|--------------|
| From undistributed net investment income: | |
| Common Shareholders | (11,651,842) |
| Taxable Auctioned Preferred Shareholders | (633,872) |
| From accumulated net realized gains from investment transactions: | |
| Common Shareholders | -- |
| Taxable Auctioned Preferred Shareholders | -- |

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| | |
|---|---------------|
| Decrease in net assets from distributions to shareholders | (12,285,714) |
| CAPITAL SHARE TRANSACTIONS | |
| Net proceeds from Common Shares issued to shareholders due to reinvestment of distributions | 241,451 |
| Net increase (decrease) in net assets | (16,958,573) |
| Net assets at the beginning of period | 287,641,426 |
| Net assets at the end of period | \$270,682,853 |
| Balance of undistributed net investment income at the end of period | \$ 210,164 |

Statement of
Cash Flows Six Months Ended January 31, 2002 (Unaudited)

CHANGE IN NET ASSETS FROM OPERATIONS

Adjustments to Reconcile the Change in Net Assets from Operations to

Net Cash provided by Operating Activities:

Decrease in investments at value

Decrease in interest receivable

Decrease in other assets

Decrease in management fees

Decrease in other liabilities

Net cash provided by operating activities

CASH FLOWS FROM FINANCING ACTIVITIES:

Cash distributions paid to Common Shareholders

Cash distributions paid to Taxable Auctioned Preferred Shareholders

Net cash used for financing activities

NET INCREASE IN CASH

Cash at the beginning of period

CASH AT THE END OF PERIOD

See accompanying notes to financial statements.

Notes to
Financial Statements (Unaudited)

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1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Nuveen Senior Income Fund (the "Fund") is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund is listed on the New York Stock Exchange and trades under the ticker symbol "NSL". The Fund was organized as a Massachusetts business trust on August 13, 1999.

The Fund seeks to provide a high level of current income, consistent with preservation of capital by investing primarily in senior secured loans whose interest rates float or adjust periodically based on a benchmark interest rate index. The Fund seeks to increase the income available for distribution to Common Shareholders by utilizing financial leverage.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements in accordance with accounting principles generally accepted in the United States.

Investment Valuation

The prices of senior loans and bonds in the Fund's investment portfolio are provided by independent pricing services approved by the Fund's Board of Trustees. The pricing service providers typically value senior loans and bonds at the mean of the highest bona fide bid and lowest bona fide ask prices when current quotations are readily available. Senior loans and bonds for which current quotations are not readily available are valued at fair value using a wide range of market data and other information and analysis, including credit characteristics considered relevant by such pricing service providers to determine valuations. The Board of Trustees of the Fund has approved procedures which permit Nuveen Senior Loan Asset Management Inc. (the "Adviser"), a wholly owned subsidiary of The John Nuveen Company, to override the price provided by the independent pricing service. There were no price overrides during the six months ended January 31, 2002. Short-term investments which mature within 60 days are valued at amortized cost, which approximates market value.

The senior loans in which the Fund invests are generally not listed on any exchange and the secondary market for those senior loans is comparatively illiquid relative to markets for other fixed income securities. Because of the comparatively illiquid markets, the value of a senior loan may differ significantly from the value that would have been used had there been an active market for that senior loan.

Investment Transactions

Investment transactions are recorded on a trade date basis.

Investment Income

Interest income is determined on the basis of interest accrued, adjusted for amortization of premiums and accretion of discounts. Facility fees on senior loans purchased are treated as market discounts. Market premiums and discounts are amortized over the expected life of each respective borrowing. Fees consists primarily of amendment fees. Amendment fees are earned as compensation for evaluating and accepting changes to the original credit agreement.

Income Taxes

The Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income to its shareholders. Therefore, no federal income tax provision is required.

Dividends and Distributions to Shareholders

The Fund intends to declare and pay monthly distributions to Common Shareholders. Generally payment is made or reinvestment is credited to shareholder accounts on the first business day after month-end. Net realized capital gains from investment transactions, if any, are distributed to

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shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Notes to
Financial Statements (Unaudited) (continued)

Distributions to shareholders of net investment income, and net realized capital gains are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States. Accordingly, temporary over-distributions as a result of these differences may occur and will be classified as either distributions in excess of net investment income and/or distributions in excess of net realized gains from investment transactions, where applicable. Permanent differences between financial and tax basis reporting for the fiscal period have been identified and appropriately reclassified. During the six months ended January 31, 2002, permanent differences relating to expenses which are not deductible for tax purposes totaling \$11,773 were reclassified from undistributed net investment income to capital.

Taxable Auctioned Preferred Shares

The Fund has issued and outstanding 1,840 Series Th \$25,000 stated value Taxable Auctioned Preferred Shares. The dividend rate paid on the Taxable Auctioned Preferred Shares may change every 28 days, as set by the auction agent.

Derivative Financial Instruments

The Fund may invest in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Fund is authorized to invest in such financial instruments, and may do so in the future, it did not make any such investments during the six months ended January 31, 2002.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results may differ from those estimates.

Change in Accounting Policy

Effective August 1, 2001, the Fund adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies. As required by the guide, the Fund began presenting paydown gains and losses on mortgage and asset-backed securities as interest income. Prior to adopting the new guide, the Fund presented paydown gains and losses on mortgage and asset-backed securities together with realized gain/loss from investment transactions. This change in accounting has no effect on the total net assets or net asset value of the Fund. Interest income increased by \$50,201 and realized gain/loss decreased by the same amount for the six months ended January 31, 2002.

The Statement of Changes in Net Assets and Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

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2. FUND SHARES

During the six months ended January 31, 2002, 28,683 Common Shares were issued to shareholders due to reinvestment of distributions.

During the fiscal year ended July 31, 2001, 81,022 Common Shares were issued to shareholders due to reinvestment of distributions.

3. DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Fund declared a dividend distribution of \$.0490 per Common Share from its net investment income which was paid on March 1, 2002, to shareholders of record on February 15, 2002.

4. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short-term investments) during the six months ended January 31, 2002, aggregated \$63,848,947 and \$89,576,488, respectively.

At January 31, 2002, the cost of investments owned for federal income tax purposes was \$430,822,027.

5. UNREALIZED APPRECIATION (DEPRECIATION)

At January 31, 2002, net unrealized depreciation of investments for federal income tax purposes aggregated \$57,610,349 of which \$2,848,896 related to appreciated investments and \$60,459,245 related to depreciated investments.

6. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Under the Fund's investment management agreement with the Adviser, the Fund pays an annual management fee, payable monthly, of .8500 of 1%, which is based upon the average daily managed assets of the Fund. "Managed assets" shall mean the average daily gross asset value of the Fund, minus the sum of the Fund's accrued and unpaid dividends on any outstanding Taxable Auctioned Preferred Shares and accrued liabilities (other than the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund and the liquidation preference of any outstanding Taxable Auctioned Preferred Shares).

The Adviser has agreed to waive part of its management fees or reimburse certain expenses of the Fund in an amount equal to .45% of the average daily managed assets for the period October 29, 1999 (commencement of operations) through October 31, 2004, .35% of the average daily managed assets for the year ended October 31, 2005, .25% of the average daily managed assets for the year ended October 31, 2006, .15% of the average daily managed assets for the year ended October 31, 2007, .10% of the average daily managed assets for the year ended October 31, 2008, and .05% of the average daily managed assets for the year ended October 31, 2009. The Adviser has not agreed to reimburse the Fund for any portion of its fees and expenses beyond October 31, 2009.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Fund pays no compensation directly to those of its Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Fund from the Adviser.

7. COMMITMENTS

Pursuant to the terms of certain of the Variable Rate Senior Loan agreements, the Fund had unfunded loan commitments of \$2.8 million as of January 31, 2002. The Fund generally will maintain with its custodian short-term investments and/or cash having an aggregate value at least equal to the amount of unfunded loan commitments.

8. SENIOR LOAN PARTICIPATION COMMITMENTS

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The Fund invests primarily in assignments, participations, or acts as a party to the primary lending syndicate of a Variable Rate Senior Loan interest to corporations, partnerships, and other entities. If the Fund purchases a participation of a Senior Loan Interest, the Fund would typically enter into a contractual agreement with the lender or other third party selling the participation, but not with the borrower directly. As such, the Fund assumes the credit risk of the Borrower, Selling Participant or other persons interpositioned between the Fund and the Borrower. There were no such participation commitments as of January 31, 2002.

9. BORROWINGS

In accordance with its current investment policies, the Fund may utilize financial leverage for investment purposes in an amount currently anticipated to represent approximately 40% of the Fund's total assets, and in no event exceeding 50% of the Fund's total assets.

On May 23, 2000, the Fund entered into a \$150 million commercial paper program with Nuveen Funding, L.L.C., a Delaware limited liability company whose sole purpose is the issuance of commercial paper. Nuveen Funding, L.L.C. has the authority to issue a maximum of \$150 million of commercial paper, at a discount, with maturities of up to 180 days, the proceeds of which are used to make advances to the Fund. This line of credit is secured by the assets of the Fund. For the six months ended January 31, 2002, the average daily balance of borrowings under the commercial paper program agreement was \$103 million with an average interest rate of 2.80%.

The Fund has entered into a \$155 million revolving credit agreement with Deutsche Bank AG which expires May 2002. Interest on borrowings is charged at a rate of either the Fed Funds rate plus .50%, LIBOR plus .50% or the Prime Rate. An unused commitment fee of .125% is charged on the unused portion of the facility. During the six months ended January 31, 2002, there were no borrowings under the revolving credit agreement and, therefore, there was no outstanding revolving credit balance at January 31, 2002.

Cash paid for interest during the six months ended January 31, 2002, was \$1,612,320.

Financial

Highlights (Unaudited)

Selected data for a Common Share outstanding throughout each period:

| | Investment Operations | | | | Less | |
|---|---------------------------------|-----------------------------|---|----------|---|---|
| | Beginning Net Asset Value | Net Investment Income | Net Realized/ Unrealized Investment Gain (Loss) | Total | Net Investment Income to Common Share- holders | Net Investment Income to Preferred Share- holders+ |
| <hr style="border-top: 1px dashed black;"/> | | | | | | |
| Year Ended 7/31: | | | | | | |
| 2002 (b) | \$8.13 | \$.37 | \$ (.53) | \$ (.16) | \$ (.39) | \$ (.02) |
| 2001 | 9.47 | 1.09 | (1.29) | (.20) | (1.03) | (.09) |
| 2000 (a) | 9.55 | .75 | (.12) | .63 | (.66) | (.02) |
| <hr style="border-top: 1px dashed black;"/> | | | | | | |

Total Returns

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| | Offering Costs | Ending Net Asset Value | Ending Market Value | Based on Market Value** | Based on Net Asset Value** |
|------------------|-------------------|---------------------------------|---------------------------|----------------------------------|--|
| Year Ended 7/31: | | | | | |
| 2002 (b) | \$-- | \$7.56 | \$7.4300 | (21.75)% | (2.10)% |
| 2001 | -- | 8.13 | 9.9600 | 15.35 | (3.30) |
| 2000 (a) | (.03) | 9.47 | 9.6250 | 3.21 | 6.20 |

Ratios/Supplemental Data

| | Before Waiver | | | | After Waiver | | |
|------------------|----------------------------------|---|---|---|---|---|---|
| | Ending Net Assets (000) | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Net Investment Income to Average Net Assets to Common Shares++ | Ratio of Expenses to Average Total Net Assets Including Preferred++ | Ratio of Net Investment Income to Average Total Net Assets Including Preferred++ | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++ |
| Year Ended 7/31: | | | | | | | |
| 2002 (b) | \$270,683 | 3.33%* | 8.80%* | 2.76%* | 7.31%* | 2.58%* | 9.55%* |
| 2001 | 287,641 | 4.32 | 11.74 | 3.67 | 9.98 | 3.62 | 12.44 |
| 2000 (a) | 326,479 | 3.81* | 9.82* | 3.67* | 9.47* | 3.21* | 10.42* |

* Annualized.

** Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gain distributions, if any, and changes in stock price per share. Total Return on Net Asset Value is the combination of reinvested dividend income, reinvested capital gain distributions, if any, and changes in net asset value per share. Total returns are not annualized.

*** After expense waivers from the investment adviser.

+ The amounts shown are based on Common Share equivalents.

++ Ratios do not reflect the effect of dividend payments to Taxable Auctioned Preferred Shareholders; income ratios reflect income earned on assets attributable to Taxable Auctioned Preferred Shares. Each Ratio of Expenses to Average Net Assets and each Ratio of Net Investment Income to Average Net Assets includes the effect of the interest expense paid on bank borrowings of:

| | |
|--|--|
| Ratio of Interest Expense to Average Net Assets Applicable to Common Shares | Ratio of Interest Expense to Average Total Net Assets Including Preferred |
|--|--|

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| | 2002(b) | 2001 | 2000(a) |
|--|---------|------|---------|
| | 1.28%* | 2.19 | 2.04* |
| | 1.06%* | 1.86 | 1.96* |

- (a) For the period October 29, 1999 (commencement of operations) through July 31, 2000.
- (b) For the six months ended January 31, 2002.

See accompanying notes to financial statements.

Build Your Wealth

Automatically

Sidebar text: Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.

Nuveen Exchange-Traded Funds Dividend Reinvestment Plan

Your Nuveen Exchange-Traded Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

Flexibility

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account

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shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

Fund Information

Board of Trustees
James E. Bacon
William E. Bennett
Jack B. Evans
William T. Kissick
Thomas E. Leafstrand
Timothy R. Schwertfeger
Sheila W. Wellington

Fund Manager
Nuveen Senior Loan Asset Management Inc.
333 West Wacker Drive
Chicago, IL 60606

Custodian
Chase Bank of Texas
600 Travis Street
Houston, TX 77002

Transfer Agent and
Shareholder Services
JPMorgan Chase Bank
4 New York Plaza
New York, NY 10004-2413
(800) 257-8787

Legal Counsel
Chapman and Cutler
Chicago, IL

Independent Auditors
KPMG LLP
Chicago, IL

The Fund intends to repurchase shares of its own common or preferred stock in

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the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the six-month period ended January 31, 2002. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

Serving Investors
for Generations

Photo of: John Nuveen, Sr.

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With the know-how that comes from a century of experience, Nuveen continues to build upon its reputation for quality. Now, financial advisors and investors can count on Nuveen Investments to help them design customized solutions that meet the far-reaching financial goals unique to family wealth strategies - solutions that can translate into legacies.

To find out more about how Nuveen Investments' products and services can help you preserve your financial security, talk with your financial advisor, or call us at (800) 257-8787 for more information, including a prospectus where applicable. Please read that information carefully before you invest.

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